

Principal Financial Statements

The principal financial statements included in Interior's FY 2007 Performance and Accountability Report have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Office of Management and Budget's Circular No. A-136, "Financial Reporting Requirements." These statements include the following:

- ◆ Balance Sheet
- ◆ Statement of Net Cost
- ◆ Statement of Changes in Net Position
- ◆ Statement of Budgetary Resources
- ◆ Statement of Custodial Activity

The responsibility for the integrity of the financial information included in these statements rests with Interior's management. The audit of Interior's principal financial statements was performed by an independent certified public accounting firm selected by Interior's Office of Inspector General. The auditors' report, issued by the independent certified public accounting firm, is included in Part 3, Financial Section, of this report.

Balance Sheet
as of September 30, 2007 and 2006
(dollars in thousands)

	FY 2007	FY 2006
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 34,776,671	\$ 33,409,382
Investments, Net (Note 4)	7,322,545	8,094,833
Accounts and Interest Receivable (Note 5)	1,421,879	440,510
Loans and Interest Receivable, Net (Note 6)	2,827,301	2,631,887
Other	529	529
Total Intragovernmental Assets	46,348,925	44,577,141
Cash (Note 3)	756	825
Investments, Net (Note 4)	163,354	188,100
Accounts and Interest Receivable, Net (Note 5)	1,947,017	2,478,037
Loans and Interest Receivable, Net (Note 7)	127,285	181,137
Inventory and Related Property, Net (Note 8)	255,413	280,859
General Property, Plant and Equipment, Net (Note 9)	17,930,798	17,491,901
Other	209,972	234,987
Total Assets (Note 11)	\$ 66,983,520	\$ 65,432,987
Stewardship Assets (Note 10)		
LIABILITIES		
Intragovernmental Liabilities:		
Accounts Payable	\$ 590,852	\$ 44,946
Debt (Note 12)	858,007	1,056,572
Other		
Resources Payable to Treasury	2,030,690	2,094,244
Advances and Deferred Revenue	794,349	1,309,798
Custodial Liability	819,984	1,061,879
Other Liabilities	582,984	501,075
Total Intragovernmental Liabilities	5,676,866	6,068,514
Accounts Payable	1,076,948	1,109,655
Loan Guarantee Liability (Note 7)	41,434	92,380
Federal Employee and Veteran Benefits (Note 13)	1,363,633	1,387,423
Environmental and Disposal Liabilities (Note 14)	147,514	153,466
Other		
Contingent Liabilities (Note 14)	354,678	614,468
Advances and Deferred Revenue	741,258	747,359
Payments Due to States	639,507	812,588
Other Liabilities	937,076	952,122
Total Liabilities (Note 15)	\$ 10,978,914	\$ 11,937,975
Commitments and Contingencies (Note 14 and 17)		
NET POSITION		
Unexpended Appropriations - Earmarked Funds (Note 24)	\$ 335,545	\$ 336,691
Unexpended Appropriations - Other Funds	3,774,190	3,890,857
Cumulative Results of Operations - Earmarked Funds (Note 24)	49,148,058	47,234,344
Cumulative Results of Operations - Other Funds	2,746,813	2,033,120
Total Net Position	56,004,606	53,495,012
Total Liabilities and Net Position	\$ 66,983,520	\$ 65,432,987

The accompanying notes are an integral part of these financial statements.

Statement of Net Cost
for the years ended September 30, 2007 and 2006
(dollars in thousands)

	FY 2007	FY 2006
RESOURCE PROTECTION		
Costs	\$ 4,459,531	\$ 3,946,834
Less: Earned Revenue	793,422	1,136,759
Net Cost	3,666,109	2,810,075
RESOURCE USE		
Costs	3,438,415	3,942,639
Less: Earned Revenue	1,294,116	1,327,167
Net Cost	2,144,299	2,615,472
RECREATION		
Costs	2,593,722	1,780,694
Less: Earned Revenue	338,687	370,645
Net Cost	2,255,035	1,410,049
SERVING COMMUNITIES		
Costs	5,091,113	6,518,561
Less: Earned Revenue	454,591	904,395
Net Cost	4,636,522	5,614,166
REIMBURSABLE ACTIVITY AND OTHER		
Costs	2,626,815	3,295,714
Less: Earned Revenue	1,690,094	2,340,934
Net Cost	936,721	954,780
TOTAL		
Costs	18,209,596	19,484,442
Less: Earned Revenue	4,570,910	6,079,900
Net Cost of Operations (Notes 20 and 22)	\$ 13,638,686	\$ 13,404,542

The accompanying notes are an integral part of these financial statements.

Statement of Changes in Net Position
for the years ended September 30, 2007 and 2006
(dollars in thousands)

	Earmarked (Note 24)	FY 2007 All Other	Consolidated	Earmarked (Note 24)	FY 2006 All Other	Consolidated
UNEXPENDED APPROPRIATIONS						
Beginning Balance	\$ 336,691	\$ 3,890,857	\$ 4,227,548	\$ 396,643	\$ 3,782,599	\$ 4,179,242
Adjustments						
Changes in Accounting Principles (Note 27)	2,511	25,888	28,399			
Beginning Balance, as adjusted	339,202	3,916,745	4,255,947	396,643	3,782,599	4,179,242
Budgetary Financing Sources						
Appropriations Received, General Funds	397,850	9,917,315	10,315,165	378,871	10,243,663	10,622,534
Appropriations Transferred In/(Out)	945	2,532	3,477	(6,043)	121,430	115,387
Appropriations-Used	(406,235)	(10,037,018)	(10,443,253)	(430,348)	(10,101,021)	(10,531,369)
Other Adjustments	3,783	(25,384)	(21,601)	(2,432)	(155,814)	(158,246)
Net Change	(3,657)	(142,555)	(146,212)	(59,952)	108,258	48,306
Ending Balance - Unexpended Appropriations	\$ 335,545	\$ 3,774,190	\$ 4,109,735	\$ 336,691	\$ 3,890,857	\$ 4,227,548
CUMULATIVE RESULTS OF OPERATIONS						
Beginning Balance	\$ 47,234,344	\$ 2,033,120	\$ 49,267,464	\$ 44,421,271	\$ 1,853,677	\$ 46,274,948
Adjustments						
Changes in Accounting Principles (Note 27)	(433,117)	(11,370)	(444,487)			
Beginning Balance, as adjusted	46,801,227	2,021,750	48,822,977	44,421,271	1,853,677	46,274,948
Budgetary Financing Sources						
Appropriations-Used	406,235	10,037,018	10,443,253	430,348	10,101,021	10,531,369
Royalties Retained (Note 16)	4,435,820	4,367	4,440,187	4,386,601	3,212	4,389,813
Non-Exchange Revenue	896,640	19,243	915,883	1,233,054	17,092	1,250,146
Transfers In/(Out) without Reimbursement	435,501	(37,082)	398,419	(43,666)	(150,619)	(194,285)
Donations and Forfeitures of Cash and Cash Equivalents	35,705	-	35,705	32,702	-	32,702
Other Budgetary Financing Sources	(14,471)	(150)	(14,621)	(223)	7,764	7,541
Other Adjustments	(718)	(50)	(768)	(393)	364	(29)
Other Financing Sources						
Donations and Forfeitures of Property	68	7,883	7,951	505	6,040	6,545
Transfers In/(Out) without Reimbursement	(53,125)	(12,497)	(65,622)	(132,964)	33,373	(99,591)
Imputed Financing from Costs Absorbed by Others (Note 18)	128,058	422,135	550,193	120,079	352,768	472,847
Total Financing Sources	6,269,713	10,440,867	16,710,580	6,026,043	10,371,015	16,397,058
Net Cost of Operations	(3,922,882)	(9,715,804)	(13,638,686)	(3,212,970)	(10,191,572)	(13,404,542)
Net Change	2,346,831	725,063	3,071,894	2,813,073	179,443	2,992,516
Ending Balance - Cumulative Results of Operations	49,148,058	2,746,813	51,894,871	47,234,344	2,033,120	49,267,464
TOTAL NET POSITION	\$ 49,483,603	\$ 6,521,003	\$ 56,004,606	\$ 47,571,035	\$ 5,923,977	\$ 53,495,012

The accompanying notes are an integral part of these financial statements.

Statement of Budgetary Resources
for the years ended September 30, 2007 and 2006
(dollars in thousands)

	Total Budgetary Accounts		Non-Budgetary Credit Program Financing Accounts	
	FY 2007	FY 2006	FY 2007	FY 2006
BUDGETARY RESOURCES:				
Unobligated balance, beginning of Fiscal Year:	\$ 6,185,985	\$ 5,710,929	\$ 108,580	\$ 83,309
Recoveries of prior year unpaid obligations	503,631	484,943	634	8
Budget Authority:				
Appropriation	16,405,771	16,124,453	-	-
Borrowing Authority	-	-	1,032	1,584
Spending authority from offsetting collections				
Earned:				
Collected	4,804,761	5,479,124	75,156	39,702
Change in receivables from Federal sources	(52,531)	(2,997)	-	-
Change in unfilled customer orders:				
Advance received	(501,618)	(306,820)	-	-
Without advance from Federal sources	22,782	(104,540)	-	-
Total Budget Authority	20,679,165	21,189,220	76,188	41,286
Nonexpenditure transfers, net, anticipated and actual	(671,663)	438,207	-	-
Temporarily not available pursuant to Public Law	-	(16,617)	-	-
Permanently not available	(36,895)	(186,788)	(47,063)	(3,255)
Total Budgetary Resources (Note 21)	\$ 26,660,223	\$ 27,619,894	\$ 138,339	\$ 121,348
STATUS OF BUDGETARY RESOURCES:				
Obligations incurred (Note 21):				
Direct	\$ 16,457,065	\$ 16,380,951	\$ 26,853	\$ 12,768
Reimbursable	4,478,735	5,052,958	-	-
Total Obligations incurred	20,935,800	21,433,909	26,853	12,768
Unobligated balance available (Note 21):				
Apportioned	5,499,829	5,987,182	111,486	108,580
Exempt from apportionment	66,727	58,325	-	-
Total Unobligated balance available	5,566,556	6,045,507	111,486	108,580
Unobligated balance not available (Note 21)	157,867	140,478	-	-
Total Status of Budgetary Resources	\$ 26,660,223	\$ 27,619,894	\$ 138,339	\$ 121,348
OBLIGATED BALANCE:				
Obligated balance, net:				
Unpaid obligations, brought forward, beginning of Fiscal Year	\$ 8,839,925	\$ 8,557,216	\$ 3,934	\$ 4,005
Less: Uncollected customer payments from Federal sources, brought forward, beginning of Fiscal Year	(1,117,227)	(1,224,762)	-	-
Total unpaid obligated balances, net, beginning of Fiscal Year	7,722,698	7,332,454	3,934	4,005
Obligations incurred, net	20,935,800	21,433,909	26,853	12,768
Less: Gross outlays	(20,178,744)	(20,666,259)	(30,150)	(12,831)
Less: Recoveries of prior year unpaid obligations, actual	(503,631)	(484,943)	(634)	(8)
Change in uncollected customer payments from Federal sources	29,749	107,537	-	-
Total, unpaid obligated balance, net, end of period	\$ 8,005,872	\$ 7,722,698	\$ 3	\$ 3,934
OBLIGATED, NET, END OF PERIOD - BY COMPONENT:				
Unpaid obligations	9,093,349	8,839,925	3	3,934
Less: Uncollected customer payments from Federal sources	(1,087,477)	(1,117,227)	-	-
Total, unpaid obligated balance, net, end of period	\$ 8,005,872	\$ 7,722,698	\$ 3	\$ 3,934
NET OUTLAYS:				
Gross outlays	20,178,744	20,666,259	30,150	12,831
Less: Offsetting collections	(4,303,144)	(5,172,304)	(75,156)	(39,702)
Less: Distributed Offsetting receipts	(5,769,483)	(6,940,455)	-	-
Net Outlays(Receipts)	\$ 10,106,117	\$ 8,553,500	\$ (45,006)	\$ (26,871)

The accompanying notes are an integral part of these financial statements.

Statement of Custodial Activity
for the years ended September 30, 2007 and 2006
(dollars in thousands)

	FY 2007	FY 2006
REVENUES ON BEHALF OF THE FEDERAL GOVERNMENT		
Mineral Lease Revenue		
Rents and Royalties	\$ 10,004,182	\$ 10,660,720
Onshore Lease Sales	286,345	275,031
Offshore Lease Sales	387,689	949,875
Strategic Petroleum Reserve (Note 19)	306,191	(18,466)
Total Revenue	\$ 10,984,407	\$ 11,867,160
DISPOSITION OF REVENUE		
Distribution to Department of the Interior		
National Park Service Conservation Funds	1,049,000	898,304
Bureau of Reclamation	1,471,612	1,651,813
Minerals Management Service	2,324,674	2,295,815
Bureau of Land Management	75,554	71,821
Fish and Wildlife Service	1,785	1,608
Distribution to Other Federal Agencies		
Department of the Treasury	5,908,178	6,870,450
Department of Agriculture	77,367	73,531
Department of Commerce	1,000	25
Department of Energy (Note 19)	356,191	(18,466)
Distribution to Indian Tribes and Agencies	126,712	158,155
Distribution to States and Others	69,760	84,490
Change in Untransferred Revenue	(491,816)	(220,386)
Royalty Credits Redeemed (Note 26)	14,390	-
Total Disposition of Revenue	\$ 10,984,407	\$ 11,867,160
NET CUSTODIAL ACTIVITY	\$ -	\$ -

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