

U.S. DEPARTMENT OF TRANSPORTATION--Maritime Administration

Exhibit 1. Statement of Financial Condition
September 30, 2002 and September 30, 2003
(Dollars in Thousands)

	September 30	
	2002	2003
ASSETS		
Selected Current Assets		
Funded Balances with Treasury:		
Budget Funds	\$751,596	\$ 618,293
Deposit Funds	<u>10</u>	<u>10</u>
	751,606	618,303
Federal Security Holdings	276,291	188,965
Accounts Receivable:		
Government Agencies	181,156	137,740
The Public		32
	<u>181,156</u>	<u>137,772</u>
Advances To:		
Government Agencies		
The Public		
Total Selected Current Assets	\$ 1,209,053	\$945,040
Loans Receivable:		
Repayment in Dollars	470,325	433,183
Allowances (-)	<u>(381,570)</u>	<u>(353,496)</u>
	88,755	79,687
Real Property and Equipment:		
Land	3,962	3,962
Structures and Facilities	54,548	68,306
Equipment, Vessels, Inventory	300,089	1,095,783
Leasehold Improvements	<u>0</u>	<u>0</u>
	358,599	1,168,051
Total Other Assets	\$447,354	\$1,247,738
Total Assets	\$1,656,407	\$2,192,778

The notes to Financial Statements are an integral part of this statement.

U.S. DEPARTMENT OF TRANSPORTATION--Maritime Administration

Exhibit 1. Statement of Financial Condition
September 30, 2002 and September 30, 2003

LIABILITIES	September 30	
	2002	2003
Selected Current Liabilities (Note 2)		
Accounts Payable (Including Funded		
Accrued Liabilities):		
Government Agencies	\$ 428,582	\$ 254,526
The Public	<u>278,870</u>	<u>42,031</u>
	707,452	296,557
Accrued Liabilities for Loan Guaranteed	383,993	292,740
Unfunded Liabilities:		
Environmental Liabilities	372,500	722,500
Other Liabilities	21,605	238,402
Federal Employee's Benefits Payable	<u>17,389</u>	<u>22,689</u>
	411,494	983,591
Total Selected Current Liabilities	1,502,939	1,572,888
Deposit Fund Liabilities	0	
Debt issued under borrowing Authority:		
Borrowing from Treasury	0	0
Other Liabilities:		
Vessel Trade-in Allowance and Other		
Accrued Liabilities	0	0
Future Funding (ODS Contract Authority)		
Total Liabilities	\$ 1,502,939	\$ 1,572,888
Government Equity		
Unexpended Budget Authority:		
Unobligated	256,084	279,843
Undelivered Orders	<u>239,660</u>	<u>273,638</u>
	495,744	553,481
Unfinanced Budget Authority (-)		
Unfilled Customer Orders	(114,362)	(128,149)
Contract Authority		
	<u>(114,362)</u>	<u>(128,149)</u>
Invested Capital	<u>(227,914)</u>	<u>194,558</u>
Total Government Equity	\$153,468	\$619,890
Total Liabilities and Government Equity	\$1,656,407	\$2,192,778

U.S. DEPARTMENT OF TRANSPORTATION--Maritime Administration

Exhibit 2. Statement of Operations (Dollars in Thousands)	Years Ended September 30	
	2002	2003
OPERATIONS OF THE MARITIME ADMINISTRATION		
Net Costs of Operating Activities		
Reserve Fleet Programs:		
Maintenance and Preservation	\$ 4,412	\$ 3,229
Direct Subsidies and National Defense Costs:		
Operating-Differential	5,088	1,118
Ocean Freight Differential	54,331	114,033
Title XI Credit Reform Program And Financing Fund	130,280	(31,086)
Maritime Security Program	96,192	97,053
Ship Disposal Program		252
Administrative (includes Financial Assistance to State Maritime Schools, School ships, Student Incentive	89,286	89,730
Other Operating Income Net of Expenses	362,672	430,468
Net Cost of Maritime Administration	\$742,261	\$704,797
Operations of Revolving Funds (-Income):		
Vessel Operations Revolving Fund	(319,946)	(4,902)
War Risk Revolving Fund	(1,958)	(1,721)
Construction Differential Fund	(1,884)	(2,223)
Federal Ship Financing Fund	(384)	(418)
Gifts and Bequests	(97)	629
Special Studies	(3)	(3)
	(324,272)	(8,638)
Net Cost of Combined Operations	\$417,989	\$696,159

The notes to Financial Statements are an integral part of this statement.

U.S. DEPARTMENT OF TRANSPORTATION - MARITIME ADMINISTRATION

Notes to Financial Statements
September 30, 2003 and September 30, 2002

1. The preceding financial statements include combining assets, liabilities, income, and expenses of the Maritime Administration (MARAD); the Vessel Operations Revolving Fund, the War-Risk Insurance Revolving Fund, and the Federal Ship Financing Fund, Programs of the Federal Credit Reform Act of 1990 and other appropriations. Fiscal Year 2003 & 2002 financial information is based on MARAD's FY 2003 & 2002 audited financial statements required by the Chief Financial Officer Act.

2. Contingent liabilities for Title XI guaranteed loans aggregated \$3.9 billion as of September 30, 2003.

3. There were no conditional liabilities

for pre-launching War-Risk Builder's Insurance on September 30, 2003.

4. The Federal Ship Financing Fund incurred no defaults during FY 2003.

5. The Title XI Credit Reform Program incurred no defaults during FY 2003.

6. Real Property and Equipment are reported net of allowances for FY 2003. Due to the changes to the federal accounting standards issued by the Federal Accounting Standard Advisory Board (FASAB), MARAD's national defense properties (e.g., vessels supporting Navy) are reported as properties on the FY 2003 balance sheet instead of expenses in FY 2002.