



FINANCIAL HIGHLIGHTS

Preparing these statements is part of the Department’s goal to improve financial management and to provide accurate and reliable information that is useful for assessing financial performance and allocating resources. Departmental management is responsible for the integrity and objectivity of the financial information presented in the financial statements.

The financial statements and financial data presented in this Report have been prepared from the accounting records of DOT in conformity with generally accepted accounting principles (GAAP). GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

OVERVIEW OF FINANCIAL POSITION

ASSETS

The Consolidated Balance Sheet shows the Department had total assets of \$66 billion at the end of FY 2005. This represents a decrease of \$2.3 billion (-3.4%) over the previous year’s total assets of \$68.3 billion. The decrease is primarily the result of decreases of \$1.6 billion in Investments and \$581 million in Fund Balance with Treasury. The decrease in Fund Balance with Treasury primarily resulted from a decrease in obligated balances not yet disbursed. The Department’s assets reflected in the Consolidated Balance Sheet are summarized in the following table.

ASSETS BY TYPE • DOLLARS IN THOUSANDS	2005	%	2004	%
Fund Balance with Treasury	\$ 29,140,842	44.2	\$ 29,721,350	43.52
Investments	19,000,999	28.8	20,618,224	30.19
General Property, Plant & Equipment	15,325,392	23.2	15,395,359	22.55
Accounts & Loans Receivable and Related Foreclosed Property, Net	1,263,872	1.9	1,132,939	1.66
Inventory and Related Property, Net	939,639	1.4	913,513	1.34
Cash and Other Assets	297,802	0.5	504,624	0.74
Total Assets	\$ 65,968,546	100.0	\$ 68,286,009	100.0



LIABILITIES

The Department had total liabilities of \$12.9 billion at the end of FY 2005. This represents a decrease of \$535.6 million (-4.0%) over the previous year's total liabilities of \$13.4 billion, which is reported on the Consolidated Balance Sheet and summarized in the following table.

LIABILITIES BY TYPE • DOLLARS IN THOUSANDS	2005	%	2004	%
Other Liabilities	\$ 5,019,980	39.0	\$ 4,957,398	36.97
Grant Accrual	4,086,728	31.7	4,180,440	31.18
Accounts Payable	1,416,058	11.0	1,605,730	11.98
Environmental and Disposal Liabilities	1,003,585	7.8	1,135,163	8.47
Debt	952,536	7.4	1,150,606	8.58
Loan Guarantees	393,451	3.1	378,612	2.82
Total Liabilities	\$ 12,872,338	100.0	\$ 13,407,949	100.0

Of the total liabilities, \$3.5 billion were not covered by budgetary resources. The \$3.5 billion is primarily comprised of the \$477 million liabilities to other Federal agencies (intragovernmental), \$1.0 billion liability to Federal Employees' and Veterans' Benefits Payable, \$1.0 billion of environmental and disposal liabilities, and \$1.0 billion other liabilities with the public.

NET POSITION

The Department's Net Position at the end of FY 2005 on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position is \$53.1 billion, a \$1.8 billion (-3.3%) decrease from the previous fiscal year, principally due to an increase in net cost of operations. Net Position is the sum of the Unexpended Appropriations and Cumulative Results of Operations.

RESULTS OF OPERATIONS

The results of operations are reported in the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position.



PROGRAM COSTS

The Department's total net cost of operations for FY 2005, after intra-departmental eliminations, was \$56.9 billion.

NET PROGRAM COSTS • DOLLARS IN THOUSANDS	2005	%	2004	%
Surface Transportation	\$ 42,309,410	74.34	\$ 41,287,079	76.381
Air Transportation	14,029,096	24.65	12,193,994	22.55
Maritime Transportation	278,914	0.49	237,161	0.439
Costs Not Assigned to Programs	261,911	0.46	347,864	0.664
Less: Earned Revenues Not Attributed to Programs	25,165	0.04	12,631	0.023
Cost-Cutting Programs	8,728	0.02	746	0.001
Net Cost of Operations	\$ 56,862,894	100.0	\$ 13,407,949	100.0

Surface and air costs represent 99% of the Department's net cost of operations. Surface transportation program costs represent the largest investment for the Department at 74.3% of the Department's net cost of operations; Air transportation is the next largest investment for the Department at 24.7% of the Department's net cost of operations.

RESOURCES

BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources provides information on how budgetary resources were made available to the Department for the year and their status at fiscal year-end. For the 2005 fiscal year, the Department had total budgetary resources of \$114 billion, an increase of 6.5% from FY 2004 levels of \$107 billion.

Budget Authority of \$113.2 billion—which consists of \$61.5 billion of appropriations received and \$50.7 billion of borrowing and contract authority plus net transfers—comprise 99.1% of the total budgetary resources. The Department incurred obligations of \$69.8 billion for the 2005 fiscal year, a 3.75% increase over the \$67.2 billion of obligations incurred during 2004. Outlays reflect the actual cash disbursed against the Department's obligations.

FINANCING

The Consolidated Statement of Financing reconciles the resources available to the Department to finance operations with the net costs of operating the Department's programs.



LIMITATIONS OF THE FINANCIAL STATEMENTS

The principal financial statements have been prepared to report the financial position and results of operations of the Department of Transportation, pursuant to the requirements of 31 U.S.C. 3515 (b).

While the statements have been prepared from the books and records of the Department of Transportation in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.