
Financial Results, Position and Condition

OVERVIEW OF FINANCIAL DATA

ATF's financial management vision is "to enable ATF to work better and cost less by financial and program personnel working in partnership, using modern management techniques and integrated financial systems. Together, we will ensure the integrity of information, make informed decisions, and measure performance to achieve desirable outcomes and real cost effectiveness."

ATF continues to make progress in implementing Federal financial management reforms and incorporating advances in information management technology into its processes.

BUDGET INTEGRITY

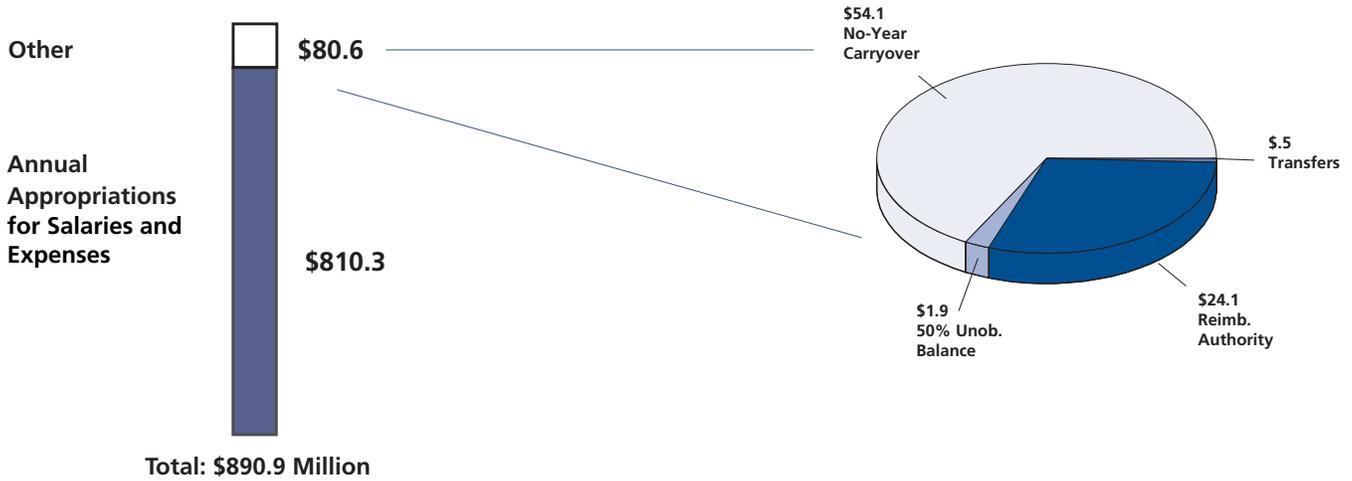
Sources of Funds

The total budget authority available for use by ATF in FY 2002 was \$890.9 million. This includes the amount that was anticipated for reimbursable authority during the year. Reimbursable authority is reported as anticipated until it is used. At year end, any reimbursable authority that has not been used is no longer available and, therefore, is not reported in the Statement of Budgetary Resources. Of the budget authority that was available to ATF, the Congress appropriated \$810.3 million for the Bureau's salaries and expenses fund. An additional \$80.6 million was made available from other sources. These other sources include the following: no-year carryover funds of \$22.0 million; appropriation transfers of \$0.5 million from the Office of National Drug Control Policy; \$32.1 million from the Emergency Response Fund; \$24.1 million in reimbursements from other Government agencies; and \$1.9 million that represents 50% of the FY 2001 unobligated balance.

Sources of Funds

FY 2002

(Dollars in Millions)



FY 2001

(Dollars in Millions)



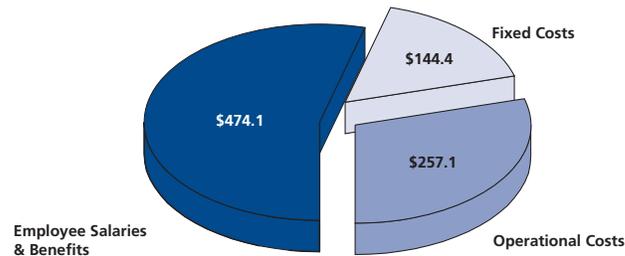
Uses of Funds

ATF incurred obligations of \$875.6 million during FY 2002. Of the \$15.3 million in budget authority that was not obligated in FY 2002, \$2.1 million represents the Bureau's Salaries and Expenses; \$.2 million represents HIDTA funding; and \$13.0 million represents no-year appropriation carryover funds available for use in FY 2003.

In FY 2002, the Bureau's full-time equivalent (FTE) level increased by 384 FTE. This increase was the basis for a corresponding increase in salaries and benefits, fixed costs and operational costs.

FY 2002

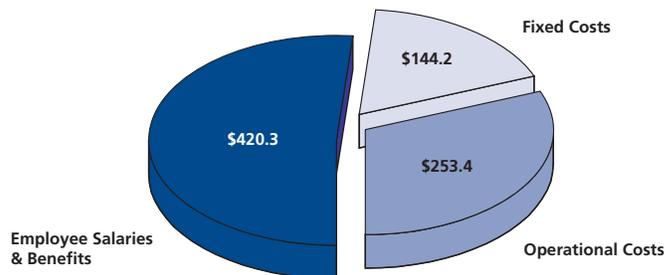
(Dollars in Millions)



Total: \$875.6 Million

FY 2001

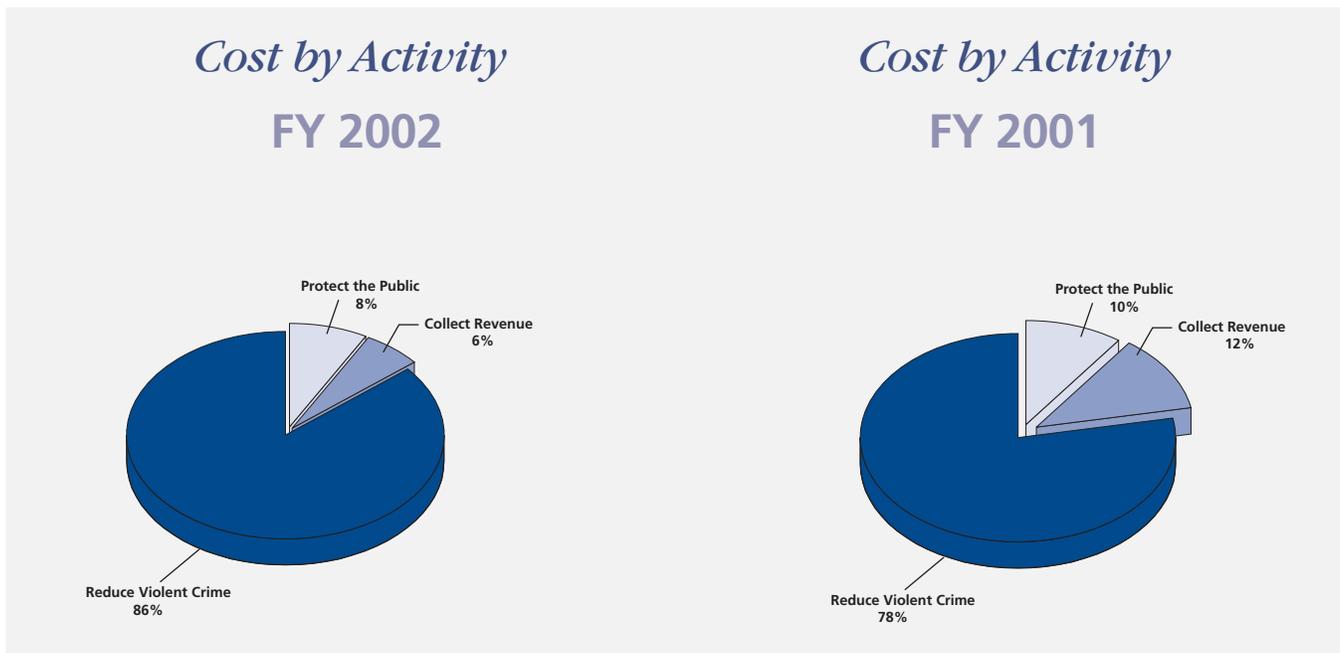
(Dollars in Millions)



Total: \$817.9 Million

COST ACCOUNTING AND PERFORMANCE MEASUREMENT

ATF continued its multi-year effort to develop and implement a Bureau-wide planning and reporting framework in the cost accounting and performance measurement area. In FY 1998, ATF implemented a new cost structure and laid the groundwork to standardize the cost structure for all Bureau systems that capture resource data. This framework was also utilized in developing ATF's FY 2001, 2002 and 2003 budget submissions. The framework links strategic planning, budgeting, and program planning into a single, integrated package. Bureau employees charge their time directly against the Bureau's activities at the project level in a standardized time-reporting format.



FINANCIAL PERFORMANCE

ATF's annual Financial Management Performance Plan contains key financial performance indicators. There are three major activities identified in the Plan:

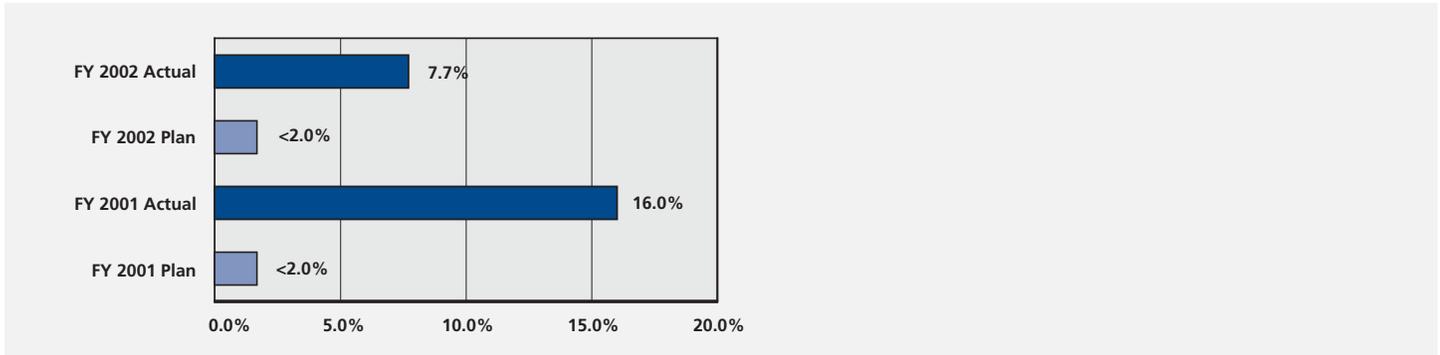
- (1) provide leadership to promote the acquisition and management of ATF's resources, revenue, and assets;
- (2) provide quality financial services; and
- (3) provide financial information on ATF operations that supports reporting and decision-making. Strategic goals, annual performance goals, and measures were developed to achieve these three financial management activities.

Strategic Goal: Focus on customer service and innovate financial processes.

Annual Performance Goal: Compliance with Prompt Payment Act (PPA).

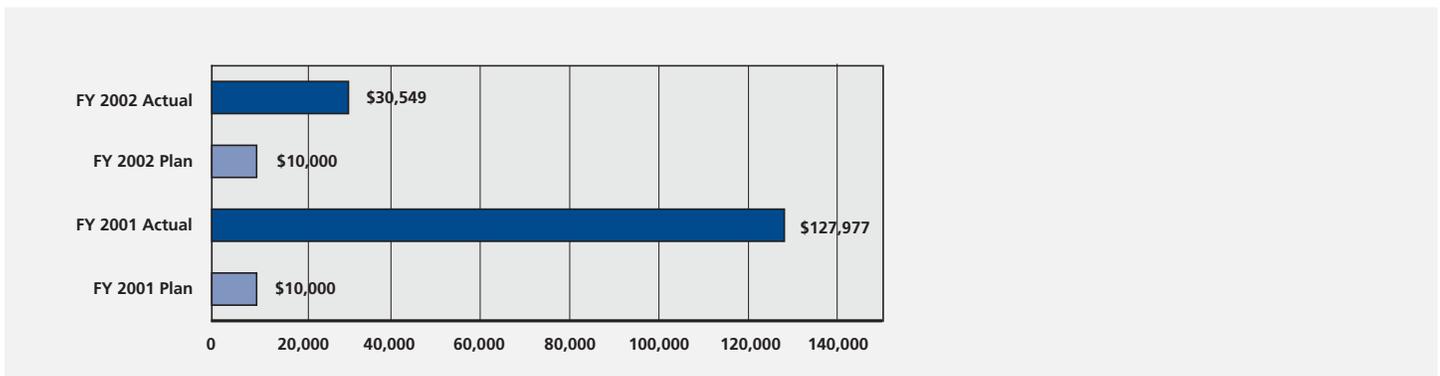
Performance Measure: Percentage paid late

The Bureau's annual delinquent rate for all invoices decreased 50%, from 16% in FY2001 to 7.7 % in FY 2002.



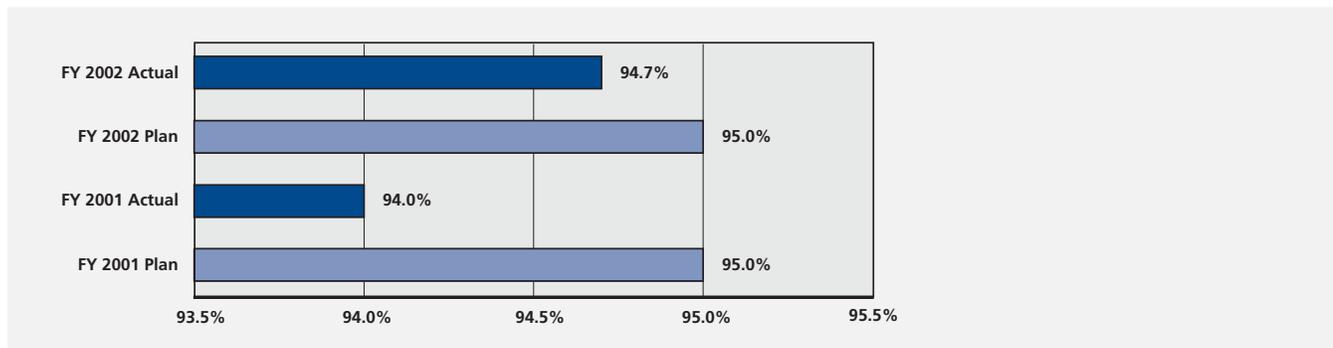
Performance Measure: Dollar amount of interest paid.

The delinquency rate for invoices on which ATF paid interest was 3.3% (interest penalties of less than \$1 are not paid). ATF's Prompt Payment interest rate is the lowest it has been since the implementation of the Financial Resources Desktop (FRd) system in FY 2000.



Annual Performance Goal: Compliance with electronic funds transfer legislation. The Debt Collection Improvement Act of 1996 requires the use of electronic funds transfer for all Federal payments made after January 1, 1999.

Performance Measure: Percentage of vendors paid via Electronic Funds Transfer (EFT).



Note: Total number of vendor payments in FY 2002 was 17,018.

Strategic Goal: Provide complete and accurate financial statements.

Annual Performance Goal: Implement new schedules required under OMB Bulletin 97-01.

Performance Measure: Earn an unqualified audit opinion on ATF's Financial Statements.

After six unqualified audit opinions, the Secretary of the Treasury requested and received a waiver from the CFO audit process for ATF for FY 2001. In FYs 2001 and 2002, ATF received a review of its financial statements. In FY 2002, ATF received an audit of its internal controls over financial reporting.

CASH MANAGEMENT

ATF is complying with existing cash management laws and regulations and is aggressively working to enhance its cash management policies and operations through the implementation of new or improved technologies. Its activities in the cash management area are detailed below:

- ◆ **Debt Collection Improvement Act Compliance.** This act requires the use of electronic funds transfer for all Federal payments made after January 1, 1999. In FY 2002, ATF paid 94.7 percent of its vendors electronically, and is actively pursuing ways to increase this rate by encouraging commercial vendors to received payments through EFT.
- ◆ **Collection Mechanisms.** ATF uses the automated FEDWIRE Deposit System and ACH Remittance Express Program to collect alcohol and tobacco excise taxes from taxpayers who pay more than \$5 million in taxes per calendar year. In addition, ATF uses lockboxes provided through the Treasury lockbox network to collect other excise taxes, firearms license and permit fees, and Special Occupational Taxes.