

Required Supplementary Information (Unaudited, See Auditors' Report)

This section includes the Combining Statement of Budgetary Resources (Budgetary Accounts), deferred maintenance information, intra-governmental transaction disclosures, and supplemental statements for combined working capital and franchise funds.

Combining Statement of Budgetary Resources
for the year ended September 30, 2003
(in thousands)

| | Interior Franchise Fund | Water and Related Resources | National Park Service Operations | National Park Service Construction | Management of Land and Resources |
|--|-------------------------------|-----------------------------------|--|--|--|
| Budgetary Resources: | | | | | |
| Budget Authority: | | | | | |
| Appropriations Received | \$ - | \$ 832,509 | \$ 1,574,565 | \$ 303,043 | \$ 831,444 |
| Borrowing Authority | - | - | - | - | - |
| Net Transfers, Current Year Authority | - | (73,150) | 162 | 15,598 | 78 |
| Unobligated Balance: | | | | | |
| Beginning of Fiscal Year | 378,456 | 256,269 | 66,404 | 386,805 | 34,203 |
| Net Transfers, Unobligated Balance, Actual | - | (425) | - | 1 | 400 |
| Spending Authority From Offsetting Collections: | | | | | |
| Earned | | | | | |
| Collected | 2,037,822 | 186,366 | 16,424 | 122,008 | 55,026 |
| Receivable From Federal Sources | (118,682) | (9,725) | 50 | 2,927 | 2,709 |
| Change in Unfilled Customer Orders | | | | | |
| Advance Received | 499,680 | 9,379 | - | (30,781) | (37) |
| Without Advance From Federal Sources | (186,789) | (9,869) | - | 14,100 | 1,721 |
| Recoveries of Prior Year Obligations | - | 24,130 | 9,302 | 2,832 | 19,248 |
| Permanently Not Available | - | (4,789) | (18,058) | (2,116) | (5,367) |
| Total Budgetary Resources | \$ 2,610,487 | \$ 1,210,695 | \$ 1,648,849 | \$ 814,417 | \$ 939,425 |
| Status of Budgetary Resources: | | | | | |
| Obligations Incurred: | | | | | |
| Direct | \$ - | \$ 776,563 | \$ 1,562,187 | \$ 350,554 | \$ 871,885 |
| Reimbursable | 1,889,943 | 167,506 | 17,635 | 122,691 | 30,778 |
| Total Obligations Incurred | 1,889,943 | 944,069 | 1,579,822 | 473,245 | 902,663 |
| Unobligated Balance: | | | | | |
| Apportioned | 720,544 | 266,626 | 47,473 | 341,172 | 36,750 |
| Exempt From Apportionment | - | - | - | - | - |
| Unobligated Balance not Available | - | - | 21,554 | - | 12 |
| Total Status of Budgetary Resources | \$ 2,610,487 | \$ 1,210,695 | \$ 1,648,849 | \$ 814,417 | \$ 939,425 |
| Relationship of Obligations to Outlays: | | | | | |
| Obligations Incurred | \$ 1,889,943 | \$ 944,069 | \$ 1,579,822 | \$ 473,245 | \$ 902,663 |
| Obligated Balance, Net, Beginning of Fiscal Year | 48,974 | 335,076 | 318,406 | 303,091 | 231,470 |
| Obligated Balance, Net, End of Fiscal Year: | | | | | |
| Accounts Receivable | 23,421 | 9,922 | 478 | 18,238 | 6,491 |
| Unfilled Customer Orders From Federal Sources | 243,307 | 28,366 | - | 65,528 | 6,441 |
| Undelivered Orders | (416,358) | (265,211) | (250,545) | (309,780) | (191,982) |
| Accounts Payable | (292,378) | (112,261) | (49,574) | (104,493) | (39,099) |
| Less: Spending Authority Adjustments | 305,471 | (4,536) | (9,351) | (19,860) | (23,678) |
| Outlays: | | | | | |
| Disbursements | 1,802,380 | 935,425 | 1,589,236 | 425,969 | 892,306 |
| Collections | (2,537,502) | (195,745) | (16,425) | (91,227) | (54,989) |
| Subtotal | (735,122) | 739,680 | 1,572,811 | 334,742 | 837,317 |
| Less: Offsetting Receipts | - | (408) | - | - | - |
| Net Outlays | \$ (735,122) | \$ 739,272 | \$ 1,572,811 | \$ 334,742 | \$ 837,317 |

Combining Statement of Budgetary Resources
for the year ended September 30, 2003
(in thousands)

| Wildland Fire Management | Fish and Wildlife Resource Management | Minerals Leasing and Associated Payments | Operation of Indian Programs | Survey, Investigation and Research | Other Budgetary Accounts | Total Budgetary Accounts |
|-----------------------------|--|---|------------------------------------|--|--------------------------------|--------------------------------|
| \$ 879,406 | \$ 922,429 | \$ 947,006 | \$ 1,867,009 | \$ 925,287 | \$ 4,921,056 | \$ 14,003,754 |
| - | - | - | - | - | - | - |
| (16,182) | 18,113 | - | - | - | (14,969) | (70,350) |
| 119,529 | 52,121 | - | 451,204 | 53,724 | 2,679,696 | 4,478,411 |
| (13,397) | 645 | - | (2,929) | - | (14,128) | (29,833) |
| 34,768 | 132,343 | - | 198,405 | 391,699 | 1,610,138 | 4,784,999 |
| 275 | 1,989 | - | 4,692 | (2,103) | (28,648) | (146,516) |
| 1,550 | (8,385) | - | 27,907 | (27,781) | 46,094 | 517,626 |
| 2,205 | (8,279) | - | 1,302 | 35,864 | (9,976) | (159,721) |
| 39,841 | 19,433 | - | 32,415 | 10,766 | 146,724 | 304,691 |
| (4,254) | (6,038) | - | (19,465) | (11,420) | (136,116) | (207,623) |
| <u>\$ 1,043,741</u> | <u>\$ 1,124,371</u> | <u>\$ 947,006</u> | <u>\$ 2,560,540</u> | <u>\$ 1,376,036</u> | <u>\$ 9,199,871</u> | <u>\$ 23,475,438</u> |
| \$ 917,158 | \$ 969,541 | \$ 947,006 | \$ 1,854,661 | \$ 905,127 | \$ 4,880,919 | \$ 14,035,601 |
| 24,893 | 124,465 | - | 221,404 | 392,280 | 1,542,971 | 4,534,566 |
| 942,051 | 1,094,006 | 947,006 | 2,076,065 | 1,297,407 | 6,423,890 | 18,570,167 |
| 101,690 | 28,798 | - | 454,077 | 32,927 | 2,708,884 | 4,738,941 |
| - | - | - | - | - | 41,349 | 41,349 |
| - | 1,567 | - | 30,398 | 45,702 | 25,748 | 124,981 |
| <u>\$ 1,043,741</u> | <u>\$ 1,124,371</u> | <u>\$ 947,006</u> | <u>\$ 2,560,540</u> | <u>\$ 1,376,036</u> | <u>\$ 9,199,871</u> | <u>\$ 23,475,438</u> |
| \$ 942,051 | \$ 1,094,006 | \$ 947,006 | \$ 2,076,065 | \$ 1,297,407 | \$ 6,423,890 | \$ 18,570,167 |
| 307,525 | 263,121 | - | 266,872 | 111,208 | 2,767,462 | 4,953,205 |
| 3,331 | 30,297 | - | 13,004 | 174,308 | 51,705 | 331,195 |
| 13,012 | 41,370 | - | 19,359 | 59,475 | 46,495 | 523,353 |
| (274,274) | (294,811) | - | (185,809) | (169,574) | (2,986,794) | (5,345,138) |
| (56,311) | (46,119) | - | (65,280) | (90,519) | (394,350) | (1,250,384) |
| (42,321) | (13,143) | - | (38,409) | (44,527) | (108,100) | 1,546 |
| 893,013 | 1,074,721 | 947,006 | 2,085,802 | 1,337,778 | 5,800,308 | 17,783,944 |
| (36,318) | (123,958) | - | (226,312) | (363,918) | (1,656,230) | (5,302,624) |
| 856,695 | 950,763 | 947,006 | 1,859,490 | 973,860 | 4,144,078 | 12,481,320 |
| - | - | (947,006) | - | - | (2,714,315) | (3,661,729) |
| <u>\$ 856,695</u> | <u>\$ 950,763</u> | <u>\$ -</u> | <u>\$ 1,859,490</u> | <u>\$ 973,860</u> | <u>\$ 1,429,763</u> | <u>\$ 8,819,591</u> |

Combining Statement of Budgetary Resources
for the year ended September 30, 2002 (As Restated)
(in thousands)

| | Interior Franchise Fund | Water and Related Resources | National Park Service Operations | National Park Service Construction | Management of Land and Resources |
|--|-------------------------------|-----------------------------------|--|--|--|
| Budgetary Resources: | | | | | |
| Budget Authority: | | | | | |
| Appropriations Received | \$ - | \$ 748,819 | \$ 1,487,074 | \$ 410,168 | \$ 789,379 |
| Borrowing Authority | - | - | - | - | - |
| Net Transfers, Current Year Authority (+/-) | - | 190,887 | 184 | 1,000 | 773 |
| Unobligated Balance: | | | | | |
| Beginning of Fiscal Year | 128,266 | 67,518 | 46,563 | 453,675 | 51,270 |
| Net Transfers, Unobligated Balance, Actual (+/-) | - | 1,690 | - | (91,204) | - |
| Spending Authority From Offsetting Collections: | | | | | |
| Earned | | | | | |
| Collected | 394,186 | 187,902 | 18,339 | 103,648 | 41,363 |
| Receivable From Federal Sources | 29,344 | (5,429) | (257) | 2,518 | 1,198 |
| Change in Unfilled Customer Orders | | | | | |
| Advance Received | 175,729 | 1,758 | - | (8,893) | (773) |
| Without Advance From Federal Sources | 172,040 | 6,624 | - | 7,273 | 708 |
| Recoveries of Prior Year Obligations | - | 31,653 | 26,663 | 23,564 | 16,260 |
| Temporarily Not Available Pursuant to Public Law | - | - | - | - | - |
| Permanently Not Available | - | (285) | (9,837) | (250) | (963) |
| Total Budgetary Resources | \$ 899,565 | \$ 1,231,137 | \$ 1,568,729 | \$ 901,499 | \$ 899,215 |
| Status of Budgetary Resources: | | | | | |
| Obligations Incurred: | | | | | |
| Direct | \$ - | \$ 781,126 | \$ 1,485,443 | \$ 410,835 | \$ 841,878 |
| Reimbursable | 521,122 | 193,742 | 16,882 | 103,859 | 23,134 |
| Total Obligations Incurred | 521,122 | 974,868 | 1,502,325 | 514,694 | 865,012 |
| Unobligated Balance: | | | | | |
| Apportioned | 378,443 | 256,269 | 38,881 | 364,305 | 34,207 |
| Exempt From Apportionment | - | - | - | - | - |
| Unobligated Balance not Available | - | - | 27,523 | 22,500 | (4) |
| Total Status of Budgetary Resources | \$ 899,565 | \$ 1,231,137 | \$ 1,568,729 | \$ 901,499 | \$ 899,215 |
| Relationship of Obligations to Outlays: | | | | | |
| Obligations Incurred | \$ 521,122 | \$ 974,868 | \$ 1,502,325 | \$ 514,694 | \$ 865,012 |
| Obligated Balance, Net, Beginning of Fiscal Year | 91,513 | 282,882 | 312,313 | 230,962 | 203,716 |
| Obligated Balance, Net, End of Fiscal Year: | | | | | |
| Accounts Receivable | 45,598 | 19,646 | 429 | 15,313 | 3,782 |
| Unfilled Customer Orders From Federal Sources | 225,005 | 38,235 | - | 51,429 | 4,720 |
| Undelivered Orders | (219,979) | (276,877) | (213,913) | (282,372) | (191,653) |
| Accounts Payable | (99,423) | (116,081) | (104,922) | (87,459) | (48,320) |
| Less: Spending Authority Adjustments | (201,385) | (32,847) | (26,405) | (33,356) | (18,166) |
| Outlays: | | | | | |
| Disbursements | 362,451 | 889,826 | 1,469,827 | 409,211 | 819,091 |
| Collections | (569,915) | (189,660) | (18,340) | (94,755) | (40,590) |
| Subtotal | (207,464) | 700,166 | 1,451,487 | 314,456 | 778,501 |
| Less: Offsetting Receipts | - | (353) | - | - | (714) |
| Net Outlays | \$ (207,464) | \$ 699,813 | \$ 1,451,487 | \$ 314,456 | \$ 777,787 |

Combining Statement of Budgetary Resources
for the year ended September 30, 2002 (As Restated)
(in thousands)

| | Wildland Fire Management | Fish and Wildlife Resource Management | Minerals Leasing and Associated Payments | Operation of Indian Programs | Survey, Investigation and Research | Other Budgetary Accounts | Total Budgetary Accounts |
|-----------|-----------------------------|--|---|------------------------------------|--|--------------------------------|--------------------------------|
| \$ | 678,421 | \$ 850,597 | \$ 683,510 | \$ 1,809,970 | \$ 914,002 | \$ 4,769,528 | \$ 13,141,468 |
| | - | - | - | - | - | - | - |
| | 16,562 | - | - | - | 827 | (12,079) | 198,154 |
| | 120,310 | 50,574 | - | 445,329 | 48,261 | 2,426,037 | 3,837,803 |
| | 223,439 | - | - | 1,913 | - | (122,514) | 13,324 |
| | 25,250 | 116,310 | - | 169,133 | 377,859 | 1,674,139 | 3,108,129 |
| | (2,476) | 370 | - | (3,602) | 7,368 | 50,314 | 79,348 |
| | 7,409 | 216 | - | 111,752 | 5,371 | 40,597 | 333,166 |
| | (1,356) | 778 | - | (1,535) | (8,115) | 95,774 | 272,191 |
| | 20,554 | 19,467 | - | 36,067 | 7,280 | 152,630 | 334,138 |
| | - | - | - | - | - | (23,502) | (23,502) |
| | - | (584) | - | (21,872) | (6,783) | (32,768) | (73,342) |
| \$ | 1,088,113 | \$ 1,037,728 | \$ 683,510 | \$ 2,547,155 | \$ 1,346,070 | \$ 9,018,156 | \$ 21,220,877 |
| \$ | 952,542 | \$ 870,937 | \$ 683,510 | \$ 1,901,043 | \$ 901,306 | \$ 4,557,283 | \$ 13,385,903 |
| | 16,042 | 114,670 | - | 194,908 | 391,040 | 1,781,164 | 3,356,563 |
| | 968,584 | 985,607 | 683,510 | 2,095,951 | 1,292,346 | 6,338,447 | 16,742,466 |
| | 119,529 | 49,523 | - | 418,623 | 33,318 | 2,604,234 | 4,297,332 |
| | - | - | - | - | - | 46,873 | 46,873 |
| | - | 2,598 | - | 32,581 | 20,406 | 28,602 | 134,206 |
| \$ | 1,088,113 | \$ 1,037,728 | \$ 683,510 | \$ 2,547,155 | \$ 1,346,070 | \$ 9,018,156 | \$ 21,220,877 |
| \$ | 968,584 | \$ 985,607 | \$ 683,510 | \$ 2,095,951 | \$ 1,292,346 | \$ 6,338,447 | \$ 16,742,466 |
| | 273,651 | 245,700 | - | 218,414 | 113,248 | 2,550,228 | 4,522,627 |
| | 3,055 | 28,308 | - | 8,311 | 176,410 | 176,860 | 477,712 |
| | 10,808 | 49,649 | - | 18,056 | 23,611 | 261,562 | 683,075 |
| | (236,438) | (280,698) | - | (205,022) | (174,401) | (2,717,184) | (4,798,537) |
| | (84,950) | (60,380) | - | (88,217) | (136,829) | (488,872) | (1,315,453) |
| | (16,723) | (20,615) | - | (30,930) | (6,533) | (298,718) | (685,678) |
| | 917,987 | 947,571 | 683,510 | 2,016,563 | 1,287,852 | 5,822,323 | 15,626,212 |
| | (32,659) | (116,526) | - | (280,884) | (383,230) | (1,714,737) | (3,441,296) |
| | 885,328 | 831,045 | 683,510 | 1,735,679 | 904,622 | 4,107,586 | 12,184,916 |
| | - | - | (683,510) | - | - | (2,185,390) | (2,869,967) |
| \$ | 885,328 | \$ 831,045 | \$ - | \$ 1,735,679 | \$ 904,622 | \$ 1,922,196 | \$ 9,314,949 |

Deferred Maintenance

The Department of the Interior owns, builds, purchases, and contracts services for assets such as schools, office buildings, roads, bridges, dams, irrigation systems, and reservoirs. These assets are used to support the Department's stated mission. Interior's assets include some deteriorating facilities for which repair and maintenance have not been adequately funded. Current and prior budgetary restraints require that repair and maintenance on the assets be postponed for future years. Interior refers to this unfunded repair and maintenance of facilities and infrastructure as deferred maintenance.

Inadequately funded maintenance may result from reduced budgets, reallocation of maintenance funds for emergency requirements, insufficient management systems or practices, and competition for resources from other program needs. Deterioration of facilities can adversely impact public health and safety, reduce employees' morale and productivity, and increase the need for costly major repair or early replacement of structures and equipment. Undue wear on facilities may not be immediately noticeable to users, but inadequate maintenance can require that a facility be replaced or undergo major reconstruction before the end of its expected useful life.

Due to the scope, nature, and variety of the assets entrusted to the Department, as well as the nature of deferred maintenance itself, exact estimates of deferred maintenance are very difficult to determine. Interior has calculated estimates of deferred maintenance based on data from a variety of systems, procedures, and data sources. However, the accumulation of deferred maintenance cost estimates is not the primary purpose of many of these sources. The Department acknowledges that the reliability of these sources as a basis for deferred maintenance estimates can vary greatly from bureau to bureau. The Department is implementing management improvements to assess the condition of buildings and other facilities, building a system to monitor changes in conditions, and measuring performance in improving conditions.

Interior's current estimate for deferred maintenance includes property categories such as buildings; roads, bridges, and trails; irrigation, dams, and water structures; and other structures. The estimates generally include costs for such items as: (1) construction contract administration and inspection; (2) construction materials; (3) transportation; (4) removal of existing appurtenances, e.g., guard rails, furnishing and equipment items that are not physically attached to property, along with related storage, inventorying, and tagging; (5) fixed equipment; or (6) routine annual and preventive maintenance of facilities and other infrastructure. In addition, the estimate generally excludes vehicles and most other categories of operating equipment.

Condition Assessment

The assessment of deferred maintenance for the Department is dependent upon the bureaus having accurate and complete facilities information. In addition, the accumulation of facility data will provide the necessary information for compliance with the Federal Accounting Standard that requires annual reporting of deferred maintenance of fixed assets (SFFAS No. 6, Accounting for Property, Plant, and Equipment). Interior has chosen condition assessment as the method to be used for determining the deferred maintenance for each class of constructed asset.

Facilities and items of equipment are categorized according to condition using terms such as those shown below:

Good. Facility/equipment condition meets established maintenance standards, operates efficiently, and has a normal life expectancy. Scheduled maintenance should be sufficient to maintain the current condition. There is no deferred maintenance on buildings in good condition.

Fair. Facility/equipment condition meets minimum standards but requires additional maintenance or repair to prevent further deterioration, increase operating efficiency, and to achieve normal life expectancy.

Poor/Unsatisfactory. Facility/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function. In some cases, this includes condemned or failed facilities. Based on periodic condition assessments, an indicator of condition is the percent of facilities and item of equipment in each of the good, fair, or poor categories.

Bureau data indicate that the estimated amount needed to fund the correction of deferred maintenance for property, plant, and equipment through the Department may range from approximately \$7.4 billion to \$12.8 billion (*Table 34*).

TABLE 34

Estimated Range of FY 2003 Deferred Maintenance
(in thousands)

| Type of Deferred Maintenance | General PP&E | | Stewardship PP&E | | Total | |
|------------------------------|--------------------|---------------------|------------------|--------------------|--------------------|---------------------|
| | Low | High | Low | High | Low | High |
| Roads, Bridges, Trails* | \$3,047,298 | \$6,041,438 | \$324,174 | \$700,294 | \$3,371,472 | \$6,741,732 |
| Irrigation, Dams and Other | | | | | | |
| Water Structures | 1,818,722 | 2,313,541 | 127,203 | 235,460 | 1,945,925 | 2,549,001 |
| Buildings * | 1,311,128 | 1,973,290 | 188,795 | 392,099 | 1,499,923 | 2,365,389 |
| Other Structures * | 502,088 | 934,653 | 108,714 | 231,043 | 610,802 | 1,165,696 |
| DOI Total | \$6,679,236 | \$11,262,922 | \$748,886 | \$1,558,896 | \$7,428,122 | \$12,821,818 |

*These totals include deferred maintenance on non-Bureau of Indian Affairs-owned (tribal) assets for which the Bureau of Indian Affairs is responsible for maintenance (e.g., roads on tribal lands).

Intra-Governmental Transaction Disclosures

Intra-governmental amounts represent transactions between Federal entities included in the Federal government's annual financial report. These transactions include assets, liabilities, revenues, transfers, and expenses. Interior's FY 2003 intra-governmental transactions are shown in *Tables 35, 36, 37, and 38*.

TABLE 35

| Department of the Interior Intra-Governmental Assets (in thousands) | | | | |
|---|-------------------------------|-------------|-------------------------------------|-----------------------------|
| Trading Partner | Fund Balance with Treasury | Investments | Accounts and Interest Receivable | Advances and Prepayments |
| Treasury | \$28,698,208 | \$5,609,992 | \$196,712 | |
| Agriculture | | | 17,591 | |
| Library of Congress | | | | \$1,603 |
| Army | | | 10,496 | |
| EPA | | | 10,255 | |
| Transportation | | | 55,971 | 485 |
| Energy | | | 21,512 | 700 |
| Corps of Engineers | | | 6,659 | 2 |
| Defense | | | 23,109 | 211 |
| Other | | | 48,442 | 623 |
| Total | \$28,698,208 | \$5,609,992 | \$390,747 | \$3,624 |

TABLE 36

| Department of the Interior Liabilities to Federal Agencies (in thousands) | | | | | | | | | |
|---|------------------|--------------------|------------------------------|-------------------------------|------------------|---------------------|-------------------|------------------|-------------------|
| Trading Partner | Accounts Payable | Debt | Accrued Payroll and Benefits | Advances and Deferred Revenue | Deferred Credits | Custodial Liability | Aquatic Resources | Judgment Fund | Other Liabilities |
| Treasury | \$2,462 | \$1,364,452 | \$16,936 | \$5,002 | \$130 | \$763,387 | | \$179,725 | \$92,086 |
| EOP | 1,001 | | | 83,185 | 246 | | | | |
| Agriculture | 2,614 | | 571 | 22,383 | 12,050 | | | | |
| Commerce | 876 | | | 128 | 6,225 | | | | |
| Justice | 4,769 | | | 15,925 | | | | | |
| Labor | 1,921 | | 125,956 | 390 | | | | | |
| Navy | 416 | | | 176,138 | | | | | |
| Army | 25 | | | 382,316 | | | | | |
| OPM | 119 | | 41,974 | 158 | 362 | | | | 562 |
| GSA | 31,733 | | | 7,090 | | | | | 29,109 |
| NSF | 5 | | | 2,856 | 6 | | | | |
| Air Force | 232 | | | 104,968 | 45 | | | | |
| Homeland Security | | | | 30,643 | | | \$62,515 | | |
| EPA | 48 | | | 1,800 | | | | | |
| Transportation | 897 | | | 3,576 | 184 | | 83 | | |
| AID | | | | 12,258 | | | | | |
| HHS | 535 | | | 112,459 | 58 | | | | |
| NASA | 311 | | | 2,975 | | | | | |
| Energy | 3,022 | | | 15,167 | 2 | | | | |
| Education | 414 | | | 140,988 | | | | | |
| Corps of Engineers | 10,293 | | | 2,488 | | | 327,164 | | |
| Defense | 133 | | | 103,106 | 18 | | | | |
| Other | 6,012 | | | 10,740 | | | | | |
| TOTAL | \$67,838 | \$1,364,452 | \$185,437 | \$1,236,739 | \$19,326 | \$763,387 | \$389,762 | \$179,725 | \$121,757 |

TABLE 37

| Department of the Interior Intra-Governmental Revenue, Transfers, and Expenses (in thousands) | | | | | | |
|---|---------------|----------------|--------------------------------------|--------------------------------|-----------------------------------|--------------|
| Trading Partner | Transfers, In | Transfers, Out | Other Non-Exchange Revenue (1) | Imputed Financing Source | Sales of Goods and Services | Expenses (2) |
| Treasury | \$173,033 | \$240,721 | \$87,293 | \$215,859 | \$74,517 | \$465,183 |
| EOP | | | | | 243,343 | 2,084 |
| Agriculture | 1,490 | 165,897 | | | 81,151 | 79,103 |
| Commerce | | 4,669 | | | 19,250 | 8,888 |
| Justice | | 5,352 | | | 14,717 | 13,985 |
| Labor | | 4 | | | 657 | 84,933 |
| Navy | | | | | 184,082 | 1,534 |
| USPS | | | | | 12,405 | 9,812 |
| State | | | | | 15,298 | 493 |
| Army | | | | | 454,450 | 2,711 |
| OPM | | | | 341,240 | 17 | 952,976 |
| SSA | | | | | 22,413 | |
| GSA | 303,502 | 286,920 | | | 18,734 | 466,588 |
| NSF | | | | | 5,294 | 186 |
| Air Force | | | | | 97,880 | 2,098 |
| EPA | 991 | | | | 42,714 | 1,450 |
| Transportation | 295,926 | | | | 12,950 | 12,367 |
| Homeland Security | | 65,000 | | | 34,760 | 447 |
| AID | | | | | 41,005 | |
| HHS | | | | | 76,007 | 9,178 |
| NASA | | | | | 16,601 | 2,120 |
| Energy | 284,726 | 157,574 | | 6,052 | 398,283 | 59,435 |
| Education | | | | | 187,755 | |
| Corps of Engineers | | 56,938 | | 7,393 | 52,420 | 16,526 |
| DOD | 2,472 | | | | 178,908 | 23,130 |
| Other | 14,568 | 24,433 | | | 31,959 | 31,075 |
| TOTAL | \$1,076,708 | \$1,007,508 | \$87,293 | \$570,544 | \$2,317,570 | \$2,246,302 |

(1) Other Non-Exchange Revenue represents transactions with other Federal entities. These revenues are different from those reported on the Consolidated Statement of Changes in Net Position, which reports transactions with Federal entities and the public.

(2) Expenses represent transactions with other Federal entities. These expenses are different from those reported on the Statement of Net Cost, which reports costs to generate intra-governmental revenue.

TABLE 38

Intra-Governmental Gross Cost to Generate Earned Revenue
by Budget Functional Classification

| (Amounts in thousands) | BFC 300: Natural Resources and Environment | | BFC 450: Community and Regional Development | | BFC 800: General Government | | TOTAL REVENUE | TOTAL COST ASSOCIATED WITH EARNING REVENUE |
|---|--|--------------------------------------|---|--------------------------------------|-----------------------------|--------------------------------------|------------------|--|
| | Revenue | Cost associated with earning Revenue | Revenue | Cost associated with earning Revenue | Revenue | Cost associated with earning Revenue | | |
| Department of the Treasury | 64,294 | 65,021 | 10,078 | 10,228 | 146 | 147 | 74,518 | 75,396 |
| Executive Office of the President | 243,343 | 246,097 | - | - | - | - | 243,343 | 246,097 |
| Department of Agriculture | 80,483 | 81,394 | 667 | 677 | - | - | 81,150 | 82,071 |
| Department of Commerce | 18,870 | 19,083 | 204 | 207 | 176 | 177 | 19,250 | 19,467 |
| Department of Justice | 14,717 | 14,884 | - | - | - | - | 14,717 | 14,884 |
| Department of Labor | 571 | 577 | 87 | 88 | - | - | 658 | 665 |
| Department of the Navy | 184,082 | 186,165 | - | - | - | - | 184,082 | 186,165 |
| United States Postal Service | 12,404 | 12,545 | 1 | 1 | - | - | 12,405 | 12,546 |
| Department of State | 15,298 | 15,471 | - | - | - | - | 15,298 | 15,471 |
| Department of the Army | 454,373 | 459,515 | 56 | 57 | 21 | 21 | 454,450 | 459,593 |
| Office of Personnel Management | 17 | 17 | - | - | - | - | 17 | 17 |
| Social Security Administration | 22,413 | 22,667 | - | - | - | - | 22,413 | 22,667 |
| General Services Administration | 18,432 | 18,641 | 302 | 306 | - | - | 18,734 | 18,947 |
| National Science Foundation | 5,294 | 5,354 | - | - | - | - | 5,294 | 5,354 |
| Department of the Air Force | 97,880 | 98,988 | - | - | - | - | 97,880 | 98,988 |
| Environmental Protection Agency | 42,649 | 43,131 | 66 | 67 | - | - | 42,715 | 43,198 |
| Department of Transportation | 12,649 | 12,792 | 301 | 306 | - | - | 12,950 | 13,098 |
| Department of Homeland Security | 34,760 | 35,154 | - | - | - | - | 34,760 | 35,154 |
| Agency for International Development | 41,005 | 41,469 | - | - | - | - | 41,005 | 41,469 |
| Department of Health and Human Services | 73,397 | 74,227 | 2,608 | 2,647 | 2 | 2 | 76,007 | 76,876 |
| National Aeronautics and Space Adm. | 16,601 | 16,788 | - | - | - | - | 16,601 | 16,788 |
| Department of Energy | 396,950 | 401,443 | 1,333 | 1,353 | - | - | 398,283 | 402,796 |
| Department of Education | 1,064 | 1,076 | 186,693 | 189,469 | - | - | 187,757 | 190,545 |
| U.S. Army Corps of Engineers | 52,271 | 52,862 | 199 | 202 | (50) | (50) | 52,420 | 53,014 |
| Defense Agencies | 178,908 | 180,933 | - | - | - | - | 178,908 | 180,933 |
| Other Federal Agencies | 31,850 | 32,212 | 105 | 107 | - | - | 31,955 | 32,319 |
| TOTAL | 2,114,575 | 2,138,506 | 202,700 | 205,715 | 295 | 297 | 2,317,570 | 2,344,518 |

Working Capital and Franchise Funds

The Department has four working capital funds established by law to finance a continuing cycle of operations, with the receipts from the operations available for use by the funds without further action by Congress. The four working capital funds, which operate as revolving funds, are established in the Bureau of Reclamation, the Bureau of Land Management, the U.S. Geological Survey, and Departmental Offices. The costs of providing services and operating the funds are fully recovered from customers. The major working capital fund customers are Interior bureaus and offices and other Federal agencies; however, some services are provided to States and nongovernment entities. Some of the significant services provided to customers consist of central reproduction, telecommunications, aircraft services, supplies, publications, training, computer processing and related activities, engineering and technical services, and certain cross-servicing activities such as payroll, personnel, and financial and accounting services. The services provided by the working capital funds are usually those that may be performed more advantageously on a reimbursable basis.

In addition, the Department manages the Interior Franchise Fund (IFF) that is part of the Franchise Fund Pilot program authorized by the Government Management Reform Act of 1994. The purpose of the IFF is to pilot new approaches for providing shared administrative services to reduce the cost of government to the taxpayer by fostering competition and entrepreneurship among providers of commonly required products and services to Federal agencies. Some of the significant services include procurement support, financial systems and related services, and other administrative support services. The IFF is a separate legal entity that allows Interior to share cost savings with others that result from providing cost-effective and efficient services to Federal agencies. By building on this experience of providing cost-effective and efficient services, Interior can provide even greater cost savings within Interior and in working with other agencies. It also provides a cost-effective way to partner with the private sector through established relationships with vendors that understand and have worked with the Federal government to provide quality services to Federal organizations. The major customers of the IFF include the Department of Defense and the Executive Office of the President.

The following summarizes information about the assets, liabilities, and net cost of Interior's working capital and franchise funds as of and for the years ended September 30, 2003 and 2002. The financial information presented includes intra-departmental transactions.

Supplemental Balance Sheet
Combined Working Capital and Franchise Funds
as of September 30, 2003
(in thousands)

| | Bureau of Land Management | Bureau of Reclamation | Departmental Offices | Interior Franchise Fund | U.S. Geological Survey | TOTAL |
|--|---------------------------------|--------------------------|-------------------------|-------------------------------|------------------------------|---------------------|
| Assets | | | | | | |
| Intra-governmental Assets: | | | | | | |
| Fund Balance with Treasury | \$ 51,693 | \$ 43,145 | \$ 317,520 | \$ 1,162,552 | \$ 84,029 | \$ 1,658,939 |
| Accounts and Interest Receivable, Net | - | 3,483 | 17,668 | 21,847 | - | 42,998 |
| Other | | | | | | |
| Advances and Prepayments | - | 400 | 5,179 | - | - | 5,579 |
| Total Intra-governmental Assets | 51,693 | 47,028 | 340,367 | 1,184,399 | 84,029 | 1,707,516 |
| Cash | 55 | - | - | - | - | 55 |
| Accounts and Interest Receivable, Net | 13 | 1,527 | 2,668 | 3 | 1 | 4,212 |
| Loans and Interest Receivable, Net | - | 3,630 | - | - | - | 3,630 |
| Inventory and Related Property | 350 | - | 523 | - | - | 873 |
| General Property, Plant and Equipment, Net | 94,039 | 35,156 | 31,059 | - | 3,421 | 163,675 |
| Other | | | | | | |
| Advances and Prepayments | 136 | - | 49 | - | - | 185 |
| Total Assets | \$ 146,286 | \$ 87,341 | \$ 374,666 | \$ 1,184,402 | \$ 87,451 | \$ 1,880,146 |
| Liabilities | | | | | | |
| Accounts Payable | \$ 6 | \$ 1,626 | \$ 1,804 | \$ 2,581 | \$ 105 | \$ 6,122 |
| Debt | - | 3,630 | - | - | - | 3,630 |
| Other | | | | | | |
| Accrued Payroll and Benefits | 5 | 3,815 | 1,675 | 31 | 71 | 5,597 |
| Advances and Deferred Revenue | - | 2,074 | 216,620 | 872,480 | - | 1,091,174 |
| Deferred Credits | 3,651 | - | - | - | - | 3,651 |
| Total Intra-governmental Liabilities | 3,662 | 11,145 | 220,099 | 875,092 | 176 | 1,110,174 |
| Accounts Payable | 551 | 4,941 | 59,019 | 289,484 | 390 | 354,385 |
| Federal Employees Compensation Act Liability | - | - | 7,165 | - | - | 7,165 |
| Environmental Cleanup Costs | - | - | 1,000 | - | - | 1,000 |
| Other | | | | | | |
| Accrued Payroll and Benefits | 124 | 14,070 | 7,724 | 286 | 329 | 22,533 |
| Contingent Liabilities | - | 150 | - | - | - | 150 |
| Other Liabilities | - | 729 | 4,689 | - | - | 5,418 |
| Total Liabilities | 4,337 | 31,035 | 299,696 | 1,164,862 | 895 | 1,500,825 |
| Net Position | | | | | | |
| Unexpended Appropriations | - | - | 6,201 | - | - | 6,201 |
| Cumulative Results of Operations | 141,949 | 56,306 | 68,769 | 19,540 | 86,556 | 373,120 |
| Total Net Position | 141,949 | 56,306 | 74,970 | 19,540 | 86,556 | 379,321 |
| Total Liabilities & Net Position | \$ 146,286 | \$ 87,341 | \$ 374,666 | \$ 1,184,402 | \$ 87,451 | \$ 1,880,146 |

Supplemental Balance Sheet
 Combined Working Capital and Franchise Funds
 as of September 30, 2002 (As Restated)
 (in thousands)

| | Bureau of Land Management | Bureau of Reclamation | Departmental Offices | Interior Franchise Fund | U.S. Geological Survey | TOTAL |
|---|---------------------------------|--------------------------|-------------------------|-------------------------------|------------------------------|---------------------|
| Assets | | | | | | |
| Intra-governmental Assets: | | | | | | |
| Fund Balance with Treasury | \$ 43,856 | \$ 46,181 | \$ 149,996 | \$ 427,242 | \$ 71,326 | \$ 738,601 |
| Accounts and Interest Receivable, Net | - | 9,357 | 44,542 | 45,635 | 1,854 | 101,388 |
| Other | | | | | | |
| Advances and Prepayments | - | 5,053 | 672 | 650 | - | 6,375 |
| Total Intra-governmental Assets | 43,856 | 60,591 | 195,210 | 473,527 | 73,180 | 846,364 |
| Cash | 54 | - | - | - | - | 54 |
| Accounts and Interest Receivable, Net | 13 | 49 | (1,495) | - | - | (1,433) |
| Loans and Interest Receivable, Net | - | 4,000 | - | - | - | 4,000 |
| Inventory and Related Property | 309 | - | 482 | - | - | 791 |
| General Property, Plant and Equipment, Net | 90,875 | 31,448 | 34,616 | - | 3,123 | 160,062 |
| Other | | | | | | |
| Advances and Prepayments | 215 | - | - | - | - | 215 |
| Total Assets | \$ 135,322 | \$ 96,088 | \$ 228,813 | \$ 473,527 | \$ 76,303 | \$ 1,010,053 |
| Liabilities | | | | | | |
| Accounts Payable | \$ 8 | \$ 3,876 | \$ 2,873 | \$ 99,423 | \$ 324 | \$ 106,504 |
| Debt | - | 4,000 | - | - | - | 4,000 |
| Other | | | | | | |
| Accrued Payroll and Benefits | 3 | 4,552 | 1,005 | - | 179 | 5,739 |
| Advances and Deferred Revenue | 3,112 | 3,353 | 91,018 | 372,007 | 69,158 | 538,648 |
| Deferred Credits | - | - | - | - | 10 | 10 |
| Other Liabilities | - | - | - | 36 | - | 36 |
| Total Intra-governmental Liabilities | 3,123 | 15,781 | 94,896 | 471,466 | 69,671 | 654,937 |
| Accounts Payable | 85 | 3,599 | 34,738 | - | 2,755 | 41,177 |
| Environmental Cleanup Costs | - | - | 1,000 | - | - | 1,000 |
| Other | | | | | | |
| Accrued Payroll and Benefits | 153 | 13,858 | 8,962 | - | 714 | 23,687 |
| Deferred Credits | - | - | - | - | (9) | (9) |
| Other Liabilities | - | 2,279 | 4,689 | 651 | 1 | 7,620 |
| Total Liabilities | 3,361 | 35,517 | 144,285 | 472,117 | 73,132 | 728,412 |
| Net Position | | | | | | |
| Unexpended Appropriations | - | - | 7,219 | - | - | 7,219 |
| Cumulative Results of Operations | 131,961 | 60,571 | 77,309 | 1,410 | 3,171 | 274,422 |
| Total Net Position | 131,961 | 60,571 | 84,528 | 1,410 | 3,171 | 281,641 |
| Total Liabilities & Net Position | \$ 135,322 | \$ 96,088 | \$ 228,813 | \$ 473,527 | \$ 76,303 | \$ 1,010,053 |

Supplemental Statement of Net Cost
 Combined Working Capital and Franchise Funds
 for the year ended September 30, 2003
 (in thousands)

| | Full Cost of Goods and Services Provided | Related Exchange Revenues | Excess of Full Cost Over Exchange Revenues |
|--|--|---------------------------------|--|
| Bureau of Land Management | | | |
| Motorized Fleet Program | \$ 21,566 | \$ (27,292) | \$ (5,726) |
| Total Bureau of Land Management | 21,566 | (27,292) | (5,726) |
| Bureau of Reclamation | | | |
| Engineering and Technical Services | 97,310 | (98,644) | (1,334) |
| Administrative Services | 222,254 | (205,487) | 16,767 |
| Computer and Related Services | 14,968 | (15,153) | (185) |
| Total Bureau of Reclamation | 334,532 | (319,284) | 15,248 |
| Departmental Offices | | | |
| Aircraft Services | 138,841 | (140,093) | (1,252) |
| Building Management/Rental | 29,850 | (31,279) | (1,429) |
| Charge Card Rebate | 5,297 | (6,246) | (949) |
| Federal Services | 436,774 | (418,611) | 18,163 |
| Y2K/Other | 8 | - | 8 |
| Intra-Bureau Eliminations | (109,565) | 109,565 | - |
| Total Departmental Offices | 501,205 | (486,664) | 14,541 |
| Interior Franchise Fund | | | |
| Government Works Acquisition Services | 1,119,461 | (1,136,973) | (17,512) |
| U.S. Films and Video Productions | 1,472 | (1,472) | - |
| Total Interior Franchise Fund | 1,120,933 | (1,138,445) | (17,512) |
| U.S. Geological Survey | | | |
| Reimbursable Services | 27,286 | (29,433) | (2,147) |
| Capital Investments | 9,514 | (1,633) | 7,881 |
| Total U.S. Geological Survey | 36,800 | (31,066) | 5,734 |
| Total Working Capital and Franchise Funds | \$ 2,015,036 | \$ (2,002,751) | \$ 12,285 |

Supplemental Statement of Net Cost
 Combined Working Capital and Franchise Funds
 for the year ended September 30, 2002 (As Restated)
 (in thousands)

| | Full Cost of Goods and Services Provided | Related Exchange Revenues | Excess of Full Cost Over Exchange Revenues |
|--|--|---------------------------------|--|
| Bureau of Land Management | | | |
| Motorized Fleet Program | \$ 20,296 | \$ (26,578) | \$ (6,282) |
| Total Bureau of Land Management | 20,296 | (26,578) | (6,282) |
| Bureau of Reclamation | | | |
| Engineering and Technical Services | 93,367 | (95,694) | (2,327) |
| Administrative Services | 211,522 | (201,322) | 10,200 |
| Computer and Related Services | 16,301 | (14,958) | 1,343 |
| Total Bureau of Reclamation | 321,190 | (311,974) | 9,216 |
| Departmental Offices | | | |
| Aircraft Services | 131,019 | (129,429) | 1,590 |
| Building Management/Rental | 31,647 | (32,982) | (1,335) |
| Charge Card Rebate | 8,694 | (8,692) | 2 |
| Federal Services | 294,945 | (291,608) | 3,337 |
| Y2K/Other | (63) | - | (63) |
| Intra-Bureau Eliminations | (115,051) | 115,051 | - |
| Total Departmental Offices | 351,191 | (347,660) | 3,531 |
| Interior Franchise Fund | | | |
| CASU | 13 | 376 | 389 |
| Government Works Acquisition Services | 400,942 | (402,308) | (1,366) |
| Federal Financial System | 13,161 | (12,425) | 736 |
| Electronic Acquisition System | 1,787 | (1,918) | (131) |
| Independent Verification and Validation | 31 | (34) | (3) |
| Electronic Commerce/EDI | 1 | (2) | (1) |
| Drug and Alcohol Testing | 840 | (883) | (43) |
| System Consulting | 143 | (143) | - |
| QUICKTIME Time and Attendance Systems | (2) | 2 | - |
| Momentum Financial System | 3,694 | (4,047) | (353) |
| Crystal Report Training | 10 | (10) | - |
| U.S. Films and Video Productions | 1,163 | (2,138) | (975) |
| Total Interior Franchise Fund | 421,783 | (423,530) | (1,747) |
| U.S. Geological Survey | | | |
| Reimbursable Services | 29,647 | (29,186) | 461 |
| Capital Investments | 10,223 | (11,441) | (1,218) |
| Total U.S. Geological Survey | 39,870 | (40,627) | (757) |
| Total Working Capital and Franchise Funds | \$ 1,154,330 | \$ (1,150,369) | \$ 3,961 |