

REQUIRED SUPPLEMENTARY INFORMATION

Deferred Maintenance

Deferred maintenance is classified as not performed when it should have been or as scheduled but delayed to a future period. It is VA policy to ensure that medical equipment and critical facility equipment systems are maintained and managed

in a safe and effective manner; therefore, deferred maintenance is not applicable to them.

VA facilities reported their cost estimates for deferred maintenance by utilizing either the Condition Assessment Survey or the Total Life-Cycle Cost Method.

DEFERRED MAINTENANCE YEAR ENDED SEPTEMBER 30,

	2002	2001
General PP&E	\$ 1,045	\$ 1,195
Heritage Assets	37	26
Total Deferred Maintenance	\$ 1,082	\$ 1,221

BALANCES WITH OTHER FEDERAL ENTITIES INTRAGOVERNMENTAL ASSETS AS OF SEPTEMBER 30, 2002

Trading Partners	Fund Balance with Treasury	Investments	Accounts Receivable	Other Assets
Treasury	\$ 15,076	\$ 14,135	\$ -	\$ 4
DoD - Defense Agencies	-	-	74	-
All Other	-	-	40	91
Total Intragovernmental Assets	\$ 15,076	\$ 14,135	\$ 114	\$ 95

INTRAGOVERNMENTAL LIABILITIES AS OF SEPTEMBER 20, 2002

Trading Partners	Accounts Payable	Debt	Other
Treasury	\$ 48	\$ 3,026	\$ 1,360
Other	26	-	656
Total Intragovernmental Liabilities	\$ 74	\$ 3,026	\$ 2,016

INTRAGOVERNMENTAL EARNED REVENUE AND RELATED COST (TRADE ACTIVITY) YEAR ENDED SEPTEMBER 30, 2002

Trading Partner	Earned Revenue
DoD - Defense Agencies	\$ 340
Air Force	47
Justice	32
All Other	216
Total Earned Revenue	\$ 635
Related Cost	\$ 613

INTRAGOVERNMENTAL NON-EXCHANGE REVENUE YEAR ENDED SEPTEMBER 30, 2002

Trading Partner	Transfers-Out
Treasury	\$ 909

SCHEDULE OF BUDGETARY ACTIVITY YEAR ENDED SEPTEMBER 30, 2002

	TOTAL OUTLAYS	BUDGETARY RESOURCES	OBLIGATIONS INCURRED	SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS AND ADJUSTMENTS	OBLIGATED BALANCE OCT. 1, 2001	OBLIGATED BALANCE SEPT. 30, 2002
VHA						
0160 Medical Care	\$ 22,624	\$ 24,036	\$ 22,950	\$ 136	\$ 2,527	\$ 2,716
0161 Medical & Prosthetic Research	359	438	402	21	97	118
All Other	516	1,696	749	275	540	500
Total	\$ 23,499	\$ 26,170	\$ 24,101	\$ 432	\$ 3,164	\$ 3,334
VBA						
0102 Compensation, Pension, & Burial Benefits	\$ 25,679	\$ 26,174	\$ 25,755	\$ -	\$ 2,020	\$ 2,095
0137 Readjustment Benefits	1,988	2,753	2,234	235	52	63
4025 Housing Credit Liquidating	(127)	120	94	194	(23)	4
4127 Direct Loan Financing	897	2,674	2,448	1,524	52	78
4129 Guaranteed Loan Financing	(313)	7,308	2,567	2,918	62	25
8132 National Service Life Insurance Fund	1,176	11,720	1,694	475	1,403	1,447
All Other	826	5,544	3,055	2,202	350	376
Total	\$ 30,126	\$ 56,293	\$ 37,847	\$ 7,548	\$ 3,916	\$ 4,088
NCA						
0129 National Cemetery Adm.	\$ 120	\$ 123	\$ 120	\$ -	\$ 21	\$ 21
All Other	29	40	39	-	25	35
Total	\$ 149	\$ 163	\$ 159	\$ -	\$ 46	\$ 56
ADM						
0151 General Operating Expenses	\$ 1,145	\$ 1,653	\$ 1,606	\$ 435	\$ 201	\$ 227
All Other	(162)	1,598	1,269	1,356	141	217
Total	\$ 983	\$ 3,251	\$ 2,875	\$ 1,791	\$ 342	\$ 444
Total of all Business Lines	\$ 54,757	\$ 85,877	\$ 64,982	\$ 9,771	\$ 7,468	\$ 7,922

SEGMENT INFORMATION

CONDENSED BALANCE SHEET

AS OF SEPTEMBER 30

	Supply Fund		Enterprise Fund	
	2002	2001	2002	2001
Assets				
Fund Balance with Treasury	\$ 462	\$ 269	\$ 73	\$ 52
Accounts Receivable, Net	146	90	14	15
General Property, Plant and Equipment	5	6	22	15
Other Assets Including Inventory	34	48	4	1
Total Assets	\$ 647	\$ 413	\$ 113	\$ 83
Liabilities and Net Position				
Accounts Payable	\$ 32	\$ 40	\$ 3	\$ 4
Deferred Revenues	226	75	-	-
Other Liabilities	251	185	30	24
Total Liabilities	509	300	33	28
Cumulative Results of Operations	138	113	80	55
Total Liabilities and Net Position	\$ 647	\$ 413	\$ 113	\$ 83
Condensed Net Cost Information				
Total Program Costs	\$ 1,095	\$ 880	\$ 115	\$ 130
Earned Revenues				
Intra-Departmental	(447)	(431)	(129)	(133)
Other Federal Entities	(627)	(421)	(8)	(8)
Non-Federal	(44)	(18)	-	-
Total Earned Revenues	\$ (1,118)	\$ (870)	\$ (137)	\$ (141)
Net Program Costs	\$ (23)	\$ 10	\$ (22)	\$ (11)

Enterprise Fund Services

VA was approved by OMB in May 1996 as one of six pilot franchise fund agencies operating within the Executive Branch of Government. VA’s Franchise Fund was established as a revolving fund and began operations in (FY 1997. By law, the business lines within the Fund can only sell to Federal entities.

The VA Franchise Fund supports VA’s mission by supplying common administrative services to both VA and other federal entities at competitive prices. Most of our customers come from within VA, which

accounted for 94 percent of our FY 2002 revenue. VHA is the largest customer of five of the six VA Enterprise Centers (Austin Automation Center, Financial Services Center, Law Enforcement Training Center, Security and Investigations Center and VA Records Center and Vault), and VBA is the largest customer for the Debt Management Center.

The Fund accounts for its funds in six lines of business (VA Enterprise Centers) and one administrative organization. A brief description of the each center is listed:

Austin Automation Center (AAC) - Located in Austin, TX, the AAC provides comprehensive e-government solutions to match the critical needs of VA and other Federal agency customers, from managing data to automating business processes. The AAC supports over 100 customer applications that provide mission-critical data for financial management, payroll, human resources, logistics, medical records, eligibility benefits and supply functions. In addition, the AAC offers a full complement of technical solutions (platform-hosting, acquisition services, application management, total information assurance, customer business continuity, configuration management, and data conversion and data interfacing) to best meet customer's varied information technology projects.

Debt Management Center (DMC) - Located in St. Paul, MN, the DMC is a centralized facility that provides direct collection of delinquent consumer debt owed to VA. The DMC also provides administrative support for a local Cooperative Administrative Support Unit.

Financial Services Center (FSC) - Located in Austin, TX, the FSC provides a full-range of financial services for VA and other Federal agencies including financial reports and accounting, invoice payments, credit card payments, discount subsistence purchases, payroll processing, travel payment processing, electronic commerce/electronic data interchange, automated document management, audit recovery, consulting, and training.

Law Enforcement Training Center (LETC) - Located in Little Rock, AR, the LETC provides special training for police officers working in a health care or service-oriented environment. Emphasizing training in medical center patient situations, the LETC is available to approximately 2,400 law enforcement personnel working at VHA health care facilities and to Federal law enforcement professionals at other Federal agencies.

VA Records Center and Vault (VA RC&V) - Located in the Midwest, the VA RC&V provides records storage, protection, and retrieval services for official Federal records. The facility has been certified by the NARA to operate as an agency

records center, approved by the Defense Logistics Agency to store classified material, and certified by the Department of Energy to store restricted records.

Security and Investigations Center (S&IC) - Located in Washington, DC, the S&IC provides quality and timely background investigations and adjudications for employees and contractors in sensitive positions for all VA entities nationwide. The S&IC also issues and manages employee identification badges and provides fingerprint processing for VA employees and other Federal customers in the Washington, DC area.

Enterprise Fund Office (EFO) - The VA Enterprise Centers are supported by the EFO, which is responsible for the overall fund operations including administering the financial resources of the fund, coordinating all business activities, and serving as the liaison between the Enterprise Centers, their customers, and the Board of Directors.

Its services allow VA and other government agency customers to conserve their budgetary resources through new innovative methods and/or efficiencies of scale with the same or lower unit costs, while improving the quality of services provided. As the Fund successfully markets its services to other Federal agencies, programs in those agencies will derive similar benefits.

For more information, visit the VA Enterprise Centers online at www.va.gov/fund.

Supply Fund Services

Supply Fund functions include contracting for medical supplies, equipment and services; stocking, repairing, and distributing supplies, medical equipment, and devices; providing forms, publications, and a full range of printing and reproduction services; training VA medical acquisition, supply, processing, and distribution personnel; and increasing small and disadvantaged business participation in VA contracts. The two largest customers for the Supply Fund are VA and DoD, but the Fund also has significant sales to other Federal agencies including the Department of Health and Human Services.