



U.S. ENVIRONMENTAL PROTECTION AGENCY

OFFICE OF INSPECTOR GENERAL

## *Financial Management*

# Fiscal Years 2015 and 2014 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund

Report No. 17-F-0314

July 10, 2017



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## Abbreviations

EPA	U.S. Environmental Protection Agency
FIFRA	Federal Insecticide, Fungicide, and Rodenticide Act
FMFIA	Federal Managers' Financial Integrity Act
FY	Fiscal Year
OIG	Office of Inspector General
OMB	Office of Management and Budget
U.S.C.	United States Code

**Cover photo:** Pesticides being applied. (EPA photo)

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# At a Glance

## Why We Did This Review

The Food Quality Protection Act requires that we perform an annual audit of the financial statements for the Pesticides Reregistration and Expedited Processing Fund, known as the FIFRA (Federal Insecticide, Fungicide, and Rodenticide Act) Fund.

The U.S. Environmental Protection Agency (EPA) is responsible for reassessing the safety of older pesticide registrations against modern health and environmental testing standards. To expedite this reregistration process, Congress authorized the EPA to collect fees from pesticide manufacturers. The fees are deposited into the FIFRA Fund. Each year, the agency prepares financial statements that present financial information about the fund, along with information about the EPA's progress in reregistering pesticides.

**This report addresses the following EPA goal or cross-agency strategy:**

- *Embracing EPA as a high-performing organization.*

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## ***Fiscal Years 2015 and 2014 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund***

### **Disclaimer of Opinion**

We rendered a disclaimer of opinion on the FIFRA Fund financial statements for fiscal years (FYs) 2015 and 2014, meaning that we were unable to obtain sufficient evidence to determine if they were fairly presented and free of material misstatement.

**Due to the material weakness in internal controls noted, the agency cannot provide reasonable assurance that financial data provided for the FIFRA Fund accurately reflect the agency's financial activities and balances.**

### **Internal Control Material Weakness Noted**

We noted a material weakness in that the EPA cannot adequately support its FY 2015 FIFRA Fund costs. The EPA's Office of Pesticide Programs receives its funding from both fees paid by pesticide manufacturers and amounts appropriated by Congress. In FY 2015, the EPA allocated its pesticide funding to use appropriated amounts, which would expire, and retained funding received from fees. Therefore, significant payroll amounts paid from appropriations were not charged directly to the FIFRA Fund or other pesticide programs. This resulted in the loss of the audit trail for reporting separate costs and liabilities for the FIFRA Fund and other pesticide programs.

The EPA has taken corrective actions based on what we found during our prior FIFRA Fund financial statements audit report; accordingly, we are making no additional recommendations. In October 2016, the agency implemented a new enhancement for transactions that will commence in FY 2017. However, this does not impact or correct the material weakness for the FY 2015 statements, nor the disclaimer of opinion.

### **Compliance With Applicable Laws and Regulations**

We did not identify any noncompliance that would result in a material misstatement to the audited financial statements.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

OFFICE OF  
INSPECTOR GENERAL

July 10, 2017

**MEMORANDUM**

**SUBJECT:** Fiscal Years 2015 and 2014 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund Report No. 17-F-0314

**FROM:** Paul C. Curtis, Director  
Financial Statement Audits

A handwritten signature in black ink, appearing to read "Paul C. Curtis".

**TO:** Wendy Cleland-Hamnett, Acting Assistant Administrator  
Office of Chemical Safety and Pollution Prevention

David Bloom, Acting Chief Financial Officer

This is our report on the audit of the U.S. Environmental Protection Agency's (EPA's) fiscal years 2015 and 2014 financial statements for the Pesticides Reregistration and Expedited Processing Fund, conducted by the EPA Office of Inspector General (OIG). The project number for this audit was OA-FY16-0080. This report contains findings that describe the problems the OIG has identified and corrective actions the OIG recommends. This report represents the opinion of the OIG and does not necessarily represent the final EPA position.

The offices with primary jurisdiction over the issues discussed in this report are the Office of Pesticide Programs within the Office of Chemical Safety and Pollution Prevention, and the Office of the Controller within the Office of the Chief Financial Officer.

**Action Required**

Because this report contains no recommendations, you are not required to respond to this report. However, if you submit a response, it will be posted on the OIG's public website, along with our memorandum commenting on your response. Your response should be provided as an Adobe PDF file that complies with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973, as amended. The final response should not contain data that you do not want to be released to the public; if your response contains such data, you should identify the data for redaction or removal along with corresponding justification.

We will post this report to our website at [www.epa.gov/oig](http://www.epa.gov/oig).

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Expedited Processing Fund Financial Statements**
- B Distribution**

# Inspector General's Report on the Fiscal Years 2015 and 2014 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund

The Administrator  
U.S. Environmental Protection Agency

## Report on the Financial Statements

We have audited the accompanying financial statements of the Pesticides Reregistration and Expedited Processing Fund, known as the FIFRA (Federal Insecticide, Fungicide, and Rodenticide Act) Fund, which comprise the balance sheet as of September 30, 2015, and September 30, 2014, and the related statements of net cost, changes in net position, and statement of budgetary resources for the years then ended; and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with generally accepted government auditing standards; the standards applicable to financial statements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin 15-02, *Audit Requirements for Federal Financial Statements*. Because of the matter described in the Basis for Disclaimer of Opinion section, however, we were not able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion.

### ***Basis for Disclaimer of Opinion***

The U.S. Environmental Protection Agency (EPA) cannot adequately support payroll liabilities on the FIFRA Fund's Balance Sheet as of September 30, 2015 and 2014; and Income/Expense from other appropriations on the statements of the FIFRA Fund's Net Costs and Changes in Net Position for the years ended September 30, 2015 and 2014.

In fiscal years (FY) 2015 and 2014, the EPA allocated its pesticides appropriated funding to pay for payroll costs. By paying significant payroll amounts from appropriations versus from fees collected by the FIFRA Fund, the EPA lost the audit trail to properly support how much of the FIFRA payroll expenses were paid for by appropriations. We were unable to satisfy ourselves by other audit procedures concerning the adequacy of the amounts allocated, consistency of application, or reasonableness of the payroll expenses between the FIFRA Fund and the EPA's other pesticide programs, including payroll accruals, as of and for the years ended September 30, 2015 and 2014. As a result, we were unable to determine whether any adjustments were necessary relating to payroll and related accounts, income/expense from other appropriations, and payroll liabilities.

### ***Disclaimer of Opinion***

Because of the significance of the matter described in the Basis for Disclaimer of Opinion section above, we have not been able to obtain sufficient, appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on the FIFRA Fund's financial statements, and the related accompanying notes as of and for the years ended September 30, 2015 and 2014.

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

**Opinion on Internal Control.** In planning and performing our audit, we considered the EPA's internal control over financial reporting by obtaining an understanding of the agency's internal control, determining whether internal control had been placed in operation, assessing control risk, and performing tests of controls. We did this as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements and to comply with OMB audit guidance, not to express an opinion on internal control. Accordingly, we do not express an opinion on internal control over financial reporting nor on management's assertion on internal control included in Management's Discussion and Analysis. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*. We did not test all internal control relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982 (FMFIA).

**Material Weakness and Significant Deficiencies.** Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be significant deficiencies. 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 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 in a timely basis. 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.

Because of inherent limitations in internal control, misstatements, losses or noncompliance may nevertheless occur and not be detected. We noted a certain matter discussed below and detailed in Attachment 1 and Prior Audit Coverage, involving the internal control and its operation that we consider to be material.

### ***Material Weakness***

The EPA cannot adequately support its FY 2015 FIFRA Fund costs. OMB policy states that basic financial statements include a Balance Sheet and Statement of Net Costs, and that the statement of net costs should include the net costs of operations. The EPA's Office of Pesticide Programs receives its funding both from fees paid by pesticide manufacturers and from amounts appropriated by Congress. In FY 2015, the EPA allocated its pesticide funding to use appropriated amounts, which would expire, and retained funding received from fees. Therefore, significant payroll amounts paid from appropriations were not charged directly to the FIFRA Fund or other pesticide programs. This resulted in the loss of the audit trail for reporting separate costs and liabilities for the FIFRA Fund and other pesticide programs. The EPA developed an allocation methodology to distribute costs funded by EPA appropriations back to the FIFRA Fund, but the methodology is based upon inconsistent charging of payroll costs between the FIFRA Fund and EPA appropriations.

Because the EPA cannot adequately support total FY 2015 FIFRA Fund costs and liabilities, and because we were unable to determine by other audit procedures the adequacy of amounts allocated, consistency of application, or reasonableness of net costs and liabilities, we disclaimed an opinion on the FIFRA Fund's FY 2015 financial statements. We consider the EPA's inability to support the FIFRA Fund payroll costs a material weakness.

### ***Comparison of EPA's FMFIA Report With Our Evaluation of Internal Controls***

OMB Bulletin No. 15-02, *Audit Requirements for Federal Financial Statements*, requires the OIG to compare material weaknesses disclosed during the audit with those material weaknesses reported in the agency's FMFIA report that relate to the financial statements, and identify material weaknesses disclosed by the audit that were not reported in the agency's FMFIA report. The agency's FMFIA report is prepared and submitted at the consolidated level, of which the FIFRA Fund is a component.

The agency did not report any material weaknesses at the consolidated level for FY 2015 that would impact the FIFRA Fund.

## **Tests of Compliance With Laws, Regulations, Contracts and Grant Agreements**

The EPA management is responsible for complying with laws, regulations, contracts and grant agreements applicable to the agency. As part of obtaining a reasonable assurance as to whether the agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, including those governing the use of budgetary authority, regulations, contracts and grant agreements that have a direct effect on the determination of material amounts and disclosures in the FIFRA Fund financial statements. The objective of our audit, including our tests of compliance with applicable laws, regulations, contracts, and grant agreements, was not to provide an opinion on compliance with such provisions. Accordingly, we do not express such an opinion. We did not identify any noncompliance that would result in a material misstatement to the audited financial statements.

## **Management's Discussion and Analysis Section of the Financial Statements**

Our audit work related to the information presented in the Management's Discussion and Analysis of the pesticide program included comparing the overview information with information in the EPA's principal financial statements for consistency. We did not identify any material inconsistencies between the information presented in the two documents.

## **Prior Audit Coverage**

During our previous audit of the FIFRA financial statements—*Fiscal Years 2014 and 2013 Financial Statements for the Pesticides Reregistration and Expedited Processing Fund* (Report No. [16-F-0322](#)), issued September 22, 2016—we reported a material weakness regarding inadequate support of costs. Specifically, the EPA could not adequately support \$34 million of its FY 2014 FIFRA Fund costs. The EPA's Office of Pesticide Programs receives its funding both from fees paid by pesticide manufacturers and amounts appropriated by Congress. In FY 2014, the EPA allocated its pesticide funding to use appropriated amounts, which would expire, and retained funding received from fees. Therefore, significant payroll amounts paid from appropriations were not charged directly to the FIFRA Fund or other pesticide programs. This resulted in the loss of the audit trail for reporting separate costs and liabilities for the FIFRA Fund and other pesticide programs.

The agency has taken action to correct this weakness. As noted in the prior report, the agency agreed with our finding and believes that the timekeeping system's cost allocation enhancement will allow for the creation of an audit trail to capture costs incurred by the FIFRA Fund and other appropriations that support FIFRA-related activities. The agency implemented a new enhancement in October 2016. The enhancement is for transactions commencing in FY 2017, and does not impact or correct the material weakness, and the reason for the disclaimer of opinion, for the FY 2015 statements.

Also in our prior report of the FY 2014 statements, we noted an instance of noncompliance in that the EPA chose to significantly exceed the statutory target set out by FIFRA, resulting in noncompliance with laws and regulations. FIFRA requires the EPA to collect pesticide maintenance fees, to the extent practicable, of \$27.8 million for each of FYs 2013 through 2017.<sup>1</sup> In FY 2014, the EPA chose to collect \$28.6 million, \$800,000 over the established target. As noted in the prior report, the agency agreed with our recommendations and completed appropriate corrective actions. In October 2015, the office eliminated the practice of "averaging" to offset over-or under-collection of maintenance fees from previous years. The office set the per-product maintenance fee at an amount that is designed to collect the target amount of fees authorized by Congress.

## Agency Comments

There are no recommendations in this report and the agency had no comments.



Paul C. Curtis  
Certified Public Accountant  
Director, Financial Statement Audits  
Office of Inspector General  
U.S. Environmental Protection Agency  
July 6, 2017

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<sup>1</sup> Codified at 7 U.S.C. § 136a-1(i)(C).

# ***Material Weakness***

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## 1 – EPA Cannot Adequately Support FIFRA Fund Costs

The EPA cannot adequately support its FY 2015 FIFRA Fund costs. OMB policy states that basic financial statements include a Balance Sheet and Statement of Net Costs, and that the statement of net costs should include the net costs of operations. The EPA's Office of Pesticide Programs receives its funding both from fees paid by pesticide manufacturers and from amounts appropriated by Congress. In FY 2015, the EPA allocated its pesticide funding to use appropriated amounts, which would expire, and retained funding received from fees. Therefore, significant payroll amounts paid from appropriations were not charged directly to the FIFRA Fund or other pesticide programs. This resulted in the loss of the audit trail for reporting separate costs and liabilities for the FIFRA Fund and other pesticide programs. The EPA developed an allocation methodology to distribute costs funded by EPA appropriations back to the FIFRA Fund, but the methodology is based upon inconsistent charging of payroll costs between the FIFRA Fund and EPA appropriations. Because the EPA cannot adequately support total FY 2015 FIFRA Fund costs and liabilities, and because we were unable to determine by other audit procedures the adequacy of amounts allocated, consistency of application, or reasonableness of net costs and liabilities, we disclaimed an opinion on FIFRA's FY 2015 financial statements. We consider the EPA's inability to support the FIFRA Fund payroll costs a material weakness.

FIFRA requires that a set of financial statements be prepared to provide an annual accounting of expenditures and collections. OMB Circular A-136 requires that these statements include a Statement of Net Costs, under which net costs of operations are reported. The FIFRA Fund's costs of operations are supported by several sources: maintenance fees, registration and reregistration fees, and EPA appropriations.

In FY 2015, the EPA allocated its pesticide funding to use appropriated amounts that would expire, and to retain funding received from fees. Therefore, significant payroll amounts were paid from appropriations and not charged directly to the FIFRA Fund. This resulted in the loss of the audit trail for reporting separate FIFRA Fund costs. The EPA adopted an allocation methodology to determine the amount of appropriated dollars used to support FIFRA and the EPA's other pesticide programs. However, this methodology is based upon inconsistent and arbitrary charging of the Office of Pesticide Programs' payroll costs between the FIFRA Fund and the EPA's other pesticide programs. The inconsistent and arbitrary charging makes the allocation base unreliable, and the methodology cannot be used to support the FIFRA operations costs. We consider the inability of the EPA to support FY 2015 FIFRA Fund costs to be a material weakness.

We did not determine payroll costs overall for the EPA's pesticide programs to be inaccurate. Our findings are limited to the specific allocation of appropriated amounts to cover payroll costs of the EPA's pesticide programs and accounting for those costs at the program level. At the program level (specifically, for the FIFRA Funds), the agency could not provide adequate support, and we could not audit the payroll costs for those funds paid for by appropriated amounts to opine on the adequacy of such amounts.

We previously reported on this issue in the FY 2014 FIFRA Fund Financial Statement audit report, and the agency agreed with this finding. In FY 2015, the EPA indicated it made

modifications to its accounting system, which purportedly will address this material weakness. The agency believed that the timekeeping system's cost allocation enhancement, which went live in October 2016, will allow for the creation of an audit trail to capture costs incurred by the FIFRA Fund and by other appropriations that support FIFRA-related activities

We make no recommendations regarding this finding.

**Fiscal Years 2015 and 2014 Pesticides Reregistration and Expedited  
Processing Fund  
Financial Statements**



*Produced by the U.S. Environmental Protection Agency  
Office of the Chief Financial Officer  
Office of Controller*

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# **Management's Discussion and Analysis**

EPA's FY 2015 Annual FIFRA Financial Statements

Under the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) and the Federal Food, Drug, and Cosmetic Act (FFDCA), as amended by the Food Quality Protection Act (FQPA) of 1996, the EPA's Pesticide Program registers new pesticides and re-evaluates existing pesticides to ensure that they can be used safely and that levels of residue in food and animal feed are safe (there is a reasonable certainty of no harm). The agency must also conclude that, when used in accordance with labeling and common practices, the product will not generally cause unreasonable adverse effects on the environment.

In accordance with FIFRA and FFDCA, the pesticide program administers the Pesticides Reregistration and Expedited Processing Fund (FIFRA Fund). As of 1996, fees for reregistration are deposited to the FIFRA account, which is available to the EPA without further appropriation.

Under the FFDCA, EPA sets "tolerances," or maximum residue levels. If a pesticide is intended to be used in a manner that may result in residues in food or animal feed, the applicant must petition EPA for establishment of a tolerance (or exemption from a tolerance). Tolerances are set at levels that ensure a reasonable certainty of no harm from the potential pesticide residues in food combined with other non-occupational exposure.

The passage of the Food Quality Protection Act (FQPA) in 1996 provided for additional fees to support reregistration activities and required tolerances to be reassessed as part of the reregistration program. Effective January 1997, all fees related to tolerance activities were deposited in the FIFRA Fund. With passage of the Pesticide Registration Improvement Act (PRIA 1) of 2003 and amendments in 2007 and 2012, no additional tolerance petition fees are to be deposited to the FIFRA Fund through FY 2017.

## *The Pesticide Reregistration and Registration Review Programs*

EPA is responsible for re-evaluating the safety of existing pesticides. Since the original pesticide legislation of 1947, scientific analysis techniques have grown much more precise and sophisticated and health and environmental standards have become more stringent. With the 1988 amendments to FIFRA (FIFRA '88), Congress mandated the accelerated reregistration of all products registered prior to November 1, 1984. The statute required completion of Reregistration Eligibility Decisions (REDs) and tolerance reassessment for all food-use active ingredients by 2006. Non-food-use active ingredient REDs were to be complete by October 3, 2008.

All REDs for the active ingredients have been completed. A RED is a decision by the Agency defining whether products containing the pesticide active ingredient are eligible or ineligible for reregistration. Following the issuance of the RED, the registrant must comply with the RED by submitting product-specific data and revised labels for each product containing that active ingredient, or cancel the product registration. Based on its review of the data, if the product has met all the requirements, the EPA then reregisters the product.

The FQPA introduced a new program called **registration review** to replace EPA's pesticide reregistration and tolerance reassessment programs as those programs were completed. Unlike earlier review programs, registration review applies to all registered pesticides. EPA reviews each registered pesticide every 15 years to determine whether it still meets the FIFRA standard for registration. In this way, the Agency ensures that all registered pesticides do not pose unreasonable risks to human health or the environment when used as directed on product labeling.

Congress authorized the collection of maintenance fees from manufacturers to supplement appropriated funds to support reregistration and registration review programs. Maintenance fees were structured under PRIA 3 to generate approximately \$27.8 million per year for five years (FY'13 – FY'17). Maintenance fees are assessed on a product-by-product basis with caps on the maximum number of products for which any single company would have to pay fees, as well as fee reductions for qualified small businesses. Registrations for minor use registrations and public health pesticides are also eligible for waivers and/or refunds of maintenance fees. Fees are deposited into the FIFRA Revolving Fund. By statute, excess monies in the FIFRA Fund may be invested. Between 11.1% and 12.5% of collected maintenance fees each year are used to support inert ingredient clearances as well as expedited processing of fast track amendments. Approximately \$800,000 of collected maintenance fees each year are used to enhance specified IT systems.

FQPA also reauthorized collection of maintenance fees through 2001 to complete the review of older pesticides to ensure they meet current standards (increasing annual fees from \$14 million to \$16 million per year through 2000) and required all tolerances (over 9,700) to be reassessed by 2006. The 2002 appropriations bill extended maintenance fees to \$17 million for another year, and the 2003 appropriations extended them to \$21.5 million for that year. Passage of PRIA 1 in

FY 2004 extended maintenance fees through FY 2008 (with annual fees totaling \$26 million in FY 2004; \$27 million in FY 2005-2006; \$21 million in FY 2007; and \$15 million in FY 2008). Passage of the Pesticide Registration Improvement Renewal Act (PRIA 2) in October 2007 extended maintenance fees through FY 2012 (\$22 million each FY). PRIA 2 provided for maintenance fees to offset the costs of registration review beginning in FY 2008.

### ***Enforcement and Compliance Assurance Program Description***

The Pesticide Enforcement and Compliance Assurance Program focuses on pesticide product and user compliance. These include problems relating to pesticide worker safety, certification and training of applicators, ineffective antimicrobial products, food safety, adverse effects, risks of pesticides to endangered species, pesticide containers and containment facilities, and e-commerce and misuse. The enforcement and compliance assurance program provides compliance assistance to the regulated community through its National Agriculture Compliance Assistance Center, seminars, guidance documents, brochures, and other forms of communication to ensure knowledge of and compliance with environmental laws.

EPA's grant support to state and tribal pesticide programs emphasizes its commitment to maintaining a strong compliance and enforcement presence. Agency FIFRA Cooperative Agreement priorities for FY 2015 – FY 2017 include the enforcement of worker protection standards and pesticide applicator certification requirements; compliance monitoring and enforcement activities related to the pesticide container and containment rules, the revised soil fumigant labels, compliance of supplemental distributor products, contract manufacturing and program performance reporting. Core program activities include inspections of producing establishments; dealers/distributors/retailers; e-commerce; imports and exports, and pesticide misuse. Additionally, through Cooperative Agreements we support inspector training and training for state and tribal senior managers, scientists, and supervisors.

### ***Highlights and Accomplishments***

#### **Tolerance Performance Measures**

As mandated by PRIA 3, no Tolerance fees were collected and deposited to the FIFRA Fund in FY 2015.

#### **Measure: Tolerance re-evaluations.**

*Results: The tolerance reassessment program was completed in FY 2007. EPA completed 9,721 tolerance reassessment decisions, addressing 100% of the 9,721 tolerances that required reassessment. Therefore, no further tolerance reassessment decisions were needed or completed in FY 2015.*

### **Reregistration (FIFRA) Financial Perspective**

During FY 2015, the Agency's obligations charged against the FIFRA Fund for the cost of the reregistration programs and other authorized pesticide programs were approximately \$20.2 million and 95 work-years. Of this amount, OPP obligated \$13.0 million for personnel compensation and benefits (PC&B).

Appropriated funds are used in addition to FIFRA revolving funds. In FY 2015, the Enacted Operating Plan included approximately \$34.9 million in appropriated funds for reregistration program activities.

The Fund has two types of receipts: fee collections and interest earned on investments. Of the \$27.7 million in FY 2015 receipts, more than 99.9% were fee collections. Total unobligated balance in the fund at the end of FY 2015 was \$15.9 million.

### **Reregistration Program (FIFRA) Performance Measures**

The following measures support the program's strategic goals ensuring the safety of chemicals and Pollution Prevention.

#### **Measure 1: Number of Reregistration Eligibility Documents (REDs) completed.**

*Results: All Reregistration Eligibility Decisions (REDs) were completed by the end of FY 2008. Of the 613 chemical cases (representing approximately 1,150 pesticide active ingredients) that initially were subject to reregistration, 384 cases have completed REDs. An additional 229 reregistration cases were voluntarily canceled before EPA invested significant resources in developing REDs. All 613 reregistration cases (100%) completed the reregistration eligibility decision making process by the end of FY 2008.*

**Measure 2: Number of products reregistered, canceled, or amended. Over 20,000 products are or eventually will be subject to product reregistration. Many products, however, contain more than one active ingredient. Since products are reassessed separately for each active ingredient, EPA will conduct approximately 38,000 product reviews.**

*Results: In FY 2015, EPA completed the following actions: 26 reregistration decisions; 197 amendment decisions; 245 product cancellations (many of these cancelled products have multiple active ingredients, accounting for 432 decisions); and no suspension decisions. The Agency's goal in FY 2016 is to complete 550 product reregistration actions*

**Measure 3: Progress in Reducing the Number of Unreviewed, Required Reregistration Studies.**

*Results: EPA completed the last REDs for conventional pesticides in 2008, so all studies necessary to make reregistration eligibility decisions have been reviewed. REDs are complete for antimicrobial pesticides as well, but the program continues to issue post-RED DCIs and thus will have studies to review.*

**Measure 4: Number and Type of DCIs Issued to Support Product Reregistration by Active Ingredient.**

*Results: Regarding Data Call-In notices (DCIs) under FIFRA section 3(c)(2)(B) to support product reregistration for pesticide active ingredients included in REDs, EPA completed the last remaining REDs and reported DCI information for the conventional pesticide REDs in FY 2008. In FY 2015, the program issued 66 post-RED DCIs for 36 antimicrobial pesticide active ingredients for both product specific and generic data. The Agency's goal in FY 2016 is to issue 35 additional post-RED DCIs for 23 antimicrobial pesticide active ingredients.*

**Measure 5: Future Schedule for Reregistrations.**

The last REDs were completed in FY 2008; therefore, there are no remaining candidates for future decisions.

**PRINCIPAL  
FINANCIAL STATEMENTS**

EPA's FY 2015 Annual FIFRA Financial Statements

# Principal Financial Statements

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**United States Environmental Protection Agency**  
**FIFRA**  
**Balance Sheet**  
**As of September 30, 2015 and 2014**  
**(Dollars in Thousands)**

	<b>FY 2015</b>	<b>FY 2014</b>
<b>ASSETS</b>		
Intragovernmental:		
Fund Balance With Treasury (Note 2)	\$ 22,400	16,480
Other (Note 3)	89	-
Total Intragovernmental	22,489	16,480
Property, Plant & Equipment, Net (Note 4)	378	408
<b>Total Assets</b>	<b>22,867</b>	<b>16,888</b>
 <b>LIABILITIES</b>		
Intragovernmental:		
Accounts Payable and Accrued Liabilities	129	70
Other (Note 5)	178	271
Total Intragovernmental	307	341
Accounts Payable & Accrued Liabilities	467	323
Payroll and Benefits Payable (Note 6)	1,045	2,762
Other (Note 5)	26,382	20,109
Total Liabilities	28,201	23,535
 <b>NET POSITION</b>		
Unexpended Appropriations - Funds from Dedicated Collections	9	-
Cumulative Results of Operations - Funds from Dedicated Collections	(5,343)	(6,647)
Total Net Position	(5,334)	(6,647)
<b>Total Liabilities and Net Position</b>	<b>\$ 22,867</b>	<b>16,888</b>

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

EPA's FY 2015 Annual FIFRA Financial Statements

**United States Environmental Protection Agency**  
**FIFRA**  
**Statement of Net Cost**  
**For the Fiscal Years Ending September 30, 2015 and 2014**  
**(Dollars in Thousands)**

	<b>FY 2015</b>	<b>FY 2014</b>
<b>COSTS</b>		
Gross Costs (Note 9)	\$ 20,821	22,836
Expenses from Other Appropriations (Note 7)	45,054	33,652
Total Costs	65,875	56,488
Less:		
Earned Revenue (Note 8 and 9)	21,384	23,306
<b>NET COST OF OPERATIONS (Note 9)</b>	<b>\$ 44,491</b>	<b>33,182</b>

**United States Environmental Protection Agency**  
**FIFRA**  
**Statement of Changes in Net Position**  
**For the Fiscal Years Ending September 30, 2015 and 2014**  
**(Dollars in Thousands)**

	<b>FY 2015</b>	<b>FY 2014</b>
<b>CUMULATIVE RESULTS OF OPERATIONS:</b>		
<b>NET POSITION - BEGINNING OF PERIOD</b>	\$ (6,647)	(7,383)
Beginning Balances, as Adjusted	(6,647)	(7,383)
<b>BUDGETARY FINANCING SOURCES:</b>		
Appropriations Used	(9)	-
Nonexchange Revenue - Securities Investment	1	2
Income from Appropriations (Note 7)	45,054	33,652
Total Budgetary Financing Sources	45,046	33,654
<b>OTHER FINANCING SOURCES (NON-EXCHANGE)</b>		
Imputed Financing Sources	750	264
Total Other Financing Sources	750	264
Net Cost of Operations	(44,491)	(33,182)
Net Change	1,304	736
<b>CUMULATIVE RESULTS OF OPERATIONS</b>	<b>(5,343)</b>	<b>(6,647)</b>
	<b>FY 2015</b>	<b>FY 2014</b>
<b>Unexpended Appropriations:</b>		
<b>Budgetary Financing Sources:</b>		
Appropriations Used	9	-
Total Budgetary Financing Sources	9	-
<b>Total Unexpended Appropriations</b>	<b>9</b>	<b>-</b>
<b>TOTAL NET POSITION</b>	<b>\$ (5,334)</b>	<b>(6,647)</b>

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

**United States Environmental Protection Agency**  
**FIFRA**  
**Statement of Budgetary Resources**  
**For the Fiscal Years Ending September 30, 2015 and 2014**  
**(Dollars in Thousands)**

	<u>FY 2015</u>	<u>FY 2014</u>
<b>BUDGETARY RESOURCES</b>		
Unobligated balance, brought forward, October 1:	\$ 10,518	7,639
Unobligated Balance Brought Forward, October 1, as adjusted	10,518	7,639
Recoveries of prior year unpaid obligations	35	-
Unobligated balance from prior year budget authority, net	10,553	7,639
Appropriations (discretionary and mandatory)	(28)	(2,002)
Spending Authority from offsetting collection (discretionary and mandatory)	27,671	28,630
<b>Total Budgetary Resources</b>	<u>38,196</u>	<u>34,267</u>
 <b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations Incurred	22,223	23,749
Unobligated Balance, end of year:		
Apportioned	15,973	3,022
Unapportioned	-	7,496
Total Unobligated balance, end of period	15,973	10,518
<b>Total Status of Budgetary Resources</b>	<u>38,196</u>	<u>34,267</u>
 <b>CHANGE IN OBLIGATED BALANCE</b>		
<b>Unpaid Obligations:</b>		
Unpaid obligations, brought forward, October 1 (gross)	3,959	4,151
Obligations incurred, net	22,223	23,749
Outlays (gross)	(21,751)	(23,941)
Recoveries of prior year unpaid obligations	(36)	-
Unpaid obligations, end of year (gross)	<u>4,395</u>	<u>3,959</u>
 <b>Memorandum entries:</b>		
Obligated balance, start of year	3,959	4,151
Obligated balance, end of year (net)	4,395	3,959
 <b>BUDGET AUTHORITY AND OUTLAYS, NET:</b>		
Budget authority, gross (discretionary and mandatory)	27,643	26,628
Actual offsetting collections (discretionary and mandatory)	<u>(27,671)</u>	<u>(28,630)</u>
Budget Authority, net (discretionary and mandatory)	(28)	(2,002)
Outlays, gross (discretionary and mandatory)	21,751	23,941
Actual offsetting collections (discretionary and mandatory)	<u>(27,671)</u>	<u>(28,630)</u>
Outlays, net (discretionary and mandatory)	<u>(5,920)</u>	<u>(4,689)</u>
Agency outlays, net (discretionary and mandatory)	\$ <u>(5,920)</u>	<u>(4,689)</u>

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

**United States Environmental Protection Agency**  
**FIFRA**  
**Notes to Financial Statements**  
**For the Fiscal Years Ending September 30, 2015 and 2014**  
**(Dollars in Thousands)**

*Note 1. Summary of Significant Accounting Policies*

**A. Reporting Entity**

The U.S. Environmental Protection Agency (EPA or Agency) was created in 1970 by executive reorganization from various components of other Federal agencies in order to better marshal and coordinate Federal pollution control efforts. The Agency is generally organized around the media and substances it regulates -- air, water, land, hazardous waste, pesticides and toxic substances.

The FIFRA Revolving Fund was authorized in 1988 by amendments to the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). The 1988 amendments mandated the accelerated re-registration of all products registered prior to November 1, 1984. Congress authorized the collection of maintenance fees to supplement appropriations to fund re-registration and to fund expedited processing of pesticides. Maintenance fees are assessed on registrants of pesticide products. FIFRA also includes provisions for the registration of new pesticides (funded in part from the PRIA or Pesticide Registration Fund), monitoring the distribution and use of pesticides, issuing civil or criminal penalties for violations, establishing cooperative agreements with the states, and certifying training programs for users of restricted chemicals. Appropriated funds, with the exception of partial funding of registration from Pesticide Registration Service Fees in the Pesticide Registration Fund, pay for these activities. The FIFRA Revolving Fund is accounted for under Treasury symbol number 68X4310.

The FIFRA fund may charge some administrative costs directly to the fund and charge the remainder of the administrative costs to Agency-wide appropriations. Costs funded by Agency-wide appropriations for FY 2015 and FY 2014 were \$45,054 thousand and \$33,652 thousand, respectively. These amounts are included as Income from Other Appropriations on the Statement of Changes in Net Position and as Expenses from Other Appropriations on the Statement of Net Cost. Costs for FY 2015 reflect a change in accounting principles to full cost, as explained in Paragraph N below.

**B. Basis of Presentation**

These financial statements have been prepared to report the financial position and results of operations of the EPA for the Reregistration and Expedited Processing (FIFRA) Revolving Fund as required by the Chief Financial Officers Act of 1990. The reports have been prepared from the books and records of the EPA in accordance with Office of Management and Budget (OMB) Circular A-136 *Financial Reporting Requirements*, and the EPA's accounting policies which are summarized in this note. These statements are therefore different from the financial reports also

prepared by the EPA pursuant to OMB directives that are used to monitor and control the EPA's use of budgetary resources. The balances in these reports have been updated from the EPA consolidated financial statements to reflect the use of FY 2015 and FY 2014 cost factors for calculating imputed costs for Federal civilian benefits programs, respectively. These updates impact the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position.

### **C. Budgets and Budgetary Accounting**

Funding of the FIFRA Revolving Fund is provided by fees collected from industry to offset costs incurred by the EPA in carrying out these programs. Each year the EPA submits an apportionment request to OMB based on the anticipated collections of industry fees.

### **D. Basis of Accounting**

Generally Accepted Accounting Principles (GAAP) for Federal entities is the standard prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard setting body for the federal government. The financial statements are prepared in accordance with GAAP for federal entities.

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. All interfund balances and transactions have been eliminated.

### **E. Revenues and Other Financing Sources**

The EPA's 2002 appropriations bill extended authority to collect maintenance fees by one year in the amount of \$17 million and the FY 2003 appropriations extended the authority to collect fees again by one year in the amount of \$21.5 million. Passage of the Pesticide Registration Improvement Act (PRIA) in 2004 extended the authority to collect maintenance fees through FY 2008 (with annual fee amounts at \$26 million in FY 2004; \$27 million in FY 2005-2006; \$21 million in FY 2007; and \$15 million in FY 2008). Passage of the Pesticide Registration Improvement Renewal Act (commonly referred to as PRIA II) in 2007 extended the authority to collect maintenance fees through FY 2012 (with annual fee amounts set at \$22 million each year from 2008-2012). For FYs 2015 and 2014, the FIFRA Revolving Fund received funding from maintenance fees collected on existing registered pesticide products and from interest collected on investments in U.S. Government securities. For FYs 2015 and 2014 revenues were recognized from fee collections to the extent that expenses are incurred during the fiscal year.

### **F. Funds with the Treasury**

The FIFRA fund deposits receipts and processes disbursements through its operating account maintained at the U.S. Department of Treasury. Cash funds in excess of immediate needs are invested in U.S. Government securities.

## **G. Investments in U. S. Government Securities**

Investments in U. S. Government securities are maintained by Treasury (Bureau of Public Debt) and are reported at amortized cost net of unamortized discounts. Discounts are amortized over the term of the investments and reported as interest income. FIFRA holds the investments to maturity, unless needed to finance operations of the fund. No provision is made for unrealized gains or losses on these securities because, in the majority of cases, they are held to maturity.

## **H. General Property, Plant and Equipment**

General property, plant and equipment for FIFRA consists of software in development. All funds (except for the Working Capital Fund) capitalize software if those investments are considered Capital Planning and Investment Control (CPIC) or CPIC Lite systems with the provisions of SFFAS No. 10, "Accounting for Internal Use Software." Once software enters the production life cycle phase, it is depreciated using the straight-line method over the specific asset's useful life ranging from two to 10 years.

## **I. Accounts Receivable and Interest Receivable**

FIFRA receivables are mainly for interest receivable on investments.

## **J. Liabilities**

Liabilities represent the amount of monies or other resources that are likely than not to be paid by the Agency as the result of an Agency transaction or event that has already occurred and can be reasonably estimated. However, no liability can be paid by the Agency without an appropriation or other collections. Liabilities for which an appropriation has not been enacted are classified as unfunded liabilities, and there is no certainty that the appropriations will be enacted. For FIFRA, liabilities are liquidated from fee receipts and interest earnings, since FIFRA receives no appropriation. Liabilities of the Agency, arising from other than contracts can be abrogated by the Government acting in its sovereign capacity.

## **K. Accrued Unfunded Annual Leave**

Annual, sick and other leave is expensed as taken during the fiscal year. Sick leave earned but not taken is not accrued as a liability. Annual leave earned but not taken as of the end of the fiscal year is accrued as an unfunded liability. Accrued unfunded annual leave is included in the Balance Sheet as a component of "Payroll and Benefits Payable."

## **L. Retirement Plan**

There are two primary retirement systems for Federal employees. Employees hired prior to January 1, 1987, may participate in the Civil Service Retirement System (CSRS). On January 1, 1984, the Federal Employees Retirement System (FERS) went into effect, pursuant to Public

Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. A primary feature of FERS is that it offers a savings plan to which the Agency automatically contributes one percent of pay and matches any employee contributions up to an additional four percent of pay. The Agency also contributes the employer's matching share for Social Security.

With the issuance of SFFAS No. 5, "Accounting for Liabilities of the Federal Government," accounting and reporting standards were established for liabilities relating to the federal employee benefit programs (Retirement, Health Benefits, and Life Insurance). SFFAS No. 5 requires that the employing agencies recognize the cost of pensions and other retirement benefits during their employees' active years of service. SFFAS No. 5 requires that the Office of Personnel Management (OPM), as administrator of the CSRS and FERS, the Federal Employees Health Benefits Program, and the Federal Employees Group Life Insurance Program, provide federal agencies with the actuarial cost factors to compute the liability for each program.

**M. Use of Estimates**

The preparation of financial statements requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**N. Prior Period Adjustments and Restatements**

Prior period adjustments, if any, are made in accordance with SFFAS No. 21, "Reporting Corrections of Errors and Changes in Accounting Principles." Specifically, prior period adjustments will only be made for material prior period errors to: (1) the current period financial statements, and (2) the prior period financial statements presented for comparison. Adjustments related to changes in accounting principles will only be made to the current period financial statements, but not to prior period financial statements presented for comparison.

In fiscal year 2014, EPA elected to change an accounting principle and use the full cost of expenses from other appropriations in accordance with SFFAS No. 4, "Managerial Costs Accounting Standards and Concepts". See Note 7 for additional information.

**Note 2. Fund Balance with Treasury**

	<u><b>FY 2015</b></u>	<u><b>FY 2014</b></u>
Revolving Funds: Entity Assets	\$ 22,400	16,480

**Note 3. Other Assets-Advances to Working Capital Fund**

FIFRA advances funds to the EPA's Working Capital Fund to pay for computer, postage, and other administrative support services. As of September 30, 2015 and 2014, funds advanced that will be applied to future costs as incurred were \$89 thousand and \$0 respectively.

**Note 4. General Property, Plant and Equipment**

General property, plant and equipment consists of software and software in development.

As of September 30, 2015 and 2014, General Property, Plant and Equipment consist of the following:

	<b>FY 2015</b>			<b>FY 2014</b>		
	Acquisition Value	Accumulated Depreciation	Net Book Value	Acquisition Value	Accumulated Depreciation	Net Book Value
Software	\$ 1,107	(729)	378	1,107	(699)	408
Total	\$ 1,107	(729)	378	1,107	(699)	408

**Note 5. Other Liabilities**

For FYs 2015 and 2014, the Payroll and Benefits Payable, non-Federal, are presented on a separate line of the Balance Sheet and in a separate footnote (see Note 6).

	<b>FY 2015</b>	<b>FY 2014</b>
Other Intragovernmental Liabilities - Covered by Budgetary Resources		
Employer Contributions - Payroll	\$ 178	271
Total	178	271
Other Non-Federal Liabilities - Covered by Budgetary Resources		
Advances from Non-Federal Entities	26,382	20,109
Total	\$ 26,382	20,109

**Note 6. Payroll and Benefits Payable, non-Federal**

	<u>FY 2015</u>	<u>FY 2014</u>
<b>Covered by Budgetary Resources</b>		
Accrued Payroll Payable to Employees	\$ 865	946
Withholdings Payable	81	360
Thrift Savings Plan Benefits Payable	39	55
Total	<u>985</u>	<u>1,361</u>
<b>Not Covered by Budgetary Resources</b>		
Unfunded Annual Leave Liability	<u>\$ 60</u>	<u>1,401</u>

At various periods throughout FYs 2015 and 2014, employees with their associated payroll costs were transferred from the FIFRA fund to the Environmental Programs and Management (EPM) appropriation. (See graph in Note 7 below showing trend of hours charged per month to the FIFRA fund for FYs 2015 and 2014.) These employees were transferred in order to keep FIFRA's obligations and disbursements within budgetary and cash limits. When resources became available, the employees charging to FIFRA increased in order to utilize resources as much as possible. The Agency expects that the practice of transferring employees when FIFRA's resources are low, and restoring employees when funds become available, will continue throughout FY 2016 and probably beyond that period.

This process has led to variations between the year-end liabilities for FYs 2015 and 2014. The liabilities covered by budgetary resources (both intragovernmental and non-Federal) represent unpaid payroll and benefits at year-end. At the end of FY 2015 and FY 2014, 30 employees and 169 employees were charging their salary and benefits to FIFRA, respectively. As of September 30, 2015 these liabilities were \$178 thousand and \$985 thousand for employer contributions and accrued funded payroll and benefits, as compared to FY 2014's balances of \$271 thousand and \$1,361 thousand, respectively.

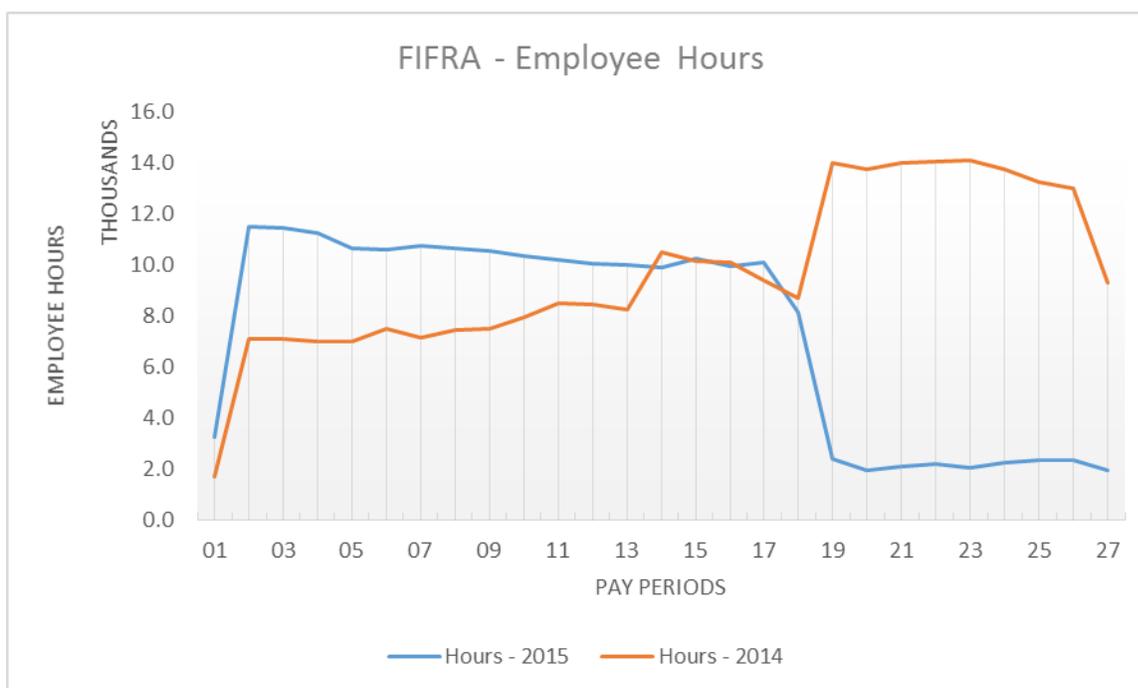
In contrast, the unfunded annual leave liability is a longer term liability than the funded liabilities. At various periods throughout FYs 2015 and 2014, approximately 262 and 265 employees, respectively, in total have been under FIFRA's accountability. During the 25<sup>th</sup> pay period of FY 2015, the liability was computed based on 36 employees charging to FIFRA in the last pay period. Both the September 30, 2015 and 2014 liability balances for unfunded annual leave were accrued to cover the employees charged to FIFRA close to the end of the fiscal year for a total of \$60 thousand and \$1,401 thousand, respectively.

**Note 7. Income and Expenses from Other Appropriations**

The Statement of Net Cost reports program costs that include the full costs of the program outputs and consist of the direct costs and all other costs that can be directly traced, assigned on a cause and effect basis, or reasonably allocated to program outputs.

During FYs 2015 and 2014, the EPA had two appropriations which funded a variety of programmatic and non-programmatic activities across the Agency, subject to statutory requirements. The EPM appropriation was created to fund personnel compensation and benefits, travel, procurement, and contract activities. Transfers of employees from FIFRA to EPM at various times during these years (see Note 6 above) resulted in an increase in payroll expenses in EPM, and these costs financed by EPM are reflected as an increase in the Expenses from Other Appropriations on the Statement of Net Cost. The increased financing from EPM is reported on the Statement of Changes in Net Position as Income from Other Appropriations.

In terms of hours charged to FIFRA each month, the transfers of employees and their associated costs, during FYs 2015 and 2014 are shown below. Note that a decrease in hours charged to FIFRA normally signifies an increase in EPM's payroll costs, and vice versa. In addition, Pesticide registration was separated from FIFRA starting with FY 2004 and Pesticide has its own set of financial statements.



EPM costs related to FIFRA are allocated based on specific EPM program codes which have been designated for Pesticide activities. As illustrated below, there is no impact on FIFRA's Statement of Changes in Net Position.

	Income from Other Appropriations	Expenses from Other Appropriations	Net Effect
<b>FY 2015</b>	\$ <u>45,054</u>	<u>45,054</u>	<u><u>-</u></u>
<b>FY 2014</b>	\$ <u>33,652</u>	<u>33,652</u>	<u><u>-</u></u>

**Note 8. Exchange Revenues, Statement of Net Cost**

For FYs 2015 and 2014, the exchange revenues reported on the Statement of Net Cost include both Federal and non-Federal amounts.

**Note 9. Intragovernmental Costs and Exchange Revenue**

	<u><b>FY 2015</b></u>	<u><b>FY 2014</b></u>
<b>COSTS:</b>		
Intragovernmental	\$ 6,673	6,242
With the Public	14,148	16,594
Expenses from Other Appropriations	<u>45,054</u>	<u>33,652</u>
Total Costs	65,875	56,488
 <b>REVENUE</b>		
With the Public	<u>21,384</u>	<u>23,306</u>
Total Revenue	21,384	23,306
 <b>NET COST OF OPERATIONS</b>	 <u>\$ 44,491</u>	 <u>33,182</u>

Intragovernmental costs relate to the source of the goods or services not the classification of the related revenue.

**Note 10. Reconciliation of Net Cost of Operations to Budget (formerly the Statement of Financing)**

	<u>FY 2015</u>	<u>FY 2014</u>
<b>RESOURCES USED TO FINANCE ACTIVITIES:</b>		
Budgetary Resources Obligated		
Obligations Incurred	\$ 22,223	23,749
Less: Spending Authority from Offsetting Collections and Recoveries	<u>(27,707)</u>	<u>(28,630)</u>
Obligations, Net of Offsetting Collections	<u>(5,484)</u>	<u>(4,881)</u>
Net Obligations	(5,484)	(4,881)
Other Resources		
Imputed Financing Sources	750	264
Income from Other Appropriations	<u>45,054</u>	<u>33,652</u>
Net Other Resources Used to Finance Activities	45,804	33,916
	<u>40,320</u>	<u>29,035</u>
	<u>40,320</u>	<u>29,035</u>
<b>RESOURCES USED TO FINANCE ITEMS NOT PART OF THE NET COST OF OPERATIONS:</b>		
Change in Budgetary Resources Obligated	5,482	5,551
Resources that Fund Prior Periods Expenses	-	(785)
Resources that Finance Asset Acquisition	<u>-</u>	<u>(106)</u>
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	5,482	4,660
	<u>5,482</u>	<u>4,660</u>
Total Resources Used to Finance the Net Cost of Operations	<u>45,802</u>	<u>33,695</u>
	<u>45,802</u>	<u>33,695</u>
<b>COMPONENTS OF THE NET COST OF OPERATIONS THAT WILL NOT REQUIRE OR GENERATE RESOURCES IN THE CURRENT PERIOD:</b>		
Components Requiring or Generating Resources in Future Periods:		
Increase in Annual Leave Liability	(1,341)	(670)
Upward/Downward Reestimates of Credit Subsidy Expense	<u>-</u>	<u>-</u>
Total Components of Net Cost of Operations that Require or Generate Resources in Future Periods	(1,341)	(670)
	<u>(1,341)</u>	<u>(670)</u>
Components Not Requiring/Generating Resources:		
Depreciation and Amortization	<u>30</u>	<u>157</u>
Total Components of Net Cost that Will Not Require or Generate Resources	<u>30</u>	<u>157</u>
	<u>30</u>	<u>157</u>
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	<u>(1,311)</u>	<u>(513)</u>
	<u>(1,311)</u>	<u>(513)</u>
<b>Net Cost of Operations</b>	<b>\$ <u>44,491</u></b>	<b><u>33,182</u></b>

## ***Distribution***

The Administrator  
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Chief Financial Officer  
Assistant Administrator for Chemical Safety and Pollution Prevention  
Agency Follow-Up Coordinator  
General Counsel  
Associate Administrator for Congressional and Intragovernmental Relations  
Associate Administrator for Public Affairs  
Deputy Assistant Administrator for Chemical Safety and Pollution Prevention  
Director, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Deputy Director, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Senior Advisor, FIFRA & PRIA Implementation, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Director, Biopesticides and Pollution Prevention Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
Director, Pesticide Re-Evaluation Division, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention  
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Audit Follow-Up Coordinator, Office of Chemical Safety and Pollution Prevention  
FIFRA & PRIA Audit Coordinator, Office of Pesticide Programs, Office of Chemical Safety and Pollution Prevention