

Financial Statements

Limitations of the 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. 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 the Office of Management and Budget (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.

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DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
BALANCE SHEETS
As of September 30, 2001 and 2000

		2001	2000
		(Unaudited)	
		<i>(In Thousands)</i>	
ASSETS			
Entity Assets			
Intragovernmental Assets:			
Fund Balance with Treasury	(Note 2)	\$ 281,511	\$ 205,950
Accounts Receivable	(Note 3)	11,192	23,326
Prepayments		11,449	8,686
Total Intragovernmental Assets		304,152	237,962
Cash	(Note 2)	2,041	2,136
Property and Equipment, Net	(Note 4)	155,238	95,754
Other Assets	(Note 5)	347	782
Total Entity Assets		461,778	336,634
Non-Entity Assets			
Intragovernmental Assets:			
Accounts Receivable	(Note 3)	11,025	10,225
Total Intragovernmental Assets		11,025	10,225
Cash	(Note 2)	2,514	2,741
Accounts Receivable, Net	(Note 3)	5,948	3,095
Total Non-Entity Assets		19,487	16,061
TOTAL ASSETS		\$ 481,265	\$ 352,695

The accompanying notes are an integral part of these statements.
See Independent Accountant's Review Report

**DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
BALANCE SHEETS
As of September 30, 2001 and 2000**

	2001	2000
	(Unaudited)	
	<i>(In Thousands)</i>	
LIABILITIES		
Liabilities Covered by Budgetary Resources		
Intragovernmental Liabilities:		
Accounts Payable	\$ 7,861	\$ 10,078
Accrued Funded Payroll Benefits	4,809	4,120
Total Intragovernmental Liabilities	12,670	14,198
Accounts Payable	46,215	36,346
Accrued Funded Payroll Benefits	22,162	18,715
Other Liabilities (Note 6)	1,804	2,474
Total Liabilities Covered by Budgetary Resources	82,851	71,733
Liabilities Not Covered by Budgetary Resources		
Intragovernmental Liabilities:		
Accrued FECA Liability Payable	20,202	19,571
Payable to Treasury	5,948	3,093
Total Intragovernmental Liabilities	26,150	22,664
FECA Actuarial Liability	119,687	102,014
Accrued Refunds	11,025	10,226
Accrued Leave	31,183	29,161
Lease Liability (Note 7)	22,241	2,388
Contingent Liabilities (Note 8)	20,778	1,865
Other Liabilities (Note 6)	2,514	2,741
Total Liabilities Not Covered by Budgetary Resources	233,578	171,059
TOTAL LIABILITIES	\$ 316,429	\$ 242,792
NET POSITION (Note 9)		
Unexpended Appropriations	\$ 212,040	\$ 160,345
Cumulative Results of Operations	(47,204)	(50,442)
TOTAL NET POSITION	164,836	109,903
TOTAL LIABILITIES AND NET POSITION	\$ 481,265	\$ 352,695

The accompanying notes are an integral part of these statements.
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**DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
STATEMENTS OF NET COST
For the Years Ended September 30, 2001 and 2000**

	2001	2000
	(Unaudited)	
	<i>(In Thousands)</i>	
COSTS:		
REDUCE VIOLENT CRIME		
Program Costs		
Intragovernmental	\$ 143,561	\$ 114,297
Public	429,209	350,229
Total Program Costs	572,770	464,526
Less: Earned Revenues	(Note 10) (22,621)	(17,935)
Net Program Costs	550,149	446,591
PROTECT THE PUBLIC		
Program Costs		
Intragovernmental	20,496	14,011
Public	50,779	42,933
Total Program Costs	71,275	56,944
Less: Earned Revenues	(Note 10) -	(15)
Net Program Costs	71,275	56,929
COLLECT THE REVENUE		
Program Costs		
Intragovernmental	14,554	16,949
Public	38,093	51,937
Total Program Costs	52,647	68,886
Less: Earned Revenues	(Note 10) (999)	(832)
Net Program Costs	51,648	68,054
Costs Not Assigned to Programs	69,701	80,212
NET COST OF OPERATIONS	\$ 742,773	\$ 651,786

The accompanying notes are an integral part of these statements.
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**DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
STATEMENTS OF CHANGES IN NET POSITION
For the Years Ended September 30, 2001 and 2000**

	2001	2000
	(Unaudited)	
	<i>(In Thousands)</i>	
NET COST OF OPERATIONS	\$ 742,773	\$ 651,786
Financing Sources		
Appropriations Used	718,822	615,369
Donations	405	438
Imputed Financing (Note 11)	25,021	24,086
Transfers-in (Note 12)	1,821	13,476
Total Financing Sources	746,069	653,369
Net Results of Operations	3,296	1,583
Prior-Year Adjustments	58	-
Net Change in Cumulative Results of Operations	3,238	1,583
Increase (Decrease) in Unexpended Appropriations	51,695	(19,951)
Change in Net Position	54,933	(18,368)
Net Position - Beginning of Year	109,903	128,271
NET POSITION - END OF YEAR	\$ 164,836	\$ 109,903

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DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
STATEMENTS OF BUDGETARY RESOURCES
For the Years Ended September 30, 2001 and 2000

	2001	2000
	(Unaudited)	
	<i>(In Thousands)</i>	
BUDGETARY RESOURCES		
Budget Authority	\$ 776,640	\$ 607,212
Unobligated Balance - Beginning of Year	30,357	37,182
Net Transfers, Prior-Year Balance	0	(4,325)
Spending Authority from Offsetting Collections	40,766	46,982
Adjustments	15,189	39,009
TOTAL BUDGETARY RESOURCES	\$ 862,952	\$ 726,060
 STATUS OF BUDGETARY RESOURCES		
Obligations Incurred	\$ 837,553	\$ 695,703
Unobligated Balances - Available	9,233	16,629
Unobligated Balances - Not Available	16,166	13,728
TOTAL, STATUS OF BUDGETARY RESOURCES	\$ 862,952	\$ 726,060
 OUTLAYS		
Obligations Incurred	\$ 837,553	\$ 695,703
Less: Spending Authority From Offsetting Collections and Adjustments	(62,038)	(93,443)
Obligated Balance, Net - Beginning of the Year	175,255	154,773
Less: Obligated Balance, Net - End of the Year	(256,349)	(175,255)
TOTAL OUTLAYS	\$ 694,421	\$ 581,778

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**DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
STATEMENTS OF FINANCING
For the Years Ended September 30, 2001 and 2000**

	2001	2000
	(Unaudited)	
	<i>(In Thousands)</i>	
OBLIGATIONS AND NONBUDGETARY RESOURCES		
Obligations Incurred	\$ 837,553	\$ 695,703
Less: Spending Authority From Offsetting Collections and Adjustments	(62,038)	(93,443)
Financing Imputed for Cost Subsidies (Note 11)	25,021	24,086
Transfers-in (Note 12)	1,821	13,476
Revenue Not in the Budget	(44)	(51)
Other	(98)	-
Total Obligations as Adjusted and Nonbudgetary Resources	\$ 802,215	\$ 639,771
RESOURCES THAT DO NOT FUND NET COST OF OPERATIONS		
Change in Amount of Goods, Services and Benefits Ordered but Not Yet Provided	(71,121)	(1,167)
Change in Unfilled Customer Orders	14,428	14,303
Costs Capitalized on the Balance Sheet	(102,688)	(43,748)
Gain on Sale of Assets	(239)	-
Other	-	(40)
Total Resources That Do Not Fund Net Cost of Operations	(159,620)	(30,652)
COSTS THAT DO NOT REQUIRE RESOURCES		
Depreciation and Amortization	32,400	31,787
Liquidation of Prepayments	8,686	4,605
Loss on Disposition of Assets	-	380
Total Costs That Do Not Require Resources	41,086	36,772
FINANCING SOURCES YET TO BE PROVIDED	59,092	5,895
NET COST OF OPERATIONS	\$ 742,773	\$ 651,786

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DEPARTMENT OF THE TREASURY
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS
STATEMENTS OF CUSTODIAL ACTIVITY
For the Years Ended September 30, 2001 and 2000

	2001	2000
	(Unaudited)	
	<i>(In Thousands)</i>	
REVENUE ACTIVITY		
Sources of Cash Collections	(Note 14)	
Tax Revenues	\$ 14,080,002	\$ 14,105,744
Penalties and Fines	522	168
Interest	492	87
Other Custodial Revenue	183	259
Total Cash Collections	14,081,199	14,106,258
Accrual Adjustment	2,054	4,559
Total Custodial Revenue	14,083,253	14,110,817
 DISPOSITION OF COLLECTIONS		
Transferred to Others	13,775,388	13,844,539
(Increase) Decrease in Amounts to be Transferred	2,855	(1,740)
Refunds and Other Payments	305,010	268,018
Total Disposition of Collections	14,083,253	14,110,817
 NET CUSTODIAL REVENUE ACTIVITY	\$ -	\$ -

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