



Defense Commissary Agency Annual Report 2004



Our Mission

Deliver a premier commissary benefit to the armed services community that ...

- Encourages an exciting shopping experience;
- Satisfies customer demand for quality grocery and household products; and
- Delivers exceptional savings while ...
 - ♦ Enhancing quality of life.
 - ♦ Fostering recruitment, retention and readiness.
 - ♦ Supporting warfighters' peace of mind, knowing their families have secure and affordable access to American products.

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Defense Commissary Agency
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From the CEO ...

FISCAL 2004 proved to be another exciting year for the Defense Commissary Agency. Worldwide, from corporate to store level, the agency demonstrated excellence and commitment to its mission of providing the premier quality-of-life benefit to the men and women of the armed services community—and in doing so, recorded its best year ever!

Looking back with pride

When the counting was done, we were able to look back with pride on our success and accomplishments:

- Patron savings were at an all-time high, averaging more than 30 percent when compared to commercial prices;
- Customer service and satisfaction had never been better—earning us a rating of 4.47 (on a scale of 1 to 5) on our annual customer service satisfaction survey;
- Sales totaled \$5.236 billion—an increase of \$198 million over 2003; and
- Customer transactions topped 94 million.

At the same time, we proceeded on schedule with a major re-engineering initiative designed to transform our corporate structure to make it more responsive to customer and store-level needs.

In response to emerging consumer trends, we continued to fine tune our store-of-the-future model—an exciting format that integrates expanded service departments within a floor plan designed for shopping convenience—which we plan to introduce in 2007, at our 32nd Street store in San Diego.

We also continued to develop and test our “work force of the future”—a model that will make us more efficient and best position our work force to be successful in the future.

Still much to do

These successes over the past year can be attributed to the hard work and professionalism of DeCA’s dedicated work force and its industry partners. Together, they enabled DeCA to overcome challenges, circumvent obstacles, develop innovative solutions, and produce outstanding results—but there is still much to do.

In fiscal 2005 and beyond we will ...

- continue our reengineering efforts, using Lean Six Sigma as a tool to streamline and improve business processes where appropriate;
- continue to employ innovative and exciting customer-focused marketing programs;
- continue to benchmark with industry, seeking best practices that will improve the efficiency and effectiveness of our operations;



- leverage technology to further reduce costs and improve service to our patrons;
- continue to improve our infrastructure, providing our patrons with state-of-the-art facilities in which to shop;
- continue to invest in our employees through expanded training, mentoring and incentive programs; and, most importantly,
- continue to deliver exceptional savings to our patrons.

As we face these and the many challenges that await us, I look forward to another banner year, confident and optimistic of our continued capability to deliver the premier quality-of-life benefit to the men and women of our armed services community.

A handwritten signature in black ink, reading "Patrick B. Nixon". The signature is written in a cursive, flowing style with a large initial "P".

Patrick B. Nixon
Acting Director & CEO



The organization ...

From its headquarters at Fort Lee, Va., the Defense Commissary Agency (DeCA) operates a worldwide commissary system that provides quality grocery products at cost to active duty military personnel and retirees, members of the Reserve and National Guard, and their families. The agency employs about 18,000 people, and its annual sales total \$5.2 billion.

DeCA began fiscal 2004 operating 275 commissaries and ended the year with 273 due to stores closing at Roosevelt Roads, Puerto Rico, and Bad Aibling, Germany. DeCA's current funding also provides for the operation of 10 overseas central distribution centers, one meat processing plant, 11 NEXMarts and one CXMart.

DeCA was activated Oct. 1, 1991, consolidating duties and functions previously administered by the individual commissary systems of the four military services. The consolidation was the result of two years of planning that began in 1989 when the House Armed Services Committee directed the Defense Department to study the feasibility of consolidating the services' commissary systems in order to provide better service to military patrons at lower cost.

Today, three regional headquarters provide localized management and support for the agency's commissaries. Two of these regions, DeCA East and DeCA West, manage stores in the continental United States, Puerto Rico, Iceland and the Pacific; one (DeCA Europe) manages stores in Europe. DeCA also operates central distribution centers in Europe and the Pacific. Field operating activities perform services for these regional operating elements and their commissaries, including centralized purchasing of national-brand sales items.

The agency, a component of the Department of Defense, reports to the under-secretary of defense for personnel and readiness. Oversight is provided by DoD's Commissary Operating Board, comprised of senior officer, enlisted and civilian representatives from each of the military services.

Delivering the benefit ...

The Defense Commissary Agency delivers name-brand grocery products at exceptional savings to the men and women of the armed services community worldwide.

This premier quality-of-life benefit, consistently ranked by service members and their families as one of their top nonpay benefits, aids in recruiting and retaining qualified people on active duty, helps maintain morale, and fulfills prior commitments made to military retirees.

Commissary patrons purchase items at cost plus a 5-percent surcharge, which covers the cost of building new commissaries and modernizing existing ones.

DeCA is managed in a cost-and-output culture where activity-based management is a way of life. This has enabled the agency to provide greater savings for service members and their families on the goods and services they purchase than at any other time in history, while at the same time holding down the cost to taxpayers.

PATRON SAVINGS

Patron savings is what the commissary benefit is all about. In fiscal 2004, the agency continued to deliver overall savings of 32.1 percent to its authorized customers, and management continues to explore ways to further optimize the value of the benefit.

Customer savings is measured by an annual price comparison that calculates savings by comparing commissary prices to commercial supermarket and supercenter prices worldwide. Over 30,000 meat, produce and grocery items were used in the comparison to compute the savings. Price comparisons were UPC-specific for grocery items and product type-specific for meat and produce.

SALES

DeCA recorded sales of \$5.236 billion during fiscal 2004, an increase of 3.9 percent over the previous year. This success, the largest single-year sales increase in DeCA's history, can be attributed to:

- An additional 1.7 million customer transactions in fiscal 2004;
- Sales per customer of \$55.50, a 2-percent increase over fiscal 2003;
- An additional worldwide case lot sale held in May;
- An aggressive outreach program;
- A new merchandising theme, "Savings You've Earned";
- Unlimited shopping privileges for the National Guard and Reserve, implemented at the beginning of fiscal 2004;



Delivering the benefit . . .

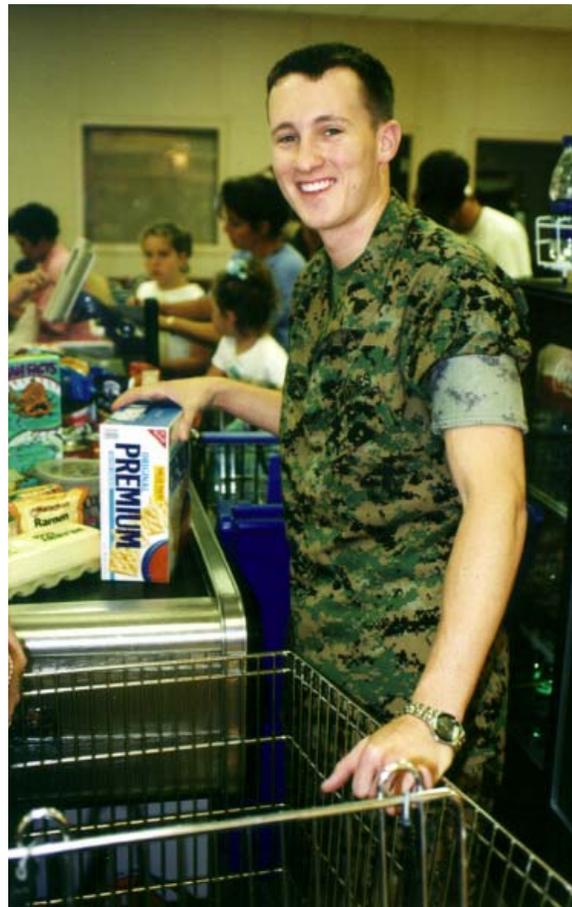
- Improved execution of promotional packages at store level;
- No disruption in the distribution system, as occurred in fiscal 2003; and
- Adjustment of computer-assisted ordering from an inventory control system to a shelf max system, resulting in much improved stock availability.

This record growth in overall sales was achieved amid trends that traditionally work counter to growth, namely: a decline in tobacco sales of more than \$31 million, and closure of one commissary (at Fort Monroe, Va.) that had reported sales of \$1.9 million in fiscal 2003.

CUSTOMER SATISFACTION

DeCA's success is largely measured through the eyes of its customers. In this regard, fiscal 2004 proved to be another hugely successful year when measured by results of DeCA's annual Commissary Customer Service Survey, which showed gains in all surveyed areas and improvement in the overall score from 4.42 to 4.47 (on a scale of 1 to 5). The survey is conducted in commissaries worldwide during September and October and queries customers on 14 key satisfaction and service areas.

From savings to store appearance to helpfulness of employees, customers confirmed DeCA's ability to deliver low prices and superior service - two prime variables in providing a high quality of life for military members and their families.





THE WORK FORCE

DeCA's civilian work force totaled 17,749 at the end of fiscal 2004. This figure includes 7,821 part-time commissary workers, 2,025 foreign nationals, 6,659 military spouses and 1,684 students.

- **Commissary Career Program.** The agency completed a major overhaul of the processes it uses to fill commissary store management positions through the Commissary Career Program (CCP). Successful implementation of a self-nomination application process has ensured that CCP referral lists for all vacancies include only those applicants who are well-qualified and truly interested in the positions being filled.

- **Employee health and wellness.** A more comprehensive Employee Assistance Program was launched that focuses on employee work and personal issues. This program is available to all DeCA employees worldwide.

- **Education assistance.** To improve the education level of its work force and support employee career-development, DeCA implemented its Academic Degree Program during fiscal 2004. Twenty-six DeCA employees were selected to participate in this program through a rigorous competitive process.

- **Training.** DeCA's Center for Learning taught 69 classes to 1,892 employees and initiated its first online, computer-based training.

- **Performance standards.** Fiscal 2004 saw DeCA implement performance standards and tracking systems to measure fill time and other key metrics. This initiative supports the President's Management Agenda and provides the means to evaluate service levels and strive for continuous improvement.

- **Employee recognition.** DeCA continued to foster a robust recognition program for high levels of employee performance and achievements.

Delivering the benefit . . .

- **Work force restructuring.** Agencywide, DeCA used the FY 2004 Work Force Restructuring Buyout Authority to provide opportunities for restructuring positions to support DeCA's re-engineering efforts and to better meet mission needs.

THE INFRASTRUCTURE

Seven major construction projects were awarded in fiscal 2004, totaling \$81 million. These projects included a new store at Tinker Air Force Base, Okla., and upgrades at Fort Wainwright, Alaska; Randolph Air Force Base, Texas; Naval Submarine Base Bangor, Wash.; Whiteman Air Force Base, Mo.; Naval Submarine Base Mayport, Fla.; and Fort Sill, Okla.

New construction was completed at Twentynine Palms, Calif.; Kunsan Air Base, South Korea; and Grand Forks Air Force Base, N.D. Work was completed on upgrade projects at Nellis Air Force Base, Nev.; Whidbey Island, Wash.; and the central distribution center at Kanto Plain, Japan.

Elsewhere, work continued on 12 projects that were awarded prior to fiscal 2004. This consisted of new construction at Naples, Italy, and Camp Humphreys, South Korea, and upgrades at Hulburt Field, Fla.; Davis-Monthan Air Force Base, Ariz.; Fort Leonard Wood, Mo.; RAF Lakenheath, England; Maxwell Air Force Base, Ala.; Schinnen, Netherlands; Andrews Air Force Base, Md.; Osan Air Base, South Korea; Fort Bragg, N.C.; and the central distribution center at Germersheim, Germany.

- **Facility Condition Index.** The success of DeCA's capital investment in its infrastructure is measured by improvements to the Facility Condition Index, a numerical representation of the physical condition of a facility. Investments made in fiscal 2003 increased the index 2.6 percent to 74.45. Annual assessments to measure fiscal 2004 are under way and expectations are that investments made during the year will result in another increase.

- **Store décor.** Thirty-two locations received the new store décor package in fiscal 2004; 194 since the program began three years ago.





• **DeCA Energy Program.** DeCA's Energy Program continues to be one of the best in DoD by virtue of its energy awareness program and the establishment of aggressive utility task forces in DeCA East and DeCA Europe. Even though the cost of energy has risen consistently over the years, energy usage in DeCA's administrative facilities and distribution centers decreased 5.9 percent in fiscal 2004.

One hundred forty-eight people completed energy training during fiscal 2004. This total included 120 trained in the Facility Energy Supervisor/Quality Surveillance Representative Course and 28 in the Facility Energy Supervisor Executive Course for store directors and zone managers.

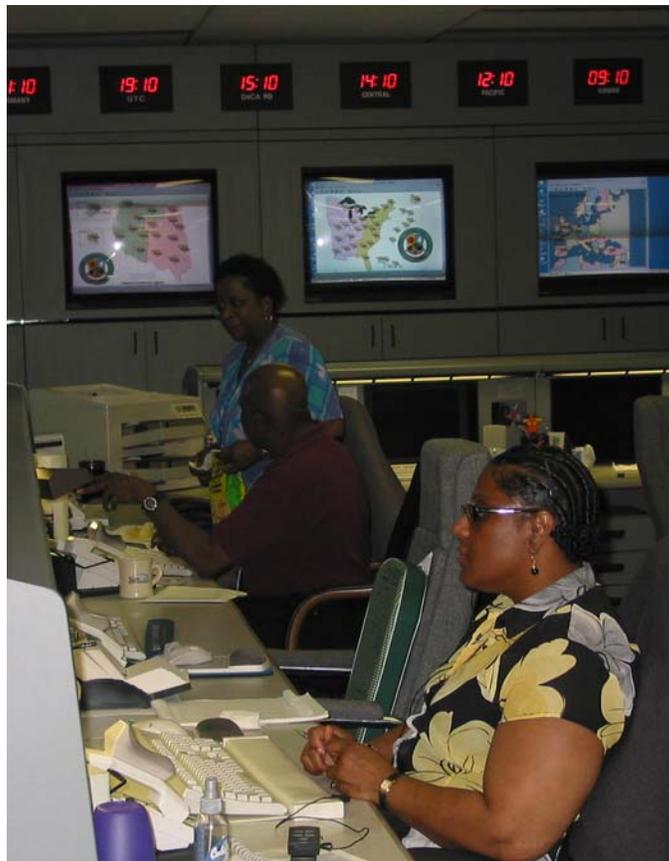
• **Lighting and HVAC.** Lighting upgrades and HVAC retrofits and improvements at Kadena Air Base, Okinawa; Picatinny Arsenal, N.J.; and Bangor Air National Guard Base, Maine, are expected to produce annual savings of \$61,000.

• **Environmental Management System.** DeCA continued to develop and implement its Environmental Management System (EMS), a process and follow-on actions that an organization undertakes to meet business and environmental goals. Ultimately, EMS is intended to support environmental compliance, pollution prevention, and occupational safety and health in balance with business objectives. DeCA has completed the commitment, policy and planning phase and is moving into implementation and operations. Under the policy phase, DeCA developed a draft environmental policy, which was signed by the agency director in April 2004. The policy addresses elements of continual improvement, prevention of pollution, and compliance with environmental legislation and other requirements.

The EMS process has resulted in environmental management plans covering solid waste disposal reduction, solid waste recycling, site evaluation and due diligence, pesticide and rodenticide contracts, and energy and water conservation.

Substantial revenue is expected through recycling and waste reduction studies planned during 2004 for implementation in fiscal 2005.

Delivering the benefit . . .



TECHNOLOGY

DeCA information technology focused on improving business processes to enhance corporate performance. To support this, DeCA's information technology (IT) community continued or began projects designed to achieve optimum system availability at store level; provide greater access to the commissary benefit through Web site enhancements; and ensure continuity of operations.

- **Self checkouts.** Use of customer self-checkout terminals were piloted at five commissaries early in 2004: Langley Air Force Base, Va.; Fort Sam Houston, Texas; McClellan, Calif.; and Vogelweh and Ramstein air bases, Germany.

Approval and funding were granted in June 2004 to install units in 20 additional stores at Andrews Air Force Base and Fort Meade, Md.; Naval Base San Diego, March Air Reserve Base and Marine Corps Air Station Miramar, Calif.; Fort Lewis and McChord Air Force Base, Wash.; Marine Corps Base Quantico, Va.; Lackland Air Force Base and Fort Bliss, Texas; Luke and Davis-Monthan Air Force bases, Ariz.; Eglin Air Force Base, Fla.; Scott Air Force Base, Ill.; Nellis Air Force Base, Nev.; Wright-Patterson Air Force Base, Ohio; McGuire Air Force Base, N.J.; Naval Base Pearl Harbor and Hickam Air Force Base, Hawaii; and RAF Lakenheath, England.

Self-checkout technology has paid off for DeCA in improved customer satisfaction with the checkout experience, greater parity with the commercial sector, and reduction in the maintenance costs of aging equipment.

- **Point-of-Sale System.** DeCA completed a technology refresh of its Point-of-Sale System (POS-TR) in April 2004, replacing a system no longer supported. The major impact of this refresh was on hardware and back office operations.

The upgrade also included use of electronic shelf labels (ESL) at six commissaries: Hurlburt Field, Fla.; Fort Belvoir and Naval Air Station Oceana, Va.; Fort Lewis and McChord Air Force Base, Wash.; and the U.S. Air Force Academy, Colo.

- **Web refresh.** DeCA's Internet site, <http://www.commissaries.com>, was updated to increase its functionality and appeal to a wider range of patrons. The site provides patrons with detailed driving instructions from their home to any commissary within their selected area. This upgrade brings the site into compliance with public law and DoD Web site administration policies and procedures.

- **Operations continuity.** Continuity of operations is crucial to sustaining business operability and minimizing disruptions. DeCA's progress in this area during fiscal 2004 consisted of:

- Hardware acquired and installation and migrations under way for applications, data, and network management.
- Upgrades to store and enterprise infrastructure.
- Increased bandwidth and added redundancy DeCA-wide.
- Hosting and replicating applications on enterprise servers.
- Identifying required application changes.
- Contract for DeCA Enterprise Data Warehouse Disaster Recovery Service.
- Expanded data storage capacity.
- Replication and synchronization of remaining data.

RE-ENGINEERING

Since May 2003, DeCA has been engaged in a major corporate re-engineering initiative aimed at delivering optimal support and resources for store-level requirements. That focus and engagement progressed throughout fiscal 2004 as the agency continued to review its organizational structure and improve its business processes. This resulted in establishment of chief operating officer and chief support officer positions at the agency's corporate headquarters, as well as three new key directorates: systems engineering, program management and corporate planning.

Additionally, DeCA consolidated its region structure from four regions to three operating elements: DeCA East, DeCA West and DeCA Europe.

Driving DeCA's re-engineering initiative is the need to position the agency and its work force to successfully meet future challenges, such as BRAC 2005, A-76 (outsourcing competitions) and the Integrated Global Presence and Basing Strategy initiative.

DeCA's functional process owners and managers continue to explore ideas on how to best structure their respective activities to provide effective and efficient support to commissaries. Some alternatives they have considered include consolidating certain functions or having specific activities accomplished by other agencies or business activities.

- **A corporate view.** Projecting a corporate view is vitally important to the success of DeCA's re-engineering. To that end, process owners at DeCA headquarters have been working closely with their region counterparts to ensure the agency captures such a corporate view in its re-engineering plans and actions—a view that focuses on delivering services and products to stores.

Functional process owners continue to gather and analyze data while identifying direct and indirect support processes—those processes that directly support stores, as well as those needed to satisfy DoD requirements.

- **Streamlining business processes.** A second part of DeCA's re-engineering is the streamlining of business processes. While organizational efforts look at *where* and *what* functions are being done, streamlining looks at *how* the agency does business and what improvements can be made. To assist in this, DeCA has determined Lean Six Sigma to be a useful re-engineering tool in helping the agency refine its business processes so that it can better deliver products and service to its stores and patrons.

To deploy this tool successfully, DeCA obtained the services of a contractor to facilitate the use of Lean Six Sigma and to assist and provide DeCA with the tools to develop and deploy a Lean Six Sigma implementation plan.

The director of corporate planning has been charged with leading DeCA's two-pronged re-engineering effort, and the corporate planning directorate has been designated "Lean Six Sigma Deployment Champion" for the agency.

The ultimate goal of DeCA's re-engineering: to remove waste, increase speed and instill consistency in DeCA's business processes to best support its stores.



**DeCA
Financials**

**DEFENSE COMMISSARY AGENCY
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30
(in thousands)**

	<u>2004</u>	<u>2003</u>
Assets		
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$ 450,368	\$ 280,475
Accounts receivable and other	252	6,565
Total intragovernmental assets	<u>450,620</u>	<u>287,040</u>
Cash	96,318	121,273
Accounts receivable and other	51,387	53,483
Inventory	349,794	328,965
General property, plant, and equipment, net (Note 3)	825,787	841,136
Total assets	<u>\$ 1,773,906</u>	<u>\$ 1,631,897</u>
Liabilities (Note 4)		
Intragovernmental:		
Accounts payable	\$ 150,753	\$ 147,905
Other liabilities	39,976	39,981
Total intragovernmental liabilities	<u>190,729</u>	<u>187,886</u>
Accounts payable	401,990	426,738
Federal Employees Compensation Act actuarial liability	174,076	195,440
Environmental liabilities	9,015	13,435
Other liabilities	82,834	83,909
Total liabilities	<u>858,644</u>	<u>907,408</u>
Commitment and contingencies (Note 9)		
Net position (Note 5)		
Unexpended appropriations	17,816	(135,706)
Cumulative results of operations	897,446	860,195
Total net position	<u>915,262</u>	<u>724,489</u>
Total liabilities and net position	<u>\$ 1,773,906</u>	<u>\$ 1,631,897</u>

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

**DEFENSE COMMISSARY AGENCY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 2 - FUND BALANCE WITH TREASURY

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

The following table shows the balance for each type of fund as of September 30, 2004 and 2003:

<u>Fund balances:</u>	<u>2004</u>	<u>2003</u>
Appropriated funds	\$ 193,962	\$ 62,133
Revolving funds	78,443	42,084
Trust funds	177,963	176,258
Total	<u>\$ 450,368</u>	<u>\$ 280,475</u>

The following table shows the status of the fund balances as of September 30, 2004 and 2003:

<u>Status of fund balances:</u>	<u>Appropriated</u>	<u>Revolving</u>	<u>Trust</u>	<u>Total</u>
Unobligated balance available	\$ (27,140)	\$ -	\$ -	\$ (27,140)
Unobligated balance unavailable	43	-	-	43
Obligated balance not yet disbursed, net of contract authority	221,059	78,443	177,963	477,465
Total as of September 30, 2004	<u>\$ 193,962</u>	<u>\$ 78,443</u>	<u>\$ 177,963</u>	<u>\$ 450,368</u>

<u>Status of fund balances:</u>	<u>Appropriated</u>	<u>Revolving</u>	<u>Trust</u>	<u>Total</u>
Unobligated balance available	\$ (193,586)	\$ -	\$ -	\$ (193,586)
Obligated balance not yet disbursed, net of contract authority	255,719	42,084	176,258	474,061
Total as of September 30, 2003	<u>\$ 62,133</u>	<u>\$ 42,084</u>	<u>\$ 176,258</u>	<u>\$ 280,475</u>

The unobligated available fund balance as of September 30, 2004 and 2003 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 FY 2004 and as discussed in Note 8, the negative unobligated balance decreased because DeCA received a cash transfer from the Army, Navy, Air Force, and Defense-wide WCF accounts to DeCA’s WCF account in the amount of \$163.1 million. DeCA is working to correct the remaining negative balance by the end of FY 2005.

**DEFENSE COMMISSARY AGENCY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 3 - GENERAL PROPERTY, PLANT, AND EQUIPMENT

General property, plant, and equipment (PP&E) at September 30, 2004 and 2003 is summarized as follows:

<u>PP&E category</u>	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Buildings, structures, and facilities	\$ 1,777,774	\$ (1,090,844)	\$ 686,930
Software	9,422	(4,540)	4,882
Equipment and other assets	177,914	(112,363)	65,551
Construction-in-progress	68,424	-	68,424
Total as of September 30, 2004	\$ 2,033,534	\$ (1,207,747)	\$ 825,787

<u>PP&E category</u>	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
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 as of September 30, 2003	\$ 1,974,489	\$ (1,133,353)	\$ 841,136

**DEFENSE COMMISSARY AGENCY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 4 - LIABILITIES

The following table summarizes total liabilities covered and not covered by budgetary resources as of September 30, 2004 and 2003:

	<u>Covered by Budgetary Resources</u>	<u>Not Covered by Budgetary Resources</u>	<u>Total</u>
<u>Intragovernmental:</u>			
Accounts payable	\$ 150,753	\$ -	\$ 150,753
Other liabilities	2,385	37,591	39,976
Subtotal	153,138	37,591	190,729
<u>With the public:</u>			
Accounts payable	401,990	-	401,990
Federal Employees Compensation Act actuarial liability	-	174,076	174,076
Environmental liability	-	9,015	9,015
Other liabilities	33,018	49,816	82,834
Subtotal	435,008	232,907	667,915
Total as of September 30, 2004	\$ 588,146	\$ 270,498	\$ 858,644

	<u>Covered by Budgetary Resources</u>	<u>Not Covered by Budgetary Resources</u>	<u>Total</u>
<u>Intragovernmental:</u>			
Accounts payable	\$ 147,905	\$ -	\$ 147,905
Other liabilities	2,356	37,625	39,981
Subtotal	150,261	37,625	187,886
<u>With the public:</u>			
Accounts payable	426,738	-	426,738
Federal Employees Compensation Act actuarial liability	-	195,440	195,440
Environmental liability	-	13,435	13,435
Other liabilities	37,439	46,470	83,909
Subtotal	464,177	255,345	719,522
Total as of September 30, 2003	\$ 614,438	\$ 292,970	\$ 907,408

**DEFENSE COMMISSARY AGENCY
NOTES TO THE FINANCIAL STATEMENTS**

Other liabilities consist primarily of workers' compensation, accrued payroll and benefits, accrued unfunded annual and other leave, and foreign national separation pay. The following table summarizes other liabilities current and non-current as of September 30, 2004 and 2003.

<u>Other liabilities</u>	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Intragovernment:	<u>Liabilities</u>	<u>Liabilities</u>	
Workers compensation	\$ 16,696	\$ 20,832	\$ 37,528
Employer contributions and payroll taxes payroll	2,385	-	2,385
Other	63	-	63
Subtotal	19,144	20,832	39,976
With the public:			
Accrued funded payroll and benefits	38,572	-	38,572
Foreign national separation pay	11,669	-	11,669
Accrued unfunded annual leave	38,147	-	38,147
Liability for deposit funds	(5,554)	-	(5,554)
Subtotal	82,834	-	82,834
Total as of September 30, 2004	\$ 101,978	\$ 20,832	\$ 122,810

<u>Other liabilities</u>	<u>Current</u>	<u>Non-Current</u>	<u>Total</u>
Intragovernment:	<u>Liabilities</u>	<u>Liabilities</u>	
Workers compensation	\$ 16,329	\$ 21,296	\$ 37,625
Employer contributions and payroll taxes payroll	2,356	-	2,356
Subtotal	18,685	21,296	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
Subtotal	83,909	-	83,909
Total as of September 30, 2003	\$ 102,594	\$ 21,296	\$ 123,890

**DEFENSE COMMISSARY AGENCY
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 5 - NET POSITION

The following table summarizes the net position by fund type as of September 30, 2004 and 2003:

<u>Net position:</u>	<u>General</u> <u>Fund</u>	<u>Working</u> <u>Capital</u> <u>Fund</u>	<u>Total</u>
Unexpended appropriations	\$ 345	\$ 17,471	\$ 17,816
Cumulative results of operations	950,018	(52,572)	897,446
Total as of September 30, 2004	\$ 950,363	\$ (35,101)	\$ 915,262

<u>Net position:</u>	<u>General</u> <u>Fund</u>	<u>Working</u> <u>Capital</u> <u>Fund</u>	<u>Total</u>
Unexpended appropriations	\$ 617	\$ (136,323)	\$ (135,706)
Cumulative results of operations	954,777	(94,582)	860,195
Total as of September 30, 2003	\$ 955,394	\$ (230,905)	\$ 724,489

NOTE 9 - 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 \$27.0 million to \$46.0 million as of September 30, 2004. As of September 30, 2003, the amounts claimed related to the significant actions totaled \$44.6 million to \$64.1 million.

During the end of FY 2004 DeCA commissaries experienced product loss and structural damage as a result of hurricane activity. The amount of product loss and structural damage is unknown and is not believed to be significant as of September 30, 2004.

DeCA's Corporate Vision

Customers,
Work Force,
Partners



“Raving Fans”

DeCA's VISION will focus on people — its customers, work force and partners — all working together to create “Raving Fans.”

