



USDA's Consolidated Financial Statements for Fiscal Years 2022 and 2021

Audit Report 50401-0021-11

OIG audited USDA's consolidated financial statements for fiscal years 2022 and 2021.

OBJECTIVE

The objectives of our audits were to review USDA's consolidated financial statements for fiscal years 2022 and 2021. 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 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

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

WHAT OIG FOUND

The United States 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 consolidated financial statements present fairly USDA's financial position as of September 30, 2022 and 2021, in all material respects, and were prepared in accordance with United States of America generally accepted accounting principles. 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 two significant deficiencies: (1) improvements are needed by one component agency in their overall financial management; and (2) USDA needs to improve its information technology security and controls, as many weaknesses remain. We determined the 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 14, 2022

AUDIT

NUMBER: 50401-0021-11

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

ATTN: Christopher Simmons
Director
Internal Controls Division

FROM: Steve Rickrode
Acting Assistant Inspector General for Audit

SUBJECT: USDA's Consolidated Financial Statements for Fiscal Years 2022 and 2021

This report presents the results of our audits of the United States Department of Agriculture's (USDA) consolidated financial statements for the fiscal years ending September 30, 2022, and 2021. This report contains an unmodified opinion on the consolidated 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.

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 (<https://usdaoig.oversight.gov>) in the near future.

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Independent Auditor’s Report

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

The United States Department of Agriculture’s (USDA) Office of Inspector General (OIG) audited the consolidated financial statements of the Department for fiscal years 2022 and 2021. 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” section presents the material weaknesses and instances of noncompliance with laws and regulations, as of and for the year ended September 30, 2022. Exhibit A presents USDA’s response in its entirety.

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of USDA, which comprise the consolidated balance sheets as of September 30, 2022 and 2021, 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”).

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, 2022 and 2021, and its net costs, changes in net position, and budgetary resources for the years then ended, in accordance with United States of America (U.S.) generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audits of the Consolidated Financial Statements section of our report. We are required to be independent of the USDA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

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.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for (1) the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting required supplementary information (RSI) in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in USDA's agency financial report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of the financial statements conducted in accordance with U.S. generally accepted government auditing standards will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered to be material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit of financial statements in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks.

Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain an understanding of internal control relevant to our audit 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 USDA's internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the consolidated financial statement audit.

Required Supplementary Information

U.S. generally accepted accounting principles issued by FASAB require that the RSI, which includes the Management's Discussion and Analysis (MD&A), be presented to supplement the consolidated financial statements. Such information is the responsibility of management and, although not part of the financial statements, is required by FASAB, which considers it to be an essential part of financial reporting for placing the consolidated financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the consolidated financial statements, and other knowledge we obtained during the audits of the consolidated financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurances on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

Other Information

USDA's other information contains a wide range of information, some of which is not directly related to the consolidated financial statements. This information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements or the RSI. Management is responsible for the other information included in USDA's agency financial report. The other information comprises USDA's Non-Discrimination Statement, Table of Contents, Message from the Secretary, Message from the Office of the Chief Financial Officer, Other Information, and Abbreviations-Acronyms sections but does not include the consolidated

financial statements and our auditor’s report thereon. Our opinion on the consolidated financial statements does not cover the other information, and we do not express an opinion or provide any form of assurance thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the consolidated financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe in our report.

Report on Internal Control Over Financial Reporting

Our consideration of internal control was for the limited purpose described below and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of USDA’s internal control over financial reporting. However, material weaknesses or significant deficiencies may exist that have not been identified. As described below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

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 over financial reporting, 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 the information technology (IT) security program, described in “Findings,” 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.

In planning and performing our audit of USDA’s consolidated financial statements as of and for the year ended September 30, 2022, in accordance with U.S. generally accepted government auditing standards, we considered USDA’s internal control relevant to the consolidated financial statement audit 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 USDA’s internal control over financial reporting. Accordingly, we do not express an opinion on USDA’s internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives as broadly defined by the Federal Managers’ Financial Integrity Act of 1982 (FMFIA).

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, 2022, are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on 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. The results of our tests disclosed instances of noncompliance.

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,” Section 2, 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 2022, the Department reported five confirmed and two potential ADA violations in its agency financial report.

Payment Integrity Information Act of 2019 (PIIA)

During fiscal year 2022, the results of our tests disclosed instances of noncompliance with the requirements of PIIA,¹ namely five high-risk programs did not meet the PIIA compliance requirements for reporting one or more of the following: annual reduction targets, gross improper payment rates of less than 10 percent, or corrective action plans. Another high-risk program was not timely reported on www.paymentaccuracy.gov. A separate report was issued with further details on the Department’s compliance with improper payment requirements.²

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to USDA that have a direct effect on the determination of material amounts and disclosures in USDA’s consolidated financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USDA. We caution that noncompliance may occur and not be detected by these tests.

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

² Audit Report 50024-0002-24, *U.S. Department of Agriculture’s Fiscal Year 2021 Compliance with Improper Payment Requirements*, June 2022.

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

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.



Steve Rickrode
Acting Assistant Inspector General for Audit
Washington, D.C.
November 14, 2022

Findings

Section 1: Material Weaknesses in Internal Control Over Financial Reporting

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 Natural Resources Conservation Service (NRCS). In conducting our review, we noted the following area where improvements are needed in overall financial management, described below.

NRCS disclosed a material weakness in controls over obligations. NRCS management continues to perform ongoing remediation efforts to resolve prior years' findings with respect to undelivered orders. Despite the ongoing remediation efforts, NRCS continues to lack effective internal controls to ensure the completeness and accuracy of its budgetary account balances reported in the financial statements.

In its FMFIA Report on Management Control for fiscal year 2022, the Department reported the following corrective action plan to address the outstanding weakness from fiscal year 2021 that remains a material weakness for fiscal year 2022, described below.

NRCS, in fiscal year 2023, plans to continue ongoing process improvements to maintain, monitor, and certify unliquidated obligations to ensure the accuracy of reported balances and maintenance of sufficient documentation.

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), OIG reviewed USDA’s ongoing efforts to improve its IT security program and practices during fiscal year 2022.³ USDA continues to take positive steps to improve its IT security posture, but many weaknesses remain. Out of 25 previously open recommendations identified during the fiscal years 2020 and 2021 FISMA performance audits, we determined USDA successfully closed 8 recommendations during our fieldwork that ended on June 30, 2022. OIG also issued seven new recommendations based on security weaknesses identified in fiscal year 2022.

Office of Management and Budget (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 “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.

³ Audit Report 50503-0009-12, *U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2022 Federal Information Security Modernization Act*, Sept. 2022.

Section 2: Noncompliance with Laws and Regulations

Finding 3: 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 2022, 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. Commodity Credit Corporation (CCC) was non-compliant with USSGL. The financial management systems did not record certain accounting events at the transaction level in accordance with the USSGL. The agency continues to implement compensating controls over the accounting for obligation activity, making significant progress. CCC continues implementing its program obligation activity into the Financial Management Modernization Initiative through a phased approach.
2. NRCS noted deficiencies in applicable federal accounting standards, including the USSGL at the transaction level. Specifically, incorrect posting logic was being used for recoveries of prior year unpaid obligations. NRCS continues working to mitigate deficiencies and substantially comply with FFMIA.

See Finding 1 of this report for more details on the NRCS issue.

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

Abbreviations

ADA	Antideficiency Act
CCC	Commodity Credit Corporation
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
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

**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 14, 2022

TO: Steve Rickrode
Acting Assistant Inspector General for Audit
Office of Inspector General

FROM: Lynn Moaney /S/
Deputy Chief Financial Officer

SUBJECT: U.S. Department of Agriculture's Financial Statements for Fiscal Years
2022 and 2021

The Department is pleased to respond to your audit report on the financial statements for fiscal years 2022 and 2021.

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 2022 and 2021
Financial Statements
Prepared by USDA



2022 Agency Financial Report



United States Department of Agriculture



USDA's Non-Discrimination Statement

In accordance with Federal civil rights law and U.S. Department of Agriculture (USDA or the Department) 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
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) 2022 Agency Financial Report, fulfilling our responsibility to the American people, President Biden, and the U.S. Congress.

Throughout FY 2022, the U.S. Department of Agriculture touched the lives of all Americans. Each day, I am honored to work in partnership with the tens of thousands of dedicated public servants at USDA to bring meaningful change to the lives of all Americans.

USDA aims to build an equitable, climate-smart food and agriculture economy that ensures that all people have the opportunity to succeed in the communities they love. As we work to realize this vision, our efforts continue to support farmers who feed the world, improve the health, nutrition, and quality of life of all Americans, and yield healthy lands, forests, and clean water.

The effects of climate change impact all Americans. Mitigating those effects is a key goal of the Biden-Harris Administration. Agriculture, forestry, and rural America are uniquely impacted by a warming climate, but they are also uniquely positioned to be a meaningful part of the solution.

USDA has embarked on a department-wide effort to enact climate-smart agriculture, forestry, and rural clean energy policies that are voluntary, flexible, and producer-led. In service of that goal, we announced the new Partnerships for Climate-Smart Commodities Program, which finances pilot projects for U.S. agricultural and forestry products that use climate-smart practices. USDA originally announced \$1 billion for this program through the Commodity Credit Corporation and received applications totaling more than \$18 billion.

With funding from the Bipartisan Infrastructure Law, USDA launched several programs to prevent and mitigate wildfires. Jointly with the Federal Emergency Management Agency (FEMA) and the Department of the Interior, USDA launched a Wildfire Mitigation and Management Commission to provide recommendations for federal wildland fire management. In addition, we announced

\$31.1 million for 15 projects designed to reduce the risk of severe wildfires, support local economies, create jobs, and enhance forest and watershed health in eight states.

Funding from the Bipartisan Infrastructure Law, has also provided \$1 billion for Community Wildfire Defense Grants to protect communities from the effects of our increasingly devastating wildfire season. Also, USDA's Forest Service invested more than \$100 million in reforestation funded by the Repairing Existing Public Land by Adding Necessary Trees (REPLANT) Act.

USDA has dedicated billions in funding for critical infrastructure. In partnership with the Environmental Protection Agency, we launched an effort to address the wastewater gap in eleven underserved communities lacking basic access to wastewater management. In FY 2022, USDA's Rural Development agency distributed hundreds of millions in funding to improve drinking and wastewater infrastructure in rural areas, and more than \$1.5 billion in ReConnect Program funding to expand access to reliable, high-speed rural broadband.

President Biden's Executive Order on Advancing Racial Equity and Support for Underserved Communities paved the way for USDA to meaningfully listen to internal and external stakeholders, understand where barriers to accessing USDA programs and services exist, and identify actions to advance equity.

The American Rescue Plan directed the creation of our new Equity Commission, which is conducting a thorough review of USDA policies and programs and will provide recommendations to improve equity. Also, thanks to the American Rescue Plan, USDA announced \$550 million in funding to support underserved producers, Minority-Serving institutions and NextGen Scholars, and improve land access.

We have made targeted investments in underserved communities to resolve program inequities. In service of this issue, USDA announced \$67 million in competitive loan updates to the Heirs' Property Relending Program to resolve property ownership and succession issues.

Internally, USDA has developed a comprehensive plan for upholding civil rights and advancing equity, including tribal sovereignty. We also released the [Diversity, Equity, Inclusion, and Accessibility \(DEIA\) Strategic Plan](#). It will be guided by our first Chief Diversity and Inclusion Officer, who has been focused on helping USDA reflect the makeup of America.

As we work to achieve equity within our programs and services, we have embarked on an ambitious agenda to make the food system of the future more fair, competitive, distributed, and resilient. USDA must create more and better markets and supply chains for producers and consumers.

We must form a more level playing field for small and medium producers and a more balanced, equitable economy for everyone working in food and agriculture. Doing so increases farmers' and ranchers' earnings, delivers greater value to workers, and offers consumers affordable, healthy food produced closer to home.

President Biden signed an executive order promoting competition in the American economy, and USDA took it to heart. The American Rescue Plan provided \$1 billion for several programs to increase processing capacity. This funding includes up to \$375 million for the Meat and Poultry Processing Expansion Program to support the expansion of independent processing plants, \$100 million for the Food Supply Chain Loan Guarantee Program, and \$32 million in grants to 167 existing processing facilities through the Meat and Poultry Inspection Readiness Grants Program.

With more than \$2 billion in American Rescue Plan funds, USDA announced a food systems transformation plan to benefit consumers, producers, and rural communities. We are using the funds to provide more options, increase access, and create new, more, and better markets for small and mid-size producers.

This plan included \$300 million for the Organic Transition Initiative to help producers enter the organic production market, \$75 million for urban agriculture, \$100 million to develop a pipeline of well-trained workers in the processing sector, and \$400 million to create regional food business centers, among other programs.

Recognizing that food and health are inherently intertwined, we understand the critical importance of consistent access to safe, healthy, and affordable food for the American people. We take seriously our responsibility to feed millions of Americans through the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC), the Supplemental Nutrition Assistance Program (SNAP), the National School Lunch Program, and our other programs.

To help schools with supply chain challenges, USDA invested more than \$2 billion in Commodity Credit Corporation funds to purchase food for meal service programs. We also dedicated \$400 million to create an innovative new Local Food Purchase Assistance Cooperative Agreement Program that allows states and tribal governments to more efficiently procure and distribute local and regional food.

This fiscal year also saw the first major update to SNAP in 45 years, providing increased benefits to support real food purchasing power for more than 41 million Americans in 22 million households. USDA also increased the reimbursement rates for free and reduced school meals. Together, these increases help service providers and families continue to feed our future.

We also announced \$10 million in Farm to School Grants for 123 projects across the country. In addition, for the first time, the Department is empowering states with \$60 million in non-competitive grants to develop stronger and sustainable Farm to School programs over the next 4 years.

Following Abbott Nutrition's voluntary recall of certain powder infant formula products and resulting national supply shortages, USDA provided maximum flexibility to WIC State agencies - including regulatory waivers - to support the agencies in their efforts to ensure WIC participants have access to infant formula. We worked with state agencies to allow those who need formula to access it without additional expense. Working with the White House, Department of Defense, and Department of Health and Human Services, USDA assisted President Biden's Operation Fly Formula, which has brought millions of cans of formula into the country from abroad.

Each year brings unique challenges, and I am truly proud of the many ways USDA employees across the Nation have stepped up during 2022 while we continue to rebuild the USDA workforce, amidst a global pandemic and make USDA the best place to work.. As always, they get the job done on behalf of Americans and support and grow our economy while strengthening rural communities.

The Department's management team continues to oversee USDA's assessment of internal control over its programs, operations, financial systems, and financial reporting. The Department's work is consistent with the provisions of the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA).

USDA's prioritization of and continuous monitoring and remediation efforts allow us to provide taxpayers with reasonable assurance that this report is based on sound, accurate data. Despite USDA's many successes, continued improvement is needed to remediate the Department existing material weakness and financial system noncompliance. To accomplish this goal, management continues to implement corrective action plan activities. Therefore, I provide a modified statement of assurance that, except for the areas in need of improvement as described in the Management Assurances section of this report, USDA's internal control over operations, financial systems, and financial reporting meets the objectives of FMFIA and FFMIA.

The financial and performance information presented herein is complete and accurate, and is in accordance with law and Office of Management and Budget guidance.

The USDA workforce is continues serving our customers across our country, providing important services to those who rely on us. Together, we can continue to deliver effective service while finding more ways to serve as efficient stewards of taxpayer dollars.

Thank you for your interest in the Department.



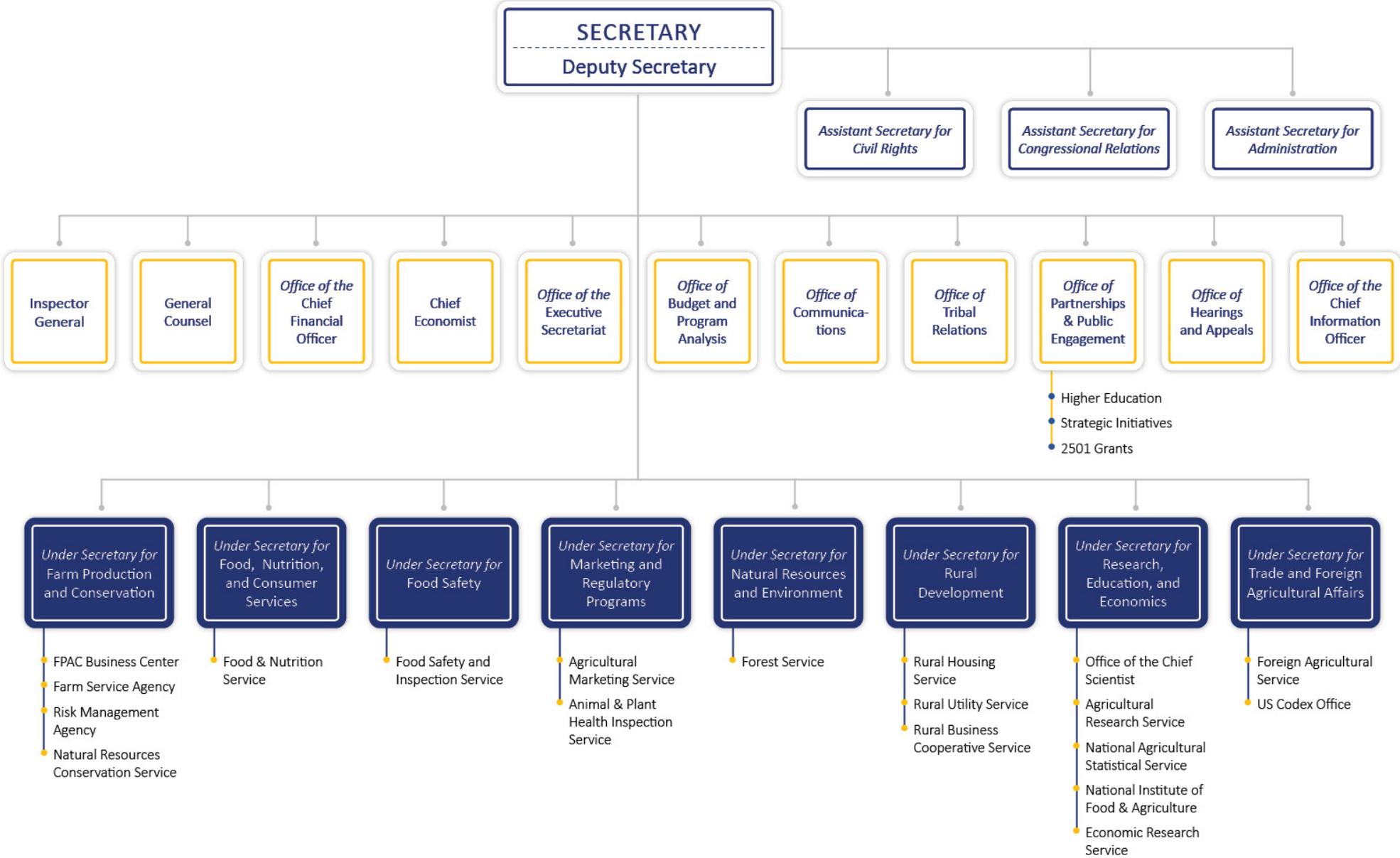
Thomas J. Vilsack
Secretary of Agriculture
November 14, 2022

Section I

Management's Discussion and Analysis



USDA Organization Chart



USDA Mission Areas and Staff Offices

Farm Production and Conservation

Farm Production and Conservation (FPAC) is the U. S. Department of Agriculture's (USDA or the Department) focal point for the Nation's farmers, ranchers, and other stewards of private agricultural 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 \(FPAC-BC\)](#)
- [Farm Service Agency \(FSA\)](#)
- [Natural Resources Conservation Service \(NRCS\)](#)
- [Risk Management Agency \(RMA\)](#)

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. Food Safety and Inspection Service (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](#)

Marketing and Regulatory Programs

Marketing and Regulatory Programs (MRP) facilitate domestic and international marketing of U.S. agricultural products, protect U.S. plant and animal health, regulate genetically engineered organisms, administer the Animal Welfare Act, and carry 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. It carries out its mission in partnership with States, Tribes, and communities across the country who steward the Nation's forest and grasslands.

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

Research, Education, and Economics

The [Research, Education, and Economics](#) Services are 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 and 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 Cooperative 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 the 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 nearly 100 offices covering approximately 180 countries. Also within TFAA, the U.S. Codex Office coordinates U.S. participation in the Codex Alimentarius Commission, a joint intergovernmental body of the Food and Agriculture Organization of the United Nations (FAO) and the World Health Organization (WHO) 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 the [USDA Staff Offices](#) website. The most current data can be found on the USDA Website.

USDA Program Performance

Changes in Reporting USDA's Performance

In accordance with Office of Management and Budget (OMB) Circular A-136 (revised June 2022), the Office of Budget and Program Analysis (OBPA) is changing how it reports on performance in the Agency Financial Report (AFR). For reasons explained below, the U.S. Department of Agriculture (USDA or the Department) will no longer report a summary of key performance indicators (KPIs) and related performance information in the AFR.

Circular A-136 states that the Management's Discussion and Analysis (MD&A) "should minimize duplicative reporting with the Annual Performance Report (APR)."¹ The Circular also acknowledges the longer time needed to collect and validate performance data and the different publication dates of these reports. Because the AFR is published three months prior to the APR, OBPA provides a partial data set that reflects performance through the third quarter, to the extent that quarterly data are available. Almost half of USDA's KPIs are reported annually, not quarterly.

OBPA is particularly concerned that the discrepancies between the performance data reported in the AFR and APR could create unnecessary confusion or, worse, misinterpretation of the data. For these reasons, OBPA has determined that protecting the quality and integrity of its performance data supersedes the need to follow the approach of past reports. OBPA continues to assess how other federal agencies report on performance in their AFRs and collaborate with the Office of Chief Financial Officer staff to ensure full compliance with Circular A-136.

USDA's Mission, Vision, and Strategic Plan

USDA Mission

To serve all Americans by providing effective, innovative, science-based public policy leadership in agriculture, food and nutrition, natural resource protection and management, rural development, and related issues with a commitment to deliver equitable and climate-smart opportunities that inspire and help America thrive.

USDA Vision

An equitable and climate-smart food and agriculture economy that protects and improves the health, nutrition, and quality of life of all Americans; yields healthy land, forests, and clean water; helps rural America thrive; and feeds the world.

¹ Circular A-136, "Financial Reporting Requirements," Revised June 3, 2022, p. 13.

USDA FY 2022-2026 Strategic Plan

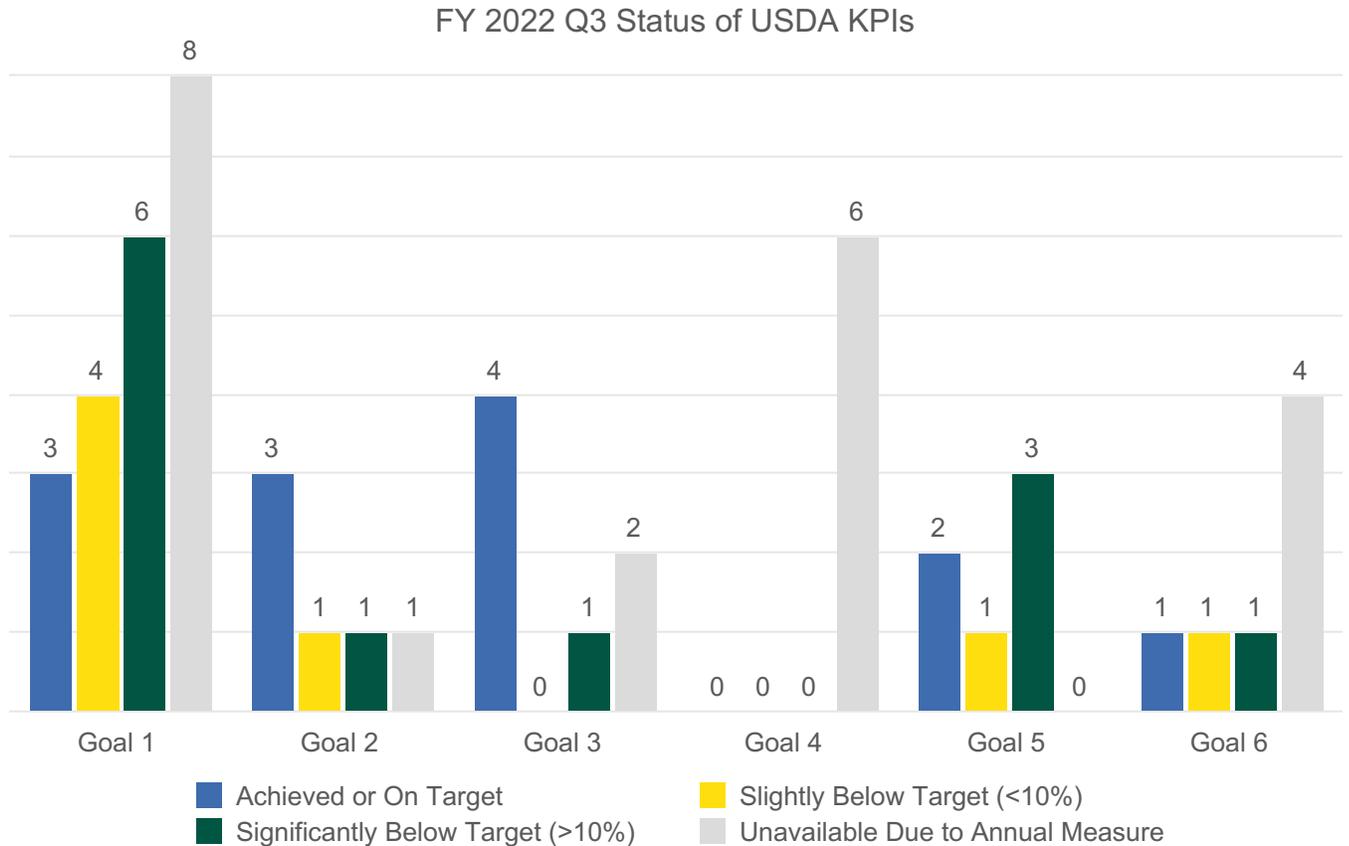
In March 2022, USDA published its *FY 2022-2026 Strategic Plan* which outlines the long-term goals and objectives USDA hopes to accomplish and what actions the agency will take to realize those goals. The *Strategic Plan* provides the context for decisions about performance goals, priorities, and budget planning, and the framework for the detail provided in the APR and Annual Performance Plan (APP). The *Strategic Plan* focuses on six strategic goals supported by 21 strategic objectives, as highlighted below. In addition, the Strategic Plan is guided by five crosscutting priorities that inform USDA’s work and are woven through the Strategic Plan.

USDA FY 2022-2026 Strategic Plan

Priorities	 Addressing Climate Change via Climate Smart Agriculture, Forestry & Renewable Energy	 Advancing Racial Justice, Equity & Opportunity	 Creating More & Better Market Opportunities for Producers and Consumers at Home and Abroad	 Tackling Food & Nutrition Insecurity While Maintaining a Safe Food Supply	 Making USDA a Great Place to Work for Everyone	
Strategic Goals	1 Combat Climate Change to Support America’s Working Lands, Natural Resources, and Communities	2 Ensure America’s Agricultural System is Equitable, Resilient, and Prosperous	3 Foster an Equitable and Competitive Marketplace for All Agricultural Producers	4 Make Safe, Nutritious Food Available to All Americans	5 Expand Opportunities for Economic Development and Improve Quality of Life in Rural and Tribal Communities	6 Attract, Inspire, and Retain an Engaged and Motivated Workforce that’s Proud to Represent USDA
Strategic Objectives	<ul style="list-style-type: none"> • Use Climate-Smart Management and Sound Science to Enhance the Health and Productivity of Agricultural Lands • Lead Efforts to Adapt to the Consequences of Climate Change in Agriculture and Forestry • Restore, Protect, and Conserve Watersheds to Ensure Clean, Abundant, and Continuous Provision of Water Resources • Increase Carbon Sequestration, Reduce Greenhouse Gas Emissions, and Create Economic Opportunities (and Develop Low-Carbon Energy Solutions) 	<ul style="list-style-type: none"> • Protect Plant and Animal Health by Minimizing Major Diseases, Pests, and Wildlife Conflicts • Build Resilient Food Systems, Infrastructure, and Supply Chain • Foster Agricultural Innovation 	<ul style="list-style-type: none"> • Foster Sustainable Economic Growth by Promoting Innovation, Building Resiliency to Climate Change, and Expanding Renewable Energy • Expand Markets for Emerging Technologies, Sustainable Products, and Novel Products • Expand All Producers’ Access to Global Markets Through Negotiation and Enforcement of Trade Agreements • Expand International Marketing Opportunities and Build Demand in Developing Countries Through Delivery of Technical Assistance and Capacity Building 	<ul style="list-style-type: none"> • Increase Food Security Through Assistance and Access to Nutritious and Affordable Food • Encourage Healthy Dietary Choices through Data-Driven, Flexible, Customer-Focused Approaches • Prevent Foodborne Illness and Protect Public Health 	<ul style="list-style-type: none"> • Improve Rural and Tribal Community Infrastructure, Including Affordable E-Connectivity, Cornerstone Community Facilities, Sustainable and Reliable Power, and Clean and Safe Water and Sewer Systems • Boost the Financial Security of Rural and Tribal Communities through Access to Affordable Housing • Increase Capacity, Sustainability, and Economic Vitality in Rural and Tribal Communities • Promote Environmental Justice by Maximizing Sustainable and Green Economic Development in Rural and Tribal Communities 	<ul style="list-style-type: none"> • Foster a Culture of Civil Rights, Diversity, Equity, Inclusion, Accessibility, Transparency, and Accountability • Establish a Customer-Centric, Inclusive, High-Performing Workforce that is Representative of America and the Communities We Serve • Promote USDA Operational Excellence Through Better Use of Technology and Shared Solutions

Performance Measures

The *FY 2022-2026 Strategic Plan* is supported by performance measures, or KPIs, that measure progress toward achieving the strategic goals and objectives. The following graph depicts the fiscal year (FY) 2022 Q3 status of USDA’s KPIs, organized by strategic goal.



USDA’s full FY 2022 performance results will be presented in the joint FY 2024 APP/FY 2022 APR. The joint APP/APR details USDA’s plans for progress toward achieving the strategic goals and objectives described in the *USDA FY 2022-2026 Strategic Plan*, including plans on agency priority goals. This report will be posted on the [USDA Our Performance](#) website concurrent with the publication of the FY 2024 President’s Budget in February 2023.

Forward Looking Information

Future Looking Information

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:

- a. Operational complications in human capital, including hiring and recruitment, competitive and equitable compensation, training, ongoing issues arising from the Coronavirus Disease 2019 (COVID-19) public health emergency, and an increasing gap between opportunities and candidate pools;
- b. 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;
- c. The risk of catastrophic fire, depending on weather, drought conditions, and the expanding number of communities in the wildland-urban interface;
- d. Non-weather-related hardships and other uncontrollable events, both domestically and internationally;
- e. Domestic and international macroeconomic factors, including inflation, 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;
- f. 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;
- g. 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; and
- h. 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 progress in fiscal year (FY) 2022 toward its mitigation strategies through its Enterprise Risk Management (ERM) program. Specifically, the Department has led large-scale efforts across mission areas to identify the top enterprise risks, risk drivers, mitigation strategies, and key risk indicators. In FY 2023, USDA will continue to strengthen its ERM program and update the department-wide risk profile, including risk drivers and risk mitigation strategies. USDA will continue to advance the mitigation strategies in FY 2023, with periodic updates to the Deputy Secretary during Quarterly Strategic Reviews.

Summary of Efforts to Assess, Measure, and Mitigate Climate-Related Risks

Building on the framework established in USDA's Action Plan for Climate Adaptation and Resilience, 12 USDA agencies and select staff offices released Agency-level Climate Adaptation Plans in July 2022 (see Climate-Related Financial Risk Section for more information). In these Plans, each organization considered the effects of climate change on their mission delivery, including increased program demands and financial risk, and developed adaptation actions to manage and integrate these risks into their planning, programs, operations, and management.

Climate risks to physical assets are important considerations for the Forest Service, Agricultural Research Service (ARS), and the Office of Property and Environmental Management (OPEM). The OPEM Adaptation Plan describes how they will integrate climate considerations into sustainability and operational policies and guidance to address climate-related threats to USDA facilities, fleet, and natural and built infrastructure. ARS is evaluating and upgrading building design and planning to account for climate risks, including by positioning facilities to have energy redundancy. The Forest Service will continue to assess risks using vulnerability assessments and geospatial tools and reduce risks through repair, replacement, or relocation.

Financial-related climate risks are of particular concern for the Farm Service Agency (FSA), the Risk Management Agency (RMA), and agencies within the Rural Development (RD) Mission Area. The FSA Climate Adaptation Plan describes how they will leverage FSA program data to identify and manage climate risks to their loan and disaster assistance programs. RMA will continue to update program premium rates, yields, dates, area maps, and practice availability and procedure to reflect climate-related changes in risk and agricultural practices. RD will overlay climate risks, social vulnerability, and other resilience measures with the RD investment portfolio to better enable incorporation of climate risk into its housing and infrastructure portfolio.

USDA is participating in an ongoing interagency effort, in response to Executive Order 14030 Climate-Related Financial Risk Sec. 5(c), with the Departments of Housing and Urban Development (HUD) and Veterans Affairs (VA), to better integrate climate-related financial risk into underwriting standards, loan terms and conditions, and asset management and servicing procedures. The work of this interagency task force is initially focused on single family housing guaranteed loan programs, which are common across the three Departments.

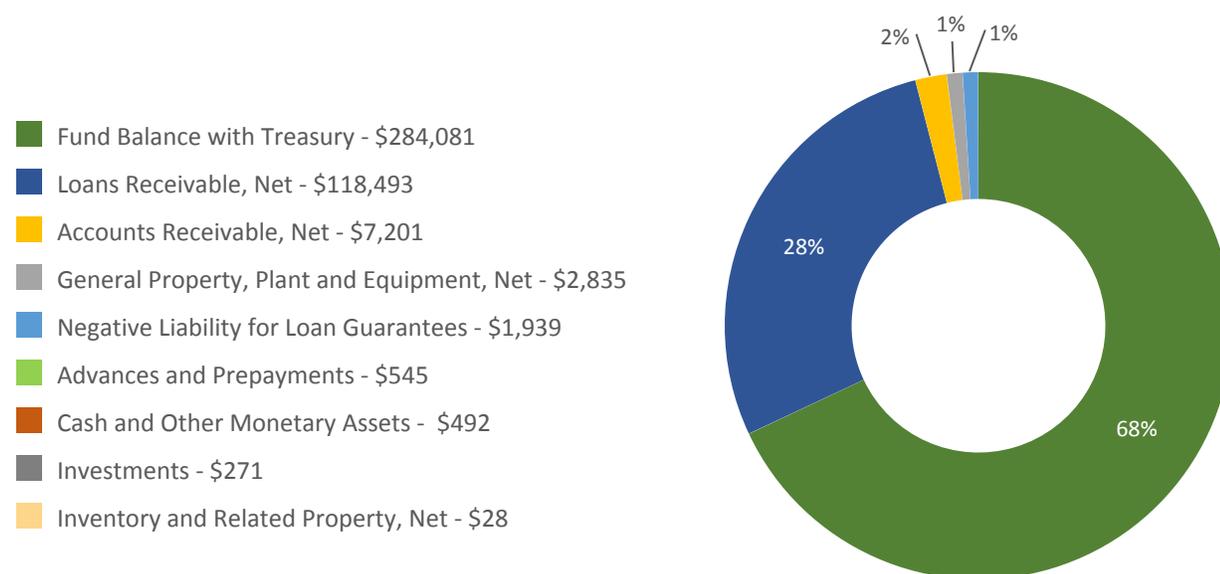
Analysis of Financial Statements and Stewardship Information

Consolidated Balance Sheets

Total Assets

Total assets for fiscal year (FY) 2022 were \$415,885 million, compared to \$361,131 million for FY 2021, an increase of \$54,754 million, or 15 percent. The following exhibit presents FY 2022 total assets.

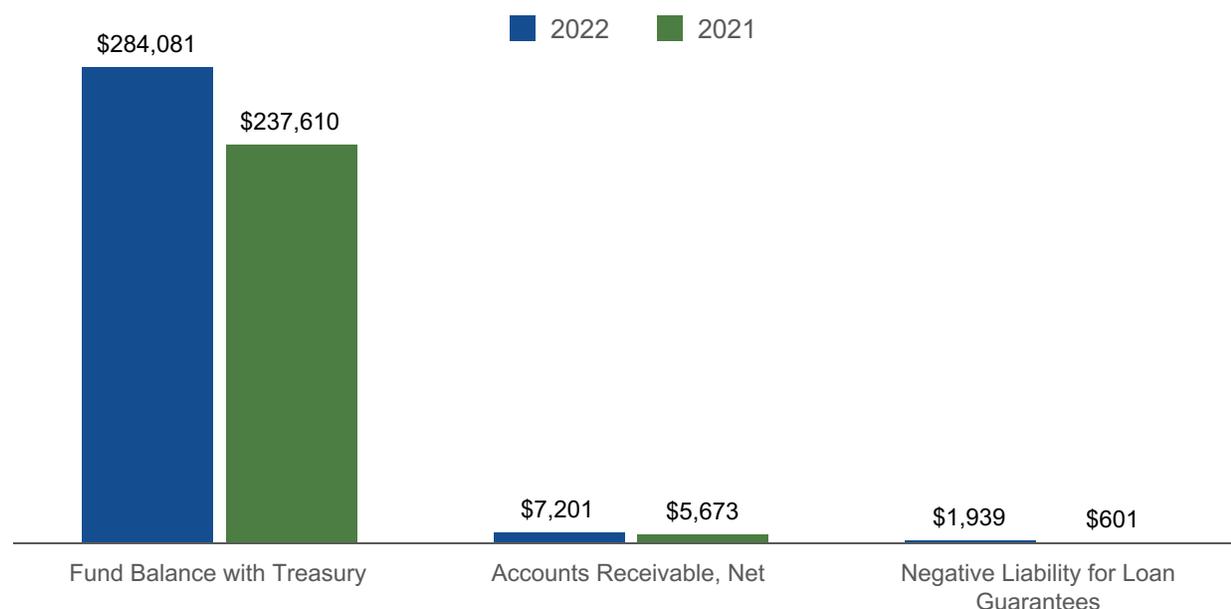
Exhibit 1: Total Assets (\$ in millions)



Loans Receivable, Net, is one of the largest assets on the U.S. Department of Agriculture (USDA or the Department) Balance Sheet. Rural Development (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 the Farm Service Agency (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 Commodity Credit Corporation (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 2: Significant Changes in Total Assets (\$ in millions)



Increase in Fund Balance with Treasury of \$46,471 mainly due to RD (\$14,469) for funds provided in the Inflation Reduction Act of 2022 and Infrastructure Investment and Jobs Act; Agricultural Marketing Service (AMS) (\$11,568) custom receipts received from the Department of Homeland Security and Commodity Purchases-Emergency Food Providers; Forest Service (FS) (\$8,595) for funds provided in new legislation due to more inflation, infrastructure, and disaster relief; and Natural Resources Conservation Service (NRCS) (\$6,013) for funds provided in Partnership in Climate-Smart Commodities and Infrastructure Investment and Jobs Act.

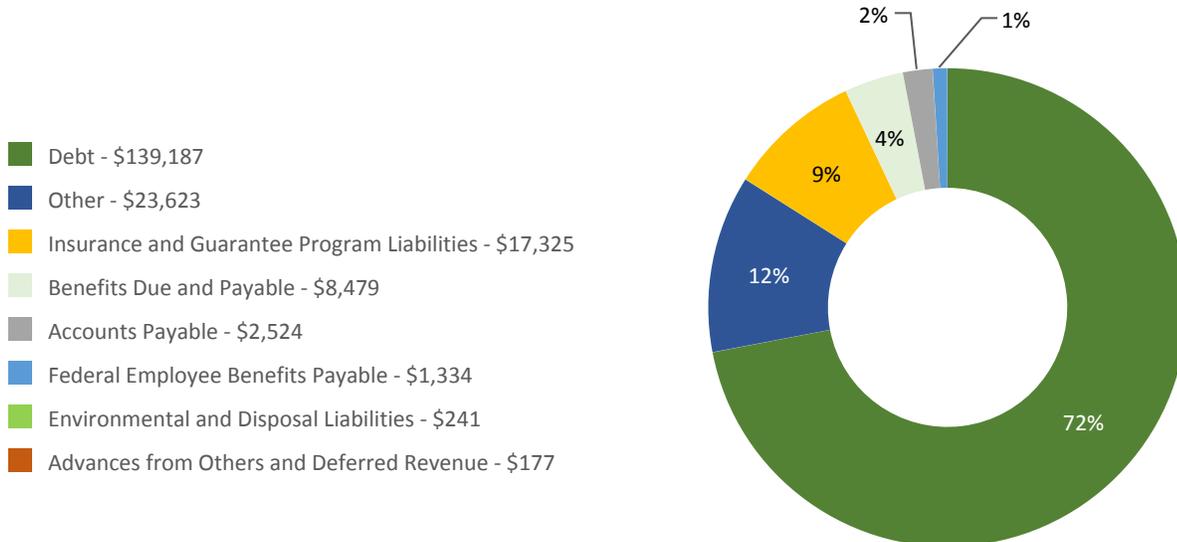
Increase in Accounts Receivable of \$1,528 mainly due to Risk Management Agency (RMA) (\$1,162). Higher reported premiums for certain crops contributed to the higher accounts receivable in FY 2022. The higher premium revenue is largely related to higher coverage amounts resulting from higher crop prices (corn, wheat, soybeans, cotton, and increased participation in certain insurance products (rainfall index plans and livestock plans). The increased participation in rainfall index plans can be attributed to program improvements and the desire for producers to participate during the extreme dry conditions. Agricultural commodities saw some upward pressure amid supply chain disruptions and high transportation costs that are contributing to inflation throughout the economy. Drought in the western U.S. and elsewhere in the world has also driven prices higher.

Increase in Negative Liability for Loan Guarantees of \$1,338 mainly due to RD downward reestimates in the the Guaranteed Single-Family Housing Section 502 Program and the Guaranteed Multi-Family Housing Section 538 Program. 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.

Total Liabilities

Total liabilities for FY 2022 were \$192,890 million, compared to \$184,678 million for FY 2021, an increase of \$8,212 million, or 4 percent. The following exhibit presents FY 2022 total liabilities.

Exhibit 3: Total Liabilities (\$ in millions)

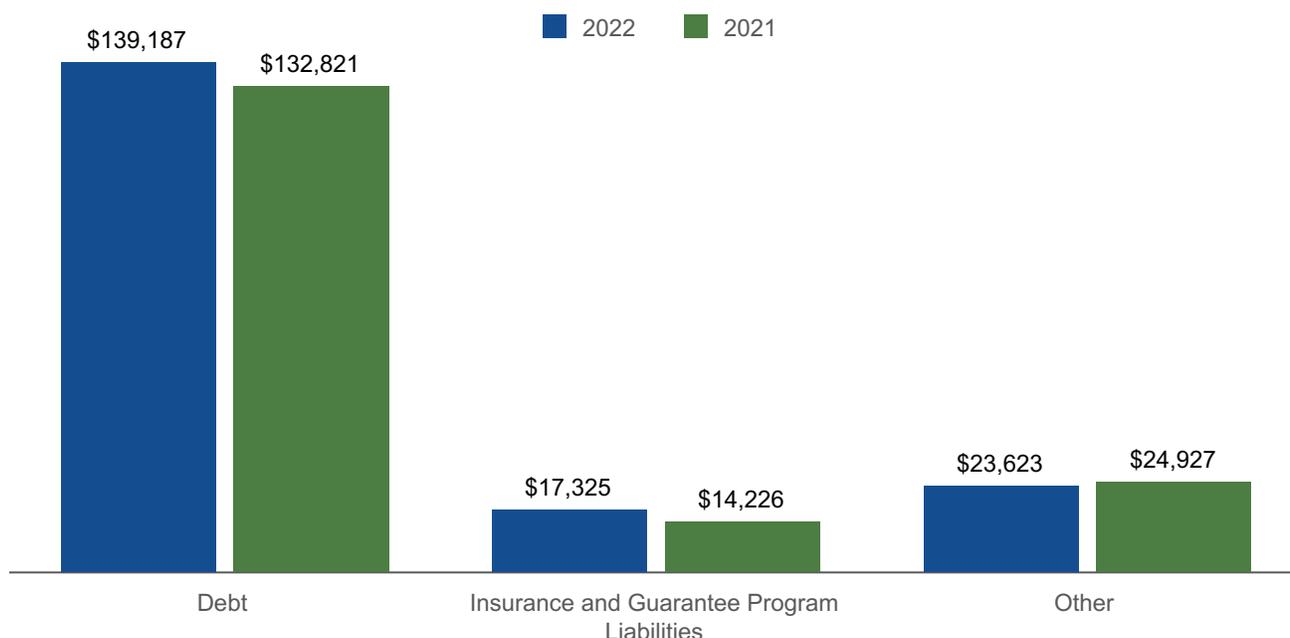


Debt is the single largest liability on USDA's balance sheet. It represents amounts owed primarily to Treasury by CCC, FSA and RD. For RD, the debt primarily represents financing to support electric and housing loan programs which represent 76 percent of the total debt. For CCC, the debt primarily represents financing for price support, export credit guarantees, disaster programs and loans related to farm storage facilities which represent 11 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 13 percent of the total debt.

Other liabilities include Repayable Advances, Liquidating Fund Balances, Due to the General Fund, Grants, Subsidies, and Contributions, and Conservation Reserve Program. See Note 16: Other Liabilities for additional information.

The following exhibit presents significant changes in total liabilities.

Exhibit 4: Significant Changes in Total Liabilities (\$ in millions)



Increase in Debt of \$6,366 mainly due to RD for credit programs.

Increase in Insurance and Guarantee Program Liabilities of \$3,099 due to RMA. The major components impacting the higher insurance liabilities for FY 2022 were (1) higher projected indemnities caused by widespread severe drought and excessive heatwaves; (2) larger underwriting gains for Report Year (RY) 2021 compared to RY 2020. In addition, RY 2021 had much more favorable conditions that resulted in an overall loss ratio of 0.69 for standard policies compared to 0.85 for RY 2020. RY 2020 experienced higher levels of flooding and excess moisture; (3) higher unearned premiums, the result of higher rates due to higher crop prices and program participation rates.

Decrease in Other Liabilities of \$1,304 mainly due to FSA (\$2,208) American Rescue Plan Act of 2021 accrual was reversed as Section 1005 was repealed in Sec. 22008 of the Inflation Reduction Act of 2022 and CCC (\$1,866) Agricultural Risk Coverage (ARC) and Price Loss Coverage (PLC) program accruals were less because of nationwide rising prices across almost every crop except peanuts; offset by an increase of \$3,197 at CCC due to a financing event that didn't occur until FY 2023.

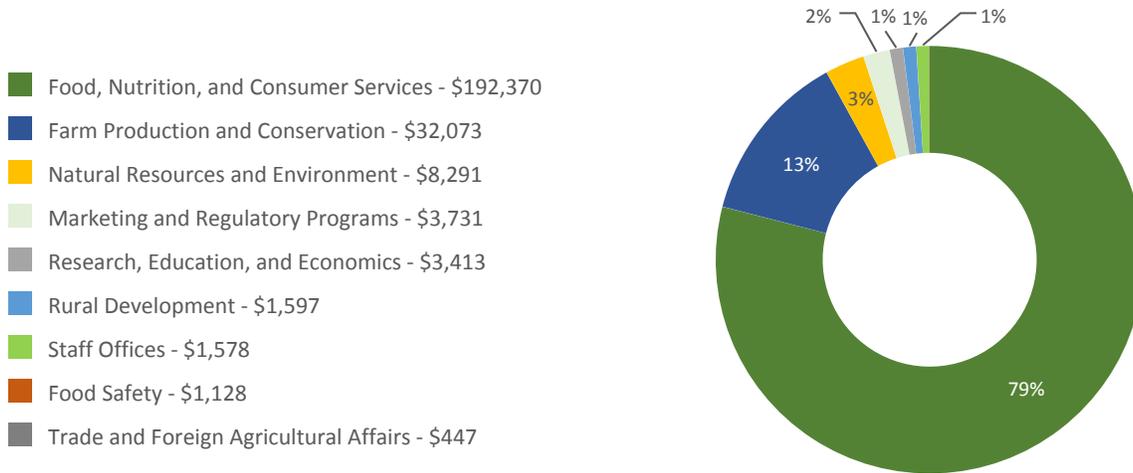
Consolidated Statements of Net Cost

Net Cost of Operations

Net cost of operations for FY 2022 was \$244,628 million, compared to \$234,146 million for FY 2021, an increase of \$10,482 million, or 4 percent.

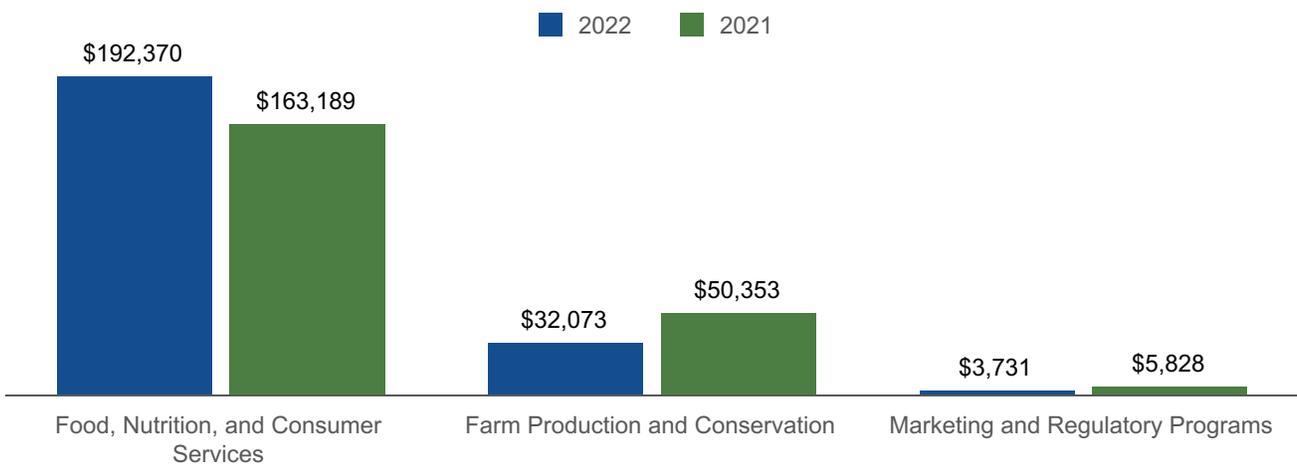
The following exhibit presents FY 2022 net cost of operations by mission area.

Exhibit 5: Net Cost of Operations by Mission Area (\$ in millions)



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

Exhibit 6: Significant Changes in Net Cost of Operations (\$ in millions)



Increase in Food, Nutrition, and Consumer Services of \$29,181 mainly due to Child Nutrition and Supplemental Nutrition Assistance Programs. Expenditures increased due to waivers that increased

meal payment rates and percentage of free meals. Supplemental Nutrition Assistance Program (SNAP) benefits higher due to revision of the Thrifty Food Plan.

Decrease in Farm Production and Conservation of \$18,280 mainly due to FSA decline in Coronavirus Food Assistance and Pandemic Assistance Programs are only processing payments for share equalization in FY 2022, American Rescue Plan accrual was reversed as Section 1005 was repealed in Sec 22008 of the Inflation Reduction Act of 2022, and completion of Sugar Beet Cooperative Grant and Georgia Block Grant under the Wildfire and Hurricane Indemnity Programs. Increase in new Emergency Relief Programs. CCC accrual for ARC/PLC was less due to nationwide rising prices across almost every crop except peanuts.

Decrease in Marketing and Regulatory Programs of \$2,097 mainly due to AMS receiving less funding for Coronavirus Disease 2019 (COVID-19) Food Box Distribution Program.

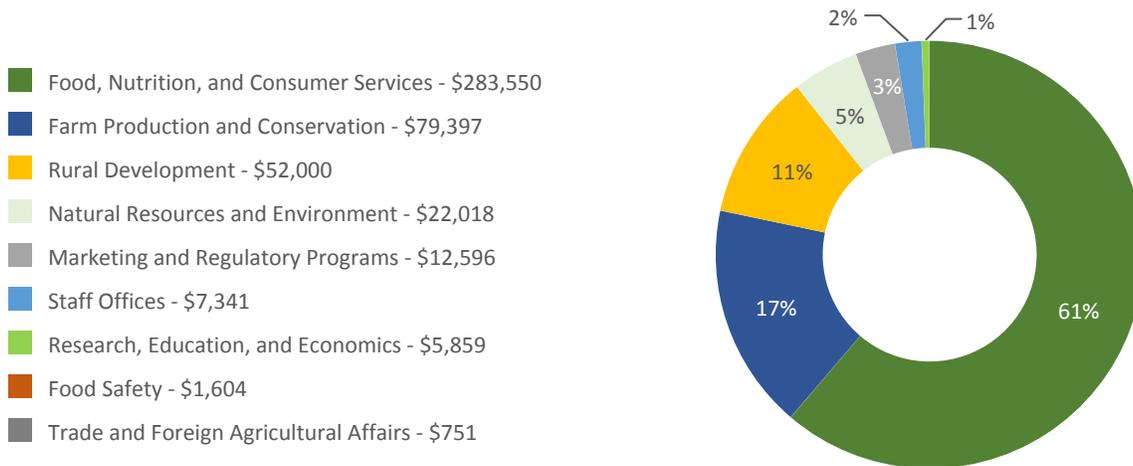
Combined Statements of Budgetary Resources

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.

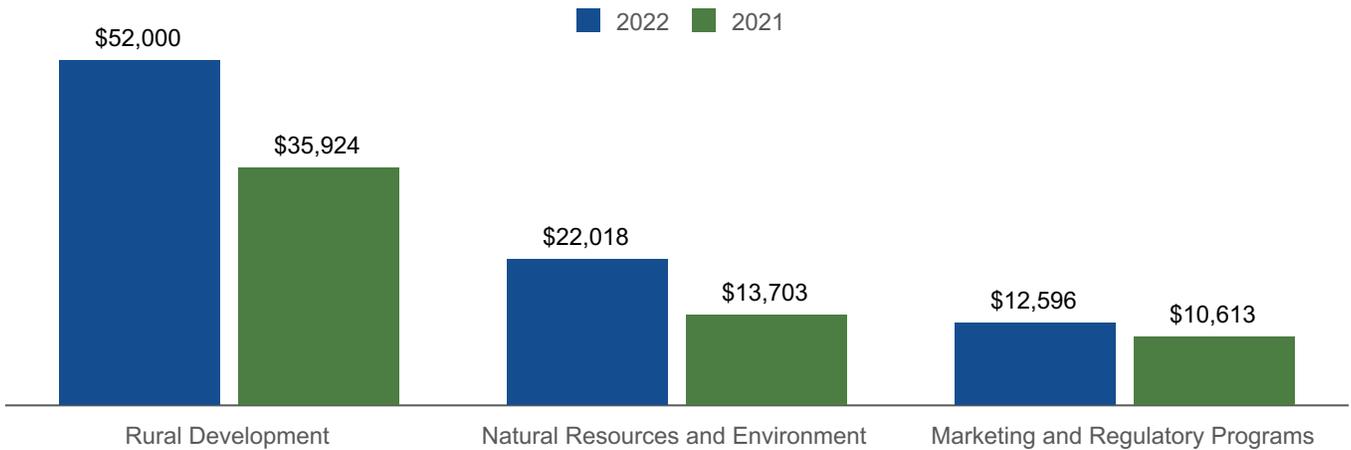
Total budgetary resources were \$465,116 million for FY 2022 compared to \$424,382 million in FY 2021, an increase of \$40,734 million, or 10 percent. The following exhibit presents FY 2022 total budgetary resources by mission area.

Exhibit 7: Total Budgetary Resources by Mission Area (\$ in millions)



The following exhibit presents significant changes in total budgetary resources.

Exhibit 8: Significant Changes in Total Budgetary Resources (\$ in millions)



Increase in Rural Development of \$16,076 is mainly due to funding for the new Inflation Reduction Act.

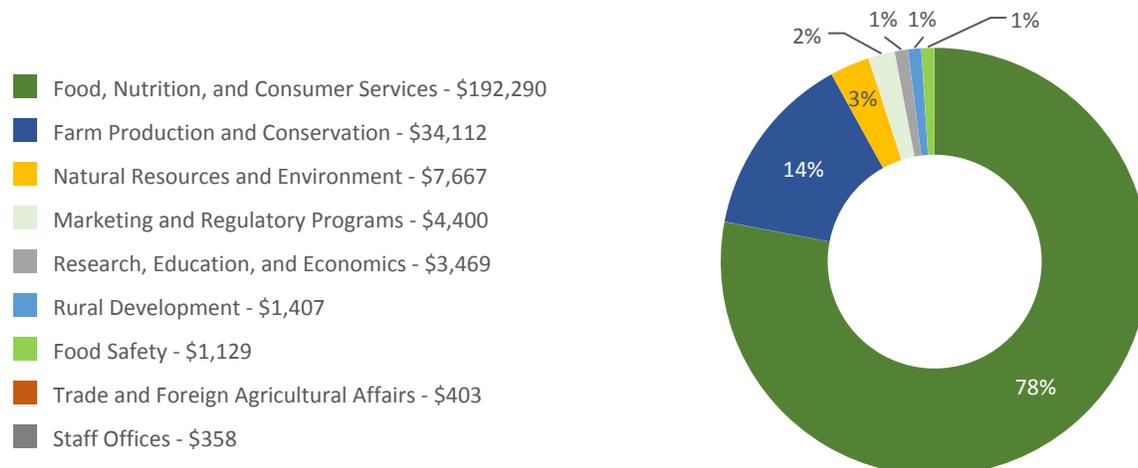
Increase in Natural Resources and Environment of \$8,315 is mainly due to funding for the new Inflation Reduction Act and Infrastructure, Disaster, Forest Service Restoration Trust Fund and National Parks and Public Land Legacy Restoration Fund.

Increase in Marketing and Regulatory Programs of \$1,983 million mainly due to AMS funding for the Commodity Purchases-Emergency Food Providers program.

Net Outlays

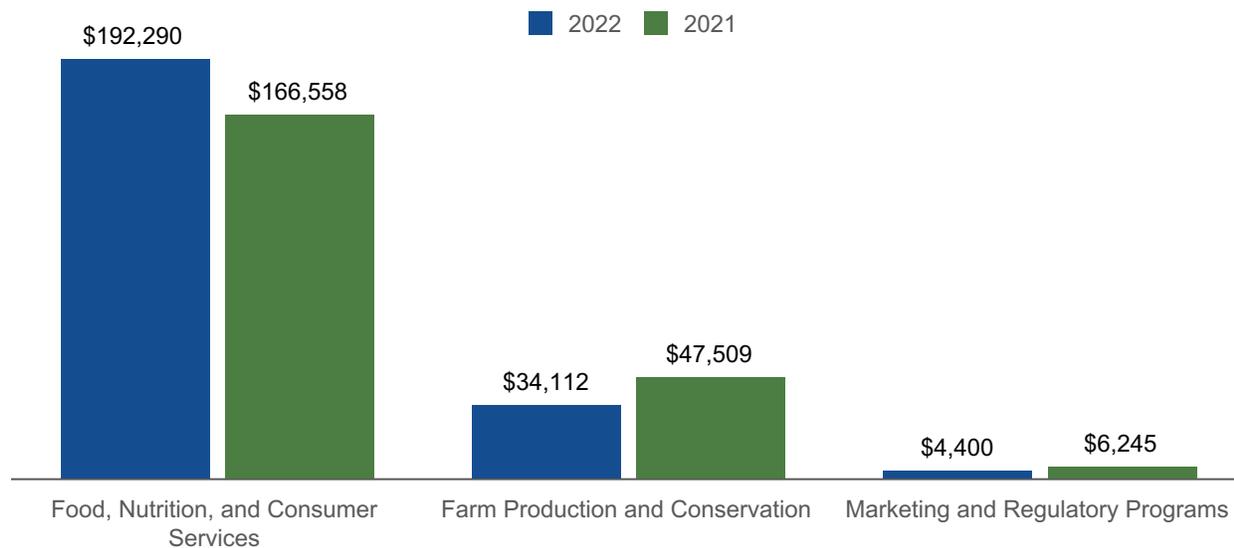
Net Outlays were \$245,235 million for FY 2022, compared to \$235,218 million in FY 2021, an increase of \$10,017 million or 4 percent. The following exhibit presents FY 2022 net outlays by mission area.

Exhibit 9: Net Outlays by Mission Area (\$ in millions)



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

Exhibit 10: Significant Changes in Net Outlays (\$ in millions)



Increase in Food, Nutrition, and Consumer Services of \$25,732 mainly due to Child Nutrition and Supplemental Nutrition Assistance Programs. Expenditures increased due to waivers that increased meal payment rates and percentage of free meals. SNAP benefits higher due to revision of the Thrifty Food Plan.

Decrease in Farm Production and Conservation of \$13,397 mainly due to FSA decline in Coronavirus Food Assistance and Pandemic Assistance Programs are only processing payments for share equalization in FY 2022, American Rescue Plan accrual was reversed as Section 1005 was repealed in Sec 22008 of the Inflation Reduction Act of 2022, and completion of Sugar Beet Cooperative Grant and Georgia Block Grant under the Wildfire and Hurricane Indemnity Programs. Increase in new Emergency Relief Programs. CCC accrual for ARC/PLC was less due to nationwide rising prices across almost every crop except peanuts.

Decrease in Marketing and Regulatory Programs of \$1,845 mainly due to AMS receiving less funding for COVID-19 Food Box Distribution Program.

COVID-19

USDA received additional funding of \$29,300 million to prevent, prepare for, or respond to COVID-19 (i.e., coronavirus disease 2019) through the Consolidated Appropriations Act, 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.

This funding was in addition to funding received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Families First Coronavirus Response Act in FY 2020, and American Rescue Plan Act of 2021. The unobligated unexpired balances from prior year, new budgetary authority and rescissions and other changes to budgetary resources was \$41,549 million. Total obligations and outlays were \$30,693 million and \$30,027 million, respectively. Total amount remaining to be obligated is \$10,856 million.

See Note 26, COVID-19 Activity for financial impact.

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 11: Comparison of Stewardship Investments (\$ in millions)

Stewardship Investments	FY2022 Expense	FY 2021 Expense
Non-Federal Physical Property:		
Food and Nutrition Service		
Supplemental Nutrition Assistance Program	\$ 58	\$ 77
National Institute of Food and Agriculture		
Extension 1890 Facilities Program	22	22
Total Non-Federal Property	\$ 80	\$ 99
Human Capital:		
National Institute of Food and Agriculture		
Higher Education and Extension Programs	\$ 671	\$ 648
Food and Nutrition Service		
Supplemental Nutrition Assistance Program	92	103
Agricultural Research Service		
National Agricultural Library	32	29
Risk Management Agency		
Risk Management Education	4	1
Natural Resources Conservation Service		
National Volunteer Program	1	1
Total Human Capital	\$ 800	\$ 782
Research and Development:		
Agricultural Research Service		
Human Nutrition	\$ 122	\$ 119
New Products/Product Quality/Value Added	127	120
Livestock Production	135	124
Crop Production	325	300
Food Safety	121	116
Livestock Protection	144	127
Crop Protection	235	223
Environmental Stewardship	272	251
National Bio and Agro-Defense Facility	120	81
National Institute of Food and Agriculture		
Land-grant University System	974	927
Forest Service	272	269
Economic Research Service		
Economic and Social Science	89	85
National Agricultural Statistics Service		
Statistical	11	9
Natural Resources Conservation Service		
Plant Materials Centers	12	10
Soil Survey Research	3	3
Total Research and Development	\$ 2,962	\$ 2,764

Non-Federal Physical Property

Food and Nutrition Service (FNS)

FNS' non-Federal physical property consists of computer systems and other equipment obtained by State and local governments for the purpose of administering SNAP. FNS' non-Federal physical property also consists of computer systems and other equipment obtained by the State and local governments for the purpose of administering the Special Supplemental Nutrition Program for Women, Infants, and Children.

National Institute of Food and Agriculture (NIFA)

The Extension 1890 facilities program supports the renovation of existing buildings and the construction of new facilities as well as computers and equipment purchases that permit faculty, students, and communities to benefit fully from the partnership between USDA and the 1890 Land-Grant Universities.

Human Capital

National Institute of Food and Agriculture

The higher education programs include graduate fellowship grants, competitive challenge grants, secondary/2-year postsecondary grants, Hispanic serving institutions education grants, a multicultural scholars program, a Native American institutions program, a Native American institutions endowment fund, an Alaska Native serving and a Native Hawaiian serving institutions program, grants for insular areas, and a capacity building program at the 1890 institutions. These programs enable universities to broaden their curricula, increase faculty development and student research projects, and increase the number of new scholars recruited in the food and agriculture sciences. NIFA also supports extension-related work at 1862 and 1890 land-grant institutions throughout the country through formula-based or competitive programs.

Food and Nutrition Service

FNS' human capital consists of employment and training (E&T) for SNAP. The E&T program requires recipients of SNAP benefits to participate in an employment and training program as a condition to SNAP eligibility.

Outcome data for the E&T program is only available through the third quarter. As of this period, FNS' E&T program has placed 49,408 work registrants subject to the 3 month SNAP participant limit and 316,410 work registrants not subject to the limit in either job-search, job-training, job-workfare, education, or work experience.

Agricultural Research Service (ARS)

The National Agricultural Library (NAL) provides services directly to the staff of USDA and to the public, primarily via its [website](#). As the world's leading agricultural library, and one of five National Libraries, NAL has expertise in information and knowledge management, and a wide variety of subject

areas related to agriculture and food, including agricultural law, nutrition and food safety, animal welfare, natural resources, invasive species, lifecycle assessment, and long-term agroecosystem research.

In FY 2022, NAL delivered about 44.1 million page views to 6.9 million customers in 15.8 million user sessions. Separately, application developers made nearly 32 million application programming interface (API) calls to Food Data Central, making the Food Data Central API among the most popular in government.

Risk Management Agency

The Federal Crop Insurance Corporation (FCIC) provides education and training on crop insurance programs and risk management strategies to agricultural producers and ranchers. Notice of Funding Opportunity solicitations for partners are announced on [Grants.gov](https://www.grants.gov).

Partnerships with qualified applicants provide education, outreach assistance and related tools and information on crop insurance programs and risk management strategies. Awards are given on a competitive basis and awarded for a one-year term. Awardees demonstrated non-financial benefits and agreed to substantial involvement by FCIC in the project. Funding is authorized in section 522 of the Act.

Partnerships are established with the private industry and these organizations worked with Women, Hispanics, African Americans, Asian Americans, Native Americans, Immigrants, Military Veterans, Organic Crops, Beginning Producers, Specialty Crop Producers & Ranchers, New Markets, Livestock Farmers, Limited Resource, Retiring-Transitioning, Socially Disadvantaged, Sustainable Producers, Traditional, Value-Added and Small Farms & Ranches.

Education efforts are improved by expanding State and Regional education partnerships; encouraging the development of information and technology-based decision aids; facilitating local crop insurance education and risk management training workshops throughout the nation through cooperative agreements with educational institutions, community-based outreach organizations, and other qualified entities.

Natural Resources Conservation Service

NRCS's investment in human capital is primarily for education and training programs that are intended to increase or maintain national economic productive capacity. Human capital investment also seeks to produce outputs and outcomes that provide evidence of maintaining or increasing national productive capacity.

Research And Development

Agricultural Research Service

ARS' mission is to conduct research to develop and transfer solutions to agricultural problems of high national priority and provide information access and dissemination to ensure high quality, safe food,

and other agricultural products; assess the nutritional needs of Americans; sustain a competitive agricultural economy; enhance the natural resource base and the environment; and provide economic opportunities for rural citizens, communities, and society as a whole.

Human Nutrition

Maintenance of health throughout the lifespan along with prevention of obesity and chronic diseases via food-based recommendations are the major emphases of ARS' Human Nutrition Research Program. These health-related goals are based on the knowledge that deficiency diseases are no longer the primary public health concerns in the United States; excessive consumption has become the primary nutrition problem in the American population. This is reflected by increased emphasis on prevention of obesity, from basic science through intervention studies to assessments of large populations. The agency's research program also studies essential nutrients and nonessential, health promoting components in foods. To better define the role of nutrition in pregnancy and growth of children, and for healthier aging, four specific areas of research are emphasized: nutrition monitoring; the scientific basis for dietary recommendations; prevention of obesity and related diseases; and life stage nutrition and metabolism.

New Products/Product Quality/Value Added

ARS has active research programs across the United States directed toward: improving the efficiency and reducing the cost for the conversion of locally-sourced agricultural feedstocks into sustainable biofuels and high-value biobased products; developing new and improved products for domestic and foreign markets; and providing higher quality fibers and healthy foods that satisfy commercial and consumer needs in the United States and abroad.

Livestock Production

ARS' research program is directed toward fostering an abundant, safe, nutritionally wholesome, and competitively priced supply of terrestrial and aquatic animal products produced in a viable, competitive, and sustainable animal agriculture sector of the U.S. economy by: safeguarding and utilizing animal genetic resources, associated genetic and genomic databases, and bioinformatic tools; developing a basic understanding of food animal physiology to address priority issues related to animal production, animal well-being, and product quality and healthfulness; and developing information, best management practices, novel and innovative tools, and technologies that improve animal production systems, enhance human health, and ensure domestic food security. The research is heavily focused on the development and application of genomics technologies to increase the efficiency and product quality of beef, dairy, swine, poultry, aquaculture, and sheep systems. Areas of emphasis include increasing the efficiency of nutrient utilization, improving animal well-being and reducing stress in production systems, increasing reproductive rates and breeding animal longevity, developing and evaluating non-traditional production systems (e.g., organic and natural), and investigation of the microbiome and associated antimicrobial resistance with emphasis on animal health, immune function, and productivity.

Crop Production

ARS' program focuses on enhancing American agricultural productivity and ensuring a high quality, safe supply of food, fiber, ornamental and industrial products. The program concentrates on production strategies that are environmentally friendly, safe to consumers, and compatible with sustainable and profitable crop production systems. Research activities are directed at safeguarding and utilizing plant genetic resources and their associated genetic, genomic, and bioinformatic databases that facilitate selection of varieties and/or germplasm with significantly improved traits. Research activities attempt to minimize the impacts of crop pests while maintaining healthy crops and safe commodities that can be sold in markets throughout the world. The agency is conducting research to discover and exploit naturally occurring and engineered genetic mechanisms for plant pest control, develop germplasm with durable defensive traits, and transfer genetic resources for commercial use. ARS is also providing taxonomic information on invasive species that strengthens prevention techniques, aids in detection/identification of invasive pests, and increases control through management tactics that restore habitats and biological diversity.

Food Safety

ARS' research program is designed to yield science-based knowledge on the safe production, storage, processing, and handling of plant and animal products, and on the detection and control of pathogenic bacteria and fungi, parasites, chemical contaminants, and plant toxins. All of ARS' research activities involve a high degree of cooperation and collaboration with USDA's Research, Education, and Economics agencies, as well as with the Food Safety and Inspection Service, Animal and Plant Health Inspection Service, the Food and Drug Administration, the Centers for Disease Control and Prevention, the Department of Homeland Security, and the Environmental Protection Agency. The agency also collaborates in international research programs to address and resolve global food safety issues. Specific research efforts are directed toward developing new technologies that assist ARS stakeholders and customers, including regulatory agencies, industry, and commodity and consumer organizations in detecting, identifying, and controlling foodborne diseases that affect human health.

Livestock Protection

ARS' program is directed at protecting and ensuring the safety of the Nation's agriculture and food supply through improved disease detection, prevention, control, and treatment. Basic and applied research approaches are used to solve animal health problems of high national priority. Emphasis is given to methods and procedures to control animal diseases through the discovery and development of diagnostics, vaccines, biotherapeutics, animal genomics applications, disease management systems, animal disease models, and farm biosecurity measures. The research program has the following strategic objectives: establish ARS laboratories into a fluid, highly effective research network to maximize use of core competencies and resources; use specialized high containment facilities to study zoonotic and emerging diseases; develop an integrated animal and microbial genomics research program; establish core competencies in bovine, porcine, ovine, avian and aquatic animal immunology; launch a biotherapeutic discovery program providing alternatives to animal drugs; build a technology driven vaccine and diagnostic discovery research program; develop core competencies in field epidemiology and predictive biology; establish a best-in-class training center for our Nation's

veterinarians and scientists; and develop a model technology transfer program to achieve the full impact of ARS research discoveries. The ARS animal research program includes the following core components: biodefense research, animal genomics and immunology, zoonotic diseases, respiratory diseases, reproductive and neonatal diseases, enteric diseases, parasitic diseases, and transmissible spongiform encephalopathies.

Crop Protection

ARS' Crop Protection research program is directed to protect crops from insect and disease loss through research to understand pest and disease transmission mechanisms, and to identify and apply new technologies that increase our understanding of virulence factors and host defense mechanisms. The program's research priorities include: identification of genes that convey virulence traits in pathogens and pests; factors that modulate infectivity, gene functions, and mechanisms; genetic profiles that provide specified levels of disease and insect resistance under field conditions; and mechanisms that reduce the spread of pests and infectious diseases. ARS is developing new knowledge and integrated pest management approaches to control pest and disease outbreaks as they occur. Its research will improve the knowledge and understanding of the ecology, physiology, epidemiology, and molecular biology of emerging diseases and pests. This knowledge will be incorporated into pest risk assessments and management strategies to minimize chemical inputs and increase production. Strategies and approaches will be available to producers to control emerging crop diseases and pest outbreaks and to address quarantine issues.

Environmental Stewardship

ARS' research program emphasis is in developing technologies and systems that support sustainable production and enhance the Nation's vast renewable natural resource base. Environmental stewardship research is designed to meet the broad challenges of managing sustainable production systems at the incredibly complex soil, water, atmosphere, crop and livestock interface.

The agency is currently developing the scientific knowledge and technologies needed to meet the challenges and opportunities facing U.S. agriculture in managing water resource quality and quantity under different climatic regimes, production systems, and environmental conditions. The research is focused on ensuring optimal and sustainable use of water resources and protecting watersheds and water quality, helping land managers address challenges posed by too much or too little precipitation, controlling the movement of water and soil from the landscape, and improving the application efficiency of irrigation water to cropping systems.

ARS' research also focuses on developing measurement, prediction, and control technologies for emissions of greenhouse gases, particulate matter, ammonia, hydrogen sulfide, and volatile organic compounds affecting air quality and land-surface climate interactions. The agency is a leader in developing measurement and modeling techniques for characterizing gaseous and particulate matter emissions from agriculture. In addition, ARS is evaluating strategies for enhancing the health and productivity of soils, including developing predictive tools to assess the sustainability of alternative land management practices. Finding mechanisms to aid agriculture in storing atmospheric carbon in

soils and biomass and ensuring production systems are adapted to changes in atmospheric composition and resilient to climatic variations and extremes are also important components of this program.

ARS' grass, range and grazing land research objectives include the conservation and restoration of the Nation's range land, pasture and turf ecosystems and agroecosystems through improved management of fire, pests, invasive weeds, grazing, global change, ecosystem services and other agents of ecological change. The agency is currently developing improved grass and legume germplasm for livestock, forage, conservation, bioenergy, turf, fiber, and bioproduct systems as well as grazing-based livestock systems that reduce risk and increase profitability. In addition, ARS is developing whole system management strategies to improve performance and resilience of these systems and reduce production costs and risks.

National Bio and Agro-Defense Facility

The National Bio and Agro-Defense Facility (NBAF), located in Manhattan, Kansas, will be a state-of-the-art biocontainment facility for the study of foreign, emerging, and zoonotic animal diseases that pose a threat to United States animal agriculture and public health. NBAF will provide the first U.S. large animal biosafety level-4 facilities to house livestock infected with zoonotic agents within the highest biocontainment envelope, a critical capability that is currently lacking in the U.S. NBAF will also house a Biologics Development Module that will provide small scale production of standardized biological reagents needed for basic and applied research, and biological test materials for supporting proof-of-concept studies and early phase veterinary medical countermeasures development.

National Institute of Food and Agriculture

NIFA participates in a nationwide land-grant university system of agriculture related research and program planning and coordination between State institutions and USDA. It assists in maintaining cooperation among the State institutions, and between the State institutions and their Federal research partners. NIFA administers competitive grants and capacity/formula payments to State institutions to leverage State and local funding for agriculture research.

Forest Service

FS Research & Development (R&D) has an integrated science portfolio that supports the achievement of the agency's strategic goals. Science-based management is fundamental to restoring, enhancing and sustainably receiving ecological, economic, social, and environmental benefits from the Nation's forests and grasslands. The contributions of FS R&D enhance the rigor and impact of many aspects of FS mission delivery.

FS R&D is conducted by agency scientists, and their partners and cooperators, distributed throughout the 50 States and Puerto Rico. This research is administered by a national laboratory, an international institute, and five research stations. The national laboratory and international institute are the Forest Products Laboratory in Madison, WI and the International Institute of Tropical Forestry in Rio Piedras, Puerto Rico, respectively. The five research stations are the Northern Research Station, headquartered in Madison, WI; the Pacific Northwest Research Station, headquartered in Portland, OR; the Pacific

Southwest Research Station, headquartered in Albany, CA; the Rocky Mountain Research Station, headquartered in Fort Collins, CO; and the Southern Research Station, headquartered in Asheville, NC.

Key research themes for FS R&D include Wildland Fire and Fuels; Invasive Species; Water, Air, and Soil; Wildlife and Fish; Resource Management and Use; Outdoor Recreation; and Inventory and Monitoring. Brief summaries of each theme and their respective contributions follow below.

Wildland Fire and Fuels

Wildland Fire and Fuels R&D provides managers with the knowledge and tools to reduce negative impacts and to enhance the beneficial effects of wildland fire, as a natural process. This knowledge and these tools are critical to understanding the human process of fire and fuels management, as well as to understanding the effects of fire and fuels management on society and the environment.

Research focuses on understanding and modeling fundamental fire processes; interactions of fire with ecosystems; and the environmental, social, and economic aspects of fire, as well as evaluating integrated management strategies and disturbance interactions at multiple scales and the application of fire research to address management problems.

Invasive Species

Invasive Species R&D provides the scientific information, methods, and technology to reduce or eliminate the introduction, spread, and impact of invasive species and to restore or improve the functionality of ecosystems affected by invasive species.

Research focuses on non-native plants, pathogens, animals, fish, insects, diseases, invertebrates, and other species whose introduction is likely to cause economic or environmental harm to an ecosystem.

Water, Air, and Soil

Water, Air, and Soil R&D enables the sustainable management of these essential resources by providing science to inform management efforts to provide clean air and safe drinking water, to protect lives and property from wildland fire and smoke, and to adapt to climate variability and change.

The program addresses ecosystem services with a high level of integration among water, air, and soil research, such as the effects of climate variability and change on water budgets or carbon sequestration metrics from an ecosystem perspective.

Wildlife and Fish

Wildlife and Fish R&D relies upon interdisciplinary research to inform policy initiatives affecting wildlife and fish habitat on private and public lands, and the recovery of threatened or endangered species.

Scientists investigate the complex interactions among species, ecosystem dynamics and processes, land use and management, and any emerging broad scale threats to fish and wildlife viability, including global climate change, loss of open space, invasive species, and disease.

Resource Management and Use

Resource Management and Use R&D provides the science and technology base to sustainably manage and use forest resources and fiber-based forest products.

Research focuses on the plant sciences, soil sciences, social sciences, silviculture, productivity, forest and range ecology management, harvesting and operations, forest and biomass products and utilization, economics, urban forestry, and climate change.

Outdoor Recreation

Outdoor Recreation R&D promotes human and ecological sustainability by researching environmental management, activities, and experiences that connect people with the natural world.

Research in outdoor recreation is interdisciplinary, focusing on nature-based recreation and the changing trends in American society; connections between recreation visitors, communities, and the environment; human benefits and consequences of recreation and nature contact; environmental justice and access to outdoor recreation opportunities; effectiveness of recreation management and decision-making; and sustaining ecosystems affected by recreational use.

Inventory and Monitoring

Inventory and Monitoring R&D provides the resource data, analysis, and tools that monitor vulnerable forest ecosystems for rapid change resulting from threats, including fire, insects, disease, natural processes, or management actions. Through this research, scientists determine the status and trend of the health of the Nation's forests and grasslands, and the potential impact from ongoing and anticipated environmental stressors.

Their research integrates the development and use of science, technology, and remotely sensed data to better understand the incidences of forest fragmentation over time from changes in land use or from insects, disease, fire, and extreme weather events. This research is also essential for understanding broad-scale carbon dynamics in ecosystems and for informing carbon stewardship strategies.

Economic Research Service (ERS)

ERS provides economic and other social science research and analysis for public and private decisions on agriculture, food, natural resources, and rural America. Research results and economic indicators on these important issues are fully disseminated through published and electronic reports and articles, special staff analyses, briefings, presentations and papers, databases, and individual contacts. ERS' objective information and analysis helps public and private decision makers attain the goals that promote agricultural competitiveness, food safety and security, a well-nourished population, environmental quality, and a sustainable rural economy.

National Agricultural Statistics Service (NASS)

NASS conducts research to improve the statistical methods and related technologies used to produce U.S. agriculture statistics. The research agenda has two primary areas of emphasis: the National Agriculture Statistics Service estimation program and the Census of Agriculture program. For each, the

goal is the development of improved estimates at lower cost, with reduced respondent burden, and with valid measures of uncertainty. All facets of the estimation process are considered, from increasing efficiencies in sampling and data collection to enhancing the statistical methodology used to analyze the data. Two high priority items within the research effort are exploring approaches to reducing respondent burden and model-based estimates. The use of previously reported, remotely sensed, and administrative data have the potential to substantially reduce respondent burden, but can also introduce bias. Assessing the best ways to use these data and continue to produce precise statistics is a major effort. Models are used to combine data from disparate sources, from sample surveys to remote sensing, resulting in improved estimates with valid measures of uncertainty. Going forward, users of NASS services and products will be increasingly dependent upon methodological and technological efficiencies.

Natural Resources Conservation Service

NRCS Plant Materials Centers (PMC) are research farms engaging in applied research and development as defined in SFFAS No. 8. Overall efforts of PMCs include the selection of plants and the development of plant technology used by NRCS and conservation partners for the application of vegetation to solve natural resource issues on private and public lands.

The NRCS Soil Science Division conducts soil survey research and provides leadership for the National Cooperative Soil Survey, which is responsible for the soils inventory of the United States and interpreting this information to “help people help the land” through natural resource conservation.

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. Code (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 the Office of Management and Budget (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

The U.S. Department of Agriculture's (USDA or the Department) management is responsible for establishing and maintaining effective internal controls and financial management systems that comply with the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

We assessed the effectiveness of internal controls over reporting, which includes controls over financial reporting and operations in accordance with FMFIA, Section 2 (see exhibits 22.A and 22.B for more details) and Office of Management and Budget (OMB) Circular No. A-123, Appendix A. The Department is providing a modified statement of assurance over the overall adequacy and effectiveness of internal controls at the Department.

Specifically, USDA is providing reasonable assurance that internal controls over operations and USDA's systems are effective and meet FMFIA objectives, except for two material weaknesses in internal controls related to: (1) information technology and (2) financial management, respectively. There is also one instance of financial system non-conformance, which is also a non-compliance with the Federal Financial Management Improvement Act of 1996 (FFMIA). In addition, 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, Laws and Regulations, 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, 2022, and (2) internal control over reporting as of September 30, 2022.

USDA remains committed to operating its programs and operations effectively and efficiently and its financial management systems in compliance with federal requirements; therefore, it is executing plans to improve deficient internal controls and areas of non-compliance.

This fiscal year, we made improvements to the Fund Balance with Treasury reconciliation process to strengthen USDA's systems of internal control and will continue to remediate internal control weaknesses.



Thomas J. Vilsack
Secretary of Agriculture
November 14, 2022

Federal Managers' Financial Integrity Act Report on Management Control

Background

The Federal Managers' Financial Integrity Act (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 (USDA or the Department) evaluated its internal controls in accordance with Office of Management and Budget (OMB) Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control.

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

The Department operates a comprehensive internal control program. This program ensures compliance with the requirements of FMFIA, OMB Circular No. A-123, and its Appendices A through D, and other laws and regulations and conformance with the Federal Financial Management Improvement Act (FFMIA). All 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 addition, USDA's management works with the Office of Inspector General (OIG) and the Government Accountability Office (GAO), to remediate the root causes of material weaknesses.

Fiscal Year 2022 Results

We are glad to report that the Farm Service Agency (FSA), a sub-agency of the Farm Production and Conservation (FPAC) Mission Area, improved the Fund Balance with the Treasury reconciliation process. As a result, the agency closed its fiscal year (FY) 2021 material weakness in the area of financial reporting. In addition, the Commodity Credit Corporation (CCC) made significant progress to address material weaknesses related to accounting for budgetary transactions and funds control, reducing this previously reported material weakness to a significant deficiency.

The Department has two existing material weaknesses in internal controls over financial reporting: (1) information technology (IT) and (2) financial management (See exhibit 22.A for more details). The material weakness of IT is due to improvements needed in IT security and overall effectiveness (See Exhibit 12.1). The material weakness for financial management is due to improvements needed in accounting and internal controls related to the Natural Resources Conservation Service (NRCS); (See Exhibit 12.2).

USDA has one existing system non-conformance related to Funds Control Management within the CCC (see exhibit 13). Carrying over from FY 2021, the Department has two instances of non-compliance related to the Payment Integrity Information Act of 2019 (formerly Improper Payments Elimination and Recovery Act of 2010, as amended); within the Farm Service Agency (FSA) and CCC, and two newly discovered instances within the Risk Management Agency and Agricultural Marketing Service (AMS) respectively (further explained in Section III: Other Information). Food and Nutrition Service (FNS) closed two additional non-compliance issues with the Payment Integrity Information Act of 2019 (PIIA) identified in the FY 2021 report.

The Department reported two Anti-Deficiency Act (ADA) violations to the President and Congress during the fiscal year. The Office of the General Counsel determined that two other potential instances were not ADA violations; however, these occurrences have been referred to GAO for a determination. These two are pending results from research and investigation for a determination as to whether violations occurred, and three more 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 USDA's system of internal control 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 12 provides FY 2022 accomplishments and FY 2023 planned actions toward resolving the outstanding material weaknesses.

Exhibit 12: Summary of Outstanding Material Weaknesses

1. USDA IT

Material Weaknesses Existing	The Department needs to continue its efforts to improve IT security and overall IT maturity to an effective level. In addition, the Department needs to continue remediation of its remaining outstanding audit recommendations.
Overall Estimated Completion Date	FY 2023
FY 2022 Accomplishments:	FY 2023 Planned Actions:
<p>During FY 2022, the Office of the Chief Information Officer (OCIO):</p> <ul style="list-style-type: none"> Completed implementation of its Security Operations (SecOps) Consolidation initiative; Performed security assessments on select mission areas; Improved the High Vulnerability Assessment Security Domain rating from “At Risk” to “Managing Risk” and the Unprivileged Centralized Access Management capability from “High Risk” to “Managing Risk” as indicated in the third quarter of the OMB Risk Management Assessment report; Completed the USDA Privacy Program Plan and Personally Identifiable Information (PII) tabletop exercise as mandated by the OIG; Refined operational processes to align with Continuous Diagnostics and Mitigation (CDM) Phase 1 (Asset Management) and Phase 2 (Identity and Access Management) tools; Completed initial planning for the CDM Phase 3 tools; Selected and implemented Department of Homeland Security/CDM Phase 2 tools to remove and disable inactive privileged and non-privileged accounts as mandated by OIG; and Achieved above-average scores on the Federal Information Technology Acquisition Reform Act (FITARA) Dashboard, in the categories of Data Center Optimization Initiative, Modernizing Government Technology, and Transparency and Risk Management. 	<p>OCIO will:</p> <ul style="list-style-type: none"> Continue to refine operational processes to align with CDM Phases; Deploy CDM Phase 3 tools (Network Security Management); Continue implementing audit recommendations from FY 2018 and FY 2019; Develop a risk management strategy that will align with USDA’s enterprise risk management governance; Deploy or implement the Security Posture Dashboard Report that will incorporate operational and compliance IT risk within one system; Publish Departmental Directives related to: Suitability Requirements Permitting Personnel Access to Information Systems, Information Systems Audit and Accountability, Firewall Technical Security Standard, and Security Assessment and Authorization; and Continue to track, monitor, and enforce security configuration baselines for USDA servers.

2. Financial Management—NRCS

Material Weaknesses Existing NRCS needs improved controls over obligations.

Overall Estimated Completion Date FY 2023

FY 2022 Accomplishments:

During FY 2022, NRCS:

- Enhanced FMMI and feeder system processes to produce aged ULO reports with period of performance data for obligations;
- Established an ongoing process to maintain, monitor, and certify ULOs by period of performance to ensure ULOs are being closed out promptly 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;
- Evaluated the results of the FY 2021 financial audit and the lessons learned to ensure the proper controls are in place for those processes; and
- Improved communication and coordination agency-wide.

FY 2023 Planned Actions:

NRCS will:

- Continue ongoing process improvements to maintain, monitor, and certify ULOs to ensure the accuracy of reported balances and maintenance of sufficient documentation;
 - The Business Center is developing processes to ensure data is reported, completed, and accurate; and
 - Evaluate the results of the FY 2022 financial audit and the lessons learned to ensure the proper controls are in place.
-

Summary of Outstanding System Non-Conformance

FMFIA requires conformance with Financial Management System requirements and FFMIA requires compliance with the same requirements (see the Summary of Assurance section for more details). Therefore, we are reporting a non-conformance in Funds Control Management that is also reported as a system non-compliance and is included in the FFMIA Report on Financial Management Systems section. The weakness involves component agency-specific deficiencies for CCC.

Exhibit 13 provides FY 2022 accomplishments and FY 2023 planned actions toward resolving the Department’s outstanding system non-conformance.

Exhibit 13: Summary of Outstanding System Non-Conformance

1. Funds Control Management— CCC

System Non-conformance Existing	CCC system improvements that are needed in recording obligations at the transactional level.
Overall Estimated Completion Date	FY 2025
FY 2022 Accomplishments:	FY 2023 Planned Actions:
<p>During FY 2022, CCC:</p> <ul style="list-style-type: none"> Continued 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. Department of Treasury; Continued with the execution of the existing OMB A-123, Appendix A, Corrective Action Plan for Funds Control and Budgetary Accounting; Partnered with Deputy Administrator Farm Programs and Information Technology Services Division (ITSD) to work towards 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 Launched the FSA/CCC Financial Improvement Program multi-phased, multi-year project; moved financial management processes from FPAC and its affiliated agencies’ accounting and feeder systems to FMMI. 	<p>CCC will:</p> <ul style="list-style-type: none"> 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. Department of Treasury; Continue to partner with Deputy Administrator Farm Programs and ITSD until software modifications are 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 Continue to implement the FSA/CCC Financial Improvement Program multi-phased, multi-year project until completed.

Compliance with Laws and Regulations

The U.S. Department of Agriculture (USDA or the Department) has developed strategies to reduce and/or mitigate confirmed violations during fiscal year (FY) 2022. USDA remains noncompliant with the Payment Integrity and Information Act of 2019 (formerly the Improper Payments Elimination and Recovery Act of 2010), and the Anti-Deficiency Act (ADA), as identified in Exhibit 14, and 15, respectively.

The following tables provide further details of each violation.

Payment Integrity and Information Act

Exhibit 14: Four Instances of Non-Compliance with PIIA Noted

Agency: Commodity Credit Corporation (CCC)	Year Identified
Violation: Non-compliance with PIIA	FY 2021
Agency: Farm Service Agency (FSA)	Year Identified
Violation: Non-compliance with PIIA	FY 2021
Agency: Risk Management Agency (RMA)	Year Identified
Violation: Non-compliance with PIIA as amended for the Federal Crop Insurance Corporation	FY 2022
Agency: Agricultural and Marketing Service (AMS)	Year Identified
Violation: Recipients of the Pandemic Response and Safety Grant have received duplicate payments, resulting in improper disbursements of \$1.6M.	FY 2022

Anti-Deficiency Act

Each agency within USDA conducts assessments on their own Anti-Deficiency Act compliance. Results are submitted monthly. Violations are reported to Congress, Office of the Inspector General (OIG), and the President.

Exhibit 15: Three ADA Violations were Reported to the President and Congress During 2022

Agency: Office of the Chief Information Officer (OCIO)	Year Identified
Violation: Funding for an Information Technology (IT) Modernization Center of Excellence initiative in FY 2018 was obligated in the amount of \$7 million without first obtaining E-Board concurrence.	FY 2021
Agency: OCIO	Year Identified
Violation: FY 2020 (NEW): OCIO potentially used more than \$22.5 million for consulting services that had been mandated for the acquisition of capital investments.	FY 2020
Agency: Farm Service Agency (FSA)	Year Identified
Violation: Work Shutdown: During the FY 2019 lapse in appropriations, FSA incurred obligations to perform various activities and ultimately recalled employees in all county offices back to work. FSA lacked available budget authority for these activities (\$53,040,426).	FY 2019

Exhibit 16: ADA Violation Pending Submission to the President and Congress; two ADA violations are pending issuance of letters.

Agency	Description of Violation	Status
Office of the Secretary (Previous Administration)	FY 2017: Two provisions in the Consolidated Appropriations Act were violated. USDA obligated and expended funds appropriated by the Act to prepare and deliver the Secretary’s statements and to 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. Code (U.S.C). § 1341(a)(1)(A). The combined cost associated with the violation is \$68.47.	The Government Accountability Office (GAO) determined an ADA violation occurred. Final Letters are pending.
CCC	Tree Assistance Program: 34 unrecorded contracts were signed and approved in FY 2021 totaling \$1,611,127. In FY 2022, the contracts were recorded into the program application yet failed to be recorded into the Core Accounting System (CORE) due to being held by the Common Obligation Framework as a result of a lack of FY 2021 funds.	The Office of the General Counsel (OGC) determined an ADA violation occurred. Final Letters are pending.

Potential ADA Violations—two prior year violations were identified. These occurrences are pending results from research and investigation for a determination as to whether a violation occurred. This table provides a description and status.

Exhibit 17: Prior Year and Newly Identified Potential ADA Violations

Agency	Description of Violation	Status
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.	The OGC determined that the error was not an ADA violation; however, referred to GAO for determination.
CCC	FY 2018: Emergency Forestry Conservation Reserve Program—CCC failed to record the obligation for the full 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, referred to GAO for determination.

Analysis of Systems, Control, and Legal Compliance

Federal Financial Management Improvement Act (FFMIA) Report on Financial Management Systems

The 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 (USDA or the Department) 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 USDA Management Challenges section of this report.

Fiscal Year (FY) 2022 Results

During FY 2022, 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 2021 Agency Financial Report (AFR). The Commodity Credit Corporation (CCC) addressed material weaknesses reported during the previous reporting years. CCC is now in compliance with FFMIA related to federal accounting standards.

USDA is not compliant with federal accounting standards and the USSGL at the transaction level due to deficiencies identified for CCC and NRCS (See Exhibit 18). In addition, as reported in the FFMIA section of this report, USDA continues to have weaknesses in IT controls and FFMS requirements that result in non-compliance with the FISMA requirement. As part of its financial systems strategy, USDA agencies continue working to meet FFMIA and FISMA objectives.

CCC Non-Compliance

CCC was non-compliant with USSGL. The financial management systems did not record certain accounting events at the transaction level in accordance with the USSGL. The agency continues to implement compensating controls over the accounting for obligation activity, making significant progress. CCC continues implementing its program obligation activity into the Financial Management Modernization Initiative through a phased approach.

NRCS Deficiencies

NRCS noted deficiencies in applicable federal accounting standards, including the USSGL at the transaction level. Specifically, incorrect posting logic was being used for recoveries of prior year unpaid obligations. NRCS continues working to mitigate deficiencies and substantially comply with FFMIA.

The following exhibit contains the outstanding initiatives to achieve compliance.

Exhibit 18: Initiatives to be Completed

Outstanding Initiatives to Achieve FFMIA Compliance

Initiative	Section of Non-Compliance	Agency	Target Completion Date
Information Technology (IT)	FFMS requirements and information security policies, procedures, and/or practices.	Multiple	10/31/2023
Financial Management	Federal accounting standards and USSGL at the transaction level.	Natural Resources Conservation Service (NRCS)	9/30/2023
	USSGL at the transaction level.	CCC	12/31/2024

Financial Management Systems Strategy

The 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, equipping 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 that are efficient, cost-effective, mission-focused, collaboratively developed, and strategically aligned. OCFO's systems' objectives in fiscal year (FY) 2022 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 financial system investment 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;
- Intergovernmental payments;
- Intergovernmental collections;
- Receivable management;
- Property accounting; and
- 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 featuring 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 2022

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 for low-and moderate-income rural Americans, organic agriculture, and numerous other grant and agreement-related programs to serve the American public better.

In FY 2022, eFG's initiatives:

- Migrated the Agricultural Marketing Service (AMS) grant agreements from eFG to the U.S. Department of Health and Human Services (HHS) GrantSolutions grants systems in December 2021. GrantSolutions is a Grants Quality Service Management Office (QSMO) approved service provider.
- Developing web services between HHS GrantSolutions and the USDA Financial Management Modernization Initiative (FMMI) Financial System. When completed in June 2023, this initiative will provide an option for other USDA grant-making agencies to migrate to the HHS GrantSolutions and for AMS to eliminate any manual processes between the two systems and provide seamless financial integration.
- Completed the National Institute of Food and Agriculture (NIFA) project to improve the overall user experience and system reconciliation process related to the Department of Treasury Automated Standard Applications for Payments (ASAP).
- Provided system training to 820 internal and external users on eFG. The eFG system has 7,941 users (6,029 external users and 1,912 internal users) to date in FY 2022.
- 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 782 unique visitors in FY 2022.
- Updated the [eFG website](#) to improve the overall user experience for the public-facing eFG recipient users.
- Deployed 3,197 new FY 2022 agreements. During the life of the eFG system, 20,821 agreements have been deployed, and 9,080 are active or in draft status.

- Resolved 3,550 Tier 1 through Tier 2 (2,926 Tier 1 and 624 Tier 2) tickets through the OCFO Grants Helpdesk as a first responder to customer inquiries.
- Resolved 56 eFG system incidents (22 system defects and 34 enhancements) in FY 2022 via the eFG Post-Production Support Team. Additionally, 555 priority one-time system fixes were also resolved in FY 2022.

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 the Office of Management and Budget (OMB) Circular A-11, Section 83. USDA completed the discovery phase of the BOC initiative on October 31, 2021. USDA is implementing the OCFO's decision to create a standard crosswalk table to produce the Digital Accountability and Transparency Act, Government-wide Treasury Account Symbol Adjusted Trial Balance System, and a standard Report for Budget Submission.

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

- Analysis of all BOC Series.
- Updating the BOC Manual.
- Performing analysis to ensure data quality.
- Implementing change configurations in the core accounting system to prevent misuse of BOC.
- Adding BOC standards to policy and process flows to maintain compliance with OMB Circular A-11.
- Providing training to mission area agencies and staff offices.

The BOC initiative will possibly extend into FY 2023.

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 2022, 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 multiple 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.

- Fully implemented the revised and integrated system development life cycle within the OCFO by establishing 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, and 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 2022, the EA team has identified the following goals in FY 2023:

- 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 ensures the continued achievement of coordinated decision making throughout the OCFO and in coordination with the Office of the Chief Information Officer (OCIO).
- Continue to review and advise on all Acquisition Approval Requests (AARs) for the 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 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. Their accomplishments in FY 2022 were:

- Improved the health of 95 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 costs within the IT Portfolio.

Building on its successes in FY 2022, the CPIC team will achieve the following in FY 2023:

- Continue to 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.

Financial Management Modernization Initiative Intelligent Enterprise Transformation

The FMMI, USDA's financial system of record, is based on a Systems, Applications, and Products (SAP)-platform that will be obsolete in 2027. Consequently, FMS will migrate to a next-generation SAP intelligent enterprise platform leveraging SAP S/4 High-Performance Analytic Appliance (HANA) technology. The new S/4 HANA system will be an in-memory platform allowing users to run real-time reports on operational and financial data. In preparation for the transition, FMS completed multiple prerequisite activities in FY 2022, including data profiling and cleansing, customer-vendor business partner integration, and customer code analysis. Also, FMS initiated the Information Life Cycle Management initiative to develop and implement a data archival strategy and system prior to Financial Intelligent Enterprise Transformation (FIET), reducing the cost and improving the efficiency of the new system. On completion of the prerequisite activities, the FIET transition effort will begin in 2Q of FY 2023. The transition is scheduled to be completed in 2Q of FY 2025.

SAP Contract, Lease, and Real Estate Management Module Within USDA's Enterprise-Wide Financial System, FMMI

The Federal Accounting Standards Advisory Board (FASAB) issued the Statement of Federal Financial Accounting Standards (SFFAS) 54 introduction, a new model for lease accounting with a mandated implementation date of October 1, 2023. SFFAS 54 addresses lease accounting standards by both lessees and lessors. For financial reporting purposes, all lease transactions must be recognized in accordance with SFFAS 54 when it becomes effective. FMS began preparatory SFFAS 54 implementation efforts to meet the mandated timeline. FMS performed an Analysis of Alternatives and SAP Contract, Lease, and Real Estate Management module was selected as USDA's enterprise-wide financial system FMMI solution. Implementation initiated in FY 2022 will enable FMS to meet the mandated timeline.

[U.S. Department of Treasury, Bureau of Fiscal Service, Electronic Check Processing System \(Mobile Check Capture Program\)](#)

FMS implemented the use of the Treasury's Mobile Check Capture program, that allows agencies to deposit checks to the Electronic Check Processing (ECP) system, which eliminates the need to mail the checks to the actual Treasury Lockbox. Instead, all deposits will be submitted via a mobile phone application (app). Prior to adopting the Mobile Check Capture program, FMS staff would mail checks to the Treasury Lockbox along with remittance information, where USBANK staff would manually key the data into their system prior to interfacing with the Treasury's ECP system to process the deposit of funds. By using Mobile Check Capture, checks are instantly recorded in the ECP system without mailing checks to USBANK, eliminating manual processing and postage costs. Additionally, deposits are recorded at Treasury the next business day versus 7 to 10 business days to submitting a check mailed to the USBANK Lockbox.

[SAP Enable Now](#)

In March 2022, FMS successfully implemented SAP Enable Now (SEN) as part of FMS' continued movement toward FIET implementation. This implementation was required due to SAP discontinuing support of the uPerform tool previously used to develop online FMMI user help procedures. SEN is a collaborative content authoring, management, and sharing platform that can produce instructor-led training, self-directed learning, and online performance materials for SAP and non-SAP systems. Previous FMMI Help documentation was migrated to the new SEN FMMI Help platform and is being updated to include the application. Also, new in-application content is being developed as online help procedures and e-Learning courses to improve support to agency clients using FMS' financial management tools.

[System for Award Management Unique Entity Identifier](#)

At the direction of the General Services Administration, USDA successfully migrated to the use of the System for Award Management (SAM), Unique Entity Identifier (UEI) as a replacement for the DUNS[®] number to verify Federal contractors by the April 2022 mandated timeline. This change allows for Federal entities to accurately track funding to a specific entity including contractors who have Federal contracts.

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Section II

Financial Information

Message from the Office of the Chief Financial Officer



It is my great privilege to present the Financial Statements for fiscal year (FY) 2022 on behalf of the United States Department of Agriculture (USDA or the Department).

I am pleased to report that USDA received an unmodified audit opinion on the financial statements from the Department's Office of the Inspector General (OIG) for the seventh consecutive fiscal year. For our system of internal controls, the Department provided a modified statement of assurance in accordance with the Federal Managers' Financial Integrity Act (FMFIA), Section 2, and the Office of Management and Budget (OMB) Circular No. A-123, Appendix A, because of 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 the Federal Financial Management Improvement Act (FFMIA).

Moving forward, the Office of the Chief Financial Officer (OCFO) will work diligently to help USDA achieve an unmodified statement of assurance by:

- Tracking the elements of each material weakness to recommendations (i.e., Corrective Action Plans) as provided by OIG in our tracking and reporting system, and using a checklist developed for that specific purpose.
- Continuing to obtain monthly status updates from agencies regarding the progression of their completion.
- Summarizing status updates regarding these weaknesses in discussions with OIG to possibly reduce the deficiency level.

These planned efforts are reflective of the emphasis that USDA renders as stewards of our budgetary resources, recognizing that it is ultimately you, the American taxpayer, that is its source. To ensure that this prioritization is always the case, the OCFO will continue to provide financial information that is reliable, timely, and useful, allowing the Department to execute its fiduciary responsibilities with a clear understanding of our fiscal picture. OCFO remains steadfast in our commitment to exercising the greatest integrity in assisting with the management of USDA's financial portfolio and is continually seeking innovative ways to improve our systems and processes. We will persistently pursue efforts to ensure that USDA's funds are accurately tracked and used solely for the purposes for which they were intended.

Despite the ongoing effects of the pandemic, the staff of OCFO has persevered in meeting or exceeding established benchmarks for FY 2022. As the Deputy Chief Financial Officer of USDA, I am proud to present just a few of our more distinctive achievements from the fiscal year for your consideration:

OCFO's staff successfully managed the apportionment, allocation, tracking, and internal controls of \$45.3 billion in USDA supplemental funding for the Coronavirus Aid, Relief and Economic Security Act, the Coronavirus Food Assistance Program, the American Rescue Plan Act, and the Infrastructure Investment and Jobs Act. The Financial Management Division took the lead on multiple interdepartmental missions, coordinating the agreement with Air Mobility Command for "Operation Fly Formula," which obligated \$24 million, and with the General Service Administration in the amount of \$41 million. The Internal Control Division concentrated its efforts on the closure of OIG and Government Accountability Office (GAO) recommendations in line with the Secretary's priorities. As a result, USDA nearly doubled our rate of closing GAO audits, moving from a 46 percent rate of closure to an 83 percent rate of closure. Similarly, the Department's inventory of open OIG audits decreased in FY 2022 by 11 percent, from 82 percent to 71 percent, nearly doubling the rate of decrease from the prior year.

Our Mission Areas have been just as spectacular with their achievements this fiscal year. The Animal and Plant Health Inspection Service supported the Highly Pathogenic Avian Influenza (HPAI) and the African Swine Fever (ASF) emergency response efforts by processing 179 indemnity payments totaling \$75 million in addition to processing grants and agreements totaling \$8 million to customers to help stop the spread of HPAI and ASF respectively. The Research, Education, and Economics mission area focused on closing out expired agreements and reported zero open grant/agreement awards that had been expired for more than 2 years in the third quarter of FY 2022. The Forest Service provided technical assistance and support to the Secure Rural Schools (SRS) Reauthorization to ensure that states and counties received optimal funding, as well as trained more than 200 State and County treasurers to implement the new SRS requirements. Finally, the Rural Development mission area had a banner year, launching the Loan Guarantee Program to create more market opportunities, promote competition, and strengthen America's food supply chain; investing \$5.2 billion to build and improve critical rural infrastructure in 46 states and Puerto Rico; and providing \$401 million in funding for high-speed internet access in rural areas.

Although we have accomplished much this fiscal year, I would be remiss if I did not acknowledge that there is room for further improvement. To that end, OCFO will continue to closely monitor and facilitate the actions needed to achieve the proper closure of OIG and GAO audits and their associated recommendations. In addition, we will be perpetually vigilant in our endeavors to seek creative solutions to long-standing problems, manage our fiscal appropriations with the utmost care, and work tirelessly to continue to earn your trust and confidence every single workday. OCFO is wholly committed to the pursuit of excellence in federal financial management and is confident that we are well on the way to achieving that goal, as evidenced by the accomplishments highlighted in this letter. However, we will not rest on our laurels but will push forward in full awareness of our promise to you and in fulfillment of our mission, which is to shape an environment in which USDA officials have and use high-quality financial and performance information to make and implement effective policy, management, stewardship, and program decisions.

A handwritten signature in black ink that reads "Lynn Moaney". The signature is written in a cursive, flowing style.

Lynn M. Moaney
Deputy Chief Financial Officer
November 14, 2022

Financial Statements

Consolidated Balance Sheets

As of September 30, 2022 and 2021 (\$ in millions)

	2022	2021
Assets (Note 2):		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 284,081	\$ 237,610
Investments, Net (Note 5)	268	256
Accounts Receivable, Net (Note 6)	495	320
Advances and Prepayments	54	42
Total Intragovernmental	284,898	238,228
Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 4)	492	298
Accounts Receivable, Net (Note 6)	6,706	5,353
Loans Receivable, Net (Note 7)		
Commodity Loans, Net	239	393
Direct Loans and Loan Guarantees, Net (Note 7)	118,254	113,057
Subtotal	118,493	113,450
Negative Liability for Loan Guarantees (Note 7)	1,939	601
Inventory and Related Property, Net (Note 8)	28	23
General Property, Plant, and Equipment, Net (Note 9)	2,835	2,588
Advances and Prepayments	491	587
Investments, Net (Note 5)	3	3
Total Other than Intragovernmental	130,987	122,903
Total Assets	415,885	361,131
Stewardship PP&E (Note 10)		
Liabilities (Note 11):		
Intragovernmental:		
Accounts Payable	—	1
Debt (Note 12)	139,187	132,821
Advances from Others and Deferred Revenue	24	14
Other Liabilities (Note 16)	14,236	11,950
Total Intragovernmental	153,447	144,786
Other than Intragovernmental:		
Accounts Payable	2,524	2,353
Federal Employee Benefits Payable (Note 13)	1,334	1,376
Environmental and Disposal Liabilities (Note 14)	241	258
Benefits Due and Payable	8,479	8,580
Insurance and Guarantee Program Liabilities (Note 15)	17,325	14,226
Advances from Others and Deferred Revenue	153	122
Other Liabilities (Notes 16, 17 & 18)	9,387	12,977
Total Other than Intragovernmental	39,443	39,892
Total Liabilities	192,890	184,678
Commitments and Contingencies (Note 18)		
Net Position:		
Unexpended Appropriations - Funds from Dedicated Collections (Note 19)	661	468
Unexpended Appropriations - Funds from Other Than Dedicated Collections	168,603	127,658
Total Unexpended Appropriations (Consolidated)	169,264	128,126
Cumulative Results of Operations - Funds from Dedicated Collections (Note 19)	3,878	3,473
Cumulative Results of Operations - Funds from Other Than Dedicated Collections	49,853	44,854
Total Cumulative Results of Operations (Consolidated)	53,731	48,327
Total Net Position	222,995	176,453
Total Liabilities and Net Position	\$ 415,885	\$ 361,131

The accompanying notes are an integral part of these statements.

Consolidated Statements of Net Cost

For the Year Ended September 30, 2022 and 2021 (\$ in millions)

	<u>2022</u>	<u>2021</u>
Farm Production and Conservation:		
Gross Costs	\$ 37,006	\$ 54,802
Less: Earned Revenue	4,933	4,449
Net Costs	<u>32,073</u>	<u>50,353</u>
Food, Nutrition, and Consumer Services:		
Gross Costs	192,464	163,254
Less: Earned Revenue	94	65
Net Costs	<u>192,370</u>	<u>163,189</u>
Food Safety:		
Gross Costs	1,374	1,370
Less: Earned Revenue	246	262
Net Costs	<u>1,128</u>	<u>1,108</u>
Marketing and Regulatory Programs:		
Gross Costs	4,893	6,640
Less: Earned Revenue	1,162	812
Net Costs	<u>3,731</u>	<u>5,828</u>
Natural Resources and Environment:		
Gross Costs	9,076	8,278
Less: Earned Revenue	785	768
Net Costs	<u>8,291</u>	<u>7,510</u>
Rural Development:		
Gross Costs	4,814	4,517
Less: Earned Revenue	3,217	3,290
Net Costs	<u>1,597</u>	<u>1,227</u>
Research, Education, and Economics:		
Gross Costs	3,495	3,175
Less: Earned Revenue	82	105
Net Costs	<u>3,413</u>	<u>3,070</u>
Trade and Foreign Agricultural Affairs:		
Gross Costs	467	475
Less: Earned Revenue	20	32
Net Costs	<u>447</u>	<u>443</u>
Staff Offices:		
Gross Costs	1,821	1,661
Less: Earned Revenue	243	243
Net Costs	<u>1,578</u>	<u>1,418</u>
Total Gross Costs	255,410	244,172
Less: Total Earned Revenue	10,782	10,026
Net Cost of Operations (Note 20)	<u>\$ 244,628</u>	<u>\$ 234,146</u>

The accompanying notes are an integral part of these statements.

Consolidated Statement of Changes in Net Position

For the Year Ended September 30, 2022 (\$ in millions)

	Funds from Dedicated Collections (Consolidated Totals) (Note 19)	Funds from Other Than Dedicated Collections (Consolidated Totals)	Consolidated Total
Unexpended Appropriations:			
Beginning Balances	\$ 468	\$ 127,658	\$ 128,126
Appropriations Received	12	285,236	285,248
Appropriations Transferred In (Out)	285	(358)	(73)
Other Adjustments	—	(21,650)	(21,650)
Appropriations Used	(104)	(222,283)	(222,387)
Net Change in Unexpended Appropriations	193	40,945	41,138
Total Unexpended Appropriations	661	168,603	169,264
Cumulative Results of Operations:			
Beginning Balances	3,473	44,854	48,327
Other Adjustments	—	(553)	(553)
Appropriations Used	104	222,283	222,387
Non-exchange Revenue	623	31,306	31,929
Donations and Forfeitures of Cash and Cash Equivalents	1	2	3
Transfers In (Out) without Reimbursement	1,151	(1,429)	(278)
Imputed Financing	30	975	1,005
Other	(234)	(4,227)	(4,461)
Net Cost of Operations	(1,270)	(243,358)	(244,628)
Net Change in Cumulative Results of Operations	405	4,999	5,404
Cumulative Results of Operations	3,878	49,853	53,731
Net Position	\$ 4,539	\$ 218,456	\$ 222,995

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 (Consolidated Totals) (Note 19)	Funds from Other Than Dedicated Collections (Consolidated Totals)	Consolidated Total
Unexpended Appropriations:			
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
Total Unexpended Appropriations	468	127,658	128,126
Cumulative Results of Operations:			
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	903	966
Other	(99)	(3,138)	(3,237)
Net Cost of Operations	(1,370)	(232,776)	(234,146)
Net Change in Cumulative Results of Operations	190	14,039	14,229
Cumulative Results of Operations	3,473	44,854	48,327
Net Position	\$ 3,941	\$ 172,512	\$ 176,453

The accompanying notes are an integral part of these statements.

Combined Statements of Budgetary Resources

For the Years Ended September 30, 2022 and 2021 (\$ in millions)

	2022		2021	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 115,631	\$ 4,849	\$ 97,027	\$ 4,725
Appropriations (Discretionary and Mandatory)	293,956	3	273,612	6
Borrowing Authority (Discretionary and Mandatory)	11,978	17,050	13,207	14,904
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	10,665	10,984	8,536	12,365
Total Budgetary Resources	432,230	32,886	392,382	32,000
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total)	276,458	22,057	277,308	20,631
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts	60,926	10,303	73,017	10,675
Exempt from Apportionment, Unexpired Accounts	276	—	85	—
Unapportioned, Unexpired Accounts	39,041	526	8,241	694
Unexpired Unobligated Balance, End of Year	100,243	10,829	81,343	11,369
Expired Unobligated Balance, End of Year	55,529	—	33,731	—
Unobligated Balance, End of Year (Total)	155,772	10,829	115,074	11,369
Total Budgetary Resources	432,230	32,886	392,382	32,000
Outlays, Net, and Disbursements, Net:				
Outlays, Net (Total) (Discretionary and Mandatory)	251,031		239,467	
Distributed Offsetting Receipts (-)	(5,796)		(4,249)	
Agency Outlays, Net (Discretionary and Mandatory)	\$ 245,235		\$ 235,218	
Disbursements, Net (Total) (Mandatory)		\$ 6,899		\$ 4,025

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

As of September 30, 2022, and 2021 (\$ in millions)

NOTE 1: Summary of Significant Accounting Policies

Reporting Entity

U.S. Department of Agriculture (USDA or the Department) 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

- Farm Production and Conservation 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 (Rural Housing Service, Rural Utility Service and Rural Business Cooperative Service)

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
 - U.S. Codex Office

Staff Offices

The Commodity Credit Corporation listed above is not separately identified in the USDA Organization Chart but is a component required to prepare financial statements. The Office of the Chief Scientist is reported in staff offices for financial statements but is listed with the Under Secretary for Research, Education, and Economics in the USDA Organization Chart because the agencies that comprise the mission area fund its operations.

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 25 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.

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 fiscal year (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

Commodity inventory, referred to as goods held under price support and stabilization programs in Statement of Federal Financial Accounting Standards (SFFAS) No. 3, Accounting for Inventory and Related Property, issued by the Federal Accounting Standards Advisory Board (FASAB), represent commodities acquired by the Commodity Credit Corporation (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, 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 (PP&E)

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 SFFAS 43, Funds from Dedicated Collections which became effective October 1, 2012, 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 the 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 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) became effective October 1, 2018. 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 Federal Crop Insurance Corporation (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 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 Non-Entity Assets, Investments, Loans Receivable, Net and Loan Guarantee Liabilities, and Liabilities Not Covered by Budgetary Resources were reclassified to conform to Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements. The Stewardship PP&E note was reclassified to present stewardship land for research centers.

Note Disclosures Related to the Balance Sheet

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 2022</u>	<u>FY 2021</u>
Intragovernmental:		
Fund Balance with Treasury	\$ 379	\$ 379
Accounts Receivable	323	529
Total Intragovernmental	<u>702</u>	<u>908</u>
Cash and Other Monetary Assets	55	51
Accounts Receivable	408	267
Total Non-Entity Assets	1,165	1,226
Total Entity Assets	414,720	359,905
Total Assets	<u>\$ 415,885</u>	<u>\$ 361,131</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.

On September 30, 2022, CCC recorded non-expenditure transfers to outside agencies. Due to the timing of the transactions, the financing (executed borrowings from Treasury) for these transfers was not processed until the next business day, October 3, 2022, effective in FY 2023. As a result, CCC has recognized a liability (Due to the General Fund) related to the financing event that did not occur until FY 2023. This results in a discrepancy with balances reported to Treasury of \$3,197 million as of September 30, 2022.

	<u>FY 2022</u>	<u>FY 2021</u>
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$ 71,505	\$ 83,777
Unavailable	95,097	42,751
Obligated Balance Not Yet Disbursed	107,017	110,799
Borrowing Authority Not Yet Converted to Fund Balance	(47,175)	(44,412)
Authority Granted Prior to Credit Reform for Rental Assistance Grants	(15)	(18)
Non-Budgetary Fund Balance with Treasury	57,652	44,713
Total	<u>\$ 284,081</u>	<u>\$ 237,610</u>

NOTE 4: Cash and Other Monetary Assets

For FY 2022 and FY 2021, cash and other monetary assets consists of Federal crop insurance escrow of \$398 million and \$217 million, deposits in transit of \$39 million and \$30 million, and single-family housing escrow of \$55 million and \$51 million, respectively.

	<u>FY 2022</u>	<u>FY 2021</u>
Cash	\$ 492	\$ 298

NOTE 5: Investments

FY 2022	Cost/ Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Net Investments	Market Value
Intragovernmental Securities and Investments:						
Non-marketable - Market-based	\$ 266	Straight Line	\$ 1	\$ 1	\$ 268	\$ 255
Total Intragovernmental Securities and Investments	<u>266</u>		<u>1</u>	<u>1</u>	<u>268</u>	<u>255</u>
Fair Value Measurement of Non-Intragovernmental Investments					Total	
Equity Securities					<u>3</u>	
Total Fair Value Measurement of Non-Intragovernmental Investments					<u>\$ 3</u>	
FY 2021	Cost/ Acquisition Value	Amortization Method	Amortized (Premium) Discount	Interest Receivable	Net Investments	Market Value
Intragovernmental Securities and Investments:						
Non-marketable - Market-based	\$ 254	Straight Line	\$ 1	\$ 1	\$ 256	\$ 256
Total Intragovernmental Securities and Investments	<u>254</u>		<u>1</u>	<u>1</u>	<u>256</u>	<u>256</u>
Fair Value Measurement of Non-Intragovernmental Investments					Total	
Equity Securities					<u>3</u>	
Total Fair Value Measurement of Non-Intragovernmental Investments					<u>\$ 3</u>	

Fair value measurement of non-intragovernmental 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

FY 2022	Gross	Uncollectible Accounts	Net
Intragovernmental	\$ 495	\$ —	\$ 495
Other than Intragovernmental	6,770	(64)	6,706
Total	\$ 7,265	\$ (64)	\$ 7,201

FY 2021	Gross	Uncollectible Accounts	Net
Intragovernmental	\$ 320	\$ —	\$ 320
Other than Intragovernmental	5,409	(56)	5,353
Total	\$ 5,729	\$ (56)	\$ 5,673

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 Farm Production and Conservation (FPAC) mission area through the Farm Service Agency (FSA) and the CCC, and in the Rural Development (RD) mission area.

Farm Production and Conservation 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 through the Farm Storage Facility Loan Program (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 19: Farm Production and Conservation List of Direct Loan and Loan Guarantee Programs

Farm Service Agency

Direct Farm Ownership
Direct Farm Operating
Direct Emergency Loans
Direct Indian Land Acquisition
Direct Boll Weevil Eradication
Direct Seed Loans to Producers
Direct Conservation
Guaranteed Farm Operating Subsidized/Unsubsidized
Guaranteed Farm Ownership Unsubsidized
Guaranteed Conservation
American Recovery and Reinvestment Fund

Commodity Credit Corporation

General Sales Manager Export Credit Guarantee Program
Facility Program Guarantee
Public Law (P.L.) 480 Title 1 Program
Direct Farm Storage Facility
Direct Sugar Storage Facilities

Rural Development 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 20: Rural Development List of Direct Loan and Loan Guarantee Programs

<u>Rural Housing Program</u>	<u>Rural Business Program</u>	<u>Rural Utilities Program</u>
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	Biorefinery Renewable Chemical, and Bio-based Product	
Community Facilities Direct Loans and Loan Guarantees	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 2022. 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 in the direct financing and liquidating accounts during FY 2022.

Foreclosed Property

As of September 30, 2022 and 2021, foreclosed property consisted of 307 and 1,095 rural single family housing dwellings, with an average holding period of 17 months for FY 2022 and 16 months for FY 2021, respectively. As of September 30, 2022 and 2021, FSA-Farm Loan Program properties consist primarily of 125 and 127 farms, respectively. The average holding period for these properties in inventory for FY 2022 and FY 2021 was 89 and 77 months, respectively. The approximate number of borrowers for which foreclosure proceedings were in process at the end of FY 2022 and FY 2021 was 10,143 and 11,792, respectively. 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 \$12,949 million and \$13,548 million of Rural Housing borrowers' unpaid loan principal as of September 30, 2022 and 2021 were receiving interest credit. If those loans receiving interest credit had accrued interest at the full-unreduced rate, interest income would have been approximately \$592 million and \$604 million higher for FY 2022 and FY 2021, respectively.

At the end of FY 2022 and FY 2021, the RD portfolio contained approximately 50,050 and 53,656 restructured loans with an outstanding unpaid principal balance of \$3,331 million and \$3,407 million, respectively. At the end of FY 2022 and FY 2021, the farm loan portfolio contained approximately 12,508 and 12,888 restructured loans with an outstanding unpaid principal balance of \$1,086 million and \$1,073 million, respectively. Direct credit and credit guarantee principal receivables in the food aid and export programs under rescheduling agreements as of September 30, 2022 and 2021, were \$923 million and \$829 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 were able to make advance payments up to their liquidating and financing total Rural Utilities Service debt. The enactment of the 2018 Agriculture Improvement Act had provided the borrowers the opportunity to prepay outstanding loans using the CoC balances without penalty through September 30, 2020. As of September 30, 2020 the CoC account is no longer accepting borrower deposits and the remaining balances are used to repay outstanding loan balances. To accurately represent the value of Electric and Telecommunication assets, RD reports the CoC amounts as a separate line item in Tables 1 and 2.

Table 1: Direct Loans Obligated Prior to FY 1992

FY 2022 Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Present Value Allowance	Direct Loans, Net
Farm	\$ 114	\$ 87	\$ 7	\$ (84)	\$ 124
Food Aid	208	4	—	(73)	139
Housing	5,078	784	1	(712)	5,151
Community Facility	5	—	—	—	5
Electric	1,643	2	—	(1,427)	218
Telecommunications	20	—	—	—	20
Water and Environmental	137	2	—	—	139
Intermediary Relending	1	—	—	—	1
Cushion of Credit	(54)	—	—	—	(54)
Total	\$ 7,152	\$ 879	\$ 8	\$ (2,296)	\$ 5,743

FY 2021 Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Present Value Allowance	Direct Loans, Net
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
Cushion of Credit	(81)	—	—	—	(81)
Total	\$ 7,646	\$ 800	\$ 15	\$ (2,205)	\$ 6,256

Table 2: Direct Loans Obligated After FY 1991

FY 2022 Direct Loan Programs	Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Direct Loans, Net
Farm	\$ 16,124	\$ 363	\$ 9	\$ 180	\$ 16,676
Food Aid	369	9	—	(88)	290
Housing	17,156	444	23	(1,183)	16,440
Community Facility	11,550	110	—	(228)	11,432
Electric	52,251	31	—	(737)	51,545
Telecommunications	2,418	2	—	(38)	2,382
Water and Environmental	13,090	83	—	303	13,476
Intermediary Relending	302	2	—	(58)	246
Business and Industry	42	—	—	(5)	37
Economic Development	177	—	—	(12)	165
Cushion of Credit	(491)	—	—	—	(491)
Total	\$ 112,988	\$ 1,044	\$ 32	\$ (1,866)	\$ 112,198

FY 2021 Direct Loan Programs	Loans Receivable, Gross	Interest and Fees Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Direct Loans, Net
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
Cushion of Credit	(1,187)	—	—	—	(1,187)
Total	\$ 108,314	\$ 998	\$ 73	\$ (2,981)	\$ 106,404

Table 3: Total Amount of Direct Loans Disbursed (Post-1991)

Direct Loan Programs	FY 2022	FY 2021
Farm	\$ 3,036	\$ 3,399
Housing	1,125	1,086
Community Facility	946	1,259
Electric	5,749	4,082
Telecommunications	181	206
Water and Environmental	1,005	1,022
Intermediary Relending	10	12
Business and Industry	2	2
Economic Development	22	40
Total	\$ 12,076	\$ 11,108

Table 4: Subsidy Expense for Direct Loan Programs by Component

FY 2022 Direct Loan Programs	Interest	Defaults	Fees and Other		Subtotal Subsidy	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Subsidy Expense
	Differential		Collections	Other						
Farm	\$ (23)	\$ 38	\$ (1)	\$ 2	\$ 16	\$ —	\$ 481	\$ (687)	\$ (206)	\$ (190)
Export	—	—	—	—	—	—	206	(184)	22	22
Food Aid	—	—	—	—	—	—	—	15	15	15
Housing	3	48	—	(4)	47	—	(135)	(380)	(515)	(468)
Community Facility	(107)	36	—	15	(56)	—	(99)	165	66	10
Electric	(203)	16	(19)	(22)	(228)	—	(1,413)	2,295	882	654
Telecommunications	—	18	—	(1)	17	3	49	6	55	75
Water and Environmental	47	1	—	(33)	15	—	53	132	185	200
Intermediary Relending	2	—	—	—	2	—	—	—	—	2
Business and Industry	—	—	—	—	—	—	—	(1)	(1)	(1)
Economic Development	2	—	—	—	2	—	(4)	—	(4)	(2)
Total	\$ (279)	\$ 157	\$ (20)	\$ (43)	\$ (185)	\$ 3	\$ (862)	\$ 1,361	\$ 499	\$ 317

FY 2021 Direct Loan Programs	Interest	Defaults	Fees and Other		Subtotal Subsidy	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Subsidy Expense
	Differential		Collections	Other						
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
Economic Development	6	—	—	—	6	—	(1)	(1)	(2)	4
Total	\$ (218)	\$ 156	\$ (19)	\$ (34)	\$ (115)	\$ (25)	\$ (859)	\$ 63	\$ (796)	\$ (936)

The FY 2022 reestimate process resulted in a \$499 million increase in the post-1991 estimated cost of the direct loan portfolio, primarily comprised of the following programs:

In the farm category, Agriculture Credit Insurance Fund (ACIF) comprised more than 80 percent of the total farm category, with essentially 100 percent of the ACIF decrease resulting from the farm ownership and operating categories. Farm Storage Facility loans comprised the remaining 20 percent of the total farm category. The Direct Operating program experienced a total FY 2022 reestimate of \$-56.5 million across all cohorts. The breakdown for the operating program is as follows: impact of the FY 2022 actuals and Single Effective Rates (SER) changes (\$-48.9 million), impact of updated macroeconomic variables (\$10.0 million), and impact of changes in assumed and actual borrower interest rates (\$17.7 million). The Direct Ownership program experienced a total FY 2022 reestimate of \$-123.4 million across all cohorts. The breakdown for the ownership program is as follows: impact of the FY 2022 actuals and SER changes (\$-109.4 million), impact of updated macroeconomic variables (\$-7.8 million), and impact of changes in assumed and actual borrower interest rates (\$-6.2 million).

The Direct Single-Family Housing program had a downward reestimate of \$-515 million. The key drivers of the downward impact were the updated percentages of foreclosure recoveries applied to fees, full payoff prepayments, subsidy interest, recaptures, Real Estate Owned (REO) recoveries, lag on REO and lag on foreclosures from FY 2021. The forecasted recapture recoveries and prepayments increased, which resulted in a downward impact on the total reestimate amount. Additionally, the decrease in the percentage of foreclosures applied to fees, an increase in the lag on foreclosures and lag on REO acquisitions further resulted in an overall downward reestimate.

The Direct Electric Program had an overall upward reestimate of \$882 million which is comprised of a \$1,091 million upward reestimate in the Federal Financing Bank (FFB) program, a \$-219 million in the FFB Underwriter program, a \$14 million upward reestimate in the Electric Municipal program and a \$-5 million downward reestimate in the FFB Electric Modification program. One of the main drivers of the upward reestimate in the Direct Electric program was the decrease in undiscounted prepayments, and an increase in cash outflows and losses from last year. The main component of the downward reestimate in the FFB Underwriters program was the increase in undiscounted prepayments, due to the updated SER which primarily decreased. As the SER decreases, the cost of borrowing for the agency decreases causing a downward reestimate as the net present value of cash flows increases due to the lower discount rate. Another contributing factor to the downward reestimate in the FFB Underwriters program was an increase in forecasted variable interest rates from OMB Presidential Economic Assumptions, which increased interest revenue.

The Direct Water and Environmental program had an overall upward reestimate of \$185 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. 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. A downward reestimate was calculated for years 2015 – 2017, this was attributed to updated SER being calculated for large

programs. 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.

Table 5: Subsidy Rates for Direct Loans by Program and Component

FY 2022 Direct Loan Programs	Interest		Fees and Other		Total
	Differential	Defaults	Collections	Other	
Farm Ownership	(13.68)	0.53	—	0.88	(12.27)
Farm Operating	(2.44)	4.70	—	0.19	2.45
Emergency Disaster	(10.66)	10.13	—	1.24	0.71
Indian Tribe Land Acquisition	(56.22)	—	—	—	(56.22)
Boll Weevil Eradication	(0.33)	—	—	(0.16)	(0.49)
Indian Highly Fractionated Land	8.19	0.74	—	(0.79)	8.14
Heirs Property Relending Program	8.19	0.74	—	(0.79)	8.14
Farm Storage Facility Loans	(1.13)	—	(0.27)	(0.05)	(1.45)
Sugar Storage Facility Loans	(4.14)	—	—	0.03	(4.11)
Multifamily Housing Revitalization Seconds	34.75	0.75	—	0.01	35.51
Multifamily Revitalization Zero	33.79	0.57	—	(0.26)	34.10
Community Facility Loans	(10.61)	4.47	—	0.33	(5.81)
Section 502 Single Family Housing	(2.35)	4.68	—	(0.47)	1.86
Section 515 Multifamily Housing	9.18	1.35	—	(1.59)	8.94
Section 504 Housing Repair	3.58	(0.04)	—	(1.81)	1.73
Section 514 Farm Labor Housing	10.16	0.23	—	(0.28)	10.11
Section 524 Site Development	(2.82)	6.25	—	0.68	4.11
Section 523 Self-Help Housing	(4.05)	5.06	—	0.09	1.10
Single Family Housing Credit Sales	(9.32)	5.07	—	1.47	(2.78)
Rural Microenterprise Direct Loans	(6.40)	2.30	—	—	(4.10)
Intermediary Relending Program	7.26	1.73	—	(0.92)	8.07
Rural Economic Development Loans	4.92	0.01	—	(0.25)	4.68
Water and Waste Disposal Loans	2.29	0.17	—	(7.62)	(5.16)
FFB Electric Loans	(5.98)	0.01	—	(1.23)	(7.20)
Treasury Telecommunications Loans	(0.12)	0.70	—	(0.28)	0.30
FFB Telecommunications Loans	(1.73)	0.17	—	(2.48)	(4.04)
FFB Guaranteed Underwriting	—	1.33	(1.97)	—	(0.64)
Rural Energy Savings Program	4.86	1.08	—	(0.42)	5.52
Broadband Treasury Rate Loans	(0.13)	15.68	—	(0.62)	14.93
ReConnect Direct Loans	(4.32)	26.14	—	0.20	22.02
ReConnect Grant Assisted Loans	—	26.14	—	(0.30)	25.84

The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the direct 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(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

Table 6: Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991) Direct Loans

	FY 2022	FY 2021
Beginning Balance of the Subsidy Cost Allowance	\$ 3,739	\$ 4,391
Add: Total Subsidy Expense for Direct Loans Disbursed During the Year As Shown in Table 4	(185)	(115)
Adjustments		
Loan Modifications	3	(25)
Fees Received	84	76
Loans Written Off	(214)	(171)
Subsidy Allowance Amortization	(19)	(284)
Other	(1,066)	663
Ending Balance of the Subsidy Cost Allowance Before Reestimates	2,342	4,535
Add or Subtract Total Subsidy Reestimates As Shown in Table 4	499	(796)
Ending Balance of the Subsidy Cost Allowance	<u>\$ 2,841</u>	<u>\$ 3,739</u>

Table 7: Defaulted Guaranteed Loans from Post 1991 Guarantees

FY 2022 Loan Guarantee Programs	Defaulted Guaranteed	Interest and Fees	Foreclosed Property	Allowance for Subsidy Cost	Value of Assets Related to
	Loans Receivable, Gross	Receivable		(Present Value)	Defaulted Guaranteed Loans Receivable, Net
Farm	\$ 280	\$ 106	\$ —	\$ (382)	\$ 4
Export	347	11	—	(223)	135
Housing	348	—	—	(309)	39
Community Facility	5	—	—	—	5
Business and Industry	192	—	—	(62)	130
Total	<u>\$ 1,172</u>	<u>\$ 117</u>	<u>\$ —</u>	<u>\$ (976)</u>	<u>\$ 313</u>

FY 2021 Loan Guarantee Programs	Defaulted Guaranteed	Interest and Fees	Foreclosed Property	Allowance for Subsidy Cost	Value of Assets Related to
	Loans Receivable, Gross	Receivable		(Present Value)	Defaulted Guaranteed Loans Receivable, Net
Farm	\$ 253	\$ 90	\$ —	\$ (323)	\$ 20
Export	396	18	—	(246)	168
Housing	174	—	—	(137)	37
Community Facility	8	—	—	—	8
Business and Industry	217	—	—	(53)	164
Total	<u>\$ 1,048</u>	<u>\$ 108</u>	<u>\$ —</u>	<u>\$ (759)</u>	<u>\$ 397</u>

Table 8: Guaranteed Loans Outstanding

FY 2022 Loan Guarantee Programs	Pre-1992 Outstanding Principal, Face Value	Post-1991 Outstanding Principal, Face Value	Total Outstanding Principal, Face Value	Pre-1992 Outstanding Principal, Guaranteed	Post-1991 Outstanding Principal, Guaranteed	Total Outstanding Principal, Guaranteed
Farm	\$ —	\$ 18,879	\$ 18,879	\$ —	\$ 17,140	\$ 17,140
Export	—	3,210	3,210	—	3,136	3,136
Housing	—	116,252	116,252	—	105,061	105,061
Community Facility	—	1,193	1,193	—	1,055	1,055
Electric	—	131	131	—	131	131
Water and Environmental	—	111	111	—	98	98
Business and Industry	—	9,948	9,948	—	7,506	7,506
Total	\$ —	\$ 149,724	\$ 149,724	\$ —	\$ 134,127	\$ 134,127

FY 2021 Loan Guarantee Programs	Pre-1992 Outstanding Principal, Face Value	Post-1991 Outstanding Principal, Face Value	Total Outstanding Principal, Face Value	Pre-1992 Outstanding Principal, Guaranteed	Post-1991 Outstanding Principal, Guaranteed	Total Outstanding Principal, Guaranteed
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
Total	\$ 1	\$ 155,065	\$ 155,066	\$ 1	\$ 138,308	\$ 138,309

Table 9: New Guaranteed Loans Disbursed

Loan Guarantee Programs	FY 2022		FY 2021	
	Principal, Face Value Disbursed	Principal, Guaranteed Disbursed	Principal, Face Value Disbursed	Principal, Guaranteed Disbursed
Farm	\$ 3,256	\$ 2,956	\$ 3,577	\$ 3,239
Export	3,292	3,217	2,004	1,960
Housing	14,060	12,654	23,875	21,488
Community Facility	174	154	105	93
Water and Environmental	12	10	20	18
Business and Industry	2,119	1,625	2,531	1,931
Total	\$ 22,913	\$ 20,616	\$ 32,112	\$ 28,729

Table 10: Liability for Loan Guarantees (Present Value)

FY 2022 Loan Guarantee Programs	Liabilities for Losses on		Liabilities for Loan Guarantees on		Total Liabilities for Loan Guarantees
	Pre- 1992 Guarantees Present Value		Post- 1991 Guarantees Present Value		
Farm	\$	—	\$	141	\$ 141
Export		—		14	14
Housing		—		(2,538)	(2,538)
Community Facility		—		24	24
Water and Environmental		—		1	1
Business and Industry		—		419	419
Total	\$	—	\$	(1,939)	\$ (1,939)

FY 2021 Loan Guarantee Programs	Liabilities for Losses on Pre- 1992		Liabilities for Loan Guarantees on Post-		Total Liabilities for Loan Guarantees
	Guarantees Present Value		1991 Guarantees Present Value		
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
Total	\$	—	\$	(601)	\$ (601)

Table 11: Subsidy Expense for Loan Guarantees by Program and Component

FY 2022 Loan Guarantee Programs	Interest		Fees and Other		Subtotal	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Subsidy Expense
	Supplement	Defaults	Collections	Other						
Farm	\$ —	\$ 15	\$ (9)	\$ —	\$ 6	\$ —	\$ (5)	\$ (33)	\$ (38)	\$ (32)
Export	—	—	15	(3)	12	—	—	(1)	(1)	11
Housing	—	482	(677)	—	(195)	—	(120)	(1,291)	(1,411)	(1,606)
Community Facility	—	7	(5)	—	2	—	—	(6)	(6)	(4)
Business and Industry	—	124	(85)	—	39	—	(8)	53	45	84
Total	\$ —	\$ 628	\$ (761)	\$ (3)	\$ (136)	\$ —	\$ (133)	\$ (1,278)	\$ (1,411)	\$ (1,547)

FY 2021 Loan Guarantee Programs	Interest		Fees and Other		Subtotal	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates	Total Subsidy Expense
	Supplement	Defaults	Collections	Other						
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)
Total	\$ —	\$ 1,069	\$ (1,142)	\$ (5)	\$ (78)	\$ (13)	\$ 19	\$ (2,352)	\$ (2,333)	\$ (2,424)

The FY 2022 reestimate process resulted in a \$1,411 million decrease in the post-1991 estimated cost of the guaranteed loan portfolio, primarily comprised of the following program:

The Guaranteed Single-Family Housing Section 502 Program had an overall downward reestimate of \$-1,411 million. The total downward reestimate is the result of a downward reestimate of \$-1,252 million in the Blended component of the program and a downward reestimate of \$-148 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 2018 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.

Table 12: Subsidy Rates for Loan Guarantees by Program and Component

FY 2022 Guaranteed Loan Programs	Interest	Defaults	Fees and	Other	Total
	Supplements		Other		
Food Processing Supply Chain Loan Guarantees	—	7.30	—	—	7.30
Farm Ownership--Unsubsidized	—	0.80	(1.18)	—	(0.38)
Farm Operating--Unsubsidized	—	1.95	(1.17)	—	0.78
Conservation--Guaranteed	—	0.65	(1.16)	—	(0.51)
GSM 102	—	0.23	(0.48)	—	(0.25)
Export Guarantee Program--Facilities	—	1.29	(3.78)	—	(2.49)
Community Facility Loan Guarantees	—	3.80	(4.09)	—	(0.29)
Guaranteed 538 Multifamily Housing	—	2.19	(5.27)	—	(3.08)
Guaranteed 502 Single Family Housing	—	3.41	(4.82)	—	(1.41)
Business and Industry Loan Guarantees	—	6.49	(4.48)	—	2.01
Renewable Energy Loan Guarantees	—	3.35	(2.51)	—	0.84
Section 9003 Loan Guarantees	—	37.35	(4.56)	0.18	32.97
Water and Waste Disposal Loan Guarantees	—	0.97	(0.88)	—	0.09

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

Table 13: Schedule for Reconciling Loan Guarantee Liability Balances
(Post -1991 Loan Guarantees)

	FY2022	FY2021
Beginning Balance of the Loan Guarantee Liabilities	\$ (601)	\$ 1,329
Less Claim Payments to Lenders	130	160
Add Fees Received	658	776
Less Interest Supplements Paid	8	8
Add Foreclosed Property and Loans Acquired	61	30
Add Subsidy Expense	59	99
Less Negative Subsidy Payments	203	184
Add Upward Reestimate	44	15
Less Downward Reestimates	1,455	2,348
Loan Guarantee Modifications	—	(13)
Other	(364)	(137)
Ending Balance of the Loan Guarantee Liabilities	<u>\$ (1,939)</u>	<u>\$ (601)</u>

Table 14: Administrative Expenses

	FY 2022	FY 2021
Direct Loan Programs	\$ 521	\$ 495
Guaranteed Loan Programs	449	465
Total	<u>\$ 970</u>	<u>\$ 960</u>

Table 15: Loans Receivable

	FY2022
Beginning Balance of Loans Receivable, Net	\$ 113,057
Add Loan Disbursements	13,161
Less Principal and Interest Payments Received	8,523
Less Claim Payments Received	—
Add Interest Accruals	19
Less Fees Received	2
Add Foreclosed Property Acquired	24
Less Rent Received	—
Less Sale of Foreclosed Property	54
Less Loans Written Off	240
Less Interest Revenue on Uninvested Funds	—
Add Interest Expense on Entity Borrowings	—
Add Subsidy Expense	(109)
Less Negative Subsidy Payments	(496)
Add Upward Reestimate	(1,276)
Less Downward Reestimates	(1,903)
Less Subsidy Allowance	306
Loan Modifications	1
Allowance for Loan and Interest Loss Adjustments	100
Other Non-Cash Reconciling Items	3
Ending Balance of Loans Receivable, Net	<u>\$ 118,254</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 2022 Beginning Inventory		Acquisitions		Collateral Acquired		Donations		Others		FY 2022 Ending Inventory	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value
Corn Meal	Pounds	—	\$ —	108	\$ 32	—	\$ —	(108)	\$ (32)	—	\$ —	—	\$ —
Blended Foods	Pounds	4	4	83	55	—	—	(86)	(58)	—	—	1	1
Dry Edible Beans	Cwt.	—	—	—	—	—	—	—	—	—	—	—	—
Dry Whole Peas	Cwt.	—	5	2	91	—	—	(2)	(91)	—	—	—	5
Grain Sorghum	Bushels	—	—	12	102	—	—	(11)	(94)	—	2	1	10
Lentils Dry	Cwt.	—	3	—	17	—	—	—	(19)	—	—	—	1
Nonfat Dry Milk	Pounds	—	—	—	—	—	—	—	—	—	—	—	—
Rice Products	Cwt., Pounds	—	2	1	31	—	—	(1)	(33)	—	—	—	—
Meat	Pounds	—	—	—	—	—	—	—	—	—	—	—	—
Vegetable Oil	Pounds	8	8	141	141	—	—	(142)	(141)	—	(1)	7	7
Wheat Products	Bushels, Pounds	—	—	20	338	—	—	(20)	(338)	—	—	—	—
Peanuts	Pounds	—	—	—	—	10	2	(4)	(1)	(6)	(1)	—	—
Soybeans	Bushels, Pounds	—	—	123	43	—	—	(123)	(43)	—	—	—	—
Fruit and Nut Products	Pounds	—	—	—	—	—	—	—	—	—	—	—	—
Cotton	Bales	—	—	—	—	—	—	—	—	—	—	—	—
Other	Various	—	1	—	14	—	—	—	(11)	—	—	—	4
Total			\$ 23		\$ 864		\$ 2		\$ (861)		\$ —		\$ 28

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
Total			\$ 18		\$ 1,263		\$ 133		\$ (1,266)		\$ (125)		\$ 23

NOTE 9: General PP&E, Net

FY 2022

Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land and Land Rights		\$ 73	\$ —	\$ 73
Improvements to Land	10 – 50	759	(756)	3
Construction-in-Progress		438	—	438
Buildings, Improvements and Renovations	15 – 30	3,199	(2,282)	917
Other Structures and Facilities	15 – 50	1,879	(1,692)	187
Equipment	5 – 20	2,170	(1,428)	742
Assets Under Capital Lease	3 – 20	18	(16)	2
Leasehold Improvements	Varies	104	(74)	30
Internal-Use Software	5 – 8	1,595	(1,232)	363
Internal-Use Software in Development		80	—	80
Total		<u>\$ 10,315</u>	<u>\$ (7,480)</u>	<u>\$ 2,835</u>

Total PP&E and Accumulated Depreciation	Net PP&E
Balance Beginning of Year	\$ 2,588
Capitalized Acquisitions	596
Dispositions	(1)
Revaluations	(7)
Depreciation Expense	(341)
Balance at End of Year	<u>\$ 2,835</u>

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
Total		<u>\$ 9,938</u>	<u>\$ (7,350)</u>	<u>\$ 2,588</u>

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

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

The Forest Service (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.

The Natural Resource Conservation Service (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 on July 2, 1997. The TPMC develops and evaluates native plants and addresses an array of resource issues relating to rangeland, mines, urban land, cropland riparian areas, and desert land. The TPMC provides technical assistance to NRCS field offices; Resource Conservation and Development groups; conservation districts; Federal, State, or tribal agencies; and private landowners through the Southwest.

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.

Research Centers

ARS has public domain land used to support scientific solutions to national and global agricultural challenges. ARS invests in stewardship land supporting research, development, and outreach of new varieties and technologies to mitigate animal/plant diseases and increase productivity, sustainability, and product quality. USDA research supports America's farmers and ranchers in their work to produce a safe and abundant food supply, with an additional focus to establish more sustainable systems to enhance crop and animal health.

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. As not all stewardship land conservation easements are permanent in duration, adjustments to end of year count and acreage balances may be made to account for expired or extinguished easements.

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.

FY 2022 (In Units)	Beginning Balance	Additions	Withdrawals	Ending Balance
Heritage Assets				
National Forests	154	—	—	154
National Grasslands	20	—	—	20
Other Sites	171	1	(1)	171
Research Centers	34	—	—	34
Library Collections	1	—	—	1
Total	380	1	(1)	380
Stewardship Land				
National Forests	154	—	—	154
National Grasslands	20	—	—	20
Research and Experimental Areas	3	—	—	3
National Preserves and Other Areas	2	—	—	2
Research Centers	33	—	—	33
Conservation Easements	19,207	214	—	19,421
Total	19,419	214	—	19,633
FY 2021 (In Units)				
Heritage Assets				
National Forests	154	—	—	154
National Grasslands	20	—	—	20
Other Sites	170	2	(1)	171
Research Centers	34	—	—	34
Library Collections	1	—	—	1
Total	379	2	(1)	380
Stewardship Land				
National Forests	154	—	—	154
National Grasslands	20	—	—	20
Research and Experimental Areas	3	—	—	3
National Preserves and Other Areas	2	—	—	2
Research Centers	33	—	—	33
Conservation Easements	18,949	259	(1)	19,207
Total	19,161	259	(1)	19,419

NOTE 11: Liabilities Not Covered by Budgetary Resources

In FY 2022 and FY 2021, other intragovernmental liabilities not covered by budgetary resources included accruals for FECA of \$120 million and \$74 million, contract disputes claims payable to Treasury's Judgment Fund of \$27 million and \$27 million, unemployment compensation of \$10 million and \$16 million, and Technology Modernization Fund of \$9 million and \$9 million, respectively.

In FY 2022 and FY 2021, other liabilities with the public not covered by budgetary resources included contingent liabilities of \$79 million and \$69 million, Payments to States of \$329 million and \$104 million, single family housing escrow of \$55 million and \$51 million, loans paid in advance for multi-family housing of \$25 million and \$25 million, and stewardship contracting product sales of \$4 million and \$4 million, respectively.

	FY 2022	FY 2021
Intragovernmental		
Accounts payable	\$ —	\$ 51
Other	166	126
Subtotal Intragovernmental	<u>166</u>	<u>177</u>
Other than Intragovernmental		
Federal Employee Benefits Payable	1,332	1,376
Environmental and Disposal Liabilities	236	255
Insurance and Guarantee Program Liabilities	12,611	11,321
Other	492	253
Subtotal Other than Intragovernmental	<u>14,671</u>	<u>13,205</u>
Total Liabilities Not Covered by Budgetary Resources	14,837	13,382
Total Liabilities Covered by Budgetary Resources	172,090	169,221
Total Liabilities Not Requiring Budgetary Resources	5,963	2,075
Total Liabilities	<u>\$ 192,890</u>	<u>\$ 184,678</u>

NOTE 12: Debt

FY 2022	Beginning Balance	Net Borrowing	Ending Balance
Source of Debt			
Debt Owed to the Federal Financing Bank	\$ 48,772	\$ 3,073	\$ 51,845
Debt Owed to Treasury other than FFB	84,049	3,293	87,342
Total Debt	<u>\$ 132,821</u>	<u>\$ 6,366</u>	<u>\$ 139,187</u>

FY 2021	Beginning Balance	Net Borrowing	Ending Balance
Source of Debt			
Debt Owed to the Federal Financing Bank	\$ 46,679	\$ 2,093	\$ 48,772
Debt Owed to Treasury other than FFB	96,450	(12,401)	84,049
Total Debt	<u>\$ 143,129</u>	<u>\$ (10,308)</u>	<u>\$ 132,821</u>

NOTE 13: Federal Employee Benefits Payable

Other than Intragovernmental:	<u>FY 2022</u>	<u>FY 2021</u>
Employer Contributions and Payroll Taxes Payable	\$ 2	\$ —
Unfunded Leave	707	713
Actuarial FECA Liability	625	663
Total Federal Employee Benefits Payable	<u>\$ 1,334</u>	<u>\$ 1,376</u>

NOTE 14: 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 2022 and FY 2021, 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 2022 and FY 2021, CCC estimates the liability for total cleanup costs for sites known to contain hazardous waste to be \$45 million and \$48 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 \$46 million and \$676 million. These estimates will change as new sites are discovered, remedy standards change, and new technology is introduced.

In FY 2022 and FY 2021, ARS estimated the liability for cleanup of the Beltsville Agricultural Research Center (BARC) to be \$46 million and \$39 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 2022 and FY 2021, the Department estimated its liability for asbestos-related cleanup of real property to be \$148 million and \$169 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.

See Note 18: Commitments and Contingencies

NOTE 15: Insurance Programs

In crop year 2022, there were approximately 1.2 million standard reinsurance and livestock policies totaling approximately \$193,180 million insurance protection in force.

The AIPs for Fiscal Year 2022 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 by the program for 2022 and 2021.

Federal Crop Insurance Program Resource and Resources Used

Resource	Fiscal Year 2022	Uses	Fiscal Year 2022
Producer Premiums Collected	\$ 6,252	Obligations for Delivery Costs	\$ 2,206
Producer Fees Collected	49	Obligations for Indemnities	13,637
Underwriting Loss Collected from AIPs	4	Obligations for Underwriting Gain	2,731
Appropriations	12,353	Obligations for Initiatives & Other Costs	73
Appropriations Transfers	(13)		
Unobligated Balance Beginning of Year	594	Unobligated Balance End of Year	592
Total	\$ 19,239	Total	\$ 19,239

Resource	Fiscal Year 2021	Uses	Fiscal Year 2021
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
Total	\$ 12,587	Total	\$ 12,587

In addition to the mandatory FCIC fund, Risk Management Agency (RMA) obligated \$69.6 million in Salaries and Expenses funds to administer the Federal Crop Insurance Program in 2022. 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 2022 there was widespread drought and excessive heat 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 \$4,600 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 2022, 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 exceed 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 causing significant uncertainty for the end-of-fiscal-year estimates of claims. Estimates can often vary by 20 percent or more from 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 like levels observed historically.

Estimates assume 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 National Agricultural Statistics Service (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, 2022 and September 30, 2021.

	<u>2022</u>	<u>2021</u>
Estimated Losses on Insurance Claims		
Liability for Unpaid Insurance Claims	\$ 3,007	\$ 3,413
Liability for Losses on Remaining Coverage	8,574	6,572
Total Estimated Losses on Insurance Claims	<u>\$ 11,581</u>	<u>\$ 9,985</u>
Unearned Revenue	1,694	1,189
Underwriting Gain	4,030	3,044
Other Insurance Liabilities	20	8
Total Insurance Liabilities	<u><u>\$ 17,325</u></u>	<u><u>\$ 14,226</u></u>

Reported insurance liabilities increased significantly from fiscal year 2021 to fiscal year 2022. This increase is attributed to:

- Higher coverage amounts resulting from higher crop prices
- Higher level of losses caused by widespread drought and excessive heat
- Increased participation in certain insurance products

Estimated Losses on Insurance Claims.

The following tables show information for changes in the estimated losses on insurance claims for fiscal year 2022 and fiscal year 2021.

<u>Changes in Estimated Losses on Insurance Claims</u>	<u>2022</u>	<u>2021</u>
Beginning Balance	\$ 9,985	\$ 4,886
Claims Expenses	13,638	8,477
Payments to Settle Claims	(13,403)	(8,570)
Adjustment of Accruals for Estimated Losses	1,361	5,192
Ending Balance	<u><u>\$ 11,581</u></u>	<u><u>\$ 9,985</u></u>

The table 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 2022 the actual claims reported were \$5,200 million more than fiscal year 2021. This was a result of higher losses related to higher commodity prices and widespread drought and excessive heat. Payments to Settle Claims are the actual payments to producers.

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. Most of the increase in fiscal year 2022 was due to higher premiums caused by higher crop prices.

	<u>2022</u>	<u>2021</u>
Liability for Unearned Insurance Premiums	\$ 1,694	\$ 1,189

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 Standard Reinsurance Agreement (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>2022</u>	<u>2021</u>
Current Year Estimated Gains	\$ 1,517	\$ 1,587
Actual Underwriting Gains	2,513	1,457
Total Underwriting Gain Liability	\$ 4,030	\$ 3,044

At the end of fiscal year 2022, the underwriting gain liability includes amounts for reinsurance years 2021 and 2022. The reinsurance year 2022 estimated underwriting gain was \$1,517 million based on a loss ratio of 1.01 for standard reinsurance agreements. The actual reinsurance year 2021 Underwriting Gain of \$2,513 million was based on an actual loss ratio of .69 and will be paid in fiscal year 2023.

The underwriting gain liability for fiscal year 2021 includes amounts for reinsurance year 2020 and 2021. The reinsurance year 2021 estimated underwriting gain was \$1,587 million and was based on a loss ratio of .95 for standard insurance agreements. The actual reinsurance year 2020 underwriting gain was \$1,457 million and was based on an actual loss ratio of .86 and was paid in fiscal year 2022.

NOTE 16: Other Liabilities

Intragovernmental:

Other Debt

In FY 2022 and FY 2021, other debt represents a repayable advance to Treasury of \$2,595 million for the Agricultural Disaster Relief Trust Fund.

Liability for Non-Entity Assets not reported on the Statement of Custodial Activities

In FY 2022 and FY 2021, liability for non-entity assets not reported on the Statement of Custodial Activities represents liquidating fund balances of \$7,800 million and \$8,855 million, respectively due to the General Fund.

Other Liabilities Without Related Budgetary Obligations

In FY 2022, other liabilities without related budgetary obligations includes amount due to the General Fund of \$3,197 million for a financing event that did not occur until FY 2023.

Other than Intragovernmental:

Other Liabilities With Related Budgetary Obligations

In FY 2022, other liabilities with related budgetary obligations with the public included Agricultural Risk Coverage of \$97 million; Price Loss Coverage of \$216 million; Grants, Subsidies, and Contributions of \$4,872 million; Conservation Reserve Program of \$1,772 million; and other accrued liabilities of \$754 million.

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.

Other Liabilities Without Related Budgetary Obligations

In FY 2022, other liabilities without related budgetary obligations with the public included Payments to States of \$329 million, single family housing escrow of \$55 million, loans paid in advance for multi-family housing of \$25 million, and other accrued liabilities of \$4 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.

FY 2022**Intragovernmental:**

	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
Other Liabilities With Related Budgetary Obligations	\$ —	\$ 41	\$ 41
Employer Contributions and Payroll Taxes	—	161	161
Unfunded FECA Liability	66	54	120
Other Unfunded Employment Related Liability	—	10	10
Liability for Clearing Accounts	—	18	18
Other Debt	—	2,595	2,595
Custodial Liability	—	257	257
Liability for Non-Entity Assets not reported on the Statement of Custodial Activities	—	7,800	7,800
Other Liabilities Without Related Budgetary Obligations	—	3,234	3,234

Total Intragovernmental

<u>\$ 66</u>	<u>\$ 14,170</u>	<u>\$ 14,236</u>
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Other than Intragovernmental:

Other Liabilities With Related Budgetary Obligations	—	7,711	7,711
Accrued Funded Payroll and Leave	—	611	611
Liability for Nonfiduciary Deposit Funds and Undeposited Collections	—	588	588
Liability for Clearing Accounts	—	(18)	(18)
Contingent Liabilities	—	79	79
Capital Lease Liability	1	1	2
Custodial Liability	—	1	1
Other Liabilities Without Related Budgetary Obligations	25	388	413

Total Other than Intragovernmental

<u>\$ 26</u>	<u>\$ 9,361</u>	<u>\$ 9,387</u>
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Total Other Liabilities

<u>\$ 92</u>	<u>\$ 23,531</u>	<u>\$ 23,623</u>
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FY 2021**Intragovernmental:**

	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
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	—	17	17
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

Total Intragovernmental

<u>\$ 56</u>	<u>\$ 11,894</u>	<u>\$ 11,950</u>
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Other than Intragovernmental:

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

Total Other than Intragovernmental

<u>\$ 27</u>	<u>\$ 12,950</u>	<u>\$ 12,977</u>
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Total Other Liabilities

<u>\$ 83</u>	<u>\$ 24,844</u>	<u>\$ 24,927</u>
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NOTE 17: 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. Imputed costs are not recognized.

FY 2022

Capital Leases

Summary of Assets Under Capital Leases

	Federal	Non-Federal	Total
Land and Building	\$ —	\$ 18	\$ 18
Accumulated Amortization	—	(16)	(16)
Total	\$ —	\$ 2	\$ 2

Future Payments Due

	Land & Buildings		Machinery & Equipment		Totals	
	Federal	Non-Federal	Federal	Non-Federal	Federal	Non-Federal
Fiscal Year 2023	\$ —	\$ 3	\$ —	\$ —	\$ —	\$ 3
Fiscal Year 2024	—	1	—	—	—	1
Fiscal Year 2025	—	—	—	—	—	—
Fiscal Year 2026	—	—	—	—	—	—
Fiscal Year 2027	—	—	—	—	—	—
After 5 Years	—	—	—	—	—	—
Total Future Lease Payments	—	4	—	—	—	4
Less: Imputed Interest	—	2	—	—	—	2
Less: Executory Costs	—	—	—	—	—	—
Net Capital Lease Liability	—	2	—	—	—	2
Capital Lease Liabilities Covered by Budgetary Resources	\$ —	\$ 2	\$ —	\$ —	\$ —	\$ 2

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 2023	\$ 11	\$ 56	\$ —	\$ 1	\$ 11	\$ 57
Fiscal Year 2024	—	36	—	2	—	38
Fiscal Year 2025	—	30	—	—	—	30
Fiscal Year 2026	—	26	—	—	—	26
Fiscal Year 2027	—	20	—	—	—	20
After 5 Years	—	102	—	—	—	102
Total Future Lease Payments	\$ 11	\$ 270	\$ —	\$ 3	\$ 11	\$ 273

FY 2021

Capital Leases

Summary of Assets Under Capital Leases

	Federal	Non-Federal	Total
Land and Building	\$ —	\$ 18	\$ 18
Accumulated Amortization	—	(16)	(16)
Total	\$ —	\$ 2	\$ 2

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
Total Future Lease Payments	\$ 17	\$ 289	\$ —	\$ 2	\$ 17	\$ 291

NOTE 18: 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 14 for discussion of environmental contingencies.

	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
FY 2022			
Legal Contingencies:			
Probable	\$ 79	\$ 79	\$ 548
Reasonably Possible		143	755
Environmental Contingencies			
Probable	241	241	241
Reasonably Possible		46	676

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

Commitments to extend loan guarantees are estimated to be \$4,605 million and \$5,600 million in FY 2022 and FY 2021, respectively.

NOTE 19: 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. Code (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 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 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 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 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).

Reforestation Trust Fund

The Reforestation Trust Fund, 16 U.S. Code 1606a, receives its budgetary resources from periodic transfers by the U.S. Treasury of tariffs from exported timber. Amounts may be invested and reinvested by the FS in U.S. Treasury interest bearing Government securities. The funds are available for use by the Secretary of Agriculture to obligate for reforestation and timber-stand improvement activities.

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 (P.L. 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 P.L. 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

- Miscellaneous Contributed Funds

Forest Service

- Acquisition of Lands for National Forests, Special Acts
- Administration of Rights-of-Way and Other Land Uses Fund
- Communication 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
- Midwin National Prairie (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
- 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

Funds from Dedicated Collections

BALANCE SHEET

Intragovernmental

	AMS	AMS	APHIS	FS	National Grasslands Receipts	National Forest Fund Receipts	National Parks and Public Land Legacy Restoration Fund		
Fund Balance with Treasury	\$ 118	\$ 904	\$ 374	\$ 45	\$ 397	\$ 271	\$ 285	\$ 182	\$ 15
Investments, Net	—	—	—	—	—	—	—	—	—
Accounts Receivable, Net	—	1	—	—	—	—	—	—	431
Advances and Prepayments	—	—	—	—	—	—	—	—	2

Total Intragovernmental Assets

Other than Intragovernmental

Accounts Receivable, Net	26	—	92	—	—	—	—	6	—
General Property, Plant, and Equipment, Net	—	—	3	46	8	41	—	—	5
Advances and Prepayments	—	—	—	—	—	—	—	—	—
Investments, Net	—	—	—	—	—	—	—	—	—

Total Other than Intragovernmental

Total Assets

	144	905	469	91	405	312	285	188	453
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Intragovernmental

Accounts Payable	—	—	—	—	—	—	—	—	—
Other Liabilities	10	—	2	—	—	—	—	—	—

Total Intragovernmental Liabilities

Other than Intragovernmental

Accounts Payable	—	6	1	—	2	—	—	—	2
Federal Employee Benefits Payable	51	—	—	—	—	—	—	—	—
Advances From Others and Deferred Revenue	—	—	22	—	67	—	—	—	—
Other Liabilities	6	70	6	—	1	—	74	—	1

Total Other than Intragovernmental

Total Liabilities

	57	76	29	—	70	—	74	—	3
	67	76	31	—	70	—	74	—	3

Unexpended Appropriations

Cumulative Results of Operations

	76	828	438	92	335	311	210	188	4
	143	904	469	92	405	311	284	188	453

STATEMENT OF NET COST

Gross Program Costs	227	1,246	244	4	79	36	92	—	100
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Less Earned Revenues	198	6	658	1	91	—	55	(5)	—
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Net Cost of Operations	29	1,240	(414)	3	(12)	36	37	5	100
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STATEMENT OF CHANGES IN NET POSITION

Unexpended Appropriations:

Beginning Balance	—	—	—	—	—	—	—	—	265
Appropriations Received	—	—	—	—	—	—	—	—	—
Appropriations Transferred In/Out	—	—	—	—	—	—	—	—	285
Appropriations Used	—	—	—	—	—	—	—	—	(104)

Total Unexpended Appropriations

Cumulative Results of Operations:

Beginning Balances	75	870	261	95	323	226	134	182	—
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Appropriations Used	—	—	—	—	—	—	—	—	104
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Other than Intragovernmental Non-exchange Revenue:

Miscellaneous Taxes and Receipts	—	—	—	—	—	—	—	—	—
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Total Other than Intragovernmental Non-exchange Revenue

Intragovernmental Non-exchange Revenue	—	—	—	—	—	—	331	26	—
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Donations and Forfeitures of Cash & Property	—	—	—	—	—	—	—	—	—
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Transfers-In/out Without Reimbursement	—	1,198	(236)	—	—	122	—	—	—
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Imputed Financing	30	—	—	—	—	—	—	—	—
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Other	—	—	—	—	—	(1)	(218)	(15)	—
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Net Cost of Operations	(29)	(1,240)	413	(3)	12	(36)	(37)	(5)	(100)
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Net Change in Cumulative Results of Operations	1	(42)	177	(3)	12	85	76	6	4
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Cumulative Results of Operations	76	828	438	92	335	311	210	188	4
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Net Position, End of Period	\$ 76	\$ 828	\$ 438	\$ 92	\$ 335	\$ 311	\$ 210	\$ 188	\$ 450
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Funds from Dedicated Collections	FS							NIFA	Other Funds	Total Funds
	Payments to States, National Forests Fund	Recreation Fee Demonstration Program	Reforestation Trust Fund	Restoration of Forest Lands and Improvements	State and Private Forestry	Stewardship Contracting Product Sales	Timber Salvage Sales	Native American Institutions Endowment Fund	from Dedicated Collections	from Dedicated Collections
BALANCE SHEET										
Intragovernmental										
Fund Balance with Treasury	\$ 126	\$ 184	\$ 232	\$ 250	\$ 277	\$ 93	\$ 94	\$ 13	\$ 300	\$ 4,160
Investments, Net	—	—	—	—	—	—	—	263	6	269
Accounts Receivable, Net	—	—	—	—	—	—	—	—	—	432
Advances and Prepayments	—	—	—	—	—	—	—	—	—	2
Total Intragovernmental Assets	126	184	232	250	277	93	94	276	306	4,863
Other than Intragovernmental										
Accounts Receivable, Net	—	2	—	5	—	28	—	—	5	164
General Property, Plant, and Equipment, Net	2	1	—	1	—	—	1	—	4	112
Advances and Prepayments	—	—	—	—	7	—	—	—	—	7
Investments, Net	—	—	—	—	—	—	—	—	3	3
Total Other than Intragovernmental	2	3	—	6	7	28	1	—	12	286
Total Assets	128	187	232	256	284	121	95	276	318	5,149
Intragovernmental										
Accounts Payable	—	—	—	—	—	—	—	—	—	—
Other Liabilities	—	—	—	—	—	—	—	—	1	13
Total Intragovernmental Liabilities	—	—	—	—	—	—	—	—	1	13
Other than Intragovernmental										
Accounts Payable	—	1	1	—	—	—	—	—	1	14
Federal Employee Benefits Payable	—	—	—	—	—	—	—	—	—	51
Advances From Others and Deferred Revenue	—	—	—	—	—	—	—	—	14	103
Other Liabilities	249	1	—	—	5	5	1	—	10	429
Total Other than Intragovernmental	249	2	1	—	5	5	1	—	25	597
Total Liabilities	249	2	1	—	5	5	1	—	26	610
Unexpended Appropriations	—	—	—	—	—	—	—	214	1	661
Cumulative Results of Operations	(121)	186	232	257	280	116	95	61	290	3,878
Total Liabilities and Net Position	128	188	233	257	285	121	96	275	317	5,149
STATEMENT OF NET COST										
Gross Program Costs	319	100	63	16	53	34	25	6	152	2,796
Less Earned Revenues	149	132	—	—	—	43	33	5	160	1,526
Net Cost of Operations	170	(32)	63	16	53	(9)	(8)	1	(8)	1,270
STATEMENT OF CHANGES IN NET POSITION										
Unexpended Appropriations:										
Beginning Balance	—	—	—	—	—	—	—	202	1	468
Appropriations Received	—	—	—	—	—	—	—	12	—	12
Appropriations Transferred In/Out	—	—	—	—	—	—	—	—	—	285
Appropriations Used	—	—	—	—	—	—	—	—	—	(104)
Total Unexpended Appropriations	—	—	—	—	—	—	—	214	1	661
Cumulative Results of Operations:										
Beginning Balances	48	154	33	268	249	107	87	62	299	3,473
Appropriations Used	—	—	—	—	—	—	—	—	—	104
Other than Intragovernmental Non-exchange Revenue:										
Miscellaneous Taxes and Receipts	—	—	—	1	—	—	—	—	—	1
Total Other than Intragovernmental Non-exchange Revenue	—	—	—	1	—	—	—	—	—	1
Intragovernmental Non-exchange Revenue	—	—	262	3	—	—	—	—	—	622
Donations and Forfeitures of Cash & Property	—	—	—	—	—	—	—	—	1	1
Transfers-In/out Without Reimbursement	—	—	—	1	84	—	—	—	(18)	1,151
Imputed Financing	—	—	—	—	—	—	—	—	—	30
Other	—	—	—	—	—	—	—	—	—	(234)
Net Cost of Operations	(169)	32	(63)	(16)	(53)	9	8	(1)	8	(1,270)
Net Change in Cumulative Results of Operations	(169)	32	199	(11)	31	9	8	(1)	(9)	405
Cumulative Results of Operations	(121)	186	232	257	280	116	95	61	290	3,878
Net Position, End of Period	\$ (121)	\$ 186	\$ 232	\$ 257	\$ 280	\$ 116	\$ 95	\$ 275	\$ 291	\$ 4,539

Funds from Dedicated Collections

BALANCE SHEET

Intragovernmental

	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
Fund Balance with Treasury	127	943	247	45	380	185	169	174	17
Investments, Net	—	—	—	—	—	—	—	—	—
Accounts Receivable, Net	—	1	—	—	—	—	—	—	250
Total Intragovernmental Assets	127	944	247	45	380	185	169	174	267

Other than Intragovernmental

Accounts Receivable, Net	21	—	20	1	—	—	—	8	—
General Property, Plant, and Equipment, Net	—	—	3	48	9	42	—	—	—
Advances and Prepayments	—	—	—	—	—	—	—	—	—
Investments, Net	—	—	—	—	—	—	—	—	—
Total Other than Intragovernmental	21	—	23	49	9	42	—	8	—
Total Assets	148	944	270	94	389	227	169	182	267

Intragovernmental

Accounts Payable	5	—	1	—	—	—	—	—	—
Other Liabilities	8	—	2	—	—	—	—	—	—
Total Intragovernmental Liabilities	13	—	3	—	—	—	—	—	—

Other than Intragovernmental

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	—	—
Total Other than Intragovernmental	59	74	6	—	65	—	34	—	2
Total Liabilities	72	74	9	—	65	—	34	—	2

Unexpended Appropriations	—	—	—	—	—	—	—	—	265
Cumulative Results of Operations	76	870	261	94	324	227	135	182	—
Total Liabilities and Net Position	148	944	270	94	389	227	169	182	267

STATEMENT OF NET COST

Gross Program Costs	243	1,481	242	4	95	67	38	—	20
Less Earned Revenues	194	8	312	10	110	—	19	32	—
Net Cost of Operations	49	1,473	(70)	(6)	(15)	67	19	(32)	20

STATEMENT OF CHANGES IN NET POSITION

Unexpended Appropriations:

Beginning Balance	—	—	—	—	—	—	—	—	—
Appropriations Received	—	—	—	—	—	—	—	—	—
Appropriations Transferred In/Out	—	—	—	—	—	—	—	—	285
Appropriations Used	—	—	—	—	—	—	—	—	(20)
Total Unexpended Appropriations	—	265							

Cumulative Results of Operations:

Beginning Balances	61	1,203	191	90	308	175	56	147	—
Appropriations Used	—	—	—	—	—	—	—	—	20
Other than Intragovernmental Non-exchange Revenue:									
Miscellaneous Taxes and Receipts	—	—	—	—	—	—	—	—	—
Total Other than Intragovernmental Non-exchange Revenue	—	—	—	—	—	—	—	—	—
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)	—
Net Cost of Operations	(49)	(1,473)	70	6	15	(67)	(19)	32	(20)
Net Change in Cumulative Results of Operations	14	(333)	70	5	15	51	78	35	—
Cumulative Results of Operations	75	870	261	95	323	226	134	182	—
Net Position, End of Period	\$ 75	\$ 870	\$ 261	\$ 95	\$ 323	\$ 226	\$ 134	\$ 182	\$ 265

Funds from Dedicated Collections	FS						NIFA		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	Other Funds from Dedicated Collections	
BALANCE SHEET									
Intragovernmental									
Fund Balance with Treasury	\$ 111	\$ 153	\$ 265	\$ 246	\$ 83	\$ 87	\$ 14	\$ 344	\$ 3,590
Investments, Net	—	—	—	—	—	—	251	6	257
Accounts Receivable, Net	—	—	—	—	—	—	—	—	251
Total Intragovernmental Assets	111	153	265	246	83	87	265	350	4,098
Other than Intragovernmental									
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
Total Other than Intragovernmental	2	3	2	10	29	1	—	13	212
Total Assets	113	156	267	256	112	88	265	363	4,310
Intragovernmental									
Accounts Payable	—	—	—	—	—	—	—	—	6
Other Liabilities	—	—	—	—	—	—	—	1	11
Total Intragovernmental Liabilities	—	—	—	—	—	—	—	1	17
Other than Intragovernmental									
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
Total Other than Intragovernmental	65	3	—	8	5	1	—	30	352
Total Liabilities	65	3	—	8	5	1	—	31	369
Unexpended Appropriations	—	—	—	—	—	—	202	1	468
Cumulative Results of Operations	48	153	267	248	107	87	63	331	3,473
Total Liabilities and Net Position	113	156	267	256	112	88	265	363	4,310
STATEMENT OF NET COST									
Gross Program Costs	(88)	97	23	63	32	27	6	170	2,520
Less Earned Revenues	99	118	—	—	46	35	5	162	1,150
Net Cost of Operations	(187)	(21)	23	63	(14)	(8)	1	8	1,370
STATEMENT OF CHANGES IN NET POSITION									
Unexpended Appropriations:									
Beginning Balance	—	—	—	—	—	—	190	1	191
Appropriations Received	—	—	—	—	—	—	12	—	12
Appropriations Transferred In/Out	—	—	—	—	—	—	—	—	285
Appropriations Used	—	—	—	—	—	—	—	—	(20)
Total Unexpended Appropriations	—	—	—	—	—	—	202	1	468
Cumulative Results of Operations:									
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
Total Other than Intragovernmental Non-exchange Revenue	—	—	1	—	—	—	—	—	1
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)
Net Cost of Operations	187	21	(23)	(63)	14	8	(1)	(8)	(1,370)
Net Change in Cumulative Results of Operations	187	21	(21)	26	14	8	(1)	21	190
Cumulative Results of Operations	48	154	268	249	107	87	62	332	3,473
Net Position, End of Period	\$ 48	\$ 154	\$ 268	\$ 249	\$ 107	\$ 87	\$ 264	\$ 333	\$ 3,941

Note Disclosures Related to the Statement of Net Cost

NOTE 20: Suborganization Program Costs

FY 2022	FPAC Business Center	FSA	CCC	RMA	NRCS	FNS	FSIS	AMS	APHIS	FS
Farm Production and Conservation:										
Gross Costs	\$ 333	\$ 8,246	\$ 8,522	\$ 17,399	\$ 4,311	\$ —	\$ —	\$ —	\$ —	\$ —
Less: Earned Revenue	4	422	181	4,302	58	—	—	—	—	—
Net Costs	329	7,824	8,341	13,097	4,253	—	—	—	—	—
Food, Nutrition, and Consumer Services:										
Gross Costs	—	—	—	—	—	193,675	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	95	—	—	—	—
Net Costs	—	—	—	—	—	193,580	—	—	—	—
Food Safety:										
Gross Costs	—	—	—	—	—	—	1,456	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	248	—	—	—
Net Costs	—	—	—	—	—	—	1,208	—	—	—
Marketing and Regulatory Programs:										
Gross Costs	—	—	—	—	—	—	—	2,861	2,228	—
Less: Earned Revenue	—	—	—	—	—	—	—	332	928	—
Net Costs	—	—	—	—	—	—	—	2,529	1,300	—
Natural Resources and Environment:										
Gross Costs	—	—	—	—	—	—	—	—	—	9,305
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	797
Net Costs	—	—	—	—	—	—	—	—	—	8,508
Rural Development:										
Gross Costs	—	—	—	—	—	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—
Net Costs	—	—	—	—	—	—	—	—	—	—
Research, Education, and Economics:										
Gross Costs	—	—	—	—	—	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—
Net Costs	—	—	—	—	—	—	—	—	—	—
Trade and Foreign Agricultural Affairs:										
Gross Costs	—	—	—	—	—	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—
Net Costs	—	—	—	—	—	—	—	—	—	—
Staff Offices:										
Gross Costs	—	—	—	—	—	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—
Net Costs	—	—	—	—	—	—	—	—	—	—
Total Gross Costs	333	8,246	8,522	17,399	4,311	193,675	1,456	2,861	2,228	9,305
Less: Total Earned Revenue	4	422	181	4,302	58	95	248	332	928	797
Net Cost of Operations	\$ 329	\$ 7,824	\$ 8,341	\$ 13,097	\$ 4,253	\$ 193,580	\$ 1,208	\$ 2,529	\$ 1,300	\$ 8,508

FY 2022

	RD	ARS	NASS	NIFA	ERS	FAS	Staff Offices	Combined Total	Intra-entity Eliminations	Consolidated Total
Farm Production and Conservation:										
Gross Costs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 38,811	\$ (1,805)	\$ 37,006
Less: Earned Revenue	—	—	—	—	—	—	—	4,967	(34)	4,933
Net Costs	—	—	—	—	—	—	—	33,844	(1,771)	32,073
Food, Nutrition, and Consumer Services:										
Gross Costs	—	—	—	—	—	—	—	193,675	(1,211)	192,464
Less: Earned Revenue	—	—	—	—	—	—	—	95	(1)	94
Net Costs	—	—	—	—	—	—	—	193,580	(1,210)	192,370
Food Safety:										
Gross Costs	—	—	—	—	—	—	—	1,456	(82)	1,374
Less: Earned Revenue	—	—	—	—	—	—	—	248	(2)	246
Net Costs	—	—	—	—	—	—	—	1,208	(80)	1,128
Marketing and Regulatory Programs:										
Gross Costs	—	—	—	—	—	—	—	5,089	(196)	4,893
Less: Earned Revenue	—	—	—	—	—	—	—	1,260	(98)	1,162
Net Costs	—	—	—	—	—	—	—	3,829	(98)	3,731
Natural Resources and Environment:										
Gross Costs	—	—	—	—	—	—	—	9,305	(229)	9,076
Less: Earned Revenue	—	—	—	—	—	—	—	797	(12)	785
Net Costs	—	—	—	—	—	—	—	8,508	(217)	8,291
Rural Development:										
Gross Costs	4,904	—	—	—	—	—	—	4,904	(90)	4,814
Less: Earned Revenue	3,227	—	—	—	—	—	—	3,227	(10)	3,217
Net Costs	1,677	—	—	—	—	—	—	1,677	(80)	1,597
Research, Education, and Economics:										
Gross Costs	—	1,751	236	1,624	93	—	—	3,704	(209)	3,495
Less: Earned Revenue	—	174	19	32	3	—	—	228	(146)	82
Net Costs	—	1,577	217	1,592	90	—	—	3,476	(63)	3,413
Trade and Foreign Agricultural Affairs:										
Gross Costs	—	—	—	—	—	488	—	488	(21)	467
Less: Earned Revenue	—	—	—	—	—	79	—	79	(59)	20
Net Costs	—	—	—	—	—	409	—	409	38	447
Staff Offices:										
Gross Costs	—	—	—	—	—	—	1,980	1,980	(159)	1,821
Less: Earned Revenue	—	—	—	—	—	—	1,439	1,439	(1,196)	243
Net Costs	—	—	—	—	—	—	541	541	1,037	1,578
Total Gross Costs	4,904	1,751	236	1,624	93	488	1,980	259,412	(4,002)	255,410
Less: Total Earned Revenue	3,227	174	19	32	3	79	1,439	12,340	(1,558)	10,782
Net Cost of Operations	\$ 1,677	\$ 1,577	\$ 217	\$ 1,592	\$ 90	\$ 409	\$ 541	\$ 247,072	\$ (2,444)	\$ 244,628

FY 2021	FPAC Business Center									
	Center	FSA	CCC	RMA	NRCS	FNS	FSIS	AMS	APHIS	FS
Farm Production and Conservation:										
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	—	—	—	—	—
Food, Nutrition, and Consumer Services:										
Gross Costs	—	—	—	—	—	164,785	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	68	—	—	—	—
Net Costs	—	—	—	—	—	164,717	—	—	—	—
Food Safety:										
Gross Costs	—	—	—	—	—	—	1,425	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	269	—	—	—
Net Costs	—	—	—	—	—	—	1,156	—	—	—
Marketing and Regulatory Programs:										
Gross Costs	—	—	—	—	—	—	—	5,046	1,767	—
Less: Earned Revenue	—	—	—	—	—	—	—	307	592	—
Net Costs	—	—	—	—	—	—	—	4,739	1,175	—
Natural Resources and Environment:										
Gross Costs	—	—	—	—	—	—	—	—	—	8,492
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	778
Net Costs	—	—	—	—	—	—	—	—	—	7,714
Rural Development:										
Gross Costs	—	—	—	—	—	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—
Net Costs	—	—	—	—	—	—	—	—	—	—
Research, Education, and Economics:										
Gross Costs	—	—	—	—	—	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—
Net Costs	—	—	—	—	—	—	—	—	—	—
Trade and Foreign Agricultural Affairs:										
Gross Costs	—	—	—	—	—	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—
Net Costs	—	—	—	—	—	—	—	—	—	—
Staff Offices:										
Gross Costs	—	—	—	—	—	—	—	—	—	—
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—
Net Costs	—	—	—	—	—	—	—	—	—	—
Total Gross Costs	331	25,231	10,711	15,775	4,248	164,785	1,425	5,046	1,767	8,492
Less: Total Earned Revenue	4	439	327	3,656	49	68	269	307	592	778
Net Cost of Operations	\$ 327	\$ 24,792	\$ 10,384	\$ 12,119	\$ 4,199	\$ 164,717	\$ 1,156	\$ 4,739	\$ 1,175	\$ 7,714

FY 2021	RD	ARS	NASS	NIFA	ERS	FAS	Staff Offices	Combined Total	Intra-entity Eliminations	Consolidated Total
Farm Production and Conservation:										
Gross Costs	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 56,296	\$ (1,494)	\$ 54,802
Less: Earned Revenue	—	—	—	—	—	—	—	4,475	(26)	4,449
Net Costs	—	—	—	—	—	—	—	51,821	(1,468)	50,353
Food, Nutrition, and Consumer Services:										
Gross Costs	—	—	—	—	—	—	—	164,785	(1,531)	163,254
Less: Earned Revenue	—	—	—	—	—	—	—	68	(3)	65
Net Costs	—	—	—	—	—	—	—	164,717	(1,528)	163,189
Food Safety:										
Gross Costs	—	—	—	—	—	—	—	1,425	(55)	1,370
Less: Earned Revenue	—	—	—	—	—	—	—	269	(7)	262
Net Costs	—	—	—	—	—	—	—	1,156	(48)	1,108
Marketing and Regulatory Programs:										
Gross Costs	—	—	—	—	—	—	—	6,813	(173)	6,640
Less: Earned Revenue	—	—	—	—	—	—	—	899	(87)	812
Net Costs	—	—	—	—	—	—	—	5,914	(86)	5,828
Natural Resources and Environment:										
Gross Costs	—	—	—	—	—	—	—	8,492	(214)	8,278
Less: Earned Revenue	—	—	—	—	—	—	—	778	(10)	768
Net Costs	—	—	—	—	—	—	—	7,714	(204)	7,510
Rural Development:										
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
Research, Education, and Economics:										
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
Trade and Foreign Agricultural Affairs:										
Gross Costs	—	—	—	—	—	496	—	496	(21)	475
Less: Earned Revenue	—	—	—	—	—	82	—	82	(50)	32
Net Costs	—	—	—	—	—	414	—	414	29	443
Staff Offices:										
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
Total Gross Costs	4,602	1,625	214	1,445	88	496	1,810	248,091	(3,919)	244,172
Less: Total Earned Revenue	3,300	150	26	38	6	82	1,353	11,444	(1,418)	10,026
Net Cost of Operations	\$ 1,302	\$ 1,475	\$ 188	\$ 1,407	\$ 82	\$ 414	\$ 457	\$ 236,647	\$ (2,501)	\$ 234,146

Note Disclosures Related to the Statement of Budgetary Resources

NOTE 21: Statement of Budgetary Resources

Adjustments to Prior Year's Ending Unobligated Balance Reported on Line 1020 of the SF-133

CCC and RD made adjustments of \$17 million and \$4 million, respectively to the Unobligated Balance Brought Forward, October 1 that will be reported on line 1020 of the SF-133, Report on Budget Execution and Budgetary Resources.

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 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.

Available Borrowing Authority, End of Period

Available borrowing authority at September 30, 2022 and 2021 was \$47,175 million and \$44,412 million, respectively.

Undelivered Orders at the End of the Period

FY 2022	Federal	Non-Federal	FY 2021	Federal	Non-Federal
Paid	\$ 102	\$ 493	Paid	\$ 85	\$ 594
Unpaid	4,287	83,055	Unpaid	3,978	84,495
Total	\$ 4,389	\$ 83,548	Total	\$ 4,063	\$ 85,089

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, and (5) dairy indemnity payment program.

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.

FS has multiple permanent indefinite appropriations which are used to make improvements to national forests and grasslands. These include Payments to Counties (National Grasslands), Restoration of Forest Lands and Improvements, Reforestation Trust Fund, Recreation Fee Demonstration Program, Brush Disposal, Timber Roads, Timber Salvage Sales, and Maintenance of Quarters. All permanent indefinite appropriations are funded by receipts made available by law and are 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.

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.

Explanation of Differences Between the SBR and the Budget of the U.S. Government

The differences between the FY 2021 Statement of Budgetary Resources and the FY 2021 actual numbers presented in the FY 2023 Budget of the United States Government (Budget) are summarized below.

FY 2021

	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 424,382	\$ 297,939	\$ (4,249)	\$ 243,492
Reconciling Items:				
Expired accounts	(37,948)	(4,218)	—	—
CCC and USAID Timing Difference	(10)	(4)	—	—
FSA Modification	(82)	(82)	—	(82)
Milk Market Orders Fund	75	75	—	—
Rounding	(7)	(4)	—	(2)
Budget of the United States Government	<u>\$ 386,410</u>	<u>\$ 293,706</u>	<u>\$ (4,249)</u>	<u>\$ 243,408</u>

A comparison between the FY 2022 SBR and the FY 2022 actual numbers presented in the FY 2024 Budget cannot be performed as the FY 2024 Budget is not yet available. The Budget with the actual amounts for the current year (i.e., FY 2022) will be available at a later date on the [President's OMB Budget](#) website.

Note Disclosures Related to the Statement of Custodial Activity

NOTE 22: 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.

	<u>FY 2022</u>	<u>FY 2021</u>
Total Custodial Revenue:		
Sources of Cash Collections:		
Miscellaneous	\$ 199	\$ 133
Total Cash Collections	<u>199</u>	<u>133</u>
Accrual Adjustments	<u>128</u>	<u>50</u>
Total Custodial Revenue	<u>327</u>	<u>183</u>
Disposition of Collections:		
Transferred to Others:		
Treasury	(321)	(84)
(Increase)/Decrease in Amounts Yet to be Transferred	<u>(6)</u>	<u>(99)</u>
Total Disposition of Collections	<u>(327)</u>	<u>(183)</u>
Net Custodial Activity	<u>\$ —</u>	<u>\$ —</u>

Note Disclosures Not Pertaining to a Specific Statement

NOTE 23: Fiduciary Activities

The department is responsible for one fiduciary fund. The Rural Housing Insurance Fund was established by P.L. 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, 2022 and 2021

	<u>Rural Housing Insurance Fund FY 2022</u>	<u>Rural Housing Insurance Fund FY 2021</u>
Fiduciary Net Assets, Beginning of Year	\$ 117	\$ 115
Contributions	456	476
Disbursements To and On Behalf of Beneficiaries	(474)	(474)
Increases/(Decrease) in Fiduciary Net Assets	(18)	2
Fiduciary Net Assets, End of Year	<u>\$ 99</u>	<u>\$ 117</u>

Fiduciary Net Assets
As of September 30, 2022 and 2021

	<u>Rural Housing Insurance Fund FY 2022</u>	<u>Rural Housing Insurance Fund FY 2021</u>
Fiduciary Assets:		
Cash and Cash Equivalents	\$ 99	\$ 117
Total Fiduciary Net Assets	<u>\$ 99</u>	<u>\$ 117</u>

NOTE 24: Reconciliation of Net Cost to Net Outlays (Budget to Accrual Reconciliation)

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.

FY 2022

	Intragovernmental	Other than Intragovernmental	Total
Net Cost	\$ 5,144	\$ 239,484	\$ 244,628
Components of Net Cost Not Part of the Budgetary Outlays:			
Property, Plant and Equipment Depreciation Expense	—	(341)	(341)
Property, Plant and Equipment Disposals and Revaluations	—	(8)	(8)
Cost of Goods Sold	—	(2)	(2)
Year-End Credit Reform Subsidy Accrual Reestimates	4,081	—	4,081
Exchange Revenue not Part of the SBR Outlays	102	517	619
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	114	1,211	1,325
Loans Receivable, Net (Non-FCRA)	—	30	30
Other Assets	18	(82)	(64)
(Increase)/Decrease in Liabilities			
Accounts Payable	59	(167)	(108)
Insurance and Guarantee Program Liabilities	—	(3,099)	(3,099)
Environmental and Disposal Liabilities	—	17	17
Benefits Due and Payable	—	101	101
Federal Employee and Veteran Benefits Payable	—	42	42
Other Liabilities	44	3,566	3,610
Financing Sources:			
Imputed Cost	(1,005)	—	(1,005)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays:	3,413	1,785	5,198
Components of the Budget Outlays That Are Not Part of the Net Operating Cost:			
Acquisition of Capital Assets	1	595	596
Acquisitions of Inventory	—	6	6
Financing Sources:			
Donated Revenue	—	(3)	(3)
Transfers Out (In) Without Reimbursements	(155)	—	(155)
Total Components of the Budget Outlays that are not part of Net Operating Cost	(154)	598	444
Miscellaneous Items:			
Distributed Offsetting Receipts	(175)	(7)	(182)
Custodial/Non-exchange revenue	(360)	205	(155)
Non-Entity Activity	(4,708)	—	(4,708)
Other Temporary Timing Differences	10	—	10
Total Other Reconciling Items	(5,233)	198	(5,035)
Total Net Outlays	3,170	242,065	245,235
Budgetary Agency Outlays, Net			\$ 245,235

In FY 2022, 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; Increase in Insurance and Guarantee Program Liabilities mainly due to RMA higher coverage amounts resulting from higher crop prices, higher level of losses caused by widespread drought and excessive heat, and increased participation in certain insurance products; Decrease in Other Liabilities mainly due to CCC accrual for ARC/PLC and FSA accrual for socially disadvantage borrowers under the American Rescue Plan; and Non-Entity Activity mainly due to RD downward reestimates and negative subsidy.

FY 2021

	Intragovernmental	Other than Intragovernmental	Total
Net Cost	\$ 4,536	\$ 229,610	\$ 234,146
Components of Net Cost Not Part of the Budgetary Outlays:			
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
Increase/(Decrease) in Assets:			
Accounts Receivable, Net	287	1,484	1,771
Loans Receivable, Net (Non-FCRA)	-	(654)	(654)
Other Assets	33	(711)	(678)
(Increase)/Decrease in Liabilities			
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
Financing Sources:			
Imputed Cost	(966)	-	(966)
Total Components of Net Operating Cost Not Part of the Budgetary Outlays:	4,237	(130)	4,107
Components of the Budget Outlays That Are Not Part of the Net Operating Cost:			
Acquisition of Capital Assets	12	543	555
Acquisitions of Inventory	-	138	138
Financing Sources:			
Donated Revenue	-	(1)	(1)
Transfers Out (In) Without Reimbursements	(224)	-	(224)
Total Components of the Budget Outlays that are not part of Net Operating Cost	(212)	680	468
Miscellaneous Items:			
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
Total Other Reconciling Items	(3,594)	91	(3,503)
Total Net Outlays	4,967	230,251	235,218
Budgetary Agency Outlays, Net			<u>\$ 235,218</u>

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 the Food and Nutrition Service (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.

NOTE 25: 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 2022, 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 \$6.6 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. To establish the funding, 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.

The purposes of FFAR shall be (a) to advance the research mission of the USDA by supporting agricultural research activities focused on addressing key problems of national and international significance; and (b) 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; (c) to advance other incidental activities necessary to carry out and accomplish the foregoing missions enumerated.

FFAR is managed under the direction of the Board of Directors (Board), which may exercise all such authority and powers of the Foundation and do all such lawful acts and things as provided by statute, the Articles of Incorporation, or the By-laws. The Board is composed of designated or appointed Ex Officio Directors (non-voting) and Appointed Directors (voting), appointed in accordance with the Agricultural Act or these By-Laws. The number of Appointed Directors may increase or decrease, from time to time, but at no time be less than fifteen and no more than twenty-one members. No employee of the Federal Government shall be an Appointed Director.

The ex-officio members of the Board consist of the following:

- (i) The Secretary
- (ii) The Under Secretary of Agriculture for Research, Education, and Economics
- (iii) The Administrator of the Agricultural Research Service
- (iv) The Director of the National Institute of Food and Agriculture
- (v) 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.

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—

- (i) the individual;
- (ii) a relative (as defined in section 109 of the Ethics in Government Act of 1978 (5 U.S.C. App.109)) of that individual; or
- (iii) a business organization or other entity in which the individual has an interest,
- (iv) 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, the reasonable cost of meals and lodging, and other necessary expenses incurred in carrying out the duties of the Board.

The Board of Directors designate and appoint standing committees of the Board: an Executive Committee, a Governance and Federal Relations Committee, a Finance, Risk and Audit Committee, a Development Committee, and a Scientific Programs Committee. Committees consist of at least four appointed Directors possessing the qualifications determined necessary by the Board and shall be comprised solely of Members of the Board. The Finance, Risk and Audit Committee provides annual audits of its financial condition to the Secretary of Agriculture and the Comptroller General of the United States for examination or audit.

Additional FFAR governance, financial, and audit reports can be located on the [Foundation for Food & Agriculture Research](#) website.

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 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, Thrift Savings Plan (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 2022, the non-Federal costs of administering Federal milk marketing orders, including salaries and expenses, travel, and rent for office space were estimated to be \$79 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 26: Coronavirus Disease 2019 (COVID-19) Activity

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

FY 2022

Account Name	Treasury Account Symbol	Purpose	Budgetary Resources: Unobligated (and unexpired) Balance Carried Forward from Prior Year	New Budget Authority	Rescissions/ Other Changes to Budgetary Resources	Budgetary Resources Obligated	Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	Outlays, Net (Total)
Farm Service Agency / Commodity Credit Corporation (CCC) - Assistance for Socially Disadvantaged Farmers and Ranchers	12X0172	American Rescue Plan Act	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1)
CCC- Food for Peace Title II Grants (Foreign Agricultural Service)	121/22278	American Rescue Plan Act	152	—	3	(151)	4	560
FNS-Supplemental Nutrition Assistance Program (SNAP)	1223505	Consolidated Appropriations Act, 2021	—	29,300	—	(25,971)	3,329	25,603
FNS-SNAP	12X3505	Consolidated Appropriations Act, 2021	5	—	—	(2)	3	2
FNS-SNAP	121/33505	American Rescue Plan Act	909	—	43	(445)	507	326
FNS-SNAP	121/63505	American Rescue Plan Act	25	—	—	—	25	—
FNS-SNAP	121/73505	American Rescue Plan Act	34	—	—	(11)	23	766
FNS-CAP	121/23507	American Rescue Plan Act	—	—	1	—	1	22
FNS-Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	121/23510	American Rescue Plan Act	—	—	263	(47)	216	159
FNS-WIC	121/43510	American Rescue Plan Act	390	—	—	(82)	308	1
AMS - Marketing Services	12X2500	Consolidated Appropriations Act, 2021	515	—	—	(118)	397	33
AMS - Payments to States and Possessions	12X2501	Consolidated Appropriations Act, 2021	97	—	—	(97)	—	6
APHIS- Salaries and Expenses	121/21600	Consolidated Appropriations Act, 2021	102	—	(102)	—	—	—
APHIS- Salaries and Expenses	12X1600	American Rescue Plan Act	300	—	—	(43)	257	5
APHIS- Salaries and Expenses	122/31600	Consolidated Appropriations Act, 2021	—	—	—	—	—	—
Rural Development- Distance Learning, Telemedicine, and Broadband Program	12X1232	CARES Act	—	—	1	—	1	5
Rural Development- Rental Assistance Program	121/20137	American Rescue Plan Act	—	—	—	—	—	63
Rural Development- Rural Community Facilities Program Account	121/31951	American Rescue Plan Act	475	—	—	(342)	133	52
Rural Development Rural Housing Insurance Fund Program Account	121/32081	American Rescue Plan Act	38	—	—	(3)	35	2
Rural Development Rural Cooperative Development Grants	12X1900	Consolidated Appropriations Act, 2021	3	—	1	(3)	1	11
NIFA - Farming Opportunities Training and Outreach Program; Farm Stress Program; Gus Schumacher Nutrition Incentive Program	12X0502	Consolidated Appropriations Act, 2021	18	—	(1)	(17)	—	34
Office of the Secretary	12X0115	CARES Act	3,886	—	(550)	(1,884)	1,452	1,662
Office of the Secretary	12X0115	CARES Act and Consolidated Appropriations Act, 2021	3,298	—	(384)	(559)	2,355	683
Office of the Secretary	12X0115	American Rescue Plan Act	4,656	(3,600)	(929)	(96)	31	8
Office of the Secretary	12X0408	American Rescue Plan Act	—	3,600	(1,000)	(822)	1,778	25
Total			<u>\$ 14,903</u>	<u>\$ 29,300</u>	<u>\$ (2,654)</u>	<u>\$ (30,693)</u>	<u>\$ 10,856</u>	<u>\$ 30,027</u>

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-Commodity Assistance Program (CAP)
	Treasury Account Symbol	121/22278	1223505	12X3505	121/33505	121/63505	121/73505	121/23507
Purpose	American Rescue Plan Act	American Rescue Plan Act	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	American Rescue Plan Act	American Rescue Plan Act	American Rescue Plan Act	American Rescue Plan Act
BALANCE SHEET								
Intragovernmental:								
Fund Balance with Treasury (Note 3)	\$ —	\$ 31	\$ 3,697	\$ 3	\$ 781	\$ 25	\$ 58	\$ —
Total Intragovernmental Assets	—	31	3,697	3	781	25	58	—
Accounts Receivable, Net (Note 6)	—	—	—	—	—	—	—	—
Inventory and Related Property, Net (Note 8)	—	8	—	—	—	—	—	—
Total Assets	—	39	3,697	3	781	25	58	—
Accounts Payable	—	1	—	—	—	—	—	—
Benefits Due and Payable	—	—	368	—	274	—	35	—
Other Liabilities (Note 16, 17 & 18)	—	4	—	—	—	—	—	—
Total Liabilities	—	5	368	—	274	—	35	—
Unexpended Appropriations	—	26	3,329	3	507	25	23	—
Cumulative Results of Operations	—	8	—	—	—	—	—	—
Total Liabilities and Net Position	—	39	3,697	3	781	25	58	—
STATEMENT OF NET COST								
Gross Program Costs	(1,960)	463	25,971	2	402	—	11	21
Net Cost of Operations (Note 20)	(1,960)	463	25,971	2	402	—	11	21
STATEMENT OF CHANGES IN NET POSITION								
Unexpended Appropriations:								
Beginning Balance	—	483	—	5	909	25	34	21
Appropriations Received	—	—	29,300	—	—	—	—	—
Appropriations Transferred in/out	—	—	—	—	—	—	—	—
Other Adjustments	(1,960)	—	—	—	—	—	—	—
Appropriations Used	1,960	(457)	(25,971)	(2)	(402)	—	(11)	(21)
Net Change in Unexpended Appropriations	—	(457)	3,329	(2)	(402)	—	(11)	(21)
Total Unexpended Appropriations Ending Balance	—	26	3,329	3	507	25	23	—
Cumulative Results of Operations:								
Beginning Balance	—	14	—	—	—	—	—	—
Appropriations Used	(1,960)	457	25,971	2	402	—	11	21
Net Cost of Operations	1,960	(463)	(25,971)	(2)	(402)	—	(11)	(21)
Net Change in Cumulative Results of Operations	—	(6)	—	—	—	—	—	—
Cumulative Results of Operations	—	8	—	—	—	—	—	—
Net Position End of Period	\$ —	\$ 34	\$ 3,329	\$ 3	\$ 507	\$ 25	\$ 23	\$ —

FY 2022 Continued

Account Name	FNS-Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	FNS-WIC	AMS-Marketing Services	AMS-Payments to States and Possessions	APHIS- Salaries and Expenses	APHIS- Salaries and Expenses	APHIS- Salaries and Expenses	Rural Development- Distance Learning, Telemedicine, and Broadband Program
Treasury Account Symbol	121/23510	121/43510	12X2500	12X2501	121/21600	12X1600	122/31600	12X1232
Purpose	American Rescue Plan Act	American Rescue Plan Act	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	American Rescue Plan Act	Consolidated Appropriations Act, 2021	CARES Act
BALANCE SHEET								
Intragovernmental:								
Fund Balance with Treasury (Note 3)	\$ 217	\$ 389	\$ 487	\$ 93	\$ —	\$ 295	\$ —	\$ 19
Total Intragovernmental Assets	217	389	487	93	—	295	—	19
Accounts Receivable, Net (Note 6)	—	—	—	—	—	—	—	—
Inventory and Related Property, Net (Note 8)	—	—	—	—	—	—	—	—
Total Assets	217	389	487	93	—	295	—	19
Accounts Payable	—	—	—	—	—	—	—	—
Benefits Due and Payable	—	—	—	—	—	—	—	—
Other Liabilities (Note 16, 17 & 18)	—	55	—	—	—	—	—	—
Total Liabilities	—	55	—	—	—	—	—	—
Unexpended Appropriations	217	334	487	93	—	295	—	19
Cumulative Results of Operations	—	—	—	—	—	—	—	—
Total Liabilities and Net Position	217	389	487	93	—	295	—	19
STATEMENT OF NET COST								
Gross Program Costs	(217)	56	33	6	—	5	—	5
Net Cost of Operations (Note 20)	(217)	56	33	6	—	5	—	5
STATEMENT OF CHANGES IN NET POSITION								
Unexpended Appropriations:								
Beginning Balance	—	390	520	99	102	300	—	24
Appropriations Received	—	—	—	—	—	—	250	—
Appropriations Transferred in/out	—	—	—	—	(102)	—	(250)	—
Other Adjustments	—	—	—	—	—	—	—	—
Appropriations Used	217	(56)	(33)	(6)	—	(5)	—	(5)
Net Change in Unexpended Appropriations	217	(56)	(33)	(6)	(102)	(5)	—	(5)
Total Unexpended Appropriations Ending Balance	217	334	487	93	—	295	—	19
Cumulative Results of Operations:								
Beginning Balance	—	—	—	—	—	—	—	—
Appropriations Used	(217)	56	33	6	—	5	—	5
Net Cost of Operations	217	(56)	(33)	(6)	—	(5)	—	(5)
Net Change in Cumulative Results of Operations	—	—	—	—	—	—	—	—
Cumulative Results of Operations	—	—	—	—	—	—	—	—
Net Position End of Period	\$ 217	\$ 334	\$ 487	\$ 93	\$ —	\$ 295	\$ —	\$ 19

FY 2022 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	Office of the Secretary	Office of the Secretary
Treasury Account Symbol	121/20137	121/31951	121/32081	12X1900	12X0502	12X0115	12X0115
Purpose	American Rescue Plan Act	American Rescue Plan Act	American Rescue Plan Act	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	CARES Act	CARES Act and Consolidated Appropriations Act, 2021
BALANCE SHEET							
Intragovernmental:							
Fund Balance with Treasury (Note 3)	\$ 20	\$ 423	\$ 36	\$ 24	\$ 106	\$ 1,676	\$ 2,555
Total Intragovernmental Assets	20	423	36	24	106	1,676	2,555
Accounts Receivable, Net (Note 6)	—	—	—	—	—	30	2
Inventory and Related Property, Net (Note 8)	—	—	—	—	—	—	—
Total Assets	20	423	36	24	106	1,706	2,557
Accounts Payable	—	—	—	—	—	6	2
Benefits Due and Payable	—	—	—	—	—	—	—
Other Liabilities (Note 16, 17 & 18)	2	—	—	—	—	29	6
Total Liabilities	2	—	—	—	—	35	8
Unexpended Appropriations	20	423	36	24	106	310	2,547
Cumulative Results of Operations	(2)	—	—	—	—	1,361	2
Total Liabilities and Net Position	20	423	36	24	106	1,706	2,557
STATEMENT OF NET COST							
Gross Program Costs	65	52	2	11	34	1,682	404
Net Cost of Operations (Note 20)	65	52	2	11	34	1,682	404
STATEMENT OF CHANGES IN NET POSITION							
Unexpended Appropriations:							
Beginning Balance	83	475	38	35	140	2,382	3,353
Appropriations Received	—	—	—	—	—	—	—
Appropriations Transferred in/out	—	—	—	—	—	—	—
Other Adjustments	—	—	—	—	—	(600)	(400)
Appropriations Used	(63)	(52)	(2)	(11)	(34)	(1,472)	(406)
Net Change in Unexpended Appropriations	(63)	(52)	(2)	(11)	(34)	(2,072)	(806)
Total Unexpended Appropriations Ending Balance	20	423	36	24	106	310	2,547
Cumulative Results of Operations:							
Beginning Balance	—	—	—	—	—	1,571	—
Appropriations Used	63	52	2	11	34	1,472	406
Net Cost of Operations	(65)	(52)	(2)	(11)	(34)	(1,682)	(404)
Net Change in Cumulative Results of Operations	(2)	—	—	—	—	(210)	2
Cumulative Results of Operations	(2)	—	—	—	—	1,361	2
Net Position End of Period	\$ 18	\$ 423	\$ 36	\$ 24	\$ 106	\$ 1,671	\$ 2,549

FY 2022 Continued

Account Name Treasury Account Symbol Purpose	Office of the Secretary 12X0115	Office of the Secretary 12X0408	Total
	American Rescue Plan Act	American Rescue Plan Act	
BALANCE SHEET			
Intragovernmental:			
Fund Balance with Treasury (Note 3)	\$ 120	\$ 2,575	\$ 13,630
Total Intragovernmental Assets	<u>120</u>	<u>2,575</u>	<u>13,630</u>
Accounts Receivable, Net (Note 6)	—	—	32
Inventory and Related Property, Net (Note 8)	—	—	8
Total Assets	<u>120</u>	<u>2,575</u>	<u>13,670</u>
Accounts Payable	—	—	9
Benefits Due and Payable	—	—	677
Other Liabilities (Note 16, 17 & 18)	—	108	204
Total Liabilities	<u>—</u>	<u>108</u>	<u>890</u>
Unexpended Appropriations	120	2,467	11,411
Cumulative Results of Operations	—	—	1,369
Total Liabilities and Net Position	<u>120</u>	<u>2,575</u>	<u>13,670</u>
STATEMENT OF NET COST			
Gross Program Costs	9	133	27,190
Net Cost of Operations (Note 20)	<u>9</u>	<u>133</u>	<u>27,190</u>
STATEMENT OF CHANGES IN NET POSITION			
Unexpended Appropriations:			
Beginning Balance	4,658	—	14,076
Appropriations Received	(3,600)	3,600	29,550
Appropriations Transferred in/out	—	—	(352)
Other Adjustments	(929)	(1,000)	(4,889)
Appropriations Used	(9)	(133)	(26,974)
Net Change in Unexpended Appropriations	<u>(4,538)</u>	<u>2,467</u>	<u>(2,665)</u>
Total Unexpended Appropriations Ending Balance	<u>120</u>	<u>2,467</u>	<u>11,411</u>
Cumulative Results of Operations:			
Beginning Balance	—	—	1,585
Appropriations Used	9	133	26,974
Net Cost of Operations	(9)	(133)	(27,190)
Net Change in Cumulative Results of Operations	<u>—</u>	<u>—</u>	<u>(216)</u>
Cumulative Results of Operations	<u>—</u>	<u>—</u>	<u>1,369</u>
Net Position End of Period	<u>\$ 120</u>	<u>\$ 2,467</u>	<u>\$ 12,780</u>

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	120/10900	CARES Act	—	—	—	—	—
Office of Inspector General	121/20900	American Rescue Plan Act	—	3	2	1	2
Total			\$ 20,361	\$ 91,189	\$ 81,049	\$ 30,501	\$ 78,476

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 120/13505	FNS-SNAP 1203505	FNS-SNAP 1213505	FNS-SNAP 12X3505	FNS-SNAP 121/33505
	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	
BALANCE SHEET									
Intragovernmental:									
Fund Balance with Treasury (Note 3)	\$ 1,959	\$ 591	\$ 1	\$ 71	\$ 1,855	\$ 13,902	\$ 5	\$ 1,107	
Total Intragovernmental Assets	1,959	591	1	71	1,855	13,902	5	1,107	
Accounts Receivable, Net (Note 6)	—	—	—	—	—	—	—	—	—
Inventory and Related Property, Net (Note 8)	—	14	—	—	—	—	—	—	—
Advances and Prepayments	—	—	—	—	—	—	—	—	—
Total Assets	1,959	605	1	71	1,855	13,902	5	1,107	
Intragovernmental Liabilities:									
Accounts Payable	—	—	—	—	—	—	—	—	—
Debt (Note 12)	—	—	—	—	—	—	—	—	—
Advances from Others and Deferred Revenue	—	—	—	—	—	—	—	—	—
Other Liabilities (Note 16)	—	—	—	—	—	—	—	—	—
Total Intragovernmental Liabilities	—	—	—	—	—	—	—	—	—
Accounts Payable	—	50	—	—	—	—	—	—	—
Benefits Due and Payable	—	—	1	50	—	474	—	198	—
Other Liabilities (Note 16, 17 & 18)	1,959	58	—	3	—	122	—	—	—
Total Liabilities	1,959	108	1	53	—	596	—	198	—
Unexpended Appropriations	—	483	—	18	1,855	13,306	5	909	—
Cumulative Results of Operations	—	14	—	—	—	—	—	—	—
Total Liabilities and Net Position	1,959	605	1	71	1,855	13,902	5	1,107	—
STATEMENT OF NET COST									
Gross Program Costs	1,960	303	—	42	(773)	47,560	—	241	—
Net Cost of Operations (Note 20)	1,960	303	—	42	(773)	47,560	—	241	—
STATEMENT OF CHANGES IN NET POSITION									
Unexpended Appropriations:									
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)	—
Net Change in Unexpended Appropriations	—	483	—	(42)	773	13,306	5	909	—
Total Unexpended Appropriations Ending Balance	—	483	—	18	1,855	13,306	5	909	—
Cumulative Results of Operations:									
Beginning Balance	—	—	—	—	—	—	—	—	—
Appropriations Used	1,960	317	—	42	(773)	47,560	—	241	—
Net Cost of Operations	(1,960)	(303)	—	(42)	773	(47,560)	—	(241)	—
Net Change in Cumulative Results of Operations	—	14	—	—	—	—	—	—	—
Cumulative Results of Operations	—	14	—	—	—	—	—	—	—
Net Position End of Period	\$ —	\$ 497	\$ —	\$ 18	\$ 1,855	\$ 13,306	\$ 5	\$ 909	\$ —

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	121/63505	121/73505	120/13507	120/13507	121/23507	1213507	120/13510	121/23510
Purpose	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	
BALANCE SHEET									
Intragovernmental:									
Fund Balance with Treasury (Note 3)	\$ 25	\$ 824	\$ 31	\$ 27	\$ 23	\$ 275	\$ —	\$ 375	
Total Intragovernmental Assets	25	824	31	27	23	275	—	375	
Accounts Receivable, Net (Note 6)	—	—	—	—	—	—	—	—	—
Inventory and Related Property, Net (Note 8)	—	—	—	—	—	—	—	—	—
Advances and Prepayments	—	—	—	—	—	—	—	—	—
Total Assets	25	824	31	27	23	275	—	375	
Intragovernmental:									
Accounts Payable	—	—	—	—	—	—	—	—	—
Debt (Note 12)	—	—	—	—	—	—	—	—	—
Advances from Others and Deferred Revenue	—	—	—	—	—	—	—	—	—
Other Liabilities (Note 16)	—	—	—	—	—	—	—	—	—
Total Intragovernmental Liabilities	—	—	—	—	—	—	—	—	—
Accounts Payable	—	—	1	—	1	4	—	—	—
Benefits Due and Payable	—	790	—	—	1	—	—	—	—
Other Liabilities (Note 16, 17 & 18)	—	—	7	9	—	36	—	—	375
Total Liabilities	—	790	8	9	2	40	—	—	375
Unexpended Appropriations	25	34	23	18	21	235	—	—	—
Cumulative Results of Operations	—	—	—	—	—	—	—	—	—
Total Liabilities and Net Position	25	824	31	27	23	275	—	375	
STATEMENT OF NET COST									
Gross Program Costs	—	966	225	202	16	178	500	490	
Net Cost of Operations (Note 20)	—	966	225	202	16	178	500	490	
STATEMENT OF CHANGES IN NET POSITION									
Unexpended Appropriations:									
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)	—
Net Change in Unexpended Appropriations	25	34	(225)	(202)	21	235	(500)	—	—
Total Unexpended Appropriations Ending Balance	25	34	23	18	21	235	—	—	—
Cumulative Results of Operations:									
Beginning Balance	—	—	—	—	—	—	—	—	—
Appropriations Used	—	966	225	202	16	178	500	490	—
Net Cost of Operations	—	(966)	(225)	(202)	(16)	(178)	(500)	(490)	—
Net Change in Cumulative Results of Operations	—	—	—	—	—	—	—	—	—
Cumulative Results of Operations	—	—	—	—	—	—	—	—	—
Net Position End of Period	\$ 25	\$ 34	\$ 23	\$ 18	\$ 21	\$ 235	\$ —	\$ —	\$ —

FY 2021 continued

Account Name	FNS-Child Nutrition Programs (CN)		FSIS-Food Safety and Inspection Service		AMS-Marketing Services		AMS-Marketing Services		AMS-Payments to States and Possessions		APHIS- Salaries and Expenses	
	Treasury Account Symbol	FNS-WIC	FNS-CN	FNS-CN	AMS-Marketing Services	AMS-Marketing Services	AMS-Marketing Services	AMS-Marketing Services	AMS-Payments to States and Possessions	APHIS- Salaries and Expenses		
Purpose	American Rescue Plan Act	CARES Act	Consolidated Appropriations Act, 2021	CARES Act	CARES Act	CARES Act	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021	Consolidated Appropriations Act, 2021		
BALANCE SHEET												
Intragovernmental:												
Fund Balance with Treasury (Note 3)	\$ 390	\$ 55	\$ 1,071	\$ 1	\$ —	\$ 520	\$ 99	\$ 102				
Total Intragovernmental Assets	390	55	1,071	1	—	520	99	102				
Accounts Receivable, Net (Note 6)	—	—	—	—	—	—	—	—				
Inventory and Related Property, Net (Note 8)	—	—	—	—	—	—	—	—				
Advances and Prepayments	—	—	—	—	—	—	—	—				
Total Assets	390	55	1,071	1	—	520	99	102				
Intragovernmental:												
Accounts Payable	—	—	—	—	—	—	—	—				
Debt (Note 12)	—	—	—	—	—	—	—	—				
Advances from Others and Deferred Revenue	—	—	—	—	—	—	—	—				
Other Liabilities (Note 16)	—	—	—	—	—	—	—	—				
Total Intragovernmental Liabilities	—	—	—	—	—	—	—	—				
Accounts Payable	—	—	—	—	—	—	—	—				
Benefits Due and Payable	—	55	—	—	—	—	—	—				
Other Liabilities (Note 16, 17 & 18)	—	—	748	—	—	—	—	—				
Total Liabilities	—	55	748	—	—	—	—	—				
Unexpended Appropriations	390	—	323	1	—	520	99	102				
Cumulative Results of Operations	—	—	—	—	—	—	—	—				
Total Liabilities and Net Position	390	55	1,071	1	—	520	99	102				
STATEMENT OF NET COST												
Gross Program Costs	—	1,761	1,477	19	32	2	1	—				
Net Cost of Operations (Note 20)	—	1,761	1,477	19	32	2	1	—				
STATEMENT OF CHANGES IN NET POSITION												
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)	—				
Net Change in Unexpended Appropriations	390	(1,761)	323	(19)	(32)	520	99	102				
Total Unexpended Appropriations Ending Balance	390	—	323	1	—	520	99	102				
Cumulative Results of Operations:												
Beginning Balance	—	—	—	—	—	—	—	—				
Appropriations Used	—	1,761	1,477	19	32	2	1	—				
Net Cost of Operations	—	(1,761)	(1,477)	(19)	(32)	(2)	(1)	—				
Net Change in Cumulative Results of Operations	—	—	—	—	—	—	—	—				
Cumulative Results of Operations	—	—	—	—	—	—	—	—				
Net Position End of Period	\$ 390	\$ —	\$ 323	\$ 1	\$ —	\$ 520	\$ 99	\$ 102				

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
BALANCE SHEET								
Intragovernmental:								
Fund Balance with Treasury (Note 3)	\$ 300	\$ 16	\$ 2	\$ 10	\$ 2	\$ 24	\$ 97	\$ 3
Total Intragovernmental Assets	300	16	2	10	2	24	97	3
Accounts Receivable, Net (Note 6)	—	—	—	—	—	—	—	—
Inventory and Related Property, Net (Note 8)	—	—	—	—	—	—	—	—
Advances and Prepayments	—	—	—	—	—	—	—	—
Total Assets	300	16	2	10	2	24	97	3
Intragovernmental:								
Accounts Payable	—	—	—	—	—	—	—	—
Debt (Note 12)	—	—	—	—	—	—	—	—
Advances from Others and Deferred Revenue	—	—	—	—	—	—	—	—
Other Liabilities (Note 16)	—	—	—	—	—	—	—	—
Total Intragovernmental Liabilities	—	—	—	—	—	—	—	—
Accounts Payable	—	—	—	—	—	—	—	—
Benefits Due and Payable	—	—	—	—	—	—	—	—
Other Liabilities (Note 16, 17 & 18)	—	—	—	—	—	—	—	—
Total Liabilities	—	—	—	—	—	—	—	—
Unexpended Appropriations	300	16	2	10	2	24	97	3
Cumulative Results of Operations	—	—	—	—	—	—	—	—
Total Liabilities and Net Position	300	16	2	10	2	24	97	3
STATEMENT OF NET COST								
Gross Program Costs	—	7	1	17	2	—	—	16
Net Cost of Operations (Note 20)	—	7	1	17	2	—	—	16
STATEMENT OF CHANGES IN NET POSITION								
Unexpended Appropriations:								
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)
Net Change in Unexpended Appropriations	300	(7)	(1)	(17)	(2)	—	—	(16)
Total Unexpended Appropriations Ending Balance	300	16	2	10	2	24	97	3
Cumulative Results of Operations:								
Beginning Balance	—	—	—	—	—	—	—	—
Appropriations Used	—	7	1	17	2	—	—	16
Net Cost of Operations	—	(7)	(1)	(17)	(2)	—	—	(16)
Net Change in Cumulative Results of Operations	—	—	—	—	—	—	—	—
Cumulative Results of Operations	—	—	—	—	—	—	—	—
Net Position End of Period	\$ 300	\$ 16	\$ 2	\$ 10	\$ 2	\$ 24	\$ 97	\$ 3

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
BALANCE SHEET								
Intragovernmental:								
Fund Balance with Treasury (Note 3)	\$ 83	\$ 475	\$ 38	\$ 35	\$ 140	\$ 2	\$ 409	\$ 3,931
Total Intragovernmental Assets	83	475	38	35	140	2	409	3,931
Accounts Receivable, Net (Note 6)	—	—	—	—	—	—	—	29
Inventory and Related Property, Net (Note 8)	—	—	—	—	—	—	—	—
Advances and Prepayments	—	—	—	—	—	—	—	15
Total Assets	83	475	38	35	140	2	409	3,975
Intragovernmental:								
Accounts Payable	—	—	—	—	—	—	—	—
Debt (Note 12)	—	—	—	—	—	—	—	—
Advances from Others and Deferred Revenue	—	—	—	—	—	—	—	—
Other Liabilities (Note 16)	—	—	—	—	—	—	—	—
Total Intragovernmental Liabilities	—	—	—	—	—	—	—	—
Accounts Payable	—	—	—	—	—	—	(1)	28
Benefits Due and Payable	—	—	—	—	—	—	—	—
Other Liabilities (Note 16, 17 & 18)	—	—	—	—	—	—	—	—
Total Liabilities	—	—	—	—	—	—	(1)	28
Unexpended Appropriations	83	475	38	35	140	2	410	2,383
Cumulative Results of Operations	—	—	—	—	—	—	—	1,564
Total Liabilities and Net Position	83	475	38	35	140	2	409	3,975
STATEMENT OF NET COST								
Gross Program Costs	17	25	1	3	—	1	1,009	12,809
Net Cost of Operations (Note 20)	17	25	1	3	—	1	1,009	12,809
STATEMENT OF CHANGES IN NET POSITION								
Unexpended Appropriations:								
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)
Net Change in Unexpended Appropriations	83	475	38	35	140	(1)	(1,009)	(1,834)
Total Unexpended Appropriations Ending Balance	83	475	38	35	140	2	410	2,383
Cumulative Results of Operations:								
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)
Net Change in Cumulative Results of Operations	—	—	—	—	—	—	—	(11,974)
Cumulative Results of Operations	—	—	—	—	—	—	—	1,564
Net Position End of Period	\$ 83	\$ 475	\$ 38	\$ 35	\$ 140	\$ 2	\$ 410	\$ 3,947

FY 2021 continued

Account Name Treasury Account Symbol Purpose	Office of the Secretary	Office of the Secretary	Office of Inspector General	
	12X0115	12X0115	121/20900	
	CARES Act and Consolidated Appropriations Act, 2021	American Rescue Plan Act	American Rescue Plan Act	Total
BALANCE SHEET				
Intragovernmental:				
Fund Balance with Treasury (Note 3)	\$ 3,638	\$ 4,657	\$ —	\$ 37,171
Total Intragovernmental Assets	<u>3,638</u>	<u>4,657</u>	<u>—</u>	<u>37,171</u>
Accounts Receivable, Net (Note 6)	—	—	—	29
Inventory and Related Property, Net (Note 8)	—	—	—	14
Advances and Prepayments	—	—	—	15
Total Assets	<u>3,638</u>	<u>4,657</u>	<u>—</u>	<u>37,229</u>
Intragovernmental:				
Accounts Payable	—	—	—	—
Debt (Note 12)	—	—	—	—
Advances from Others and Deferred Revenue	—	—	—	—
Other Liabilities (Note 16)	—	—	—	—
Total Intragovernmental Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Accounts Payable	5	—	—	88
Benefits Due and Payable	—	—	—	1,569
Other Liabilities (Note 16, 17 & 18)	281	—	—	3,598
Total Liabilities	<u>286</u>	<u>—</u>	<u>—</u>	<u>5,255</u>
Unexpended Appropriations	3,352	4,657	—	30,396
Cumulative Results of Operations	—	—	—	1,578
Total Liabilities and Net Position	<u>3,638</u>	<u>4,657</u>	<u>—</u>	<u>37,229</u>
STATEMENT OF NET COST				
Gross Program Costs	7,873	—	2	76,985
Net Cost of Operations (Note 20)	<u>7,873</u>	<u>—</u>	<u>2</u>	<u>76,985</u>
STATEMENT OF CHANGES IN NET POSITION				
Unexpended Appropriations:				
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)
Net Change in Unexpended Appropriations	<u>3,352</u>	<u>4,657</u>	<u>—</u>	<u>20,637</u>
Total Unexpended Appropriations Ending Balance	<u>3,352</u>	<u>4,657</u>	<u>—</u>	<u>30,396</u>
Cumulative Results of Operations:				
Beginning Balance	—	—	—	13,538
Appropriations Used	7,873	—	2	65,025
Net Cost of Operations	(7,873)	—	(2)	(76,985)
Net Change in Cumulative Results of Operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>(11,960)</u>
Cumulative Results of Operations	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,578</u>
Net Position End of Period	<u>\$ 3,352</u>	<u>\$ 4,657</u>	<u>\$ —</u>	<u>\$ 31,974</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 initially receive direct budgetary resources to respond to COVID-19 and most of the actions provided reporting flexibilities to AIP's and producers.

Beginning FY 2021, RMA was assigned to administer the Pandemic Cover Crop Program 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.

NOTE 27: 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 Disclosure Related to the Statement of Net Cost and Statement of Changes in Net Position

NOTE 28: Reclassification of Financial Statement Line Items for Financial Report Compilation Process

To prepare the Financial Report (FR) of the U.S. Government, 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 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 2021 FR can be found on the [Treasury's Reports, Statements and Publications](#) website and a copy of the 2022 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 Statement of Net Cost to Line Items Used for the Government-wide Statement of Net Cost for the Year Ending September 30, 2022

FY 2022 USDA SNC		Line Items Used to Prepare FY 2022 Government-wide SNC				
Financial Statement Line	Amounts	Dedicated Collections	Other than Dedicated Collections (with Eliminations)	Eliminations Between Dedicated and Other	Total	Reclassified Financial Statement Line
Gross Costs		\$ 2,454	\$ 243,552	\$ —	\$ 246,006	Gross Cost
		84	2,091	—	2,175	Non-federal gross cost
		30	975	—	1,005	Federal gross cost
		207	1,749	144	1,812	Benefit program costs (RC 26)/2
		—	1	—	1	Imputed costs (RC25)/2
		—	3,847	—	3,847	Buy/Sell Cost (RC24)/2
		23	543	—	566	Purchase of assets (RC 24)/2
		—	(1)	—	(1)	Borrowing and other interest expense (RC05)/2
		(2)	1	—	(1)	Other expenses (without reciprocals) (RC 29)
		342	9,206	144	9,404	Reconciling Item - Purchase of assets
		2,796	252,758	144	255,410	Reconciling Item - Rounding
Total Gross Costs	\$ 255,410					Total federal gross cost
Earned Revenue						Department total gross cost
		1,409	8,218	—	9,627	Earned revenue
		—	(1)	—	(1)	Non-federal earned revenue
		1,409	8,217	—	9,626	Reconciling Item - Custodial revenue - Non-federal earned revenue
						Adjusted Non-federal earned revenue
		13	652	144	521	Federal earned revenue
		—	1	—	1	Buy/sell revenue (exchange) (RC24)/2
		6	—	—	6	Purchase of assets offset (RC 24) / 2
		—	531	—	531	Federal securities interest revenue including associated gains and losses (exchange) (RC 03)/2
		100	—	—	100	Borrowing and other interest revenue (exchange) (RC 05)/2
		—	(1)	—	(1)	Collections Transferred in to a TAS Other Than the General Fund of the U.S. Government - Exchange (RC 13)
		(2)	2	—	—	Reconciling Item - Purchase of assets
		—	(2)	—	(2)	Reconciling Item - Rounding
		117	1,183	144	1,156	Reconciling Item - Custodial revenue - Buy/sell revenue (exchange) (RC24)/2
Less: Total Earned Revenue	10,782					Total federal earned revenue
		1,526	9,400	144	10,782	Department total earned revenue
Net Cost of Operations	\$ 244,628	\$ 1,270	\$ 243,358	\$ —	\$ 244,628	Net cost of operations

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, 2022

FY 2022 USDA SCNP

Line Items Used to Prepare FY 2022 Government-wide SCNP

Financial Statement Line	Amounts	Dedicated Collections	Other than Dedicated Collections (with Eliminations)	Eliminations Between Dedicated and Other	Total	Reclassified Financial Statement Lines
Unexpended Appropriations:						
Beginning Balances	\$ 128,126	\$ 468	\$ 127,658	\$ —	\$ 128,126	Net position, beginning of period
Appropriations Received	285,248	12	285,236	—	285,248	Appropriations Received as Adjusted (Rescissions and Other Adjustments) (RC 41)/1
		285	6	—	291	Non-expenditure transfers-in of unexpended appropriations and financing sources (RC 08) /1
Appropriations Transferred (In/Out)	(73)	—	364	—	364	Non-expenditure transfers-out of unexpended appropriations and financing sources (RC 08) /1
Other Adjustments	(21,650)	—	(21,650)	—	(21,650)	Appropriations Received as Adjusted (Rescissions and Other Adjustments) (RC 41)/1
Appropriations Used	(222,387)	104	222,283	—	222,387	Appropriations Used (RC 39)
Net Change in Unexpended Appropriations	41,138	193	40,945	—	41,138	Net Change in Unexpended Appropriations
Total Unexpended Appropriations	169,264	661	168,603	—	169,264	Total Unexpended Appropriations
Cumulative Results of Operations:						
Beginning Balances	48,327	3,473	44,854	—	48,327	Net position, beginning of period
		—	562	—	562	Collections for Others Transferred to the General Fund of the U.S. Government (RC 44)
Other Adjustments	(553)	—	(9)	—	(9)	Reconciling - Custodial Activity - Collections for others transferred to the General Fund of the U.S. Government (RC 44)
Appropriations Used	222,387	104	222,283	—	222,387	Appropriations expended (RC 38)/1
		1	35	—	36	Other Taxes and Receipts
Non-exchange Revenue	31,929	622	31,271	—	31,893	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	3	1	2	—	3	Other Taxes and Receipts
		21,897	76	21,755	218	Appropriation of unavailable special or trust fund receipts transfers-in (RC 07)/1
		88	21,679	21,755	12	Appropriation of unavailable special or trust fund receipts transfers-out (RC 07) /1
		3	20,157	20,155	5	Non-expenditure Transfers-In of Unexpended Appropriations and Financing Sources (RC 08)/1
		20,645	—	20,155	490	Non-expenditure Transfers-Out of Unexpended Appropriations and Financing Sources (RC 08)/1
		2	1	2	1	Expenditure transfers-in of financing sources (RC 09) /1
		—	2	2	—	Expenditure transfers-out of financing sources (RC 09) /1
		—	18	18	—	Non-expenditure transfer-in of financing sources - capital transfers (RC 11)
		18	—	18	—	Non-expenditure transfers-out of financing sources - capital transfers (RC 11)
		—	(2)	(2)	—	Transfers-In Without Reimbursement (RC 18)/1
Transfers (In/Out) without Reimbursement	(278)	—	(2)	(2)	—	Transfers-Out Without Reimbursement (RC 18)/1
Imputed Financing	1,005	30	975	—	1,005	Imputed Financing Sources (RC 25)/1
		(234)	324	—	90	Other Taxes and Receipts
		—	(331)	—	(331)	Reconciling Item - Custodial Activity - Other taxes and receipts
		—	5,463	—	5,463	Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)
		—	(188)	—	(188)	Reconciling Item - Custodial Revenue - Non-entity collections transferred to the General Fund of the U.S. Government (RC 44)
		—	(918)	—	(918)	Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government (RC 48)
Other	(4,461)	—	(137)	—	(137)	Reconciling Item - Custodial Activity - Accrual for non-entity amounts to be collected and transferred to the General Fund of the U.S. Government (RC 48)
Net Cost of Operations	(244,628)	1,270	243,358	—	244,628	Net Cost of Operations
Net Change and Cumulative Results of Operations	5,404	405	4,999	—	5,404	Net Change
Cumulative Results of Operations	53,731	3,878	49,853	—	53,731	Cumulative Results of Operations
Net Position	\$ 222,995	\$ 4,539	\$ 218,456	\$ —	\$ 222,995	Net Position

Required Supplementary Information

Deferred Maintenance and Repairs (Unaudited)

The Forest Service is steward to nearly 193 million acres of national forests and grasslands within the National Forest System (NFS). On these NFS lands, the agency manages major assets that are categorized as general Property, Plant and Equipment (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.

The Agricultural Research Service (ARS) owns/manages approximately 15 million gross square feet of facility space in 2,989 buildings on 405,922 acres of land. The Animal and Plant Health Inspection Service (APHIS) operates approximately 28 facilities, which includes 378 buildings, in the United States and 14 facilities/buildings internationally. The Natural Resources Conservation Service (NRCS) portfolio of owned assets encompasses 27 sites, including 12 parcels of owned land, 215 buildings, and about 214 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. Roads, trails and bridges have separate schedules. The agency's DM&R for NFS passenger car roads is determined every year from random sample surveys providing a moderate level of confidence that the DM&R total being reported represents the true DM&R. DM&R is not reported for roads that are not part of the passenger car system because maintenance needs on those roads are not as recurring and cyclical year over year. Bridge inspections occur on a 2-year or 4-year revolving schedule. To-date, scheduled 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 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

Asset Category	FY 2022 Ending Balance	FY 2022 Beginning Balance	FY 2021 Ending Balance	FY 2021 Beginning Balance
General PP&E	\$ 8,295	\$ 6,782	\$ 6,782	\$ 6,343
Heritage Assets	290	252	252	223
Total	\$ 8,585	\$ 7,034	\$ 7,034	\$ 6,566

DM&R costs increased in fiscal year (FY) 2022 across all categories within General PP&E mainly due to deteriorating assets, continued focus on data accuracy and thorough condition surveys, and the effects of inflation both not allowing funding for maintenance projects to reach as many assets and the cost to complete maintenance needs already on the backlog increasing. Funding from the Great American Outdoors Act – Legacy Restoration Fund allowed the agency to eliminate \$18 million of the deferred maintenance backlog over the last year by completing 57 projects. Through FY 2022, the Forest Service had 884 internally tracked projects funded by Congress.

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.

Combining Statement of Budgetary Resources (Unaudited)

FY 2022	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
Budgetary Resources:											
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 20	\$ 7,100	\$ 151	\$ 1,085	\$ 108	\$ 613	\$ 6,737	\$ 77,803	\$ 234	\$ 3,679	\$ 1,458
Appropriations (Discretionary and Mandatory)	300	12,808	—	2,319	—	12,527	10,349	205,653	1,139	4,619	2,384
Borrowing Authority (Discretionary and Mandatory)	—	—	3,560	11,978	425	—	—	—	—	—	—
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	12	306	2,482	9	147	6,305	56	94	231	207	249
Total Budgetary Resources	332	20,214	6,193	15,391	680	19,445	17,142	283,550	1,604	8,505	4,091
Status of Budgetary Resources:											
New Obligations and Upward Adjustments (Total)	304	10,916	3,894	14,961	458	18,768	5,798	191,701	1,435	3,971	2,348
Unobligated Balance, End of Year:											
Apportioned, Unexpired Accounts	12	5,647	2,271	327	29	666	7,412	30,370	147	2,480	1,716
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—	—	—	—	—	276	—
Unapportioned, Unexpired Accounts	—	3,429	28	101	193	5	1,311	9,429	—	1,571	9
Unexpired Unobligated Balance, End of Year	12	9,076	2,299	428	222	671	8,723	39,799	147	4,327	1,725
Expired Unobligated Balance, End of Year	16	222	—	2	—	6	2,621	52,050	22	207	18
Unobligated Balance, End of Year (Total)	28	9,298	2,299	430	222	677	11,344	91,849	169	4,534	1,743
Total Budgetary Resources	332	20,214	6,193	15,391	680	19,445	17,142	283,550	1,604	8,505	4,091
Outlays, Net, and Disbursements, Net:											
Outlays, Net (Total) (Discretionary and Mandatory)	307	10,412		8,927		10,918	4,287	192,291	1,147	2,722	1,886
Distributed Offsetting Receipts (-)	—	(686)		(52)		—	(1)	(1)	(18)	(196)	(12)
Agency Outlays, Net (Discretionary and Mandatory)	\$ 307	\$ 9,726		\$ 8,875		\$ 10,918	\$ 4,286	\$ 192,290	\$ 1,129	\$ 2,526	\$ 1,874
Disbursements, Net (Total) (Mandatory)			\$ 1,230		\$ 79						

FY 2022	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	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources:												
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 4,344	\$ 4,634	\$ 4,590	\$ 436	\$ 26	\$ 676	\$ 13	\$ 221	\$ 6,552	\$ 115,631	\$ 4,849	
Appropriations (Discretionary and Mandatory)	17,117	20,605	3	1,797	190	2,350	88	467	(756)	293,956	3	
Borrowing Authority (Discretionary and Mandatory)	—	—	13,065	—	—	—	—	—	—	11,978	17,050	
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	557	748	8,355	173	26	82	2	63	1,545	10,665	10,984	
Total Budgetary Resources	22,018	25,987	26,013	2,406	242	3,108	103	751	7,341	432,230	32,886	
Status of Budgetary Resources:												
New Obligations and Upward Adjustments (Total)	10,208	8,681	17,705	2,168	242	2,048	94	547	2,268	276,458	22,057	
Unobligated Balance, End of Year:												
Apportioned, Unexpired Accounts	5,176	5,034	8,003	209	—	1,037	1	93	599	60,926	10,303	
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—	—	—	—	—	276	—	
Unapportioned, Unexpired Accounts	6,556	12,190	305	2	—	5	—	11	4,422	39,041	526	
Unexpired Unobligated Balance, End of Year	11,732	17,224	8,308	211	—	1,042	1	104	5,021	100,243	10,829	
Expired Unobligated Balance, End of Year	78	82	—	27	—	18	8	100	52	55,529	—	
Unobligated Balance, End of Year (Total)	11,810	17,306	8,308	238	—	1,060	9	204	5,073	155,772	10,829	
Total Budgetary Resources	22,018	25,987	26,013	2,406	242	3,108	103	751	7,341	432,230	32,886	
Outlays, Net, and Disbursements, Net:												
Outlays, Net (Total) (Discretionary and Mandatory)	8,485	5,383		1,611	196	1,595	87	403	374	251,031		
Distributed Offsetting Receipts (-)	(818)	(3,976)		(18)	—	(3)	1	—	(16)	(5,796)		
Agency Outlays, Net (Discretionary and Mandatory)	\$ 7,667	\$ 1,407		\$ 1,593	\$ 196	\$ 1,592	\$ 88	\$ 403	\$ 358	\$ 245,235		
Disbursements, Net (Total) (Mandatory)			\$ 5,590								\$ 6,899	

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
Budgetary Resources:											
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
Total Budgetary Resources	326	32,329	6,782	16,762	771	12,729	11,047	267,520	1,586	7,289	3,323
Status of Budgetary Resources:											
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
Total Budgetary Resources	326	32,329	6,782	16,762	771	12,729	11,047	267,520	1,586	7,289	3,323
Outlays, Net, and Disbursements, Net:											
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)
Agency Outlays, Net (Discretionary and Mandatory)	\$ 307	\$ 23,677		\$ 12,401		\$ 6,800	\$ 4,324	\$ 166,558	\$ 1,070	\$ 4,825	\$ 1,420
Disbursements, Net (Total) (Mandatory)			\$ 1,079		\$ 93						

FY 2021	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	
Budgetary Resources:												
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	
Total Budgetary Resources	13,703	11,476	24,447	1,982	235	2,720	100	974	8,281	392,382	32,000	
Status of Budgetary Resources:												
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	
Total Budgetary Resources	13,703	11,476	24,447	1,982	235	2,720	100	974	8,281	392,382	32,000	
Outlays, Net, and Disbursements, Net:												
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)		
Agency Outlays, Net (Discretionary and Mandatory)	\$ 7,874	\$ 2,004		\$ 1,477	\$ 179	\$ 1,402	\$ 79	\$ 405	\$ 416	\$ 235,218		
Disbursements, Net (Total) (Mandatory)			\$ 2,853								\$ 4,025	

Land (Unaudited)

Forest Service

The Forest Service is steward to over a 193 million acres of General PP&E lands, Stewardship lands and permanent land rights encompassing national forests and grasslands which provides a wide range of economic, social, and environmental benefits. The mission of the Forest Service 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 Forest Service achieves this mission through active land management practices supported by science and focused on conservation, preservation, multiple use, and sustained yield.

Forest Service General PP&E lands are predominantly acquired for the construction and or use of buildings to support Forest Service goals which include but is not limited to protection of water quality, habitat for wildlife and fisheries, forest health, recreation, and forest products.

Forest Service Stewardship lands are predominantly used to achieve land management goals which include but is not limited to protection of water quality, habitat for wildlife and fisheries, forest health, recreation, and forest products.

Land and land rights acquired by the Forest Service are predominantly permanent in nature and include surface and or sub-surface rights as fee title or partial interest. Amounts paid during the year to maintain such rights are not currently tracked.

Forest Service lands and permanent land rights are assigned to one of three sub-categories based on predominant use and are reported in estimated acres of land. The three sub-categories are commercial use land; conservation and preservation land; and operational land.

Commercial use land or land rights are predominantly used to generate inflows of resources from non-federal third parties. Forest Service has broad authority to issue various special use authorization types and collect fees for the use of NFS land. These authorized uses do not represent the predominate use of NFS lands and they are infrequent in location and temporary in nature.

Conservation and preservation land or land rights are used for protection and proper use of natural resources or preservation of buildings, objects, and landscapes from use. Examples of land conserved or preserved for significant natural, historic, scenic, cultural, and recreational resources include geologic resource sites, wildlife and plant life refuges, archeological resource sites or local Native American or ethnic cultural sites.

Operational land and land rights are used predominately for general or administrative purposes including scientific functions such as conducting and managing research, experimentation, and operations; and other related functions that are administrative or other mission related in nature including office building locations.

Agricultural Research Service

ARS has 390,853 acres of land including 77,655 acres of Federally owned land and 313,198 acres of Public Domain land used for research, finding scientific solutions to national and global agricultural challenges. ARS is holding 70 acres of land for disposal at Glenn Dale, MD.

Animal and Plant Health Inspection Service

APHIS owns approximately 1,146 acres of land used primarily for research and development facilities in support of our mission to protect American Agriculture. The largest acreage is the land at Moore Air base used to house the Insect Management and Molecular Diagnostics Laboratory. The laboratory is responsible for developing and validating technologies used to detect and diagnose plant pests.

Natural Resources Conservation Service

Most of the NRCS portfolio of General PP&E land is used for the operation of Plant Materials Centers (PMC). NRCS owns land for 11 of the PMCs; the remaining 14 are on leased land. PMCs evaluate plants and develop vegetative information used by NRCS and others to implement and manage natural resource conservation practices. PMC land is used for seed and plant production, for plant studies, for demonstration areas, and for buildings and facilities to support PMC activities. PMC land not usable for these purposes may be managed as natural areas to provide buffers between PMC operations and other areas. PMCs manage land resources consistent with NRCS conservation practices to maintain soil, water, and other natural resources, and ensure the land is acceptable for future PMC activities.

NRCS has one small parcel of land (0.2 acres), obtained from another Federal agency in 1955, that houses a storage unit used for field office supplies. The parcel, located in a residential/mixed use area, is maintained in accordance with local requirements.

Stewardship land consists of conservation easements acquired under a variety of easement programs and authorities. NRCS's 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.

The U.S. Department of Agriculture (USDA or the Department) stewardship land easement acreage accurately reflects the number of acres under USDA stewardship land easement as of September 30, 2022. However, for the reasons discussed in this section, this number may be adjusted in future reports.

Early stewardship land conservation easements were acquired without the benefit of being professionally surveyed. Although the best technology at the time was utilized to determine easement size, there is variation to the accuracy of those methods compared to present day surveying techniques. Presently, all USDA stewardship land conservation easements are surveyed by licensed surveyors to determine the size of the easement. While these surveys provide an accurate report of the size of the easement, USDA is continually making efforts to enhance its survey standards and requirements to reflect survey equipment improvements and ensure accurate reporting. Annual monitoring of stewardship land conservation easements allows NRCS to observe situations that may lead to the need

for an updated survey. For example, lack of signage on an easement boundary or other circumstances that result in undefined easement boundaries often precipitate encroachment by adjacent landowners and violations of the terms of the easement. In order to reduce the frequency of these encroachments and easement violations, USDA stewardship land easements occasionally require new surveys to reestablish the easement boundaries. Because these boundary reestablishment surveys are conducted under the most current survey standards and requirements, the new survey may reflect a change in the acres as originally reported for that particular easement which may result in adjustment in the reporting of USDA stewardship land easement acreage.

In addition, the 2014 Farm Bill granted authority to NRCS to amend USDA stewardship land easements through an easement administration action. If approved, the resulting amendment may result in an increase in the reported USDA stewardship land easement acreage, or, in the case of an authorized easement termination, a reduction in the easement and acre count. Finally, though rare, litigation involving existing USDA stewardship land easements may result in the termination of an easement or a modification to the boundary of an easement, both of which would result in an adjustment to the reported USDA stewardship land easement acreage.

General PP&E

	Estimated Acreage by Predominant Use			
	Conservation and Preservation	Operational	Commercial Use	Total Estimated Acreage
Agency				
Forest Service	349	9,207	—	9,556
Agricultural Research Service	—	77,655	—	77,655
Animal and Plant Health Inspection Service	—	1,146	—	1,146
Natural Resources Conservation Service	—	1,900	—	1,900
Total General PP&E	349	89,908	—	90,257

Held for Disposal or Exchange by Predominant Use

	Held for Disposal or Exchange by Predominant Use			
	Conservation and Preservation	Operational	Commercial Use	Total Estimated Acreage
Agency				
Forest Service	—	54	—	54
Agricultural Research Service	—	70	—	70
Animal and Plant Health Inspection Service	—	—	—	—
Natural Resources Conservation Service	—	—	—	—
Total General PP&E	—	124	—	124

Stewardship Land

	Estimated Acreage by Predominant Use			
	Conservation and Preservation	Operational	Commercial Use	Total Estimated Acreage
Agency				
Forest Service	191,491,750	1,186,627	404,971	193,083,348
Agricultural Research Service	—	313,198	—	313,198
Natural Resources Conservation Service	3,649,692	—	—	3,649,692
Total Stewardship Land	195,141,442	1,499,825	404,971	197,046,238

Held for Disposal or Exchange by Predominant Use

	Held for Disposal or Exchange by Predominant Use			
	Conservation and Preservation	Operational	Commercial Use	Total Estimated Acreage
Agency				
Forest Service	—	522	—	522
Agricultural Research Service	—	—	—	—
Natural Resources Conservation Service	—	—	—	—
Total Stewardship Land	—	522	—	522

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Section III

Other Information

USDA Management Challenges

The Reports Consolidation Act of 2000 requires the U.S. Department of Agriculture (USDA or the Department) Office of Inspector General (OIG) to report annually on the most serious management challenges USDA and its agencies and mission offices face. OIG sought to provide the Secretary and other policymakers with a streamlined report that improves clarity and highlights significant information.

After OIG’s review of the challenges cited in fiscal year (FY) 2021, they made a determination that these challenges represent areas where OIG recommends USDA improve its efforts to achieve overall excellence for the Department. As a part of the FY 2022 management challenges review, no challenges have been removed or added to this year’s report. OIG also highlighted what they consider “key challenge area indicators” within the four areas to assist USDA when addressing the challenges.

- a. Program Oversight and Accountability,
- b. Safety and Security,
- c. Program Performance, Results, and Outreach, and
- d. Financial Management.

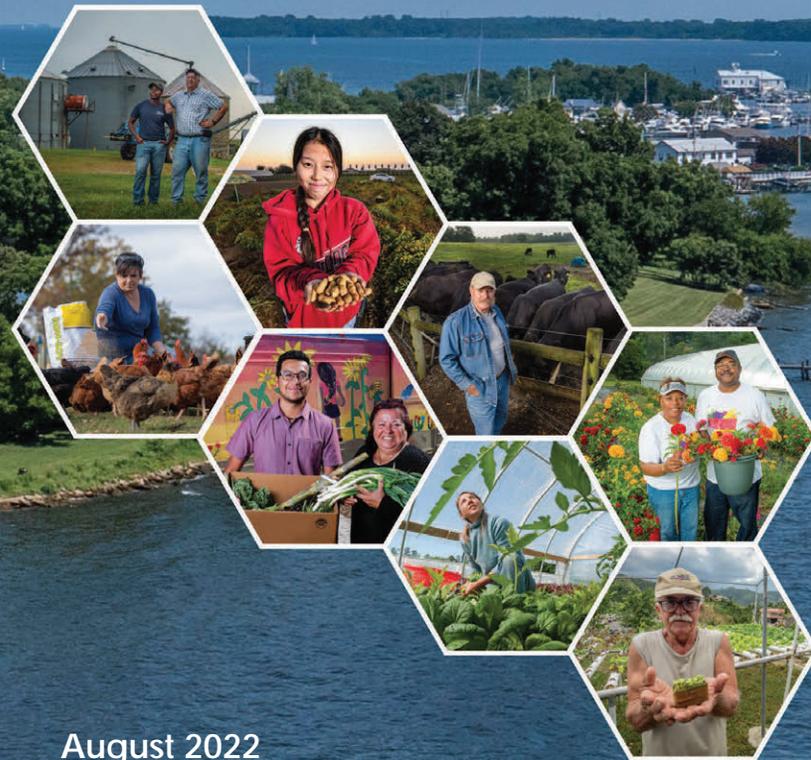
An example of USDA’s success in program process improvements is USDA’s Rural Development (RD). RD ensured the integrity of the substance use disorder facilities as required by the Agriculture Improvement Act of 2018. RD also prioritized the requirement by issuing guidance that authorized State Directors to add points to loan or grant applications. Specifically, RD added 15 point to loan or grant applications, authorized the Rural Housing Service Administrator to add another 15 points to loan applications and 30 points to grant applications requesting funding for substance use disorder facilities. RD also tracked and prioritized applications to address substance use disorder by including identifiers for “Substance Use Disorder” or “Substance Misuse Disorder” in the project’s name in RD’s grant processing system. Because RD prioritized the substance use disorder facilities requirement, OIG did not make any recommendations pertaining to this program.

The following pages include the entire USDA Management Challenges Report for FY 2022.

A full copy of the [OIG Report](#) is also available on the [Oversight.gov](#) website.



USDA Management Challenges



August 2022

OFFICE OF INSPECTOR GENERAL

Message from the Inspector General

The Office of Inspector General (OIG) provides oversight to U.S. Department of Agriculture (USDA) programs and operations to help ensure that USDA provides the best possible service to the public and American agriculture. As a result, OIG focuses its efforts to advance the value, safety and security, and integrity of USDA programs. In providing such oversight, OIG makes recommendations to address agency programs and core management functions that may be vulnerable to waste, fraud, abuse, and mismanagement. These vulnerabilities can affect USDA's ability to achieve its mission.¹ Since the Reports Consolidation Act of 2000, OIG has annually reported on the Department's progress in addressing its most critical management challenges.²

As discussed in the *2021 USDA Management Challenges*, OIG implemented a new approach to present these challenges. OIG streamlined the management challenges from seven major challenges to four: Program Oversight and



Figure 1. Fiscal Year 2022 Management Challenges.

Management Challenge Area	Key Challenge Indicator
Program Oversight and Accountability	Program Process Improvements for Enhanced Integrity Improper Payments
Safety and Security	Compliance with Information Technology Laws and Regulations Program Performance Monitoring
Program Performance, Results, and Outreach	Data Quality and Integrity to Measure Performance and Impact Outreach Efforts
Financial Management	Internal Controls and Compliance with Federal Laws and Regulations

Accountability; Safety and Security; Program Performance, Results, and Outreach; and Financial Management. We also highlighted what OIG considers “key challenge area indicators” within the four areas; these indicators are a means to assist USDA when addressing the challenges.³ This approach aids Departmental leadership by providing areas to address and resolve both broad and unique challenges that can affect multiple or specific agencies. It also provides the Secretary and other

policymakers with a more streamlined report that improves clarity and gives significant information greater prominence. See Figure 1 above for a summary of the simplified approach.

This year, we continued to focus on the four major challenge areas we established the previous year. These challenges represent areas in which OIG believes USDA could improve its efforts to achieve overall excellence for the Department. To accomplish this goal,

¹ Government Performance and Results Modernization Act of 2010 (GPRA), Pub. L. No. 111-352, 124 Stat. 3866.

² Pub. L. No. 106-531, 114 Stat. 2537.

³ Key challenge indicators are areas of focus that are derived from our findings and can help the Department address the challenges more effectively.

we referenced OIG work from June 1, 2021, to May 31, 2022, and analyzed the product portfolio, associated findings, and recommendations for each major challenge area.

As the Department strives to address these four management challenges and respective key challenge indicators through corrective actions, USDA should continue its efforts to address outstanding audit recommendations in order to safeguard the integrity of its many programs. As of June 30, 2022, the Office of the Chief Financial Officer reported there were 246 recommendations pending corrective action, of which 31 are pending collection, 211 are pending final action, and 4 are pending management decision.

Data acquisition, sharing, quality, and integrity for evidence-based decision making is key to program success and a focus area Governmentwide. A key challenge indicator of note in the Program Performance, Results, and Outreach challenge is Data Quality and Integrity. We highlight this indicator because the challenges associated with data quality and integrity are critical, cross-cutting issues that could affect USDA's ability to implement its programs, mitigate potential improper payments, ensure that outreach efforts are reaching the right constituencies, and measure impact. As USDA develops new approaches to address these Management Challenges and key challenge indicators, focusing on data

⁴ Report Number 21-045-01, *USDA COVID-19 Funding Dashboard*, Oct. 2021.

quality and integrity should help improve program effectiveness.

As the Department continues to implement programs, it should focus on the challenges and key challenge indicators outlined in this report. This focus should help ensure that the programs are implemented with appropriate oversight and accountability, safety and security measures, program performance monitoring, outreach efforts, and the means and data to adequately measure and report program impact. For example, our Office of Analytics and Innovation released a public coronavirus disease 2019 (COVID-19) funding dashboard that allows stakeholders to explore an overview of the sources and uses of USDA's COVID-19 funding.⁴ This interactive dashboard uses financial data identified by USDA's Office of Budget and Program Analysis and the Forest Service, and it allows users to see how much funding has been obligated; search for funding under particular appropriations acts, agencies, or program areas; and explore how much funding has been, or remains to be, spent.

In closing, we would like to express our sincere appreciation to Secretary Vilsack and Deputy Secretary Bronaugh for their support of our mission and their commitment to excellence across USDA.

We look forward to working with the Department and its agencies to further address these management challenges

and key challenge indicators in the coming year.

If you have any questions or would like to discuss these management challenges and related key challenge indicators, please contact me (202-720-8001). You or your staff may also contact Audit's Acting Assistant Inspector General, Yaris Rivera Rojas (202-720-4060), Investigations' Assistant Inspector General, Kevin Tyrrell (202-734-8052), or Analytics and Innovation's Acting Assistant Inspector General, Craig Goscha (816-926-7644).

/s/

Phyllis K. Fong
Inspector General

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Challenge 1: Program Oversight and Accountability

Effective oversight and monitoring of USDA’s programs and operations are vital. This oversight ensures that funds reach those for whom they are intended and that programs are efficient, produce reliable results, and comply with applicable laws and regulations. Program integrity and proper stewardship of resources are significant responsibilities of the Department; ineffective oversight and accountability can negatively impact consumer confidence in USDA programs.

Key Challenge Indicators



Program Process Improvements for Enhanced Integrity



Improper Payments

Key Challenge Indicator:

Program Process Improvements for Enhanced Integrity

The Department must employ effective processes within its programs to ensure program integrity and mitigate instances of fraud, waste, and abuse. Two of our recent audits identified weaknesses in the integrity of USDA program processes.

For example, an audit of the Food and Nutrition Service’s (FNS) The Emergency Food Assistance Program (TEFAP) found weaknesses in FNS’ oversight of the program.⁵ TEFAP provides Federally purchased commodities (USDA-foods) to States and territories (States) to distribute to recipient agencies serving low-income households and individuals. TEFAP also provides administrative funds to cover States’ and recipient agencies’ costs associated with the processing, storage, and distribution of

USDA-foods and foods provided through private donations.

We concluded that FNS did not formally evaluate what impact the COVID-19 pandemic could have on the safe and efficient distribution of food assistance to States. This occurred because FNS had not established a formal enterprise risk management process to continuously identify and assess risks related to TEFAP program operations, including changing conditions that could impact the integrity of the program. Without a formal risk management process for TEFAP, there is no assurance that FNS periodically reviews and documents its response to the impact of changing conditions on the safe and effective distribution of food assistance to States. In fiscal year (FY) 2020, the

⁵ Inspection Report 27801-0001-21(1), *COVID-19—Oversight of The Emergency Food Assistance Program—Interim Report*, Aug. 2021.

Figure 2. A forklift operator manages pallets of USDA-foods from The Emergency Food Assistance Program. This Federal program helps supplement the diets of low-income Americans by providing them with emergency food assistance at no cost. Photo by Lance Cheung from USDA’s Flickr account. It does not depict any particular audit or investigation.



Families First Coronavirus Response and Coronavirus Aid, Relief, and Economic Security (CARES) Acts increased TEFAP funding by \$850 million, with funding totaling more than \$1.2 billion, thus increasing the potential risk that food assistance may not go to those in need. FNS generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

Another audit revealed continued weaknesses with the Animal and Plant Health Inspection Service’s (APHIS) Smuggling Interdiction and Trade Compliance (SITC) Program.⁶ This program handles smuggling and trade compliance issues, primarily at marketplace locations, both to prevent

and detect those compliance issues that impact U.S. markets.⁷

OIG reviewed the corrective actions APHIS’ SITC Program implemented following a 2012 audit.⁸ While SITC officials implemented the 13 prior audit recommendations, we determined that 4 were not fully implemented and 2 were implemented but not followed. This occurred because APHIS relied on SITC Program officials to fully implement corrective actions without verifying internal controls were in place and functioning. As a result of insufficient internal controls, conditions OIG reported more than 8 years ago continue to exist. These conditions reduce SITC’s ability to detect and prevent the unlawful entry and distribution of prohibited products.

OIG also found that the SITC Program needs to enhance its controls for searches of prohibited products purchased through internet sales. SITC management relied on the internet team’s knowledge and experience instead of documenting controls, such as policies and procedures, and establishing routine training. As a result, this could lead to inconsistent instructions on how to complete tasks effectively.

An example of USDA’s success in program process improvements for enhanced integrity is USDA’s Rural Development’s (RD) Community Facilities Direct Loan and Grant Program.⁹ The Rural Housing Service (RHS), an agency within RD, administers this program.

⁶ Audit Report 33601-0004-23, *Follow-up on Smuggling Interdiction and Trade Compliance Program*, Sept. 2021.

⁷ The SITC reference guide describes marketplaces as major distribution centers; flea markets; animal, plant, and insect trades shows; large and small chain stores; roadside vendors; and neighborhood corner stores. USDA APHIS, *Smuggling Interdiction and Trade Compliance Reference Guide* (Aug. 2015).

⁸ Audit Report 33601-0012-CH, *Effectiveness of the Smuggling, Interdiction, and Trade Compliance Unit*, Aug. 2012. Within this report, we refer to SITC as a program, not a unit as it was referred to in our prior audit report.

⁹ Audit Report 04601-0001-24, *Rural Development’s Prioritization of Direct Loans and Grants for Facilities Providing Substance Use Disorder Services*, Mar. 2022



Figure 3. Medical equipment at a withdrawal management center that opened with assistance from USDA’s Community Facilities Direct Loan and Grant Program. Photo by Preston Keres from USDA’s Flickr account. It does not depict any particular audit or investigation.

OIG found that RD took positive steps to ensure the integrity of the substance use disorder facilities requirement from the Agriculture Improvement Act of 2018. RD prioritized the requirement by issuing guidance that authorized State Directors to add an additional 15 points to loan or grant applications and authorized the RHS Administrator to add an additional 15 points to loan applications and 30 points to grant applications requesting funding under the purview of substance use disorder facilities. RD also tracked applications that requested substance use disorder priority through the project’s name. Personnel tracked applications by including identifiers for “Substance Use Disorder” or “Substance Misuse Disorder” in the project’s name in RD’s grant processing system. Because RD prioritized the substance use disorder facilities requirement, we did not make any recommendations in this report.

Key Challenge Indicator:

Improper Payments

An improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. In addition, improper payments include any payment with insufficient documentation to determine that the payment was proper. In order to mitigate such payments, agencies must publish reports with improper payment information, identify susceptible programs, and identify improper payments reduction targets. Reducing improper payments is critical to safeguarding Federal funds.

Although not all improper payments are fraudulent, and not all improper payments represent a loss to the Government, all improper payments can affect the integrity of Government programs and compromise the public’s trust in the Federal Government. These reports are important because they provide transparency and allow stakeholders to make informed decisions.

OIG found that USDA was not compliant with four of the six Payment Integrity and Information Act of 2019 (PIIA) requirements for FY 2021.¹⁰ Specifically, 5 of the 17 high-risk programs reported did not fully comply with PIIA requirements. Five Farm Service Agency (FSA) programs did not meet the PIIA compliance requirements for reporting one or more of the following:

annual reduction targets, gross improper payment rates of less than 10 percent, or corrective action plans. As a result, these USDA programs could not ensure taxpayer money served its intended purpose.

OIG also found that USDA did not meet a fourth PIIA compliance requirement when the Department did not timely report the Risk Management Agency’s Federal Crop Insurance Corporation as a high-risk program on paymentaccuracy.gov. Without sufficient information, USDA stakeholders are not able to make informed decisions using Agency Financial Report (AFR) improper payment data. Finally, USDA reported improper payment information for FY 2021 that contained inaccuracies or that the Department could not support with appropriate documentation. We also questioned whether USDA complied with Office of Management and Budget (OMB) criteria for improper payment reporting. Accurate and documented information is critical so that USDA stakeholders are able to use AFR improper payment data to make informed decisions.

OIG also identified potential improper payment concerns with the Emergency Watershed Protection (EWP) Program under the National Resources Conservation Service (NRCS). EWP offers technical and financial assistance to help local

¹⁰ Audit Report 50024-0002-24, *USDA’s FY 2021 Compliance with Improper Payment Reporting Requirements*, June 2022.



Figure 4. Driftwood pile resting on an Emergency Watershed Protection flood plain easement. Photo by Lance Cheung from USDA’s Flickr account. It does not depict any particular audit or investigation.

communities mitigate imminent hazards to life and property caused by floods, fires, windstorms, and other natural occurrences that impair a watershed.¹¹ OIG found that State officials did not initiate the closeout process or de-obligate unused funds of more than \$9.5 million for 18 signed cooperative agreements in a timely manner. As a result, this could lead to lengthy, unliquidated obligations and potentially prevent the funds from being used on other EWP Program projects.

Another example of improper payments was in FSA’s Florida Citrus Recovery Block Grant Program.¹² Overall, FSA and the State of Florida designed an adequate control structure over the block grant program; however, we identified discrepancies with 8 of the 39 grant payments in our sample. Specifically, six payments contained errors due to inaccurate payment calculations for young tree acreage, and two lacked

¹¹ Audit Report 10702-0001-23, *Hurricane Disaster Assistance—Emergency Watershed Protection Program*, June 2021.

¹² Audit Report 03702-0001-22, *Florida Citrus Recovery Block Grant Program*, June 2021.

sufficient documentation to support their Part 1 payments for grove rehabilitation. This occurred because the State of Florida’s internal review process did not identify these discrepancies prior to paying the producer. Specifically, the young tree acreage calculation, which is complicated and prone to errors, was not treated as high-risk during the review process, and the process of reviewing supporting documentation was not consistently completed. As a result, grant personnel issued eight improper payments, totaling more than \$7.5 million, to Florida citrus producers affected by Hurricane Irma.

We also found 31 grant participants that did not timely apply for the Wildfires and Hurricanes Indemnity Program, which is a prerequisite for the block grant program. As this issue was addressed in a prior OIG audit report, we made no additional recommendations in this report. Additionally, we found



Figure 5. An orange harvest from a citrus packing house. Photo by Richard Brassfield from USDA’s Flickr account. It does not depict any particular audit or investigation.

that the Florida FSA State office issued an Emergency Conservation Program (ECP) payment of more than \$50,000 for expenses already paid by the Citrus Recovery Block Grant Program. We informed the FSA national office of this issue and they agreed to work with the Florida State office to review this payment and determine whether collecting the ECP payment from the producer is warranted. We agreed with FSA’s proposed actions and questioned the amount of the ECP payment. FSA generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

Challenge 2: Safety and Security

OIG provides independent audits, investigations, inspections, data analytics, and other reviews to help USDA and the American people meet critical challenges in safety, security, public health, and animal welfare. Our work focuses on issues such as the ongoing challenges of agricultural inspection activities, the safety of our Nation’s food supply, homeland security, and IT security and management.

Key Challenge Indicators



Compliance with Information Technology Laws and Regulations

Key Challenge Indicator:

Compliance with Information Technology Laws and Regulations

Cybersecurity is a major factor in any organization, and USDA is no different. USDA continues to face threats to its security, including threats from bad actors who seek to find and exploit information system vulnerabilities. While the Department has made great efforts to strengthen its information technology (IT) infrastructure, compliance with IT laws and regulations remains a major concern, particularly with ongoing technological advancements and an ever-changing cyber realm.

For example, a recent audit found that USDA continues to take positive steps to improve its IT security posture, but many weaknesses remain.¹³ OMB establishes

standards for an effective level of security and considers “Managed and Measurable”¹⁴ to be a sufficient level. However, USDA OIG found the Department’s maturity level to be at the “Consistently Implemented”¹⁵ level. Based on OMB’s criteria, the Department’s overall score indicates an ineffective level of security.

Due to existing security weaknesses identified, OIG continues to report a material weakness in USDA’s IT security that should be included in the Department’s Federal Managers Financial Integrity Act report. The Office of the Chief Information Officer (OCIO) generally agreed with our findings and

¹³ Audit Report 50503-0005-12, *U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2021 Federal Information Security Modernization Act*, Oct. 2021.

¹⁴ “Managed and Measurable” means that quantitative and qualitative measures on the effectiveness of policies, procedures, and strategies are collected across the organization and used to assess them and make necessary changes.

¹⁵ “Consistently Implemented” means that policies, procedures, and strategies are formalized and documented, and are consistently implemented, but quantitative and qualitative effectiveness measures are lacking.

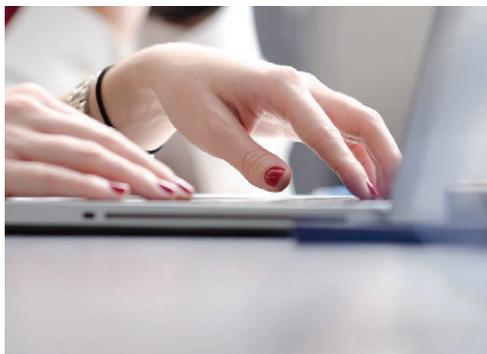


Figure 6. The Office of Inspector General regularly audits the Department to help ensure compliance with information technology laws and regulations. Photo by Lance Cheung from USDA’s Flickr account. It does not depict any particular audit or investigation.

recommendations, and we have reached agreement on the planned corrective actions to address them.

Furthermore, OIG performed an inspection of four mission areas within USDA to determine if the mission areas were identifying and mitigating vulnerabilities on their public-facing web applications and websites.¹⁶ We reviewed vulnerability scanning policies, procedures for identifying and mitigating vulnerabilities, as well as public-facing web application and website inventories. OIG also reviewed the four mission areas’ processes pertaining to website and web application vulnerability management. OCIO and the mission areas generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

OIG also performed an inspection of the OCIO to determine whether

USDA followed Federal and Departmental incident response guidance.¹⁷ We interviewed OCIO staff to gain an understanding of OCIO’s incident handling process and reviewed documentation provided by staff to determine if OCIO’s incident handling process complies with applicable laws and regulations. We determined that USDA follows Federal incident response guidance for incident handling; however, OCIO did not follow all Departmental guidance. OCIO generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

¹⁶ Audit Report 50801-0002-12, *Security Over USDA Web Applications*, Oct. 2021.

¹⁷ Inspection Report 88801-0001-12, *USDA’s Information Technology Incident Response Consideration*, June 2021.

Challenge 3: Program Performance, Results, and Outreach

USDA manages more than 300 programs that provide a variety of services to the American public. These programs include grants and loans for rural communities, food assistance for schools and private citizens, and research and technical assistance for environmental projects. For such a diverse portfolio of programs, the Department must have well-designed programs to be a diligent steward of Federal funds. However, designing, developing, and implementing programs that reliably achieve their intended results has been a recurring challenge for the Department. Monitoring program performance is also essential to ensure that USDA programs and benefits are delivered effectively and are accessible to all of the communities USDA serves. Lastly, sustained outreach efforts are crucial to ensuring that USDA programs reach their intended recipients.

Key Challenge Indicators



Program Performance Monitoring



Data Quality and Integrity to Measure Performance and Impact



Outreach Efforts

Key Challenge Indicator:

Program Performance Monitoring

OIG has found that USDA agencies do not have adequate reviews or controls to report the metrics necessary to evaluate program performance. In some programs, agencies failed to put performance measures in place. As a result, some agencies are using inaccurate or unreliable data to report their program performance and therefore cannot ensure that program benefits are delivered to the intended recipients.

For example, OIG found that the Office of Partnerships and Public Engagement (OPPE) needed to establish performance goals for the Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program (the 2501 Program).^{18,19} The 2501 Program provides eligible organizations with grant funds for outreach, training, education, and technical assistance.

¹⁸ Audit Report 91601-0001-21, *Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program (2501 Program) in Fiscal Years 2018 and 2019*, Nov. 2021.

¹⁹ The purpose of the 2501 Program is to assist socially disadvantaged and veteran farmers and ranchers in owning and operating farms and ranches while increasing their participation in agricultural programs and services provided by USDA.

Figure 7. A repurposed shed and trailer, which serves as a sturdy mobile shelter for chickens, at a workshop to help educate military service veterans about rare breed animal and poultry options for farming enterprises. The 2501 Program enhances the viability and profitability of small farms and ranches, beginning farmers and ranchers, and socially disadvantaged farmers and ranchers by providing eligible organizations with grant funds for outreach, training, education, and technical assistance, such as this workshop. Photo by Lance Cheung from USDA’s Flickr account. It does not depict any particular audit or investigation.



We determined that OPPE did not establish a performance plan and set performance goals and indicators to measure and assess its progress towards achieving the 2501 Program’s purpose. This occurred because OPPE found it challenging to set goals and establish performance indicators²⁰ to measure and assess the level of performance the program should accomplish each year. As a result, OPPE cannot meet its requirement to report annually on its accomplishments and evaluate if the grants awarded were successful in meeting the objectives of the 2501 Program. Furthermore, by not establishing performance goals, OPPE cannot determine if improvements are needed to meet the objectives of the 2501 Program. OPPE generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

In another report, OIG found that APHIS needs to improve several areas pertaining to the Federal Select Agent Program (FSAP).²¹ FSAP is jointly administered by APHIS and the Centers for Disease Control and Prevention. APHIS oversees the possession, use, and transfer of biological select agents and toxins, which have the potential to pose a severe threat to public, animal, or plant health, or to animal or plant products. We found that the Electronic FSAP (eFSAP) system, which APHIS uses to monitor entities’ compliance with Federal regulations, did not always include accurate and complete information. Although APHIS stated that it requires file managers to review information uploaded to eFSAP and approve the possession use, or transfer of select agents, APHIS lacked oversight control procedures to ensure that file managers performed these reviews and that information was complete and

accurate. As a result, APHIS may not be able to ensure select agents and toxins are adequately secured by registered entities. APHIS generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

²⁰ The GPRA Modernization Act of 2010, Pub. L. No. 111-352, 124 Stat. 3868 and 3871.

²¹ Audit Report 33701-0002-21, *Controls Over Select Agents*, July 2021.

Key Challenge Indicator:

Data Quality and Integrity to Measure Performance and Impact

OIG has found that USDA faces challenges with data quality and integrity as it pertains to measuring performance and impact. The Department must have sufficient controls to ensure data are comprehensive and correct. These controls are needed because the Department uses these data to evaluate program performance, measure impact, ensure that outreach efforts are effective, and make evidence-based decisions.

For example, OIG reviewed USDA’s implementation of the Digital Accountability and Transparency Act (DATA Act).²² The DATA Act requires USDA to submit to the U.S. Department of the Treasury (Treasury) Federal contract, loan, and grant spending information for Federal programs so that taxpayers and policymakers can more effectively track Federal spending. OIG is responsible for reviewing a sample of the spending data submitted by USDA and submitting to Congress a publicly available report assessing the completeness, timeliness, and accuracy of the sampled data.

We found that, although USDA transmitted its FY 2020 fourth quarter submission to the Treasury’s DATA Act Broker, its submission was not complete and contained records that were not accurate or timely, according to DATA Act reporting standards. We

also found that USDA component agencies and offices did not consistently implement and use Governmentwide financial data standards established by OMB and the Treasury. As a result, the intended users of the data—as outlined by the DATA Act—do not have consistent, reliable, and searchable USDA spending data available on USAspending.gov. In addition, without the consistent use of standards, USDA cannot attest to the reporting of reliable, transparent, and consistent Federal spending data for public use. Departmental and agency officials generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

²² Audit Report 11601-0002-12, *USDA’s Digital Accountability and Transparency Act Compliance Efforts for Fiscal Years 2020 and 2021*, Nov. 2021.



Figure 8. A hand is raised for questions during a joint USDA and Environmental Protection Agency National Civil Rights Conference. This photo is from USDA’s Flickr account. It does not depict any particular audit or investigation.

Key Challenge Indicator:

Outreach Efforts

It is crucial that USDA sustain its outreach efforts to ensure its programs reach their intended recipients. As part of those efforts, the Department has stressed the importance of civil rights, highlighting that significant progress needs to be made in working with communities when addressing past civil rights issues. Due to the public’s perception of how USDA has historically treated members of socially disadvantaged groups, the Department is continually challenged to find effective ways to encourage and support all citizens in their agribusiness endeavors, especially those within underrepresented groups.

For example, an audit of USDA’s Office of the Assistant Secretary for Civil Rights (OASCR) found internal control weaknesses over the civil rights complaints process.²³ USDA’s OASCR is responsible for making final determinations on complaints of discrimination filed by any persons

who believe they have been subjected to prohibited discrimination in a USDA program. We concluded that, overall, OASCR needs to develop a stronger internal control environment over its civil rights program complaints processing to ensure that complaints are timely and appropriately handled, and that OASCR achieves established goals and objectives. First, OASCR did not timely process civil rights program complaints. Specifically, in FY 2019, OASCR averaged 799 days to process program complaints compared to the 180-day standard. Furthermore, two other agencies that OASCR coordinated with to resolve complaints took more than 220 days and more than 600 days, respectively, to process complaints. When faced with lengthy timeframes to process their complaints, individuals who have a legitimate claim of discrimination and would otherwise be eligible for USDA programs may not continue to pursue their complaint or not file a

²³ Audit Report 60601-0001-21, *USDA Oversight of Civil Rights Complaints*, Sept. 2021.

complaint at all. OASCR generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

In the past, USDA has emphasized its efforts to improve outreach. An example of USDA’s improved outreach efforts is with the implementation of the Rural Business-Cooperative Service (RBCS) Business and Industry (B&I) Guaranteed Loan Program.

RBCS, an agency within the RD mission area, offers programs to help businesses in rural areas grow. Under the RBCS B&I Guaranteed Loan Program, private lenders make loans for creating and expanding rural businesses, as well as creating employment opportunities in rural America. A recent inspection determined how RBCS implemented the B&I CARES Act Guaranteed Loan Program and made modifications to help guaranteed lenders with existing borrowers experiencing cash flow issues.²⁴ One of the inspection’s objectives was to determine how the agency conducted outreach to rural businesses to provide access to funding for sustaining operations.

During the COVID-19 pandemic, there was a lack of access to much-needed

capital to support business operations and facilities. OIG found that to ensure lenders and borrowers were informed of opportunities for assistance, RBCS conducted outreach in multiple forms, including webinars hosted by itself and by commercial lenders. An RBCS official stated that, although there were no formal agreements between the lenders and USDA to conduct outreach on the agency’s behalf, much of the outreach was conducted by lending institutions due to the natural incentive for lenders to make and close loans. Additionally, Federal Register notices published in March and May 2020 included a notification for deferring guaranteed loans, notice of funding availability (NOFA),²⁵ and guidance on administering the B&I CARES Act Program.

²⁴ Inspection Report 34801-0001-23, *COVID-19—Business and Industry Guaranteed Loan Modifications in Response to the Pandemic*, Sept. 2021.

²⁵ The NOFA is a notice published in the Federal Register that describes the type of funding available on a competitive basis and provides a contact where an application may be submitted.

Challenge 4: Financial Management

As USDA receives significant additional funding to implement its pandemic-related responsibilities, the Department should focus more of its efforts to strengthen financial management. Each year, the Department's annual financial reports provide the public, Congress, and the President with information regarding the funds spent on public services. These reports account for USDA's costs and revenues, assets and liabilities, and other information.

Key Challenge Indicator:

Internal Controls and Compliance with Federal Laws and Regulations

As required by law, OIG either conducts or oversees audits of the financial statements for the Department and four component agencies annually to determine if the statements are fairly presented in accordance with generally accepted accounting principles. In addition, OIG reviews internal controls over financial reporting and tests compliance with applicable laws and regulations. For FY 2021, the Department and four component agencies received unmodified opinions on their financial statements.

However, OIG's consideration of USDA's internal controls over financial reporting

Key Challenge Indicators



Internal Controls and Compliance with Federal Laws and Regulations

identified three significant deficiencies.²⁶ These are: (1) improvements are needed by three component agencies in their overall financial management; (2) USDA needs to improve its IT security and controls, as many long-standing weaknesses remain;²⁷ and (3) USDA and RD need to improve controls over unliquidated obligations. We determined the first two deficiencies are material weaknesses.²⁸

Two component agencies needed improvement in their controls over financial reporting. The Commodity Credit Corporation (CCC) had one material weakness with its account

²⁶ Audit Report 50401-0020-11, *USDA's Consolidated Financial Statements for Fiscal Years 2021 and 2022*, Nov. 2021.

²⁷ This report is also applicable to Management Challenge 2: Safety and Security.

²⁸ A material weakness is a deficiency, or a combination of deficiencies, in internal controls over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. OMB Bulletin 19-03, *Audit Requirements for Federal Financial Statements* (Aug. 27, 2019).

for budgetary transactions.^{29,30}

NRCS had three material weaknesses with its controls over obligations and unfilled customer orders, controls over expenditures, and entity level controls. The agencies generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

Additionally, our review of compliance with laws and regulations identified noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), the Antideficiency Act, and the Payment Integrity Information Act of 2019.³¹ The results of our tests of FFMIA disclosed instances where USDA was not substantially compliant with Federal Financial Management System Requirements (FFMSR), applicable Federal accounting standards, and the U.S. Standard General Ledger at the transaction level. The Department generally agreed with our findings and recommendations, and we have reached agreement on the planned corrective actions to address them.

²⁹ Audit Report 06403-0004-11, *Commodity Credit Corporation's Financial Statements for Fiscal Years 2021 and 2020*, Nov. 2021.

³⁰ Audit Report 10403-0004-11, *Natural Resources Conservation Service's Financial Statements for Fiscal Years 2021 and 2020*, Nov. 2021.

³¹ Pub. L. No. 104-208, 110 Stat. 3009; 31 U.S.C. § 1341; and Pub. L. No. 111-204, 124 Stat. 2224, as amended by the Improper Payments Elimination and Recovery Improvement Act of 2012 (Pub. L. No. 112-248, 126 Stat. 2390), respectively.

Appendix A: Referenced Reports

MC	Agency	Audit Number	Audit Title	Published	Page
1	FNS	Inspection Report 27801-0001-21(1)	COVID-19—Oversight of The Emergency Food Assistance Program—Interim Report	Aug. 2021	1
1	APHIS	Audit Report 33601-0004-23	Follow-up on Smuggling Interdiction and Trade Compliance Program	Sept. 2021	2
1	RD	Audit Report 04601-0001-24	Rural Development’s Prioritization of Direct Loans and Grants for Facilities Providing Substance Use Disorder Services	Mar. 2022	2
1	USDA	Audit Report 50024-0002-24	USDA’s FY 2021 Compliance with Improper Payment Reporting Requirements	June 2022	4
1	NRCS	Audit Report 10702-0001-23	Hurricane Disaster Assistance—Emergency Watershed Protection Program	June 2021	5
1	FSA	Audit Report 03702-0001-22	Florida Citrus Recovery Block Grant Program	June 2021	5
2	OCIO	Audit Report 50503-0005-12	U.S. Department of Agriculture, Office of the Chief Information Officer, Fiscal Year 2021 Federal Information Security Modernization Act	Oct. 2021	6
2	USDA	Inspection Report 88801-0001-12	USDA’s Information Technology Incident Response Consideration	June 2021	7
2	OCIO	Audit Report 50801-0002-12	Security Over USDA Web Applications	Oct. 2021	8
3	OPPE	Audit Report 91601-0001-21	Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program (2501 Program) in Fiscal Years 2018 and 2019	Nov. 2021	8
3	APHIS	Audit Report 33701-0002-21	Controls Over Select Agents	July 2021	9
3	USDA	Audit Report 11601-0002-12	USDA’s Digital Accountability and Transparency Act Compliance Efforts for Fiscal Years 2020 and 2021	Nov. 2021	10
3	OASCR	Audit Report 60601-0001-21	USDA Oversight of Civil Rights Complaints	Sept. 2021	11
3	RD	Inspection Report 34801-0001-23	COVID-19—Business and Industry Guaranteed Loan Modifications in Response to the Pandemic	Sept. 2021	12

MC	Agency	Audit Number	Audit Title	Published	Page
4	USDA	Audit Report 50401-0020-11	USDA's Consolidated Financial Statements for Fiscal Years 2021 and 2022	Nov. 2021	13
4	CCC	Audit Report 06403-0004-11	Commodity Credit Corporation's Financial Statements for Fiscal Years 2021 and 2020	Nov. 2021	14
4	NRCS	Audit Report 10403-0004-11	Natural Resources Conservation Service's Financial Statements for Fiscal Years 2021 and 2020	Nov. 2021	14

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REFERENCED REPORTS

ACRONYMS

Appendix B: Acronyms and Abbreviations

AFR.....	Agency Financial Report	FSAP	Federal Select Agent Program	SITC	Smuggling Interdiction and Trade Compliance
APHIS.....	Animal and Plant Health Inspection Service	FY.....	fiscal year	TEFAP	The Emergency Food Assistance Program
B&I.....	Business and Industry	GPRA	Government Performance and Results Modernization Act of 2010	The 2501 Program	Outreach and Assistance to Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program
CARES.....	Coronavirus Aid, Relief, and Economic Security Act	IT	information technology	Treasury	U.S. Department of the Treasury
CCC.....	Commodity Credit Corporation	NOFA	notice of funding availability	USDA	U.S. Department of Agriculture
COVID-19	coronavirus disease 2019	NRCS.....	National Resources Conservation Service	USDA-foods ...	Federally purchased commodities
DATA Act.....	Digital Accountability and Transparency Act	OASCR.....	Office of the Assistant Secretary for Civil Rights		
ECP.....	Emergency Conservation Program	OCIO.....	Office of the Chief Information Officer		
eFSAP	Electronic Federal Select Agent Program	OIG	Office of Inspector General		
EWP	Emergency Watershed Protection	OMB	Office of Management and Budget		
FFMIA	Federal Financial Management Improvement Act of 1996	OPPE	Office of Partnership and Public Engagement		
FFMSR.....	Federal Financial Management System Requirements	PIIA	Payment Integrity and Information Act of 2019		
FNS	Food and Nutrition Service	RBCS.....	Rural Business-Cooperative Service		
FSA	Farm Service Agency	RD.....	Rural Development		
		RHS	Rural Housing Service		

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USDA Response to Management Challenges

USDA takes challenges identified by the OIG very seriously and is aggressively pursuing corrective actions to address these weaknesses. The Department has already completed several corrective actions recommended by OIG and Government Accountability Office auditors. We will continue to enhance internal controls to remain compliant with Federal laws and regulations as indicated in the following responses.

CHALLENGE 1: Program Oversight and Accountability

Food and Nutrition Service (FNS), Coronavirus Disease 2019 (COVID-19)—Oversight of the Emergency Food Assistance Program—Interim Report (27801-0001-21(1))

FNS has taken several actions to improve program processes including the development and implementation of a formal risk management process for identifying, assessing, and documenting risks that could affect the integrity of The Emergency Food Assistance Program. The risk assessment, implemented in July of 2022, supports the agency's efforts to determine the frequency of testing the program's Internal Control Plan. FNS is now testing and documenting FNS' response to the risks identified during the assessment and the implementation of the mitigation strategies.

Animal Plant Health and Inspection Service (APHIS), Follow-up on Smuggling Interdiction and Trade Compliance Program (33601-0004-23)

APHIS has made improvements in support of program oversight and accountability within the Smuggling Interdiction and Trade Compliance (SITC) Program. They established routine training to support the SITC Internet Team in identifying prohibited products on the internet and developing a formal notification document for e-commerce businesses facilitating the sale or selling prohibited products on the internet. APHIS also revised the existing Program Assessment and Accountability project selection procedures to include greater consideration for reviewing prior external audits, consistent with identified risks, implemented in July of 2022.

Currently, APHIS is developing and implementing oversight procedures to review benchmarks and performance metrics and implement corrective actions if metrics are not realized. The agency also requires supervisors to review SITC officers' adherence to requirements in (1) selecting markets to implement SITC procedures, (2) developing procedures to guide performance inspections, seizures, and traces for prohibited products at secondary express courier operation sites, (3) and requiring compliance checks to ensure previously identified pathways were closed.

USDA, USDA's FY 2021 Compliance with Improper Payment Reporting Requirements (50024-0002-24)

Upon the Office of Management and Budget (OMB)'s upload of the Annual Data Call information to the [PaymentAccuracy.gov](https://www.paymentaccuracy.gov) website, the Office of the Chief Financial Officer (OCFO) will download the information and review the agency-submitted data. Data discrepancies (if any) will be immediately discussed with the Agency Point of Contact. In addition, the OCFO Fiscal Policy Division

Management Analyst will contact OMB to request that the information be corrected immediately. OCFO and the Risk Management Agency (RMA) took these steps to address this weakness during the 2021 Annual Data Call. However, because OMB did not complete the correction to the data until after OIG began the audit process, OIG found USDA non-compliant.

The Farm Service Agency (FSA) will submit documentation of the actions the agency will take to bring the Noninsured Crop Disaster Assistance, Emergency Conservation, Market Facilitation, Trade Mitigation, and Wildfires and Hurricanes Indemnity Programs into compliance with the appropriate authorizing and appropriations committees of Congress. Relevant information will be published on [PaymentAccuracy.gov](https://www.fsa.usda.gov/PaymentAccuracy) through coordination with the Farm Production and Conservation Business Center's (FPAC-BC) Performance, Accountability, and Risk Division.

Natural Resources Conservation Service (NRCS), Hurricane Disaster Assistance— Emergency Watershed Protection Program (EWP) (10702-0001-23)

NRCS is reviewing sponsor eligibility associated with Damage Survey Reports totaling \$41.2 million for Hurricanes Harvey, Irma, and Maria to ensure compliance with the EWP Program. NRCS established controls to alert states of the unliquidated allocated funds and remaining funds in their accounts. The agency has clarified terminology in the National EWP Program Manual to ensure the correct completion of project reports. Lastly, the EWP Manual policy now provides guidance regarding the specific due dates of status and final reports once the last project agreement of the disaster event expires.

FSA, Florida Citrus Recovery Block Grant (FL CRBG) Program (03702-0001-22)

FSA and the State of Florida completed the corrective actions to address the improper payments identified by OIG's audit of FSA's Florida Citrus Recovery Block Grant Program. To correct the improper payments, FSA and the State of Florida corrected payment calculations, disbursed additional payments, collected back overpayment amounts, and obtained adequate documentation to support payments, as applicable. The State of Florida also completed an internal review of all producers with program reimbursement for young tree acres, verified payment calculations were correct, and corrected improper payments identified during the internal review.

CHALLENGE 2: Safety and Security

Office of the Chief Information Officer (OCIO), USDA, OCIO, FY 2021 Federal Information Security Modernization Act (FISMA), (50503-0005-12)

OCIO and the Department are making great strides to mitigate information technology (IT) security weaknesses and deficiencies. The Integrated Project Team (IPT) developed and approved the project plan to retire or supersede aged IT security policies and procedures on the Departmental Directive website in July 2022. IPT developed Departmental Notice DN-3575-001, Information Systems Log Retention Requirements, published May 27, 2021, and Departmental Regulation (DR) 3575-003, Information Systems Log Retention Requirements, published July 7, 2022, which guides information system audit record and audit log retention requirements for the Department.

In early 2022, OCIO launched a migration that will expand Mobile Device Management (MDM) capabilities in the areas of patch management, vulnerability resolution, and reporting. The migration from Microsoft Office Management to the Microsoft Intune (cloud-based service) project is also underway and will be completed July 30, 2023.

OCIO addressed high, medium, and low vulnerabilities through the development of the Enterprise Patching and Vulnerability Group which was established by charter, and the procedures this group follows for monitoring, assessing, communicating, and remediating vulnerabilities are documented in a Standard Operating Procedure (SOP).

OCIO updated guidance and procedures to provide stakeholders with instructions on accepting security weaknesses. OCIO has also created mitigating controls by pulling reports from the Cyber Security Assessment and Management (CSAM) system to confirm timely remediation of weaknesses. The CSAM Security Posture Dashboard Report was developed to collect vulnerability and asset data.

In June 2022, the Information Security Center (ISC) Audit Management Team met with the Subject Matter Experts (SMEs) and determined additional instructions on how to navigate the Privacy Website. SMEs are drafting updates to the Privacy Impact Assessments (PIAs) and System of Records Notices Website SOPs. OCIO approved the Personally Identifiable Information (PII) Breach Notification and Incident Response Plan and assessed a real-life PII incident which included the After-Action Report.

OCIO provided documentation that Rural Development updated its system with current contingency plans to be compliant with DR 3571-001, Information System Contingency Planning and Disaster Recovery Planning.

USDA, USDA's Information Technology Incident Response Consideration (88801-0001-12)

With the expansion of system capabilities, OCIO specified which fields are required at each stage of the incident ticketing process to capture all required information. OCIO also developed a notification system to alert the Cyber Incident Response & Recovery Branch Section Supervisor and Branch Chief if a ticket is closed without authorization.

Office of the Chief Information Officer (OCIO), Security Over USDA Web Applications (50801-0002-12)

OCIO's Information Security Center (ISC) developed a working group with the stakeholders from the Cybersecurity Infrastructure Division that met the interim milestone of producing a gap analysis by March 31, 2022. The group continues to monitor the progress of the directive supporting the Web Services Vulnerability Identification and Reporting SOP. The development of this SOP is dependent on the publication of the policy.

CHALLENGE 3: Program Performance, Results, and Outreach

Office of Partnerships and Public Engagement (OPPE), Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers Program (2501 Program) in FYs 2018 and 2019 (91601-0001-21)

OPPE completed the position description, hiring, and onboarding for the Performance Improvement Officer. The Office revised the program terms and conditions to include requirements to address performance goals and key performance indicators in their recurring performance progress reports. OPPE also completed Fit/Gap² meetings with GrantSolutions and developed a Program Strategic Plan including program goals, key performance indicators, and metrics. Data migration from the current system to GrantSolutions will occur within a few months and OPPE estimates that a new grants system will be implemented in the summer of 2023. The annual report to Congress on the Socially Disadvantaged and Veteran Farmers and Ranchers Program will include program accomplishments based on key performance indicators and metrics.

APHIS, Controls Over Select Agents (33701-0002-21)

On August 1, 2022, APHIS implemented policies and procedures requiring file managers to review and document the verification and approval of amendment documentation submitted within the Federal Select Agents Program (FSAP). APHIS will continue to develop and implement policies and procedures requiring file managers and supervisors to ensure that select agents and associated strains maintained by registered entities are accurate and complete.

On June 21, 2022, APHIS completed the modification of the electronic FSAP (eFSAP) to display the expiration date on required OMB forms. The agency plans to modify eFSAP to capture and retain security risk assessment (SRA) expiration dates and notify officials when SRAs have expired.

On July 20, 2022, APHIS also evaluated and documented reporting requirements and definitions explaining the discovery, loss, theft, and release of select agents and toxins in the Select Agents and Toxin Regulation. APHIS plans to develop and implement additional guidance that details how inspectors should document their determinations that entities complied with federal regulations.

USDA, USDA's Digital Accountability and Transparency Act Compliance Efforts for FYs 2020 and 2021 (11601-0002-12)

OCFO continues to work to complete its mapping of all DATA Act reporting systems and expects to complete the undertaking in April 2023. OCFO met with the Office of Contracting and Policy, the FPAC mission area, RD, and the National Institutes of Food and Agriculture and captured the data needed for the mapping and confirmation of data elements in source systems. OCFO also issued a contract to Deloitte, and data mapping is under way.

² The FIT/GAP is an assessment of the GrantSolutions system and its capability and applicability for our grants management responsibilities to ensure it is a good option to replace eFG. The intent is to remove human interaction with data for data integrity.

In addition, OCFO Financial Management Services established System Enhancement ENCH0010261 to address this management challenge. The Requirements and Design Phases were completed in January 2022, and the development Phase was completed in March 2022.

Office of the Assistant Secretary for Civil Rights (OASCR), USDA Oversight of Civil Rights Complaints, 60601-0001-21)

OASCR evaluated the timeframe to process program complaints and, based on this analysis, developed, and implemented new case processing timeframes. The Office also added staff to the Program Directorate and has sufficient budget to continue staffing. OASCR is working with RD to update the Memorandum of Understanding and provide the Department of Housing and Urban Development with a memorandum outlining specific areas of focus, including complaint processing timelines, conciliation agreements, roles and responsibilities, and joint training.

OASCR met with the OCIO to create and execute a privacy threshold assessment and to discuss the Program Complaint Management System. OCIO also created and executed a PIA that is posted on OASCR's public website. The office is working with OCIO to complete the required documents for the incident management, configuration management and contingency plans for the Civil Rights Management System which replaced the Civil Rights Enterprise System. OASCR will continue to utilize the Report of Investigation Checklist and case review sessions to devise internal quality control reviews of complaint data.

CHALLENGE 4: Financial Management

OCFO, USDA's Consolidated Financial Statements for FYs 2021 and 2022 (50401-0020-11)

OCFO plans to complete the following actions to address this challenge and ensure appropriate agency officials obtain training pertaining to DR 2230-001, Reviews of Unliquidated Obligations: (1) develop training courses pertaining to DR 2230-001; (2) offer training courses to appropriate agency officials; and (3) document completion of these training courses.

Commodity Credit Corporation (CCC), CCC's Financial Statements for FYs 2021 and 2020 (06403-0004-11)

CCC has provided account separation training to managers and supervisors once notified of personnel separation. The Corporation provided Financial Management Modernization Initiative (FMMI) account disabling training to the managers/supervisors upon notification of FPAC personnel separation who have FMMI roles. CCC also reviewed and updated the Employee Separation SOP for account removal of FPAC personnel with FMMI roles. CCC will work on updating the FPAC Program Boundary System Security Plan and improve controls over financial reporting.

Natural Resources Conservation Service (NRCS), NRCS Conservation Service's Financial Statements for FYs 2021 and 2020 (10403-0004-11)

NRCS has accomplished 60 percent of its work in (1) identifying and implementing solutions to address current system limitations preventing the proper recording of budgetary transactions, (2) the review of the business rules used to make adjustments to the recorded obligation activity to verify correcting entries are recorded to correct general ledger accounts, and (3) the determination of the root cause for incorrect entries identified during the FY 2021 audit.

NRCS FPAC-BC is also near completion on enhancing internal communications to ensure timely information is provided to control owners.

RD, RD's Financial Statements for FYs 21 and 22 (85401-0012-11)

RD instructions, SOPs, and handbooks by program have been reviewed and a few areas have been identified that requires updates to make the instructions easier to understand. RD have set up individual meetings with the programs areas to discuss these areas. By the end of the month, RD will have a list of items that will be updated. The goal is to update the instructions, SOPs, and/or handbooks by the end of October.

Summary of Financial Statement Audit and Management Assurances

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 21 and Exhibit 22.

Exhibit 21: Summary of Financial Statement Audit

Audit Opinion as of November 14, 2022: Unmodified 2022 Consolidated Financial Statement Audit

Restatement: No

Material Weakness	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Financial Management	1				1
Information Technology Security and Controls	1				1
TOTAL MATERIAL WEAKNESSES	2				2

Exhibit 22: Summary of Management Assurances

A. Effectiveness of Internal Control Over Reporting (FMFIA § 2)

Statement of Assurance: Modified

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

C. 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

D. Compliance with Section 803 (A) of the FFMA

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

During the past two decades, laws and regulations governing the identification and recovery of improper payments have evolved to strengthen improvements in payment accuracy and raise public confidence in Federal programs. The Improper Payments Information Act of 2002 (IPIA), as amended and expanded by other related laws, collectively required agencies to periodically review all programs and activities to identify those susceptible to significant improper payments, conduct payment recapture audits, and leverage Government-wide Do Not Pay (DNP) initiatives.

The IPIA regulations also required extensive reporting requirements. In recent years, the Office of Management and Budget (OMB) transformed the improper payment compliance framework to create a more unified, comprehensive, and less burdensome set of requirements. IPIA was repealed and replaced by the Payment Integrity Information Act of 2019 (PIIA), which was passed on March 2, 2020. The PIIA modified and restructured existing improper payments laws to help agencies better identify and reduce any money wasted because of improper government payments. Not all improper payments are fraud, and not all improper payments represent a loss to the government. Generally, an improper payment is any payment that should not have been made or that was made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements.

OMB identifies programs as either Phase 1 or Phase 2 based on the potential risk of improper payments. Phase 1 programs have annual outlays of over \$10,000,000 and an improper payment rate that is below 1.5 percent. Phase 2 programs exceed the OMB threshold if the reported improper payment amount is above \$10,000,000 and 1.5 percent of the program's total annual outlays or above \$100,000,000 regardless of the associated percentage of the program's total annual outlays.

Risk assessments for programs identified as Phase 1 are performed every 3 years. In the interim years, risk assessments evaluating programs that experience any significant legislative changes and/or significant increase in funding will be done to determine if the U.S. Department of Agriculture (USDA or the Department) continues to be at low risk for making significant improper payments at or above the threshold levels set by OMB. In 2022, the Department conducted 44 risk assessments of programs in the following mission areas: Agricultural Research Services, Commodity Credit Corp, Farm Service Agency, Food and Nutrition Service, Forest Service, National Institute of Food and Agriculture, Natural Resources Conservation Service, Rural Business-Cooperative Services, Rural Development, Rural Housing Service, Rural Utilities Service, and Staff Offices. After performing risk assessments for these programs, the Department determined that none of its programs in 2022 were risk-susceptible for making significant improper payments at or above the threshold levels set by OMB.

USDA has three programs that are considered High-Priority programs. OMB defines high priority programs as those programs which have estimates of improper payments resulting in a monetary loss that exceeds \$100 million annually. Programs that are identified as High-Priority, report quarterly through an OMB-driven reporting mechanism. The results of the quarterly scorecards can be found on the [PaymentAccuracy.gov](https://www.paymentaccuracy.gov) website.

The three USDA programs identified as High-Priority are:

1. Food and Nutrition Services (FNS) National School Lunch Program (NSLP)
2. FNS School Breakfast Program (SBP); and
3. Risk Management Agency (RMA) Federal Crop Insurance Corp (FCIC)

In accordance with OMB Circular A-136, Financial Reporting Requirements, the three High-Priority programs have provided further information regarding their actions related to improper payments. This information includes an explanation of the description of improper payments made, an estimate of the improper payment amount and rate, an explanation of the causes of improper payments, and any major actions taken or planned to mitigate those causes.

The NSLP and SBP are federally assisted meal programs operating in public and nonprofit private schools and residential childcare institutions. They provide nutritionally balanced, low-cost or free meals to children. For fiscal year (FY) 22, USDA estimates NSLP improper payments (IP) as \$87.68 million (1.5 percent IP Rate); and SBP improper payments as \$53.19 million (2.11 percent IP rate).

NSLP and SBP improper payments typically include two types of errors:

1. *Certification errors* occur when a student is certified at the incorrect reimbursement level, e.g., at the higher free level instead of reduced-price (which results in an overpayment) or at the lower paid or reduced-price levels instead of free (which results in an underpayment); and
2. *Aggregation errors* occur when, in the process of reimbursements, the incorrect meal counts are recorded or transmitted from schools to School Food Authorities (SFAs), from SFAs to State Agencies (SAs), or from SAs to FNS.

The Coronavirus Disease 2019 (COVID-19) pandemic changed NSLP and SBP operations beginning in March 2020. The change in operations affected the primary component of NSLP/SBP improper payments, which is certification error. Beginning in March 2020, SFAs had the option to adopt waivers that allowed them to serve free meals to participants through the NSLP's Seamless Summer Option (SSO) or the Summer Food Service Program (SFSP) without the need for applications. FNS recognizes that SAs and SFAs needed additional support and flexibility to continue serving meals to children while maintaining appropriate safety measures and managing the impacts of COVID-19. Allowing SFAs to participate under SSO or SFSP during COVID-19 operations during the regular school year facilitated the safe provision of meals.

In School Year (SY) 2021-2022, SFAs had the option of operating SSO or NSLP/SBP, and most SFAs (90 percent) chose the SSO waiver, with about 98 percent of total meals served in SY 2021-2022 under the SSO waiver. Program participants received free meals, and SFAs did not need to conduct eligibility determinations under SSO, which means certification error did not apply for SFAs that used the waiver in SY 2021-2022; therefore, it is not included in the error rate for FY 2022. Aggregation error, on the other hand, still applied as SFAs were still serving and counting meals. More information on the national waiver can be found on this website: *Nationwide Waiver to Allow the Seamless Summer Option through SY 2021-2022*, [USDA FNS](#) website.

Due to the operational flexibilities afforded by the waiver, data that would allow USDA to age the improper payment estimates are not available for FY 2022. Therefore, USDA used the aggregation error point estimate from the Third Access, Participation, Eligibility, and Certification Study (APEC III) as its measure of improper payments in NSLP and SBP. The point estimate reflects the most current assessment of error in the traditional NSLP/SBP programs, unaffected by temporary changes to the program due to COVID-19, and therefore is the most reflective rate of school meal operations in FY 2022.

During FY 2022, USDA accomplished the following activities to reduce NSLP/SBP improper payments:

- a. Awarded 17 SAs \$12.9 million in reallocated non-competitive Technology Innovation Grants (nTIG) funds to support State Child Nutrition Programs (CNP) information technology (IT) systems. SAs that received FY 2021 nTIG funds were eligible to apply for reallocation funds. FNS expects the overall improvement of information technology systems by nTIG recipients administering NSLP/SBP will improve the SA's ability to train, monitor, provide technical assistance, and take corrective actions.
- b. Continued work with 2019 Administrative Review and Training Grants State recipients to build statewide online NSLP/SBP application systems; to date, two such applications have been developed, and a feasibility study is in process in another State. The goal of these application systems is to improve the accuracy of eligibility determinations to certify children for free, reduced price, and paid NSLP/SBP meals through increased automation and enhanced integrity features of electronic NSLP/SBP meal benefit application.

RMA reported an improper payment error rate of 2.58 percent for FY 2022. The agency reported \$304.65 million in improper payments, \$289.44 million in overpayments, and \$15.21 million in underpayments.

COVID-19 required Approved Insurance Providers (AIPs) to implement new processes for conducting day-to-day operations. These unforeseen modifications presented an opportunity for less effective quality control processes resulting in improper payments. These types of improper payments resulted when the data/information needed existed, was obtained, and was used in the payment calculation; however, an administrative error, calculation error, or a breakdown in the quality control process caused the payment to become improper.

To mitigate the errors, RMA will assess AIP's quality control processes to identify potential vulnerabilities as part of its annual AIP Performance Review. Identifying susceptibilities will give AIPs the ability to make necessary process modifications reducing the probability of improper payments due to errors made by AIPs, adjusters, or agents.

RMA also saw many improper payments resulting from the inability to support production certification with acceptable production records. To reduce these types of improper payments, RMA's Office of Compliance, in conjunction with the Underwriting Standards Branch, has collaborated to address production record requirements for vertically integrated or direct marketing producers. This collaboration will result in updates to the current FCIC policy and procedure. Addressing acceptable record requirements increases the probability of perennial producers supporting production certifications with acceptable production records thus reducing the number of improper payments.

USDA continues to utilize DNP in its efforts to mitigate improper payments. During FY 2022, the average number of DNP searches increased by 8 percent from FY 2021 (109,746 to 118,064). The total dollar amount matched decreased by 71 percent (\$48.221 million to \$13.951 million), a change that can be attributed to the increase in funding programs received from pandemic-related assistance programs. The various pandemic-related assistance programs broadened USDA programs in a variety of ways including the amount of funding they could provide, a change in eligibility requirements, and other programmatic changes.

USDA has increased its active users from 1,600 in FY 2021 to 1,780 in FY 2022. These users span five agencies and multiple program areas. The USDA DNP Authorizing Official (AO), in tandem with the Primary Local Security Administrator (PLSA), provided administrative support to programs currently using DNP during the pre-award, pre-payment, and post-payment phases of the payment life cycle. USDA has also begun the enrollment and onboarding process with two agencies, which will result in the potential of adding approximately 1,500 more DNP users. The enrollment process is expected to be completed during FY 2023.

Annually, the Department submits data to OMB that is collected and presented on [PaymentAccuracy.gov](https://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, and extensive information about how improper payments are defined and tracked. Please refer to the [PaymentAccuracy.gov](https://www.paymentaccuracy.gov) website for detailed results from the Department's efforts in 2022 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 Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.

Each year, the Department must update its civil monetary penalties to account for annual inflation. On February 15, 2022, the Department published the revised penalties for 2022 in the [Federal Register](#).

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	5/10/2022	A maximum of \$1,036 for the first offense and a minimum of \$2,012 in the case of subsequent offenses, except that the penalty will be less than \$2,012 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	5/10/2022	Maximum of \$5,638.
Agricultural Marketing Service	Violation of the licensing requirements	7 U.S.C. 499c(a)	Perishable Agricultural Commodities Act	5/10/2022	Maximum of \$1,800 for each such offense and not more than \$449 for each day it continues, or a maximum of \$449 for each offense if the Secretary determines the violation was not willful.
Agricultural Marketing Service	Civil penalty in lieu of license suspension	7 U.S.C. 499h(e)	Perishable Agricultural Commodities Act	5/10/2022	Maximum penalty of \$3,599 for each violative transaction or each day the violation continues.

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	Violation	7 U.S.C. 586	Export Apple Act	5/10/2022	Minimum of \$163 and a maximum of \$16,444.
Agricultural Marketing Service	Violation	7 U.S.C. 596	Export Grape and Plum Act	5/10/2022	Minimum of \$314 and a maximum of \$31,465.
Agricultural Marketing Service	Violation of an order issued by the Secretary	7 U.S.C. 608c(14)(B)	Agricultural Adjustment Act	5/10/2022	Maximum of \$3,147. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Failure to file certain reports	7 U.S.C. 610 (C)	Agricultural Adjustment Act	5/10/2022	Maximum of \$314.
Agricultural Marketing Service	Violation of a seed program	7 U.S.C. 1596(b)	Federal Seed Act	5/10/2022	Minimum of \$107 and a maximum of \$2,146.
Agricultural Marketing Service	Failure to collect any assessment or fee	7 U.S.C. 2112(b)	Cotton Research and Promotion Act	5/10/2022	Maximum of \$3,147.
Agricultural Marketing Service	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	5/10/2022	Minimum of \$1,411 and a maximum of \$13,009.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 2621(b)(3)	Potato Research and Promotion Act	5/10/2022	Maximum of \$1,411. Each day the violation continues is a separate violation.
Agricultural Marketing Service	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	5/10/2022	Minimum of \$1,631 and a maximum of \$16,308.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 2714(b)(3)	Egg Research and Consumer Information Act	5/10/2022	Maximum of \$1,631. Each day the violation continues is a separate violation.
Agricultural Marketing Service	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	5/10/2022	Maximum of \$12,722.
Agricultural Marketing Service	Failure to remit any assessment or for a violation of a program	7 U.S.C. 3410(b)	Wheat and Wheat Foods Research	5/10/2022	Maximum of \$3,147.

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	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	5/10/2022	Minimum of \$1,481 and a maximum of \$14,807.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 4314(b)(3)	Floral Research and Consumer Information Act	5/10/2022	Maximum of \$1,481. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Violation of an order	7 U.S.C. 4510(b)	Dairy Promotion Program	5/10/2022	Maximum of \$2,737.
Agricultural Marketing Service	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	5/10/2022	Minimum of \$822 and a maximum of \$8,433.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 4610(b)(3)	Honey Research, Promotion, and Consumer Information Act	5/10/2022	Maximum of \$843. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Violation of a program	7 U.S.C. 4815(b)(1)(A)(i)	Pork Promotion, Research, and Consumer Information Act of 1985	5/10/2022	Maximum of \$2,545.
Agricultural Marketing Service	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	5/10/2022	Maximum of \$1,273. Each day the violation continues is a separate violation.
Agricultural Marketing Service	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	5/10/2022	Minimum of \$1,273 and a maximum of \$12,722.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 4910(b)(3)	Watermelon Research and Promotion Act	5/10/2022	Maximum of \$1,273. Each day the violation continues is a separate violation.
Agricultural Marketing Service	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	5/10/2022	Minimum of \$2,072 and a maximum of \$20,709.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 6009(e)	Pecan Promotion and Research Act of 1990	5/10/2022	Maximum of \$2,070.

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	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	5/10/2022	Minimum of \$1,007 and a maximum of \$10,066.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 6107(e)	Mushroom Promotion, Research, and Consumer Information Act of 1990	5/10/2022	Maximum of \$1,007. Each day the violation continues is a separate violation.
Agricultural Marketing Service	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	5/10/2022	Minimum of \$1,007 and a maximum of \$10,066.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 6207(e)	Lime Research, Promotion, and Consumer Information Act of 1990	5/10/2022	Maximum of \$1,007. Each day the violation continues is a separate violation.
Agricultural Marketing Service	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	5/10/2022	Maximum of \$2,072.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 6307(e)	Soybean Promotion, Research, and Consumer Information Act	5/10/2022	Maximum of \$10,310. Each day the violation continues is a separate violation.
Agricultural Marketing Service	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	5/10/2022	Minimum of \$1,007 and a maximum of \$10,066 or in the case of a violation that is willful, a minimum of \$19,781 and a maximum of \$201,301.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 6411(e)	Fluid Milk Promotion Act of 1990	5/10/2022	Maximum of \$10,360. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Knowingly labeling or selling a product as organic	7 U.S.C. 6519(c)	Organic Foods Production Act of 1990	5/10/2022	Maximum of \$20,130.
Agricultural Marketing Service	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	5/10/2022	Minimum of \$949 and a maximum of \$9,491.

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	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	5/10/2022	Maximum of \$9,491. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Violation of a program	7 U.S.C. 7107(c)(1)(A)	Sheep Promotion, Research, and Information Act of 1994	5/10/2022	Maximum of \$1,850.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 7107(e)	Sheep Promotion, Research, and Information Act of 1994	5/10/2022	Maximum of \$924. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Violation of an order or regulation issued	7 U.S.C. 7419(c)(1)	Commodity Promotion, Research, and Information Act of 1996	5/10/2022	Minimum of \$1,746 and a maximum of \$17,472 for each violation.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 7419(e)	Commodity Promotion, Research, and Information Act of 1996	5/10/2022	Minimum of \$1,746 and a maximum of \$17,472. Each day the violation continues is a separate violation.
Agricultural Marketing Service	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,	5/10/2022	Maximum of \$1,746 for each violation.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 7448(e)	Canola and Rapeseed Research, Promotion, and Consumer Information Act	5/10/2022	Maximum of \$8,736. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Violation of an order or regulation issued	7 U.S.C. 7468(c)(1)	National Kiwifruit Research, Promotion, and Consumer Information Act	5/10/2022	Minimum of \$874 and a maximum of \$8,736 for each violation.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 7468(e)	National Kiwifruit Research, Promotion, and Consumer Information Act	5/10/2022	Maximum of \$874. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Violation of an order or regulation	7 U.S.C. 7487(a)	Popcorn Promotion, Research, and Consumer Information Act	5/10/2022	Maximum of \$1,746 for each violation.
Agricultural Marketing Service	Violation	21 U.S.C. 1041(c)(1)(A)	Egg Products Inspection Act	5/10/2022	Maximum of \$10,066 for each violation.

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	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	5/10/2022	Minimum of \$1,588 and a maximum of \$15,880 for each violation.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 7807(e)(1)	Hass Avocado Promotion, Research, and Information Act of 2000	5/10/2022	Maximum of \$15,896 for each offense. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Violation of certain provisions	7 U.S.C. 1636b(a)(1)	Livestock Mandatory Reporting Act of 1999	5/10/2022	Maximum of \$16,444 for each violation.
Agricultural Marketing Service	Failure to obey a cease-and-desist order	7 U.S.C. 1636b(g)(3)	Livestock Mandatory Reporting Act of 1999	5/10/2022	Maximum of \$16,444 for each violation. Each day the violation continues is a separate violation.
Agricultural Marketing Service	Failure to obey an order	7 U.S.C. 1637b(c)(4)(D)(iii)	Dairy Product Mandatory Reporting Program	5/10/2022	Maximum of \$15,896 for each offense.
Agricultural Marketing Service	Willful violation	7 U.S.C. 1638b(b)(2)	Country of Origin Labeling Program	5/10/2022	Maximum of \$1,277 for each violation.
Agricultural Marketing Service	Violation	7 U.S.C. 4535 and 4510(b)	Dairy Research Program	5/10/2022	Maximum of \$2,737 for each violation.
Agricultural Marketing Service	Violation by a packer or swine contractor	7 U.S.C. 193(b)	Packers and Stockyards	5/10/2022	Maximum of \$31,459.
Agricultural Marketing Service	Failure for a livestock market agency or dealer to register	7 U.S.C. 203	Packers and Stockyards	5/10/2022	Maximum of \$2,145 and not more than \$107 for each day the violation continues.
Agricultural Marketing Service	Operating without filing, or in violation of, a stockyard rate schedule or of a regulation	7 U.S.C. 207(g)	Packers and Stockyards	5/10/2022	Maximum of \$2,146 and not more than \$107 for each day the violation continues.
Agricultural Marketing Service	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	5/10/2022	Maximum of \$31,459.

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	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	5/10/2022	Maximum of \$2,146.
Agricultural Marketing Service	Live poultry dealer violations	7 U.S.C. 228b-2(b)	Packers and Stockyards	5/10/2022	Maximum of \$91,517.
Agricultural Marketing Service	Violation	7 U.S.C. 86(c)	Grain Standards	5/10/2022	Maximum of \$307,438.
Agricultural Marketing Service	Failure to comply with certain provisions	7 U.S.C. 254	U.S. Warehouse Act	5/10/2022	Maximum of \$39,740 per violation if an agricultural product is not involved in the violation.
Animal and Plant Health Inspection Service	Violation	7 U.S.C. 1596(b)	Federal Seed Act	5/10/2022	Minimum of \$107 and a maximum of \$2,146.
Animal and Plant Health Inspection Service	Violation	7 U.S.C. 2149(b)	Animal Welfare Act	5/10/2022	Maximum of \$12,771, and knowingly fail to obey a cease-and-desist order has a civil penalty of \$1,915.
Animal and Plant Health Inspection Service	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	5/10/2022	Maximum of \$15,896.
Animal and Plant Health Inspection Service	Violation	7 U.S.C. 3805(a)	Swine Health Protection Act	5/10/2022	Maximum of \$31,948.

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)
Animal and Plant Health Inspection Service	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)	5/10/2022	Maximum of the greater of: \$79,480 in the case of any individual (except that the civil penalty may not exceed \$1,589 in the case of an initial violation of the PPA by an individual moving regulated articles not for monetary gain), \$397,397 in the case of any other person for each violation, \$638,556 for all violations adjudicated in a single proceeding if the violations do not include a willful violation, and \$1,277,111 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.

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)
Animal and Plant Health Inspection Service	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)	5/10/2022	Maximum of the greater of \$76,279 in the case of any individual, except that the civil penalty may not exceed \$1,526 in the case of an initial violation of the AHPA by an individual moving regulated articles not for monetary gain, \$381,394 in the case of any other person for each violation, \$638,556 for all violations adjudicated in a single proceeding if the violations do not include a willful violation, and \$1,277,111 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.
Animal and Plant Health Inspection Service	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	5/10/2022	Maximum of \$381,394 in the case of an individual and \$762,791 in the case of any other person.
Animal and Plant Health Inspection Service	Violation	15 U.S.C. 1825(b)(1)	Horse Protection Act	5/10/2022	Maximum of \$6,294.

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)
Animal and Plant Health Inspection Service	Failure to obey Horse Protection Act disqualification	15 U.S.C. 1825(c)	Horse Protection Act	5/10/2022	Maximum of \$12,299.
Animal and Plant Health Inspection Service	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	5/10/2022	Maximum of \$57,528 for each violation.
Animal and Plant Health Inspection Service	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	5/10/2022	Maximum of \$27,549 for each violation.
Animal and Plant Health Inspection Service	Violating, with respect to terrestrial plants or any regulation, permit, or certificate	16 U.S.C. 1540(a)(1)	Endangered Species Act of 1973	5/10/2022	Maximum of \$1,452 for each violation.
Animal and Plant Health Inspection Service	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	5/10/2022	Minimum of \$181 and a maximum of \$924.

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)
Animal and Plant Health Inspection Service	Violation and its implementing regulation	7 U.S.C. 1901 note, as specified in 9 Code of Federal Regulations (CFR) 88.6	Commercial Transportation of Equine for Slaughter Act	5/10/2022	Maximum of \$5,468. Each horse transported is a separate violation.
Animal and Plant Health Inspection Service	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	5/10/2022	Maximum of \$28,606 for each violation, as specified in 16 U.S.C. 3373(a)(1) (but if the plant has a market value of less than \$382 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 \$28,606, whichever is less).
Animal and Plant Health Inspection Service	Violation	16 U.S.C. 3373(a)(2)	Lacey Act Amendments of 1981	5/10/2022	Maximum of \$715.
Food and Nutrition Service	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)	5/10/2022	Maximum of \$127,712 for each violation.
Food and Nutrition Service	Trafficking in food coupons	7 U.S.C. 2021(b)(3)(B)	Food and Nutrition Act of 2008 (Act)	5/10/2022	Maximum of \$46,021 for each violation, except that the maximum penalty for violations occurring during a single investigation is \$82,871.

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)
Food and Nutrition Service	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)	5/10/2022	Maximum of \$41,436 for each violation except that the maximum penalty for violations occurring during a single investigation is \$82,871.
Food and Nutrition Service	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	5/10/2022	Maximum of \$195,054,878.
Food and Nutrition Service	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	5/10/2022	Maximum of \$16,865 for each violation, except that the maximum penalty for violations occurring during a single investigation is \$67,461.
Food and Nutrition Service	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	5/10/2022	Maximum of \$16,451 for each violation, except that the maximum penalty for violations occurring during a single investigation is \$67,461.
Food Safety and Inspection Service	Violation	21 U.S.C. 1041(c)(1)(A)	Egg Products Inspection Act	5/10/2022	Maximum of \$10,066 for each violation.
Forest Service	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	5/10/2022	Maximum of \$1,035,909 per violation or three times the gross value of the unprocessed timber, whichever is greater.

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)
Forest Service	Violation	16 U.S.C. 620d(c)(2)(A)(i)	Forest Resources Conservation and Shortage Relief Act	5/10/2022	Maximum of \$155,387 per violation.
Forest Service	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	5/10/2022	Maximum of \$103,591 per violation.
Forest Service	Willful violation	16 U.S.C. 620d(c)(2)(A)(iii)	Forest Resources Conservation and Shortage Relief Act	5/10/2022	Maximum of \$1,035,909.
Forest Service	Violation involving protections of caves	16 U.S. C. 4307(a)(2)	Federal Cave Resources Protection	5/10/2022	Maximum of \$22,640.
Federal Crop Insurance Corporation	Willfully and intentionally providing any false or inaccurate information	7 U.S.C. 1515(h)(3)(A)	Federal Crop Insurance Act	5/10/2022	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 \$13,437.
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	5/10/2022	Maximum of \$220,212 in the case of an individual, and a maximum of \$2,202,123 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	5/10/2022	Maximum of \$39,740.

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)
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	5/10/2022	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 \$79,480 per violation.
Commodity Credit Corporation	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	5/10/2022	Maximum of \$17,472 for each violation.
Commodity Credit Corporation	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	5/10/2022	Maximum of \$17,472 for each violation.
Commodity Credit Corporation	Filing a false acreage report that exceeds tolerance	7 U.S.C. 7272(g)(5)	Federal Agriculture Improvement and Reform Act of 1996	5/10/2022	Maximum of \$17,472 for each violation.

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)
Commodity Credit Corporation	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	5/10/2022	Maximum of \$12,771 for each violation.
Commodity Credit Corporation	Knowingly violating regulations promulgated by the Secretary pertaining to cotton insect eradication	7 U.S.C. 1444a(d)	Agricultural Act of 1949	5/10/2022	Maximum of \$15,733 for each offense.
Office of the Secretary	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	5/10/2022	Maximum of \$12,538.
Office of the Secretary	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	5/10/2022	Maximum of \$12,538.

Grants Program

Pursuant to the Office of Management and Budget (OMB) Uniform Guidance in Section [200.344\(a\)](#) of Part 2 of the Code of Federal Regulations (CFR), recipients of grants and cooperative agreements must submit final reports and liquidate all obligations incurred under their awards within 120 days after the end of the period of performance, unless the federal awarding department or agency authorizes an extension, or program-specific statutes specify a different liquidation period.

Exhibit 23 shows that the U.S. Department of Agriculture (USDA or the Department) has 251 grants/cooperative agreements with an undisbursed balance of \$11,116,646.65 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 23: Fiscal Year 2022 Grants Program Summary

Category	2–3 Years	>3–5 Years	>5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	8	2	13
Number of Grants/Cooperative Agreements with Undisbursed Balances	152	40	36
Total Amount of Undisbursed Balances	\$2,138,386.58	\$6,891,077.68	\$2,087,182.39

USDA made progress compared with the baseline of Fiscal Year (FY) 2020. There were net reductions of 97 percent on the number of grants/cooperative agreements with zero-dollar balances and 90 percent on the number of grants/cooperative agreements with undisbursed balances. In FY 2022, USDA attained a total net reduction of 92 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;
- Program Manager and Grant Specialist turnover;
- Delays in compliance reviews and pending audits during the award period;
- Delays in receipts of final vouchers from recipients;
- Awaiting litigation and cannot be close until the judicial system authorizes the agency to close;
- 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 monitor open balances through the Agency’s 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.

Climate-Related Financial Risk

The U.S. Department of Agriculture (USDA or the Department) issued the following Climate-Related Action Plans during fiscal year (FY) 2022:

[USDA's Action Plan for Climate Adaptation and Resilience](#)

[USDA Agency-Level Climate Adaptation Plans](#) prepared by:

- Natural Resources Conservation Service
- Farm Service Agency
- Risk Management Agency
- Agricultural Marketing Service
- Animal and Plant Health Inspection Service
- Forest Service
- Rural Development
- Agricultural Research Service
- National Institute of Food and Agriculture
- National Agricultural Statistics Service
- Economic Research Service
- Foreign Agricultural Service
- Select staff offices including the Office of the Chief Economist, the Office of Budget and Program Analysis, the Office of Property and Environmental Management, and the Office of Homeland Security

[USDA's Action Plan for Climate Adaptation and Resilience: 2022 Progress Report](#)

Agency Audits Resolution Report

Background

The Inspector General (IG) Act Amendments of 1988 (Public Law [P.L.] 100–504; IG Act Amendments) require that each agency head submit semi-annual reports to Congress on actions taken in response to the Office of Inspector General (OIG) audit, evaluation, and inspection reports. Consistent with the Reports Consolidation Act of 2000 (P.L. 106–531), the U.S. Department of Agriculture (USDA or the Department) Office of the Chief Financial Officer (OCFO) consolidates, annualizes, and includes the required semi-annual IG Act Amendments’ reporting elements in the annual Agency Financial Report.

OIG audits USDA’s programs, systems, and operations and recommends improvements to management based on its findings. USDA management may agree or disagree with the audit’s findings or recommendations. When management agrees with recommendations in an audit, it submits a written plan for corrective action and an estimated target completion date to the OIG for concurrence. If OIG and management agree that the proposed corrective action will address the finding, the “management decision” process is concluded for that recommendation. The memo outlining the terms of the management decision between management and OIG is retained for audit follow-up purposes.

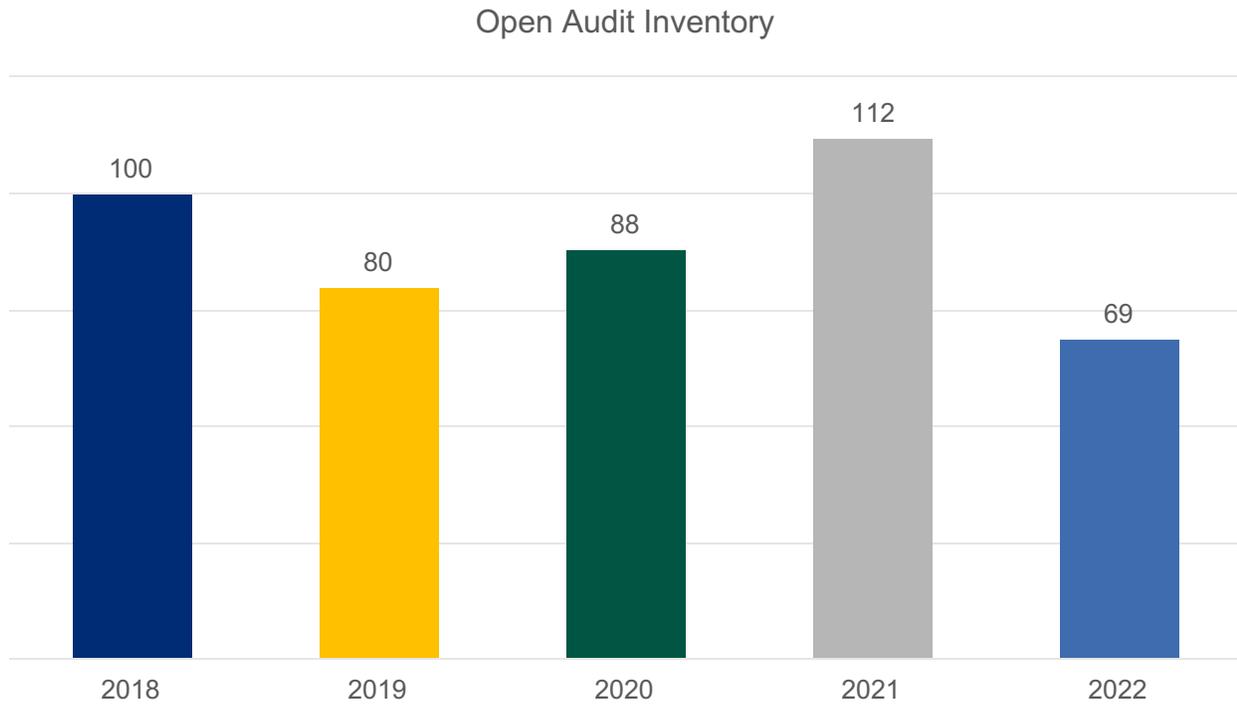
USDA’s OCFO oversees audit follow-up for the Department and ensures that management takes prompt and responsive action to address OIG findings and audits. As USDA completes corrective actions relative to the management decision, it submits documentation as “final action” to OCFO to complete the review process. OCFO reviews the submitted documentation and determines whether USDA provided adequate support for the completion of corrective actions agreed to in the management decision. If confirmed, OCFO “closes” the recommendation. An audit remains open until all corrective actions for each recommendation are completed.

Fiscal Year Results

As of September 29, 2022, USDA agencies closed 26 audits during fiscal year (FY) 2022. OIG and USDA agencies also reached management decisions on 19 audits. As shown in the following exhibit, the Department’s inventory of open audits decreased in FY 2022 by 38 percent, from 112 to 69.³

³ This report and information was generated on 09/29/2022.

Exhibit 24: Open Audit Inventory



Audit Follow-Up Process

The IG Act Amendments require an annual report to Congress providing the status of resolved audits that remain open. Resolved audits are those where a management decision has been reached for all recommendations. Reports on resolved audits must include the elements listed in the following bullet points (see Exhibit 25 for definitions):

- Beginning and ending balances for the number of audit reports and dollar value of disallowed costs (DC) and Funds to Be Put to Better Use (FTBU);
- The number of new management decisions reached;
- The disposition of DC and FTBU of audits with final action (for example: accounts receivables, cash collections, agency offsets, write-offs); and
- Resolved audits that remain open 1 year or more past the management decision date require additional reporting elements. These elements include the date issued, the revised estimated completion date, the original dollar value of DC or FTBU, and an explanation as to why the final action has not been completed.

Exhibit 25: Audit Follow-Up Definitions

Term	Definition
DC	An incurred cost questioned by the OIG that management agreed should not be chargeable to the Government.
Final Action	Actions that management has taken to address the audit findings and recommendations.
FTBU	An OIG recommendation that funds could be used more efficiently if management completes the recommendation. This recommendation includes: <ul style="list-style-type: none"> a. Reductions in outlays or other savings; b. De-obligation of funds from programs or operations; c. The withdrawal of subsidy costs on loans, guarantees, or bonds; and d. Implementation of recommended improvements for grants or contracts, or unnecessary expenditures noted in pre-award reviews of contracts or grant agreements.
Management Decision	Agreement between management and OIG on the corrective action needed to address audit findings and recommendations.

Beginning and Ending Inventory for Audits with DC and FTBU

Of the 24 audits that achieved final action during the fiscal year, nine contained DC. The number of audits with DC remaining in the inventory at the end of the fiscal year was 24, with an outstanding balance of \$60,938,903 (see Exhibit 26). For DC audits that achieved final action in FY 2022, OIG and management agreed to collect \$888,920. Five of the audits in the outstanding balance are audits that previously had a recommendation(s) with DC that were closed; balances from these recommendations will be removed once the agency closes the remaining recommendations for the audit.

Exhibit 26: Inventory of Audits with DC⁴

	Audits with DC	# of Audits	Amount (\$)
Beginning of the Period (October 1, 2021)		32	\$ 79,918,583
Plus: New Management Decisions		1	\$ 7,992
Total Audits Pending Collection of DC		33	\$ 79,926,575
Less: Adjustments			\$ 18,423,711
Revised Subtotal			\$ 61,502,864
Less: Final Actions (Recoveries)^[1]		9	\$ 888,920
Audits with DC Requiring Final Action at the End of the Period (September 30, 2022)		24	\$ 60,613,944

*Exhibits 26 and 27 include only those open audits with DC and FTBU, respectively. In addition, some audits contain both DC and FTBU amounts. For this reason, the number of audits shown as the ending balances in Exhibits 26 and 27 does not equal the total resolved audit inventory balance in Exhibit 24.

[1] This total only includes audits with an Audit Agreed Amount DC, where the entire audit has been closed. There were five audits with DC that had no outstanding DC balance but were still open audits. The final action sum is taken from the applied amount for only the audits that closed in FY 2022.

⁴ This exhibit was generated on 09/28/22.

Final action occurred on two audits that involved FTBU amounts totaling \$4,198,052. Three FTBU audits remain in the inventory as of September 30, 2022, with an outstanding audit amount of \$204,591,460. (See Exhibit 27).

Exhibit 27: Inventory of Audits with FTBU⁵

Audits with FTBU	# of Audits	Amount (\$)
Beginning of the Period (October 1, 2021)	5	\$ 209,082,082
Plus: New Management Decisions	0	\$ 0
Total Audits Pending	5	\$ 209,082,082
Less: Adjustments^[1]		\$ 292,570
Less: Final Actions	2	\$ 4,198,052
Audits with FTBU Requiring Final Action at the End of the Period (September 30, 2022)^[2]	3	\$ 204,591,460
Disposition of FTBU:		
FTBU Implemented	1	\$ 6,297,441
FTBU Not Implemented	0	\$ 0
Total FTBU Amounts for Final Action Audits	1	\$ 6,297,441

*Exhibits 26 and 27 include only those open audits with DC and FTBU, respectively. In addition, some audits contain both DC and FTBU amounts. For this reason, the number of audits shown as the ending balances in Exhibits 26 and 27 does not equal the total resolved audit inventory balance in Exhibit 24.

[1] New: The adjustments consider findings with an FTBU balance that has closed, despite the fact that the audit remains open. The audit that was affected was 03601-0012-AT, with finding numbers 259763 and 259765.

[2] This number contains the three audits that are still open and contain recommendations with FTBU agreed-upon amounts. However, one audit, in this tally (Audit 03601-0012-AT) has an Audit (FTBU) balance of \$0.

The number of audits open for more than 1 year at the beginning of FY 2022 decreased from the previous fiscal year from 57 to 53. During FY 2022 sixteen audits became 1-year-after-Management Decision Date (MDD). Of those 3 closed and the ending inventory includes the remaining 13 audits that became 1-year-after-MDD during FY 2022. These audits were offset by the 20 audits that were previously 1-year-after-MDD but closed during FY 2022. USDA agencies continue to pursue remediation and/or compensating controls to address many of the underlying issues identified in these audits.

⁵ This exhibit was generated on 09/28/22.

The number of audits open 1 or more years after the MDD remains the same this year as the previous year (see Exhibit 28).

Exhibit 28: The Number of Audits Open 1 or More Years After MDD⁶

Audits 1 Year or More After MDD	# of Audits
Beginning of the period*	57
Plus: Audits that reached 1 year after MDD during FY 2022**	16
Subtotal FY 2022 audits 1 year or more after MDD	73
Less: Audits closed	21
Ending balance as of September 30, 2022	52

*Agencies have completed planned corrective actions with the exception of 15 audits under collection for DC and the resolution of FTBU amounts. Three audits are on schedule for completion. (See Exhibit 29).

** Audits that will become 1 year after MDD on or before September 30, 2022, are included in this tally.

Exhibit 29: Distribution of Audits Open 1 Year or More After MDD^{[1] 7}

Audits on Schedule			Audits Behind Schedule			Audits Under Collection		
#	DC (\$)	FTBU (\$)	#	DC (\$)	FTBU (\$)	#	DC (\$)	FTBU (\$)
0	\$0	\$0	40	\$1,045,519	\$197,891,460	13*	\$16,553,465	\$0

DC = Disallowed Cost. FTBU = Funds to be Put to Better Use.

*Audit 10601-0004-31 is listed in both the Under Collections and Behind Schedule columns. The total number of Audits Open 1 Year or More After MDD is 52, consistent with Exhibit 28. The total DC value is consistent with the total in Exhibit 30.

[1] The sum of the value of the audits is the total sum of the Audit Balance, or what is still outstanding to be collected.

⁶ This exhibit was generated on 09/28/22

⁷ This exhibit was generated on 9/28/22

Management's Report on Audit Follow-Up

Audits without Final Action 1 year or more after MDD (excluding collections) as of 9/30/2022 are/were behind schedule and listed individually in Exhibit 30. The audits are categorized by agency and the reason why final action has not occurred. Audits that reached Final Action between 10/1/2022 and the issuance of this report are noted in the Reason Pending column.

Exhibit 30: Audits Open 1 Year or More After MDD and Behind Schedule

Animal and Plant Health Inspection Service (APHIS)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
50601-0001-32	09/22/2015	12/31/2022	Controls Over APHIS's Introduction of Genetically Engineered Organisms	\$0	\$0	Receipt and/or processing of Final Action Documentation; Administrative Action
50701-0001-21	09/12/2018	11/30/2022	USDA Agency Activities for Agroterrorism Prevention, Detection, and Response	\$0	\$0	Issuance of Policy/Guidance
33701-0001-21	09/23/2020	12/31/2022	National Veterinary Stockpile Oversight	\$0	\$0	Receipt and/or processing of Final Action Documentation; Results of internal monitoring or program review
33601-0003-23	03/12/2021	12/31/2022	Follow-up to APHIS's Controls Over Licensing of Animals	\$0	\$0	Issuance of policy/guidance; Results of internal monitoring or program review
33601-0002-31	06/30/2021	1/31/2023	Animal Care Program Oversight of Dog Breeders	\$0	\$0	Issuance of Policy/Guidance; Review of internal monitoring or program review
33601-0004-23	9/29/2021	11/30/2022	Follow-up on Smuggling Interdiction and Trade Compliance Program	\$0	\$0	Issuance of Policy/Guidance
APHIS Subtotal (6)				\$0	\$0	

Farm Production and Conservation-Business Center (FPAC-BC)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
10801-0001-12	3/30/2020	12/31/2022	Review of a Natural Resources Conservation Service (NRCS) Information Technology (IT)-Related Contract	\$0	\$0	Issuance of Policy/Guidance
FPAC-BC Subtotal (1)				\$0	\$0	

Food and Nutrition Service (FNS)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
27004-0003-21	3/14/2019	11/30/2022	Summer Food Service Program in Texas Sponsor Costs	\$0	\$0	Administrative Action
27004-0004-21	3/14/2019	5/31/2023	Texas Controls Over Summer Food Service Program	\$201	\$0	Issuance of Policy/Guidance; Receipt and/or processing of Final Action Documentation
27601-0001-31	7/31/2013	12/15/2022	FNS Control for Authorizing Supplemental Nutrition Assistance Program Retailers	\$0	\$(6,700,000)	Receipt and/or processing of Final Action Documentation; Results for Change in Management Decision.
27601-0002-41	9/23/2015	8/31/2022	FNS Quality Control Process for SNAP Error Rate	\$0	\$0	Final Actions Completed on 10/14/2022
27601-0003-10	09/27/2016	12/31/2022	New Mexico's Compliance with SNAP Certification of Eligible Households Requirements	\$9,621	\$0	Receipt and/or processing of Final Action
27601-0005-41	9/18/2020	09/30/2023	Consolidated Report on FNS and Selected State Agencies Control Over the Summer Food Service Program (SFSP)	\$0	\$6,089,279	Issuance of Policy/Guidance; Receipt and/or processing of Final Action Documentation; Administrative Action
27601-0010-10	08/09/2017	11/30/2022	Pennsylvania's Compliance with SNAP Requirements for Participating State Agencies (7 Code of Federal Regulations (CFR), Part 272)	\$0	\$0	Issuance of Policy/Guidance; Receipt and/or Processing of Final Action Documentation
27601-0011-10	09/14/2017	11/30/2022	South Carolina's Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	0	\$0	Issuance of Policy/Guidance; Receipt and/or processing of Final Action Documentation
27601-0013-10	12/19/2017	12/31/2022	Compilation Report of States' Compliance with SNAP Requirements for Participating State Agencies (7 CFR, Part 272)	\$0	\$0	Issuance of Policy/Guidance
27601-0019-10	9/28/2018	11/30/2023	Compilation Report of States' Compliance with Requirements for the Issuance and Use of Supplemental Nutrition Assistance Program Benefits	\$0	\$0	Administrative Action
27702-0001-22	10/18/2019	12/31/2022	Review of FNS Nutrition Assistance Program Providing Disaster Funding to Puerto Rico	\$1,258,308	\$0	Administrative Action

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
27801-0001-21(1)	8/24/2021	12/15/2022	Coronavirus Disease 2019 (COVID-19)— Oversight of the Emergency Food Assistance Program-Interim Report 27801-0001-2	\$0	\$0	Administrative Action
27801-0003-22	8/25/2021	1/31/2023	COVID 19 - Supplemental Nutrition Assistance Program Online Purchasing in Response to the Coronavirus Disease 2019	\$0	\$0	Administrative Action
FNS Subtotal (13)				\$1,268,130	\$(610,721)	

Farm Service Agency (FSA)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
03601-0001-22	07/31/2014	12/30/2022	Compliance Activities	\$0	\$0	Issuance of Policy/Guidance
50601-0003-22	01/27/2017	12/30/2022	Coordination of USDA Farm Program Compliance—FSA, Risk Management Agency, and Natural Resource Conservation Service	\$0	\$0	Receipt and/or processing of Final Action Documentation
03601-0003-31(1)	09/30/2020	12/31/2022	Market Facilitation Program – Interim Report	\$0	\$0	Issuance of Policy/Guidance; Receipt and/or processing of final action documentation
FSA Subtotal (3)				\$0	\$0	

Food Safety and Inspection Service (FSIS)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
24016-0001-23	02/18/2017	3/31/2023	FSIS Follow-up on the 2007 and 2008 Audit Initiatives	\$0	\$0	Issuance of Policy/Guidance
FSIS Subtotal (1)				\$0	\$0	

National Institute of Food and Agriculture (NIFA)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
13601-0001-22	08/07/2019	12/30/2022	NIFA Formula Grant Programs Controls Over Fund Allocations to States	\$0	\$0	Issuance of Policy/Guidance
NIFA subtotal (1)				\$0	\$0	

Natural Resources Conservation Service (NRCS)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
10099-0001-23	9/11/2018	12/31/2022	Controls Over Conservation Innovation Grants	\$1,271,659	\$0	Results of Internal Monitoring or Program Review
10403-0003-11	11/19/2020	12/28/2022	Natural Resources Conservation Service's Financial Statements for Fiscal Years 2020 and 2021	\$0	\$0	Results of Internal Monitoring or Program Review
10601-0004-31	6/28/2018	12/31/2022	NRCS Regional Conservation Partnership Program Controls	\$33,005	\$0	Administrative Action
10601-0004-31(2)	11/13/2017	12/30/2022	NRCS Regional Conservation Partnership Program Controls	\$267,410	\$0	Receipt and/or Processing of Final Action Documentation
10702-0001-23	6/25/2021	3/30/2023	Hurricane Disaster Assistance-Emergency Watershed Protection Program	\$41,245,287	\$198,502,181	Issuance of Policy/Guidance; Receipt and/or Processing Final Action Documentation; Results of Internal Monitoring or Program Review
NRCS Subtotal (5)				\$42,817,361	\$198,502,181	

Office of the Chief Financial Officer (OCFO)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
11601-0001-12	11/08/2019	4/30/2023	USDA Fiscal Year 2019 First Quarter Data Act Submission	\$0	\$0	Issuance of Policy/Guidance
OCFO Subtotal (1)				\$0	\$0	

Office of Chief Information Officer (OCIO)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
50501-0017-12	9/28/2018	12/30/2023	Security Over Select USDA Agencies Network and Systems Fiscal Year 2018	\$0	\$0	Administrative Action
50501-0020-12(1)	6/26/2018	12/30/2022	Improper Usage of USDA's Information Technology Resources	\$0	\$0	Receipt and/or processing of Final Action Documentation
50501-0021-12	8/1/2019	12/30/2022	Data Encryption Controls Over Personally Identifiable Information on USDA Information Technology Systems	\$0	\$0	Issuance of Policy/Guidance; Administrative Action
50501-0022-12	9/30/2020	12/30/2022	Security Over Select USDA Agencies Network and Systems Fiscal Year 2019	\$0	\$0	Administrative Action
50501-0023-12	9/29/2020	4/30/2023	USDA 2020 Compliance with the Geospatial Data Act	\$0	\$0	Issuance of Policy/Guidance
OCIO Subtotal (5)				\$0	\$0	

Office of Small and Disadvantaged Business Utilization (OSDBU)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
50601-0003-23	9/28/2018	12/31/2022	OSDBU's Control Over the Eligibility of Contract Recipients	\$0	\$0	Issuance of Policy/Guidance
OSDBU Subtotal (1)				\$0	\$0	

Research, Education, and Economics Agency (REE)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
84801-0001-22	12/8/2020	9/30/2024	USDA Research Integrity and Capacity	\$0	\$0	Administrative Action
REE Subtotal (1)				\$0	\$0	

Risk Management Agency (RMA)

Audits	Date Issued	Revised Completion Date	Audit Title	Monetary Amount		Reason Pending
				DC (\$)	FTBU (\$)	
05601-0006-31	7/26/2019	08/31/2024	Annual Forage Program and Follow-Up on Pasture, Rangeland, and Forage Program Recommendations	\$(43,039,972)	\$0	Issuance of Policy/Guidance
05601-0007-31	6/30/2020	03/31/2023	Controls Over Crop Insurance Section 508(H) Products	\$0	\$0	Issuance of Policy/Guidance
RMA Subtotal (2)				\$(43,039,972)	\$0	

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Abbreviations — Acronyms

— A —

A&O	Administrative and Operating
AARCC	Agricultural Research and Commercialization Corporation
AARs	Acquisition Approval Requests
ACIF	Agriculture Credit Insurance Fund
ADA	Anti-Deficiency Act
AFR	Agency Financial Report
AgNIC	Agriculture Network Information Collaborative
AHPA	Animal Health Protection Act
AIPs	Approved Insurance Providers
AMS	Agricultural Marketing Service
AO	Authorizing Official
APEC III	Access, Participation, Eligibility, and Certification Study, Third
APHIS	Animal and Plant Health Inspection Service
APP	Annual Performance Plan
APR	Annual Performance Report
AQI	Agricultural Quarantine Inspection
ARC	Agriculture Risk Coverage
ARP	American Rescue Plan
ARS	Agricultural Research Service
ASAP	Automated Standard Applications for Payments
ASF	African Swine Fever

— B —

BAR	Budget and Accrual Reconciliation
BARC	Beltsville Agricultural Research Center
BOC	Budget Object Classification

— C —

CAP	Commodity Assistance Program
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CBOs	Certificates of Beneficial Ownership
CCA	Clinger-Cohen Act of 1996
CCC	Commodity Credit Corporation
CCE	Commodity Certificate Exchange
CDM	Cybersecurity Diagnostic and Migration
CFR	Code of Federal Regulations
CIO	Chief Information Officer
CN	Child Nutrition
CNP	Child Nutrition Program
CoC	Cushion of Credit
CORE	Core Accounting System
COVID-19	Coronavirus Disease 2019
CPI	Consumer Price Index
CPIC	Capital Planning and Investment Control
CRBG	Citrus Recovery Block Grant
CSAM	Cyber Security Assessment and Management
Cwt.	Hundredweight

— D —

DC	Disallowed Costs
DEIA	Diversity, Equity, Inclusion, and Accessibility
Department, the	U.S. Department of Agriculture
DHS	Department of Homeland Security
DM&R	Deferred Maintenance
DNP	Do Not Pay
DOL	Department of Labor
DR	Departmental Regulation

— E —

E&T	Employment and training
EA	Enterprise Architecture
E-Board	Executive Information Technology Investment Review Board
ECP	Electronic Check Processing
eFG	ezFedGrants
eFSAP	Electronic Federal Select Agents Program
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
ERS	Economic Research Service
EWP	Emergency Watershed Protection

— F —

FAS	Foreign Agricultural Service
FASAB	Federal Accounting Standards Advisory Board
FBWT	Fund Balance with Treasury
FCIC	Federal Crop Insurance Corporation
FECA	Federal Employees' Compensation Act
FEMA	Federal Emergency Management Agency
FFAR	Foundation for Food and Agricultural Research
FFB	Federal Financing Bank
FFMIA	Federal Financial Management Improvement Act
FFMS	Federal Financial Management System
FIET	Financial Intelligent Enterprise Transformation
FISMA	Federal Information Security Modernization Act
FITARA	Federal Information Technology Reform Act
FL CRBG	Florida Citrus Recovery Block Grant
FMFIA	Federal Managers' Financial Integrity Act
FMMI	Financial Management Modernization Initiative
FMS	Financial Management Services
FNS	Food and Nutrition Service
FPAC	Farm Production and Conservation
FPAC-BC	Farm Production and Conservation Business Center
FR	Financial Report
FS	Forest Service
FSA	Farm Service Agency
FSAP	Federal Select Agents Program
FSFL	Farm Storage Facility Loan Program
FSH	Forest Service Handbook
FSIS	Food Safety and Inspection Service
FSM	Forest Service Manual
FTBU	Funds to Be Put to Better Use
FY	Fiscal Year

— G —

GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GAOA	Great American Outdoors Act
GSA	General Services Administration
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System

— H —

H.R.	House of Representatives
HANA	High-Performance Analytic Appliance
HHS	Health and Human Services
HPAI	Highly Pathogenic Avian Influenza
HUD	U.S. Department of Housing and Urban Development

— I —

IBNR	Incurred but Not Reported
IG	Inspector General
IP	Improper Payment
IPIA	Improper Payments Information Act of 2002
IPT	Integrated Project Team
ISC	Information Security Center
IT	Information Technology
ITSD	Information Technology Services Division

— K - L —

KPIs	Key Performance Indicators
L&WCF	Land and Water Conservation Fund

— M —

MD&A	Management's Discussion and Analysis
MDD	Management Decision Date
MDM	Mobile Device Management
MOU	Memorandum of Understanding
MRP	Marketing and Regulatory Programs

— N —

NAL	National Agricultural Library
NASS	National Agricultural Statistics Services
NBAF	National Bio and Agro-Defense Facility
NFC	National Finance Center
NFS	National Forest System
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
nTIG	Non-Competitive Technology Innovation Grants

— O —

OASCR	Office of the Assistant Secretary for Civil Rights
OBPA	Office of Budget and Program Analysis
OCFO	Office of the Chief Financial Officer
OCIO	Office of the Chief Information Officer
OCS	Office of the Chief Scientist
OGC	Office of the General Counsel
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPEM	Office of Property and Environmental Management
OPPE	Office of Partnership and Public Engagement
OSDBU	Office of Small and Disadvantaged Business Utilization

— P —

P.L.	Public Law
PHA	Priority Heritage Assets
PIAs	Privacy Impact Assessments
PII	Personally Identifiable Information
PIIA	Payment Integrity Information Act of 2019
PLC	Price Loss Coverage
PMC	Plant Materials Center
PP&E	Property, Plant and Equipment
PPA	Plant Protection Act

— Q —

Q	Quarter
QSMO	Quality Service Management Office

— R —

R&D	Research & Development
RC&D	Resource Conservation and Development
RD	Rural Development
REE	Research, Education, and Economics
REO	Real Estate Owned
REPLANT	Repairing Existing Public Land by Adding Necessary Trees Act
RMA	Risk Management Agency
RY	Report Year

— S —

SAM	System for Award Management
SAP	Systems, Applications, and Products
SAs	State Agencies
SecOps	Security Operations
SER	Single Effective Rate
SBP	School Breakfast Program
SBR	Statement of Budgetary Resources
SEN	SAP Enable Now
SFAs	School Food Authorities
SFFAS	Statement of Federal Financial Accounting Standards
SFSP	Summer Food Service Program
SITC	Smuggling Interdiction and Trade Compliance
SNAP	Supplemental Nutrition Assistance Program
SOB	Summary of Business
SOP	Standard Operating Procedure
SRA	Security Risk Assessment
SRA	Standard Reinsurance Agreement
SSP	Shared Services Provider
SY	School Year

— T —

TB	Technical Bulletin
TFAA	Trade and Foreign Agricultural Affairs
TPMC	Tucson Plant Materials Center
TSP	Thrift Savings Plan

— U —

U.S.C.	U.S. Code
UDO	Undelivered Orders
UEI	Unique Entity Identifier
ULOs	Unliquidated Obligations
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USSGL	U.S. Standard General Ledger

— V - W —

VA	U.S. Department of Veterans Affairs
WIC	Women, Infants, and Children

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