



INTRODUCTION

DOT's third Consolidated Financial Statement presents to the American public, Congress, the Office of Management and Budget, and the transportation industry the Department's major programs' current and future performance and a brief description of how the public benefits from these programs; and defines our recent accomplishments and financial initiatives and position for FY 1998.

The specific improvements in our program and financial activities we are implementing and the progress and commitment we have made to meet our strategic goals and our new management strategy "ONE DOT" are described in the following sections of this report:

Management Discussion and Analysis consists of three sections:

(1) Departmental Overview; (2) Major Program Performance; and (3) Financial Management Performance Highlights.

- **Departmental Overview** provides a high level overview of the agency—in short, it provides a description of who we are, what we do and how well we meet the goals we have set.
- **Major Program Performance** activities are designed to ensure that America's transportation system meets the needs of the American people as we move into the 21st Century.
- **Financial Management Performance Highlights** DOT's progress with audited financial statements, the Federal Financial Management Improvement Act (FFMIA), the Federal Managers' Financial Integrity Act (FMFIA), Year 2000, Debt Collection and Cash Management.

Consolidated Financial Statements and Notes provide an important tool to promote and improve accountability and stewardship over the public resources entrusted to the Department. Preparing these statements was part of the Department's overall goal to improve financial management and to provide accurate and reliable information that is useful in assessing performance and allocating resources.

Auditor's Report determines whether (1) the financial statements present fairly the financial position and results of operations of DOT in accordance with OMB Bulletin 97-01; (2) DOT has an adequate internal accounting and administrative control structure; (3) DOT has complied with laws and regulations which (a) could have a direct and material effect on the financial statements or (b) have been specified by OMB; (4) the information and manner of presentation in the Management Discussion and Analysis and Supplemental Information sections are materially consistent with the information in the financial statements; and (5) supporting data for performance measures existed and were properly reported.

Required Supplemental Stewardship Reporting relates to areas of Federal Government accountability over certain resources entrusted to it and certain responsibilities assumed by it which are not measured in traditional financial reports. This new reporting requirement will focus on assets and investments made by the Government for the benefit of the Nation.

Additional Supplemental Information displays the breadth of scope of each

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Operating Administration's financial activity shown in the consolidating statements by major functional area.

These and many more impacts on the public and on the transportation industry are described in this report.

Readers who would like to know more about our programs and our organization may view our Internet Web Site at <http://www.dot.gov>.