



# Accountability Report

Fiscal Year 2002





A statue of first U.S. President George Washington graces the entrance to Federal Hall National Memorial. Washington took the oath of office in the original Federal Hall building on this site in 1789.

HABS/HAER PHOTO

Cover - Federal Hall National Memorial was the location for a special joint session of Congress on September 6, 2002, to commemorate the events of September 11, 2001.

NPS MANHATTAN SITES PHOTO

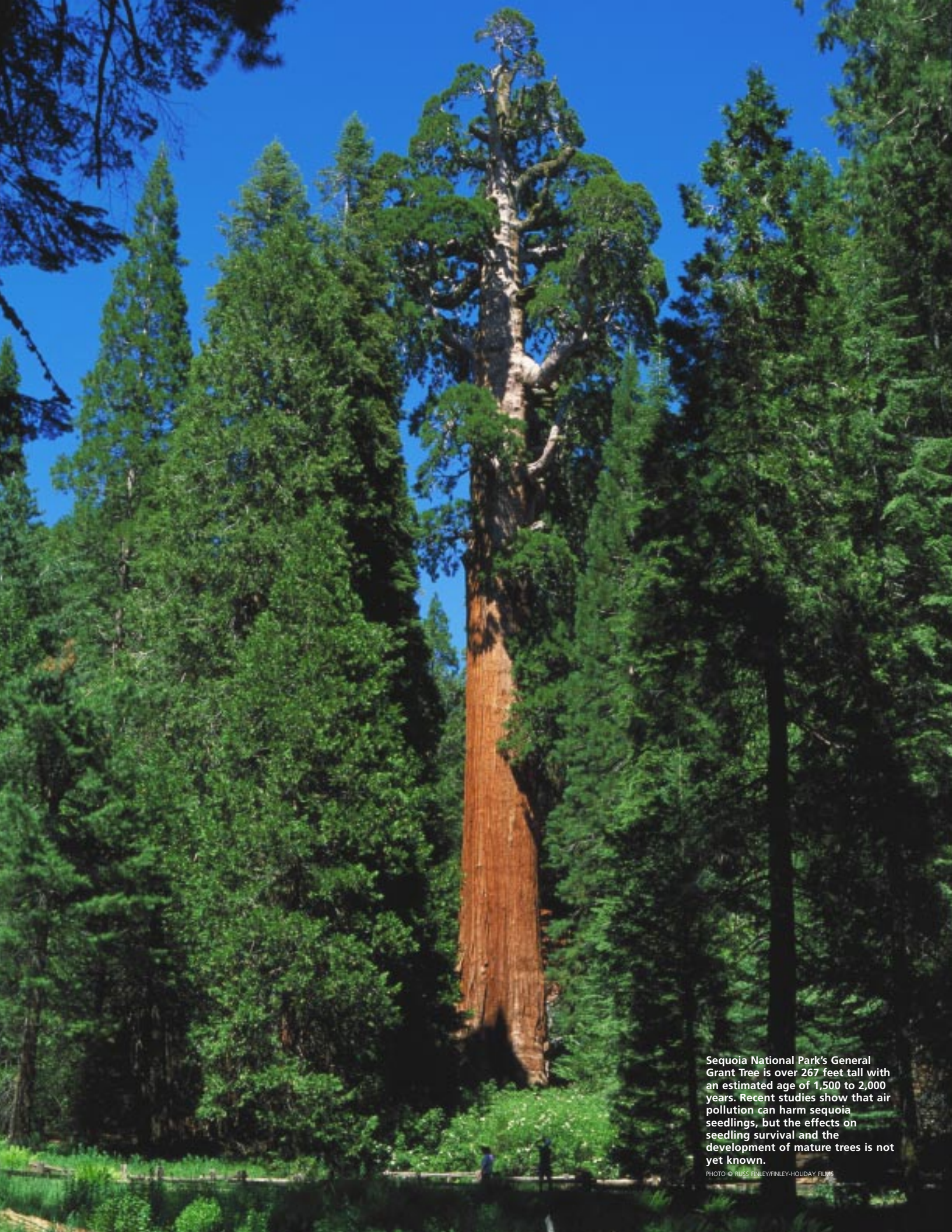
# **Accountability Report**

Fiscal Year 2002

Accounting Operations Center  
Herndon, Virginia

Produced by Harpers Ferry Center  
Harpers Ferry, West Virginia

U.S. Department of the Interior  
National Park Service  
Washington, DC



Sequoia National Park's General Grant Tree is over 267 feet tall with an estimated age of 1,500 to 2,000 years. Recent studies show that air pollution can harm sequoia seedlings, but the effects on seedling survival and the development of mature trees is not yet known.

PHOTO © RUSS FINLEY/FINLEY-HOLIDAY FILMS

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Thermal features such as Grand Prismatic Spring in Yellowstone National Park offer scientists an opportunity to research thermophilic bacteria, algae mats, predators, and their environments, and apply the information elsewhere to energy fuel production and extraction, bio-mining, control and removal of toxic wastes, development of new surfactants and fermentation processes, and other fields.

PHOTO © RUSS FINLEY/FINLEY-HOLIDAY FILMS

## A Message From the Director

*Ours is a park system for the 21st century, working together for common goals and inviting both active participation and close observation of every park and program we manage.*



Fran P. Mainella, Director of the National Park Service

NPS PHOTO

I am pleased to offer the National Park Service Accountability Report for Fiscal Year 2002. It highlights many of our recent accomplishments and points out the direction we are taking into the new year. This overview details the variety and complexity of the Service's responsibilities and accomplishments.

This is an important document, which should be shared with our many partners—the corporate and private citizens and organizations who support, encourage, and benefit from our work. We are pleased to be able to make it available for all.

The places and programs entrusted to the National Park Service protect grand vistas and promote scientific inquiry; they provide spaces for respite and recreation, places to reflect our human heritage. In their diversity and nuance, they preserve the identity of a great nation. The many places entrusted to our care are components of a unified system, each displaying an element of our natural and human history, all linked pieces of a puzzle that assemble to reveal the grand scope of our heritage.

During this past year, we have made great strides in several areas. We have advanced on the daunting backlog of maintenance deficiencies in the parks and have firmly committed to continuing that program. We have also made significant progress on the Natural Resource Challenge in a two-pronged effort to enhance the scope and

reliability of science for the parks even as we also open new opportunities in making properties and programs accessible platforms as parks for science.

We have restructured our headquarters to be more attentive to our public and private partnerships and to strengthen our support for such core functions as law enforcement and resource protection, including fire management. We have also committed to a more focused effort to support the educational needs of the nation with improved in-park programs and facilities and outreach programs.

The successful audit of the NPS financial records and system is a significant accomplishment that reflects our Servicewide commitment to transparent management accountability, open to public review and scrutiny. Ours is a park system for the 21st century, working together for common goals and inviting both active participation and close observation of every park and program we manage.

I encourage everyone to read this report for a better understanding of both the goals and accomplishments of the National Park Service in the last fiscal year.

A handwritten signature in dark ink that reads "Fran P. Mainella". The signature is written in a cursive style.

Fran P. Mainella, Director  
National Park Service



Citizens have erected temporary memorials in Shanksville, Pennsylvania, near the site of the Flight 93 crash on September 11, 2001. During Fiscal Year 2002, Congress authorized the Flight 93 National Memorial to commemorate the passengers and crew who courageously gave their lives.

PHOTO COURTESY OF AMANDA LYNCH



# Management Discussion and Analysis: NPS Mission and Organizational Structure

*“The National Park Service preserves unimpaired the natural and cultural resources and intrinsic values of the National Park System for the enjoyment, education, and inspiration of this and future generations.”*

—NATIONAL PARK SERVICE ORGANIC ACT, 1916

## MISSION AND HISTORY

On August 25, 1916, President Woodrow Wilson signed the act creating the National Park Service, a federal bureau in the Department of the Interior. The Organic Act of the National Park Service states *“the Service thus established shall promote and regulate the use of Federal areas known as national parks, monuments and reservations . . . by such means and measures as conform to the fundamental purpose of the said parks, monuments and reservations, which purpose is to conserve the scenery and the natural and historic objects and the wild life therein and to provide for the enjoyment of the same in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.”*

The National Park Service continues to strive to meet those original goals while filling many roles: guardian of our diverse cultural and recreational resources, environmental advocate, world leader in the parks and preservation community, and pioneer in the drive to protect America’s open space.

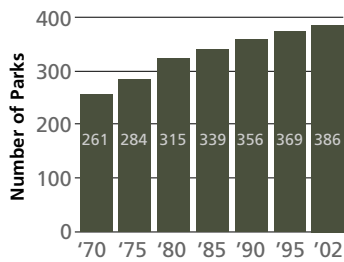
## SIZE AND COMPOSITION

Additions to the National Park System generally are made through acts of Congress, and national parks can be created only through such acts. The President has authority, under the Antiquities Act of 1906, to proclaim national monuments on lands already under federal jurisdiction.

### National Park Service Mission Guiding Principles

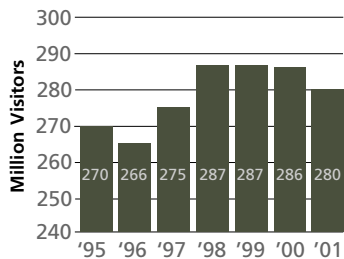
|                         |  |
|-------------------------|--|
| Excellent Service       | Providing the best possible service to park visitors and partners.   |
| Productive Partnerships | Collaborating with federal, state, tribal, and local governments, private organizations, and businesses to work toward common goals.   |
| Citizen Involvement     | Providing opportunities for citizens to participate in the decisions and actions of the National Park Service.                         |
| Heritage Education      | Educating park visitors and the general public about their history and common heritage.  |
| Outstanding Employees   | Empowering a diverse work force committed to excellence, integrity, and quality work.  |
| Employee Development    | Providing developmental opportunities and training so employees have the “tools to do the job” safely and efficiently.                 |
| Wise Decisions          | Integrating social, economic, environmental, and ethical considerations into the decision-making process.                              |
| Effective Management    | Instilling a performance management philosophy that fosters creativity, focuses on results, and requires accountability at all levels. |
| Research and Technology | Incorporating research findings and new technologies to improve work practices, products, and services.                                |
| Shared Capabilities     | Sharing technical information and expertise with public and private land managers.   |

### National Park System Growth



One new unit was added to the National Park System in FY 2002.

### Recreational Visits Per Year



Visitation at national parks declined in 2001 due to the events of September 11.

In 2002 the National Park System consisted of 386 units encompassing more than 84 million acres of land in every state except Delaware. Park units are also located in the District of Columbia, American Samoa, Guam, Puerto Rico, and the Virgin Islands.

National Park System units presently bear some 20 designations which include *national park*, *national monument*, *national historic site*, *national recreation area*, *national river*, *national battlefield*, and *national scenic trail*. These designations are rooted in the National Park System's legislative and administrative history. Different designations provide protection appropriate to the resource by varying limits to use or access. The National Park Service also works with affiliated areas including *national heritage areas*.

See the Required Supplementary Stewardship Information section of this report for more information about the composition of the National Park System.

### VISITATION

Visitation to the National Park System in calendar year 2001, the latest year for which data is available, declined by two percent from 2000 due to the tragic events of September 11. Visitation totaled less than 280 million in 2001, six million less than in 2000. However, this level of visitation remains historically high, exceeding any year before 1998. Visitation ranged between 286 and 287 million from 1998 to 2000.

### VISITOR SERVICES

National parks are established to encourage and service visitation. A customer satisfaction survey at all National Park System units rates visitor satisfaction. The overall satisfaction rating presently reaches 95 percent, meeting the goal established by the NPS in its Strategic Plan.

### ORGANIZATIONAL STRUCTURE

The National Park Service is a bureau within the Department of the Interior. The National Park Service is administered by a Director (a position which requires Senate confirmation) who reports to the Secretary of the Interior.

Servicewide programs and grant programs for entities outside of the National Park Service are administered through Associate Directors. In FY 2002 the National Park Service undertook a comprehensive realignment of "portfolio" responsibilities among Associate Directors within the Washington Office and established reporting requirements through the Deputy Directors. The realignment was still in progress at the end of FY 2002.

The National Park System is organized into seven regions: Alaska, Intermountain, Midwest, National Capital, Northeast, Pacific West, and Southeast. A Regional Director, who provides line supervision for all park superintendents within the region, heads each. There are also 10 support offices distributed among the regions.

The National Leadership Council (NLC), composed of the Director, Deputy Directors, Associate to the Director, Associate Directors, Comptroller, Chief of the U.S. Park Police, and the seven Regional Directors, sets policy and the overall direction for the National Park Service.

### STAFFING

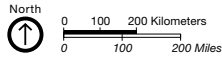
In FY 2002 the National Park Service used 20,505 full-time equivalents (FTE). The FTE count equates to an on-board strength of about 25,000 employees during the summer months when visitation is at its peak.

The Volunteers in Parks Program continues to prove a major force in accomplishing the National Park Service mission. During Fiscal Year 2002 approximately 153,600 volunteers contributed an equivalent of more than 2,100 FTEs in service to the NPS, nearly 4.4 million hours of service.

## Mission Statement

*The National Park Service preserves unimpaired the natural and cultural resources and intrinsic values of the National Park System for the enjoyment, education, and inspiration of this and future generations. The National Park Service cooperates with partners to extend the benefits of natural and cultural resource conservation, and outdoor recreation throughout this country and the world.*

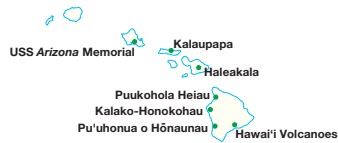
| Categories of National Parks |   |
|------------------------------|---|
| Designation                  | Description   |
| National Park                | Generally, national parks are large natural places that encompass a wide variety of attributes, sometimes including significant historic assets. Hunting, mining and consumptive activities are not authorized.   |
| National Monument            | The Antiquities Act of 1906 authorized the President to declare by public proclamation landmarks, structures, and other objects of historic or scientific interest situated on lands owned or controlled by the government to be national monuments.  |
| National Preserve            | National preserves are areas having characteristics associated with national parks, but in which Congress has permitted continued public hunting, trapping, oil/gas exploration and extraction. Many existing national preserves, without sport hunting, would qualify for national park designation.   |
| National Historic Site       | Usually, a national historic site contains a single historical feature directly associated with its subject. Derived from the Historic Sites Act of 1935, some historic sites were established by secretaries of the Interior; most have been authorized by acts of Congress.   |
| National Historical Park     | This designation generally applies to historic parks that extend beyond single properties or buildings.   |
| National Memorial            | A national memorial is commemorative of a historic person or episode; it need not occupy a site historically connected with its subject.  |
| National Battlefield         | This general title includes national battlefield, national battlefield park, national battlefield site, and national military park. In 1958, an NPS committee recommended national battlefield as the single title for all such park lands.   |
| National Cemetery            | There are presently 14 national cemeteries in the National Park System, all of which are administered in conjunction with an associated unit and are not accounted for separately.  |
| National Recreation Area     | Twelve NRAs in the National Park System are centered on large reservoirs and emphasize water-based recreation. Five other NRAs are located near major population centers. Such urban parks combine scarce open spaces with the preservation of significant historic resources and important natural areas in locations that can provide outdoor recreation for large numbers of people.   |
| National Seashore            | Ten national seashores are established on the Atlantic, Gulf, and Pacific coasts; some are developed and some relatively primitive. Hunting is allowed at many of these sites.  |
| National Lakeshore           | National lakeshores, all on the Great Lakes, closely parallel the seashores in character and use.   |
| National River               | There are several variations to this category: national river and recreation area, national scenic river, wild river, etc. The first was authorized in 1964, and others were established following passage of the Wild and Scenic Rivers Act of 1968.   |
| National Parkway             | The title parkway refers to a roadway and the parkland paralleling the roadway. All were intended for scenic motoring along a protected corridor and often connect cultural sites.  |
| National Trail               | National scenic trails and national historic trails are the titles given to these linear parklands (over 3,600 miles) authorized under the National Trails System Act of 1968.  |
| Affiliated Areas             | In an Act of August 18, 1970, the National Park System was defined in law as, "any area of land and water now or hereafter administered by the Secretary of the Interior through the National Park Service for park, monument, historic, parkway, recreational or other purposes." The affiliated areas comprise a variety of locations in the United States and Canada that preserve significant properties outside the National Park System. Some of these have been recognized by acts of Congress, others have been designated national historic sites by the Secretary of the Interior under authority of the Historic Sites Act of 1935. All draw on technical or financial aid from the National Park Service. |
| Other Designations           | Some National Park System units bear unique titles or combinations of titles, such as the White House, President's Park, Prince William Forest Park, and Wolf Trap Farm Park.   |



● Yosemite National Park Service unit  
 ● OregonTrail Associated sites



HAWAII

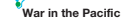


United States Territories

AMERICAN SAMOA



GUAM



PUERTO RICO VIRGIN ISLANDS





## National Park System Units by Region

### ALASKA REGION

|                             |                              |                            |                                |
|-----------------------------|------------------------------|----------------------------|--------------------------------|
| 1. Alagnak Wild River       | 7. Denali NPres              | 13. Katmai NPres           | 19. Noatak NPres               |
| 2. Aniakchak NM             | 8. Gates of the Arctic NP    | 14. Kenai Fjords NP        | 20. Sitka NHP                  |
| 3. Aniakchak NPres          | 9. Gates of the Arctic NPres | 15. Klondike Gold Rush NHP | 21. Wrangell-Saint Elias NP    |
| 4. Bering Land Bridge NPres | 10. Glacier Bay NP           | 16. Kobuk Valley NP        | 22. Wrangell-Saint Elias NPres |
| 5. Cape Krusenstern NM      | 11. Glacier Bay NPres        | 17. Lake Clark NP          | 23. Yukon-Charley Rivers NPres |
| 6. Denali NP                | 12. Katmai NP                | 18. Lake Clark NPres       |                                |

### INTERMOUNTAIN REGION

|                                     |                               |   |                                    |
|-------------------------------------|-------------------------------|---|------------------------------------|
| 24. Alibates Flint Quarries NM      | 44. Chickasaw NRA             | 65. Grant-Kohrs Ranch NHS                   | 85. Petrified Forest NP            |
| 25. Amistad NRA                     | 45. Chiricahua NM             | 66. Great Sand Dunes NP                     | 86. Petroglyph NM                  |
| 26. Arches NP                       | 46. Colorado NM               | 67. Great Sand Dunes NPres                  | 87. Pipe Spring NM                 |
| 27. Aztec Ruins NM                  | 47. Coronado NMem             | 68. Guadalupe Mountains NP                  | 88. Rainbow Bridge NM              |
| 28. Bandelier NM                    | 48. Curecanti NRA             | 69. Hohokam Pima NM                         | 89. Rio Grande Wild & Scenic River |
| 29. Bent's Old Fort NHS             | 49. Devils Tower NM           | 70. Hovenweep NM                            | 90. Rocky Mountain NP              |
| 30. Big Bend NP                     | 50. Dinosaur NM               | 71. Hubbell Trading Post NHS                | 91. Saguaro NP                     |
| 31. Big Thicket NPres               | 51. El Malpais NM             | 72. John D Rockefeller Jr. Memorial Parkway | 92. Salinas Pueblo Missions NM     |
| 32. Bighorn Canyon NRA              | 52. El Morro NM               | 73. Lake Meredith NRA                       | 93. San Antonio Missions NHP       |
| 33. Black Canyon of the Gunnison NP | 53. Florissant Fossil Beds NM | 74. Little Bighorn NM                       | 94. Sunset Crater NM               |
| 34. Bryce Canyon NP                 | 54. Fort Bowie NHS            | 75. Lyndon B Johnson NHP                    | 95. Timpanogos Cave NM             |
| 35. Canyon de Chelly NM             | 55. Fort Davis NHS            | 76. Mesa Verde NP                           | 96. Tonto NM                       |
| 36. Canyonlands NP                  | 56. Fort Laramie NHS          | 77. Montezuma Castle NM                     | 97. Tumacacori NHP                 |
| 37. Capitol Reef NP                 | 57. Fort Union NM             | 78. Natural Bridges NM                      | 98. Tuzigoot NM                    |
| 38. Capulin Volcano NM              | 58. Fossil Butte NM           | 79. Navajo NM                               | 99. Walnut Canyon NM               |
| 39. Carlsbad Caverns NP             | 59. Gila Cliff Dwellings NM   | 80. Oklahoma City NMem                      | 100. Washita Battlefield NHS       |
| 40. Casa Grande Ruins NM            | 60. Glacier NP                | 81. Organ Pipe Cactus NM                    | 101. White Sands NM                |
| 41. Cedar Breaks NM                 | 61. Glen Canyon NRA           | 82. Padre Island NS                         | 102. Wupatki NM                    |
| 42. Chaco Culture NHP               | 62. Golden Spike NHS          | 83. Palo Alto Battlefield NHS               | 103. Yellowstone NP                |
| 43. Chamizal NMem                   | 63. Grand Canyon NP           | 84. Pecos NHP                               | 104. Yucca House NM                |
|                                     | 64. Grand Teton NP            |   | 105. Zion NP                       |

### MIDWEST REGION

|                                      |   |  |   |
|--------------------------------------|---|--|---|
| 106. Agate Fossil Beds NM            | 121. George Washington Carver NM            | 134. Knife River Indian Village NHS        | 145. Pea Ridge NMP                                  |
| 107. Apostle Islands NL              | 122. Grand Portage NM                       | 135. Lincoln Boyhood NMem                  | 146. Perry's Victory & International Peace Memorial |
| 108. Arkansas Post NMem              | 123. Harry S Truman NHS                     | 136. Lincoln Home NHS                      | 147. Pictured Rocks NL                              |
| 109. Badlands NP                     | 124. Herbert Hoover NHS                     | 137. Little Rock Central High School NHS   | 148. Pipestone NM                                   |
| 110. Brown v. Board of Education NHS | 125. Homestead National Monument of America | 138. Minuteman Missile NHS                 | 149. Saint Croix NSR                                |
| 111. Buffalo NR                      | 126. Hopewell Culture NHP                   | 139. Mississippi National River & Rec Area | 150. Scotts Bluff NM                                |
| 112. Cuyahoga Valley NP              | 127. Hot Springs NP                         | 140. Missouri National Rec River           | 151. Sleeping Bear Dunes NL                         |
| 113. Dayton Aviation NHP             | 128. Indiana Dunes NL                       | 141. Mount Rushmore NMem                   | 152. Tallgrass Prairie NPres                        |
| 114. Effigy Mounds NM                | 129. Isle Royale NP                         | 142. Nicodemus NHS                         | 153. Theodore Roosevelt NP                          |
| 115. First Ladies NHS                | 130. James A Garfield NHS                   | 143. Niobrara National Scenic Riverway     | 154. Ulysses S Grant NHS                            |
| 116. Fort Larned NHS                 | 131. Jefferson National Expansion Memorial  | 144. Ozark National Scenic Riverways       | 155. Voyageurs NP                                   |
| 117. Fort Scott NHS                  | 132. Jewel Cave NM                          |  | 156. William Howard Taft NHS                        |
| 118. Fort Smith NHS                  | 133. Keweenaw NHP                           |  | 157. Wilson's Creek NB                              |
| 119. Fort Union Trading Post NHS     |   |  | 158. Wind Cave NP                                   |
| 120. George Rogers Clark NHP         |   |  |   |

### NATIONAL CAPITAL REGION

|                                     |  |  |  |
|-------------------------------------|--|--|--|
| 159. Antietam NB                    | 168. Frederick Douglass NHS                          | 176. Mary McLeod Bethune Council House NHS   | 185. Theodore Roosevelt Island                       |
| 160. Arlington House                | 169. George Washington Memorial Parkway              | 177. Monocacy NB                             | 186. Thomas Jefferson Memorial                       |
| 161. Catoctin Mountain Park         | 170. Greenbelt Park                                  | 178. National Capital Parks (Central & East) | 187. Vietnam Veterans Memorial                       |
| 162. Chesapeake & Ohio Canal NHP    | 171. Harpers Ferry NHP                               | 179. National Mall                           | 188. Washington Monument                             |
| 163. Clara Barton NHS               | 172. Korean War Veterans Memorial                    | 180. Pennsylvania Avenue NHS                 | 189. White House                                     |
| 164. Constitution Gardens           | 173. Lyndon B. Johnson Memorial Grove on the Potomac | 181. Piscataway Park                         | 190. Wolf Trap National Park for the Performing Arts |
| 165. Ford's Theatre NHS             | 174. Lincoln Memorial                                | 182. Potomac Heritage NST                    |  |
| 166. Fort Washington Park           | 175. Manassas NBP                                    | 183. Prince William Forest Park              |  |
| 167. Franklin D. Roosevelt Memorial |  | 184. Rock Creek Park                         |  |

(See next page for NPS site designation abbreviations)

## National Park System Units by Region

### NORTHEAST REGION

|                                  |   |                                     |   |
|----------------------------------|---|-------------------------------------|---|
| 191. Acadia NP                   | 211. Fire Island NS                                 | 228. Home of FD Roosevelt NHS       | 248. Saint-Gaudens NHS                          |
| 192. Adams NHP                   | 212. Flight 93 NMem                                 | 229. Hopewell Furnace NHS           | 249. Salem Maritime NHS                         |
| 193. Allegheny Portage RR NHS    | 213. Fort McHenry NM & Historic Shrine              | 230. Independence NHP               | 250. Saratoga NHP                               |
| 194. Appomattox Court House NHP  | 214. Fort Necessity NB                              | 231. John F Kennedy NHS             | 251. Saugus Iron Works NHS                      |
| 195. Assateague Island NS        | 215. Fort Stanwix NM                                | 232. Johnstown Flood NMem           | 252. Shenandoah NP                              |
| 196. Bluestone NSR               | 216. Frederick Law Olmsted NHS                      | 233. Longfellow NHS                 | 253. Springfield Armory NHS                     |
| 197. Booker T Washington NM      | 217. Fredericksburg/Spotsylvania Battlefield Mem    | 234. Lowell NHP                     | 254. Statue of Liberty NM                       |
| 198. Boston African American NHS | 218. Friendship Hill NHS                            | 235. Maggie L Walker NHS            | 255. Steamtown NHS                              |
| 199. Boston NHP                  | 219. Gateway NRA                                    | 236. Marsh-Billings-Rockefeller NHP | 256. Thaddeus Kosciuszko NMem                   |
| 200. Boston Harbor Islands NRA   | 220. Gauley River NRA                               | 237. Martin Van Buren NHS           | 257. Theodore Roosevelt Birthplace NHS          |
| 201. Cape Cod NS                 | 221. General Grant NMem                             | 238. Minute Man NHP                 | 258. Theodore Roosevelt Inaugural NHS           |
| 202. Castle Clinton NM           | 222. George Washington Birthplace NM                | 239. Morristown NHP                 | 259. Thomas Stone NHS                           |
| 203. Colonial NHP                | 223. Gettysburg NMP                                 | 240. New Bedford Whaling NHP        | 260. Upper Delaware Scenic & Recreational River |
| 204. Delaware NSR                | 224. Governor's Island NM                           | 241. New River Gorge NR             | 261. Valley Forge NHP                           |
| 205. Delaware Water Gap NRA      | 225. Great Egg Harbor Scenic and Recreational River | 242. Petersburg NB                  | 262. Vanderbilt Mansion NHS                     |
| 206. Edgar Allan Poe NHS         | 226. Hamilton Grange NMem                           | 243. Richmond NBP                   | 263. Weir Farm NHS                              |
| 207. Edison NHS                  | 227. Hampton NHS                                    | 244. Roger Williams NMem            | 264. Women's Rights NHP                         |
| 208. Eisenhower NHS              |   | 245. Sagamore Hill NHS              |   |
| 209. Eleanor Roosevelt NHS       |   | 246. Saint Croix Island IHS         |   |
| 210. Federal Hall NMem           |   | 247. Saint Paul's Church NHS        |   |

### PACIFIC WEST REGION

|                                     |                              |                                      |   |
|-------------------------------------|------------------------------|--------------------------------------|---|
| 265. Big Hole NB                    | 280. Hagerman Fossil Beds NM | 295. Minidoka Internment NM          | 309. Rosie the Riveter/ WWII Home Front NHP |
| 266. Cabrillo NM                    | 281. Haleakala NP            | 296. Mojave NPres                    | 310. Ross Lake NRA                          |
| 267. Channel Islands NP             | 282. Hawaii Volcanoes NP     | 297. Mount Rainier NP                | 311. San Francisco Maritime NHP             |
| 268. City of Rocks National Reserve | 283. John Day Fossil Beds NM | 298. Muir Woods NM                   | 312. San Juan Island NHP                    |
| 269. Crater Lake NP                 | 284. John Muir NHS           | 299. National Park of American Samoa | 313. Santa Monica Mountains NRA             |
| 270. Craters of the Moon NM         | 285. Joshua Tree NP          | 300. Nez Perce NHP                   | 314. Sequoia NP                             |
| 271. Death Valley NP                | 286. Kalaupapa NHP           | 301. North Cascades NP               | 315. U.S.S. Arizona Memorial                |
| 272. Devils Postpile NM             | 287. Kaloko-Honokohau NHP    | 302. Olympic NP                      | 316. War in the Pacific NHP                 |
| 273. Ebey's Landing NH Reserve      | 288. Kings Canyon NP         | 303. Oregon Caves NM                 | 317. Whiskeytown-Shasta-Trinity NRA         |
| 274. Eugene O'Neill NHS             | 289. Lake Chelan NRA         | 304. Pinnacles NM                    | 318. Whitman Mission NHS                    |
| 275. Fort Clatsop NMem              | 290. Lake Mead NRA           | 305. Point Reyes NS                  | 319. Yosemite NP                            |
| 276. Fort Point NHS                 | 291. Lake Roosevelt NRA      | 306. Pu'uhonua o Honaunau NHP        |   |
| 277. Fort Vancouver NHS             | 292. Lassen Volcanic NP      | 307. Puukohola Heiau NHS             |   |
| 278. Golden Gate NRA                | 293. Lava Beds NM            | 308. Redwood NP                      |   |
| 279. Great Basin NP                 | 294. Manzanar NHS            |                                      |   |

### SOUTHEAST REGION

|   |                                      |  |   |
|---|--------------------------------------|--|---|
| 320. Abraham Lincoln Birthplace NHS           | 336. Chattahoochee River NRA         | 353. Great Smoky Mountains NP              | 370. Obed Wild & Scenic River                 |
| 321. Andersonville NHS                        | 337. Chickamauga and Chattanooga NMP | 354. Guilford Courthouse NMP               | 371. Ocmulgee NM                              |
| 322. Andrew Johnson NHS                       | 338. Christiansted NHS               | 355. Gulf Islands NS                       | 372. Poverty Point NM                         |
| 323. Big Cypress NPres                        | 339. Congaree Swamp NM               | 356. Horseshoe Bend NMP                    | 373. Russell Cave NM                          |
| 324. Big South Fork National River & Rec Area | 340. Cowpens NB                      | 357. Jean Lafitte NHP & Pres               | 374. Salt River Bay NHP & Ecological Preserve |
| 325. Biscayne NP                              | 341. Cumberland Gap NHP              | 358. Jimmy Carter NHS                      | 375. San Juan NHS                             |
| 326. Blue Ridge Parkway                       | 342. Cumberland Island NS            | 359. Kennesaw Mountain NBP                 | 376. Shiloh NMP                               |
| 327. Brices Crossroads NBS                    | 343. De Soto NMem                    | 360. Kings Mountain NMP                    | 377. Stones River NB                          |
| 328. Buck Island Reef NM                      | 344. Dry Tortugas NP                 | 361. Little River Canyon National Preserve | 378. Timucuan Ecological & Historic Preserve  |
| 329. Canaveral NS                             | 345. Everglades NP                   | 362. Mammoth Cave NP                       | 379. Tupelo NB                                |
| 330. Cane River Creole NHP                    | 346. Fort Caroline NMem              | 363. Martin Luther King, Jr. NHS           | 380. Tuskegee Airmen NHS                      |
| 331. Cape Hatteras NS                         | 347. Fort Donelson NB                | 364. Moores Creek NB                       | 381. Tuskegee Institute NHS                   |
| 332. Cape Lookout NS                          | 348. Fort Frederica NM               | 365. Natchez NHP                           | 382. Vicksburg NMP                            |
| 333. Carl Sandburg Home NHS                   | 349. Fort Matanzas NM                | 366. Natchez Trace NST                     | 383. Virgin Islands Coral Reef NM             |
| 334. Castillo de San Marcos NM                | 350. Fort Pulaski NM                 | 367. Natchez Trace Pkwy                    | 384. Virgin Islands NP                        |
| 335. Charles Pickney NHS                      | 351. Fort Raleigh NHS                | 368. New Orleans Jazz NHP                  | 385. Wright Brothers NM                       |
|   | 352. Fort Sumter NM                  | 369. Ninety Six NHS                        |   |

### WASHINGTON OFFICE

|                      |     |                             |       |                        |       |                                |
|----------------------|-----|-----------------------------|-------|------------------------|-------|--------------------------------|
| 386. Appalachian NST | IHS | International Historic Site | NL    | National Lakeshore     | NRA   | National Recreational Area     |
|                      | NB  | National Battlefield        | NM    | National Monument      | NS    | National Seashore              |
|                      | NBP | National Battlefield Park   | NMem  | National Memorial      | NSR   | National Scenic River          |
|                      | NBS | National Battlefield Site   | NMP   | National Military Park | NST   | National Scenic Trail          |
|                      | NHP | National Historical Park    | NP    | National Park          | NW&SR | National Wild and Scenic River |
|                      | NHS | National Historic Site      | NPres | National Preserve      |       |                                |
|                      | NHT | National Historic Trail     | NR    | National River         |       |                                |



Increasing urban encroachment and adjacent development have threatened the integrity of Saguaro National Park, where saguaro cactus reach heights of up to 50 feet, weigh up to 8 tons, and live for more than 150 years.

PHOTO © RUSS FINLEY/FINLEY-HOLIDAY FILMS



# Management Discussion and Analysis: NPS Performance Goals and Results

## STRATEGIC GOALS AND RESULTS

The Government Performance and Results Act (GPRA)<sup>1</sup> requires the National Park Service to have a strategic plan that includes a comprehensive statement of mission, as well as outcome-related goals and objectives to fulfill that mission. In FY 2000 the NPS updated the Strategic Plan to cover the years 2001-2005. National Park Service annual goals are published in the Annual Performance Plan. Agency accomplishments are published in the Annual Performance Report. *(Refer to the Annual Performance Report for a comprehensive accounting of NPS performance against goals in FY 2002.)*

The mission goals of the NPS fall into three mission-related categories: (I.) Preserve Park Resources, (II.) Provide for the Public Enjoyment and Visitor Experience of Parks, and (III.) Strengthen and Preserve Natural and Cultural Resources, and Enhance Recreational Opportunities Managed By Partners. Each of these mission goals relate to a strategic goal of the Department of the Interior.

The NPS Strategic Plan is written in terms of long-term and annual goals. The Strategic Plan for FY 2001-FY 2005 establishes the long-term goal as of the end of Fiscal Year 2005. Annual goals are as of the end of the fiscal year for the reporting year. The NPS states its Servicewide goals as measurable outcomes (results), embedding the performance measure into each long-term goal and stating its annual goals in the same way, to show clear and direct relationships between long-term goals and annual goals. Within the three mission-related categories, four annual performance goals were selected to highlight the NPS accomplishments for FY 2002. Numeration for NPS goals in this section refer to the numeration of those goals in the National Park Service FY 2000-FY 2005 Strategic Plan.

### I. Preserve Park Resources

This goal category marks NPS commitment to preserve, restore, and maintain natural and cultural resources and associated values in good condition, as well as to manage such resources within their

## Relation of National Park Service Mission Goals to U.S. Department of the Interior Strategic Plan

| NPS Mission Goal  | Relevance to U.S. Department of the Interior Strategic Plan |  |
|---|---|--|
|   | DOI Strategic Mission Goal                                  | DOI Outcome Goal   |
| 1. Preserve Park Resources  | 1. Resource Protection                                      | <ul style="list-style-type: none"> <li>■ Improve Health of Watersheds and Landscapes</li> <li>■ Sustain Biological Communities</li> <li>■ Protect Cultural and Heritage Resources</li> </ul> |
| 2. Provide for Public Enjoyment and Visitor Experience of Parks   | 2. Recreation   | <ul style="list-style-type: none"> <li>■ Improve Access to Recreation</li> <li>■ Ensure Quality of Recreation</li> <li>■ Receive and Provide Fair Value in Recreation</li> </ul>             |
|   | 3. Serving Communities                                      | <ul style="list-style-type: none"> <li>■ Protect Lives, Resources, and Property</li> </ul>   |
| 3. Strengthen and Preserve Natural and Cultural Resources, and Enhance Recreational Opportunities Managed By Partners | 2. Recreation   | <ul style="list-style-type: none"> <li>■ Improve Access to Recreation</li> <li>■ Ensure Quality of Recreation</li> <li>■ Receive and Provide Fair Value in Recreation</li> </ul>             |
|   | 3. Serving Communities                                      | <ul style="list-style-type: none"> <li>■ Protect Lives, Resources, and Property</li> </ul>   |

<sup>1</sup> GPRA was passed in 1993 to improve operational efficiency and effectiveness by requiring agencies to define their mission goals and identify long- and short-term program goals through strategic planning, and to measure and evaluate program accomplishments through annual performance reports to the American people.

broader ecosystem and cultural context. Long-term goals include the preservation, restoration, or maintenance of ecosystems, rare plant and animal populations, archeological and ethnographic resources, world heritage sites, historic structures and objects, research collections, cultural traditions, and subsistence activities relevant to the purpose and/or significance of the site.

In addition to the goals that directly address preserving the resource, this goal category also includes goals supporting NPS contributions to scholarly and scientific research. The National Park Service has fundamental information requirements to support sound decisions about managing natural and cultural resources within the National Park System. Two performance goals were selected to highlight the accomplishments in preserving natural and cultural resources.

**1a1. Disturbed Lands/Exotic Plant**

**Species:** Resource conditions in parks are to be improved by the restoration of lands impacted by former uses and by the containment of invasive plant species. Disturbed lands are those parklands where the natural processes were impacted by development, such as roads and mines, and by invasive alien plant species.

While part of the same goal, performance measures are different for disturbed lands and exotic vegetation. The long-term goal for FY 2005 for disturbed lands is restore to 10.1 percent of targeted acres of parkland disturbed by development or agriculture as

of 1999, or 22,500 of 222,300 acres. The long-term goal for FY 2005 for exotic vegetation is to contain exotic vegetation on 6.3 percent of targeted acres of parkland, or 167,500 of 2,656,700 acres.

The National Park Service projected that in FY 2002 it would restore 4 percent of the 222,300 acres of lands disturbed from earlier development, or 8,900 acres. Actual accomplishment is 8,565 acres of disturbed lands restored, or 96 percent of the projection, based on initial data review. The NPS has evaluated the park data and removed questionable reports. Ninety-two percent of parks with this goal have reported performance data for FY 2002. The NPS will not meet the FY 2002 target.

The NPS also projected that it would restore 2.5 percent of nearly 2.7 million acres of lands impacted by exotic species. Actual accomplishment is 105,000 acres of exotic species impacted acres restored, or 158 percent of the projection, based on preliminary data. The NPS will exceed the FY 2002 target.

Regional subject matter experts continue to work closely with parks to verify and validate performance through program evaluations and field visits. We continue to clarify and define problematic terms such as “contained” to assure that parks and programs are reporting consistent and appropriate data. We are increasingly more confident in the reliability of data due to the ongoing efforts of parks and programs to provide quality and verifiable information.

| Goal 1a1. Disturbed Lands/Exotic Plant Species |                |                                 |              |           |                |           |
|--|----------------|---------------------------------|--------------|-----------|----------------|-----------|
| Target   | Measure        | Base: Targeted Acres in FY 1999 | Performance  |           |                |           |
|  |                |                                 | FY 2002 Goal |           | Actual FY 2002 |           |
|  |                |                                 | Number       | % of Base | Number         | % of Base |
| Disturbed Parklands                            | Acres Restored | 222,300                         | 8,900        | 4.0%      | 8,565          | 3.8%      |
| Exotic Vegetation                              | Acres Restored | 2,656,700                       | 66,400       | 2.5%      | 105,000        | 3.9%      |

**Ia5. Historic Structures:** The objective of this goal is to increase the number of structures contained on the List of Classified Structures (LCS) that are in “good” condition. Park historic and prehistoric structures are key park resources, the basis for 220 park units, and integral to the health of many other parks. Maintaining these structures in good condition supports the National Historic Preservation Act and the cultural resource integrity of the National Park System.

The LCS is the primary database containing condition information on park historic structures. Structures on the LCS are on, or are eligible for, the National Register of Historic Places, or are otherwise treated as cultural resources. The condition of historic structures is listed as good, fair, and poor. Good condition indicates that the structure and its significant features need only routine repairs or cyclic maintenance. The long-term goal for FY 2005 is to have 48 percent of the historic structures on the current List of Classified Structures in good condition.

The NPS did not meet the goal for condition of historic structures in Fiscal Year 2002. There were 26,859 structures with condition information listed on the

List of Classified Structures (LCS). The number of structures on the LCS in good condition was 11,946 or 44.5 percent.

**II. Provide for the Public Enjoyment and Visitor Experience of Parks**

The objectives in this goal category are inclusive of the mandate in the NPS Organic Act (1916) “. . . to provide for the enjoyment of the (resources) in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.” The goal category includes all NPS goals for visitor satisfaction, enjoyment, safety, appreciation, and understanding.

These goals include the broad range of visitor experiences in the parks. Enjoyment of the parks and their resources is a fundamental part of the visitor experience. Visitor enjoyment and safety are affected by the quality of park programs, facilities and services, whether provided by the NPS, a concessioner, or a contractor.

Visitors’ park experiences grow from enjoying the park and its resources to understanding why the park exists and the significance of those resources. Satisfactory visitor experiences build public support for preserving this country’s heritage and help

| Goal Ia5. Historic Structures                                |                              |                                |                          |           |                          |           |
|--|------------------------------|--------------------------------|--------------------------|-----------|--------------------------|-----------|
|  |                              |                                | Performance              |           |                          |           |
| Target   | Measure                      | Base: Number of LCS Structures | FY 2002 Goal             |           | Actual FY 2002           |           |
|  |                              |                                | Number in Good Condition | % of Base | Number in Good Condition | % of Base |
| Structures On the Current Year List of Classified Structures | Structures in Good Condition | 26,859                         | 12,150                   | 45%       | 11,946                   | 44.5%     |

| Goal IIa1. Visitor Satisfaction |  |              |                |
|---------------------------------|--|--------------|----------------|
|                                 |  | Performance  |                |
| Target                          | Measure  | FY 2002 Goal | Actual FY 2002 |
| Visitor Satisfaction            | Percent of Visitors Surveyed Who Rank Park Facilities, Service, and Recreational Facilities as “Very Good” or “Good” | 95%          | 95%            |



Development of a shuttle system and the Pa'rus Trail bicycle and pedestrian path has restored tranquility to Zion National Park during the busy summer season.

NPS PHOTO BY NEAL HERBERT

develop a better understanding of the diversity of experiences and people that built a nation.

Serving the visitors requires that the NPS maintain a physical inventory containing approximately 16,000 permanent structures (buildings), 8,000 miles of roads, 1,500 bridges and tunnels, 5,000 housing units, approximately 1,500 water and wastewater systems, 200 radio systems, over 400 dams, and more than 200 solid waste operations. These facilities must be maintained at an operational level that ensures safe use by the visitor and continued protection, preservation, and serviceability of the facilities.

**Ila1. Visitor Satisfaction:** While many factors affect visitor use and enjoyment, this goal focuses on providing the facilities, services, and recreational opportunities for visitor use, comfort, and enjoyment. Servicewide baseline and performance information is derived from the Visitor Services Project annual surveys. Facilities,

services, and recreational opportunities identified by visitors as “good” and “very good” define “satisfied.” The long-term goal for FY 2005 is to maintain 95 percent level of park visitor satisfaction with appropriate park facilities, services, and recreational opportunities. The NPS met its projected FY 2002 results for annual surveys of visitor satisfaction for a 95 percent satisfaction rate Servicewide.

### **III. Strengthen and Preserve Natural and Cultural Resources, and Enhance Recreational Opportunities Managed by Partners**

This goal category focuses on the many partnership programs legislated under the National Historic Preservation Act, the Historic Sites Act, the Land and Water Conservation Fund Act, the Wild and Scenic Rivers Act, and others. Natural and cultural resources include properties listed on the National Register of Historic Places, wild and scenic rivers, national trails, national landmarks, and heritage and recreation areas.

These goals address the results of a broad range of programs that assist others to preserve our natural and cultural, and recreational resources. These programs encompass formal partnership programs with more than 60 other federal agencies, 59 states and territories, more than 1,000 local governments, more than 300 Indian tribes, foreign governments, private organizations, friends groups, academic institutions, and the general public. These goals include increasing the number of significant historic, archeological, and natural properties protected and improving customer satisfaction with NPS technical assistance.

Some goals relate only to recreational opportunities external to the National Park System through the provision of conservation assistance for adding miles of trails and rivers, and acres of parks and open space, to meet America's outdoor recreation needs, and through improving community satisfaction with NPS partnership assistance.

In addition to assisting others develop recreational resources, the NPS also ensures that transferred federal lands or land purchased by federal dollars for recreational purposes continue to serve their role for improving the recreational opportunities available. One performance

goal was selected to represent the accomplishments in this goal category.

**IIIb1. Conservation Assistance:** This goal tracks results of NPS technical assistance to states, communities, and nonprofit organizations to protect additional resources and to provide increased local recreational opportunities through financial and technical assistance, as well as coordination of federal assistance.

By supporting more resources such as trails, rivers, and open spaces for the American people, the NPS and its partners enhance the visitor experience and ensure that resource integrity remains intact. The long-term goal for FY 2005, working from baselines established in 1997, is to conserve an additional 8,400 miles of trails, 6,600 miles of protected river corridors, and 1,113,300 acres of parks and open space with NPS partnership assistance.

The NPS exceeded all parts of this goal in FY 2002. Based on information provided by state and local partners, nearly 7,704 acres of trails were added (111 percent of projection), 4,058 linear miles of river corridor were added (109 percent of projection), and 782,710 acres of park and open space were added (103 percent of projection).

| Goal IIIb1. Conservation Assistance        |                              |              |                |
|--|------------------------------|--------------|----------------|
|  |                              | Performance  |                |
| Target                                     | Measure                      | FY 2002 Goal | Actual FY 2002 |
| National Recreation and Preservation Areas | Added to NPS Since 1997:     |              |                |
|  | Miles of Trail               | 6,900        | 7,704          |
|  | Miles of River Corridor      | 3,700        | 4,058          |
|  | Acres of Park and Open Space | 759,400      | 782,710        |



Visitors to Washington D.C. relax near the General Sherman statue as the Washington Monument graces the city skyline.

NPS PHOTO BY DIANE LUGGETT

# Management Discussion and Analysis: Analysis of Financial Statements

## LIMITATIONS OF FINANCIAL STATEMENTS

Responsibility for the integrity and objectivity of the financial information presented in the financial statements lies with National Park Service management. The financial statements and supplemental schedules included in this report reflect the financial position and results of operation of the NPS pursuant to the Chief Financial Officers Act of 1990 and the Government Reform Act of 1994. While these statements have been prepared from the books and records of the NPS in accordance with guidance provided by the Office of Management and Budget and the Federal Accounting Standards Advisory Board, the statements differ from financial reports used to monitor and control budgetary resources that are prepared from the same books and records. The financial statements should be read with the realization that the NPS is an agency of the executive branch of the United States government, a sovereign entity. Accordingly, unfunded liabilities reported in the statements cannot be liquidated without the enactment of an appropriation and ongoing operations are subjected to enactment of appropriations.

## EXPENSES

As shown on the Consolidated Statement of Net Cost, the total FY 2002 cost of NPS operations was \$2,354,698 thousand, an increase of \$186,563 thousand (8.6%) over the FY 2001 total of \$2,168,135 thousand. Salaries, benefits, and grants expenditures accounted for the largest increase in NPS FY 2002 expenses, amounting to an increase of nearly \$194,853 thousand over FY 2001 levels.

## REVENUES

In general, National Park Service strategic goals are intended to be funded by general government funds derived from tax receipts and other sources. However, entrance fees and other collections are supporting an increasing number of NPS activities. Approximately \$232,503 thousand was collected in revenues derived from the public during FY 2002. This represents a

decrease of \$15,002 thousand (6.1%) from FY 2001 revenues of \$247,505 thousand. This shortfall is most likely attributable to the public's decrease in park visitation after the events of September 11, 2001. The majority of these revenues were retained by the NPS to further its mission, with the remainder being returned to the General Fund of the Treasury to offset the taxpayer's investment in the NPS.

## ASSETS

The Consolidated Balance Sheet shows FY 2002 assets totaling \$18,433,399 thousand, an increase of \$470,825 thousand (2.6%) over the prior year's assets total of \$17,962,574 thousand. Fund Balance with Treasury of \$17,606,266 thousand and General Property, Plant and Equipment, net, of \$788,610 thousand comprise 99.8% of total NPS assets. A significant portion of the Fund Balance with Treasury amounting to \$15,371,790 thousand is attributed to the restricted Land and Water and Historic Preservation Funds. NPS reports values for General Property, Plant, and Equipment exclusive of stewardship land and heritage buildings and structures. These stewardship and heritage assets are priceless; therefore, no identifiable financial value can be adequately represented on a numerically based balance sheet. Given this, no financial value is incorporated in the General Property, Plant and Equipment figure for them. An in-depth discussion of these assets is presented in the Required Supplementary Stewardship Information section of this report.

## LIABILITIES AND NET POSITION

Total liabilities of \$649,300 thousand are shown on the NPS Consolidated Balance Sheet, representing an increase of approximately 1% over liabilities of \$642,726 thousand from the prior year. Federal agencies by law cannot make any payments unless Congress has appropriated funds. National Park Service "Funded Liabilities" are paid out of funds currently available to it. National Park Service unfunded liabilities consist primarily of unfunded annual leave, Federal Employee



Areas of the Weir Farm National Historic Site landscape, such as the "Secret Garden," are being restored to their historic appearance.

NPS PHOTO BY DIANE LIGGETT

Compensation Act liability, and legal and environmental contingent liabilities; which will be paid out of funds made available to the agency in future years. However, under accounting concepts, these are considered expenses in the current period.

Contingent liabilities reflect NPS potential responsibility for cleanup of contaminated sites and legal claims brought against the agency. National Park Service liability for financial statement purposes for environmental cleanup is limited to those sites where it may be held liable for remediation of the hazard; for example underground fuel tanks. There are also numerous sites, including abandoned mines and illegal waste dumps, where parties have caused contamination on lands managed by the NPS. Although such hazards do not constitute liabilities under federal accounting rules, the NPS will often, in its stewardship capacity, correct the environmental hazard. Wherever feasible

the NPS will continue to initiate collection efforts against the responsible parties. The NPS has recognized \$4,730 thousand for potential environmental cleanup liabilities and \$8,907 thousand related to other claims and litigation.

The National Park Service net position at the end of FY 2002 on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position was \$17,784,099 thousand, a \$464,251 thousand (2.7%) increase from the prior year. The Net Position of NPS consists of two components: (1) Unexpended appropriations of \$961,876 thousand and (2) Cumulative Results of Operations of \$16,822,223 thousand.

#### **RESULTS OF OPERATIONS**

The Consolidated Statement of Changes in Net Position provides the accounting data that resulted in the change to the net position section of the Consolidated





The Vietnam Veterans Memorial allows visitors an opportunity for remembrance, reconciliation, and healing.

NPS PHOTO BY DIANE LIGGETT

Balance Sheet since the beginning of the year. One of the most notable items presented during FY 2002 is the “Effect of Change in Allocation Transfer Accounting” amounting to a consolidated total of \$56,270 thousand. As of October 1, 2002, NPS changed its method of accounting for allocation transfers in accordance with OMB Bulletin No. 01-09, Form and Content of Agency Financial Statements. In accordance with these reporting requirements, the NPS reports the budgetary activity, but not the proprietary activity when the NPS is the transferor of the appropriation (i.e., parent), and reports the proprietary activity, but not the budgetary activity, when the NPS is the recipient of the transfer (i.e., child).

#### **BUDGETARY RESOURCES**

The NPS receives most of its funding from general government funds administered by the Treasury Department and appropriated for NPS use by Congress. Since budgetary

accounting rules and financial accounting rules may recognize certain transactions and events at different points in time, appropriations used in any given period as reported on the Consolidated Statement of Changes in Net Position will not exactly match expenses for that period.

The Combined Statement of Budgetary Resources provides information on the budgetary resources that were made available to the NPS for the year and the status of those resources at the end of the fiscal year. Obligations of \$2,664,176 thousand were incurred in FY 2002 on total budgetary resources of \$3,818,226 thousand.



Jefferson National Expansion Memorial's Gateway Arch soars above the iron-framed dome of the Old Courthouse where slave Dred Scott sued for his freedom in 1846.

NPS PHOTO BY JOY PIETSMANN

# Management Discussion and Analysis: Systems, Controls, and Legal Compliances and Future Effects

## SYSTEMS, CONTROLS, AND LEGAL COMPLIANCES

The National Park Service has completed an assessment of its systems of management, administrative, and financial controls in accordance with the standards, objectives, and guidelines prescribed by the Federal Managers' Financial Integrity Act (FMFIA) and the Office of Management and Budget. The objectives of this assessment are to ensure that:

- programs achieve their intended results.
- resources are used consistent with agency mission.
- resources are protected from waste, fraud, and mismanagement.
- laws and regulations are followed.
- reliable and timely information is maintained, reported, and used for decision-making.

In performing this assessment, the NPS relied on the knowledge and experience that management has gained from the daily operation of its programs and systems of accounting and administrative controls, and information obtained from sources such as management control assessments, OIG and GAO audits, program evaluations/studies, audits of financial statements, and performance plans and reports. The scope of this assessment was broad enough to support the following conclusions.

The following management control assessments were conducted by the bureau, and relied upon to support the conclusions expressed herein:

| Assessment                         | Date Completed | Results (Material Weakness Identified) |
|------------------------------------|----------------|--|
| Departmentwide Functional Reviews: |                |  |
| Property Management                | August 2002    | None                                   |
| Acquisition Management             | September 2002 | None                                   |
| Information Resources Management   | July 2002      | None                                   |
| Erroneous Payments                 | August 2002    | None                                   |

Based on the results of the FY 2002 assessment, the NPS Director concluded that the NPS systems of management, administrative, and financial controls provide reasonable assurance that the objectives of the FMFIA have been achieved. Material weaknesses have been identified in the Oil/Hazmat Spill Response Program (a new material weakness in FY 2002), and the Structural Fire Program (an existing material weakness carried over from FY 2001). The corrective action plans for these material weaknesses follow.

These plans identify the nature of the weakness, its cause and effect, appropriate milestones in the corrective action plan, and progress to date. Further, the NPS is a component of a Department material weakness in the Wireless Communications Program. The corrective action plan for this weakness is under the direction of the Department's Office of Information Resources Management. The existence of these material weaknesses does not prevent the NPS from providing reasonable assurance on the effectiveness of its management controls taken as a whole.

Based on the results of the independent audit of NPS financial statements conducted by KPMG LLP, the NPS Director concluded that the NPS is not in substantial compliance with applicable federal accounting standards and the U.S. Government Standard General Ledger. In addition, due to material weaknesses in information system security controls throughout the Department, the NPS does not substantially comply with federal financial management systems requirements specified in OMB's Circular A-130, "Management of Federal Information Resources." Therefore, the NPS does not fully comply with or meet the objectives of Section 4 of the FMFIA and OMB Circular A-127, "Financial Systems." The National Park Service, in conjunction with the Department, implemented a remediation plan to resolve the information

system security controls material weaknesses during FY 2002 and should complete corrective actions in FY 2004.

### **Status of Structural Fire Response to Identified Material Weakness Statement**

The material weakness statement of October 25, 2000, identified five steps to be taken to address the Structural Fire Problem in the National Park Service.

1. Submit a budget to the Department that would allow the National Park Service to address its structural fire needs. A budget was developed by the Structural Fire Program Manager and forwarded in November 2000. A revised budget is being prepared and will be presented October 2002.
2. The Department sent a letter to Congress dated July 20, 2001, outlining the steps that the NPS would take to meet the deficiencies outlined in the GAO reports. This memo indicated that, other than funds for regional positions and the purchase of 40 structural fire trucks, these steps would be accomplished using existing funding; by prioritizing needs in the NPS Repair/Rehabilitation, Cyclic Maintenance, and Fee Project Programs; and by incorporating adequate safety features in its Line Item Construction Program. A January 11, 2001, memo was sent by the Director to the Regional Directors directing them to develop strategies and implement six steps to increase the structural fire safety within the National Park Service. The Midwest Region has made fire safety an evaluation criterion during their operations evaluation process. All regions have been asked to provide an update of their progress in meeting these requirements by October 1, 2002.
3. Hire and train adequate management, technical, and operational staff. The National Park Service identified a recurring \$1.06 million in its FY 2002 budget to place Regional Structural Fire Management Officers (RSFMOs) in each region, and to enhance headquarters support, a request that was accepted in the Interior Appropriation Act. Six of the Regions have these personnel in place. The seventh region will have a person in place by the end of FY 2002. In addition, two of the Regions have hired a fire inspector. Two of the three WASO level positions dedicated to structural fire also have been funded from this allocation, and the request to fund the third position has been submitted. Several 80-hour brigade training sessions were held during 2002 at Glen Canyon and Lake Mead. A course on the inspection testing and maintenance of sprinkler systems has been developed in cooperation with Aiken Technical College in Aiken South Carolina and the American Fire Sprinkler Association. The first course is scheduled for November 2002. Procurement is underway for six new structural fire engines from funds requested specifically for this purpose beginning with the FY 2002 budget request. The NPS plans to purchase 40 fire trucks over four years through this \$8 million initiative.
4. Steps are being taken to implement a Servicewide structural fire program, including the issuance of Director's Order 58. The development of Reference Manual 58 is continuing with a target completion date of the end of 2003. Several chapters are currently under review by the RSFMOs. Current funding levels will delay full implementation of the program as proposed in the Program Development Report and Program Plan for the foreseeable future.
5. In-depth fire and life safety inspections have been conducted by a registered fire protection-engineering firm on approximately 1,000 buildings. As a rule, their findings in the latest surveys are similar to those of the initial surveys. Current efforts have been concentrated on buildings with the highest obvious life safety risk. As a part of the ongoing concessions contract renewals, the findings of the engineering firm are being incorporated in the process. Price Waterhouse Coopers is going to include a full fire and life safety inspection of concession facilities as a part of their evaluations for future contracts. A number of national parks have had their buildings inspected using the Volunteer in Park (VIP) Program. These VIPs are retired fire protection inspectors or fire protection engineers. Work is underway

to ensure that fire and life safety inspections are included as a part of the comprehensive condition assessment being conducted as a part of the Facilities Management MAXIMO program. The Departmental facilities scoring plan scores the installation of fire sprinklers and alarms very low even if the installation is to meet life safety code.

### **Material Weakness in the National Park Service Oil and Hazardous Materials Response Program**

Five actions have been identified as necessary to address oil and hazardous materials response in the National Park Service.

1. The National Park Service is required by NPS Management Policies (8.2.5.2) to “develop a program of emergency preparedness in accordance with title VI of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 USC 5195-5197g); National Security Decision Directive 259 (February 4, 1987); Department of the Interior Policy; and other considerations . . .”
2. In addition, the NPS Management Policies (8.2.5.2) direct that “As one element of the emergency operations plan, or as a separate document, each park must have an oil and chemical spill response management plan for spills that result from NPS activities or from activities that are beyond the NPS’s control (such as commercial through-traffic on roads that pass through a park). The plans will place first priority on responder and public safety.”
3. The NPS has not developed a unified program for oil and chemical spill response planning capable of meeting statutory or policy mandates or providing the needed safeguards for people, developments, and resources at risk in a potential oil or chemical event.
4. The development and implementation of comprehensive oil and chemical spill planning program is required to adequately address the deficiencies within the NPS.
5. Serious defects exist in current planning and operations for oil and chemical spills.

The result is a lack of contingency planning and preparedness as required by both the National Contingency Plan and the Department of the Interior Strategy to implement the plan; insufficient training and certification for employees with responsibilities for response to such incidents and operators of potential sources of oil or hazardous materials spill releases; and information gaps in whether existing vessels and facilities have appropriate response plans and a program to exercise those plans, as required by law.

This material weakness is being reported by the NPS to elevate the needs to the higher levels required so that corrective action can be taken to provide for adequate infrastructure and support for oil and hazardous materials planning, response, and operational requirements.

A corrective action plan includes the following measures:

1. Risk and Threat Assessment. Analyze current preparedness and response activities to identify any specific gaps between existing practices and the requirements dictated by law and the Department of the Interior Strategy to implement the National Contingency Plan. Inventory NPS facilities and vessels to determine whether appropriate response plans as required by law exist or are in need of revision. Analyze training and other requirements to maintain personnel at adequate levels of preparedness expertise.
2. Program Plan Development. Based on the information developed through the assessment, identify planning, training, and personnel costs, and a potential schedule for future corrective actions.
3. Implementation. Contingent upon receipt of budgeted funds, implement an effective program to correct operational and technical deficiencies and to ensure that the public, park employees, concessioners, and park resources are protected. Ensure continuing readiness of spill response through NPS participation in planning and other exercises conducted under the National Response System.

Additional security was required at Federal Hall National Memorial for a special joint session of Congress on September 6, 2002.

NPS MANHATTAN SITES PHOTO



The Director has assigned the responsibility for taking corrective actions to the Associate Director for Resources and Visitor Protection.

**FUTURE EFFECTS OF EXISTING, CURRENTLY KNOWN DEMANDS, RISKS, UNCERTAINTIES, EVENTS, CONDITIONS, AND TRENDS**

For several years the National Park Service has been prioritizing its financial resources to assess the condition of its facilities and roads objectively, to reduce the deferred maintenance level of its infrastructure, and to double its efforts to inventory, monitor, and manage its vast natural resources. Without the prospect of major funding increases, these efforts will have to be managed in the context of greater demands being placed upon NPS resources by security issues.

Since September 11, 2001, events have forced the NPS to participate in the nation's efforts to improve homeland security. This need to improve security has already affected both NPS construction and operational funding, and will become an integral and increasing part of all future NPS spending. During FY 2002 the NPS needed supplemental funding of \$35.4 million for extra pay and

equipment costs to guard potential terrorist targets such as the Statue of Liberty, Washington D.C. monuments and memorials, Independence Hall, and areas around the Golden Gate Bridge. The NPS also has provided personnel to assist in guarding the Main Interior Building, and for various Department of the Interior security task forces, without being reimbursed. Construction funding was added in FY 2002 for the stabilization and repair of Federal Hall, which suffered damage from the World Trade Center collapse, and room was made in the NPS FY 2003 construction appropriation request to accommodate \$23.8 million for security work at the Washington Monument, Lincoln Memorial, and Jefferson Memorial. A new Associate Director for Resource and Visitor Protection has been established, and analyses are underway to determine how NPS law enforcement ranger and U.S. Park Police staffs must be enhanced.

Indirectly related to the increase of NPS security requirements is a need to convert to narrow-banded radio technology and equipment by January 1, 2005. National park security demands reliable and full communication ability regardless of the fact

that conversion is required by provisions of the Omnibus Budget Reconciliation Act of 1993. The National Park Service estimates that \$60 million will be required to implement the most essential conversions during FY 2003 and FY 2004. Some of this money, unfortunately, must be diverted from funds that were to be used to reduce the NPS deferred maintenance backlog.

Another issue that will require monetary attention in the future is computer and telecommunication security. This is a requirement of the Clinger-Cohen Act and has received greater attention due to a recent U.S. Federal Court decision against the Department of the Interior for its lax security (*Cobel v. Norton*), and by the continuing terrorist threat. The NPS is required to preserve the integrity, reliability, availability, and confidentiality of important information while maintaining NPS information systems. Since the most effective way to protect information and systems is to incorporate security into the architecture of each, the NPS must re-architect nearly all of its systems to meet security requirements and the criteria for accreditation and certification. This approach ensures that security supports NPS business operations and that plans to fund and manage security are built into life-cycle budgets for information systems. These efforts require security training for program managers and employees that plan, develop, implement, and maintain the IT systems; improved IT security management by resolving known security issues; improving the management, maintenance, and monitoring of the system; and, improving IT security equipment and adopting specialized software tools to prevent unauthorized access and enhance security testing.

Managing both staff and funding issues related to these external requirements, while making progress in the areas of NPS infrastructure repair and natural resource management deficiencies, will present monumental challenges for NPS leadership.

The National Park Service is required under the Federal Manager's Financial Integrity Act (FMFIA) to analyze its systems of management, administrative, and financial controls annually, and the Director is required to provide a reasonable assurance on the effectiveness of its management controls taken as a whole. That assertion was positive again in FY 2002 since the National Park Service was able to provide reasonable assurance on the effectiveness of its management controls. Further information on FMFIA and this assertion is included after this section.

The financial statements included in this report have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the entity in accordance with the formats prescribed by the Office of Management and Budget, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.



Independence Hall National Historical Park originated from individual efforts to preserve the building most closely associated with American independence, the old State House, now known as Independence Hall.

PHOTO © RUSS ENLEVEN/LEY HOLIDAY FILMS



# Financial Statements

## FINANCIAL MANAGEMENT CONTROLS AND ASSERTION

### Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to provide annually a statement of assurance regarding management controls and financial systems. Agency financial management controls and systems, taken as a whole, provide reasonable assurance that its accounting systems comply with appropriate federal requirements. This conclusion is based on the review and consideration of a wide variety of evaluations, internal analyses, reconciliations, reports, and other information, including quality assurance evaluations, General Accounting Office and Office of Inspector General audits, and an independent public accountant's opinion on our financial statements and reports on our internal control structure and compliance with laws and regulations.

### FMFIA Assurance Statement Fiscal Year 2002

On the basis of the National Park Service's comprehensive management control program, I am pleased to certify, with reasonable assurance, that the NPS's systems of accounting and internal controls are in compliance with the internal control objectives in OMB Circular A-123, Management Accountability and Control. I also believe these same systems of accounting and internal controls provide reasonable assurance that the Agency is in compliance with the provisions of the Federal Managers' Financial Integrity Act.



C. Bruce Sheaffer  
Comptroller, Assistant Director

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**Department of the Interior, National Park Service**  
**Consolidated Balance Sheet as of September 30, 2002 and 2001**  
(dollars in thousands)

| ASSETS (Note 2)  | 2002                 | 2001                 |
|--|----------------------|----------------------|
| <b>Intragovernmental Assets</b>                                  |                      |                      |
| Fund Balance with Treasury (Note 3)                              | \$ 17,606,266        | \$ 17,181,097        |
| Investments  | 65                   | 65                   |
| Accounts Receivable, Net (Note 4)                                | 13,255               | 9,318                |
| Advances and Prepayments (Note 5)                                | 5,437                | 1,948                |
| <b>Total Intragovernmental Assets</b>                            | <b>17,625,023</b>    | <b>17,192,428</b>    |
| Cash (Note 6)  | 388                  | 865                  |
| Accounts Receivable, Net (Note 4)                                | 5,077                | 6,970                |
| Advances and Prepayments (Note 5)                                | 9,624                | 1,572                |
| Loan Receivable (Note 7)   | 4,677                | 5,037                |
| General Property, Plant, and Equipment, Net (Note 8)             | 788,610              | 755,702              |
| <b>TOTAL ASSETS</b>  | <b>\$ 18,433,399</b> | <b>\$ 17,962,574</b> |
| <b>LIABILITIES (Note 9)</b>                                      |                      |                      |
| <b>Intragovernmental Liabilities</b>                             |                      |                      |
| Accounts Payable (Note 10)                                       | \$ 18,991            | \$ 20,258            |
| Accrued Payroll and Benefits                                     | 15,262               | 12,313               |
| Unfunded Payroll Costs (Note 12)                                 | 44,796               | 40,439               |
| Advances and Deferred Revenue (Note 11)                          | 36,322               | 38,152               |
| Deferred Credits (Note 11)                                       | 3,852                | 14,229               |
| Judgment Fund  | 2,007                | -                    |
| Other Liabilities  | 2,934                | 3,760                |
| <b>Total Intragovernmental Liabilities</b>                       | <b>124,164</b>       | <b>129,151</b>       |
| Accounts Payable (Note 10)                                       | 116,032              | 120,184              |
| Accrued Payroll and Benefits                                     | 66,686               | 61,285               |
| Unfunded Annual Leave  | 76,872               | 75,329               |
| Advances and Deferred Revenue (Note 11)                          | 9,268                | 6,038                |
| Deferred Credits (Note 11)                                       | 4,328                | 22                   |
| Federal Employees Compensation Act Liabilities (Note 12)         | 238,313              | 240,749              |
| Environmental Cleanup Costs and Contingent Liabilities (Note 13) | 13,637               | 9,652                |
| Other Liabilities  | -                    | 316                  |
| <b>TOTAL LIABILITIES</b>   | <b>\$ 649,300</b>    | <b>\$ 642,726</b>    |
| <b>Commitments and Contingencies (Notes 13 and 15)</b>           |                      |                      |
| <b>NET POSITION</b>  |                      |                      |
| Unexpended Appropriations  | \$ 961,876           | \$ 896,024           |
| Cumulative Results of Operations                                 | 16,822,223           | 16,423,824           |
| <b>TOTAL NET POSITION</b>  | <b>17,784,099</b>    | <b>17,319,848</b>    |
| <b>TOTAL LIABILITIES AND NET POSITION</b>                        | <b>\$ 18,433,399</b> | <b>\$ 17,962,574</b> |

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

**Department of the Interior, National Park Service**  
**Consolidated Statement of Net Cost**  
**For the Year Ended September 30, 2002**  
**(dollars in thousands)**

| REGIONS   | Preserve<br>Park Resources | Provide for<br>the Public<br>Enjoyment<br>and Visitor<br>Experience<br>of Parks | Strengthen<br>and Preserve<br>Natural and<br>Cultural<br>Resources and<br>Enhance<br>Recreational<br>Opportunities<br>Managed by<br>Partners | Total               |
|---|----------------------------|---|--|---------------------|
| MID-ATLANTIC REGION GROSS COST                    | \$ 107,000                 | \$ 253,545  | \$ 28,786  | \$ 389,331          |
| Less: Earned Revenues                             | (12,310)                   | (18,244)  | (935)  | (31,489)            |
| Net Region Costs                                  | 94,690                     | 235,301   | 27,851   | 357,842             |
| SOUTHEAST REGION GROSS COST                       | 109,969                    | 201,672   | 14,412   | 326,053             |
| Less: Earned Revenues                             | (10,116)                   | (14,792)  | (274)  | (25,182)            |
| Net Region Costs                                  | 99,853                     | 186,880   | 14,138   | 300,871             |
| MIDWEST REGION GROSS COST                         | 66,725                     | 134,332   | 20,453   | 221,510             |
| Less: Earned Revenues                             | (7,254)                    | (8,440)   | (79)   | (15,773)            |
| Net Region Costs                                  | 59,471                     | 125,892   | 20,374   | 205,737             |
| INTERMOUNTAIN REGION GROSS COST                   | 174,602                    | 279,988   | 33,863   | 488,453             |
| Less: Earned Revenues                             | (47,639)                   | (56,421)  | (295)  | (104,355)           |
| Net Region Costs                                  | 126,963                    | 223,567   | 33,568   | 384,098             |
| PACIFIC WEST REGION GROSS COST                    | 150,965                    | 273,511   | 24,466   | 448,942             |
| Less: Earned Revenues                             | (35,886)                   | (43,702)  | (477)  | (80,065)            |
| Net Region Costs                                  | 115,079                    | 229,809   | 23,989   | 368,877             |
| ALASKA REGION GROSS COST                          | 48,028                     | 45,414  | 8,824  | 102,266             |
| Less: Earned Revenues                             | (3,232)                    | (5,136)   | (34)   | (8,402)             |
| Net Region Costs                                  | 44,796                     | 40,278  | 8,790  | 93,864              |
| NATIONAL CAPITAL REGION GROSS COST                | 36,609                     | 258,227   | 3,412  | 298,248             |
| Less: Earned Revenues                             | (6,829)                    | (9,852)   | (1,312)  | (17,993)            |
| Net Region Costs                                  | 29,780                     | 248,375   | 2,100  | 280,255             |
| OTHER REGIONS GROSS COST                          | 10,914                     | 47,418  | 16,510   | 74,842              |
| Less: Earned Revenues                             | (2,203)                    | (2,358)   | (154)  | (4,715)             |
| Net Region Costs                                  | 8,711                      | 45,060  | 16,356   | 70,127              |
| Total Grants Program Costs                        | -                          | -   | 109,863  | 109,863             |
| Less: Earned Grants Program Revenues              | -                          | -   | (7,004)  | (7,004)             |
| Net Grants Program Costs                          | -                          | -   | 102,859  | 102,859             |
| Costs Not Assigned to Regions or Grants Programs: |                            |   |  |                     |
| Stewardship Land Acquisition Costs                | 33,538                     | 62,283  | 15,917   | 111,738             |
| Acquisition and Renovation of Heritage Assets     | 23,541                     | 43,717  | 11,172   | 78,430              |
| <b>NET COST OF OPERATIONS (Note 14)</b>           | <b>\$ 636,422</b>          | <b>\$ 1,441,162</b>   | <b>\$ 277,114</b>  | <b>\$ 2,354,698</b> |

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

**Department of the Interior, National Park Service**  
**Consolidated Statement of Net Cost**  
**For the Year Ended September 30, 2001**  
**(dollars in thousands)**

| REGIONS  | Preserve<br>Park Resources | Provide for<br>the Public<br>Enjoyment<br>and Visitor<br>Experience<br>of Parks | Strengthen<br>and Preserve<br>Natural and<br>Cultural<br>Resources and<br>Enhance<br>Recreational<br>Opportunities<br>Managed by<br>Partners | Total               |
|--|----------------------------|---|--|---------------------|
| MID-ATLANTIC REGION GROSS COST   | \$ 109,362                 | \$ 278,756  | \$ 30,345  | \$ 418,463          |
| Less: Earned Revenues  | (10,669)                   | (19,415)  | (9,060)  | (39,144)            |
| Net Region Costs   | 98,693                     | 259,341   | 21,285   | 379,319             |
| SOUTHEAST REGION GROSS COST  | 96,112                     | 225,934   | 21,490   | 343,536             |
| Less: Earned Revenues  | (10,236)                   | (18,272)  | (5,904)  | (34,412)            |
| Net Region Costs   | 85,876                     | 207,662   | 15,586   | 309,124             |
| MIDWEST REGION GROSS COST  | 56,756                     | 139,327   | 15,323   | 211,406             |
| Less: Earned Revenues  | (4,258)                    | (7,275)   | (2,082)  | (13,615)            |
| Net Region Costs   | 52,498                     | 132,052   | 13,241   | 197,791             |
| INTERMOUNTAIN REGION GROSS COST  | 138,505                    | 301,566   | 28,651   | 468,722             |
| Less: Earned Revenues  | (32,015)                   | (50,152)  | (17,520)   | (99,687)            |
| Net Region Costs   | 106,490                    | 251,414   | 11,131   | 369,035             |
| PACIFIC WEST REGION GROSS COST   | 133,590                    | 294,859   | 23,056   | 451,505             |
| Less: Earned Revenues  | (25,563)                   | (40,553)  | (11,803)   | (77,919)            |
| Net Region Costs   | 108,027                    | 254,306   | 11,253   | 373,586             |
| ALASKA REGION GROSS COST   | 22,531                     | 61,424  | 4,742  | 88,697              |
| Less: Earned Revenues  | (2,269)                    | (4,179)   | (1,093)  | (7,541)             |
| Net Region Costs   | 20,262                     | 57,245  | 3,649  | 81,156              |
| NATIONAL CAPITAL REGION GROSS COST   | 65,951                     | 203,560   | 4,926  | 274,437             |
| Less: Earned Revenues  | (3,274)                    | (7,954)   | (3,133)  | (14,361)            |
| Net Region Costs   | 62,677                     | 195,606   | 1,793  | 260,076             |
| OTHER REGIONS GROSS COST   | 21,418                     | 43,819  | 18,654   | 83,891              |
| Less: Earned Revenues  | (1,146)                    | (2,701)   | (417)  | (4,264)             |
| Net Region Costs   | 20,272                     | 41,118  | 18,237   | 79,627              |
| Total Grants Program Costs   | 0                          | 0   | 70,270   | 70,270              |
| Less: Earned Grants Program Revenues   | 0                          | 0   | (2,744)  | (2,744)             |
| Net Grants Program Costs   | 0                          | 0   | 67,526   | 67,526              |
| Costs Not Assigned to Regions or Grants Programs:<br>Acquisition and Renovation of Heritage Assets | 12,038                     | 38,490  | 367  | 50,895              |
| Total Costs Not Assigned to Regions or Grants  | 12,038                     | 38,490  | 367  | 50,895              |
| <b>NET COST OF OPERATIONS (Note 14)</b>  | <b>\$ 566,833</b>          | <b>\$ 1,437,234</b>   | <b>\$ 164,068</b>  | <b>\$ 2,168,135</b> |

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

**Department of the Interior, National Park Service  
Consolidated Statement of Changes in Net Position  
For the Year Ended September 30, 2002  
(dollars in thousands)**

|   | CUMULATIVE RESULTS<br>OF OPERATIONS | UNEXPENDED<br>APPROPRIATIONS |
|---|-------------------------------------|------------------------------|
| BEGINNING BALANCES  | \$ 16,423,824                       | \$ 896,024                   |
| EFFECT OF CHANGE IN ALLOCATION TRANSFER<br>ACCOUNTING (Note 16) | (2,694)                             | (53,576)                     |
| BEGINNING BALANCES, AS ADJUSTED                                 | 16,421,130                          | 842,448                      |
| Budgetary Financing Sources:                                    |                                     |                              |
| Appropriations Received, General Funds                          |                                     | 2,105,957                    |
| Appropriations Transferred In/Out                               |                                     | 56,839                       |
| Appropriations Used   | 2,032,544                           | (2,032,544)                  |
| Transfers In/Out Without Reimbursement (Note 17)                | (463,571)                           |                              |
| Donations and Forfeitures of Cash and Cash Equivalents          | 15,249                              |                              |
| Transfer-In of Royalties From Minerals Management Service       | 1,050,179                           |                              |
| Other Budgetary Financing Sources (Note 18)                     | 20,568                              | (10,824)                     |
| Other Financing Sources:  |                                     |                              |
| Imputed Financing From Costs Absorbed By Others                 | 83,141                              |                              |
| Transfers In/Out Without Reimbursement                          | 17,681                              |                              |
| TOTAL FINANCING SOURCES   | 2,755,791                           | 119,428                      |
| NET COST OF OPERATIONS  | (2,354,698)                         |                              |
| ENDING BALANCE  | <u>\$ 16,822,223</u>                | <u>\$ 961,876</u>            |

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

**Department of the Interior, National Park Service  
 Combined Statement of Budgetary Resources  
 For the Year Ended September 30, 2002  
 (dollars in thousands)**

|  |                     |
|--|---------------------|
| <b>BUDGETARY RESOURCES</b>                                 |                     |
| Budget Authority (Note 19):                                |                     |
| Appropriations Received                                    | \$ 2,650,901        |
| Net Transfers, Current Year Authority (+/-)                | 1,184               |
| Unobligated Balance:                                       |                     |
| Beginning of Fiscal Year (Note 20)                         | 1,147,421           |
| Net Transfers, Unobligated Balance (+/-)                   | (156,000)           |
| Spending Authority From Offsetting Collections:            |                     |
| Earned   |                     |
| Collected  | 131,849             |
| Receivable From Federal Sources                            | 1,787               |
| Change in Unfilled Customer Orders                         |                     |
| Advance Received   | (8,893)             |
| Without Advance From Federal Sources                       | (1,011)             |
| Recoveries of Prior Year Obligations                       | 62,394              |
| Permanently Not Available                                  | (11,406)            |
| <b>TOTAL BUDGETARY RESOURCES</b>                           | <b>\$ 3,818,226</b> |
| <b>STATUS OF BUDGETARY RESOURCES</b>                       |                     |
| Obligations Incurred:                                      |                     |
| Direct   | \$ 2,541,803        |
| Reimbursable   | 122,373             |
| <b>Total Obligations Incurred</b>                          | <b>2,664,176</b>    |
| Unobligated Balance:                                       |                     |
| Apportioned  | 1,097,704           |
| Unobligated Balance Not Available                          | 56,346              |
| <b>TOTAL STATUS OF BUDGETARY RESOURCES</b>                 | <b>\$ 3,818,226</b> |
| <b>RELATIONSHIP OF OBLIGATIONS TO OUTLAYS</b>              |                     |
| Obligations Incurred                                       | \$ 2,664,176        |
| Obligated Balance, Net, Beginning of Fiscal Year (Note 20) | 889,140             |
| Obligated Balance, Net, End of Fiscal Year:                |                     |
| Accounts Receivable  | 17,383              |
| Unfilled Customer Orders From Federal Sources              | 60,507              |
| Undelivered Orders   | (913,994)           |
| Accounts Payable   | (209,781)           |
| Less: Spending Authority Adjustments                       | (63,170)            |
| <b>OUTLAYS:</b>  |                     |
| Disbursements  | 2,444,261           |
| Collections  | (122,957)           |
| <b>Net Outlays Before Offsetting Receipts</b>              | <b>2,321,304</b>    |
| Less: Offsetting Receipts                                  | (180,414)           |
| <b>NET OUTLAYS</b>   | <b>\$ 2,140,890</b> |

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

**Department of the Interior, National Park Service**  
**Consolidated Statement of Financing**  
**For the Year Ended September 30, 2002**  
**(dollars in thousands)**

|   |                     |
|---|---------------------|
| <b>RESOURCES USED TO FINANCE ACTIVITIES</b>   |                     |
| Budgetary Resources Obligated:  |                     |
| Obligations Incurred  | \$ 2,664,176        |
| Less: Spending Authority From Offsetting Collections/Adjustments  | (186,126)           |
| Obligations Net of Offsetting Collections and Adjustments   | 2,478,050           |
| Less: Offsetting Receipts   | (180,414)           |
| Net Obligations   | 2,297,636           |
| Other Resources:  |                     |
| Transfers In/Out Without Reimbursement  | 17,681              |
| Imputed Financing From Costs Absorbed by Others   | 83,141              |
| Net Other Resources Used to Finance Activities  | 100,822             |
| <b>TOTAL RESOURCES USED TO FINANCE ACTIVITIES</b>   | <b>\$ 2,398,458</b> |
| <b>RESOURCES USED TO FINANCE ITEMS NOT PART OF NET COST OF OPERATIONS</b>   |                     |
| Change in Budgetary Resources Obligated for Goods, Services,<br>and Benefits Ordered But Not Yet Provided                                     | (172,031)           |
| Decrease in Environmental and Disposal Liability  | (2,078)             |
| Resources That Finance the Acquisition of Assets  | (119,837)           |
| Other Resources or Adjustments to Net Obligated Resources That<br>Do Not Affect Cost of Operations  | 20,568              |
| Total Resources Used to Finance Items Not Part of the Net Cost of Operations  | (273,378)           |
| <b>TOTAL RESOURCES USED TO FINANCE NET COST OF OPERATIONS</b>   | <b>\$ 2,125,080</b> |
| <b>COMPONENTS OF NET COST OF OPERATIONS THAT WILL NOT REQUIRE<br/>OR GENERATE RESOURCES IN CURRENT PERIOD</b>                                 |                     |
| Components Requiring or Generating Resources in Future Periods:   |                     |
| Increase in Annual Leave Liability  | 1,543               |
| Increase in Exchange Revenue Receivable From the Public   | 5,548               |
| Other   | 11,591              |
| Total Components of Net Cost of Operations That Will Require<br>or Generate Resources in Future Periods                                       | 18,682              |
| Components Not Requiring or Generating Resources:   |                     |
| Depreciation and Amortization   | 65,797              |
| Revaluation of Assets or Liabilities  | 13,356              |
| Components of Net Cost of Operations Related to Transfer Accounts<br>Where Budgetary Activity is Reported by Other Federal Entities (Note 21) | 133,858             |
| Other   | (2,075)             |
| Total Components of Net Cost of Operations That Will Not Require<br>or Generate Resources   | 210,936             |
| <b>TOTAL COMPONENTS OF NET COST OF OPERATIONS THAT WILL NOT REQUIRE<br/>OR GENERATE RESOURCES IN CURRENT PERIOD</b>                           | <b>229,618</b>      |
| <b>NET COST OF OPERATIONS</b>   | <b>\$ 2,354,698</b> |

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



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**A statue of President Thomas Jefferson memorializes the author of the Declaration of Independence at Thomas Jefferson Memorial.**

PHOTO © RUSS FINLEY/FINLEY-HOLIDAY FILMS

# Notes to the Consolidated Financial Statements For the Years Ended September 30, 2002 and 2001

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**A. Reporting Entity.** The National Park Service (NPS) is a bureau of the U.S. Department of Interior (DOI), and is responsible for promoting and regulating designated areas within the National Park System. The NPS is also responsible for conserving the scenery, historic objects, and wildlife so that they may be enjoyed by future generations.

The Director of the National Park Service is responsible for administrative oversight and policy of the NPS, including authority over money and/or other budget authority made available to it.

In fulfilling its mission, the NPS administers a variety of funds:

- **General\Appropriated Funds** - These funds include: (1) receipt accounts used to account for collections not dedicated to specific purposes, and (2) expenditure accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. The National Park Service's principal general funds are:
  - Operation of the NPS
  - National Recreation and Preservation
  - Construction
- **Trust Funds** - These funds are established to account for receipts held in trust for use in carrying out specific purposes and programs in accordance with an agreement or statute. The National Park Service's principal trust funds are:
  - Donations
  - Birthplace of Abraham Lincoln
  - Construction - Federal Aid Highways
- **Deposit Funds** - These funds are established to account for receipts awaiting proper classification, or receipts

held in escrow until ownership is established, when proper distribution can be made.

- **Receipt Funds** - These funds arise from receipts deposited into accounts established by the U.S. Department of Treasury (Treasury) that are earmarked by law for a specific purpose. The collections deposited into the designated Treasury receipt accounts are not the result of operations of these special funds. Funding for the first three of the receipt funds below must be appropriated by the United States Congress (Congress). Funding is immediately available upon receipt into the Treasury accounts for the two remaining special funds. The National Park Service's principal receipt funds are:

### Special Receipt Funds

- Grant Administration
- Land Acquisition and State Assistance
- Historic Preservation

### Available Receipt Funds

- Fee Collection and Demonstration Activity Support
- Quarters, Operation and Maintenance
- Concession Franchise Fund

- **Land and Water Conservation and Historic Preservation Funds** - The Land and Water Conservation Fund (L&WCF) was enacted in 1964 (Public Law 88-578) to create and maintain a nationwide legacy of high quality recreation areas and facilities. The (L&WCF) Act established a funding source for both federal acquisition of authorized national park, conservation, and recreation areas as well as grants to state and local governments to help them acquire, develop, and improve outdoor recreation areas. Annually \$900 million for the Land and Water Conservation Fund and \$150 million for Historic Preservation Fund are transferred from the DOI's Minerals

Management Services to the NPS, the majority of which is from royalties from Outer Continental Shelf oil deposits. Each year amounts from the Land and Water Conservation and Historic Preservation Funds are warranted to some of the bureaus within the Department of the Interior and the rest to the U.S. Department of Agriculture's Forest Service Agency. The U.S. Congress also appropriated approximately \$74.5 million to the Historic Preservation Fund (HPF). Each year the HPF provides matching grants to encourage private and non-federal investment in historic preservation efforts nationwide, and assists state and local governments, and Indian tribes with expanding and accelerating their historic preservation activities nationwide. Historic Preservation Fund grants serve as a catalyst and "seed money" for preserving and protecting our nation's irreplaceable heritage for this and future generations.

- **Special Account Funds** - As of September 30, 2002 and 2001, the NPS had approximately 85 concession agreements which contain provisions that provide for the establishment of escrow-type accounts to be used to develop, improve, and maintain visitor facilities. These "Special Account" funds are maintained in separate interest-bearing bank accounts of the concessioners. The concessioner periodically deposits a percentage of gross revenue in the account as provided in the concessioner agreement. While the funds may be disbursed only by approval of the concessioner and the park superintendent, they are normally intended, according to the contractual arrangements, to be used to improve or maintain the facilities used by the concessioner to provide services to visitors.

There are differing interpretations as to the extent of the National Park Service's jurisdiction over these funds, and the related receipts and expenditures. Specifically, the Office of Management and Budget (OMB) and Treasury have required that these accounts be included in Federal Government budgetary

reporting. However, it is the opinion of the Solicitor of the Department of the Interior that:

*"The funds contained in Concession Improvement Accounts . . . are owned by the concessioner and are not receipts of the United States. Expenditure of such funds by the concessioner are private expenditures, not governmental expenditures."*

Therefore, the balances, inflows, and outflows of these concessioner Special Accounts are not reflected in the consolidated financial statements of the NPS. The concessioners reported that these Special Accounts balances totaled approximately \$57.7 million and \$56.9 million, as of September 30, 2002 and 2001, respectively.

#### **B. Basis of Accounting and Presentation.**

These financial statements have been prepared to report the financial position, net cost, changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations of the NPS as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The consolidated financial statements have been prepared from the books and records of the NPS in accordance with accounting principles generally accepted in the United States of America, and also using guidance issued by the Federal Accounting Standards Advisory Board (FASAB), the OMB, and NPS accounting policies which are summarized in this note. These consolidated financial statements include all funds and accounts under the control of the NPS and allocations from other federal agency appropriations transferred to the NPS under specific legislative authority.

The presentation of comparative financial statements for some, but not all, financial statements is required by OMB Bulletin No. 01-09. The National Park Service has presented comparative 2002 and 2001 balance sheets and statements of net cost in accordance with these requirements. Certain Fiscal Year 2001 amounts have been reclassified to conform with the current year presentation.

All significant transactions and balances among NPS, and the Land and Water Conservation and Historic Preservation Funds have been eliminated from the NPS's consolidated balance sheets, statements of net cost, and statement of changes in net position. As provided by OMB Bulletin No. 01-09, as amended, the statement of budgetary resources was prepared on the combined basis, therefore, intra-NPS balances have not been eliminated from this statement. These financial statements are different from the financial reports also prepared by the NPS pursuant to OMB directives, used to monitor and control NPS use of budgetary resources.

Intragovernmental assets and liabilities arise from transactions with other federal agencies. Non-entity assets are not available to finance the NPS's operations, and consist of various fees that must be returned to Treasury.

The financial statements should be read with the realization that they are for a component of the United States Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources and legal authority to do so.

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

### **C. Revenues and Other Financing Sources.**

The National Park Service receives the majority of its required funding to support its programs through appropriations authorized by Congress. The NPS receives annual, multi-year, and no-year appropriations that may be used,

within statutory limits, for operating and capital expenditures. The NPS also receives transfers of appropriated and trust funds from other agencies to support various ongoing program requirements.

Donated funds, reimbursements, and grantor's requests, consistent with legislative authority, are available to the NPS when received. The National Park Service has legislative authority to collect revenues through user charges for a variety of activities that may or may not recover the full cost of the service. However, prices based on full cost in some activities would likely reduce the quantity of services sold, therefore, any difference between revenue currently earned, and projected revenue based on a full cost pricing model, would not provide an accurate indication of lost revenue.

Through special legislation, the NPS is authorized to establish/increase recreation use fees, which are not intended to recover the full cost of the service. The laws mandate the use of a portion of these fees collected from park visitors for the following:

- **Public Law 104-134** as amended gives the NPS authority through Fiscal Year 2004 to allow all fee-collecting park sites to experiment with new or increased recreation fees. Parks participating in the demonstration program have until FY 2007 to spend at least 80 percent of the revenues collected at the site to help address unmet needs for visitor services, repairs and maintenance, and resource management. The remaining 20 percent can be spent at the discretion of the NPS. Recreation fees totaling \$127 million during FY 2002 and \$132 million during FY 2001 were transferred to an available receipt account and allocated to the participating parks in accordance with authorizing legislation.

- **Public Law 105-391** gives the NPS permanent authority to spend 100 percent of revenues collected for Concession Franchise Fees. Parks collecting these revenues are authorized to use 80 percent of the collected revenues for concession-related expenditures. The remaining 20 percent can be spent at the discretion of the NPS. During FY 2002 and FY 2001,

revenues collected for Concession Franchise Fees totaled \$15.9 million and \$23.6 million respectively. Unlike the concession improvement accounts discussed in Note 1A, these franchise fees are reflected in the accompanying consolidated financial statements.

**D. Fund Balance with Treasury and Cash.**

National Park Service receipts and disbursements are processed by Treasury. Fund Balance with Treasury represents the unexpended balances of appropriation accounts, transfer accounts, deposit funds, and trust funds in NPS accounts which are available to pay current liabilities and to pay outstanding obligations. Cash balances held outside of Treasury are imprest funds. No cash is held in commercial bank accounts.

**E. Accounts Receivable.** Accounts receivable consist of amounts owed to the NPS by other federal agencies and the public. Accounts receivable typically arise from services provided on a reimbursable basis by the NPS to other government or non-government entities, or as a result of agreements with the NPS for remittance of fees from park concessioners. There are billed and unbilled accounts receivable amounts. Unbilled accounts receivable represent expenditures incurred by the NPS as a result of reimbursable agreements made with other entities that have yet to be notified of their indebtedness. Unbilled receivables are typically converted to billed receivables during the future operating period. Billed amounts represent those reimbursable NPS expenditures for which the benefiting entities have been notified of their indebtedness. Amounts due from the public are stated net of an allowance amount for uncollectible accounts that is based on an analysis of outstanding receivable balances and past collection experiences. No allowance is established for intragovernmental receivables, as they are considered fully collectible from other federal agencies.

**F. General Property, Plant, and Equipment.**

The National Park Service is authorized to purchase structures and equipment under a number of appropriations to facilitate the administration of the NPS, and to preserve natural and cultural resources. The NPS capitalizes real property (e.g., buildings,

structures, and facilities) and equipment with (1) an acquisition cost of at least \$500 thousand for real property, and \$15 thousand for equipment; (2) an estimated useful life of two years or more; (3) no intention to be sold in the ordinary course of operation; and (4) the intention of being used. The capitalization threshold for internal use software is \$100 thousand. Effective FY 2001, at the direction of the Department of the Interior, the capitalization threshold for equipment was changed from \$5 thousand to \$15 thousand, and the capitalization threshold for software was increased from \$5 thousand to \$100 thousand.

In accordance with the implementation guidance for Statement of Federal Financial Accounting Standard No. 6, the NPS recorded certain general property, plant, and equipment acquired on or before September 30, 1995, at estimated historical cost based on available historic supporting documents, current replacement cost deflated to date of acquisition, and the cost of similar assets at the time of acquisition. In addition, the NPS recorded certain general property, plant, and equipment acquired on or before September 30, 1995, at the net book value (i.e., gross cost less accumulated depreciation). The NPS capitalizes general property, plant, and equipment acquired after September 30, 1995, at acquisition cost. Assets transferred in from other federal entities are recorded at the gross cost less accumulated depreciation recorded by the transferring agency as of the date of transfer. Donated assets are recorded at the appraised value on date of donation.

All real property assets in service prior to FY 1996 are depreciated using the straight-line method over a useful life of 20 years. Assets placed in service during FY 1996 and thereafter are depreciated using the straight-line method where the useful life is based on four distinct asset classes. Fifteen-year property includes items such as roadside and trailside exhibits and markers, furnishings for historic structures, audiovisual installations, telephone distribution plants, and comparable assets used for two-way communication. Twenty-year property includes utility systems, sewage treatment facilities, non-permanent quarters, and other such assets. Residential

property is buildings in which 80 percent or more is comprised of dwelling units (e.g., permanent quarters). These assets are depreciated over 27 years. Nonresidential property such as visitor centers, maintenance facilities, concessioner buildings, bridges, etc. is depreciated over 40 years. Equipment is depreciated using the straight-line method. The useful life of equipment ranges from 5 to 25 years based on the Federal Supply Code. Software is depreciated over five years using the straight-line method.

Donated Assets are recorded at the appraised value as of the date of the gift.

The National Park Service leases office space from the General Services Administration (GSA). The lease costs are comparable to commercial lease rates for similar properties.

The National Park Service has stewardship assets, such as land and non multi-use heritage assets (i.e., national monuments and cultural sites), that are not included on NPS financial statements in accordance with the accounting standards. For additional discussion of these stewardship assets, see the Required Supplementary Stewardship Section of this report.

**G. Liabilities.** Liabilities represent the amount of monies or other resources that are likely to be paid by the NPS as the result of a transaction or event that has already occurred. However, no liability can be paid by the NPS unless Congress and the President of the United States authorize payment through an appropriation. These statements include liabilities for which an appropriation has not been enacted, and thus are presented as liabilities not covered by budgetary resources, for there is no certainty that an appropriation will be enacted. Contingent liabilities are recorded in the accounting records when an event potentially leading to the recognition of a liability is probable, and a reasonable estimate of the scope of the potential liability is available.

**H. Personnel Compensation and Benefits.** Accrued payroll and benefits represent salaries, wages, and benefits earned by employees, but not disbursed as of the last day of the fiscal year. Accrued

annual leave is the earned amount of unused employee vacation time based on annual leave balances and current pay rates, and funded from current appropriations when used. Annual leave is disclosed as an unfunded liability because financing will be obtained from the then-current appropriations when used. The NPS expenses sick and other types of leave when used, but does not accrue the related costs because it is not earned and does not vest.

■ **Federal Employees Group Life Insurance (FEGLI) Program.** Most NPS employees are entitled to participate in the FEGLI Program. Participating employees can obtain “basic life” term life insurance, with the employee paying two-thirds and NPS paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. The Office of Personnel Management (OPM) administers this program and is responsible for the reporting of the basic life coverage. Because NPS contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the NPS has recognized the entire service cost of the post-retirement portion of basic life coverage as an Imputed Cost and Imputed Financing Source.

**I. Retirement Plans.** National Park Service employees participate in one of two retirement systems. National Park Service employees hired prior to January 1, 1984, participate in the Civil Service Retirement System (CSRS) to which the NPS makes matching contributions equal to seven percent of basic pay. The Federal Employee Retirement System (FERS) went into effect on January 1, 1987, pursuant to Public Law 99-335. Employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired before January 1, 1984, could have elected to either join FERS or remain in CSRS. A primary feature of FERS is that it offers a savings plan, to which the NPS automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. The National Park Service makes no matching contributions to the Thrift Savings Plan for

CSRS employees. For employees hired since December 31, 1983, the NPS also contributes the employer's matching share for social security.

The National Park Service recognized the full cost of providing future pension and other retirement benefits (ORB) for current employees as required by Statement of Federal Financial Accounting Standards (SFFAS) No. 5, *Accounting for Liabilities of the Federal Government*. Full cost includes pension and ORB contributions paid out of NPS appropriations and costs financed by the Office of Personnel Management (OPM). The amount financed by OPM is recognized as an Imputed Financing Source on the Statement of Changes in Net Position. Reporting amounts such as plan assets, accumulated plan benefits, or unfunded liabilities, if any, is the responsibility of OPM.

**J. Income Taxes.** As an entity of the U.S. Government, the National Park Service is exempt from all income taxes imposed by any governing body, whether it is a federal, state, local, or foreign government, or a Commonwealth of the United States.

**K. Use of Estimates.** The preparation of consolidated financial statements requires management to make estimates and reasonable assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

**NOTE 2. ASSETS**

Assets of the National Park Service are designated in the following categories: entity, restricted, and non-entity. Entity assets are those currently available for use by the NPS. Restricted assets cannot be used until appropriated by Congress and primarily consist of the Land and Water Conservation Fund and Historic Preservation Fund. Non-entity assets are those assets held by the National Park Service, but not available to the NPS, and are assets that have been received or will be collected by the NPS, and that have been or will be subsequently transferred to Treasury. These amounts consist of certain recreation, entrance, and user fees collected at many of the parks. These fees are to be returned to Treasury following the end of each fiscal year, and therefore, are also reflected as a non-entity liability. All non-entity accounts receivable, when collected, are returned to Treasury and are stated net of allowances. The detail of NPS assets is as follows :

| <b>National Park Service Assets</b><br><b>(dollars in thousands)</b> |                      |                      |
|--|----------------------|----------------------|
| ASSETS   | FY 2002              | FY 2001              |
| Non-entity Fund Balance to be Transferred to Treasury                | \$ 2,873             | \$ 3,227             |
| Non-entity Accounts Receivable, Net                                  | 215                  | 533                  |
| <b>Total Non-Entity Assets</b>                                       | <b>3,088</b>         | <b>3,760</b>         |
| Restricted Fund Balance with Treasury                                | 15,371,790           | 15,078,855           |
| Other Entity Assets  | 3,058,521            | 2,879,959            |
| <b>Total Entity Assets</b>   | <b>18,430,311</b>    | <b>17,958,814</b>    |
| <b>TOTAL ASSETS</b>  | <b>\$ 18,433,399</b> | <b>\$ 17,962,574</b> |



**NOTE 3. FUND BALANCE WITH TREASURY**

Fund Balance with Treasury as of September 30, 2002 and 2001, by major category is as follows:

| <b>Fund Balance with Treasury<br/>(dollars in thousands)</b> |                      |                      |
|--|----------------------|----------------------|
| <b>FUND BALANCES BY TYPE</b>                                 | <b>FY 2002</b>       | <b>FY 2001</b>       |
| Land and Water Conservation and Historic Preservation Funds  | \$ 15,371,790        | \$ 15,078,853        |
| General\Appropriated Funds                                   | 1,235,026            | 1,174,827            |
| Special\Available Receipts                                   | 947,154              | 869,063              |
| Trust Funds  | 45,776               | 55,039               |
| Other Fund Types   | 6,520                | 3,315                |
| <b>TOTAL</b>   | <b>\$ 17,606,266</b> | <b>\$ 17,181,097</b> |
| <b>STATUS OF FUND BALANCES</b>                               | <b>FY 2002</b>       | <b>FY 2001</b>       |
| Unobligated Balance:   |                      |                      |
| Unavailable  | \$ 15,434,412        | \$ 15,344,670        |
| Available  | 1,134,154            | 938,804              |
| Obligated Balance Not Yet Disbursed                          | 1,037,700            | 897,623              |
| <b>TOTAL</b>   | <b>\$ 17,606,266</b> | <b>\$ 17,181,097</b> |

Land and Water Conservation and Historic Preservation Funds balances are unavailable receipt accounts. Appropriated funds include funds for the operation of the National Park Service, construction, historic preservation, fire emergency, etc. Special Receipts are funds appropriated from the Land and Water Conservation and Historic Preservation Funds for NPS use. Available receipts consist of fee demonstration, maintenance of quarters, concession franchise funds, etc. Trust funds consist of Federal Highway construction funds and donations.

**NOTE 4. ACCOUNTS RECEIVABLE, NET**

Accounts Receivable as of September 30 consists of monies owed to the NPS from other federal agencies and the public, as follows:

| <b>Accounts Receivable, Net<br/>(dollars in thousands)</b> |                  |                 |                 |                 |
|--|------------------|-----------------|-----------------|-----------------|
| <b>ACCOUNT</b>   | <b>FY 2002</b>   |                 | <b>FY 2001</b>  |                 |
|  | <b>Federal</b>   | <b>Public</b>   | <b>Federal</b>  | <b>Public</b>   |
| Accounts Receivable, Billed                                | \$ 142           | \$ 4,767        | \$ 462          | \$ 7,657        |
| Allowance for Uncollectible Accounts                       | 0                | (804)           | 0               | (1,447)         |
| Net Accounts Receivable, Billed                            | 142              | 3,963           | 462             | 6,210           |
| Accounts Receivable, Unbilled                              | 13,113           | 1,114           | 8,856           | 760             |
| <b>TOTAL ACCOUNTS RECEIVABLE, NET</b>                      | <b>\$ 13,255</b> | <b>\$ 5,077</b> | <b>\$ 9,318</b> | <b>\$ 6,970</b> |

**NOTE 5. ADVANCES AND PREPAYMENTS**

Advances to Others as of September 30, 2002 and 2001, was comprised of amounts provided to the Department of the Interior components of \$4,533 and \$1,948 thousand and other federal agencies of \$904 and \$0 respectively. Advances to non-federal entities as of September 30, 2002 and 2001, was \$9,624 and \$1,572 thousand respectively.

Advances to non-federal entities as of September 30, 2002 and 2001, was comprised of the following:

| <b>Advances to Others<br/>(dollars in thousands)</b> |                 |                 |
|--|-----------------|-----------------|
| TYPE OF ADVANCE                                      | FY 2002         | FY 2001         |
| Travel Advances                                      | \$ 271          | \$ 365          |
| Grant Advances                                       | 9,353           | 1,207           |
| <b>TOTAL</b>   | <b>\$ 9,624</b> | <b>\$ 1,572</b> |

The NPS policy is to disburse grants to states, territories, and Indian tribes to facilitate the accomplishment of its overall mission. The state grantee entities typically disburse funds to subrecipients to conduct specified activities.

**NOTE 6. CASH**

Cash represents the National Park Service imprest funds, or petty cash, held by imprest fund cashiers at NPS field units throughout the country.

**NOTE 7. LOAN RECEIVABLE**

Pursuant to the Wolf Trap Farm Park Act (16 U.S.C. 284c(b)), the Wolf Trap Foundation for the Performing Arts (the Foundation) and the NPS amended their Cooperative Agreement to set up a repayment schedule of loan principal (the loan is non-interest bearing) to the Foundation totaling \$8,560 thousand authorized by the Act of November 28, 1990 (P.L. 101-636: 104 Stat. 4586). The loan principal is to be repaid to the NPS within 25 years from June 1, 1991, the date of the Amendment. The loan principal is repaid in equal annual installments of approximately \$360 thousand, except for the first three annual payments of \$215 thousand per year. Repayment of the loan principal may include a credit of up to \$60 thousand, annually, for public service tickets given to entities exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986. In FY 2002 and 2001, the NPS granted the full \$60 thousand credit to Wolf Trap. The monies that the NPS receives for repayment of this loan may be retained by the NPS until expended, in consultation with the Foundation, for the maintenance of structures, facilities, and equipment of the park. The remaining balance of this loan receivable is \$4,677 thousand and \$5,037 thousand as of September 30, 2002 and 2001, respectively.

**NOTE 8. GENERAL PROPERTY, PLANT, & EQUIPMENT, NET**

The National Park Service's general property, plant, and equipment categories as of September 30, with corresponding accumulated depreciation, are shown as follows:

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**FY 2002 General Property, Plant, and Equipment, Net**  
**(dollars in thousands)**

| Category                 | Cost                       | Accumulated Depreciation   | Net Book Value           |
|--------------------------|----------------------------|----------------------------|--------------------------|
| Buildings                | \$ 463,750                 | \$ (175,825)               | \$ 287,925               |
| Structures/Facilities    | 556,630                    | (220,046)                  | 336,584                  |
| Equipment                | 309,120                    | (182,000)                  | 127,120                  |
| Construction-in-Progress | 33,302                     | -                          | 33,302                   |
| Software                 | 3,808                      | (129)                      | 3,679                    |
| <b>TOTAL</b>             | <b><u>\$ 1,366,610</u></b> | <b><u>\$ (578,000)</u></b> | <b><u>\$ 788,610</u></b> |

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**FY 2001 General Property, Plant, and Equipment, Net**  
**(dollars in thousands)**

| Category                 | Cost                       | Accumulated Depreciation   | Net Book Value           |
|--------------------------|----------------------------|----------------------------|--------------------------|
| Buildings                | \$ 422,896                 | \$ (158,431)               | \$ 264,465               |
| Structures/Facilities    | 501,568                    | (195,620)                  | 305,948                  |
| Equipment                | 276,333                    | (162,320)                  | 114,013                  |
| Construction-in-Progress | 70,695                     | -                          | 70,695                   |
| Software                 | 662                        | (81)                       | 581                      |
| <b>TOTAL</b>             | <b><u>\$ 1,272,154</u></b> | <b><u>\$ (516,452)</u></b> | <b><u>\$ 755,702</u></b> |

**NOTE 9. LIABILITIES**

Liabilities covered by budgetary resources and liabilities not covered by budgetary resources are combined and presented together in the Balance Sheet. Liabilities covered by budgetary resources are funded liabilities to be paid with existing budgetary resources. Liabilities not covered by budgetary resources represent unfunded liabilities for which congressional action is needed before budgetary resources are provided to fund these liabilities. The NPS anticipates that the liabilities not covered by budgetary resources will be funded from future budgetary resources when required. The NPS receives budgetary resources for unfunded payroll costs (billed portion of the Federal Employees Compensation Act), environmental cleanup costs, contingent liabilities, actuarial portion of the Federal Employees Compensation Act Liability, deferred credits, and other liabilities when they are needed for disbursement. The NPS receives budgetary resources for accrued annual leave when it is taken by employees. These categories as of September 30, 2002, and 2001, are detailed in the tables on the following pages:

**FY 2002 Liabilities**  
**(dollars in thousands)**

| LIABILITY   | CURRENT           | NON-CURRENT       | TOTAL             |
|---|-------------------|-------------------|-------------------|
| <b>Liabilities Covered by Budgetary Resources</b>           |                   |                   |                   |
| Intragovernmental:  |                   |                   |                   |
| Accounts Payable  | \$ 18,991         | \$ 0              | \$ 18,991         |
| Accrued Payroll and Benefits                                | 15,262            | 0                 | 15,262            |
| Advances and Deferred Revenue                               | 36,322            | 0                 | 36,322            |
| <b>Total Intragovernmental</b>                              | <b>\$ 70,575</b>  | <b>0</b>          | <b>\$ 70,575</b>  |
| Public:   |                   |                   |                   |
| Accounts Payable  | 116,032           | 0                 | 116,032           |
| Accrued Payroll and Benefits                                | 66,686            | 0                 | 66,686            |
| Other   | 9,268             | 0                 | 9,268             |
| <b>Total Public</b>   | <b>\$ 191,986</b> | <b>\$ 0</b>       | <b>\$ 191,986</b> |
| <b>Total Liabilities Covered by Budgetary Resources</b>     | <b>\$ 262,561</b> | <b>\$ 0</b>       | <b>\$ 262,561</b> |
| <b>Liabilities Not Covered by Budgetary Resources</b>       |                   |                   |                   |
| Intragovernmental:  |                   |                   |                   |
| Unfunded Payroll Costs                                      | 17,174            | 27,622            | 44,796            |
| Judgment Fund   | 0                 | 2,007             | 2,007             |
| Deferred Credits  | 3,852             | 0                 | 3,852             |
| Other   | 2,934             | 0                 | 2,934             |
| <b>Total Intragovernmental</b>                              | <b>\$ 23,960</b>  | <b>\$ 29,629</b>  | <b>\$ 53,589</b>  |
| Public:   |                   |                   |                   |
| Environmental Cleanup Costs                                 | 0                 | 4,730             | 4,730             |
| Contingent Liabilities                                      | 0                 | 8,907             | 8,907             |
| Federal Employee Compensation Act Liability                 | 0                 | 238,313           | 238,313           |
| Accrued Annual Leave  | 0                 | 76,872            | 76,872            |
| Deferred Credits  | 4,328             | 0                 | 4,328             |
| <b>Total Public</b>   | <b>\$ 4,328</b>   | <b>\$ 328,822</b> | <b>\$ 333,150</b> |
| <b>Total Liabilities Not Covered by Budgetary Resources</b> | <b>\$ 28,288</b>  | <b>\$ 358,451</b> | <b>\$ 386,739</b> |
| <b>TOTAL LIABILITIES</b>                                    | <b>\$ 290,849</b> | <b>\$ 358,451</b> | <b>\$ 649,300</b> |

**FY 2001 Liabilities**  
(dollars in thousands)

| LIABILITY   | CURRENT           | NON-CURRENT       | TOTAL             |
|---|-------------------|-------------------|-------------------|
| <b>Liabilities Covered by Budgetary Resources</b>           |                   |                   |                   |
| Intragovernmental:  |                   |                   |                   |
| Accounts Payable  | \$ 20,258         | \$ 0              | \$ 20,258         |
| Accrued Payroll and Benefits                                | 12,313            | 0                 | 12,313            |
| Advances and Deferred Revenue                               | 38,152            | 0                 | 38,152            |
| <b>Total Intragovernmental</b>                              | <b>\$ 70,723</b>  | <b>0</b>          | <b>\$ 70,723</b>  |
| Public:   |                   |                   |                   |
| Accounts Payable  | 120,184           | 0                 | 120,184           |
| Accrued Payroll and Benefits                                | 61,285            | 0                 | 61,285            |
| Other   | 6,038             | 0                 | 6,038             |
| <b>Total Public</b>   | <b>\$ 187,507</b> | <b>\$ 0</b>       | <b>\$ 187,507</b> |
| <b>Total Liabilities Covered by Budgetary Resources</b>     | <b>\$ 258,230</b> | <b>\$ 0</b>       | <b>\$ 258,230</b> |
| <b>Liabilities Not Covered by Budgetary Resources</b>       |                   |                   |                   |
| Intragovernmental:  |                   |                   |                   |
| Unfunded Payroll Costs                                      | \$ 16,176         | \$ 24,263         | \$ 40,439         |
| Judgment Fund   | 0                 | 0                 | 0                 |
| Deferred Credits  | 14,229            | 0                 | 14,229            |
| Other   | 3,760             | 0                 | 3,760             |
| <b>Total Intragovernmental</b>                              | <b>\$ 34,165</b>  | <b>\$ 24,263</b>  | <b>\$ 58,428</b>  |
| Public:   |                   |                   |                   |
| Environmental Cleanup Costs                                 | 0                 | 6,808             | 6,808             |
| Contingent Liabilities                                      | 0                 | 2,844             | 2,844             |
| Federal Employee Compensation Act Liability                 | 0                 | 240,749           | 240,749           |
| Accrued Annual Leave  | 0                 | 75,329            | 75,329            |
| Deferred Credits  | 22                | 0                 | 22                |
| Other   | 316               | 0                 | 316               |
| <b>Total Public</b>   | <b>\$ 338</b>     | <b>\$ 325,730</b> | <b>\$ 326,068</b> |
| <b>Total Liabilities Not Covered by Budgetary Resources</b> | <b>\$ 34,503</b>  | <b>\$ 349,993</b> | <b>\$ 384,496</b> |
| <b>TOTAL LIABILITIES</b>                                    | <b>\$ 292,733</b> | <b>\$ 349,993</b> | <b>\$ 642,726</b> |

**NOTE 10. ACCOUNTS PAYABLE**

The reported amounts for accounts payable include liabilities to other federal agencies and to the public. Amounts owed for goods and services received by the NPS total \$135,023 thousand and \$140,442 thousand, which include contract holdbacks of \$912 thousand and \$816 thousand at September 30, 2002 and 2001, respectively.

**NOTE 11. ADVANCES, DEFERRED REVENUE, AND DEFERRED CREDITS**

The reported amounts include advances to the NPS from other federal agencies and from the public for a total of \$53,770 thousand and \$58,441 thousand at September 30, 2002 and 2001, respectively. These advances are for the purchase of land with Title V monies, and reimbursable agreements for state-federal-academic partnerships in research and graduate education for the management of natural resources, and other programs.

**NOTE 12. FEDERAL EMPLOYEES COMPENSATION ACT LIABILITIES**

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees insured on the job; employees who have incurred a work-related occupational disease; and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and unpaid billings, and subsequently seeks reimbursement from the NPS for the paid

claims. Federal Employees Compensation Act liabilities include two portions, the first is the intragovernmental portion, amounting to \$44,796 thousand and \$40,439 thousand representing claims paid by DOL and billed to NPS that remain unpaid at September 30, 2002 and 2001, respectively. This is based on actual claims paid by Labor but not yet reimbursed by Interior. Interior reimburses Labor for the amount of the actual claims as funds are appropriated for this purpose. There is generally a two- or three-year time period between payment by Labor and reimbursement by Interior. As a result, Interior recognizes a liability for the actual claims paid by Labor and to be reimbursed by Interior.

The second portion, the non-intragovernmental portion (actuarial FECA liability), amounted to \$238,313 thousand and \$240,749 thousand at September 30, 2002 and 2001, respectively. This portion represents the estimated liability for future workers' compensation benefits, including the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The liability is determined by the DOL annually, as of September 30, using a method that utilizes historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. The projected annual payments are discounted to present value using OMB's economic assumptions for ten-year Treasury notes and bonds. To provide for the effects of inflation on the liability, wage inflation factors (i.e., consumer price index medical adjustments) are applied to the calculation of projected future benefit payments. These factors are also used to adjust historical benefit payments to current-year constant dollars. A discounting formula is also used to recognize the timing of benefit payments as 13 payments per year instead of one lump sum payment per year.

Labor also evaluated the estimated projections to ensure that the estimated future benefit payments are appropriate. The analysis included three tests: (1) a comparison of the current-year projections to the prior-year projections; (2) a comparison of the prior-year projected payments to the current-year actual payments, excluding any new case payments that had arisen during the current year; and (3) a comparison of the current-year actual payment data to the prior-year actual payment data. Based on the outcome of this analysis, adjustments may be made to the estimated future benefit payments.

The Department of Labor calculated the estimated future benefit payments based on several assumptions. The interest rate assumptions utilized to discount the estimated future benefit payments to present value are 5.20 percent in year one and thereafter. The wage inflation factors (Cost of Living Adjustments) and medical inflation factors (Consumer Price Index Medical Adjustments) used in the calculation are as follows:

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**Federal Employee Compensation Act (FECA) Wage Inflation Factors**

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| Fiscal Year         | Cost of Living Adjustments | Consumer Price Index Medical Adjustments | Cost of Living Adjustments | Consumer Price Index Medical Adjustments |
|---------------------|----------------------------|--|----------------------------|--|
| 1991                | 5.03%                      | 9.36%                                    | 5.03%                      | 9.36%                                    |
| 1992                | 5.00%                      | 7.96%                                    | 5.00%                      | 7.96%                                    |
| 1993                | 2.83%                      | 6.61%                                    | 2.83%                      | 6.61%                                    |
| 1994                | 2.77%                      | 5.27%                                    | 2.77%                      | 5.27%                                    |
| 1995                | 2.57%                      | 4.72%                                    | 2.57%                      | 4.72%                                    |
| 1996                | 2.63%                      | 3.99%                                    | 2.63%                      | 3.99%                                    |
| 1997                | 2.77%                      | 3.11%                                    | 2.77%                      | 3.11%                                    |
| 1998                | 2.70%                      | 2.77%                                    | 2.70%                      | 2.77%                                    |
| 1999                | 1.53%                      | 3.50%                                    | 1.53%                      | 3.50%                                    |
| 2000                | 1.97%                      | 3.70%                                    | 1.97%                      | 3.70%                                    |
| 2001                | 2.93%                      | 4.42%                                    | 2.93%                      | 4.42%                                    |
| 2002                | 3.33%                      | 4.44%                                    | 3.33%                      | 4.44%                                    |
| 2003                | 1.80%                      | 4.31%                                    | 3.00%                      | 4.15%                                    |
| 2004                | 2.67%                      | 4.01%                                    | 2.56%                      | 4.09%                                    |
| 2005                | 2.40%                      | 4.01%                                    | 2.50%                      | 4.09%                                    |
| 2006 and thereafter | 2.40%                      | 4.01%                                    | 2.50%                      | 4.09%                                    |

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## **NOTE 13. ENVIRONMENTAL CLEANUP COSTS AND CONTINGENT LIABILITIES**

### **Environmental Cleanup Costs**

The National Park Service is subject to loss contingencies pursuant to environmental laws and regulations that currently, and in the future, will require the NPS to take action to correct or ameliorate the effects on human health and the environment from releases of contaminants by the NPS or other parties. Contingencies may exist for various types of sites, including, but not limited to: (1) hazardous substance contaminated sites governed by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA); (2) waste storage, treatment, and disposal facilities governed by Subtitle-C of the Resource Conservation and Recovery Act (RCRA); (3) leaking underground storage tanks governed by Subtitle-I of RCRA; (4) proper closure and cleanup of solid waste landfills governed by Subtitle-D of RCRA; and (5) abandoned mining lands. The abatement of lead-based paint and asbestos is not considered as part of these contingencies.

The amount of future cleanup cost to the NPS is very difficult to determine due to such factors as: (1) the unknown nature and extent of potential contamination; (2) the unknown timing and extent of the cleanup that may be required; (3) the determination of allocation of NPS liability vis-à-vis other responsible parties; and (4) the extent to which such costs will be borne by or recovered from third parties. While the NPS has provided for environmental obligations that are probable and reasonably estimable, the amount of future costs is dependent on the results of activities in the period for which they are recognized. The NPS does not expect these costs to have a material effect on its consolidated financial position.

The NPS has identified 192 sites within 80 park units potentially impacted by petroleum or hazardous substance releases. At present, 86 of these sites are governed by RCRA, 98 are governed by CERCLA, and 8 sites involve both RCRA and CERCLA. Response activities at these identified sites include site characterization and sampling; risk assessment; removal of the contaminant source; treatment and/or containment of contaminated water and soil; and ongoing monitoring.

The NPS analyzed the environmental cleanup liability in the aforementioned regulatory areas for FY 2002. Based upon this work and applicable accounting guidelines, the NPS reports a total liability of \$4,730 thousand for FY 2002 and \$6,808 for FY 2001, of which \$4,244 thousand and \$6,348 thousand respectively constitutes the estimated cost of cleanup at sites for which the NPS has full liability, shared liability, or acknowledged liability, and \$486 thousand and \$460 thousand respectively constitutes the cost of future studies at such sites. For these sites, the NPS also discloses the possibility that the total cost of cleanup at these sites could be \$7,835 thousand and \$8,000 thousand respectively, but as this figure is somewhat too speculative to report under the accounting protocol, the figure is disclosed only. In addition, there are some sites for which the NPS liability is undetermined or in litigation at this time. With respect to these sites, the NPS discloses the possibility of liability in the range of \$13,724 thousand to \$111,329 thousand and \$14,803 thousand and \$126,059 thousand respectively. These values represent a current analysis of verifiable NPS data and are subject to ongoing fluctuation (in dollars).

### **Contingent Liabilities**

The National Park Service is a defendant in a number of lawsuits where the plaintiff is seeking monetary damages. In the opinion of NPS management and legal counsel, it is probable that an adverse outcome on certain cases could result, totaling approximately \$8,907 thousand for FY 2002 and \$2,844 thousand as of September 30, 2002 and 2001, respectively. As of FY 2002 and FY 2001, respectively, there were pending claims with a possible payout in the range of \$3.5 to \$7.4 million and zero to \$5 million.

**NOTE 14. STATEMENT OF NET COST**

Intragovernmental costs represent the costs incurred to generate the related intragovernmental revenue. The National Park Service estimated intragovernmental costs as intragovernmental revenue plus an allocated portion of the retirement costs paid by OPM on behalf of the NPS that the National Park Service did not bill to intragovernmental customers.

**Department of the Interior, National Park Service  
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For the Year Ended September 30, 2002  
(dollars in thousands)**

| PUBLIC AND GOVERNMENT COST BY REGION       | Preserve<br>Park Resources | Provide for<br>the Public<br>Enjoyment<br>and Visitor<br>Experience<br>of Parks | Strengthen<br>and Preserve<br>Natural and<br>Cultural<br>Resources and<br>Enhance<br>Recreational<br>Opportunities<br>Managed by<br>Partners | Total      |
|--|----------------------------|---|--|------------|
| MID-ATLANTIC REGION GROSS PUBLIC COST      | \$ 104,266                 | \$ 249,751  | \$ 28,143  | \$ 382,160 |
| Less: Earned Public Revenues               | (9,652)                    | (14,554)  | (310)  | (24,516)   |
| Net Region Public Costs                    | 94,614                     | 235,197   | 27,833   | 357,644    |
| MID-ATLANTIC REGION GROSS GOVERNMENT COST  | \$ 2,734                   | \$ 3,794  | \$ 643   | \$ 7,171   |
| Less: Earned Government Revenues           | (2,658)                    | (3,690)   | (625)  | (6,973)    |
| Net Region Government Costs                | 76                         | 104   | 18   | 198        |
| Net Region Costs                           | 94,690                     | 235,301   | 27,851   | 357,842    |
| SOUTHEAST REGION GROSS PUBLIC COST         | \$ 108,725                 | \$ 197,347  | \$ 14,287  | \$ 320,359 |
| Less: Earned Public Revenues               | (8,906)                    | (10,586)  | (153)  | (19,645)   |
| Net Region Public Costs                    | 99,819                     | 186,761   | 14,134   | 300,714    |
| SOUTHEAST REGION GROSS GOVERNMENT COST     | \$ 1,244                   | \$ 4,325  | \$ 125   | \$ 5,694   |
| Less: Earned Government Revenues           | (1,210)                    | (4,206)   | (121)  | (5,537)    |
| Net Region Government Costs                | 34                         | 119   | 4  | 157        |
| Net Region Costs                           | 99,853                     | 186,880   | 14,138   | 300,871    |
| MIDWEST REGION GROSS PUBLIC COST           | \$ 64,948                  | \$ 132,182  | \$ 20,453  | \$ 217,583 |
| Less: Earned Public Revenues               | (5,526)                    | (6,349)   | (79)   | (11,954)   |
| Net Region Public Costs                    | 59,422                     | 125,833   | 20,374   | 205,629    |
| MIDWEST REGION GROSS GOVERNMENT COST       | \$ 1,777                   | \$ 2,150  | \$ -   | \$ 3,927   |
| Less: Earned Government Revenues           | (1,728)                    | (2,091)   | -  | (3,819)    |
| Net Region Government Costs                | 49                         | 59  | -  | 108        |
| Net Region Costs                           | 59,471                     | 125,892   | 20,374   | 205,737    |
| INTERMOUNTAIN REGION GROSS PUBLIC COST     | \$ 170,259                 | \$ 275,639  | \$ 33,614  | \$ 497,512 |
| Less: Earned Public Revenues               | (43,415)                   | (52,191)  | (53)   | (95,659)   |
| Net Region Public Costs                    | 126,844                    | 223,448   | 33,561   | 383,853    |
| INTERMOUNTAIN REGION GROSS GOVERNMENT COST | \$ 4,343                   | \$ 4,349  | \$ 249   | \$ 8,941   |
| Less: Earned Government Revenues           | (4,224)                    | (4,230)   | (242)  | (8,696)    |
| Net Region Government Costs                | 119                        | 119   | 7  | 245        |
| Net Region Costs                           | 126,963                    | 223,567   | 33,568   | 384,098    |

*Continued on next page.*



Department of the Interior, National Park Service  
Public/Governmental Net Cost Disclosure (continued)  
For the Year Ended September 30, 2002  
(dollars in thousands)

| PUBLIC AND GOVERNMENT COST BY REGION          | Preserve<br>Park Resources | Provide for<br>the Public<br>Enjoyment<br>and Visitor<br>Experience<br>of Parks | Strengthen<br>and Preserve<br>Natural and<br>Cultural<br>Resources and<br>Enhance<br>Recreational<br>Opportunities<br>Managed by<br>Partners | Total      |
|---|----------------------------|---|--|------------|
| PACIFIC WEST REGION GROSS PUBLIC COST         | \$ 145,644                 | \$ 267,626  | \$ 24,221  | \$ 437,491 |
| Less: Earned Public Revenues                  | (30,711)                   | (37,978)  | (239)  | (68,928)   |
| Net Region Public Costs                       | 114,933                    | 229,648   | 23,982   | 368,563    |
| PACIFIC WEST REGION GROSS GOVERNMENT COST     | \$ 5,321                   | \$ 5,885  | \$ 245   | \$ 11,451  |
| Less: Earned Government Revenues              | (5,175)                    | (5,724)   | (238)  | (11,137)   |
| Net Region Government Costs                   | 146                        | 161   | 7  | 314        |
| Net Region Costs                              | 115,079                    | 229,809   | 23,989   | 368,877    |
| ALASKA REGION GROSS PUBLIC COST               | \$ 47,118                  | \$ 44,504   | \$ 8,824   | \$ 100,446 |
| Less: Earned Public Revenues                  | (2,347)                    | (4,251)   | (34)   | (6,632)    |
| Net Region Public Costs                       | 44,771                     | 40,253  | 8,790  | 93,814     |
| ALASKA REGION GROSS GOVERNMENT COST           | \$ 910                     | \$ 910  | \$ -   | \$ 1,820   |
| Less: Earned Government Revenues              | (885)                      | (885)   | -  | (1,770)    |
| Net Region Government Costs                   | 25                         | 25  | -  | 50         |
| Net Region Costs                              | 44,796                     | 40,278  | 8,790  | 93,864     |
| NATIONAL CAPITAL REGION GROSS PUBLIC COST     | \$ 31,162                  | \$ 251,574  | \$ 2,199   | \$ 284,935 |
| Less: Earned Public Revenues                  | (1,532)                    | (3,382)   | (132)  | (5,046)    |
| Net Region Public Costs                       | 29,630                     | 248,192   | 2,067  | 279,889    |
| NATIONAL CAPITAL REGION GROSS GOVERNMENT COST | \$ 5,447                   | \$ 6,653  | \$ 1,213   | \$ 13,313  |
| Less: Earned Government Revenues              | (5,297)                    | (6,470)   | (1,180)  | (12,947)   |
| Net Region Government Costs                   | 150                        | 183   | 33   | 366        |
| Net Region Costs                              | 29,780                     | 248,375   | 2,100  | 280,255    |
| OTHER REGION GROSS PUBLIC COST                | \$ 8,666                   | \$ 45,011   | \$ 16,447  | \$ 70,124  |
| Less: Earned Public Revenues                  | (17)                       | (17)  | (93)   | (127)      |
| Net Region Public Costs                       | 8,649                      | 44,994  | 16,354   | 69,997     |
| OTHER REGION GROSS GOVERNMENT COST            | \$ 2,248                   | \$ 2,407  | \$ 63  | \$ 4,718   |
| Less: Earned Government Revenues              | (2,186)                    | (2,341)   | 61   | (4,588)    |
| Net Region Government Costs                   | 62                         | 66  | 2  | 130        |
| Net Region Costs                              | 8,711                      | 45,060  | 16,356   | 70,127     |

Continued on next page.

**Department of the Interior, National Park Service  
Public/Governmental Net Cost Disclosure (continued)  
For the Year Ended September 30, 2002  
(dollars in thousands)**

| PUBLIC AND GOVERNMENT COST BY REGION              | Preserve<br>Park Resources | Provide for<br>the Public<br>Enjoyment<br>and Visitor<br>Experience<br>of Parks | Strengthen<br>and Preserve<br>Natural and<br>Cultural<br>Resources and<br>Enhance<br>Recreational<br>Opportunities<br>Managed by<br>Partners | Total               |
|---|----------------------------|---|--|---------------------|
| GRANTS GROSS PUBLIC COST                          | \$ -                       | \$ -  | \$ 109,863   | \$ 109,863          |
| Less: Earned Public Revenues                      | -                          | -   | -  | -                   |
| Net Region Public Costs                           | -                          | -   | 109,863  | 109,863             |
| GRANTS GROSS GOVERNMENT COST                      | \$ -                       | \$ -  | \$ -   | \$ -                |
| Less: Earned Government Revenues                  | -                          | -   | (7,004)  | (7,004)             |
| Net Region Government Costs                       | -                          | -   | (7,004)  | (7,004)             |
| Net Region Costs                                  | -                          | -   | 102,859  | 102,859             |
| Costs Not Assigned to Regions or Grants Programs: |                            |   |  |                     |
| Stewardship Land Acquisition Costs                | 33,538                     | 62,283  | 15,917   | 111,738             |
| Acquisition and Renovation of Heritage Assets     | 23,541                     | 43,717  | 11,172   | 78,430              |
| <b>NET COST OF OPERATIONS</b>                     | <b>\$ 636,422</b>          | <b>\$ 1,441,162</b>   | <b>\$ 277,114</b>  | <b>\$ 2,354,698</b> |

**Department of the Interior, National Park Service  
Public/Governmental Net Cost Disclosure  
For the Year Ended September 30, 2001  
(dollars in thousands)**

| REGIONS                          | Preserve<br>Park Resources | Provide for<br>the Public<br>Enjoyment<br>and Visitor<br>Experience<br>of Parks | Strengthen<br>and Preserve<br>Natural and<br>Cultural<br>Resources and<br>Enhance<br>Recreational<br>Opportunities<br>Managed by<br>Partners | Total               |
|----------------------------------|----------------------------|---|--|---------------------|
| Public Expenses                  | \$ 641,831                 | \$ 1,563,447  | \$ 209,149   | \$ 2,414,427        |
| Less: Earned Public Revenues     | (75,367)                   | (126,835)   | (45,303)   | (247,505)           |
| Net Public Cost                  | <u>\$ 566,464</u>          | <u>\$ 1,436,612</u>   | <u>\$ 163,846</u>  | <u>\$ 2,166,922</u> |
| Government Expenses              | \$ 14,432                  | \$ 24,289   | \$ 8,675   | \$ 47,396           |
| Less: Earned Government Revenues | (14,063)                   | (23,667)  | (8,453)  | (46,183)            |
| Net Government Cost              | <u>\$ 369</u>              | <u>\$ 622</u>   | <u>\$ 222</u>  | <u>\$ 1,213</u>     |
| <b>TOTAL NET COST</b>            | <b>\$ 566,833</b>          | <b>\$ 1,437,234</b>   | <b>\$ 164,068</b>  | <b>\$ 2,168,135</b> |

**NOTE 15. OPERATING LEASES**

The National Park Service leases various buildings from GSA. The NPS is not committed to continue to pay rent to GSA beyond the period occupied and may elect to terminate these leases with 120 days notice to GSA at any time. However, it is expected that the NPS will continue to occupy and lease office space from GSA in future years, and that the lease charges will be adjusted annually to reflect operating costs incurred by GSA. The NPS may elect to terminate these leases with as little as one day's notice to GSA at any time. The NPS also leases vehicles from GSA. For the year ended September 30, 2002, payments to GSA for the leasing of vehicles approximated \$6,654 thousand. All leases with GSA are considered operating leases. The aggregate of NPS estimated real and personal property lease payments assumes an escalation of three percent per year for all periods after Fiscal Year 2003.

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**Future Operating Lease Payments for FY 2003-2007 and Future Years  
(dollars in thousands)**

| FISCAL YEAR                        | PERSONAL<br>PROPERTY | GSA<br>REAL PROPERTY |
|------------------------------------|----------------------|----------------------|
| 2003                               | \$ 46,253            | \$ 27,433            |
| 2004                               | 47,641               | 24,916               |
| 2005                               | 49,071               | 24,232               |
| 2006                               | 50,542               | 22,843               |
| 2007                               | 52,059               | 21,910               |
| After 5 Years                      | 53,621               | 29,464               |
| <b>TOTAL FUTURE LEASE PAYMENTS</b> | <b>\$ 299,187</b>    | <b>\$ 150,798</b>    |

**NOTE 16. ALLOCATION TRANSFER BEGINNING BALANCE ADJUSTMENTS**

As of October 1, 2002, NPS changes its method of accounting for allocation transfers in accordance with OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. In accordance with these reporting requirements, the NPS reports the budgetary activity, but not the proprietary activity when the NPS is the transferor of the appropriation (i.e., parent), and reports the proprietary activity, but not the budgetary activity, when the NPS is the recipient of the transfer (i.e., child). As a result of this change, the NPS adjusted its net position as of October 1, 2001, by recording an adjustment for cumulative effect of a change in accounting principle in the amount of \$56,270 thousand. This adjustment consists of the following:

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**Beginning Balance Unexpended Appropriation Reconciling Amounts  
(dollars in thousands)**

| APPROPRIATION    | AMOUNT             |
|------------------|--------------------|
| 69-14- 1036-000  | \$ (1,595)         |
| 96-14-X-1039-000 | (43,269)           |
| 69-14-X-1039-000 | (8,712)            |
| <b>TOTAL</b>     | <b>\$ (53,576)</b> |

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**Beginning Balance Cumulative Results of Operation Reconciling Amounts  
(dollars in thousands)**

| APPROPRIATION     | AMOUNT            |
|-------------------|-------------------|
| 69-14-X -5481-000 | \$ (537)          |
| 96-14-X-8215-000  | (2,157)           |
| <b>TOTAL</b>      | <b>\$ (2,694)</b> |

**NOTE 17. TRANSFERS IN/OUT WITHOUT REIMBURSEMENT**

Monies from certain special receipt accounts controlled by the Department of the Interior are transferred to the NPS for the purchase of land, grants to state and local government, and cleanup of hazardous material. The amounts transferred to the NPS, and from other agencies for the year ended September 30, 2002, is as follows:

| <b>Transfers In/Out Without Reimbursement<br/>(dollars in thousands)</b>       |                     |
|--|---------------------|
| MONIES TRANSFERRED TO NPS  |                     |
| Land and Water Conservation Fund   | \$ 299,573          |
| Historic Preservation Fund   | 74,690              |
| Trust Fund and Other   | 27,198              |
| SPECIAL RECEIPTS TRANSFERS IN  | \$ 401,461          |
| SUBTRACT: TRANSFERS FROM NPS TO OTHER AGENCIES                                 |                     |
| Transfers Within the Department of the Interior                                | \$ (694,515)        |
| Transfers to the Corps of Engineers  | (21,000)            |
| Transfer to the United States Department of Agriculture, Forest Service Agency | (149,517)           |
| NET TRANSFER TO OTHER AGENCIES   | \$ (865,032)        |
| NET TRANSFERS IN/OUT WITHOUT REIMBURSEMENT                                     | <u>\$ (463,571)</u> |

**NOTE 18. OTHER BUDGETARY FINANCING SOURCES**

Other financing sources consist of Title V and Title VI monies provided by the Department of the Interior, Office of the Secretary, of which \$20,568 thousand was used for the purchase of land, construction, and maintenance for the year ended September 30, 2002. \$10,824 thousand represents canceling year unexpended appropriations no longer available for disbursement.

**NOTE 19. BUDGET AUTHORITY**

The National Park Service budget authority is as follows:

| <b>Budget Authority<br/>(dollars in thousands)</b> |                     |
|--|---------------------|
| RESOURCES  | AMOUNT              |
| Appropriations                                     | \$ 2,650,901        |
| Transfers, Net                                     | 1,184               |
| BUDGET AUTHORITY                                   | <u>\$ 2,652,085</u> |

The National Park Service has eleven "Permanent Indefinite" Appropriations. They are as follows:

- 14X5057 Recreation Fee Demonstration Program
- 14X5262 National Park Passport Program
- 14X5049 Operation and Maintenance of Quarters
- 14X5431 Park Concessions Franchises Fees
- 14X5164 Transportation Systems Fund
- 14\_5412 Glacier Bay National Park Resource Protection
- 14X5663 Educational Expenses, Children of Employees, Yellowstone NP
- 14X5666 Payment In Lieu of Taxes, Grand Teton NP
- 14X5076 Delaware Water Gap NRA, Route 209 Operations
- 14X5244 National Maritime Heritage Grants
- 14X5110 Fee Collection Support

Each of these appropriations was established under different and specific Public Laws. For example, the authorizing legalization for the Recreation Fee Demonstration Program is P.L. 104-136, as amended; the National Park Passport Program is P.L. 105-391; the Operation and Maintenance of Quarters is P.L. 98-473, and so on. In all cases, the unobligated funds at the end of any given fiscal year remain available until expended and are to be obligated for the purposes as described in their authorizing legislation.

**NOTE 20. CUMULATIVE EFFECT OF CHANGE IN ALLOCATION TRANSFER ACCOUNTING**

As a result of the change in the NPS method of accounting for allocation transfers in accordance with OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*, the NPS Adjusted the beginning unobligated and obligated balances as of October 1, 2001, by recording an adjustment for cumulative effect of a change in accounting principle in the amounts of \$53,893 thousand and \$56,958 thousand respectively. This adjustment is summarized as follows:

| <b>Cumulative Effect of Change in Allocation Transfer Accounting<br/>(dollars in thousands)</b> |                     |                   |
|---|---------------------|-------------------|
| DESCRIPTION   | UNOBLIGATED AMOUNT  | OBLIGATED AMOUNT  |
| Balance, As Previously Reported   | \$ 1,201,314        | \$ 946,098        |
| Cumulative Effect of Change in Accounting Principle   | (53,893)            | (56,958)          |
| <b>BALANCES, AS ADJUSTED</b>  | <b>\$ 1,147,421</b> | <b>\$ 889,140</b> |

**NOTE 21. STATEMENT OF FINANCING**

The intent of the Statement of Financing is to facilitate the reconciliation of the financial net cost of operations with obligations of budget authority. Because the accrual-based measures used in the Statement of Net Cost differ from the obligation-based measures used in the Statement of Budgetary Resources, this reconciliation is useful in understanding the differences.

The Statement of Financing considers four types of activity: (1) resources used to fund activities, (2) resources used to fund items not part of the net cost of operations, (3) components of net cost of operations that do not require or generate resources during the reporting period, and (4) components of net cost that require future funding.

The following table summarizes the transfer appropriations where the National Park Service is the recipient (i.e., child):

| <b>Transfer of Appropriations Where the National Park Service Is the Recipient (Child)<br/>(dollars in thousands)</b> |  |  |                        |
|---|--|--|------------------------|
| APPROPRIATION   | TRADING PARTNER                                      | NATURE AND PURPOSE OF TRANSFER   | RECONCILING DIFFERENCE |
| 14-14-X-1618-010  | Department of the Interior - Office of the Secretary | Funds to conduct natural resource damage assessment activities necessary to carry out the provisions of the Comprehensive Environmental Response, Compensation, and Liability Act and the Oil Pollution Act of 1990. | \$ 810                 |
| 14-14-X-0105-010  | Department of the Interior - Office of the Secretary | For necessary expenses related to the translation of foreign currency to cover associated gains and losses.  | \$ -                   |

*Continued on next page.*

**Transfer of Appropriations Where the National Park Service Is the Recipient (Child) - (continued)**  
(dollars in thousands)

| APPROPRIATION    | TRADING PARTNER  | NATURE AND PURPOSE OF TRANSFER  | RECONCILING DIFFERENCE |
|------------------|--|---|------------------------|
| 14-14-X-1121-010 | Department of the Interior - Bureau of Land Management | For necessary expenses for the remedial action, including associated activities, of hazardous waste substances, pollutants, or contaminants pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act.  | \$ 1,621               |
| 14-14-X-1125-010 | Department of the Interior - Bureau of Land Management | For necessary expenses related to fire preparedness, suppression operations, fire science and research, emergency rehabilitation, hazardous fuel reduction and rural fire assistance. An amount shall be available for the renovation or construction of fire facilities. | \$ 125,631             |
| 14-14-X-5198-010 | Department of the Interior - Office of the Secretary   | Funds to conduct natural resource damage assessment activities necessary to carry out the provisions of the Comprehensive Environmental Response, Compensation, and Liability Act and the Oil Pollution Act of 1990.  | \$ 851                 |
| 14-12-X-1105-010 | U.S. Department of Agriculture - Forest Service        | For necessary expenses related to cooperating with and providing technical and financial assistance for forest health management, cooperative forestry, and education and land conservation activities.   | \$ 340                 |
| 14-69-X-8083-010 | U.S. Department of Transportation - Federal Highways   | For necessary expenses related to provide planning, design and construction support for forest highways, parkways, and park roads as well as repairing the highway infrastructure.  | \$ 31,142              |
| 14-69-X-8058-010 | U.S. Department of Transportation - Federal Highways   | For necessary expenses related to provide planning, design and construction support for forest highways, parkways, and park roads as well as repairing the highway infrastructure.  | \$ 38                  |
| 14-16- 0174-010  | U.S. Department of Labor                               | For necessary expenses related to a comprehensive residential, education and job training program for at-risk youths.   | \$ 14,732              |

The following table summarizes the transfer appropriations where the National Park Service is the transferor (i.e., parent):

**Transfer of Appropriations Where the National Park Service Is the Transferor (Parent)  
(dollars in thousands)**

| APPROPRIATION                        | TRADING PARTNER                                      | NATURE AND PURPOSE OF TRANSFER   | RECONCILING DIFFERENCE |
|--------------------------------------|--|--|------------------------|
| 96-14-X-1039-000                     | U.S. Army Corps of Engineers                         | Funds transferred to the Corps of Engineers related to the modified water deliveries project to establish surface water inundation patterns within Everglades for the purposes of restoring the ecological resources of the park to those conditions prior to the drainage of South Florida. | \$ (30,405)            |
| 69-14-X-1039-000                     | U.S. Department of Transportation - Federal Highways | For necessary expenses related to provide planning, design and construction support for forest highways, parkways, and park roads as well as repairing the highway infrastructure.   | \$ (2,709)             |
| 96-14-X-5035-000                     | U.S. Army Corps of Engineers                         | Funds transferred to the Corps of Engineers to cover necessary expenses related to the Everglades restoration effort.  | \$ (8,597)             |
| 69-14-X-8215-000                     | U.S. Department of Transportation - Federal Highways | For necessary expenses related to provide planning, design and construction support for forest highways, parkways, and park roads as well as repairing the highway infrastructure.   | \$ 385                 |
| 69-14- 1036-000                      | U.S. Department of Transportation - Federal Highways | For necessary expenses related to provide planning, design and construction support for forest highways, parkways, and park roads as well as repairing the highway infrastructure.   | \$ (298)               |
| 69-14-X-5481-000                     | U.S. Department of Transportation - Federal Highways | For necessary expenses related to provide planning, design and construction support for forest highways, parkways, and park roads as well as repairing the highway infrastructure.   | \$ 317                 |
| <b>TOTAL RECONCILING DIFFERENCES</b> |  |  | <b>\$ 133,858</b>      |

**NOTE 22. DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT (PRESIDENT'S BUDGET)**

The Statement of Budgetary Resources has been prepared to coincide with the amounts shown in the President's Budget (Budget of the United States Government). The actual amounts, for FY 2002 in the President's Budget, were not available at the time the financial statements were prepared. The President's Budget with the actual FY 2002 amounts was released on February 3, 2003, and can be found at the OMB website: [www.whitehouse.gov/omb](http://www.whitehouse.gov/omb).



Olympic National Park features 57 miles of unspoiled beaches within its 913,339 acres, of which 876,669 acres are designated wilderness.

NPS PHOTO



# Required Supplementary Stewardship Information (Unaudited)

## STEWARDSHIP AND HERITAGE ASSETS

Forests, deserts, riparian areas, seashores, wilderness areas, archeological sites, museum collections, cultural landscapes, and historic buildings are among the many stewardship and heritage assets which the National Park Service has the responsibility to preserve and protect.

National Park Service collection-type heritage assets consist of objects gathered and maintained for exhibition within museum collections. Non-collection heritage assets include historic and prehistoric structures and landmarks.

Deferred maintenance information for the National Park Service is maintained in the Project Management Information System (PMIS) database. Individual park units are responsible for compiling and entering deferred maintenance needs into PMIS. The needs are extracted and classified as General Property, Plant and Equipment, or Stewardship, as well as one of six major asset types and reported in the deferred maintenance section. The Facilities Management Division is currently conducting a multi-year effort to establish the condition of all park assets. Part of the effort is to gather the information necessary to provide a better estimate of deferred maintenance needs related to non-facility type assets. Once the project is completed, the National Park Service will determine the validity of reporting deferred maintenance needs at the lower level of individual Stewardship and Heritage Asset Programs.

Subsets of lands within the authorized boundaries of the National Park System can have additional stewardship asset designations such as *wilderness areas*, *wild and scenic rivers*, and *trails*. Stewardship areas such as wilderness areas may encompass lands owned by entities other than the National Park Service. Changes in NPS boundaries occur only when authorized by Presidential proclamations or by acts of Congress. While individual units

of stewardship land can be improved, the condition of National Park System stewardship land as a whole is generally sufficient to support the NPS mission.

## NATIONAL PARK SERVICE LAND

The objective of acquiring land and interests in land is to preserve and protect, for public use and enjoyment, the historic, scenic, natural, and recreational values of congressionally authorized areas within the National Park System. Acquisition of land helps to meet the increasingly heavy visitor demand for federal recreation areas, conserves outstanding resources for public recreational use before they are converted to incompatible uses, and preserves the nation's natural and historic heritage.

The 386 units of the National Park System contain a total of 84,517,733.92 acres within their boundaries. Of that total, 79,042,246.47 acres are in federal ownership: 78,789,710.71 acres in fee simple title, and 252,535.76 acres in less-than-fee title (i.e., scenic easements). Non-federal land within the NPS is either privately owned (4,266,160.09 acres) or owned by state and local governments (1,209,327.36 acres). Subject to the availability of funds, privately owned land will be acquired when opportunities for acquisition arise, or when an owner uses or threatens to use his property in a manner not compatible with park purposes. The National Park Service acquired 16,804.22 acres and disposed of 22.25 acres during Fiscal Year 2002. The accompanying table summarizes ownership of acreage within park boundaries by type of park unit (*see following page*).

Stewardship lands and associated heritage assets are used and managed in accordance with the statutes authorizing their acquisition or directing their use and management. The National Park Service conducts various activities to preserve and protect land resources, and to mitigate the effects of activities conducted previously on or near parks that adversely affect the natural state of the land.



Gillem Bluff and the Schonchin Lava Flow enforce the rugged volcanic landscape of the Schonchin Wilderness in Lava Beds National Monument.

NPS PHOTO

### National Park System Units

| Unit Type                       | Federal              | Non-Federal         | Total Acreage        |
|---------------------------------|----------------------|---------------------|----------------------|
| International Historic Sites    | 28.44                | 16.46               | 44.90                |
| National Battlefields           | 12,242.38            | 764.06              | 13,006.44            |
| National Battlefield Parks      | 8,712.77             | 999.29              | 9,712.06             |
| National Battlefield Sites      | 1.00                 | 0.00                | 1.00                 |
| National Historic Sites         | 21,033.58            | 16,522.45           | 37,556.03            |
| National Historical Parks       | 118,592.51           | 44,642.19           | 163,234.70           |
| National Lakeshores             | 145,642.11           | 83,196.07           | 228,838.18           |
| National Memorials              | 8,080.68             | 451.11              | 8,531.79             |
| National Military Parks         | 36,326.63            | 2,548.03            | 38,874.66            |
| National Monuments              | 2,567,522.39         | 176,705.58          | 2,744,227.97         |
| National Parks                  | 49,872,240.82        | 2,099,834.07        | 51,972,074.89        |
| National Preserves              | 21,616,782.37        | 2,171,367.90        | 23,788,150.27        |
| National Recreation Areas       | 3,389,522.26         | 302,557.33          | 3,692,079.59         |
| National Reserves               | 11,412.83            | 22,032.00           | 33,444.83            |
| National Rivers                 | 312,102.72           | 118,727.36          | 430,830.08           |
| National Scenic Trails          | 166,745.33           | 66,752.76           | 233,498.09           |
| National Seashores              | 479,053.68           | 115,800.62          | 594,854.30           |
| National Wild and Scenic Rivers | 73,824.08            | 240,309.57          | 314,133.65           |
| Parks (Other)                   | 37,997.14            | 1,465.02            | 39,462.16            |
| Parkways                        | 164,382.75           | 10,795.58           | 175,178.33           |
| <b>Total</b>                    | <b>79,042,246.47</b> | <b>5,475,487.45</b> | <b>84,517,733.92</b> |

## WILDERNESS AREAS

A *wilderness area* is a place where humans are visitors and they do not remain. These areas, which are generally greater than 5,000 acres, appear to have been affected primarily by the forces of nature, with human development substantially unnoticeable. A wilderness area also provides outstanding opportunities for solitude or a primitive and unconfined type of recreation. In the United States, there are over 100 million acres of federal land

designated *wilderness* by congressional legislation under the Wilderness Act of 1964. In addition to the National Park Service, the U.S. Forest Service, the U.S. Fish and Wildlife Service, and the Bureau of Land Management also manage wilderness areas. Because of the abundance of NPS wilderness acreage in Alaska, the National Park Service manages the greatest proportion of wilderness areas, at 53 percent of the entire National Wilderness Preservation System. This includes over 43

### National Park System Wilderness Areas

| State          | Wilderness Area              | Park Unit                                     | Acreage                |
|----------------|------------------------------|---|------------------------|
| Alaska         | Denali                       | Denali National Park                          | 2,124,783              |
|                | Gates of the Arctic          | Gates of the Arctic National Park             | 7,167,192              |
|                | Glacier Bay                  | Glacier Bay National Park and Preserve        | 2,664,876              |
|                | Katmai                       | Katmai National Park and Preserve             | 3,384,358              |
|                | Kobuk Valley                 | Kobuk Valley National Park                    | 174,545                |
|                | Lake Clark                   | Lake Clark National Park                      | 2,619,550              |
|                | Noatak                       | Noatak National Preserve                      | 5,765,427              |
|                | Wrangell-St. Elias           | Wrangell-St. Elias National Park and Preserve | 9,078,675              |
|                | Arkansas                     | Buffalo National River                        | Buffalo National River |
| Arizona        | Chiricahua                   | Chiricahua National Monument                  | 10,680                 |
|                | Organ Pipe Cactus            | Organ Pipe Cactus National Monument           | 312,600                |
|                | Petrified Forest             | Petrified Forest National Park                | 50,260                 |
|                | Saguaro                      | Saguaro National Park                         | 70,905                 |
| California     | Ansel Adams                  | Devils Postpile National Monument             | 747                    |
|                | Death Valley                 | Death Valley National Park                    | 3,128,028              |
|                | Joshua Tree                  | Joshua Tree National Park                     | 557,802                |
|                | Lassen Volcanic              | Lassen Volcanic National Park                 | 78,982                 |
|                | Lava Beds                    | Lava Beds National Monument                   | 28,460                 |
|                | Mojave                       | Mojave National Preserve                      | 695,200                |
|                | Philip Burton                | Point Reyes National Seashore                 | 25,952                 |
|                | Pinnacles                    | Pinnacles National Monument                   | 13,270                 |
|                | Sequoia-Kings Canyon         | Sequoia-Kings Canyon National Park            | 736,980                |
|                | Yosemite                     | Yosemite National Park                        | 704,624                |
| Colorado       | Black Canyon of the Gunnison | Black Canyon of the Gunnison National Park    | 15,599                 |
|                | Great Sand Dunes             | Great Sand Dunes National Park                | 33,450                 |
|                | Indian Peaks                 | Rocky Mountain National Park                  | 2,917                  |
|                | Mesa Verde                   | Mesa Verde National Park                      | 8,500                  |
| Florida        | Marjory Stoneman Douglas     | Everglades National Park                      | 1,296,500              |
| Georgia        | Cumberland Island            | Cumberland Island National Seashore           | 8,840                  |
| Hawaii         | Haleakala                    | Haleakala National Park                       | 24,719                 |
|                | Hawaii Volcanoes             | Hawaii Volcanoes National Park                | 130,790                |
| Idaho          | Craters of the Moon          | Craters of the Moon National Monument         | 43,243                 |
| Michigan       | Isle Royale                  | Isle Royale National Park                     | 132,018                |
| Mississippi    | Gulf Islands                 | Gulf Islands National Seashore                | 4,080                  |
| Nevada         | Death Valley                 | Death Valley National Park                    | 125,000                |
| New Mexico     | Bandelier                    | Bandelier National Monument                   | 23,267                 |
|                | Carlsbad Caverns             | Carlsbad Caverns National Park                | 33,125                 |
| New York       | Fire Island                  | Fire Island National Seashore                 | 1,380                  |
| North Dakota   | Theodore Roosevelt           | Theodore Roosevelt National Park              | 29,920                 |
| South Carolina | Congaree Swamp               | Congaree Swamp National Monument              | 15,010                 |
| South Dakota   | Badlands                     | Badlands National Park                        | 64,144                 |
| Texas          | Guadalupe Mountains          | Guadalupe Mountains National Park             | 46,850                 |
| Virginia       | Shenandoah                   | Shenandoah National Park                      | 79,579                 |
| Washington     | Mount Rainier                | Mount Rainier National Park                   | 228,480                |
|                | Olympic                      | Olympic National Park                         | 876,669                |
|                | Stephen Mather               | North Cascades National Park                  | 634,614                |
| Total Acreage  |                              |   | 43,287,523             |

million acres within 45 different wilderness areas. The park units in the accompanying table have areas recognized as wilderness, although they may not be designated wilderness areas that have a permit system (see previous page).

### NATIONAL WILD AND SCENIC RIVERS SYSTEM

Rivers must meet eligibility and suitability criteria before addition to the National Wild and Scenic Rivers System. For a river to be eligible, it must exist in a free-flowing condition and possess one or more of the following values to a remarkable degree: scenic, recreation, geologic, fish and

wildlife, historic, cultural, or other similar values. Suitability is based on the extent of public lands in the immediate environment of the river; funds required for acquisition, development, and management; and local or state interest in acting to protect and manage the river. Studies to determine eligibility and suitability may be the responsibility of either the Department of the Interior, Department of Agriculture, or the shared responsibility of both agencies. Wild and Scenic studies are presented to Congress with a Presidential recommendation. Congress then decides whether or not to add the river to the National Wild and Scenic Rivers System.

#### National Wild and Scenic Rivers System

| Year (est.)        | River                         | Wild           | Scenic       | Recreational | Total Miles    |
|--------------------|-------------------------------|----------------|--------------|--------------|----------------|
| 1968               | St. Croix, MN & WI            | -              | 181.0        | 19.0         | 200.0          |
| 1968               | Wolf, WI                      | -              | 24.0         | -            | 24.0           |
| 1972               | St. Croix (lower), MN & WI    | -              | 12.0         | 15.0         | 27.0           |
| 1976               | St. Croix (lower), MN & WI    | -              | -            | 25.0         | 25.0           |
| 1976               | Obed, TN                      | 44.3           | -            | 1.0          | 45.3           |
| 1976               | Flathead, MT                  | 97.9           | 40.7         | 80.4         | 219.0          |
| 1978               | Rio Grande, TX                | 95.2           | 96.0         | -            | 191.2          |
| 1978               | Missouri, NE & SD             | -              | -            | 59.0         | 59.0           |
| 1978               | Delaware (upper), NY & PA     | -              | 25.1         | 50.3         | 75.4           |
| 1978               | Delaware (middle), NJ & PA    | -              | 35.0         | -            | 35.0           |
| 1980               | Alagnak, AK                   | 67.0           | -            | -            | 67.0           |
| 1980               | Alatna, AK                    | 83.0           | -            | -            | 83.0           |
| 1980               | Aniakchak, AK                 | 63.0           | -            | -            | 63.0           |
| 1980               | Charley, AK                   | 208.0          | -            | -            | 208.0          |
| 1980               | Chilikadotna, AK              | 11.0           | -            | -            | 11.0           |
| 1980               | John, AK                      | 52.0           | -            | -            | 52.0           |
| 1980               | Kobuk, AK                     | 110.0          | -            | -            | 110.0          |
| 1980               | Mulchatna, AK                 | 24.0           | -            | -            | 24.0           |
| 1980               | Koyukuk (North Fork), AK      | 102.0          | -            | -            | 102.0          |
| 1980               | Noatak, AK                    | 330.0          | -            | -            | 330.0          |
| 1980               | Salmon, AK                    | 70.0           | -            | -            | 70.0           |
| 1980               | Tinayguk, AK                  | 44.0           | -            | -            | 44.0           |
| 1980               | Tlikakila, AK                 | 51.0           | -            | -            | 51.0           |
| 1981               | Klamath, CA                   | -              | -            | 1.0          | 1.0            |
| 1984               | Tuolumne, CA                  | 37.0           | 17.0         | -            | 54.0           |
| 1986               | Cache La Poudre, CO           | 12.0           | -            | -            | 12.0           |
| 1987               | Merced, CA                    | 53.0           | 14.0         | 14.0         | 81.0           |
| 1987               | Kings, CA                     | 49.0           | -            | 6.5          | 55.5           |
| 1987               | Kern, CA                      | 27.0           | -            | -            | 27.0           |
| 1988               | Bluestone, WV                 | -              | 10.0         | -            | 10.0           |
| 1991               | Missouri, NE & SD             | -              | -            | 39.0         | 39.0           |
| 1991               | Niobrara, NE                  | -              | 76.0         | 28.0         | 104.0          |
| 1992               | Great Egg Harbor, NJ          | -              | 30.6         | 98.4         | 129.0          |
| 1993               | Maurice, NJ                   | -              | 28.9         | 6.5          | 35.4           |
| 1994               | Farmington (West Branch), CT  | -              | -            | 14.0         | 14.0           |
| 1996               | Lamprey, NH                   | -              | -            | 11.5         | 11.5           |
| 1999               | Sudbury, Assabet, Concord, MA | -              | 14.9         | 14.1         | 29.0           |
| 2000               | Lamprey, NH                   | -              | -            | 12.0         | 12.0           |
| 2000               | Wekiva, FL                    | 31.4           | 2.1          | 8.1          | 41.6           |
| 2000               | White Clay Creek, DE & PA     | -              | 24.0         | 166.0        | 190.0          |
| 2000               | Delaware (lower), NJ & PA     | -              | 25.4         | 41.9         | 67.3           |
| <b>Total Miles</b> |                               | <b>1,661.8</b> | <b>656.7</b> | <b>710.7</b> | <b>3,029.2</b> |

A second path to designation, under Section 2(a)(ii) of the Wild and Scenic Act (1968), is for a governor to request federal designation of a state-designated Wild and Scenic River, and for the Secretary of the Interior, after study, to designate that river. Seventeen rivers have entered the National Wild and Scenic Rivers System in this way.

There are 160 rivers in the National Wild and Scenic Rivers System. Each mile of each river is classified as wild, scenic, or recreational. There are many governing agencies of these rivers: Bureau of Land Management, U.S. Fish and Wildlife Service, U.S. Forest Service, and the National Park Service. There were no designations or de-designations this fiscal year. The NPS administers, either solely or in conjunction with other agencies, the rivers in the accompanying table (*see previous page*).

### NATIONAL TRAILS SYSTEM

The National Trails System, created by law in 1968, includes 14 national scenic trails, 8 national historic trails, over 800 national recreation trails, and 2 side/connecting trails. Of the 22 national scenic and historic trails, the NPS provides trail-wide coordination for 16 trails. Together, these 22 trail corridors measure almost 40,000 miles in combined lengths, and cross 56 national park areas and 90 national forests. In addition, hundreds of miles of trails cross lands under the care of the Bureau of Land Management.

The National Park Service administers 16 of 22 scenic and historic trails in the National Park System. In FY 2002 trail operations totaled \$6.6 million. This funded all trail field offices, with some funds reserved for national program activities. An additional \$662,000 was available through the NPS Challenge Cost-Share Program for partnership projects, augmented by \$5 million from the program specifically for Lewis and Clark National Historic Trail projects. This amount assisted 147 projects. In FY 2002 partners matched almost 100 National Trail System cost-share projects three-to-one. Volunteers serving these trails provided nearly 620,000 hours of labor valued at \$9.6 million.

### NATIONAL HERITAGE AREAS

The heritage area concept offers an innovative method for citizens, in partnership with federal, state, and local governments, and nonprofit and private sector interests, to develop a plan and an implementation strategy focused on conserving the special qualities of the local cultural landscape.

A *national heritage area* is a place designated by Congress where natural, cultural, historic, and recreational resources combined to form a cohesive, nationally distinctive landscape arising from patterns of human activity shaped by geography. Through the conservation of these lived-in landscapes, the National Park

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#### National Trails System

| Year (est.) | Trail   | Length (Miles) | States Crossed   |
|-------------|---|----------------|--|
| 1968        | Appalachian NST                                 | 2,150          | ME, NH, VT, MA, CT, NY, NJ, PA, MD, WV, VA, NC, TN, GA |
| 1978        | Oregon Trail                                    | 2,170          | MO, KS, NE, WY, ID, OR                                 |
| 1978        | Mormon Pioneer NHT                              | 1,300          | IL, IA, NE, WY, UT                                     |
| 1978        | Lewis and Clark NHT                             | 3,700          | IL, MO, KS, NE, IA, SD, ND, MT, ID, WA, OR             |
| 1980        | North Country NST                               | 3,200          | NY, PA, OH, MI, WI, MN, ND                             |
| 1980        | Overmountain Victory NHT                        | 300            | VA, TN, NC, SC   |
| 1980        | Ice Age NST                                     | 1,000          | WI   |
| 1983        | Potomac Heritage NST                            | 700            | VA, MD, PA   |
| 1983        | Natchez Trace NST                               | 690            | TN, AL, MS   |
| 1987        | Santa Fe NHT                                    | 1,200          | MO, KS, OK, CO, NM                                     |
| 1987        | Trail of Tears NHT                              | 1,800          | TN, AL, MS, KY, IL, MO, AR, OK                         |
| 1990        | Juan Bautista de Anza NHT                       | 1,200          | AZ, CA   |
| 1990        | California NHT                                  | 5,660          | MO, KS, NE, WY, ID, UT, NV, CA, OR                     |
| 1992        | Pony Express NHT                                | 1,970          | MO, KS, NE, CO, WY, UT, NV, CA                         |
| 1996        | Selma to Montgomery NHT                         | 54             | AL   |
| 2000        | Ala Kahakai NHT                                 | 175            | HA   |
| 2000        | El Camino Real de Tierra Adentro NHT (with BLM) | 404            | NM, TX   |

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Service seeks to preserve, in partnership with local residents, a portion of the patchwork of cultural landscapes that help define our nationally significant American identity. Congress has designated 23 of these areas in 17 states. Together these areas comprise 5 percent of the landscape and include almost 16 percent of the population. The fact that 20 percent of all historic landmarks are located in national heritage areas is one indicator of the significance of these regions. All this is accomplished with no federal ownership of land or property.

#### ARCHEOLOGICAL SITES

Archeological sites are the material remains, or physical evidence, of past human life or activities from prehistoric and historic periods. The significance of archeological sites is based upon their identity, age, location, and context in conjunction with their capacity to contain information for study using archeological methods and techniques. Nearly every unit of the National Park System contains archeological sites. Examples include the prehistoric structures and roadways at Chaco Culture National Historical Park in New Mexico; the ancient earthen mounds and villages at Hopewell Culture National Historical Park in Ohio and Ocmulgee

National Monument in Georgia; the early historic European sites in Virginia, such as Jamestown National Historic Site, or in Massachusetts, parts of Boston National Historical Park; and later historic period sites such as those at Independence National Historical Park in Pennsylvania.

The National Park Service estimates that as many as 1.5 million archeological sites may exist within units of the National Park System. A Servicewide archeological site estimation project is presently underway to verify this figure. About 63,000 of these sites have been identified, and approximately 55,800 are recorded in a national archeological database—the Archeological Sites Management Information System. The National Park Service has emphasized the need for park inventories of archeological sites since 1992. About 1,000 to 2,000 new sites are discovered on park land annually through inventory projects, compliance work, research, or inadvertent discovery by park staff or the public. Varying numbers of sites are withdrawn from the inventory each year when they are found to be destroyed either by natural or human forces. Fiscal Year 2002 was the first year in which all destroyed sites were removed from the total site count reported as heritage assets.

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#### National Heritage Areas

| National Heritage Area  | State |
|---|-------|
| America's Agricultural Heritage Partnership (Silos and Smokestacks) | IA    |
| Augusta Canal National Heritage Area                                | CA    |
| Automobile National Heritage Area                                   | MI    |
| Cache La Poudre River Corridor                                      | CO    |
| Cane River National Heritage Area                                   | LA    |
| Delaware and Lehigh National Heritage Corridor                      | PA    |
| Erie Canalway National Corridor                                     | NY    |
| Essex National Heritage Area  | MA    |
| Hudson River Valley National Heritage Area                          | NY    |
| Illinois and Michigan Canal National Heritage Corridor              | IL    |
| John H. Chafee Blackstone River Valley National Heritage Corridor   | MA/RI |
| Lackawanna Valley National Heritage Area                            | PA    |
| National Coal Heritage  | PA    |
| Ohio and Erie Canal National Heritage Corridor                      | OH    |
| Quinebaug and Shetucket Rivers Valley National Heritage Corridor    | CT/MA |
| Rivers of Steel National Heritage Area                              | PA    |
| Schuykill River Valley National Heritage Area                       | PA    |
| Shenandoah Valley Battlefields National Historic District           | VA    |
| South Carolina National Heritage Corridor                           | SC    |
| Southwestern Pennsylvania Heritage Preservation Commission          | PA    |
| Tennessee Civil War Heritage Area                                   | TN    |
| Wheeling National Heritage Area                                     | WV    |
| Yuma Crossing National Heritage Area                                | AZ    |

Standardized management information is collected for all sites and recorded in our national archeological database. Of the recorded sites for which condition information is available, 47 percent are in good condition, 38 percent are in fair condition, and 14 percent are in poor condition. However, information regarding site condition is very incomplete, and available only for approximately 38 percent of the recorded sites. Efforts are underway to verify and validate existing condition information for archeological sites, and to assess known sites for which condition information presently is unavailable.

Most archeological sites on NPS land are preserved in place unless there is a need to excavate or otherwise disturb them. Sites typically are excavated when they will be damaged or destroyed by planned management actions, such as unavoidable construction. Excavations may be warranted when sites are being damaged or destroyed by uncontrollable natural or human causes, such as erosion or looting, and they cannot be stabilized or otherwise protected. Scientific research, including survey and excavation, also may occur at archeological sites after a permit has been approved. The data, artifacts, and other materials recovered from archeological sites are preserved and managed as part of the NPS museum collections.

**CULTURAL LANDSCAPES**

*Cultural landscapes* are geographic areas that include both natural and cultural resources. Such areas are associated with historic events, activities, people, or traditions. Cultural landscapes are complex resources that range in size from large rural tracts of several thousand acres to small formal gardens. The Department of the Interior recognizes four categories of

cultural landscapes: historic designed landscapes, historic vernacular landscapes, historic sites, and ethnographic landscapes. These landscapes individually meet National Register of Historic Places criteria, are contributing elements of sites or districts that meet National Register criteria, or have value to associated communities.

The Cultural Landscape Inventory (CLI) is an evaluated list of significant landscapes in the National Park System in which the National Park Service has, or plans to have, any enforceable legal interest. Landscapes are acquired through park legislated boundary expansions, either by donation or purchase, or through the establishment of new parks. Acquired landscapes may be recognized as cultural landscapes only after sufficient research and evaluation is conducted to determine their eligibility for listing in the National Register of Historic Places. Existing or previously acquired landscapes may be added to the CLI by gaining significance over time or by their association with newly recognized events, people, or traditions. Such cultural landscapes are added to the CLI upon evaluation using the National Register criteria and after consultation with the State Historic Preservation Officer for concurrence. Cultural landscapes are removed from the CLI if the landscape has lost its integrity; if further research indicates that National Register criteria are no longer met; if the National Park Service no longer maintains an enforceable legal interest; or if the landscape has been destroyed by natural or other causes.

At the beginning of FY 2002, the National Park Service listed 2,921 potentially eligible cultural landscapes in the CLI. During FY 2002, 31 cultural landscapes have been

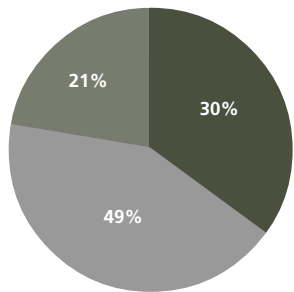
**Condition of National Park Service Archeological Sites**

| FISCAL YEAR | SITES   | SITES IN GOOD CONDITION | SITES IN FAIR CONDITION | SITES IN POOR CONDITION | SITES WITHDRAWN |
|-------------|---------|-------------------------|-------------------------|-------------------------|-----------------|
| 1999        | 48,188  | 5,623                   | 6,303                   | 2,255                   | Not Available   |
| 2000        | 54,356  | 8,129                   | 7,102                   | 2,698                   | Not Available   |
| 2001        | 55,733  | 9,504                   | 7,823                   | 2,774                   | 813             |
| 2002        | 55,791* | 10,144                  | 8,175                   | 2,983                   | 897             |

\* FY '02 is the first year that all destroyed sites were removed from the total site count.

**National Park Service Cultural Landscape Condition**

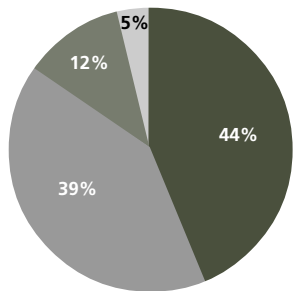
- Good Condition
- Fair Condition
- Poor Condition



Condition information is available for 525 cultural landscapes.

**National Park Service Historic and Prehistoric Structure Condition**

- Good Condition
- Fair Condition
- Poor Condition
- Unknown Condition



Condition information is available for 26,233 historic and prehistoric structures.

added, and 22 have been removed from the CLI, resulting in a net change of 9 cultural landscapes. The revised total at the beginning of FY 2003 is 2,930. Of the cultural landscapes listed with condition, 158 (30.1%) were in good condition; 255 (48.6%) were in fair condition; and 112 (21.3%) were in poor condition.

The Park Facility Management Program is responsible for and is currently conducting a multi-year effort to estimate deferred maintenance for these park heritage assets. Our ability to provide that information on cultural landscapes is contingent on successful completion of this effort by the Park Facility Management Program.

The National Park Service does not categorize cultural landscapes as multi-use heritage assets.

**HISTORIC AND PREHISTORIC STRUCTURES**

Historic structures are constructed works consciously created to serve some human activity or purpose. Structures are historic because they individually meet the criteria of the National Register of Historic Places or are contributing elements of sites or districts that meet National Register criteria. As such, historic structures are significant at the national, state, or local level and are associated with the important people and history of this nation.

Structures that do not meet National Register criteria may be considered historic because of management responsibilities established by legislation or through management planning processes. Such structures include moved, reconstructed, or commemorative structures, as well as structures that have achieved significance within the last 50 years.

The List of Classified Structures (LCS) is an evaluated inventory of all historic and prehistoric structures in the National Park System in which the National Park Service has or plans to acquire any enforceable legal interest. Structures are acquired through legislated boundary expansions of parks, through donations and purchases, and/or through the establishment of new parks. Acquired structures may be recognized as historic structures only after sufficient research is conducted and results indicate that the structure meets the National

Register of Historic Places criteria. Existing or previously acquired non-historic structures may become historic because new significance of the people or events associated with the structure has been established through research or because the structure has become a surviving best example of its type over time. Such structures are added to the LCS after research and documentation of National Register eligibility and after consultation with the appropriate State Historic Preservation Officer for concurrence. Historic structures are removed from the LCS if the structure has lost its integrity, if further research indicates that National Register criteria are no longer met, if the National Park Service no longer maintains an enforceable legal interest, or if the structure has been destroyed by natural or other causes.

At the beginning of FY 2002, the National Park Service included 26,233 historic structures. Since then, 994 historic structures have been added to the LCS, and 331 structures have been removed from the LCS, resulting in a net change of 663 historic structures. At the end of FY 2002, there were 26,896 historic structures on the LCS. Of these structures, 11,954 (44.4%) were in good condition; 10,476 (39.0%) were in fair condition; 3,316 (12.3%) were in poor condition; and 1,150 (4.3%) were of unknown condition.

The Park Facility Management Program is responsible for and is currently conducting a multi-year effort to estimate deferred maintenance for these park heritage assets. Ability to provide that information is contingent on the successful completion of this effort by the Park Facility Management Program.

The National Park Service does not categorize historic or prehistoric structures as multi-use heritage assets.

**MUSEUM COLLECTIONS**

At the end of Fiscal Year 2001 (the most current information available), National Park Service museum collections totaled over 96 million items, 36 million objects and specimens, and 60 million archival documents. These collections or collectibles support the interpretation of resources and significant events associated





More than 14,000 volumes of the John Quincy Adams collection remain in the Stone Library of the "Old House" at Adams National Historical Park.

NPS PHOTO

with NPS lands. The collections include items ranging from historic furnishings in the home of John Adams, to flags that flew over Fort Sumter, to Thomas Edison's handwritten notes on inventions, to the tools and furnishings of a working ranch in Montana, to botanical specimens from Yosemite, and archeological items from Mesa Verde. These museum collections are important not only individually, but also because of their direct association with the nationally significant sites within the National Park System.

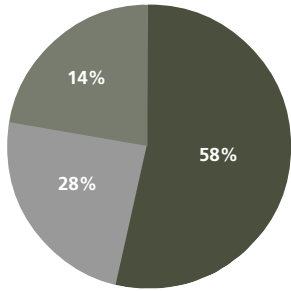
The NPS acquires and documents collections that support the mission and scope of each park, and uses those collections to increase public enjoyment and understanding of our heritage, and its associated values. Parks use the documentation associated with collections to make informed decisions about interpreting and managing these and other park resources. The public has access to

these collections through exhibits, interpretive programs, publications, World Wide Web sites, films, and videos. In addition, for research purposes, the public can directly access information in collections catalogs and other databases, as well as access the collections themselves. Typically, parks respond to over 35,000 public research requests, and park visitors view nearly 332,000 objects on exhibit annually.

In addition to collections stored at park units, six National Park Service cultural resource centers manage NPS museum collections. These facilities are the Southeast Archeological Center in Tallahassee, Florida; the Midwest Archeological Center in Lincoln, Nebraska; the Western Archeological and Conservation Center in Tucson, Arizona; the Museum Resource Center in Greenbelt, Maryland; the Alaska Regional Curatorial Center in Anchorage; and the Northeast

**National Park Service  
Museum Collections**

- Excellent or Good Condition
- Fair or Poor Condition
- Unknown Condition



Condition information is based on more than four million records in the database; however, more than 96 million items exist.

Cultural Resources Center in Lowell, Massachusetts. Some of the collections are on loan to other federal agencies and 137 non-federal institutions for management.

In Fiscal Year 2001 the NPS acquired over 2.8 million items through gifts, exchanges, purchases, field collections, and transfers. Acquisitions were in the disciplines of archeology, ethnology, history, archives, biology, paleontology, and geology. The NPS deaccessioned 17,947 items through exchanges, transfers, conveyances, losses, thefts, repatriation under the Native American Graves Protection and Repatriation Act, voluntary and involuntary destruction, return of loans (13,042), and return to rightful owner.

The beginning balance differs from the ending balance in the Fiscal Year 2000 report due to an adjustment to the estimated cataloging backlog and a revision to estimated items in cataloged lots of archeological materials.

Notable acquisitions include a late 18th-century Baltimore mahogany tall-post bed original to Hampton National Historic Site; four letters written about Clara Barton and her work in Cuba during the Spanish-American War and a portrait of Dr. Julian Hubbell, her associate in the American Red Cross, at Clara Barton National Historic Site; documents and papers of the National Council of Negro Women, associated with the Mary McLeod Bethune Council House National Historic Site; and a collection of Yellowstone National Park memorabilia numbering over 20,000 items.

As of Fiscal Year 2001, 62 percent of the objects and specimens and 34 percent of the archives were cataloged. At current cataloging rates and funding levels, the collection will be cataloged in 2029.

General information on the condition of individual items in park collections is assessed and recorded in the Automated National Catalog System (ANCS+) by the cataloger. Conservators (highly skilled professionals who assess condition) have evaluated and validated only a few of these assessments. Establishing and maintaining detailed and current condition assessments for over 96 million items is infeasible. The following data must be considered providing this background information. Based on over four million records in the database, 58 percent of collections are in good or excellent condition, 28 percent are in fair or poor condition, and 14 percent do not have condition recorded. In addition, 600,000, pre-automation catalog records that date from 1920 to 1987 are presently being entered in the database. Before 1984 condition was not a separate data field on the catalog record, so condition is less likely to be recorded on early records. It is assumed that the condition for items without recorded conditions is proportional to the condition for those items with recorded conditions.

Using the standardized National Park Service Checklist for Preservation and Protection of Museum Collections, parks assess the conditions in facilities housing collections. The checklist records the status of museum storage and exhibits relative to professional standards for environment, security, fire protection, housekeeping and planning. Meeting these standards ensures the long-term preservation and protection of the collections. Only 68.8 percent of the conditions in park museum collections meet these professional standards. A total of 447 deficiencies were corrected in parks in Fiscal Year 2001 (the most recent data available). At present funding levels for correction of deficiencies, 95 percent of the standards will be met in 2033.

**National Park Service Museum Collection Items Catalogued**

| TRANSACTION                | ITEMS             |
|----------------------------|-------------------|
| Beginning Balance          | 93,446,505        |
| Additions                  | 2,752,750         |
| Withdrawals (Deaccessions) | (17,947)          |
| <b>ENDING BALANCE</b>      | <b>96,181,308</b> |

In Fiscal Year 2002 many parks modified their storage and exhibit conditions to improve preservation of the collections. For example, in Alaska, Denali National Park, Wrangell-St. Elias National Park and Preserve, and Sitka National Historical Park moved their collections into new storage facilities; Hot Springs National Park in Arkansas continued a project to clean, stabilize, and safely store art-glass skylights from Maurice Bathhouse; Edison National Historic Site installed ultraviolet filters on 112 windows at Glenmont, Thomas Edison's home in New Jersey; and Missouri's Harry S. Truman National Historic Site installed reproduction curtains, retiring the deteriorating originals to museum storage.

The estimated cost to correct the deficiencies that parks have identified on the checklist is \$200 million. In addition, based on extrapolated data from 118 park resource management plans and the 1997 survey of cellulose nitrate film in NPS collections, conservation survey and treatment needs are estimated at over \$46 million. These needs are considered deferred maintenance for the museum collections.

#### **NATIONAL HISTORIC LANDMARKS**

The Historic Sites Act of 1935 authorized the Secretary of the Interior to recognize historic places judged to have exceptional value to the nation. Once the Secretary designates a *national historic landmark*, its owners can apply for a landmark plaque. Owners are eligible to receive technical advice and assistance from preservation experts if needed.

National historic landmarks are identified by theme, and special studies are prepared or overseen by NPS historians and archeologists. Landmark designation is the Federal Government's official recognition of the national importance of historic properties. Presently there are over 2,300 places with landmark designation.

National historic landmarks are nationally significant historic places designated by the Secretary of the Interior because they possess exceptional value or quality in illustrating or interpreting the heritage of the United States. Fewer than 2,400 historic places presently bear this national distinction. National historic landmarks

may be identified through broad organized initiatives called theme studies, which examine related places linked by a single subject or theme, or they may be identified through individual nominations. The National Park Service often conducts national historic landmark studies in partnership with federal, state, tribal, or local preservation officials; the academic community; independent scholars; and others knowledgeable about a particular subject. The National Park Service's National Historic Landmarks Survey staff prepares nominations, advises others on their preparation, and evaluates potential national historic landmark nominees for their ability to meet specific criteria. The National Park System Advisory Board considers completed nominations, as well as proposals for the withdrawal of designation, at meetings that are open to the public. Based upon the recommendations of the Board, the Secretary of the Interior designates national historic landmarks.

Before their establishment as units of the National Park System, some National Park Service properties had been designated by the Secretary of the Interior as national historic landmarks. Other NPS-owned national historic landmarks were designated for their national significance in an area unrelated to the establishment of the National Park System unit. Thus, every historical and cultural unit of the National Park System is not a national historic landmark.

Of the 2,341 properties that have been designated as national historic landmarks, the National Park Service owns approximately 151, located in 106 park units. About one-half of the landmarks are privately owned. The remainder are owned by local, state, and Federal Government agencies, or have multiple owners. In Fiscal Year 2002 no new national historic landmarks were designated.

The National Park Service conducts a survey of the condition of national historic landmarks every two years. Ninety-four percent of the landmarks were thought to be in good condition in 2000, while 6 percent were considered threatened, meaning that the landmark was in imminent danger of a severe loss of integrity. In

addition, 12 percent of the landmarks in good condition were placed on a watch list due to impending actions that might compromise the condition of the property.

National Park Service regional and support offices periodically update information about the condition of national historic landmarks through a computer-resident database accessible to the public on the World Wide Web. By 2001 there were 16 threatened landmarks and 30 landmarks within the National Park System that were placed on the watch list. As of 2001 landmarks owned by the National Park Service that were classified as threatened include those on the accompanying chart.

Individual units of the National Park System keep track of deferred maintenance issues for national historic landmarks under

their jurisdiction. National historic landmark nominations only document the condition of a property at the time of its designation.

#### **PALEONTOLOGICAL SITES**

While only eight National Park Service units were established primarily for their paleontological resources, significant fossil resources have been documented in 150 NPS areas. These areas preserve a diversity of fossils including plants ranging from microscopic algae to petrified logs, and animals ranging from marine shells to dinosaurs, tracks, and burrows. Many of the fossil resources protected and interpreted within NPS units are of international significance and are critical to our understanding of the history of life on earth. National Park Service paleontologists and rangers often work

#### **National Historic Landmarks**

| State                 | National Historic Landmark                                   | Assessment of Condition                                      |
|-----------------------|--|--|
| Arkansas              | Bathhouse Row  | Threatened - Deterioration                                   |
| California            | Aquatic Park   | Threatened - Deterioration                                   |
| California            | Presidio of San Francisco                                    | Threatened - Incompatible New Construction                   |
| California            | Wapama   | Threatened - Deterioration                                   |
| Hawaii                | Kalaupapa Leprosy Settlement                                 | Threatened - Deterioration                                   |
| Indiana               | Joseph Bailly Homestead                                      | Threatened - Deterioration                                   |
| Massachusetts         | Boston Naval Shipyard  | Threatened - Deterioration                                   |
| Massachusetts         | Springfield Armory   | Threatened - Demolition                                      |
| Michigan              | Calumet Historic District                                    | Threatened - Deterioration                                   |
| Mississippi/Tennessee | Siege and Battle of Cornith Sites                            | Threatened - Incompatible New Construction                   |
| Montana               | Great Northern Railway Buildings                             | Threatened - Incompatible New Construction                   |
| New Jersey            | Fort Hancock and Sandy Hook Proving Ground Historic District | Threatened - Deterioration                                   |
| New Mexico            | Glorieta Pass Battlefield                                    | Threatened - Incompatible New Construction                   |
| Ohio                  | Ohio and Erie Canal  | Threatened - Deterioration                                   |
| Pennsylvania          | Albert Gallatin House  | Threatened - Deterioration                                   |
| Virginia              | Jackson Ward Historic District                               | Threatened - Incompatible New Construction and Deterioration |

Archeologists estimate that this Indian pueblo in Petrified Forest National Park was built of petrified wood more than 1,000 years ago. A recent inventory of paleontological resources in the park has resulted in discovery of the fossilized remains of a rare armored reptile called an aetosaur.

PHOTO © RUSS FINLEY/FINLEY-HOLIDAY FILMS



with researchers from museums and universities to understand such fossil resources.

To enhance the quality of protection of fossil resources within National Park System units, the Geologic Resources Division (GRD) has established a position of program coordinator for paleontology. During FY 2000 scoping sessions were held at a number of parks in Alaska: Yukon-Charley Rivers, Katmai, Aniakchak, and Denali. At Wrangell-St. Elias, a preliminary paleontological reconnaissance was conducted to evaluate the Frederika Formation for Miocene fossils. Surveys at Arches and Zion in Utah have been completed, and final reports are being prepared for publication. Preliminary surveys were initiated at Joshua Tree and Santa Monica Mountains in California, Curecanti in Colorado, and at Big Bend in Texas. These projects are designed to assist parks in achieving the Servicewide performance goal for paleontological resources. These efforts are just the beginning of the GRD's long-term goal to assist park managers to manage and document paleontological resources at parks with fossils.

The GRD Paleontology Program also provided technical assistance to Channel Islands to aid in obtaining carbon 14 dates

on newly discovered pygmy mammoths and to assist Petrified Forest in developing a plan to protect petrified wood from theft. The program has also worked to assist Yellowstone in mitigating impact to fossils during road construction at the east entrance. Big Bend also benefited from the program during the transfer of park dinosaur fossils to the Dallas Museum for storage and study. Assistance also was provided to Fossil Butte for the transfer of Green River Formation plant fossils from Brigham Young University to the park. The GRD paleontology program also worked with other federal agencies such as the Bureau of Reclamation to conduct paleontological inventories at Red Fleet and Steinnaker Reservoirs in Utah.

During FY 2002 no new parks were authorized primarily for their paleontological resources, and none were deauthorized.

#### **RESEARCH AND DEVELOPMENT**

Through the Natural Resource Research Support Program and portions of the Natural Resource Preservation Program (NRPP) and Cultural Resource Preservation Program (CRPP), the NPS performs a wide range of mission-oriented research in support of its natural and cultural resource stewardship responsibilities. This work constitutes

either basic or applied research focusing on park-based needs for scientific and scholarly information necessary for park management.

The Natural Resource Research Support Program addresses specific questions with immediate applications for natural resource management within the National Park System and, at present, primarily involves the conduct and acquisition of research related to physical science investigations. This program also evaluates research needs and coordination with the Biological Resources Division of the U.S. Geological Survey and others to obtain research needed by the NPS. The NRPP provides funding for park natural resource management-related projects that are beyond the funding capabilities of the parks themselves and has come to be relied on by parks to fund the highest priority individual projects, some of which may involve research. CRPP provides funding for comparable cultural resource research and resource management projects in the fields of archeology, ethnography, history, museum collections, and planning and specialized reports. Outlays from both the NRPP and CRPP programs support park-based resource management and, when applicable, research needs. As a consequence the outlay levels for research from these two programs vary each year in response to park needs and priorities.

Research and development outlay data are currently available for FY 1998 through FY

2001 (*see accompanying table*). Similar information for FY 2002 will not be available until late February 2003 because annual reporting of research outlays is not requested until late December or early January of the succeeding fiscal year. This reporting timeframe is used to integrate the annual research reporting criteria necessary to concurrently serve multiple statutory and administrative research reporting requirements.

Measures are underway to improve the scope and accuracy of annual NPS research and development outlay data to better serve various reporting requirements. The methodology for the field reporting of research expenses for Servicewide consolidation was significantly revised and improved in conjunction with FY 2001 data collection, which significantly improved reporting of development expenses. In addition, the NPS has tentatively scheduled the Servicewide deployment of a new natural and cultural resource management information system in January 2003. This new system has been designed, in part, to replace the current manual reporting process with a queryable centralized database capable of reporting research and development expenses for the bureau. If the deployment and phased implementation of this new information system remain on schedule and no unanticipated implementation issues arise, it may be capable of reporting research expenses beginning with FY 2004.

**National Park Service Research and Development Outlays  
(dollars in thousands)**

| FISCAL YEAR | TOTAL RESEARCH AND DEVELOPMENT OUTLAY | BASIC RESEARCH OUTLAY | APPLIED RESEARCH OUTLAY | DEVELOPMENT OUTLAY |
|-------------|---------------------------------------|-----------------------|-------------------------|--------------------|
| 1998        | \$ 29,742                             | \$ 546                | \$ 29,196               | 0                  |
| 1999        | \$ 23,434                             | \$ 500                | \$ 22,934               | 0                  |
| 2000        | \$ 34,722                             | \$ 500                | \$ 34,222               | 0                  |
| 2001        | \$ 12,908                             | \$ 1,620              | \$ 8,339                | \$ 2,949           |

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Visitors to Glen Canyon Recreation Area learn how Glen Canyon Dam created Lake Powell and changed the Colorado River ecosystem.

NPS PHOTO BY DIANE LIGGETT



## Required Supplementary Information (Unaudited)

*Aging facilities have created increased costs for day-to-day operation, limiting the funds available for maintenance.*

### **DEFERRED MAINTENANCE REPORT, FISCAL YEAR 2002**

The National Park Service owns, purchases, and constructs assets such as roads, trails, camping and recreational structures, buildings and houses, utility systems, marine and dock structures, signs and information structures, and special features assets such as monuments, statues, memorials, fortifications, and viewing structures. In every category of these assets, there are examples of both *general* and *stewardship* facilities.

Some examples of stewardship road, bridges and tunnels identified on the National Register of Historic Places include 55 road segments in locations such as Glacier, Badlands, and Shenandoah National Parks; 197 bridges in Gettysburg National Military Park, Colonial National Historic Park, and Acadia National Park; and 14 tunnels in Shenandoah, Glacier, and Zion National Parks. Unfortunately, the National Park Service does not possess the mechanism to track the deferred maintenance backlog on these specific assets, but will work to provide this information for the FY 2003 update of this report.

While the National Park Service has acquired and maintained assets throughout its 84-year history, several factors have led to a backlog of maintenance tasks and a significant deterioration of facility conditions because of that backlog. One cause of this maintenance backlog stems from limited operational funding for facilities acquired through donation and transfer. Aging facilities have created increased costs for day-to-day operation, limiting the funds available for maintenance. Additionally, increased visitation and addition of new park sites and facilities have also added to operational costs at the expense of maintenance activities.

The National Park Service defines “deferred maintenance” as maintenance that was not performed when scheduled or planned. This definition originates in the *U.S. Department of the Interior Facilities Maintenance Assessment and Recommendations, February 1998*.

Continued deferral of maintenance items will result, over time, in facility deficiencies that must be corrected, often at a higher cost than the original maintenance cost.

The National Park Service is currently involved in implementing a centralized facility management database, known as Facility Management Software System (FMSS), linking all NPS regions and units, and performing a complete inventory, condition, and needs assessment, which will provide the necessary Servicewide information for determining what resources and activities are necessary to maintain facilities and infrastructure in good operating condition. As of September 2002 the FMSS has been deployed in 288 parks, and park staff at these units have been trained on the use of the software. The system will be deployed in the remaining 97 parks during FY 2003.

During FY 2002 the NPS began an initial round of annual condition assessments in the deployed parks and anticipates finishing assessments in all parks by the conclusion of FY 2003. This entails developing an accurate inventory, completing a facility needs assessment, inspecting all assets, identifying obvious deficiencies and developing verifiable deficiency cost estimates, determining the facility condition index (FCI) for a simple measurement of a facility’s relative condition at a particular point in time, and determining the asset priority index (API) for a numerical indication of the relative importance of an asset when compared to other assets within the same park. The NPS will measure the performance of the Facility Operations and

Maintenance program by linking programmatic activities to defined results and outcomes utilizing the FCI. The National Park Service will continue to perform comprehensive assessments with the first cycle schedule for completion in FY 2006.

The following estimates are for the correction of facility deficiencies that are the result of deferred maintenance decisions. The estimates were compiled from several sources. These include a search of the Project Management Information System (PMIS) database for all facility maintenance projects for which the National Park Service has identified a current need. It was determined in the FY 2002 Required Supplemental Statement that housing and dams deferred maintenance projects would be incorporated into the PMIS figure, rather than be reported based on inventory estimates. PMIS contains detailed cost estimates related to condition assessments; these can include a range of formalized cost assessments to professional judgment estimates. The National Park Service continues to refine the asset type information contained in PMIS to allow for better reporting.

Estimates for Paved Roads and Bridges deferred maintenance projects were compiled from the 1998-2001 and 2001-2002 Federal Lands Highways Program Roads Inventory Program and Bridge Inventory Program respectively. These estimates are as follows:

| <b>Condition Assessments Estimates<br/>(dollars in thousands)</b> |                     |
|---|---------------------|
| PROJECT   | AMOUNT              |
| PMIS Deferred Maintenance Projects (Includes Housing and Dams)    |                     |
| Stewardship   | \$ 522,812          |
| General   | \$ 1,477,577        |
| <b>SUBTOTAL</b>   | <b>\$ 2,000,389</b> |
| Paved Roads Deferred Maintenance Projects <sup>1</sup>            | \$ 3,250,105        |
| Bridge Deferred Maintenance Projects <sup>2</sup>                 | \$ 155,972          |
| <b>TOTAL DEFERRED MAINTENANCE</b>                                 | <b>\$ 5,406,466</b> |

**Project Management Information System Deferred Maintenance Projects  
(Includes Housing and Dams) by Primary Asset  
(dollars in thousands)**

| PROJECT                           | AMOUNT              |
|-----------------------------------|---------------------|
| Primary—Buildings                 | \$ 689,394          |
| Primary—Grounds                   | \$ 120,307          |
| Primary—Marine and Waterways      | \$ 68,844           |
| Primary—Roads and Bridges         | \$ 171,073          |
| Primary—Special Features          | \$ 120,596          |
| Primary—Trails and Walks          | \$ 90,835           |
| Primary—Utilities                 | \$ 173,393          |
| Primary—Unassigned                | \$ 565,947          |
| <b>TOTAL DEFERRED MAINTENANCE</b> | <b>\$ 2,000,389</b> |

The National Park Service recognizes that these existing sources of information are based on current database collection systems. The actual cost of correcting deferred maintenance will not be known until all 386 parks develop a current asset inventory and conduct condition assessments, identifying deficiencies and developing valid cost estimates. The National Park Service received \$3.654 million in FY 2002 to begin conducting condition assessments. In FY 2003 the National Park Service anticipates receiving \$11.294 million to continue conducting condition assessments.

The latest inventory data available show that the National Park Service manages approximately 8,500 miles of roads (including 5,456 miles of paved roads), 1,733 bridges and 71 tunnels, 763 miles of paved trails, 12,250 miles of unpaved trails, 7,580 administrative and public use buildings, 5,771 historic buildings, 4,389 housing units (which includes approximately 1,000 historic housing units), 493 water treatment plants, 187 wastewater treatment systems, 483 water impoundment structures, 270 electrical generating systems, 160,000 signs, 8,505 monuments, and many other special features.

The National Park Service has submitted budget requests for FY 2003 to reduce deferred maintenance projects as follows:

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**FY 2003 Deferred Maintenance Budget Requests  
(dollars in thousands)**

| PROJECT   | AMOUNT            |
|---|-------------------|
| Repair and Rehabilitation Program (PMIS Projects)                       | \$ 90,280         |
| Housing Projects (Part of Emergency, Unscheduled, and Housing Projects) | 12,500            |
| Dams Projects   | 3,096             |
| <b>TOTAL BUDGET REQUESTS</b>  | <b>\$ 105,876</b> |

In addition to the approximately \$106 million requested in FY 2003, Public Law 105-178 has authorized \$165 million<sup>3</sup> to the National Park Service for transportation projects for Fiscal Year 2003.

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**<sup>1</sup> Roads**

Cycle III data collection seeks to include all paved road miles in the National Park Service road system and has not been completed in time for this year's required supplemental statement. Estimated completion date is August 2003. Accordingly, estimated cost for paved roads in Fiscal Year 2001 will be used again this year.

As articulated last year, the Federal Highway Administration (FHWA) has completed cycle II data collection and quality checks for 4,874.72 miles, or 90 percent, of the known 5,456 paved roadway miles within the NPS road system. The figure of 4,874.72 miles of roads was collected from parks throughout the National Park Service and represents a sound diversity sampling of the total network. The cost to upgrade the 4,874.72 miles of roads in parks with various roadway conditions to current road standards and new condition would cost \$2,151,116,000. Roadway improvement cost multipliers were based on actual regional construction project awards over the past several years.

To provide a total Systemwide estimate of deferred maintenance, FHWA extrapolated to the total system [ $(\$2,151,116,000 / 4,874.72 \text{ mile}) * (5,456 \text{ total system paved miles} - 4,874.72 \text{ surveyed paved miles}) = \$256,368,899$ ]. Accordingly, adding \$2,151,116,000 (90% of surveyed system deferred cost) + \$256,368,899 (10% unsurveyed extrapolated estimate) gives a total of \$2,407,484,899 for construction needs only. As the last step, please note that \$2,407,484,899 was increased to include an estimate for the design, construction supervision, and contingency costs, which run approximately 35 percent of net construction, bringing the total estimate to \$3,250,104,614. This number does not include parking lots. A rough estimate for parking lots is \$265,991,299, but this figure needs to be refined before it is officially noted as a backlog of need for deferred maintenance required supplemental information statement. The \$3,250,104,614 deferred maintenance backlog number represents a planning figure for articulating the magnitude of the roads deferred maintenance backlog. In actuality, the cost depends on the identification of an optimum level of service and condition that is supported both scientifically and economically, while still providing an enjoyment and convenience ride to the traveling public. The Highway Trust Fund established under Title 23, "Highways," is due for reauthorization in FY 2004.

A pedestrian bridge over the Virgin River in Zion National Park is part of a new transportation system partially funded by the Transportation Equity Act for the 21st Century.

NPS PHOTO BY NEAL HERBERT



The National Park Service, in the spirit of the President’s “Parks Legacy Project,” consulted with the Federal Highway Administration for advice in the identification through scientific analysis, the optimum funding level to eliminate the roadway deferred maintenance backlog by the completion of the next six-year Highway Trust Fund Authorization. The report, “National Park Service, Roads and Bridges, Deferred Maintenance Needs and Funding Options,” October 2001, supports a need to invest \$375 million annually between FY 2004-2009, or \$2.25 billion over six years, to eliminate the NPS deferred maintenance road and bridge backlog. The goal is to facilitate an acceptable ride quality balanced by optimum economic condition to prolong and maximize the pavement life cycle.

### <sup>2</sup> Bridges

On a two-year cycle, the FHWA inspects 1,804 structures such as walking, vehicular, and railroad structures (both public and administrative) of all types including culverts, tunnels, and trail bridges. In developing bridge cost estimates, the FHWA separates costs into maintenance, rehabilitation, and reconstruction. After evaluation of historic contract award data, FHWA developed factors of two to three times the cost to represent more closely the true costs for maintenance, rehabilitation, and reconstruction. For example, rehabilitation and reconstruction costs are basically estimates for labor and materials only. These costs do not consider, for example, size of project, construction award atmosphere, traffic control, approach work, and remoteness of site, which all can greatly influence the cost. As the last step, please note that \$115,534,826 was increased to include an estimate for the design, construction supervision, and contingency costs which run approximately 35 percent of net construction, bringing the total estimate to \$155,972,016.

### <sup>3</sup> Transportation Equity Act

The Transportation Equity Act for the 21st Century (TEA-21) authorizes the Park Roads and Parkways Program \$165 million annually for three categories:

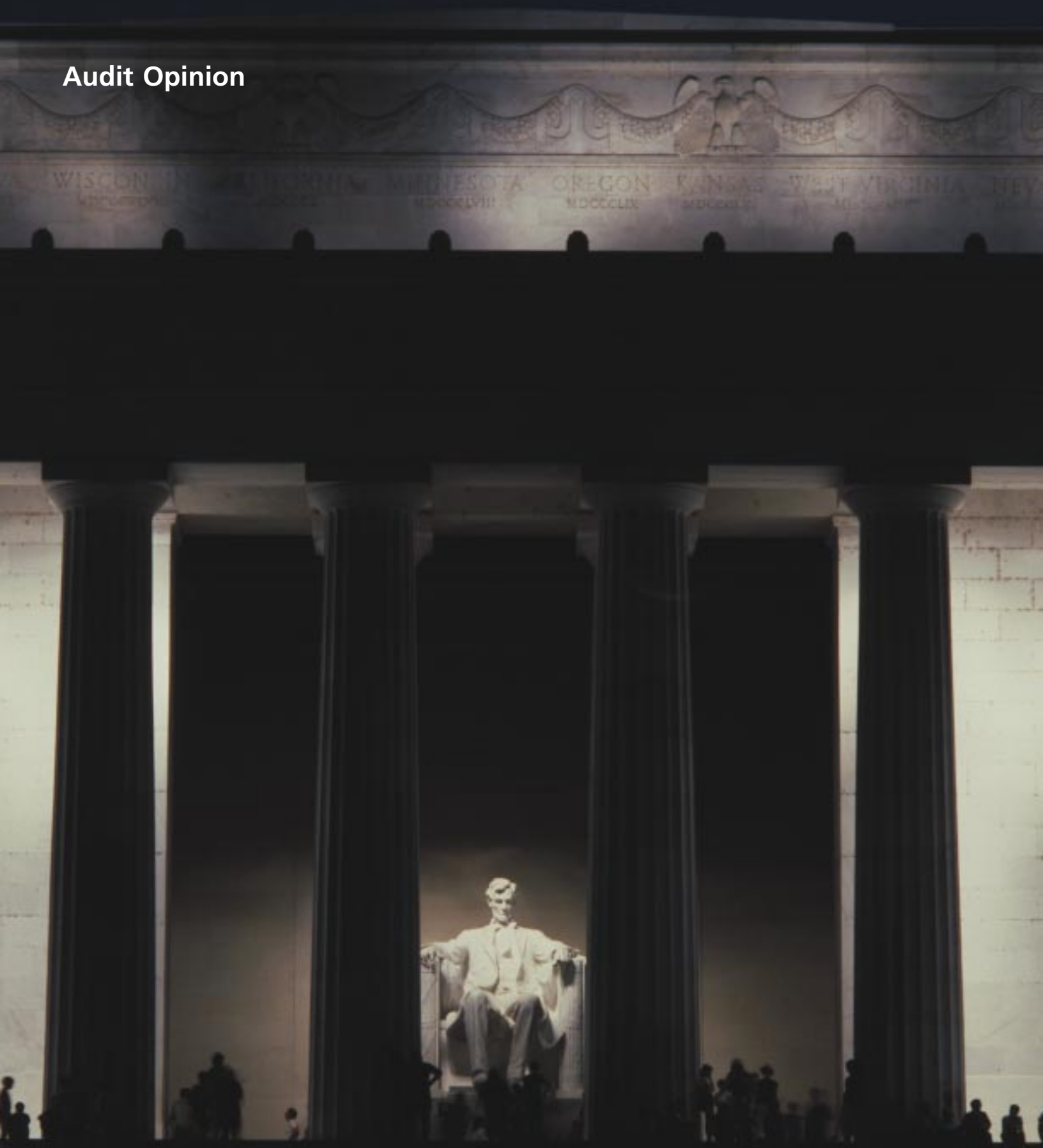
- a. Category I - Road and bridge repair, rehabilitation and reconstruction.
- b. Category II - Completion of congressionally authorized parkway gaps.
- c. Category III - Alternative transportation systems.

TEA-21, section 1102(f) reduces the program 10-15% annually, causing a significant ripple effect on available funds for project construction. Between FY 1998 and 2002 the program underwent a reduction of \$75.79 million and is projected to be reduced by as much as \$90 million by the end of the TEA-21 in 2003.

Department of the Interior, National Park Service  
Required Supplementary Information  
Schedule of Budgetary Resources by Major Budget Account (Unaudited)  
For the Year Ended September 30, 2002  
(dollars in thousands)

|   | OPERATION<br>OF THE NPS | CONSTRUCTION      | LAND<br>ACQUISITION<br>AND STATE<br>ASSISTANCE | RECREATION<br>FEE | OTHER             | COMBINED<br>TOTAL   |
|---|-------------------------|-------------------|--|-------------------|-------------------|---------------------|
| <b>BUDGETARY RESOURCES</b>                          |                         |                   |  |                   |                   |                     |
| Budget Authority:                                   |                         |                   |  |                   |                   |                     |
| Appropriations Received                             | \$ 1,487,075            | \$ 410,168        | \$ 274,117                                     | \$ 148,334        | \$ 331,207        | \$ 2,650,901        |
| Net Transfers, Current Year Authority (+/-)         | 184                     | 1,000             | -  | -                 | -                 | 1,184               |
| Unobligated Balance:                                |                         |                   |  |                   |                   |                     |
| Beginning of Fiscal Year                            | 46,564                  | 453,676           | 227,914  | 266,205           | 153,062           | 1,147,421           |
| Net Transfers, Unobligated Balance, Actual (+/-)    | -                       | (91,204)          | (64,796)                                       | -                 | -                 | (156,000)           |
| Spending Authority From Offsetting Collections:     |                         |                   |  |                   |                   |                     |
| Earned  |                         |                   |  |                   |                   |                     |
| Collected   | 18,340                  | 103,648           | 8,729  | -                 | 1,132             | 131,849             |
| Receivable From Federal Sources                     | (257)                   | 2,518             | (474)  | -                 | -                 | 1,787               |
| Change in Unfilled Customer Orders:                 |                         |                   |  |                   |                   |                     |
| Advance Received                                    | -                       | (8,893)           | -  | -                 | -                 | (8,893)             |
| Without Advance From Federal Sources                | -                       | 7,273             | (8,283)  | -                 | (1)               | (1,011)             |
| Recoveries of Prior Year Obligations                | 26,663                  | 23,564            | 3,247  | 3,699             | 5,221             | 62,394              |
| Permanently Not Available                           | (9,837)                 | (250)             | (250)  | -                 | (1,069)           | (11,406)            |
| <b>TOTAL BUDGETARY RESOURCES</b>                    | <b>\$ 1,568,732</b>     | <b>\$ 901,500</b> | <b>\$ 440,204</b>                              | <b>\$ 418,238</b> | <b>\$ 489,552</b> | <b>\$ 3,818,226</b> |
| <b>STATUS OF BUDGETARY RESOURCES</b>                |                         |                   |  |                   |                   |                     |
| Obligations Incurred:                               |                         |                   |  |                   |                   |                     |
| Direct  | \$ 1,485,444            | \$ 410,835        | \$ 195,720                                     | \$ 120,107        | \$ 329,697        | \$ 2,541,803        |
| Reimbursable  | 16,882                  | 103,859           | 615  | -                 | 1,017             | 122,373             |
| <b>Total Obligations Incurred</b>                   | <b>1,502,326</b>        | <b>514,694</b>    | <b>196,335</b>                                 | <b>120,107</b>    | <b>330,714</b>    | <b>2,664,176</b>    |
| Unobligated Balance:                                |                         |                   |  |                   |                   |                     |
| Apportioned   | 38,881                  | 364,307           | 243,869  | 298,131           | 152,516           | 1,097,704           |
| Unobligated Balances Not Available                  | 27,525                  | 22,499            | -  | -                 | 6,322             | 56,346              |
| <b>TOTAL STATUS OF BUDGETARY RESOURCES</b>          | <b>\$ 1,568,732</b>     | <b>\$ 901,500</b> | <b>\$ 440,204</b>                              | <b>\$ 418,238</b> | <b>\$ 489,552</b> | <b>\$ 3,818,226</b> |
| <b>RELATIONSHIP OF OBLIGATIONS TO OUTLAYS</b>       |                         |                   |  |                   |                   |                     |
| Obligations Incurred                                | \$ 1,502,326            | \$ 514,694        | \$ 196,335                                     | \$ 120,107        | \$ 330,714        | \$ 2,664,176        |
| Obligated Balance, Net,<br>Beginning of Fiscal Year | 312,313                 | 230,962           | 132,558  | 53,749            | 159,558           | 889,140             |
| Obligated Balance, Net, End of Fiscal Year:         |                         |                   |  |                   |                   |                     |
| Accounts Receivable                                 | 428                     | 15,312            | 1,641  | -                 | 2                 | 17,383              |
| Unfilled Customer Orders From Federal Sources       | -                       | 51,428            | 9,079  | -                 | -                 | 60,507              |
| Undelivered Orders                                  | (213,913)               | (282,371)         | (177,483)                                      | (43,820)          | (196,407)         | (913,994)           |
| Accounts Payable                                    | (104,922)               | (87,458)          | (941)  | (6,382)           | (10,078)          | (209,781)           |
| Less: Spending Authority Adjustments                | (26,406)                | (33,355)          | 5,510  | (3,699)           | (5,220)           | (63,170)            |
| Outlays:  |                         |                   |  |                   |                   |                     |
| Disbursements                                       | 1,469,826               | 409,212           | 166,699  | 119,955           | 278,569           | 2,444,261           |
| Collections   | (18,340)                | (94,755)          | (8,730)  | -                 | (1,132)           | (122,957)           |
| <b>Net Outlays Before Offsetting Receipts</b>       | <b>1,451,486</b>        | <b>314,457</b>    | <b>157,969</b>                                 | <b>119,955</b>    | <b>277,437</b>    | <b>2,321,304</b>    |
| Less: Offsetting Receipts                           | -                       | -                 | -  | 148,335           | (32,079)          | (180,414)           |
| <b>NET OUTLAYS</b>                                  | <b>\$ 1,451,486</b>     | <b>\$ 314,457</b> | <b>\$ 157,969</b>                              | <b>\$ 28,380</b>  | <b>\$ 245,358</b> | <b>\$ 2,140,890</b> |

# Audit Opinion



The National Park Service has prepared an environmental assessment for permanent security improvements at the Lincoln Memorial on the National Mall.

PHOTO © RUSS FINLEY/FINLEY-HOLIDAY FILMS



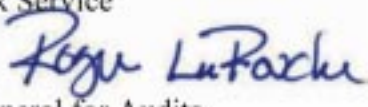
# United States Department of the Interior

Office of Inspector General  
Washington, D.C. 20240

February 25, 2003

## Memorandum

To: Director, National Park Service

From: Roger La Rouché   
Assistant Inspector General for Audits

Subject: Independent Auditors' Report on the National Park Service's  
Financial Statements for Fiscal Years 2002 and 2001  
(No. 2003-I-0021)

We contracted with KPMG LLP (KPMG), an independent certified public accounting firm, to audit the National Park Service's (NPS) financial statements as of September 30, 2002 and for the year then ended. The contract required that KPMG conduct its audit in accordance with the Comptroller General of the United States of America's *Government Auditing Standards*, the Office of Management and Budget's Bulletin 01-02 *Audit Requirements for Federal Financial Statements*, and the General Accounting Office/President's Council on Integrity and Efficiency's *Financial Audit Manual*.

In its audit report dated December 12, 2002 (Attachment 1), KPMG issued an unqualified opinion on NPS's financial statements. KPMG identified four reportable conditions related to internal controls and financial operations: (A) security and general controls over financial systems, (B) reconciling intra-governmental transactions and balances, (C) controls over financial reporting, and (D) completing deferred maintenance estimates. KPMG considered the first two conditions to be material weaknesses. With regard to compliance with laws and regulations, KPMG found that NPS was not in substantial compliance with the three requirements of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Specifically, NPS's financial management systems did not substantially comply with Federal financial management systems requirements, federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

In connection with the contract, we monitored the progress of the audit at key points, reviewed KPMG's report and selected related working papers, and inquired of its representatives. Our review, as differentiated from an audit in accordance with the *Government Auditing Standards*, was not intended to enable us to express, and we do not express, an opinion on NPS's financial statements, conclusions about the effectiveness of

internal controls, conclusions on whether NPS's financial management systems substantially complied with the three requirements of FFMIA, or conclusions on compliance with laws and regulations. KPMG is responsible for the auditors' report and for the conclusions expressed in the report. Our review has disclosed no instances where KPMG did not comply in all material respects with the *Government Auditing Standards*.

In the January 29, 2003 response to the draft report from the Chief Financial Officer, NPS (Attachment 2), NPS concurred with all of the recommendations. Based on the response all the recommendations are considered resolved but not implemented. The recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

Section 5(a) of the *Inspector General Act* (5 U.S.C. App. 3) requires the Office of Inspector General to list this report in its semiannual report to the Congress.

Attachments (2)





2001 M Street, NW  
Washington, DC 20036

## INDEPENDENT AUDITORS' REPORT

Director, National Park Service and Inspector General  
U.S. Department of the Interior:

We have audited the accompanying consolidated balance sheets of the National Park Service (NPS) as of September 30, 2002 and 2001, and the related consolidated statements of net cost for the years then ended, and the related consolidated statement of changes in net position, combined statement of budgetary resources, and consolidated statement of financing for the year ended September 30, 2002 (hereinafter referred to as the financial statements). The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our audits, we also considered NPS's internal control over financial reporting and tested NPS's compliance with certain provisions of applicable laws and regulations that could have a direct and material effect on its financial statements.

### SUMMARY

As stated in our opinion on the financial statements, we concluded that the NPS's financial statements presented in NPS's Fiscal Year 2002 Accountability Report as of and for the years ended September 30, 2002 and 2001, are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. As discussed in Note 16 to the financial statements, NPS changed its method of accounting for allocation transfers as of October 1, 2001.

Our consideration of internal control over financial reporting resulted in the following conditions being identified as reportable conditions:

#### Reportable Conditions That Are Considered to be Material Weaknesses

- A. Improve Security and General Controls over Financial Management Systems
- B. Improve Controls to Reconcile Intra-governmental Transactions and Balances

#### Other Reportable Conditions

- C. Improve Controls over Financial Reporting
- D. Complete Deferred Maintenance Estimates

The results of our tests of compliance with certain provisions of laws and regulations, exclusive of the *Federal Financial Management Improvement Act of 1996 (FFMIA)*, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards*, issued by the Comptroller General of the United States, or Office of Management and Budget (OMB) Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*.



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is  
a member of KPMG International, a Swiss association.



The results of our tests of FFMA disclosed instances where NPS's financial management systems did not substantially comply with Federal financial management systems requirements, the federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

The following sections discuss our opinion on NPS's financial statements, our consideration of NPS's internal control over financial reporting, our tests of NPS's compliance with certain provisions of applicable laws and regulations, and management's and our responsibilities.

## **OPINION ON THE FINANCIAL STATEMENTS**

We have audited the accompanying consolidated balance sheets of the NPS as of September 30, 2002 and 2001, and the related consolidated statements of net cost for the years then ended, and the related consolidated statement of changes in net position, combined statement of budgetary resources, and consolidated statement of financing for the year ended September 30, 2002.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NPS as of September 30, 2002 and 2001, and its net costs for the years then ended, and its changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations, for the year ended September 30, 2002, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 16 to the financial statements, NPS changed its method of accounting for allocation transfers as of October 1, 2001.

The information in the Management Discussion and Analysis, Required Supplementary Stewardship Information, and Required Supplementary Information sections is not a required part of the financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America or OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

## **INTERNAL CONTROL OVER FINANCIAL REPORTING**

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect NPS's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements.

Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements, in amounts that would be material in relation to the financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

In our fiscal year 2002 audit, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. We believe that reportable conditions A and B are material weaknesses.

## A. Improve Security and General Controls over Financial Management Systems

NPS does not have adequate information technology security and general controls to protect its financial information systems. These conditions could affect NPS's ability to prevent and detect unauthorized changes to financial information, control electronic access to sensitive information, and protect its information resources. NPS needs to improve its security and general controls, as discussed below.

1. Entity-wide Security Program and Planning – NPS needs to improve its entity-wide security program. An effective security program includes policies, a risk assessment process, a certification process, training, and an effective incident response and monitoring capability. Specifically, we noted the following:
  - a. Security Policies – NPS's incident response procedures are not fully developed in accordance with the National Institute of Standards and Technology standards. NPS's policy does not discuss educating users, developing a means for centralized communications, or investigating and resolving unauthorized access.
  - b. Assessments and Accreditation – NPS has not formally completed independent risk assessments for its major applications. As a result, NPS has not classified computer information resources according to their sensitivity and criticality. In addition, NPS has not developed and implemented a process for accrediting general support and major applications; however, NPS has recently received interim guidance from the Department of the Interior to obtain an interim "authorization to process," while the Department of the Interior completes guidance for a formal certification and accreditation program.
  - c. Security Training – NPS has security awareness tool; however, NPS has not developed formal mechanisms to ensure that users receive security training before system access is granted, all employees and contractors complete the training, and all employees and contractors receive periodic security update training.
2. Access Controls – NPS needs to improve its access controls. We identified both external and internal vulnerabilities involving unnecessary access to network services and default or outdated installations of system software. In addition, NPS needs to improve its password controls to include the following:
  - a. Minimum and maximum password lengths;
  - b. Password aging standards and enforcement approach;
  - c. Restrictions on expired passwords;
  - d. Procedures for communicating forgotten passwords; and
  - e. Process for investigating the compromise of passwords.
3. Service Continuity – The Administrative Program Center has not developed a formal Continuity of Operations Plan (COOP) for the restoration of the IDEAS application, and the Network Management Office has not developed a formal COOP for the restoration of NPS's wide area network. Although the Accounting and Operations Center has developed a draft COOP, NPS needs to update the plan to ensure it is consistent with the Department of the Interior's guidance.
4. Segregation of Duties – NPS has not established a segregation of duties policy for information technology.
5. Software Development and Change Controls – NPS has not fully developed service-wide system software change controls (apart from project-specific policies and procedures) and needs to update

its guidance for information technology purchases. In addition, the Accounting and Operations Center has not developed a formal change management process for system software to the local area network.

6. **Application Controls** – The accounting system (i.e., Federal Financial System) incorrectly records budgetary recoveries for certain transactions resulting in an overstatement of total budgetary resources and obligations incurred. As a result of NPS's analysis and audit adjustments, NPS properly reduced the system generated budgetary recoveries by \$46 million. In addition, we determined that NPS needs to improve the security controls over its procurement system (i.e., IDEAS). Specifically, we noted the following:
  - a. NPS has not fully developed a formal security plan for the procurement system. NPS is in the process of developing a security plan; however, the security plan is being developed independent of the risk assessment.
  - b. NPS does not have policies or procedures that require periodic testing of the security controls of IDEAS, and the security safeguards are only tested using inquiry procedures.
  - c. NPS has not established rules of behavior that assign responsibility for those users that have access to the procurement system.
  - d. NPS does not periodically review the appropriateness of user access levels to the procurement system. In addition, NPS does not have formal procedures to verify that access is revoked for terminated employees.
  - e. NPS has not finalized procedures for granting and approving access to the procurement system. In addition, users of the procurement system indicate that they are not consistently prompted to change their password when access is initially granted after a set period of time.
  - f. NPS has not fully developed formal change control procedures for the procurement system. Although NPS is in the process of preparing the change control policies, the guidance is at a high level and needs to be expanded.

#### **Recommendation**

We recommend that NPS develop and implement a formal action plan to improve the general and application controls over its financial management systems. This plan should address each of the areas discussed above, as well as other areas that might impact the information technology control environment, to ensure adequate security and protection of NPS's information systems.

#### **Management Response**

Management concurs with the findings.

1. Entity Wide Security Program and Planning

- a. Security Policies – NPS has adopted the Department of the Interior’s security policies for incident response. NPS has alerted its IT community of the procedure, and has made the form and procedures available on NPS’s intranet site. The Department of the Interior is presently looking at contracting for an automated Department–wide system. NPS has recently published its FY 2003 Information Technology Security Plan (ITSP). In the ITSP, NPS indicates that they will complete the NPS IT Security Policy by March 2003. The items cited in the findings will be included in that policy.
  - b. Assessments and Accreditation – NPS has classified its systems to determine which will need certification and accreditation. NPS has begun the process of scheduling certification and accreditation for all major applications and general support systems.
  - c. Security Training – Management agrees with the finding that for security training, NPS has not developed formal mechanisms to ensure that users receive security training before system access is granted. Policies and procedures will be developed and implemented by June 30, 2003.
2. Access Controls – NPS has issued a password policy, which is in compliance with the DOI policy, to all region and program areas. The Office of the Chief Information Officer (OCIO) polled all regions and program areas, and all have certified that they have adopted the password policy.
  3. Service Continuity – To correct the findings related to the COOP for the NPSnet, NPS will develop a COOP plan by September 30, 2003.
  4. Segregation of Duties – To correct these findings, NPS will establish policies for segregation of duties by September 30, 2003.
  5. Software Development and Change Controls – NPS For software development and change controls, NPS has developed a System Lifecycle Guide, which has a strong change control process. Currently, the Accounting Operations Center has an informal change management process, where forms are completed and tracked when changes to servers are made. Accounting Operations Center will develop a formal process, based on the NPS–wide System Lifecycle Guide, by June 30, 2003.
  6. Application Controls – Findings on application controls are addressed in NPS’s information technology security plan. The security plan for the general support system, of which IDEAS resides, is being updated based on the formal NPS information technology security plan changes. A contractor has been hired to document the established procedures.

The responsible official for implementing these recommendations will be the NPS Chief Information Officer.

## B. Improve Controls to Reconcile Intra-governmental Transactions and Balances

NPS needs to improve controls to reconcile its intra-departmental and intra-governmental activity and balances.

1. Intra-department Eliminations – NPS does not reconcile transactions and balances with other components of the Department of the Interior in a timely manner, in accordance with the Department of the Interior's *Fiscal Year 2002 Financial Statement Preparation Guidance*, OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*, and Department of the Treasury's *Federal Intragovernmental Transactions Accounting and Policies Guide*. We noted that this is a manual reconciliation process, and that NPS expended a significant amount of time and resources completing this reconciliation after the end of the year.
2. Reconciliation of Non-Fiduciary Intra-governmental Transactions – The Department of the Interior reconciles the fiduciary intra-governmental transactions and balances; however, the Department of the Interior has not fully reconciled its non-fiduciary intra-governmental transactions and balances. As a result, NPS does not fully reconcile its non-fiduciary transactions with other Federal entities, such as, the Department of Agriculture, Environmental Protection Agency, and U.S. Army Corps of Engineers. As a result, NPS's transactions and balances with other federal entities may not properly eliminate on the government-wide financial statements.

### Recommendations

We recommend that NPS improve the process to identify and reconcile the intra-departmental and intra-governmental activity and balances, as follows:

1. Intra-department Eliminations – We understand that the Department of the Interior is developing an automated process to facilitate the reconciliation of intra-Departmental transactions. We recommend that the Department of the Interior complete and implement this automated process. Until the automated process is implemented, we recommend that NPS improve the manual process to reconcile transactions and balances with the other components of the Department of the Interior.
2. Reconciliation of Non-Fiduciary Intra-governmental Transactions – We recommend that NPS in conjunction with the Department of the Interior establish procedures to reconcile non-fiduciary transactions and balances with other federal entities.

These reconciliation processes should be completed quarterly and should include procedures to resolve any differences identified in a timely manner.

### Management Response

Management concurs. We concur that a significant amount of time and resources are required to reconcile transactions and balances with the other entities within the Department of the Interior. We are dependent on these other organizations to supply us with their data before we can complete our reconciliation, and that data is frequently not forwarded to us in a timely manner. We are working with the Department and other bureaus within Interior to develop policies and procedures for the reconciliation and elimination of intra-departmental transactions. The Department has established a policy to limit the use of advances between Interior Bureaus, beginning January 1, 2003. This should significantly reduce the amount of time required to reconcile transactions between bureaus.

During fiscal year 2003, NPS will be working with the Department of the Interior to establish policies and procedures for reconciling non-fiduciary transactions and balances with other federal entities to ensure conformity with established business rules. The resolution of differences in a timely manner will depend on all parties involved to establish and follow procedures for processing transactions and communicating with the appropriate offices possible resolutions or corrective actions, as needed.

The responsible officials for implementing these recommendations will be the Financial and Accounting Services Team Leader and the Department's Office of Financial Management.

### C. Improve Controls over Financial Reporting

NPS needs to improve controls over the recording and reporting of financial transactions. During fiscal year 2002 we noted the following:

1. Timely Reconciliation – NPS does not consistently resolve older balances and suspense accounts in a timely manner. As of the end of the year, we identified \$1.7 million of advances from others that were over one year old, over \$1.5 million of unallocated expenses related to reimbursable agreements, and several items in suspense accounts related to fund balance with Treasury.
2. Year-End Adjustments – NPS records numerous adjustments after the end of the year and needs to improve the review process, to ensure year-end adjustments are properly recorded. We noted that approximately \$18 million of benefit expenses were not properly classified and the related accrued benefits were understated by \$1.2 million. In addition, we noted that NPS incorrectly recorded a non-expenditure transfer for \$5 million, resulting in an overstatement of budgetary authority transfers and an understatement of prior year un-obligated balance transfers on the Statement of Budgetary Resources.
3. Transaction Entry and Reporting – NPS inadvertently recorded a budgetary entry twice in its financial reporting system (i.e., Hyperion) causing an overstatement in Allotments – Realized Resources and an understatement in Unapportioned Authority of approximately \$27 million. NPS incorrectly netted the line for 'Unobligated Balance Currently Available' with the line for 'Unobligated Balance Not Available – Other' on the SF-133 *Report on Budgetary Execution and Budgetary Resources*, which corrected this over/understatement on the SF-133 report, however, the SF-133 did not match the amounts reported in the financial reporting system. In addition, two of the four quarterly SF-133 reports that we tested, included inaccurate data. One SF-133 report inadvertently listed anticipated account balances of zero and one SF-133 report did not include an adjusting entry of approximately \$5.7 million that NPS had recorded in Hyperion. We also noted that NPS inadvertently recorded commission expenses of approximately \$4 million as a contra-revenue, instead of as expenses in the accounting system. Furthermore, we determined that NPS improperly recorded advances as revenue and improperly recorded revenue as advances resulting in a net overstatement of revenue of approximately \$1 million.
4. Budgetary to Proprietary Reconciliation – NPS does not consistently reconcile its budgetary to proprietary accounts during the year. One appropriation had proprietary payable accounts that exceeded the budgetary accounts and budgetary accounts that exceeded the proprietary cash accounts. Another appropriation had proprietary cash accounts that exceeded the budgetary accounts.

5. Property – NPS needs to continue improving controls related to accounting for personal property. NPS capitalized approximately \$1 million costs for improving heritage assets on the Balance Sheet instead of expensing these costs on the Statement of Net Cost in accordance with the federal accounting standards. In addition, the accumulated depreciation from the sub-ledger did not agree with the general ledger by approximately \$3.1 million at the end of the year. We also noted that NPS did not properly record the proper in-service date (i.e., depreciation start date) as the date the asset is received or placed in service for 5 of the 30 items we tested, resulting in an overstatement of depreciation expense and understatement of property. Furthermore, we noted that NPS inadvertently deleted 2 out of the 20 deletion transactions that we tested. These deleted assets were still in use and resulted in an understatement of the net book value of personal property.

As a result of our observations, NPS analyzed balances and recorded adjustments to ensure that the financial statements and SF-133 reports were fairly stated.

### **Recommendations**

We recommend that NPS perform the following to improve the recording and reporting of financial transactions:

1. Timely Reconciliation – Investigate and resolve all older balances and suspense accounts on a regular basis.
2. Year-end Adjustments – Record transactions during the year at the time the transactions are incurred, and require a second individual to review year-end journal entries to ensure they are accurate and complete.
3. Transaction Entry and Reporting – Utilize automated system posting models for transaction entry where possible and have a second individual verify that manual entries are properly recorded and presented in financial reports.
4. Budgetary to Proprietary Reconciliation – Complete the development of and implement an automated process to compare the budgetary and proprietary accounts and investigate and resolve significant differences.
5. Property – Review construction in progress costs to ensure they exclude costs for acquiring, improving reconstructing, or renovating heritage assets. In addition, NPS should resolve differences between the sub-ledger and the general ledger, in a timely manner. Furthermore, NPS should develop and communicate policies to ensure personnel record the appropriate in-service date (i.e., depreciation start date), and only record deletions when property is disposed.

### **Management Response**

1. Timely Reconciliation – Management concurs that older balances and items listed in the suspense account should be reconciled more timely. NPS will re-enforce the need to review older balances in the advance account and take corrective actions, as needed, and to ensure all expenses are allocated in a timely manner. NPS will also work to resolve older balances listed in the suspense account. The responsible official for implementing this recommendation will be the Financial and Accounting Support Team Leader and the Accounting Services Team Leader. Corrective actions should be completed by September 30, 2003.
2. Year-end Adjustments – Management concurs that transactions need to be recorded at the time the transactions are incurred. However, there will be differences identified during our quarterly



reviews that may not be corrected prior to submission of the quarterly reports. These differences usually cannot be identified immediately, since several Treasury reports that are used to assist in the reconciliation process are not received until after the preparation of the interim financial statements. Additional processes will be developed to ensure procedures for a second review of year-end adjustments are completed in a timely manner. The responsible official for implementing this recommendation will be the Financial and Accounting Support Team Leader.

3. Transaction Entry and Reporting – Management does concur that a second review would help to ensure both the accounting system and the financial reporting system (i.e., Hyperion) are accurate and complete. However, NPS does not have the personnel resources to ensure a second review of all adjusting transactions to the Departments financial reporting system is accomplished. Unlike the accounting system, where adjustments posted can be readily reviewed to ensure the transaction was properly posted and impacted the appropriate accounts, adjustments posted to Hyperion cannot be easily reviewed for accuracy and completeness. We will continue to instruct, and train personnel in processing transactions properly in both systems, and will be developing processes to assist staff in verifying Hyperion data to ensure information posted in Hyperion agrees with the FFS data used for external reports (SF- 133's). The responsible official for implementing this recommendation will be the Financial and Accounting Support Team Leader.
4. Budgetary to Proprietary Reconciliation – Management does concur with the findings. However, these findings are based on testing the interim financial statements and not the year-end financial statements. Although there are differences identified to erroneous transactions posted by staff, many of these differences are legitimate due to timing differences and disbursements in transit. Unless additional research is required to determine the appropriate posting action, differences are corrected in FFS the proceeding month. Treasury schedules used to reconcile the data in the accounting system are usually not received until after the SF – 133's are submitted. Processes are in place and additional reports will be developed to assist staff in reviewing and comparing the SF- 133 reports to the financial reporting system for accuracy, existence, and completeness. The responsible official for implementing this recommendation will be the Financial and Accounting Support Team Leader.
5. Property – Management concurs there is a need to improve the review of construction-in-progress costs to ensure they exclude all costs incurred related to heritage assets. Policies and procedures were issued to all field offices during FY 2001, and regional visits were made to review and discuss issues related to construction-in-progress activity. However, there still seems to be some misinterpretation when determining the type of asset being constructed. Several regions have scheduled training during FY 2003 to help further clarify to field staff the policies and procedures for handling fixed assets, and to define how general and heritage assets should be classified. In regards to resolving differences between the sub-ledger and general ledger, NPS continues to review and investigate how and why differences exist. For the past couple of years a number of reconciliation issues have been identified and corrected, but there are still certain types of transactions that create reconciliation differences. Additional instructions have been issued to the field in FY 2003 addressing the proper method for recording in-service date information to the Fixed Asset Sub-system, along with guidance related to recording deletions when property is disposed. The responsible officials for implementing these recommendations will be the Management Systems Team Leader and Chief, Property Management. Corrective actions should be implemented by September 30, 2003.

#### **D. Complete Deferred Maintenance Estimates**

NPS has not fully implemented the requirements of Statement of Federal Financial Accounting Standard (SFFAS) No. 14, *Amendments to Deferred Maintenance Reporting Amending SFFAS No. 6*

and SFFAS No. 8. SFFAS No. 14 requires NPS to estimate the deferred maintenance for its general and stewardship property, plant and equipment using either the condition assessment survey or life cycle costing method. NPS has adopted the condition assessment survey method, which requires NPS to perform periodic inspections of assets to determine their current condition and estimate cost to correct any deficiencies.

NPS has implemented procedures to measure deferred maintenance for major park assets; however, certain parks do not appear to perform condition assessments. In addition, NPS only requires larger parks, such as Yosemite, Sequoia, and Yellowstone, to perform condition assessments for 20% of their assets in a given year, and does not require the parks to complete 100% of their condition assessments until the end of fiscal year 2006. As a result, the required supplementary disclosure on the condition of major classes of assets is not complete and the related deferred maintenance amounts are understated.

#### **Recommendation**

We recommend that NPS secure funding to enable NPS to perform condition assessments for all park assets and estimate the related deferred maintenance.

#### **Management Response**

Management concurs. NPS is utilizing an off-the-shelf software to assess and document current condition and anticipated repair and rehabilitation needs to all assets. NPS plans to provide all parks and offices access to the software by the end of FY 2003 and have the parks and offices record their inventories by that time. Further, NPS is planning for all parks and offices to have completed their condition assessments by the end of fiscal year 2006. NPS realizes the importance of this requirement and adequate funding has been provided to meet this goal. Trying to accomplish this any sooner may compromise the validity of these assessments. The responsible official for implementing the recommendation will be the Chief, Park Facility Management Division.

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A summary of the status of prior year reportable conditions is included as Exhibit I. We also noted other matters involving internal control over financial reporting and its operation that we have reported to the management of NPS in a separate letter dated December 12, 2002.

### **COMPLIANCE WITH LAWS AND REGULATIONS**

Our tests of compliance with certain provisions of laws and regulations as described in the Responsibilities section of this report, exclusive of FFMIA, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 01-02.

The results of our tests of FFMIA disclosed instances, described below, where NPS's financial management systems did not substantially comply with the Federal financial management systems requirements, federal accounting standards, and the United States Government Standard General Ledger at the transaction level.

#### **E. Compliance with the Federal Financial Management Systems Requirements**

As discussed in the Internal Control over Financial Reporting section of this report, NPS has several weaknesses in its information technology general control environment that contribute to noncompliance with OMB Circular A-130, *Management of Federal Information Resources*. NPS needs to improve the entity-wide security program, strengthen password controls, develop formal

Continuity of Operation Plans for certain applications, develop policies for segregation of information technology duties, fully develop a systems development methodology for application software and change controls, and needs to improve security controls over its procurement system.

**Recommendation**

We recommend that during fiscal year 2003, NPS improve the security and general controls over its financial management systems to meet the requirements set forth in OMB Circular A-130.

**Management Response**

Management concurs. See management's response to A above.

**F. Compliance with Federal Accounting Standards**

NPS is required to prepare its financial statements in accordance with federal accounting standards. As discussed in the Internal Control over Financial Reporting section of this report, we identified weaknesses that affected NPS's ability to prepare its financial statements and related disclosures in accordance with federal accounting standards. Specifically, we determined that NPS needs to improve its trading partner reconciliation process.

**Recommendation**

We recommend that during fiscal year 2003, NPS implement strengthened procedures and internal controls that ensure the financial statements and related disclosures are prepared in accordance with the federal accounting standards.

**Management Response**

Management concurs. See management's response to item B above.

**G. Compliance with the United States Standard General Ledger at the Transaction Level**

In accordance with OMB Circular A-127, *Financial Management Systems*, NPS is required to record financial events consistent with the applicable account descriptions and attributes reflected in the United States Standard General Ledger (SGL) at the transaction level. We noted that the accounting system (i.e., Federal Financial System) incorrectly records budgetary recoveries for certain transactions resulting in an overstatement of total budgetary resources and obligations incurred.

**Recommendations**

We recommend that during fiscal year 2003, NPS analyze the budgetary recovery entries generated by the accounting system and record correcting entries at the transaction level, in accordance with the SGL.

**Management Response**

Management concurs. Currently, the accounting system is unable to properly record budgetary recoveries at the transaction level. Although discussions and requested actions have been requested, no resolution is anticipated in the near future. NPS will continue to review and develop an existing process that can estimate such recoveries, but will not be able to post at the transaction level. The responsible official for implementing the recommendation will be the Management Systems Team Leader.



## RESPONSIBILITIES

### *Management's Responsibilities*

The *Government Management Reform Act of 1994* (GMRA) requires each federal agency to report annually to Congress on its financial status and any other information needed to fairly present its financial position and results of operations. To assist the Department of the Interior in meeting the GMRA reporting requirements, NPS prepares annual financial statements.

Management is responsible for:

- Preparing the financial statements in conformity with accounting principles generally accepted in the United States of America;
- Establishing and maintaining internal controls over financial reporting, and preparation of the Management Discussion and Analysis (including the performance measures), the Required Supplementary Information, and the Required Supplementary Stewardship Information, and
- Complying with laws and regulations, including FFMIA.

In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies. Because of inherent limitations in internal control, misstatements, due to error or fraud may nevertheless occur and not be detected.

### *Auditors' Responsibilities*

Our responsibility is to express an opinion on the financial statements of NPS based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, and OMB Bulletin No. 01-02. Those standards and OMB Bulletin No. 01-02 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management, and
- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2002 audit, we considered NPS's internal control over financial reporting by obtaining an understanding of the NPS's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02 and *Government Auditing Standards*. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to provide assurance on internal control over financial reporting. Consequently, we do not provide an opinion thereon.

As required by OMB Bulletin No. 01-02, we considered NPS's internal control over Required Supplementary Stewardship Information by obtaining an understanding of the NPS's internal control,



determining whether these internal controls had been placed in operation, assessing control risk, and performing tests of controls. Our procedures were not designed to provide assurance on internal control over required supplementary stewardship information and, accordingly, we do not provide an opinion thereon.

As further required by OMB Bulletin No. 01-02, with respect to internal control related to performance measures determined by management to be key and reported in the Management Discussion and Analysis, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions. Our procedures were not designed to provide assurance on internal control over performance measures and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether NPS's fiscal year 2002 financial statements are free of material misstatement, we performed tests of NPS's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 01-02, including certain provisions referred to in FFMA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to NPS. Providing an opinion on compliance with laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 01-02 and FFMA, we are required to report whether NPS's financial management systems substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMA Section 803(a) requirements.

## **DISTRIBUTION**

This report is intended for the information and use of Department of the Interior's management, Department of the Interior's Office of the Inspector General, OMB, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

**KPMG LLP**

December 12, 2002

**National Park Service  
Summary of the Status of Prior Year Findings  
September 30, 2002**

| Ref  | Condition Area  | Status   |
|------|---|--|
| 01.A | Controls over Accounting for Personal Property Should be Improved.  | This condition has not been fully corrected and is repeated in fiscal year 2002. See finding C.  |
| 01.B | Year-End Undelivered Order Deobligation and Accounts Payable Accrual Recognition Procedures Should be Strengthened. | This condition has been corrected in fiscal year 2002.   |
| 01.C | The Preparation, Analysis, and Monitoring of Financial Information Should be Improved.                              | The budgetary transactions and trading partner reconciliation conditions have not been corrected and are repeated in fiscal year 2002. See findings B and C. |
| 01.D | Information Systems Security and Controls over Financial Systems and Data Should be Improved.                       | This condition has not been corrected and is repeated in fiscal year 2002. See finding A.  |
| 01.E | Procedures over Revenue Recognition, Billings, and Collections Need to be Improved.                                 | The recording of advances from others has not been corrected and is repeated in fiscal year 2002. See finding C.   |
| 01.F | Controls over Recognizing Expenses in the Proper Period Should be Strengthened.                                     | This condition has been corrected in fiscal year 2002.   |
| 01.G | Disclosure of Required Supplementary Information Should be Enhanced.  | The deferred maintenance condition has not been corrected and is repeated in fiscal year 2002. See finding D.  |
| NA   | Compliance with the Federal financial management systems requirements   | This condition has not been corrected and is repeated in fiscal year 2002. See finding E.  |
| NA   | Compliance with federal accounting standards.   | This condition has not been corrected and is repeated in fiscal year 2002. See finding F.  |



# United States Department of the Interior

## NATIONAL PARK SERVICE

1849 C Street, N.W.  
Washington, D.C. 20240

IN REPLY REFER TO:

E-42(0010)

### Memorandum

To: Roger LaRouche  
Assistant Inspector General for Audits

From: Chief Financial Officer  
National Park Service *RL, WJF 1/29/03*

Subject: Draft Independent Auditors' Report on the National Park Service Financial Statements for the Fiscal Years 2002 and 2001 (Assignment No. E-IN-NPS-0101-2002)

This is in response to the recommendations contained in the subject report.

A. We recommend that NPS develop and implement a formal action plan to improve the general and application controls over its financial management systems. This plan should address Entity Wide Security Program and Planning, Access Controls, Service Continuity, Segregation of Duties, Software Development and Change Controls, and Application Controls, as well as other areas that might impact the information technology control environment, to ensure adequate security and protection.

NPS concurs with the findings. For Entity Wide Security Program and Planning, the NPS has adopted the DOI's Security Policies for Incident response. NPS has alerted its IT community of the procedure, and has made the form and procedures available on the Services intranet site. The DOI has decided that it does not want each bureau to have a different Incident Response system, so it is presently looking at contracting for an automated DOI-wide system. NPS has recently published its FY 2003 Information Technology Security Plan (ITSP). In the ITSP, we indicate that we will complete the NPS IT Security Policy by March 2003. The items cited in the findings will be included in that policy.

Also, under the Entity Wide Security Program Planning for Assessment and Accreditation, NPS has classified its systems to determine which will need Certification and Accreditation (C&A). We have begun the process of scheduling C&A for all major applications and general support systems. Contrary to the audit report, NPS did not formally adopt the Control Objectives for Information and Related Technology (COBIT) instead of conducting formal risk assessments. Control Objective P09 - Assess Risk, Control Objective AI05 - Install and Accredited Systems, Control Objective DS05 - Ensure Systems Security, and M3 - Obtain Independent Assurance all require the same C&A process outlined in OMB A-130.

Additionally, we agree with the finding that for Security Training, NPS has not developed formal mechanisms to ensure that users receive security training before system access is granted. Policies and procedures will be developed and implemented by June 30, 2003.

For Access Controls, NPS has issued a password policy, which is in compliance with the DOI policy, to all region and program areas. The Office of the Chief Information Officer (OCIO) polled all regions and program areas, and all have certified that they have adopted the password policy.

To correct the findings related to the Service's Continuity of Operations Plans (COOP) for the NPSnet, and Segregation of Duties findings, NPS will develop a COOP plan and establish policies for segregation of duties by September 30, 2003.

For Software Development and Change Controls, NPS has developed a System Lifecycle Guide (SLG), which has a strong Change Control Process. Currently, the Accounting Operations Center (AOC) has an informal Change Management process, where forms are completed and tracked when changes to servers are made. AOC will develop a formal process, based on the Service-wide SLG, by June 30, 2003.

Findings on Application Controls are addressed in the IT Security Plan for the NPS. The security plan for the General Support System, of which IDEAS resides, is being updated based on the formal NPS IT Security Plan changes. A contractor has been hired to document the established procedures.

The responsible official for implementing these recommendations will be the NPS Chief Information Officer.

B. Improve Controls to Reconcile Intra-governmental Transactions and Balances, Recommendation. We recommend that the National Park Service improve the manual process to reconcile transactions and balances with the other components of the Department of Interior. We also recommend the NPS in conjunction with the Department of Interior establish procedures to reconcile non-fiduciary transactions and balances with other federal entities.

We concur that a significant amount of time and resources are required to reconcile transactions and balances with the other entities within the Department of Interior. We are dependent on these other organizations to supply us with their data before we can complete our reconciliation, and that data is frequently not forwarded to us in a timely manner. We are working with the Department and other bureaus within Interior to develop policies and procedures for the reconciliation and elimination of Intra-Departmental transactions. The Department has established a policy to limit the use of advances between Interior Bureaus, beginning January 1, 2003. This should significantly reduce the amount of time required to reconcile transactions between bureaus.

During FY 2003, NPS will be working with the Department of Interior to establish policies and procedures for reconciling non-fiduciary transactions and balances with other federal entities to ensure conformity with established business rules. The resolution



of differences in a timely manner will depend on all parties involved to establish and follow procedures for processing transactions and communicating with the appropriate offices possible resolutions or corrective actions, as needed.

The responsible officials for implementing these recommendations will be the Financial and Accounting Services Team Leader and the Department's Office of Financial Management.

C. Improve Controls over Financial Reporting, Recommendation. We recommend NPS perform the following to improve the recording and reporting of financial transactions; 1. Timely reconciliation of older balances and suspense accounts on a regular basis, 2. Record transactions during the year at the time the transactions are incurred and require a second individual to review year-end journal entries to ensure they are accurate and complete, 3. Utilize automated system posting models for transaction entry where possible and have a second individual verify that manual entries are properly recorded and presented in financial reports, 4. Complete the development of and implement an automated process to compare the budgetary and proprietary accounts and investigate and resolve significant differences, 5. Review construction-in-progress costs to ensure they exclude costs for acquiring, improving reconstructing, or renovating heritage assets. In addition, NPS should resolve differences between the fixed asset sub-ledger and the general ledger, in a timely manner. Furthermore, NPS should develop and communicate policies to ensure personnel records the appropriate in-service date (i.e. depreciation start date) and only record deletions when property is disposed.

Recommendation 1 - We concur that older balances and items listed in the suspense account should be reconciled more timely. NPS will re-enforce the need to review older balances in the advance account and take corrective actions, as needed, and to ensure all expenses are allocated in a timely manner. We will also work to resolve older balances listed in the suspense account.

The responsible official for implementing this recommendation will be the Financial and Accounting Support Team Leader and the Accounting Services Team Leader. Corrective actions should be completed by September 30, 2003.

Recommendation 2 -We concur that transactions need to be recorded at the time the transactions are incurred. However, there will be differences identified during our quarterly reviews that may not be corrected prior to submission of the quarterly reports. These differences usually cannot be identified immediately, since several Treasury reports that are used to assist in the reconciliation process are not received until after the preparation of the interim financial statements. Additional processes will be developed to ensure procedures for a second review of year-end adjustments are completed in a timely manner.

The responsible official for implementing this recommendation will be the Financial and Accounting Support Team Leader.

Recommendation 3 – NPS does concur that a second review would help to ensure both the accounting system (FFS) and the financial reporting system (i.e. Hyperion) are

accurate and complete. However, NPS does not have the personnel resources to ensure a second review of all adjusting transactions to the Department's financial reporting system (i.e. Hyperion) is accomplished. Unlike FFS, where adjustments posted can be readily reviewed to ensure the transaction was properly posted and impacted the appropriate accounts, adjustments posted to Hyperion cannot be easily reviewed for accuracy and completeness. We will continue to instruct, and train personnel in processing transactions properly in both systems, and will be developing processes to assist staff in verifying Hyperion data to ensure information posted in Hyperion agrees with the FFS data used for external reports (SF- 133's).

The responsible official for implementing this recommendation will be the Financial and Accounting Support Team Leader.

Recommendation 4 – NPS does concur with the findings. However, these findings are based on testing the interim financial statements and not the year-end financial statements. Although there are differences identified to erroneous transactions posted by staff, many of these differences are legitimate due to timing differences and disbursements in transit. Unless additional research is required to determine the appropriate posting action, differences are corrected in FFS the proceeding month. Treasury schedules used to reconcile the data in the accounting system are usually not received until after the SF – 133's are submitted. Processes are in place and additional reports will be developed to assist staff in reviewing and comparing the SF-133 reports to the financial reporting system for accuracy, existence, and completeness.

The responsible official for implementing this recommendation will be the Financial and Accounting Support Team Leader.

Recommendation 5 – NPS concurs there is a need to improve the review of construction-in-progress costs to ensure they exclude all costs incurred related to heritage assets. Policies and procedures were issued to all field offices during FY 2001, and regional visits were made to review and discuss issues related to construction-in-progress activity. However, there still seems to be some misinterpretation when determining the type of asset being constructed. Several regions have scheduled training during FY 2003 to help further clarify to field staff the policies and procedures for handling fixed assets, and to define how general and heritage assets should be classified.

In regards to resolving differences between the sub-ledger and general ledger, NPS continues to review and investigate how and why differences exist. For the past couple of years a number of reconciliation issues have been identified and corrected, but there are still certain types of transactions that create reconciliation differences.

Additional instructions have been issued to the field in FY 2003 addressing the proper method for recording in-service date information to the Fixed Asset Sub-system, along with guidance related to recording deletions when property is disposed.

The responsible officials for implementing these recommendations will be the Management Systems Team Leader and Chief, Property Management. Corrective actions should be implemented by September 30, 2003.

D. Secure funding to enable NPS to perform condition assessments for all park assets and estimate the related deferred maintenance, Recommendation. NPS concurs. We are utilizing an off-the-shelf software to assess and document current condition and anticipated repair and rehabilitation needs to all assets. Our plan is to ensure all of our parks and offices have access to software by the end of FY 2003 and to record their inventories by that time. Further, we are planning for all parks and offices to have completed their condition assessments by the end of fiscal year 2006. We realize the importance of this requirement and adequate funding has been provided to meet this goal. Trying to accomplish this any sooner may compromise the validity of these assessments.

The responsible official for implementing the recommendation will be the Chief, Park Facility Management Division.

G. Compliance with the United States Standard General Ledger at the transaction level, Recommendation. We recommend that during fiscal year 2003, NPS analyze the budgetary recovery entries generated by the accounting system and record correcting entries at the transaction level in accordance with the SGL.

NPS concurs with the finding. Currently, the accounting system is unable to properly record budgetary recoveries at the transaction level. Although discussions and requested actions have been requested, no resolution is anticipated in the near future. We will continue to review and develop an existing process that can estimate such recoveries, but will not be able to post at the transaction level.

The responsible official for implementing the recommendation will be the Management Systems Team Leader.



**Carlsbad Caverns National Park** contains 85 separate caves, including the nation's deepest limestone cave at 1,567 feet.

PHOTO © ELLIS SAWYER/FINLEY-HOLIDAY FILMS

**Right: The Rio Grande River** cuts through 118 miles of mountains, deserts, and canyons at Big Bend National Park.

PHOTO © RUSS FINLEY/FINLEY-HOLIDAY FILMS

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*The National Park Service cares for special places saved by the American people so that all may experience our heritage.*

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#### **U.S. Department of the Interior**

The mission of the Department of the Interior is to protect and provide access to our nation's natural and cultural heritage and honor our trust responsibilities to tribes. We:

- encourage and provide for the appropriate management, preservation, and operation of the nation's public lands and natural resources for use and enjoyment both now and in the future;
- carry out related scientific research and investigations in support of these objectives;
- develop and use resources in an environmentally sound manner, and provide an equitable return on these resources to the American taxpayer; and
- carry out trust responsibilities of the U.S. Government with respect to American Indians and Alaska Natives.



#### **National Park Service**

The National Park Service is a bureau within the Department of the Interior. We preserve unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations. We also cooperate with partners to extend the benefits of natural and cultural resource conservation and outdoor recreation throughout this country and the world.



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