

Financial Results, Position and Condition

Overview of Financial Data

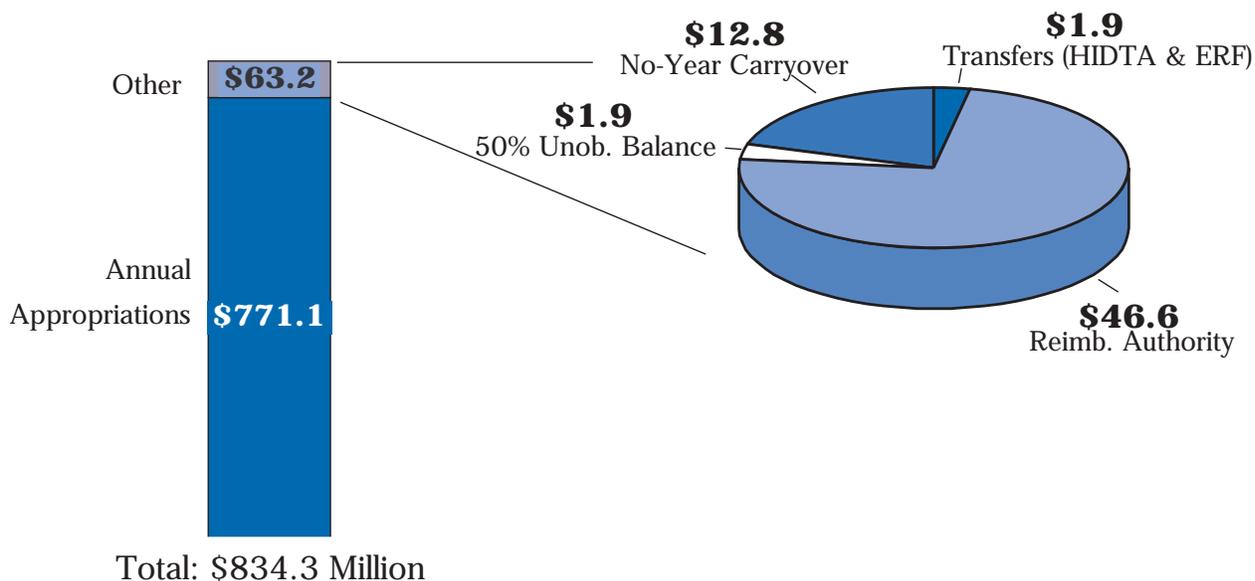
ATF's financial management vision is "to enable ATF to work better and cost less by financial and program personnel working in partnership, using modern management techniques and integrated financial systems. Together, we will ensure the integrity of information, make informed decisions, and measure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

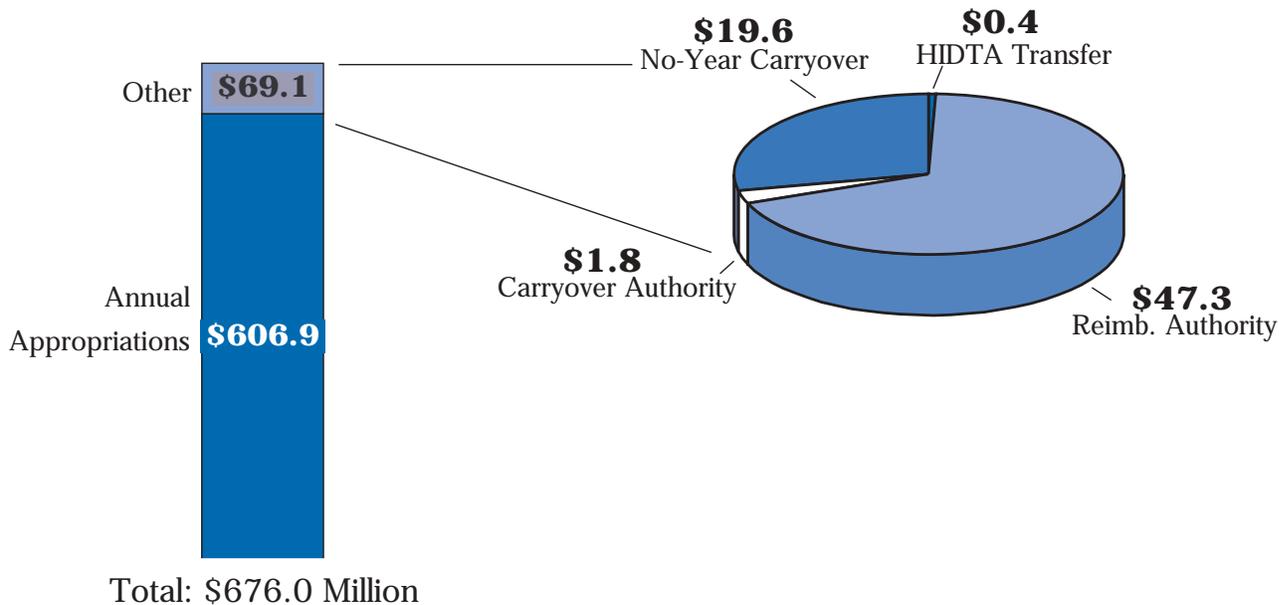
Budget Integrity Sources of Funds

The total budget authority available for use by ATF in FY 2001 was \$834.3 million. Of that amount, the Congress appropriated \$771.1 million for the Bureau's Salaries and Expenses Fund. An additional \$63.2 million was made available from other sources. These other sources include the following: no-year carryover funds of \$12.8 million; appropriation transfers of \$.4 million from the Office of National Drug Control Policy to support ATF efforts in High Intensity Drug Trafficking Areas (HIDTA), and \$1.5 million from the Emergency Response Fund; \$46.6 million in reimbursable authority from other Government agencies; and \$1.9 million, which represents 50 percent of the FY 2000 unobligated balance.

**Sources of Funds
FY 2001**
(Dollars in Millions)



**Sources of Funds
FY 2000**
(Dollars in Millions)



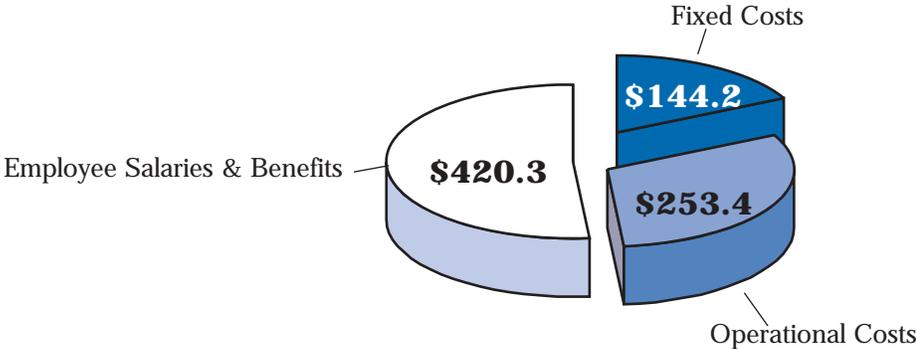
Uses of Funds

ATF incurred obligations of \$817.9 million during FY2001. Of the \$14.4 million in budget authority that was not obligated in FY 2001, \$3.1 million represents the Bureau's Salaries and Expenses; \$.1 million represents HIDTA funding; and \$7.6 million represents no-year appropriation carryover funds available for use in FY 2002. The aforementioned funds include \$.038 million transferred to the Department in

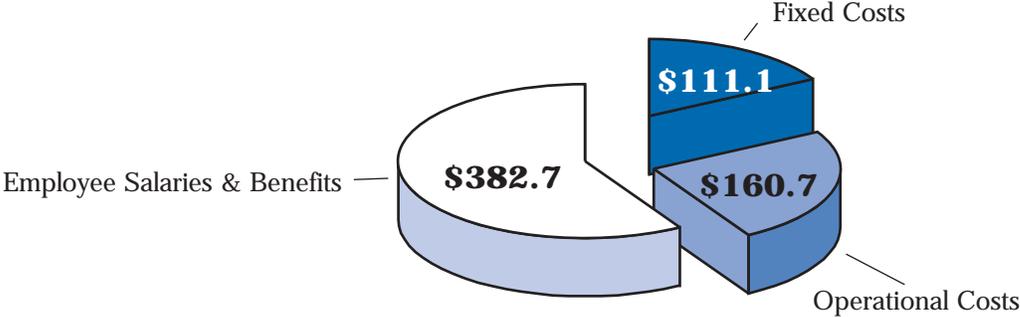
support of the Honors Attorney Program and CIO Council projects; of which \$1.9 million was from prior-year unobligated funds and \$1.7 million representing the rescission of Salaries and Expenses.

In FY 2001, the Bureau's full-time equivalent (FTE) level increased by 610 FTE. This increase was the basis for a corresponding increase in salaries and benefits, fixed costs and operational costs.

**Uses of Funds
FY 2001**
(Dollars in Millions)
Total: \$817.9 Million



**Uses of Funds
FY 2000**
(Dollars in Millions)
Total: \$654.5 Million

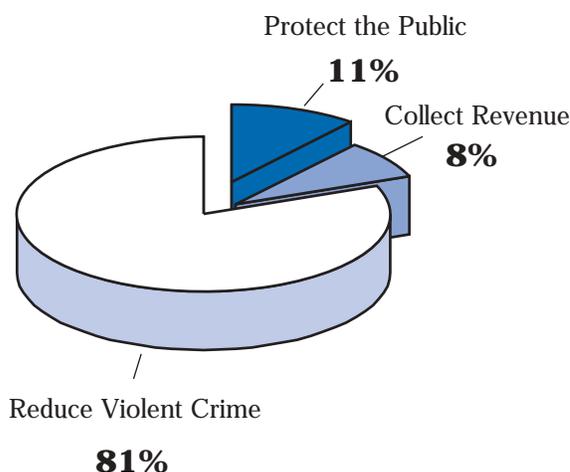


Cost Accounting and Performance Measurement

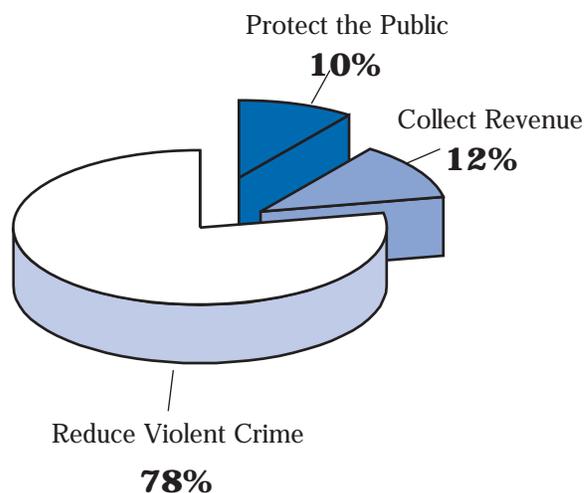
ATF continued its multi-year effort to develop and implement a Bureau-wide planning and reporting framework in the cost accounting and performance measurement area. In FY 1998, ATF implemented a new cost structure and laid the groundwork to standardize the cost structure for all Bureau systems that capture 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, permitting the Bureau to improve formulation and execution of its programs. Bureau employees charge their time directly against the Bureau's activities at the project level in a standardized time-reporting format.

**Cost by Activity
FY 2001**



**Cost by Activity
FY 2000**



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

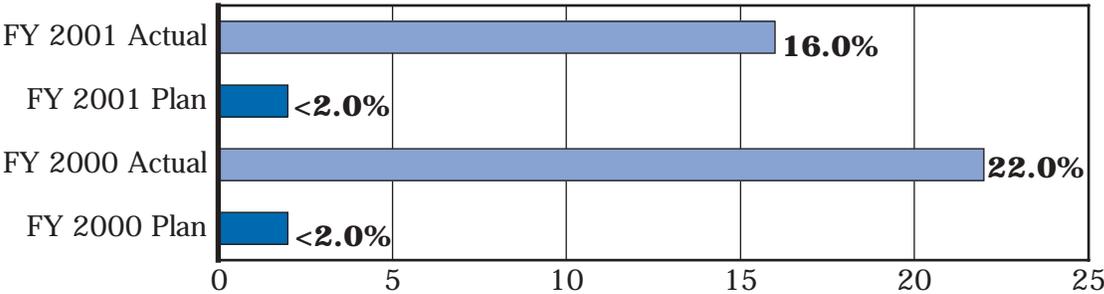
operations that supports reporting and decision-making. Strategic goals, annual performance goals, and measures were developed to achieve these three financial management activities. Several of the key goals and measures in the FY 2001 Financial Management Performance Plan are displayed below.

- **Activity: To provide quality financial services.**

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

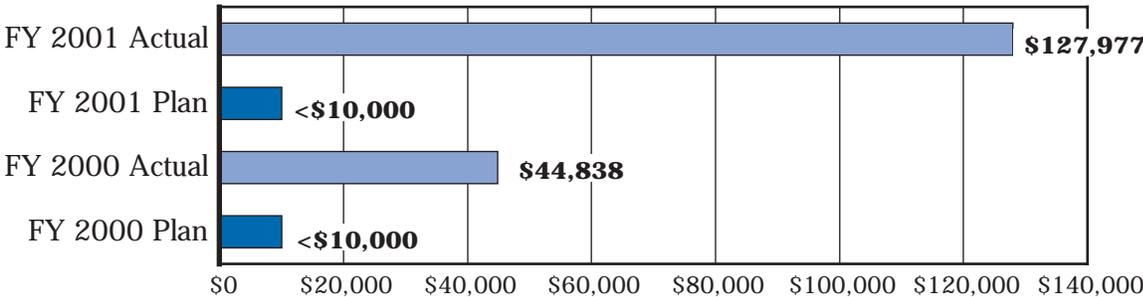
Annual Performance Goal: Compliance with Prompt Pay Act (PPA).

Performance Measure: Percentage paid late.



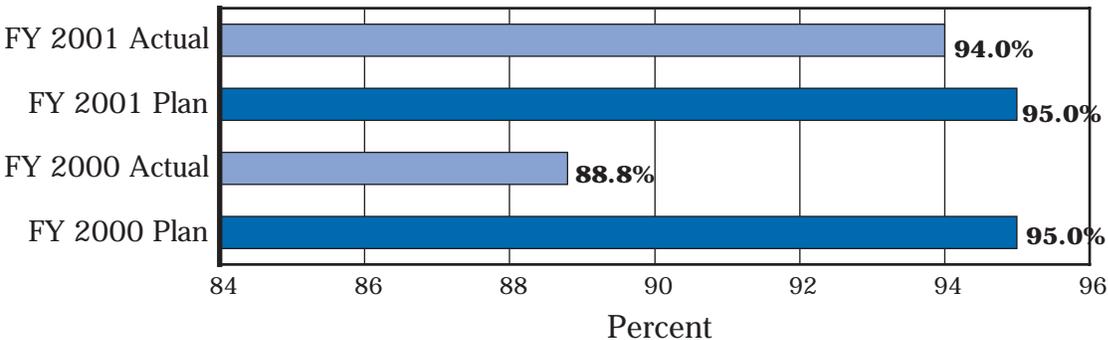
In FY 2001, the Bureau’s annual delinquent rate decreased to 16.0 percent from 22.0 percent in FY 2000. The unusually high frequency rate and late payment penalties were due to the implementation of a new financial system and changes to our accounting practices that required re-engineering business practices from a centralized to a decentralized environment. It was not until October 2000 that the system was fully operational and unforeseen events were completely addressed. ATF is committed to achieving the required prompt payment rate.

Performance Measure: Dollar amount of interest paid.



Annual Performance Goal: Compliance with electronic funds transfer (EFT) legislation.

Performance Measure: Percentage of vendors paid via EFT.



Note: Total number of vendor payments in FY 2001 was 15,658.

- **Activity: To provide financial information on ATF operations which supports reporting and decision-making.**

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 was granted – a waiver from the CFO Audit process for ATF for FY 2001. In FY 2001, ATF will receive a review of its financial statements.

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.

Vendor payments: In FY 2001, ATF paid 94 percent of its vendors electronically, five percent higher than in FY 2000. ATF attributes this increase to a joint effort by the Financial Management and Acquisition Divisions to encourage commercial vendors to receive 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.

ATF has entered into a Memorandum of Agreement with the Financial Management Service (FMS) and a commercial bank to accept credit cards for the payment of licensing fees and other taxes. Once implemented, ATF plans to expand to include accepting credit card transactions over the Internet.

- **Convenience Checks.** ATF closed all miscellaneous imprest funds nation-wide at the end of FY 1999 and is encouraging employees to use the purchase card whenever possible. ATF cardholders are authorized to write convenience checks against their purchase cards. In FY 2001, these cardholders used convenience checks to purchase over \$355,000 in goods and services.