

Required Supplementary Information (Unaudited, See Auditors' Report)

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

Combining Statement of Budgetary Resources
for the year ended September 30, 2004
(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	\$ -	851,803	1,629,641	355,820	865,744
Net Transfers, Current Year Authority	-	(85,601)	10,067	43,456	15
Unobligated Balance:					
Beginning of Fiscal Year	720,543	266,624	69,027	341,172	36,763
Net Transfers, Unobligated Balance, Actual	-	1,346	21	14,006	-
Spending Authority From Offsetting Collections:					
Earned					
Collected	1,396,541	215,667	20,266	108,247	274,026
Receivable From Federal Sources	(17,054)	9,757	(139)	9,829	(1,816)
Change in Unfilled Customer Orders					
Advance Received	264,506	4,934	-	(1,160)	(12)
Without Advance From Federal Sources	(65,871)	1,493	-	32,077	3,332
Subtotal: Spending Authority From Offsetting Collections	1,578,122	231,851	20,127	148,993	275,530
Recoveries of Prior Year Obligations	-	25,901	7,439	7,414	24,533
Temporarily Not Available Pursuant to Public Law	-	-	-	-	-
Permanently Not Available	-	(5,059)	(25,172)	(4,107)	(10,478)
Total Budgetary Resources (Note 23)	\$ 2,298,665	1,286,865	1,711,150	906,754	1,192,107
Status of Budgetary Resources:					
Obligations Incurred:					
Direct	\$ -	798,907	1,603,055	384,088	902,363
Reimbursable	1,563,704	219,125	20,839	122,054	254,994
Total Obligations Incurred (Note 23)	1,563,704	1,018,032	1,623,894	506,142	1,157,357
Unobligated Balance: (Note 23)					
Apportioned	734,961	268,833	67,612	400,612	34,730
Exempt From Apportionment	-	-	-	-	-
Unobligated Balance not Available (Note 23)	-	-	19,644	-	20
Total Status of Budgetary Resources	\$ 2,298,665	1,286,865	1,711,150	906,754	1,192,107
Relationship of Obligations to Outlays:					
Obligations Incurred	\$ 1,563,704	1,018,031	1,623,894	506,142	1,157,357
Obligated Balance, Net, Beginning of Fiscal Year	442,008	339,185	299,641	330,507	218,149
Obligated Balance, Net, End of Fiscal Year:					
Accounts Receivable	6,366	19,677	339	28,068	4,675
Unfilled Customer Orders From Federal Sources	177,436	29,859	-	97,605	9,773
Undelivered Orders	(605,109)	(308,706)	(269,461)	(279,570)	(188,347)
Accounts Payable	(237,363)	(107,084)	(69,455)	(149,652)	(50,957)
Total Obligated Balance, Net End of Fiscal Year	(658,670)	(366,254)	(338,577)	(303,549)	(224,856)
Less: Spending Authority Adjustments	82,925	(37,150)	(7,300)	(49,320)	(26,049)
Outlays:					
Disbursements	1,429,967	953,812	1,577,658	483,780	1,124,601
Collections	(1,661,047)	(220,601)	(20,267)	(107,087)	(274,014)
Subtotal	(231,080)	733,211	1,557,391	376,693	850,587
Less: Offsetting Receipts	-	(120)	-	-	-
Net Outlays	\$ (231,080)	733,091	1,557,391	376,693	850,587

**Combining Statement of Budgetary Resources
for the year ended September 30, 2004
(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
892,725 (126,625)	963,352 5,200	1,162,955 -	1,916,317 -	949,686 -	5,124,347 14,321	\$ 14,712,390 (139,167)
101,691 -	30,365 15,296	- -	484,472 6,488	78,629 -	2,775,985 (11,177)	4,905,271 25,980
16,500 6,016	137,397 (3,044)	- -	229,269 (6,868)	438,941 (31,514)	1,885,842 30,296	4,722,696 (4,537)
908 (285)	(344) 71,794	- -	3,074 (16,264)	(1,165) (16,761)	276,936 19,354	547,677 28,869
23,139 25,758 -	205,803 16,212 -	- -	209,211 63,232 -	389,501 10,744 -	2,212,428 212,346 (2,249)	5,294,705 393,579 (2,249)
(9,132)	(11,932)	-	(23,613)	(17,131)	(71,205)	(177,829)
907,556	1,224,296	1,162,955	2,656,107	1,411,429	10,254,796	\$ 25,012,680
808,505 9,648	957,186 203,682	1,162,955 -	2,038,657 242,263	979,877 385,253	5,031,583 2,114,486	\$ 14,667,176 5,136,048
818,153	1,160,868	1,162,955	2,280,920	1,365,130	7,146,069	19,803,224
89,403 -	59,831 -	- -	349,285 -	21,101 -	3,046,365 39,444	5,072,733 39,444
-	3,597	-	25,902	25,198	22,918	97,279
907,556	1,224,296	1,162,955	2,656,107	1,411,429	10,254,796	25,012,680
818,153 314,242	1,160,868 269,263	1,162,955 -	2,280,921 218,728	1,365,130 26,311	7,146,069 3,282,940	\$ 19,803,224 5,740,974
9,347 12,727 (264,649)	27,253 113,164 (340,205)	- -	6,136 3,094 (214,996)	142,793 42,714 (162,251)	82,003 65,849 (3,655,480)	326,657 552,221 (6,288,774)
(29,439)	(59,141)	-	(75,342)	(113,727)	(467,760)	(1,359,920)
(272,014)	(258,929)	-	(281,108)	(90,471)	(3,975,388)	(6,769,816)
(31,490)	(84,962)	-	(40,100)	37,531	(261,995)	(417,910)
828,891 (17,407)	1,086,240 (137,053)	1,162,955 -	2,178,441 (232,343)	1,338,501 (437,777)	6,191,626 (2,162,778)	18,356,472 (5,270,374)
811,484 -	949,187 -	1,162,955 (1,162,955)	1,946,098 -	900,724 -	4,028,848 (3,105,992)	13,086,098 (4,269,067)
811,484	949,187	-	1,946,098	900,724	922,856	8,817,031

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
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
Subtotal: Spending Authority From Offsetting Collections	2,232,031	176,151	16,474	108,254	59,419
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 (Note 23)	\$ 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 (Note 23)	1,889,943	944,069	1,579,822	473,245	902,663
Unobligated Balance: (Note 23)					
Apportioned	720,544	266,626	47,473	341,172	36,750
Exempt From Apportionment	-	-	-	-	-
Unobligated Balance not Available (Note 23)	-	-	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)
Total Obligated Balance, Net, End of Fiscal Year	(442,008)	(339,184)	(299,641)	(330,507)	(218,149)
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)
38,798	117,668	-	232,306	397,679	1,617,608	4,996,388
39,841	19,433	-	32,415	10,766	146,724	304,691
(4,254)	(6,038)	-	(19,465)	(11,420)	(136,116)	(207,623)
1,043,741	1,124,371	947,006	2,560,540	1,376,036	9,199,871	\$ 23,475,438
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
1,043,741	1,124,371	947,006	2,560,540	1,376,036	9,199,871	\$ 23,475,438
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)
(314,242)	(269,263)	-	(218,726)	(26,310)	(3,282,944)	(5,740,974)
(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)
856,695	950,763	-	1,859,490	973,860	1,429,763	\$ 8,819,591

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.

The SFAS No. 6, "Accounting for Property, Plant and Equipment," requires annual disclosure of the estimated cost to remedy accumulated deferred maintenance on Interior plant, property, and equipment (PP&E). Both General PP&E and Stewardship PP&E are included.

Deferred maintenance information is accumulated when maintenance was not performed when it should have been or when it was scheduled and which, therefore, was put off or delayed for a future period. Deferred maintenance needs may be further categorized in two tiers, critical and non-critical. Delaying correction of non-critical needs may result in their becoming critical facility or equipment deficiencies at a future time. Code compliance (e.g. life safety, ADA, OSHA, environmental, etc.) and other regulatory or Executive Order compliance requirements not met on schedule are considered deferred maintenance.

The Department has developed a Five-Year Plan that provides a framework for improved planning and management to maintenance and construction programs and better defines accumulated deferred maintenance funding needs. In developing the Five-Year Plan, the Department established uniform criteria for critical health and safety and resource protection projects, and through rigorous screening, prioritized the projects based on these criteria. FASAB requires that all deferred maintenance be reported regardless of when it might be performed, not just that included in the Five-year Plans. The long-term goal is to have deferred maintenance backlog information based on condition assessments recorded in a facilities maintenance management information system. This information does not include annual maintenance or capital improvements as defined in the Department's Budget Formulation Guidance.

Critical Deferred Maintenance

Categories of deferred maintenance for analytic purposes include (a) Critical Health and Safety Deferred Maintenance: A facility deferred maintenance need that poses a serious threat to public or employee safety or health; (b) Critical Resource Protection Deferred Maintenance: A facility deferred maintenance need that poses a serious threat to natural or cultural resources; (c) Critical Mission Deferred Maintenance: A facility deferred maintenance need that poses a serious threat to a bureau's ability to carry out its assigned mission; (d) Compliance and Other Deferred Maintenance: A facility deferred maintenance need that will improve public or employee safety, health, or accessibility; compliance with codes, standards, laws, complete unmet programmatic needs and mandated programs; protection of natural or cultural resources to a bureau's ability to carry out its assigned mission.

Critical Maintenance is the work prioritized for FY 2004 - FY 2009 in the Deferred Maintenance and Capital Improvement Plans for the Bureau of Land Management, the U.S. Geological Survey, the Fish and Wildlife Service, the National Park Service, and the Bureau of Indian Affairs. The Department prioritizes deferred maintenance through five year plans that identify the most critical needs. The Bureau of Reclamation has no critical maintenance.

Estimated Deferred Maintenance

Generally, deferred maintenance is not estimated on equipment. If, however, the nature of operations is such that deferred maintenance on equipment is considered significant and meaningful, the Department may report this information.

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. The accumulation of deferred maintenance cost estimates, however, 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 may vary from bureau to bureau. The Department has implemented a cyclic/recurring condition assessment process to monitor, at a minimum of every five years, the condition of buildings and other facilities. The FY 2004 process is similar to the process in place in FY 2003.

Condition Assessment Surveys

The Department used Condition Assessment Surveys to determine deferred maintenance for each class of assets. A condition assessment survey is the periodic inspection of real property to determine its current condition and to provide a cost estimate for necessary repairs. Annual condition assessments are performed on all constructed assets with a current replacement value (CRV) of \$5,000 or more and are performed by field operating unit staff. Comprehensive condition assessments are performed on all constructed assets with a current replacement value of \$50,000 or more once every 5 years. Comprehensive assessments are usually performed under contract; the contract includes an expert inspection of the facility and all component systems, a summary of deficiencies found, and a recalculation of the current replacement value.

Condition assessments provide the estimates of current replacement value of the facilities and the cost of the repairs in the Deferred Maintenance (DM) Backlog which are used to calculate the Facilities Condition Index (FCI). The FCI is a method for rating the condition of a facility or group of facilities by dividing the total calculated cost of deferred maintenance by the current replacement value of the facility or facilities. A score closer to 0.0 reflects better condition. For example, a building with a current replacement value of \$100,000 and deferred maintenance of \$20,000 would have an FCI of 0.20. The result of the calculation is compared to numerical ranges that represent specific conditions, e.g., good, fair, or poor. The industry standard FCI for general buildings is:

$$\text{FCI} = \text{DM} / \text{CRV}$$

- Good is less than .05
- Fair is equal to or greater than .05 and less than .10
- Poor is equal to or greater than .10

The Department’s assessment of deferred maintenance is dependent upon the bureaus having accurate and complete facilities information. The accumulation of facility data provides the necessary information for compliance with the Federal Accounting Standard that requires annual reporting of deferred maintenance of fixed assets .

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

Good “G” – Facility/equipment condition meets established maintenance standards, Operates efficiently, and has a normal life. There is no deferred maintenance on facilities/equipment in good condition.

Fair “F” – 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 “P” – Facility/equipment does not meet most operating 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 assessment surveys, an indicator of condition is the percent of facilities and items of equipment in each of the good, fair, or poor categories.

Interior’s current estimate for deferred maintenance includes the following property categories of Roads, Bridges and Trails; Irrigation, Dams and Other Water Structures; Buildings (e.g., Administration, Education, Housing, Historic Buildings); and Other Structures (e.g. Recreation Sites, Hatcheries, etc.).

The estimate generally excludes vehicles and most other categories of operating equipment since on-going maintenance is performed on these assets and such assets would be disposed of before they resulted in a deferred maintenance condition.

Deferred Maintenance Estimate

Deferred maintenance information from the Feasibility software system represents the full inventory of all the identified deficiencies, but does not represent a backlog of specific repairs to be undertaken. Bureaus are developing performance measures to improve assets to an acceptable condition. Once these measures are in place and costs associated with achieving acceptable condition determined, this will become the deferred backlog amounts. As such, the Department’s current approach for estimating the amount needed to correct deferred maintenance for property, plant, and equipment ranges from approximately \$8.9 billion to \$15 billion as summarized in *Table 3-1*.

TABLE 3-1

**Estimated Range of FY 2004 Deferred Maintenance
(in thousands)**

Type of Deferred Maintenance	General PP&E		Stewardship PP&E		Total	
	Low	High	Low	High	Low	High
Roads, Bridges, Trails*	\$3,423,220	\$6,724,295	\$518,373	\$732,760	\$3,941,593	\$7,457,055
Irrigation, Dams and Other Water Structures	1,984,678	2,540,597	73,513	101,486	2,058,191	2,642,083
Buildings *	1,359,692	2,065,235	515,656	1,083,788	1,875,348	3,149,023
Other Structures *	1,045,703	2,004,161	16,858	36,018	1,062,561	2,040,179
DOI Total	\$7,813,293	\$13,334,288	\$1,124,400	\$1,954,052	\$8,937,693	\$15,288,340

*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).

Intragovernmental Transaction Disclosures

Intragovernmental 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 2004 intragovernmental transactions are shown in *Tables 3-2, 3-3, 3-4, and 3-5*.

TABLE 3-2

Intragovernmental Assets

(dollars in thousands)	Fund Balance with		Accounts and	
	Treasury	Investments	Interest	Advances and
			Receivable	Prepayments
Department of the Treasury	\$ 30,866,144	\$ 6,187,329	\$ 227,567	\$ -
Department of Agriculture	-	-	18,212	-
Department of the Army	-	-	5,483	-
Department of the Air Force	-	-	5,130	-
Environmental Protection Agency	-	-	9,513	-
Department of Transportation	-	-	21,182	1,033
National Aeronautics and Space Adm.	-	-	24,738	-
Department of Energy	-	-	9,101	-
U.S. Army Corps of Engineers	-	-	13,063	-
Other Federal Agencies	-	-	14,045	178
TOTAL	\$ 30,866,144	\$ 6,187,329	\$ 348,034	\$ 1,211

TABLE 3-3
Intragovernmental Liabilities

	Accounts Payable	Debt	Accrued Payroll and Benefits	Deferred Revenue and Deferred Credits	Custodial Liability	Aquatic Resources	Judgment Fund	Other Liabilities	Total
Department of the Treasury	\$ 3,180	\$ 1,304,879	\$ 15,996	\$ 10,601	\$ 671,478	\$ -	\$ 178,878	\$ 134,293	\$ 2,319,305
Executive Office of the President	1,006	-	-	100,345	-	-	-	-	101,351
Department of Agriculture	4,394	-	-	52,359	-	-	-	-	56,753
Department of Justice	713	-	-	38,868	-	-	-	-	39,581
Department of Labor	1,750	-	133,252	610	-	-	-	-	135,612
Department of the Navy	569	-	-	247,257	-	-	-	-	247,826
Department of the Army	229	-	-	528,251	-	-	-	-	528,480
Office of Personnel Management	367	-	21,844	1,632	-	-	-	-	23,843
General Services Administration	32,574	-	-	4,380	-	-	-	23,596	60,550
Department of the Air Force	-	-	-	137,413	-	-	-	-	137,413
Department of Homeland Security	2	-	-	114,900	-	-	-	-	183,253
Agency for International Development	-	-	-	31,135	-	68,351	-	-	31,135
Department of Health and Human Services	-	-	-	195,474	-	-	-	-	195,474
Department of Education	414	-	-	144,770	-	-	-	-	145,184
U.S. Army Corps of Engineers	23,388	-	-	237	-	352,545	-	-	376,170
Defense Agencies	829	-	-	135,157	-	-	-	-	135,986
Other Federal Agencies	7,411	-	-	13,612	-	-	-	-	21,023
TOTAL	\$ 76,826	\$ 1,304,879	\$ 171,092	\$ 1,757,001	\$ 671,478	\$ 420,896	\$ 178,878	\$ 157,889	\$ 4,738,939

TABLE 3-4
Intragovernmental Revenues, Transfers, and Expenses

(dollars in thousands)	Transfers In	Transfers Out	Imputed Financing Source	Other Non-Exchange Revenue (1)	Sales of Goods and Services	Expenses (2)
Department of the Treasury	\$ 126,793	\$ 182,261	\$ 131,494	\$ 109,347	\$ 90,171	\$ 373,832
Executive Office of the President	-	-	-	-	142,378	2,035
Department of Agriculture	2,351	135,864	-	-	55,428	42,258
Department of the Navy	-	-	-	-	281,121	3,500
Department of the Army	-	-	-	-	692,019	4,508
Office of Personnel Management	-	-	384,430	-	1,347	1,072,226
General Services Administration	350,894	347,982	-	-	10,607	489,539
Department of the Air Force	-	-	-	-	150,465	20,840
Department of Transportation	260,420	2,215	-	-	18,878	9,533
Department of Health and Human Services	-	-	-	-	114,989	7,881
National Aeronautics and Space Adm.	-	-	-	-	75,135	50,018
Department of Energy	176,041	170,093	3,020	-	111,054	61,462
Department of Education	-	-	-	-	202,561	-
U.S. Army Corps of Engineers	-	69,023	227	-	71,031	20,673
Defense Agencies	-	-	-	-	222,199	18,305
Other Federal Agencies	15,089	91,796	-	-	286,917	149,267
TOTAL	\$ 931,588	\$ 999,234	\$ 519,171	\$ 109,347	\$ 2,526,300	\$ 2,325,877

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

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

TABLE 3-5
Intragovernmental Gross Cost to Generate Earned Revenue
by Budget Functional Classification

	BFC 300: Natural Resources and Environment		BFC 450: Community and Regional Development		BFC 800: General Government		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	\$ 81,846	\$ 82,551	\$ 8,306	\$ 8,414	\$ 19	\$ 20	\$ 90,171
Executive Office of the President	142,378	143,606	-	-	-	-	142,378
Department of Commerce	21,827	22,015	28	29	723	727	22,578
Department of the Navy	281,121	283,545	-	-	-	-	281,121
Department of the Army	692,019	697,984	-	-	-	-	692,019
Office of Personnel Management	1,347	1,359	-	-	-	-	1,347
General Services Administration	10,607	10,699	-	-	-	-	10,607
Department of the Air Force	150,465	151,762	-	-	-	-	150,465
Department of Transportation	18,479	18,638	399	404	-	-	18,878
Department of Health and Human Services	113,556	114,534	1,433	1,452	-	-	114,989
National Aeronautics and Space Adm.	75,135	75,783	-	-	-	-	75,135
Department of Energy	110,240	111,190	814	825	-	-	111,054
Department of Education	1,026	1,034	201,535	204,166	-	-	202,561
U.S. Army Corps of Engineers	70,956	71,567	58	59	17	17	71,031
Defense Agencies	222,199	224,115	-	-	-	-	222,199
Other Federal Agencies	318,335	321,078	1,432	1,450	-	-	319,767
TOTAL	\$ 2,311,536	\$ 2,331,460	\$ 2,14,005	\$ 2,16,799	\$ 759	\$ 764	\$ 2,526,300
							\$ 2,549,023

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, Department of Defense, 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, 2004, and 2003. The financial information presented includes intra-departmental transactions.

Supplemental Balance Sheet
Combined Working Capital and Franchise Funds
as of September 30, 2004
(in thousands)

<i>(dollars in thousands)</i>	Bureau of Land Management	Bureau of Reclamation	Departmental Offices	Interior Franchise Fund	U.S. Geological Survey	FY 2004
Assets						
Intragovernmental Assets:						
Fund Balance with Treasury	\$ 55,184	49,459	596,637	1,393,632	85,133	\$ 2,180,045
Accounts and Interest Receivable, Net	-	9,992	39,973	6,370	-	56,335
Other	-	-	-	-	-	-
Advances and Prepayments	-	401	10,658	1,283	-	12,342
Total Intragovernmental Assets	55,184	59,852	647,268	1,401,285	85,133	2,248,722
Cash	55	-	-	-	-	55
Accounts and Interest Receivable, Net	4	70	755	292	5	1,126
Loans and Interest Receivable, Net	-	3,100	-	-	-	3,100
Inventory and Related Property	444	-	567	-	-	1,011
General Property, Plant and Equipment, Net	95,112	36,193	45,087	-	8,234	184,626
Other	-	-	-	-	-	-
Advances and Prepayments	131	225	5	2	-	363
Total Assets	\$ 150,930	99,440	693,682	1,401,579	93,372	\$ 2,439,003
Liabilities						
Accounts Payable	\$ 8	7,962	3,012	2,821	263	\$ 14,066
Debt	-	3,100	-	-	-	3,100
Other	-	-	-	-	-	-
Accrued Payroll and Benefits	1	6,940	1,450	54	98	8,543
Advances and Deferred Revenue	3,650	1,736	488,658	1,136,984	-	1,631,028
Total Intragovernmental Liabilities	3,659	19,738	493,120	1,139,859	361	1,656,737
Accounts Payable	16	4,184	94,102	234,060	4,225	336,587
Federal Employees Compensation Act Liability	-	-	6,062	-	-	6,062
Environmental Cleanup Costs	-	-	1,300	-	-	1,300
Other	-	-	-	-	-	-
Accrued Payroll and Benefits	150	15,230	9,399	432	454	25,665
Advances and Deferred Revenue	-	782	4,731	2	-	5,515
Total Liabilities	3,825	39,934	608,714	1,374,353	5,040	2,031,866
Net Position						
Unexpended Appropriations	-	-	4,827	-	-	4,827
Cumulative Results of Operations	147,105	59,506	80,141	27,226	88,332	402,310
Total Net Position	147,105	59,506	84,968	27,226	88,332	407,137
Total Liabilities & Net Position	\$ 150,930	99,440	693,682	1,401,579	93,372	\$ 2,439,003

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

<i>(dollars in thousands)</i>	Bureau of Land Management	Bureau of Reclamation	Departmental Offices	Interior Franchise Fund	U.S. Geological Survey	FY 2003
Assets						
Intragovernmental 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 Intragovernmental 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 Intragovernmental 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 Statement of Net Cost
Combined Working Capital and Franchise Funds
for the year ended September 30, 2004**
(in thousands)

<i>(dollars in thousands)</i>	FY 2004		
	Full Cost of Goods and Services Provided	Related Exchange Revenues	Excess of Full Cost Over Exchange Revenue
Bureau of Land Management			
Motorized Fleet Program	\$ 24,568	\$ (29,604)	\$ (5,036)
Total Bureau of Land Management	24,568	(29,604)	(5,036)
Bureau of Reclamation			
Engineering and Technical Services	98,213	(101,547)	(3,334)
Administrative Services	220,218	(226,405)	(6,187)
Computer and Related Services	15,974	(13,532)	2,442
Total Bureau of Reclamation	334,405	(341,484)	(7,079)
Departmental Offices			
Aircraft Services	136,740	(137,906)	(1,166)
Building Management/Rental	38,368	(38,996)	(628)
Charge Card Rebate	7,748	(6,307)	1,441
Federal Services	741,154	(744,860)	(3,706)
Y2K/Other	(49)	-	(49)
Intra-Bureau Eliminations	(138,106)	138,106	-
Total Departmental Offices	785,855	(789,963)	(4,108)
Interior Franchise Fund			
Government Works Acquisition Services	1,330,907	(1,349,056)	(18,149)
U.S. Films and Video Productions	1,700	(1,700)	-
Total Interior Franchise Fund	1,332,607	(1,350,756)	(18,149)
U.S. Geological Survey			
Reimbursable Services	38,316	(38,451)	(135)
Capital Investments	13,854	(107)	13,747
Total U.S. Geological Survey	52,170	(38,558)	13,612
Total Working Capital and Franchise Funds	\$ 2,529,605	\$ (2,550,365)	\$ (20,760)

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

	FY 2003		
	Full Cost of Goods and Services Provided	Related Exchange Revenues	Excess of Full Cost Over Exchange Revenue
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

