

JUNE 30, 2004

PRINCIPAL
FINANCIAL
STATEMENTS

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June 30, 2004 Financial Report

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**United States Department of Commerce Consolidated Balance Sheets
As of June 30, 2004 and 2003 (In Thousands)**

	FY 2004	FY 2003
ASSETS		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 8,377,412	\$ 8,193,538
Accounts Receivable (Note 3)	109,481	84,298
Investments in Treasury Securities, Net	-	1,403
Advances and Prepayments	21,811	34,312
Other	3,329	1,570
Total Intragovernmental	8,512,033	8,315,121
Cash (Note 4)	8,666	13,132
Accounts Receivable, Net (Note 3)	59,471	63,401
Loans Receivable and Related Foreclosed Property, Net (Note 5)	322,443	293,115
Inventory, Materials, and Supplies, Net (Note 6)	98,869	98,680
General Property, Plant, and Equipment, Net (Note 7)	4,644,085	4,425,161
Advances and Prepayments	33,797	16,078
Other (Note 8)	10,356	16,294
TOTAL ASSETS	\$ 13,689,720	\$ 13,240,982
LIABILITIES		
Intragovernmental:		
Accounts Payable	\$ 44,155	\$ 53,354
Debt to Treasury (Note 10)	321,036	295,976
Resources Payable to Treasury	70,830	51,581
Unearned Revenue	319,569	332,717
Other (Note 11)	71,554	61,437
Total Intragovernmental	827,144	795,065
Accounts Payable	195,523	172,965
Accrued Payroll and Annual Leave	345,877	307,051
Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities (Note 12)	573,478	694,019
Accrued Grants	380,709	377,863
Environmental and Disposal Liabilities (Note 13)	89,572	102,800
Capital Lease Liabilities (Note 14)	19,537	25,730
Unearned Revenue	691,663	614,147
Other (Note 11)	146,512	84,845
TOTAL LIABILITIES	\$ 3,270,015	\$ 3,174,485
Commitments and Contingencies (Notes 5, 14, and 16)		
NET POSITION (Note 17)		
Unexpended Appropriations	\$ 5,963,150	\$ 5,979,972
Cumulative Results of Operations	4,456,555	4,086,525
TOTAL NET POSITION	\$ 10,419,705	\$ 10,066,497
TOTAL LIABILITIES AND NET POSITION	\$ 13,689,720	\$ 13,240,982

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statements of Net Cost
For the Periods Ended June 30, 2004 and 2003 (Note 18) (In Thousands)**

	FY 2004	Restated FY 2003
Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers		
Intragovernmental Gross Costs	\$ 280,617	\$ 324,930
Gross Costs With the Public	1,131,006	1,089,874
Total Gross Costs	1,411,623	1,414,804
Intragovernmental Earned Revenue	(195,437)	(216,813)
Earned Revenue From the Public	(20,865)	(1,665)
Total Earned Revenue	(216,302)	(218,478)
Net Program Costs	1,195,321	1,196,326
Strategic Goal 2: Foster Science and Technological Leadership by Protecting Intellectual Property, Enhancing Technical Standards, and Advancing Measurement Science		
Intragovernmental Gross Costs	291,554	257,649
Gross Costs With the Public	1,432,824	1,290,595
Total Gross Costs	1,724,378	1,548,244
Intragovernmental Earned Revenue	(107,876)	(94,596)
Earned Revenue From the Public	(981,259)	(917,831)
Total Earned Revenue	(1,089,135)	(1,012,427)
Net Program Costs	635,243	535,817
Strategic Goal 3: Observe, Protect, and Manage the Earth's Resources to Promote Environmental Stewardship		
Intragovernmental Gross Costs	449,922	295,867
Gross Costs With the Public	2,196,070	2,352,209
Total Gross Costs	2,645,992	2,648,076
Intragovernmental Earned Revenue	(113,947)	(114,880)
Earned Revenue From the Public	(44,586)	(44,193)
Total Earned Revenue	(158,533)	(159,073)
Net Program Costs	2,487,459	2,489,003
NET COST OF OPERATIONS	\$ 4,318,023	\$ 4,221,146

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statements of Changes in Net Position
For the Periods Ended June 30, 2004 and 2003 (In Thousands)**

	FY 2004		FY 2003	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
Beginning Balances, as Previously Presented	\$ 4,389,948	\$ 4,181,364	\$ 4,322,557	\$ 3,978,998
Change in Accounting Principle (Note 17)	-	-	(135,918)	135,918
Prior-period Adjustments (Note 17)	-	-	(82,743)	80,346
Beginning Balances, as Adjusted	4,389,948	4,181,364	4,103,896	4,195,262
Budgetary Financing Sources:				
Appropriations Received	-	6,104,921	-	5,790,547
Appropriations Transfers In/(Out), Net	-	4,906	-	(7,872)
Other Adjustments	-	(259,082)	(909)	(37,891)
Appropriations Used	4,068,959	(4,068,959)	3,960,074	(3,960,074)
Non-exchange Revenue	4,783	-	6,904	-
Donations	736	-	418	-
Transfers In/(Out) Without Reimbursement, Net	82,922	-	76,717	-
Other Budgetary Financing Sources (Uses), Net (Note 19)	74,659	-	-	-
Other Financing Sources:				
Transfers In/(Out) Without Reimbursement, Net	690	-	24,758	-
Imputed Financing Sources From Costs Absorbed by Others	162,234	-	147,413	-
Other Financing Sources (Uses), Net	(10,353)	-	(11,600)	-
Total Financing Sources	4,384,630	1,781,786	4,203,775	1,784,710
Net Cost of Operations	(4,318,023)	-	(4,221,146)	-
ENDING BALANCES	\$ 4,456,555	\$ 5,963,150	\$ 4,086,525	\$ 5,979,972

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Combined Statements of Budgetary Resources
For the Periods Ended June 30, 2004 and 2003 (Note 19) (In Thousands)**

	FY 2004		FY 2003	
	Budgetary	Non-Budgetary Credit Program Financing Accounts	Budgetary	Non-Budgetary Credit Program Financing Accounts
BUDGETARY RESOURCES:				
Budget Authority				
Appropriations Received	\$ 6,126,379	\$ -	\$ 5,961,359	\$ -
Borrowing Authority	-	169,059	-	157,972
Net Transfers	84,508	-	67,542	-
Other	8,497	-	6,200	-
Unobligated Balance				
Beginning of Period	1,029,076	60,212	1,126,745	10,205
Net Transfers, Actual	2,149	-	225	-
Spending Authority From Offsetting Collections				
Earned				
Collected	1,867,275	60,989	1,806,522	82,312
Receivables	(36,364)	5,744	(10,512)	1,782
Changes in Unfilled Customer Orders				
Advances Received	34,235	-	16,348	-
Without Advances	17,725	12,460	4,011	360
Anticipated for Rest of Year Without Advances	1,415,690	65,338	825,886	146,853
Total Spending Authority From Offsetting Collections	3,298,561	144,531	2,642,255	231,307
Recoveries of Prior-Years Obligations	112,545	26,231	121,802	7,868
Temporarily Not Available Pursuant to Public Law	(127,212)	-	(188,427)	-
Permanently Not Available				
Cancellation of Expired and No-Year Accounts	(82,475)	-	(623)	-
Enacted Rescissions	(128,910)	-	(13,347)	-
Capital Transfers and Redemption of Debt	(2,400)	-	(3,169)	-
Other Authority Withdrawn	-	(834)	-	(668)
Pursuant to Public Law	-	-	(30,861)	-
Anticipated for Rest of Year	(20,162)	(51,062)	-	(80,664)
TOTAL BUDGETARY RESOURCES	\$ 10,300,556	\$ 348,137	\$ 9,689,701	\$ 326,020
STATUS OF BUDGETARY RESOURCES:				
Obligations Incurred				
Direct	\$ 3,858,166	\$ 17,876	\$ 3,758,405	\$ 101,833
Reimbursable	1,730,077	566	1,644,104	-
Total Obligations Incurred	5,588,243	18,442	5,402,509	101,833
Unobligated Balance				
Apportioned	2,443,914	106,597	2,499,934	24,171
Exempt From Apportionment	695,543	-	120,828	-
Unobligated Balance Not Available	1,572,856	223,098	1,666,430	200,016
TOTAL STATUS OF BUDGETARY RESOURCES	\$ 10,300,556	\$ 348,137	\$ 9,689,701	\$ 326,020
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:				
Obligated Balance, Net, Beginning of Period (Unpaid)	\$ 4,745,233	\$ 299,141	\$ 4,487,716	\$ 180,411
Adjustments to Obligated Balance, Beginning of Period (Unpaid)	-	-	192	-
Obligated Balance, Net, Beginning of Period, as Adjusted (Unpaid)	\$ 4,745,233	\$ 299,141	\$ 4,487,908	\$ 180,411
Obligated Balance Transferred, Net (Unpaid)	\$ -	\$ -	\$ (1,604)	\$ -
Obligated Balance, Net, End of Period (Unpaid)				
Accounts Receivable	\$ (178,323)	\$ (5,745)	\$ (197,976)	\$ (1,783)
Unfilled Customer Orders From Federal Sources (Unpaid)	(103,927)	(13,293)	(134,990)	(933)
Undelivered Orders (Unpaid)	3,660,919	205,747	3,445,117	249,061
Accounts Payable	817,674	11,720	842,443	8,981
Total Obligated Balance, Net, End of Period (Unpaid)	\$ 4,196,343	\$ 198,429	\$ 3,954,594	\$ 255,326
Outlays				
Disbursements	\$ 6,090,139	\$ 100,085	\$ 5,850,034	\$ 23,992
Collections	(1,901,510)	(60,989)	(1,822,870)	(82,312)
Total Outlays	4,188,629	39,096	4,027,164	(58,320)
Less: Offsetting Receipts	(8,605)	-	-	-
NET OUTLAYS	\$ 4,180,024	\$ 39,096	\$ 4,027,164	\$ (58,320)

The accompanying notes are an integral part of these statements.

**United States Department of Commerce Consolidated Statements of Financing
For the Periods Ended June 30, 2004 and 2003 (In Thousands)**

	FY 2004	FY 2003
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$ 5,606,685	\$ 5,724,728
Less: Spending Authority From Offsetting Collections and Recoveries	(2,028,562)	(2,212,660)
Obligations Net of Offsetting Collections and Recoveries	3,578,123	3,512,068
Less: Offsetting Receipts	(8,605)	-
Net Obligations	3,569,518	3,512,068
Other Resources		
Transfers In/(Out) Without Reimbursement, Net	690	24,758
Imputed Financing Sources From Costs Absorbed by Others	162,234	147,413
Other Financing Sources (Uses), Net	(10,353)	(11,600)
Net Other Resources Used to Finance Activities	152,571	160,571
Total Resources Used to Finance Activities	3,722,089	3,672,639
Resources Used to Finance Items Not Part of Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	521,616	359,307
Resources that Fund Expenses Recognized in Prior Periods	(36,988)	(129,718)
Budgetary Offsetting Collections and Receipts that Do Not Affect Net Cost of Operations:		
Credit Program Collections which Increase Liabilities for Loan Guarantees or Allowance for Subsidy Cost	64,288	77,386
Budgetary Financing Sources (Uses), Net	15,350	-
Other	-	7,540
Resources that Finance the Acquisition of Assets	(445,828)	(497,548)
Other Resources or Adjustments to Net Obligated Resources that Do Not Affect Net Cost of Operations:		
Change in Unfilled Customer Orders	64,420	20,719
Transfers In/(Out) Without Reimbursement, Net	(690)	(24,758)
Other Financing Sources (Uses), Net	10,353	11,600
Other	124	13,158
Total Resources Used to Finance Items Not Part of Net Cost of Operations	192,645	(162,314)
Total Resources Used to Finance Net Cost of Operations	3,914,734	3,510,325
Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods (Note 20)		
Increase in Accrued Annual Leave	12,926	17,840
Increase in Environmental and Disposal Liabilities	-	-
Reestimates of Credit Subsidy Expense	(4,971)	-
Increase in NOAA Corps Employee Retirement Benefits Liabilities	4,664	50,459
Increase in Contingent Liabilities	17,286	40,500
Other	(2,558)	1,373
Total Components of Net Cost of Operations that Will Require or Generate Resources in Future Periods	27,347	110,172
Components Not Requiring or Generating Resources		
Depreciation and Amortization	350,499	601,545
NOAA Increase to Allowance for Materials and Supplies	4,799	-
Revaluation of Assets or Liabilities	19,532	2,154
Bad Debt Expense	(1,191)	-
Other	2,303	(3,050)
Total Components of Net Cost of Operations that Will Not Require or Generate Resources	375,942	600,649
Total Components of Net Cost of Operations that Will Not Require or Generate Resources in the Current Period	403,289	710,821
NET COST OF OPERATIONS	\$ 4,318,023	\$ 4,221,146

The accompanying notes are an integral part of these statements.

Notes to the Financial Statements

(In Thousands)

NOTE 1. Summary of Significant Accounting Policies

A Reporting Entity

The Department of Commerce (the Department) is a cabinet level agency of the Executive Branch of the U.S. Government. Established in 1903 to promote U.S. 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 thirteen bureaus, the Emergency Oil and Gas and Steel Loan Guarantee Programs, and Departmental Management. The Homeland Security Act of 2002 created the U.S. Department of Homeland Security (DHS). Pursuant to Section 201(g)(3) of Public Law 107-296, the Bureau of Industry and Security's (BIS) Critical Infrastructure Assurance Office was transferred from BIS to DHS effective March 1, 2003.

For the *Consolidating Statements of Net Cost*, 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)
 - Census Bureau
- Technology Administration (TA)
 - National Institute of Standards and Technology (NIST)
 - National Technical Information Service (NTIS)
- Other Bureaus
 - Bureau of Industry and Security (BIS)
 - Economic Development Administration (EDA)
 - International Trade Administration (ITA)
 - Minority Business Development Agency (MBDA)
 - National Telecommunications and Information Administration (NTIA)
- Emergency Oil and Gas and Steel Loan Guarantee Programs (ELGP)

- Departmental Management (DM)
 - Franchise Fund
 - Gifts and Bequests (G&B)
 - Office of Inspector General (OIG)
 - Salaries and Expenses (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.

These financial statements have been prepared from the accounting records of the Department in conformance with generally accepted accounting principles (GAAP) in the U.S. and the form and content for entity financial statements specified by the Office of Management and Budget (OMB) in Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board, which is the official body for setting the accounting standards of the U.S. Government.

Throughout these financial statements, intragovernmental assets, liabilities, earned revenue, and costs have been classified according to the type of entity with whom the transactions are with. Intragovernmental assets and liabilities are those from or to other federal entities. Intragovernmental earned revenue represents collections or accruals of revenue from other federal entities, and intragovernmental costs are payments or accruals to other federal entities.

C *Elimination of Intra-entity and Intra-Departmental Transactions and Balances*

Transactions and balances within a reporting entity (intra-entity transactions) have been eliminated from the financial statements, except as noted below. Transactions and balances among the Department's entities (intra-Departmental transactions) have been eliminated from the *Consolidated Balance Sheets* and the *Consolidated Statements of Net Cost*. There are no intra-Departmental eliminations for the *Consolidated Statements of Changes in Net Position* and the *Consolidated Statements of Financing*. The *Statements of Budgetary Resources* are presented on a combined basis; therefore, intra-Departmental and intra-entity transactions and balances have not been eliminated from these statements.

D *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.

E *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.

F *Advances and Prepayments*

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

G *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.

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

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

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 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 portion of the Allowance for Subsidy Cost related to subsidy modifications and reestimates is calculated annually, as of September 30.

The amount of any downward subsidy reestimates as of September 30 must be disbursed to Treasury in the subsequent fiscal year.

H *Notes Receivable*

Notes Receivable, included in Other Assets, arise through the NOAA sale of foreclosed property to non-federal parties. The property is used as collateral, and an Allowance for Uncollectible Amounts is established if the net realizable value of the collateral is less than the outstanding balance of the Notes Receivable. 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.

I *Inventory, Materials, and Supplies, Net*

Inventory, Materials, and Supplies, Net 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 physical inventories. Inventory, Materials, and Supplies are expensed when consumed. There are no restrictions on their sale, use, or disposition.

J *General Property, Plant, and Equipment, Net*

General Property, Plant, and Equipment, Net (General PP&E) is comprised of capital assets used in providing goods or services. General PP&E is stated at full cost, including all costs related to acquisition, delivery, and installation, less Accumulated Depreciation. General 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 General PP&E if the initial acquisition price is \$25 thousand or more and the useful life is two years or more. NOAA is an exception to this policy, having a capitalization threshold of \$200 thousand. General 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, the purchase is capitalized as a group.

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

Real Property: The U.S. General Services Administration (GSA) provides most of the facilities in which the Department operates, and generally charges rent based on comparable commercial rental rates. Accordingly, GSA-owned properties are not included in the Department's General PP&E. The Department's real property primarily consists of facilities for NIST and NOAA. Land Improvements consist of a retaining wall to protect against shoreline erosion.

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

K *Non-entity Assets*

Non-entity assets are assets held by the Department that are not available for use in its operations. The non-entity Fund Balance with Treasury primarily represents customer deposits held by the Department until customer orders are received. Non-entity Loans Receivable and Related Foreclosed Property, Net represents EDA's Drought Loan Portfolio. The Portfolio collections are submitted to Treasury monthly.

L *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.

Accounts Payable: Accounts Payable are amounts primarily owed for goods, services, or capitalized assets received, progress on contract performance by others, and other expenses due.

Debt to Treasury: The Department has borrowed funds from Treasury for its Fisheries Finance Traditional, Tuna Fleet, and Individual Fishing Quota (IFQ) Direct Loans, Fishing Vessel Obligation Guarantee (FVOG) Program, Bering Sea Pollock Fishery Buyout, Pacific Ground Fish Buyback Loans, and Emergency Steel Loan Guarantee Program (ELGP-Steel). 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 Economic Development Revolving Fund loan programs and the FVOG loan guarantee program. EDA's Drought Loan Portfolio is a non-entity asset; therefore, the amount of the Portfolio is also recorded as a liability to Treasury. The Portfolio collections are returned to Treasury monthly, and the liability is reduced accordingly.

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. The intragovernmental Unearned Revenue primarily relates to monies collected in advance under reimbursable agreements. The majority of the Unearned Revenue with the public represents patent and trademark application and user fees that are pending action.

Accrued Payroll and Annual Leave; Accrued Benefits: These categories include salaries, wages, and benefits earned by employees, but not disbursed as of June 30. At least 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 Compensation 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 (DOL), which pays valid claims against the Department and subsequently seeks reimbursement from the Department for these paid claims. Accrued FECA Liability, included in Intragovernmental Other Liabilities, represents amounts due to DOL for claims paid on behalf of the Department.

NOAA Corps Employee Retirement Benefits: At June 30, these liabilities are recorded at the estimated actuarial present value of projected benefits, based on an analysis of these liabilities' balances for the past five fiscal years. At 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 costs, 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 I.P, *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 cases. The liability is determined by DOL annually, as of September 30, using a method that utilizes historical benefits 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 ten-year Treasury notes and bonds. To provide more specifically for the effects of inflation on the liability for FWC benefits, wage inflation factors (Cost of Living Allowance) and medical inflation factors (Consumer Price Index - Medical) 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.

The model's resulting projections are analyzed by DOL to ensure that the amounts are reliable. The analysis is based on two tests: 1) a comparison of the percentage change in the liability amount by agency to the percentage change in the actual payments; and 2) a comparison of the ratio of the estimated liability to the actual payment of the beginning year calculated for the current projection to the liability-payment ratio calculated for the prior projection.

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 drawdown requests may be received and fulfilled before grantees make the program expenditures. When the Department has disbursed funds but the grant recipient has not yet reported expenditures, these disbursements are recorded as advances. If a recipient, however, reports program expenditures that have not been advanced by the Department by September 30, such amounts are recorded as grant expenses and grants payable as of September 30.

Environmental and Disposal 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 \$65.1 million. The environmental liability is being accrued on a straight-line basis over the expected life of the facility. 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 liabilities for environmental cleanup costs at all NOAA-used facilities, including the decommissioning of ships. The largest of NOAA's environmental liabilities relates to the clean-up of the Pribilof Island in Alaska, which contains waste from the U.S. Department of Defense's use during World War II. The Department, however, does not recognize a liability for environmental cleanup costs for NOAA-used facilities that are less than \$25 thousand 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.

The Department may have liabilities associated with asbestos containing materials (ACM) and lead-based paints (LBP) at certain NOAA facilities. The Department has scheduled surveys to assess the potential for liabilities for ACM and LBP contamination. All known issues, however, are contained, and NOAA facilities meet current environmental standards. No cost estimates are presently available for facilities that have not yet been assessed for ACM or LBP issues.

Capital Lease Liabilities: Capital leases are leases for property, plant, and equipment 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.

Liabilities Not Covered by Budgetary Resources: These are liabilities for which Congressional actions are needed before budgetary resources can be provided. The Department anticipates that liabilities not covered by budgetary resources will be funded from future budgetary resources when required. These amounts are detailed in Note 15.

Under accrual accounting, the expense for annual leave is recognized when the leave 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 generally receives budgetary resources for the Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities when they are needed for disbursements.

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 disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are not met and the chance of the future confirming event or events occurring is more than remote but less than probable. A contingency is not 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 event or events occurring is remote.

M *Commitments*

Commitments are preliminary actions that will ultimately result in an obligation to the U.S. Government if carried through, such as purchase requisitions, estimated travel orders, or unsigned contracts/grants. Major long-term commitments are disclosed in Note 16.

N *Net Position*

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

Unexpended Appropriations represent the total amount of unexpended budget authority, both obligated and unobligated. 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.

O *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 balances can be used to make legitimate obligation adjustments, but are 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 costs are incurred, for example, when goods and services are received or benefits and grants are provided.

Exchange and Non-exchange Revenue: The Department classifies revenue as either exchange revenue or non-exchange revenue. Exchange revenue is derived from transactions in which both the government and the other party receive value, including processing patents and registering trademarks, the sale of weather data, nautical charts, and navigation information, and other sales of goods and services. This revenue is 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 revenue is derived from the government's sovereign right to demand payment, including fines for violations of fisheries and marine protection laws. Non-exchange revenue is 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. This revenue is not considered to reduce the cost of the Department's operations, and, is therefore reported on the *Consolidated Statements of Changes in Net Position*.

In certain cases, law or regulation sets the prices charged by the Department, 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 From Costs Absorbed by Others (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. OMB limits 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 From Costs Absorbed by Others is recognized on the *Consolidated Statements 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.

P *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 regular employees, the Department was required to make contributions to the plan equal to 7 percent of an employee's basic pay. Employees contributed 7 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 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 From Costs Absorbed by Others for the difference between the estimated service cost and the contributions made by the Department and its covered employees.

FERS contributions made by employer agencies and covered employees exceed the U.S. Government's estimated service cost. For FERS-covered regular employees, the Department was required to make contributions of 10.7 percent of basic pay. Employees contributed 0.8 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. For the periods ended June 30, 2004 and 2003, this plan was not fully funded by the Department and its employees. The Department has recognized an Imputed Cost and Imputed Financing Source From Costs Absorbed by Others for the difference between the estimated service cost and the contributions made by the Department and its covered employees.

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, 2003 included 246 active duty officers, 295 nondisability retiree annuitants, 22 disability retiree annuitants, and 49 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. The ITA makes contributions to the systems based on a percentage of an employee's pay. Both systems are multi-employer plans administered by the U.S. Department of State. The Department is not responsible for and does not report plan assets, accumulated plan benefits, or liabilities applicable to its employees. The U.S. Department of State, which administers the plan, is responsible for and reports these amounts.

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, effective December 2003, to contribute up to 14 percent of basic pay to their TSP account, subject to the Internal Revenue Service (IRS) dollar amount limits, with the Department making matching contributions up to 4 percent of basic pay. Employees covered by CSRS are entitled to contribute up to 9 percent of basic pay to their TSP account, subject to the IRS dollar amount limits. The Department makes no matching contributions for CSRS-covered employees. Effective July 2003, TSP participants age 50 or older who are already contributing the maximum amount of contributions for which they are eligible may also make catch-up contributions, subject to the IRS dollar amount limits.

Federal Employees Health Benefit (FEHB) Program: Most Departmental 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 an Imputed Financing Source From Costs Absorbed by Others.

NOAA Corps Post-retirement 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 a pay-as-you-go plan administered by the Department. Participants do not make any contributions to this plan.

Federal Employees Group Life Insurance (FGLI) Program: Most Department employees are entitled to participate in the FGLI Program. Participating employees can obtain basic 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 an Imputed Financing Source From Costs Absorbed by Others.

Q 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.

R Tax Status

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

NOTE 2. Fund Balance with Treasury

Fund Balance with Treasury, by type, is as follows:

	<u>FY 2004</u>	<u>FY 2003</u>
General Funds	\$ 7,448,699	\$ 7,314,761
Revolving Funds	586,492	516,391
Special Fund (Patent and Trademark Surcharge Fund)	233,529	233,529
Other Special Funds	48,474	72,006
Deposit Funds	89,873	342
Trust Funds	(350)	47,044
Other Fund Types	(29,305)	9,465
Total	<u>\$ 8,377,412</u>	<u>\$ 8,193,538</u>

Status of Fund Balance with Treasury is as follows:

	<u>FY 2004</u>	<u>FY 2003</u>
Unobligated Balance:		
Available	\$ 2,136,680	\$ 2,475,605
Unavailable	2,089,350	1,731,255
Obligated Balance Not Yet Disbursed	4,151,382	3,986,678
Total	<u>\$ 8,377,412</u>	<u>\$ 8,193,538</u>

The Department's Deposit Funds are not available to finance operating activities. See Note 19, *Combined Statements of Budgetary Resources*, for legal arrangements affecting the Department's use of Fund Balance with Treasury for FY 2004.

NOTE 3. Accounts Receivable, Net

	<u>FY2004</u>		
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	<u>\$ 109,481</u>	<u>\$ -</u>	<u>\$ 109,481</u>
With the Public	<u>\$ 70,073</u>	<u>\$ (10,602)</u>	<u>\$ 59,471</u>

	<u>FY2003</u>		
	Accounts Receivable, Gross	Allowance for Uncollectible Accounts	Accounts Receivable, Net
Intragovernmental	<u>\$ 84,298</u>	<u>\$ -</u>	<u>\$ 84,298</u>
With the Public	<u>\$ 68,844</u>	<u>\$ (5,443)</u>	<u>\$ 63,401</u>

NOTE 4. Cash

	FY 2004	FY 2003
Cash Not Yet Deposited to Treasury	\$ 7,492	\$ 11,193
Imprest Funds	443	482
Other Cash	731	1,457
Total	\$ 8,666	\$ 13,132

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

NOTE 5. Loans Receivable and Related Foreclosed Property, Net

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

Direct Loan Programs:

EDA	Drought Loan Portfolio
EDA	Economic Development Revolving Fund
NOAA	Bering Sea Pollock Fishery Buyout
NOAA	Coastal Energy Impact Program (CEIP)
NOAA	Community Development Loans ¹
NOAA	Crab Buyback Loans ¹
NOAA	Fisheries Finance Individual Fishing Quota (IFQ) Loans
NOAA	Fisheries Finance Traditional Loans
NOAA	Fisheries Finance Tuna Fleet Loans
NOAA	Fisheries Loan Fund
NOAA	New England Groundfish Buyback Loans ¹
NOAA	Pacific Groundfish Buyback Loans

¹ No loans have been issued under these programs as of June 30, 2004

Loan Guarantee Programs:

EDA	Economic Development Revolving Fund
ELGP-Oil/Gas	Emergency Oil and Gas Loan Guarantee Program
ELGP-Steel	Emergency Steel Loan Guarantee Program
NOAA	Fishing Vessel Obligation Guarantee Program (FVOG Program)

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

	FY 2004	FY 2003
Direct Loans Obligated Prior to FY 1992	\$ 58,104	\$ 73,075
Direct Loans Obligated After FY 1991	226,040	165,094
Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees	4,344	7,390
Defaulted Guaranteed Loans from Post-FY 1991 Guarantees	33,955	47,556
Total	\$ 322,443	\$ 293,115

*Direct Loans Obligated Prior to FY 1992 consist of:***FY 2004**

Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Foreclosed Property	Value of Assets Related to Direct Loans
CEIP	\$ 22,504	\$ 7,716	\$ (20,420)	\$ -	\$ 9,800
Drought Loan Portfolio	32,359	1,249	(336)	-	33,272
Economic Development Revolving Fund	15,126	158	(252)	-	15,032
Fisheries Loan Fund	1,881	138	(2,019)	-	-
Total	\$ 71,870	\$ 9,261	\$ (23,027)	\$ -	\$ 58,104

FY 2003

Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Foreclosed Property	Value of Assets Related to Direct Loans
CEIP	\$ 24,827	\$ 7,349	\$ (20,491)	\$ -	\$ 11,685
Drought Loan Portfolio	38,076	1,433	(395)	-	39,114
Economic Development Revolving Fund	22,205	291	(220)	-	22,276
Fisheries Loan Fund	1,933	138	(2,071)	-	-
Total	\$ 87,041	\$ 9,211	\$ (23,177)	\$ -	\$ 73,075

Direct Loans Obligated After FY 1991 consist of:

FY 2004				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
Bering Sea Pollock Fishery Buyout	\$ 67,657	\$ 1,033	\$ 9,057	\$ 77,747
Fisheries Finance IFQ Loans	15,206	168	2,479	17,853
Fisheries Finance Traditional Loans	60,746	637	6,443	67,826
Fisheries Finance Tuna Fleet Loans	23,044	177	3,371	26,592
Pacific Groundfish Buyback Loans	35,662	1,171	(811)	36,022
Total	\$ 202,315	\$ 3,186	\$ 20,539	\$ 226,040

FY 2003				
Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
Bering Sea Pollock Fishery Buyout	\$ 68,387	\$ 995	\$ 11,714	\$ 81,096
Fisheries Finance IFQ Loans	13,878	157	2,842	16,877
Fisheries Finance Traditional Loans	60,340	880	5,902	67,122
Total	\$ 142,605	\$ 2,032	\$ 20,458	\$ 165,094

New Disbursements of Direct Loans (Post-FY 1991):

Direct Loan Program	FY 2004	FY 2003
Fisheries Finance IFQ Loans	\$ 2,500	\$ 1,900
Fisheries Finance Traditional Loans	15,800	13,754
Fisheries Finance Tuna Fleet Loans	37,182	-
Pacific Groundfish Buyback Loans	35,662	-
Total	\$ 91,144	\$ 15,654

Subsidy Expense for Direct Loans by Program and Component:

Subsidy Expense for New Disbursements of Direct Loans:

FY 2004

Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Bering Sea Pollock Fishery Buyout	\$ -	\$ -	\$ -	\$ -	-
Fisheries Finance IFQ Loans	(431)	79	(25)	83	(294)
Fisheries Finance Traditional Loans	(2,335)	222	(34)	144	(2,003)
Fisheries Finance Tuna Fleet Loans	(5,113)	197	(26)	521	(4,421)
Pacific Groundfish Buyback Loans	(11,373)	11,758	-	-	385
Total	\$ (19,252)	\$ 12,256	\$ (85)	\$ 748	\$ (6,333)

FY 2003

Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	\$ (288)	\$ 245	\$ (25)	\$ 19	\$ (49)
Fisheries Finance Traditional Loans	(2,399)	319	(68)	4	(2,144)
Total	\$ (2,687)	\$ 564	\$ (93)	\$ 23	\$ (2,193)

Modifications and Reestimates:

FY 2004

Direct Loan Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Bering Sea Pollock Fishery Buyout	\$ -	\$ -	\$ -	\$ -
Fisheries Finance IFQ Loans	-	-	-	-
Fisheries Finance Traditional Loans	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

FY 2003

Direct Loan Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Bering Sea Pollock Fishery Buyout	\$ -	\$ -	\$ -	\$ -
Fisheries Finance IFQ Loans	-	-	-	-
Fisheries Finance Traditional Loans	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

Total Direct Loan Subsidy Expense:

Direct Loan Program	FY 2004	FY 2003
Bering Sea Pollock Fishery Buyout	\$ -	\$ -
Fisheries Finance IFQ Loans	(294)	(49)
Fisheries Finance Traditional Loans	(2,003)	(2,144)
Fisheries Finance Tuna Fleet Loans	(4,421)	-
Pacific Groundfish Buyback Loans	385	-
Total	\$ (6,333)	\$ (2,193)

Subsidy Rates for Direct Loans by Program and Component:

Budget Subsidy Rates for Direct Loans for the Current Fiscal-year's Cohorts:

FY 2004					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	(20.10)%	1.52%	(0.67)%	3.31%	(15.94)%
Fisheries Finance Tuna Fleet Loans	-%	-%	-%	-%	-%
Fisheries Finance Traditional Loans	-%	-%	-%	-%	-%
New England Groundfish Buyback Loans	-%	-%	-%	-%	-%
Pacific Groundfish Buyback Loans	-%	-%	-%	-%	-%

FY 2003					
Direct Loan Program	Interest Rate Differential	Defaults	Fees and Other Collections	Other	Total
Fisheries Finance IFQ Loans	(17.31)%	2.21%	(0.80)%	3.87%	(12.03)%
Fisheries Finance Traditional Loans	(13.75)%	0.53%	(0.07)%	1.40%	(11.89)%
New England Groundfish Buyback Loans	(31.89)%	31.52%	-%	-%	(0.37)%
Pacific Groundfish Buyback Loans	(31.89)%	32.97%	-%	-%	1.08%

The budget subsidy rates disclosed pertain only to the reporting period's cohorts. These rates cannot be applied to the new disbursements of direct loans during the reporting period to yield the subsidy expense. The subsidy expense for new disbursements of direct loans for the reporting period could result from disbursements of loans from both the reporting period's cohorts and prior fiscal-year(s) cohorts. The subsidy expense for the reporting period may also include modifications and reestimates.

Schedule for Reconciling Allowance for Subsidy Cost (Post-FY 1991 Direct Loans):

	FY 2004	FY 2003
Beginning Balance of the Allowance for Subsidy Cost	\$ 20,110	\$ 19,974
Add Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:		
Interest Rate Differential Costs	19,252	2,687
Default Costs (Net of Recoveries)	(12,256)	(564)
Fees and Other Collections	85	93
Other Subsidy Costs	(748)	(23)
Total of the above Subsidy Expense Components	<u>6,333</u>	<u>2,193</u>
Adjustments:		
Fees Received	(261)	(107)
Subsidy Allowance Amortization	(3,425)	(1,602)
Other	<u>(2,218)</u>	<u>-</u>
Ending Balance of the Allowance for Subsidy Cost Before Reestimates	20,539	20,458
Add or Subtract Subsidy Reestimates by Component:		
Interest Rate Reestimates	-	-
Technical/Default Reestimates	<u>-</u>	<u>-</u>
Total of the above Reestimate Components	<u>-</u>	<u>-</u>
Ending Balance of the Allowance for Subsidy Cost	<u>\$ 20,539</u>	<u>\$ 20,458</u>

Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees:

FY 2004

Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Economic Development Revolving Fund	\$ -	\$ -	\$ -	\$ -	\$ -
FVOG Program	19,734	379	163	(15,932)	4,344
Total	<u>\$ 19,734</u>	<u>\$ 379</u>	<u>\$ 163</u>	<u>\$ (15,932)</u>	<u>\$ 4,344</u>

FY 2003

Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Economic Development Revolving Fund	\$ 4,642	\$ 255	\$ -	\$ (1,897)	\$ 3,000
FVOG Program	32,930	251	15	(28,806)	4,390
Total	<u>\$ 37,572</u>	<u>\$ 506</u>	<u>\$ 15</u>	<u>\$ (30,703)</u>	<u>\$ 7,390</u>

Defaulted Guaranteed Loans from Post-FY 1991 Guarantees:

FY 2004					
Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Emergency Steel Loan Guarantee Program	\$ 92,098	\$ -	\$ -	\$ (67,148)	\$ 24,950
FVOG Program	12,630	1,262	2,933	(7,820)	9,005
Total	\$ 104,728	\$ 1,262	\$ 2,933	\$ (74,968)	\$ 33,955

FY 2003					
Loan Guarantee Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Emergency Steel Loan Guarantee Program	\$ 92,097	\$ -	\$ -	\$ (53,749)	\$ 38,348
FVOG Program	12,714	-	2,926	(6,432)	9,208
Total	\$ 104,811	\$ -	\$ 2,926	\$ (60,181)	\$ 47,556

Loan Guarantees:

Guaranteed Loans Outstanding:

Outstanding non-acquired guaranteed disbursed loans as of June 30, 2004 and 2003, which are not reflected in the financial statements, are as follows:

Loan Guarantee Program	FY 2004		FY 2003	
	Outstanding Principal of Guaranteed Loans Disbursed, Face Value	Amount of Outstanding Principal Guaranteed	Outstanding Principal of Guaranteed Loans Disbursed, Face Value	Amount of Outstanding Principal Guaranteed
Economic Development Revolving Fund	\$ 400	\$ 400	\$ 400	\$ 400
Emergency Oil and Gas Loan Guarantee Program	1,376	1,169	1,879	1,597
Emergency Steel Loan Guarantee Program	236,203	207,934	23,509	19,983
FVOG Program	46,912	46,912	58,692	58,692
Total	\$ 284,891	\$ 256,415	\$ 84,480	\$ 80,672

New Disbursements of Loan Guarantees, by year:

Loan Guarantee Program	FY 2004		FY 2003	
	Outstanding Principal of Guaranteed Loans Disbursed, Face Value	Amount of Outstanding Principal Guaranteed	Outstanding Principal of Guaranteed Loans Disbursed, Face Value	Amount of Outstanding Principal Guaranteed
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ -	\$ -	\$ -
Emergency Steel Loan Guarantee Program	59,033	51,949	-	-
Total	\$ 59,033	\$ 51,949	\$ -	\$ -

Liabilities for Loan Guarantees:

Loan Guarantee Program	FY 2004	FY 2003
	Liabilities for Loan Guarantees for Post-FY 1991 Guarantees Disbursed, Present Value	Liabilities for Loan Guarantees for Post-FY 1991 Guarantees Disbursed, Present Value
Emergency Oil and Gas Loan Guarantee Program	\$ 1,273	\$ 1,379
Emergency Steel Loan Guarantee Program	63,269	18,242
FVOG Program	3,043	2,957
Total	\$ 67,585	\$ 22,578

Subsidy Expense for Loan Guarantees by Program and Component:

Subsidy Expense for New Disbursements of Loan Guarantees:

FY 2004				
Loan Guarantee Program	Interest Supplements	Defaults	Fees and Other Collections	Total
Emergency Steel Loan Guarantee Program	\$ -	\$ 16,641	\$ (295)	\$ 16,346

FY 2003				
Loan Guarantee Program	Interest Supplements	Defaults	Fees and Other Collections	Total
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ -	\$ -	\$ -
Emergency Steel Loan Guarantee Program	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

Modifications and Reestimates:

FY 2004				
Loan Guarantee Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ -	\$ -	\$ -
Emergency Steel Loan Guarantee Program	-	-	-	-
FVOG Program	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

FY 2003				
Loan Guarantee Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ -	\$ -	\$ -
Emergency Steel Loan Guarantee Program	-	-	-	-
FVOG Program	-	-	-	-
Total	\$ -	\$ -	\$ -	\$ -

Total Loan Guarantee Subsidy Expense:

Loan Guarantee Program	FY 2004	FY 2003
Emergency Oil and Gas Loan Guarantee Program	\$ -	\$ -
Emergency Steel Loan Guarantee Program	16,346	-
FVOG Program	-	-
Total	<u>\$ 16,346</u>	<u>\$ -</u>

Subsidy Rates for Loan Guarantees by Program and Component:**Budget Subsidy Rates for Loan Guarantees for the Current Fiscal-year's Cohorts:**

FY 2004					
Loan Guarantee Program	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Emergency Oil and Gas Loan Guarantee Program	- %	- %	- %	- %	- %
Emergency Steel Loan Guarantee Program	- %	- %	- %	- %	- %
FY 2003					
Loan Guarantee Program	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Emergency Oil and Gas Loan Guarantee Program	- %	- %	- %	- %	- %
Emergency Steel Loan Guarantee Program	- %	- %	- %	- %	- %

The budget subsidy rates disclosed pertain only to the reporting period's cohorts. These rates cannot be applied to the new disbursements of loan guarantees during the reporting period to yield the subsidy expense. The subsidy expense for new disbursements of loan guarantees for the reporting period could result from disbursements of loans from both the reporting period's cohorts and prior fiscal-year(s) cohorts. The subsidy expense for the reporting period may also include modifications and reestimates.

Schedule for Reconciling Liabilities for Loan Guarantees (Post-FY 1991 Loan Guarantees):

	<u>FY 2004</u>	<u>FY 2003</u>
Beginning Balance of the Liabilities for Loan Guarantees	\$ 51,068	\$ 22,346
Add Subsidy Expense for Guaranteed Loans Disbursed During the Reporting Years by Component:		
Default Costs (Net of Recoveries)	16,641	-
Fees and Other Collections	(295)	-
Total of the above Subsidy Expense Components	<u>16,346</u>	<u>-</u>
Adjustments:		
Fees Received	193	270
Interest Accumulation on the Liabilities Balance	(22)	(38)
Ending Balance of the Liabilities for Loan Guarantees Before Reestimates	<u>67,585</u>	<u>22,578</u>
Add or Subtract Subsidy Reestimates by Component:		
Interest Rate Reestimates	-	-
Technical/Default Reestimates	-	-
Total of the above Reestimate Components	<u>-</u>	<u>-</u>
Transfer of Subsidy Cost for Defaulted Guaranteed Loans to Loans Receivable and Related Foreclosed Property, Net	-	-
Ending Balance of the Liabilities for Loan Guarantees	<u>\$ 67,585</u>	<u>\$ 22,578</u>

Administrative Expenses:

Administrative expenses in support of the Department's direct loan and loan guarantee programs consist of:

<u>Direct Loan Program</u>	<u>FY 2004</u>	<u>FY 2003</u>
Drought Loan Portfolio and Economic Development Revolving Fund	\$ 534	\$ 569
Fisheries Finance Traditional Loans	2,062	2,395
CEIP	157	152
Total	<u>\$ 2,753</u>	<u>\$ 3,116</u>
<u>Loan Guarantee Program</u>	<u>FY 2004</u>	<u>FY 2003</u>
Emergency Oil and Gas Loan Guarantee Program	\$ 6	\$ 334
Emergency Steel Loan Guarantee Program	689	128
FVOG Program	-	-
Total	<u>\$ 695</u>	<u>\$ 462</u>

NOTE 6. Inventory, Materials, and Supplies, Net

Category	Cost Flow Assumption	FY 2004	FY 2003
Inventory			
Items Held for Current Sale			
NIST Standard Reference Materials	First-in, first-out	\$ 23,181	\$ 22,853
Other	Various	1,891	2,083
Allowance for Excess, Obsolete, and Unserviceable Items		(494)	(1,557)
Total Inventory, Net		24,578	23,379
Materials and Supplies			
Items Held for Use			
NOAA's National Logistics Support Center	Weighted-average	\$ 51,148	\$ 46,779
NOAA's National Reconditioning Center	Weighted-average	39,696	37,669
Other	Various	2,253	2,361
Allowance for Excess, Obsolete, and Unserviceable Items		(18,806)	(11,508)
Total Materials and Supplies, Net		74,291	75,301
Total		\$ 98,869	\$ 98,680

NIST's Standard Reference Materials Program provides reference materials for quality assurance of measurements, while NOAA's Materials and Supplies are primarily repair parts for weather forecasting equipment.

NOTE 7. General Property, Plant, and Equipment, Net**FY 2004**

Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land	N/A	\$ 12,897	\$ -	\$ 12,897
Land Improvements	30	2,996	(710)	2,286
Structures, Facilities, and Leasehold Improvements	1-60	650,104	(284,182)	365,922
Satellites/Weather Systems Personal Property	3-20	3,962,966	(2,919,993)	1,042,973
Other Personal Property	3-30	1,315,992	(839,848)	476,144
Assets Under Capital Lease	3-40	61,780	(41,681)	20,099
Construction-in-progress	N/A	2,723,764	-	2,723,764
Total		<u>\$ 8,730,499</u>	<u>\$ (4,086,414)</u>	<u>\$ 4,644,085</u>

FY 2003

Category	Useful Life (Years)	Cost	Accumulated Depreciation	Net Book Value
Land and Land Improvements	30 ¹	\$ 14,891	\$ (602)	\$ 14,289
Structures, Facilities, and Leasehold Improvements	2-60	631,053	(271,830)	359,223
Satellites/Weather Systems Personal Property	3-20	4,296,633	(2,912,272)	1,384,361
Other Personal Property	3-30	1,699,026	(914,241)	784,785
Assets Under Capital Lease	3-40	63,483	(38,225)	25,258
Construction-in-progress	N/A	1,857,245	-	1,857,245
Total		<u>\$ 8,562,331</u>	<u>\$ (4,137,170)</u>	<u>\$ 4,425,161</u>

¹ Land Improvements

NOTE 8. Other Assets

	<u>FY 2004</u>	<u>FY2003</u>
With the Public		
Notes Receivable	\$ 4,662	\$ 6,271
Bibliographic Database	5,656	5,855
Other	38	4,168
Total	<u>\$ 10,356</u>	<u>\$ 16,294</u>

As of June 30, 2004 and 2003, there are three and five Notes Receivable, respectively, with maturity dates as of June 30, 2004 ranging from November 2004 to July 2024 and interest rates ranging from 7.0 to 8.9 percent. The balances include accrued interest. These notes are considered fully collectible.

The bibliographic database relates to NTIS' scientific and technical information used to prepare products and services for sale. The database is stated at capitalized costs of \$45.7 million and \$43.3 million, less accumulated amortization of \$40 million and \$37.4 million, for June 30, 2004 and 2003, respectively.

NOTE 9. Non-entity Assets

The assets that are not available for use in the Department's operations are summarized below:

	<u>FY 2004</u>	<u>FY2003</u>
Intragovernmental		
Fund Balance with Treasury	\$ 114,182	\$ 100,794
Accounts Receivable	-	11
Total Intragovernmental	<u>114,182</u>	<u>100,805</u>
With the Public		
Cash	181	418
Accounts Receivable, Net	552	428
Loans Receivable and Related Foreclosed Property, Net - Drought Loan Portfolio	33,272	39,114
Total	<u>\$ 148,187</u>	<u>\$ 140,765</u>

NOTE 10. Debt to Treasury

FY 2004			
Loan Program	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	\$ 170,536	\$ 108,723	\$ 279,259
Loan Guarantee Program			
Emergency Steel Loan Guarantee Program	29,199	-	29,199
FVOG Program	11,965	613	12,578
Total	\$ 211,700	\$ 109,336	\$ 321,036

Maturity dates range from September 2005 to September 2034, and interest rates range from 3.26 to 7.26 percent.

FY 2003			
Loan Program	Beginning Balance	Net Borrowings (Repayments)	Ending Balance
Direct Loan Program			
Fisheries Finance, Financing Account	\$ 170,374	\$ 32,800	\$ 203,174
Loan Guarantee Program			
Emergency Steel Loan Guarantee Program	79,199	-	79,199
FVOG Program	12,940	663	13,603
Total	\$ 262,513	\$ 33,463	\$ 295,976

Maturity dates range from September 2005 to September 2029, and interest rates range from 3.26 to 7.26 percent.

NOTE 11. Other Liabilities

	FY 2004			FY 2003
	Current Portion	Non-current Portion	Total	Total
Intragovernmental				
Accrued FECA Liability	\$ 14,780	\$ 13,281	\$ 28,061	\$ 34,710
Accrued Benefits	27,613	-	27,613	18,386
Custodial Activity	5,340	-	5,340	637
Other	10,540	-	10,540	7,704
Total	<u>\$ 58,273</u>	<u>\$ 13,281</u>	<u>\$ 71,554</u>	<u>\$ 61,437</u>
With the Public				
ITA Foreign Service Nationals' Voluntary Separation Pay	\$ -	\$ 8,175	\$ 8,175	\$ 7,174
Liabilities for Loan Guarantees	-	67,585	67,585	22,578
Contingent Liabilities	59,787	-	59,787	42,602
Employment-related	3,655	-	3,655	4,132
Other	7,310	-	7,310	8,359
Total	<u>\$ 70,752</u>	<u>\$ 75,760</u>	<u>\$ 146,512</u>	<u>\$ 84,845</u>

The Current Portion represents liabilities expected to be paid by June 30, 2005, while the Non-current portion represents liabilities expected to be paid after June 30, 2005.

NOTE 12. Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities

These liabilities consist of:

	FY 2004	FY 2003
Actuarial FECA Liability	\$ 200,137	\$ 190,783
NOAA Corps Retirement System Liability	332,007	325,686
NOAA Corps Post-retirement Health Benefits Liability	41,334	177,550
Total	<u>\$ 573,478</u>	<u>\$ 694,019</u>

Actuarial FECA Liability:

Actuarial FECA Liability is calculated annually as of September 30. The most current interest rate and wage inflation factors available are as of September 30, 2003 and 2002, as shown below. For discounting projected annual future benefit payments to present value, the interest rate assumptions used by DOL were as follows:

	FY 2003	FY 2002
Year 1	3.84%	5.20%
Year 2 and Thereafter	4.35%	5.20%

The wage inflation factors (Cost of Living Allowance) and medical inflation factors (Consumer Price Index - Medical) applied to the calculation of projected future benefits, and also used to adjust the methodology's historical payments to current year constant dollars, were as follows:

FY 2003		
Fiscal Year	Cost of Living Allowance	Consumer Price Index - Medical
2004	2.30%	3.21%
2005	2.00%	3.54%
2006	1.83%	3.64%
2007	1.97%	3.80%
2008 and Thereafter	2.17%	3.92%

FY 2002		
Fiscal Year	Cost of Living Allowance	Consumer Price Index - Medical
2003	1.80%	4.31%
2004	2.67%	4.01%
2005	2.40%	4.01%
2006 and Thereafter	2.40%	4.01%

NOAA Corps Retirement System Liability:

This liability represents the actuarial present value of projected plan benefits. The actuarial calculation is performed annually, as of September 30. The liability reported as of June 30, 2004 is an estimate based on an analysis of the liability balances over the past five fiscal years.

The September 30, 2003 and 2002 actuarial calculations used the following U.S. Department of Defense Retirement Board economic assumptions:

	<u>FY 2003</u>	<u>FY 2002</u>
Investment Earnings on Federal Securities	6.25%	6.25%
Annual Basic Pay Increases	3.50%	3.50%
Annual Inflation	3.00%	3.00%

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

	<u>FY 2004</u>	<u>FY 2003</u>
Normal Cost	\$ 5,407	\$ 9,486
Interest on the Unfunded Liability	-	-
Actuarial (Gains) Losses, Net	-	-
Total Pension Costs	<u>\$ 5,407</u>	<u>\$ 9,486</u>

NOAA Corps Post-retirement Health Benefits Liability:

This liability represents the actuarial present value of projected post-retirement plan benefits. The actuarial calculation is performed annually, as of September 30. The liability reported as of June 30, 2004 is an estimate based on an analysis of the liability balances over the past five fiscal years.

The September 30, 2003 and 2002 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 reports for FY 2003 and FY 2002.

The related post-retirement health benefits costs included in the *Consolidated Statements of Net Cost* are as follows:

	<u>FY 2004</u>	<u>FY 2003</u>
Normal Cost	\$ (743)	\$ 40,973
Interest on the Unfunded Liability	-	-
Actuarial (Gains) Losses, Net	-	-
Total Post-retirement Health Benefits Costs	<u>\$ (743)</u>	<u>\$ 40,973</u>

NOTE 13. Environmental and Disposal Liabilities

	<u>FY 2004</u>	<u>FY 2003</u>
Pribilof Island Cleanup	\$ 44,988	\$ 59,239
Nuclear Reactor	41,572	40,409
Other	3,012	3,152
Total	<u>\$ 89,572</u>	<u>\$ 102,800</u>

NOTE 14. Leases*Capital Leases:*

Assets under capital leases are as follows:

	<u>FY 2004</u>	<u>FY 2003</u>
Structures, Facilities, and Leasehold Improvements	\$ 45,543	\$ 47,247
Equipment	16,237	16,236
Less: Accumulated Depreciation	(41,681)	(38,225)
Net Assets Under Capital Leases	<u>\$ 20,099</u>	<u>\$ 25,258</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. NOAA has real property capital leases covering both land and buildings. The majority of these leases are for weather forecasting offices, but the leases 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 22 years.

Capital Lease Liabilities:

Future payments due under capital leases are as follows:

FY 2004			
Fiscal Year	General PP&E Category		Total
	Real Property	Personal Property	
July 1, 2004 - September 30, 2004	\$ 1,677	\$ 922	\$ 2,599
2005	6,688	2,271	8,959
2006	3,848	2,296	6,144
2007	2,940	1,853	4,793
2008	2,640	1,882	4,522
Thereafter	26,844	1,899	28,743
Total Future Lease Payments	44,637	11,123	55,760
Less: Imputed Interest	(20,711)	(937)	(21,648)
Less: Executory Cost	(5,581)	(8,994)	(14,575)
Net Capital Lease Liabilities	\$ 18,345	\$ 1,192	\$ 19,537

FY 2003			
Fiscal Year	General PP&E Category		Total
	Real Property	Personal Property	
July 1, 2003 - September 30, 2003	\$ 4,883	\$ 1,026	\$ 5,909
2004	6,675	2,762	9,437
2005	6,660	1,971	8,631
2006	3,832	1,996	5,828
2007	2,927	1,816	4,743
Thereafter	29,277	3,744	33,021
Total Future Lease Payments	54,254	13,315	67,569
Less: Imputed Interest	(24,230)	(341)	(24,571)
Less: Executory Cost	(6,614)	(10,654)	(17,268)
Net Capital Lease Liabilities	\$ 23,410	\$ 2,320	\$ 25,730

Operating Leases:

Most of the Department’s facilities are rented from the U.S. General Services Administration (GSA), which generally charges rent that is intended to approximate commercial rental rates. For federal-owned property rented from GSA, 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 rented from GSA, an occupancy agreement is generally executed, and the Department may normally cancel these agreements with 120 days notice.

The Department’s (1) estimated real property rent payments to GSA for July 1, 2004 through FY 2008, and (2) future payments due under noncancellable operating leases (non-GSA real property and personal property) are as follows:

FY 2004			
Fiscal Year	General PP&E Category		
	GSA Real Property	Non-GSA Real Property	Personal Property
July 1, 2004 - September 30, 2004	\$ 62,817	\$ 10,407	\$ 13,334
2005	210,518	18,346	28,597
2006	210,175	13,004	15,328
2007	233,000	11,667	6,227
2008	229,552	11,076	6,414
Thereafter	¹	49,340	-
Total Future Lease Payments		\$ 113,840	\$ 69,900

¹ Not estimated

NOTE 15. Liabilities Not Covered by Budgetary Resources

	<u>FY 2004</u>	<u>FY 2003</u>
Intragovernmental		
Accounts Payable	\$ -	\$ -
Unearned Revenue	-	-
Accrued FECA Liability	25,969	33,102
Custodial Activity	5,340	-
Other	139	800
Total Intragovernmental	<u>31,448</u>	<u>33,902</u>
Accrued Payroll	-	-
Accrued Annual Leave	192,303	185,838
Actuarial FECA Liability and NOAA Corps Employee Retirement Benefits Liabilities	573,478	694,019
Environmental and Disposal Liabilities	89,572	102,800
Contingent Liabilities	59,787	42,500
Capital Lease Liabilities	19,537	25,729
Unearned Revenue	510,876	148,728
ITA Foreign Service Nationals' Voluntary Separation Pay	8,175	7,174
Other	1,122	93
Total	<u>\$ 1,486,298</u>	<u>\$ 1,240,783</u>

Due to the unique funding structure of USPTO, the Unearned Revenue as of June 30 reported above is the portion of USPTO's unearned patent and trademark fees that is considered not covered by budgetary resources. The USPTO's fees that were withheld and deposited into a restricted special fund receipt account are not considered a resource until appropriated and made available by the issuance of a Treasury warrant, although USPTO incurred costs to generate these fees. Therefore, budgetary resources from current operations that normally would be used to cover a portion of unearned fees have been used to cover prior year costs associated with restricted fees. In addition, the current patent fee structure sets low initial application fees that are followed by income from maintenance fees as a supplement in later years to cover the full cost of the patent examination and issuance process. The combination of these funding circumstances requires USPTO to obtain additional budgetary resources to cover its liability for unearned revenue.

NOTE 16. 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:

Description	FY 2004						Total
	FY 2004*	FY2005	FY 2006	FY 2007	FY 2008	Thereafter	
Geostationary Operational Environmental Satellites	\$ 69,300	\$ 308,300	\$ 381,300	\$ 457,800	\$ 535,900	\$3,088,000	\$4,840,600
Convergence Satellites	69,100	307,600	358,200	330,100	439,400	1,432,500	2,936,900
Polar Operational Environmental Satellites	28,600	106,500	83,400	91,500	83,000	51,200	444,200
Other Weather Service	40,900	129,500	89,400	87,200	81,300	154,200	582,500
Total	<u>\$ 207,900</u>	<u>\$ 851,900</u>	<u>\$ 912,300</u>	<u>\$ 966,600</u>	<u>\$1,139,600</u>	<u>\$4,725,900</u>	<u>\$8,804,200</u>

* July 1, 2004 - September 30, 2004

Legal Contingencies:

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 U.S. The exact amount of these claims against the U.S. Government is unknown, but may exceed \$2.7 billion as of June 30, 2004. It is not possible to speculate as to a range of loss for these matters. 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 claims. Although the Department has been implicated as a responsible party, the U.S. Department of Justice was unable to provide an amount for these claims that is attributable to the Department.

The Department and other federal agencies are party to other suits, with claim amounts that may exceed \$1.1 billion as of June 30, 2004. 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. It is not possible, however, to speculate as to a range of loss. Of these claims, most will be funded by Treasury's Judgment Fund, if any amounts are ultimately due.

The Department is subject to suits where adverse outcomes are probable and claims are approximately \$69.0 million and \$45.0 million as of June 30, 2004 and 2003, respectively. The range of loss for these suits is between \$59.8 million and \$59.8 million as of June 30, 2004, and between \$43.0 million and \$45.0 million as of June 30, 2003. Accordingly, \$59.8 million and \$43.0 million of contingent liabilities were accrued on the *Consolidated Balance Sheets* as of June 30, 2004 and 2003, respectively. 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 and an Imputed Financing Source From Costs Absorbed by Others (representing the amount paid by Treasury's Judgment Fund) will be recognized.

Polar-orbiting Operational Environmental Satellite:

The Department capitalizes the costs of constructing weather satellites as Construction-in-Progress, a component of General PP&E. In September 2003, a Polar-orbiting Operational Environmental Satellite under construction was damaged. The incident occurred while a National Aeronautics Space Administration contractor was performing an operation that required a rotation of the satellite on its construction platform. The satellite was expected to launch in 2008. Capitalized costs through the date of the incident were approximately \$232 million.

While there is damage to the satellite and its instruments, the assessment of its magnitude has not yet been determined. A detailed testing plan has been developed, with completion of the damage assessment expected by September 30, 2004. Based on the results of this assessment, determination of liability for the damage, and review of alternatives, the Department will decide whether or not the satellite will be repaired and launched. It is not possible to speculate as to the range of possible loss as of June 30, 2004, therefore, no allowance for loss has been recorded.

Guaranteed Loan Contingencies:

Fishing Vessels Obligation Guarantee Program: This loan guarantee program has outstanding non-acquired guaranteed loans (fully guaranteed by the Department) as of June 30, 2004 and 2003, with outstanding principal balances totaling \$46.9 million and \$58.7 million, respectively. A liability for loan guarantees of \$3.0 million and \$3.0 million is recorded for the outstanding guarantees at June 30, 2004 and 2003, respectively.

Economic Development Revolving Fund: This program has one outstanding non-acquired guaranteed loan (fully guaranteed by the Department), with an outstanding principal balance totaling \$400 thousand. This loan guarantee had been terminated for noncompliance with the terms of the guarantee. The estimated range of the liability for this guarantee is between \$0 and \$400 thousand, depending on the outcome of negotiations or court action or on the passage of time, until the statute of limitations run out.

Emergency Steel Loan Guarantee Program: This program has two and one outstanding non-acquired guaranteed loan(s) as of June 30, 2004 and 2003, respectively, with outstanding principal balances of \$236.2 million and \$23.5 million as of June 30, 2004 and 2003, respectively. The Department's guarantee percentages range from 85 to 95 percent as of June 30, 2004, and the guarantee percentage was 85 percent as of June 30, 2003. A liability for loan guarantees of \$63.3 million and \$18.2 million is recorded for the outstanding guarantee(s) at June 30, 2004 and 2003, respectively.

Related to an outstanding non-acquired guaranteed loan, the Department has additionally guaranteed two Letters of Credit totaling \$13.0 million. The Department's guarantee percentages for these Letters of Credit are 95% and 90%.

Emergency Oil and Gas Loan Guarantee Program: This program has three outstanding non-acquired guaranteed loans as of June 30, 2004 and 2003, with outstanding principal balances totaling \$1.4 million and \$1.9 million as of June 30, 2004 and 2003, respectively. The Department's guarantee percentage is 85 percent for these loans. A liability for loan guarantees of \$1.3 million and \$1.4 million is recorded for the outstanding guarantees at June 30, 2004 and 2003, respectively.

NOTE 17. Net Position - Prior-period Adjustments; Change in Accounting Principle

FY 2004

Prior-period Adjustments:

Unexpended Appropriations

\$

Total Prior-period Adjustments - Unexpended Appropriations

\$

Cumulative Results of Operations

\$

Total Prior-period Adjustments - Cumulative Results of Operations

\$

FY 2003

Change In Accounting Principle:

In accordance with Statement of Federal Financial Accounting Standard No. 21, *Reporting Corrections of Errors and Changes in Accounting Principles*, a change in accounting principle is not shown as a restatement to the prior-period financial statements. In FY 2003, the Department received Treasury guidance regarding the recording of NOAA intra-bureau transfers, from a special fund to an appropriated fund, as nonexpenditure transfers, rather than as appropriations transfers. This change, for transfers in FY 2000 and FY 2001, increased Unexpended Appropriations and decreased Cumulative Results of Operations by \$135.9 million as of October 1, 2002.

Prior-period Adjustments:

Unexpended Appropriations

Reverse the Posting of Negative Unexpended Appropriations in NIST's Working Capital Fund, with a Corresponding Decrease to Cumulative Results of Operations

\$ 120,286

Record Appropriations Used for Additional Expenses Incurred in NIST Appropriated Funds

(43,140)

Other Corrections, Net

3,200

Total Prior-period Adjustments - Unexpended Appropriations

\$ 80,346

Cumulative Results of Operations

Reverse the Posting of Negative Unexpended Appropriations in NIST's Working Capital Fund, with a Corresponding Increase in Unexpended Appropriations

\$ (120,286)

Record Appropriations Used for Additional Expenses Incurred in NIST Appropriated Funds

43,140

Correct the Capitalization of NOAA General PP&E, with a Corresponding Increase to Cumulative Results of Operations

6,884

Other Corrections, Net

(12,481)

Total Prior-period Adjustments - Cumulative Results of Operations

\$ (82,743)

NOTE 18. Consolidated Statements of Net Cost

FY 2003 Restatement: The FY 2003 *Consolidated Statement of Net Cost* and this footnote have been restated to properly present certain NOAA labor costs as Gross Costs With the Public, rather than as Intragovernmental Gross Costs.

FY 2004 Consolidating Statement of Net Cost:

	NOAA	USPTO	ESA	TA	Other Bureaus	Departmental Management	Combining Totals	Intra-Departmental Eliminations	Consolidating Totals
COSTS:									
Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers									
Intragovernmental Gross Costs	\$	\$	\$ 175,720	\$	\$ 108,950	\$ 42,386	\$ 327,056	\$ (46,439)	\$ 280,617
Gross Costs With the Public	-	-	561,566	-	535,663	33,777	1,131,006	-	1,131,006
Total Gross Costs	-	-	737,286	-	644,613	76,163	1,458,062	(46,439)	1,411,623
Intragovernmental Earned Revenue	-	-	(170,278)	-	(13,582)	(58,016)	(241,876)	46,439	(195,437)
Earned Revenue From the Public	-	-	(11,443)	-	(9,422)	-	(20,865)	-	(20,865)
Total Earned Revenue	-	-	(181,721)	-	(23,004)	(58,016)	(262,741)	46,439	(216,302)
Net Program Costs	-	-	555,565	-	621,609	18,147	1,195,321	-	1,195,321
Strategic Goal 2: Foster Science and Technological Leadership by Protecting Intellectual Property, Enhancing Technical Standards, and Advancing Measurement Science									
Intragovernmental Gross Costs	-	208,276	-	81,903	9,241	42,386	341,806	(50,252)	291,554
Gross Costs With the Public	-	743,501	-	588,722	66,650	33,951	1,432,824	-	1,432,824
Total Gross Costs	-	951,777	-	670,625	75,891	76,337	1,774,630	(50,252)	1,724,378
Intragovernmental Earned Revenue	-	(3,957)	-	(81,198)	(14,957)	(58,016)	(158,128)	50,252	(107,876)
Earned Revenue From the Public	-	(919,949)	-	(61,233)	(77)	-	(981,259)	-	(981,259)
Total Earned Revenue	-	(923,906)	-	(142,431)	(15,034)	(58,016)	(1,139,387)	50,252	(1,089,135)
Net Program Costs	-	27,871	-	528,194	60,857	18,321	635,243	-	635,243
Strategic Goal 3: Observe, Protect, and Manage the Earth's Resources to Promote Environmental Stewardship									
Intragovernmental Gross Costs	451,260	-	-	-	-	42,399	493,659	(43,737)	449,922
Gross Costs With the Public	2,162,283	-	-	-	-	33,787	2,196,070	-	2,196,070
Total Gross Costs	2,613,543	-	-	-	-	76,186	2,689,729	(43,737)	2,645,992
Intragovernmental Earned Revenue	(99,650)	-	-	-	-	(58,034)	(157,684)	43,737	(113,947)
Earned Revenue From the Public	(44,586)	-	-	-	-	-	(44,586)	-	(44,586)
Total Earned Revenue	(144,236)	-	-	-	-	(58,034)	(202,270)	43,737	(158,533)
Net Program Costs	2,469,307	-	-	-	-	18,152	2,487,459	-	2,487,459
NET COST OF OPERATIONS	\$ 2,469,307	\$ 27,871	\$ 555,565	\$ 528,194	\$ 682,466	\$ 54,620	\$ 4,318,023	\$ -	\$ 4,318,023

Restated FY 2003 Consolidating Statement of Net Cost:

	NOAA	USPTO	ESA	TA	Other Bureaus	Departmental Management	Combining Totals	Intra-Departmental Eliminations	Consolidating Totals
COSTS:									
Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers									
Intragovernmental Gross Costs	\$ -	\$ -	\$ 179,696	\$ -	\$ 150,673	\$ 41,437	\$ 371,806	\$ (46,876)	\$ 324,930
Gross Costs with the Public	-	-	509,867	-	544,413	35,594	1,089,874	-	1,089,874
Total Gross Costs	-	-	689,563	-	695,086	77,031	1,461,680	(46,876)	1,414,804
Intragovernmental Earned Revenue	-	-	(180,062)	-	(23,275)	(60,352)	(260,689)	46,876	(216,813)
Earned Revenue From the Public	-	-	6,912	-	(8,575)	(2)	(1,665)	-	(1,665)
Total Earned Revenue	-	-	(173,150)	-	(31,850)	(60,354)	(265,354)	46,876	(218,478)
Net Program Costs	-	-	516,413	-	663,236	16,677	1,196,326	-	1,196,326
Strategic Goal 2: Foster Science and Technological Leadership by Protecting Intellectual Property, Enhancing Technical Standards, and Advancing Measurement Science									
Intragovernmental Gross Costs	-	182,064	-	78,091	95	41,437	301,687	(44,038)	257,649
Gross Costs with the Public	-	678,542	-	514,776	61,400	35,877	1,290,595	-	1,290,595
Total Gross Costs	-	860,606	-	592,867	61,495	77,314	1,592,282	(44,038)	1,548,244
Intragovernmental Earned Revenue	-	(3,829)	-	(74,454)	-	(60,351)	(138,634)	44,038	(94,596)
Earned Revenue From the Public	-	(872,735)	-	(45,094)	-	(2)	(917,831)	-	(917,831)
Total Earned Revenue	-	(876,564)	-	(119,548)	-	(60,353)	(1,056,465)	44,038	(1,012,427)
Net Program Costs	-	(15,958)	-	473,319	61,495	16,961	535,817	-	535,817
Strategic Goal 3: Observe, Protect, and Manage the Earth's Resources to Promote Environmental Stewardship									
Intragovernmental Gross Costs	299,204	-	-	-	-	41,449	340,653	(44,786)	295,867
Gross Costs with the Public	2,316,605	-	-	-	-	35,604	2,352,209	-	2,352,209
Total Gross Costs	2,615,809	-	-	-	-	77,053	2,692,862	(44,786)	2,648,076
Intragovernmental Earned Revenue	(99,296)	-	-	-	-	(60,370)	(159,666)	44,786	(114,880)
Earned Revenue From the Public	(44,191)	-	-	-	-	(2)	(44,193)	-	(44,193)
Total Earned Revenue	(143,487)	-	-	-	-	(60,372)	(203,859)	44,786	(159,073)
Net Program Costs	2,472,322	-	-	-	-	16,681	2,489,003	-	2,489,003
NET COST OF OPERATIONS	\$2,472,322	\$ (15,958)	\$ 516,413	\$ 473,319	\$ 724,731	\$ 50,319	\$ 4,221,146	\$ -	\$ 4,221,146

Gross Costs and Earned Revenue by Budget Functional Classification

FY 2004			
Budget Functional Classification	Gross Costs	Earned Revenue	Net Cost
300 Natural Resources and Environment	\$ 2,541,836	\$ (128,652)	\$ 2,413,184
370 Commerce and Housing Credit	2,909,680	(1,323,499)	1,586,181
450 Community and Regional Development	281,943	(11,819)	270,124
500 Education, Training, Employment, and Social Services	48,534	-	48,534
Total	\$ 5,781,993	\$ (1,463,970)	\$ 4,318,023

FY 2003			
Budget Functional Classification	Gross Costs	Earned Revenue	Net Cost
300 Natural Resources and Environment	\$ 2,580,050	\$ (129,070)	\$ 2,450,980
370 Commerce and Housing Credit	2,632,518	(1,254,515)	1,378,003
450 Community and Regional Development	337,059	(6,393)	330,666
500 Education, Training, Employment, and Social Services	61,497	-	61,497
Total	\$ 5,611,124	\$ (1,389,978)	\$ 4,221,146

Intragovernmental Gross Costs and Earned Revenue by Budget Functional Classification

FY 2004			
Budget Functional Classification	Intragovernmental Gross Costs	Intragovernmental Earned Revenue	Intragovernmental Net Cost
300 Natural Resources and Environment	\$ 392,840	\$ (93,561)	\$ 299,279
370 Commerce and Housing Credit	620,395	(313,376)	307,019
450 Community and Regional Development	8,545	(10,323)	(1,778)
500 Education, Training, Employment, and Social Services	313	-	313
Total	\$ 1,022,093	\$ (417,260)	\$ 604,833

Restated FY 2003			
Budget Functional Classification	Intragovernmental Gross Costs	Intragovernmental Earned Revenue	Intragovernmental Net Cost
300 Natural Resources and Environment	\$ 284,226	\$ (92,701)	\$ 191,525
370 Commerce and Housing Credit	584,844	(328,494)	256,350
450 Community and Regional Development	9,280	(5,094)	4,186
500 Education, Training, Employment, and Social Services	96	-	96
Total	\$ 878,446	\$ (426,289)	\$ 452,157

Major Programs: The following tables illustrate major programs of the Department. "Other Programs" refers to the other programs within each strategic goal. The "Others" column refers to the Department's reporting entities that are not listed. The Others column data and the Other Programs data are presented solely to reconcile these tables to the Combining Totals columns on the *Consolidating Statements of Net Cost*.

FY 2004 Statement of Net Cost by Major Program (Combining Basis):

	NOAA	Census Bureau	NIST	USPTO	Others	Combining Totals
PROGRAM COSTS:						
Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers						
Decennial 2000						
Intragovernmental Gross Costs	\$ -	\$ 10,978	\$ -	\$ -	\$ -	\$ 10,978
Gross Costs With the Public	-	124,459	-	-	-	124,459
Total Gross Costs	-	135,437	-	-	-	135,437
Intragovernmental Earned Revenue	-	-	-	-	-	-
Earned Revenue From the Public	-	-	-	-	-	-
Total Earned Revenue	-	-	-	-	-	-
Net Program Costs	-	135,437	-	-	-	135,437
Other Programs						
Intragovernmental Gross Costs	-	143,661	-	-	172,417	316,078
Gross Costs With the Public	-	399,500	-	-	607,047	1,006,547
Total Gross Costs	-	543,161	-	-	779,464	1,322,625
Intragovernmental Earned Revenue	-	(169,216)	-	-	(72,660)	(241,876)
Earned Revenue From the Public	-	(10,194)	-	-	(10,671)	(20,865)
Total Earned Revenue	-	(179,410)	-	-	(83,331)	(262,741)
Net Program Costs	-	363,751	-	-	696,133	1,059,884
Net Program Costs for Strategic Goal 1	-	499,188	-	-	696,133	1,195,321
Strategic Goal 2: Foster Science and Technological Leadership by Protecting Intellectual Property, Enhancing Technical Standards, and Advancing Measurement Science						
Measurement and Standards Laboratories						
Intragovernmental Gross Costs	-	-	44,987	-	-	44,987
Gross Costs With the Public	-	-	344,482	-	-	344,482
Total Gross Costs	-	-	389,469	-	-	389,469
Intragovernmental Earned Revenue	-	-	(42,856)	-	-	(42,856)
Earned Revenue From the Public	-	-	(31,589)	-	-	(31,589)
Total Earned Revenue	-	-	(74,445)	-	-	(74,445)
Net Program Costs	-	-	315,024	-	-	315,024
Patents						
Intragovernmental Gross Costs	-	-	-	184,709	-	184,709
Gross Costs With the Public	-	-	-	659,371	-	659,371
Total Gross Costs	-	-	-	844,080	-	844,080
Intragovernmental Earned Revenue	-	-	-	(3,825)	-	(3,825)
Earned Revenue From the Public	-	-	-	(812,019)	-	(812,019)
Total Earned Revenue	-	-	-	(815,844)	-	(815,844)
Net Program Costs	-	-	-	28,236	-	28,236

(Continued)

FY 2004 Statement of Net Cost by Major Program (Combining Basis) - Continued:

	NOAA	Census Bureau	NIST	USPTO	Others	Combining Totals
Trademarks						
Intragovernmental Gross Costs	-	-	-	23,567	-	23,567
Gross Costs With the Public	-	-	-	84,130	-	84,130
Total Gross Costs	-	-	-	107,697	-	107,697
Intragovernmental Earned Revenue	-	-	-	(132)	-	(132)
Earned Revenue From the Public	-	-	-	(107,930)	-	(107,930)
Total Earned Revenue	-	-	-	(108,062)	-	(108,062)
Net Program Costs	-	-	-	(365)	-	(365)
Other Programs						
Intragovernmental Gross Costs	-	-	29,350	-	59,193	88,543
Gross Costs With the Public	-	-	224,745	-	120,096	344,841
Total Gross Costs	-	-	254,095	-	179,289	433,384
Intragovernmental Earned Revenue	-	-	(27,959)	-	(83,356)	(111,315)
Earned Revenue From the Public	-	-	(20,609)	-	(9,112)	(29,721)
Total Earned Revenue	-	-	(48,568)	-	(92,468)	(141,036)
Net Program Costs	-	-	205,527	-	86,821	292,348
Net Program Costs for Strategic Goal 2	-	-	520,551	27,871	86,821	635,243
Strategic Goal 3: Observe, Protect, and Manage the Earth's Resources to Promote Environmental Stewardship						
Advance Short-term Warning Forecast Service						
Intragovernmental Gross Costs	168,947	-	-	-	-	168,947
Gross Costs With the Public	926,076	-	-	-	-	926,076
Total Gross Costs	1,095,023	-	-	-	-	1,095,023
Intragovernmental Earned Revenue	(43,017)	-	-	-	-	(43,017)
Earned Revenue From the Public	(2,325)	-	-	-	-	(2,325)
Total Earned Revenue	(45,342)	-	-	-	-	(45,342)
Net Program Costs	1,049,681	-	-	-	-	1,049,681
Other Programs						
Intragovernmental Gross Costs	282,313	-	-	-	42,399	324,712
Gross Costs With the Public	1,236,207	-	-	-	33,787	1,269,994
Total Gross Costs	1,518,520	-	-	-	76,186	1,594,706
Intragovernmental Earned Revenue	(56,633)	-	-	-	(58,034)	(114,667)
Earned Revenue From the Public	(42,261)	-	-	-	-	(42,261)
Total Earned Revenue	(98,894)	-	-	-	(58,034)	(156,928)
Net Program Costs	1,419,626	-	-	-	18,152	1,437,778
Net Program Costs for Strategic Goal 3	2,469,307	-	-	-	18,152	2,487,459
NET COST OF OPERATIONS	\$ 2,469,307	\$ 499,188	\$ 520,551	\$ 27,871	\$ 801,106	\$4,318,023

Restated FY 2003 Statement of Net Cost by Major Program (Combining Basis):

	NOAA	Census Bureau	NIST	USPTO	Others	Combining Totals
PROGRAM COSTS:						
Strategic Goal 1: Provide the Information and Tools to Maximize U.S. Competitiveness and Enable Economic Growth for American Industries, Workers, and Consumers						
<i>Decennial 2000</i>						
Intragovernmental Gross Costs	\$ -	\$ 22,520	\$ -	\$ -	\$ -	\$ 22,520
Gross Costs With the Public	-	117,740	-	-	-	117,740
Total Gross Costs	-	140,260	-	-	-	140,260
Intragovernmental Earned Revenue	-	-	-	-	-	-
Earned Revenue From the Public	-	-	-	-	-	-
Total Earned Revenue	-	-	-	-	-	-
Net Program Costs	-	140,260	-	-	-	140,260
<i>Other Programs</i>						
Intragovernmental Gross Costs	-	140,041	-	-	209,245	349,286
Gross Costs With the Public	-	353,628	-	-	618,506	972,134
Total Gross Costs	-	493,669	-	-	827,751	1,321,420
Intragovernmental Earned Revenue	-	(179,120)	-	-	(84,569)	(263,689)
Earned Revenue From the Public	-	8,273	-	-	(9,938)	(1,665)
Total Earned Revenue	-	(170,847)	-	-	(94,507)	(265,354)
Net Program Costs	-	322,822	-	-	733,244	1,056,066
Net Program Costs for Strategic Goal 1	-	463,082	-	-	733,244	1,196,326
Strategic Goal 2: Foster Science and Technological Leadership by Protecting Intellectual Property, Enhancing Technical Standards, and Advancing Measurement Science						
<i>Measurement and Standards Laboratories</i>						
Intragovernmental Gross Costs	-	-	42,279	-	-	42,279
Gross Costs With the Public	-	-	292,855	-	-	292,855
Total Gross Costs	-	-	335,134	-	-	335,134
Intragovernmental Earned Revenue	-	-	(38,922)	-	-	(38,922)
Earned Revenue From the Public	-	-	(19,239)	-	-	(19,239)
Total Earned Revenue	-	-	(58,161)	-	-	(58,161)
Net Program Costs	-	-	276,973	-	-	276,973
<i>Patents</i>						
Intragovernmental Gross Costs	-	-	-	161,864	-	161,864
Gross Costs With the Public	-	-	-	603,384	-	603,384
Total Gross Costs	-	-	-	765,248	-	765,248
Intragovernmental Earned Revenue	-	-	-	(3,752)	-	(3,752)
Earned Revenue From the Public	-	-	-	(748,966)	-	(748,966)
Total Earned Revenue	-	-	-	(752,718)	-	(752,718)
Net Program Costs	-	-	-	12,530	-	12,530

(Continued)

Restated FY 2003 Statement of Net Cost by Major Program (Combining Basis) - Continued:

	NOAA	Census Bureau	NIST	USPTO	Others	Combining Totals
Trademarks						
Intragovernmental Gross Costs	-	-	-	20,200	-	20,200
Gross Costs With the Public	-	-	-	75,158	-	75,158
Total Gross Costs	-	-	-	95,358	-	95,358
Intragovernmental Earned Revenue	-	-	-	(77)	-	(77)
Earned Revenue From the Public	-	-	-	(123,769)	-	(123,769)
Total Earned Revenue	-	-	-	(123,846)	-	(123,846)
Net Program Costs	-	-	-	(28,488)	-	(28,488)
Other Programs						
Intragovernmental Gross Costs	-	-	28,899	-	48,445	77,344
Gross Costs With the Public	-	-	200,174	-	119,024	319,198
Total Gross Costs	-	-	229,073	-	167,469	396,542
Intragovernmental Earned Revenue	-	-	(26,605)	-	(69,278)	(95,883)
Earned Revenue From the Public	-	-	(13,151)	-	(12,706)	(25,857)
Total Earned Revenue	-	-	(39,756)	-	(81,984)	(121,740)
Net Program Costs	-	-	189,317	-	85,485	274,802
Net Program Costs for Strategic Goal 2	-	-	466,290	(15,958)	85,485	535,817
Strategic Goal 3: Observe, Protect, and Manage the Earth's Resources to Promote Environmental Stewardship						
Advance Short-term Warning Forecast Service						
Intragovernmental Gross Costs	69,563	-	-	-	-	69,563
Gross Costs With the Public	1,095,114	-	-	-	-	1,095,114
Total Gross Costs	1,164,677	-	-	-	-	1,164,677
Intragovernmental Earned Revenue	(47,469)	-	-	-	-	(47,469)
Earned Revenue From the Public	(3,573)	-	-	-	-	(3,573)
Total Earned Revenue	(51,042)	-	-	-	-	(51,042)
Net Program Costs	1,113,635	-	-	-	-	1,113,635
Other Programs						
Intragovernmental Gross Costs	229,641	-	-	-	41,449	271,090
Gross Costs With the Public	1,221,491	-	-	-	35,604	1,257,095
Total Gross Costs	1,451,132	-	-	-	77,053	1,528,185
Intragovernmental Earned Revenue	(51,827)	-	-	-	(60,370)	(112,197)
Earned Revenue From the Public	(40,618)	-	-	-	(2)	(40,620)
Total Earned Revenue	(92,445)	-	-	-	(60,372)	(152,817)
Net Program Costs	1,358,687	-	-	-	16,681	1,375,368
Net Program Costs for Strategic Goal 3	2,472,322	-	-	-	16,681	2,489,003
NET COST OF OPERATIONS	\$2,472,322	\$ 463,082	\$ 466,290	\$ (15,958)	\$ 835,410	\$4,221,146

NOTE 19. Combined Statements of Budgetary Resources

The amount of Appropriations Received on the *Combined Statements of Budgetary Resources* (SBR) reconciles to the amount reported on the *Consolidated Statements of Changes in Net Position* (SCNP), as follows:

	<u>FY 2004</u>	<u>FY 2003</u>
Appropriations Received per SBR	\$ 6,126,379	\$ 5,961,359
Less:		
Appropriated Receipts for USPTO, Classified as Exchange Revenue	-	(166,771)
Other Special Receipts for NOAA, Classified as Exchange Revenue	(3,222)	(3,622)
Warrant for Census Bureau Category B Funds Not Yet Received	(17,500)	-
Other	(736)	(419)
Appropriations Received per SCNP	<u>\$ 6,104,921</u>	<u>\$ 5,790,547</u>

Borrowing authority available for NOAA's loan programs amounted to \$169.1 million and \$158.0 million at June 30, 2004 and 2003, respectively. See Note 1L, *Debt to Treasury*, for debt repayment requirements, financing sources for repayments, 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 operations.

Rescissions to the Department's appropriations under Public Law 108-199 amounted to \$207.2 million for FY 2004, while rescissions for FY 2003 under Public Law 108-7 amounted to \$44.2 million. The rescissions for these Public Laws included in the SBR Budgetary Resources section are as follows: Permanently Not Available subsection, Enacted Rescissions (\$204.5 million and \$13.3 million for the periods ended June 30, 2004 and 2003, respectively), Pursuant to Public Law (\$0.0 million and \$30.9 million for the periods ended June 30, 2004 and 2003, respectively), and Temporarily Not Available Pursuant to Public Law (\$2.7 million and \$0.0 million for the periods ended June 30, 2004 and 2003, respectively).

Resulting from its recent efforts to clarify and/or implement guidance for temporary rescissions of Spending Authority From Offsetting Collections, Treasury issued warrants in February 2004 to USPTO totaling \$75.6 million. These warrants reverse rescissions from FY 1999 through FY 2002. The rescission reversals are included in the FY 2004 SBR Budgetary Resources section, Permanently Not Available subsection, Enacted Rescissions, and, on the line Other Budgetary Financing Sources (Uses), Net in the FY 2004 SCNP.

Legal arrangements affecting the Department's use of Unobligated Balances of Budget Authority and/or Fund Balance with Treasury during FY 2004 and FY 2003 include the following:

- 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. The USPTO may use monies from this account only as authorized by Congress and made available by the issuance of a Treasury warrant. At June 30, 2004 and 2003, \$233.5 million is held in the Patent and Trademark Surcharge Fund.
- The Coastal Zone Management Fund, which accounts for the Coastal Energy Impact Program direct loans, has \$32.9 million and \$31.6 million of unapportioned authority that was not provided obligational authority pursuant to 16 United States Code 1456a, as of June 30, 2004 and 2003, respectively.

- For loan programs prior to the Federal Credit Reform Act of 1990 (pre-FY 1992 loans), most or all liquidating fund unobligated balances in excess of working capital needs are required to be transferred to Treasury as soon as practicable during the following fiscal year.
- For direct loan programs under the Federal Credit Reform Act of 1990 (post-FY 1991 loans) that have outstanding debt to Treasury, regulations require that most unobligated balances be returned to Treasury on September 30, or require that the borrowing authority be cancelled on September 30.
- For loan guarantee programs under the Federal Credit Reform Act of 1990 that have outstanding debt to Treasury, regulations require that unobligated balances in excess of the outstanding guaranteed loans' principal and interest be returned to Treasury on September 30.

The FY 2003 SBR was reclassified to remove \$220.4 million of transactions within Census Bureau's Working Capital Fund that were incorrectly included in the SBR because intra-fund activity was not previously eliminated. This reclassification resulted in the following line item decreases of \$220.4 million: a) *Spending Authority from Offsetting Collections, Earned, Collected*; b) *Obligations Incurred, Reimbursable* (Exempt from Apportionment); c) *Disbursements*; and d) *Collections*.

Apportionment Categories of Obligations Incurred:

The amounts of direct and reimbursable obligations incurred against amounts apportioned under Categories A, B, and Exempt from Apportionment are as follows:

	FY 2004		
	Direct	Reimbursable	Total
Category A	\$ 1,356,554	\$ 1,168,584	\$ 2,525,138
Category B	2,414,416	56,895	2,471,311
Exempt from Apportionment	105,072	505,164	610,236
Total	\$ 3,876,042	\$ 1,730,643	\$ 5,606,685

	FY 2003		
	Direct	Reimbursable	Total
Category A	\$ 1,311,759	\$ 1,060,599	\$ 2,372,358
Category B	2,478,841	63,239	2,542,080
Exempt from Apportionment	124,160	465,744	589,904
Total	\$ 3,914,760	\$ 1,589,582	\$ 5,504,342

NOTE 20. Consolidated Statements of Financing

The section Components Requiring or Generating Resources in Future Periods, shown on the *Consolidated Statements of Financing*, includes costs that are included in the Liabilities Not Covered by Budgetary Resources reported in Note 15. This section does not include costs incurred in prior fiscal years that are also included in Liabilities Not Covered by Budgetary Resources.

NOTE 21. Custodial Nonexchange Activity

NOAA receives interest, penalties, and fines primarily related to its past due Accounts Receivable, and is required to transfer the collections to Treasury. BIS receives civil monetary penalties from private entities that violate the Export Administration Act. For the period ended June 30, 2004, the Department had custodial nonexchange revenue of \$5.0 million; custodial nonexchange revenue of \$5.2 million was payable to Treasury at June 30, 2004. For the period ended June 30, 2003, the Department had custodial nonexchange revenue of \$4.0 million; custodial nonexchange revenue of \$439 thousand was payable to Treasury at June 30, 2003.



CONSOLIDATING BALANCE SHEET

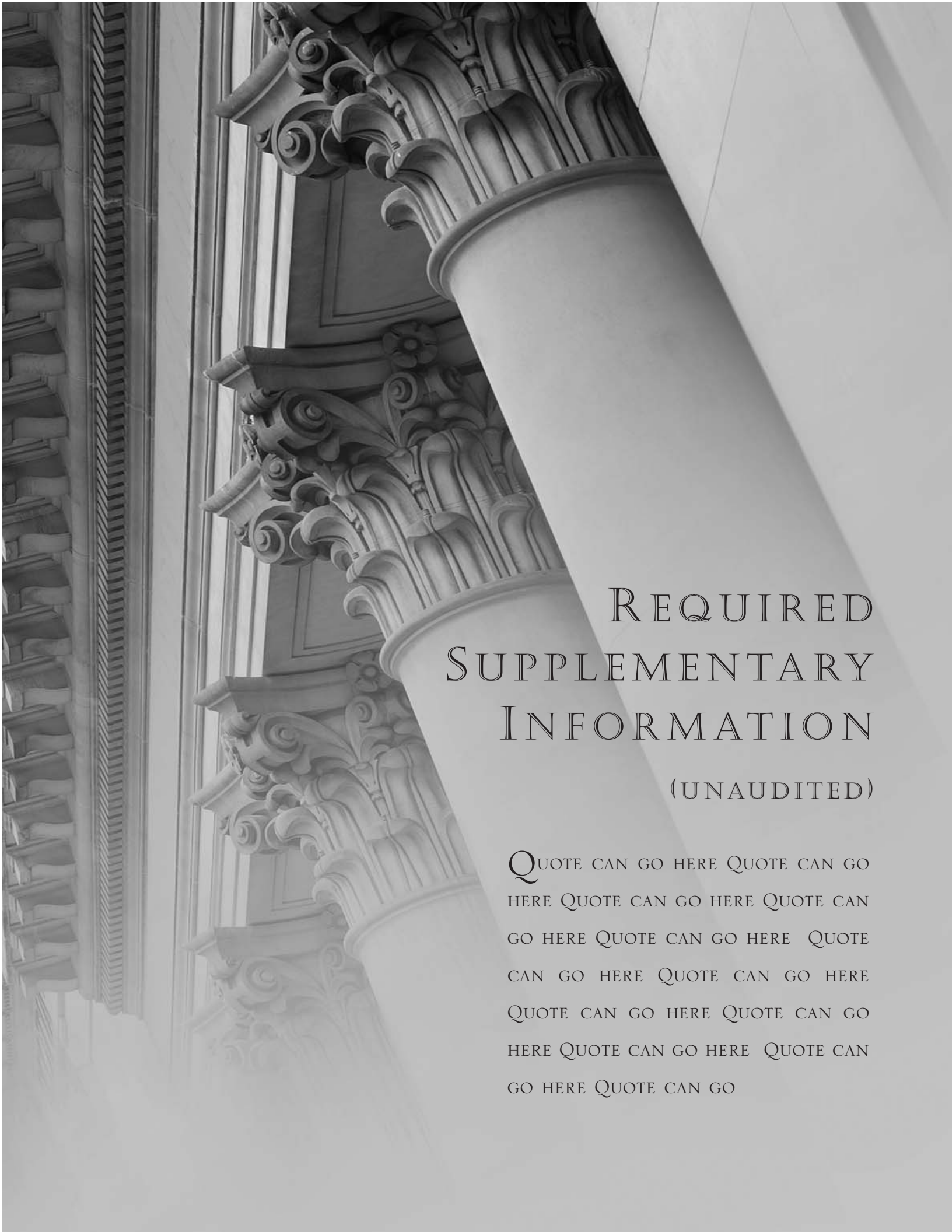
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United States Department of Commerce Consolidating Balance Sheet
As of June 30, 2004 (In Thousands)

	Consolidating Totals	Intra-Departmental Eliminations	BIS	Census Bureau	DM/G&B	DM/S&E	DM/W&F	EDA	ELGP	ES&/BEA	Franchise Fund	ITA	MBDA	NIST	NOAA	NTIA	NTIS	OIG	TA	USPTO
ASSETS																				
Intragovernmental:																				
Fund Balance with Treasury	\$ 8,377,412	\$ -	\$ 38,451	\$ 465,292	\$ 299	\$ 73,995	\$ 40,265	\$ 1,048,946	\$ 134,923	\$ 36,495	\$ 3,148	\$ 247,132	\$ 21,200	\$ 824,782	\$ 4,125,058	\$ 130,532	\$ 33,925	\$ 7,045	\$ 5,827	\$ 1,140,697
Accounts Receivable	109,481	(10,430)	23	33,224	41	9,053	2,220	1,656	9	23	430	1,596	-	9,559	59,644	2,110	323	-	-	-
Investments in Treasury Securities, Net	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances and Prepayments	21,811	(73,853)	2,364	15,248	-	2,890	1,746	623	49	1,808	569	6,719	447	10,832	34,366	993	470	670	379	15,491
Other	3,329	-	-	-	-	-	-	-	-	-	-	-	-	-	3,329	-	-	-	-	-
Total Intragovernmental	8,512,033	(84,283)	40,838	513,764	340	85,338	44,231	1,051,225	134,981	38,326	4,147	255,447	21,647	845,173	4,222,397	133,635	34,718	7,715	6,206	1,156,188
Cash	8,666	-	-	-	-	-	-	140	-	-	-	140	-	1	1,714	-	94	-	-	6,717
Accounts Receivable, Net	59,471	-	1,449	3,928	-	18	27	12	-	164	-	232	3	4,838	47,890	93	474	20	-	323
Loans Receivable and Related	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Foreclosed Property, Net	322,443	-	-	-	-	-	-	48,304	24,951	-	-	-	-	249,188	-	-	-	-	-	-
Inventory, Materials, and Supplies, Net	98,869	-	879	-	-	655	-	-	-	25,022	-	72,038	-	25,022	72,038	-	275	-	-	-
General Property, Plant, and Equipment, Net	4,644,085	-	625	59,645	11	72	10,994	51	-	250	397	6,305	14	620,103	3,825,851	2,249	266	-	1	117,251
Advances and Prepayments	33,797	-	35	-	-	22	1	10,030	-	-	-	2,157	7	3,778	10,239	-	104	-	-	7,424
Other	10,356	-	-	-	3	-	-	-	-	-	-	-	-	-	4,698	-	5,655	-	-	-
TOTAL ASSETS	\$13,689,720	\$(84,283)	\$ 42,947	\$ 578,216	\$ 354	\$ 85,650	\$ 55,908	\$1,109,622	\$ 159,932	\$ 38,740	\$ 4,544	\$ 264,281	\$ 21,671	\$1,498,915	\$8,434,015	\$ 135,977	\$ 41,586	\$ 7,735	\$ 6,207	\$ 1,287,903
LIABILITIES																				
Intragovernmental:																				
Accounts Payable	\$ 44,185	\$ (10,430)	\$ 639	\$ 7,316	\$ -	\$ 479	\$ 1,204	\$ 1,213	\$ -	\$ 451	\$ 87	\$ 6,249	\$ 50	\$ 2,694	\$ 14,832	\$ 1,209	\$ 5,674	\$ 197	\$ 445	\$ 11,846
Debt to Treasury	321,036	-	-	-	-	-	-	29,200	-	-	-	-	-	-	291,836	-	-	-	-	-
Resources Payable to Treasury	70,830	-	-	-	-	-	-	59,906	-	-	-	-	-	-	10,924	-	-	-	-	-
Unearned Revenue	319,589	(73,853)	829	74,930	-	35,342	44,873	62,288	-	313	1,825	334	27	101,828	40,891	7,238	12,533	-	303	3,928
Other	71,154	-	4,271	14,656	-	396	720	483	-	408	8	3,321	409	4,440	34,286	239	164	355	30	7,388
Total Intragovernmental	827,144	(84,283)	5,739	96,902	-	36,217	46,797	123,830	29,200	1,172	1,920	9,904	486	108,962	398,749	8,086	18,371	552	778	23,162
Accounts Payable	195,523	-	875	49,549	4	14,461	2,617	166	95	102	45	6,232	22	14,581	29,271	650	1,361	(55)	70	75,277
Accrued Payroll and Annual Leave	345,877	-	4,149	52,818	-	2,971	6,245	2,920	8	5,897	298	21,886	887	34,234	137,713	2,064	1,519	1,835	365	70,068
Actuarial FICA Liability and	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NOAA Corps Employee Retirement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Benefits Liabilities	573,478	-	1,547	107,685	-	1,030	2,558	2,133	-	352	96	10,561	1,974	9,525	426,971	744	695	1,113	-	6,494
Accrued Grants	380,709	-	-	-	-	-	-	269,470	-	-	-	9,742	2,017	47,818	28,272	22,738	-	-	652	-
Environmental and Disposal Liabilities	89,572	-	-	-	-	-	-	-	-	-	-	-	-	41,572	48,000	-	-	-	-	-
Capital Lease Liabilities	19,537	-	-	-	-	-	-	-	-	-	-	-	-	4,767	14,770	-	-	-	-	-
Unearned Revenue	691,663	-	200	1,830	-	9	-	1,991	-	-	-	1,991	-	4,067	46,390	330	5,080	-	12	631,754
Other	146,512	-	52	2,691	-	4,252	-	-	64,542	27	1	8,492	-	2,435	63,956	59	-	-	5	-
TOTAL LIABILITIES	\$ 3,270,015	\$(84,283)	\$ 12,562	\$ 311,475	\$ 4	\$ 54,888	\$ 62,469	\$ 396,519	\$ 93,845	\$ 7,550	\$ 2,360	\$ 68,808	\$ 5,386	\$ 267,961	\$1,194,092	\$ 35,271	\$ 27,026	\$ 3,445	\$ 1,882	\$ 806,755
NET POSITION																				
Unexpended Appropriations	\$ 5,963,150	\$ -	\$ 33,096	\$ 283,637	\$ -	\$ 32,277	\$ -	\$ 715,457	\$ 66,110	\$ 32,756	\$ -	\$ 224,585	\$ 19,147	\$ 594,392	\$ 3,850,356	\$ 100,022	\$ -	\$ 6,755	\$ 4,537	\$ 23
Cumulative Results of Operations	4,456,555	-	(2,711)	(16,896)	350	(1,715)	(6,561)	(4,354)	(23)	(1,566)	2,184	(29,112)	(2,862)	636,562	3,389,567	684	14,560	(2,465)	(212)	481,125
TOTAL NET POSITION	\$10,419,705	\$ -	\$ 30,385	\$ 266,741	\$ 350	\$ 30,562	\$(6,561)	\$ 711,103	\$ 66,087	\$ 31,190	\$ 2,184	\$ 195,473	\$ 16,285	\$1,230,954	\$ 7,239,923	\$ 100,706	\$ 14,560	\$ 4,290	\$ 4,325	\$ 481,148
TOTAL LIABILITIES AND NET POSITION	\$13,689,720	\$(84,283)	\$ 42,947	\$ 578,216	\$ 354	\$ 85,650	\$ 55,908	\$1,109,622	\$ 159,932	\$ 38,740	\$ 4,544	\$ 264,281	\$ 21,671	\$1,498,915	\$8,434,015	\$ 135,977	\$ 41,586	\$ 7,735	\$ 6,207	\$ 1,287,903





REQUIRED
SUPPLEMENTARY
INFORMATION
(UNAUDITED)

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Required Supplementary Information (unaudited)

(Dollars 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. The significant portions of Departmental deferred maintenance relate to the PP&E of both NOAA and NIST (see below for abbreviations). These two entities represent 96 percent of the Department's general PP&E balance.

National Oceanic and Atmospheric Administration (NOAA):

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

The following indicates NOAA's deferred maintenance for projects with estimated costs greater than \$50 thousand, as of June 30, 2004:

PP&E Category	Asset Condition	Estimated Cost to Return to Acceptable Condition
Buildings and Structures	3	\$10,500 to \$12,900
Heritage Assets	5, 3	11,760 to 14,370
Total		\$22,260 to \$27,270

While the CAS method for the above buildings and structures 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 CAS method for heritage assets is based on a five-point scale, with 1 representing excellent condition; 2 - good condition; 3 - fair condition; 4 - poor condition; and 5 - very poor condition. The amount reported for heritage assets represents non-critical maintenance to bring them to good condition. There is an annual call each year to the NOAA components, requesting their submissions of new projects and updates to existing projects to reflect changes in requirements or costs.

National Institute of Standards and Technology (NIST):

The NIST also uses the CAS method to estimate deferred maintenance. The 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 as of June 30, 2004:

PP&E Category	Asset Condition	Estimated Cost to Return to Acceptable Condition
Mechanical and Electrical Devices	5	\$387,600 to \$392,300
Buildings (Internal Structures)	4	70,100 to 86,600
Buildings (External Structures)	4	47,000 to 52,400
Total		\$504,700 to \$531,300

B Segment Information

Departmental Management/Working Capital Fund (DM/WCF):

The 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 other federal entities. The 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: The 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, ITA, and Census, accounting for 28 percent, 20 percent, and 17 percent of earned revenue, respectively.

Note: Information about assets, liabilities, and net position as of June 30, 2004 can be found on the Consolidating Balance Sheet, which is included as additional information.

DM/WCF Summary of Costs and Related Exchange Revenue by Line of Business For the Period Ended June 30, 2004					
	Personnel-Related Services	Financial Management	Legal Services	Administrative Services	Total
Full Cost of Services Provided	\$ 12,758	\$ 14,876	\$ 20,765	\$ 37,693	\$ 86,092
Less: Exchange Revenue	(12,477)	(14,549)	(20,308)	(36,864)	(84,198)
Excess of Costs over Exchange Revenue	\$ 281	\$ 327	\$ 457	\$ 829	\$ 1,894

Franchise Fund:

The Department’s Franchise Fund has three major goals:

- To operate along 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 lower costs and to promote better service
- To create a customer-oriented workforce that is capable of providing quality services and products

Services: The Franchise Fund is composed of only one service provider, the Office of Computer Services (OCS). The OCS provides information technology services to the Department and to other federal entities, including the U.S. Department of Homeland Security and U.S. General Services Administration.

Major Customers: The Department of Homeland Security is the major customer for the Franchise Fund, accounting for 58 percent of earned revenue.

Franchise Fund Summary of Costs and Related Exchange Revenue by Line of Business For the Period Ended June 30, 2004	
	Computer Services
Full Cost of Services Provided	\$ 4,204
Less: Exchange Revenue	(5,030)
Excess of Costs over Exchange Revenue	\$ (826)

Note: Information about assets, liabilities, and net position as of June 30, 2004 can be found on the Consolidating Balance Sheet, which is included as additional information.

**United States Department of Commerce Intragovernmental Assets and Liabilities
As of June 30, 2004 (In Thousands)**

Intragovernmental Assets:

Trading Partner		Fund Balance with Treasury	Accounts Receivable	Advances and Prepayments	Other	Total
Name	Number					
Department of the Treasury	20	\$ 8,377,412	\$ 292	\$ -	\$ 3,329	\$ 8,381,033
Department of Transportation	69	-	20,385	-	-	20,385
General Services Administration	47	-	2,538	16,784	-	19,322
Environmental Protection Agency	68	-	15,524	-	-	15,524
Department of Education	91	-	9,190	-	-	9,190
Department of Justice	15	-	8,049	-	-	8,049
Office of the Secretary of Defense - Defense Agencies	97	-	6,424	-	-	6,424
Agency for International Development	72	-	5,822	-	-	5,822
National Aeronautics and Space Administration	80	-	5,446	-	-	5,446
U.S. Army Corps of Engineers	96	-	5,069	-	-	5,069
Department of Health and Human Services	75	-	5,028	-	-	5,028
Department of Energy	89	-	4,391	-	-	4,391
U.S. Postal Service	18	-	-	2,285	-	2,285
Others	-	-	21,323	2,742	-	24,065
Total		\$ 8,377,412	\$ 109,481	\$ 21,811	\$ 3,329	\$ 8,512,033

Intragovernmental Liabilities:

Trading Partner		Accounts Payable	Debt to Treasury	Resources Payable to Treasury	Unearned Revenue	Other	Total
Name	Number						
Department of the Treasury	20	\$ 338	\$ 321,036	\$ -	\$ 2,798	\$ 805	\$ 324,977
Treasury General Fund	99	816	-	70,830	-	22,443	94,089
Office of the Secretary of Defense - Defense Agencies	97	517	-	-	88,386	-	88,903
Department of Health and Human Services	75	6,077	-	-	40,789	-	46,866
Department of Homeland Security	70	-	-	-	42,360	-	42,360
Department of Labor	16	(126)	-	-	9,867	28,201	37,942
Department of Transportation	69	247	-	-	25,918	-	26,165
General Services Administration	47	21,460	-	-	2,396	-	23,856
Office of Personnel Management	24	601	-	-	178	20,081	20,860
Department of the Air Force	57	4,522	-	-	11,427	-	15,949
Department of Housing and Urban Development	86	-	-	-	15,067	-	15,067
Environmental Protection Agency	68	181	-	-	6,528	-	6,709
Department of Energy	89	65	-	-	5,383	-	5,448
Department of Agriculture	12	707	-	-	4,226	-	4,933
Department of Veteran Affairs	36	330	-	-	515	-	845
Others	-	8,420	-	-	63,731	24	72,175
Total		\$ 44,155	\$ 321,036	\$ 70,830	\$ 319,569	\$ 71,554	\$ 827,144

**United States Department of Commerce Intragovernmental Transfers
For the Period Ended June 30, 2004 (In Thousands)**

Trading Partner		Transfers In	Transfers Out
Name	Number		
Appropriations Transfers:			
Agency for International Development	72	\$ 6,100	\$ -
U.S. Army Corps of Engineers	96	67	67
Independent Agencies	95	-	1,194
Total		\$ 6,167	\$ 1,261

Transfers Without Reimbursement:

Department of Agriculture	12	\$ 79,724	\$ -
Environmental Protection Agency	68	2,445	-
Department of Interior	14	2,076	49
Department of the Navy	17	476	68
Unidentified	00	448	166
Department of the Treasury	20	-	671
Treasury General Fund	99	-	603
Total		\$ 85,169	\$ 1,557

**United States Department of Commerce Intragovernmental Earned Revenue
and Related Costs
For the Period Ended June 30, 2004 (In Thousands)**

Intragovernmental Earned Revenue:

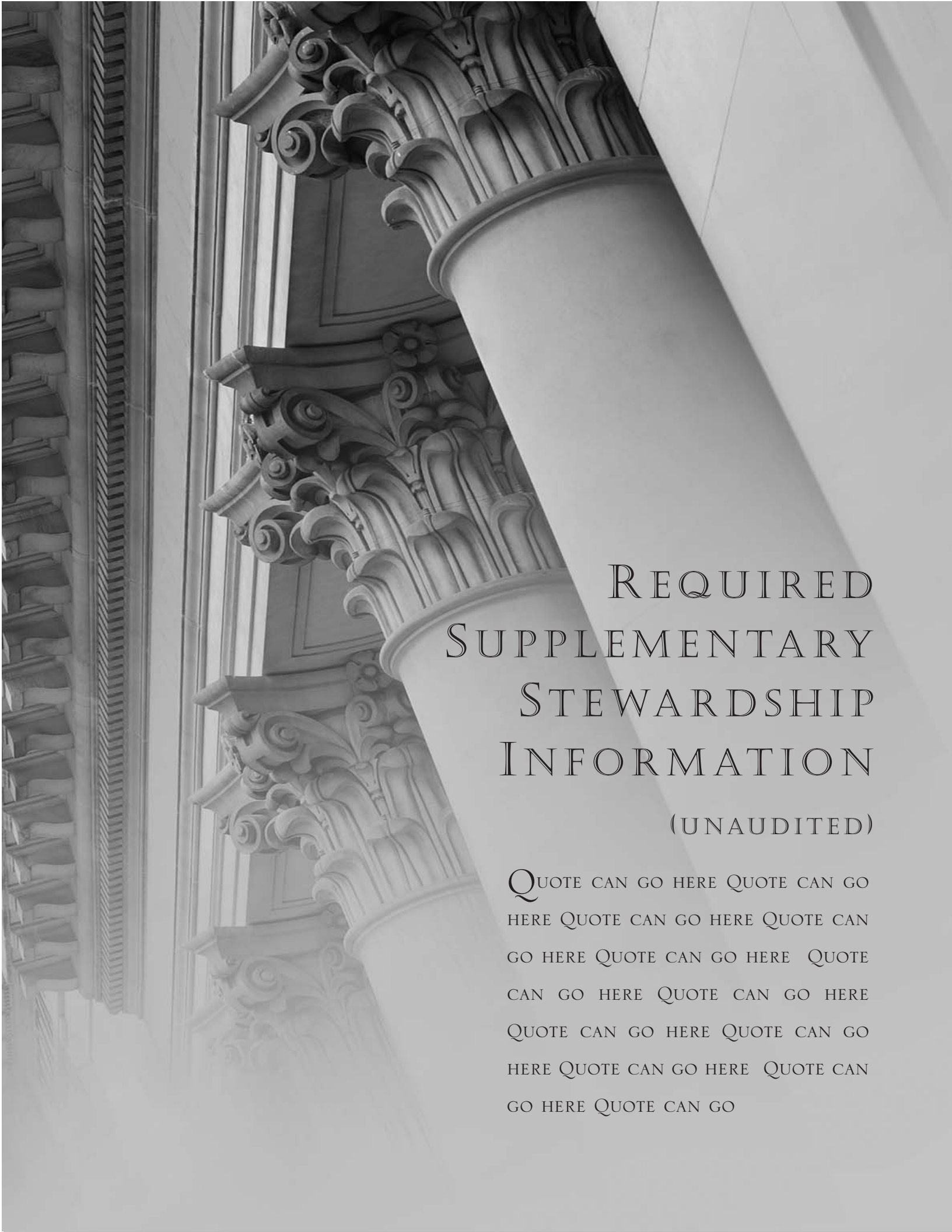
Trading Partner		
Name	Number	Amount
Department of Labor	16	\$ 59,137
Department of Health and Human Services	75	47,752
Department of Justice	15	39,283
Office of the Secretary of Defense - Defense Agencies	97	33,921
Department of Transportation	69	32,309
Environmental Protection Agency	68	23,345
Department of Homeland Security	70	16,610
Department of Housing and Urban Development	86	16,564
National Science Foundation	49	16,435
Department of Energy	89	15,348
Department of Education	91	15,046
Department of the Army	21	13,407
Unidentified	00	12,667
National Aeronautics and Space Administration	80	12,603
U.S. Army Corps of Engineers	96	8,105
Agency for International Development	72	8,000
Department of the Air Force	57	7,179
Department of Agriculture	12	6,881
Department of the Treasury	20	6,832
Department of State	19	6,016
Department of Interior	14	5,720
Department of the Navy	17	4,719
General Services Administration	47	3,922
Central Intelligence Agency	56	993
Social Security Administration	28	911
Independent Agencies	95	809
Small Business Administration	73	747
Department of Veterans Affairs	36	668
U.S. Nuclear Regulatory Commission	31	324
Export-Import Bank of the United States	83	314
Congressional Budget Office	08	113
Consumer Product Safety Commission	61	101
Government Printing Office	04	99
Independent Agencies	48	92
U.S. Postal Service	18	82
Smithsonian Institution	33	54
U.S. Equal Employment Opportunity Commission	45	46
Executive Office of the President	11	41
Office of Personnel Management	24	15
Federal Deposit Insurance Corporation	51	14
International Trade Commission	34	11
Library of Congress	03	11
Federal Trade Commission	29	6
General Accounting Office	05	5
Federal Communications Commission	27	3
Total		\$ 417,260

Gross Costs that Generated Intragovernmental Earned Revenue:

Budget Functional Classification	Amount
300 Natural Resources and Environment	\$ 93,561
370 Commerce and Housing Credit	313,499
450 Community and Regional Development	10,323
Total	\$ 417,383

United States Department of Commerce Schedule of Budgetary Resources by Major Budget Account
For the Period Ended June 30, 2004 (In Thousands)

	Combining Totals	NOAA Operations, Research, and Facilities	USPTO Salaries and Expenses	NOAA Procurement, Acquisition, and Construction	NIST Industrial Technology Services	ITA Operations and Administration	Census Bureau Periodic Censuses and Programs	EDA Grant Fund	Other Programs
BUDGETARY RESOURCES:									
Budget Authority									
Appropriations Received	\$ 6,126,379	\$ 2,703,671	\$ -	\$ 996,256	\$ 218,782	\$ 382,123	\$ 436,053	\$ 288,115	\$ 1,101,379
Borrowing Authority	169,059	-	-	-	-	-	-	-	169,059
Net Transfers	84,508	60,806	-	-	-	4,700	-	67	18,935
Other	8,497	1,420	-	(1,420)	-	-	-	-	8,497
Unobligated Balance									
Beginning of Period	1,089,288	133,778	3,540	186,366	22,778	74,615	49,660	49,872	568,679
Net Transfers, Actual	2,149	-	-	(2,500)	-	200	-	(67)	4,516
Spending Authority From Offsetting Collection									
Earned	1,928,264	119,768	932,823	4	80	7,724	1	8,800	859,064
Collectibles	(30,620)	11,191	(41)	-	-	(20)	-	-	(41,750)
Changes in Unfilled Customer Orders									
Advances Received	34,235	5,285	53,457	-	-	(1,359)	-	2,625	(25,773)
Without Advances	30,185	(9,408)	-	-	-	2,204	-	-	37,389
Anticipated for Rest of Year Without Advances	1,481,028	193,271	285,749	72	-	27,451	-	6,321	968,164
Total Spending Authority From Offsetting Collections	3,443,092	320,107	1,271,988	76	80	36,000	1	17,746	1,797,094
Recoveries of Prior-Years Obligations	138,776	20,148	5,000	6,500	15,510	17,386	12,183	13,759	48,290
Temporarily Not Available Pursuant to Public Law	(127,212)	-	(125,938)	-	-	-	-	-	(1,274)
Permanently Not Available									
Cancellation of Expired and No-Year Accounts	(82,475)	-	-	-	-	(1,323)	-	(20,062)	(61,090)
Enacted Rescissions	(128,910)	(51,778)	75,584	(35,364)	(11,012)	(52,381)	(20,002)	(9,699)	(24,258)
Capital Transfers and Redemption of Debt	(2,400)	-	-	-	-	-	-	-	(2,400)
Other Authority Withdrawn	(834)	-	-	-	-	-	-	-	(834)
Pursuant to Public Law	-	-	-	-	-	-	-	-	-
Anticipated for Rest of Year	(71,224)	(20,162)	-	-	-	-	-	-	(51,062)
TOTAL BUDGETARY RESOURCES	\$ 10,648,693	\$ 3,167,990	\$ 1,230,174	\$ 1,149,914	\$ 246,138	\$ 461,320	\$ 477,895	\$ 339,731	\$ 3,575,531
STATUS OF BUDGETARY RESOURCES:									
Obligations Incurred									
Direct	\$ 3,876,042	\$ 1,497,525	\$ -	\$ 673,684	\$ 116,328	\$ 271,482	\$ 326,736	\$ 143,045	\$ 847,242
Reimbursable	1,730,643	112,750	957,443	-	-	7,230	-	19,855	633,365
Total Obligations Incurred	5,606,685	1,610,275	957,443	673,684	116,328	278,712	326,736	162,900	1,480,607
Unobligated Balance	2,550,511	874,454	275,394	355,424	123,898	89,004	49,250	53,937	729,150
Apportioned	695,543	-	-	-	-	-	-	-	695,543
Exempt From Apportionment	1,795,954	683,261	(2,663)	120,806	5,912	93,604	101,909	122,894	670,231
Unobligated Balance Not Available	\$ 10,648,693	\$ 3,167,990	\$ 1,230,174	\$ 1,149,914	\$ 246,138	\$ 461,320	\$ 477,895	\$ 339,731	\$ 3,575,531
RELATIONSHIP OF OBLIGATIONS TO OUTLAYS:									
Obligated Balance, Net, Beginning of Period (Unpaid)	\$ 5,044,374	\$ 1,341,786	\$ 327,789	\$ 582,793	\$ 378,814	\$ 111,179	\$ 120,103	\$ 957,558	\$ 1,224,352
Adjustments to Obligated Balance, Beginning of Period (Unpaid)	-	-	-	-	-	-	-	-	-
Obligated Balance, Net, Beginning of Period, as Adjusted (Unpaid)	\$ 5,044,374	\$ 1,341,786	\$ 327,789	\$ 582,793	\$ 378,814	\$ 111,179	\$ 120,103	\$ 957,558	\$ 1,224,352
Obligated Balance Transferred, Net (Unpaid)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Obligated Balance, Net, End of Period (Unpaid)	\$ (184,068)	\$ (100,842)	\$ 749	\$ -	\$ -	\$ (1,766)	\$ -	\$ -	\$ (82,209)
Accounts Receivable	(117,220)	(44,163)	-	-	-	(2,651)	-	-	(70,406)
Unfilled Customer Orders from Federal Sources (Unpaid)	3,866,666	1,017,524	251,576	789,331	185,000	96,187	96,187	582,799	870,395
Undelivered Orders (Unpaid)	829,394	106,863	120,496	18,092	44,167	30,806	37,388	269,470	202,112
Accounts Payable									
Total Obligated Balance, Net, End of Period (Unpaid)	\$ 4,394,772	\$ 979,382	\$ 372,821	\$ 807,423	\$ 229,167	\$ 100,243	\$ 133,575	\$ 852,269	\$ 919,892
Outlays									
Disbursements	\$ 6,190,224	\$ 1,967,722	\$ 909,005	\$ 448,710	\$ 250,465	\$ 279,781	\$ 310,669	\$ 254,429	\$ 1,769,443
Collections	(1,962,499)	(125,053)	(986,280)	(4)	(80)	(6,365)	(1)	(11,425)	(833,291)
Total Outlays	4,227,725	1,842,669	(77,275)	448,706	250,385	273,416	310,668	243,004	936,152
Less: Offsetting Receipts	(8,605)	-	-	-	-	-	-	-	(8,605)
NET OUTLAYS	\$ 4,219,120	\$ 1,842,669	\$ (77,275)	\$ 448,706	\$ 250,385	\$ 273,416	\$ 310,668	\$ 243,004	\$ 927,547



REQUIRED
SUPPLEMENTARY
STEWARDSHIP
INFORMATION

(UNAUDITED)

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Required Supplementary Stewardship Information (unaudited)

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 U.S.

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

Stewardship PP&E are assets, the physical properties of which resemble those of the General PP&E that is traditionally capitalized in the financial statements of federal entities. Due to the nature of these assets, however, 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 a heritage asset also has 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 Heritage Assets: The NOAA’s collection-type heritage assets are comprised primarily of books, publications, manuscripts, records, and nautical chart plates. The NOAA uses the Condition Assessment Survey (CAS) method to describe the condition of its heritage assets. The CAS method is based on a five-point scale with 1 representing excellent condition; 2 - good condition; 3 - fair condition; 4 - poor condition; and 5 - very poor condition. Assets with the condition assessment level between 1 through 3 are defined as being suitable for public display. The books, publications, and manuscripts which make up the majority of the assets are in 4 - poor condition, and 5 - very poor condition.

Collection-type Heritage Assets					
Entity	Description of Assets	Quantity of Items Held September 30, 2003	FY 2004 Additions	FY 2004 Withdrawals	Quantity of Items Held June 30, 2004
National Environmental Satellite, Data and Information Service Library	Publications, books, manuscripts, photographs, and maps	150,477	13	2	150,488
Others	Artifacts, artwork, books, films, instruments, maps, and records	1,562	1,242	34	2,770
Total		152,039	1,255	36	153,258

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 the fourth quarter of FY 2004 and continue into FY 2005. As of June 30, 2004, the renovations are 60 percent complete.

National Marine Fisheries Service (NMFS) Aquarium: In Woods Hole, Massachusetts, this aquarium is used to educate the public, raise public awareness of NMFS activities, and accommodate in-house research for 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. The NMFS Aquarium is considered a multi-use heritage asset because of its predominant use for scientific research.

Stewardship Marine Sanctuaries and Coral Reef Reserve:

NOAA:

National Marine Sanctuaries: In 1972, Congress passed the Marine Protection, Research, and Sanctuaries Act (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 June 30, 2004, 13 National Marine Sanctuaries, which include near-shore coral reefs and open ocean, have been designated, covering a total area of 19 thousand square miles. The waters

and resources of the National Marine Sanctuaries are generally in good condition, though some specific resources (e.g. certain coral reefs, some commercial and recreational fisheries, and some benthic habitats) are threatened. Each individual sanctuary site (Monterey Bay, the Florida Keys, the Olympic Coast, and Channel Island are the largest four) conducts research and monitoring activities to characterize existing resources and document changes.

Northwestern Hawaiian Islands (NWHI) Coral Reef Ecosystem Reserve: Approximately 70 percent of all coral reefs located in U.S. waters surround the NWHI. The NWHI Coral Reef Ecosystem Reserve is the Nation's largest marine protected area, and was established by Executive Orders in December 2000 and January 2001 in accordance with the National Marine Sanctuaries Amendments Act of 2000. The NOAA is presently developing an operations plan for the Reserve, which covers 132 thousand square miles, and has also initiated the process to designate the Reserve as a National Marine Sanctuary. The final draft of the Reserve's Operations Plan (ROP) has been completed but remains to be officially cleared and approved. The ROP serves as a guide for management of the reserve during the sanctuary designation process. The conclusion of the designation process is expected in the spring of 2006.

B Stewardship Investments

Stewardship investments are substantial investments made by the U.S. Government for the benefit of the U.S., but are not physical assets owned by the U.S. Government. Though treated as expenses when incurred to determine the Department's Net Cost of Operations, these items merit special treatment so that users of federal financial reports know the extent of investments that are made for the long-term benefit of the U.S.

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. Based on a review of the Department's programs, NOAA and EDA have significant investments in non-federal physical property.

NOAA:

National Estuarine Research Reserves: The National Estuarine Research Reserves System consists of 26 estuarine reserves protected by federal, state, and local partnerships. Estuarine reserves are the areas where freshwater from rivers meet the ocean. These areas are known as bays, swamps, sloughs, and sounds. These important coastal habitats are used as spawning grounds and nurseries for at least two-thirds of the U.S.'s commercial fish and shellfish. Estuaries filter much of the polluted runoff from rivers and streams that would otherwise contaminate oceans. The program was created with the passage of the Coastal Zone Management Act of 1972, and, as of June 30, 2004, encompassed approximately 1.1 million acres of estuarine waters, wetlands, and uplands. Most of the reserves are state-operated and managed in cooperation with NOAA. The investments fund the acquisitions of land, as well as the development or construction of facilities, auxiliary structures, and public access routes for reserve sites. Two additional reserves are in the process of development.

Coastal Zone Management Fund: The Coastal Zone Management Program (CZMP) is authorized by the Coastal Zone Management Act of 1972 and administered at the Federal level by the Coastal Programs Division (CPD) within the Office of Ocean and Coastal Resource Management. CPD is a federal-state partnership dedicated to comprehensive management of the nation's coastal resources ensuring their protection for future generations, while balancing competing national economic, cultural and environmental

interests. The CPD is responsible for advancing national coastal management objectives and maintaining and strengthening state and territorial coastal management capabilities. It supports states through financial assistance, mediation, technical services and information, and participation in priority state, regional, and local forums. Investment activities of the CZMP include incidental expenses of land acquisition and low-cost construction on behalf of various state and local governments for the purpose of preservation or restoration of coastal resources and habitats. Activities include redevelopment of deteriorating and urbanized waterfronts and ports, and providing public access to beaches and coastal areas.

Coastal and Estuarine Land Conservation Program: The Coastal and Estuarine Land Conservation Program was established under the Commerce, Justice, and State Appropriations Act of 2002, “for the purpose of protecting important coastal and estuarine areas that have significant conservation, recreation, ecological, historical, or aesthetic values, or that are threatened by conversion from their natural or recreational state to other uses.” Since FY 2002, matching grants were directed to 39 projects in coastal and estuarine areas, to be awarded to state, local, and private non-profit entities for land acquisition.

NOAA's investments in non-federal physical property for FY 2000 through FY 2004 were as follows:

(In Millions)

Program	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Total
National Estuarine Research Reserves	\$ 11.5	\$ 31.6	\$ 27.5	\$ 24.0	\$ 0.1	\$ 94.7
Coastal Zone Management Fund	2.8	5.3	5.9	-	-	14.0
Coastal and Estuarine Land Conservation Program	-	-	14.0	3.6	21.0	38.6
Total	\$ 14.3	\$ 36.9	\$ 47.4	\$ 27.6	\$ 21.1	\$ 147.3

Economic Development Administration (EDA):

Public Works: The Public Works program promotes long-range economic development in distressed areas by providing investments for vital public infrastructure and development facilities. These critical investments enable communities to attract new, or support existing, businesses that will generate new jobs and income for unemployed and underemployed residents. Among the types of projects funded are water, sewer, fiber optics, access roads, and facilities such as industrial and business parks, business incubator and skill training facilities, and port improvements.

Economic and Defense Adjustments: The Economic and Defense Adjustments program provides flexible investments for communities facing sudden or severe economic distress to diversify and stabilize its economy. Factors that seriously threaten the economic survival of local communities include essential plant closures, military base closures or realignments, defense laboratory or contractor downsizings, natural resource depletion, outmigration, underemployment, and destructive impacts of foreign trade.

Disaster Recovery: The Disaster Recovery program awards grants for the repair of infrastructure and economic development related facilities damaged by floods and other natural disasters. Funding for the Disaster Recovery program is generally through supplemental funding from Congress for recovery efforts to save, sustain, and preserve private enterprise and job creation in economically distressed communities.

The EDA's investments in non-federal physical property for FY 2000 through FY 2004 were as follows:

(In Millions)

Program	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Total
Public Works	\$ 173.5	\$ 174.9	\$ 182.5	\$ 232.8	\$ 138.3	\$ 902.0
Economic and Defense Adjustments	112.9	131.6	109.0	88.7	49.2	491.4
Disaster Recovery	57.6	28.7	36.7	22.5	14.6	160.1
Total	\$ 344.0	\$ 335.2	\$ 328.2	\$ 344.0	\$ 202.1	\$ 1,553.5

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 and military personnel. Based on a review of the Department's programs, the most significant dollar investments in human capital are by NOAA and EDA.

NOAA:

National Sea Grant College Program: This program is a partnership between U.S. colleges and NOAA, and comprises 30 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 U.S. 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. To date, the program has supported the work of nearly 14 thousand graduate research assistants while they work(ed) on marine and Great Lakes science.

National Estuarine Research Reserve Program: This program supports activities designed to increase public awareness of estuary issues, provide information to improve management decisions in estuarine areas, and train graduate students in estuarine science. The National Estuarine Research Reserve System's Graduate Research Fellowship (GRF) Program offers qualified master's and doctoral students the opportunity to address scientific questions of local, regional and national significance. The result is high-quality research focused on improving coastal management issues. All GRF projects must be conducted in a National Estuarine Research Reserve and enhance the scientific understanding of the reserve's ecosystem.

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 NOAA's investments in human capital for FY 2000 through FY 2004:

(In Millions)

Program	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Total
National Sea Grant College Program	\$ 14.5	\$ 19.5	\$ 20.5	\$ 21.1	\$ 0.2	\$ 75.8
National Estuarine Research Reserve Program	0.7	0.8	0.8	0.1	0.6	3.0
National Research Council Research Associateship Program	1.7	3.0	0.4	1.5	-	6.6
Total	\$ 16.9	\$ 23.3	\$ 21.7	\$ 22.7	\$ 0.8	\$ 85.4

The following table further summarizes NOAA's human capital investments for FY 2004 by performance goal:

(In Millions)

FY 2004	
Performance Goal	Total
1: Build Sustainable Fisheries	\$ -
2: Sustain Healthy Coasts	0.8
3: Recover Protected Species	-
4: Advance Short-term Warnings and Forecasts	-
5: Implement Seasonal to Interannual Climate Forecasts	-
6: Predict and Assess Decadal to Centennial Climate Change	-
7: Promote Safe Navigation	-
Total	\$ 0.8

Note: In addition to the human capital investments indicated above, the National Sea Grant College Program received, on a pass-through basis from other federal agencies, \$1.5 million, \$1.6 million, \$1.9 million, \$1.1 million, and \$0.1 million for FY 2000, FY 2001, FY 2002, FY 2003, and FY 2004, respectively. Additionally, Sea Grant universities contributed matching funds to the National Sea Grant College Program in the amounts of \$8.5 million, \$11.1 million, \$11.5 million, \$11.0 million, and \$0.0 million in FY 2000, FY 2001, FY 2002, FY 2003, and FY 2004, respectively.

EDA:

Local Technical Assistance: The Local Technical Assistance program supports community leaders by providing technical expertise to assess local development issues and market based solutions, feasibility studies, specialized engineering and environmental services, and other special services.

Research Assistance and National Technical Assistance: The Research Assistance and National Technical Assistance programs provide access to economic data, technical knowledge, analytical skills and tools, and information critical for economic development professionals responding to economic changes in communities.

The following summarizes EDA's investments in human capital for FY 2000 through FY 2004:

(In Millions)

Program	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Total
Local Technical Assistance	\$ 11.0	\$ 9.6	\$ 9.3	\$ 10.1	\$ 6.0	\$ 46.0
Research Assistance and National Technical Assistance	0.6	0.4	0.5	0.6	0.1	2.2
Total	\$ 11.6	\$ 10.0	\$ 9.8	\$ 10.7	\$ 6.1	\$ 48.2

The following table further summarizes EDA's human capital investments for FY 2004 by performance goal:

(In Millions)

FY 2004	
Performance Goal	Total
1: Promote Private Enterprise and Job Creation in Economically Distressed Communities	\$ -
2: Build Community Capacity to Achieve and Sustain Economic Growth	48.2
Total	\$ 48.2

Investments in Research and Development (R&D):

Investments in R&D are expenses that are included in the Department's Net Cost of Operations. The investments are divided into three categories: 1) basic research, the systematic study to gain knowledge or understanding of the fundamental aspects of phenomena and of observable facts without specific applications toward processes or products in mind; 2) applied research, the systematic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met; and 3) development, the systematic use of the knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes 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. Based on a review of the Department's programs, the only significant investments in R&D are by NIST and NOAA.

National Institute of Standards and Technology (NIST):

NIST Laboratories Program: The NIST Laboratories have been the stewards of the U.S.'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 on two strategic goals: 1) provide technical leadership for the Nation's measurement and standards infrastructure; and 2) assure the availability and efficient transfer of measurement and standards capabilities essential to established industries.

Advanced Technology Program (ATP): This program 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. ATP uses joint ventures and informal teaming arrangements to combine private investment and the best available scientific and technological talent in industry, universities, and government. 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 2004, the program selected 27 new industrial research projects to receive cost-shared support totaling \$58 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. Twenty-three of the awards were made to small businesses, and at least 16 universities are involved as joint venture partners or subcontractors.

The following table summarizes NIST's R&D investments for FY 2000 through FY 2004:

(In Millions)

	Measurement and Standards Laboratories					Advanced Technology Program					Total				
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
Basic Research	\$ 48.6	\$ 62.5	\$ 63.5	\$ 74.2	\$ 47.4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48.6	\$ 62.5	\$ 63.5	\$ 74.2	\$ 47.4
Applied Research	239.0	255.6	288.8	307.9	232.3	91.8	85.0	76.6	86.8	70.7	330.8	340.6	365.4	394.7	303.0
Development	20.0	20.8	19.1	19.4	9.8	91.8	85.0	76.6	86.9	70.7	111.8	105.8	95.7	106.3	80.5
Total	\$307.6	\$338.9	\$371.4	\$401.5	\$289.5	\$183.6	\$170.0	\$153.2	\$173.7	\$141.4	\$491.2	\$508.9	\$524.6	\$575.2	\$430.9

The following table further summarizes NIST's R&D investments for FY 2004 by performance goal:

(In Millions)

FY 2004				
Performance Goal	Basic Research	Applied Research	Development	Total
1: Provide Technical Leadership for the Nation's Measurements and Standards Infrastructure; and 2: Assure the Availability and Efficient Transfer of Measurement and Standards Capabilities Essential to Established Industries	\$ 47.4	\$ 232.3	\$ 9.8	\$ 289.5
3: Accelerate Private Investment in and Development of High-risk, Broad-impact Technologies	-	70.7	70.7	141.4
Total	\$ 47.4	\$ 303.0	\$ 80.5	\$ 430.9

NOAA:

The NOAA conducts a substantial program of environmental R&D in support of its mission, much of which is performed to improve the U.S.'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

The 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.

The 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 College Program, the Cooperative Institutes of the Environmental Research Laboratories, the Climate and Global Change Program, and the Coastal Ocean Program.

Here is a brief description of the major R&D programs of NOAA:

Environmental and Climate: The Office of Oceanic and Atmospheric Research is NOAA's primary research and development office. The NOAA's research laboratories, Office of Global Programs, and research partners conduct a wide range of research into complex climate systems. The NOAA's research organizations conduct basic and applied research on the upper and lower atmosphere as well as the space environment. The NOAA's research, in cooperation with its research partners, explores and investigates ocean habitats and resources.

Fisheries: The NOAA's NMFS is responsible for the collection and analysis of information on the status of fishery resources and protected species, and for conducting programs that develop fisheries for economic growth. The Magnuson-Stevens Fishery Conservation and Management Act (Act) mandates strong action to conserve and manage fishery resources that contribute to the food supply, economy, and health of the Nation. The Act's provisions require NMFS to end over-fishing, rebuild all over-fished stocks, and conserve essential fish habitat through research and consultations on Federal and state actions that may adversely affect habitats. The NMFS's four major research priorities include research to support fishery conservation and management, conservation engineering research, research on the fisheries, and information management research.

Fleet Maintenance and Aircraft Services: The NOAA's Marine and Aviation Operations manage a wide variety of specialized aircraft and ships to complete NOAA's environmental and scientific missions. The aircraft collect the environmental and geographic data essential to NOAA hurricane and other weather and atmospheric research, conduct aerial surveys for hydrologic research to help predict flooding potential from snowmelt, and provide support to NOAA's fishery research and marine mammal assessment programs. The NOAA's ship fleet provides oceanographic and atmospheric research and fisheries research vessels to support NOAA's strategic plan elements and mission.

Weather Service: The National Weather Service conducts applied research and development, building upon the more basic research conducted by NOAA laboratories and the academic community. Applied meteorological and hydrological research is integral to providing more timely and accurate weather, water, and climate services to the public.

Other Programs: As a national lead for coastal stewardship, National Ocean Service promotes a wide range of research activities to create the strong science foundation required to advance the sustainable use of our precious coastal systems. Our understanding of the coastal environment is enhanced through coastal ocean activities that support science and resource management programs. National Environmental Satellite Data and Information Service, through its Office of Research and Applications, conducts atmospheric, climatological, and oceanic research into the use of satellite data for monitoring environmental characteristics and their change. It also provides guidance for the development and evolution of spacecraft and sensors to meet future needs.

The NOAA's R&D investments by program for FY 2000 through FY 2004 were as follows:

(In Millions)

Program	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Total
Environmental and Climate	\$ 257.4	\$ 266.2	\$ 289.9	\$ 351.4	\$ 225.7	\$ 1,390.6
Fisheries	241.3	125.8	121.7	156.4	53.0	698.2
Fleet Maintenance and Aircraft Services	14.7	18.0	19.3	90.4	36.0	178.4
Weather Service	7.7	11.1	11.0	20.4	12.9	63.1
Other	65.9	112.9	132.4	83.3	79.2	473.7
Total	\$ 587.0	\$ 534.0	\$ 574.3	\$ 701.9	\$ 406.8	\$ 2,804.0

The following table summarizes NOAA's R&D investments for FY 2000 through FY 2004 by R&D category:

(In Millions)

R&D Category	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Total
Applied Research	\$ 563.7	\$ 511.0	\$ 546.0	\$ 680.8	\$ 389.0	\$ 2,690.5
Development	23.3	23.0	28.3	21.1	17.8	113.5
Total	\$ 587.0	\$ 534.0	\$ 574.3	\$ 701.9	\$ 406.8	\$ 2,804.0

The following table further summarizes NOAA's R&D investments for FY 2004 by performance goal:

(In Millions)

FY 2004			
Performance Goal	Applied Research	Development	Total
1: Build Sustainable Fisheries	\$ 118.2	\$ 4.8	\$ 123.0
2: Sustain Healthy Coasts	54.9	2.0	56.9
3: Recover Protected Species	9.9	1.2	11.1
4: Advance Short-term Warnings and Forecasts	76.9	6.9	83.8
5: Implement Seasonal to Interannual Climate Forecasts	15.3	-	15.3
6: Predict and Assess Decadal to Centennial Climate Change	96.7	0.3	97.0
7: Promote Safe Navigation	17.1	2.6	19.7
Total	\$ 389.0	\$ 17.8	\$ 406.8



GLOSSARY OF ACRONYMS

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ABBREVIATION	TITLE
A ABC	Activity-based Cost
ABM	Activity-based Management
ACES	Annual Capital Expenditures Survey
ACM	Asbestos Containing Materials
ACS	American Community Survey
ACSI	American Customer Satisfaction Index
AD	Antidumping
ADP	Automated Data Processing
AHS	American Housing Survey
ALW	Atlantic Large Whale
AML	Advanced Measurement Laboratory (NIST)
ANSI	American National Standards Institute
APP	Annual Performance Plan
APPR	Annual Performance Progress Report
ASAP	Automated Standard Application for Payments
ASQ	American Society for Quality
ATP	Advanced Technology Program (NIST)
ATS	Annual Trade Survey
AWIPS	Advanced Weather Interactive Processing System
B BAS	Boundary and Annexation Survey
BCR	Benefit-cost Ratio
BDC	Business Development Centers (MBDA)
BEA	Bureau of Economic Analysis
BFRL	Building and Fire Research Laboratory (NIST)
BIS	Bureau of Industry and Security
BLS	Bureau of Labor Statistics
BNQP	Baldrige National Quality Program
BRS	Business Reporting System
BSC	Balanced Scorecard

C	CAMS	Commerce Administrative Management System
	CAS	Condition Assessment Survey
	CBP	U.S. Customs and Border Protection
	CCSPS	Climate Change Science Program Strategic Plan
	CEDS	Comprehensive Economic Development Strategies
	CEIP	Coastal Energy Impact Program (NOAA)
	CFC	Chlorofluorocarbon
	CFO	Chief Financial Officer
	CFO/ASA	Chief Financial Officer and Assistant Secretary for Administration (OS)
	CIAO	Critical Infrastructure Assurance Office
	CIO	Chief Information Officer
	CIP	Critical Infrastructure Protection
	CIPA	Children's Internet Protection Act of 2000
	CIRT	Computer Incident Response Team
	CITES	Convention on International Trade in Endangered Species
	COOL	Commerce Opportunities Online
	COOP	Continuity of Operations Plan
	CORS	Continuously Operating Reference Station
	COTR	Contracting Officer Technical Representative
	CPD	Coastal Programs Division
	CPI	Consumer Price Index
	CPS	Current Population Survey
	CRADA	Cooperative Research and Development Agreements
	CSRS	Civil Service Retirement System
	CSTL	Chemical Science and Technology Laboratory (NIST)
	CVD	Countervailing Duty
	CWC	Chemical Weapons Convention
	CWCIA	CWC Implementation Act
	CZM	Coastal Zone Management (NOAA)
	CZMA	CZM Act
	CZMP	CZM Program
D	DAM	Dynamic Area Management
	DFI	Digital Freedom Initiative
	DHS	U.S. Department of Homeland Security
	DM	Departmental Management
	DNS	Domain Name System
	DOJ	U.S. Department of Justice
	DOL	U.S. Department of Labor

DOL/OLMS	DOL Online Labor Management System
DPA	Defense Production Act
DPAS	Defense Priorities and Allocations System
DPS	Distinct Population Segment

E	EAA	Export Administration Act
	EAR	Export Administration Regulations
	ECASS	Export Control Automated Support System
	EDA	Economic Development Administration
	EDD	Economic Development Districts
	EEEL	Electronics and Electrical Engineering Laboratory (NIST)
	EFT	Electronic Funds Transfer
	ELGP	Emergency Oil and Gas and Steel Loan Guarantee Programs
	ENC	Electronic Navigational Chart
	ENSO	El Niño/Southern Oscillation
	EPO	European Patent Office
	ESA	Economics and Statistics Administration

F	FAIR	Federal Activities Inventory Reform
	FAR	False Alarm Rate
	FCC	Federal Communications Commission
	FECA	Federal Employees Compensation Act
	FEGLI	Federal Employees Group Life Insurance Program
	FEHB	Federal Employees Health Benefit Program
	FEMA	Federal Emergency Management Agency
	FERS	Federal Employees Retirement System
	FFMIA	Federal Financial Management Improvement Act of 1996
	FICA	Federal Insurance Contributions Act
	FISMA	Federal Information Security Management Act
	FMFIA	Federal Managers' Financial Integrity Act of 1982
	FMP	Fishery Management Plan
	FR	Field Representative
	FTA	Free Trade Agreement
	FTAA	Free Trade Area of the Americas
	FTE	Full-Time Equivalent
	FVOG	Fishing Vessel Obligation Guarantee Program (NOAA)
	FWC	Future Workers' Compensation
	FY	Fiscal-year

- G** **G&B** Gifts and Bequests (a fund that is part of DM)
- GAAP** Generally Accepted Accounting Principles
- GAO** U.S. General Accounting Office
- GDP** Gross Domestic Product
- GFDL** Geophysical Fluid Dynamics Laboratory (NOAA)
- GPEA** Government Paperwork Elimination Act
- GPRA** Government Performance and Results Act of 1993
- GPS** Global Positioning System
- GRF** Graduate Research Fellowship
- GSA** U.S. General Services Administration
- GSP** Gross State Product
- GSS** Geographic Support System

- H** **HCP** Habitat Conservation Plan
- HPC** Hydrometeorological Prediction Center (NOAA)
- HR** Human Resources
- HRDS** HR Data System
- HSS** Heidke Skill Scores

- I** **IA** Import Administration (ITA)
- IAEA** International Atomic Energy Agency
- ICANN** Internet Corporation for Assigned Names and Numbers
- ICEP** International Catalog Exhibition Program (ITA)
- ICT** Information and Communication Technology
- IDS** Intrusion Detection Software
- IEEE** Institute of Electrical and Electronics Engineers
- IFQ** Individual Fishing Quota Direct Loans (NOAA)
- IFR** Instrument Flight Rules
- IFW** Image File Wrapper
- IG** Immediate Office of the Inspector General (OIG)
- IP** Intellectual Property
- IP** Internet Protocol
- IRAC** Interdepartmental Radio Advisory Committee
- IRC** Investment Review Committees
- IRS** Internal Revenue Service
- ISI** Institute for Scientific Information
- IT** Information Technology
- ITA** International Trade Administration
- ITL** Information Technology Laboratory (NIST)

ITS	Institute for Telecommunication Sciences (NTIA)
ITU	International Telecommunication Union
K	
KSA	Knowledge, Skills, and Abilities
L	
LBP	Lead-based Paints
LMS	Learning Management System
M	
M&TA	Management and Technical Services
MAF	Master Address File
MAP	Measurement Assurance Programs (NIST)
MBDA	Minority Business Development Agency
MBDC	Minority Business Development Centers (MBDA)
MBE	Minority Business Enterprise
MBIP	Minority Business Internet Portal
MBNQA	Malcolm Baldrige National Quality Awards
MBOC	Minority Business Opportunity Committee Program (MBDA)
MDCP	Market Development Cooperator Program (ITA)
MECA	Minority Equity Capital Access Program (MBDA)
MED	Minority Enterprise Development
MEL	Manufacturing Engineering Laboratory (NIST)
MEMS	Microelectromechanical Systems
MEP	Manufacturing Extension Partnership (NIST)
MEPNAB	MEP National Advisory Board
MOU	Memorandum of Understanding
MSBO	Manufacturers' Sales Branches and Offices
MSEL	Materials Science and Engineering Laboratory (NIST)
MTS	U.S. Marine Transportation System
N	
NABDC	Native American Business Development Centers (MBDA)
NAF	National Academy Foundation
NAFTA	North American Free Trade Agreement
NAICS	North American Industry Classification System
NAO	North Atlantic Oscillation
NAPA	National Academy of Public Administration
NASA	National Aeronautics and Space Administration
NBS	National Bureau of Standards
NCDC	National Climatic Data Center (NOAA)
NEC	Nonproliferation and Export Control Cooperation Team (BIS)
NERR	National Estuarine Research Reserve

NES	National Export Strategy
NIACAP	National Information Assurance Certification and Accreditation Process
NIH	National Institutes for Health
NIPA	National Income and Product Accounts
NIST	National Institute of Standards and Technology
NM	Nautical Miles
NMFS	National Marine Fisheries Service (NOAA)
NOAA	National Oceanic and Atmospheric Administration
NOS	National Ocean Service (NOAA)
NPV	Net Present Value
NRC	National Research Council
NSRS	National Spatial Reference System
NTIA	National Telecommunications and Information Administration
NTIS	National Technical Information Service
NWLON	National Water Level Observation Network
NYOFS	Port of New York and New Jersey Operational Forecast System

OA	Office of Audits (OIG)
OAM	Office of Acquisition Management (OS)
OCAD	Office of Compliance and Administration (OIG)
OCS	Office of Computer Services (Franchise Fund)
OECD	Organization for Economic Cooperation and Development
OFM	Office of Financial Management (OS)
OFPP	Office of Federal Procurement Policy
OHRM	Office of Human Resources Management (OS)
OI	Office of Investigations (OIG)
OIG	Office of Inspector General (DM)
OIPE	Office of Inspections and Program Evaluations (OIG)
OMB	Office of Management and Budget
OPEM	Office of Planning, Evaluation and Management (BIS)
OPM	U.S. Office of Personnel Management
OS	Office of the Secretary (DM)
OSDBU	Office of Small and Disadvantaged Business Utilization (OS)
OSE	Office of Systems Evaluation (OIG)
OSM	Office of Spectrum Management (NTIA)
OSY	Office of Security (OS)
OTE	Office of Technology Evaluation
OTP	Office of Technology Policy (TA)

P	PALM	Patent Application Location and Monitoring System
	PAR	Performance and Accountability Report
	PART	Program Assessment Rating Tool
	PBR	Potential Biological Removal
	PBSA	Performance-based Service Acquisitions
	PBSC	Performance-based Service Contracting
	PBViews	Panorama Business Views
	PKI	Public Key Infrastructure
	PL	Physics Laboratory (NIST)
	PMA	President's Management Agenda
	PNA	Pacific North America
	PORTS®	Physical Oceanographic Real-time System
	PP&E	Property, Plant, and Equipment, Net
	PPS	Post-project Survey
	PRT	Program Review Team (NOAA)
	PSV	Post-shipment Verification
	PTFP	Public Telecommunications Facilities Program (NTIA)
Q	QFR	Quarterly Financial Report
	QPF	Quantitative Precipitation Forecasts
R	R&D	Research and Development
	RLF	Revolving Loan Fund (EDA)
	ROP	Reserve's Operations Plan (NOAA)
S	S&E	Salaries and Expenses
	S&T	Science and Technology
	SAM	Special Agent Manual
	SAS	Services Annual Survey
	SAV	Site Assistance Visits
	SBA	U.S. Small Business Administration
	SBR	Combined Statement of Budgetary Resources
	SCNP	Consolidated Statement of Changes in Net Position
	SDDS	Special Data Dissemination Standards
	SES	Senior Executive Service
	SIPP	Survey of Income and Program Participation
	SME	Small and Medium-sized Enterprise
	SNM	Square Nautical Miles
	SNS	Shortnose Sturgeon

SPD Survey of Program Dynamics
SRD Standard Reference Data
SRM Standard Reference Materials
STEP Standard for the Exchange of Product Model Data

T **3G** Third Generation
TA Technology Administration
TAA Trade Adjustment Assistance Program (EDA)
TAAC Trade Adjustment Assistance Center
TABD Trans-Atlantic Business Dialogue
TCC Trade Compliance Center (ITA)
TECI Transshipment Country Export Control Initiative
TIC Trade Information Center (ITA)
TIGER Topologically Integrated Geographic Encoding and Referencing System
TIS Trademark Information System
TPA Trade Promotion Authority
TPC Tropical Prediction Center (NOAA)
TPCC Trade Promotion Coordinating Committee
TRAM Trademark Reporting and Monitoring System
Treasury U.S. Department of the Treasury
TROR Treasury Report on Receivables
TRP Take Reduction Plan
TRT Take Reduction Team
TSP Thrift Savings Plan
TVA Tennessee Valley Authority

U **UAE** United Arab Emirates
UC University Center
US&FCS U.S. and Foreign Commercial Service
US/OTP Office of the Under Secretary/Office of Technology Policy (TA)
USCRN U. S. Climate Reference Network
USDA U.S. Department of Agriculture
USPTO U.S. Patent and Trademark Office
USTR Office of the U.S. Trade Representative
USWRP U.S. Weather Research Program
UWB Ultra-wideband

V **VCAT** Visiting Committee on Advanced Technology
VoIP Voice over Internet Protocol

W	WCF	Working Capital Fund (DM)
	WMD	Weapons of Mass Destruction
	WRC-03	2003 World Radiocommunication Conference
	WTO	World Trade Organization

