

---

# Financial Statements

---

## LIMITATIONS OF FINANCIAL STATEMENTS

The financial statements were prepared to report the financial position and results of operations pursuant to the requirements of 31 U.S.C. 3515(b). The statements have been prepared from the books and records of ATF, according to formats prescribed by the Office of Management and Budget (OMB). The statements are in addition to the financial reports used to monitor and control budgetary resources prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.

## MANAGEMENT RESPONSIBILITIES

Bureau management is responsible for the fair presentation of information contained in the principal financial statements, in conformity with generally accepted accounting principles (GAAP) and the form and content for entity financial statements specified by OMB in Bulletin 97-01. Management is also responsible for the fair presentation of ATF's performance measures in accordance with OMB requirements. The quality of the Bureau's internal control structure rests with management, as does the responsibility for identification and compliance with pertinent laws and regulations.

**DEPARTMENT OF THE TREASURY  
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS**

**BALANCE SHEETS**

As of September 30, 2002 and 2001

		<b>2002</b>	<i>(unaudited)</i>	<b>2001</b>
<i>(In Thousands)</i>				
<b>ASSETS</b>				
<b>Intragovernmental Assets:</b>				
Fund Balance with Treasury	(Note 3)	\$ 253,852		\$ 281,511
Accounts Receivable	(Note 5)	10,486		11,192
Due from the General Fund		9,933		11,025
Prepayments		9,999		11,449
<b>Total Intragovernmental Assets</b>		284,270		315,177
Cash and Other Monetary Assets	(Note 4)	5,033		4,555
General Property, Plant and Equipment, Net	(Note 7)	239,636		155,238
Accounts Receivable, Net	(Note 5)	7,687		6,240
Advances		4		55
<b>TOTAL ASSETS</b>		<b>\$ 536,630</b>		<b>\$481,265</b>
<b>LIABILITIES</b>				
<b>Intragovernmental Liabilities:</b>				
Accounts Payable		\$ 8,791		\$ 7,861
Accrued Funded Payroll Benefits		5,596		4,809
Accrued FECA Liability Payable		20,274		20,202
Due to the General Fund		7,229		5,948
<b>Total Intragovernmental Liabilities</b>		41,890		38,820
Accounts Payable		60,677		46,215
Accrued Funded Payroll Benefits		6,145		22,162
FECA Actuarial Liability		116,412		119,687
Accrued Refunds		9,933		11,025
Accrued Leave		34,582		31,183
Lease Liability	(Note 10)	13,801		22,241
Contingent Liabilities	(Note 11)	36		20,778
Other Liabilities	(Note 9)	5,700		4,318
<b>TOTAL LIABILITIES</b>		289,176		316,429
<b>NET POSITION</b>	(Note 12)			
Unexpended Appropriations		\$ 182,620		\$ 212,040
Cumulative Results of Operations		64,834		(47,204)
<b>TOTAL NET POSITION</b>		247,454		164,836
<b>TOTAL LIABILITIES AND NET POSITION</b>		<b>\$ 536,630</b>		<b>\$ 481,265</b>

The accompanying notes are an integral part of these statements.

**DEPARTMENT OF THE TREASURY  
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS**

**STATEMENTS OF NET COST  
For the Years Ended September 30, 2002 and 2001**

	2002	2001
	<i>(unaudited)</i>	
	<i>(In Thousands)</i>	
<b>COSTS:</b>		
<b>REDUCE VIOLENT CRIME</b>		
<b>Program Costs</b>		
Intragovernmental gross cost	\$ 167,031	\$ 143,561
Less: Intragovernmental earned revenue	(21,683)	(22,621)
Intragovernmental net costs	<u>145,348</u>	<u>120,940</u>
Gross costs with the public	492,233	429,209
Less: Earned revenues from the public (Note 13) (1)	-	-
Net costs with the public	<u>492,232</u>	<u>429,209</u>
Total Net Cost	\$ 637,580	\$ 550,149
<b>PROTECT THE PUBLIC</b>		
<b>Program Costs</b>		
Intragovernmental gross cost	\$ 18,650	\$ 20,496
Less: Intragovernmental earned revenue	-	-
Intragovernmental net costs	<u>18,650</u>	<u>20,496</u>
Gross costs with the public	43,815	50,779
Less: Earned revenues from the public (Note 13)	-	-
Net costs with the public	<u>43,815</u>	<u>50,779</u>
Total Net Cost	\$ 62,465	\$ 71,275
<b>COLLECT THE REVENUE</b>		
<b>Program Costs</b>		
Intragovernmental gross cost	\$ 14,684	\$ 14,554
Less: Intragovernmental earned revenue	-	-
Intragovernmental net costs	<u>14,684</u>	<u>14,554</u>
Gross costs with the public	32,942	38,093
Less: Earned revenues from the public (Note 13)	(1,118)	(999)
Net costs with the public	<u>31,824</u>	<u>37,094</u>
Total Net Cost	\$ 46,508	\$ 51,648
Costs Not Assigned to Programs	74,666	69,701
Less: Earned revenues not attributed to programs	-	-
<b>NET COST OF OPERATIONS</b>	<u>\$ 821,219</u>	<u>\$ 742,773</u>

The accompanying notes are an integral part of these statements.

**DEPARTMENT OF THE TREASURY**  
**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS**

**STATEMENTS OF CHANGES IN NET POSITION**  
**For years ended September 30, 2002 and 2001**

	2002		2001	
	<i>(unaudited)</i>		<i>(unaudited)</i>	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
	<i>(In Thousands)</i>		<i>(In Thousands)</i>	
Beginning Balances	\$ (47,203)	\$ 212,040	\$ (50,442)	\$ 160,345
Prior period adjustments	-	-	(58)	(40)
Beginning Balances, as adjusted	(47,203)	212,040	(50,500)	160,305
<b>Budgetary Financing Sources</b>				
Appropriations Received	-	854,747	-	772,843
Appropriations Transferred - in/out (+/-)	-	390	-	1,870
Other adjustments - re-appropriations	-	(3,364)	-	1,927
Appropriations Used	881,193	(881,193)	718,822	(718,822)
Nonexchange revenue	-	-	-	-
Donations & Forfeitures of cash/cash equivalents	-	-	-	-
Transfers-in/out without reimbursement (+/-)	-	-	-	-
Other budgetary financing sources (+/-)	-	-	-	(6,083)
<b>Other Financing Sources</b>				
Donations & forfeitures of property	143	-	405	-
Transfers-in/out without reimbursement (+/-)	23,915	-	1,821	-
Imputed financing from costs absorbed by others (Note 14)	28,005	-	25,021	-
Other (+/-)	-	-	-	-
<b>Total Financing Sources</b>	933,256	(29,420)	746,069	51,735
<b>Net Cost of Operations</b>	(821,219)	-	(742,773)	-
<b>Ending Balance</b> (Note 12)	64,834	182,620	(47,204)	212,040
<b>TOTAL NET POSITION</b>	-	\$ 247,454	-	\$ 164,836

The accompanying notes are an integral part of these statements.

**DEPARTMENT OF THE TREASURY**  
**BUREAU OF ALCOHOL, TOBACCO AND FIREARMS**

**STATEMENTS OF BUDGETARY RESOURCES**

For years ended September 30, 2002 and 2001

	<b>2002</b>	<b>2001</b>
	<i>(unaudited)</i>	
	<i>(In Thousands)</i>	
<b>BUDGETARY RESOURCES</b>		
	(Note 16)	
Budget Authority		
Appropriations Received	\$ 856,459	\$ 774,770
Net Transfers (+/-)	390	1,870
Other	-	-
Unobligated Balance - Beginning of Year		
Beginning of Period	25,399	30,356
Net Transfers, Actual (+/-)	-	-
Anticipated Transfers balances	-	-
Spending Authority from Offsetting Collections		
Earned		
Collected	47,901	38,773
Receivable from Federal sources	(639)	(12,435)
Change in unfilled customer orders		
Advance received	-	-
Without advance from Federal sources	(24,417)	14,428
Anticipated for rest of year, without advances	-	-
Transfers from trust funds	-	-
Subtotal	22,845	40,766
Recoveries of prior-year obligations	37,486	21,272
Temporarily not available pursuant to Public Law	-	-
Permanently not available	(5,075)	(6,082)
<b>TOTAL BUDGETARY RESOURCES</b>	<b>\$ 937,504</b>	<b>\$ 862,952</b>
<b>STATUS OF BUDGETARY RESOURCES</b>		
Obligations Incurred:		
Direct	873,719	793,320
Reimbursable	32,929	44,233
Subtotal	906,648	837,553
Unobligated Balance:		
Apportioned	15,052	9,233
Exempt from apportionment	-	-
Other available	-	-
Unobligated Balance not available	15,804	16,166
<b>TOTAL, STATUS OF BUDGETARY RESOURCES</b>	<b>\$ 937,504</b>	<b>\$ 862,952</b>
<b>RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:</b>		
Obligated Balance, Net - Beginning of the Period	256,349	175,255
Obligated balance transferred, net (+/-)	-	-
Obligated Balance, Net - end of the Period		
Accounts receivable	10,644	11,283
Unfilled customer orders from Federal sources	17,843	42,260
Undelivered orders	169,606	228,868
Accounts payable	82,412	81,024
Outlays		
Disbursements	927,035	733,195
Collections	(47,901)	(38,774)
Subtotal	879,134	694,421
Less: Offsetting receipts	-	-
<b>TOTAL OUTLAYS</b>	<b>\$ 879,134</b>	<b>\$ 694,421</b>

The accompanying notes are an integral part of these statements.

**DEPARTMENT OF THE TREASURY  
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS**

**STATEMENTS OF FINANCING  
For the Years Ended September 30, 2002 and 2001**

	<b>2002</b>	<b>2001</b>
		<i>(unaudited)</i>
		<i>(In Thousands)</i>
<b>Resources Used to Finance Activities</b>		
<b>Budgetary Resources Obligated</b>		
Obligations Incurred	\$ 906,648	\$ 837,553
Less: Spending authority from offsetting collections and recoveries	(60,331)	(62,038)
Obligations net of offsetting collections and recoveries	<u>846,317</u>	<u>775,515</u>
Less: Offsetting receipts	-	-
Net Obligations	<u>846,317</u>	<u>775,515</u>
<b>Other Resources</b>		
Donations and forfeitures of property	143	405
Transfers in/out without reimbursement (+/-)	23,915	1,821
Imputed financing from costs absorbed by others (Note 14)	28,005	25,021
Other (+/-)	-	-
Net other resources used to finance activities	<u>52,063</u>	<u>27,247</u>
<b>Total resources used to finance activities</b>	<b>898,380</b>	<b>802,762</b>
<b>Resources Used to Finance Items not Part of the Net Cost of Operations</b>		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (+/-)	59,293	(71,121)
Budgetary offsetting collections and receipts that do not affect net cost of operations		
Changes in unfilled customer orders	(24,417)	14,428
Resources that finance the acquisition of assets	(133,598)	(103,093)
Other resources or adjustments to net obligated resources that do not affect net cost of operations(+/-)		
Net gain or loss on disposition of assets	(80)	(239)
Revenue not in the budget	(99)	(44)
Prior-period adjustment	-	(98)
<b>Total resources used to finance items not part of the net cost of operations</b>	<u>(98,901)</u>	<u>(160,167)</u>
<b>Total resources used to finance the net cost of operations</b>	<b>799,479</b>	<b>642,595</b>
<b>Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:</b>		
<b>Components Requiring or Generating Resources in Future Periods:</b>		
Increase in annual leave liability	3,399	2,022
Other (+/-)	(32,385)	57,070
Total components of Net Cost of Operations that will require or generate resources in future periods	<u>(28,986)</u>	<u>59,092</u>
<b>Components Not Requiring or Generating Resources:</b>		
Depreciation and Amortization	41,002	32,400
Revaluation of assets or liabilities (+/-)	-	-
Other - Liquidation of Prepayments	<u>9,724</u>	<u>8,686</u>
<b>Total components of net cost of operations that will not require or generate resources in the current period</b>	<b>50,726</b>	<b>41,086</b>
<b>NET COST OF OPERATIONS</b>	<u><u>\$ 821,219</u></u>	<u><u>\$ 742,773</u></u>

The accompanying notes are an integral part of these statements.

**DEPARTMENT OF THE TREASURY  
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS**

**STATEMENTS OF CUSTODIAL ACTIVITY  
For the Years Ended September 30, 2002 and 2001**

	<b>2002</b>	<b>2001</b>
	<i>(unaudited)</i>	
	<i>(In Thousands)</i>	
<b>SOURCES OF CUSTODIAL REVENUE &amp; COLLECTIONS</b>		
<b>Revenue Received</b>	(Note 17)	
Tax Revenues	\$ 14,856,818	\$ 13,970,054
Fees and Licenses	224,061	109,948
Interest	1,029	492
Penalties and Fines	724	522
Other Custodial Revenue	313	183
<b>Total Revenue Received</b>	15,082,945	14,081,199
Refunds	(374,232)	(305,010)
<b>Net Revenue Received</b>	14,708,713	13,776,189
Accrual Adjustment	2,373	2,054
<b>Total Revenue</b>	14,711,086	13,778,243
<b>DISPOSITION OF CUSTODIAL REVENUE &amp; COLLECTIONS</b>		
Amounts Provided to Non-Federal Entities	345,507	336,435
Amounts Provided to Fund the Federal Government	14,363,206	13,439,754
Accrual Adjustment	2,373	2,054
<b>Total Disposition of Custodial Revenue &amp; Collections</b>	14,711,086	13,778,243
<b>NET CUSTODIAL REVENUE ACTIVITY</b>	-	-

The accompanying notes are an integral part of these statements.