U.S. Department of the Interior
Notes to Financial Statements
as of September 30, 1995 and 1994

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The U.S. Department of the Interior ("Interior" or "the Department") is a Cabinet agency of the Executive Branch of the United States Government. Created in 1849 by Congress as the Nation's principal conservation agency, the Department has responsibility for most of the nationally owned public lands and natural resources. The Department's mission is (a) to encourage and provide for the appropriate management, preservation and operation of the Nation's public lands and natural resources for use and enjoyment both now and in the future; (b) to carry out related scientific research and investigations in support of these objectives; (c) to develop and use resources in an environmentally sound manner and provide equitable return on these resources to the American taxpayer; and (d) to carry out the trust responsibilities of the U.S. Government with respect to American Indians and Alaska Natives.

The accompanying financial statements include the accounts of all Federal funds under Interior control, with the exception of certain conservation trust funds. These funds, the Land and Water Conservation Fund, the Historic Preservation Fund and the Reclamation Fund, in total, have assets of approximately $13 billion which are maintained by the U.S. Department of the Treasury. In addition, the financial statements do not include trust funds, trust related deposit funds or other related accounts which are administered, accounted for and maintained by the Bureau of Indian Affairs on behalf of Native American Tribes and individuals. The Department issues financial statements for Indian Trust Funds under separate cover. The financial statements included herein do not include the effects of centrally administered assets and liabilities related to the Federal government as a whole, such as public borrowing or tax revenue, which may in part be attributable to the Department.

B. Organization and Structure of the Department

During fiscal years 1995 and 1994, the Department of the Interior was comprised of eleven individual operating entities and the Office of the Secretary ("Bureaus"). For purposes of presentation, the bureaus and activities of the Department have been broadly classified into the following categories:

Natural Resources:	National Park Service U.S. Fish and Wildlife Service Bureau of Land Management Bureau of Reclamation The Office of Surface Mining Reclamation and Enforcement Minerals Management Service
Science:	U.S. Geological Survey National Biological Service * U.S. Bureau of Mines *
Indian Affairs:	Bureau of Indian Affairs
Other:	Office of Territorial and International Affairs Office of the Secretary

* These two Bureaus have been closed during fiscal year 1996. The operations of the National Biological Service and certain programs of the Bureau of Mines have been transferred to the U.S. Geological Survey. The remaining programs and functions of the Bureau of Mines have been transferred to other agencies or eliminated.

The specific responsibilities and accomplishments of the Bureaus are discussed in the Overview to the Department in this report.

C. Basis of Presentation

These consolidated financial statements have been prepared to report the financial position, the net cost of operations, the custodial activities, and the changes in net position of the Department of the Interior as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of the Department in accordance with guidance issued by the Federal Accounting Standards Advisory Board (FASAB) and the Office of Management and Budget.

The accounting structure of Federal Government agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of Federal funds.

The accounting principles and standards applied in preparing the financial statements and described in this note are in accordance with the following hierarchy of accounting principles:

- Statements of Federal Financial Accounting Standards (SFFAS). These statements reflect the accounting principles, standards, and requirements recommended by the Federal Accounting Standards Advisory Board and approved by the Comptroller General of the United States, the Director of the Office of Management and Budget (“OMB”) and the Secretary of the Treasury.

- Form and content requirements for financial statements, as presented in OMB Bulletin No. 94-01 (Form and Content of Agency Financial Statements); and

- The accounting principles and standards contained in Departmental and bureau accounting policy and procedures manuals, and/or related guidance

D. Elimination of Intra-Department Transactions

All identified inter-Bureau transactions have been eliminated from the Department’s consolidated financial statements. However, the effects of certain intra-bureau transactions have not been eliminated.

E. Revenues and Financing Sources

The United States Constitution prescribes that funds must be made available by Congressional appropriation before they may be expended by a Federal agency. Most of the Department’s operating funds are in the form of Congressional appropriations. Additional funds are obtained through reimbursements for services performed for other Federal agencies and the public, reimbursements for the cost of construction of capital assets and for the costs of operating and maintaining irrigation and water facilities, Abandoned Mine Land fees, land management program receipts, fish and wildlife program receipts, as well as fees and miscellaneous receipts derived from other Departmental programs.

The Department's Royalty Management Program, administered by the Minerals Management Service, collects bonuses, rents, royalties, and other receipts from Federal and Indian Leases, and distributes all proceeds to the U.S. Treasury, other Federal agencies, States, Indian Tribes, and Indian Allottees, in accordance with legislated allocation formulas. The amounts collected and transferred are disclosed in the Statement of Custodial Activities and are not considered to be revenue of the Department or of the Minerals Management Service.

F. Fund Balance with Treasury and Cash

The Department maintains all cash accounts with the U.S. Treasury, except for imprest fund accounts. The account, "Fund Balance with Treasury," primarily represents appropriated, revolving, and trust funds available to pay current liabilities and finance authorized purchase commitments. Cash receipts and disbursements are processed by Treasury. The Department's records are reconciled with those of the U.S. Treasury on a regular basis. Note 2 provides additional information concerning Fund Balances with Treasury.

G. Investments

The Department invests certain funds in U.S. Government and public securities on behalf of various Interior programs and for amounts held as custodian. Note 3 provides additional information concerning investments.

H. Accounts Receivable

Accounts receivable consist of amounts owed to the Department by other Federal agencies and the public. An allowance for doubtful accounts is established for reporting purposes based on past experience in the collection of accounts receivable and analysis of outstanding balances. Note 4 provides additional information concerning accounts receivable.

I. Inventory

The Department has an inventory of various types, including maps for sale, resource management inventory, helium for sale, and helium stockpile inventory. See Note 5 for information concerning inventory valuation and accounting methods.

J. Property, Plant and Equipment

This category consists of land (used in operations); structures, facilities and improvements for power, irrigation, municipal and industrial water management, fish and wildlife enhancement, recreation, and flood control; automated data processing software; equipment and vehicles; bridges, trails and roads (Bureau of Indian Affairs); and construction in progress. In general, bureau policies state that equipment is capitalized at acquisition cost and is depreciated over its useful life using the straight-line method. The capitalization threshold is generally $5,000.

Certain bureaus made significant changes to their property accounting and capitalization policies during fiscal year 1995 in order to implement new standards issued by the Federal Accounting Standards Advisory Board (FASAB). Note 6 provides additional information concerning the Department's property, plant and equipment.

K. Land

The Department assigns no value to the public land it administers since recording such lands at cost provides little meaningful information. The vast majority of public lands were acquired prior to 1867, for a total cost of $85 million, and in certain instances, public domain and other lands were acquired without recorded cost. FASAB's Exposure Draft for Recommended Accounting Standards for Property, Plant, and Equipment recommends that historical cost not be provided for stewardship land. Instead, FASAB's Exposure Draft recommends that acreage and usage of public lands be provided. The Stewardship Asset Report and Note 7 provide additional information concerning land.

L. Loans and Interest Receivable

Loans are accounted for as receivables after the funds have been disbursed. For loans obligated prior to October 1, 1991, principal, interest and penalties receivable are presented net of an allowance for estimated uncollectible amounts. The allowance is based on past experience, present market conditions, an analysis of outstanding balances and other direct knowledge relating to specific loans. For loans obligated on or after October 1, 1991, loans receivable are reduced by an allowance for estimated uncollectible amounts which is equal to the present value of the subsidy costs (using the interest rate differential between loans receivable and Treasury borrowings), estimated delinquencies and defaults net of recoveries, the offset from fees, and other estimated cash flows associated with these loans. Note 8 has additional information concerning loans receivable.

M. Available from Contract Authority

These amounts represent the funds obligated by the Department of Transportation for the use of the Bureau of Indian Affairs in its road construction program.

N. Unmatured Timber Sales Contracts

Unmatured Timber Sales Contracts represent the obligation and the right of contractors to cut specific quantities of timber within a defined time period at a set price. These contracts between contractors and the Bureau of Land Management represent future revenue to the U.S. Government that will materialize in future accounting periods as contracts are fulfilled.

O. General Investigation Costs

General Investigation Costs comprise reimbursable and non-reimbursable investigation and development costs incurred by the Bureau of Reclamation for water management projects that are not yet under construction. These costs are accumulated until the project is either authorized for construction or the decision is made not to undertake the project. When a project is authorized, the costs are moved to the construction in progress account, and upon project completion, to a completed asset account. Costs related to projects which will not be undertaken are written off.

P. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by the Department as the result of a transaction or event that has already occurred. The financial statements should be read with the realization that they are for a component of a sovereign entity, and that no liability can be paid by the Department absent an appropriation of funds by Congress and the payment of all liabilities other than for contracts can be abrogated by the sovereign entity. Liabilities for which an appropriation has not been enacted are, therefore, classified as “liabilities not covered by budgetary resources,” and there is no certainty that the appropriations will be enacted.

Q. Personnel Compensation and Benefits

Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefits costs. An unfunded liability is recognized for earned but unused annual leave, since from a budgetary standpoint, annual leave is funded from current appropriations when used by employees. Sick leave and other types of leave are expensed when used.

Office of Worker’s Compensation Program Chargeback and unemployment compensation insurance are funded from current appropriations when paid. An unfunded liability is recognized for amounts to be paid in the future for current worker’s compensation and unemployment compensation insurance.

Department of the Interior employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. Most Department employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS.

The Department makes matching contributions to CSRS on behalf of CSRS employees. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS.
For FERS employees, the Department contributes an amount equal to one percent of the employee’s basic pay to the tax deferred thrift savings plan and matches employee contributions up to an additional four percent of pay. FERS employees can contribute 10 percent of their gross earnings to the plan. CSRS employees are limited to a contribution of five percent of their gross earnings and receive no matching contribution from the Department.

The Office of Personnel Management is responsible for reporting assets, accumulated plan benefits and unfunded liabilities, if any, applicable to CSRS participants and FERS employees governmentwide, including Department employees.

R. Federal Government Transactions

The Department's financial activities interact with and are dependent upon the financial activities of the centralized management functions of the Federal Government. These activities include public debt and cash management activities and employee retirement, life insurance and health benefit programs. The financial statements of the Department do not contain the results of centralized financial decisions and activities performed for the benefit of the entire Government.

S. Undistributed Royalty Collections

These amounts represent the custodial liability of Minerals Management Service to royalty recipients for cash, accounts receivable and investments held pending distribution.

T. Undistributed Special Receipt Fund Collections

The Bureau of Land Management's undistributed special receipt fund collections are not available for use except by appropriation or other statutory authority. These receipts are earmarked by law for a specific purpose, but are not generated from a continuing cycle of operations. They typically arise from sales of public lands, sales of timber, fees and commissions and other charges for services provided to users of public lands. They will be distributed as specified by law.

U. Contingent Liabilities

Contingent liabilities are recorded in the accounting records when the event potentially leading to the recognition of a liability is probable, and a reliable estimate of the scope of the potential liability is available. See Note 12 for additional information regarding contingent liabilities.

V. Income Taxes

As an agency of the U.S. government, the Department is exempt from all income taxes imposed by any governing body, whether it be a Federal, State, Commonwealth of the United States, local or foreign government.

W. Comparative Data

Unaudited comparative statements for fiscal year 1994 have been presented in order to provide an understanding of changes in financial position and operations of the Department. Entries to eliminate the effects of fiscal year 1994 intra-departmental transactions were based on estimates.

Note 2. Fund Balance with Treasury

A. Current Assets

The U.S. Department of the Treasury performs cash management activities for all government agencies. The Fund Balance with Treasury under Current Assets represents the right of the Department to draw on the U.S. Treasury for allowable expenditures.

Fund Balance with Treasury

(dollars in thousands)	**1995**	**1994**
Natural Resources		
National Park Service	$ 943,897	$ 1,107,357
U.S. Fish and Wildlife Service	637,863	1,285,479
Bureau of Reclamation	561,869	504,490
Bureau of Land Management	444,550	339,288
Minerals Management Service	79,533	71,882
Office of Surface Mining	55,679	64,186
Total Natural Resources	2,723,391	3,372,682
Science	204,061	198,398
Indian Affairs	933,315	998,931
Other Programs	369,714	303,081
Total Fund Balance with Treasury	$ 4,230,481	$ 4,873,092

B. Assets Held on Behalf of Others

The Fund Balance with Treasury under Assets Held on Behalf of Others represents royalty collections received by Minerals Management Service, and held by it as custodian, until disbursed to recipients.

Note 3. Investments

A. Current Assets

Funds are invested by the Office of Surface Mining, the Fish and Wildlife Service, the Bureau of Indian Affairs, the Office of the Secretary and the National Park Service on behalf of various Department of the Interior programs.

Office of Surface Mining: Effective October 1, 1991, the Office of Surface Mining was authorized to invest available Abandoned Mine Land (AML) trust funds in non-marketable federal securities. The Bureau of Public Debt is the sole issuer of authorized non-marketable federal securities which are available for purchase through the U.S. Treasury. Surface Mining has authority to invest AML trust funds in U.S. Treasury bills, notes, bonds, par value special issues, and one-day certificates.

Presently, all earnings from AML investments are reinvested, providing a source of continuous funding to further enhance AML trust fund equity. However, effective with fiscal year 1996, the Office of Surface Mining will be required to transfer annually up to $70 million in interest earned from the AML trust funds to the United Mine Workers Benefit fund. These investment proceeds will then be available to provide health benefits for certain eligible retired coal miners and their dependents.

Fish and Wildlife Service: The U.S. Treasury collects, invests, and maintains on behalf of the Fish and Wildlife Service (FWS) the Aquatic Resources Trust Fund, which includes FWS's Sport Fish Restoration Account. The Appropriations Act of 1951 authorizes amounts equal to revenues credited during the year to be used in the subsequent fiscal year and recorded as “permanent appropriations to remain available until expended.” The FWS investment amount does not include fiscal year 1995 collections held by Treasury for reporting in subsequent years.

Office of the Secretary: Effective with fiscal year 1994, the Office of the Secretary was delegated responsibility for investing funds contributed to the Utah Reclamation Mitigation and Conservation Account .

Bureau of Indian Affairs: The Bureau of Indian Affairs (BIA) invests Irrigation and Power receipts in U.S. Government and public securities until the funds are required for project operations. Federal investments are purchased under the U.S. Treasury Overnighter Program and in U.S. Treasury Bills and Notes.

National Park Service: The National Park Service administers an endowment on behalf of the Lincoln Farm Association. Investment earnings from this endowment are used to provide for maintenance and upkeep of Abraham Lincoln's birthplace.

When previously issued Treasury Bills are purchased by the Department, the unamortized premium or (discount) is calculated by Treasury at the time of the purchase.

Treasury Securities as of September 30, 1995

(dollars in thousands)	**Face Value**	**Unamortized (Discount)**	**Net Book Value**
Office of Surface Mining	$ 1,315,335	$ (23,269)	$ 1,292,066
U.S. Fish and Wildlife Service	549,475	(16,362)	533,113
Office of the Secretary	29,452	(1,494)	27,958
Bureau of Indian Affairs	12,915	(21)	12,894
National Park Service	65	-	65
Total Treasury Securities	$ 1,907,242	$ (41,146)	$ 1,866,096

Treasury Securities, as of September 30, 1994

(dollars in thousands)	**Face Value**	**Unamortized (Discount)**	**Net Book Value**
Office of Surface Mining	$ 1,185,795	$ (10,411)	$ 1,175,384
U.S. Fish and Wildlife Service	69,062	(235)	68,827
Office of the Secretary	13,680	(108)	13,572
Bureau of Indian Affairs	27,384	-	27,384
National Park Service	65	-	65
Total Treasury Securities	$ 1,295,986	$ (10,754)	$ 1,285,232

Investments in Public Securities represent the net cost of the public securities held by the BIA's Power and Irrigation program as of September 30, 1995 and 1994 and are recorded at cost. The BIA's transactions in public securities are authorized under Public Law 93-146.

B. Assets Held on Behalf of Others

Pursuant to Section 7 of the Outer Continental Shelf Lands Act, the Minerals Management Service is authorized to invest receipts from Outer Continental Shelf leases having boundary disputes in government securities. The current investment amount results from an ongoing boundary dispute with the State of Alaska dating back to 1979.

Escrow Investments held by Minerals Management Service

(dollars in thousands)	**1995**	**1994**
Cost	$ 1,362,101	$ 1,291,757
Amortized Discount	44,564	22,307
Net Book Value	$ 1,406,665	$ 1,314,064

Note 4. Accounts Receivable

A. Current Assets

Public, Net of Allowance for Doubtful Accounts: Accounts receivable due to the Department from the public, net of allowance for doubtful accounts, as of September 30, are distributed as follows:

Accounts Receivable -- Public, Net of Allowance for Doubtful Accounts

(dollars in thousands)	**1995**	**1994**
Natural Resources		
Bureau of Reclamation	$ 83,139	$ 180,887
Office of Surface Mining	12,606	13,651
Bureau of Land Management	7,868	1,408
National Park Service	6,969	10,686
U.S. Fish and Wildlife Service	5,286	3,418
Minerals Management Service	107	102
Total Natural Resources	115,975	210,152
Science	71,508	75,309
Indian Affairs	23,919	30,020
Other Programs	245	455
Net Accounts Receivable from the Public	$ 211,647	$ 315,936

Accounts Receivable Due from Federal Agencies represent reimbursements earned from Federal agencies but uncollected as of year end.

B. Other Assets

Non-Current and Unmatured Receivables represent amounts due at future dates to the Bureau of Reclamation from the beneficiaries of large water and irrigation projects. The costs of building these projects are recovered from landowners and/or lessees over the estimated lives of the project. (See Note 10)

Note 5. Inventory

A. Current Assets

Inventory

(dollars in thousands)	**1995**	**1994**
Published Maps Held for Sale	$ 87,824	$ 83,676
Helium Held for Sale	6,561	7,913
Resource Management Inventory	2,486	2,779
Other Inventory	1,986	18,242
Total Inventory	$ 98,857	$ 112,610

The majority of published maps held for sale are stored in the U.S. Geological Survey's (USGS) Rocky Mountain Mapping Center warehouse in Denver, Colorado. Although the USGS has a policy of conducting annual physical inventories, an asbestos problem at the Rocky Mountain site prevented physical inventories from being conducted during fiscal years 1995 and 1994. The problem has been resolved and a physical inventory is scheduled prior to the close of fiscal year 1996. The amounts presented in the financial statements for published maps are estimated.

The U.S. Bureau of Mines' helium inventory held for sale includes above-ground refined helium plus that portion of helium in underground storage estimated to be sold in the following fiscal year. The inventory balances at September 30 include estimated sales of 250,000 mcf of crude helium during fiscal year 1996, and 300,000 mcf of crude helium during fiscal year 1995.

The Bureau of Land Management maintains an inventory for use in its resource management programs.

B. Other Assets

The helium stockpile inventory is stored underground in a partially depleted natural gas reservoir. The Bureau of Mines believes that 95 percent of the stockpile is recoverable, however, the amount of helium that will eventually be recovered depends on the future price of helium and the ability to control the mixing of native gas and the stockpiled helium.

Note 6. Property, Plant and Equipment

The capitalization and depreciation policies for property, plant and equipment are determined by individual Department Bureaus. In general, equipment is capitalized at acquisition cost and is depreciated over its useful life using the straight-line method. The capitalization threshold is generally $5,000.

Property, Plant and Equipment, Net of Depreciation

(dollars in thousands)	**Buildings Structures & Facilities**	**Vehicles Equipment & Aircraft**	**Other Plant & Equipment**	**Total 1995**	**Total 1994**
Natural Resources					
Bureau of Reclamation	$ 18,982,513	$ 76,968	$ 47,279	$ 19,106,760	$ 18,795,170
National Park Service	987,573	88,313	-	1,075,886	3,744,117
U.S. Fish and Wildlife Service	658,931	115,727	-	774,658	801,166
Bureau of Land Management	164,443	119,336	-	283,779	869,688
Minerals Management Service	-	12,422	-	12,422	12,954
Office of Surface Mining	-	5,609	-	.5,609	7,066
Total Natural Resources	20,793,460	418,375	47,279	21,259,114	24,230,161
Science	89,035	159,545	-	248,580	438,628
Indian Affairs	2,998,554	164,180	356,840	3,519,574	3,219,019
Other Programs	964	24,582	25	25,571	27,543
Net Property, Plant and Equipment	$ 23,882,013	$ 766,682	$ 404,144	$ 25,052,839	$ 27,915,351

Note 7. Stewardship Land

As a Nation, Americans once owned nearly two billion acres of public lands. In the course of national expansion and development, public lands were sold or deeded by the Federal Government to the States and their counties and municipalities, to educational institutions, to private citizens and to businesses and corporations. Other lands were set aside as national parks, forests, wildlife refuges and military installations. Currently, Federal civil and defense agencies administer about 660 million acres, or about 29 percent of the total 2.3 billion acres in the United States. Of the 660 million acres under Federal control, approximately 445 million acres are administered by the Department of Interior, principally by the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service.

The Bureau of Land Management (BLM) has exclusive jurisdiction for about 41 percent, or 270 million acres, of the Federally owned lands. Approximately one-third of this area is in the State of Alaska. Public lands under the jurisdiction of BLM are managed under the principles of multiple use and sustained yield for the benefit of all Americans. Public lands are leased to private companies providing vast amounts of oil, natural gas, and other valuable minerals. Leases to ranchers allow livestock, primarily sheep and cattle, to forage on more than 170 million acres of public lands. Timber products are another valuable commodity produced from public lands. Finally, most of the public lands are available for a wide variety of recreational activities, including camping, hunting, fishing, skiing, and hiking.

The Fish and Wildlife Service administers about 92 million acres, or almost 14 percent of the Federally owned lands. The majority of this land comprises more than 500 national wildlife refuges that provide habitat for migratory birds, endangered species, and other wildlife as well as wildlife oriented public recreation.

The National Park Service administers about 83 million acres, or approximately 12.5 percent of the Federally owned lands. The National Park System encompasses 369 park units in 49 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and the Northern Mariana Islands. During fiscal year 1995, there were approximately 270 million recreational visits and nearly 17.6 million overnight stays in National Parks. During fiscal year 1994, there were approximately 265 million recreational visits and nearly 19 million overnight stays in National Park units.

For additional discussion of stewardship land, see the report on Stewardship Assets at page 69.

Note 8. Loans and Interest Receivable

The Bureau of Reclamation, the Bureau of Indian Affairs and the National Park Service administer loan programs. Loans are accounted for as receivables after the funds are disbursed.

Direct loans and loan guarantees made during and after fiscal year 1992 are accounted for in accordance with the requirements of the Credit Reform Act of 1990, and are referred to as “credit reform loans.” The Act provides that the present value of the subsidy costs associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed. Under credit reform, loans are comprised of two components. The first component is borrowed from the U.S. Treasury with repayment provisions. The second component is for the subsidized portion of the loan and is funded by Congressional appropriation. While this component is not subject to repayment, it receives annual appropriations to fund any increases in subsidy due to interest rate fluctuations and changes in default rate estimates.

Prior to the Credit Reform Act, funding for loans was provided by Congressional appropriation from the general or special funds. These loans, referred to as “liquidating loans,” are reported net of an allowance for estimated uncollectible loans or estimated losses.

Reclamation’s programs provide Federal assistance to organizations wishing to construct or improve water resources development in the West. Reclamation currently has six loans outstanding, totaling $27,156 million. The majority of the remaining loan receivable balance ($109,684 million) is made up of Reclamation Fund drought and principal repayment loans.
The Bureau of Indian Affairs provides direct and guaranteed loans to Indian tribes and organizations, Indian individuals, and Alaska Natives for economic development purposes. The Bureau has Credit Reform loan accounts (post 1991) for the Indian Direct Loan Program and Indian Loan Guarantee Program and a Liquidating Fund for loans made prior to 1992.

Pursuant to the Wolf Trap Farm Park Act, the Wolf Trap Foundation for the Performing Arts and the National Park Service amended their cooperative agreement to set up a repayment schedule of loan principal to the Foundation totaling $8 million. The monies received for repayment may be retained until expended by the Secretary of the Interior in consultation with the Foundation for the maintenance of structures, facilities and equipment of the park.

Table 1
Direct and Guaranteed Loans, Net of Allowance for Doubtful Accounts

(dollars in thousands)	**1995**	**1994**
Credit Reform Loans (see tables 2 and 3)	$ 171,020	$ 183,923
Liquidating Loans (see table 4)	77,418	73,957
Net Loans and Interest Receivable	$ 248,438	$ 257,880

Table 2
Credit Reform Loans (Post 1991) as of September 30, 1995

(dollars in thousands)	**Loans Receivable**	**Allowance for Doubtful Accounts**	**Loans, Net of Allowance**
Bureau of Reclamation	$ 136,840	$ -	$ 136,840
Bureau of Indian Affairs	39,169	(12,189)	26,980
National Park Service	7,200	-	7,200
Total Credit Reform Loans	$ 183,209	$ (12,189)	$ 171,020

Table 3
Credit Reform Loans (Post 1991) as of September 30, 1994

(dollars in thousands)	**Loans Receivable**	**Allowance for Doubtful Accounts**	**Loans, Net of Allowance**
Bureau of Reclamation	$ 161,283	$ (1,433)	$ 159,850
Bureau of Indian Affairs	32,446	(8,373)	24,073
National Park Service	-	-	-
Total Credit Reform Loans	$ 193,729	$ (9,806)	$ 183,923

Table 4
Liquidating Loans (Pre-1992)

(dollars in thousands)	**1995**	**1994**
Bureau of Indian Affairs		
Direct Loans and Guaranteed Loans	$ 128,025	$ 113,021
Allowance for Doubtful Loans	(50,607)	(39,064)
Net Loans and Interest Receivable	$ 77,418	$ 73,957

Note 9. Power Rights

Power rights represent the unamortized cost of the right or privilege to use the facilities of others, or the right to future power generation or power revenues when such rights are not subject to early liquidation. The power rights associated with the Central Arizona Project ($235 million) represent the most significant portion of this asset account.

Note 10. Deferred Revenue

Unearned revenue is recorded as deferred revenue until earned. The majority of the deferred revenue ($3,332 million as of September 30, 1995) represents the cost of construction of capital assets reimbursable to the Bureau of Reclamation in the future, through water repayment contracts with water and other facility users. The repayments are recognized as revenue, including interest if applicable, when the annual amounts become due each year.

Note 11. Notes Payable to Treasury

The Department's debt comprises amounts due Treasury for (1) the helium production fund and (2) borrowings to finance the Bureau of Indian Affairs loan programs established under the Indian Financing Act of 1974.

Notes Payable to Treasury

(dollars in thousands)	**1995**	**1994**
U.S. Bureau of Mines (Helium Fund)	$ 1,373,204	$ 1,299,560
Bureau of Indian Affairs	27,892	25,011
Bureau of Reclamation	17,136	15,153
Total Notes Payable to Treasury	$ 1,418,232	$ 1,339,724

A. U.S. Bureau of Mines

Notes Payable to Treasury from the Helium Fund

(dollars in thousands)	**1995**	**1994**
Principal: *		
Net Worth Debt 1/	$ 37,343	$ 37,343
Additional Borrowing from Treasury 2/	251,650	251,650
Total Principal	288,993	288,993
Interest: 3/		
Beginning Balance	1,020,567	987,694
Interest Expense	73,644	42,873
Repayments	(10,000)	(10,000)
Ending Balance	1,084,211	1,020,567
Total Debt	1,373,204	1,309,560
Less: Amount to be Paid Currently	-	(10,000)
Notes Payable to Treasury - Helium Fund	$ 1,373,204	$ 1,299,560

* *These amounts were due 25 years from the date the funds were borrowed. These funds were borrowed at different times and are now delinquent.*

1/ *Net Worth Debt is the amount recorded by Treasury for the net worth capital and retained earnings of the Helium Fund established under section 164 of Chapter 10 of Title 50 of the United States Code, enacted March 3, 1925, (prior to amendments by the Helium Act Amendments of 1960), plus any monies expended the reafter by the Department of the Interior from funds provided in the Supplemental Appropriation Act of 1959 for construction of a helium plant at Keyes, Oklahoma.*

2/ *Additional borrowing from Treasury represent funds borrowed for the acquisition and construction of helium plants and facilities and other related purposes including the purchase of helium.*

3/ *Interest on borrowing is compound interest on the debts described in 1/ and 2/ above which has not been repaid to Treasury. Interest is calculated annually at rates determined by the Secretary of the Treasury taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to investments authorized. The interest rate on 1/ above was determined as of September 30, 1960, and the interest on 2/ above was determined at the time of each borrowing.*

B. Bureau of Indian Affairs

As of September 30, 1995 and 1994, the Bureau of Indian Affairs had borrowed $27,892 thousand and $25,011 thousand, respectively, from the U.S. Treasury to finance non-long term costs of operating the loan programs authorized under the Indian Financing Act of 1974 or the Federal Credit Reform Act of 1990.

C. Bureau of Reclamation

Notes Payable to Treasury - Bureau of Reclamation

(dollars in thousands)	Interest Rate	Date of Maturity	1995	1994
Bureau of Reclamation Project				
Eastern Municipal Water District	7.63%	2012	$ 13,293	$ 13,293
Ft. McDowell Indian Community	6.65%	2047	1,860	1,860
Chino Basin Desalination Project	8.21%	2032	1,013	-
Castroville Irrigation Project	8.21%	2042	691	-
Temescal Valley Project	8.21%	2037	280	-
Total Notes Payable to Treasury - Reclamation			$ 17,137	$ 15,153

Note 12. Contingent Liabilities

A. Hazardous Materials

The Department of the Interior is the Federal agency responsible for the Nation's National Parks, Wildlife Refuges and public domain lands, which comprises approximately one-fifth of the Nation's land mass. In this role, the Department is faced with many hazardous waste clean-up situations. The hazards include chemical hazards such as drums of toxic chemicals and soil and water contaminated by chemicals, and physical hazards such as open mine shafts.

Hazardous conditions on Department of the Interior lands for which the Department might fund clean up may result from:

- legal mining activities by others over the past two centuries and prior to current strict environmental clean up and restoration laws
- legal mining activities subject to current standards, but where the responsible party cannot be found, has declared bankruptcy, or otherwise cannot be compelled to remove the hazard
- illegal activities, including active and abandoned narcotics laboratories, hazardous materials dumping and illegal mining.

In a limited number of cases, the Department may have created or contributed to the hazard. For example, the Bureau of Mines is named as a responsible party for the clean up of certain lands where research into mining techniques was conducted. The Bureau of Indian Affairs may be responsible for the clean up of contaminated soils around dip vats used to control the outbreak of scabies mites in sheep on the Navajo Reservation.

The Department has an active program to track hazardous sites, secure the affected areas and begin clean-up of priority areas. However, the vast expanse of Department lands prevents an acre by acre review, thus the total number of sites is not determinable. Once a site has been identified, it can take several years to evaluate the site and estimate potential clean up costs. The estimated cost of cleaning up all hazardous sites, both known and unknown, is not determinable, but is very likely in the billions of dollars.

B. Indian Trust Funds

The Secretary of the Interior is entrusted with the management of the monies and lands held in trust by the U.S. Government for Indians and Indian Tribes. However, over time, many problems have plagued the management of these funds. While there is no evidence that funds have been lost or stolen, the method of record keeping over the last several decades is not sufficient to reconstruct all activity or to permit a complete reconciliation of the trust accounts. The Department is presently negotiating with Indian Tribes and their representatives to resolve this issue.

C. Dam Safety

The Department, through the Bureau of Reclamation and the Bureau of Indian Affairs, is responsible for the management and maintenance of several hundred dams and reservoirs. Over half of these facilities were constructed between 1900 and 1950 and the continued safe operation of this aging infrastructure is a high priority of the Department. The Department has identified those structures that would place the public at risk if they were to fail, and has embarked on a program to detect and analyze dam safety problems, install early warning systems and make the repairs needed to mitigate structural deficiencies and risks. During fiscal year 1995, funding was available to perform inspections of approximately one hundred facilities, and to continue or complete structural modifications and early warning systems at approximately two dozen locations.

In addition to the above items, the Department is party to a number of lawsuits and other actions where monetary amounts are sought from the Department. In the opinion of management, the resolution of these other matters will not have a material impact on Department operations or financial position.

Note 13. Operating Expenses

Operating Expenses by Object Class

(dollars in thousands)	1995	1994
Salaries and Benefits	$ 3,455,436	$ 3,640,991
Contractual Services	2,192,885	1,828,222
Grants, Subsidies and Contributions	2,102,877	1,826,308
Reimbursable Expenses - Federal	434,863	300,286
Rents, Communications and Utilities	335,114	342,452
Supplies and Materials	243,817	234,479
Travel and Transportation	195,506	199,635
Non-Capital Equipment	143,683	112,125
Reimbursable Expenses - Public	27,891	176,676
Printing and Reproduction	20,093	21,180
Other Expenses	282,383	219,385
Less: Intra-Departmental Expenses	(296,757)	(278,469)
Total Operating Expenses	$ 9,137,791	$ 8,623,270

Operating Expenses by Bureau

(dollars in thousands)	1995	1994
Natural Resources		
National Park Service	$ 1,580,855	$ 1,511,513
U.S. Fish and Wildlife Service	1,141,349	1,072,388
Bureau of Land Management	1,067,793	998,520
Bureau of Reclamation	1,041,170	950,304
Office of Surface Mining	311,505	299,663
Minerals Management Service	196,611	205,683
Total Natural Resources	5,339,283	5,038,071
Science	1,261,535	1,238,046
Indian Affairs	2,003,199	1,959,988
Other Programs	830,531	665,634
Subtotal	9,434,548	8,901,739
Intra-Agency Eliminations	(296,757)	(278,469)
Total Operating Expenses	$ 9,137,791	$ 8,623,270

Note 14. Other Revenues

Other revenues received by the Department are either non-recurring, or not directly related to the entity's mission.

Other Revenue

(dollars in thousands)	1995	1994
Natural Resources		
U.S. Fish and Wildlife Service	$ 147,191	$ 77,133
Bureau of Land Management	20,328	14,217
Office of Surface Mining	6,191	4,408
Total Natural Resources	173,710	95,758
Science	7,905	22,818
Indian Affairs	8,244	21,616
Total Other Revenue	$ 189,859	$ 140,192

Note 15. Cumulative Results of Operations

The Cumulative Results of Operations represents the accumulations over the years by the Department from its investment in capital assets, financing sources less its expenditures, donated capital, and the liabilities that are not covered by available budgetary resources for such items as accrued leave, credit reform subsidies, and actuarial liabilities. The composition of the Cumulative Results of Operations as shown in the financial statements for fiscal years 1995 and 1994 is shown below:

Cumulative Results of Operations

(dollars in thousands)	1995	1994
Capital Invested in Physical Assets	$24,971,183	$ 28,741,699
Operations and Future Funding	569,409	(344,930)
Other	708,473	764,228
Total Cumulative Results of Operations	$26,249,065	$ 29,160,997