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**U.S. EXPERIENCE WITH AUXILIARY UNITS
UNDER THE
NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM**

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**Bureau of Economic Analysis
Washington, DC
July 28, 2005**

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U.S. Experience with Auxiliary Units under NAICS

The U.N. 1993 System of National Accounts (SNA), the International Standard Industrial Classification (ISIC), the old U.S. Standard Industrial Classification (SIC), and the newer U.S.-Canadian-Mexican North American Industry Classification System (NAICS) were all designed to provide industry classifications for grouping establishments rather than enterprises or firms. An establishment is the smallest operating entity for which records provide information on the cost of inputs used to produce a unit of output. The establishment is generally a single physical location. An enterprise (company) may consist of one or more establishments potentially at multiple locations.

In large enterprises, many establishments exist solely for the purpose of serving other establishments of the same enterprise and are called, in the old SIC system—auxiliary establishments, and in the ISIC—ancillary units. Thus, industry classification systems prior to NAICS generally distinguished two types of establishments – operating establishments and auxiliary establishments.

Operating establishments produce goods or services for sale to units of other enterprises, households, and government under the SIC and the ISIC. Operating establishments also include establishments that produce goods for primary use by other establishments of the same enterprise -- captive goods-producing establishments. These captive goods-producing establishments are classified according to the primary activity of the establishment. For example, an establishment that produces brake-parts for primary use in an enterprise's auto manufacturing facility will be classified in the motor vehicle parts and accessories industry.

Auxiliary establishments are units that produce support services not intended for use outside the enterprise under the SIC and the ISIC. These captive services-providing establishments are classified according to the industry of the establishment they serve (including location). For example, an establishment that produces computer-aided design for primary use in an enterprise's auto manufacturing facility will be classified in the motor vehicle industry.

The purpose of this paper is to summarize the U.S. Bureau of Economic Analysis' (BEA) experience with measuring the output and inputs of NAICS-defined auxiliary units that produce captive services for other units within the same enterprise. The paper addresses the following issues as they relate to BEA's industry and regional economic accounts:

- How the output of auxiliary units is measured;
- How the output of auxiliaries is distributed to the industries served;
- What is the relative size and distribution of auxiliary activities within the U.S. economy; and

- How auxiliaries are treated in the regional accounts.

Information on auxiliaries, including the survey forms used to collect data, is available from the U.S. Census Bureau's Web site at www.census.gov. Some of these materials are reproduced in the appendix at the end of this paper.

Production by auxiliaries and its use

The North American Industry Classification System (NAICS) used by the United States, Canada, and Mexico defines an auxiliary as an establishment of an enterprise (company) that exists solely to serve other establishments of the same enterprise.¹ Auxiliaries create output as they carry out support activities, such as warehousing, transportation, or management services, for other establishments within the enterprise to which they belong. Auxiliaries also may sell their services to establishments outside the enterprise, but such activities are secondary to their primary activity which they provide without explicit charge.

The NAICS is based on the principle that establishments should be grouped together based on their production processes. Auxiliary establishments that carry out support activities for their enterprise are classified according to the NAICS code related to the activity performed. In other words, auxiliary establishments are grouped with operating establishments performing the same activities. A list of NAICS industries from the 2002 Economic Census that includes these auxiliary establishments is provided in table A below. Separate Economic Census questionnaires were developed for sector specific enterprise support establishments. In addition, there is a separate sector in NAICS: Management of companies and enterprises, which includes industry 551114, Corporate, subsidiary, and regional managing offices.

Table A. 2002 NAICS Industries with Auxiliary Establishments

NAICS Code	Description
NAICS 484, 488, 492	Truck transportation; Support activities for transportation; Couriers and messengers
NAICS 4931	Warehousing and storage
NAICS 5182	Data processing and related services
NAICS 54 except 5412, 5417	Professional and technical services except Accounting and bookkeeping services and Scientific research and development services
NAICS 5412	Accounting and bookkeeping services
NAICS 5417	Scientific research and development services
NAICS 55	Management of companies and enterprises
NAICS 5613, 5614, 5615	Employment services; Business support services; Travel arrangement and reservation services
NAICS 5612, 5616, 5617, 5619, 562	Facilities support services; Investigation and security services; Services to buildings and dwellings; Other support services; Waste management and remediation services

¹ North American Industry Classification System, United States, 2002, page 22.

NAICS 611	Educational services
NAICS 811, 812	Repair and maintenance; Personal and laundry services

Output is preferably measured by the receipts of the establishment. In a market economy, receipts reflect the cost of producing the good or service as well as the return to the producer – the profit. When the goods or services of an establishment are not sold in the market, an alternative measure of output is needed. A commonly used convention is to measure the output of such an establishment as the sum of its operating expenses.

In the U.S. industry accounts, the measure of auxiliary industry output is the sum of expenses, as collected by U.S. Census Bureau. Although Census Bureau collects receipts of auxiliaries, those receipts are not generally used as a measure of output because auxiliary receipts do not necessarily reflect the cost of producing all of the auxiliary’s services.

For 2002, the Economic Census collected 19 types of expenses from auxiliaries, plus a total for all expenses. In addition, each auxiliary was asked to identify whether the expense was paid for the auxiliary itself or for other establishments of the enterprise. The 19 subcategories of expenses consist of the following:

- (1) administrative and management consulting
- (2) accounting, auditing and bookkeeping
- (3) advertising
- (4) communications
- (5) computer services
- (6) depreciation
- (7) electricity
- (8) fringe benefits
- (9) fuels for heat or power
- (10) legal services
- (11) materials and supplies
- (12) other utilities
- (13) other expenses
- (14) payroll
- (15) rental payments for machinery and equipment
- (16) rental payments for buildings and structures
- (17) repair and maintenance for machinery and equipment
- (18) repair and maintenance for buildings and structures
- (19) taxes

For the U.S. accounts, auxiliary industry output was measured as the sum of the expenses for each type of auxiliary. Because not every auxiliary reported their expenses to the Census Bureau, BEA extrapolated the reported values by employment to arrive at an estimate for all establishments.

Inputs to auxiliaries are the expenses collected by the Census Bureau. The broad expense categories collected by the Census Bureau, such as fuels or materials and supplies, are then further disaggregated in the I-O accounts to item codes, the most detailed type of goods or services identified in the accounts. The input pattern of similar operating establishments is used to identify the appropriate item codes within each input category.

The commodity output of auxiliaries is equal to the industry output of auxiliaries. The commodity output is distributed to the industries served by the auxiliary establishments as well as to final users. For the 2002 Economic Census, the Census Bureau is providing special data tabulations of data that link the major sectors (2-digit NAICS level) served by each auxiliary group (3-digit NAIC level). This information is important for the allocation of auxiliary services to using industries in the I-O use table.

Effects of auxiliaries in the 1997 benchmark I-O accounts

Prior to NAICS, auxiliaries were classified as being part of the industry that used their services. For example, a plant that produces soft drinks uses the services of a central administrative office (CAO) that is located outside of the plant. This CAO handles activities such as paying invoices and providing payroll services for the soft drink plant. Under the pre-NAICS treatment, the intermediate purchases of the CAO were included in the intermediate purchases of the soft drink plant, and the compensation, the indirect business tax and nontax liability, and the depreciation expenses of the auxiliary were reflected in the value added of the soft drink plant. In contrast, in NAICS, the services the CAO provides are measured as separate economic activities rather than grouped with the economic activities of the soft drink plant, and the services provided by auxiliaries are explicitly measured and treated as output. Auxiliary value added, intermediate purchases and output are grouped with similar operating establishment activity, and the auxiliary services are shown as purchases by the industries served. The important change is that the activities of the auxiliaries are grouped in industries with similar production processes.

For 1997, the Census Bureau provided data for auxiliaries on a NAICS basis as well as a pre-NAICS basis. For comparison, these data were used to prepare rough approximations of output, intermediate purchases, and value added on both a NAICS basis and a pre-NAICS basis. Although rough, these approximations provide a means of gauging the effects of the new treatment at an aggregate level and give an indication of the major shifts that have resulted. The results are shown in table B.

Table B. The Impact of NAICS Auxiliaries on Industries in the 1997 Benchmark I-O Accounts
(Billions of dollars)
After NAICS

	Natural resources and mining	Utilities and construction	Manufacturing	Trade	Transportation and warehousing	Information	Services & Other	Total
Total intermediate inputs	277	494	2,531	605	273	302	2,035	6,517
All Other Intermediate	263	492	2,361	505	266	296	1,994	6,177
Auxiliaries	14	2	170	100	7	6	41	340
Total value added	178	464	1,254	968	247	367	4,868	8,346
Compensation of employees	55	296	722	546	165	158	2,714	4,656
Indirect business tax and non tax liability	17	35	45	232	13	34	270	646
Other value added	106	133	487	190	69	175	1,883	3,043
Total industry output	455	958	3,785	1,573	520	669	6,903	14,863

Before NAICS

	Natural resources and mining	Utilities and construction	Manufacturing	Trade	Transportation and warehousing	Information	Services & Other	Total
Total intermediate inputs	267	493	2,411	534	261	296	1,915	6,177
All Other Intermediate	267	493	2,411	534	261	296	1,915	6,177
Auxiliaries	0	0	0	0	0	0	0	0
Total value added	188	465	1,374	1,039	241	369	4,669	8,346
Compensation of employees	63	297	826	607	159	160	2,544	4,656
Indirect business tax and non tax liability	18	35	48	234	13	34	264	646
Other value added	107	133	500	198	69	175	1,861	3,043
Total industry output	455	958	3,785	1,573	502	665	6,585	14,523

Difference

	Natural resources and mining	Utilities and construction	Manufacturing	Trade	Transportation and warehousing	Information	Services & Other	Total
Total intermediate inputs	10	1	120	71	12	6	120	340
All Other Intermediate	(4)	(1)	(50)	(29)	5	0	79	0
Auxiliaries	14	2	170	100	7	6	41	340
Total value added	(10)	(1)	(120)	(71)	6	(2)	198	0
Compensation of employees	(8)	(1)	(104)	(61)	6	(2)	170	0
Indirect business tax and non tax liability	(1)	0	(3)	(2)	0	0	6	0
Other value added	(1)	0	(13)	(8)	0	0	22	0
Total industry output	0	0	0	0	18	4	318	340

In the NAICS-based classification, the auxiliary industry, NAICS 55, is grouped with services. The NAICS treatment of auxiliaries raises total intermediate purchases because it now includes the intermediate purchases by auxiliaries. It also affects the industry distribution of value added because value added now includes compensation paid to the auxiliary's employees, indirect business tax and nontax liabilities paid by the auxiliary, and depreciation of the auxiliary's fixed capital. In the pre-NAICS-based classification, the services of auxiliaries are shown as intermediate purchases of goods and services, and the value added of the industries that used auxiliary services was higher than the NAICS treatment.

As a result of the new classification, total intermediate purchases were \$6,517 billion, or about 5 percent higher than in the system prior to NAICS. The \$340 billion increase represents the amount of industry purchases of the new auxiliary services. Total value added in the economy remained the same, but value added across industries changed.

In the goods-producing sectors, value added decreased because the value-added components of auxiliary services were moved, and intermediate purchases increased. The largest impact was on manufacturing compensation, which dropped more than \$100 billion. In the services-providing sectors, as a result of the new auxiliary treatment, especially the addition of the industry "management of companies and enterprises," both value added and intermediate purchases were raised. The higher value added in the services-providing sectors was equal to the amount of auxiliary compensation, indirect business tax and nontax liabilities, and depreciation that was moved from the goods-producing industries.

- As a result of treating auxiliaries as output-producing establishments in the 1997 benchmark I-O accounts, total gross output was \$14,863 billion, or 2.3 percent higher than prior to the NAICS treatment. The \$340 billion increase, the same as the increase in total intermediate purchases, was almost entirely accounted for by three auxiliaries:
 - Corporate, subsidiary, and regional managing offices,
 - Auxiliary scientific research and development, and
 - Auxiliary warehousing and storage.

Measuring subnational value added for auxiliary establishments

As discussed at the beginning of this paper, there has been an inconsistency in the ISIC and SIC industry classification systems' treatment of support (captive) activity—captive goods-producing establishments were classified based on what they did and not on whom they served, while captive services-providing establishments were classified based on whom they served. This inconsistent treatment has always had the potential to distort measurement of subnational value added. For example, if a California-based computer-aided design auxiliary establishment provides its services for the company's auto

manufacturing facility in Michigan, its value added is allocated to the auto manufacturing facility in Michigan, thus overstating Michigan’s motor vehicle value added and understating California’s professional, scientific, and technical industries’ value added.

Both the location and industry assignments of establishments providing support activities are relevant to the estimation of gross state product (GSP—value added—or GDP by state or province) because GSP is measured by place of work and by industry. The primary state source data used to estimate GSP in the U.S. in the mining, manufacturing, and construction industries, are Census Bureau valued-added data from the economic censuses, and from the Annual Survey of Manufactures (ASM). For industries defined on the old SIC, the Census Bureau makes no attempt to separate the value-added of auxiliary operations from the value-added of operating establishments for multi-establishment companies. Therefore, in estimating GSP, the value added of the auxiliary operations of these multi-establishment companies is reassigned from the state where the establishment they serve is located to the state where the auxiliary functions are performed.

In the U.S. statistical system, this locational adjustment of auxiliary establishments is a three-step process and is documented by the U.S. Bureau of Economic Analysis.² First, national data are used to establish value-added levels for auxiliary establishments for each industry. Second, state-level data are used to compute the amount of auxiliary value added that is mis-located and therefore must be removed from each SIC industry in each state. Third, the auxiliary value added removed in step 2 is relocated to states based on the proportion of auxiliary payrolls for each industry in each state. The total adjusted value added for each industry in each state is the original value added plus the net result of the auxiliary value added adjustment.

An example of the effect on motor vehicle manufacturing GSP of reassigning the value added of auxiliary establishments, for selected states, can be seen in table C. The table shows the results for economic census year 1992. Michigan and Rhode Island both gain value added in the motor vehicle industry after adjusting for auxiliary location, while Georgia loses value added. The net effect of the adjustment at the national level is zero.

Table C. Adjustment to Motor Vehicles Value Added, 1992 – Selected States
[Millions of dollars]

State	Census Value Added	Value Added Removed	Value Added Added	Net Adjustment	Adjusted Value Added
Michigan	21,053,200	1,430,643	4,296,037	2,865,394	23,918,594
Georgia	2,317,200	157,462	3,060	-154,402	2,162,798
Rhode Island	8,031	546	5,532	4,986	13,017
U.S.	78,880,811	5,360,245	5,360,245	0	78,880,811

² See www.bea.gov.

It is important to note that, as in the above example, adjustments to value added for auxiliary activities correct for *locational* biases under the old SIC system, but do not correct for *industrial* biases. That is, auxiliary establishments' value added is reassigned to the location (state) where the support activity takes place, but remains in the industry which it serves. NAICS, in contrast, corrects both the locational and industrial biases inherent in the old SIC system.

Under NAICS, establishments are classified according to the method of production. In the examples above, the brake-parts establishment will continue to be classified in the motor vehicle parts industry, but in the state in which the establishment operates. The computer-aided design establishment will be classified in the industrial design services industry (and in the state in which the establishment operates). Further, captive services-providing establishments that produce two or more core activities, i.e. the services needed to manage an enterprise, are classified in the management of companies and enterprises industry—NAICS 55—(rather than in the establishment they serve) in the state in which they operate. In effect, all establishments are classified as operating units under NAICS.

Appendix



U.S. DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. CENSUS BUREAU

FORM
MN-55102

**2002 ECONOMIC CENSUS
CORPORATE, SUBSIDIARY, AND REGIONAL MANAGING OFFICES**

OMB No. 0607-0887: Approval Expires 09/30/2004

**DUE DATE
FEBRUARY 12, 2003**

Mail your completed form to:
**U.S. CENSUS BUREAU
1201 East 10th Street
Jeffersonville, IN 47134-0001**

Please read the accompanying information sheet(s) before answering the questions.

Need help or have questions about filling out this form?
Visit our Web site at www.census.gov/econhelp

Call 1-800-233-6136, between 8:00 a.m. and 8:00 p.m., Eastern time, Monday through Friday.

- OR -

Write to the address above. Include your 11-digit Census File Number (CFN) printed in the mailing address.

MN-55102

**INFORMATION COPY
DO NOT USE TO REPORT**

(Please correct any errors in this mailing address.)

YOUR RESPONSE IS REQUIRED BY LAW. Title 13, United States Code, requires businesses and other organizations that receive this questionnaire to answer the questions and return the report to the U.S. Census Bureau. By the same law, **YOUR CENSUS REPORT IS CONFIDENTIAL.** It may be seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used only for statistical purposes. Further, copies retained in respondents' files are immune from legal process.

- Use blue or black ink.
- Please center numbers in their respective boxes. Examples:

0	1	2	3	4	5	6	7	8	9
---	---	---	---	---	---	---	---	---	---
- Do not use pencil.
- Do not put slashes through 0 or 7.
- Place an "X" inside the box.

The reporting unit for this form is an establishment. An **establishment** is generally a single physical location where business is conducted or where services or industrial operations are performed. For further clarification, see information sheet(s).

1 MONTHS IN OPERATION Mark "X" if None 2002

		Number of months
Number of months in operation during 2002 (If none, mark "X" and go to 2.) 0002	<input type="checkbox"/>	

2 EMPLOYER IDENTIFICATION NUMBER
Is the Employer Identification Number (EIN) shown in the mailing address the same as the one used for this establishment on its latest 2002 Internal Revenue Service Form 941, Employer's Quarterly Federal Tax Return?

0021 Yes 0022 No - Enter current EIN (9 digits) → 0025

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3 PHYSICAL LOCATION

A. Is this establishment's physical location the same as shown in the mailing address? (P.O. box and rural route addresses are not physical locations.)

0031 Yes

0032 No - Enter physical location

0035 Number and street				
0036 City, town, village, etc.	0037 State	0038 ZIP Code		

B. Is this establishment physically located inside the legal boundaries of the city, town, village, etc.?

0041 Yes 0042 No 0043 No legal boundaries 0044 Do not know

C. Type of municipality where this establishment is physically located

0046 City, village, or borough 0047 Town or township 0048 Other or do not know



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<p>HOW TO REPORT DOLLAR FIGURES</p>	<p>Dollar figures should be rounded to thousands of dollars.</p> <p>If a figure is \$1,025,628.79: Report → <input type="checkbox"/></p> <p>If a value is "0" (or less than \$500.00): Report → <input checked="" type="checkbox"/></p>	<p>Mark "X" if None</p>	<table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th colspan="4">2002</th> </tr> <tr> <th>\$ Bil.</th> <th>Mil.</th> <th>Thou.</th> <th>Dol.</th> </tr> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> <td style="text-align: center;">2 6</td> </tr> </table>	2002				\$ Bil.	Mil.	Thou.	Dol.		1	0	2 6														
2002																													
\$ Bil.	Mil.	Thou.	Dol.																										
	1	0	2 6																										
<p>4 SALES, SHIPMENTS, RECEIPTS, OR REVENUE</p> <p>Sales to, or receipts or revenue from, customers outside your enterprise (Exclude billings, sales, receipts, or revenue from establishments of your own enterprise.) 0100</p> <p style="text-align: right;">Mark "X" if None <input type="checkbox"/></p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th colspan="4">2002</th> </tr> <tr> <th>\$ Bil.</th> <th>Mil.</th> <th>Thou.</th> <th>Dol.</th> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>				2002				\$ Bil.	Mil.	Thou.	Dol.																		
2002																													
\$ Bil.	Mil.	Thou.	Dol.																										
<p>5 E-COMMERCE SALES, SHIPMENTS, RECEIPTS, OR REVENUE</p> <p>A. Did this establishment have any e-commerce sales, receipts, and/or revenue in 2002? (E-commerce includes sales, receipts, and/or revenue from any transaction completed over an Internet, Extranet, Electronic Data Interchange (EDI) network, electronic mail, or other online system. Transactions are agreements between buyers and sellers to transfer ownership of, or rights to use, goods or services. Payment for these goods or services may or may not be made online. Please see the information sheet(s) for further clarification.)</p> <p>0181 <input type="checkbox"/> Yes - Go to line B</p> <p>0182 <input type="checkbox"/> No - Go to 6</p> <p>B. E-commerce sales, receipts, and/or revenue of this establishment (Include e-commerce sales, receipts, and/or revenue in 4. Exclude sales taxes.) 0185</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th colspan="4">2002</th> </tr> <tr> <th colspan="4" style="text-align: center;">Estimates are acceptable</th> </tr> <tr> <th>\$ Bil.</th> <th>Mil.</th> <th>Thou.</th> <th>Dol.</th> </tr> <tr> <td></td> <td></td> <td></td> <td></td> </tr> </table>				2002				Estimates are acceptable				\$ Bil.	Mil.	Thou.	Dol.														
2002																													
Estimates are acceptable																													
\$ Bil.	Mil.	Thou.	Dol.																										
<p>6 EMPLOYMENT AND PAYROLL</p> <p>Include:</p> <ul style="list-style-type: none"> • Full- and part-time employees working at this establishment whose payroll was reported on Internal Revenue Service Form 941, Employer's Quarterly Federal Tax Return, and filed under the Employer Identification Number (EIN) shown in the mailing address or corrected in 2. <p>Exclude:</p> <ul style="list-style-type: none"> • Full- or part-time leased employees whose payroll was filed under an employee leasing company's EIN. • Temporary staffing obtained from a staffing service. <p>For further clarification, see information sheet(s).</p> <p>A. Number of employees for pay period including March 12 0320 <input type="checkbox"/></p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th colspan="2">2002</th> </tr> <tr> <th>Number</th> <th></th> </tr> <tr> <td></td> <td></td> </tr> </table> <p>B. Payroll before deductions (Exclude employer's cost for fringe benefits.)</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th colspan="2"></th> <th colspan="3">2002</th> </tr> <tr> <th colspan="2"></th> <th>\$ Mil.</th> <th>Thou.</th> <th>Dol.</th> </tr> <tr> <td>1. Annual payroll 0300</td> <td><input type="checkbox"/></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2. First quarter payroll (January-March, 2002) 0310</td> <td><input type="checkbox"/></td> <td></td> <td></td> <td></td> </tr> </table>				2002		Number						2002					\$ Mil.	Thou.	Dol.	1. Annual payroll 0300	<input type="checkbox"/>				2. First quarter payroll (January-March, 2002) 0310	<input type="checkbox"/>			
2002																													
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		2002																											
		\$ Mil.	Thou.	Dol.																									
1. Annual payroll 0300	<input type="checkbox"/>																												
2. First quarter payroll (January-March, 2002) 0310	<input type="checkbox"/>																												

CONTINUE ON PAGE 3

10 INVENTORIES

(Report inventories using generally accepted accounting practices.)

A. Did this establishment have inventories at the end of 2001 or 2002?

0486 Yes - Go to line B

0487 No - Go to **11**

B. Were inventories of this establishment subject to the Last-in, First-out (LIFO) method of valuation?

0481 Yes - Use the sum of LIFO amount (E2) plus the LIFO reserve (E1) for completing lines C and D2.

0482 No - Complete only lines C and D1.

	Mark "X" if None	End of 2002				Mark "X" if None	End of 2001			
		\$ Bil.	Mil.	Thou.	Dol.		\$ Bil.	Mil.	Thou.	Dol.
C. Total inventories (Include finished products, work-in-process, materials, supplies, fuels, etc.) 0480	<input type="checkbox"/>					<input type="checkbox"/>				
D. Of the value on line C report:										
1. Amount not subject to LIFO costing 0484	<input type="checkbox"/>					<input type="checkbox"/>				
2. Amount subject to LIFO costing (gross) 0485	<input type="checkbox"/>					<input type="checkbox"/>				
E. Of the value on line D2 report:										
1. Amount of LIFO reserve. 0486	<input type="checkbox"/>					<input type="checkbox"/>				
2. Amount of LIFO value (net) 0487	<input type="checkbox"/>					<input type="checkbox"/>				

Note - The sum of lines D1 and D2 should equal line C. The sum of lines E1 and E2 should equal line D2.

11 INVENTORY VALUATION

Methods of valuation for inventories not subject to LIFO costing at the end of 2002

(Using the inventory value reported in **10**, line D1 above, report the breakdown of the value for end of 2002 according to the inventory valuation methods shown below.)

	Mark "X" if None	End of 2002			
		\$ Bil.	Mil.	Thou.	Dol.
A. First-in, First-out (FIFO). 0491	<input type="checkbox"/>				
B. Average cost 0492	<input type="checkbox"/>				
C. Standard cost 0493	<input type="checkbox"/>				
D. Other methods - Specify <u> </u>					
0895 <input type="checkbox"/> 0494	<input type="checkbox"/>				
E. TOTAL (Sum of lines A through D should equal the value reported in 10 , line D1 for end of 2002.) 0490	<input type="checkbox"/>				

12-14 Not Applicable.

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CONTINUE ON PAGE 5

If not shown, please enter your 11-digit Census File Number (CFN) from the mailing address.

15 SELECTED EXPENSES

(Report the expenses allocated to this establishment by category. Report expenses directly attributable to this establishment in column 1. Report payments made by this establishment for expenses incurred by other establishments of your enterprise in column 2, where applicable.)

	Mark "X" if None	2002				Mark "X" if None	2002			
		Expenses of this establishment					Payments made by this establishment in behalf of other establishments of your enterprise			
		\$ Bil.	Mil.	Thou.	Dol.		\$ Bil.	Mil.	Thou.	Dol.
A. Employer's cost of fringe benefits (Include fringe benefits for all employees reported in 6 , line A and in 7 , line B.) 0228	<input type="checkbox"/>									
B. Fuels for heat or power (Include the value of coal, coke, natural and manufactured gas, fuel oil, liquefied petroleum gas, gasoline, etc. used by this establishment. Exclude gasoline and fuel for highway vehicles.) 0451	<input type="checkbox"/>									
C. Electricity 0452	<input type="checkbox"/>									
D. Depreciation charges (Include additions made to accumulated depreciation and amortization accounts. Also include depreciation charges for assets obtained through capital lease agreements and depreciation of software. Exclude depreciation charges for intangible assets (goodwill, patents, copyrights, etc.) as well as depreciation charges for assets not owned by this company.) 0543	<input type="checkbox"/>									
E. Administrative and management consulting services (Exclude salaries paid to your own employees for administrative and management consulting services, and payments by this establishment to the parent enterprise or any of its subsidiaries for administrative or management consulting services.) 0453	<input type="checkbox"/>									

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CONTINUE WITH **16** ON PAGE 6

CONTINUE ON PAGE 6

15 SELECTED EXPENSES - Continued		2002				Mark "X" if None	2002			
		Expenses of this establishment					Payments made by this establishment in behalf of other establishments of your enterprise			
		\$ Bil.	Mil.	Thou.	Dol.		\$ Bil.	Mil.	Thou.	Dol.
F. Materials and supplies <i>(Include the value of non-capitalized office supplies, parts, supplies, and other goods and materials used by this establishment for repair, maintenance, or other purposes. Also include all noncapitalized materials or supplies not reported on lines B, C, G, or H, such as packaging materials and gasoline and fuel for highway vehicles. Exclude cost of goods purchased for resale.)</i>	0454	<input type="checkbox"/>								
G. Communication services <i>(Include purchased telephone, data transmission, telegraph, telex, ticker tape, photo transmission, facsimile (FAX), paging, cellular telephone, on-line access, and related services.)</i>	0413	<input type="checkbox"/>			0673	<input type="checkbox"/>				
H. Other utilities <i>(Include the value of payments for water, sewer, refuse removal, and other purchased utilities. Exclude fuels and electricity reported on lines B and C.)</i>	0455	<input type="checkbox"/>			0456	<input type="checkbox"/>				
I. Rental payments <i>(Include payments made by this establishment for lease or rental of land, buildings, structures, offices, machinery, equipment, and other tangible assets. Exclude capital leases and rental payments to your own company.)</i>										
1. Buildings and structures	0561	<input type="checkbox"/>			0568	<input type="checkbox"/>				
2. Machinery and equipment	0562	<input type="checkbox"/>			0567	<input type="checkbox"/>				
3. Total rental payments <i>(Sum lines I1 and I2)</i>	0560	<input type="checkbox"/>			0565	<input type="checkbox"/>				

55102065

CONTINUE WITH C ON PAGE 7

CONTINUE ON PAGE 7

If not shown, please enter your 11-digit Census File Number (CFN) from the mailing address.

15 SELECTED EXPENSES - Continued

	Mark "X" if None	2002				Mark "X" if None	2002			
		Expenses of this establishment					Payments made by this establishment in behalf of other establishments of your enterprise			
		\$ Bil.	Mil.	Thou.	Dol.		\$ Bil.	Mil.	Thou.	Dol.
J. Repair and maintenance services (<i>Include all non-capitalized repair and maintenance to buildings and structures and machinery and equipment. Also include purchased repair and maintenance for equipment that is an integral or permanent part of a building or structure as repairs for buildings and structures, not as machinery and equipment. Exclude capitalized improvements for which depreciation or amortization accounts are ordinarily maintained, repair and maintenance performed by employees of this establishment, and repair and maintenance provided by the owner as part of the rental contract.</i>)										
1. Buildings and structures 0411 <input type="checkbox"/>					0671 <input type="checkbox"/>					
2. Machinery and equipment 0412 <input type="checkbox"/>					0672 <input type="checkbox"/>					
3. Total purchased repair and maintenance services (<i>Sum lines J1 and J2</i>) 0410 <input type="checkbox"/>					0670 <input type="checkbox"/>					
K. Computer services (<i>Include system design, computer facilities management, and data processing services purchased by this establishment. Exclude purchases of custom and prepackaged software, salaries paid to your own employees for data processing and other computer-related services, and payments by this establishment to the parent enterprise or any of its subsidiaries for data processing services.</i>) 0414 <input type="checkbox"/>					0674 <input type="checkbox"/>					



55102073

CONTINUE WITH ON PAGE 8

CONTINUE ON PAGE 8

15 SELECTED EXPENSES - Continued		2002				2002										
		Expenses of this establishment				Payments made by this establishment in behalf of other establishments of your enterprise										
		\$ Bil.	Mil.	Thou.	Dol.	\$ Bil.	Mil.	Thou.	Dol.							
L. Accounting, auditing, and bookkeeping services <i>(Exclude salaries paid to your own employees for accounting, auditing, and bookkeeping services, and payments by this establishment to the parent enterprise or any of its subsidiaries for accounting services.)</i>	0415	<input type="checkbox"/>								0675	<input type="checkbox"/>					
	M. Legal services <i>(Exclude salaries paid to your own employees for legal services, and payments by this establishment to the parent enterprise or any of its subsidiaries for legal services.)</i>	0416	<input type="checkbox"/>								0678	<input type="checkbox"/>				
		N. Advertising services <i>(Include payments to other companies for printing, media, and other services and materials used for advertising. Exclude salaries paid to your own employees for advertising services, and payments by this establishment to the parent enterprise or any of its subsidiaries for advertising services.)</i>	0417	<input type="checkbox"/>								0677	<input type="checkbox"/>			
	O. Payments to government agencies for taxes, including real property taxes, tobacco and liquor stamps, and license fees <i>(Include business license fees, liquor and tobacco stamps, real and personal property taxes (such as taxes on real estate, motor vehicles, machinery, equipment, and inventories) and special assessments paid to government agencies. Exclude income, sales, payroll, excise taxes (other than for liquor and tobacco stamps), and other taxes collected from customers and paid to local, state, or federal government agencies. Also exclude the cost of computer software purchased under licensing agreements, and license fees paid to nongovernment entities.)</i>		0419	<input type="checkbox"/>								0679	<input type="checkbox"/>			

CONTINUE WITH 16 ON PAGE 9

CONTINUE ON PAGE 9

55102081

If not shown, please enter your 11-digit Census File Number (CFN) from the mailing address.

15 SELECTED EXPENSES - Continued

	Mark "X" if None	2002				Mark "X" if None	2002			
		Expenses of this establishment					Payments made by this establishment in behalf of other establishments of your enterprise			
		\$ Bil.	Mil.	Thou.	Dol.		\$ Bil.	Mil.	Thou.	Dol.
<p>P. Other expenses (<i>Include travel expenses, expenses related to temporary help, and all other expenses attributable to this establishment - EXCEPT expenses reported in a previous category. Exclude payroll costs reported in 6 and 7. Also exclude costs associated with custom and packaged software, as well as costs related to the acquisition of all other depreciable assets; depreciation on these assets should be reported on line K.</i>) 0418</p>	<input type="checkbox"/>									
<p>Q. Total purchased services and expenses of this establishment, excluding payroll costs (<i>Sum lines A through P</i>) 0459</p>	<input type="checkbox"/>									

16-17 Not Applicable.

18 KIND OF BUSINESS OR ACTIVITY
Principal kind of business or activity in 2002
(Mark "X" only ONE box.)

Corporate managing offices and holding companies

- 0700 551 114 00 13 Corporate, subsidiary, or regional managing office or office of a holding company, providing a range of services to other establishments of the enterprise such as long term strategic and organizational planning, financial management, payroll and personnel management, centralized billing, advertising, and public relations services
- 551 111 00 16 Bank holding company, not engaged in direct management of held company(ies)
- 551 112 00 15 Holding company, excluding bank holding companies, not engaged in direct management of held company(ies)
- 777 551 01 13 Holding company, primarily engaged in day-to-day operations of held company(ies) - *Specify kind of business operated or managed* ↴

0701

Other kind of support service or activity

- 777 551 02 12 Research and development - *Specify type of research or product/product line(s) to be developed* ↴

0701

- 514 210 00 B2 Data processing center or facility

CONTINUE WITH 18 ON PAGE 10

CONTINUE ON PAGE 10

55102099

18 KIND OF BUSINESS OR ACTIVITY - Continued

Other kind of support service or activity - Continued

0700	777 551 02 20	<input type="checkbox"/>	Repair or maintenance - <i>Specify type of repair or maintenance</i> ↴
0701			
0701	777 551 02 38	<input type="checkbox"/>	Warehouses and storage facilities - <i>Specify type of product or commodity warehoused or stored</i> ↴
0701			
0701	777 551 02 46	<input type="checkbox"/>	Local trucking - <i>Specify type of freight</i> ↴
0701			
0701	777 551 02 53	<input type="checkbox"/>	Long distance trucking - <i>Specify type of freight</i> ↴
0701			
0701	777 551 02 61	<input type="checkbox"/>	Accounting, billing, tax preparation, bookkeeping, or payroll services - <i>Specify primary service(s) performed</i> ↴
0701			
0701	777 551 02 79	<input type="checkbox"/>	Sales office that sells directly to customers from this location - <i>Specify product(s) sold</i> ↴
0701			
0701	777 551 02 95	<input type="checkbox"/>	Educational or training center - <i>Specify type of educational or training program(s) offered</i> ↴
0701			
0701	777 551 02 A2	<input type="checkbox"/>	Purchasing office engaged in procurement or purchases on behalf of the enterprise
0701	777 551 02 87	<input type="checkbox"/>	Other kind of support service - <i>Specify</i> ↴
0701			
0701	773 000 00 28	<input type="checkbox"/>	Other kind of business or activity - <i>Specify</i> ↴
0701			

19-20 Not Applicable.

55102107

CONTINUE ON PAGE 11

If not shown, please enter your 11-digit Census File Number (CFN) from the mailing address.

21 PRINCIPAL BUSINESS OR ACTIVITY OF THE OPERATING ESTABLISHMENTS SERVICED

A. Mark "X" the ONE box which best describes the primary kind of business or activity of the establishments of your enterprise that are managed or serviced by this establishment.

- 0651 Mineral extraction, production, or exploration
- 0652 Construction, including general contracting, subcontracting, and land subdividing and developing
- 0653 Manufacturing
- 0654 Wholesale trade, including manufacturers' sales branches and offices
- 0655 Accommodation and food services
- 0656 Retail trade
- 0657 Transportation and warehousing
- 0658 Finance and insurance
- 0659 Real estate and rental and leasing, including rental and leasing of consumer, commercial, and industrial goods and equipment
- 0660 Professional, scientific, and technical services
- 0661 Administrative and support and waste management and remediation services, including travel arrangement
- 0662 Educational services
- 0663 Health care and social assistance
- 0664 Arts, entertainment, and recreation
- 0665 Repair and maintenance
- 0666 Personal and laundry services
- 0667 Publishing
- 0668 Other - Specify ↴

0668 [Blank box for specifying other business activity]

B. Describe the principal kinds of merchandise sold, products produced, types of services rendered, or activities performed by the establishments of your enterprise that are managed or serviced by this establishment.

0669 [Blank box for describing merchandise, products, services, or activities]

55102115

CONTINUE ON PAGE 12

HOW TO REPORT PERCENTS	If figure is 38.76% of total sales:	2002 Estimates are acceptable. Report dollars OR percents.				
		\$ Bil.	Mil.	Thou.	Dol.	Percent
	Report whole percents					3 9

22 **DETAIL OF SALES, SHIPMENTS, RECEIPTS, OR REVENUE**
(Report sources of revenue for this establishment, either as a dollar figure or as a whole percent of total revenue (reported in 4). See HOW TO REPORT DOLLAR FIGURES on page 2 and HOW TO REPORT PERCENTS above. Do not combine data for two or more lines.)

Line 7 - Report investment income, including interest and dividends. Report proceeds from the sale of investments and other assets on line 8.

Line 8 - Report the net gain (or loss) from the sale or trade of real property and financial assets such as stocks and bonds.

Description of sales, shipments, receipts, or revenue	Cen- sus use	2002 Estimates are acceptable. Report dollars OR percents.				
		\$ Bil.	Mil.	Thou.	Dol.	Percent
0723	0720	0721				0722
1. Value of products manufactured or assembled at this establishment (report the value of shipments or sales of any product manufactured, fabricated, processed, or assembled) - <i>Specify major product or product line</i> ↴						
	30060					
2. Sale of products manufactured or assembled by other establishments of this enterprise and sold by employees of this establishment						
a. Food and beverages	30061					
b. Chemicals and allied products	30062					
c. Drugs and pharmaceuticals	30063					
d. Computers and peripheral equipment	30064					
e. Automobiles, trucks, and other motor vehicles (<i>Include parts and supplies.</i>)	30065					
f. Other machinery and equipment	30066					
g. All other product sales - <i>Specify major product or product line</i> ↴						
	30067					
h. Sum lines 2a through 2g	30068					
3. Products resold (products purchased from others and resold by this establishment without further manufacture, fabrication, processing, or assembly) - <i>Specify major product or product line resold if value is more than 10 percent of total revenue</i> ↴						
	30070					
4. Sales, license fees, royalties, and other payments from the marketing of intangible property such as software, music, motion pictures, and other intellectual property	30080					
5. Franchise sales and fees	30090					

CONTINUE WITH 2 ON PAGE 13

CONTINUE ON PAGE 13

55102123

If not shown, please enter your 11-digit Census File Number (CFN) from the mailing address.

22 DETAIL OF SALES, SHIPMENTS, RECEIPTS, OR REVENUE - Continued

Description of sales, shipments, receipts, or revenue	Cen- sus use	2002				
		Estimates are acceptable. Report dollars OR percents.				
		\$ Bil.	Mil.	Thou.	Dol.	Percent
0723	0720	0721				0722
6. Research and development	30100					
7. Interest and dividends						
a. Interest	30111					
b. Dividends	30112					
c. Sum lines 7a and 7b	30110					
8. Gains (losses) from assets sold or traded (Report losses by including a dash prior to the dollar amount.)	30120					
9. Contributions, gifts, and grants	30130					
10. All other revenue - Specify principal lines and estimated revenue ⁷						
	30191					
11. TOTAL REVENUE - Sum of lines should equal ⁸ If reporting in dollars	39690					1 0 0

23-24 Not Applicable.

25 EXPORTS OF GOODS AND SERVICES

NOTE - An export is a tangible or intangible product (i.e., good, license agreement, reproduction right, service) that is sold or transferred to a customer or client (individual, government, business establishment, etc.) located **outside** the United States (i.e., outside the 50 States, District of Columbia, U.S. Commonwealth Territories, or U.S. possessions). Products transferred to, sold to, or services performed for unaffiliated and affiliated foreign firms (i.e., foreign parent firms, subsidiaries, branches, etc.) are included. Products provided to domestic subsidiaries of foreign firms are excluded.

A. Did the receipts (reported in ⁹) include any amounts for exported goods or services?

- 0911 Yes - Go to line B
- 0912 No

2002			
\$ Bil.	Mil.	Thou.	Dol.

B. Amount of receipts for exported goods or services 0914

26 SPECIAL INQUIRIES

A. SUPPORT SERVICES

Was this establishment primarily engaged in providing management, administrative, or support services to other establishments of the same company (rather than for the general public or other business firms) in 2002?

- 0998 Yes
- 0999 No

CONTINUE WITH ¹⁰ ON PAGE 14

CONTINUE ON PAGE 14

55102131

26 SPECIAL INQUIRIES - Continued

B. EMPLOYMENT BY FUNCTION

Enter employment reported on IRS Form 941, Employer's Quarterly Federal Tax Return, by function in column 1. The total of column 1 should equal the amount reported in **6**, line A.

Enter leased employees whose payroll is filed under an employee leasing company's EIN by function in column 2. The total of column 2 should equal the amount reported in **7**, line B.

Enter each employee on the **one** line which best describes his/her position. Where records do not provide actual employee counts in terms of the function listed, estimates of the approximate number in each are acceptable.

	Cen- sus use	Number of employees for pay period including March 12, 2002	Cen- sus use	Number of leased employees for pay period including March 12, 2002
1. Administrative and management:				
a. Executive and general management (e.g., corporate officers and staff)	3321		3801	
b. Accounting, billing, tax preparation, and bookkeeping	3322		3802	
c. Personnel/human relations	3323		3803	
d. Advertising	3324		3804	
e. Marketing/market research, excluding direct sales staff	3325		3805	
f. Legal	3326		3806	
g. Computer systems design and custom computer programming	3327		3807	
h. Electronic data processing	3328		3808	
i. Other - Specify <u>7</u>				
0829	3329		3809	
2. Sales employees (and support staff) selling directly to customers from this location.	3206		3810	
3. Procurement/purchasing staff	3331		3811	
4. Research and development	3332		3812	
5. Security, including security patrol, locksmith, monitoring, and investigation	3333		3813	
6. Building services, including janitorial, carpet cleaning, pest control, and landscaping.	3334		3814	
7. Repair and maintenance (for equipment)	3335		3815	
8. Trucking	3336		3816	
9. Warehousing	3337		3817	

CONTINUE WITH **26** ON PAGE 15

55102149

CONTINUE ON PAGE 15

If not shown, please enter your 11-digit Census File Number (CFN) from the mailing address.

26 SPECIAL INQUIRIES - Continued			
10. Manufacturing/production workers	0325		0375
11. All other - Specify \nearrow			
0839	3339		3619
12. TOTAL (Sum of lines 1a through 11 should equal 6 , line A for column 1 and 7 , line B for column 2)	3200		3450

C. RESEARCH AND DEVELOPMENT IN 2002
Report receipts and revenues of this establishment during 2002 to support research and development activities (i.e., wages and salaries, direct materials costs, services and supporting costs, and an appropriate share of depreciation and overhead). If this establishment performed research and development for the federal government or for other enterprises on contract during 2002, include the total amount charged for such work performed.

1. Did this establishment receive funds for research and development during 2002?
 3571 Yes
 3572 No - Go to **2**

2. Source of funds for research and development

	2002			
	\$ Bil.	Mil.	Thou.	Dol.
a. Federal government contracts and subcontracts				3581
b. Nonfederal sources outside your enterprise (Include receipts from other enterprises, state and local governments, and other organizations.) . . .				3582
c. Transfers or other payments from other establishments of your enterprise				3583
d. TOTAL - (Sum of lines a, b, and c - note that the sum of lines a and b should equal 2 , line 6.)				3580

27 - 28 Not Applicable.

29 OPERATIONAL STATUS
 Activity that best describes this establishment's status at the end of 2002
 (Mark "X" only ONE box.)

0011 In operation 0014 Ceased operation - Give date at right \longrightarrow 0018 Month Day Year

0013 Temporarily or seasonally inactive 0015 Sold or leased to another operator - Give date at right AND enter new name and mailing address below \nearrow

0060 Name of new owner or operator	0061 Employer Identification Number
	Enter EIN of new owner (9 digits) \longrightarrow
0062 Mailing address (number and street, P.O. Box, etc.)	
0063 City, town, village, etc.	0064 State 0065 ZIP Code

55102156

CONTINUE ON PAGE 16

Remarks (Please use this space for any explanations that may be essential in understanding your reported data.)

30 CERTIFICATION - This report is substantially accurate and was prepared in accordance with the instructions.

Is the time period covered by this report a calendar year?

0078 Yes 0079 No - Enter time period covered →

FROM 0070	Month	Year	TO 0071	Month	Year
--------------	-------	------	------------	-------	------

0072 Name of person to contact regarding this report 0073 Title

Telephone 0074	Area code	Number	-	Extension	Fax 0075	Area code	Number	-
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0076 Internet e-mail address Date completed
0069 Month Day Year

Thank you for completing your 2002 Economic Census form.
PLEASE PHOTOCOPY THIS FORM FOR YOUR RECORDS AND RETURN THE ORIGINAL.

55102164