Defense Commissary Agency

Fiscal Year 2003 Annual Financial Report

DEFENSE COMMISSARY AGENCY

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Director's Message

The Defense Commissary Agency (DeCA) is committed to operating its commissary system in an efficient and effective manner by providing significant savings for its patrons. This will improve our patron's quality of life and enhance military readiness and retention of personnel. The objective of the agency is to achieve a cost saving of 30 percent for its patrons over similar competition in supermarkets and mega centers. During fiscal year 2003, the actual saving to commissary customers were 32.1 percent—exceeding the projected goal. There has been a steady rise in the commissary customer satisfaction survey. In fiscal year 2000, customers gave the commissaries an overall rating of 4.23 out of a possible 5. By 2001, the score had risen to 4.33 and by November 2002, the score was 4.39. The survey tallies the responses to 14 questions from more than 20,000 commissary customers worldwide. The 2003 mid-year survey showed customer satisfaction rose slightly in each of the 14 targeted areas compared to the November 2002 survey. The greatest improvements since the last survey dealt with time and ease of shopping. The "check-out waiting time" improved from 4.39 to 4.46 while the "store layout and time required to shop" increased from 4.39 to 4.45.

If DeCA is to continue to survive in a climate marked by increased budgetary pressure, more base realignments, closures, and continued defense transformation initiatives, it must position itself now and in the future as the most efficient organization to deliver the commissary benefit. DeCA has initiated a plan for re-engineering. The plan focuses on processes and people, specifically the people who comprise DeCA's work force, and the key processes that enable commissaries to sell groceries at cost plus 5 percent to authorized patrons. The agency has identified 11 essential processes: Human Resources, Operations, Engineering, Contracting, Finance, Planning, Information Technology, Program Management, Equal Employment Opportunity, Safety and Security, and Marketing. We are redesigning ourselves around these key processes and also re-engineering our work force to provide greater flexibility and maximum support for commissary operations. Above the store level, it is almost certain to result in a new corporate structure, organized around the principal processes. This re-engineering process is an ongoing initiative. The outcome remains store-focused to enhance sales and better serve our customers, while ensuring that we deliver the commissary benefit in the most efficient and cost effective manner.

Our review of fiscal operations is scrutinized through internal audit committee meetings and external audit reviews. Timely and accurate reporting of accounting transactions is achieved through vital interaction between Headquarters and Resource Management offices at the regions, and through a close partnership with accounting and financial reporting operations at DFAS-Columbus. Our involvement in financial management modernization programs in the Department of the Defense keeps DeCA abreast with changes in financial reporting initiatives.

Michael P. Wiedemer
Major General, USAF
Director

Comptroller's Message

The Defense Commissary Agency (DeCA) operates 276 commissary stores worldwide for military personnel, retirees and their families. DeCA is funded from three congressionally approved sources: Commissary Resale Stocks finances the purchase of inventory for resale to authorized patrons. Commissary Operations finances operating costs for resale stores, agency and region headquarters, field operating activities, and support services, e.g., civilian and military labor, labor contracts, travel, transportation of commissary goods overseas, and other indirect support. The primary revenue source for this activity group is fund appropriated by Congress; however, Commissary Operations also receives additional revenue from manufacturers' coupon redemption fees, handling fees for tobacco products, and reimbursements for other support. Surcharge Collections represents a third major source of funding. Surcharge collections is a trust fund primarily funded by a five percent surcharge applied to patron sales at the checkout counter. This fund was established by law, so authorized patrons share responsibility for overall costs of the commissary system, including store information technology and the commissary construction program. This fund also receives revenue from prompt payment discounts, the sale of used cardboard and equipment, and services provided to others.

DeCA has carried a negative balance of available unobligated budgetary resources since it was established in fiscal year 1992. Amounts have ranged from a low of $31.2 million at the end of 1998 to a high of $198.3 at the end of 1993. The projected balance at the end of FY 2003 is $194 million and $163.1 million at the end of FY 2005. This situation occurred because more obligations than cash were transferred to DeCA in order to pay bills. In FY 1995, $251.6 million in cash was transferred within the Defense Business Operations Fund (DBOF) account to DeCA's sub-account as a result of the FY 1995 Appropriations Conference Report not adversely affecting DeCA operations. However, when DeCA was realigned to its own Defense Working Capital Fund (DWCF) sub-account in FY 1999, $318 million in unliquidated obligations was transferred to DeCA's DWCF, but only $149 million in funding was provided. This has resulted in DeCA's financial statements reflecting a negative unobligated balance in each of the subsequent years. In December 2002, the Program Budget Decision (PBD) 419R directed the Office of Under Secretary of Defense (OUSD) (C) Comptroller to study the problem and come up with a solution to eliminate the negative balance. The study was concluded in August 2003. The (OUSD) (C) plans to make a $163.1 million cash transfer during the second quarter of FY 2004, and DeCA will be required to provide $3 million in FY 2004 from prior year recoveries to reach zero/positive unobligated balance by the end of FY 2005.

During FY 2003, DeCA conducted physical inventories of capital equipment and ADP software, reconciled differences, and made applicable adjustments to the FY-end financial statements. The overall impact of the inventory resulted in a decrease of $5 million in Surcharge net assets and a decrease of $2.1 million in Working Capital fund net assets. Our close working relationship with DFAS-Columbus, KPMG LLP, and monthly audit committee meetings have been an immeasurable benefit. All of these efforts are contributing factors for DeCA achieving an unqualified opinion in FY 2003.

Edward S. Jones
Executive Director for Resources

OVERVIEW

The Defense Commissary Agency (DeCA) is a component of the Department of Defense (DoD) reporting to the Under Secretary of Defense for Personnel and Readiness. In 1989, the House Armed Services Committee appointed the Jones Commission to analyze the commissary systems (i.e., grocery stores or supermarkets) that the four military services operated. To provide better service for military patrons at a lower cost, the Commission recommended consolidation of the four separate military service commissary operations. On October 1, 1991, DeCA was established.

During fiscal year 2003, DeCA's operations included 276 commissaries with annual sales of approximately $5 billion dollars and more than 18,000 employees. DeCA operates its commissaries around the world to support the military services. Patrons include 10 million active duty military, retirees, and family members. Congress authorizes DoD to operate its commissaries as a significant non-pay benefit to supplement military income as an integral part of the overall military pay and benefit. DeCA generally sells its groceries and household supplies to the military community at its cost. By selling goods at cost, DeCA provides the lowest overall prices and the maximum savings benefit.

As stated in DeCA's Strategic Plan, dated June 3, 2003, the following depicts our mission, values, vision, goals and corporate objectives:

MISSION

DeCA's mission is to "Deliver the Premier Qualify of Life Benefit to the Armed Services Community,"

- To enhance recruiting, retention, and readiness.
- By *Efficiently and Effectively* providing exceptional savings, excellent products and superior services, every time, every place!

VALUES

DeCA's shared values are **L**eadership – **I**ntegrity – **F**lexibility – **E**njoyment ("**LIFE**")

- Leadership: We expect passion, courage and excellence!
- Integrity: We demand honesty, professionalism and trustworthiness!
- Flexibility: We cultivate innovation, empowerment and competence!
- Enjoyment: We foster teamwork, recognition and opportunity!

These four words, encapsulated in the acronym "LIFE," are the corporate values DeCA wants employees to represent as the agency moves forward. The values are the engine behind a new vision that highlights DeCA's commitment to the people who deliver and receive the commissary benefit.

VISION

DeCA's new vision will focus on people – customers, workforce and partners – all working together to create "Raving Fans."

"LIFE and "RAVING FANS" – Together, these ideals are the impulses that will propel DeCA to achieve its goals of maintaining the premier quality of life benefit for customers, being the employer of choice for its workforce, and setting new standards for best business practices with its industry partners.

GOALS

DeCA's goals are:

- Customers…Premier Quality of Life Benefit
- Workforce…Employer of Choice
- Partners…Best Business Models and Practices

CORPORATE OBJECTIVES

- *People First* – Beginning in FY 2004, implement programs (e.g., job training, safety training/awareness, security, background investigations, employee assistance programs, etc.) that support an improved quality of life for DeCA employees and provide improved customer service for DeCA's customers and partners. By FY 2008, ensure initiatives are fully functioning agency-wide.

- *Sustain Customer Savings* – Continue to sustain a savings to our customers of 30% over the commercial grocery and super-center competition through FY 2009, while expanding customer traffic and building sales.

- *Reduce Unit costs* – By the end of FY 2004, reduce agency operating unit costs by up to 1% from a FY 2002 baseline without inflation, while meeting or exceeding output, customer service, and quality standards. Explore options for further reducing unit costs in the FY 2005 to FY 2009 timeframe.

- *Improve Technology* – Deliver fully integrated capital investment programs that result in operational efficiencies, contribute to improved sales and savings, and exceed the expectations of our customers, workforce, and partners. To accomplish this, beginning in FY 2004, we will deploy leading edge technologies that integrate business processes, enhance agency performance and promote interoperability throughout the military resale system. By the end of FY 2007, DeCA will migrate essential business legacy systems to interface with a common data repository.

- *Improve the Infrastructure* – Deliver fully integrated facilities programs that result in operational efficiencies, contribute to improved sales and savings, and exceed the expectations of our customers, workforce, and partners. Provide resale facilities that are conveniently located, properly sized, configured, and maintained. By the end of FY 2009, eliminate the facilities backlog.

ORGANIZATION

The Defense Commissary Agency headquarters is located at Fort Lee, Virginia. The headquarters maintains oversight of 4 regions, 29 zones, 11 distribution centers, 1 central meat plant in Europe, and 276 commissaries on military installations worldwide. The Eastern region is headquartered in Virginia Beach, Virginia; the Midwest region is headquartered in San Antonio, Texas; the Western Pacific region is headquartered in Sacramento, California; and the European region is headquartered at Kapaun Air Station, Germany.

DeCA's Working Capital Fund (WCF) is considered part of the DoD's WCF, which includes the financial activity for the Defense Finance and Accounting Service (DFAS), the Defense Logistics Agency, the Defense Information Systems Agency, and the Defense Security Service. Within DeCA's WCF, there are two activity groups: Commissary Resale Stocks and Commissary Operations.

Commissary Resale Stocks finances the purchase of grocery, meat and produce items for resale to authorized patrons. The primary revenue source for this activity group is the sale of inventory to commissary patrons. Commissary Operations finances the operating costs of resale stores, agency and region headquarters, field operating activities, and support services. The primary revenue source for this activity group is a direct appropriation to the DoD WCF, which in turn transfers the funds to the DeCA WCF.

DeCA's Surcharge Collections Trust Fund is funded primarily by a five percent surcharge applied to each sale. This fund, established by law, finances DeCA's store-level information management equipment and support, and construction programs. DeCA also receives minor amounts of military construction and procurement appropriated funds.

FISCAL YEAR 2003 PERFORMANCE GOALS AND RESULTS

Performance Measure		FY 03 Goal		FY 03 Actual
Customer Savings Compared to Other Retail Grocery Stores		30.0%		32.1%
Commissary Customer Service Survey (out of 5.0)		4.38		4.42
American Customer Satisfaction Index (out of 100)		75		75*
Unit Cost (in current year dollars)		0.2183		0.2172
Facility Condition Index (out of 100)		74.5		74.5*
Commissary Operations Costs (in millions)	$	1,098.6	$	1,094.1
Resale Stock Sales (in millions)	$	5,033.6	$	5,038.1
Surcharge Obligations (in millions)	$	253.4	$	252.0
Total Full Time Equivalents (FTEs)		15,072		15,235
Active Military FTEs		13		13
Civilian FTEs		15,059		15,222

*The goal and actual ratings are the same for the American Customer Satisfaction Index and the Facility Index Code. Final results for fiscal year 2003 will not be available until February 2004.

FINANCIAL CONDITION

When DeCA was realigned to its own Defense Working Capital Fund (DWCF) sub-account in FY 1998, $318 million in unliquidated obligations were transferred to DeCA's DWCF but only $149 million in funding was provided. This has resulted in DeCA's financial statements reflecting a negative unobligated balance in each of the subsequent years. In December 2002, Program Budget Decision (PBD) Number 419-R, approved by the Office of the Under Secretary of Defense – Comptroller (OUSD)(C)), required that an internal study be performed to propose ways to eliminate DeCA's negative unobligated balances. This study was conducted in August 2003. The negative balance for the Commissary Operations fund at the end of FY 2003 is $194 million, and the projected negative balance at the end of FY 2005 is $163.1 million. The OUSD(C) plans to make a $163.1 million cash transfer during the second quarter of FY 2004, and DeCA will be required to provide $3 million in FY 2004 from prior year recoveries to reach a zero or positive unobligated balance by the end of FY 2005.

REVIEW OF SYSTEMS AND CONTROLS

At the present time, DeCA is reviewing many of its financial processes performed for the purpose of eliminating or improving manual processes, automating manual processes, and eliminating redundancies. DeCA's automation goal is to use current technology in eliminating redundant data input of financial transactions, and to reduce or consolidate financial business systems. Engineering change requests have been developed to assist in meeting this goal.

DeCA's critical feeder systems and finance and accounting systems include the following:

ACCOUNTS CONTROL SUPPORT SYSTEM (ACSS) and ACCOUNTING & INVENTORY MANAGEMENT SYSTEM (AIMS)

During FY 2003, AIMS was merged with the ACSS. AIMS was designed to provide an interface to the Defense Finance and Accounting Service (DFAS) Standard Financial System (STANFINS), and to provide an individual store inventory account. AIMS is a web-based system and ACSS is an individual PC based system, which only allowed the PC owner to view data for a specific store. The more efficient AIMS/ACSS is now a web-based system, which allows users from any location to access the Record of Operations, and to access inventory transactions and balances for stores, regions, and zones. Transactions from AIMS no longer need to be interfaced to a database from which information for ACSS is obtained. Worldwide deployment occurred from July through September 2003.

DeCA DOCUMENT MANAGEMENT SYSTEM (DDMS)

DDMS incorporates various types of commercial off-the-shelf software used in the offices of the store directors and the Accounts Control Section (ACS) to scan images of financial documents to an ACS server for retention and research purposes. DDMS allows the commissary clerk to assign a standard file name to each financial document, scan the document using high speed scanners and transmit the image of the scanned document to the ACS. Information on the scanned image is processed into the financial systems by an accounting technician, and the image is retained in a database for research purposes. Once the document becomes available in the database, individuals in other directorates within DeCA and DFAS can retrieve it. DDMS has been deployed to all U.S.-based and non-U.S.-based (European and Far East Region) commissaries and ACS.

STANDARD AUTOMATED VOUCHER EXAMINATION SYSTEM (SAVES)

SAVES supports the resale contracting and bill paying functions for DeCA in the U.S. and Europe. Contracts are executed within SAVES with resulting data being sent to the DeCA Interactive Business System (DIBS) for authorized stores to order products. SAVES matches receipts for goods delivered to the commissary to vendor generated invoices for "Invoice" contracts. Once the match is complete, the record moves into the payment path. For "Delivery Ticket Invoice" contracts, the receipt automatically moves into the payment path. The system creates a daily payment file, which is sent to the Standard Financial System Redesign-1 (SRD-1) or Operational Data Store for checks and electronic funds transfer payments to be processed and for the financial transactions to be recorded. During FY 2003, SAVES processed an average of 155,231 payment records a month with an average monthly dollar value of $392.1 million.

POINT OF SALE MODERNIZATION (POS-M)/TECHNOLOGY REFRESH (POS-TR)

POS-M has provided DeCA with a "state of the art" front-end cash register system which mirrors that used in the commercial industry. The system has the capability to process credit/debit cards, support electronic compounding, and perform check verification. Financial data captured by POS-M/POS-TR is used to create the automated DeCA Form 70-15, Summary of Daily Receipts, and DD Form 707, Report of Deposits. The financial data automatically passes to DIBS and DDMS.

ELECTRONIC BENEFITS TRANSFER (EBT) PROGRAM

States across the country have introduced Food Stamp EBT programs and the Women, Infants and Children (WIC) SMARTCARD programs. The recipients of these programs use their state-issued plastic cards to access their benefits at a Point-of-Sale (POS) terminal. DeCA works with the states and state contractors to implement their EBT programs. As states come online, EBT procedures and training is provided to the respective commissaries.

DeCA DIBS FREQUENT DELIVERY SYSTEMS (DIBS/FDS)

DIBS/FDS uses a computer assisted ordering (CAO) program to automate and improve store replenishment operations. This specialized program is an automated order forecasting and generation system that uses historical sales data, limits human intervention and seeks to achieve just-in-time inventory management. The CAO program has a positive impact on operations to better serve customers, reduce costs to DeCA and improve inventory management. DIBS/FDS uses electronic data interchange (EDI) to create grocery purchase orders, confirm shipments, identify item discrepancies, and create financial receipt transactions. The financial receipt transactions for FDS orders are rolled-up to DIBS/SAVES by the ACS at the end of each order roll-up period to authorize payment to the manufacturer. The EDI brings DeCA closer to grocery industry standards for transmitting and receiving electronic information.

STATEMENT OF FINANCIAL ASSURANCE

The system of internal accounting and administrative control of DeCA, in effect during the fiscal year ending September 30, 2003, was evaluated in accordance with the guidance provided by the Office of Management and Budget Circular A-123 (Revised), "Management Accountability and Control," dated June 21, 1995, as implemented by DoD Directive 5010.38, "Management Control Program," dated August 26, 1996, and DoD Instruction 5010.40, "Management Control Program Procedures," dated August 28, 1996.

The objectives of the system of internal accounting and administrative control of DeCA are to provide reasonable assurance that: 1) obligations and costs are in compliance with applicable laws; 2) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation; and 3) that revenues and expenditures applicable to agency operations are properly recorded and accounted for to permit the preparation of reliable accounting, financial and statistical reports, and to maintain accountability over the assets.

The results of the evaluation indicate that the system of internal accounting and administrative control of DeCA in effect during the fiscal year ending September 30, 2003, taken as a whole, complies with the requirement to provide reasonable assurance that the above-mentioned objectives were achieved.

There is reasonable assurance that financial reporting is reliable. Transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with generally accepted accounting principles in the U.S., and assets are safeguarded against loss from unauthorized acquisition, use, or disposition.

During the fourth quarter of FY 2003, DeCA conducted a physical inventory of capital equipment and ADP software, reconciled the data to the Defense Property Accountability System (DPAS), and made applicable adjustments to the FY 2003 financial statements. The overall impact of the physical inventory resulted in a decrease of net assets in the amount of $5 million to the Surcharge Trust Fund and a decrease of $2.1 million to the Working Capital Fund.

UNDERSTANDING THE FINANCIAL STATEMENTS

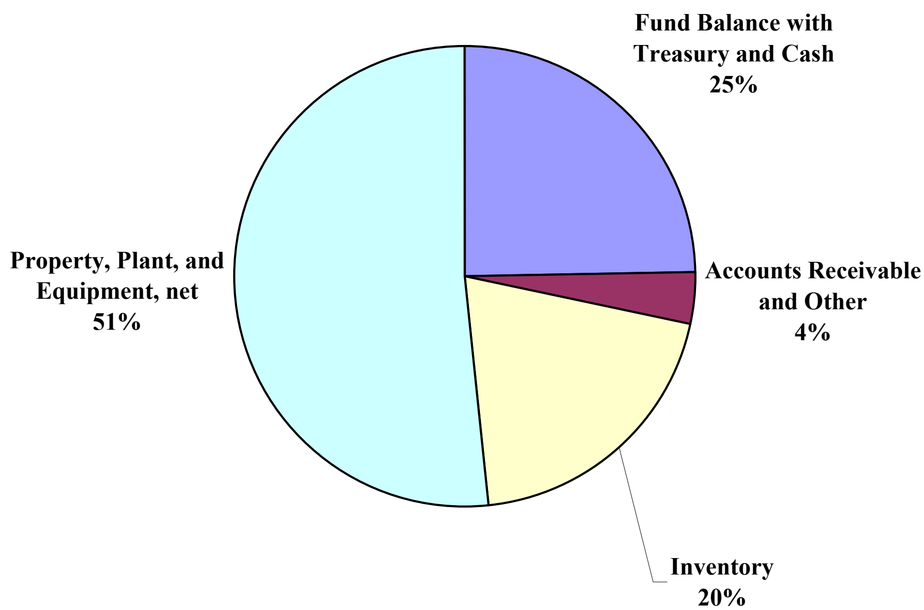
DeCA's Consolidated Balance Sheets, Statements of Net Cost, Statements of Changes in Net Position, Statements of Financing, and Combined Statements of Budgetary Resources are presented in a two-year comparative format, as required by OMB Bulletin Number 01-09, (*Form and Content of Agency Financial Statements*), dated September 25, 2001. The following section provides a brief description of (a) the nature of each required financial statement and its relevance to DeCA, (b) significant fluctuations from FY 2002 to FY 2003, and (c) certain significant balances, where necessary, to help clarify their link to DeCA's operations.

<u>Balance Sheet</u>

The Balance Sheet presents the amounts available for use by DeCA (assets) against the amounts owed (liabilities) and amounts that comprise the difference (net position).

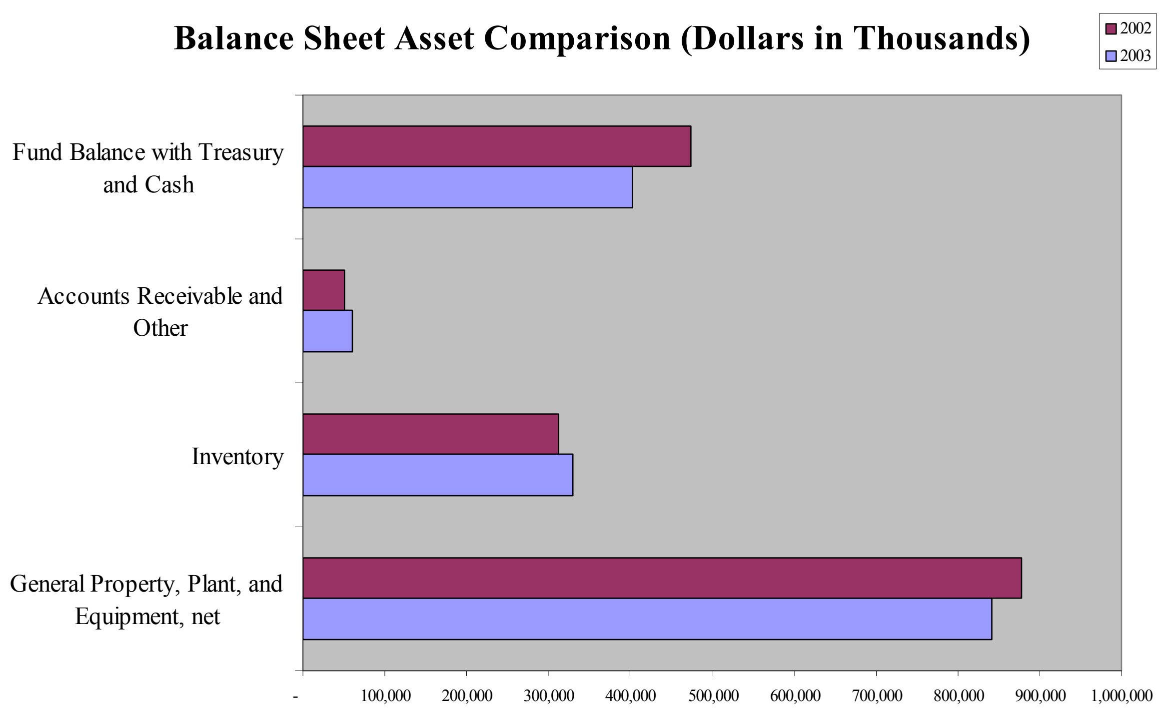
Assets - As of fiscal year end, DeCA's total assets were $1,631 million. The assets of DeCA are the resources available to pay liabilities or satisfy future service needs. DeCA's major categories of assets, as a percentage of total assets are as follows:

Balance Sheet Assets as of September 30, 2003



The following chart presents comparisons of major asset balances as of September 30, 2002 and 2003. A discussion of the significant accounts and fluctuations follows.

Balance Sheet Asset Comparison (Dollars in Thousands)



Fund balance with Treasury (FBWT) and *Cash* is primarily funding available through U.S. Department of Treasury accounts from which DeCA is authorized to make expenditures to pay liabilities. It also includes monies available at commissaries, or those deposits that have not yet been deposited to the U.S. Department of Treasury. As of September 30, 2003, DeCA had an overall decrease of $72 million, or 15%, in its fund balance with Treasury and cash from September 30, 2002. Disbursements for grocery inventory and contractual services exceeded collections for grocery sales, tobacco discounts, and cardboard sales.

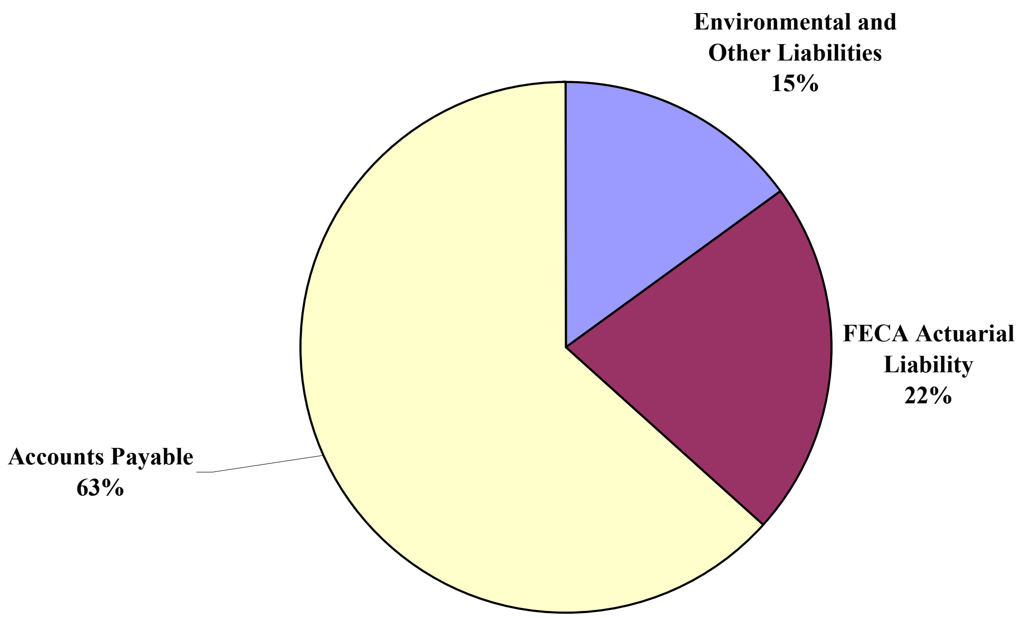
Accounts Receivable and Other primarily represents amounts due from governmental and public customers of DeCA. Accounts receivable and other increased by approximately $10 million, or 20%, due to an agreement between the U.S. Coast Guard and DeCA that was recorded during September 2003, and due to increases resulting from outstanding vendor credit memos, coupons receivable, and the morale, welfare, and recreation activities of the major services.

Inventory represents 20% of DeCA's current year assets, and comprises grocery products held on-hand at DeCA facilities that is ready to be sold to DeCA patrons. Inventory increased by $16.3 million, or 5%, due to increased in-store stockage rates as of September 30, 2003.

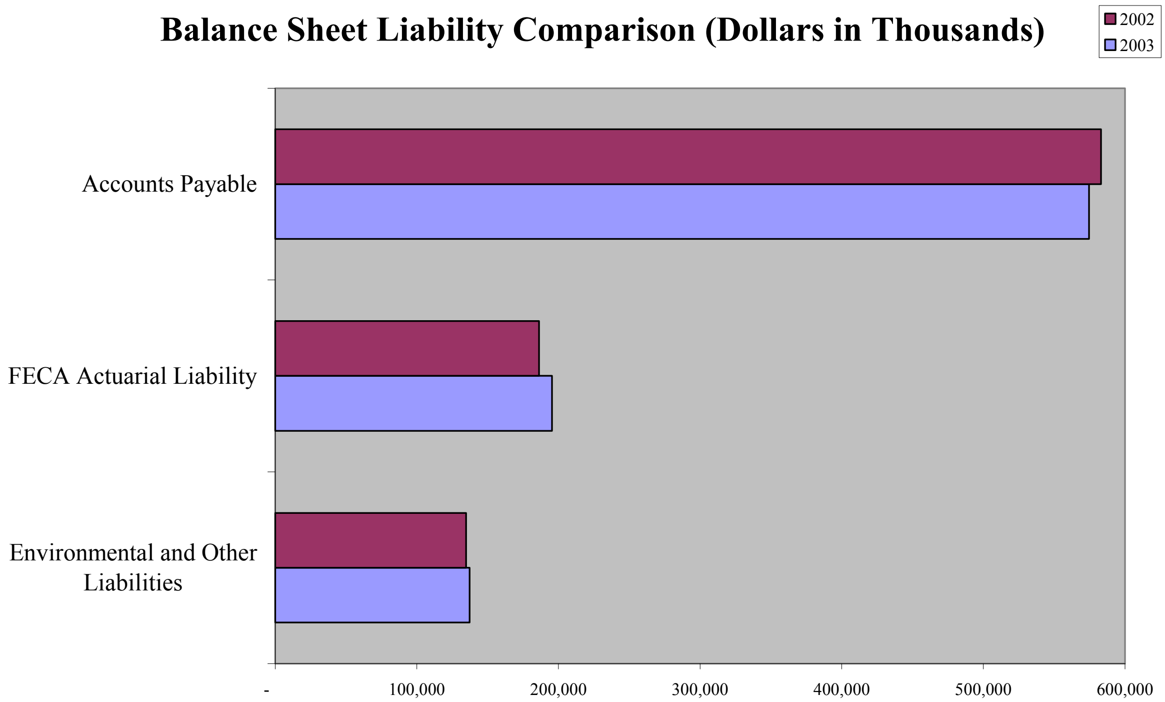
General Property, Plant, and Equipment, net (PP&E) represents 51% of DeCA's current year assets, and primarily comprises capitalized real and personal property held to fulfill DeCA's mission of selling groceries to its patrons. PP&E decreased by $37 million, or 4%, due to the closure of some commissary facilities, and based on the results of a physical inventory of DeCA's capitalized personal property performed in FY 2003.

Liabilities - At the end of FY 2003, DeCA reported liabilities of $907.4 million. Liabilities are probable and measurable future outflows of resources arising from past transactions or events. The chart below depicts DeCA's major categories of liabilities, as a percentage of total liabilities.

Balance Sheet Liabilities as of September 30, 2003



The graph below presents comparisons of major liability balances between FY 2002 and FY 2003. A discussion of the significant fluctuations between the two years follows.



Accounts Payable consists of DeCA's current liability for goods and services delivered or received, but not yet paid, prior to year-end. DeCA's accounts payable decreased by $8.5 million, or 1.5%, due to DeCA's aggressive liquidation of accounts payable transactions prior to October 1, 2003.

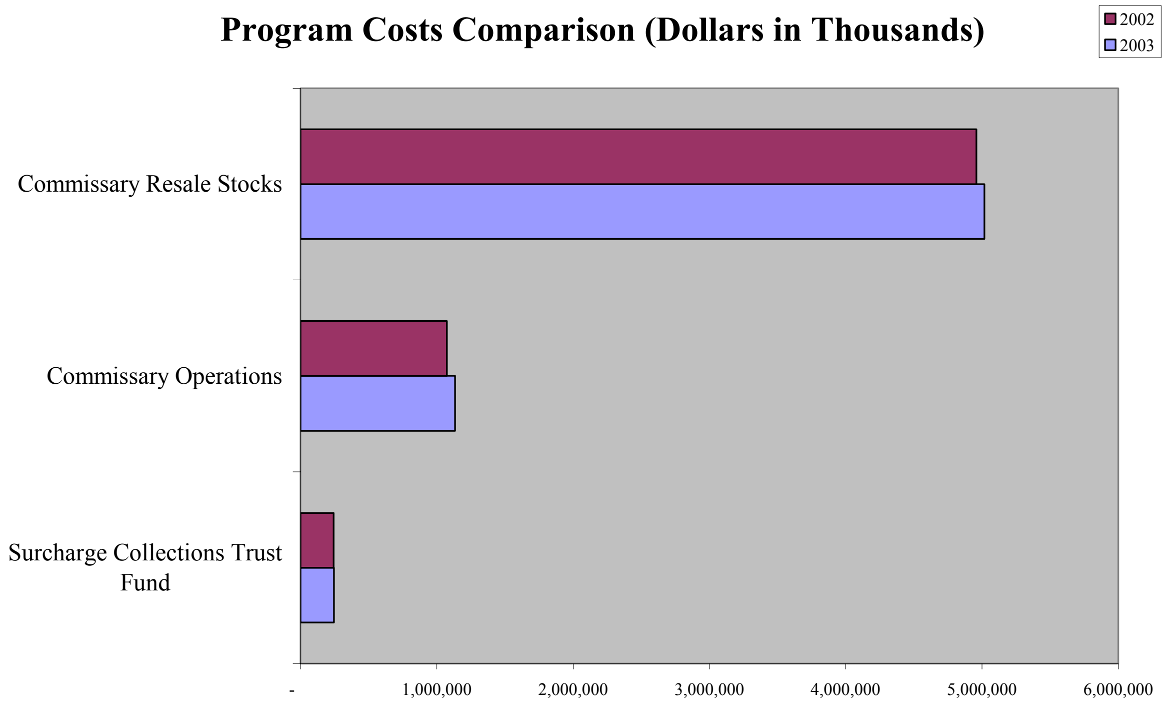
Federal Employees Compensation Act (FECA) Actuarial Liability comprises 22% of DeCA's current year liabilities, and consists of DeCA's expected liability for death, disability, and medical costs for approved workers compensation cases, plus a component for incurred but not reported claims. The Department of Labor (DOL) calculates the liability for the DoD, and DoD attributes a proportionate amount to DeCA based upon actual workers' compensation payments to DeCA employees over the preceding four years. The actuarial liability increased $9 million in FY 2003, or 5%, because of the increased amount allocated to DeCA by the DoD.

Statement of Net Cost

The Statement of Net Cost presents the annual cost of operating DeCA programs. The gross cost for DeCA less the earned revenue from grocery sales is used to arrive at DeCA's net cost of operations. DeCA's gross costs are primarily accounted for in the three major activity groups of DeCA:

- *Commissary Resale Stocks* includes the costs to purchase grocery inventory intended for resale;
- *Commissary Operations* includes the associated payroll and operational costs necessary to operate the commissary system; and
- *Surcharge Collections Trust Fund* includes the costs to construct and remodel commissary facilities.

The chart below compares the gross costs between FY 2002 and FY 2003 in these three major DeCA activity groups.



Statement of Changes in Net Position

The Statement of Changes in Net Position presents those accounting items that caused the net position section of the balance sheet to change from the beginning to the end of the reporting period. Various financing sources increase net position, including appropriations transfers and imputed financing from costs absorbed by others. DeCA's net cost of operations serves to reduce net position.

DeCA's net position decreased $87 million, from $811 million in FY 2002 to $724 million in FY 2003. The change in net position can be primarily attributed to a decrease in unexpended appropriation transfers. When DeCA was realigned to its own Defense Working Capital Fund (DWCF) sub-account in FY 1999, $318 million in unliquidated obligations were transferred to DeCA's DWCF, but only $149 million in funding was provided. As a result, DeCA has been required to use current year resources to liquidate, or pay, for prior year obligations. This has resulted in DeCA's financial statements reflecting a negative unobligated balance in each of the subsequent years. During FY 2003, a number of prior year obligations had to be paid by DeCA out of current year funds. DeCA was required to use a greater amount of current year funds to settle these prior year obligations, which resulted in a decrease in unexpended appropriation transfers.

DeCA does not have sufficient funding to finance all of its obligations. OUSD(C) has recommended a cash transfer of $163.1 million during the second quarter of FY 2004 to correct the current negative balance in DeCA's unexpended appropriation transfers.

Statement of Budgetary Resources

This statement provides information on the budgetary resources available to DeCA for fiscal years 2002 and 2003, and the status of those budgetary resources at year-end. The outlays reported on this statement reflect the actual cash disbursed for the year by Treasury for DeCA's obligations.

Statement of Financing

This statement reconciles the resources available to DeCA to finance operations, and the net cost of operating the commissary system. *Change in budgetary resources obligated for goods, services, and benefits ordered but not yet provided* includes the change in undelivered orders and unfilled customer orders. *Resources that finance the acquisition of assets* are additions and reductions to capital and other asset balances during the fiscal year. *Components requiring or generating resources in future periods* discloses the net increase in liabilities that are not covered by current budgetary resources.

LIMITATIONS OF THE FINANCIAL STATEMENTS

DeCA prepared its financial statements to report its financial position and results of operations, pursuant to the requirements established by the Department of Defense (DoD) to comply with the *Chief Financial Officers Act of 1990* and the *Government Management Reform Act of 1994*.

While DeCA's statements have been prepared from its books and records in accordance with the formats prescribed by the Office of Management and Budget (OMB), the statements are, in addition to the financial reports, used to monitor and control budgetary resources, which are prepared from the same books and records.

These statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity. Congress cannot liquidate liabilities not covered by budgetary resources without the enactment of an appropriation, and the Federal Government, other than for contracts, can abrogate payment of all liabilities.

2001 M Street NW
Washington, DC 20036

Independent Auditors' Report

Audit Committee
Defense Commissary Agency

We have audited the accompanying consolidated balance sheets of the Defense Commissary Agency (DeCA) as of September 30, 2003 and 2002, and the related consolidated statements of net cost, changes in net position, and financing, and the combined statements of budgetary resources for the years then ended (hereafter referred to as the financial statements). The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our audits, we also considered DeCA's internal control over financial reporting and tested DeCA's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

Summary

As stated in our opinion on the financial statements, we concluded that DeCA's financial statements as of and for the years ended September 30, 2003 and 2002 are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Our consideration of internal control over financial reporting resulted in the following two conditions being identified as reportable conditions:

- ***Property, Plant, and Equipment.*** DeCA's controls over the accountability and record keeping of real and personal property need improvement.
- ***Information Technology.*** The general and application controls associated with DeCA's financial and financial-related systems continue to need improvement.

However, these reportable conditions are not believed to be material weaknesses.

The results of our tests of compliance with certain provisions of laws and regulations disclosed two instances of noncompliance that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements.* These instances of noncompliance are:

- ***Federal Financial Management Improvement Act of 1996 (FFMIA).*** We noted instances where DeCA's financial management systems did not substantially comply with Federal financial management system requirements and were not compliant with the U.S. Standard General Ledger at the transaction level.
- ***OMB Circular A-130, Appendix III, "Security of Federal Automated Information Resources".*** We noted that there were deficiencies in access controls over all nine of the key financial and financial-related systems supporting DeCA's financial processing.

The following sections discuss our opinion on DeCA's financial statements, our consideration of DeCA's internal control over financial reporting, our tests of DeCA's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of DeCA as of September 30, 2003 and 2002, and the related consolidated statements of net cost, changes in net position, and financing, and the combined statements of budgetary resources for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of DeCA as of September 30, 2003 and 2002, and its net costs, changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

The information in the management overview and required supplementary information sections is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America, or OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information, and accordingly, we express no opinion on it.

Internal Control over Financial Reporting

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect DeCA's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements.

Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

In our fiscal year 2003 audit, we noted certain matters, described in Exhibit 1, involving internal control over financial reporting and its operation that we consider to be reportable conditions. However, none of the reportable conditions are believed to be material weaknesses.

A summary of the status of prior year reportable conditions is included in Exhibit 2.

We also noted other matters involving internal control over financial reporting and its operation that we will report to the management of DeCA in a separate letter.

Compliance with Laws and Regulations

Our tests of compliance with certain provisions of laws and regulations, as described in the "Responsibilities" section of this report, exclusive of those referred to in FFMIA, disclosed noncompliance with the following regulation that is required to be reported under *Government Auditing Standards* and OMB Bulletin No. 01-02, and is summarized below.

OMB Circular A-130, Appendix III, "Security of Federal Automated Information Resources," states that agencies should:

(a) implement security commensurate with the risk and magnitude of the harm resulting from the loss, misuse, or unauthorized access to or modification of information;

(b) implement and maintain a program to assure that adequate security is provided for all agency information collected, processed , transmitted, stored, or disseminated; and

(c) include individual accountability, separation of duties, and restrict access to data file or functions to the minimum level necessary to perform his or her job.

Our testing disclosed numerous instances in which DeCA management had not complied with the standards required under OMB Circular A-130.

The results of our tests of FFMIA disclosed instances where DeCA's financial systems did not substantially comply with federal system requirements and were not compliant with the United States Standard General Ledger at the transaction level.

Details of these two compliance issues are included in Exhibit 3.

Responsibilities

Management's Responsibilities

Management is responsible for the financial statements, including:

- Preparing the financial statements in conformity with accounting principles generally accepted in the United States of America
- Establishing and maintaining internal controls over financial reporting and preparation of the management overview, and required supplementary information
- Complying with laws and regulations, including FFMIA

In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies. Because of inherent limitations in internal control, misstatements, due to error or fraud, may nevertheless occur and not be detected.

Auditors' Responsibilities

Our responsibility is to express an opinion on the fiscal years 2003 and 2002 financial statements of DeCA based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin No. 01-02. Those standards and OMB Bulletin No. 01-02 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- Assessing the accounting principles used and significant estimates made by management
- Evaluating the overall financial statement presentation

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2003 audit, we considered DeCA's internal control over financial reporting by obtaining an understanding of DeCA's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02 and *Government Auditing Standards*. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act of 1982. The objective of our audit was not to provide assurance on internal control over financial reporting. Consequently, we do not provide an opinion thereon.

As required by OMB Bulletin No. 01-02, with respect to internal control related to performance measures determined by management to be key and reported in the management overview, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions. Our procedures were not designed to provide assurance on internal control over performance measures, and accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether DeCA's fiscal year 2003 financial statements are free of material misstatement, we performed tests of DeCA's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 01-02, including certain provisions referred to in FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to DeCA. Providing an opinion on compliance with laws and regulations was not an objective of our audit, and accordingly, we do not express such an opinion.

Under OMB Bulletin No 01-02 and FFMIA, we are required to report whether DeCA's financial management systems substantially comply with (1) federal financial management system requirements, (2) applicable federal accounting standards, and (3) the U.S. Government Standard General Ledger at the transaction level. To meet these requirements, we performed tests of compliance with FFMIA Section 803(a) requirements.

Distribution

This report is intended for the information and use of DeCA's management, the Department of Defense, OMB, the General Accounting Office, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 24, 2003

Reportable Conditions

Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect DeCA's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements.

We consider the following to be reportable conditions.

Property, Plant, and Equipment

Condition

DeCA does not have adequate policies and procedures in place to ensure the proper accountability and record keeping of its capitalized and noncapitalized equipment.

Discussion

During testing of the Defense Property Accountability System (DPAS) listing in July 2003, we noted significant errors related to DeCA's property, plant, and equipment. For instance:

- There were $51 million of summary property entries in DPAS that were not supported by individual assets.
- A total of 25 closed commissaries reported 384 capitalized property items with a net book value of approximately $1 million.
- A total of 23 closed commissaries reported 1,717 noncapitalized property items with an acquisition cost of $4.2 million.
- There were more than 2,000 items in the DPAS file that had a "placeholder" acquisition cost of between $0.01 and $2.00.

A significant contributing factor to these errors was conflicting guidance contained in two internal policy directives that governed the accounting for, and management of, DeCA property. In addition, lack of timely reviews by regional property management officers of changes made by store personnel to the DPAS listing during the year caused these errors to not be detected and corrected during the year.

In response to these and other findings, DeCA conducted a complete physical inventory of property, plant, and equipment during October 2003. The results of this inventory for capital equipment were recorded in DPAS, and an adjustment was made to the September 30, 2003 financial statements. DeCA plans to record the results for noncapital equipment by February 2004 for accountability purposes.

Criteria

- Department of Defense *Financial Management Regulation*, volume 4, chapter 6, "Property, Plant, and Equipment", states that personal property with a life of at least two years and a cost of $100,000 must be capitalized. Prior to FY1996, the capitalization threshold was less than $100,000 and varied according to the year that the item was acquired. Such property shall remain capitalized.
- Department of Defense *Financial Management Regulation*, volume 4, chapter 1, "Financial Control of Assets", states that assets shall be under continuous accounting control from acquisition to disposition. Such control helps ensure proper and authorized use as well as adequate care and preservation, since no asset can be acquired, put into use, transferred, written down, or disposed of, without proper authorization necessary to document and record the transaction.

Recommendation

We recommend that DeCA:

- Reevaluate its policies and procedures to provide consistent guidance on the accountability of capitalized and noncapitalized equipment.
- Complete the data entry of noncapitalized equipment into DPAS from the results of DeCA's October 2003 physical inventory to ensure proper accountability and monitoring. DeCA should ensure controls exist when performing the data entry to ensure the accuracy and completeness of data elements, such as acquisition cost, acquisition date, description, and location.

Management Response

- DeCA will review its policies and procedures to provide guidance on the accountability of capitalized and noncapitalized equipment. DeCA has established a Process Action Team (PAT) to review these policies and procedures. The PAT is scheduled to officially commence on December 8, 2003 and will continue through February 2004.
- DeCA will continue the data entry into DPAS for the noncapitalized equipment until it is completed to ensure there is proper accountability and monitoring.

Information Technology

Condition

The general and application controls associated with DeCA's financial systems continue to need improvement. Due to the sensitive nature of the issues identified, we will provide DeCA officials with a separate restricted-distribution report, which will contain the detailed results of our review, along with specific recommendations.

Discussion

As part of our fiscal year 2003 audit of DeCA's financial statements, we performed a follow-up to our review of information technology application controls over the following key DeCA applications that support financial transactions and reporting:

- DeCA Interactive Business System (DIBS)
- Electronic Data Interchange (EDI)
- Standard Automated Voucher Examination System (SAVES)
- Accounting and Inventory Management System (AIMS)
- Point of Sale – Modernization (POS-M)
- PkMS Warehouse Management System

We also performed a follow-up to our prior year limited applications-controls review over those applications owned and operated by other DoD components that support DeCA financial transactions and reporting.

These applications included:

- Defense Business Management System (DBMS)
- Standard Financial System (STANFINS)

- Columbus Cash Accountability System (CCAS)
- Defense Property Accountability System (DPAS)
- Defense Civilian Payroll System (DCPS)

We conducted our review during the period May 2003 to July 2003. Our separate report will identify internal control weaknesses for the financial systems that require management attention. We will also provide management with an evaluation of the current status of previously identified information technology vulnerabilities.

Criteria

We performed our review in compliance with guidance established in the General Accounting Office's *Financial Audit Manual* and *Federal Information System Controls Audit Manual*. We also used the following Federal and DoD security guidelines as criteria for determining whether controls were in place and operating as intended:

- OMB Circular A-130, *Management of Federal Information Resources*
- OMB Circular A-127, *Financial Management Systems*
- OMB Circular A-123, *Management Accountability and Control*
- Public Law 100-235, *The Computer Security Act of 1987*
- National Institute of Standards and Technologies (NIST) publications
- DoD Directive 5200.28, *Security Requirements for Automated Information Systems*
- DoD 5200.28-STD, *Department of Defense Trusted Computer System Evaluation Criteria*
- DoD Instruction 5200.4, *DoD Information Technology Security Certification and Accreditation Process*

Recommendation

Due to the sensitive nature of these findings, our separate report will recommend that DeCA management implement certain procedures to address the application control vulnerability of its financial systems.

Management Response

Management's responses will be included in the separate report.

Exhibit 2

Status of Prior Year Reportable Conditions

Area	Status as of September 30, 2002	Status as of September 30, 2003
Physical Counts of Resale Inventory	**Reportable condition:** DeCA's procedures related to annual physical counts of resale inventories at overseas locations were not properly designed or operating effectively.	**No longer considered a reportable condition:** DeCA implemented procedures to resolve this issue.
Foreign National Employee Separation Pay	**Reportable condition:** DeCA needs to establish additional procedures to ensure it accurately computes the liability for foreign national separation pay.	**No longer considered a reportable condition:** DeCA implemented procedures to resolve this issue.
Financial Statement Preparation and Oversight	**Reportable condition:** DeCA and its accounting service provider, the Defense Finance and Accounting Service, located in Columbus, Ohio (DFAS-Columbus), did not have adequate procedures to produce accurate and timely financial statements.	**No longer considered a reportable condition:** DeCA implemented procedures to resolve this issue.
Information Technology	**Reportable Condition:** The general and application controls associated with DeCA's financial and financial-related systems continue to need improvement.	**Continue as a reportable condition:** Improvements have been made to resolve some weaknesses noted in the prior year. However, significant effort must be made to resolve security and access control weaknesses over key systems.

Exhibit 3

Compliance with Laws and Regulations

This section discusses issues related to noncompliance with laws and regulations that could have a material impact on DeCA's financial statements.

Federal Financial Management Improvement Act of 1996 (FFMIA)

Condition

We again noted that DeCA was not in substantial compliance with FFMIA.

Discussion

DFAS uses two separate accounting systems to process DeCA transactions. DBMS accounts for transactions associated with the appropriated funds and surcharge collections. STANFINS accounts for all resale inventory transactions and all transactions for the European Region. As a result, there are two STANFINS databases – one in Columbus, Ohio, and one in Kaiserslautern, Germany. These two databases do not interface; thus DFAS-Europe periodically provides DFAS-Columbus with trial balances. In addition, STANFINS does not interface with DBMS. Thus, there are three core accounting systems that DFAS uses to account for DeCA transactions. Since these systems do not interface, DeCA is not in compliance with federal financial management system requirements, which call for a single, integrated financial system.

In addition, both STANFINS and DBMS are not compliant with the U.S. Standard General Ledger. This condition creates the following accounting deficiencies:

- DBMS does not contain a general ledger account to record unexpended appropriation transfers.
- Neither system captures trading-partner data at the transaction level in a manner that facilitates trading-partner aggregations.

Criteria

FFMIA requires that an agency's financial management systems substantially comply with federal financial management system requirements, applicable federal accounting standards, and the U.S. Government Standard General Ledger at the transaction level.

Recommendation

We again recommend that DeCA continue to work with DFAS to implement actions to comply with the requirements of FFMIA.

Management Response

DeCA will continue to work with DFAS to implement actions to comply with the requirements of FFMIA.

OMB Circular A-130, Appendix III, "Security of Federal Automated Information Resources"

Condition

We noted during our testing that there were serious deficiencies in DeCA's access controls over all nine of its key financial and financial-related systems. Due to the sensitive nature of the issues identified, we will provide DeCA officials with a separate restricted-distribution report, which will contain the detailed results of our review, along with specific recommendations.

Discussion

We conducted our review during the period May 2003 to July 2003. Our separate report will identify internal control weaknesses for the financial systems.

Criteria

OMB Circular A-130, Appendix III, states that agencies should:

(a) implement security commensurate with the risk and magnitude of the harm resulting from the loss, misuse, or unauthorized access to or modification of information;

(b) implement and maintain a program to assure that adequate security is provided for all agency information collected, processed, transmitted, stored, or disseminated; and

(c) include individual accountability, segregation of duties, and restrict access to data file or functions to the minimum level necessary to perform his or her job.

Recommendation

Due to the sensitive nature of these findings, our separate report will recommend that DeCA management implement certain procedures to address internal control weaknesses over its financial systems.

Management Response

Management's responses will be included in the separate report.

DEFENSE COMMISSARY AGENCY
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2003 AND 2002
(in thousands)

	2003	2002
Assets		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 280,475	$ 347,041
Accounts Receivable and Other	6,565	2,326
Total Intragovernmental Assets	287,040	349,367
Cash	121,273	127,152
Accounts Receivable and Other	53,483	47,773
Inventory	328,965	312,669
General Property, Plant, and Equipment, net (Note 3)	841,136	878,264
Total Assets	$ 1,631,897	$ 1,715,225
Liabilities		
Intragovernmental:		
Accounts Payable	$ 147,905	$ 40,492
Other Liabilities (Note 4)	39,981	40,393
Total Intragovernmental Liabilities	187,886	80,885
Accounts Payable	426,738	542,678
Federal Employees Compensation Act Actuarial Liability	195,440	186,355
Environmental Liabilities	13,435	14,649
Other Liabilities (Note 4)	83,909	79,713
Total Liabilities	907,408	904,280
Commitments and Contingencies (Note 10)		
Net Position (Note 5)		
Unexpended Appropriation Transfers	(135,706)	(30,155)
Cumulative Results of Operations	860,195	841,100
Total Net Position	724,489	810,945
Total Liabilities and Net Position	$ 1,631,897	$ 1,715,225

The accompanying notes are an integral part of these financial statements.

DEFENSE COMMISSARY AGENCY
CONSOLIDATED STATEMENTS OF NET COST
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002
(in thousands)

	2003	2002
Program Costs		
With the Public	$ 5,906,920	$ 5,759,959
Intragovernmental (Note 6)	490,260	516,100
Total	6,397,180	6,276,059
Earned Revenue		
From the Public	(5,315,746)	(5,227,121)
Intragovernmental	(8,887)	(13,952)
Total	(5,324,633)	(5,241,073)
Net Cost of Operations	$ 1,072,547	$ 1,034,986

The accompanying notes are an integral part of these financial statements.

DEFENSE COMMISSARY AGENCY
CONSOLIDATED STATEMENTS OF CHANGES IN NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002
(in thousands)

	2003		2002	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
Beginning Balances	$ 841,100	$ (30,155)	$ 821,660	$ (76,882)
Budgetary Financing Sources				
Appropriation transfers	-	959,395	-	1,100,384
Appropriation transfers used	1,064,785	(1,064,785)	1,044,807	(1,044,807)
Other adjustments	(1,758)	(161)	(17,643)	(8,850)
Other Financing Sources				
Transfers out without reimbursement	-	-	(5,869)	-
Imputed financing from costs absorbed by others (Note 7)	33,302	-	33,131	-
Other	(4,687)	-	-	-
Total Financing Sources	1,091,642	(105,551)	1,054,426	46,727
Net Cost of Operations	1,072,547	-	1,034,986	-
Ending Balances	$ 860,195	$ (135,706)	$ 841,100	$ (30,155)

The accompanying notes are an integral part of these financial statements.

DEFENSE COMMISSARY AGENCY
COMBINED STATEMENTS OF BUDGETARY RESOURCES
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002
(in thousands)

	2003	2002
Budgetary Resources (Note 8)		
Budget authority	$ 967,075	$ 1,112,691
Unobligated balance brought forward	(93,296)	(146,790)
Spending authority from offsetting collections	5,335,843	5,254,069
Recoveries of prior year obligations	22,829	18,107
Permanently not available	(10,930)	(16,207)
Total Budgetary Resources	$ 6,221,521	$ 6,221,870
Status of Budgetary Resources		
Obligations incurred:		
Direct	$ 1,075,085	$ 1,114,746
Reimbursable	5,340,022	5,200,420
Total Obligations Incurred	6,415,107	6,315,166
Unobligated balance	(193,586)	(93,296)
Total Status of Budgetary Resources	$ 6,221,521	$ 6,221,870
Relationship of Obligations to Outlays		
Obligated balance, net – beginning of period	$ 717,331	$ 614,600
Total obligations incurred	6,415,107	6,315,166
Less: Spending authority from offsetting collections and recoveries of prior year obligations	(5,358,672)	(5,272,176)
Obligated balance, net – end of period	(746,426)	(717,331)
Total Outlays	$ 1,027,340	$ 940,259
Outlays		
Disbursements	$ 6,359,818	$ 6,244,401
Collections	(5,332,478)	(5,304,142)
Total Outlays	$ 1,027,340	$ 940,259

The accompanying notes are an integral part of these financial statements.

DEFENSE COMMISSARY AGENCY
CONSOLIDATED STATEMENTS OF FINANCING
FOR THE YEARS ENDED SEPTEMBER 30, 2003 AND 2002
(in thousands)

	2003	2002
Resources Used to Finance Activities		
Budgetary Resources Obligated:		
Obligations incurred	$ 6,415,107	$ 6,315,166
Less: Spending authority from offsetting collections and recoveries	(5,358,672)	(5,272,176)
Obligations, net of offsetting collections and recoveries	1,056,435	1,042,990
Other Resources:		
Transfers out without reimbursement	-	(5,869)
Imputed financing from costs absorbed by others	33,302	33,131
Other	(4,687)	-
Net other resources used to finance activities	28,615	27,262
Total Resources Used to Finance Activites	1,085,050	1,070,252
Resources Used to Finance Items Not Part of the Net Cost of Operations		
Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided:		
Undelivered Orders	(37,751)	(34,481)
Unfilled Customer Orders	(35)	2,305
Resources that fund expenses recognized in prior periods	(3,897)	(28,343)
Resources that finance the acquisition of assets	(74,356)	(79,522)
Total Resources Used to Finance Items Not Part of the Net Cost	(116,039)	(140,041)
Total Resources Used to Finance the Net Cost of Operations	969,011	930,211
Components of the Net Cost of Operations that will Not Require or Generate Resources in the Current Period		
Components Requiring or Generating Resources in Future Periods		
Depreciation and amortization, revaluation of assets/liabilities, and other	103,536	104,775
Net Cost of Operations	$ 1,072,547	$ 1,034,986

The accompanying notes are an integral part of these financial statements.

DEFENSE COMMISSARY AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003 AND 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Reporting Entity

The Defense Commissary Agency (DeCA) provides grocery, meat, and produce items to members of the U.S. Armed Forces, their dependents, retirees, and other authorized patrons, including other governmental entities. DeCA is a Department of Defense (DoD) agency under the control of the Under Secretary of Defense for Personnel and Readiness. DeCA was created in 1991 after the House Armed Services Committee-appointed Jones Commission recommended that a single agency be responsible for operating the military commissary system to increase effectiveness and lower cost.

DeCA, with its headquarters located at Fort Lee near Petersburg, Virginia, has four regional offices located at Kaiserslautern, Germany; Virginia Beach, Virginia; San Antonio, Texas; and Sacramento, California. DeCA operations are financed primarily by a working capital fund (WCF) and surcharge collections.

DeCA's WCF is considered part of the DoD's WCF, which includes the financial activity for the Defense Finance and Accounting Service (DFAS), the Defense Logistics Agency, the Defense Information Systems Agency, and the Defense Security Service. Within DeCA's WCF, there are two activity groups, Commissary Resale Stocks and Commissary Operations. DoD defines these two activity groups as business areas for fund control purposes. Commissary Resale Stocks finances the purchase of grocery, meat, and produce items for resale to authorized patrons. The primary revenue source for this activity group is the sale of inventory to commissary patrons. Commissary Operations finances the operating costs of resale stores, agency and region headquarters, field operating activities, and support services. The primary revenue source for this activity group is a direct appropriation to the DoD WCF, which in turn transfers the funds to the DeCA WCF. Commissary Operations also receives additional revenues from manufacturers' coupon-redemption fees, handling fees for tobacco products, and reimbursements for other support. DeCA receives an annual operating budget from DoD that establishes limitations for annual cost authority and annual capital expenditures for the two business areas.

DeCA's Surcharge Collections Trust Fund is funded primarily by a 5% surcharge applied to each sale. This fund, established by law, primarily finances DeCA's store-level information management equipment and support, and construction programs.

DeCA also receives minor amounts of military construction and procurement appropriated funds.

B. Basis of Presentation and Accounting

These financial statements have been prepared to report the financial position, net cost of operations, changes in net position, status and availability of budgetary resources, and reconciliation between proprietary and budgetary accounts of DeCA. The *Chief Financial Officers (CFO) Act of 1990*, expanded by the *Government Reform Act (GMRA) of 1994*, requires DoD to prepare financial statements. DoD, in turn, requires DeCA to prepare audited financial statements. The financial statements have been prepared from the books and records of DeCA in accordance with accounting principles generally accepted in the United States of America and DoD accounting policies, which are summarized in this note. These financial statements, with the exception of the statement of budgetary resources, are, therefore, different from the financial management reports prepared by DeCA that are used to monitor and control DeCA's use of budgetary resources pursuant to OMB directives.

All dollar amounts are in thousands.

C. Fund Balance with Treasury

Fund balance with Treasury (FBWT) is the aggregate amount of funds in DeCA's accounts with the U.S. Department of the Treasury (Treasury). FBWT primarily represents appropriated, revolving, and trust funds that are available to pay current liabilities and finance authorized purchases.

Note 2 provides specific, detailed information concerning FBWT.

D. Cash

Cash primarily consists of receipts from sales occurring during the last several days of the fiscal year that have been deposited into financial institutions, but are not yet credited to DeCA's FBWT.

E. Accounts Receivable

Accounts receivable consists of amounts owed to DeCA by other federal agencies and the public. Federal accounts receivable arise generally from the provision of goods and services to other federal agencies. No allowance for doubtful accounts is determined for federal accounts receivable.

Receivables from the public generally arise from the sale of grocery, meat, and produce items to authorized patrons. An allowance for doubtful accounts is established for reporting purposes based on past experience in the collection of accounts receivable and analysis of outstanding balances using the percentage of receivables. The Allowance for Loss on Receivables Account is adjusted accordingly at the time of collection or write-off during the fiscal year. Nonfederal accounts receivable are reported net of the allowance.

F. Inventory

Inventory, consisting primarily of grocery, meat, and produce items held for resale, is stated at approximate cost as required by Statement of Federal Financial Accounting Standards (SFFAS) No. 3, *Accounting for Inventory & Related Property*.

G. General Property, Plant, and Equipment

General property, plant, and equipment (PP&E) consists of building, structures, facilities, software, equipment, and construction-in-progress. PP&E is stated at acquisition cost, less accumulated depreciation. DoD establishes capitalization and depreciation policies for PP&E.

BSF is included in PP&E under DoD's "Preponderance of Use" policy. This policy recognizes that the DoD agencies that gain the most benefit by virtue of space usage should record the asset as general PP&E.

PP&E acquisitions are capitalized when the acquisition cost is $100,000 or more and has a useful life of two or more years.

Depreciation is recognized on all PP&E, except construction-in-progress, on the straight-line basis over the estimated useful life of the asset. The useful lives are generally 40 years for buildings, structures, and facilities, and 5 years for software and equipment.

Note 3 provides specific, detailed information concerning general PP&E.

H. Other Liabilities

Other liabilities consist of payments DeCA owes to the Department of Labor (DOL) for workers' compensation paid under the Federal Employees Compensation Act (FECA), accrued payroll and benefits (including employer contributions and payroll taxes), foreign national separation pay, and accrued leave.

Workers' Compensation. FECA provides income and medical cost protection to covered federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. DOL is responsible for administering the program and making payments for claims from eligible individuals. Subsequently, DOL bills federal agencies for those claims from the individuals associated with the respective agency. The actuarially determined liability related to workers' compensation is described below.

Accrued Payroll and Benefits. Accrued payroll and benefits includes the portion of employee compensation earned but not paid at the end of the fiscal year along with DeCA's share of associated taxes, benefits, and retirement plan contributions.

Foreign National Separation Pay. DeCA operates in numerous foreign countries. These countries establish tariff agreements that outline certain employment terms and conditions related to their citizens. Under these tariff agreements, citizens for certain countries are entitled to special pay in the event their employment is terminated.

Accrued Leave. Federal employees' annual leave is accrued as it is earned. The accrual is reduced annually for actual leave taken and increased for leave earned. Each year, the accrued annual leave balance is also adjusted to reflect the latest pay rates. To the extent current or prior year appropriation transfers are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. DeCA employees can earn compensatory leave in lieu of overtime pay.

Note 4 provides specific, detailed information about Other Liabilities.

I. Actuarial Liability

In addition to the liabilities discussed above, DeCA records an actuarial liability for its remaining workers' compensation benefits. This liability, which is developed by DOL and provided to DoD after the end of each fiscal year, includes the expected future costs associated with death, disability, medical, and miscellaneous items for approved compensation cases. DOL determines the liability using a method that employs historical benefit payment patterns to predict the ultimate payments. The projected annual benefit payments are then discounted to the present value using OMB's economic assumptions for 10-year U.S. Treasury notes and bonds. The assumed interest rate for 10-year U.S. Treasury notes and bonds are 4.35% and 5.21% at September 30, 2003 and 2002, respectively. DoD uses a three-year moving average to distribute the actuarial liability to the various DoD agencies based on actual costs incurred by the respective DoD components.

J. Imputed Financing and Costs

DeCA recognizes imputed financing and costs related to federal retirement plans, health benefits, and life insurance.

Retirement Plans. There are two primary retirement systems for federal employees. Employees hired before January 1, 1984 may participate in the Civil Service Retirement System (CSRS). On January 1, 1984, the Federal Employees Retirement System (FERS) went into effect pursuant to Public Law 99-335. Most employees hired after December 31, 1983 are automatically covered by FERS and Social Security.

Employees hired before January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. A primary feature of FERS is that it offers a savings plan to which DeCA automatically contributes 1% of pay and matches any employee contribution up to an additional 4% of pay. For most employees hired since December 31, 1983, DeCA also contributes the employer's matching share for Social Security.

DeCA does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of the Office of Personnel Management (OPM) and FERS. DeCA recognizes imputed financing source and program expense for the difference between its contributions to federal employee pension and other retirement benefits and the estimated actuarial costs as computed by OPM.

Health Benefits and Life Insurance. The majority of DeCA employees are authorized to participate in the Federal Employee's Health Benefit program and the Federal Employees Group Life Insurance program, which are administered by OPM. DeCA recognizes an imputed financing source and a program expense for these benefits.

K. Environmental Liabilities

DeCA's environmental liabilities reflect the potential liability associated with the cleanup and removal of environmentally hazardous materials, primarily asbestos, lead-based paint, polychlorinated biphenyls, and soil/water contamination, in DeCA's facilities. DeCA estimates its environmental liability based on the number of facilities constructed before 1985 that have not been remediated. The portion of the liability associated with those facilities with planned renovation projects during the next year are reported as current liabilities. The estimate is periodically adjusted upon completion of scheduled renovation projects. Actual costs may differ from the estimate due to possible changes resulting from inflation, deflation, technology, and/or applicable laws and regulations.

L. Net Position

Net position is the residual difference between assets and liabilities and comprises unexpended appropriation transfers and cumulative results of operations.

Unexpended appropriation transfers represent the amount of unobligated and unexpended budget authority. Unexpended appropriation transfers are reduced for appropriation transfers used and adjusted for other changes in budgetary resources, such as transfers and rescissions.

Cumulative results of operations represent the excess of revenues over expenses and transfers to the U.S. Treasury in the WCF since inception.

Note 5 provides specific, detailed information on net position.

M. Use of Estimates

DeCA has made certain estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and the reporting of revenue and expenses in the preparation of the financial statements. Actual results could differ from these estimates.

O. Reclassifications

Certain FY2002 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with the current year presentation.

NOTE 2 – FUND BALANCE WITH TREASURY

FBWT consists of three types of funds – revolving, trust, and appropriated. Revolving funds involve DeCA's WCF, and trust funds involve Surcharge Collections. Appropriated funds include military construction and procurement funds.

The following tables show the balance for each type of fund and the status of the fund balances as of September 30, 2003 and 2002.

Fund Balances:	**2003**	**2002**
Appropriated funds	$ 62,133	$ 181,626
Revolving funds	42,084	35,209
Trust fund	176,258	130,206
Total	$ 280,475	$ 347,041

2003

Status of Fund Balances:	Appropriated	Revolving	Trust	Total
Unobligated available balance	$ (210,387)	$ (162,790)	$ (89,491)	$ (462,668)
Obligated balance not yet disbursed	272,520	204,874	265,749	743,143
Total Fund Balance with Treasury	$ 62,133	$ 42,084	$ 176,258	$ 280,475

2002

Unobligated available balance	$ (105,374)	$ (160,990)	$ (100,423)	$ (366,787)
Obligated balance not yet disbursed	287,000	196,199	230,629	713,828
Total Fund Balance with Treasury	$ 181,626	$ 35,209	$ 130,206	$ 347,041

The unobligated available fund balance as of September 30, 2003 and 2002 is negative because obligations exceed budget authority. Effective October 1, 1998, the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)) established new Treasury codes, referred to as subheads, for the two activity groups within DeCA's WCF. In conjunction with the establishment of the new Treasury codes, the OUSD(C) directed a transfer of net obligations, which were originally obligated under the old Treasury codes, to the Commissary Operations and Commissary Stock Resale activity groups. However, the OUSD(C) did not direct a transfer of the corresponding budget authority.

In FY2003, the negative unobligated balance increased because DeCA was required to pay for invoices against prior year obligations using current year appropriation transfers. The OUSD(C) has communicated its intent to correct this budgetary shortfall in the FY2005 budget.

DEFENSE COMMISSARY AGENCY
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2003 AND 2002

NOTE 3 – GENERAL PROPERTY, PLANT, AND EQUIPMENT

General PP&E at September 30, 2003 and 2002 is summarized as follows:

2003

Category		Acquisition Value		Accumulated Depreciation		Net
Buildings, structures, and facilities	$	1,726,575	$	(1,036,301)	$	690,274
Software		8,513		(3,402)		5,111
Equipment and other assets		176,099		(93,650)		82,449
Construction-in-progress		63,302		-		63,302
Total	$	1,974,489	$	(1,133,353)	$	841,136

2002

Category		Acquisition Value		Accumulated Depreciation		Net
Buildings, structures, and facilities	$	1,701,221	$	(970,006)	$	731,215
Software		13,666		(5,532)		8,134
Equipment and other assets		176,879		(83,513)		93,366
Construction-in-progress		45,549		-		45,549
Total	$	1,937,315	$	(1,059,051)	$	878,264

NOTE 4 – OTHER LIABILITIES

Other liabilities consist primarily of workers' compensation, accrued payroll and benefits, accrued unfunded annual and other leave, and foreign national separation pay. Other liabilities include both the current and noncurrent portions. The following table summarizes other liabilities as of September 30, 2003 and 2002.

2003

Other Liabilities	Not covered by budgetary resources	Covered by budgetary resources	Total
Intragovernmental:			
Workers' compensation	$ 37,625	$ -	$ 37,625
Employer contributions and payroll taxes payable	-	2,356	2,356
Total	$ 37,625	$ 2,356	$ 39,981
With the Public:			
Accrued funded payroll and benefits	$ -	$ 37,439	$ 37,439
Foreign national separation pay	9,681	-	9,681
Accrued unfunded annual leave	36,789	-	36,789
Total	$ 46,470	$ 37,439	$ 83,909

2002

Intragovernmental:			
Workers' compensation	$ 37,477	$ -	$ 37,477
Employer contributions and payroll taxes payable	-	2,916	2,916
Total	$ 37,477	$ 2,916	$ 40,393
With the Public:			
Accrued funded payroll and benefits	$ -	$ 29,346	$ 29,346
Foreign national separation pay	8,676	-	8,676
Accrued unfunded annual leave	41,691	-	41,691
Total	$ 50,367	$ 29,346	$ 79,713

Current liabilities are those covered by budgetary resources, which totaled $39,795 and $32,262, as of September 30, 2003 and 2002, respectively.

NOTE 5 – NET POSITION

The following table summarizes the net position by fund type as of September 30, 2003 and 2002.

2003

Net position	Surcharge Collections	WCF	Other	Total
Unexpended appropriation transfers	$ -	$ (136,323)	$ 617	$ (135,706)
Cumulative results of operations	955,003	(94,582)	(226)	860,195
Total Net position	$ 955,003	$ (230,905)	$ 391	$ 724,489

2002

Unexpended appropriation transfers	$ -	$ (30,425)	$ 270	$ (30,155)
Cumulative results of operations	946,012	(104,912)	-	841,100
Total Net position	$ 946,012	$ (135,337)	$ 270	$ 810,945

As explained in Note 2, unexpended appropriation transfers and cumulative results of operations for DeCA's WCF are negative because the OUSD(C) transferred outstanding obligations to the Commissary Operations activity group without corresponding budget authority upon establishment of new Treasury codes effective October 1, 1998. In FY2003, the negative unexpended appropriation transfers balance in DeCA's WCF increased by $105.9 million. This increase was caused by DeCA paying for invoices against prior year obligations using current year appropriation transfers. DeCA has been granted authority from the OUSD(C) to exceed its appropriation transfer amount in order to pay for prior year obligations. The overspending of DeCA's appropriation transfer during FY2003 did not cause the DoD WCF to exceed its budget authority. The OUSD(C) has communicated its intent to correct this budgetary shortfall in the FY2005 budget.

NOTE 6 – INTRAGOVERNMENTAL COST

The consolidated statements of net cost reflects intragovernmental cost of $490,260 and $516,100 in fiscal years 2003 and 2002, respectively, which represents the purchase of grocery, meat, and produce items from other federal entities.

NOTE 7 – IMPUTED FINANCING

The imputed financing and cost for employee benefits for FY2003 and FY2002 is summarized below:

Benefit Category	**2003**	**2002**
CSRS/FERS	$ 11,730	$ 9,467
FEHB	21,485	23,577
FEGLI	87	87
Total	$ 33,302	$ 33,131

NOTE 8 – STATEMENTS OF BUDGETARY RESOURCES

Each of the statements of budgetary resources is a combined statement, and as such, intra-entity transactions have not been eliminated. The amounts reported in the statements of budgetary resources are in agreement with the amounts reported for the DeCA Working Capital Fund and the Commissary Surcharge Trust Fund Budget of the U.S. government.

Total budgetary resources in FY2003 and FY2002 consist primarily of spending authority from offsetting collections in the amount of $5,335,843 and $5,254,069, respectively, and an appropriation transfer from the DoD WCF in the amounts of $959,395 and $1,100,384, respectively. The appropriation transfer is available indefinitely. Spending authority from offsetting collections results from the sale of grocery, meat, and produce items to authorized patrons.

The Commissary Stock Resale Activity Group of the DeCA WCF and the Surcharge Collections Trust Fund have authority to invoke contract authority when obligations exceed earnings. For FY2003 and FY2002, budget authority includes $7,680 and $12,307, respectively, of contract authority.

The use of budgetary resources associated with the Commissary Surcharge Trust Fund is limited by public law.

The obligated balance, net – end of period is comprised of the following components as of September 30, 2003 and 2002:

	2003	2002
Obligated Balance, net – end of period		
Accounts receivable	$ (171,655)	$ (168,255)
Unfilled customer order from federal sources	(2,269)	(2,305)
Undelivered orders	307,704	271,054
Accounts payable	612,646	616,837
Total obligated balance, net – end of period	$ 746,426	$ 717,331

NOTE 9 – STATEMENTS OF FINANCING

The statements of financing is the bridge between DeCA's budgetary and financial (i.e., proprietary) accounting. The statement shows the relationship between net obligations derived from budgetary accounts and net cost of operations derived from proprietary accounts by identifying and explaining key differences.

Components of net cost that will not require or generate resources in the current period primarily consist of depreciation expense. As of September 30, 2003, there was a total $1,072,547 reported in net cost of operations, of which $103,536 related primarily to depreciation expense. As of September 30, 2002, there was a total $1,034,986 reported in net cost of operations, of which $104,775 related primarily to depreciation expense.

NOTE 10 – CONTINGENCIES

DeCA is a party in various administrative proceedings, legal actions, and tort claims, which may ultimately result in settlements or decisions adverse to the federal government. DeCA has not accrued any amounts for contingent liabilities, as the potential losses have not been determined to be probable and/or the amounts cannot be estimated. The amounts claimed related to the significant actions total approximately $64.1 million as of September 30, 2003.

DEFENSE COMMISSARY AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF BUDGETARY RESOURCES
FOR THE YEAR ENDED SEPTEMBER 30, 2003

	Defense Working Capital Funds			General Funds			
	Operations	Resale	Other	Surcharge	Military Construction	Procurement	Combined
Budgetary Resources							
Budget authority	$ 963,673	$ 3,120	$ -	$ -	$ 282	$ -	$ 967,075
Unobligated balance brought forward	(93,339)	-	-	-	15	28	(93,296)
Spending authority from offsetting collections	33,371	5,040,624	-	261,848	-	-	5,335,843
Recoveries of prior year obligations	10,839	10,914	-	1,076	-	-	22,829
Permanently not available	-	-	-	(10,930)	-	-	(10,930)
Total Budgetary Resources	$ 914,544	$ 5,054,658	$ -	$ 251,994	$ 297	$ 28	$ 6,221,521
Status of Budgetary Resources							
Obligations Incurred							
Direct	$ 1,074,876	$ -	$ -	$ -	$ 209	$ -	$ 1,075,085
Reimbursable	33,370	5,054,658	-	251,994		-	5,340,022
Total Obligations Incurred	1,108,246	5,054,658	-	251,994	209	-	6,415,107
Unobligated balances	(193,702)	-	-	-	88	28	(193,586)
Total Status of Budgetary Resources	$ 914,544	$ 5,054,658	$ -	$ 251,994	$ 297	$ 28	$ 6,221,521
Relationship of Obligations to Outlays							
Obligated Balance, Net – beginning of period	$ 286,893	$ 197,183	$ (2,305)	$ 235,453	$ 107	$ -	$ 717,331
Total Obligations Incurred	1,108,247	5,054,658	-	251,993	209	-	6,415,107
Less: Spending authority from offsetting collections and recoveries of prior year obligations	(44,210)	(5,051,538)	-	(262,924)	-	-	(5,358,672)
Obligated Balance, Net – end of period:	(271,465)	(196,841)	(8,033)	(270,573)	486	-	(746,426)
Total Outlays	$ 1,079,465	$ 3,462	$ (10,338)	$ (46,051)	$ 802	$ -	$ 1,027,340
Outlays							
Disbursements	$ 1,109,911	$ 5,043,227	$ (8,538)	$ 214,416	$ 802	$ -	$ 6,359,818
Collections	(30,446)	(5,039,765)	(1,800)	(260,467)	-	-	(5,332,478)
Total Outlays	$ 1,079,465	$ 3,462	$ (10,338)	$ (46,051)	$ 802	$ -	$ 1,027,340

DEFENSE COMMISSARY AGENCY
REQUIRED SUPPLEMENTARY INFORMATION
COMBINING STATEMENT OF BUDGETARY RESOURCES
FOR THE YEAR ENDED SEPTEMBER 30, 2002

	Defense Working Capital Funds			General Funds			
	Operations	**Resale**	**Other**	**Surcharge**	**Military Construction**	**Procurement**	**Combined**
Budgetary Resources							
Budget authority	$ 1,112,691	$ -	$ -	$ -	$ -	$ -	$ 1,112,691
Unobligated balance brought forward	(154,000)	7,206	-	-	-	4	(146,790)
Spending authority from offsetting collections	29,010	4,968,478	-	256,581	-	-	5,254,069
Recoveries of prior year obligations	8,190	4,164	-	5,714	15	24	18,107
Permanently not available	(9,076)	(1,090)	-	(6,041)	-	-	(16,207)
Total Budgetary Resources	$ 986,815	$ 4,978,758	$ -	$ 256,254	$ 15	$ 28	$ 6,221,870
Status of Budgetary Resources							
Obligations Incurred							
Direct	$ 1,114,292	$ -	$ -	$ -	$ 454	$ -	$ 1,114,746
Reimbursable	(34,138)	4,978,758	-	256,254	(454)	-	5,200,420
Total Obligations Incurred	1,080,154	4,978,758	-	256,254	-	-	6,315,166
Unobligated balances	(93,339)	-	-	-	15	28	(93,296)
Total Status of Budgetary Resources	$ 986,815	$ 4,978,758	$ -	$ 256,254	$ 15	$ 28	$ 6,221,870
Relationship of Obligations to Outlays							
Obligated Balance, Net – beginning of period	$ 270,533	$ 165,522	$ (114)	$ 178,300	$ 335	$ 24	$ 614,600
Total Obligations Incurred	1,080,154	4,978,758	-	256,254	-	-	6,315,166
Less: Spending authority from offsetting collections and recoveries of prior year obligations	(37,200)	(4,972,642)	-	(262,295)	(15)	(24)	(5,272,176)
Obligated Balance, Net – end of period:	(286,897)	(197,179)	2,305	(235,452)	(108)	-	(717,331)
Total Outlays	$ 1,026,590	$ (25,541)	$ 2,191	$ (63,193)	$ 212	$ -	$ 940,259
Outlays							
Disbursements	$ 1,060,728	$ 4,972,575	$ 2,340	$ 208,546	$ 212	$ -	$ 6,244,401
Collections	(34,138)	(4,998,116)	(149)	(271,739)	-	-	(5,304,142)
Total Outlays	$ 1,026,590	$ (25,541)	$ 2,191	$ (63,193)	$ 212	$ -	$ 940,259