

2 0 0 1



A Positive Return On Investment

THE SAVANNAH RIVER SITE

FY 2001 ANNUAL FINANCIAL REPORT

01 Inside

- 2 The Bottom Line: SRS Financial Summary
- 3 Helping Assure a Strong Community
- 4 A Positive Return on Investment
- 7 Statement of Assets, Liabilities and Net Position
- 8 Savannah River Site: A Future View
- 9 Financial Statements
- 20 Footnotes to the Financial Statements

a

Message

to our customers and stakeholders

Return on Investment. Most of you understand the meaning and importance of that phrase when it comes to your personal finances. Retirement plans, your children's education, and numerous other long-range personal objectives hinge on successful investment strategies providing respectable returns on your investments. Though not as apparent, providing a significant, positive return on the investment the U.S. taxpayers make in the Savannah River Site each year is also of critical importance.

During Fiscal Year 2001, SRS was entrusted with over one-and-one-half *billion* dollars of taxpayer money. In return for this investment, American citizens got a safer, cleaner environment; a reliable nuclear weapons stockpile; improved environmental technologies that promise to benefit all Americans; and progress in reducing the global threat of nuclear proliferation. In essence, we continue to make great strides in accomplishing our overall objective of making the world a safer place to live. We invite you to explore the SRS "return on investment" in greater detail as reflected in this report.

The Fiscal Year 2001 Annual Financial Report is the second such report we have published. Our vision for these reports is to provide you, as a stakeholder in our missions and programs, with a comprehensive overview of the financial workings and results of SRS activities during the past year. In this report you can learn how SRS contributes to the community in many different ways. You can see how the taxpayer's money was spent, and you can gain an understanding of the site's financial health and position.

The site's success would not be possible without the combined daily contributions of over 13,000 dedicated men and women who work tirelessly and safely at the site every day. At this writing, 14 new or modernized facilities are being constructed or designed in support of site missions, highly-skilled plant operators are assuring that production facilities are run in a safe and efficient manner, faculty and researchers from several regional universities are protecting and advancing our understanding of the ecology of our 310 square mile site, scientists and engineers are improving the technologies essential to the nuclear and environmental missions of the site, and vigilant site security forces are ensuring the protection of the vast national investment entrusted to SRS. It's because of these people and numerous others that we can demonstrate the return on taxpayer investment documented in this report.



John R. Pescosolido
Chief Financial Officer
December 2001



the
**Bottom
Line**
SRS Financial Summary



The site is currently constructing several major additional facilities, such as the \$400 million Tritium Extraction Facility, to modernize support for site missions.

SOURCES OF FUNDS

(dollars in thousands) (year ended September 30)

Congressional Appropriations	\$ 1,555,392
Timber Sales	5,175
Work Performed:	
<i>For foreign governments</i>	
- Spent Fuel Program	12,475
<i>For other federal agencies</i>	6,062
<i>For industry and the public</i>	713
Total Sources	\$ 1,579,817

USES OF FUNDS

(dollars in thousands) (year ended September 30)

Weapons (tritium) production	\$ 201,688
Environmental cleanup	785,171
Nuclear materials stabilization	381,517
Fissile materials disposition	45,589
Technology and development	16,449
Safeguards and Security	99,456
Other	49,947
Total Uses	\$ 1,579,817

In FY 2001, United States taxpayers invested nearly \$1.6 billion dollars to accomplish SRS missions.

These investments were employed in:

- Cleaning up environmental contamination resulting from Cold War activities
- Stabilizing and safeguarding plutonium materials generated during defense production work
- Assuring a safe, reliable nuclear weapons stockpile
- Reducing the risk of global nuclear proliferation
- Performing critical research and protection of site ecology
- Advancing applied technology in several areas.

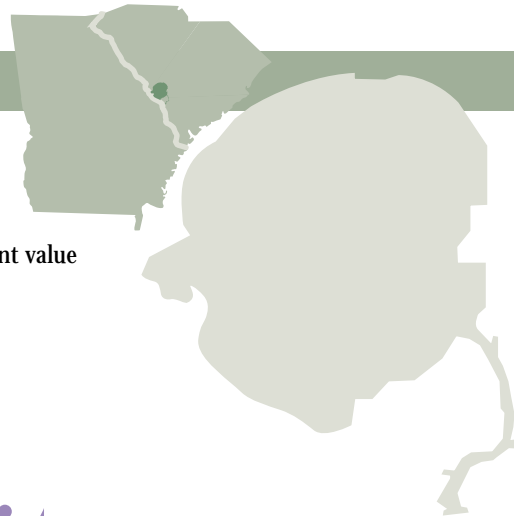
The plant and equipment SRS uses to accomplish its missions includes over 3,000 separate facilities, with a replacement value exceeding \$15 billion.

Included are sophisticated state-of-the-art laboratories, industrial plant facilities, nuclear processing plants, legacy waste treatment facilities, utility plants, and administrative and maintenance facilities.

The site is currently constructing several major additional facilities, such as the \$400 million Tritium Extraction Facility, to modernize support for site missions.

SRS STATISTICS

- 310 square miles
- \$1.6 billion annual budget
- \$1.03 billion annual payroll
- 13,700 employees
- \$15 billion replacement plant value
- 1,230 miles of roads



helping assure
**A Strong
 Community**

SRS is the largest industrial employer in South Carolina. Because the site borders Georgia, SRS contributes substantially to both states' economies. Our average employment during FY 2001 was over 13,700, excluding hundreds more site subcontractors. About 35 percent of the SRS workforce lives in Georgia, while most others live in South Carolina. The combined payroll for site employees was about \$1.033 billion for FY 2001.

In addition, the site purchased goods and services totaling almost \$470 million during the fiscal year. We estimate that about \$260 million of these purchases was awarded to vendors located in South Carolina and Georgia.

SRS contributions to the Central Savannah River Area (CSRA) extend beyond the financial impact to the area resulting from current site operations. Since the establishment of the site in 1951, thousands of former site employees have retired and remained in the local area. More than 4,500 retired site workers currently live in the CSRA and are receiving site-funded pensions and other post-retirement benefits, such as medical insurance coverage, that directly support the local economy.

Other contributions to the CSRA economy include educational, scientific and local government grants (exceeding \$22 million in FY 2001), and company-provided medical payments to local health care providers (which exceeded \$57 million during FY 2001). Over

the years, in response to site post-Cold War downsizing, SRS has provided additional millions for CSRA economic development initiatives that have spawned or contributed to the establishment of an array of small- and medium-sized businesses that are now employing hundreds of CSRA residents.

And our employees personally contribute to the economic health of the two-state region through donations to the United Way and Combined Federal Campaign (\$2.2 million in FY 2001); donations to food banks (more than 150,000 pounds of food); community blood drives (over 4,000 units of blood); and participation in community activities including school science demonstrations, career awareness workshops, and voluntary service in numerous charity and civic associations.

We are particularly encouraged and motivated by the working partnership we share with the community, our regulators and stakeholders – a partnership that has and will continue to mutually benefit us all.

Those who invest in the work of SRS — whether they are taxpayers, site workers, regulators, funding sponsors, or the local community — should expect their investment to pay dividends. SRS met those expectations. We improved safety for our workers, the community, and the nation; continued restoring the environment; and reduced the “mortgage” costs for future generations. The following discussion highlights major achievements we made during FY 2001, summarized in five priority management focus areas.



^aPositive Return on Investment

A Savannah River Technology Center employee loads equipment prior to leaving for New York City to help in recovery efforts after the September 11 attacks.



SAFETY AND SECURITY

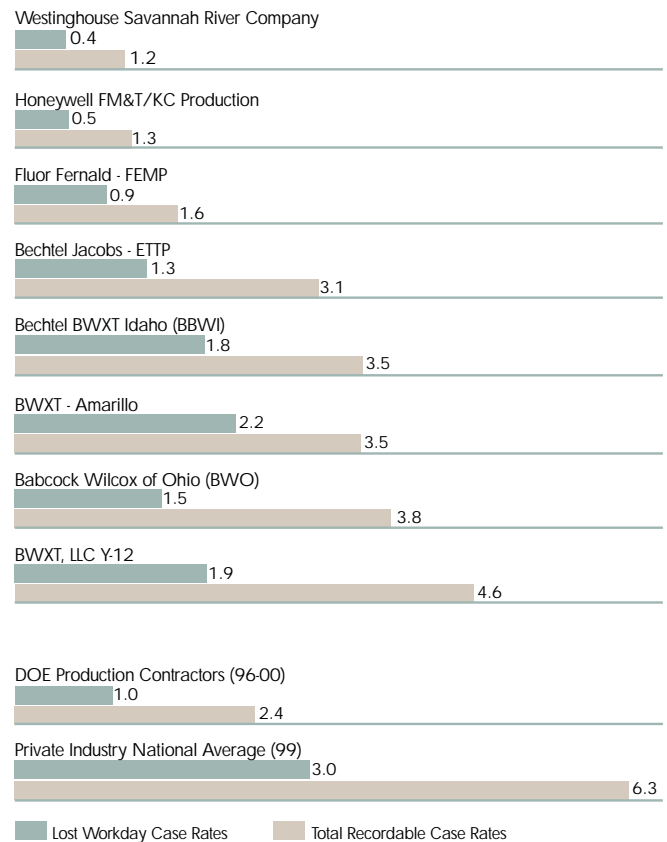
Because the nuclear and hazardous materials we deal with present inherent risks to site employees and the surrounding community, safety and security are integrated into all site practices and operations. Statistics tracked by the government demonstrate that SRS achieved top ratings for low injury and illnesses. In fact, during FY 2001, SRS exceeded 10 million cumulative work hours without lost time or a disabling injury and has an injury/illness rate that is about eight times lower than commercial industry.

During FY 2001, Westinghouse Savannah River Company, the site’s prime operating contractor, attained the prestigious STAR status award under DOE’s Voluntary Protection Program.

After the September 11 terrorist attacks, SRS was requested by the Department of Justice to help in the New York City recovery efforts by providing scientists and sophisticated micro-video and micro-audio equipment to access areas too dangerous or too confined for people to enter. We also enhanced our overall site security posture for safeguarding nuclear materials in view of the events of September 11.

INJURY AND ILLNESS RANKING (1996-2000) OF DOE PRODUCTION CONTRACTORS

(Sorted by Total Recordable Case rates; cases per 200,000 hours)



TECHNICAL CAPABILITY AND PERFORMANCE

SRS' high performance workforce relentlessly achieved impressive results during FY 2001.

Notable examples include achieving a flawless production and shipping record for tritium delivered to the Defense Department. SRS passed stringent transuranic (TRU) waste audits and commenced shipping certified TRU waste drums to the Waste Isolation Pilot Plant (WIPP) repository in Carlsbad, N.M. We also began shipping low-level and mixed waste to repositories in Nevada and Utah.

The Defense Waste Processing Facility (DWPF) produced its thousandth canister of vitrified high-level waste during FY 2001, successfully and safely treating and stabilizing over 120,000 gallons of highly radioactive sludge remaining from Cold War production activities. SRS has now treated more than 20 percent of its high level waste.

We also entered into a cooperative agreement with the Tennessee Valley Authority (TVA) that will eventually convert highly enriched uranium into a form that TVA can use as fuel in its reactors and initiated modifications to our H-Canyon facility to perform this task.

The following highlights additional major technical achievements during FY 2001:

- Supported global nuclear non-proliferation efforts by receiving and safely storing foreign depleted nuclear fuel elements;
- Completed evaluations and identified preferred alternatives for treating radioactive salts in waste batches destined for the DWPF;
- Satisfied aggressive commitments made in response to Defense Nuclear Facilities Safety Board recommendations for reducing risks associated with nuclear materials at the site through operation of both SRS canyon facilities; and
- Completed facility construction and alteration projects ahead of schedule that will provide safe, secure, temporary storage for Rocky Flats nuclear materials, in order to facilitate Rocky Flats closure commitments (thereby achieving associated closure savings for the taxpayer).



SRS passed stringent audits and commenced shipping certified waste to the Waste Isolation Pilot Plant repository in Carlsbad, N.M.

COST EFFECTIVE OPERATIONS

Shareholders expect their companies to be efficiently run. SRS, as a taxpayer's "company," continued a long tradition of cost effective improvements and cost reduction.

During FY 2001, SRS documented over \$42 million in savings and cost avoidance, bringing cumulative savings to over \$800 million since 1996. These savings came from management initiatives and employee suggestions in virtually every area of site operations.

In addition, SRS engineers devised less costly ways to accomplish two major ongoing site projects (i.e., stabilization of americium/curium solutions in radioactive waste, and plutonium stabilization and treatment in F-Area facilities). The alternative approaches are expected to reduce the costs of those projects over their lifecycles by almost \$300 million.

Our success depends upon cooperation and teamwork with interested stakeholders. Achieving clean-up commitments established with state regulators and the Environmental Protection Agency, and being a good neighbor with our two-state region, are very important to SRS.

**PARTNERING FOR SUCCESS WITH
THE COMMUNITY, THE STATES AND
REGULATORY AGENCIES**



The SRS phytoremediation project is expected to reduce the level of acid, heavy metals, and tritium in nearby groundwater.

**HELPING
THE DEPARTMENT
OF ENERGY
ACHIEVE MORE**

For SRS to be truly successful, it must work as part of a national team so that DOE, and therefore the taxpayer, gets a greater return on its investment. We call this having a “corporate perspective.”

DOE is moving rapidly toward closing several sites, including the DOE complexes in Ohio and Colorado. As noted earlier, SRS is a key player in this goal. In order for these sites to close on time, facilities have been and are being built or refurbished at SRS to process and temporarily store materials from those sites.

We also provide valuable assistance to others in the DOE community. For example, SRS developed the Local Area Network Material Accounting System (LANMAS), a system that provides full accountability for nuclear materials, which is being deployed widely across the DOE Complex.

During FY 2001, SRS employees filed 34 invention disclosures and 15 patent applications. We also provided extensive safeguards and security support to the Oak Ridge Y-12 DOE Area Office in preparation for a comprehensive security inspection at that site.

Our goal is to excel to even greater levels in providing a positive return on the taxpayer’s investment by continuously pursuing cost-effective business-management techniques and innovative approaches to cleanup, pioneering and advancing technological breakthroughs, and ensuring a safe, secure environment for our workers and our community.

We demonstrated this “good neighbor” policy by working hard and successfully passing the stringent and nationally-recognized ISO-14001 Environmental Management recertification in FY 2001.

We worked closely with the state of South Carolina to finalize an agreement to receive TRU waste from DOE’s Mound Site in Ohio, facilitating closure of that site while accelerating shipment of SRS TRU waste to WIPP.

Over 3,000 trees were planted in connection with a project (phytoremediation) that is expected to reduce the level of acid, heavy metals, and tritium in nearby groundwater. This could not have been done without the support and cooperation of our regulators.

Finally, we negotiated a laboratory lease arrangement with Aiken County that benefits the county and provides savings to SRS.

STATEMENT OF ASSETS, LIABILITIES AND NET POSITION

STATEMENT OF ASSETS, LIABILITIES AND NET POSITION

(dollars in thousands) (years ended September 30)

FY 2001 FY 2000¹

ASSETS

Fund Balance with Treasury	\$ 506,989	\$ 423,261
<i>Primarily appropriated funds to pay current liabilities and finance authorized purchase commitments</i>		
Accounts Receivable	2,992	8,291
<i>Funds due to SRS from government and private sources</i>		
Investments	0	52,253
<i>Funds investment with Connecticut General related to former pension plans</i>		
Inventories	819,933	855,856
<i>Includes nuclear materials, operating materials and supplies, essential materials, excess materials and precious metals.</i>		
General Property, Plant and Equipment, Net	668,493	580,401
<i>Includes land, buildings and capital equipment</i>		
Other Assets	55	20
Total Assets	\$ 1,998,462	\$ 1,920,082

LIABILITIES

Accounts Payable	\$ 137,929	\$ 177,245
<i>Intragovernmental: Includes liability for advances received from other DOE locations to cover the cost of work to be performed</i>		
<i>Governmental: Includes contract holdbacks, accrued expenses and payments to vendors and other creditors</i>		
Environmental Liabilities²	31,783,852	30,402,498
<i>Represents the estimated cost (in FY 2001 dollars) to correct the environmental damage incurred while operating the site.</i>		
Pensions and Other Actuarial Liabilities	1,205,822	1,088,923
<i>Represents the obligation to pay specified benefits to contractor employees having approved defined benefit pension plans and post-retirement benefits other than pensions.</i>		
Other Liabilities, Including Deferred Revenues	78,168	68,510
<i>Other liabilities: Represents accrued payroll, benefits, annual and compensatory leave and other miscellaneous liabilities</i>		
<i>Deferred revenues: Represents advance payments for materials or services to be furnished in the future</i>		
Total Liabilities	\$ 33,205,771	\$ 31,737,176

NET POSITION

Unexpended Appropriations	314,947	188,086
<i>Amounts appropriated by Congress which have not been expended</i>		
Cumulative Results of Operations	(31,522,255)	(30,005,180)
<i>The net difference since inception of the activity between (1) expenses and losses, and (2) financing sources including appropriations, revenues, and gains</i>		
Total Net Position	\$ (31,207,308)	\$ (29,817,094)
Total Liabilities and Net Position	\$ 1,998,463	\$ 1,920,082

Note: Statement unaudited

^{1,2} Please see Footnotes on Page 20.

As most readers know, the site's environmental management clean-up program is currently projected to continue to about 2038, assuming today's approach to clean-up and available technologies. We currently project lifecycle costs beyond FY 2001 for this clean-up effort will exceed \$31 billion. Our challenge and opportunity is to manage this work in such a way as to significantly reduce the projected costs and schedule through technological innovation, contractor incentives, greater efficiency, and novel approaches to addressing clean-up problems.

We are currently engaged in a Secretary of Energy initiative called a "Top-to-Bottom" Review. This DOE-wide review is anticipated to identify significant opportunities for reducing the cost of environmental management activities, and to reduce the time needed to clean up sites across the DOE Complex. While SRS has an impressive record of cost effectiveness, we are equally motivated to produce even more return for the taxpayer using opportunities such as the "Top-to-Bottom" review, and we are energetically and actively engaged in that process.

Savannah River Site a Future View

SRS continues to keep a watchful eye on its aging infrastructure of facilities, roads, and utilities, as well as its aging portfolio of business information technology applications. Most facilities and utilities at the site are more than 40 years old. This has not been a significant problem up to this point since these facilities have been adequately maintained. The site faces a growing challenge to find the right balance between minimizing investments in infrastructure, yet assuring a capable, cost-effective infrastructure that will serve the site through the completion of current mission work. Dovetailing accelerated clean-up objectives from "Top-to-Bottom" review successes with a strategic infrastructure re-investment plan can represent a major savings opportunity for the site. This would avert the need for expensive infrastructure upgrades. SRS is also looking into privatizing some operations, and potentially reducing the site "footprint" to complement our strategic re-investment plan.

Like all industry and government, SRS is also evaluating the impact of the coming "brain drain" expected as a result of baby-boomer retirements. For SRS, the 1990s were largely a period of staff downsizing stemming from the end of the Cold War. Staffing was reduced from a high of about 26,000 in 1992, to about 13,700 today. We have only hired employees deemed critical to the safety or mission accomplishment of the site. As a result, the average age of the SRS workforce continues to increase and we estimate that 50 percent of the site workforce will be retirement-eligible during the next five years. Several workforce planning efforts are underway to mitigate the brain-drain, including technical internship programs, identification of pending critical employee retirements or vacancies, targeted skills training, and more.

Future site missions also are in a state of flux. While SRS is planning for three high-impact, high-investment plutonium stabilization and processing missions, some of these missions are under review for potential delay or reconsideration. The potential for delays are being considered in our planning for a "right-sized" site workforce and the site's infrastructure needs. However, SRS has a history of resiliency in accommodating and effectively shifting site resources to meet emergent and changing mission needs and will be prepared to support such missions when the time comes.

We expect to meet the many challenges we face head-on through our dedicated, "can-do" workforce and technological capabilities. Some of these challenges will require additional funding, but the real return on investment that taxpayers receive comes through the innovation and resourcefulness of the diverse and skilled workforce that has provided a proud legacy of achievement for more than 50 years – a workforce that will continue to provide significant dividends on taxpayer investments for a number of years to come.



Maintaining the site's aging infrastructure of facilities and roads is a growing challenge.



SRS workforce programs include targeted skills training and internship programs.

01 Financial Statements

- 10 Consolidated Statement of Net Costs
- 11 Consolidated Statement of Changes in Net Position
- 12 Completed Plant and Capital Equipment by Facility
- 13 Construction Work In Progress
- 13 Inventory
- 14 Categories of Excess Disposition
- 14 Uncosted Balances by Program
- 15 Cost by Element of Expense
- 15 Cost by Major Contractor
- 16 Cost by Project/Program Breakdown Structure
- 20 Supplementary Information and Footnotes to the Financial Statements



The following unaudited financial statements have been prepared in accordance with the standards developed by the Federal Accounting Standards Advisory Board, the requirements of the Office of Management and Budget, the Chief Financial Officers Act of 1990, and the Government Management Reform Act of 1994. The Savannah River Operations Office maintains a system of management, accounting and other controls, including internal audit, to provide a reasonable assurance that program and administrative functions were performed in an economical and efficient manner consistent with applicable laws and that assets were safeguarded against the potential for waste, fraud, abuse or mismanagement.

CONSOLIDATED STATEMENT OF NET COST²

(dollars in thousands) (years ended September 30)

F Y 2 0 0 1

F Y 2 0 0 0¹

Energy Resources

ER Program Costs

\$ 1,190

\$ 245

National Security

NS Program Costs

224,451

182,305

Environmental Quality

Site Project Completion

Defense Facilities Closure Projects

Post 2006 Completion

Technology Development

Legacy Waste Cleanup Adjustment

EQ Program Costs

265,085

160,262

Science & Technology

ST Program Costs

1,278

854

Other Programs

Other Program Costs

26,331

37,120

Less: Other Earned Revenues

(26,825)

(40,513)

Net Cost of Other Programs

(494)

(3,393)

Total Program Costs

\$ 491,510

\$ 340,273

Costs Not Assigned to Programs:

(Legacy Waste - Inflation Adjustment & Change in Life Cycle Cost Estimate)

\$ 2,516,355

\$ (1,014,347)

Net Cost of Operations

\$ 3,007,865

\$ (674,074)

Note: Statement unaudited

^{1,2} Please see Footnotes on Page 20.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

(dollars in thousands) (years ended September 30)

FY 2001

FY 2000¹

Net Cost Of Operations	\$ (3,007,865)	\$ 674,074
Financing Sources (Other than Exchange Revenues):	1,478,708	1,396,115
<i>Appropriations Used</i>	2,667	2,603
<i>Imputed Financing</i>	10,353	52,479
<i>Transfers</i>	0	(5)
Net Results of Operations	(1,516,137)	2,125,266
Net Change in Cumulative Results of Operations	(1,516,137)	2,125,266
Increase (Decrease) in Unexpended Appropriations	125,923	(49,182)
Change in Net Position	\$ (1,390,214)	\$ 2,076,084
Net Position – Beginning of Period	(29,817,094)	(31,893,178)
Net Position – End of Period	\$ (31,207,308)	\$ (29,817,094)

Note: Statement unaudited

¹ Please see Footnotes on Page 20.

COMPLETED PLANT AND CAPITAL EQUIPMENT BY FACILITY¹

(dollars in thousands) (year ended September 30)

FY 2001

Facility	Capital Value	Accumulated Depreciation ²	Replacement Value ³
Administrative and Infrastructure	\$ 948,039	\$ 930,500	\$ 1,892,382
CLB - Central Lab	78,865	78,830	236,807
Consolidated Incinerator Facility	97,011	97,011	102,341
Construction Administration Facilities	16,261	16,186	21,374
Defense Waste Processing Facility	1,218,058	1,216,439	1,398,779
Effluent Treatment Facility	42,545	42,545	54,561
Environmental Restoration Facilities	39,438	39,073	47,242
F Canyon	464,527	464,209	1,533,756
Facility Disposition	738,787	738,446	2,888,091
F-Tank Farm	47,763	47,763	106,854
H Canyon	286,138	285,924	898,428
H Tank Farm	172,981	172,762	260,216
Heavy Water	2,515	2,515	10,102
High Level Waste	514,052	510,338	955,040
K Reactor	358,029	356,898	1,190,821
L Reactor	371,330	370,879	929,066
P, C, R Reactors ⁴	11,640	11,640	66,248
Power Privatization Facilities	106,825	106,350	367,468
Receiving Basin for Offsite Fuel	11,045	11,045	44,650
Saltstone	64,959	60,570	80,309
Savannah River Technology Center	125,414	125,337	411,085
Site Utilities	182,295	182,121	447,430
Solid Waste	103,792	100,749	129,478
SR Natural Resource Management and Research Institute	2,615	2,615	6,308
Timber Resources	51,817	8,196	519,469
TNX	23,366	23,351	44,652
Tritium Facilities	481,016	179,014	736,850
UGA Savannah River Ecology Laboratory	14,699	14,578	23,538
Wackenhut	10,805	10,602	14,153
Grand Total	\$ 6,586,627	\$ 6,206,486	\$ 15,417,498

Note: Statement unaudited

^{1, 2, 3, 4} Please see Footnotes on Page 20.

CONSTRUCTION WORK IN PROGRESS

(dollars in thousands) (year ended September 30)

F Y 2 0 0 1 BALANCE

Major Projects

Tritium Extraction Facility	\$ 99,573
Tritium Facility Modernization and Consolidation	73,653
Waste Removal Facility	54,148
F&H Canyon Exhaust Upgrades	52,662
Nuclear Materials, Packaging and Storage	55,245
Regulatory Monitoring and Bioassay Lab	29,469
Highly Enriched Uranium (HEU) Blend-down	14,590
Chiller Retrofits	10,298
Tank Farm Support Services - F Area	9,448
Accelerator Production of Tritium (design)	7,608
Preliminary Project Engineering and Design (PED)	2,636
Other	81

Total Major Projects \$ **409,411**

General Plant Projects \$ **54,673**

Capital Equipment \$ **42,706**

Total Construction Work in Progress Balance \$ **506,790**

Note: Statement unaudited

INVENTORY

(dollars in thousands) (years ended September 30)

	F Y 2 0 0 1	F Y 2 0 0 0¹	CHANGE
Nuclear Materials	\$ 748,654	\$ 785,238	\$ (36,584)
Operating Materials and Supplies	62,924	62,316	608
Essential Materials	4,939	5,427	(488)
Excess Material	545	331	214
Precious Metals	2,871	2,544	327
Total Inventory	\$ 819,933	\$ 855,856	\$ (35,923)

Note: Statement unaudited

¹ Please see Footnotes on Page 20.

CATEGORIES OF EXCESS DISPOSITION

(dollars in thousands) (year ended September 30)

F Y 2 0 0 1 BALANCE

Transfers to Other Agencies	\$ 5,567
Department of Energy Sites	75
Federal Agencies	472
Energy Related Laboratory Equipment	158
State Governments	3,648
Transfers to Schools	1,214
Disposition of Excess Property	\$ 31,557
Sales	19,475
Scrap	3,648
Economic Development	8,434
Chemical Excess Property Dispositions	\$ 329
Assets for Services	\$ 259
Total Dispositions	\$ 37,712
Revenue from Dispositions of Excess Property	308

Note: Statement unaudited

UNCOSTED BALANCES BY PROGRAM¹

(dollars in thousands) (years ended September 30)

F Y 2 0 0 1
Uncosted Funds

F Y 2 0 0 0
Uncosted Funds

Program	Fund Category	F Y 2 0 0 1 Uncosted Funds	F Y 2 0 0 0 Uncosted Funds
Environmental Restoration & Waste Management	Operating	\$ 118,243	\$ 75,662
	Capital	39,289	37,810
	<i>Sub-Total</i>	157,532	113,472
Defense Programs	Operating	25,826	17,616
	Capital	37,625	14,466
	<i>Sub-Total</i>	63,451	32,082
Defense Nuclear Nonproliferation	Operating	11,054	11,111
	Capital	12,922	-
	<i>Sub-Total</i>	23,976	11,111
Worker and Community Transition	Operating	7,400	4,061
Cost of Work for Others	Operating	7,427	7,827
Nuclear Safeguards and Security	Operating	505	954
Reimbursable Work For Other Federal Agencies	Operating	4,317	3,810
Reimbursable Work For Non-Federal Entities	Operating	286	2,636
Other Programs	Operating	4,196	3,418
Total SRS Uncosted Balances	Operating	179,254	127,095
	Capital	89,836	52,276
	Total	\$ 269,090²	\$ 179,371

Note: Statement unaudited

^{1,2} Please see Footnotes on Page 20.

COST BY ELEMENT OF EXPENSE

(dollars in thousands) (years ended September 30)

F Y 2 0 0 1

F Y 2 0 0 0

Element of Expense

Salaries and Benefits

Exempt :

689,618

667,050

Non-Exempt:

343,814

337,537

Total

\$ 1,033,432

\$ 1,004,587

Materials, Equipment and Supplies

143,573

126,044

Subcontracts

325,957

301,415

Travel

9,147

8,827

Management Fee

61,736

66,674

Other¹

5,972

5,054

Total Site Costs

\$ 1,579,817

\$ 1,512,601

Note: Statement unaudited

¹ Please see Footnotes on Page 20.

COST BY MAJOR CONTRACTOR

(dollars in thousands) (years ended September 30)

F Y 2 0 0 1

F Y 2 0 0 0

Westinghouse Savannah River Co., LLC

\$ 1,406,664

\$ 1,344,095

Wackenhut Services, Inc.

69,316

65,817

UGA Savannah River Ecology Laboratory

9,054

9,766

Savannah River Natural Resource Management and Research Institute

12,171

11,193

Total SRS Contractor Cost

\$ 1,497,205

\$ 1,430,871

DOE Federal Workforce Costs

\$ 49,607

\$ 52,364

Subcontractor, Grant and Other Costs

\$ 33,005

\$ 29,366

Total Site Costs

\$ 1,579,817

\$ 1,512,601

Note: Statement unaudited

COST BY PROJECT/PROGRAM BREAKDOWN STRUCTURE¹

(dollars in thousands) (years ended September 30)

FY 2001

FY 2000

**Project
Number**

**Project
Title**

Environmental Management

DOE Savannah River Operations

HQNP-SI01-LT-SR	Security Investigations	\$ 3,660	\$ 2,445
SR-DO02	Wackenhut Guard Services	195	60,365
SR-DO03	Savannah River Natural Resource Mgt. & Research Institute	6,777	6,301
SR-DO04	Ecology Lab	7,572	8,230
SR-DO05	DOE External Program Support	6,196	5,035
SR-DO07	DOE Program Support	7,224	8,023
<i>Sub-Total: DOE Savannah River Operations</i>		\$ 31,624	\$ 90,399

Environmental Restoration

SR-ER01	Flood Plain Swamp	\$ 6,552	\$ 5,336
SR-ER02	Four Mile Branch	31,904	36,501
SR-ER03	Lower Three Runs and Operations	30,274	28,160
SR-ER04	Pen Branch	9,656	9,042
SR-ER05	Steel Creek	3,008	4,993
SR-ER06	Upper Three Runs	17,140	21,438
SR-ER07	Program Management	7,934	9,382
<i>Sub-Total: Environmental Restoration</i>		\$ 106,468	\$ 114,852

Facilities Deactivation and Monitoring

SR-ER09	HWCTR	\$ 4	\$ 109
SR-FA02	F Canyon Deactivation	0	92
SR-FA16	F-Area Monitoring	313	102
SR-FA17	H-Area Monitoring and Minor Facility Monitoring	0	-
SR-FA18	M-Area Monitoring	8,662	9,412
SR-FA19	D-Area Monitoring	241	704
SR-FA20	Reactors Monitoring	9,025	11,878
SR-FA23	Landlord Facilities Disposition	3,384	2,785
<i>Sub-Total: Facilities Decontamination</i>		\$ 21,629	\$ 25,082

Note: Statement unaudited

¹ Please see Footnotes on Page 20.

FINANCIAL STATEMENTS

COST BY PROJECT/PROGRAM BREAKDOWN STRUCTURE (CONTINUED)

(dollars in thousands) (years ended September 30)

FY 2001

FY 2000

Project Number	Project Title		
Environmental Management (continued)			
<i>High Level Waste</i>			
SR-HL01	H-Tank Farm	\$ 100,445	\$ 93,767
SR-HL02	F-Tank Farm	61,742	61,194
SR-HL03	Waste Removal Operations and Tank Closure	3,589	4,366
SR-HL04	In-Tank/Extended Sludge Processing/Liquid Waste Ops	50,622	55,267
SR-HL05	Vitrification	106,598	116,544
SR-HL06	Glass Waste Storage	504	605
SR-HL09	Tank Farm Services Upgrade	0	-
SR-HL10	H-Tank Farm Storm Water System Upgrades	133	3,535
SR-HL11	Tank Farm Support Services F Area	8,120	2,143
SR-HL12	High Level Waste Removal	22,245	22,478
SR-HL13	Salt Disposition	21,667	13,163
	Sub-Total: High Level Waste	\$ 375,665	\$ 373,062
<i>Infrastructure</i>			
SR-IN01	Plantwide Fire Protection Line Item	\$ (69)	\$ 5,394
SR-IN03	Plant Maintenance Line Item	0	-
SR-IN04	Domestic Water Line Item	0	-
SR-IN05	Sitewide Chiller Retrofit Line Item	9,810	3,635
SR-IN06	Radio Trunking System Line Item	0	-
SR-IN07	Site Road Infrastructure Line Item	495	8
SR-IN10	Environmental Monitoring Lab Line Item	16,493	9,826
SR-IN11	Infrastructure Line Item	622	896
SR-IN12	Operating Projects	21,288	18,846
SR-IN13	Decontamination of Lab Facilities, 772-F and 773-A	2,896	2,946
	Sub-Total: Infrastructure	\$ 51,535	\$ 41,551

Note: Statement unaudited

COST BY PROJECT/PROGRAM BREAKDOWN STRUCTURE (CONTINUED)

(dollars in thousands) (years ended September 30)

FY 2001 FY 2000

Project Number	Project Title		
Environmental Management (continued)			
<i>Nuclear Materials Stabilization</i>			
SR-NM01	F-Area Stabilization	\$ 199,138	\$ 203,771
SR-NM02	H-Area Stabilization	163,830	153,134
SR-NM03	Nuclear Material Storage Line Item	3,922	12,973
SR-NM04	Canyon Exhaust Line Item	11,360	23,435
SR-NM09	235-F Packaging and Stabilization	3,267	
Sub-Total: Nuclear Materials Stabilization		\$ 381,517	\$ 393,313
<i>Spent Nuclear Fuel</i>			
SR-SF01	K-Area Spent Nuclear Fuel	\$ 30,252	\$ 33,832
SR-SF02	L-Reactor Spent Nuclear Fuel	26,363	33,352
SR-SF03	Receiving Basin For Offsite Fuel	13,106	14,598
SR-SF04	Heavy Water - D Area	0	68
SR-SF06	Alternate Technology	10,883	5,149
SR-SF07	Disassembly Basin Upgrade Line Item	0	-
SR-SF09	Spent Nuclear Fuel Treatment and Storage	0	(5)
Sub-Total: Spent Nuclear Fuel		\$ 80,604	\$ 86,994
<i>Solid Waste</i>			
SR-HL07	Effluent Treatment Facility	\$ 14,631	\$ 15,099
SR-HL08	Saltstone	2,468	858
SR-SW01	Consolidated Incinerator Facility	2,416	21,176
SR-SW02	Transuranic Waste	14,480	13,639
SR-SW03	Mixed Low Level Waste	4,702	3,658
SR-SW04	Low Level Waste	16,649	14,909
SR-SW05	Hazardous Waste	3,607	5,354
SR-SW06	Sanitary Waste	1,332	1,082
SR-SW07	Pollution Prevention	1,672	1,310
Sub-Total: Solid Waste		\$ 61,957	\$ 77,085
<i>Other Environmental Management</i>			
	Program Direction	\$ 49,607	\$ 52,364
	Technology Development	16,449	16,190
	Science Program	385	644
	Preliminary Project Engineering and Design	2,636	-
	Other Program Costs	3,061	3,719
Sub-Total: Other Environmental Management		72,138	72,917
Total Environmental Management Costs		\$ 1,183,137	\$ 1,275,255

Note: Statement unaudited

FINANCIAL STATEMENTS

COST BY PROJECT/PROGRAM BREAKDOWN STRUCTURE (CONTINUED)

(dollars in thousands) (years ended September 30)

FY 2001 FY 2000

Project Number	Project Title		
Defense Programs			
	Program Direction	\$ 3,934	\$ 3,090
	Research and Development	0	1,686
	Weapons Stockpile Management	0	169,536
	Directed Stockpile Work	21,619	
	Campaigns	70,638	
	Readiness in Technical Base and Facilities	105,197	
	Emergency Response	300	316
Total Defense Program Costs		\$ 201,688	\$ 174,628
Nuclear Non-Proliferation			
	Program Direction	\$ 1,292	
	Nonproliferation and Verification Research	2,080	
	Arms Control and Nonproliferation	4,401	
	Intl Material Protection and Emergency Cooperation	228	
	Surplus Fissile Materials Disposition	22,917	
	Fissile Materials Construction	14,671	
Total Nuclear Non-Proliferation Costs		\$ 45,589	
Other SRS Program Costs			
	Reimbursable Work	\$ 17,650	\$ 10,058
	Work For Others	6,774	13,972
	Materials Disposition	0	15,136
	Other Program Costs	25,523	23,552
Total Other SRS Program Costs		\$ 49,947	\$ 62,718
Safeguards and Security Costs			
	Safeguards and Security (NNSA)	\$ 9,484	
	Safeguards and Security (Environmental)	89,972	
Total Safeguards and Security Costs		\$ 99,456	
Grand Total: Savannah River Site Costs		\$ 1,579,817	\$ 1,512,601

Note: Statement unaudited

Footnotes to the Financial Statements

Page 7: Statement of Assets, Liabilities and Net Position

- 1: Adjustments were made to FY 2000 amounts reported in the FY 2000 Annual Financial Report. These numbers were adjusted based upon final Office of Inspector General Audit.
- 2: Environmental Liabilities (dollars in thousands)

FY 2001	FY 2000	Change
\$31,783,852	\$30,402,498	\$1,381,354

The Environmental Liability Balances reflect the Department's best estimate of future cleanup cost at SRS. It should be clearly understood that given the long-term nature of the cleanup program, significant uncertainty exists in estimating costs associated with such long-term activity.

Page 10: Consolidated Statement of Net Cost

- 1: Adjustments were made to FY 2000 amounts reported in the FY 2000 Annual Financial Report. These numbers were adjusted based upon final Office of Inspector General Audit.
- 2: Program Definitions

Energy Resources

Energy Resources activities include those that encourage energy efficiency, advance alternative and renewable energy technologies, increase energy choices for all consumers, assure adequate supplies of clean, conventional energy, and reduce vulnerability to external energy supply disruptions.

National Security

National Security activities include those that effectively support and maintain a safe and reliable enduring nuclear weapons stockpile without underground nuclear testing, safely dismantle and dispose of excess weapons, and provide technical leadership for national and global nonproliferation under the National Nuclear Security Administration.

Environmental Quality

Environmental Quality activities include waste disposition, stabilization of nuclear materials, pollution prevention, disposition of excess facilities and restoring environmental quality.

Science and Technology

Science and Technology activities include those that provide science and tools needed to develop energy technology options; research the understanding of the health and environmental implications of energy activities; and research the understanding of the fundamental nature of energy and matter; provide large scale facilities required in natural sciences to ensure U.S. leadership in the search for knowledge; and apply research and development competencies to help ensure the availability of scientific talent.

Other Programs

Other program activities include the Reimbursable Work Programs, and Technology Transfer Programs.

Page 11: Consolidated Statement of Changes in Net Position

- 1: Adjustments were made to FY 2000 amounts reported in the FY 2000 Annual Financial Report. These numbers were adjusted based upon final Office of Inspector General Audit.

Page 12: Completed Plant and Capital Equipment by Facility

- 1: This table represents a rollup of more than 3000 discrete facilities into logical facility groupings. The table excludes the value of land of approximately \$195,000,000.
- 2: Per DOE accounting policy, facilities dedicated to treatment of legacy wastes have been fully depreciated.
- 3: Replacement Value was calculated using a standard formula escalating the capital value of the facilities from their inservice date of record through 9/30/01. This approach may well understate the replacement value of certain facilities or facility groups.
- 4: P, C, R reactors are decommissioned; numerous items have been retired.

Page 13: Inventory

- 1: Adjustments were made to FY 2000 amounts reported in the FY 2000 Annual Financial Report. These numbers were adjusted based upon final Office of Inspector General Audit.

Page 14: Uncosted Balances by Program

- 1: Uncosted balances represent funding to cover open orders with third party vendors and funding required to complete authorized, on-going major capital construction activities.
- 2: The higher FY 2001 total uncosted balance amount, compared to the FY 2000 total, resulted from late receipt of FY 2001 supplemental appropriation, increased construction carryover balances, and a managed underrun in FY 2001 to provide support for FY 2002 activities. The uncosted balances are consistent with DOE guidelines and thresholds.

Page 15: Cost by Element of Expense

- 1: Includes off-site training and conferences, subscriptions, tuition reimbursement, relocation and other miscellaneous cost.

Page 16: Cost by Project/Program Breakdown Structure

- 1: Since FY 2000 several projects were completed or restructured into new projects. Wackenhut Guard Services (SR-DO02) project was transferred to a separate Safeguards and Security account at the end of FY 2000. Defense Programs was restructured by DOE Headquarters between FY 2000 and FY 2001.



Savannah River Site Points of Contact

Government

U.S. Department of Energy
Savannah River Operations Office
P.O. Box A, Aiken, SC 29802

DOE-SR Senior Management

Greg P. Rudy, Manager
Charles A. Hansen, Deputy Manager
John R. Pescosolido, Chief Financial Officer

National Nuclear Security Administration

Senior Management

Maureen Hunemuller, Manager, Defense Programs Operations
Sterling Franks, Acting Manager, Defense Nuclear Nonproliferation

Major Contractors

Westinghouse Savannah River Company
Robert A. Pedde, President
David B. Amerine, Executive Vice President
Paul D. Grefenstette, Vice President and Chief Financial Officer

Wackenhut Services, Inc.

Lawrence Brede, Senior Vice President and General Manager
Adam S. Gilmore, Assistant General Manager, Administration

Savannah River Ecology Laboratory
Dr. Paul M. Bertsch, Director
Robert I. Nestor, Assistant Director

Savannah River Natural Resource Management and Research Institute
David W. Wilson, Manager
Vanessa E. Golden, Financial Manager

ACKNOWLEDGEMENTS

The Chief Financial Officer is indebted to the many individuals who contributed to publication of this Annual Financial Report.

A special acknowledgement is made to the Annual Financial Report Team members:

Team Champions: Paul Anderson and Terrel Spears

Team Members: Alescia Almond-Parson, Jimmie Cowan, Lisa Gibbons, Nina Salazar, Jack Taylor, Terry Vought, and William Wyche of the DOE-SR staff and Kendra Godbee, Kathy Petty, and Renee Stewart of the WSRC staff

Special assistance was provided by WSRC Finance and DOE-SR Finance and Budget staffs.

Appreciation is also expressed to WSRC Management Services Department for photography and publication of this report.

