USTDA

U.S. Trade and Development Agency

Performance and Accountability Report

Fiscal Year 2016

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U.S. Trade and Development Agency

FY 2016 Performance and Accountability Report

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Director's Message

I am pleased to present the U.S. Trade and Development Agency's Performance and Accountability Report for FY 2016. This Report describes the results of the Agency's strong program performance and sound financial management. During the past fiscal year, USTDA built upon its impressive history of linking U.S. businesses to global infrastructure opportunities.

USTDA continued to foster mutually beneficial partnerships between the U.S. private sector and overseas project sponsors at critical points in the project development process. The Agency supports U.S. exports while simultaneously providing important early project preparation assistance to developing and emerging markets, helping them build the needed infrastructure for trade and economic growth. In FY 2016, USTDA delivered results for its U.S. and overseas partners by supporting key strategic objectives.

Building Smart Cities

The Agency helps its overseas partners identify innovative U.S. solutions that can meet their infrastructure development needs. For example, USTDA is leveraging its cross-cutting experience to deliver technical assistance and pilot technologies that can develop smart cities around the world. The Agency's master planning efforts in India achieved impressive results this year: after receiving USTDA-funded assistance, the city of Ajmer was selected as an awardee in the Government of India's Smart Cities Challenge, while Visakhapatnam already launched the next phase of its efforts to become a clean commerce capital.

Powering Africa

USTDA offers its U.S. and overseas partners the opportunity to work together on large-scale infrastructure projects that foster sustainable economic growth abroad and support job creation at home. As a result of the Agency's long history of helping prepare bankable infrastructure projects in emerging economies, USTDA has been called upon to help lead project planning efforts for Power Africa, a U.S. government-led initiative to increase electricity access across the continent. Demand for the Agency's Africa program has never been higher: USTDA received an unprecedented response to a call for proposals it issued in FY 2016, with U.S. companies and African sponsors alike requesting Agency assistance for over 300 projects in all corners of the continent and in all subsectors of energy.

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Promoting Value-Based Procurement

The Agency's Global Procurement Initiative: Understanding Best Value (GPI) educates public officials in emerging markets about how to establish procurement practices and policies that integrate life-cycle cost analysis and best-value determination in a fair, transparent manner. Moreover, the GPI helps level the playing field for U.S. firms competing in international tenders.

In FY 2016, USTDA responded to increased demand for the GPI by expanding the program to five new countries. The Agency also signed a partnership agreement with the World Bank to help the Bank implement its recently revised procurement policies, which better incorporate the concepts of value for money and life-cycle cost analysis.

Return on Investment

Collectively, the Agency's efforts have produced the highest return on investment for U.S. taxpayers in its history: USTDA's programs generate $85 of U.S. exports for every dollar programmed. This is more than double the export multiplier of 41:1 that the Agency achieved in 2009.

This ongoing success is the result of the Agency's targeted, evidence-driven approach to allocating its resources to activities with the highest likelihood of success. USTDA evaluates its program tools on a continuous basis to determine the Agency's overall effectiveness and responsiveness to U.S. industry, U.S. government policy priorities and emerging market needs. The Agency prioritizes funding for activities in markets and sectors where U.S. industry expertise can meet the development goals of its partner countries.

In closing, I wish to thank the entire USTDA staff who, according to the Office of Personnel Management's 2016 Federal Employee Viewpoint Survey, remain among the most engaged in the federal government. USTDA is fortunate to have a knowledgeable, innovative team that works collaboratively and effectively to achieve the Agency's mission. Their tireless work and extraordinary commitment enables USTDA to leverage our resources to achieve impressive results.

/s/ Leocadia I. Zak
Director
U.S. Trade and Development Agency

U.S. Trade and Development Agency
Management's Discussion and Analysis

USTDA at a Glance

USTDA is an independent U.S. government agency established under the Jobs Through Exports Act of 1992, Section 661 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. § 2421).[1] USTDA carries out its mission through a variety of tools, including reverse trade missions (RTMs) and project preparation activities, such as grants to overseas project sponsors who, in turn, select U.S. companies to perform the USTDA-funded activities. While USTDA activities can address a wide variety of sectors, the Agency focuses on energy, particularly clean energy, transportation, and telecommunications.

USTDA funds projects that have a high probability of implementation, generating U.S. exports and achieving positive developmental benefits. The Agency looks for projects that are mutually beneficial for the host country and the U.S. business community, and evaluates the priority of the project to the project sponsor as well as the likelihood that the project will receive implementation financing. USTDA also considers a project's potential adverse environmental impacts by ensuring that, where applicable, provision is made for a preliminary environmental impact analysis in all USTDA-funded grant activities.

Essential to the success of USTDA is outreach to the U.S. business community, with a particular focus on helping small businesses take advantage of trade and investment opportunities in emerging markets.

Mission Statement

USTDA helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project preparation activities, pilot projects, and reverse trade missions while creating sustainable infrastructure and economic growth in partner countries.

Organizational Structure

USTDA maintains a lean organization structure that supports the Agency's goal of functioning as a responsive organization. The Agency's Executive Team consists of the Director, Deputy Director, General Counsel, Chief of Staff, and Director of Congressional Relations and Public Affairs. Program staff, organized by geographic region, prioritize their investments in markets and sectors with the highest U.S. export potential, thereby positioning U.S. companies to achieve exceptional results.

In order to develop actionable recommendations for effective programming, USTDA's Office of Program Monitoring and Evaluation (M&E Office) continuously monitors performance. Additionally, the Agency's size and structure allows the Director of the M&E Office to review

[1] The Trade and Development Program, USTDA's predecessor organization, was established by 1981 within the U.S. Agency for International Development. In 1992, USTDA was established as an independent federal agency.

every dollar of program funding before it is obligated – thus ensuring empirical, evidence-based decisions and broad accountability.

Programmatic, operational and administrative support is provided by the Offices of General Counsel, Congressional Relations and Public Affairs, Finance, Acquisition Management, Information Technology, Administration, and by the M&E Office. Additionally, USTDA utilizes shared service providers for support functions wherever possible. This structure allows USTDA to maximize its resources in support of the Agency's statutory mission.

Performance Goals, Objectives and Results

Consistent with the Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010, USTDA has developed a five-year strategic plan and an annual performance plan. The Agency's strategic plan contains the following performance targets:

- The Agency will strive to generate an average of $74 in U.S. exports for every dollar appropriated to, and programmed by, the Agency.
- The Agency will seek to exceed the applicable SBA benchmark for percentage of applicable contracts under the Federal Acquisition Regulations (FAR) awarded to U.S. small businesses.

As discussed in more detail below, USTDA exceeded its performance targets in FY 2016.

Every year, USTDA conducts an extensive review of its ongoing programs and projects to determine the Agency's overall effectiveness and responsiveness to its stakeholders. In FY 2016, USTDA continued to pursue a targeted approach to delivering assistance. USTDA targeted 21 priority countries (out of 135 countries eligible for USTDA assistance), along with three priority sectors. The goal of this strategy, which has proven to be effective over the last eight years, was to target key strategic markets and industry sectors, both to establish a larger footprint for the Agency in these markets and to maximize the benefits of USTDA's program for U.S. companies and the developing and middle-income countries in which the Agency operates. The results of pursuing a focused strategy once again exceeded the Agency's expectations. In addition to the developmental benefits resulting from USTDA projects, the Agency's success is also quantitatively measured by the "export multiplier," a ratio of exports generated per appropriated USTDA dollar programmed, measured as a ten year rolling average. At the close of FY 2016, the Agency's export multiplier was 85 to 1. This return is over double the Agency's return from 2009, when the export multiplier was $41 for every dollar programmed. The Agency also identified over $3 billion in new U.S. exports supporting an estimated 18,000[2] U.S. jobs as a result of USTDA's funding.

[2] Rasmussen, "Jobs Supported by Exports 2015: An Update."

85	$3B	18,000
Multiplier	New Exports Found in 2016	U.S. Jobs

FY 2016 proved to be an impressive year for USTDA. Amid ever-growing demand for the Agency's assistance, USTDA pursued a strategic agenda that reflected the Administration's foreign policy and development priorities and supported U.S. exports and jobs. In FY 2016, USTDA produced outstanding results in terms of maintaining its export multiplier, identifying new project successes, hosting 23 new RTMs, and demonstrating its ability to innovate. For example, USTDA is catalyzing U.S. industry expertise and resources to support efforts to build smart cities in India and around the world. The Agency is leveraging its cross-cutting experience to deliver technical assistance and to pilot technologies that will help India develop three cities that are cleaner, more efficient and have a lower carbon impact. These master planning efforts led to impressive results in FY 2016: with USTDA's support, the city of Ajmer was selected as a finalist in India's Smart Cities Challenge, while the city of Visakhapatnam launched the next phase of its efforts to become a clean commerce capital. The Agency is also increasingly recognized as a leader in the Power Africa initiative and the demand for USTDA's Africa expertise has never been higher. Indeed, the Agency received an unprecedented response to a call for proposals that it issued in August 2016 – U.S. companies and African project sponsors alike requested USTDA assistance for over 300 projects in all corners of the continent and in all subsectors of energy. This was three times the number of requests than previously received. The Agency continued to expand the reach of many of its ongoing programs including the *Global Procurement Initiative: Understanding Best Value (GPI)*. Since the Agency launched the GPI in 2013 it has added seven GPI partner countries, and plans to add three more partner countries before the end of 2016. The Agency has received requests from seven additional countries for GPI partnership consideration in FY 2017. To date, USTDA has trained over 700 foreign government officials from 7 different GPI partner countries on the benefits of using life-cycle cost analysis and value-based procurement mechanisms.

USTDA focuses on meeting the stated goals and objectives in its current Strategic Plan. See https://www.ustda.gov/sites/default/files/USTDAStrategicPlan.pdf for a copy of USTDA's current strategic plan.

FY 2016 Strategic Investments	**Overall Success Rates**
(Percent is of total program obligations)	
Priority Countries: $48.4M (82.7%)	**Export Multiplier: 85 to 1**
Energy: $31.4M (55%)	**New Exports Identified: $3B**
Transportation: $14.0M (24%)	**Total Exports to Date: $66.6B**
Telecommunications: $2.2M (4%)	

Overall, in FY 2016 the Agency invested 82.7 percent of its total program obligations in its 21 priority countries, and 83 percent of its total program obligations in its priority sectors. With respect to the priority sectors, obligations remained fairly consistent from FY 2015 to FY 2016. Energy sector investments increased from 54 percent of FY 2015 total program obligations to 55 percent of FY 2016 total program obligations. Transportation sector investments remained at 24 percent of FY 2015 and FY 2016 total program obligations. Investments in the telecommunications sector experienced a slight decrease from 6 percent of program obligations in FY 2015 to 4 percent in FY 2016.

By focusing its resources, USTDA has been able to strengthen ties with the U.S. companies operating in these priority markets, their private sector counterparts and customers in the priority countries, as well as the host country governments.

USTDA is focused on creating opportunities for U.S. small businesses. USTDA's Making Global Local initiative — the Agency's signature domestic outreach program, launched in 2012 — has engaged small businesses across the country to help them realize the benefits of USTDA's export-promotion program. Under the Making Global Local banner, USTDA had strategic partnerships with more than 50 regional, state and local trade-promotion organizations at the end of FY 2016. USTDA also relies on small businesses for technical expertise. In FY 2016, more than 65 percent of the total value of all prime contracts awarded by USTDA went to U.S. small businesses. In FY 2015, more than 52 percent of the total value of all prime contracts awarded by USTDA went to U.S. small businesses.

Analysis of Financial Statements

USTDA prepares annual financial statements in accordance with U.S. generally accepted accounting principles (GAAP) for Federal government entities and subjects the statements to an independent audit to ensure their integrity and reliability in assessing performance. The financial statements and notes are presented on a comparative basis in the format required by GAAP and OMB Circular A-136, *Financial Reporting Requirements*.

The following table summarizes the significant changes in USTDA's financial position, net costs of operations, and budgetary resources as of and for the years ended September 30, 2015 and 2016:

Financial Indicator	FY 2016	FY 2015	Increase/ (Decrease)	Percentage Change
Total Assets	$127,527,097	$106,697,402	$20,829,695	19.5%
Total Liabilities	$10,715,594	$8,885,957	$1,829,637	20.6%
Net Position	$116,811,503	$97,811,445	$19,000,058	19.4%
Net Cost of Operations	$52,382,408	$53,591,335	($1,208,927)	(2.3%)
Budgetary Resources	$88,665,552	$76,039,042	$12,626,510	16.6%

Below is a brief description of the nature of each required financial statement and its relevance. Certain significant balances or conditions are explained, to elaborate on the impact on USTDA's operations. Readers are encouraged to gain a deeper understanding by reviewing USTDA's financial statements and related notes presented in the Financial Section of this report.

Balance Sheet

The accompanying balance sheet as of September 30, 2016 reports a net position of approximately \$116.8 million. USTDA's total assets are approximately \$127.5 million, primarily comprised of fund balance with Treasury of approximately \$126.2 million. The total assets increased by approximately \$20.8 million from September 30, 2015 to 2016. The increase was primarily due to an increase in fund balance with Treasury of \$20.1 million, due to increased funds received from USAID of \$4 million for the Clean Energy Finance Facility for the Caribbean and Central America and \$8 million for Power Africa.

Total liabilities reported are approximately \$10.7 million and are comprised of approximately \$9.9 million of accounts payable, of which approximately \$6.9 million relates to grant payments owed, but unpaid, as of September 30, 2016. Total liabilities increased by approximately \$1.8 million during FY 2016. The increase was primarily due to an increase in accounts payable.

Statement of Net Cost

USTDA's net cost of operations for the year ended September 30, 2016 amounted to approximately \$52.4 million. Net cost of operations decreased by approximately \$1.2 million in FY 2016, due to a decrease in cash outlays and increased reimbursements received pursuant to the U.S.-Africa Clean Energy Finance Initiative (US-ACEF) and Power Africa Initiative.

Statement of Budgetary Resources

The budgetary resources for FY 2016 increased by \$12.6 million from FY 2015, due primarily to an increase of \$12.0 million in transfer funds received in FY 2016.

Analysis of USTDA's Systems, Control and Compliance with Statutes and Directives

Data and Financial System Assessment

USTDA develops and promulgates accounting policies and procedures for use by its staff to maximize accountability; promote standardization and cost effectiveness; monitor Agency compliance with these policies and procedures; implement corrective actions to address control deficiencies raised by independent auditors; monitor the activities of the Agency's programs; and perform analysis of required changes in procedures that affects the financial reporting of the Agency.

In addition, the Agency conducts program audits throughout the year and provides oversight of decentralized accounts payable processing and payroll activities. The Agency also performs internal control reviews on financial, management, and information systems, and conducts factfinding activities to support decisions impacting revisions to the Agency's accounting and financial reporting systems.

The Interior Business Center (IBC) of the U.S. Department of the Interior provides payroll, personnel, and accounting systems and services to the Agency pursuant to service level agreements. The Agency's financial management system strategy is to continue to use a shared service provider. The operating effectiveness of the IBC's Oracle Federal Financials (OFF) and IBC's Federal Personnel and Payroll System (FPPS), General Information Technology and Accounting Operations Controls were examined under Statements on Standards for Attestation Engagements No. 16 (SSAE 16), *Reporting on Controls at a Service Organization*, issued by the American Institute of Certified Public Accountants (AICPA). IBC's independent auditor issued unqualified opinions on the SSAE 16 reports for OFF and FPPS for the period July 1, 2015 through June 30, 2016. Accordingly, IBC was able to provide USTDA with assurance that IBC controls were in place as of June 30, 2016, as they relate to key controls relied upon by USTDA, and are operating effectively. The results of this report in conjunction with user controls USTDA has put in place provide reasonable assurance that USTDA's financial management systems complied substantially with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Management Assurances

Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act of 1982 (FMFIA) is implemented by OMB Circular A-123, *Management's Responsibility for Internal Control*. The objectives of the FMFIA are to ensure that USTDA's controls and systems provide reasonable assurance that:

- obligations and costs are in compliance with applicable laws;
- funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation;
- revenues and expenditures are properly recorded and accounted for to permit the preparation of accounts and reliable financial reports and to maintain accountability over assets; and
- Programs are efficiently and effectively carried out in accordance with applicable laws and management policy.

USTDA management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the FMFIA. Accordingly, USTDA conducts risk assessments and internal control reviews to ensure the objectives mentioned above are achieved.

Section 2 of the FMFIA requires Federal agencies to report, on the basis of annual assessments, any material weaknesses that have been identified in connection with their internal and administrative controls. The reviews that took place during FY 2016 provide unqualified assurance that USTDA's systems and management controls comply with the requirements of the FMFIA.

Section 4 of the FMFIA requires that agencies annually provide assurance on programmatic internal controls and financial management systems, and effectiveness of internal control over financial reporting. USTDA evaluated its financial management systems in accordance with the FMFIA. The results of management reviews provide unqualified assurance under Section 4 of the FMFIA that USTDA's financial systems controls generally conform to the principles and standards required.

Finally, in accordance with the Accountability of Tax Dollars Act of 2002 (ATDA), the Agency's financial information is audited annually. The results of the audit are considered by USTDA in its assessment of whether or not the objectives of the FMFIA are being met.

Annual Assurance Statement on Internal Control

USTDA's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act (FMFIA). USTDA conducted its assessment of the effectiveness of internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control,* revised, December 21, 2004 ("OMB Circular A-123"). Based on the results of this evaluation, USTDA can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2016 was operating effectively and no material weaknesses were found in the design or operation of the internal controls.

In addition, USTDA conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, USTDA can provide reasonable assurance that its internal control over financial reporting as of June 30, 2016 was operating effectively and no material weaknesses were found in the design or operation of the internal control over financial reporting.

/s/ Leocadia I. Zak

Director

October 27, 2016

Date

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Accountability of Tax Dollars Act

The Accountability of Tax Dollars Act of 2002 (ATDA) requires the preparation of financial statements by the Federal agencies that were exempted by the Chief Financial Officers Act of 1990. OMB Circular A-136, *Financial Reporting Requirements*, enables agencies to consolidate their audited financial statements and other financial and performance reports into one report, the PAR. This report meets the requirements of the ATDA.

Government Performance and Results Act (GPRA) and GPRA Modernization Act

The Government Performance and Results Act of 1993 (GPRA) as amended, including as amended by the GPRA Modernization Act of 2010, requires the Agency to make available, on the Agency's public website, a 5-Year Strategic Plan, an Annual Performance Plan, and an Annual Performance Report. USTDA's 5-Year Strategic Plan for FY 2016 – 2018, as amended, and combined Annual Performance Plan and Annual Performance Report are available on the Agency's website, ustda.gov.

Federal Information Security Modernization Act

The Federal Information Security Modernization Act of 2014 (FISMA) requires each Federal agency to establish and maintain an information security program for all non-national security information and information systems. The Agency's information security program includes a process for planning, implementing, evaluating, and documenting remedial action to address deficiencies in its information security policies, procedures, and practices.

During FY 2016, USTDA maintained its information security program by (1) providing annual information security awareness training to its user community, including contractors; (2) performing annual assessments on its General Support System (GSS), incorporating the testing of management, operational, and technical security controls; (3) maintaining the process for planning, implementing, evaluating, and documenting remedial action to address any deficiencies in the information security policies, procedures, and practices; and (4) maintaining procedures for detecting, reporting, and responding to security incidents, consistent with standards and guidelines issued by the National Institute of Standards and Technology (NIST).

USTDA utilizes Federal Risk and Authorization Management Program (FedRAMP) authorized cloud based solutions for email and USTDA.gov web site hosting. By using FedRAMP authorized providers we benefit from a government-wide standardized approach for information security and FISMA compliance.

Improper Payments Elimination and Recovery Act

The Improper Payments Information Act of 2002 (IPIA) requires Federal agencies to identify and report on significant payment programs that are susceptible to improper payments. The Improper Payments Elimination and Recovery Act of 2010 (IPERA) requires the development of policies and procedures for the prevention and detection of improper payments in the Federal government.

IPERA expands on IPIA by, among other things, requiring an initial assessment to identify those programs that are susceptible to significant risk of improper payments. The Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA) requires OMB on an annual basis to identify high-priority programs, establish performance targets and accelerates the "Do Not Pay" program.

USTDA reviewed its operations, identifying three categories of activities which the Agency undertakes:

(1) Project Development Program;
(2) International Business Partnership Program; and
(3) Agency Support Contracts (exclusive of payments to Federal agencies).

In FY 2013, USTDA assessed each of these categories of activities to determine which, if any, were susceptible to significant improper payments. USTDA's Office of Finance has also reviewed every transaction processed during FY 2016. Based on the review of 2016 transactions, the nature of USTDA's program and activities, and in view of USTDA's current recovery audit procedures, as well as USTDA's compliance with FMFIA as described above, the Agency has determined in accordance with IPERA that an expanded program of payment recapture audits would not be cost-effective within the meaning of IPERA.

Following the review and analysis of USTDA's transactions for FY 2016, the most recent year for which a review has been completed, the Agency did not find any significant improper payments that reached the level required for reporting by IPERA. In addition, in order to enhance its policies and procedures for the prevention and detection of improper payments, the Agency has entered into an agreement with IBC, its shared service provider; to utilize the Do Not Pay Business Center to check all invoices prior to payment in an effort to further reduce improper payments. The Do Not Pay Business Center provides data on whether or not an individual or company is eligible to receive Federal payments.

Limitations of the Financial Statements

These financial statements have been prepared to report the financial position and results of operations of USTDA pursuant to the requirements of 31 U.S.C. § 3515(b). While the financial statements have been prepared from the books and records of the Agency in accordance with generally accepted accounting principles for Federal entities and the formats prescribed by the Office of Management and Budget (OMB), the statements are in addition to the financial reports used by USTDA management to monitor and control budgetary resources that are prepared from the same books and records.

These statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.

U.S. Trade and Development Agency Performance

Performance Objectives and Results

USTDA helps companies create U.S. jobs through the export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project preparation activities, pilot projects, and RTMs while creating sustainable infrastructure and economic growth in partner countries. The Agency is divided into five regions that manage the majority of USTDA's program funding commitments: Latin America and the Caribbean; East Asia and Eurasia; Sub-Saharan Africa; Middle East and North Africa and Europe; and South and Southeast Asia. In addition, the Global Programs Office manages program funding commitments across the five regions, as well as cross-cutting programs including the GPI.

In FY 2016, USTDA continued to support the Administration's goals by creating valuable partnerships between U.S. businesses and the Agency's partner economies. USTDA dedicated significant resources to support cooperative efforts under the Clean Energy Finance Facility for the Caribbean and Central America, the U.S.-Africa Clean Energy Finance Initiative and Power Africa. Making Global Local has continued to serve as the centerpiece of the Agency's domestic outreach strategy.

USTDA is catalyzing U.S. industry expertise and resources to support efforts to build smart cities in India and around the world. The Agency is leveraging its cross-cutting experience to deliver technical assistance and to pilot technologies that will help India develop three cities that are cleaner, more efficient and have a lower carbon impact. These master planning efforts led to impressive results in FY 2016: with USTDA's support, the city of Ajmer was selected as a finalist in India's Smart Cities Challenge, while the city of Visakhapatnam launched the next phase of its efforts to become a clean commerce capital. In addition, as the Agency is increasingly recognized as a leader in the Power Africa initiative, the demand for USTDA's Africa expertise has never been higher. Indeed, the Agency received an unprecedented response to a call for proposals that it issued in August 2016 – U.S. companies and African project sponsors alike requested USTDA assistance for over 300 projects in all corners of the continent and in all subsectors of energy. This was three times the number of requests than previously received.

USTDA also continued to support its existing cooperation programs in China, India and Brazil, which have helped leverage private sector resources to promote the sustainable development of vital infrastructure in some of the largest overseas markets. Also in FY 2016, USTDA responded to increased demand for the GPI by expanding the program to include Colombia, Mexico, Panama, Turkey and India as partner countries, in addition to the existing partners of Botswana, Ethiopia, the Philippines, Romania, and Vietnam. To date, USTDA has trained over 700 foreign government officials from 7 different GPI partner countries on the benefits of using life-cycle cost analysis and value-based procurement mechanisms. In addition, the Agency hosted 35 RTMs, conferences, and workshops. These activities, which demonstrate some of the strategic investments the Agency made in FY 2016, facilitated USTDA's overall success in fulfilling its mission.

U.S. Trade and Development Agency Performance

USTDA's Monitoring Process and Evaluation Measurements and Targets

USTDA maintains a robust M&E Office that is integrated into all individual project, management and policy decisions. Monitoring is a key pillar in the stewardship of federally funded programs. At USTDA, monitoring ensures the efficacy of program delivery, compliance with federal requirements, and continual collection of data to strengthen in-depth evaluation efforts, while simultaneously helping to increase the commercial impact of USTDA's programs. USTDA employs a rigorous, systematic process to ensure compliance through standardized tools such as multi-phase reviews of all final work product for all grant activities. USTDA may also undertake programmatic or financial audits of selected activities. In cases where non-compliance is identified, the Agency works to bring those cases into compliance or takes appropriate action when funding recipients cannot meet compliance requirements.

The M&E Office participates in each stage of USTDA's project life-cycle by providing data and feedback regarding past results, anticipated outcomes, and proposed evaluation strategies when projects are being designed; conducting internal evaluation of prior projects to inform USTDA's evaluation strategies and policies; and overseeing the work of outside evaluation contractors that gather data and document the outcomes of USTDA's program.

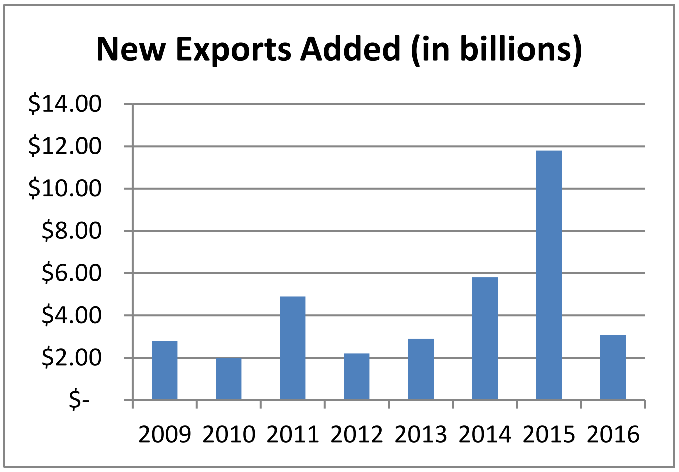
USTDA has had extensive experience measuring the success of its activities against its commercial goals. There is no indication from either the Agency's internal evaluations staff or its outside evaluation teams that there are any material inadequacies that would significantly impede the use of performance data by the Agency's management and government decision-makers.

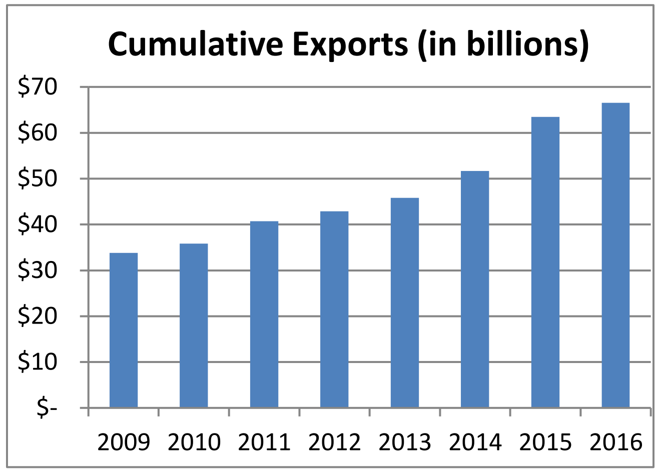
The measurements used by the Agency to determine whether its commercial objectives are being achieved include:

- Total Cumulative Exports: the amount of exports associated with USTDA-funded activities in any given time period.

- Export Multiplier: quantifies the amount of exports generated for every USTDA program dollar obligated and thus is the export return on USTDA investments. At the close of FY 2016, USTDA had generated $85 in U.S. exports for every $1 in program funding. The multiplier is calculated using the Ten Year Rolling Average (TYRA) which is comprised of projects completed from January 1, 2004 through December 31, 2013. The TYRA is explained in greater detail in the *Procedures to Ensure Performance Reporting* section.

Total Cumulative Exports
This figure is generated by calculating the sum of total exports documented in the USTDA database. Since 1981, USTDA's programs have helped generate more than $66 billion in U.S. exports. In FY 2016, USTDA identified an additional $3.08 billion of U.S. exports attributed to USTDA-supported projects.



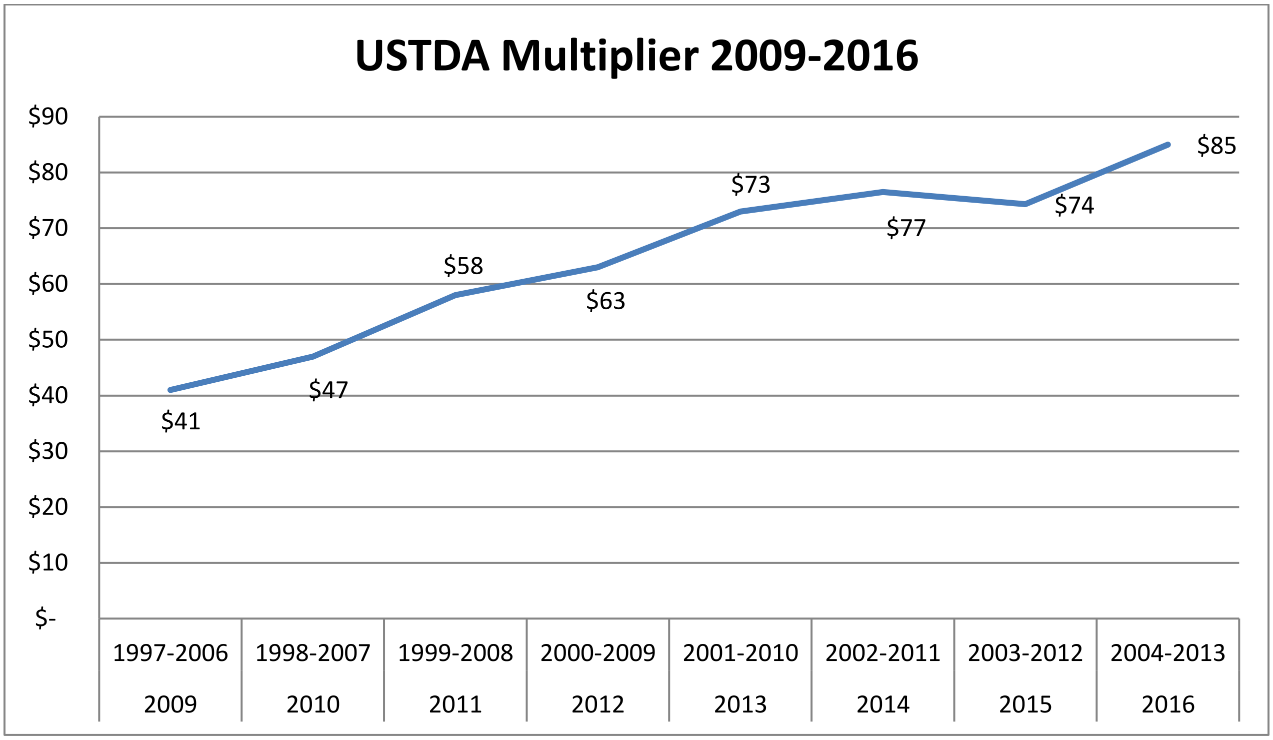


Export Multiplier Calculation

The export multiplier quantifies the amount of exports generated for every USTDA program dollar obligated. It is calculated by dividing the dollar value of U.S. exports USTDA identifies by the dollar value of USTDA's program funding commitments. For the current TYRA period, which contains projects completed from January 1, 2004 through December 31, 2013, USTDA has obligated $346.2 million of program funding to support foreign projects, which has helped to generate $29.33 billion in U.S. exports. Thus, for every $1 dollar of USTDA program funding, $85 in U.S. exports are generated. This return on investment demonstrates the Agency's ability to promote the U.S. business community and exports of U.S. goods or services that can meet the needs of developing and middle-income countries.

Export Multiplier: $\dfrac{\$29.33 \text{ billion}}{\$346.2 \text{ million}} = \$85$

U.S. Trade and Development Agency
Performance



Other Measurements

Small Business Impact
The U.S. Small Business Administration (SBA) set a benchmark for Federal agencies to meet the statutory goal of awarding 23 percent of federal prime contracting dollars to small businesses.[3] USTDA has far surpassed that mark for more than 10 years—in FY 2016, more than 65 percent of the total value of all prime contracts awarded by USTDA went to small businesses. USTDA remains committed to exceeding the SBA benchmark, and will do so by maintaining its ambitious outreach efforts to U.S. small businesses.

Procedures to Ensure Performance Measurement Reporting

Multiple factors lead to USTDA's results. USTDA's M&E Office strives to obtain information that validates whether and how USTDA's funding affected the outcomes identified. The M&E Office utilizes proven evaluation methods, in line with industry best practice, to measure outputs, outcomes and impacts against original project goals. These methods are grounded in broader evaluation practice to objectively, systematically, and consistently assess the impact of USTDA's programming.

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[3] U.S. Small Business Administration, Strategic Plan Fiscal Years 2011–2016 http://www.sba.gov/sites/default/files/serv_strategic_plan_2010-2016.pdf, p. 8.

U.S. Trade and Development Agency Performance

The information collected by the M&E Office supports organizational learning within USTDA and assists the Agency in documenting the relationship between its activities and project outcomes. Performance and results data is shared consistently with internal and external audiences to provide transparency on the Agency's impact and support continual performance improvement. Evidence gathered by the M&E Office forms the basis of annual strategic planning efforts, and is used throughout the year to inform program funding and program management decisions. The following parameters are used when compiling and generating export measures:

U.S. exports and U.S. content: U.S. exports attributed to USTDA's funding must have a credible and significant linkage to the USTDA-funded activity. USTDA defines U.S. exports as (i) the U.S. content associated with goods manufactured in the United States or (ii) the services provided by U.S. companies.[4] This definition enables USTDA to make the best estimation of its impact on U.S. jobs based on the U.S. exports attributed to its funding. This data supports the direct benefit that USTDA-funded activities bring to U.S. companies, including by the creation of U.S. jobs.

Ten Year Rolling Average: The TYRA is a ten-year interval of time used to report the outcomes resulting from USTDA's program. The TYRA currently consists of all USTDA activities completed in the ten-year period from January 1, 2004 through December 31, 2013. Because USTDA finances early-stage project preparation activities, it typically takes years for the Agency's activities to produce U.S. exports. Large infrastructure projects take years to develop and complete. As such, this interval of time is used to capture meaningful and relevant representation of the results of USTDA's program funds. The last year of the TYRA (2013) is recent enough to influence Agency planning and long enough to ensure that USTDA-funded activities have been evaluated at least once by USTDA's external contractors.

Type of Funding: USTDA funds projects by using its core funds (those funds that Congress appropriates directly to USTDA) and, in some instances, transfer funds provided by other government agencies such as USAID and the Department of State. Transfer funds often carry restrictions with respect to the use of the funding (e.g., country limitations, industry priorities, or specific activities). Accordingly, the evaluation process takes into account the type of funding used to support each project in order to appropriately reflect the specific goals, objectives, and restrictions of each activity. Transfer-funded projects receive thorough evaluation throughout the life-cycle of the project; however, due to the differing objectives and restrictions associated with transfer-funded projects, they are treated separately from core-funded projects and omitted from calculations of aggregate results, in accordance with OMB guidance.

External Evaluation and Validation: USTDA uses external contractors - outside evaluation teams (OETs) - to evaluate approximately 400 USTDA projects annually. OETs provide an assessment of

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[4] USTDA obtains U.S content data most commonly from U.S. contractors, suppliers, host country project sponsors, financiers, and U.S. agencies involved in implementing projects.

project outcomes, in terms of both exports and developmental impact. OETs provide these assessments in individual project reports that present details about such matters as:

- the specific U.S. companies that exported to the project;
- the specific U.S. goods and services supplied to the project;
- how the USTDA-funded work contributed to implementation of the project;
- the type of financing that was used for the project; and
- if the project did not move forward, an assessment of why it did not.

Each report contains information about the entities that were contacted during the evaluation. In addition to these reports on individual projects, the OETs provide a comprehensive final report that summarizes the findings associated with the cohort of approximately 400 projects. After several annual assessments by the OETs, any remaining questions are handled directly by USTDA's M&E Office. USTDA is currently using two separate companies to provide outside evaluations.

KPMG LLP
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Independent Auditors' Report

The Director
U.S. Trade and Development Agency:

Report on the Financial Statements

We have audited the accompanying financial statements of the U. S. Trade and Development Agency ("USTDA") which comprise the balance sheets as of September 30, 2016 and 2015, and the related statements of net cost, changes in net position, and budgetary resources for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 15-02 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 USTDA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion on the Financial Statements

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of USTDA as of September 30, 2016 and 2015, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

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

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Director's Message, Performance section, Other Information section, and information in referenced websites, included in the USTDA Performance and Accountability Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements as of and for the year ended September 30, 2016, we considered USTDA's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USTDA's internal control. Accordingly, we do not express an opinion on the effectiveness of USTDA's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether USTDA's financial statements are free from 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 determination of financial statement amounts. 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 of compliance disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 15-02.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of USTDA's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington DC
November 9, 2016

U.S. TRADE AND DEVELOPMENT AGENCY

Balance Sheets

As of September 30, 2016 and 2015

	2016	2015
Assets		
Intragovernmental:		
Fund balance with Treasury (Note 2)	$ 126,158,113	$ 106,021,715
Accounts receivable (Note 3)	617,695	226,935
Total intragovernmental	126,775,808	106,248,650
Accounts receivable (Note 3)	24,713	24,713
General property and equipment, net (Note 4)	726,576	424,039
Total assets	$ 127,527,097	$ 106,697,402
Liabilities and Net Position		
Liabilities		
Intragovernmental:		
Accounts payable (Note 5)	$ 274,466	$ 230,569
Other liabilities (Note 5)	—	26,716
Total intragovernmental	274,466	257,285
Accounts payable (Note 5)	9,605,799	7,862,774
Other liabilities (Note 5)	835,329	765,898
Total liabilities	10,715,594	8,885,957
Net position:		
Unexpended appropriations	116,595,652	97,939,604
Cumulative results of operations	215,851	(128,159)
Total net position	116,811,503	97,811,445
Total liabilities and net position	$ 127,527,097	$ 106,697,402

The accompanying notes are an integral part of these statements.

U.S. TRADE AND DEVELOPMENT AGENCY

Statements of Net Cost

For the Years Ended September 30, 2016 and 2015

		2016		2015
Cost of Operations:				
Grants program costs	$	54,394,802	$	55,329,244
Less earned revenue		(2,012,394)		(1,737,909)
Net cost of operations (Notes 6 and 11)	$	52,382,408	$	53,591,335

The accompanying notes are an integral part of these statements.

U.S. TRADE AND DEVELOPMENT AGENCY
Statements of Changes in Net Position
For the Years Ended September 30, 2016 and 2015

	2016	2015
Cumulative results of operations:		
Beginning balance	$ (128,159)	$ (47,064)
Budgetary financing sources:		
Appropriations used	52,384,223	53,219,379
Other financing sources:		
Imputed financing	342,195	290,861
Total financing sources	52,726,418	53,510,240
Net cost of operations	(52,382,408)	(53,591,335)
Net change	344,010	(81,095)
Total cumulative results of operations	215,851	(128,159)
Unexpended appropriations:		
Beginning balance	97,939,604	91,416,951
Budgetary financing sources:		
Appropriations received	60,000,000	60,000,000
Appropriations transferred in	12,000,000	—
Other adjustments (rescissions and cancellation of expired funds)	(959,729)	(257,968)
Appropriations used	(52,384,223)	(53,219,379)
Total budgetary financing sources	18,656,048	6,522,653
Total unexpended appropriations	116,595,652	97,939,604
Net position	$ 116,811,503	$ 97,811,445

The accompanying notes are an integral part of these statements.

U.S. TRADE AND DEVELOPMENT AGENCY

Statements of Budgetary Resources

For Years Ended September 30, 2016 and 2015

		2016		2015
Budgetary resources:				
Unobligated balance brought forward, October 1	$	9,392,501	$	10,565,282
Recoveries of prior year unpaid obligations		6,593,974		5,615,947
Other changes in unobligated balance				
Appropriations transferred in		12,000,000		—
Rescissions and cancellations of expired funds		(959,729)		(257,968)
Unobligated balance from prior year budget authority, net		27,026,746		15,923,261
Appropriations (discretionary and mandatory)		60,000,000		60,000,000
Spending authority from offsetting collections (discretionary and mandatory)		1,638,806		115,781
Total budgetary resources	$	88,665,552	$	76,039,042
Status of budgetary resources:				
Obligations incurred (Note 7)	$	74,624,039	$	66,646,541
Unobligated balance, end of year:				
Apportioned (Notes 2 and 8)		10,643,893		7,013,391
Unapportioned (Note 2)		3,397,620		2,379,110
Total unobligated balance, end of year		14,041,513		9,392,501
Total budgetary resources	$	88,665,552	$	76,039,042
Change in obligated balance:				
Unpaid obligations, brought forward, October 1 (gross)	$	99,992,231	$	93,208,846
Obligations incurred		74,624,039		66,646,541
Outlays (gross)		(52,525,507)		(54,247,209)
Recoveries of prior year unpaid obligations		(6,593,974)		(5,615,947)
Obligated balance, end of year				
Unpaid obligations, end of year (gross)		115,496,789		99,992,231
Uncollected payments:				
Uncollected customer payments from Federal sources, brought forward October 1		(3,363,017)		(4,758,208)
Change in uncollected customer payments from Federal sources, end of year		(17,172)		1,395,191
Uncollected customer payments from Federal sources, end of year		(3,380,189)		(3,363,017)
Obligated balance, end of year (net) (Note 2 and 9)	$	112,116,600	$	96,629,214
Budget Authority and Outlays, Net				
Budget authority, gross (discretionary and mandatory)	$	61,638,806	$	60,115,781
Actual offsetting collections (discretionary and mandatory)		(1,621,634)		(1,510,972)
Change in uncollected customer payments from Federal sources		(17,172)		1,395,191
Budget authority, net (discretionary and mandatory)	$	60,000,000	$	60,000,000
Outlays, gross (discretionary and mandatory)	$	52,525,507	$	54,247,209
Actual offsetting collections (discretionary and mandatory)		(1,621,634)		(1,510,972)
Outlays, net (discretionary and mandatory)		50,903,873		52,736,237
Agency outlays, net (discretionary and mandatory)	$	50,903,873	$	52,736,237

The accompanying notes are an integral part of these statements.

U.S. Trade and Development Agency
Notes to Financial Statements
September 30, 2016 and 2015

(1) Summary of Significant Accounting Policies

(a) Description of Reporting Entity

USTDA is an independent U.S. government agency administered under the authority of Section 661 of the Foreign Assistance Act of 1961, as amended (22 U.S.C. § 2421). The Agency is not subject to Federal, state or local income tax; therefore no provision for income taxes has been recorded in the accompanying financial statements.

USTDA helps U.S. companies create jobs through export of U.S. goods and services for priority development projects in emerging economies. USTDA links U.S. businesses to export opportunities by funding project preparation activities, pilot projects, and RTMs while creating sustainable infrastructure and economic growth in partner countries.

The organization was established on July 1, 1981 as the Trade and Development Program (TDP) by delegation of authority as a component of the International Development Cooperation Agency (IDCA). In 1988, under the Omnibus Trade and Competitiveness Act, the organization was designated a separate component agency of IDCA. On October 28, 1992, Congress enacted the Jobs through Exports Act of 1992, which renamed TDP as the Trade and Development Agency and established USTDA as an independent executive branch agency under the foreign policy guidance of the Secretary of State.

(b) Basis of Presentation

These financial statements have been prepared to report the financial position, net costs, changes in net position, and budgetary resources of USTDA. These financial statements include all activity related to USTDA's appropriation and interagency agreements, whereby USTDA receives transfers from other Federal agencies for use in specific regions or sectors.

(c) Budgets and Budgetary Accounting

Congress annually adopts a budget appropriation that provides USTDA with authority to use funds from the U.S. Treasury to meet operating and program expense requirements. All revenue received from other sources, except for appropriations transferred from other Federal agencies, must be returned to the U.S. Treasury.

(d) Basis of Accounting

USTDA's Balance Sheets, Statements of Net Cost, and Statements of Changes in Net Position are prepared using the accrual basis of accounting. This basis requires recognition of the financial effects of transactions, events, and circumstances in the periods when those transactions, events, and circumstances occur, regardless of when cash is received or paid. USTDA also uses budgetary accounting to facilitate compliance with legal constraints and to track its budget authority at the various stages of execution, including commitments, obligation, and eventual outlay. The Statements of Budgetary Resources are prepared using budgetary accounting methods.

The standards used in the preparation of the accompanying financial statements are issued by the Federal Accounting Standards Advisory Board, which represent accounting principles generally accepted in the United States of America for U.S. government entities.

(e) Appropriations and Other Financing Sources

Appropriations are recognized as a financing source at the time they are authorized and apportioned. Appropriations used to fund grant activities and administrative expenses are recognized as expenses and revenue as the resultant related expenses are incurred.

During FY 2015 and FY 2016, USTDA received an appropriation to be used for program and administrative expenses, which are available for obligation through September 30, 2016 and 2017, respectively. These funds were appropriated in accordance with Title VI of the Department of State Foreign Operations, and Related Programs Appropriations Act, 2015 and Title VI of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2016. USTDA's appropriation acts allow de-obligated funds that were initially obligated prior to their expiration to remain available for re-obligation for an additional 4 years from the date on which the availability of such funds would otherwise have expired. In FY 2016, USTDA re-apportioned approximately $0.587 million of FY 2011 de-obligations, $1.4 million of FY 2012 de-obligations, and $1.076 million of FY 2013 de-obligations.

Under section 632(b) of the Foreign Assistance Act of 1961, as amended, (22 U.S.C. § 2392(b)) (the "FAA"), the Department of State (DOS) has entered into an agreement with USTDA, "Aligning Public Finance to Leverage Private Capital Investment: U.S.-Africa Clean Energy Finance Initiative (US-ACEF)," to increase access to clean energy for African countries by stimulating increased investments in clean energy generating capacity and related infrastructure. This agreement provides for $2.5 million from DOS to USTDA; as of September 30, 2016, $1.426 million had been obligated and $16,450 disbursed by USTDA and invoiced to DOS.

Under section 632(a) of the FAA and the Consolidated and Further Continuing Appropriations Act, 2015, the U.S. Agency for International Development (USAID) has entered into an agreement with USTDA, "Memorandum of Agreement Between the United States Agency for International Development and the United States Trade and Development Agency to Transfer Funds for the Clean Energy Finance Facility for the Caribbean and Central America", to support project preparation costs involved in the development and finance of projects in support of the Clean Energy Finance Facility for the Caribbean and Central America ("CEFF-CCA") program in the Caribbean and Central America. In FY 2016, USTDA received $4 million from USAID under this authority. These funds were obligated as of September 30, 2016.

Under section 632(a) of the FAA and the Consolidated and Further Continuing Appropriations Act, 2010 (P.L. 111-117, Division F), as carried forward by the Department of Defense and Full-Year Continuing Appropriations Act, 2011 (P.L. 112-10, Division B), USAID has entered into an agreement with USTDA, "Memorandum of Agreement Between the United States Agency for International Development and the United States Trade and Development Agency to Transfer Funds", to support USTDA in continuing its program in project preparation assistance that will advance cleaner energy projects in Sub-Saharan Africa. In FY 2016, USTDA received $8 million from USAID under this authority. These funds were obligated as of September 30, 2016. Under Section 632(b) of the FAA, USAID has entered into an agreement with USTDA, "Participating Agency Program Agreement Between the United States Agency for International Development and United States Trade and Development Agency: Power Africa – USTDA Project Preparation Assistance", that provides $2,786,140 to USTDA to establish a four-year program for personnel to support the Power Africa initiative. As of September 30, 2016, $221,000 had been obligated and $44,597 disbursed by USTDA and invoiced to USAID under this agreement.

(f) Fund Balance with Treasury

USTDA does not maintain cash in commercial bank accounts. The U.S. Treasury processes cash receipts and disbursements. The balance of funds with Treasury primarily represents appropriated funds that are available to pay current liabilities and finance authorized purchase commitments relative to goods or services.

(g) Accounts Receivable

USTDA regards amounts due from other Federal agencies as 100 percent collectible.

Federal accounts receivable consist of amounts due from the Department of State for its reimbursable program. Consistent with accounting standards, USTDA records an accounts receivable from the Department of State in the same amount as the accounts payable to contractors for services provided under the interagency agreement.

(h) Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. USTDA capitalizes property and equipment with an acquisition cost greater than $5,000 and useful life exceeding one year. Depreciation is calculated using the straight-line method and is based on an estimated useful life of 10 years for all assets, except computer equipment and software, which is depreciated over 5 years. Leasehold improvements are amortized over the estimated period of occupancy or the life of the improvement, whichever is less. Expenditures for repairs and maintenance are charged to operating expenses as incurred.

(i) Liabilities

Liabilities represent amounts owed by USTDA as the result of transactions or events that have occurred as of fiscal year end. Liabilities covered by budgetary or other resources are those liabilities for which Congress has appropriated funds or funding is otherwise available to pay amounts owed. Liabilities not covered by budgetary or other resources represent amounts owed in excess of available, congressionally appropriated funds or other amounts. The liquidation of liabilities not covered by budgetary or other resources is dependent on future congressional appropriations or other funding. There is no certainty that Congress will appropriate funds to satisfy such liabilities.

USTDA has no capital leases. Regarding its building lease, the General Services Administration (GSA) entered into a lease agreement for USTDA's rental of building space. USTDA pays GSA a standard-level users' charge for the annual rental. The standard-level users' charge approximates the commercial rental rates for similar properties. For FY 2016, USTDA paid approximately $1.7 million in rent expense.

(j) Undelivered Orders

Undelivered orders represent the amount of orders for goods and services outstanding for which funds have been obligated, but the liabilities have not been incurred.

(k) Accrued Leave

Annual leave is accrued as a liability as it is earned. The liability is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current year pay rates. To the extent that the current or prior year appropriations are not available to fund annual leave earned, but not taken, funding will be obtained from future appropriations. USTDA's accounting for annual leave earned, but not taken is compliant with established regulations. Sick leave and other types of non-vested leave are charged to expense as the leave is used.

(l) Cumulative Results of Operations

Cumulative results of operations represent the difference between net property and equipment and unfunded annual leave, plus the net difference between expenses and financing sources since the inception of an activity.

(m) Retirement Plan

USTDA's employees participate in either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). Employees participating in CSRS contribute 7.0 percent of their gross pay to the plan, and USTDA contributes 8.51 percent. The Office of Personnel Management (OPM) has calculated that the cost of providing a CSRS benefit is 32.8 percent of an employee's basic pay. This exceeds the amounts contributed to the plan by USTDA and its employees. In accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*, USTDA reports the full cost of providing pension benefits to employees in the CSRS.

On January 1, 1987, FERS went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983 are automatically covered by FERS and the Social Security Act. Employees hired prior to January 1, 1984 could elect either to join FERS and the Social Security Act or remain in CSRS. A primary feature of FERS is that it offers a savings plan in which USTDA automatically contributes 1 percent of employees' pay and matches any employee contribution up to an additional 4 percent of basic pay. For most employees hired since December 31, 1983, USTDA also contributes the employer's matching share under the Social

Security Act. Public Law 112-96, Section 5001, the Middle Class Tax Relief and Job Creation Act of 2012, divided FERS participants into two categories, FERS employees and FERS-Revised Annuity Employees (FERS-RAE). Employees hired on or after January 1, 2013, with some exceptions, are required to contribute 2.3% more to FERS than FERS employees hired prior to January 1, 2013. Section 401 of the Bipartisan Budget Act of 2013, made another change to FERS: beginning January 1, 2014, new employees (as designated in the statute) pay higher employee contributions, an increase of 1.3 percent of salary above the percentage set for FERS-Revised Annuity Employees. Section 8401 of Title 5, United States Codes, was amended to add a new definition of a FERS-FRAE employee.

The following chart highlights contribution rates for FERS employees:

FERS Retirement System	Agency Contribution Rate	Employee Contribution Rate
FERS – Regular	13.2%	0.8%
FERS – RAE	11.1%	3.1%
FERS – FRAE	11.1%	4.4%

The total amount of imputed financing for retirement and other post-retirement benefits paid by OPM for FY 2016 amounted to $342,195 which includes $37,875 for pension cost for CSRS and FERS; $304,006 for the Federal Employees Health Benefits (FEHB) Program; and $314 for Federal Employees Group Life Insurance (FEGLI). In FY 2015, OPM funded $290,861 for pension, health, and life insurance benefits on behalf of USTDA's employees. These amounts are included in USTDA's FY 2016 and FY 2015 financial statements, respectively.

The actuarial present value of accumulated benefits, assets available for benefits, and unfunded pension liability of CSRS and FERS is not allocated to individual departments and agencies and is therefore not disclosed by USTDA. The reporting of these amounts is the responsibility of OPM.

USTDA paid approximately $731,046 and $638,245 for retirement system coverage for its employees during FY 2016 and FY 2015, respectively.

(n) Use of Estimates

Management has made certain estimates and assumptions when reporting in these financial statements on assets and liabilities. Management's estimates and assumptions are also used in expenses and note disclosures. Actual results could differ from these estimates. Significant estimates underlying the accompanying financial statements include depreciable lives of property and equipment with no residual value, and the grants payable accrual. USTDA used a ratio of the average of accounts payable to unpaid obligations over a three-year period and applied the resulting percentage to calculate the current year's estimate of accounts payable.

(2) Fund Balance with Treasury

Fund Balance with Treasury represents USTDA's undisbursed budgetary authority and funds to be returned to Treasury at September 30, 2016 and 2015, as follows:

	2016	2015
Fund balances:		
Appropriated funds	$ 126,158,113	$ 106,021,715
Total	$ 126,158,113	$ 106,021,715
Status of Fund Balance with Treasury:		
Unobligated balance:		
Available	$ 10,643,893	$ 7,013,391
Unavailable	3,397,620	2,379,110
Obligated balance not yet disbursed	112,116,600	96,629,214
Total	$ 126,158,113	$ 106,021,715

Unobligated fund balances are either available or not available. Amounts are reported as not available when they are no longer legally available to USTDA for obligation. However, balances that are currently reported as not available can change over time, because they may be used to increase the amount of the initial obligation to cover additional expenditures that relate to these obligations.

(3) Accounts Receivable

Accounts receivable at September 30, 2016 and 2015 consist of the following components:

	2016	2015
Accounts receivable -- Intragovernmental:		
U.S. Department of State	$ 617,695	$ 226,935
Accounts receivable -- Public	24,713	24,713
Total	$ 642,408	$ 251,648

The accounts receivable from the Department of State related to services provided by the Agency under the US-ACEF agreements. USTDA established an accounts receivable from the public in FY 2015 in the amount of $24,713. This amount represents funds owed to USTDA from one contractor and are assessed as collectible. There were no new amounts owed from the public in FY 2016.

(4) General Property and Equipment, Net

General property and equipment and related accumulated depreciation balances at September 30, 2016 and 2015 are as follows:

September 30, 2016

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	864,220	$	501,028	$	363,192
Furniture and Fixtures	10 years		344,980		203,821		141,159
Computer Software	5 years		58,125		21,371		36,754
Other Equipment	10 years		376,511		191,040		185,471
Leasehold Improvements	5 years		113,182		113,182		—
		$	1,757,018	$	1,030,442	$	726,576

September 30, 2015

Class of Asset	Service life		Acquisition value		Accumulated depreciation/ amortization		Net book value
Computer Equipment	5 years	$	550,516	$	411,445	$	139,071
Furniture and Fixtures	10 years		313,052		193,414		119,638
Computer Software	5 years		34,455		13,122		21,333
Other Equipment	10 years		308,333		164,336		143,997
Leasehold Improvements	5 years		113,182		113,182		—
		$	1,319,538	$	895,499	$	424,039

Depreciation expense for fiscal years ended September 30, 2016 and 2015 is $145,213 and $114,280, respectively.

During FY 2016 and 2015, USTDA purchased property and equipment in the amount of $449,977 and $31,969, respectively. In addition, during FY 2016, USTDA retired $12,497 in property and equipment with related accumulated depreciation amounting to $10,270, representing a loss on disposals of $2,227. During FY 2015, USTDA retired $720 in fully depreciated property and equipment, representing $0 loss on disposals.

(5) Liabilities

Total liabilities represent the sum of liabilities not covered by budgetary resources and those covered by budgetary resources. As of September 30, 2016 and 2015, total liabilities were as follows:

		2016		2015
Intragovernmental liabilities:				
Liabilities not covered by budgetary resources:				
Worker's Compensation	$	—	$	7,159
Unemployment Compensation		—		19,557
Liabilities covered by budgetary resources:				
Accounts payable		274,466		230,569
Total intragovernmental liabilities	$	274,466	$	257,285
Other liabilities:				
Liabilities not covered by budgetary resources:				
Accrued annual leave	$	497,575	$	514,240
FECA actuarial liability		37,863		35,954
Liabilities covered by budgetary resources:				
Accounts payable		9,605,799		7,862,774
Accrued payroll		299,891		215,704
Total other liabilities		10,441,128		8,628,672
Total liabilities	$	10,715,594	$	8,885,957

All liabilities other than the FECA actuarial liability and the unfunded accrued leave are considered to be current liabilities. Approximately $6.9 million of the accounts payable balance as of September 30, 2016 relates to grants payments owed but unpaid. This balance was approximately $5.4 million as of September 30, 2015.

(6) Intragovernmental Costs and Exchange Revenue

Program costs for the fiscal years ended September 30, 2016 and 2015 consist of the following:

Grants Program:		2016		2015
Intragovernmental costs	$	2,884,212	$	2,914,357
Public costs		51,510,590		52,414,887
Total grant program costs		54,394,802		55,329,244
Intragovernmental earned revenue		(2,012,394)		(1,737,909)
Net grant program costs	$	52,382,408	$	53,591,335

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Notes to Financial Statements
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(7) Apportionment Categories of Obligations Incurred

During the years ended September 30, 2016 and 2015, funds were obligated in the following categories:

	2016	2015
Category A–funds that are obligated for operating expenses	$ 15,793,187	$ 15,442,488
Category B–funds that are obligated for program expenses	58,830,852	51,204,053
Total obligations incurred	$ 74,624,039	$ 66,646,541

(8) Unobligated Balances Available – Apportioned

Total available unobligated balance of budget authority at September 30, 2016 and 2015 consists of the following:

	2016	2015
Unrestricted no-year funds	$ 325,959	$ 325,959
Funds transferred from USAID for feasibility studies and related activities in the New Independent States (NIS), and Support for East European Democracy (SEED)	46,667	46,667
Total no-year funds (Note 10)	372,626	372,626
Funds transferred from USAID and reapportioned for feasibility studies and related activities in Pakistan (ESF) and regional Eurasia (AEECA)	1,058,182	1,193,726
USTDA core budget two-year appropriations	9,213,085	5,447,039
Total unobligated and available appropriations	$ 10,643,893	$ 7,013,391

(9) Undelivered Orders

At September 30, 2016 and 2015, undelivered orders balances consisted of the following:

	2016	2015
Obligated balance at the end of the period (net)	$ 112,116,600	$ 96,629,214
Liabilities covered by budgetary resources	(10,180,156)	(8,309,047)
Undelievered orders	$ 101,936,444	$ 88,320,167

(10) Permanent Indefinite Appropriations

No-year funds at September 30, 2016 and 2015 exist for the following purposes:

		2016		2015
General program activities	$	325,959	$	325,959
Support for feasibility studies and activities (NIS and SEED)		46,667		46,667
Total permanent indefinite appropriations	$	372,626	$	372,626

(11) Reconciliation of Net Cost to Budget

The following schedule reconciles resources available to USTDA to finance operations and the net cost of operating for fiscal years ended September 30, 2016 and 2015:

	2016	**2015**
Resources used to finance activities:		
Budgetary resources obligated	$ 74,624,039	$ 66,646,541
Recoveries of prior year obligations	(6,593,974)	(5,615,947)
Transfer of spending authority from offsetting collections and obligations	(1,638,806)	(115,781)
Imputed financing for costs absorbed by others	342,195	290,861
Total resources used to finance activities	66,733,454	61,205,674
Resources used to finance items not part of the net cost of operations:		
Change in budgetary resources obligated for goods and services ordered, but not received	(13,633,449)	(6,073,306)
Resources that finance the acquisition of assets	(449,977)	(31,969)
Change in uncollected customer payments from Federal sources	17,172	(1,395,191)
Loss on disposition of assets	2,227	—
Total resources used to finance items not part of the net cost of operations	(14,064,027)	(7,500,466)
Costs that do not require resources:		
Depreciation and amortization	145,213	114,280
(Increase)/decrease in accounts receivable	(390,760)	(251,648)
Costs that require resources in a future period:		
(Decrease)/increase in accrued leave liability	(16,665)	45,450
(Decrease)/increase in accrued worker's compensation liability	(7,159)	(4,103)
(Decrease)/increase in unemployment compensation liability	(19,557)	19,557
Change in FECA actuarial liability	1,909	(37,409)
Total costs that do not require resources	(287,019)	(113,873)
Net cost of operations	$ 52,382,408	$ 53,591,335

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Other Information
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Intragovernmental Assets

		As of September 30, 2016	
Trading Partner	**Partner #**	**Accounts Receivable**	**Fund Balance with Treasury**
Department of Treasury	20	$ —	$ 126,158,113
Department of State	19	617,695	—
Total		$ 617,695	$ 126,158,113

Intragovernmental Liabilities

	As of September 30, 2016	
Trading Partner	**Partner #**	**Accounts Payable**
Government Publishing Office	04	$ 300
Department of State	19	157,560
National Archives and Records Administration	88	99
Office of Personnel Management	24	1,894
U.S. Foreign Commercial Services	13	103,953
Foreign Service Institute	21	770
Department of Homeland Security	70	9,890
Total		$ 274,466

Intragovernmental Expense

	For the Year Ended September 30, 2016	
Trading Partner	**Partner #**	**Amount**
Department of Agriculture	12	$ 3,146
Foreign Service Institute	21	1,320
Department of Homeland Security	70	21,756
Department of Interior (IBC)	14	702,397
Department of State	19	410,275
General Services Administration	47	1,677,664
Government Publishing Office	04	12,547
National Archives and Records Administration	88	1,193
Office of Personnel Management	24	4,046
U.S. Foreign Commercial Services	13	42,224
U.S. Department of Labor	16	7,159
U.S. Postal Service	18	485
Total		$ 2,884,212

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Summary of the Financial Statement Audit and Management's Assurances

Table 1: Summary of Financial Statement Audit:

Audit Opinion	**Unmodified**				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0

Table 2: Summary of Management Assurances:

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	**Unqualified**					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	**Unqualified**					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Financial Management Systems Requirements (FMFIA § 4)						
Statement of Assurance	**Systems conform to financial management system requirements**					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
	0	0	0	0	0	0
Total Non-Conformances	0	0	0	0	0	0

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List of Acronyms and Abbreviations
September 30, 2016

ATDA	Accountability of Tax Dollars Act of 2002
AICPA	American Institute of Certified Public Accountants
CEFF-CCA	Clean Energy Finance Facility for the Caribbean and Central America
CSRS	Civil Service Retirement System
ESF	Economic Support Funds
FAA	Foreign Assistance Act of 1961
FAR	Federal Acquisition Regulations
FEHB	Federal Employees Health Benefits
FEGLI	Federal Employees Group Life Insurance
FERS	Federal Employees Retirement System
FISMA	Federal Information Security Modernization Act of 2014
FMFIA	Federal Managers' Financial Integrity Act of 1982
FPPS	Federal Personnel and Payroll System
FedRAMP	Federal Risk and Authorization Management Program
FY	Fiscal Year
GSA	General Services Administration
GSS	General Support System
GAAP	Generally Accepted Accounting Principles
GPI	Global Procurement Initiative: Understanding Best Value
GPRA	Government Performance and Results Act of 1993
IBC	Interior Business Center
IDCA	International Development Cooperation Agency
IPERA	Improper Payments Elimination and Recovery Act of 2010

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List of Acronyms and Abbreviations
September 30, 2016

IPERIA	Improper Payments Elimination and Recovery Improvement Act of 2012
IPIA	Improper Payments Information Act of 2002
NIS	New Independent States
NIST	National Institute of Standards and Technology
OETs	Outside Evaluation Teams
OFF	Oracle Federal Financials
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PAR	Performance and Accountability Report
RTM	Reverse Trade Mission
SBA	Small Business Administration
SEED	Support for East European Democracy Act
SSAE	Statements on Standards for Attestation Engagements
TDP	Trade and Development Program
TYRA	Ten-Year Rolling Average
US-ACEF	U.S.-Africa Clean Energy Finance Initiative
USAID	U.S. Agency for International Development
USTDA	U.S. Trade and Development Agency