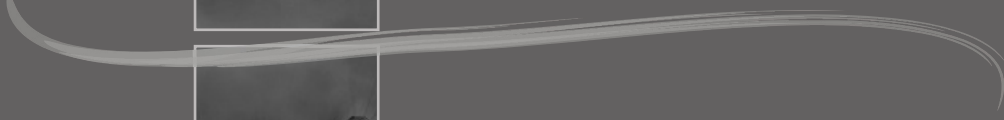
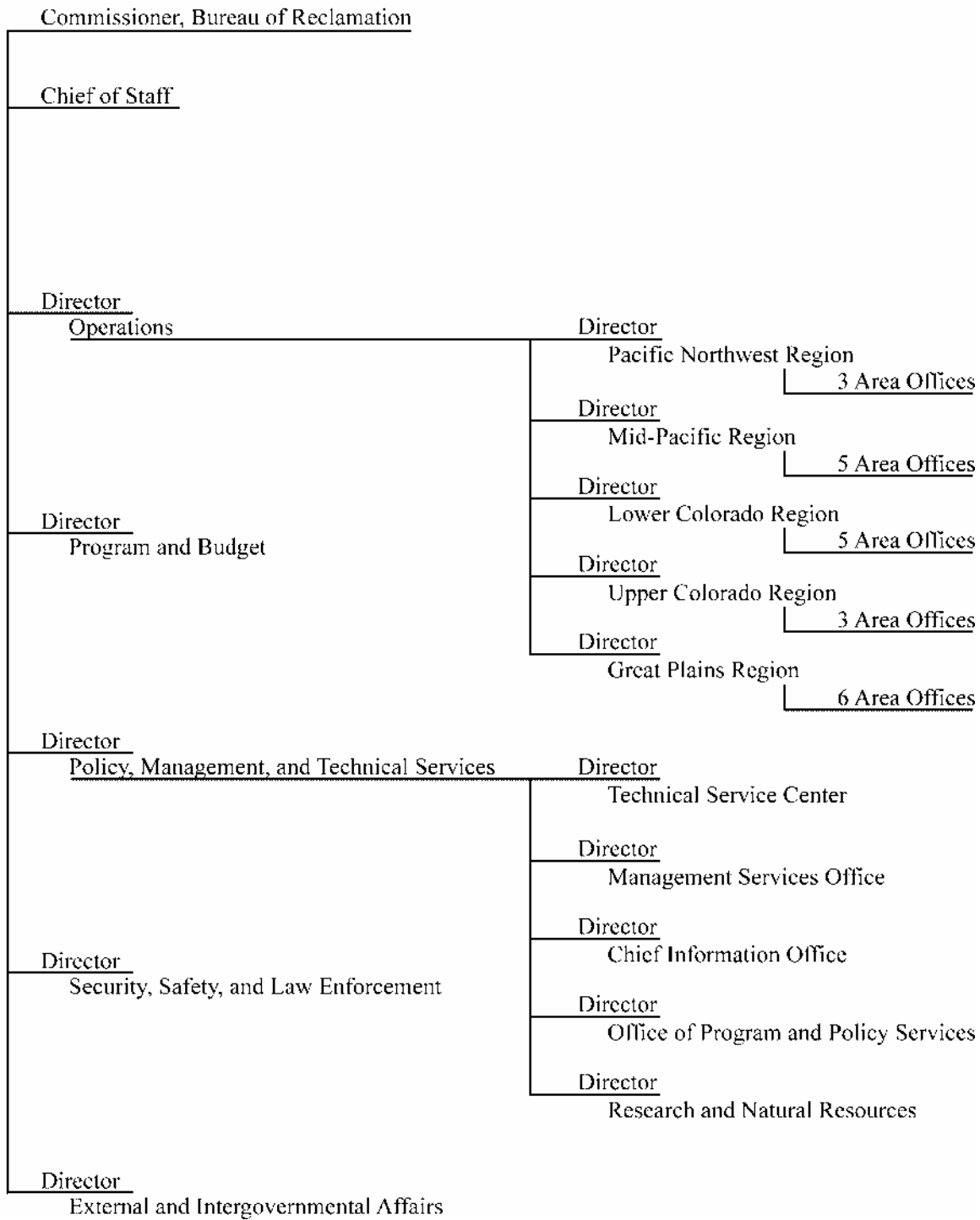




Supplemental Section



Bureau of Reclamation Organization Chart





INTERNAL REVIEWS AND AUDITS OF RECLAMATION PROGRAMS

Reclamation continues to strengthen and improve the performance of its programs and activities by regularly conducting internal management control reviews and effectively implementing Office of Inspector General (OIG) and General Accounting Office (GAO) recommendations.

During fiscal year (FY) 2002, Reclamation completed four alternative management control reviews. The functional areas reviewed were: (1) dam safety program, (2) international visitor, (3) employee exit clearance procedures, and (4) museum property. These reviews identified no material weaknesses.

During FY 2002, 12 corrective actions from previous management control reviews were implemented. As of September 30, 2002, there are 87 outstanding corrective actions.

During FY 2002, the OIG completed seven audits and the GAO completed four audits of Reclamation's programs and activities. The following is a summary of the status of audit recommendations.

| | FY 2002 Recommendations | Recommendations Implemented/Closed in FY 2002¹ | Outstanding Recommendations² |
|-----|------------------------------------|--|--|
| OIG | 39 | 37 | 15 |
| GAO | 2 | 1 | 3 |

¹ Recommendations may have resulted from audits in previous years.

² Outstanding recommendations may have resulted from prior year audits.

SAFETY OF DAMS PROGRAM

The goals and major accomplishments of Reclamation's Safety of Dams Program were described in the "Management Discussion and Analysis" section. More detail concerning specific Safety of Dams Program modification activities is presented in table 1.

Table 1.—Safety of Dams Modifications Completed or Underway in FY 2002

| Dam Name and Location | Estimated Total Project Cost (\$ in Millions) | Major Modification Features |
|--|---|---|
| Modifications Substantially Completed | | |
| Avalon Dam, New Mexico | 0.8 | Placed erosion protection at the spillways to reduce risk of erosion failure during large floods. |
| Caballo Dam, New Mexico | 0.4 | Strengthened gate arms to reduce risk of gate failure to static loads and seismic events. |
| Clear Lake Dam, California-Oregon | 10.7 | Modified the dam to reduce the risk of failure from seepage through the embankment. |
| Red Willow Dam, Nebraska | 1.3 | Modified the downstream toe drain and constructed a relief well system to reduce the seepage and piping risks. |
| Modifications Underway | | |
| Horsetooth Reservoir Dams, Colorado | 85.3 | Installing drainage features and stabilizing berms on the four Horsetooth Dams and constructing an upstream reservoir blanket, which will serve to lengthen the seepage paths and reduce flows in the foundation. |
| Keechelus Dam, Washington | 35.2 | Removing and replacing weak foundation materials and constructing a stability berm. |
| Pineview Dam, Utah | 19.8 | Modifying spillway, removing and replacing weak foundation materials, constructing a stability berm, adding a filter, and raising the dam to improve earthquake stability. |
| Salmon Lake Dam (Outlet Works), Washington | 0.7 | Modifying the dam to reduce risk due to severe concrete deterioration of the outlet works, which would act as a conduit for piping embankment materials. |
| Wickiup Dam, Oregon | 44.6 | Strengthening foundation and building stability berm to increase stability during earthquakes. |

STEWARDSHIP ASSETS

Stewardship assets—officially known as Stewardship Property, Plant, and Equipment (PP&E)—are resources owned by the Federal Government that involve substantial investment for the long-term benefit of the Nation and meet one of the following definitions from the Federal Accounting Standards Advisory Board:

Heritage assets are PP&E that are unique because they have historical or natural significance; are of cultural, educational, or artistic importance; or have significant architectural characteristics. Heritage assets are expected to be preserved indefinitely.

Stewardship lands include land and land rights owned by the Federal Government and not acquired for, or in connection with, general PP&E. Examples include parks, wildlife reserves, forests, and grazing lands. All withdrawn lands are stewardship lands.

As shown in table 2 and discussed in sections that follow, Reclamation has identified stewardship assets in the heritage asset and stewardship land categories.

Heritage Assets

Heritage assets are divided into two major groups: cultural and natural.

Cultural Heritage Assets

Cultural resources laws mandate that Reclamation identify and evaluate all cultural resources (historic, prehistoric, and ethnographic sites) on its lands. Located properties are evaluated against criteria to determine eligibility for listing in the National Register of Historic Places (NRHP). Properties of exceptional value are also listed as National Historic Landmarks. As shown in table 2, some properties on Reclamation land have been listed, determined eligible, or determined ineligible, while others have not been evaluated. Those properties that are National Historic Landmarks, on the NRHP, or meet NRHP criteria (individually or as contributing elements to NRHP districts) are cultural heritage assets.

Table 2.—Number and Condition of Reclamation’s Stewardship Assets

| Assets | FY 2001 | FY 2002 | Condition |
|---|---|--|--------------------------|
| Heritage Assets – Cultural Heritage Assets | | | |
| National Register of Historic Places properties | Properties – 40 Districts – 8 (Multiuse – 30) | Properties – ¹ 45 Districts – 14 (Multiuse – 24) | Safeguarded ⁴ |
| NRHP – Eligible | Properties – 964 Districts – 7 | Properties – ² 1,399 Districts – 7 | Safeguarded ⁴ |
| Sites determined not eligible for listing in NRHP | 146 | 288 | NA |
| Unevaluated archaeological and historic sites ³ | 12,182 | 13,385 | Safeguarded ⁴ |
| Sites destroyed | 1 | – | NA |
| National Historic Landmarks | 5 | 5 | Safeguarded ⁴ |
| Museum Property – Cataloged | Objects – 4,640,108 Documents – 1,092,766 Linear feet – 245 Cubic feet – 3,350 | Objects – ⁵ 5,630,502 Documents – 940,663 Linear feet – 785 Cubic feet – 1,001 Lots – 700 Samples (grams) – 225,800 Collections – 2 | Safeguarded ⁴ |
| Museum Property – Uncataloged | Objects – 2,307,453 Documents – 103,197 Linear feet – 556 Cubic feet – 838 Lots – 754 | Objects – 1,272,021 Documents – 1,707 Linear feet – 586 Cubic feet – 1,085 Lots – 44 | Safeguarded ⁴ |
| Heritage Assets – Natural Heritage Assets | | | |
| Paleontological sites | 32 | ⁶ 117 | Safeguarded ⁴ |
| Stewardship Lands | | | |
| Lands withdrawn for project purposes in 15 of the 17 Western States | 5,769,422 acres | 5,801,369 acres ⁷ | Safeguarded ⁴ |

¹ The number of listed properties increased from 48 to 59; individual properties increased from 40 to 45, and districts increased from 8 to 14.

² The number of eligible properties increased from 964 to 1,399.

³ The number of unevaluated sites increased as a result of research and new field work.

⁴ The condition of these resources varies depending on the type, location, and use. However, the condition of these Heritage Assets is listed as ‘safeguarded’ due to the reasonable and prudent efforts Reclamation takes to protect these resources as a result of normal resource management activities. Condition of multiuse heritage assets is discussed and disclosed under “Deferred Maintenance,” later in this report.

⁵ These totals are for individual objects. An “object” is an individual unit of museum property. An object may be representative of one item or multiple items if the items were acquired from an archaeological context. Archaeological materials are collected by provenience (a unit of geospatial measure). For example, an excavation unit defined by provenience may contain 5 stone flakes, 14 pieces of plainware pottery, and 2 soil samples, and these items (21 “things”) would be reported as 1 object on this table. Reclamation has control of all objects reported in its accession records.

Reclamation also reports historic documents and associated records, as well as objects, in other units such as cubic feet, to the U.S. Department of the Interior (Interior). Interior’s Office of Acquisition and Property Management converts the linear feet (ln ft) of documents and associated records using the conversion of 1,600 objects = 1 ln ft. The totals shown in the Interior report reflect this conversion. For FY2002, Reclamation’s number of objects presented in Interior’s report is 10,004,037. This number reflects an addition of 613,288 objects from the number reported in FY 2001.

The number of catalogued items is an increase of 990,394 objects over that reported in FY 2001. The term “catalogued” means the assignment and application of a unique identification number to an object and the completion of descriptive documentation related to that object.

⁶ Six of the reported paleontological sites are reservoir areas known to contain many paleontological locales. The increase of 85 paleontological sites represents the completion of inventory surveys.

⁷ The increase in number of acres of stewardship land from that reported in FY 2001 is a result of Reclamation’s improved reconciliation process for land records in FY 2002.

Some historic properties are used by Reclamation to carry out its mission and are considered to be multiuse heritage assets. The Statement of Federal Financial Accounting Standard No. 6 defines multiuse heritage assets as "heritage assets whose predominant use is general government operations." Twenty-four of the 59 individual properties and districts listed in the NRHP have been determined to be multiuse heritage assets; these include dams, water distribution systems, a bridge, and office buildings. Of the remaining 35 non-multiuse individual properties and districts, 27 are archaeological properties and 8 are historic properties. Capital investment costs for multiuse heritage assets are capitalized as general property, plant, and equipment in the principal financial statements and depreciated over their service life, as discussed in the "Notes to the Financial Statements." Deferred maintenance reported on these multiuse heritage assets is disclosed and discussed under "Deferred Maintenance," later in this report. Single-use, inactive heritage assets have no reported deferred maintenance.

Museum Property. — Over the past decade, Reclamation has made great strides in identifying, accessioning, and cataloging its museum property. Major collections are now properly housed and available for exhibit and for use by researchers and the general public. These accomplishments are the result of completing action items in Reclamation's Museum Property Collections Management Plan (PLAN) and other activities. The detailed PLAN, revised in FY 2001, identifies six major goals and specific actions necessary to reach accountability for Reclamation collections.

In addition to guiding Reclamation's actions, the PLAN is used to track progress in correcting Reclamation's portion of the department-wide material weakness in accountability for artwork and artifacts. More information concerning stewardship assets is included in Reclamation's *Heritage Data Report* in the section entitled "FY 2002 Bureau Museum Property Management Summary Report."

Generally, deferred maintenance is not applicable to museum property assets. Deferred maintenance is disclosed, however, on the buildings owned by Reclamation used to store and safeguard museum property. This deferred maintenance information is available under "Deferred Maintenance" found later in this report.

Native American Graves Protection and Repatriation Act. —

Reclamation's museum property collection also includes cultural items (i.e., Native American human remains, funerary objects, sacred objects, and objects of cultural patrimony) identified under the Native American Graves Protection and Repatriation Act of 1990 (NAGPRA). Only NAGPRA cultural items collected prior to November 16, 1990, are considered museum property, while such items discovered or excavated on or after this date are tracked outside Reclamation's museum property system. As part of the NAGPRA process, Reclamation has consulted with 107 federally recognized tribes.

Reclamation is in the process of revising its NAGPRA Summary Report to reflect 207 unassociated funerary objects and 2 sacred objects; no objects of cultural patrimony have been identified in Reclamation's collections. Of the 207 unassociated funerary objects, 74 objects have been assigned a cultural affiliation of which 3 have undergone repatriation. Reclamation currently controls human remains representing 1,705 individuals. Of these, 908 individuals have been assigned a cultural affiliation, with the remaining 797 individuals being distinguished as culturally unidentifiable. In addition to these individuals, Reclamation has repatriated human remains representing another 25 individuals. Also under Reclamation's control are 32,931 funerary objects, of which 31,924 are associated with culturally affiliated individuals, while 1,007 objects are affiliated with culturally unidentifiable individuals. An additional 166 associated funerary objects have undergone repatriation.

Since 1995, Reclamation has submitted 16 inventory completion notices and 1 intent to repatriate notice for publication in the Federal Register. Within these notices, Reclamation references 703 individuals (human remains), 3,449 associated funerary objects, and 74 unassociated funerary objects. Of the notices submitted to national NAGPRA, only six inventory completion notices and one intent to repatriate notice have been published. Reclamation has submitted no notices that reference sacred objects or objects of cultural patrimony.

Interior Government Performance and Results Act Goals. —As part of its goals under the Government Performance and Results Act (GPRA), the U.S. Department of the Interior (Interior) is seeking to "increase the ability of the public to access information about museum and cultural resources and artifacts." The two museum property performance measures for FY 2002 are:

1. **Number of museum collection objects cataloged.** See table 3.

Table 3.—Reclamation's Cataloged Museum Property for FY2002

| Number of Objects in Reclamation Facilities | Number of Objects in Non-Reclamation Institutions | Total Objects |
|--|--|---------------------------|
| Objects – 1,855,244 | Objects – 3,775,258 | Objects – 5,630,502 |
| Documents – 940,663 | Documents – 0 | Documents – 940,663 |
| Linear feet – 757 | Linear feet – 28 | Linear feet – 785 |
| | Cubic feet – 1,001 | Cubic feet – 1,001 |
| | Lots – 700 | Lots – 700 |
| | Samples (grams) – 225,800 | Samples (grams) – 225,800 |
| | Collections – 2 | Collections – 2 |

2. **Attendance at locations exhibiting cultural and museum objects.**

Reclamation contributed to meeting this goal by tracking visitation at New Melones Visitor Center at New Melones Lake, California, and at the Guernsey Museum at Guernsey Lake, Wyoming.

Natural Heritage Assets

Reclamation has identified 117 paleontological sites on Reclamation lands; see table 2.

Stewardship Lands

Reclamation operates largely as a business-type entity, whose stated mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. Reclamation provides water and power throughout the 17 Western States.

Reclamation lands are integral to project purposes, such as constructing and operating dams, power facilities, or water projects. The lands were either acquired at a cost or withdrawn from the public domain in support of Reclamation's mandate to provide irrigation water, municipal and

industrial water, flood control, and power. While Reclamation's lands are acquired or withdrawn for specific project purposes, other multipurpose uses of the lands occur. For example, if it does not interfere with the primary purpose for the withdrawn lands, activities such as boating and camping, fish and wildlife management, or livestock grazing on the lands may be authorized. The term, "withdrawn lands," with respect to Reclamation, refers to those lands withdrawn from public entry, set aside for authorized Reclamation project purposes, and contributed to the project by the United States. Of Reclamation's 8,686,140 total acres of land, 5,801,369 acres of withdrawn land were transferred from the Bureau of Land Management and the U.S. Forest Service at no cost for use in constructing authorized Reclamation projects.

From a land management point of view, Reclamation's projects consist of plots of withdrawn lands directly adjacent to, or intermingled with, acquired lands. They are managed exactly the same, and both are used in connection with authorized project purposes. Therefore, Reclamation's project lands most closely resemble general PP&E rather than stewardship lands. However, in an effort to provide the most comprehensive and useful information to readers of financial statements, Reclamation is reporting acreage of its withdrawn lands that do not have an acquisition cost and so are deemed to fall within the category of stewardship lands.

Reclamation safeguards its withdrawn lands to protect them against waste, loss, and misuse. Withdrawn lands are managed consistent with their intended purposes in accordance with Federal laws and regulations and are not materially degraded while under Government care. Site reviews are performed on Reclamation lands, and all areas receive field reviews every 5 years. Reviews for hazardous waste, improper dumping or trespass, and onsite reviews of concessions further safeguard the lands' condition. While periodic reviews are performed, it is not feasible or cost effective to do full condition assessments of all Reclamation's lands, a large portion of which lie under water or structures. Additionally, large tracts of inaccessible wilderness often surround the upper surface of the water's edge, making the lands difficult and costly to assess. Nevertheless, the condition of Reclamation's lands, as a whole, is sufficient to support the mission of the agency and is consistent with the statutory purposes for which the lands were withdrawn.

Generally, there is no deferred maintenance applicable to stewardship lands. In some cases, there may be structural improvements constructed to maintain the lands in a certain condition. Any deferred maintenance on structural improvements is discussed and disclosed under "Deferred Maintenance" later in this section.

STEWARDSHIP INVESTMENTS

Stewardship investments are substantial investments made to yield long-term public benefits in certain specific categories. As discussed in the following sections, Reclamation has identified stewardship investments in the non-Federal physical property and research and development categories.

Investments in Non-Federal Physical Property

Reclamation invests in non-Federal physical property, which is comprised of expenses incurred by the Federal Government for the purchase, construction, or major renovation of physical property that is not owned by the Federal Government. Costs include major additions, alterations, replacements, the purchase of major equipment, and the purchase or improvement of other physical assets owned by non-Federal entities such as State or local governments. Grants for maintenance and operations are not considered investments in non-Federal physical property.

The programs listed below provide assistance through a variety of measures. For example, Reclamation incurs expenses in Reclamation-wide programs which improve State and local fish and wildlife habitats through activities such as the construction or betterment of structures or facilities. Regional specific programs provide for the construction or improvement of structures and facilities used in State and local irrigation projects, water management projects, and water quality improvement projects.

Table 4 details Reclamation's annual investment in non-Federal physical property.

**Table 4.—Program Investments in Non-Federal Physical Property
(\$ in Millions)**

| | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---------|---------|----------|----------|---------|
| Fish and Wildlife Habitats (Reclamation-wide Programs) | \$ 5.3 | \$ 7.5 | \$ 3.8 | \$ 5.0 | \$ 4.5 |
| Water Management (Region Specific Programs) | 86.5 | 78.2 | 112.7 | 111.4 | 94.8 |
| Total Investment | \$ 91.8 | \$ 85.7 | \$ 116.5 | \$ 116.4 | \$ 99.3 |

Title Transfers to State and Local Governments

Reclamation has initiated a title transfer program whereby assets constructed with Federal funding meet the criteria for non-Federal physical property at the time they are transferred. In FY 2002, the net book value of assets transferred to State and local governments totaled approximately \$1.7 million, of which \$5.5 million was completed plant net of accumulated depreciation of \$3.9 million. Land costs associated with the transfer totaled \$135 thousand. Title transfers are further disclosed in Note 8 of Reclamation's financial statements.

Investment in Research and Development

Reclamation invests in applied research programs to aid in the water and energy management challenges facing the arid West. Programs focus on the improvement of water management, the development of solutions pertaining to flood hydrology, water quality, irrigation return flows, and the delivery of hydropower to the West. The information obtained through these programs provides water management solutions and techniques that yield future benefits to the Nation as a whole.

In FY 2002, research and development expenses incurred under the Water and Energy Management and Development GPRC Program activity produced benefits which supported Reclamation's goals of increasing water availability, improving water quality, and managing water supplies.

In addition, research and development expenses incurred under the Facility Operations and Facility Maintenance and Rehabilitation GPRA Program activities, respectively, provided support and benefits which enabled Reclamation to meet the goals of operating its facilities in a more cost-effective manner and providing safe and reliable supplies of power and water to its customers.

Table 5 details Reclamation’s annual investment in research and development.

**Table 5.—GPRA Program Activity
Investments in Research and Development
(\$ in Millions)**

| | 2002 | 2001 | 2000 | 1999 | 1998 |
|---|---------|---------|---------|---------|---------|
| Water and Energy Management and Development | \$ 14.3 | \$ 14.3 | \$ 11.2 | \$ 11.4 | \$ 9.0 |
| Facility Operations | .7 | .5 | 1.0 | .9 | 1.0 |
| Facility Maintenance and Rehabilitation | 1.3 | 1.5 | 1.4 | 1.5 | 1.5 |
| Total Investment | \$ 16.3 | \$ 16.3 | \$ 13.6 | \$ 13.8 | \$ 11.5 |

FINANCIAL RESOURCES

Reclamation’s FY 2002 budget authority of \$1.2 billion represents about 11.4 percent of Interior’s total budget authority. Funding for Reclamation’s major program activities is provided from appropriations, revolving fund revenues, transfers from other Federal agencies, and contributions from non-Federal entities. Table 6 provides a summary of Reclamation’s major sources of FY 2002 new budget authority.

The Combined Statement of Budgetary Resources, which is included as a principal financial statement, presents information about Reclamation’s total budgetary resources, including carry forward of unused, prior year funding and spending authority created by reimbursements from other

**Table 6.—New Budget Authority – FY 2002
(\$ in Millions)**

| | |
|---|-------------------|
| Water and Related Resources | \$ 939.7 |
| Lower Colorado River Basin Development Fund | 33.1 |
| Upper Colorado River Basin Fund | 15.6 |
| Colorado River Dam Fund | 61.3 |
| Central Valley Project Restoration Fund | 55.0 |
| Reclamation Trust Funds | 24.2 |
| Policy and Administration | 53.0 |
| Other Budget Accounts | 20.0 |
| Total | \$ 1,201.9 |

Federal agencies and non-Federal entities. The Combining Statement of Budgetary Resources (table 7) presents this information by major budget account.

Reclamation's largest budget account is Water and Related Resources. This account funds programs used for the operation and maintenance of Reclamation facilities to deliver water and power, preservation of natural resources, and continued efforts towards water conservation and technology development.

The Working Capital Fund (WCF), the Lower Colorado River Basin Development Fund (LCRBDF), and the Upper Colorado River Basin Fund (UCRBF) are revolving funds that operate on a fee for service basis. The WCF provides support services and equipment for Reclamation programs and activities, as well as for other Federal entities. The LCRBDF and the UCRBF collect revenues from the public, primarily from the sale of power.

The Colorado River Dam Fund is an available receipt fund into which various operating revenues of the Hoover Dam are covered, mainly from the sale of power generated at the dam. These revenues are used to fund the operation and maintenance of the dam.

The Central Valley Project Restoration Fund was established to provide funding from project beneficiaries for fish and wildlife habitat restoration, improvement, and acquisition activities. Revenues are derived from payments by project beneficiaries and from donations.

**Table 7.—U.S. Department of the Interior, Bureau of Reclamation
Combining Statement of Budgetary Resources
For the Year Ended September 30, 2002
(In Thousands)**

| | Water and Related Resources | Working Capital Fund | Lower Colorado River Basin Development Fund | Upper Colorado River Basin Fund |
|--|-----------------------------------|----------------------------|---|---------------------------------------|
| Budgetary Resources: | | | | |
| Budget Authority: | | | | |
| Appropriations Received | \$ 748,819 | \$ — | \$ — | \$ — |
| Net Transfers, Current Year Authority (+/-) | 190,888 | — | 33,142 | 15,560 |
| Unobligated Balance: | | | | |
| Beginning of Fiscal Year | 67,518 | 27,330 | 72,919 | 13,591 |
| Net Transfers, Unobligated Balances, Actual (+/-) | 1,690 | — | 137 | 403 |
| Spending Authority From Offsetting Collections: | | | | |
| Earned: | | | | |
| Collected | 187,902 | 311,595 | 135,050 | 61,606 |
| Receivable from Federal Sources | (5,429) | 1,176 | 1,685 | 87 |
| Change in Unfilled Customer Orders: | | | | |
| Advance Received | 1,758 | (583) | 1,467 | (88) |
| Without Advance From Federal Sources | 6,624 | — | — | — |
| Recoveries of Prior Year Obligations | 31,653 | 2,882 | 156 | 3,663 |
| Permanently Not Available | (285) | — | (1,030) | (2,717) |
| Total Budgetary Resources | \$ 1,231,138 | \$ 342,400 | \$ 243,526 | \$ 92,105 |
| Status of Budgetary Resources: | | | | |
| Obligations Incurred: | | | | |
| Direct | \$ 781,126 | \$ — | \$ — | \$ — |
| Reimbursable | 193,742 | 310,498 | 124,152 | 75,842 |
| Total Obligations Incurred | 974,868 | 310,498 | 124,152 | 75,842 |
| Unobligated Balance: | | | | |
| Apportioned | 256,270 | 31,902 | 119,374 | 16,263 |
| Exempt From Apportionment | — | — | — | — |
| Total Status of Budgetary Resources | \$ 1,231,138 | \$ 342,400 | \$ 243,526 | \$ 92,105 |
| Relationship of Obligations to Outlays: | | | | |
| Obligations Incurred | \$ 974,868 | \$ 310,498 | \$ 124,152 | \$ 75,842 |
| Obligated Balance, Net, Beginning of Fiscal Year | 282,884 | 14,263 | 5,055 | 116,943 |
| Obligated Balance, Net, End of Fiscal Year: | | | | |
| Accounts Receivable | 19,646 | 9,363 | 9,703 | 402 |
| Unfilled Customer Orders From Federal Sources | 38,235 | — | — | — |
| Undelivered Orders | (276,878) | (6,159) | (2,919) | (25,918) |
| Accounts Payable | (116,080) | (17,483) | (10,689) | (90,449) |
| Less: Spending Authority Adjustments | (32,847) | (4,058) | (1,841) | (3,750) |
| Outlays: | | | | |
| Disbursements | 889,828 | 306,424 | 123,461 | 73,070 |
| Less: Spending Authority from Offsetting Collections | (189,661) | (311,011) | (136,517) | (61,518) |
| Net Outlays Before Offsetting Receipts | 700,167 | (4,587) | (13,056) | 11,552 |
| Less: Offsetting Receipts | (353) | — | — | — |
| Net Outlays | \$ 699,814 | \$ (4,587) | \$ (13,056) | \$ 11,552 |

| Colorado River Dam Fund | Central Valley Project Restoration Fund | Reclamation Trust Funds | Policy and Administration | California Bay-Delta Ecosystem Restoration | Other Budget Accounts | Combined Budgetary Total |
|-------------------------|---|-------------------------|---------------------------|--|-----------------------|--------------------------|
| \$ 61,331 | \$ 55,039 | \$ 24,192 | \$ 52,968 | \$ — | \$ 8,035 | \$ 950,384 |
| — | — | — | — | — | 12,000 | 251,590 |
| 9,941 | 859 | 51,074 | 2,243 | 44,671 | 23,902 | 314,048 |
| — | — | — | — | — | — | 2,230 |
| — | 11,790 | — | — | — | — | 707,943 |
| — | — | (18,131) | — | — | — | (20,612) |
| — | (11,790) | — | — | — | — | (9,236) |
| — | — | — | — | — | — | 6,624 |
| 765 | 1,661 | 49 | 980 | 8,439 | 825 | 51,073 |
| (2,771) | — | — | (31) | — | (35) | (6,869) |
| \$ 69,266 | \$ 57,559 | \$ 57,184 | \$ 56,160 | \$ 53,110 | \$ 44,727 | \$ 2,247,175 |
| \$ 63,215 | \$ 56,685 | \$ 10,310 | \$ 55,936 | \$ 20,451 | \$ 38,228 | \$ 1,025,951 |
| — | — | — | — | — | — | 704,234 |
| 63,215 | 56,685 | 10,310 | 55,936 | 20,451 | 38,228 | 1,730,185 |
| 6,051 | 874 | — | 224 | 32,659 | 6,499 | 470,116 |
| — | — | 46,874 | — | — | — | 46,874 |
| \$ 69,266 | \$ 57,559 | \$ 57,184 | \$ 56,160 | \$ 53,110 | \$ 44,727 | \$ 2,247,175 |
| \$ 63,215 | \$ 56,685 | \$ 10,310 | \$ 55,936 | \$ 20,451 | \$ 38,228 | \$ 1,730,185 |
| 4,446 | 39,577 | 378 | 7,948 | 65,345 | 6,900 | 543,739 |
| — | — | — | — | — | — | 39,114 |
| — | — | — | — | — | — | 38,235 |
| (1,039) | (39,660) | (6,343) | (6,281) | (38,470) | (29,200) | (432,867) |
| (2,570) | (8,345) | (7,166) | (2,848) | (4,060) | (3,068) | (262,758) |
| (765) | (1,661) | 18,081 | (980) | (8,439) | (825) | (37,085) |
| 63,287 | 46,596 | 15,260 | 53,775 | 34,827 | 12,035 | 1,618,563 |
| — | — | — | — | — | — | (698,707) |
| 63,287 | 46,596 | 15,260 | 53,775 | 34,827 | 12,035 | 919,856 |
| (61,331) | (54,714) | (24,192) | — | — | (1,002,758) | (1,143,348) |
| \$ 1,956 | \$ (8,118) | \$ (8,932) | \$ 53,775 | \$ 34,827 | \$ (990,723) | \$ (223,492) |

Reclamation Trust Funds collect amounts that are earmarked for specific purposes and are expended accordingly, primarily to finance activities such as fish and wildlife habitat restoration and other mitigation efforts.

The Policy and Administration budget account is used to finance all of Reclamation's centralized management functions that are not chargeable directly to a specific project or program. These functions include management of personnel, safety and health, and information resources. Also included are budgetary policy formulation and execution, procurement and general services, and public affairs activities.

The California Bay-Delta Ecosystem Restoration account is included as part of Reclamation's budget for budget presentation purposes; these funds will be distributed among participating Federal agencies, based on a program recommended by the State of California and Federal Agencies (CALFED) group and approved by the Secretary of the Interior. The CALFED Bay-Delta Program was established in May 1995 to develop a comprehensive, long-term solution to the complex and interrelated problems in California's San Francisco Bay/Sacramento-San Joaquin Delta (Bay-Delta). The Bay-Delta system provides habitat for 120 fish and wildlife species, some listed as threatened or endangered. The system is also critical to California's economy because the two rivers that flow into the Bay-Delta provide potable water for two-thirds of California's homes and businesses and irrigate more than 4 million acres of farmland on which 45 percent of the Nation's fruits and vegetables are grown. CALFED is comprised of a consortium of Federal and State agencies. Federal agencies include Reclamation, the U.S. Fish and Wildlife Service, the Environmental Protection Agency, and the National Marine Fisheries Service, with possible participation by other agencies in the future. State agency involvement includes oversight by the California Resources Agency and the participation of the State Department of Water Resources, the Department of Fish and Game, and the California Environmental Protection Agency.

The Other Budget Accounts balances include several smaller activities within Reclamation, including the San Gabriel Restoration Fund, loan program, and financing funds.

WORKING CAPITAL FUND

Reclamation operates a Working Capital Fund to efficiently finance support services and equipment for Reclamation programs and other various Federal and non-Federal agencies. Table 8 presents balance sheet information on the financial position of the WCF as of September 30, 2002, and 2001.

**Table 8.—Working Capital Fund Combined Balance Sheet
(In Thousands)**

| | FY2002 | FY 2001 (As Restated) |
|---|------------------|--------------------------|
| Assets | | |
| Intragovernmental Assets: | | |
| Fund Balance with Treasury | \$ 46,181 | \$ 41,593 |
| Accounts Receivable, Net | 9,357 | 8,168 |
| Advances and Prepayments | 5,053 | 5,230 |
| Total Intragovernmental Assets | 60,591 | 54,991 |
| Accounts Receivable, Net | 48 | 72 |
| Loans Receivable, Net | 4,000 | 3,500 |
| General Property, Plant, and Equipment, Net | 31,448 | 36,529 |
| Total Assets | \$ 96,087 | \$ 95,092 |
| Liabilities | | |
| Intragovernmental Liabilities: | | |
| Accounts Payable | \$ 3,876 | \$ 3,154 |
| Accrued Payroll Benefits | 4,552 | 3,314 |
| Debt | 4,000 | 3,500 |
| Other Intragovernmental Liabilities | 3,353 | 3,678 |
| Total Intragovernmental Liabilities | 15,781 | 13,646 |
| Accounts Payable | 3,599 | 3,887 |
| Accrued Payroll and Benefits | 13,858 | 11,433 |
| Other Liabilities | 2,279 | 2,537 |
| Total Liabilities | 35,517 | 31,503 |
| Net Position | | |
| Cumulative Results of Operations | 60,570 | 63,589 |
| Total Net Position | 60,570 | 63,589 |
| Total Liabilities and Net Position | \$ 96,087 | \$ 95,092 |

Although the WCF is operated as a single entity, it is divided into 21 activities and numerous subactivities to facilitate management of the fund. Among the largest of the activities is the Technical Service Center (TSC), which provides engineering and technical services to WCF customers.

The WCF is an intragovernmental revolving fund, and recovers the full cost of doing business. The types of services provided by the WCF fall into three broad categories: (1) Engineering and Technical Services; (2) Administrative Services; and (3) Computer and Related Services. Table 9 presents a Statement of Net Cost for the WCF as of September 30, 2002, and 2001. The presentation by major category of services is intended to provide information on the relative composition of the WCF.

The most significant activities in the Engineering and Technical Services category are technical services related to water resources management support provided by the TSC. Also included in this category are vehicles and aircraft used for engineering support. The Computer and Related Services category includes software development.

**Table 9.—Working Capital Fund Combining Statement of Net Cost
(In Thousands)**

| | 2002 | | | | 2001 (As Restated) |
|-------------------------------|--|----------------------------|--|----------------------------------|----------------------------------|
| | Engineering and Technical Services | Administrative Services | Computer and Related Services | Working Capital Fund Total | Working Capital Fund Total |
| Expenses: | | | | | |
| Operating Expenses | | | | | |
| Intragovernmental | \$ 25,972 | \$ 83,864 | \$ 3,665 | \$ 113,501 | \$ 73,186 |
| With the Public | 64,921 | 116,151 | 10,449 | 191,521 | 210,085 |
| Total Operating Expenses | 90,893 | 200,015 | 14,114 | 305,022 | 283,271 |
| Depreciation and Amortization | 2,269 | 1,172 | 2,175 | 5,616 | 6,819 |
| Imputed Costs | — | 9,594 | — | 9,594 | 8,357 |
| Other Expenses | 205 | 741 | 12 | 958 | 139 |
| Total Expenses | 93,367 | 211,522 | 16,301 | 321,190 | 298,586 |
| Exchange Revenues: | | | | | |
| Sale of Goods and Services | (95,694) | (201,322) | (14,958) | (311,974) | (284,519) |
| Net Cost of Operations | \$ (2,327) | \$ 10,200 | \$ 1,343 | \$ 9,216 | \$ 14,067 |

DEFERRED MAINTENANCE

Reclamation owns a water resources management infrastructure with a combined total cost of \$20.4 billion, as of September 30, 2002. This infrastructure consists of diversion and storage dams; hydroelectric powerplants; water conveyance facilities (canals, pipelines, siphons, tunnels, and pumps); recreational facilities; and associated buildings, bridges, and roads, as well as an inventory of related construction, maintenance, laboratory, and scientific equipment. Reclamation operates and maintains some of these assets using annual or permanent appropriations or other funding sources available to it. However, Reclamation's water and power customers (or others—collectively “contractors”) operate and maintain the remaining assets at their expense pursuant to contracts with Reclamation, which make up approximately one-half of the combined total cost of all assets.

As provided by the Federal Accounting Standards Advisory Board,¹ maintenance and repair is “the act of keeping fixed assets in an acceptable condition.” This excludes “activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended.” Deferred maintenance is defined as “maintenance that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period.”

Reclamation employs a commercial, off-the-shelf maintenance management system on many of its larger, more complex facilities and performs condition assessment site reviews and other assessments to estimate the condition of, and determine the need for, any maintenance related to its assets. Under this program, essentially all of Reclamation's major assets, whether operated and maintained by Reclamation or its contractors, are assessed triennially. Although some degree of review is performed annually on many of Reclamation's major facilities, it would not be physically feasible or cost effective, given the number of assets and their geographic dispersion, to do full condition assessment reviews annually on

¹ Statement of Federal Financial Accounting Standards Number 6.

all assets. However, monitoring/tracking of maintenance-related deficiencies/recommendations is generally conducted on an annual basis.

There are many factors that influence whether maintenance is performed as scheduled or deferred. These factors include, among others, limitations on access to facilities (e.g., due to water levels); intervening technological innovations or developments; seasonal or climatological considerations; reassessment of priorities; delays in the contract-award process; availability of, or delays related to, the contractor; and changes in funding priorities resulting, in some cases, from emergencies or unforeseen critical maintenance requirements. However, it is Reclamation's policy to give critical maintenance—that which addresses a threat to life, property, and safety—the highest priority.

Table 10 identifies Reclamation's estimate of deferred maintenance as of September 30, 2002, on only those facilities (Reserved) operated and maintained by it. The Reserved facilities currently in operation and

Table 10.—Estimate of Deferred Maintenance as of September 30, 2002

| Category | Asset Condition | Estimated Range of Cost by Category (\$ in Thousands) | Total Estimated Cost by Category (\$ in Thousands) |
|-------------------------------|------------------------|--|---|
| Dam Facilities ¹ | Poor – Good | \$1,673 – 19,278 | \$ 19,278 |
| Power Facilities ¹ | Poor – Good | 620 – 14,949 | 14,949 |
| Canal Facilities | Fair – Good | 241 – 944 | 944 |
| Fish Facilities | Fair – Good | 21 – 7,199 | 7,199 |
| Tunnels | Poor – Fair | 160 – 670 | 670 |
| Bridges | Fair – Good | 1 – 2 | 2 |
| Other ² | Poor – Good | 21 – 5,006 | 5,006 |
| Code Compliance | Poor – Good | 6 – 207 | 207 |
| Total All Categories | Poor – Good | \$2,743 – 48,255 | \$ 48,255 |

¹ Because these are broad categories, the actual item of deferred maintenance could be a relatively small component of an overall category (e.g., a siphon or drain in an overall water conveyance system). None of the individual maintenance items would affect the overall safety of the facility or personnel or impact the delivery of water or power.

² This category includes phones, radio and communication systems, pond liner, water treatment/desalting plant equipment, parking lot, and miscellaneous equipment.

maintenance status include heritage assets that are components of active project facilities.² Furthermore, the precision attributable to these estimates for the assets involved is based on current, available data.

Reclamation continues to refine its estimates by improving the documentation procedures and systems for tracking condition assessments and for reporting the scheduling and deferral of maintenance work.

Reclamation uses budget estimates, the Dam Safety Information System, Accessibility Data Management System, Maintenance Management System, and manager discretion as sources for potential deferred maintenance. It is expected that wide variations in the reporting of deferred maintenance will take place from year to year because of the kind of maintenance work that takes place across Reclamation.

In FY 1999, Reclamation began implementation of its "Plan for Improving the Reporting of Deferred Maintenance" (Deferred Maintenance Plan). The purpose of the Deferred Maintenance Plan is to establish the steps which Reclamation intends to take to improve the reporting of deferred maintenance. Although Reclamation implemented the Deferred Maintenance Plan in FY 1999, it will take a period of years before the Deferred Maintenance Plan is fully achieved.

² The deferred maintenance of heritage assets that are part of active project features is reported under this section, not under the "Heritage Assets" section of "Stewardship Assets." Of the deferred maintenance reported in table 10, \$9.7 million represents deferred maintenance on active multiuse heritage assets. Heritage assets that may have been a part of an active project, but no longer serve that purpose, are reported under the "Heritage Assets" section of "Stewardship Assets."

DIVERSITY ACCOMPLISHMENTS

GPRA Goal for the Workforce Representation

Annual Goal/Performance Measure – By the end of FY 2002, Reclamation will show an improvement in the representativeness of its workforce compared with the diversity of these occupations in the relevant civilian workforce from a September 30, 1999, baseline.

| Annual Target | Annual Results | Goal Status |
|---------------|----------------|---------------|
| 10 percent | 8.1 percent | Behind target |

Indicator – Percentage increase in representation. Annual target = 10; third quarter results = 8.3; fourth quarter = 8.1.

Goal Notes – While significant gains were made earlier in the year, Reclamation did not reach its annual goal of 10 percent. Because the goal is cumulative through FY 2003, we began the new fiscal year at +8.1 percent. We are confident that the additional 1.9-percent increase will be achieved in FY 2003. There is, however, a need to monitor the separation rate of the following groups: White women, Black women, Hispanic women, Asian American/Pacific Islander women, and American Indian/Alaskan Native men and women. A retention study, currently being conducted, is an action item in Reclamation's 2002-2004 Affirmative Employment Program (AEP) Plan to examine separation rates. This study and other strategies such as a Reclamation-wide "corporate approach" to outreach and recruitment, a recruitment website and brochure, partnership agreements with minority-serving institutions, advertisements in minority publications, an annual outreach and recruitment calendar, and increased use of tools such as recruitment, retention, and relocation bonuses, all support this GPRA goal. For the fourth quarter of FY 2002, the population percentage change in the diversity of the permanent workforce was +8.11 percent. Minorities were +5.08 percent; all women were +3.03 percent, resulting in an overall change of +8.1 percent. This percentage change covers all occupations. The total number of permanent employees increased by 103 positions, beginning with 5,447 positions as of September 30, 1999, and ending with 5,550 positions as of September 30, 2002.

Data Source – Equal Employment Opportunity Reports

Reclamation, together with the National Park Service and the U.S. Fish and Wildlife Service, formed the Diversity Coalition West (Ad Hoc Team) to address diversity issues. The mission of the coalition is to enhance conservation by sharing tasks related to diversity through inter-agency cooperation, consultation, and communication in order to build a diverse workforce in all the partner bureaus. The partners meet monthly, or as needed, to share information, work together on projects, share web sites and employment databases, and communicate regularly on issues that affect workforce development and diversity. The team collaborates on developing and sharing best practices related to education, recruitment, outreach to grassroots diverse organizations, and retention.

At the end of FY 2002, Reclamation's cadre of Senior Executive Service employees consisted of 29.4 percent female and 18 percent minority employees. This represents one of the Department of the Interior's most diverse bureau executive teams.

Phase I of the Women's Retention Study was released Reclamation-wide in July 2002. The

Phase I report provides preliminary data and analysis of the turnover (i.e., high separation rate) of Reclamation's female workforce. Subsequent phases will concentrate on further data analysis and retention strategies.

National Outreach and Recruitment Initiatives

In FY 2002, Reclamation supported numerous minority and women-based organizations that promote diversity. Various forms of support were provided, e.g., participating at national conferences, planning and

participating in pre-conference training forums, purchasing booths and advertisements for outreach and recruitment, and volunteering as judges at youth events and as guest speakers at local colleges.

Partnership Agreements

At the end of FY 2002, Reclamation had educational partnerships with five minority-serving institutions to increase minority hiring for students jobs and internships. These institutions are: Southern University at Baton Rouge, Louisiana; Langston University at Langston, Oklahoma; Southwestern Indian Polytechnic Institute in Albuquerque, New Mexico; New Mexico Highlands University at Las Vegas, New Mexico; and California State University at San Bernardino, California.

Reclamation Diversity Representation

At the end of FY 2002, Whites were the most represented race/national origin group, Hispanics were the next highest represented group, followed by Blacks, American Indians/Alaskan Natives, and Asian Americans/Pacific Islanders. Figure 1 shows the breakout per group and the progress made each quarter in FY 2002. Reclamation's total permanent workforce was 5,550 (figure 2); the temporary workforce was 364 (figure 3); and persons with targeted disabilities were 62 (figure 4).

In specific under-represented occupations, progress was made to address the conspicuous absence of certain minority groups. In the 090-Guide series, Black men were conspicuously absent, and one Black male was hired into the series. In the 401-Biological General Science series, Black men and women were conspicuously absent, and one Black male and one Black female were hired into the series. In the 802-Engineering Technician series, Asian American/Pacific Islander women were conspicuously absent, and one Asian American /Pacific Islander woman was hired.

Figure 1.—Bars show quarterly change by race and national origin.

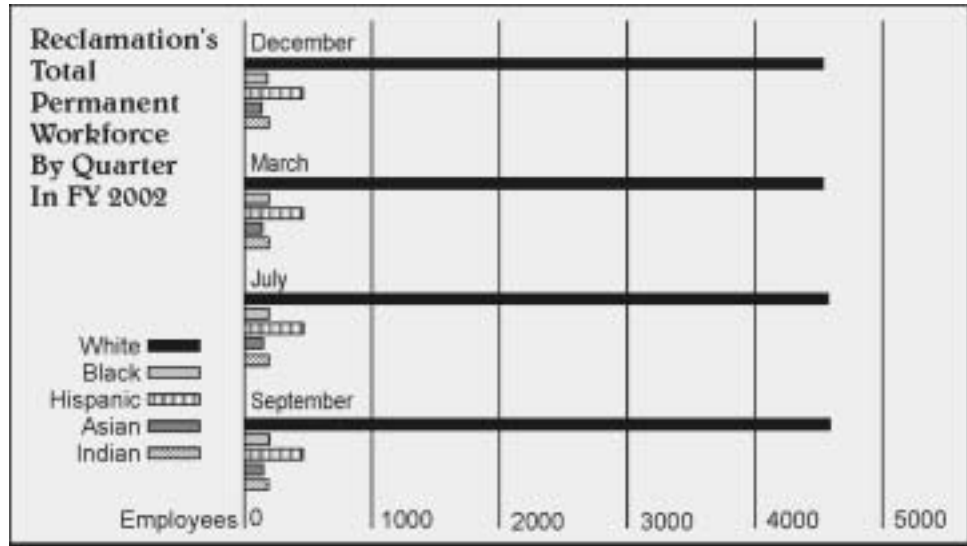


Figure 2.—Bars show annual change by race, national origin, and gender (permanent workforce).

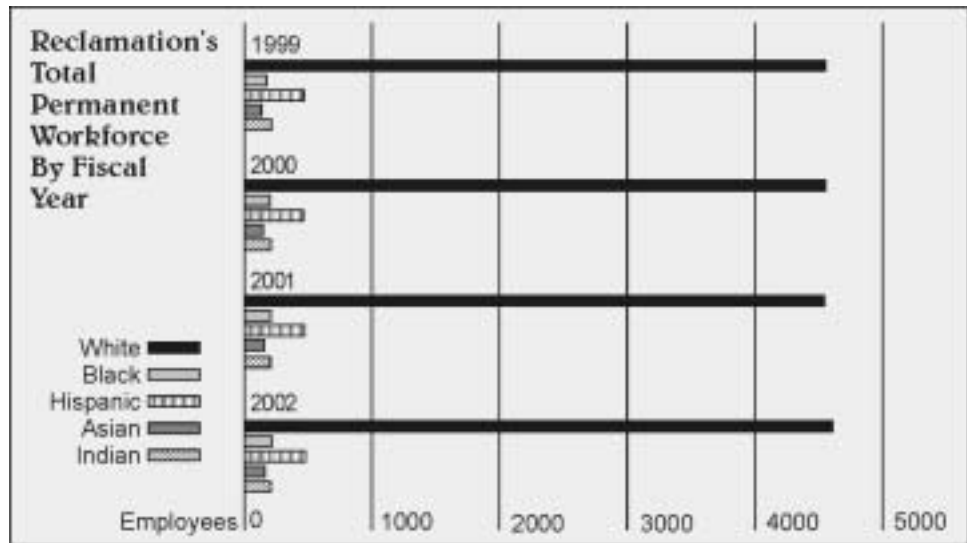
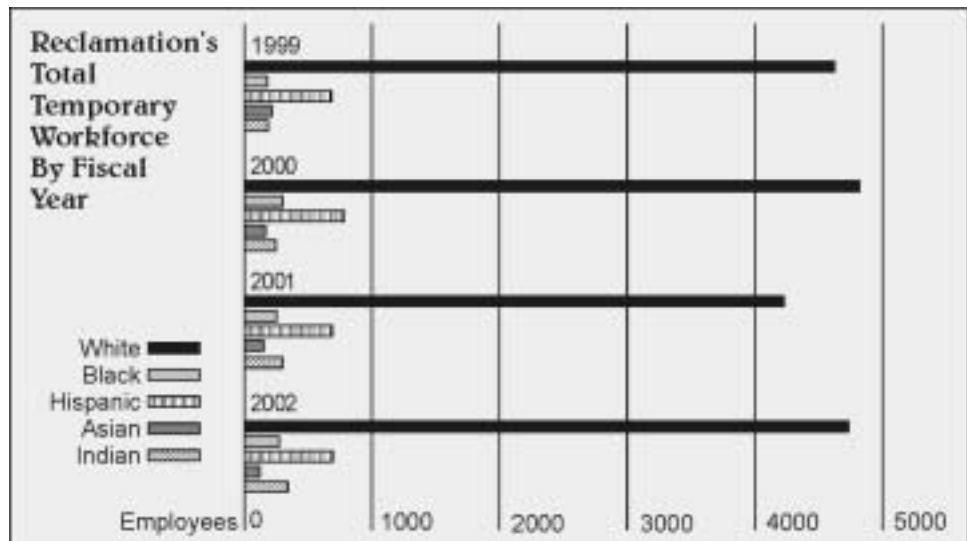


Figure 3.—Bars show annual change by race, national origin, and gender (temporary workforce).



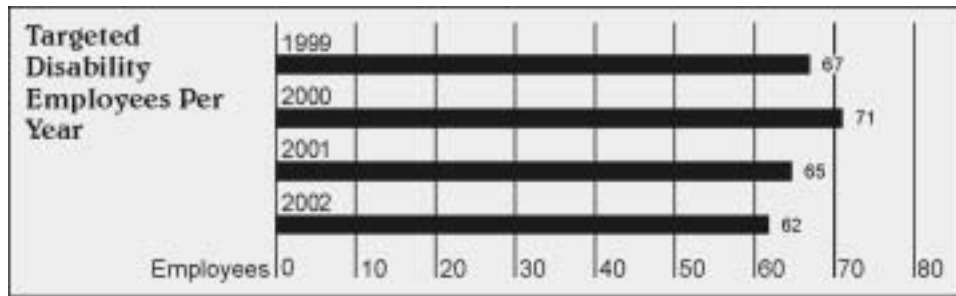


Figure 4.—Bars show the trend of targeted disability for the past 5 fiscal years.

Groups at Current Parity or Higher

Compared to the relevant civilian labor force (RCLF), at the end of FY 2002, four groups were at current parity or higher. (Note: RCLF is the civilian labor force data that are directly comparable or relevant to the data looked at in the Federal workforce. For example, representation of Black engineers employed in Reclamation’s workforce is compared to the number of Black engineers reported in the RCLF—as opposed to the number of Blacks in the overall civilian labor force. Parity is defined as representation that is equivalent to the relevant civil labor workforce.)

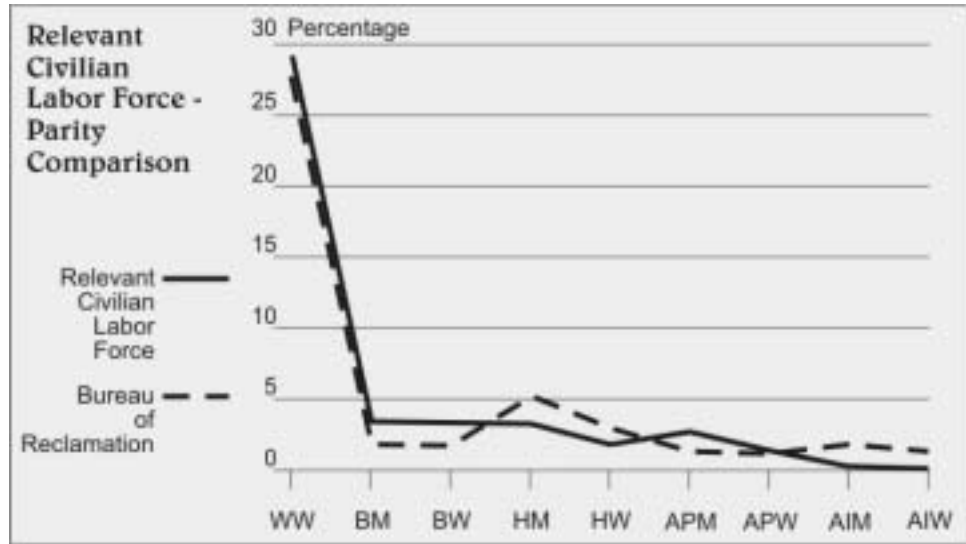
- Hispanic men (5.2 percent versus 3.3 percent)
- Hispanic women (3.0 percent versus 1.8 percent)
- American Indian/Alaskan Native men (1.8 percent versus 0.3 percent)
- American Indian/Alaskan Native women (1.4 percent versus 0.1 percent)

The markedly under-represented groups were:

- Black men (1.7 percent versus 3.5 percent)
- Black women (1.7 percent versus 3.3 percent)
- Asian American/Pacific Islander men (1.3 percent versus 2.7 percent)

Figure 5 compares Reclamation to the relevant civilian labor workforce.

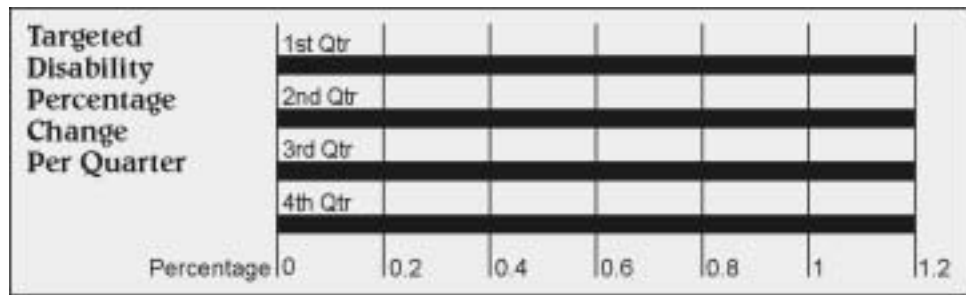
Figure 5.— Lines compare Reclamation to the relevant civilian labor workforce.



Persons with Targeted Disabilities

The percentage of persons with disabilities stayed the same in FY 2002. Reclamation continues to stay at the Government average, which is 1.2 percent. Figure 6 shows the trend of hires for the past 4 years. Figure 6 shows the percent of progress made per quarter. (Note: Targeted disabilities are those disabilities that make it difficult for an individual to perform one or more functional activities [e.g., deafness, blindness, missing extremities, etc.])

Figure 6.—Bars show percentage change on a quarterly basis.



Representation of Most Diverse Occupations

“Most diverse” is defined as occupations with close to 100 or more employees with representation across all groups. The most diverse occupations in Reclamation are: Series 343, Management and Program Analysis; Series 810, Civil Engineer; Series 1102, Contracting; Series 1702,

Education and Training; and Series 2210, Information Technology Management (formerly the 334 series). Although White men and White women remain the most represented group in eight occupations, representation of other groups has increased. Figure 7 shows the most diverse occupations in Reclamation.

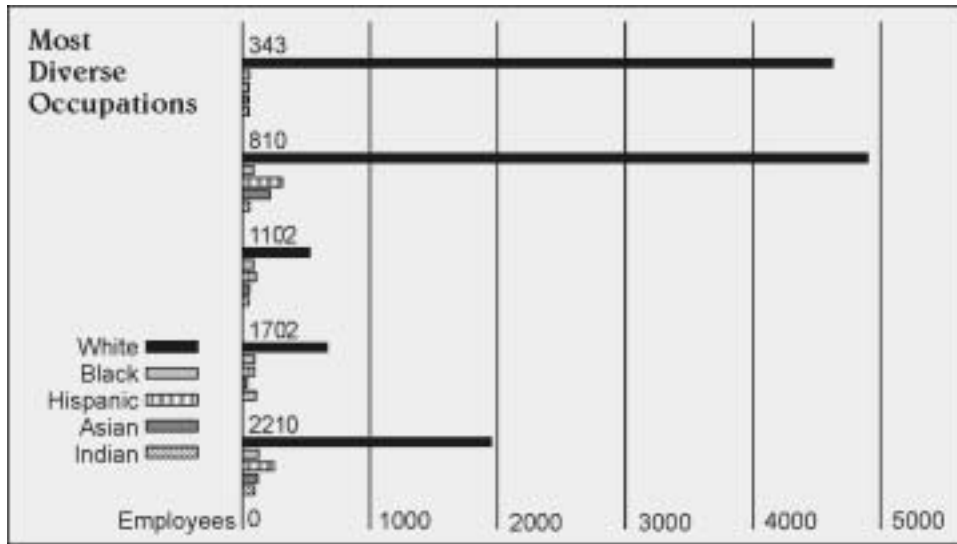


Figure 7.—Bars show comparison by race, national origin, and gender.

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