Note 1. Significant Accounting Policies:

A. Basis of Presentation

The Departmental consolidated financial statement has been prepared to report the financial position and results from operations of the Department of Transportation (DOT), as required by the Chief Financial Officers Act of 1990 (CFO Act), as amended by the Federal Financial Management Act of 1994 (FFMA), Title IV of the Government Management Reform Act of 1994 (GMRA). The statement has been prepared from the books and records of DOT in accordance with Office of Management and Budget (OMB) requirements for form and content for entity financial statements and DOT's accounting policies and procedures. OMB Bulletin 97-01, including the Technical Amendments, and Treasury Financial Transmittal Letter No. S2-99-02 were used to prepare the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Statement of Financing. They are different from the financial reports prepared pursuant to OMB directives that are used to monitor and control the use of budgetary resources.

The Balance Sheet presents agency assets and liabilities, and the difference between the two, which is the agency net position. Agency assets include both entity assets (those which are available for use by the agency) and non-entity assets (those which are managed by the agency but not available for use in its operations). Agency liabilities include both those covered by budgetary resources (funded) and those not covered by budgetary resources (unfunded).

The Statement of Net Cost presents the gross costs of programs less earned revenue to arrive at the net cost of operations for both programs and for the agency as a whole.

The Statement of Changes in Net Position reports the beginning net position, the items which caused the net position to change during the reporting period (such as the net cost of operations), to arrive at the ending net position.

The Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period. Recognition and measurement of budgetary information reported on this statement is based on budget terminology, definitions, and guidance in OMB Circular A-34, "Instructions on Budget Execution," dated October 19, 1999. The statement illustrates in a condensed and consolidated format the information that Circular A-34 requires to be reported on the Report on Budget Execution (SF-133).

The Statement of Financing is intended to be a statement illustrating reconciliation between the proprietary information reported in the Statement of Net Cost and the budgetary information reported in the Statement of Budgetary Resources. Recognition and measurement of budgetary information reported on this statement is also based on budget terminology, definitions, and guidance in OMB Circular A-34. Since DOT custodial activity is incidental to Departmental operations and not material, a Statement of Custodial Activity was not prepared. However, sources and dispositions of collections have been disclosed in Note 26 to the financial statements.

The Department is required to be in substantial compliance with all applicable accounting principles and standards established, issued, and implemented by the Federal Accounting Standards Advisory Board (FASAB), which is recognized by the American Institute of Certified Public Accountants (AICPA) as the entity to establish Generally Accepted Accounting Principles (GAAP) for the Federal Government. The Federal Financial Management Improvement Act (FFMIA) of 1996 requires the Department to comply substantially with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the U.S. Government Standard General Ledger at the transaction level.

B. Reporting Entity

DOT serves as the focal point in the Federal Government for the Coordinated National Transportation Policy. It is responsible for ensuring the safety of all forms of transportation; protecting the interests of consumers;

Note 1. Significant Accounting Policies:

international transportation agreements; conducting planning and research for the future; and helping cities and States meet their local transportation needs through financial and technical assistance.

The Department is comprised of the Office of the Secretary and the DOT Operating Administrations, each having its own management and organizational structure and collectively providing the necessary services and oversight to ensure the best transportation system possible. The Departmental consolidated financial statement represents the financial data, including various trust funds, revolving funds, appropriations and special funds of the following organizations:

Office of The Secretary (OST)
Federal Aviation Administration (FAA)
United States Coast Guard (USCG)
Federal Highway Administration (FHWA)
Federal Motor Carrier Safety Administration (FMCSA)
Federal Railroad Administration (FRA)
National Highway Traffic Safety Administration (NHTSA)
Maritime Administration (MARAD)
Federal Transit Administration (FTA)
Bureau of Transportation Statistics (BTS)
Surface Transportation Board (STB)
Office of Inspector General (OIG)
Research and Special Programs Administration (RSPA)
Transportation Administrative Service Center (TASC)

The Saint Lawrence Seaway Development Corporation (SLSDC) is also an entity of DOT. However, since it is subject to separate reporting under the Government Corporation Control Act and the dollar value of its activities is not material to Departmental totals, SLSDC's financial data have not been consolidated in the DOT financial statements. However, condensed information about SLSDC's financial position is included in Note 27.

C. Budgets and Budgetary Accounting

DOT follows standard Federal budgetary accounting policies and practices in accordance with OMB Circular A-34, Instructions on Budget Execution. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. Each year, Congress provides each Operating Administration within DOT appropriations to incur obligations in support of agency programs. For FY 2000, the Department was accountable for trust fund appropriations, general fund appropriations, revolving funds and borrowing authority. DOT recognizes budgetary resources as assets when cash (funds held by Treasury) is made available through warrants and trust fund transfers.

D. Basis of Accounting

Transactions are generally recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned, and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. An exception to this rule is the Airport and Airway Trust Fund revenues from excise taxes. They are recorded on the basis of cash transferred from the Treasury General Fund. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds.

E. Revenues and Other Financing Sources

DOT receives the majority of the funding needed to support all of its programs through appropriations. The Highway Trust Fund, Airport and Airway Trust Fund, Aquatic Resources Trust Fund, and the Treasury General Fund fund some of these appropriations. DOT receives annual, multi-year and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional amounts are obtained from

Note 1. Significant Accounting Policies:

service fees (e.g., landing and registry fees) and through reimbursable agreements for services performed for domestic and foreign governmental entities. Additional revenue is earned from gifts from donors, sales of goods and services to other agencies and the public, the collection of fees and fines, interest/dividends on invested funds, loans and cash disbursements to banks. Interest income received is recognized as revenue on the accrual basis. Appropriations are recognized as revenues as the related program or administrative expenses are incurred.

F. Funds with the U.S. Treasury and Cash

DOT does not generally maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the U.S. Treasury. The funds with the U.S. Treasury are appropriated, revolving, and trust funds that are available to pay current liabilities and finance authorized purchases. DOT has substantially reduced the number of petty cash (imprest) funds outside the U.S. Treasury to reduce the amount of cash paid outside of Treasury. This reduces the amount of interest that must be paid to borrow funds. Lockboxes have been established with financial institutions to collect payments, and these funds are transferred directly to Treasury on a daily (business day) basis. DOT does not maintain any balances of foreign currencies.

G. Loans Receivables

Loans are accounted for as receivables after funds have been disbursed. For loans obligated prior to October 1, 1991, loan principal, interest, and penalties receivable are reduced by an allowance for estimated uncollectible amounts. The allowance is estimated based on past experience, present market conditions, and an analysis of outstanding balances. Loans obligated after September 30, 1991, are reduced by an allowance equal to the present value of the subsidy costs (due to the interest rate differential between the loans and Treasury borrowing, the estimated delinquencies and defaults net of recoveries, the offset from fees, and other estimated cash flows) associated with these loans.

H. Inventory and Operating Materials and Supplies

Inventory primarily consists of supplies that are for sale or used in the production of goods for sale. Operating materials and supplies primarily consist of unissued supplies that will be consumed in future operations. Valuation methods for supplies on hand at yearend include historical cost, last acquisition price, standard price/specific identification, standard repair cost, weighted average, and moving weighted average. Expenditures or expenses are recorded when the materials and supplies are consumed or sold. Adjustments for the proper valuation of reparable, excess, obsolete, and unserviceable items are made to appropriate allowance accounts. Operating materials and supplies at Coast Guard small cutters and shore units are accounted for in the property system but not inventoried for financial statement purposes, since the amount is not material.

I. Investments in U.S. Government Securities

Investments that consist of U.S. Government Securities are reported at cost or amortized cost net of premiums or discounts. Premiums or discounts are amortized into interest income over the term of the investment using the interest or straight-line method. The Department's intent is to hold investments to maturity, unless they are needed to cover losses on loan guarantees, finance programs, or otherwise sustain the operation of the organization. Investments, redemptions, and reinvestments are controlled and processed by the Department of the Treasury.

J. Property and Equipment

DOT agencies have varying methods of determining the value of property and equipment and how it is depreciated. DOT currently has a capitalization threshold of $200,000 for structures and facilities and for internal use software, and $25,000 for other property, plant and equipment. Capitalization at lesser amounts is permitted. Construction in progress is valued at direct (actual) costs plus applied overhead and other indirect costs as accumulated by the regional project material system. The system accumulates costs by project number

Note 1. Significant Accounting Policies:

assigned to the equipment or facility being constructed. The straight line method is generally used to depreciate capitalized assets.

FASAB standards require DOT stewardship assets, heritage assets and national defense property, plant, and equipment, to be omitted from the Balance Sheet. Information on DOT stewardship assets, as well as stewardship investments, is presented in the Required Supplementary Stewardship Reporting section of this statement.

K. Prepaid and Deferred Charges

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenses when the related goods and services are received.

L. Liabilities

Liabilities represent amounts expected to be paid as the result of a transaction or event that has already occurred. Liabilities covered by budgetary resources are liabilities incurred which are covered by realized budgetary resources as of the balance sheet data. Available budgetary resources include new budget authority, spending authority from offsetting collections, recoveries of unexpired budget authority through downward adjustments of prior year obligations, unobligated balances of budgetary resources at the beginning of the year or net transfers of prior year balances during the year, and permanent indefinite appropriations or borrowing authority. Unfunded liabilities are not considered to be covered by such budgetary resources. Examples of unfunded liabilities are actuarial liabilities for future Federal Employees' Compensation Act payments and actuarial estimates of the present value of USCG pension and medical expenses. The Government, acting in its sovereign capacity, can abrogate liabilities arising from other than contracts.

M. Borrowings Payable to Treasury

FAA borrowing involves loans from the Treasury to fund expenses in the Aircraft Purchase Loan Guarantee Program. Treasury renews the debt obligation until FAA receives an appropriation to liquidate the principal and interest.

FRA has direct loans from Treasury and guaranteed loans made by the Federal Financing Bank (FFB) to railroads and guaranteed by FRA under provisions of the Railroad Rehabilitation and Improvement Program, the Amtrak Corridor Improvement Program and the Alameda Corridor Improvement Program. FRA records these loans as though they were direct loans.

OST borrows from the Treasury to finance loans to disadvantaged transportation-related businesses using revolving lines of credit. These OST loans are made through the Short Term Lending Program that provides assistance to disadvantaged, minority and women-owned businesses and is administered by the Office of Small and Disadvantaged Business Utilization.

N. Interest Payable to Treasury

FAA owes interest to Treasury based on its debt to Treasury as a result of borrowing for the Aircraft Purchase Loan Guarantee Program. Through FRA, the Amtrak Corridor Improvement Program and Railroad Rehabilitation Programs are required to make periodic interest payments to Treasury based on their debt to the U.S. Government.

O. Contingencies

The criteria for recognizing contingencies for claims are (1) a past event or exchange transaction has occurred as of the date of the statements; (2) a future outflow or other sacrifice of resources is probable; and (3) the future outflow or sacrifice of resources is measurable (reasonably estimated).

<u>Note 1. Significant Accounting Policies</u>:

DOT recognizes material contingent liabilities in the form of claims, legal action, administrative proceedings and environmental suits that have been brought to the attention of legal counsel. It is the opinion of management and legal counsel that the ultimate resolution of these proceedings, actions and claims, will not materially affect the financial position or results of operations.

P. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Accruals for other leave (e.g., credit hours, compensatory leave, home leave, and military leave) are also recorded in the financial statement. Under the Transportation Administrative Service Center, the liability for accrued annual leave is a funded item. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of non-vested leave are expended as taken.

Air Traffic Controllers covered under the Federal Employees Retirement System (FERS) are eligible, upon retirement, for a sick leave buy back option. Under this option, an employee who attains the required number of years of service for retirement shall receive a lump sum payment for forty percent of the value of his or her accumulated sick leave as of the effective date of retirement.

Q. Retirement Plan

For DOT employees who participate in the Civil Service Retirement System (CSRS), DOT contributes a matching contribution equal to 7 percent of pay.
On January 1, 1987, FERS went into effect pursuant to Public Law (P.L.) 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect 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 DOT automatically contributes 1 percent of pay and matches any employee contribution up to an additional 4 percent of pay. For most employees hired since December 31, 1983, DOT also contributes the employer's matching share for Social Security.

Employing agencies are required to recognize pensions and other post retirement benefits during the employees' active years of service. Reporting the assets and liabilities associated with such benefits is the responsibility of the administering agency, the Office of Personnel Management. Therefore, DOT does not report CSRS or FERS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to employees.

The USCG Military Retirement System is a defined benefit plan which covers all active duty and reserve members of the USCG. This plan was established under authority of the United States Code, Titles 10 and 14. This system is funded on a "pay-as-you-go" basis.

R. Comparative Data

Comparative data for the prior year has not been presented because it is not required at this time.

Note 2. Non-Entity Assets:

(Dollars in Thousands)

Intragovernmental:		Total
Fund Balance with Treasury	$	7,276
Investments		1,137,585
Total Intragovernmental	$	1,144,861
Accounts Receivable		14,747
Total Non-Entity Assets	$	1,159,608
Total Entity Assets		83,395,217
Total Assets	$	84,554,825

Note 3. Fund Balances with Treasury:

		Entity Assets		Non-Entity Assets		Total
Trust Funds	$	992,786	$	8,540	$	1,001,326
Revolving Funds		521,829		24		521,853
Appropriated Funds		15,670,847		-		15,670,847
Other Fund Types		(102,375)		(1,288)		(103,663)
Total	$	17,083,087	$	7,276	$	17,090,363

Fund Balances with Treasury are the aggregate amounts of the entity's accounts with Treasury for which the entity is authorized to make expenditures and pay liabilities. Other Fund Types include uncleared Suspense Accounts, which temporarily hold collections pending clearance to the applicable account, and Deposit Funds, which are established to record amounts held temporarily until ownership is determined.

Note 4. Investments:

	Cost	Amortized (Premium) Discount	Investments (Net)	Other Adjustments	Market Value Disclosure
Intragovernmental Securities:					
Entity					
Marketable	$ 158,017	$ (2,195)	$ 155,822	$ -	$ 155,822
Non-Marketable:					
Par Value	14,374,158	(39,858)	14,334,300	-	14,334,300
Market-Based	31,101,489	(2,581)	31,098,908	-	31,098,908
Subtotal	$ 45,633,664	$ (44,634)	$ 45,589,030	$ -	$ 45,589,030
Accrued Interest	182,636		182,636		182,636
Total Entity Intragovernmental	$ 45,816,300	$ (44,634)	$ 45,771,666	$ -	$ 45,771,666
Non-Entity					
Non-Marketable:					
Par Value	$ 1,114,686	$ 22,899	$ 1,137,585	$ -	$ 1,137,585
Total Non-Entity Intragovernmental	$ 1,114,686	$ 22,899	$ 1,137,585	$ -	$ 1,137,585
Total Intragovenmental Investments	$ 46,930,986	$ (21,735)	$ 46,909,251	$ -	$ 46,909,251
Other Securities:					
Entity					
Private Corporation Stock	$ 27	$ -	$ 27	$ 46	$ 73
Total Public Investments	$ 27	$ -	$ 27	$ 46	$ 73

Note 4. Investments:

Marketable Federal Securities can be bought and sold on the open market. Non-marketable par value Treasury securities are special series debt securities that Treasury issues to Federal entities at face value (par value). The securities are redeemed at face value upon maturity; thus, investing entities recover the full amount invested, plus interest. Non-marketable market-based Treasury securities are debt securities that Treasury issues to Federal entities without statutorily-determined interest rates. Although the securities are not marketable, their terms (prices and interest rates) mirror the terms of marketable Treasury securities. Amortization is done using the interest or straight-line method. Private corporation stock consists of common stock in USCG's Gift Fund. Non-Entity Investments consist of USCG Sports Fish Investments, which are part of the Aquatic Resources Trust Fund. Although this account is managed by the Department of Interior, DOT is responsible for preparing financial statements.

Note 5. Accounts Receivable:

Intragovernmental:	Gross Amount Due	Allowance for Uncollectible Amounts	Net Amount Due
Entity			
Accounts Receivable	$ 533,454	$ -	$ 533,454
Accrued Interest	4,360	-	4,360
Total Entity Intragovernmental	$ 537,814	$ -	$ 537,814
Total Intragovernmental Receivables	$ 537,814	$ -	$ 537,814
Public:			
Entity			
Accounts Receivable	$ 264,700	$ 76,683	$ 188,017
Total Entity Public	$ 264,700	$ 76,683	$ 188,017
Non-Entity:			
Accounts Receivable	$ 14,799	$ 65	$ 14,734
Accrued Interest	27	14	13
Total Non-Entity Public	$ 14,826	$ 79	$ 14,747
Total Public Receivables	$ 279,526	$ 76,762	$ 202,764
Total Receivables	$ 817,340	$ 76,762	$ 740,578

Note 5. Accounts Receivable:

Reconciliation of Uncollectible Amounts:

Uncollectible Amounts:

		Non-Entity Intragov		Entity Public		Non-Entity Public
Beginning Balance	$	624	$	72,424	$	40
Additions		903		32,239		39
Reductions		1,527		27,980		-
Ending Balance	$	-	$	76,683	$	79

Allowance for Uncollectible Amounts is based on historical data or actual amounts that are determined to be uncollectible based upon review of individual receivables. Accrued interest includes interest, penalties and other administrative charges pertaining to accounts receivable.

Note 6. Other Assets:

Intragovernmental:

Entity:		
Advances & Prepayments	$	130,986
Undistributed Assets and Payments		20,734
Total Entity Intragovernmental	$	151,720
Total Intragovernmental Other Assets	$	151,720

Public:

Entity:		
Advances to States for Rights of Way	$	129,102
Other Advances & Prepayments		79,608
Total Entity Public	$	208,710
Total Public Other Assets	$	208,710

Note 6. Other Assets:

Intragovernmental Other Assets are comprised of advance payments to other Federal Government entities for agency expenses not yet incurred and for goods or services not yet received, undistributed payments (such as to the Department of Defense) for which DOT is awaiting documentation, and Federal Highway Administration unrequisitioned cash. Public Other Assets are comprised of Highway Trust Fund advances to the States for rights of way and advances to employees and contractors.

Note 7. Direct Loans and Loan Guarantees, Non-Federal Borrowers:

DOT operates the following direct loan or loan guarantee programs:

(1) Amtrak Corridor Improvement Program
(2) Railroad Rehabilitation Improvement Program
(3) Alameda Corridor Improvement Loan
(4) Small & Disadvantaged Business Utilization
(5) Transportation Infrastructure Finance Innovation Act (TIFIA) Loan
(6) Aircraft Purchase Loan Guarantee Program
(7) Federal Ship Financing Fund (Title XI)
(8) Maritime Guaranteed Loan

An analysis of loans receivable, loan guarantees, the liability for loan guarantees, and the nature and amounts of the subsidy and administrative costs associated with the direct loans and loan guarantees is provided in the following sections:

Direct Loans Obligated Prior to FY 1992 (Present Value Method):

Loan Programs	Loans Receivable, Gross	Interest Receivable	Value of Assets Related to Direct Loans
(1) Amtrak Corridor	$ 4,318	$ 1,418	$ 5,736
(2) Railroad Rehabilitation	48,909	-	48,909
Total	$ 53,227	$ 1,418	$ 54,645

Note 7. Direct Loans and Loan Guarantees, Non-Federal Borrowers:

Direct Loans Obligated After FY 1991:

Loan Programs	Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
(2) Railroad Rehabilitation	$ 3,549	$ 9	$ (311)	$ 3,247
(3) Alameda Corridor	400,000	47,935	54,293	502,228
(4) Small & Disadvan Bus	7,660		(654)	7,006
(5) TIFIA Loan	300,000	-	(7,770)	292,230
Total	$ 711,209	$ 47,944	$ 45,558	$ 804,711

Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method):

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Foreclosed Property	Defaulted Guaranteed Loans Receivable, Net
(6) Aircraft Purch Loan Guar	$ 613	$ 7	$ -	$ (337)	$ 283
(7) Federal Ship Financ Fund	19,548	-	(17,308)	$ 2,277	4,517
Total	$ 20,161	$ 7	$ (17,308)	$ 1,940	$ 4,800

Defaulted Guaranteed Loans from Post 1991 Guarantees:

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable
(8) Maritime Guaranteed Loan	$ 60,340	$ 344	$ (27,683)	$ 33,001
Total	$ 60,340	$ 344	$ (27,683)	$ 33,001

Note 7. Direct Loans and Loan Guarantees, Non-Federal Borrowers:

Liability for Loan Guarantees (Estimated Future Default Claims, pre 1992):

Loan Programs	Liabilities for Loan Guarantees for Post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
(8) Maritime Guaranteed Loan	$ 213,167	$ 213,167
Total	$ 213,167	$ 213,167

Subsidy Expense for Post-1991 Direct Loans:

Current Year's Direct Loans

Loan Programs	Interest Differential	Defaults	Fees	Total
(2) Railroad Rehabilitation	$ -	$ -	$ 7	$ 7
(3) Alameda Corridor	87,960	-	-	87,960
(4) Small & Disadvant Bus	-	328	-	328
Total	$ 87,960	$ 328	$ 7	$ 88,295

Total Direct Loan Subsidy Expenses

Loan Programs	
(4) Small & Disadvant Bus	$ 328
(5) TIFIA Loan	7,770
Total	$ 8,098

Subsidy Expense for Post-1991 Loan Guarantees:

Total Loan Guarantee Subsidy Expense

Loan Programs	
(8) Maritime Guaranteed Loan	$ 119,780
Total	$ 119,780

Note 7. Direct Loans and Loan Guarantees, Non-Federal Borrowers:

Administrative Expense:

Direct Loans

Loan Programs	
(4) Small & Disadvan Bus	$ 123
Total	$ 123

Loan Guarantees

Loan Programs	
(8) Maritime Guaranteed Loan	$ 3,725
Total	$ 3,725

The Federal Credit Reform Act of 1990 divides direct loans and loan guarantees into two groups: (1) Pre-1992 means the direct loan obligations or loan guarantee commitments made prior to FY 1992 and the resulting direct loans obligations or loan guarantees, and (2) Post-1991 means the direct loan obligations or loan guarantee commitments made after FY 1991 and the resulting direct loans or loan guarantees. The Act provides that, for direct loan obligations or loan guarantee commitments made after FY 1991, the present value of the subsidy costs (which arises from interest rate differentials, interest subsidies, delinquencies and defaults, fee offsets, and other cash flows) associated with direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed. Direct loans are reported net of an allowance for subsidy at present value, and loan guarantee liabilities are reported at present value. Foreclosed property is valued at the net realizable value.

Note 8. Cash, Foreign Currency and Other Monetary Assets:

		Total
Cash	$	73,582
Other Monetary Assets:		
Cadet Savings Accounts		328
Total Cash and Other Monetary Assets	$	73,910

All Cash and Other Monetary Assets are Entity Assets. Cash consists of undeposited collections, cash held in banks, and imprest funds.

Note 9. Inventory and Related Property:

	Cost	Allowance for Loss	Net
Inventory:			
Inventory Held for Current Sale	$ 56,444	$ 292	$ 56,152
Inventory Held in Reserve for Future Sale	2,691	-	2,691
Excess, Obsolete and Unserviceable Inventory	2,613	2,613	-
Inventory Work In Process	246	-	246
Total Inventory	$ 61,994	$ 2,905	$ 59,089
Operating Materials and Supplies:			
Items Held for Use	$ 1,742,173	$ -	$ 1,742,173
Items Held in Reserve for Future Use	9,788	-	9,788
Excess, Obsolete and Unserviceable Items	65,901	13,376	52,525
Items Held for Repair	614,553	170,385	444,168
Total Operating Materials & Supplies	$ 2,432,415	$ 183,761	$ 2,248,654
Total Inventory and Related Property			$ 2,307,743

All DOT inventories are in USCG. Valuation methods used include standard price/specific identification and last acquisition price. Inventories are to be consumed in accordance with USCG directives. DOT operating materials and supplies are in USCG, FAA, and MARAD. Valuation methods used include historical cost, last acquisition price, weighted average, and moving weighted average. The allowance is used to reduce operating materials and supplies held for repair to 35 percent of their original cost for FAA. The only restrictions on use are that USCG consumption must be in accordance with USCG Directives and FAA is not permitted to donate. USCG operating materials and supplies located at 312 small cutters and shore units and valued at $33 million (3.6% of USCG total) are being expensed and not included in the above totals, since this amount is not considered material.

Note 10. General Property, Plant and Equipment:

Major Classes	Service Life *	Acquisition Value	Accumulated Depreciation	Net Book Value
Land		$ 145,378	$ -	$ 145,378
Buildings and Structures	Various	5,756,135	2,792,463	2,963,672
Furniture and Fixtures	Various	5,857	42	5,815
Equipment	Various	10,325,891	3,868,022	6,457,869
ADP Software	1-5	62,195	35,269	26,926
Electronics	6-10	136,216	67,288	68,928
Assets Under Capital Lease	Various	109,773	28,205	81,568
Leasehold Improvements	Various	28,406	747	27,659
Aircraft	Various	2,033,936	1,173,452	860,484
Ships and Vessels	>20	3,508,229	1,388,957	2,119,272
Small Boats	Various	250,960	98,118	152,842
Other Vehicles	1-5	17,099	14,334	2,765
Construction in Progress		3,262,188	-	3,262,188
Property Not in Use		95,244	95,244	-
Total		$ 25,737,507	$ 9,562,141	$ 16,175,366

Depreciation is computed using the straight line method. Net book value of multi-use heritage assets is now included in general property, plant and equipment, while "physical quantity" information is included in the Heritage Assets section of Required Supplemental Stewardship Information.

Range of Service Life*

1-5	- 1 to 5 years
6-10	- 6 to 10 years
11-20	- 11 to 20 years
>20	- Over 20 years

Note 11. Liabilities Not Covered by Budgetary Resources:

Intragovernmental:		Total
Environmental and Disposal	$	453,936
Debt		26
Other Liabilities		239,605
Total Intragovernmental	$	693,567
Federal Employee and Veterans' Benefits Payable	$	20,927,237
Environmental and Disposal		1,825,581
Other Liabilities		1,426,597
Total Liabilities Not Covered by Budgetary Resources	$	24,872,982
Total Liabilities Covered by Budgetary Resources		6,822,495
Total Liabilities	$	31,695,477

Note 12. Accounts Payable:

Intragovernmental:		Total
Covered by Budgetary Resources:	$	885,042
Total Intragovernmental	$	885,042
Public:		
Covered by Budgetary Resources:	$	1,121,543
Total Public	$	1,121,543

No interest, penalties, or administrative fees are associated with Accounts Payable.

Note 13. Environmental and Disposal Liabilities:

Intragovernmental:

Not Covered by Budgetary Resources:		
Environmental Cleanup Liabilities:		
FAA Environmental Remediation	$	110,486
FAA Environmental Cleanup and Decommissioning		343,450
Total Intragovernmental Not Covered by Budgetary Resources	$	453,936
Total Intragovernmental	$	453,936

Public:

Not Covered by Budgetary Resources:		
Environmental Cleanup Liabilities:		
FAA Environmental Remediation	$	331,458
FAA Environmental Cleanup and Decommissioning		1,030,350
USCG Environmental Remediation and Cleanup		109,367
MARAD Environmental Cleanup (PCB, Lead, Oil)		9,406
MARAD Scrapping of 115 Non-Retention Vessels		345,000
Total Public Not Covered by Budgetary Resources	$	1,825,581
Total Public	$	1,825,581

Environmental cleanup generally occurs under the Resource Conservation and Recovery Act of 1976 (RCRA), the Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA or Superfund), or the Toxic Substances Control Act (TSCA). Environmental remediation includes the fuel storage tank program, fuels, solvents, industrial, and chemicals, and other environmental cleanup associated with normal operations or as a result of an accident.

Note 14. Debt:

Intragovernmental Debt:	Beginning Balance	Net Borrowing	Ending Balance
Covered by Budgetary Resources:			
Debt to the Treasury	$ 432,647	$ 375,911	$ 808,558
Debt to the Federal Financing Bank	3,689	(140)	3,549
Total Covered by Budgetary Resources	$ 436,336	$ 375,771	$ 812,107
Not Covered by Budgetary Resources:			
Debt to the Treasury	$ 24	$ 2	$ 26
Total Not Covered by Budgetary Resources	$ 24	$ 2	$ 26
Total Intragovernmental Debt	$ 436,360	$ 375,773	$ 812,133

Net Borrowing indicates current year activity. Debt to the Treasury and to the Federal Financing Bank is for FHWA direct loans made under the Transportation Infrastructure Finance Innovation Act (TIFIA), FRA direct loans to railroads, OST direct loans in the Short Term Lending Program administered by the Office of Small and Disadvantaged Business Utilization, and the FAA Aircraft Purchase Loan Guarantee Program.

Note 15. Other Liabilities:

Intragovernmental:	Non-Current Liabilities	Current Liabilities	Total
Covered by Budgetary Resources:			
Advances and Prepayments from Others	$ -	$ 423,807	$ 423,807
Accrued Pay & Benefits to Other Agencies	116	61,246	61,362
General Fund Receipts	-	14,660	14,660
Undistributed Collections	16	6,503	6,519
Deferred Credits	-	1,195	1,195
Items on Loan	-	474	474
FECA Billings	35	105	140
Recoveries, Refunds and Cancelled Checks	-	40	40
FRA Accrued Interest to Treasury	-	18	18
Deposit Funds	-	(470)	(470)
Other Accrued Liabilities	-	117,415	117,415
Total Intragovernmental Covered by Budgetary Resources	$ 167	$ 624,993	$ 625,160

Note 15. Other Liabilities:

Intragovernmental:	Non-Current Liabilities	Current Liabilities	Total
Not Covered by Budgetary Resources:			
FECA Billings	$ 122,486	$ 117,119	$ 239,605
Total Intragovernmental Not Covered by Budgetary Resources	$ 122,486	$ 117,119	$ 239,605
Total Intragovernmental Other Liabilities	$ 122,653	$ 742,112	$ 864,765
Public:			
Covered by Budgetary Resources:			
Accrued Unbilled State Payments	$ 151	$ 1,968,345	$ 1,968,496
Accrued Pay & Benefits to the Public	2,581	356,860	359,441
Advances and Prepayments from Others	-	16,528	16,528
Other Accrued Unbilled Payments	-	3,005	3,005
Union Station Mortgage	920	-	920
Deposit Funds	-	877	877
Undistributed Collections	31	(83,800)	(83,769)
Deferred Credits	-	6	6
Other Accrued Liabilities	-	899,505	899,505
Total Public Covered by Budgetary Resources	$ 3,683	$ 3,161,326	$ 3,165,009
Not Covered by Budgetary Resources:			
Accrued Pay & Benefits to the Public	$ 468,859	$ 318,792	$ 787,651
Legal Claims	537,768	100	537,868
Capital Leases	87,943	153	88,096
FAA Return Rights	12,650	-	12,650
Other Accrued Liabilities	332	-	332
Total Public Not Covered by Budgetary Resources	$ 1,107,552	$ 319,045	$ 1,426,597
Total Public Other Liabilities	$ 1,111,235	$ 3,480,371	$ 4,591,606

Accrued pay and benefits pertain to unpaid pay and benefits. Undistributed Collections represent liabilities pending transfer to Treasury.

Agency expenses for payments made under the Federal Employees Compensation Act (FECA) are forwarded to the Department of Labor (DOL). Funding for FECA is normally appropriated to agencies in the fiscal year two years subsequent to the actual FECA billing from DOL.

Note 16. Federal Employee and Veterans' Benefits:

		Value of Projected Plan Benefits
Covered by Budgetary Resources:		
Other Post-Employment Benefits:		
Federal Employees Compensation Act Actuarial Liability	$	467
Total Covered by Budgetary Resources	$	467
Not Covered by Budgetary Resources:		
Pensions:		
USCG Retired Pay	$	15,199,900
Other Retirement Benefits:		
USCG Military Health Care		4,641,400
Other Post-Employment Benefits:		
Federal Employees Compensation Act Actuarial Liability		1,085,937
Total Not Covered by Budgetary Resources	$	20,927,237
Total Federal Employee and Veterans Benefits	$	20,927,704

The Coast Guard Military Retirement System (covering both retirement pay and health care benefits) is funded through annual appropriations and, as such, is essentially a pay-as-you-go system. Consequently, the only assets in the system are unintentional overpayments in the past which are due to be repaid by participants. The unfunded figures reported above reflect the actuarial accrued liability for both retired pay and health care benefits. Calculation of these numbers is a multi-step process. First, an "actuarial present value of accumulated plan benefits" is derived from the future payments that are attributable under the retirement plan's provisions to a member's credited service as of the valuation date (e.g., benefits to retired members or their beneficiaries). The accumulated plan benefits are converted to a present value of future benefits by applying assumptions to reflect the time value of money and the probability of payment between the valuation date and expected date of payments. The significant actuarial assumptions used in this conversion include: life expectancy, cost of living increases, and investment return. The present value of future benefits is then converted to an unfunded accrued liability by subtracting the present value of future employer/employee normal contributions as well as any assets in the system.

Note 16. Federal Employee and Veterans' Benefits:

The Federal Employees' Compensation Act liability is the liability for future workers' compensation This includes the expected liability for death, disability, medical, and miscellaneous costs for approved cases. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past specific incurred period practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's economic assumptions for 10-year Treasury notes and bonds. The interest rate assumptions utilized for discounting were as follows:

6.275% in year 1
6.300% in year 2, and thereafter.

To provide more specifically for the effects of inflation on the liability for future workers' compensation benefits, wage inflation factors (cost of living allowance or COLA) and medical inflation factors (consumer price index-medical or CPI-Med) are applied to the calculation of projected future benefits. These factors are also used to adjust the historical payments to current year constant dollars. A discounting formula was previously used which recognized the timing of compensation payments as 13 payments per year. The liability is now determined assuming an annual payment at mid-year.

The compensation COLA and the CPI-Med used in the model's calculation of estimates were as follows:

FY	COLA	CPI-Med
1989	4.52%	6.98%
1990	4.32%	8.40%
1991	5.05%	9.36%
1992	5.06%	7.96%
1993	2.82%	6.61%
1994	2.74%	5.27%
1995	2.56%	4.72%
1996	2.60%	4.00%
1997	2.85%	3.11%
1998	2.67%	2.76%
1999	1.53%	3.51%
2000	1.97%	3.69%
2001	2.83%	4.24%
2002	2.90%	4.10%
2003	2.53%	4.16%
2004+	2.60%	4.16%

The medical inflation rates presented represent an average of published quarterly rates covering the benefit payment fiscal year. The compensation factors presented are the blended rates used by the model rather than the published March 1 COLA factor from which the blended rates are derived.

Note 17. Leases:

ENTITY AS LESSEE:

Capital Leases:

Summary of Assets Under Capital Lease by Category:

(1) Land and Buildings	$ 109,319
(2) Machinery and Equipment	454
(3) Other	-
Accumulated Amortization	(28,205)
Net Assets Under Capital Lease	$ 81,568

Capital leases cover land and buildings at FAA's Mike Monroney Aeronautical Center (MMAC) in Oklahoma City, Oklahoma, and at the William J. Hughes Technical Center (WJHTC) located in Pomona, New Jersey. FAA leases the MMAC land and buildings from the Oklahoma City Airport Trust for $12 million per year. FAA leases various real property, including the WJHTC technical building, from the Atlantic County Improvement Authority for $4.8 million per year. FAA's capital lease payments are funded annually.

Future Payments Due:

	Asset Category			
Fiscal Year	(1)	(2)	(3)	Totals
Year 1 (2001)	$ 15,885	$ 173	$ -	$ 16,058
Year 2 (2002)	15,707	134	-	15,841
Year 3 (2003)	15,016	54	-	15,070
Year 4 (2004)	14,957	-	-	14,957
Year 5 (2005)	14,197	-	-	14,197
After 5 Years (2006+)	78,902	-	-	78,902
Total Future Lease Payments	$ 154,664	$ 361	$ -	$ 155,025
Less: Imputed Interest	66,899	30	-	66,929
Net Capital Lease Liability	$ 87,765	$ 331	$ -	$ 88,096

Liabilities Covered by Budgetary Resources	$ -
Liabilities Not Covered by Budgetary Resources	$ 88,096

Note 17. Leases:

Operating Leases:

Operating leases cover USCG leases for real property with lease terms up to 20 years, a RSPA lease for the Transportation Safety Institute North Campus, FAA leases for property, aircraft, equipment, and telecommunications, and VNTSC leases for machinery and equipment.

	Asset Category			
Fiscal Year	(1)	(2)	(3)	Totals
Year 1 (2001)	$ 45,803	$ 2,855	$ 264	$ 48,922
Year 2 (2002)	41,261	2,767	245	44,273
Year 3 (2003)	37,936	2,778	227	40,941
Year 4 (2004)	33,655	2,490	208	36,353
Year 5 (2005)	30,887	1,881	199	32,967
After 5 Years (2006+)	71,847	3,370	142	75,359
Total Future Lease Payments	$ 261,389	$ 16,141	$ 1,285	$ 278,815

ENTITY AS LESSOR:

Capital Leases:

N/A

Operating Leases:

FAA leases Ronald Reagan Washington National and Washington Dulles International Airport to the Metropolitan Washington Airports Authority, the airports' sponsor. The lease took effect in March 1987 for $3 million per year for a 50-year term. Subsequent annual rental payments are adjusted by applying the Implicit Price Deflator for the Gross National Product published by the Department of Commerce. Additionally, the parties may renegotiate the level of lease payments attributable to inflation costs every ten years. Upon lease expiration, the airports and facilities, originally valued at $244 million, together with any improvements thereto, will revert to the Federal Government. In addition, FAA leases equipment to foreign governments and leases parcels of Government-owned land, generally for agriculture.

Note 17. Leases:

Future Projected Receipts:

Fiscal Year	Asset Category (1)	(2)	(3)	Totals
Year 1 (2001)	$ 4,264	$ 90	$ 57	$ 4,411
Year 2 (2002)	4,682	90	52	4,824
Year 3 (2003)	5,142	90	50	5,282
Year 4 (2004)	5,644	90	41	5,775
Year 5 (2005)	6,200	-	35	6,235
After 5 Years (2006+)	146,222	-	34	146,256
Total Future Operating Lease Receivables	$ 172,154	$ 360	$ 269	$ 172,783

Note 18. Contingencies:

Legal Proceedings. FAA recognized liabilities of $537.8 million for legal claims that have been asserted and are pending. Of this amount, $85 million was estimated to be paid from agency appropriations and $453 million to be paid from the permanent appropriation for judgments, awards, and compromise settlements (Judgment Fund) administered by the Department of Justice. The $537.8 million is $67 million higher than the $470.8 million that was recognized in FY 1999. The $67 million difference was recognized as a FY 2000 expense. FAA's maximum exposure for loss for contingent liabilities associated with legal claims is $14.9 billion. FAA normally processes all their claims through traditional and administrative forums. However, there are certain EEO cases and contract disputes that are resolved using consensual dispute resolution techniques, e.g., mediation and neutral evaluation. In FY 2000, FAA had identified $5.4 million of these kind of cases.

Coast Guard has more than 2,700 pending or potential lawsuits and administrative actions that could result in liabilities to Coast Guard funds or the Judgment Fund, of which 2,612 claims are against the Oil Spill Liability Trust Fund. This fund exists for the purpose of facilitating rapid oil spill response and administering a compensation program in oil spill situations.

NHTSA has two personnel cases that are probable of occurring. The total loss contingency for these two cases is potentially $230,000. There are also five cases that are reasonably possible of occurring. The amount of loss is unknown in one, and the other four have a maximum loss potential of $1,232,500.

FTA has established a contingent liability for $100,000, based upon a lawsuit filed with the U.S. District Court for the Northern District of California.

Grant Programs. The Federal Highway Administration and the Federal Transit Administration have Advance Construction and Full Funding Grant Agreements which authorize States and transit authorities to establish project budgets and incur project costs with their own funds in advance of appropriations. Over $26 billion is currently authorized under these programs, of which some portion has been liquidated by the States and transit authorities. The Federal Accounting Standards Advisory Board is developing a policy for the proper accounting and reporting of these transactions.

Note 18. Contingencies:

FAA has legal authority to issue Letters of Intent (LOIs) to enter into Airport Improvement Program (AIP) grants. These LOIs do not create obligations. FAA issued LOIs covering FY 1988 through FY 2010 in the aggregate amount of $3.2 billion. FAA had obligated $2 billion of this total amount from FY 1988 through FY 2000, leaving $1.2 billion unobligated as of September 30, 2000. FAA anticipates obligating $868 million of this total in FY 2001. The FY 2000 AIP grant authority totaled $1.85 billion, including over $965 million in entitlements to specific locations. The sponsors of these entitlements claimed all but $868 million. This amount will be available from unused or newly enacted contract authority to those sponsors through FY 2001 or 2002 in the case of nonhub primary airport locations.

Contract Options and Negotiations. As of September 30, 2000, FAA had $13.1 billion in unobligated contracts. The terms of those contracts give FAA the unilateral right to purchase additional equipment or services or to extend the contract terms. Exercising this right would require the obligation of funds in future years. In addition, FAA had a total of $88.9 million in commitments (funds reserved for possible future obligations) under unexpired appropriations. The commitments were for purchases of goods and services for which contract negotiations have not been completed (i.e., agency obligations had not been incurred) at the end of FY 2000.

Return Rights Program. FAA contingent liabilities for the Return Rights Program decreased by $13.25 million from $25.9 million in FY 1999 to about $12.65 million in FY 2000. Because of evidence that the FY 1999 liability may have been overstated, the $13.25 million decrease was treated as a prior period adjustment. The program covers temporary assignments for 2 to 4 years. At the end of FY 2000, approximately 253 employees who previously had accepted transfers to overseas or certain domestic locations were contractually entitled to a future return move at Government expense. The typical cost per move is $50,000. The liability may be overstated because not every employee remaining in the program will exercise his or her right. If every employee in the program did exercise his or her right, the liability would be as follows:

FY 2001	$ 5,100,000
FY 2002	6,600,000
FY 2003	950,000
	$ 12,650,000

Aviation Insurance Program. FAA is authorized to issue hull and liability insurance under the Aviation Insurance Program for air carrier operations where commercial insurance is not available on reasonable terms where the operation to be insured is necessary to carry out the U.S. Government's foreign policy. No claims for losses were pending as of September 30, 2000.

FAA may issue: (1) premium insurance, for which a risk-based premium is charged to the air carrier; and (2) non-premium insurance. FAA maintains standby non-premium war-risk insurance policies for 48 carriers having approximately 1,050 aircraft available for Defense or State Department charter operations. No coverage was extended during FY 2000.

FAA normally insures only a small number of air carrier operations at any time and establishes a maximum liability for losing one aircraft. In many cases, that maximum liability for both hull loss and liability is $1.75 billion; but it is usually less, and because FAA can use its regulatory authority to stop flights to high-risk areas, and/or terminate insurance coverage, the range of possible liability to FAA in any year is assumed to be between zero and $3.5 billion. Since inception of the program (including the predecessor, the Aviation War Risk Insurance Program, dating back to 1951), only four claims, ranging from $626 to $122,469, have been paid.

Note 19. Unexpended Appropriations:

Unobligated		
Available	$	3,719,021
Unavailable		684,369
Undelivered Orders		5,836,157
	$	10,239,547

Note 20. Gross Cost and Earned Revenue by Budget Functional Classification:

Gross Cost and Earned Revenue by Budget Functional Classification:

	Gross Cost	Earned Revenue	Net Cost
Budget Functional Classification:			
054 Defense-Related Activities	$ 181,081	$ 21	$ 181,060
304 Pollution Control and Abatement	125,951	80,507	45,444
401 Ground Transportation	32,335,130	114,467	32,220,663
402 Air Transportation	9,841,503	106,289	9,735,214
403 Water Transportation	5,070,775	502,614	4,568,161
407 Other Transportation	406,851	132,260	274,591
451 Community Development	690	-	690
808 Other General Government	47	-	47
Total	$ 47,962,028	$ 936,158	$ 47,025,870

Intragovernmental Gross Cost and Earned Revenue by Budget Functional Classification:

Budget Functional Classification:			
054 Defense-Related Activities	$ 12,208	$ 516	$ 11,692
304 Pollution Control and Abatement	80,393	-	80,393
401 Ground Transportation	265,647	90,074	175,573
402 Air Transportation	1,318,272	68,461	1,249,811
403 Water Transportation	940,846	108,543	832,303
407 Other Transportation	137,198	127,678	9,520
Total	$ 2,754,564	$ 395,272	$ 2,359,292

Note 21. Net Cost by Program:

Program Costs		
Surface		
Highway Surface Transportation	$	6,581,012
Mass Transit		5,445,135
National Highway System		4,806,733
Interstate Maintenance		3,823,317
Bridge Program		2,394,238
Highway Minimum Guarantee		2,085,901
Other Highway Programs		1,877,300
Congestion Mitigation and Air Quality		989,468
Highway Minimum Allocation		740,056
Federal Railroad Administration Grants		594,075
High Priority Projects		556,591
Federal Lands Highways		522,343
National Highway Traffic Safety Administration Programs		352,127
Highway Planning		294,563
Highway Research		286,594
Highway Emergency Relief		224,557
Appalachian Development Highway		177,933
Federal Motor Carrier Safety		164,414
Other Rail Programs		100,573
Alameda Corridor		87,696
Research and Special Programs Administration		87,428
State Infrastructure Bank		52,449
Rail Research		25,302
High Speed Rail		21,219
Alaska Railroad		17,067
Surface Transportation Board		16,268
Total Surface Program Costs	$	32,324,359
Air		
Air Traffic Services	$	6,632,881
Airports		1,375,293
Regulation and Certification		731,654
Research and Acquisition		541,256
Other Federal Aviation Administration Programs		263,708
Civil Aviation Security		183,902
Commercial Space		7,257
Total Air Program Costs	$	9,735,951

Note 21. Net Cost by Program:

Maritime		
Coast Guard Operating Expenses	$	2,968,962
Coast Guard Retired Pay		518,550
Maritime Operations and Training		427,551
Coast Guard Acquisition and Construction		395,666
Maritime Security Program		235,914
Coast Guard Reserve Training		73,305
Coast Guard Boat Safety		57,990
Coast Guard Oil Spill Liability		30,503
Maritime Ocean Freight Differential Program		22,908
Coast Guard Research, Development, Test & Evaluation		18,656
Maritime Operating Differential Subsidy		17,930
Coast Guard Environmental Compliance & Restoration		14,941
Other Coast Guard Programs		9,855
Other Maritime Programs		1,934
Total Maritime Program Costs	$	4,794,665

Cross-Cutting		
Volpe National Transportation Systems Center	$	2,818
Transportation Statistics		13
Total Cross-Cutting Program Costs	$	2,831

Note 22. Taxes and Other Non-Exchange Revenue:

Taxes and Other Non-Exchange Revenue:		
Gasoline Fuel	$	21,028,749
Diesel Fuel		7,874,198
Passenger Ticket Taxes		7,158,909
Truck Retail		3,320,857
Gasohol		1,608,814
International Departure Taxes		1,384,659
Airway Fuel Taxes		909,144
Truck Use		921,289
Investment Income		818,018
Way Bill Taxes		522,969
Truck Tires		442,134
Aquatic Resources Trust Fund Taxes		439,511
Oil Spill Liability Trust Fund Revenue		243,900
Fines and Penalties		40,081
Tax Refunds, Credits and Transfers		(282,097)
General Fund Receipts		(320)
Miscellaneous Non-Exchange Revenue		7
Total Taxes and Other Non-Exchange Revenue	$	46,430,822

Taxes are collected by the Department of the Treasury (Treasury) Internal Revenue Service for DOT's Highway Trust Fund, the Airport and Airway Trust Fund, the Aquatic Resources Trust Fund, and the Oil Spill Liability Trust Fund. These taxes can be withdrawn only as authorized by various DOT appropriations. Treasury estimates taxes to be collected each quarter and adjusts the estimates by actual collections. The adjustment for actual collections lags about six months after the estimate. Historically there has been a variance between the estimate and actual. Therefore, a precise determination of tax collections as of September 30, 2000, will not be available until March 2001.

Note 23. Prior Period Adjustments:

Prior Period Adjustments:		
FAA Airport Improvement Program Grant Adjustments	$	(139,138)
Property and Inventory Adjustments		(101,164)
Other FAA Adjustments		(80,804)
Highway Trust Fund Reclassification of Advances		8,858
FRA Receivables Adjustment		(148)
Other Miscellaneous Adjustments		(15)
	$	(312,411)

Property and inventory adjustments were due to property reconciliations and revaluation of assets.

Note 24. Statement of Budgetary Resources:

The Net Amount of Budgetary Resources Obligated for Undelivered Orders as of September 30, 2000:	$	53,776,284
Available Contract Authority as of September 30, 2000:	$	6,748,192

Repayment Requirements, Financing Sources for Repayment, and Other Terms of Borrowing Authority Used:

The FAA Aircraft Purchase Guarantee Program is funded under the authority to borrow from the U.S. Treasury granted by Congress in the DOT and Related Agencies Appropriation Act, 1983. Borrowing authority is implemented through a blanket promissory, which provides FAA with a line of credit for the full amount of borrowing authority granted through Congress. Because authorization for issuing new loan guarantees expired in 1988, FAA has not issued any new guaranteed loans.

Adjustments During FY 2000 to Budgetary Resources Available at the Beginning of the Year:

Cumulative Authorizations in Excess of Obligation Limitation	$	(50,066,720)
Rescissions		(112,527)
Prior Year Recoveries		82,486
Temporarily Not Available		(10,698)
Cancelled Authority		(63,296)
Permanently Not Available		(6,178)
Other Adjustments		(19,533)
Total Adjustments to Budgetary Resources	$	(50,196,466)

Existence, Purpose, and Availability of Permanent Indefinite Appropriations:

FAA has permanent indefinite appropriations for the Facilities and Equipment, Grants-in-Aid, and Research, Development and Engineering appropriations in order to fully fund special projects that were on-going and spanned several years.

Information About Legal Arrangements Affecting the Use of Unobligated Balances of Budget Authority, such as Time Limits, Purpose, and Obligation Limitations:

Annual appropriations provide for obligations in the year of apportionment. Unobligated amounts may be used for upward adjustments of existing obligations through the five-year expired status. Unobligated balances of no-year appropriations may be reapportioned each year.

Note 24. Statement of Budgetary Resources:

Differences from the Balance Sheet, such as for Contract Authority:

HTF has unfunded contract authority of about $56.5 billion, of which about $39 billion is obligated and about $17.5 is unobligated. FAA has unfunded contact authority of $2.7 billion, all of which is obligated. FAA has authorized contract authority of $1.95 billion and authorized liquidating authority of $1.75 billion.

Note 25. Dedicated Collections:

	Aquatic Resources Trust Fund	Oil Spill Liability Trust Fund
Investments	$ 1,214,610	$ 1,159,249
Other Assets	8,815	128,969
TOTAL ASSETS	**$ 1,223,425**	**$ 1,288,218**
Liabilities Payable	$ 618,247	$ 13,175
Other Liabilities	25,375	18
TOTAL LIABILITIES	**$ 643,622**	**$ 13,193**
TOTAL NET POSITION	**$ 579,803**	**$ 1,275,025**
TOTAL LIABILITIES AND NET POSITION	**$ 1,223,425**	**$ 1,288,218**
NET COST	$ (57,990)	$ (30,503)
OTHER FINANCING SOURCES	(483,274)	251,939
OTHER CHANGES IN FUND BALANCE	-	-
TOTAL CHANGES IN FUND BALANCE	$ (541,264)	$ 221,436
BEGINNING NET POSITION	1,121,067	1,053,589
TOTAL NET POSITION	**$ 579,803**	**$ 1,275,025**

<u>Note 26. Custodial Activity</u>:

Revenue Activity:

Sources of Cash Collections:

Miscellaneous Receipts	$	42,680
User Fees		18,909
Fines, Penalties and Forfeitures		7,952
General Fund Proprietary		4,880
Refunds, Recoveries & Cancelled Checks & Accounts		2,940
USCG Registration and Filing Fees		799
Miscellaneous Collections		1
Total Cash Collections	$	78,161
Accrual Adjustment		2,381
Total Custodial Revenue	$	80,542

Disposition of Collections:

Transferred to Treasury	$	(78,161)
(Increase) Decrease in Amounts to be Transferred		(2,381)
Net Custodial Revenue Activity	$	-

Note 27. Saint Lawrence Seaway Development Corporation:

Condensed FY 2000 Information:

Cash and Short-Term Time Deposits	$	11,190
Long-Term Time Deposits		2,104
Accounts Receivable		141
Inventories		262
Property, Plant and Equipment		83,840
Deferred Charges		1,562
Other Assets		706
TOTAL ASSETS	**$**	**99,805**
Current Liabilities	$	1,718
Actuarial Liabilities		1,562
TOTAL LIABILITIES	**$**	**3,280**
Invested Capital	$	98,631
Cumulative Results of Operations		(2,106)
TOTAL NET POSITION	**$**	**96,525**
TOTAL LIABILITIES AND NET POSITION	**$**	**99,805**