

DEPARTMENT OF COMMERCE



UNITED STATES OF AMERICA

PRINCIPAL FINANCIAL STATEMENTS



**United States Department of Commerce Consolidated Balance Sheets
As of September 30, 2001 and 2000 (In Thousands)**

ASSETS

	FY 2001	Restated FY 2000
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 6,061,766	\$ 5,894,185
Accounts Receivable (Note 3)	98,490	82,448
Investments in Treasury Securities, Net (Note 4)	1,799	3,603
Advances and Prepayments (Note 5)	5,817	4,296
Total Intragovernmental	6,167,872	5,984,532
Cash and Other Monetary Assets (Note 6)	13,532	23,051
Accounts Receivable, Net (Note 3)	55,943	62,502
Loans Receivable and Related Foreclosed Property, Net (Note 7)	297,076	272,786
Inventory, Materials and Supplies (Note 8)	103,216	102,727
General Property, Plant, and Equipment, Net (Note 9)	4,140,600	4,123,102
Advances and Prepayments (Note 5)	29,550	24,777
Other (Note 10)	14,587	17,543
TOTAL ASSETS	\$ 10,822,376	\$ 10,611,020

LIABILITIES

Intragovernmental:		
Accounts Payable	\$ 73,074	\$ 142,824
Debt to Treasury (Note 12)	195,933	155,584
Resources Payable to Treasury (Note 13)	56,728	83,051
Unearned Revenue (Note 14)	291,677	288,035
Other (Note 15)	76,706	64,494
Total Intragovernmental	694,118	733,988
Accounts Payable	315,227	352,104
Accrued Payroll and Annual Leave (Note 16)	326,177	319,838
Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits (Note 17)	635,016	489,745
Accrued Grants	378,470	361,145
Environmental Cleanup Costs Liabilities (Note 18)	79,310	70,791
Capital Lease Liabilities (Note 19)	43,437	47,752
Unearned Revenue (Note 14)	486,477	450,588
Other (Note 15)	38,956	38,374
TOTAL LIABILITIES	\$ 2,997,188	\$ 2,864,325

Commitments and Contingencies (Note 7, 19, and 21)

NET POSITION

Unexpended Appropriations (Note 22)	\$ 3,796,886	\$ 3,747,331
Cumulative Results of Operations (Note 22)	4,028,302	3,999,364
TOTAL NET POSITION	\$ 7,825,188	\$ 7,746,695
TOTAL LIABILITIES AND NET POSITION	\$10,822,376	\$10,611,020

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statements of Net Cost
For the Years Ended September 30, 2001, and 2000 (In Thousands)**

	FY 2001	Restated FY 2000
Strategic Goal 1: Provide the Information and the Framework that Enables the Economy to Operate Efficiently and Equitably		
Intragovernmental	\$ 561,437	\$1,100,027
With the Public	1,698,344	4,364,988
Total	2,259,781	5,465,015
Less: Earned Revenues	(261,340)	(220,436)
Net Program Costs	1,998,441	5,244,579
Strategic Goal 2: Provide Infrastructure for Innovation to Enhance American Competitiveness		
Intragovernmental	302,631	298,835
With the Public	1,534,555	1,471,433
Total	1,837,186	1,770,268
Less: Earned Revenues	(1,193,191)	(1,102,018)
Net Program Costs	643,995	668,250
Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth		
Intragovernmental	473,735	405,816
With the Public	2,493,751	2,354,380
Total	2,967,486	2,760,196
Less: Earned Revenues	(234,575)	(295,944)
Net Program Costs	2,732,911	2,464,252
Costs Not Assigned to Programs		
Intragovernmental	-	2,062
With the Public	-	2,283
Total	-	4,345
Less: Earned Revenues Not Attributed to Programs	-	(2,256)
Net Costs Not Assigned to Programs	-	2,089
NET COST OF OPERATIONS	\$5,375,347	\$8,379,170

The accompanying notes are an integral part of these statements.

United States Department of Commerce
 Consolidated Statement of Changes in Net Position
 For the Year Ended September 30, 2001 *(In Thousands)*

Net Cost of Operations	\$ (5,375,347)
Financing Sources :	
Appropriations Used	5,104,752
Other Non-Exchange Revenues	20,071
Donations	1,152
Imputed Financing	214,038
Transfers - In	79,738
Transfers - Out	(16,350)
Other	884
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Net Results of Operations	28,938
Increase in Unexpended Appropriations	49,555
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Change in Net Position	78,493
Net Position - Beginning of Period (Note 22)	7,746,695
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Net Position - End of Period	<u>\$ 7,825,188</u>

The accompanying notes are an integral part of these statements.



**United States Department of Commerce Combined Statement of Budgetary Resources
For the Year Ended September 30, 2001 (In Thousands)**

BUDGETARY RESOURCES:

Budget Authority	
Appropriations	\$5,525,520
Borrowing Authority	98,994
Net Transfers	109,869
Other	171
Unobligated Balance	
Beginning of Period	1,316,695
Adjustments to Beginning of Period	(26,194)
Net Transfers, Actual	2,719
Spending Authority from Offsetting Collections	
Earned	
Collected	2,583,086
Receivable from Federal Sources	(114,910)
Change in Unfilled Customer Orders	
Advance Received	52,451
Without Advance from Federal Sources	(7,404)
Subtotal	9,540,997
Recoveries from Prior-Year Obligations	
Actual	266,945
Temporarily not Available Pursuant to Public Law	(305,059)
Permanently not Available	
Cancellations of Expired and No-Year Accounts	(27,055)
Enacted Rescissions	(118,383)
Capital Transfers and Redemption of Debt	(35,582)
Other Authority Withdrawn	(118,606)
Pursuant to Public Law	(8,183)
Total Budgetary Resources	\$9,195,074

STATUS OF BUDGETARY RESOURCES:

Obligations Incurred	
Direct	\$6,342,730
Reimbursable	1,770,756
Subtotal	8,113,486
Unobligated Balances	
Apportioned	896,195
Exempt from Apportionment	76,728
Unobligated Balances Not Available	
Apportioned for Subsequent Periods	34,280
Other	74,385
Total Status of Budgetary Resources	\$9,195,074

RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:

Obligated Balance, Net as of October 1	\$4,172,604
Obligated Balance Transferred, Net	(3,204)
Accounts Receivable	(252,835)
Unfilled Customer Orders from Federal Sources	(141,832)
Undelivered Orders	3,772,921
Accounts Payable	964,990
Outlays:	
Disbursements	7,795,021
Collections	(2,635,536)
Total Outlays	\$5,159,485

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statement of Financing
For the Year Ended September 30, 2001 (In Thousands)**

Resources Used to Finance Activities

Budgetary	
Obligations Incurred	\$8,113,486
Less: Spending Authority from Offsetting Collections and Adjustments	(2,780,168)
Net Budgetary Resources Used to Finance Activities	5,333,318
Non-budgetary	
Financing Imputed for Cost Subsidies	214,038
Exchange Revenue Not in the Budget	6,637
Nonexchange Revenue Not in the Budget	73
Transfers-in (out)	(9,982)
Other	1,444
Net Non-budgetary Resources Used to Finance Activities	212,210
Total Resources Used to Finance Activities	\$5,545,528

Resources Used to Finance Items Not Part of the Net Cost of Operations

Net Increase in Obligations Incurred for Goods, Services, and Benefits Ordered But Not Yet Received or Provided	(330,334)
Budgetary Offsetting Collections That Do Not Affect Net Cost of Operations:	
Net Increase in Revenue Collected in Advance	303,613
Credit Program Collections that Increase Liabilities for Loan Guarantees or Allowance for Subsidy Cost	30,102
Adjustments Made to Compute Net Budgetary Resources That Do Not Affect Net Cost of Operations:	
Net Decrease in Unfilled Customer Orders	(550)
Resources that Finance the Acquisition of Assets	(626,893)
Resources that Finance Costs Recognized in Prior Periods	(2,788)
Other	11,175
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	(615,675)

**Components of Net Cost of Operations that will not Require or Generate Resources
in the Current Period**

Depreciation and Amortization	575,340
Net Losses (Gains) on Dispositions of Assets	7,531
Revaluation of Assets and Liabilities	(2,589)
Exchange Revenue That Does Not Generate Resources	(258,901)
Bad Debts Related to Uncollectible Non-Credit Reform Receivables	(5,035)
Other	(4,056)
Total Components of Net Cost of Operations that will not Require or Generate Resources	312,290

Components Requiring or Generating Resources in Future Periods **133,204**

**Total Components of Net Cost of Operations that will not Require or Generate Resources
in the Current Period:** **445,494**

Net Cost of Operations **\$5,375,347**

The accompanying notes are an integral part of these statements.



United States Department of Commerce

NOTES TO THE FINANCIAL STATEMENTS

As of and for the Years Ended September 30, 2001, and 2000

(In Thousands)

Note 1. Summary of Significant Accounting Policies

A Reporting Entity

The Department of Commerce (the Department) is a cabinet agency of the executive branch of the U.S. Government. Established in 1903 to promote American business and trade, the Department's broad range of responsibilities includes predicting the weather, granting patents and registering trademarks, measuring economic growth, gathering and disseminating statistical data, expanding U.S. exports, developing innovative technologies, helping local communities improve their economic development capabilities, promoting minority entrepreneurial activities, and monitoring the stewardship of national assets. The Department is composed of 13 bureaus, Emergency Oil and Gas and Steel Loan Guarantee Programs, and Departmental Management entities.

For the Consolidating Statements of Net Cost and Changes in Net Position, some of the Department's entities have been grouped together, based on their organizational structures, as follows:

- National Oceanic and Atmospheric Administration (NOAA)
- U.S. Patent and Trademark Office (USPTO)
- Economics and Statistics Administration (ESA)
 - Bureau of Economic Analysis (BEA)
 - Bureau of the Census (Census)
- Technology Administration (TA)
 - National Institute of Standards and Technology (NIST)
 - National Technical Information Service (NTIS)
- Other Reporting Entities
 - Bureau of Export Administration (BXA)
 - Economic Development Administration (EDA)
 - International Trade Administration (ITA)
 - Minority Business Development Agency (MBDA)
 - National Telecommunications and Information Administration (NTIA)
 - United States Travel and Tourism Administration (USTTA)

- Departmental Management (DM)
 - Emergency Oil and Gas and Steel Loan Guarantee Programs (ELGP)
 - Franchise Fund (FF)
 - Gifts and Bequests (G&B)
 - Office of the Inspector General (OIG)
 - Salaries and Expense (S&E)
 - Working Capital Fund (WCF)

B Basis of Accounting and Presentation

The Department's fiscal year ends September 30. These financial statements reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Budgetary accounting is designed to recognize the obligation of funds according to legal requirements, which, in many cases, is made prior to the occurrence of an accrual-based transaction. Budgetary accounting is essential for compliance with legal constraints and controls over the use of federal funds. As allowed by OMB financial statement guidance for fiscal year 2001, the Department has presented comparative fiscal year 2000 information for only the Consolidated Balance Sheets and Statements of Net Cost. The fiscal year 2000 Consolidated Statement of Changes in Net Position and Financing and the Combined Statement of Budgetary Resources are not presented in the accompanying financial statements.

These financial statements have been prepared from the accounting records of the Department in conformance 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 OMB Bulletins 01-09 and 97-01, as amended. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official body for setting the accounting standards for the Federal Government.

C Elimination of Intra-Entity and Intra-Commerce Transactions and Balances

Transactions and balances within a reporting entity (intra-entity) have been eliminated, and the eliminations are reflected in the amounts reported for each entity. Transactions and balances among the Department's entities (intra-Commerce) have been eliminated from the Consolidated Balance Sheet and the Consolidated Statements of Net Cost. There are no intra-Commerce eliminations for the Consolidating Statement of Changes in Net Position and Consolidated Statement of Financing. As provided for by OMB Bulletins 01-09 and 97-01, as amended, the Statement of Budgetary Resources is presented on a combined basis; therefore intra-Commerce transactions and balances have not been eliminated from this statement.

D Assets

Intragovernmental assets are those assets that arise from transactions with other federal entities.

Non-Entity Assets are those held by the Department but which are not available for use in its operations. These assets are disclosed in Note 11, with the corresponding liability categories.

E Fund Balance with Treasury

Fund Balance with Treasury is the aggregate amount of funds in the Department's accounts with the U.S. Department of the Treasury (Treasury). Deposit Funds represent the amounts held in customer deposit accounts.

Treasury processes cash receipts and disbursements for the Department's domestic operations. Cash receipts and disbursements for the Department's overseas operations are primarily processed by the U.S. Department of State's financial service centers.

F Accounts Receivable, Net

Accounts Receivable are recognized primarily when the Department performs reimbursable services or sells goods. Accounts Receivable are reduced to net realizable value by an Allowance for Uncollectible Accounts. This allowance is estimated periodically using methods such as the identification of specific delinquent receivables, and the analysis of aging schedules and historical trends adjusted for current market conditions.

G Investments in Treasury Securities, Net

Investments in Treasury securities are reported at their acquisition cost, less the accumulated amortization of discounts. Discounts are amortized into interest income over the life of the Treasury security using the straight-line method. The Department intends to hold these investments until maturity.

H Advances and Prepayments

Advances are payments the Department has made to cover a part or all of a grant recipient's anticipated expenses or as advance payments for the cost of goods and services to be acquired. For grant awards, the grant recipient is required to periodically (monthly or quarterly) report the amount of cost incurred. Prepayments are payments the Department has made to cover certain periodic expenses before those expenses are incurred, such as subscriptions and rent.

I Loans Receivable and Related Foreclosed Property, Net

A direct loan is recorded as a receivable after the Department disburses funds to a borrower. The Department also makes loan guarantees with respect to the payment of all or part of the principal or interest on debt obligations of non-federal borrowers to non-federal lenders. A borrower-defaulted loan guaranteed by the Department is recorded as a receivable from the borrower after the Department disburses funds to the lender.

Foreclosed Property is acquired primarily through foreclosure and voluntary conveyance, and is recorded at the fair market value at the time of acquisition.

Interest Receivable represents interest income earned on scheduled Loans Receivable and/or for the first 180 days outstanding on past-due loans. Interest Receivable pertains to days in excess of 180 days outstanding on past-due loans that are determined to be uncollectible and are not recorded in the Department's financial statements.

Direct Loans and Loan Guarantees Obligated before October 1, 1991 (pre-FY 1992): Loans Receivable are reduced by an Allowance for Loan Losses, which is based on an analysis of each loan's outstanding balance. The value of each receivable, net of any Allowance for Loan Losses, is supported by the values of pledged collateral and other assets available for liquidation, and by the Department's analysis of financial information of parties against whom the Department has recourse for the collection of these receivables.

The Economic Development Revolving Fund is required to make annual interest payments to Treasury, after each fiscal year-end, based on its outstanding receivables at September 30.

Direct Loans and Loan Guarantees Obligated after September 30, 1991 (post-FY 1991): Post-FY 1991 obligated direct loans and loan guarantees and the resulting receivables are governed by the Federal Credit Reform Act of 1990.

For direct or guaranteed loans disbursed during a fiscal year, a subsidy cost is initially recognized. Subsidy costs are intended to estimate the long-term cost to the U.S. Government of its loan programs. The subsidy cost equals the present value of estimated cash outflows over the lives of the loans, minus the present value of estimated cash inflows, discounted at the applicable Treasury interest rate. Administrative costs such as salaries and legal fees are not included in the subsidy costs. Subsidy costs can arise from interest rate differentials, interest subsidies, delinquencies and defaults, loan origination and other fees, and other cash flows. The Department calculates its subsidy costs based on a model created and provided by OMB.

Loans Receivable are recorded at the present value of the estimated cash inflows less cash outflows. The difference between the outstanding principal of the loans and the present value of their net cash inflows is recorded as the Allowance for Subsidy Cost. The Allowance for Subsidy Cost is re-estimated annually, as of September 30.

J Notes Receivable

Notes Receivable, included in Other Assets, arise through the sale of foreclosed property to non-federal parties. The property is used as collateral and an Allowance for Uncollectible Amounts is established if the collateral is not adequate. An analysis of the collectibility of receivables is performed periodically. Any gains realized through the sale of foreclosed property are initially deferred and recognized in proportion to the percentage of principal repaid.

K Inventory, Materials, and Supplies

Inventory, Materials, and Supplies are stated at the lower of cost or net realizable value, primarily under the weighted average and first-in, first-out methods, and are adjusted for the results of periodic physical inventories. There are no restrictions on their sale, use, or disposition.

In FY 2000 and 2001, NOAA held inventory consisting of materials and supplies in the process of production for sale and finished tangible personal property held for sale. These inventories consisted primarily of maps and charts. Effective October 1, 2000, NOAA transferred all inventory on hand to the Federal Aviation Administration.

L General Property, Plant, and Equipment, Net

General Property, Plant, and Equipment (PP&E) comprise capital assets used in providing goods or services. PP&E is stated at full cost, including all costs related to acquisition, delivery, and installation, less accumulated depreciation. PP&E also includes assets acquired through capital leases, which are initially recorded at the amount recognized as a liability for the capital lease at its inception.

Capitalization Thresholds: The Department's general policy is to capitalize PP&E if the initial acquisition price is \$25 or more and the useful life is two years or more. NOAA is an exception to this policy, having a capitalization threshold of \$200. PP&E with an acquisition cost less than the capitalization threshold is expensed when purchased. When the purchase of a large quantity of items, each costing less than the capitalization threshold, would materially distort the amount of costs reported in a given period, such a purchase can be capitalized as a group.

NIST deferred implementation of the Department's capitalization threshold from March 1997 to fiscal year 1998. Other Personal Property costing \$82,981 purchased prior to 1998 and capitalized using the threshold in effect at the time was not restated to reflect the increase in the capitalization threshold. Since the Other Personal Property was fully depreciated in FY 2001, the net effect of a restatement is zero; however, we have reflected the restatement in Note 9.

Depreciation: Depreciation is expensed on a straight-line basis over the estimated useful life of the asset with the exception of a leasehold improvement, which is depreciated over the remaining life of the lease or over the useful life of the improvement, whichever is shorter. Land and construction-in-progress are not depreciated.

Real Property: The General Services Administration (GSA) provides most of the facilities in which the Department operates, and charges rent based on comparable commercial rental rates. Accordingly, GSA-owned properties are not included in the Department's PP&E. The Department's real property consists primarily of facilities for NIST and NOAA.

Construction-in-Progress: Costs for the construction, modification, or modernization of PP&E are initially recorded as construction-in-progress. Upon completion of the work, the costs are transferred to the appropriate PP&E account for capitalization.

M Liabilities

A liability for federal accounting purposes is a probable and measurable future outflow or other sacrifice of resources as a result of past transactions or events. Intragovernmental liabilities arise from transactions with other federal entities.

Liabilities Not Covered by Budgetary Resources, disclosed in Note 20, results from the receipt of goods or services, or the occurrence of events, for which budgetary resources are not currently available. A liability cannot be paid absent budgetary resources, and there is no certainty that budgetary resources will be provided. The Federal Government, acting in its sovereign capacity, can abrogate those liabilities of the Department that arise for reasons other than through contracts.

Accounts Payable: Accounts Payable are amounts owed for goods and services received, progress in contract performance by others, and other expenses due.

Debt to Treasury: The Department has borrowed funds from Treasury for its Fisheries Finance Fund Direct Loan Program and FVOG Program. To simplify interest calculations, all borrowings are dated October 1. Interest rates are based on a weighted average of rates during the term of the borrowed funds. The weighted average rate for each cohort's borrowing is recalculated at the end of each fiscal year during which disbursements are made. Annual interest payments on unpaid principal balances as of September 30 are required. Principal repayments are required only at maturity, but are permitted at any time during the term of the loan. The Department's primary financing source for repayments of Debt to Treasury is the collection of principal on the associated Loans Receivable. Balances of any borrowed but undisbursed funds will earn interest at the same rate used in calculating interest expense.

Resources Payable to Treasury: Resources Payable to Treasury includes Liquidating Fund assets in excess of liabilities that are being held as working capital for the following loan programs: the Federal Ship Financing Fund, Fishing Vessel Obligation Guarantee (FVOG) Program, and the Fisheries Finance Fund. These liabilities are required to be paid only when the loan programs fully complete their activities and terminate their operations. These programs continue to operate, and the Liquidating Fund's net assets, therefore, are not currently payable. Resources Payable to Treasury also includes amounts payable to Treasury for custodial activity, described in Note 26.

Unearned Revenue: Unearned Revenue is the portion of monies received for which goods and services have not yet been provided or rendered by the Department. Revenue is recognized as reimbursable costs are incurred, and the Unearned Revenue balance is reduced accordingly. Unearned Revenue also includes the balances of customer deposit accounts held by the Department.

Accrued Payroll and Annual Leave; Accrued Benefits: These categories include salaries, wages, and benefits earned by employees, but not disbursed as of September 30. Annually, as of September 30, the balances of Accrued Annual Leave are adjusted to reflect current pay rates. Sick leave and other types of non-vested leave are expensed as taken. Accrued Benefits are included in Intragovernmental Other Liabilities.

Accrued FECA Liability: The Federal Employees Contribution Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (Labor), which pays

valid claims against the Department and subsequently seeks reimbursement from the Department for these paid claims. Accrued FECA Liability, included in Other Liabilities, represents amounts due to Labor for claims it paid on behalf of the Department.

NOAA Corps Employee Retirement Benefits: These liabilities are recorded at the actuarial present value of projected benefits, calculated annually as of September 30. The actuarial cost method used to determine these liabilities is the aggregate entry age normal method. Under this method, the actuarial present value of projected benefits is allocated on a level basis over the earnings or the service of the group between entry age and assumed exit ages. The portion of this actuarial present value allocated to the valuation year is called the normal cost. Actuarial gains and losses, and prior and past service cost, if any, are recognized immediately in the year they occur, without amortization. The actuarial calculations use U.S. Department of Defense Retirement Board economic assumptions (as used by the U.S. Military Retirement System) for investment earnings on federal securities, annual basic pay increases, and annual inflation. Demographic assumptions appropriate to covered personnel are also used. For background information about these plans, see Note 1.Q, *Employee Retirement Benefits*.

Actuarial FECA Liability: Actuarial FECA Liability represents the liability for future workers' compensation (FWC) benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The liability is determined by the U.S. Department of Labor annually as of September 30, using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual benefit payments are discounted to present value using OMB's economic assumptions for 10-year Treasury notes and bonds. To provide for the effects of inflation on the liability for FWC benefits, wage inflation factors (Cost of Living Adjustments) and medical inflation factors (Consumer Price Index Medical Adjustments) are applied to the calculation of projected future benefits. These factors are also used to adjust historical payments of benefits by the Department to current-year constant dollars. A discounting formula is also used to recognize the timing of benefit payments as 13 payments per year instead of one lump sum per year.

The model's resulting projections are analyzed by Labor to ensure that the amounts are reliable. The analysis is based on three tests: (1) a comparison of the current-year projections to the prior-year projections; (2) a comparison of the prior-year projected payments to the current-year actual payments, excluding any new case payments that had arisen during the current year; and (3) a comparison of the current-year actual payment data to the prior-year actual payment data. Based on the outcome of this analysis, ad hoc adjustments may be made to correct any anomalies in the projections.

Accrued Grants: The Department administers a diverse array of financial assistance programs and projects concerned with the entire spectrum of business and economic development efforts that promote activities such as: expanding U.S. exports, creating jobs, contributing to economic growth, developing innovative technologies, promoting minority entrepreneurship, protecting coastal oceans; providing weather services; managing worldwide environmental data; and using telecommunications and information technologies to better provide public services. Disbursements of funds under the Department's grant programs are generally made when requested by grantees. These draw-down requests may be received and fulfilled before grantees make the Department's program

expenditures. When funds have been disbursed by the Department, but expenditures are not yet reported by grant recipients, these disbursements are recorded as advances. However, if a recipient reports program expenditures that have not been advanced by the Department as of the end of the federal fiscal year, such amounts are recorded as grants payable and grant expenses in that fiscal year. The net result of these amounts is shown as Accrued Grant Liability on the Department's Consolidating Balance Sheet.

Environmental Cleanup Costs Liabilities: NIST operates a nuclear reactor licensed by the U.S. Nuclear Regulatory Commission, in accordance with NIST's mission of setting standards and examining new technologies. The Department currently estimates the cost of decommissioning this facility to be \$40,640. This amount is being accrued as a liability on a straight-line basis over the expected life of the facility of 56 years. Under current legislation, funds to cover the expense of decommissioning the facility's nuclear reactor should be requested in a separate appropriation when the decommissioning date becomes relatively certain.

The Department has incurred cleanup costs related to the costs of removing, containing, and/or disposing of hazardous waste from facilities used by NOAA. The Department has estimated its liability for environmental cleanup costs at all NOAA-used facilities; it does not, however, recognize a liability for environmental cleanup costs for NOAA-used facilities that are less than \$25 per project. Where an estimate of cleanup costs includes a range of possible costs, the most likely cost is reported. Where no cost is more likely than another, the lowest estimated cost in the range is reported. The liability is reduced as progress payments are made.

Capital Lease Liabilities: Capital Leases are leases for PP&E that transfer substantially all the benefits and risks of ownership to the Department.

ITA Foreign Service Nationals' Voluntary Separation Pay: This liability, included in Other Liabilities, is based on the salaries and benefit statuses of employees in countries where governing laws require a provision for separation pay.

Contingent Liabilities: A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. A contingent liability is recognized when a past event or exchange transaction has occurred, and a future outflow or other sacrifice of resources is measurable and probable. A contingency is not disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are met and when the chance of the future event or events occurring is remote. A contingency is disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are not met and when the chance of the future confirming event or events occurring is more than remote but less than probable.

N Commitments

Commitments are preliminary actions that will ultimately result in an obligation to the Federal Government if carried through, such as purchase requisitions, estimated travel orders, or unsigned contracts/grants. Major long-term commitments are disclosed in Note 21.

0 Net Position

Net Position is the residual difference between assets and liabilities and comprises Unexpended Appropriations and Cumulative Results of Operations.

Appropriations are recognized as capital when made available for apportionment by OMB. Unexpended Appropriations represent the total amount of unobligated and obligated but unexpended budget authority. Unexpended Appropriations are reduced for Appropriations Used and adjusted for other changes in budgetary resources, such as transfers and rescissions. Cumulative Results of Operations is the net result of the Department's operations since inception.

P Revenues and Other Financing Sources

Appropriations Used: Most of the Department's operating funds are provided by congressional appropriations of budget authority. The Department receives appropriations on annual, multiple-year, and no-year bases. Upon expiration of an annual or multiple-year appropriation, the obligated and unobligated balances retain their fiscal year identity, and are maintained separately within an expired account. The unobligated balance can be used to make legitimate obligation adjustments, but is otherwise not available for expenditures. Annual and multiple-year appropriations are canceled at the end of the fifth year after expiration. No-year appropriations do not expire. Appropriations of budget authority are recognized as used when goods and services are received or benefits and grants are provided.

Exchange and Non-Exchange Revenue: In accordance with GAAP for federal entities, the Department classifies revenues as either exchange revenue or non-exchange revenue. Exchange revenues are those that are derived from transactions in which both the government and the other party receive value, including processing patents and registering trademarks; sale of weather data, nautical charts, and navigation information; and other sales of goods and services. These revenues are presented on the Department's Consolidated Statements of Net Cost and serve to reduce the reported cost of operations borne by the taxpayer. Non-exchange revenues are derived from the government's sovereign right to demand payment, including fines for violations of fisheries and marine protection laws. Non-exchange revenues are recognized when a specifically identifiable, legally enforceable claim to resources arises, and to the extent that collection is probable and the amount is reasonably estimable. These revenues are not considered to reduce the cost of the Department's operations and are, therefore, reported on the Consolidated Statement of Changes in Net Position.

In certain cases, the prices charged by the Department are set by law or regulation and, for program and other reasons, the Department may not receive full cost (e.g., the processing of patents and registering of trademarks, and the sale of weather data, nautical charts and navigation information). Prices set for products and services offered through the Department's working capital funds are intended to recover the full costs incurred by these activities.

Imputed Financing Sources (and Related Imputed Costs): In certain cases, operating costs of the Department are paid for by funds appropriated to other federal entities. For example, pension benefits for most Department employees are paid for by the U.S. Office of Personnel Management (OPM) and certain legal judgments against

the Department are paid from the Judgment Fund maintained by Treasury. For FY 2001, OMB is limiting Imputed Costs to be recognized by federal entities to the following: (1) employees' pension benefits; (2) health insurance, life insurance, and other benefits for retired employees; (3) other post-employment benefits for retired, terminated, and inactive employees, including severance payments, training and counseling, continued health care, and unemployment and workers' compensation under FECA; and (4) losses in litigation proceedings. The Department includes applicable Imputed Costs on the Consolidated Statements of Net Cost. In addition, an Imputed Financing Source is recognized on the Consolidated Statement of Changes in Net Position.

Transfers - In (Out): Intragovernmental transfers of budget authority (i.e. appropriated funds) or of assets without reimbursement are recorded at book value.

Q Employee Retirement Benefits

Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS): Most employees of the Department participate in either the CSRS or FERS defined-benefit pension plans. FERS went into effect on January 1, 1987. FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 could elect to either join FERS and Social Security, or remain in CSRS.

The Department is not responsible for and does not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. OPM, which administers the plans, is responsible for and reports these amounts.

For CSRS-covered employees, the Department was required in FY 2001 to make contributions to the plan equal to 8.51 percent of the employee's basic pay. Employees contributed 7.25 or 7.4 percent of basic pay. For each fiscal year, OPM calculates the U.S. Government's service cost for covered employees, which is an estimate of the amount of funds that, if accumulated annually and invested over an employee's career, would be enough to pay that employee's future benefits. Since the U.S. Government's estimated FY 2001 service cost exceeds contributions made by employer agencies and covered employees, this plan is not fully funded by the Department and its employees. The Department has recognized an Imputed Cost and Imputed Financing Source for the difference between the estimated service cost and the contributions made by the Department and its covered employees.

Public Law 106-346, signed by the President on October 23, 2000, rolls back the CSRS and FERS withholdings rate for all employees to the rates in effect before 1999. The new lower rates were effective on the first pay period beginning on or after January 1, 2001.

FERS contributions made by employer agencies and covered employees exceed the U.S. Government's estimated FY 2001 service cost. For FERS-covered employees, the Department was required in FY 2001 to make contributions of 10.7 percent of basic pay. Employees contributed 0.8 or 1.05 percent of basic pay. Employees participating in FERS are covered under the Federal Insurance Contributions Act (FICA), for which the Department contributes a matching amount to the Social Security Administration.

NOAA Corps Retirement System: Active-duty officers of the NOAA Corps are covered by the NOAA Corps Retirement System, an unfunded, pay-as-you-go, defined-benefit plan administered by the Department. Participants do not contribute to this plan. Plan benefits are based primarily on years of service and compensation. Participants as of September 30, 2001, included 244 active duty officers, 285 nondisability retiree annuitants, 22 disability retiree annuitants, and 50 surviving families. Key provisions include voluntary nondisability retirement after 20 years of active service, disability retirement, optional survivor benefits, Consumer Price Index (CPI) optional survivor benefits, and CPI adjustments for benefits.

Foreign Service Retirement and Disability System, and the Foreign Service Pension System: Foreign Commercial Officers are covered by the Foreign Service Retirement and Disability System, and the Foreign Service Pension System. Both systems are multi-employer plans administered by the Department of State. The ITA makes contributions to the systems based on a percentage of an employee's pay.

Thrift Savings Plan (TSP): Employees covered by CSRS and FERS are eligible to contribute to the U.S. Government's TSP, administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS-covered employees, and the Department makes a mandatory contribution of 1 percent of basic pay. FERS-covered employees are entitled to contribute up to 11 percent of basic pay to their TSP account, with the Department making matching contributions up to 4 percent of basic pay. Employees covered by CSRS are entitled to contribute up to 6 percent of basic pay to their TSP account. The Department makes no TSP contributions for CSRS-covered employees.

Federal Employees Health Benefit (FEHB) Program: Most Department employees are enrolled in the FEHB Program, which provides post-retirement health benefits. OPM administers this program and is responsible for the reporting of liabilities. Employer agencies and covered employees are not required to make any contributions for post-retirement health benefits. OPM calculates the U.S. Government's service cost for covered employees each fiscal year. The Department has recognized the entire service cost of these post-retirement benefits for covered employees as an Imputed Cost and Imputed Financing Source.

NOAA Corps Health Benefits: Active-duty officers of the NOAA Corps are covered by the health benefits program for the NOAA Corps, which provides post-retirement health benefits. This is an unfunded, pay-as-you-go plan administered by the Department. Participants do not make any contributions to this plan.

Federal Employees Group Life Insurance (FEGLI) Program: Most Department employees are entitled to participate in the FEGLI Program. Participating employees can obtain basic life term life insurance, with the employee paying two-thirds of the cost and the Department paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. OPM administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of basic life coverage. Because the Department's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Department has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

R Use of Estimates

The preparation of financial statements requires the Department to make estimates and assumptions that affect these financial statements. Actual results may differ from those estimates.

S Tax Status

The Department is not subject to federal, state, or local income taxes. Accordingly, no provision for income taxes is recorded.

T Reclassifications

Comparative data for FY 2000 has been presented in order to provide an understanding of changes in financial position and operations. Certain FY 2000 financial statement balances and footnote amounts were reclassified to be consistent with FY 2001 classifications.

U Change in Accounting Principles

In FY 2001, the Department adopted the provisions of Statement of Federal Financial Accounting Standards (SFFAS) No. 10, Accounting for Internal Use Software, which requires the capitalization of the cost of internal use software, whether it is commercial off-the-shelf, contractor-developed, or internally developed. This standard provides guidance regarding the types of cost elements to capitalize, the timing and thresholds of capitalization, amortization periods, accounting for impairment, and other guidance.

Note 2. Fund Balance with Treasury

The detail by fund type is as follows:

	<u>FY 2001</u>	<u>FY 2000</u>
General Funds	\$ 5,396,849	\$ 5,287,037
Revolving Funds	339,606	297,341
Special Fund (Patent and Trademark Surcharge Fund)	233,529	233,529
Deposit Funds	57,811	63,039
Trust Funds	5,867	1,011
Other Special Funds	22,275	6,218
Other Fund Types	5,829	6,010
Total	<u>\$ 6,061,766</u>	<u>\$ 5,894,185</u>

Except for the temporary unavailability of the Patent and Trademark Surcharge Fund explained in Note 22 and the unavailability of certain budget authority disclosed in Note 24, Fund Balance with Treasury is available to make authorized expenditures and pay liabilities.



Note 3. Accounts Receivable, Net

FY 2001				
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Intra-Commerce Eliminations	Accounts Receivable, Net
Intragovernmental	\$ 114,560		\$ (16,070)	\$ 98,490
With the Public	\$ 62,254	\$ (6,311)		\$ 55,943

FY 2000				
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Intra-Commerce Eliminations	Accounts Receivable, Net
Intragovernmental	\$ 101,869		\$ (19,421)	\$ 82,448
With the Public	\$ 71,501	\$ (8,999)		\$ 62,502

Note 4. Investments in Treasury Securities, Net

FY 2001				
	Face Value	Unamortized Discount	Investments, Net	Market Value
Total	\$ 1,819	\$ (20)	\$ 1,799	\$ 1,776

FY 2000				
	Face Value	Unamortized Discount	Investments, Net	Market Value
Total	\$ 3,711	\$ (108)	\$ 3,603	\$ 3,489

Investments are one-year special issue Treasury Bills. The interest rate as of September 30, 2001, is 2.94 percent and the range of interest on investments held as of September 30, 2000, was 5.88 to 5.90 percent.

Note 5. Advances and Prepayments

	FY 2001		
	Gross	Intra-Commerce Eliminations	Net
Intragovernmental			
Prepayments and Other Advances	\$ 43,139	\$ (37,322)	\$ 5,817
With the Public			
Grant Advances	\$ 21,686		\$ 21,686
Prepayments and Other Advances	7,864		7,864
Total	\$ 29,550		\$ 29,550

	FY 2000		
	Gross	Intra-Commerce Eliminations	Net
Intragovernmental			
Prepayments and Other Advances	\$ 34,849	\$ (30,553)	\$ 4,296
With the Public			
Grant Advances	\$ 15,040		\$ 15,040
Prepayments and Other Advances	9,737		9,737
Total	\$ 24,777		\$ 24,777

Note 6. Cash

	FY 2001	FY 2000
Cash Not Yet Deposited to Treasury	\$ 11,537	\$ 20,045
Imprest Funds	756	1,188
Other	1,239	1,818
Total	\$ 13,532	\$ 23,051

Cash Not Yet Deposited to Treasury represents patent and trademark fees that were not processed as of September 30, 2001 and 2000, due to the lag time between receipt and initial review. Certain bureaus maintain imprest funds for operational necessity, such as law enforcement activities and environments that do not permit the use of electronic payments. Other Cash represents monies obtained through the foreclosure of a direct loan held in a trust account and cash obtained through appropriations.



Note 7. Loans Receivable and Related Foreclosed Property, Net

The Department operates the following direct loan and loan guarantee programs:

Direct Loans

- Fisheries Finance Fund
- Coastal Energy Impact Program (CEIP)
- Drought Loan Portfolio
- Economic Development Revolving Fund
- Fisheries Loan Fund (FLF)

Loan Guarantees

- Fishing Vessel Obligation Guarantee Program (FVOG Program)
- Emergency Oil and Gas Loan Guarantee Program (ELGP)
- Emergency Steel Loan Guarantee Program (ELGP)

The net assets for the Department's loan programs consist of:

	FY 2001	FY 2000
Direct Loans Obligated Prior to FY 1992	\$ 105,556	\$ 106,585
Direct Loans Obligated After FY 1991	168,073	141,483
Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees	8,939	9,924
Defaulted Guaranteed Loans from Post-FY 1991 Guarantees	14,508	14,794
Total	\$ 297,076	\$ 272,786

Direct Loans Obligated Prior to FY 1992 consist of:

Direct Loan Program	FY 2001				Value of Assets Related to Direct Loans
	Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Loan Losses	
Economic Development					
Revolving Fund	\$ 29,091	\$ 455	\$ -	\$ (855)	\$ 28,691
CEIP	50,475	7,905	313	(24,143)	34,550
Drought Loan Portfolio	42,207	535	-	(427)	42,315
Total	\$ 121,773	\$ 8,895	\$ 313	\$ (25,425)	\$ 105,556

Direct Loan Program	FY 2000				Value of Assets Related to Direct Loans
	Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Loan Losses	
Economic Development					
Revolving Fund	\$ 32,343	\$ 424	\$ -	\$ (896)	\$ 31,871
CEIP	54,227	8,240	2,063	(34,303)	30,227
Drought Loan Portfolio	44,378	558	-	(449)	44,487
Total	\$ 130,948	\$ 9,222	\$ 2,063	\$ (35,648)	\$ 106,585

Direct Loans Obligated After FY 1991 consist of:

Direct Loan Program	FY 2001				
	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
FVOG Program	\$ 148,067	\$ 857	\$ -	\$ 19,149	\$ 168,073

Direct Loan Program	FY 2000				
	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
FVOG Program	\$ 129,326	\$ 6,023	\$ -	\$ 6,134	\$ 141,483

Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees consists of:

Loan Guarantee Program	FY 2001					Value of Assets Related to Defaulted Guaranteed Loans
	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property, Gross	Other	Allowance for Loan Losses	
FVOG Program	\$ 33,417	\$ 116	\$ -	\$ 781	\$ (29,630)	\$ 4,684
Economic Development Revolving Fund	4,659	138	-	-	(542)	4,255
Total	\$ 38,076	\$ 254	\$ -	\$ 781	\$ (30,172)	\$ 8,939

Loan Guarantee Program	FY 2000					Value of Assets Related to Defaulted Guaranteed Loans
	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property, Gross	Other	Allowance for Loan Losses	
FVOG Program	\$ 33,507	\$ 122	\$ -	\$ 848	\$ (29,956)	\$ 4,521
Economic Development Revolving Fund	5,811	39	-	-	(447)	5,403
Total	\$ 39,318	\$ 161	\$ -	\$ 848	\$ (30,403)	\$ 9,924



Defaulted Guaranteed Loans from Post-FY 1991 Guarantees consist of:

Loan Guarantee Program	FY 2001				
	Defaulted Guaranteed Loans Receivable, Gross	Interest and Premium Fee Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans
FVOG Program	\$ 12,848	\$ 30	\$ 3,123	\$ (1,493)	\$ 14,508

Loan Guarantee Program	FY 2000				
	Defaulted Guaranteed Loans Receivable, Gross	Interest and Premium Fee Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans
FVOG Program	\$ 11,959	\$ 44	\$ 2,791	\$ -	\$ 14,794

Direct Loan Subsidy Expense consists of:

Loan Program	FY 2001			
	Interest Rate Differential	Defaults	Fees	Total
FVOG Program	\$ (1,424)	\$ 3,274	\$ (1,546)	\$ 304

Loan Program	FY 2000			
	Interest Rate Differential	Defaults	Fees	Total
FVOG Program	\$ (3,915)	\$ 4,655	\$ (393)	\$ 347

Direct Loan Modifications and Re-estimates

Loan Program	FY 2001	FY 2000
	Re-estimates	Re-estimates
FVOG Program	\$ (9,291)	\$ 4,546

Total Direct Loan Subsidy Expense

Loan Program	FY 2001	FY 2000
	FVOG Program	\$ (8,987)

Loan Guarantee Subsidy Expense Consists Of:

Loan Guarantees

Loan Program	FY 2001			
	Interest Rate Differential	Defaults	Fees	Totals
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ 962	\$ (14)	\$ 948
Emergency Steel Loan Guarantee Program	-	13,398	(550)	12,848
	<u>\$ -</u>	<u>\$ 14,360</u>	<u>\$ (564)</u>	<u>\$ 13,796</u>

Loan Guarantee Modifications and Re-estimates

Loan Program	FY 2001	FY 2000
	Re-estimates	Re-estimates
FVOG Program	<u>\$ (823)</u>	<u>\$ (240)</u>

Total Loan Guarantee Subsidy Expense

Loan Program	FY 2001	FY 2000
Emergency Oil and Gas Loan Guarantee Program	\$ 948	\$ -
Emergency Steel Loan Guarantee Program	12,848	-
FVOG Program	(823)	(240)
	<u>\$ 12,973</u>	<u>\$ (240)</u>

Direct Loan Subsidy Rates:

	FY 2001		FY 2000	
	Direct Loans	Quota Loans	Direct Loans	Quota Loans
Interest Subsidy Cost	(8.74)%	(11.09)%	0.14 %	0.06 %
Default Costs	10.03 %	13.46 %	12.97 %	10.24 %
Fees	(0.29)%	(0.37)%	(12.11)%	(8.30)%
Other	0.00 %	0.00 %	0.00 %	0.00 %
Total Direct Loan Subsidy Rate	1.00 %	2.00 %	1.00 %	2.00 %

Loan Guarantee Program	FY 2001	
	Liabilities for Loan Guarantees for Post-FY 1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
Emergency Oil and Gas Loan Guarantee Program	\$ 962	\$ 962
Emergency Steel Loan Guarantee Program	13,398	13,398
FVOG Program	2,972	2,972
Total	\$ 17,332	\$ 17,332

Loan Guarantee Program	FY 2000	
	Liabilities for Loan Guarantees for Post-FY 1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
FVOG Program	\$ 3,726	\$ 3,726

Outstanding Principal of Non-Acquired Guaranteed Loans: Outstanding Non-Acquired Guaranteed Loans as of September 30, 2001, which are not reflected in the financial statements, are as follows:

Loan Guarantee Program	FY 2001		FY 2000	
	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
FVOG Program Pre-1992	\$ 39,802	\$ 39,802	\$ 50,239	\$ 50,239
FVOG Program Post-1991	51,226	51,226	61,725	61,725
Emergency Oil and Gas Loan Guarantee Program	2,688	2,285	-	-
Emergency Steel Loan Guarantee Program	108,625	92,331	-	-
Economic Development Revolving Fund	400	400	1,000	1,000
Total	\$ 202,741	\$ 186,044	\$ 112,964	\$ 112,964

Administrative Costs: Administrative Costs in support of the Department's Direct Loan and Loan Guarantee Programs consists of:

Loan Program	FY 2001	FY 2000
Fisheries Direct Loan Programs	\$ 2,799	\$ 2,527
Coastal Energy Impact Program	225	149
Drought Loan Portfolio and Economic Development Revolving Fund	1,245	1,625
Emergency Oil and Gas Loan Guarantee Program	360	962
Emergency Steel Loan Guarantee Program	738	1,640
Total	\$ 5,367	\$ 6,903

Note 8. Inventory, Materials, and Supplies

Category	Cost Flow Assumption	FY 2001	FY 2000
Inventory			
Items Held for Current Sale			
NIST Standard Reference Materials	First-in, First-out	\$ 20,887	\$ 21,149
Other	Various	1,492	4,510
Allowance for Excess, Obsolete and Unserviceable Items		(1,301)	(1,400)
Subtotal		21,078	24,259
Materials and Supplies			
Items Held for Use			
NOAA's National Logistics Support Center	Weighted Average	\$ 47,655	\$ 48,148
NOAA's National Reconditioning Center	Weighted Average	34,582	32,238
Other	Various	2,719	3,558
Allowance for Excess, Obsolete, and Unserviceable Items		(2,818)	(5,476)
Subtotal		82,138	78,468
Total		\$ 103,216	\$ 102,727

NIST's Standard Reference Materials Program provides reference materials for quality assurance of measurements. The Department publishes a complete listing of nearly 1,300 different Standard Reference Materials that are certified for their specific chemical, physical, or engineering properties. NOAA's Materials and Supplies are primarily repair parts for weather forecasting equipment.



Note 9. General Property, Plant, and Equipment, Net

Category	Useful Life (Years)	FY 2001		
		Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 11,550	\$ -	\$ 11,550
Structures, Facilities, and Leasehold Improvements	2-50	565,853	(243,781)	322,072
Satellites/Weather Systems Personal Property	2-20	3,540,553	(2,077,383)	1,463,170
Other Personal Property	2-30	945,881	(560,496)	385,385
Assets Under Capital Lease	3-40	79,061	(32,080)	46,981
Construction-in-Progress	N/A	1,911,442	-	1,911,442
Total		\$ 7,054,340	\$ (2,913,740)	\$ 4,140,600

Category	Useful Life (Years)	Restated FY 2000		
		Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 8,046	\$ -	\$ 8,046
Structures, Facilities, and Leasehold Improvements	2-50	559,009	(229,126)	329,883
Satellites/Weather Systems Personal Property	2-20	3,360,565	(1,812,290)	1,548,275
Other Personal Property	2-30	852,414	(494,517)	357,897
Assets Under Capital Lease	3-40	77,168	(22,744)	54,424
Construction-in-Progress	N/A	1,824,577	-	1,824,577
Total		\$ 6,681,779	\$ (2,558,677)	\$ 4,123,102

Note 10. Other Assets

	FY 2001	FY 2000
With the Public		
Notes Receivable	\$ 8,554	\$ 9,697
Bibliographic Database	5,936	6,127
Other	97	1,719
Total	14,587	\$ 17,543

There are six Notes Receivable with maturity dates ranging from November 2003 to July 2024. The balance includes accrued interest. The bibliographic database is of NTIS' scientific and technical information used to prepare products and services for sale. The database is stated at capitalized costs of \$38,772 less accumulated amortization of \$32,836.

Note 11. Non-Entity Assets

The assets that are not available for use in operations are summarized below, with the corresponding liabilities.

			FY 2001	
			<u>Non-Entity Assets</u>	<u>Corresponding Liabilities</u>
Intragovernmental:				
Fund Balance with Treasury:				
USPTO	\$	64,139		Unearned Revenue
NTIS		25,970		Unearned Revenue, Accounts Payable
Census		164		Accounts Payable
Total Intragovernmental		90,273		
Cash		152		Accounts Payable
Accounts Receivable, Net		509		Accounts Payable, Other Liabilities
Loans Receivable and Related Foreclosed Property, Net- Drought Loan Portfolio		42,315		Resources Payable to Treasury
Total	\$	133,249		

			FY 2000	
			<u>Non-Entity Assets</u>	<u>Corresponding Liabilities</u>
Intragovernmental:				
Fund Balance with Treasury:				
USPTO	\$	55,147		Unearned Revenue
NTIS		27,517		Unearned Revenue, Accounts Payable
Census		168		Accounts Payable
Total Intragovernmental		82,832		
Cash		143		Accounts Payable
Accounts Receivable, Net		1,331		Accounts Payable, Other Liabilities
Loans Receivable and Related Foreclosed Property, Net- Drought Loan Portfolio		44,487		Resources Payable to Treasury
Total	\$	128,793		



Note 12. Debt to Treasury

	<u>FY 2001</u>		
	<u>Beginning Balance</u>	<u>Net Borrowings</u>	<u>Ending Balance</u>
Direct Loan Program			
Fisheries Finance Fund	\$ 145,293	\$ 36,967	\$ 182,260
Loan Guarantee Program			
FVOG Program	10,291	3,382	13,673
Total	<u>\$ 155,584</u>	<u>\$ 40,349</u>	<u>\$ 195,933</u>

	<u>FY 2000</u>		
	<u>Beginning Balance</u>	<u>Net Borrowings</u>	<u>Ending Balance</u>
Direct Loan Program			
Fisheries Finance Fund	\$ 141,603	\$ 3,690	\$ 145,293
Loan Guarantee Program			
FVOG Program	10,291	-	10,291
Total	<u>\$ 151,894</u>	<u>\$ 3,690</u>	<u>\$ 155,584</u>

Maturity dates range from September 2002 to September 2028.

Note 13. Resources Payable to Treasury

	<u>FY 2001</u>	<u>FY 2000</u>
Loan Program		
Drought Loan Portfolio	\$ 42,315	\$ 44,487
Federal Ship Financing Fund Loan Guarantee Program - Unliquidated Equity	14,199	38,064
FVOG Program - Unexpended FY 1996 Default	214	500
Total	<u>\$ 56,728</u>	<u>\$ 83,051</u>

All Resources Payable to Treasury amounts are considered non-current.

Note 14. Unearned Revenue

	<u>FY 2001</u>	<u>FY 2000</u>
Intragovernmental		
Reimbursable and Other Agreements	\$ 291,677	\$ 288,035
With the Public		
Patent and Trademark Application and Issue Fees	\$ 428,943	\$ 390,709
Goods and Services	57,534	59,879
Total	\$ 486,477	\$ 450,588

All Unearned Revenue amounts are considered current.

Note 15. Other Liabilities

	<u>FY 2001</u>			<u>FY 2000</u>
	<u>Current Portion</u>	<u>Non-Current Portion</u>	<u>Total</u>	<u>Total</u>
Intragovernmental				
Accrued FECA Liability	\$ 35,634	\$ 1,481	\$ 37,115	\$ 29,368
Accrued Benefits	31,108	-	31,108	27,606
Environmental Liability	3,025	-	3,025	2,566
Custodial Activity	510	155	665	937
Other	4,793	-	4,793	4,017
Total	\$ 75,070	\$ 1,636	\$ 76,706	\$ 64,494
With the Public				
ITA Foreign Service Nationals' Voluntary Separation Pay	\$ -	\$ 7,847	\$ 7,847	\$ 8,842
Liabilities for Loan Guarantees	17,332	-	17,332	3,726
Probable Contingencies	7,095	-	7,095	15,282
Employment Related	2,104	-	2,104	10,272
Other	4,578	-	4,578	252
Total	\$ 31,109	\$ 7,847	\$ 38,956	\$ 38,374

Note 16. Accrued Payroll and Annual Leave

<u>FY 2001</u>	<u>FY 2000</u>
\$ 326,177	\$ 319,838

All Accrued Payroll and Annual Leave amounts are considered current.



Note 17. Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities

These liabilities consist of:

	FY 2001	FY 2000
Actuarial FECA Liability	\$ 223,716	\$ 155,645
NOAA Corps Retirement System	301,100	291,400
NOAA Corps Post-Retirement Health Benefits	110,200	42,700
Total	<u>\$ 635,016</u>	<u>\$ 489,745</u>

Actuarial FECA Liability: For discounting projected annual future benefit payments to present value, the interest rate assumptions used by the U.S. Department of Labor are 5.21 percent in year one, and 5.21 percent in year two and thereafter. The projected number of years of benefit payments is 37. The wage inflation factors (Cost of Living Adjustments) and medical inflation factors (Consumer Price Index Medical Adjustments) applied to the calculation of projected future benefits are as follows:

FY 2001		
Fiscal Year	Cost-of-Living Adjustments	Consumer Price Index Medical Adjustments
2001	2.93%	4.42%
2002	3.33%	4.44%
2003	3.00%	4.15%
2004	2.56%	4.09%
2005 and Thereafter	2.50%	4.09%

FY 2000		
Fiscal Year	Cost-of-Living Adjustments	Consumer Price Index Medical Adjustments
2000	1.97%	3.69%
2001	2.83%	4.24%
2002	2.90%	4.10%
2003	2.53%	4.16%
2004 and Thereafter	2.60%	4.16%

NOAA Corps Retirement System Liability: This liability represents the unfunded actuarial present value of projected plan benefits. The actuarial calculations used the following U.S. Department of Defense Retirement Board economic assumptions: 6.25 percent investment earnings on federal securities, 3.5 percent annual basic pay increases, and 3 percent annual inflation.

The related pension costs included in the Consolidated Statements of Net Cost are as follows:

	FY 2001	FY 2000
Normal Cost	\$ 4,000	\$ 4,300
Interest on the Unfunded Liability	17,920	17,910
Actuarial (Gains) Losses	1,260	(8,850)
Total Pension Cost	<u>\$ 23,180</u>	<u>\$ 13,360</u>

NOAA Corps Post-Retirement Health Benefits Liability: This liability represents the unfunded actuarial present value of projected post-retirement plan benefits. The actuarial calculations used the same U.S. Department of Defense Retirement Board economic assumptions as used for the NOAA Corps Retirement System actuarial calculations. The claims costs used to derive the post-retirement liabilities were taken from the analysis of the U.S. Military's Projected Retiree Medical Liabilities report for FY 2001 and FY2000, respectively.

Note 18. Environmental Cleanup Costs Liabilities

	FY 2001	FY 2000
Nuclear Reactor	\$ 23,949	\$ 23,223
Pribiloff Island Cleanup	52,507	44,998
Other	2,854	2,570
Total	<u>\$ 79,310</u>	<u>\$ 70,791</u>

Note 19. Leases

Capital Leases

Assets under capital leases are as follows:

	FY 2001	FY 2000
Structure, Facilities, and Leasehold Improvements	\$ 46,731	\$ 46,731
Equipment	32,330	30,437
Less: Accumulated Amortization	(32,080)	(22,744)
Net Assets Under Capital Leases	<u>\$ 46,981</u>	<u>\$ 54,424</u>

Capital Lease Liabilities are primarily related to NIST and NOAA. In 1996, NIST entered into a capital lease for an office building in Gaithersburg, Maryland. The lease term is 10 years and the amount initially capitalized was \$22,710. NOAA primarily has real property capital leases covering both land and buildings. The majority of leases are for buildings for weather forecasting offices, but they are also for radar system sites, river forecasting centers, and National Weather Service enforcement centers. NOAA's real property capital leases have an average life of 20 years.



Future payments due under capital leases are as follows:

FY 2001

Fiscal Year	PP&E Category		
	Real Property	Personal Property	Total
2002	\$ 7,029	\$ 10,807	\$ 17,836
2003	6,940	6,800	13,740
2004	6,444	2,067	8,511
2005	6,458	1,847	8,305
2006	3,755	1,876	5,631
Thereafter	31,874	6,142	38,016
Total Future Lease Payments	62,500	29,539	92,039
Less: Imputed Interest	(26,818)	(835)	(27,653)
Less: Executory Cost	(7,180)	(13,769)	(20,949)
Net Capital Lease Liabilities	\$ 28,502	\$ 14,935	\$ 43,437

FY 2000

Fiscal Year	PP&E Category		
	Real Property	Personal Property	Total
2001	\$ 6,987	\$ 9,355	\$ 16,342
2002	7,003	8,533	15,536
2003	6,919	5,309	12,228
2004	6,432	1,776	8,208
2005	14,740	1,838	16,578
Thereafter	35,492	8,076	43,568
Total Future Lease Payments	77,573	34,887	112,460
Less: Imputed Interest	(32,430)	(1,440)	(33,870)
Less: Executory Cost	(11,616)	(19,222)	(30,838)
Net Capital Lease Liabilities	\$ 33,527	\$ 14,225	\$ 47,752

Operating Leases

Real Property: Most of the Department's facilities are rented from the General Services Administration (GSA), which charges rent that is intended to approximate commercial rental rates. For federal-owned property, the Department generally does not execute an agreement with GSA; the Department, however, is normally required to give 120 to 180 days notice to vacate. For non-federal owned property, an occupancy agreement is generally executed, and the Department may normally cancel these agreements with 120 days notice.

The aggregate of (1) the Department's future payments due under noncancellable operating leases, and (2) the Department's estimated real property rent payments to GSA for FY 2002 through FY 2006, is as follows:

FY 2001

Fiscal Year	PP&E Category		
	Real Property	Personal Property	Total
2002	\$ 216,978	\$ 13,630	\$ 230,608
2003	216,576	8,697	225,273
2004	267,342	3,207	270,549
2005	230,374	3,304	233,678
2006	220,506	3,403	223,909
Thereafter	1,017,294		1,017,294
Total Future Lease Payments	\$ 2,169,070	\$ 32,241	\$ 2,201,311

FY 2000

Fiscal Year	PP&E Category		
	Real Property	Personal Property	Total
2001	\$ 215,315	\$ 13,483	\$ 228,798
2002	189,982	3,138	193,120
2003	184,462	3,114	187,576
2004	235,965	3,207	239,172
2005	213,457	3,304	216,761
Thereafter	1,060,060	-	1,060,060
Total Future Lease Payments	\$ 2,099,241	\$ 26,246	\$ 2,125,487



Note 20. Liabilities Not Covered by Budgetary Resources

Liabilities that are not covered by budgetary resources are as follows:

	<u>FY 2001</u>	<u>FY 2000</u>
Intragovernmental:		
Accounts Payable	\$ 3,398	\$ 5,076
Resources Payable to Treasury	509	936
Environmental Cleanup Costs Liabilities	2,340	-
Accrued FECA Liability	34,002	19,335
Other	208	2,957
Total Intragovernmental:	<u>40,457</u>	<u>28,304</u>
Accrued Payroll	6,576	-
Accrued Annual Leave	155,769	153,588
Accrued FECA Liability and NOAA Corps Employee Retirement Benefits	635,016	488,709
Environmental Cleanup Costs Liabilities	70,978	68,707
Contingent Liabilities	7,095	15,282
Capital Lease Liabilities	31,998	31,085
Unearned Revenue	364,268	71,479
ITA Foreign Service Nationals' Voluntary Separation Pay	7,847	8,842
Other	1,922	3,155
Total	<u>\$ 1,321,926</u>	<u>\$ 869,151</u>

The Department anticipates that the above liabilities will be funded from future budgetary resources when required.

Under accrual accounting, the expense for annual leave is recognized when it is earned. However, for most of the Department's fund accounts, appropriations are provided to pay for the leave when it is taken. As a result, budgetary resources do not cover a large portion of Accrued Annual Leave.

The Department receives budgetary resources for the Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liability when they are needed for disbursements.

Due to the unique funding structure of USPTO, \$364,268 and \$71,479 as of September 30, 2001, and September 30, 2000, respectively, of Unearned Revenue is the portion of USPTO's unearned patent and trademark fees that is considered not covered by budgetary resources.

Note 21. Commitments and Contingencies

Commitments

The Department has entered into long-term contracts for the purchase, construction, and modernization of environmental satellites and weather measuring and monitoring systems. A summary of major long-term commitments is shown below.

Major Long-Term Commitments (In Millions):

Description	FY 2001						
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	Thereafter	Total
Geostationary Operational Environmental Satellites	\$ 268	\$ 298	\$ 273	\$ 317	\$ 332	\$ 3,162	\$ 4,650
Polar Operational Environmental Satellites	303	367	398	373	378	1,770	3,589
Other Weather Service	49	49	46	40	8	3	195
Total	\$ 620	\$ 714	\$ 717	\$ 730	\$ 718	\$ 4,935	\$ 8,434

Description	FY 2000						
	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	Thereafter	Total
Geostationary Operational Environmental Satellites	\$ 291	\$ 238	\$ 221	\$ 192	\$ 184	\$ 820	\$ 1,946
Polar Operational Environmental Satellites	214	294	339	392	404	2,458	4,101
Other Weather Service	33	32	32	30	14	-	141
Total	\$ 538	\$ 564	\$ 592	\$ 614	\$ 602	\$ 3,278	\$ 6,188

Contingencies Not Recognized in the Financial Statements:

The Department is party in various administrative proceedings, legal actions, environmental suits, and claims brought against it. In the opinion of the Department's management and legal counsel, the ultimate resolution of these proceedings, actions, and claims will not materially affect the financial position or net costs of the Department.

The Department and other federal agencies are subject to liabilities for a variety of environmental cleanup costs, many of which are associated with the Second World War, at various sites within the United States. The exact amount of these claims against the U.S. Government is unknown, but may exceed \$5,439 million as of September 30, 2001. It is not possible to speculate as to a range of loss for these claims. In the absence of a settlement agreement, decree, or judgment, there is neither an allocation of response costs between the U.S. Government and other potentially responsible parties, nor is there an attribution of such costs to or among the federal agencies implicated in the litigation. Although the Department has been implicated as a responsible party, the U.S. Department of Justice was unable to provide an amount that is attributable to the Department.



The Department and other federal agencies are party to several judgments against the U.S. Government relating to the environmental cleanup costs discussed above. Some of these judgments are based on future cleanup costs and, therefore, an estimate of the total contingent liability cannot be made. Because these judgments are being paid by Treasury's Judgment Fund, and the U.S. Government could not determine the proportional shares of the federal agencies involved, no amount has been accrued.

The Department and other federal agencies are party to other suits, with claim amounts that may exceed \$1,512 million as of September 30, 2001. In addition, there are other suits with no claim amounts. For all of these suits, it is reasonably possible that an adverse outcome will result. However, it is not possible to speculate as to a range of loss. Of these claims, most will be funded by Treasury's Judgment Fund.

The Department is subject to suits where an adverse outcome is probable and claims are approximately \$10 million. The range of loss for these suits is between \$6 million and \$10 million as of September 30, 2001. Accordingly, \$7 million was accrued on the Consolidated Balance Sheet and expensed in the Consolidated Statement of Net Cost. For a majority of these cases, any settlements will be paid out of Treasury's Judgment Fund. Once the claims are settled or court judgments are assessed against the Department, the liability will be removed from the financial statements and an "other financing source" (representing the amount to be paid by the Judgment Fund) will be recognized.

Guaranteed Loan Contingencies:

Federal Ship Financing Fund and Fishing Vessels Obligation Guarantees Program: These loan guarantee programs have non-acquired guaranteed loans (fully guaranteed by the Department) as of September 30, 2001, and September 30, 2000, totaling \$91,028 and \$111,964, respectively, as shown in Note 7. There are no contingent liabilities recorded for loan guarantees under these programs.

Economic Development Revolving Fund: This loan guarantee and direct loan program has one outstanding non-acquired guaranteed loan with outstanding principal balances totaling \$400 and \$1,000 at September 30, 2001, and September 30, 2000, respectively. These loan guarantees have been terminated for noncompliance with the terms of the guarantees. The estimated range of liability for these guarantees is between \$0 and \$400, depending on the outcome of negotiations or court action or on the passage of time until the statute of limitations runs out.

Emergency Steel Loan Guarantee Program: This program has one loan guarantee outstanding as of September 30, 2001. As of that date, the outstanding principal of the guaranteed loan was \$108,625 of which 85% or \$92,331 was guaranteed by the ELGP Board. In January 2002, the borrower filed for bankruptcy resulting in the lender sending a notice of payment default to the ELGP Board. The lender has 30 days from the date of payment default to submit a demand for payment under the guarantee. As of December 31, 2001, the lender reported a principal balance of \$108,350, of which \$92,098 was guaranteed. If the guarantor submits a payment demand, the ELGP Board will borrow from Treasury an amount of funds equal to the guaranteed amount plus estimated cost of collections for the balance of fiscal year 2002 less the current funding in the loan guarantee financing account of approximately \$13.4 million. The Treasury borrowing will ultimately be repaid out of subsequent collections on loan collateral, and, if required, by funding from permanent indefinite appropriations authority under the Federal Credit Reform Act.

Note 22. Net Position

Unexpended Appropriations

	FY 2001	Restated FY 2000
Unobligated		
Available	\$ 613,790	\$ 873,549
Unavailable	51,087	59,621
Undelivered Orders	3,132,009	2,814,161
Total	\$ 3,796,886	\$ 3,747,331

Cumulative Results of Operations

	FY 2001	Restated FY 2000
Unrestricted	\$ 3,794,773	\$ 3,765,835
Restricted	233,529	233,529
Total	\$ 4,028,302	\$ 3,999,364

Restricted: The Omnibus Budget Reconciliation Act of 1990 established revenue withholding on certain statutory patent fees collected by USPTO. Subsequent legislation extended the revenue withholding through the end of FY 1998. These withheld revenues were deposited into the Patent and Trademark Surcharge Fund, a restricted Special Fund Receipt Account at Treasury. USPTO may use monies from this account only as authorized by Congress and made available by the issuance of a Treasury warrant. At September 30, 2001, \$233,529 is held in the Patent and Trademark Surcharge Fund.

Restatements to FY 2000 Financial Statements:

In accordance with SSFAS No. 21, Reporting Corrections of Errors and Changes in Accounting Principles, prior year financial statements have been restated for material errors discovered in the current reporting period. The following corrections are reflected in the restated FY 2000 financial statements:

Unexpended Appropriations

Unexpended Appropriations as of September 30, 2000 before Restatements	\$3,778,730
Restatements:	
Correct the overstatement of Census FY 2000 Appropriations Used (a)	41,601
Correct the intra-bureau elimination of a NOAA FY 2000 intra-bureau transfer (b)	(68,000)
Correct the recording of a NOAA FY 2000 appropriation receipt (c)	(5,000)
Unexpended Appropriations as of September 30, 2000 after Restatements	\$3,747,331

Cumulative Results of Operations

Cumulative Results of Operations as of September 30, 2000 before Restatements	\$3,948,573
Restatements:	
Correct the overstatement of Census FY 2000 Appropriations Used (a)	(41,601)
Correct the intra-bureau elimination of a NOAA FY 2000 intra-bureau transfer (b)	68,000
Correct the recording of a NOAA FY 2000 appropriation receipt (c)	5,000
Increase to NOAA General Property, Plant, and Equipment, Net, with a corresponding increase to Net Position, Beginning of Period as of September 30, 2000 (d)	13,792
Increase to NOAA General Property, Plant, and Equipment, Net, with a corresponding decrease in FY 2000 Costs With the Public on the FY 2000 Statement of Net Cost (d)	5,600
<hr/>	
Cumulative Results of Operations as of September 30, 2000 after Restatements	<u>\$3,999,364</u>

- (a) During FY 2001, it was discovered that Census overstated FY 2000 Appropriations Used, causing the need for an increase in Unexpended Appropriations and a decrease in Cumulative Results of Operations as of September 30, 2000.
- (b) During FY 2001, it was determined that a NOAA FY 2000 intra-bureau transfer of \$68,000 from a special fund to a general fund should have been eliminated in consolidation, causing the need for a decrease in Unexpended Appropriations and an increase in Cumulative Results of Operations as of September 30, 2000.
- (c) During FY 2001, it was determined that a NOAA \$5,000 appropriation received on September 30, 2000 should have been classified as a special fund receipt, rather than a general fund receipt, causing the need for a decrease in Unexpended Appropriations and an increase in Cumulative Results of Operations as of September 30, 2000.
- (d) During FY 2001, NOAA identified General Property, Plant, and Equipment that should have been capitalized as of September 30, 2000, causing the need for an increase in General Property, Plant, and Equipment, Net, and an increase in Cumulative Results of Operations as of September 30, 2000.

FY 2000 Prior Period Adjustments:

Following are the Prior Period Adjustments reflected in the FY 2000 Consolidating Statement of Changes in Net Position:

Description	Amount
NOAA To restate FY 1999 accounts payable and equity balances, as previously reported	\$ 24,474
NOAA Correct General Property Plant and Equipment, Net as of September 30, 1999	19,825
Net Corrections to various Assets and Liabilities as of September 30, 1999	(9,535)
<hr/>	
Total	<u>\$ 34,764</u>

Note 23. Consolidating Statement of Net Cost

Classification of Program Costs: Intragovernmental Costs are costs for goods or services provided by federal entities. Public Costs include costs for goods or services provided by non-federal entities.

FY 2001 Consolidating Statement of Net Cost

COSTS:	NOAA	USPTO	ESA	TA	Other Bureaus	Departmental Management	Combined Totals	Intra-Commerce Eliminations	Consolidated Totals
Strategic Goal 1: Provide the Information and the Framework that Enables the Economy to Operate Efficiently and Equitably									
Intragovernmental	\$ -	\$ -	\$ 332,695	\$ -	\$ 232,849	\$ 59,911	\$ 625,455	\$ (64,018)	\$ 561,437
With the Public	-	-	990,136	-	681,845	26,363	1,698,344	-	1,698,344
Total	-	-	1,322,831	-	914,694	86,274	2,323,799	(64,018)	2,259,781
Less: Earned Revenues	-	-	(202,519)	-	(57,713)	(65,126)	(325,358)	64,018	(261,340)
Net Program Costs	-	-	1,120,312	-	856,981	21,148	1,998,441	-	1,998,441
Strategic Goal 2: Provide Infrastructure for Innovation to Enhance American Competitiveness									
Intragovernmental	-	209,305	-	96,984	-	59,911	366,200	(63,569)	302,631
With the Public	-	807,322	-	675,935	24,935	26,363	1,534,555	-	1,534,555
Total	-	1,016,627	-	772,919	24,935	86,274	1,900,755	(63,569)	1,837,186
Less: Earned Revenues	-	(1,040,258)	-	(151,376)	-	(65,126)	(1,256,760)	63,569	(1,193,191)
Net Program Costs	-	(23,631)	-	621,543	24,935	21,148	643,995	-	643,995
Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth									
Intragovernmental	480,927	-	-	-	-	55,929	540,856	(67,121)	473,735
With the Public	2,467,380	-	-	-	-	26,371	2,493,751	-	2,493,751
Total	2,948,307	-	-	-	-	86,300	3,034,607	(67,121)	2,967,486
Less: Earned Revenues	(236,550)	-	-	-	-	(65,146)	(301,696)	67,121	(234,575)
Net Program Costs	2,711,757	-	-	-	-	21,154	2,732,911	-	2,732,911
NET COST OF OPERATIONS	\$ 2,711,757	\$ (23,631)	\$ 1,120,312	\$ 621,543	\$ 881,916	\$ 63,450	\$ 5,375,347	\$ -	\$ 5,375,347



FY 2000 Consolidating Statement of Net Cost

	NOAA	USPTO	ESA	TA	Other Bureaus	Departmental Management	Combined Totals	Intra-Commerce Eliminations	Restated Consolidated Totals (Note 22)
COSTS:									
Strategic Goal 1: Provide the Information and the Framework that Enables the Economy to Operate Efficiently and Equitably									
Intragovernmental	\$ -	\$ -	\$ 917,722	\$ -	\$ 184,885	\$ 55,802	\$ 1,158,409	\$ (58,382)	\$ 1,100,027
With the Public	-	-	3,622,767	-	720,479	21,742	4,364,988	-	4,364,988
Total	-	-	4,540,489	-	905,364	77,544	5,523,397	(58,382)	5,465,015
Less: Earned Revenues	-	-	(176,198)	-	(45,352)	(57,268)	(278,818)	58,382	(220,436)
Net Program Costs	-	-	4,364,291	-	860,012	20,276	5,244,579	-	5,244,579
Strategic Goal 2: Provide Infrastructure for Innovation to Enhance American Competitiveness									
Intragovernmental	-	200,866	-	103,291	-	55,804	359,961	(61,126)	298,835
With the Public	-	710,462	-	698,911	40,318	21,742	1,471,433	-	1,471,433
Total	-	911,328	-	802,202	40,318	77,546	1,831,394	(61,126)	1,770,268
Less: Earned Revenues	-	(956,556)	-	(149,320)	-	(57,268)	(1,163,144)	61,126	(1,102,018)
Net Program Costs	-	(45,228)	-	652,882	40,318	20,278	668,250	-	668,250
Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth									
Intragovernmental	417,442	-	-	-	-	55,804	473,246	(67,430)	405,816
With the Public	2,332,637	-	-	-	-	21,743	2,354,380	-	2,354,380
Total	2,750,079	-	-	-	-	77,547	2,827,626	(67,430)	2,760,196
Less: Earned Revenues	(306,105)	-	-	-	-	(57,269)	(363,374)	67,430	(295,944)
Net Program Costs	2,443,974	-	-	-	-	20,278	2,464,252	-	2,464,252
Costs Not Assigned to Programs									
Intragovernmental	-	-	-	-	2,062	-	2,062	-	2,062
With the Public	-	-	-	-	2,283	-	2,283	-	2,283
Total	-	-	-	-	4,345	-	4,345	-	4,345
Less: Earned Revenues Not Attributed to Programs	-	-	-	-	(2,256)	-	(2,256)	-	(2,256)
Net Program Costs Not Assigned to Programs	-	-	-	-	2,089	-	2,089	-	2,089
NET COST OF OPERATIONS	\$ 2,443,974	\$ (45,228)	\$ 4,364,291	\$ 652,882	\$ 902,419	\$ 60,832	\$ 8,379,170	\$ -	\$ 8,379,170

FY 2001 Gross Cost and Earned Revenue by Budget Functional Classification

Budget Functional Classification	Gross Cost	Earned Revenue	Net Cost
300 Natural Resources and Environment	\$ 2,925,169	\$ (209,864)	\$ 2,715,305
370 Commerce and Housing Credit	3,676,366	(1,462,085)	2,214,281
450 Community and Regional Development	405,688	(17,157)	388,531
500 Educ., Training, Empl., & Social Svcs.	57,230	-	57,230
Total	\$ 7,064,453	\$ (1,689,106)	\$ 5,375,347

FY 2001 Intragovernmental Gross Cost and Earned Revenue by Budget Functional Classification

Budget Functional Classification	Gross Cost	Earned Revenue	Net Cost
300 Natural Resources and Environment	\$ 455,222	\$ (170,211)	\$ 285,011
370 Commerce and Housing Credit	867,638	(346,237)	521,401
450 Community and Regional Development	14,943	(14,498)	445
Total	\$ 1,337,803	\$ (530,946)	\$ 806,857

FY 2000 Restated Gross Cost and Earned Revenue by Budget Functional Classification

Budget Functional Classification	Gross Cost	Earned Revenue	Net Cost (Note 22)
300 Natural Resources and Environment	\$ 2,708,421	\$ (266,294)	\$ 2,442,127
370 Commerce and Housing Credit	6,817,530	(1,342,075)	5,475,455
450 Community and Regional Development	433,555	(12,285)	421,270
500 Educ., Training, Empl., & Social Svcs.	40,318		40,318
Total	\$ 9,999,824	\$ (1,620,654)	\$ 8,379,170

FY 2000 Restated Intragovernmental Gross Cost and Earned Revenue by Budget Functional Classification

Budget Functional Classification	Gross Cost	Earned Revenue	Net Cost
300 Natural Resources and Environment	\$ 388,408	\$ (214,766)	\$ 173,642
370 Commerce and Housing Credit	1,400,949	(296,814)	1,104,135
450 Community and Regional Development	17,383	(9,430)	7,953
Total	\$ 1,806,740	\$ (521,010)	\$ 1,285,730



Major Programs: The following table illustrates the major programs of the Department. Other Programs refers to other programs within each bureau. The Others column refers to programs within the Department's entities that are not listed. The Others column data and the Other Programs data are presented solely to reconcile this table to the Combined Totals column on the Consolidating Statement of Net Cost.

FY 2001 Statement of Net Cost by Major Program (Combined Basis):

FY 2001 Statement of Net Cost by Major Program (Combined Basis):

Costs	NOAA	Census	NIST	USPTO	Others	Combined Totals
Provide the Information and the Framework that Enables the Economy to Operate Efficiently and Equitably						
<i>Census 2000</i>						
Intragovernmental/With the Public		\$ 668,232				\$ 668,232
Less: Earned Revenues						
Net Program Costs		668,232				668,232
<i>Other Programs</i>						
Intragovernmental/With the Public		594,877			1,060,690	1,655,567
Less: Earned Revenues		(198,217)			(127,141)	(325,358)
Net Program Costs		396,660			933,549	1,330,209
Net Cost for Strategic Goal 1		1,064,892			933,549	1,998,441
Provide Infrastructure for Innovation to Enhance American Competitiveness						
<i>Measurement and Standards Laboratories</i>						
Intragovernmental/With the Public			441,304			441,304
Less: Earned Revenues			(116,643)			(116,643)
Net Program Costs			324,661			324,661
<i>Patents</i>						
Intragovernmental/With the Public				882,537		882,537
Less: Earned Revenue				(859,028)		(859,028)
Net Program Costs				23,509		23,509
<i>Other Programs</i>						
Intragovernmental/With the Public			288,836	134,090	153,988	576,914
Less: Earned Revenues				(181,230)	(99,859)	(281,089)
Net Program Costs			288,836	(47,140)	54,129	295,825
Net Cost for Strategic Goal 2			613,497	(23,631)	54,129	643,995
Observe and Manage the Earth's Environment to Promote Sustainable Growth						
<i>Advance Short Term Warning Forecast Service</i>						
Intragovernmental/With the Public	1,542,995					1,542,995
Less: Earned Revenues	(111,683)					(111,683)
Net Program Costs	1,431,312					1,431,312
<i>Other Programs</i>						
Intragovernmental/With the Public	1,405,312				86,300	1,491,612
Less: Earned Revenues	(124,867)				(65,146)	(190,013)
Net Program Costs	1,280,445				21,154	1,301,599
Net Cost for Strategic Goal 3	2,711,757				21,154	2,732,911
NET COST OF OPERATIONS	\$ 2,711,757	\$ 1,064,892	\$ 613,497	\$ (23,631)	\$ 1,008,832	\$ 5,375,347

FY 2000 Restated Statement of Net Cost by Major Program (Combined Basis):

FY 2000 Statement of Net Cost by Major Program (Combined Basis):

Costs	NOAA	Census	NIST	USPTO	Others	Combined Totals
Provide the Information and the Framework that Enables the Economy to Operate Efficiently and Equitably						
<i>Census 2000</i>						
Intragovernmental/With the Public		\$ 3,977,693				\$ 3,977,693
Less: Earned Revenues						
Net Program Costs		3,977,693				3,977,693
<i>Other Programs</i>						
Intragovernmental/With the Public		504,207			1,041,497	1,545,704
Less: Earned Revenues		(172,252)			(106,566)	(278,818)
Net Program Costs		331,955			934,931	1,266,866
Net Cost for Strategic Goal 1		4,309,648			934,931	5,244,579
Provide Infrastructure for Innovation to Enhance American Competitiveness						
<i>Measurement and Standards Laboratories</i>						
Intragovernmental/With the Public			436,170			436,170
Less: Earned Revenues			(111,934)			(111,934)
Net Program Costs			324,236			324,236
<i>Patents</i>						
Intragovernmental/With the Public				765,258		765,258
Less: Earned Revenue				(817,399)		(817,399)
Net Program Costs				(52,141)		(52,141)
<i>Other Programs</i>						
Intragovernmental/With the Public			318,556	146,070	165,340	629,966
Less: Earned Revenues				(139,157)	(94,654)	(233,811)
Net Program Costs			318,556	6,913	70,686	396,155
Net Cost for Strategic Goal 2			642,792	(45,228)	70,686	668,250
Observe and Manage the Earth's Environment to Promote Sustainable Growth						
<i>Advance Short Term Warning Forecast Service</i>						
Intragovernmental/With the Public	1,446,053					1,446,053
Less: Earned Revenues	(112,723)					(112,723)
Net Program Costs	1,333,330					1,333,330
<i>Other Programs</i>						
Intragovernmental/With the Public	1,304,026				77,547	1,381,573
Less: Earned Revenues	(193,382)				(57,269)	(250,651)
Net Program Costs	1,110,644				20,278	1,130,922
Net Cost for Strategic Goal 3	2,443,974				20,278	2,464,252
Net Costs Not Assigned to Program					2,089	2,089
NET COST OF OPERATIONS	\$ 2,443,974	\$ 4,309,648	\$ 642,792	\$ (45,228)	\$ 1,027,984	\$ 8,379,170



Note 24. Statement of Budgetary Resources

The amount of budgetary resources obligated for undelivered orders at September 30, 2001, is \$3,863,750. This amount includes undelivered orders funded by Cumulative Results of Operations. The amount stated in Note 22 only includes undelivered orders included in Unexpended Appropriations.

Borrowing Authority available at September 30, 2001, is \$94,458, which is solely for the Department's Fisheries Finance Fund direct loan program. See Note 1M. *Debt to Treasury* for debt repayment requirements, financing sources for repayment, and other terms of borrowing authority used.

Approximately 90 percent of the Department's reporting entities have one or more permanent no-year appropriations to finance operating costs and the purchase of PP&E.

DM/G&B receives funding through donations that are deposited in a Treasury account that has no fiscal year limitation. Goods or services in-kind may also be accepted for limited purposes. Total donations and in-kind assistance received in FY 2001 was \$1,152.

Legal arrangements affecting the Department's use of Unobligated Balances of Budget Authority during FY 2001 include the following:

NOAA's Fund Balance with Treasury includes the following restrictions:

- Permanently Not Available, totaling \$3,400 pursuant to Public Law 102-368
- Temporarily Not Available, totaling \$2,654 in a Liquidating Fund for loan programs pursuant to Federal Credit Reform Act regulations
- Temporarily Not Available, totaling \$1,914 pursuant to Public Law 106-113

Census' Fund balance with Treasury includes Deposit Funds of \$164 that are not available to finance operating activity.

The Department has identified differences between amounts reported in each section of its Statement of Budgetary Resources and the amounts reported in the Budget of the United States Government. These differences result from timing and classification differences between the amounts used by OMB in the preparation of the Budget of the United States Government (November 2001) and the amounts used in the Statement of Budgetary Resources (February 2002).

Note 25. Consolidated Statement of Financing

The line item Components Requiring or Generating Resources in Future Periods, shown on the Consolidated Statement of Financing, represents costs for FY 2001 that are included in the Liabilities Not Covered by Budgetary Resources reported in Note 20. This line item does not include costs incurred in prior fiscal years that are also included in Liabilities Not Covered by Budgetary Resources.

Note 26. Custodial Activity

NOAA receives interest, penalties, and fines primarily related to its past due Accounts Receivable, and is required to transfer the collections to Treasury. BXA receives civil monetary penalties, from private entities that violate the Export Administration Act, and ITA is required to transfer certain trade fees to Treasury. As of September 30, 2001, the Department had custodial revenue of \$4,932; of this amount, \$2,297 is payable to Treasury. As of September 30, 2000, the Department had custodial revenue of \$5,140; of this amount, \$1,905 was payable to Treasury.

REQUIRED SUPPLEMENTARY INFORMATION

(In Thousands)

A. Deferred Maintenance

Deferred maintenance is maintenance that was not performed when it should have been, that was scheduled and not performed, or that was delayed for a future period. Maintenance is the act of keeping property, plant, and equipment (PP&E) in acceptable operating condition and includes preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it can deliver acceptable performance and achieve its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from or significantly greater than those originally intended.

National Oceanic and Atmospheric Administration (NOAA)

NOAA uses the Condition Assessment Survey (CAS) method to identify and quantify deferred maintenance for assets meeting NOAA's \$200 capitalization threshold. CAS requires a periodic inspection of real property to determine its current condition and to estimate the cost likely to be incurred by the correction of any deficiencies.

The following indicates NOAA's deferred maintenance for projects with estimated costs greater than \$50, as of September 30, 2001:

PP&E Category	Number of Projects	Amount
Buildings	31	\$12,563
Land	0	0
Total	31	\$12,563

While the CAS for the above facilities indicates that one or more of the building systems is in less than acceptable operating condition, NOAA has not established a facility condition code to classify the condition of individual facilities. The total deferred maintenance costs indicated could therefore vary by as much as 10 percent, or from \$11.3 million to \$13.8 million. In FY 2000, NOAA solicited a more comprehensive request for facility maintenance information as part of an introductory long-range plan. Assets not previously identified as having deferred maintenance became visible during that process. NOAA, through the Department, has included a budget request in the FY 2002 budget process that is intended to accelerate and eliminate the existing backlog of projects in the Capital Improvements Program, including those classified as deferred maintenance.

National Institute of Standards and Technology (NIST)

NIST also uses the CAS method to estimate deferred maintenance. NIST values the condition of assets using a five-point scale, with 1 representing excellent condition; 2, good condition; 3, acceptable condition; 4, poor condition; and 5, very poor condition. Assets that are assessed at 4 or 5 require repairs and maintenance to increase their value to 3, or acceptable condition. The following shows NIST's deferred maintenance:

PP&E Category	Asset Condition	Estimated Cost to Return to Acceptable Condition
Mechanical and Electrical Devices	4	\$422,000 to 634,000
Buildings (Internal Structures)	4	149,000 to 224,000
Buildings (External Structures)	4	70,000 to 105,000
Total		\$641,000 to 963,000

B. Segment Information

Departmental Management/Working Capital Fund (DM/WCF)

DM/WCF's mission is to provide, in the most efficient and economical manner possible, the centralized services required by the operating entities of the Department and by other federal entities. DM/WCF operates on a revolving fund basis, whereby current operating expenses charged to the customer finance the cost of goods and services. The overall financial goal of the fund is to remain at break-even position.

Services: DM/WCF provides a variety of administrative services to the Department and to other federal entities. These include personnel-related services, financial and budget management, legal services, security, acquisition, telecommunications, and public affairs.

Major Customers: The major customers of DM/WCF are NOAA and Census, accounting for 26.6 percent and 20.6 percent of revenues, respectively.

DM/WCF Summary of Costs and Related Exchange Revenues by Line of Business For the Year Ended September 30, 2001					
	Personnel-Related Services	Financial Management	Legal Services	Administrative Services	Total
Full Cost of Services Provided	\$15,195	\$22,766	\$24,605	\$53,384	\$115,950
Less: Exchange Revenues	(14,616)	(21,899)	(23,668)	(51,348)	(111,531)
Excess of Costs over Exchange Revenues	\$579	\$867	\$937	\$2,036	\$4,419

Note: Information about assets, liabilities, and net position as of September 30, 2001, can be found in the Consolidating Balance Sheet, which is included in the Required Supplementary Information.

Franchise Fund

The Department's Franchise Fund has three major goals:

- To operate on the lines of a commercial business by becoming self-sustaining and capable of achieving full cost recovery and by becoming competitive, without subsidies, in an open-market environment;
- To encourage competition and the operation of market forces in the delivery of administrative services to both lower costs and to promote better service; and
- To create a customer-oriented workforce that is capable of providing quality services and products.

Services: The Franchise Fund comprises only one service provider, the Office of Computer Services (OCS). OCS provides information technology services to the Department and to other federal entities, including Treasury's Financial Management Service, the Immigration and Naturalization Services, the U.S. Customs Service, the Equal Employment Opportunity Commission, the Pension Benefit Guaranty Corporation, and the Consumer Products Safety Commission.

Major Customers: The Department of the Treasury's Financial Management Service and the Department of Justice are the two major external customers for the Franchise Fund, accounting for 37.4 percent, and 17.7 percent of revenues, respectively.

Franchise Fund Summary of Costs and Related Exchange Revenues by Line of Business For the Year Ended September 30, 2001	
	Computer Services
Full Cost of Services Provided	\$ 14,044
Less Exchange Revenues	(14,092)
Excess of Costs over Exchange Revenues	\$ (48)

Note: Information about assets, liabilities, and net position as of September 30, 2001, can be found in the Consolidating Balance Sheet, which is included in Required Supplementary Information.



**United States Department of Commerce Intragovernmental Assets and Liabilities
As of September 30, 2001 (In Thousands)**

Intragovernmental Assets:

Trading Partner		Fund Balance with Treasury	Accounts Receivable, Net	Investments in Treasury Securities, Net	Advances and Prepayments	Total
Name	Number					
Department of the Treasury	20	\$ 6,061,766	\$ 2,602	\$ 1,799	\$ -	\$ 6,066,167
Department of Labor	16	-	24,798	-	-	24,798
Department of Transportation	69	-	11,005	-	-	11,005
Office of the Secretary of Defense - Defense Agencies	97	-	10,778	-	10	10,788
Department of the Interior	14	-	7,898	-	-	7,898
Environmental Protection Agency	68	-	7,110	-	-	7,110
Agency for International Development	72	-	6,031	-	-	6,031
National Aeronautics and Space Administration	80	-	5,050	-	-	5,050
General Services Administration	47	-	2,053	-	2,561	4,614
Government Printing Office	04	-	45	-	3,773	3,818
Department of Energy	89	-	3,756	-	-	3,756
Others		-	17,364	-	(527)	16,837
Total		\$ 6,061,766	\$98,490	\$1,799	\$5,817	\$6,167,872

Intragovernmental Liabilities:

Trading Partner		Accounts Payable	Debt to Treasury	Resources Payable to Treasury	Unearned Revenue	Other	Total
Name	Number						
Department of the Treasury	20	\$ 1,661	\$ 195,933	\$ -	\$ 9,802	\$ 1,043	\$ 208,439
Treasury General Fund	99	-	-	56,728	-	14,004	70,732
Department of Labor	16	482	-	-	23,713	37,611	61,806
U.S. Army Corps of Engineers	96	1,917	-	-	53,918	3,025	58,860
Office of the Secretary of Defense - Defense Agencies	97	8,098	-	-	31,727	-	39,825
Department of Health and Human Services	75	7,938	-	-	22,713	-	30,651
Office of Personnel Management	24	763	-	-	36	20,423	21,222
Department of Justice	15	335	-	-	20,629	-	20,964
Department of Transportation	69	1,535	-	-	14,130	-	15,665
Department of the Air Force	57	8,603	-	-	6,894	-	15,497
General Services Administration	47	12,482	-	-	2,436	508	15,426
National Aeronautics and Space Administration	80	7,126	-	-	8,213	-	15,339
Department of Housing and Urban Development	86	-	-	-	14,406	-	14,406
Department of State	19	4,857	-	-	7,115	34	12,006
Department of Education	91	-	-	-	9,881	-	9,881
Unknown	00	7,157	-	-	15,891	-	23,048
Others		10,120	-	-	50,173	58	60,351
Total		\$ 73,074	\$ 195,933	\$ 56,728	\$ 291,677	\$ 76,706	\$ 694,118

**United States Department of Commerce Transfers of Intragovernmental Non-Exchange Revenues
For the Year Ended September 30, 2001 (In Thousands)**

Trading Partner		Transfers-In	Transfers-Out
Name	Number		
Department of Agriculture	12	\$ 72,828	\$ -
Department of the Interior	14	3,525	-
Department of Transportation	69	-	4,083
Department of the Treasury	20	-	1,749
Environmental Protection Agency	68	3,098	14
General Services Administration	47	-	5,555
Treasury General Fund	99	-	2,107
Total		\$ 79,451	\$ 13,508

United States Department of Commerce Intragovernmental Earned Revenues and Related Costs
For the Year Ended September 30, 2001 (In Thousands)

Intragovernmental Earned Revenues:

Trading Partner	Number	Amount
Department of Labor	16	\$ 68,373
Department of Transportation	69	62,758
Office of the Secretary of Defense - Defense Agencies	97	55,992
Department of Health and Human Services	75	51,735
Department of Justice	15	37,206
Department of Housing and Urban Development	86	28,227
U.S. Army Corps of Engineers	96	25,979
National Aeronautics and Space Administration	80	22,635
Department of Energy	89	22,609
Department of the Treasury	20	20,215
Environmental Protection Agency	68	18,094
Agency for International Development	72	17,168
Department of Interior	14	16,849
General Services Administration	47	15,126
Department of the Army	21	11,152
Department of Education	91	10,690
Department of the Navy	17	9,365
National Science Foundation	49	9,161
Department of the Air Force	57	7,547
Department of State	19	7,545
Department of Agriculture	12	4,502
Social Security Administration	28	2,161
Small Business Administration	73	1,949
Federal Emergency Management Agency	58	1,385
Department of Veterans Affairs	36	1,029
U.S. Equal Employment Opportunity Commission	45	882
National Aeronautics and Space Administration	88	860
Central Intelligence Agency	56	668
Independent Agencies	95	645
Consumer Product Safety Commission	61	502
U.S. Nuclear Regulatory Commission	31	288
Export-Import Bank of the United States	83	264
U.S. Postal Service	18	262
Independent Agencies	76	218
Independent Agencies	48	211
Government Printing Office	04	182
Office of Personnel Management	24	180
Tennessee Valley Authority	64	160
Federal Mediation and Conciliation Service	93	135
Federal Deposit Insurance Corporation	51	101
Smithsonian Institution	33	69
Treasury General Fund	99	63
Federal Communications Commission	27	40
Appalachian Regional Commission	46	29
National Foundation on the Arts and the Humanities	59	15
International Trade Commission	34	13
Executive Office of the President	11	10
Federal Maritime Commission	65	5
Library of Congress	03	5
General Accounting Office	05	4
Federal Trade Commission	29	4
The Judiciary	10	3
Armed Forces Retirement Home	84	1
Unknown	00	(4,328)
Total		\$ 530,946

Gross Costs that Generated Intragovernmental Earned Revenues:

Budget Functional Classification	Amount
300 Natural Resources and Environment	\$ 170,211
370 Commerce and Housing Credit	346,237
450 Community and Regional Development	14,498
Total	\$ 530,946



United States Department of Commerce Schedule of Budgetary Resources by Major Budget Accounts
For the Year Ended September 30, 2001 (In Thousands)

	Combined Totals	NOAA Operations, Research & Facilities	USPTO Salaries and Expenses	NOAA Procurement Acquisition & Construction	NIST Industrial Technology Services	ITA Operations and Administration	Census Periodic Censuses & Programs	EDA Grant Fund	Other Programs
BUDGETARY RESOURCES:									
Budget Authority									
Appropriations	\$5,525,520	\$1,945,820	\$ 254,889	\$682,899	\$250,837	\$334,444	\$275,806	\$411,879	\$ 1,368,946
Borrowing Authority	98,994	-	-	-	-	-	(3,500)	-	98,994
Net Transfers	109,869	253,425	-	68,500	-	10,706	-	10,000	(229,262)
Other	171	171	-	-	-	-	-	-	-
Unobligated Balance									
Beginning of Period	1,316,695	142,383	12,479	68,960	54,155	18,918	362,880	108,529	548,391
Adjustments to Beginning of Period	(26,194)	-	-	-	(147)	-	-	(26,713)	519
Net Transfers, Actual	2,719	2,635	-	-	-	-	-	-	231
Spending Authority from Offsetting Collections									
Earned									
Collected	2,583,086	247,008	1,040,832	436	610	16,290	-	13,942	1,263,968
Receivable from Federal Sources	(114,910)	(20,879)	(876)	-	-	(756)	3	-	(92,402)
Change in Unfilled Customer Orders	-	-	-	-	-	-	-	-	-
Advance Received	52,451	(35,479)	44,712	-	-	(1,086)	5	9,046	35,253
Without Advance from Federal Sources	(7,404)	(9,361)	-	-	-	1,076	(4)	-	885
Subtotal	\$9,540,997	\$2,525,723	\$1,352,036	\$820,795	\$305,455	\$ 379,592	\$635,190	\$526,683	\$2,995,523
Recoveries of Prior Year Obligations									
Actual	266,945	8,505	4,636	367	12,544	10,403	71,289	21,273	137,928
Temporarily not Available Pursuant to Public Law	(305,059)	-	(305,056)	-	-	-	-	-	(3)
Permanently not Available									
Cancellations of Expired and No-Year Accounts	(27,055)	-	-	-	-	-	-	(19,236)	(7,819)
Enacted Rescissions	(118,383)	-	-	-	(552)	(736)	-	(928)	(116,167)
Capital Transfers and Redemption of Debt	(35,582)	-	-	-	-	-	-	-	(35,582)
Other Authority Withdrawn	(118,606)	(228)	-	-	-	-	-	-	(118,378)
Pursuant to Public Law	(8,183)	(4,805)	-	(1,653)	-	-	-	-	(1,725)
Total Budgetary Resources	\$9,195,074	\$2,529,195	\$1,051,616	\$819,509	\$317,447	\$389,259	\$706,479	\$527,792	\$2,853,777

(Continued)

United States Department of Commerce Schedule of Budgetary Resources by Major Budget Accounts, *continued*
For the Year Ended September 30, 2001 *(In Thousands)*

	Combined Totals	NOAA Operations, Research & Facilities	USPTO Salaries and Expenses	NOAA Procurement Acquisition & Construction	NIST Industrial Technology Services	ITA Operations and Administration	Census Periodic Censuses & Programs	EDA Grant Fund	Other Programs
STATUS OF BUDGETARY RESOURCES:									
Obligations Incurred									
Direct	\$6,342,730	\$2,169,008	\$ -	\$711,845	\$281,292	\$345,383	\$587,976	\$475,409	\$1,771,817
Reimbursable	1,770,756	204,500	1,040,586	-	-	15,512	-	22,043	488,115
Subtotal	8,113,486	2,373,508	1,040,586	711,845	281,292	360,895	587,976	497,452	2,259,932
Unobligated Balance									
Apportioned	896,195	152,228	9,223	107,664	26,801	24,349	118,503	11,902	445,525
Exempt from Apportionment	76,728	-	-	-	-	-	-	-	76,728
Unobligated Balance Not Available									
Apportioned for Subsequent Periods	34,280	-	-	-	-	-	-	-	34,280
Other	74,385	3,459	1,807	-	9,354	4,015	-	18,438	37,312
Total Status of Budgetary Resources	\$9,195,074	\$2,529,195	\$1,051,616	\$819,509	\$317,447	\$389,259	\$706,479	\$527,792	\$2,853,777
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:									
Obligated Balance, Net as of October 1	\$4,172,604	\$ 719,832	\$254,352	\$342,656	\$425,271	\$ 80,521	\$636,843	\$986,301	\$ 726,828
Obligated Balance Transferred, Net	(3,204)	(3,204)	-	-	-	-	-	-	-
Accounts Receivable	(252,835)	(90,279)	7,351	-	-	(1,820)	-	-	(168,087)
Unfilled Customer Orders from Federal Sources	(141,832)	(54,487)	-	-	-	(3,002)	-	-	(84,343)
Undelivered Orders	3,772,921	899,512	218,207	406,976	346,381	60,157	226,383	848,430	766,875
Accounts Payable	964,990	209,881	90,732	45,695	33,667	39,455	72,118	256,039	217,403
Outlays:									
Disbursements	7,795,021	2,147,244	974,889	601,464	313,970	335,903	855,029	358,011	2,208,511
Collections	(2,635,536)	(211,529)	(1,085,544)	(436)	(610)	(15,203)	(5)	(22,989)	(1,299,220)
Total Outlays	\$5,159,485	\$1,935,715	\$(110,655)	\$601,028	\$313,360	\$320,700	\$855,024	\$335,022	\$ 909,291



United States Department of Commerce Consolidating Balance Sheet
As of September 30, 2001 (In Thousands)

	Consolidated Totals	Intra-Commerce Eliminations	BVA	Genesis	DM/G&B	DM/S&E	DM/WCF	EDA	ELGP	ESA/BEA	Franchise Fund	ITA	MBDA	NIST	NOAA	NITA	NTIS	OIG	TA	USPTO	USTIA
ASSETS																					
Intragovernmental:																					
Fund Balance with Treasury	\$ 6,061,766	\$ -	\$ 19,742	\$553,903	\$867	\$36,556	\$22,066	\$1,144,943	\$152,115	\$11,006	\$1,335	\$125,674	\$15,550	\$ 792,699	\$2,047,011	\$154,725	\$42,901	\$3,860	\$13,010	\$ 923,361	\$442
Accounts Receivable, Net	98,490	(16,070)	645	30,706	-	9,448	158	1,248	-	130	2,577	1,757	75	8,647	55,617	1,856	86	-	3	1,547	-
Investments in Treasury Securities, Net	1,799	-	-	-	-	-	-	-	-	-	-	-	-	-	1,799	-	-	-	-	-	-
Advances and Prepayments	5,817	(37,322)	1,445	2,537	-	1,053	1,416	298	47	338	97	2,133	492	8,306	19,567	370	111	350	56	4,523	-
Total Intragovernmental	6,167,872	(53,392)	21,832	587,206	867	47,057	23,640	1,146,489	152,162	11,474	4,009	129,564	16,117	809,653	2,123,994	156,951	43,098	4,210	13,069	929,431	442
Cash	13,532	-	-	-	-	-	-	-	-	-	-	160	-	1	1,833	-	23	-	-	11,515	-
Accounts Receivable, Net	55,943	-	566	3,115	9	14	26	493	-	46	-	128	15	7,768	41,616	271	630	-	0	1,246	-
Loans Receivable and Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreclosed Property, Net	297,076	-	-	-	-	-	-	75,260	1	-	-	-	-	-	221,815	-	-	-	-	-	-
Inventory, Materials and Supplies	103,216	-	-	1,007	-	-	489	-	-	72	-	-	-	21,868	79,419	-	361	-	-	-	-
General Property, Plant, and Equipment, Net	4,140,600	-	440	38,099	85	-	5,262	27	-	464	38	6,836	82	388,390	3,570,202	1,499	508	55	15	128,597	-
Advances and Prepayments	29,550	-	4	4	-	42	2	4,957	-	0	0	2,634	-	795	19,299	9	9	-	-	1,805	-
Other	14,587	-	-	-	3	-	-	-	-	-	-	-	-	94	8,554	-	5,936	-	-	-	-
TOTAL ASSETS	\$ 10,822,376	\$ (53,392)	\$ 22,842	\$629,427	\$964	\$47,113	\$29,419	\$1,227,226	\$152,163	\$12,056	\$4,047	\$139,322	\$16,218	\$1,228,569	\$6,046,732	\$158,721	\$50,565	\$ 4,265	\$13,084	\$1,072,594	\$442
LIABILITIES																					
Intragovernmental:																					
Accounts Payable	73,074	(16,070)	599	9,792	-	564	\$ 1,055	\$ 2,892	\$ 5	\$ 872	\$2,194	\$ 8,991	\$ 585	\$ 1,846	\$ 40,902	\$ 7,360	\$ 6,386	\$ 192	\$ 1,412	\$ 3,497	\$ -
Debt to Treasury	195,933	-	-	-	-	-	-	42,315	-	-	-	-	-	-	195,933	-	-	-	-	-	-
Resources Payable to Treasury	56,728	-	4,238	82,853	-	-	12,636	53,799	-	183	832	572	376	63,876	55,843	5,279	18,253	-	4,311	9,504	131
Unearned Revenue	291,677	(37,322)	-	31,930	1	599	1,032	514	1	475	16	3,452	291	4,207	25,674	479	202	312	79	6,264	-
Other	76,706	-	1,178	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Intragovernmental	694,118	(53,392)	6,015	124,575	1	23,476	14,723	99,520	6	1,530	3,042	13,015	1,252	49,929	332,765	13,118	24,841	504	5,802	13,265	131
Accounts Payable	315,227	-	2,557	54,461	163	8,071	9,887	(192)	79	1,320	407	11,829	2,703	52,466	101,106	1,760	2,863	352	420	64,176	-1
Accrued Payroll and Annual Leave	326,177	-	3,791	50,418	3	2,470	5,581	3,183	14	4,689	272	23,030	894	30,460	119,128	3,012	1,572	1,389	597	73,474	-
Admiral FECA Liability and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NOAA Corps Employee Retirement Benefits	655,016	-	1,612	114,475	-	1,588	4,095	2,304	-	403	147	11,432	1,454	11,633	477,274	783	1,163	1,208	-	5,526	-
Accrued Grants	378,470	-	-	-	-	243	-	255,900	-	-	-	4,084	1,090	55,160	43,357	18,466	-	-	-	-	-
Environmental Cleanup Costs Liabilities	79,310	-	-	-	-	-	-	100	-	-	-	-	-	23,949	55,261	24	-	-	-	-	-
Capital Lease Liabilities	43,437	-	-	-	-	-	-	-	-	-	-	-	-	11,415	28,966	24	-	-	-	3,032	-
Unearned Revenue	486,477	-	1	6,690	-	-	-	-	-	36	-	3,297	-	14,747	26,495	304	5,959	-	5	429,943	-
Other	38,956	-	60	2,343	-	18	-	492	14,360	-	-	9,539	-	341	8,121	47	-	14	31	3,590	-
TOTAL LIABILITIES	\$ 2,997,188	\$ (53,392)	\$ 14,035	\$352,962	\$167	\$36,586	\$34,286	\$ 361,307	\$ 14,459	\$ 7,978	\$3,868	\$ 76,196	\$ 7,393	\$ 270,101	\$1,192,673	\$ 37,514	\$36,398	\$ 3,667	\$ 6,855	\$ 594,006	\$130
NET POSITION																					
Unexpended Appropriations	\$ 3,796,886	\$ -	\$ 11,604	\$361,904	\$ -	\$13,442	\$ -	\$ 834,636	\$137,711	\$ 4,367	\$ -	\$ 89,413	\$11,009	\$ 567,734	\$1,634,808	\$120,388	\$ -	\$ 2,894	\$ 6,664	\$ -	\$312
Cumulative Results of Operations	4,028,302	-	(2,798)	(85,439)	797	(2,915)	(4,867)	31,283	(7)	(289)	119	(26,287)	(2,183)	390,734	3,239,251	819	14,167	(2,296)	(435)	478,588	-
TOTAL NET POSITION	\$ 7,825,188	\$ -	\$ 8,806	\$276,465	\$797	\$10,527	\$(4,867)	\$ 865,919	\$137,704	\$ 4,078	\$ 179	\$ 63,126	\$ 8,826	\$ 958,468	\$4,874,059	\$121,207	\$14,167	\$ 998	\$ 6,229	\$ 478,588	\$312
TOTAL LIABILITIES AND NET POSITION	\$10,822,376	\$ (53,392)	\$ 22,842	\$629,427	\$964	\$47,113	\$29,419	\$1,227,226	\$152,163	\$12,056	\$4,047	\$139,322	\$16,218	\$1,228,569	\$6,046,732	\$158,721	\$50,565	\$ 4,265	\$13,084	\$1,072,594	\$442

United States Department of Commerce Consolidating Statement of Changes in Net Position
For the Year Ended September 30, 2001 (In Thousands)

	NOAA	USPTO	ESA	TA	Other Reporting Entities	Departmental Management	Intra-Commerce Eliminations	Consolidated Totals
Net Cost of Operations	\$ (2,711,757)	\$ 23,631	\$ (1,120,312)	\$ (621,543)	\$ (881,916)	\$ (63,450)	\$ -	\$ (5,375,347)
Financing Sources :								
Appropriations Used	2,533,624	-	969,135	682,201	865,353	54,439	-	5,104,752
Other Non-Exchange Revenues	20,071	-	-	-	-	-	-	20,071
Donations	-	-	-	-	-	1,152	-	1,152
Imputed Financing	60,115	25,411	93,511	15,204	12,940	6,857	-	214,038
Transfers - In	79,451	-	-	-	287	-	-	79,738
Transfers - Out	(11,401)	-	-	(20)	(4,929)	-	-	(16,350)
Other	79	-	-	657	148	-	-	884
Net Results of Operations	(29,818)	49,042	(57,666)	76,499	(8,117)	(1,002)	-	28,938
Increase (Decrease) in Unexpended Appropriations	601,701	-	(466,267)	(65,972)	(22,536)	2,629	-	49,555
Change in Net Position	571,883	49,042	(523,933)	10,527	(30,653)	1,627	-	78,493
Net Position - Beginning of Period (Note 22)	4,302,176	429,546	804,476	968,337	1,236,553	5,607	-	7,746,695
Net Position - End of Period	\$ 4,874,059	\$ 478,588	\$ 280,543	\$ 978,864	\$ 1,205,900	\$ 7,234	\$ -	\$ 7,825,188



United States Department of Commerce Consolidating Statement of Net Cost Responsibility Segment Detail
For the Year Ended September 30, 2001 (In Thousands)

	ESA			Other Bureaus							
	Census	ESA/BEA	Combined Totals	BXA	EDA	ITA	MBDA	NTIA	ELGP	USTTA	Combined Totals
COSTS:											
Strategic Goal 1: Provide the Information and the Framework that Enables the Economy to Operate Efficiently and Equitability											
Intragovernmental	\$ 312,001	\$ 20,694	\$ 332,695	\$ 23,871	\$ 14,993	\$ 172,227	\$ 8,420	\$ 13,128	\$ 210	\$ -	\$ 232,849
With the Public	951,108	39,028	990,136	41,420	390,745	173,352	21,343	40,301	14,684	-	681,845
Total	1,263,109	59,722	1,322,831	65,291	405,738	345,579	29,763	53,429	14,894	-	914,694
Less: Earned Revenues	(198,217)	(4,302)	(202,519)	(4,777)	(17,207)	(15,643)	(375)	(19,711)	-	-	(57,713)
Net Program Costs	1,064,892	55,420	1,120,312	60,514	388,531	329,936	29,388	33,718	14,894	-	856,981
Strategic Goal 2: Provide Infrastructure for Innovation to Enhance American Competitiveness											
Intragovernmental	-	-	-	-	-	-	-	-	-	-	-
With the Public	-	-	-	-	-	-	-	24,935	-	-	24,935
Total	-	-	-	-	-	-	-	24,935	-	-	24,935
Less: Earned Revenues	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	-	-	-	-	-	-	-	24,935	-	-	24,935
Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth											
Intragovernmental	-	-	-	-	-	-	-	-	-	-	-
With the Public	-	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenues	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	-	-	-	-	-	-	-	-	-	-	-
NET COST OF OPERATIONS	\$ 1,064,892	\$ 55,420	\$ 1,120,312	\$ 60,514	\$ 388,531	\$ 329,936	\$ 29,388	\$ 58,653	\$ 14,894	-	\$ 881,916

	TA				Departmental Management					
	NIST	NTIS	TA	Combined Totals	Franchise Fund	DM/G&B	DM/S&E	DM/WCF	OIG	Combined Totals
COSTS:										
Strategic Goal 1: Provide the Information and the Framework that Enables the Economy to Operate Efficiently and Equitability										
Intragovernmental	\$ -	\$ -	\$ -	\$ -	\$ 4,454	\$ (1)	\$ 18,809	\$ 34,481	\$ 2,168	\$ 59,911
With the Public	-	-	-	-	227	489	16,759	4,165	4,723	26,363
Total	-	-	-	-	4,681	488	35,568	38,646	6,891	86,274
Less: Earned Revenues	-	-	-	-	(4,697)	-	(23,256)	(37,173)	-	(65,126)
Net Program Costs	-	-	-	-	(16)	488	12,312	1,473	6,891	21,148
Strategic Goal 2: Provide Infrastructure for Innovation to Enhance American Competitiveness										
Intragovernmental	86,062	7,402	3,520	96,984	4,454	(1)	18,809	34,481	2,168	59,911
With the Public	644,078	26,446	5,411	675,935	227	489	16,759	4,165	4,723	26,363
Total	730,140	33,848	8,931	772,919	4,681	488	35,568	38,646	6,891	86,274
Less: Earned Revenues	(116,643)	(34,336)	(397)	(151,376)	(4,697)	-	(23,256)	(37,173)	-	(65,126)
Net Program Costs	613,497	(488)	8,534	621,543	(16)	488	12,312	1,473	6,891	21,148
Strategic Goal 3: Observe and Manage the Earth's Environment to Promote Sustainable Growth										
Intragovernmental	-	-	-	-	4,455	(1)	18,815	34,491	2,169	59,929
With the Public	-	-	-	-	227	489	16,764	4,167	4,724	26,371
Total	-	-	-	-	4,682	488	35,579	38,658	6,893	86,300
Less: Earned Revenues	-	-	-	-	(4,698)	-	(23,263)	(37,185)	-	(65,146)
Net Program Costs	-	-	-	-	(16)	488	12,316	1,473	6,893	21,154
NET COST OF OPERATIONS	\$ 613,497	\$ (488)	\$ 8,534	\$ 621,543	\$ (48)	\$ 1,464	\$ 36,940	\$ 4,419	\$ 20,675	\$ 63,450

United States Department of Commerce Consolidating Statement of Changes in Net Position Responsibility Segment Detail For the Year Ended September 30, 2001 (In Thousands)

	ESA			TA			
	Census	ESA/BEA	Combined Totals	NIST	NTIS	TA	Combined Totals
Net Cost of Operations	\$ (1,064,892)	\$ (55,420)	\$ (1,120,312)	\$ (613,497)	\$ 488	\$ (8,534)	\$ (621,543)
Financing Sources:							
Appropriations Used	917,018	52,117	969,135	673,870	-	8,331	682,201
Other Non-Exchange Revenues	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-
Imputed Financing	90,559	2,952	93,511	14,065	960	179	15,204
Transfers - In	-	-	-	-	-	-	-
Transfers - Out	-	-	-	(20)	-	-	(20)
Other	-	-	-	-	657	-	657
Net Change in Cumulative Results of Operations	(57,315)	(351)	(57,666)	74,418	2,105	(24)	76,499
Increase (Decrease) in Unexpended Appropriations	(467,887)	1,620	(466,267)	(65,390)	(93)	(489)	(65,972)
Change in Net Position	(525,202)	1,269	(523,933)	9,028	2,012	(513)	10,527
Net Position - Beginning of Period	801,667	2,809	804,476	949,440	12,155	6,742	968,337
Net Position - End of Period	\$ 276,465	\$ 4,078	\$ 280,543	\$ 958,468	\$ 14,167	\$ 6,229	\$ 978,864

	Other Bureaus							Combined Totals
	BXA	EDA	ELGP	ITA	MBDA	NTIA	USTTA	
Net Cost of Operations	\$ (60,514)	\$ (388,531)	\$ (14,894)	\$ (329,936)	\$ (29,388)	\$ (58,653)	\$ -	\$ (881,916)
Financing Sources:								
Appropriations Used	57,635	383,830	14,890	323,181	28,327	57,490	-	865,353
Other Non-Exchange Revenues	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-
Imputed Financing	2,296	1,831	-	6,972	666	1,175	-	12,940
Transfers - In	-	-	-	287	-	-	-	287
Transfers - Out	-	(4,929)	-	-	-	-	-	(4,929)
Other	-	-	-	-	148	-	-	148
Net Change in Cumulative Results of Operations	(583)	(7,799)	(4)	504	(247)	12	-	(8,117)
Increase (Decrease) in Unexpended Appropriations	7,076	39,168	(129,690)	21,233	(3,187)	42,552	312	(22,536)
Change in Net Position	6,493	31,369	(129,694)	21,737	(3,434)	42,564	312	(30,653)
Net Position - Beginning of Period	2,313	834,550	267,398	41,389	12,260	78,643	-	1,236,553
Net Position - End of Period	\$ 8,806	\$ 865,919	\$ 137,704	\$ 63,126	\$ 8,826	\$ 121,207	\$ 312	\$ 1,205,900

	Departmental Management					Combined Totals
	DM/G&B	DM/S&E	DM/WCF	Franchise Fund	OIG	
Net Cost of Operations	\$ (1,464)	\$ (36,940)	\$ (4,419)	\$ 48	\$ (20,675)	\$ (63,450)
Financing Sources:						
Appropriations Used	-	34,527	-	-	19,912	54,439
Other Non-Exchange Revenues	-	-	-	-	-	-
Donations	1,152	-	-	-	-	1,152
Imputed Financing	-	2,697	3,092	111	957	6,857
Transfers - In	-	-	-	-	-	-
Transfers - Out	-	-	-	-	-	-
Other	-	-	-	-	-	-
Net Change in Cumulative Results of Operations	(312)	284	(1,327)	159	194	(1,002)
Increase (Decrease) in Unexpended Appropriations	-	2,839	-	-	(210)	2,629
Change in Net Position	(312)	3,123	(1,327)	159	(16)	1,627
Net Position - Beginning of Period	1,109	7,404	(3,540)	20	614	5,607
Net Position - End of Period	\$ 797	\$ 10,527	\$ (4,867)	\$ 179	\$ 598	\$ 7,234



REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

This section provides information on certain resources entrusted to the Department and certain stewardship responsibilities assumed by the Department. These resources and responsibilities are not required to be included in the assets and liabilities reported in the Department's financial statements; they are, however, important to understanding the operations and financial condition of the Department. This section also includes major investments made for the benefit of the nation.

A. Stewardship Property, Plant, and Equipment (PP&E)

Stewardship PP&E is an asset, the physical properties of which resemble those of the General PP&E that is traditionally capitalized in the financial statements of federal entities. However, due to the nature of these assets, valuation would be difficult and matching costs with specific periods would not be meaningful.

Heritage Assets

Heritage assets are unique for their historical or natural significance; for their cultural, educational, or artistic importance; or for their significant architectural characteristics. The Department generally expects that these assets will be preserved indefinitely.

In cases where an asset has a heritage function and also a practical and predominant use for general government operations, the asset is considered a multi-use heritage asset. The costs of multi-use heritage assets are capitalized as General PP&E and are depreciated over the useful life of the asset.

National Oceanic and Atmospheric Administration (NOAA)

Collection-Type Assets: NOAA's collection-type heritage assets are comprised of approximately 113,500 items; primarily books, publications, manuscripts, records, and nautical chart plates. NOAA describes the condition of its heritage assets as being either "Acceptable" or "Non-Acceptable." "Acceptable" is defined as being suitable for public display. Using this criterion, the general condition of NOAA's heritage assets is acceptable.

Galveston Laboratory: Galveston Laboratory is comprised of seven buildings that were originally part of Fort Crockett, an Army coastal defense facility built shortly after 1900. These buildings are eligible for placement on the National Register. Due to their historic significance, exterior architectural features, and predominant use in government operations, the Galveston Laboratory is considered a multi-use heritage asset. This facility is undergoing a renovation in three phases. Phase II is complete, and Phase III is anticipated to begin in FY 2003 and continue into FY 2005. As of September 30, 2001, the renovations are 60 percent complete.

National Marine Fisheries Service (NMFS) Aquarium: In Woods Hole, Massachusetts, this aquarium is jointly used to educate the public, raise public awareness of NMFS activities, and accommodate the Northeast Fisheries Science Center, part of NOAA's mission. The aquarium houses 16 separate exhibition tanks holding more than 30 species of fish. The tanks range in size from 75 to 2,800 gallons. The general condition of the aquarium is good.

Stewardship Marine Sanctuaries

The National Marine Sanctuaries described below are composed primarily of protected water and underwater structures and do not meet the literal definition of stewardship land. They are nonetheless presented here because they have many of the characteristics of Stewardship PP&E.

National Marine Sanctuaries: In 1972, Congress passed the Marine Protection, Research, and Sanctuaries Act in response to a growing awareness of the intrinsic environmental and cultural value of our coastal waters. The Act authorized the Secretary of Commerce to designate discrete areas as National Marine Sanctuaries. These protected waters provide a secure habitat for species close to extinction and also protect historically significant shipwrecks and prehistoric artifacts. The sanctuaries are also used for recreational diving and sport fishing, and support valuable commercial industries such as fishing and kelp harvesting. As of September 30, 2001, 13 National Marine Sanctuaries have been designated, covering a total area of 18,421.25 square miles. The sanctuaries range from near-shore coral reefs to open ocean, and vary in size from less than one to more than 5,300 square miles. The sanctuaries are in excellent condition.

B. Stewardship Investments

Investments in Non-Federal Physical Property

Non-federal physical property investments are expenses included in the Department's Net Cost of Operations for the purchase, construction, or major renovation of physical property owned by state and local governments.

National Oceanic and Atmospheric Administration (NOAA)

National Estuarine Research Reserves: The National Estuarine Research Reserve System is 25 estuarine reserves protected by federal, state, and local partnerships. The network was created with the passage of the Coastal Zone Management Act of 1972, and, as of September 30, 2001, encompassed more than 960,000 acres of estuarine waters, wetlands, and uplands. Most of the reserves are state-operated and managed in cooperation with NOAA. Investments in non-federal physical property for FY 1998, FY 1999, FY 2000, and FY 2001 totaled \$8.9 million, \$6.7 million, \$11.5 million, and \$29.1 million, respectively. In addition, in FY 2001, funding in the amount of \$3.9 million was provided for the development of undesignated estuarine reserves.

Coastal Zone Management Fund: The Coastal Zone Management Fund is responsible for the incidental expenses of land acquisition and low-cost construction for the preservation or restoration of coastal resources and habitats; the redevelopment of deteriorating and urbanized waterfronts and ports; and the provision of public access to beaches and coastal areas. Investments in non-federal physical property for FY 1998, FY 1999, FY 2000, and FY 2001 totaled \$2.6 million, \$2.9 million, \$2.8 million, and \$6.5, respectively.

Economic Development Administration (EDA)

EDA provides grant funding to state and local governments for the construction and development of economic infrastructure and property that will create and retain jobs in economically distressed areas of the United States. The funding is in the form of grants to state and local governments. No transfers of federal properties take place under these programs. These grants are for the development of roads and infrastructure needed for new industrial parks, clean water and environmental projects, and the conversion of military facilities, closed by congressional action, to civilian-based economic activity. EDA also awards grants for the repair of infrastructure and economic development related facilities damaged by floods and other disasters.

The investments in nonfederal physical property for the past five years from 1997 to 2001 were as follows:
(In Millions)

Program	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	Total
Public Works	\$126.8	\$142.6	\$180.9	\$173.5	\$174.9	\$798.7
Economic and Defense Adjustments	122.9	138.3	139.8	112.9	131.6	645.5
Disasters	77.6	69.7	47.4	57.6	28.7	281.0
Total	\$327.3	\$350.6	\$368.1	\$344.0	\$335.2	\$1,725.2

The above investments require matching funds by state and local governments of 20 to 50 percent.

Investments in Human Capital

Human capital investments are expenses, included in the Department’s Net Cost of Operations, for education and training programs that are intended to increase or maintain national economic productive capacity and produce outputs and outcomes that provide evidence of the constant or increasing national productive capacity. These investments exclude education and training expenses for federal civilian personnel.

National Oceanic and Atmospheric Administration (NOAA)

National Sea Grant Program: This program is a partnership between the nation’s colleges and NOAA, and comprises 29 Sea Grant Colleges. The partnership was initiated in 1966 when Congress passed the National Sea Grant College Program Act, with the objective of making the United States the world leader in marine

research and in the sustainable development of marine resources. The program funds research programs, and transfers new knowledge to coastal businesses, marine industries, the public, and governments. Research projects are funded on the basis of rigorous, highly competitive peer reviews. The program has supported the work of approximately 12,600 graduate research assistants while they work on marine and Great Lakes science.

National Estuarine Research Reserve Program: This program supports activities designed to increase public awareness of estuary issues, to provide information to improve management decisions in estuarine areas, and to train graduate students in estuarine science.

National Research Council Research Associateship Program: The National Research Council, through its Associateship Programs Office, awards outstanding scientists and engineers, at recent post-doctoral and experienced senior levels, with tenure as guest researchers at participating laboratories. The participants interact with NOAA scientists and learn new approaches, methods, and ideas, thereby increasing their capacities as scientific researchers. The participants provide the results of their research in scientific journals and through other means.

The following summarizes investments in human capital for FY 1998, 1999, FY 2000, and FY 2001:

(In Millions)

Program	FY 1998	FY 1999	FY 2000	FY 2001	Total
National Sea Grant	\$17.5	\$14.6	\$14.0	\$14.8	\$60.9
National Estuarine Research Reserve Program	0.8	0.7	0.7	0.8	3.0
National Research Council Research Associateship Program	1.7	1.8	1.7	3.0	8.2
Total	\$20.0	\$17.1	\$16.4	\$18.6	\$72.1

Note: In addition to the human capital investments indicated above, the National Sea Grant Program received, on a pass-through basis from other federal agencies, \$1.1 million, \$0.8 million, \$1.6 million, and \$1.3 million for FY 1998, FY 1999, FY 2000, and FY 2001, respectively. Additionally, Sea Grant universities contributed matching funds to the National Sea Grant Program in the amounts of \$8.3 million, \$8.5 million, \$8.2 million, and \$9.4 million in FY 1998, FY 1999, FY 2000, and FY 2001 respectively.



Economic Development Administration (EDA)

EDA provides grant awards for training and technical assistance for economic development. The following summarizes the investments in human capital for FY 1997 through FY 2001:

(In Millions)

Program	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	Total
Local Technical Assistance	\$9.1	\$8.3	\$9.1	\$11.0	\$9.6	\$47.1
Research Assistance and National Technical Assistance	0.1	0.5	0.5	0.6	0.4	2.1
Total	\$9.2	\$8.8	\$9.6	\$11.6	\$10.0	\$49.2

Investments in Research and Development (R&D)

R&D Investments are expenses, included in the Department's Net Cost of Operations, that support the search for new or refined knowledge and ideas, and facilitate the application or use of such knowledge and ideas for the development of new or improved products and processes. The investments are made with the expectation of maintaining or increasing national economic productive capacity, or yielding other future economic and societal benefits.

National Institute of Standards and Technology (NIST)

NIST Laboratories Program: The NIST Laboratories have been the stewards of the nation's measurement infrastructure since their inception in 1901 as the National Bureau of Standards. In fulfilling the Constitutional responsibility to fix the standards of weights and measures, these laboratories provide measurement methods, reference materials, test procedures, instrument calibrations, fundamental data, and standards that comprise essential tools for research, production, and buyer-seller transactions. The laboratories focus their work in three main areas: 1) advancing measurement science; 2) supplying infrastructure tools for technological innovation, economic efficiency and other public benefits; and 3) providing standards solutions for new technologies and for trade.

Advanced Technology Program (ATP): ATP is a collaborative effort with industry to identify and promote investment in technologies with significant potential for broad-based economic benefits but inadequate levels of private investment. Cost-shared research is funded through an annual competitive awards process. Awards are made only after rigorous examination of the technical and business merits of each proposal and of the potential benefits to the U.S. economy and quality of life. In FY 2001, the program selected 59 new industrial research projects to receive cost-shared support totaling \$286 million in federal and industry funds (if carried to completion). The awards target a broad array of technologies, including pharmaceutical design, tissue engineering, industrial catalysts, energy generation and storage, manufacturing technologies, electronics manufacturing, computer software, and electro-optics. Fifty of the awards were made to small businesses, and at least 43 universities are involved as joint venture partners or subcontractors.

The following summarizes R&D investments for FY 1998, 1999, FY 2000, and FY 2001:

(In Millions)

	Measurement and Standards Laboratories				Advanced Technology Program				Totals			
	FY 1998	FY 1999	FY 2000	FY 2001	FY 1998	FY 1999	FY 2000	FY 2001	FY 1998	FY 1999	FY 2000	FY 2001
Basic Research	\$ 46.5	\$ 49.5	\$ 48.6	\$ 62.5	\$ -	\$ -	\$ -	\$ -	\$ 46.5	\$ 49.5	\$ 48.6	\$ 62.5
Applied Research	239.1	238.1	239.0	255.6	101.5	92.8	91.8	85.0	340.6	330.9	330.8	340.6
Development	23.2	19.7	20.0	20.8	101.5	92.8	91.8	85.0	124.7	112.5	111.8	105.8
Total	\$308.8	\$307.3	\$307.6	\$338.9	\$203.0	\$185.6	\$183.6	\$170.0	\$511.8	\$492.9	\$491.2	\$508.9

National Oceanic and Atmospheric Administration (NOAA)

NOAA conducts a substantial program of environmental research and development in support of its mission, much of which is performed to improve the nation's understanding of and ability to predict environmental phenomena. The scope of research includes:

- Improving predictions and warnings associated with the weather, on time scales ranging from minutes to weeks.
- Improving predictions of climate, on time scales ranging from months to centuries.
- Improving understanding of natural relationships to better predict and manage renewable marine resources and coastal and ocean ecosystems.

NOAA also conducts research that is intended to provide a solid scientific basis for environmental policymaking in government. Examples of this research include determining the stratospheric ozone-depleting potential of proposed substitutes for chlorofluorocarbons (CFCs), and identifying the causes of the episodic high rural ozone levels that significantly damage crops and forests.

NOAA conducts most R&D in-house; however, contractors to NOAA undertake most systems R&D. External R&D work supported by NOAA includes that undertaken through the National Sea Grant Program, the Cooperative Institutions of the Environmental Research Laboratories, the Climate and Global Change Program, and the Coastal Ocean Program.

Environmental and Climate: NOAA's Office of Ocean and Atmospheric Research conducted research in five major areas: interannual and seasonal climate, global change, weather, the marine environment, and the undersea.

Fisheries: R&D consists mainly of the collection and analysis of information on the status of fishery resources and protected species, and other work related to programs that develop fisheries for economic growth.



Weather Service: NOAA is funding the development of a new weather service system, the Advanced Weather Interactive Processing System (AWIPS), for the modernization of its weather service.

Fleet Maintenance and Aircraft Services: These expenditures support NOAA's R&D effort.

The following summarizes R&D investments for FY 1998, 1999, FY 2000, and FY 2001:

Research and Development
(In Millions)

Program	FY 1998	FY 1999	FY 2000	FY 2001	Total
Environmental and Climate	\$233.7	\$253.5	\$257.4	\$266.2	\$1,010.8
Fisheries	211.3	223.0	241.3	125.8	801.4
Fleet Maintenance and Aircraft Services	14.3	14.4	14.7	18.0	61.4
Weather Service	11.8	6.3	7.7	11.1	36.9
Other	52.4	53.6	65.9	112.9	284.8
Total	\$523.5	\$550.8	\$587.0	\$534.0	\$2,195.3