

United States Government Supplemental Information (Unaudited) for the Years Ended September 30, 2003, and September 30, 2002

Deferred Maintenance

Deferred maintenance is the estimated cost to bring Government-owned property to an acceptable condition, resulting from not performing maintenance on a timely basis. Deferred maintenance excludes the cost of expanding the capacity of assets or upgrading them to serve needs different from those originally intended. The consequences of not performing regular maintenance could include increased safety hazards, poor service to the public, higher costs in the future, and inefficient operations. Estimated deferred maintenance costs are not accrued in the Statements of Net Cost or recognized as a liability on the balance sheets.

The amounts disclosed for deferred maintenance on the table below have been measured using the following three methods:

- Condition assessment surveys are periodic inspections of the Government-owned property to determine the current condition and estimated cost to bring the property to an acceptable condition.
- Life-cycle cost forecast is an acquisition or procurement technique that considers operation, maintenance, and other costs in addition to the acquisition cost of assets.
- Management analysis method is founded on inflation-adjusted reductions in maintenance funding since the base year.

Some deferred maintenance has been deemed critical. Such amounts and conditions are defined by the individual agencies with responsibility for the safekeeping of these assets. Low and high estimates are based on the materiality of the estimated cost of returning the asset to the acceptable condition versus the total value of the corresponding asset.

Deferred Maintenance as of September 30

	Deferred Maintenance Cost Range					
	Low Estimate		High Estimate		Critical Maintenance	
	2003	2002	2003	2002	2003	2002
(In billions of dollars)						
Asset Category:						
General property, plant, and equipment.....	12.1	18.3	18.3	26.4	3.6	3.3
Heritage assets.....	-	1.0	0.1	1.1	-	-
Total deferred maintenance.....	<u>12.1</u>	<u>19.3</u>	<u>18.4</u>	<u>27.5</u>	<u>3.6</u>	<u>3.3</u>

Unexpended Budget Authority

Unexpended budget authority is the sum of the unobligated and obligated, but unliquidated, budget authority.

Unobligated budget authority, including trust fund balances, is the cumulative amount of budget authority that is not obligated and that remains available for obligation. In 1-year accounts, the unobligated balance is not available for new obligations after the end of the fiscal year. In multiyear accounts, the unobligated balance may be carried forward and remains available for obligation for the period specified. In no-year accounts, the unobligated balance is carried forward until specifically rescinded by law or until the purposes for which it was provided have been accomplished. The total unobligated budget authority amount balance for fiscal years 2003 and 2002 are \$383.0 billion and \$342.8 billion, respectively.

Obligated budget authority is the cumulative amount of budget authority that has been obligated but not liquidated. This balance can be carried forward for a maximum of 5 years after the appropriation has expired. The total obligated budget authority amount balance for fiscal years 2003 and 2002 are \$789.8 billion and \$741.1 billion, respectively.

Tax Burden

The Internal Revenue Code provides for progressive tax rates, whereby higher incomes are generally subject to higher tax rates. The tables present the latest available information on income tax and related income, deductions, and credit for individuals by income level and for corporations by size of assets.

Individual Income Tax Returns for Tax Year 2001

	Size of Adjusted Gross Income			
	Under \$30,000	\$30,000 under \$75,000	\$75,000 under \$150,000	Greater than \$150,000
Tax burden, percentage of gross income	6%	11%	15%	25%
Average tax per return.....	748	5,158	14,947	97,149
Percent of total deductions on taxable income	29%	31%	22%	18%
Percent of total credits against tax liability	23%	43%	17%	17%

Corporation Income Tax Returns for Tax Year 2000

	Size of Total Assets			
	Under \$10 million	\$10 million under \$50 million	\$50 million under \$250 million	Greater than \$250 million
Tax burden, percentage of gross income32%	.47%	.87%	1.34%
Average tax per return.....	3,243	148,636	692,552	1,540,014
Percent of total deductions on taxable income.....	25%	8%	7%	60%
Percent of total credits against tax liability	2%	0%	2%	96%

Other Claims for Refunds

Management has estimated amounts that may be paid out as other claims for tax refunds. This estimate represents an amount (principal and interest) that may be paid for claims pending judicial review by the Federal courts or, internally, by appeals. The total estimated payout (including principal and interest) for claims pending judicial review by the Federal courts is \$6.5 billion and \$4.7 billion for fiscal years 2003 and 2002, respectively. For those under appeal, the estimated payout is \$7.6 billion and \$8.4 billion for fiscal years 2003 and 2002, respectively. Although these refund claims have been deemed to be probable, they do not meet the criteria in SFFAS No. 5 for reporting the amounts in the balance sheets or for disclosure in the Notes to the Financial Statements. However, they meet the criteria in SFFAS No. 7 for inclusion as supplemental information. To the extent judgments against the Government for these claims prompt other similarly situated taxpayers to file similar refund claims, these amounts could become significantly greater.

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Appendix: Significant Government Entities Included and Excluded from the Financial Statements

This *Financial Report* includes the executive branch with their corresponding departments and entities, the legislative and judicial branches, and other independent establishments and Government corporations. Excluded are privately owned Government-sponsored enterprises such as the Federal Home Loan Banks and the Federal National Mortgage Association. The Federal Reserve System is excluded because organizations and functions pertaining to monetary policy are traditionally separate from, and independent of, other central Government organizations and functions.

Significant Entities Included in these Statements:

Department of Agriculture (USDA) www.usda.gov	Federal Trade Commission (FTC) www.ftc.gov
Department of Commerce (DOC) www.doc.gov	General Accounting Office (GAO) www.gao.gov
Department of Defense (DOD) www.defenselink.mil	General Services Administration (GSA) www.gsa.gov
Department of Education (ED) www.ed.gov	Government Printing Office (GPO) www.gpo.gov
Department of Energy (DOE) www.energy.gov	Library of Congress (LC) www.loc.gov
Department of Health and Human Services (HHS) www.hhs.gov	National Aeronautics and Space Administration (NASA) www.nasa.gov
Department of Homeland Security (DHS) www.dhs.gov	National Archives and Records Administration (NARA) www.nara.gov
Department of Housing and Urban Development (HUD) www.hud.gov	National Credit Union Administration (NCUA) www.ncua.gov
Department of the Interior (DOI) www.doi.gov	National Science Foundation (NSF) www.nsf.gov
Department of Justice (DOJ) www.usdoj.gov	National Transportation Safety Board (NTSB) www.nts.gov
Department of Labor (DOL) www.dol.gov	Nuclear Regulatory Commission (NRC) www.nrc.gov
Department of State (State) www.state.gov	Office of Management and Budget (OMB) www.whitehouse.gov/omb
Department of Transportation (DOT) www.dot.gov	Office of Personnel Management (OPM) www.opm.gov
Department of the Treasury (Treasury) www.ustreas.gov	Pension Benefit Guaranty Corporation (PBGC) www.pbgc.gov
Department of Veterans Affairs (VA) www.va.gov	Railroad Retirement Board (RRB) www.rrb.gov
U.S. Agency for International Development (USAID) www.usaid.gov	U.S. Securities and Exchange Commission (SEC) www.sec.gov
Environmental Protection Agency (EPA) www.epa.gov	Small Business Administration (SBA) www.sba.gov
Executive Office of the President	Smithsonian Institution www.si.edu
Export-Import Bank of the United States (Ex-Im Bank) www.exim.gov	Social Security Administration (SSA) www.ssa.gov
Farm Credit Administration (FCA) www.fca.gov	Tennessee Valley Authority (TVA) www.tva.gov
Federal Communications Commission (FCC) www.fcc.gov	U.S. Postal Service (USPS) www.usps.gov
Federal Deposit Insurance Corporation (FDIC) www.fdic.gov	
Federal Emergency Management Agency (FEMA) www.fema.gov	

Significant Entities Excluded from these Statements:

Army and Air Force Exchange Service	Financing Corporation
Board of Governors of the Federal Reserve System (Including the Federal Reserve Banks)	Federal Home Loan Mortgage Corporation (Freddie Mac)
Federal National Mortgage Association (Fannie Mae)	Marine Corps Exchange
Farm Credit System	Navy Exchange Service Command
Federal Home Loan Banks	Resolution Funding Corporation
Federal Retirement Thrift Investment Board (Including the Thrift Savings Fund)	U.S.A. Education Inc. (Sallie Mae)