

# U.S. DEPARTMENT OF THE INTERIOR



## *Annual Report* *Departmental Report on Accountability*

*Fiscal Year 1996*

# Foreword

The Chief Financial Officers Act of 1990 was enacted to improve the financial management practices of the Federal Government, and to ensure the production of reliable and timely financial information for use in the management and evaluation of Federal programs. The Government Management Reform Act (GMRA) of 1994 furthered the objectives of the Chief Financial Officers Act by requiring all Federal agencies to prepare and publish annual financial reports, beginning with fiscal year 1996 activity. At the same time, the GMRA authorized the Office of Management and Budget to implement a pilot program to streamline and consolidate certain statutory financial management and performance reports into a single, annual Accountability Report.

The 1996 Accountability Report is the Department's first report under the pilot program. The objective of this report is to provide complete and concise financial and performance information about how well the Department has achieved its financial program objectives, and managed its limited resources of people and available funding during 1996.

All comments regarding the content and presentation of this report are welcome. An electronic copy of the report is available on Interior's Office of Financial Management World Wide Web site ([http://www.doi.gov/pfm/www\\_pfm.html](http://www.doi.gov/pfm/www_pfm.html)).

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*About the cover - In 1941, the National Park Service commissioned noted photographer Ansel Adams to create a photo mural project for the Department of the Interior in Washington, D.C. The theme was to be nature as exemplified and protected in the U.S. National Parks. The cover photograph is a panorama of the Canyon de Chelly Valley, Canyon de Chelly National Monument, Arizona taken by Mr. Adams as part of that project.*

# A Letter From the Secretary

As we continue the inevitable march toward the 21st Century, I feel it important to review the successes of the past few years to help maintain our momentum. We continue to streamline the way the Department of the Interior does business while fulfilling our land management and resource protection responsibilities. As the Nation's principal conservation agency, we have special responsibilities to use our resources to benefit the American people and preserve the enormous heritage of this country.

In 1996, after 85 years of invaluable service to the Nation, the U.S. Bureau of Mines was closed. Over the years, Bureau employees made major contributions to the economic, environmental, military, and industrial strength of our country through a variety of new technologies and mining methods and equipment. As we noted at the Bureau's closing ceremonies, the employees of the U.S. Bureau of Mines have every reason to be proud of their 85-year legacy of service to our Nation, and their outstanding work and accomplishments will continue to benefit generations of Americans long after its doors are closed.



During 1996, the Department managed our natural resources for the benefit of this and future generations, continued to work in partnerships with Indian Tribes and Alaska Natives, and provided sound science for the decisions we faced. I am particularly proud of the relationships that we have built as we carried out specific initiatives during the year.

In South Florida, we have broken down barriers between the State of Florida, the U.S. Army Corps of Engineers, the U.S. Fish and Wildlife Service, the National Park Service, and various other Federal, State, tribal and local interested parties. With all points of view being considered, the massive effort to restore the Everglades is proceeding, but much remains to be done. The recent purchase of 1,233 acres in the Everglades Agricultural Area with Fiscal Year 1997 Farm Bill funds is the first step in an ongoing partnership with the South Florida Water Management District. Over the next seven years, Federal investment in the Everglades is expected to reach \$1.5 billion as 100,000 acres are acquired to help return the natural flow of water through the River of Grass into Florida Bay. The South Florida Ecosystem Restoration Task Force serves as a model for inter-government cooperation, and the Department is proud to be a leader in this effort.

While cooperation among governments has increased effectiveness and reduced unnecessary regulation, it is no substitute for interaction with the public. Looking to local communities for guidance has led the Bureau of Land Management to form 24 Resource Advisory Councils (RACs) in the Western States. RACs are citizen-based groups that advise the Bureau on standards of rangeland health and guidelines for other land management issues. Each RAC consists of 12 to 15 members from diverse interests in local communities, including ranchers, environmental groups, tribes, State and local government officials, academia, and other public land users. Again, by getting all opinions out in full view, the councils have made progress on issues of longstanding concern and show great promise for the future of public land management.

Working with local communities is the key to making the Endangered Species Act work, and I am fully committed to that effort. In the Rockies, the reintroduction of the grey wolf has been an unprecedented success. In the Pacific Northwest and California, the U.S. Fish and Wildlife Service has forged strong partnerships through Habitat Conservation Plans with State, local, and private landowners to find endangered species habitat solutions that are biologically and economically feasible to all parties. This new approach limits the Federal oversight role and leaves more of the economic planning and development to the local affected parties. At the same time, habitats are

maintained through proper use of the most biologically important land. By keeping this land undeveloped, endangered species are given a place to thrive and property values are increased by preserving the beautiful lay of the land.

In the South, the red-cockaded woodpecker is being protected through partnerships with State and local governments, private business, and the military. At Camp Lejeune, North Carolina, the rare bird peacefully co-exists with an understanding Second Marine Division. The Marines maneuver around the birds and trees as they would any other obstacle, and the birds do not mind the noise of Amphibious Assault Vehicles, as long as they have the old growth nesting trees and enough space to forage. Working with the military across the country has produced many opportunities for protection of natural resources as military bases are converted to non-military use. Recently, historic Midway Island was transferred from the Navy to the U.S. Fish and Wildlife Service as a wildlife refuge. We look forward to other partnership opportunities with the military, including conversion of military property to State and local parks through the National Park Service's Federal Lands to Parks Program and transfer of closed military housing to tribes through the Bureau of Indian Affairs.

A partnership between the Bureau of Indian Affairs' Office of Indian Education programs, major private telecommunications companies, software firms, and Departmental offices is reengineering the telecommunications and computer technology infrastructure serving BIA schools and Indian communities. This effort will enhance learning opportunities for students, teachers, parents and entire communities. More than 50,000 American Indian children in 23 States will see a direct benefit from this program.

The cooperation does not end with State, local and tribal governments. For the past three years, the Department has been working with a field coordinating committee on land management issues affecting the U.S.-Mexico border. Spurred by the North American Free Trade Agreement, this partnership is producing a digital mapping database that will be used by land managers on both sides of the border in making resource management decisions. As development in this mostly arid region continues to expand, the partnerships that are being forged right now will become an invaluable asset.

All across the country, the Department of the Interior is working with State and local governments and listening to local residents to better manage and protect our Nation's natural resources. We recognize that public lands belong to the public, and we have done our best in the past few years to avoid litigation by discussing local issues with local residents. The President's Northwest Forest Plan is just one example. Critical wildlife species are receiving the protection they deserve but not at the cost of destroying the local economy. From 1994 to 1996, more than 1.7 billion board feet of timber have been offered for sale from Federal forest lands in Washington, Oregon and Northern California. The Department will continue this innovative approach to environmental protection based on key watersheds and valuable old growth forests and preserves.

In the past year, this Administration has taken several high profile resource protection stands. We took steps to protect unique stands of old-growth redwoods in the Headwaters Forest in California and protected Yellowstone National Park from mining just outside its border. And on September 18, 1996, I stood with the President as he established the Grand Staircase Escalante National Monument by executive order, thereby protecting 1.7 million acres of Utah's stark and beautiful stone canyons. In the next four years, we intend to continue the trend of decisive action and innovative management of our natural resources. But we can only maintain our momentum by listening to our customers. Without the support of those who use the public lands, we can accomplish little.



**BRUCE BABBITT**  
*Secretary of the Interior*

# U.S. DEPARTMENT OF THE INTERIOR



## Fiscal Year 1996 Accountability Report

June 1997

# *In Memoriam*

**Mollie Beattie**  
**Director, U.S. Fish and Wildlife Service (1993 - 1996)**  
**April 27, 1947 - June 27, 1996**



This year, we lost Mollie Beattie after her valiant struggle against brain cancer.

Mollie Beattie, the first woman to direct the U.S. Fish and Wildlife Service, died June 27, 1996, after a year-long battle with cancer. During her tenure, Ms. Beattie skillfully and effectively led the Service, and in the process, gained the admiration of supporters and opponents alike for her dedication, integrity and vision.

Ms. Beattie was a vigorous defender of the Endangered Species Act and of the importance of preserving biodiversity. "This is the legacy I would like to leave behind," she once said. "I would like to have stopped the ridicule about conservation of snails, lichens and fungi, and instead move the debate to which ecosystems are the most recoverable and how we can save them, making room for them and ourselves."

In fact, Ms. Beattie's most striking achievement as director may well have been her eloquence on behalf of wildlife. With a persuasive mixture of logic and passion, she made her audience think about the connections between the future of humanity and the future of wildlife. "Our fate and that of our economy are linked to natural systems," she said. She talked often about the fact that a healthy economy depends upon a healthy environment, and called endangered species "Mother Nature's 911" - signals of environmental distress that would ultimately affect people.

Mollie Beattie led the Department's effort to improve administration of the Endangered Species Act, implementing a 10-point plan to take full advantage of the Act's flexibility, strengthen its scientific basis and ensure fairness to landowners. The Service negotiated some 150 habitat conservation plans to allow landowners to develop their land while still conserving endangered species.

She was a keen supporter of the National Wildlife Refuge System and oversaw dedication of the 500th national wildlife refuge at Canaan Valley, West Virginia. At her urging, President Clinton issued a ground breaking Executive Order that clearly defines the mission, purpose and priority public uses of the National Wildlife Refuge System.

She proclaimed the first National Wildlife Refuge Week as part of a larger campaign to increase public awareness of the refuge system, and opened new hunting and fishing programs on refuges. Thirteen new refuges were added during her tenure.

Ms. Beattie was a native of Vermont. She served the public throughout her career in positions such as executive director of the Richard A. Snelling Center for Government in Vermont, deputy secretary of Vermont's Agency of Natural Resources, and commissioner of the Vermont Department of Forests, Parks and Recreation.

In 1994, Ms. Beattie personally released a rehabilitated bald eagle named "Hope" to the wild to mark the reclassification of the bald eagle from endangered to threatened. That day she wrote in her journal, "Is this a great job or what?"

On July 29, 1996, President Clinton signed the Mollie Beattie Wilderness Area Act, naming eight million acres of the Arctic National Wildlife Refuge in her memory. The area spans the heights of the Brooks Range, towering over the seasonal pageant of migrating wildlife along the Arctic coastal plain. "It ensures that future generations will recall the lasting contributions Mollie made to conserving our Nation's priceless natural heritage," President Clinton said.

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# A Letter From the Chief Financial Officer

As the second Clinton Administration begins, I am pleased to present the Department of the Interior's 1996 Accountability Report, the first such report under a pilot program authorized by the Government Management Reform Act of 1994 and administered by the Office of Management and Budget.

As provided by the Act, this report consolidates a variety of financial management and performance reports required by various statutes and previously submitted separately. These reports are now condensed into one report to provide users with a single source of reference for obtaining relevant and useful information.

By any estimation, 1996 was an unusual and challenging year and unprecedented in the area of financial management. The appropriations process was one of the most trying and turbulent in the annals of the Department and the entire Government, with two Government shutdowns and 13 continuing resolutions. Final appropriations for the Department, which were funded well below fiscal year 1995, were not enacted until well into fiscal year 1996. Despite an uncertain fiscal situation for a large part of the fiscal year, we improved customer service, secured additional funds for parks through a demonstration fee program and improved concessions management, continued to streamline the Department, increased accountability and used technology to improve the delivery of information.



## PILOT FEES AND CONCESSIONS

Prior to 1996, park entrance fees were deposited into the General Fund of the Treasury. As a result, park managers had little incentive to collect fees and parks derived no benefit from the fees they did collect. However, that situation has improved dramatically. In 1996, the Department worked with the Congress on a demonstration fee program that allows the Park Service and other Interior land managing agencies to test various new fees and keep all new revenues over a predetermined baseline. This program will enhance our ability to maintain our historic structures and implement improvements for visitors, such as alternative transportation systems in parks. In addition, the Department continues to work administratively, as well as with the Congress, to improve concessions management and increase financial returns to the government by private concessionaires.

## CUSTOMER SERVICE

Until recently, many Interior Bureaus did not think of the public as potential customers. Only the National Park Service regularly surveyed its clientele. Today, every Interior Bureau understands the demographics and expectations of its various customer groups, and each bureau has designed a customer research program to measure how well service is being provided. The National Park Service's Visitor Service Project, which was already in place, has been improved and now serves as the gold standard for customer service programs government wide. This realization that each Interior Bureau provides a specific product to a specific audience will raise both the quality of service to the public and the expectations of the public. We look forward to the challenges that lie ahead.

## STREAMLINING

The Department of the Interior has led the overall government streamlining effort without doing fundamental damage to our essential responsibilities. Most of the Bureaus have undergone major restructuring and have followed the President's instructions to reduce senior positions, downsize headquarters staff and consolidate administrative services.



By eliminating 2,800 headquarters positions, we put more staff in the field and reduced overhead by \$127 million. During the past few years, we have flattened office structures, streamlined Department wide administration policies, and closed and consolidated operations. These decisions have produced significant savings and put more of our resources to work for our customers.

### ACCOUNTABILITY

I have often said that “what gets measured gets done,” and the Department has continued with this philosophy during implementation of the Government Performance and Review Act. It has been my policy that once impediments to performance have been identified and addressed, increased performance is not only possible but expected. We have made dramatic progress in obtaining “clean” audit opinions, with only one bureau receiving a qualified audit opinion for 1996. We continue to integrate strategic planning and budgeting as we look at the results of activities, not just their costs. Financial performance data shows annual improvement in every category measured, including over \$10 million in cash and unemployment compensation management savings. By providing managers with the resources they need, impediments are eliminated and performance is increased.

### TECHNOLOGY

The Department of the Interior now has an effective presence on the World Wide Web that provides the public with free access to Fish and Wildlife Service maps, National Park Service reservations information and public land uses, among other things. The web site is helpful to the public and inexpensive for the Department considering that an average of 1,100 people access the site per day. We have moved from a limited, unconnected e-mail system to one that now links 57,000 Interior users and allows them to communicate quickly and efficiently around the world. By eliminating redundant telecommunication circuits, the Department saves \$1.5 million annually. We have used e-mail, telecommunications, and video conferencing to communicate and coordinate budget information throughout the Department. Using these tools, we have improved our internal communication as well as the way we communicate with the public.

The 1996 Accountability Report is a good first step in providing complete and concise financial and performance information. While I am very proud of the progress and successes presented in this report, I am equally aware of the need to enhance and improve our operations and program performance in the future. The Department will continue to improve its conservation of resources, its responsiveness to the public, and its overall performance by identifying problems, allocating resources to solve those problems and demanding results.



**BONNIE R. COHEN**  
*Chief Financial Officer*



# DEPARTMENT OF THE INTERIOR

As the Nation’s principal conservation agency, the U.S. Department of the Interior is responsible for the management, preservation, and operation of the Nation’s public lands and natural resources; carrying out related scientific research and investigations; developing and using resources in an environmentally sound manner; providing an equitable return on these resources to the American taxpayer; and carrying out trust responsibilities of the U.S. Government with respect to American Indians and Alaska Natives.

From its establishment in 1849, the Department has been charged with the responsibility of managing a wide variety of programs. In the last half of the 19th century, the Department’s programs ran the gamut of overseeing Indian affairs, exploring western wildernesses, constructing the National Capital’s water system, managing hospitals and universities, marking boundaries, improving western emigrant routes, conducting the census, and conducting research on the geological resources of the land.

Following the conservation movement at the beginning of the 20th century, the Department’s programs shifted to the preservation, management, understanding, and use of the great natural and cultural resources of the land based on an increasing sense of the fragile nature of those resources. Departmental programs and activities now include park and refuge operations of the National Park Service and the Fish and Wildlife Service; land management responsibilities of the Bureau of Land Management, delivery by the Bureau of Indian Affairs of quality services to American Indians and Alaska Natives; mineral leasing and revenue collection programs of the Minerals Management Service; research, data collection and scientific activities of the U.S. Geological Survey; water resources programs of the Bureau of Reclamation; regulatory responsibilities and reclamation activities of the Office of Surface Mining, Reclamation and Enforcement; and, support for U.S. Territories and other insular areas.

Today, the Department’s mission is fourfold:

- To encourage and provide for the appropriate management, preservation, and operation of the Nation’s

## The Department of the Interior’s Mission:

*“To protect and provide access to our Nation’s natural and cultural heritage and honor our trust responsibilities to tribes.”*

public lands and natural resources for benefit and enjoyment by all Americans both now and in the future;

- To develop and use resources in an environmentally sound manner and provide an equitable return on these resources to the American taxpayer;
- To carry out related scientific research and investigations in support of these objectives; and
- To carry out trust responsibilities of the U.S. Government with respect to American Tribes and Alaska Natives.

Charged with this mission, the Department ensures that the Nation’s investment in its natural and cultural resources is cultivated to guarantee the optimum environmental, recreational, cultural and economic benefits for the American people.

Figure 1

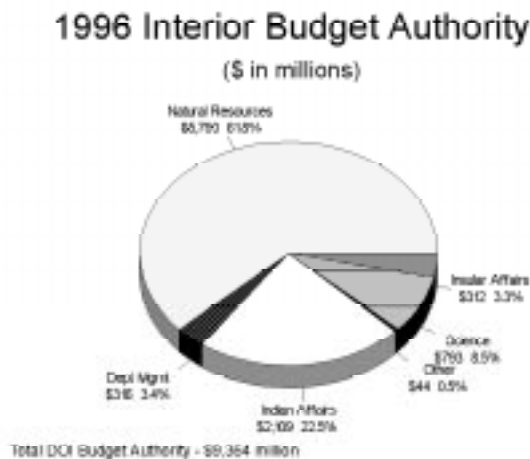


Figure 2

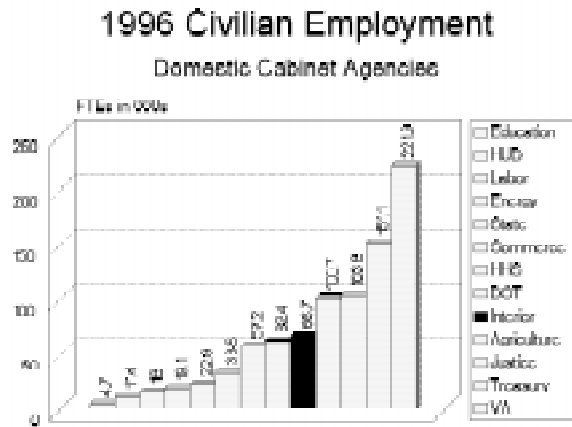
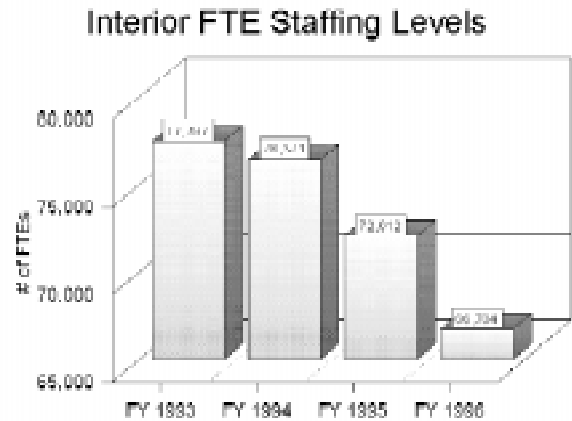


Figure 3



**A MESSAGE FROM JOHN GARAMENDI  
DEPUTY SECRETARY OF INTERIOR**



*Over the past few years, I have had the pleasure of representing the Department of the Interior in several intergovernmental and private-public partnerships. Through these partnerships, the Department has been able to accomplish many things that we could not do acting alone.*

*One collaboration of which I am particularly proud is with the recreation, travel and tourism industry. As administrator of more than one-sixth of the nation's land, Interior has begun to embrace its part in this growing field. At the Western Summit on Travel and Tourism, I saw eight Federal entities jump into the recreation mix, exchange ideas, and cooperate. The Federal Resource Guide on Tourism and the Public Lands is a product of the Summit, and in it one can find examples of recreational opportunities and contacts throughout the Federal government.*

*We recognize the importance of working with other Federal agencies and the recreation, travel, and tourism industry. Traditionally, these activities have been seen as "non-market factors" and not as profitable as the "hard industries" of mining, grazing, and logging. However, some estimates project that by the year 2000 nearly 85 percent of the Gross Domestic Product coming from public lands will be derived from outdoor recreation, travel, and tourism activities. By communicating with those involved in this emerging industry and cooperating with other Federal, State, Tribal, and local governments, the Department of the Interior is preparing to play an active role in the market of the future.*

*At the Department of the Interior, we continue to look for better ways of communicating our recreational opportunities to the public. Our online information resources are impressive. At our central site, visitors can link to the various bureaus and in many cases to specific sites, such as parks or wildlife refuges. Other news, points of interest, and phone numbers are easily accessible there. In addition, the Department is working with the U.S. Forest Service to create a Public Lands Visitors Center where information on nationwide recreation opportunities will be compiled in a single location. Please take the time to visit our Web site at <http://www.doi.gov>. You will not be disappointed.*

The Department's 1996 budget authority was \$9.364 billion, a decrease of \$380 million compared to 1995. In addition, during 1996, the Department collected over \$4.9 billion in rents, royalties, and bonuses from its mineral lease program. This represents an increase of over \$1.3 billion or 37 percent compared to 1995. These revenues are distributed primarily to Federal and State treasuries, Indian Tribes and allottees, the Land and Water Conservation Fund, and the Historic Preservation Fund.

In terms of full-time equivalents (FTEs), Interior is the fifth largest of the 14 Cabinet agencies with 3.5 percent of the total Executive Branch civilian employment (Figure 2). Departmental employment, measured in FTEs, totaled 66,704 during 1996 (Figure 3). Since 1993, the Department has decreased staffing by 10,700 FTEs, which represents a decline of over 13 percent. Of the domestic Cabinet agencies, Interior has reduced its workforce by a greater percentage than all but one agency.

Measured in terms of dollar resources the Department, with one-half of one percent of the entire Federal budget, uses fewer funds than all but two of the Cabinet agencies. Despite its relative low funding, the Department touches the lives of most citizens, often on the person-to-person

level through its responsibility for the National Parks, Wildlife Refuges, public land recreation areas, topographic maps and management of dams and water projects. Its operations are located throughout the country, have an immense impact on individuals throughout America and its programs provide a tangible return to taxpayers.

Since January 1994, 10 bureaus and offices have experienced reductions in staff of more than 10 percent. No bureau or office has avoided staff reductions -- the

smallest decline was four percent. These reductions were made through aggressive use of buyouts, hiring freezes, and the separation of close to 2,000 employees through Reduction-in-Force (RIF) in 1995 and 1996. The largest RIF occurred as a result of the legislated closure of the U.S. Bureau of Mines.

### Managing and Protecting America's Natural Resources

Over the years, the American people have made enormous investments in the public lands and resources of this Nation, investments that reflected their conservation values, their recreational preferences, and their reverence for their cultural heritage. Our magnificent National Park System, extensive National Wildlife Refuge System, and the vast expanse of public lands under the auspices of the Department stand as a tribute to the sacrifices of generations of Americans.

As the caretaker for America's public lands and natural and cultural resources, the Department is committed to providing the resources necessary to protect and preserve the Nation's national parks and public lands for current and future generations. This includes maintaining the health, diversity, and productivity of the millions of acres of public lands which contain a variety of resources, including energy and minerals, timber, forage, wild horse and burro populations, fish and wildlife habitat, recreational opportunities, wilderness areas, and archaeological and historical sites. At the same time, the Department is expanding the opportunities for wildlife-dependent recreation in National Wildlife Refuges, and improving services provided to the people who visit or work on public lands.

These public lands and resources span approximately 439 million acres in all 50 States -- or more than one-sixth of the United States land mass.

#### 1996 Natural Resource Highlights

- *Established five new parks; the Presidio Trust; several national heritage areas; and authorized expanded preservation assistance for historically black colleges and universities in conjunction with the Omnibus Parks and Public Lands Management Act of 1996;*
- *Concluded activities required to close the Arizona-Florida Land Exchange which involved Florida lands integral to efforts to restore the Everglades and south Florida ecosystem;*
- *Spearheaded the agreement to acquire 60,000 acres in the Kodiak National Wildlife Refuge as part of the Exxon Valdez oil spill restoration program;*
- *Completed the reinvention of the Bureau of Reclamation and moved its focus from civil works construction to water resources management resulting in the receipt of one of the first Ford Foundation's Innovations in American Government Awards ever won by a Federal agency;*
- *Initiated the Glen Canyon Dam Test Flows as part of a new river management technique for maintaining and enhancing the Grand Canyon ecological health and for providing the water storage and power generation vital to life in the West. As predicted, the controlled flood restored sand beaches and wildlife habitats throughout the Grand Canyon and created 82 new campsites along the Colorado River;*
- *Worked with the Colorado River Basin States and Indian Tribes to formulate a regional solution to the problems of demands for water and anticipated shortages in the Lower Basin of the Colorado River;*
- *Developed permit conditions for the export of North Slope oil from Alaska to the Far East to provide protection of valuable resources along the coast and Aleutian Islands;*
- *Assessed approximately \$440 million in underpaid royalties based on a recent audit that suggested the Federal government is receiving less royalties than it is due on certain onshore and offshore public lands in California;*
- *Chartered an advisory committee of local citizens to determine the best course for developing the substantial natural gas reserves beneath the Green River Basin area of Wyoming and Colorado while protecting the public lands and other natural resources of this area for the future.*

## Restoring the Environment

One of the commitments of the Department is to restore America's natural and cultural heritage through regional partnerships with other Federal agencies, State and local governments, community groups, and the private sector. During 1996, the Department continued pursuing partnership efforts to address some of the Nation's most chronic regional environmental problems and challenges. Partnerships are pioneering methods of protecting the environment that are more efficient and more effective than traditional approaches. The process of partnership building with States, localities, and private stakeholders ensures the consideration of divergent interests and the development of consensus solutions and strategies, thereby avoiding the time-consuming and expensive litigation that produced gridlock in the past. The partnership approach also enables Interior to leverage its scarce resources with those of other partners to conduct work that might otherwise be unaffordable.

Major partnerships undertaken by the Department during 1996 include the following:

- Everglades Watershed Restoration - a partnership to restore the natural hydrologic functions of the Everglades.



Secretary Bruce Babbitt and students from the Sidwell Friends School walk the C&O Canal (photo by T. Heilemann).

- California Bay-Delta Ecosystem Restoration - a partnership to restore and protect the Bay-Delta ecosystem (the region where the Sacramento and San Joaquin Rivers meet the San Francisco Bay) while providing a reliable water supply to support streamlining the State's long-term economic health.
- Habitat Conservation Plans - partnerships between the Department, private, local, and State landowners to find endangered species habitat solutions that are biologically and economically feasible for all parties.

- Northwest Forest Plan - a comprehensive and innovative design to manage public forests in Washington, Oregon, and Northern California.

- Appalachian Clean Streams Initiative - an interagency effort led by the Office of Surface Mining to address the problem of acid mine drainage in Appalachia.

Details concerning these partnership initiatives are provided in the "Natural Resources" section of this report.

### 1996 Restoring the Environment Highlights

- Developed and restructured partnerships with the Statue of Liberty/Ellis Island Foundation and the Ellis Island Restoration Commission.
- Led the development of administrative reform policies under the Endangered Species Act (ESA), particularly with regard to the application of the ESA to private land owners.
- Expanded the use of Section 4(d) rules to ease spotted owl restrictions on private landowners in the Pacific Northwest;
- Worked with the Council on Environmental Quality and other Federal agencies in developing the Administration Plan for restoration of the Everglades and south Florida ecosystem announced by the Vice President in February 1996;
- Collected \$257 million in Abandoned Mine Land fees from coal mining production to fund the reclamation costs of abandoned mine lands;
- Developed a target solution for substantially reducing air emissions from the Centralia Power Plant in the State of Washington.

## Using Science and Research to Solve Problems

As a Nation, we face serious questions concerning our global environment. How can we ensure an adequate supply of critical water, energy, and mineral resources in the future? In what way are we irreversibly altering our natural environment when we use these resources? How has the global environment changed over geologic time, and what can the past tell us about the future? How can we predict, prevent, and mitigate the effects of natural hazards?

Collecting, analyzing and disseminating the scientific information needed to answer these questions, and providing the other critical science needed to underpin resource management decisions is a major responsibility of the Department. The emphasis on good science covers a broad range of research on natural hazards, studies of biological resources, and resource assets.

The U.S. Geological Survey is the Nation's primary provider of earth and biological science information related to natural hazards; certain aspects of the environment; and mineral, energy, water and biological



USGS staff at work in the Everglades (photo by USGS).

resources. The Survey carries out scientific research that contributes to the improvement of the health and welfare of the American people, helps to resolve the Nation's environmental issues and formulation of sound Federal land management and natural resource policies. The Survey is the Federal Government's principal civilian mapping agency and a primary source of data on the quality and quantity of the Nation's water resources.

In 1996, the Department began a process to consolidate all science and research activities under the U.S. Geological Survey. The Minerals Information Program was transferred to the U.S. Geological Survey as a result of the closure of the U.S. Bureau of Mines. In addition, the Biological Resources Division was created in the U.S. Geological Survey to consolidate science and research activities previously performed by the National Biological Service. The National Biological Service was closed in 1996 at the direction of Congress.

### 1996 Science and Research Highlights

- *Implemented extensive organizational changes within the Department's science agencies as required by Congress, including closure of the U.S. Bureau of Mines and transfer of some of its functions to the U.S. Geological Survey and to the Department of Energy;*
- *Merged the National Biological Service with the U. S. Geological Survey;*
- *Enhanced the efforts of the Department's Science Board to improve scientific research, application of science to land and resource management approaches, and to provide the science necessary to guide appropriate regulatory response;*
- *Received the prestigious "Hammer Award" for the quick and efficient use of the World Wide Web by U.S. Geological Survey employees for real-time dissemination of river level and streamflow information critical to decisions regarding the evacuation of people and property in the widespread flooding that struck the Pacific Northwest;*
- *Provided oversight and policy guidance on numerous water resource management issues throughout the Western states such as implementing the Central Valley Project Improvement Act and the State-Federal comprehensive strategy to conserve San Francisco Bay-Sacramento River Delta resources;*
- *Researched the western burrowing owl in California and determined that this species could be protected without having to initiate the listing procedure;*
- *Forged a consensus among the states, water users and the environmental community in the Platte River Basin concerning a recovery program for endangered and threatened species in the basin; and developed acreage limitation regulations.*

## Promoting and Supporting Tribal Sovereignty

In the last two centuries, the Congress has passed more Federal laws dealing with Indians than any other group of people in the United States. Congress has placed the major responsibility for Indian matters in the Department of the Interior, primarily the Bureau of Indian Affairs. The Bureau's mission is to enhance the quality of life, promote economic opportunity, and carry out the responsibilities to protect and improve the trust assets of American Indians, Indian Tribes, and Alaska Natives.

Today there are more than 550 federally recognized American Indian and Alaska Native Tribal governments in the United States. All share one thing in common: each possesses inherent governmental authority deriving from its original sovereignty, a recognized principle of U.S. Constitutional law. The Federal Indian trust responsibility is a legal duty on the part of the United States to protect Indian land and resources, fulfill treaty obligations, and carry out the mandates of Federal law for the benefit of American Indian and Native Alaskan tribal members. One of the most important aspects of the trust responsibility is its application to Indian lands and resources.

Under the self-determination and self-governance policies, tribes are assuming more and more of the day-to-day management responsibilities over trust assets. While these laws contain clear provisions that the Federal trust responsibility is not diminished, the Federal role in the actual operation of trust related programs may be substantially reduced.



*Indian ruins (photo by E. Whitely)*

Achievement of self-determination demands a Federal commitment to investing sufficient resources over the long-term to assist Tribes in developing self-government, an economic base, and social and educational institutions so that they too may share in the full bounty of America's prosperity while preserving the tribal culture that is an integral part of the American character. In 1996, more than \$157 million was made available to 190 tribal governments operating programs through 53 separate Self-Governance Compacts.

The Office of American Indian Trust was established to improve the overall effectiveness of the Department of the Interior in carrying out the Federal Indian trust responsibility. The Office is responsible for assisting Departmental offices and bureaus in determining facts and considering effects of all Departmental actions or proposals in relation to American Indian trust resources

and provides staff support to the Secretary in the exercise of the trust responsibility and the coordination and implementation of Indian trust protection policies and procedures.

### 1996 Promoting and Supporting Tribal Sovereignty Highlights

- *Obligated nearly \$1 billion to tribes and tribal organizations under self-determination contracts, grants, and compacts, accounting for 49 percent of all Bureau of Indian Affairs operations and construction obligations;*
- *Continued aggressive streamlining and decentralization activities resulting in maximum resources going to tribal programs and eliminating 1,700 positions in 1996;*
- *Increased the number of Tribes covered by flexible self-governance compact agreements to 190;*
- *Achieved accreditation and met state, regional or/and Bureau academic standards for all Bureau-funded day schools and boarding schools;*
- *Increased the number of graduates from Indian colleges by approximately 13 percent;*



## Reinventing Interior Programs

The Department has made significant progress over the past year in changing business practices and finding more cost-effective and productive management strategies. The Department is using the tools of performance management, reengineering, and organizational streamlining to improve programs, operate more efficiently, and provide better service to customers.

The Department's organization changed dramatically in 1996 with the elimination of the U.S. Bureau of Mines and integration of the National Biological Service into the U.S. Geological Survey. Significant downsizing occurred in the Bureau of Indian Affairs and the Office of Surface Mining Reclamation and Enforcement as a direct result of severely reduced funding levels. There has also been significant downsizing in the Bureau of Reclamation, the U.S. Geological Survey and Departmental management offices as a result of reengineering and streamlining efforts.

The Department has an aggressive reinvention laboratory program in place. This program has resulted in numerous improvements to organizations and various work processes throughout the Department. It has also led to the Department being selected as a recipient of the Vice President's prestigious "**Hammer Award**" for the National Park Service Denver Service Center Lab; the U.S. Geological Survey Information Dissemination Lab; and the Department's California Desert Lab.

## Measuring Performance under the Government Performance and Results Act (GPRA)

The GPRA calls for effective planning, budgeting, program evaluation, and fiscal accountability. Strategic plans for the Department and each bureau will be in place by September 1997, and the Act will be fully implemented in 1999.

The Department has worked collaboratively with the Congress, Office of Management and Budget, and others in pursuing innovative strategies to meet the challenges, expectations, and requirements that the Act creates. The Department is pursuing improved accountability by cascading performance goals throughout the organization tying them to individual performance plans and agreements. The Department is gathering performance data that will form a baseline for implementing the GPRA



*An outdoor classroom (photo by FWS).*

in 1999. Bureau financial and program performance data are presented in the following sections of this report.

## Customer Service

The Department is committed to providing the best possible service to customers, partners, and stakeholders. Over the last several years, bureaus and offices have developed customer service plans, established standards of service, and conducted customer surveys. The Department is using partnerships and new technology to improve customer service and operate more efficiently. During 1996, the Department has been successful in using customer feedback to improve services. A series of programs to improve service, reduce costs, and use technology to provide easier access to government information and services has been completed or are underway. Additional information about customer service initiatives in each bureau is included in following sections of this report.

## Management Integrity and Accountability

The Department believes that by maintaining integrity and accountability in all programs and operations, it can promote good government, responsible leadership, sound management in the delivery of services to customers, and achieve desired program outcomes. As a result, the Department has developed and implemented sound management, administrative, and financial system controls which reasonably ensure that:

- programs and operations achieve their intended results efficiently and effectively;
- resources are used in accordance with the Departmental mission;
- programs and resources are protected from waste, fraud, and mismanagement;
- laws and regulations are followed; and,
- reliable, complete, and timely data are maintained and used for decision-making at all levels.

The Department conducted an annual assessment of the effectiveness of its management, administrative and accounting system controls in accordance with the Federal Managers' Financial Integrity Act (FMFIA) and guidelines established by OMB. The Department conducted internal reviews and evaluations of controls in 91 programs and administrative functions. The Department also relied upon the results of the independent bureau financial statement audits conducted by the Office of the Inspector General under the auspices of the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994 during the assessment process. The Department's Management Control and Audit Followup Council reviewed and analyzed the results of the 1996 assessment process and concluded that no new material weaknesses were identified.

During 1996, the Department completed corrective actions on six of 21 (29 percent) material weaknesses and four of five (80 percent) accounting system non-conformances carried forward from 1995. Additional information on the material weaknesses and accounting system non-conformances is included in the Supplemental Information section of this report.



Watts Branch Towpath, C&O Canal (photo by M.W. Williams)

The Department's Inspector General audited the 1996 financial statements of each bureau and the consolidated Department financial statements. The audit opinion on the Department's consolidated financial statements and accompanying notes, and a summary of bureau audited financial statement results are presented in the following sections of this report.

The Department has made substantial progress in obtaining "unqualified audit opinions" on the financial statements of its bureaus and offices. In 1992, only three of its ten bureaus received unqualified audit opinions. Now, in 1996, nine of ten bureaus and offices received unqualified audit opinions. Figure 4 provides a summary of bureau financial statement audits.

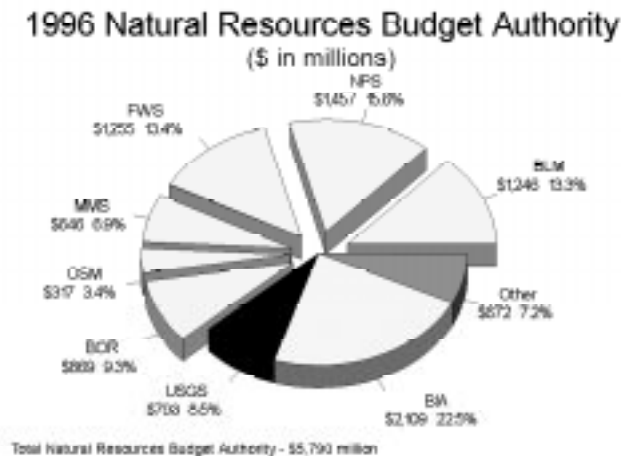
Figure 4



# NATURAL RESOURCES

A major responsibility of the Department of the Interior is to protect and provide access to our Nation's natural and cultural heritage. Managing the Nation's public lands and resources are the combined responsibility of the Bureau of Land Management, the National Park Service, the Fish and Wildlife Service, the Minerals Management Service, the Office of Surface Mining Reclamation and Enforcement, and the Bureau of Reclamation. Figure 5 provides 1996 budget authority amounts for Interior's natural resource agencies.

Figure 5



The **Bureau of Land Management** is responsible for managing 264 million acres of public land and an additional 300 million acres of subsurface minerals estate. The Bureau is charged with sustaining the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.

The **National Park Service** is responsible for conserving unimpaired the natural and cultural resources and values of the National Park System. The National Park System comprises 369 units that encompass approximately 83 million acres, of which more than 2.8 million acres remain in private ownership. The largest area is Wrangell-St. Elias National Park and Preserve, Alaska, at 13.2 million acres and the smallest unit in the National Park System is Thaddeus Kosciuszko National Memorial, Pennsylvania, at two-tenths of an acre.

The **Fish and Wildlife Service** is charged with conserving, protecting and enhancing fish and wildlife,



Arches National Park (photo by D. Carey).

and their habitats for the continuing benefit of the American people. The Fish and Wildlife Service administers the National Wildlife Refuge System, the world's largest and most diverse collection of lands set aside specifically for wildlife. The refuge system protects those lands dedicated for fish and wildlife, sustains habitats of endangered species, and provides a network of key stepping stones for migratory species.

The **Minerals Management Service** is charged with the responsibility of collecting, accounting for, and distributing revenues owed by holders of mineral leases on Federal onshore and offshore lands and Indian lands, and managing the energy and mineral resources on the Nation's Outer Continental Shelf (OCS) lands in an environmentally sound and safe manner. The Minerals Management Service administers over 112,000 mineral leases which supply over 25 percent of the natural gas and 15 percent of the oil produced in the United States. Revenues from these leases support a broad constituency of 38 States, 42 Tribes and about 20,000 individual Indian mineral owners. During 1996, the Minerals Management Service collected and disbursed \$4.7 billion -- \$3.6 billion in royalties, rents and bonuses from mineral leases on the OCS, and \$1.1 billion from onshore mineral leases.

The **Office of Surface Mining Reclamation and Enforcement** is responsible for ensuring that coal mines are operated in a manner that protects citizens and the environment during mining and that the land is restored to beneficial use following mining, and to mitigate the effects of past mining by aggressively pursuing reclamation of

abandoned mines. The programs and operations of the Office of Surface Mining span over 39 states and depend on strong, mutually supportive relationships with the states, Indian tribes, industry and citizen groups.

The **Bureau of Reclamation** is charged with managing, developing, and protecting water and related resources in an environmentally and economically sound manner in the best interest of the American people. The Bureau's projects provide water supply and flood control, recreation, and fish and wildlife benefits. Reclamation's responsibilities include the Dam Safety Program involving 475 dams and dikes of which 379 could endanger people and property downstream if a failure occurred. Reclamation is the largest supplier and manager of water in the 17 western States, delivering water to 31 million people for agriculture, municipal, industrial, and domestic uses, and is also the fifth largest producer of electric power in those States, generating nearly a billion dollars in annual power revenues.

In addition, the Department also administers more than 43 million acres of land owned by Indian Tribes and 10 million acres of individually-owned Indian land held in trust status. This responsibility is discharged by the Bureau of Indian Affairs.

## Partnerships

In balancing the goals of public access and preservation, the Department is committed to bringing all interested parties into the decision-making process and to finding new ways of achieving these goals. To this end, the Department has forged strong partnerships with other Federal agencies, State and local governments, community groups, and the private sector to address a number of regional environmental issues. Some of the largest efforts are discussed in this section.

### Everglades Watershed Restoration (South Florida)

The restoration of the Everglades and the South Florida ecosystem continues to be a critical environmental



*Fieldwork in the Everglades (photo by USGS).*

initiative for the Department and the Administration. This vast region is home to over six million Americans and seven of the ten fastest-growing metropolitan areas in the country. In addition, this region supports a large tourism industry and significant agriculture, and is one of the world's unique environmental treasures as evidenced by the location of four national parks and three national wildlife refuges in the region.

Restoring the Everglades watershed while maintaining sustainable development in South Florida requires a partnership effort that transcends political boundaries and agency jurisdictions. During 1996, the Department worked closely with Congress to enact two statutes that have done much to further Everglades restoration. As part of the Federal Agriculture Improvement and Reform Act of 1996 (Farm Bill), Congress appropriated \$200 million to the Department to provide for additional land acquisition and restoration needs. To date, the Department has expended \$21.5 million of this amount, resulting in the acquisition by the State of Florida of 3,459 acres.

The Water Resources Development Act of 1996 (WRDA), expanded the South Florida Ecosystem Restoration Task Force, to include State, local, and tribal members. This legislation also authorized the Army Corps of Engineers to engage in a comprehensive restudy of the Central and Southern Florida Project, particularly so that future project changes would restore, preserve, and protect the South Florida ecosystem.

### **Denali Ranger Wins International Honor**

*Daryl Miller, a mountaineering ranger at Denali National park and Preserve in Alaska, has become the first American to earn the prestigious International Alpine Solidarity Award.*

*The tribute, given annually for the past 25 years by the mountaineering community in Pinzolo, Italy, is presented to a person who has "carried out perilous rescue operations, risking one's own life in favor of another's life." Miller received the award in a ceremony in Italy on September 28.*

*Miller credits his ranger colleagues, rescue pilots, and even the climbers he has helped rescue. "It's always a team effort," he said. "You don't do this stuff alone. McKinley is just too big a mountain."*

*A Marine Corps veteran and former college instructor, Miller, 51, has been a ranger at Denali since 1991. He has participated in lifesaving rescues involving 25 climbers, and provided another 15 climbers with critical lifesaving medical care. The award highlights the 1991 rescue of a Polish climber from Mount McKinley, a feat that caught the attention of the mountaineering world.*

*In attempting to reach the summit, Krzysztof Wiecha had been trapped for three days at the 19,500-foot level on the West Buttress of Mount McKinley. Miller and fellow ranger Jim Phillips, dropped by helicopter 100 yards below the stranded climber, had to swing the frostbitten and immobilized mountaineer in a litter across the face of the mountain to avoid several massive crevasses.*

*The rangers moved him 500 feet horizontally with this pendulum traverse, before lowering him to the safety of a waiting helicopter, only to be trapped themselves for three days by a fierce storm. In saving Wiecha, Miller and Phillips carried out the highest altitude mountain rescue in North American history.*

### **California Bay-Delta Ecosystem Restoration**

The California Bay-Delta, the region where the Sacramento and San Joaquin Rivers meet the San Francisco Bay, is the largest estuary on the west coast of North America. The region is critical to California's economy, providing water to two-thirds of all homes and businesses in the State and irrigating more than four million acres of farmland where, among other crops, 45 percent of the Nation's fruits and vegetables grow.

In December 1994, Federal and State officials signed the historic Bay-Delta Accord that covered a comprehensive package of actions designed to restore and protect the Bay-Delta ecosystem while strengthening the State's long-term economic health. Implementation of the accord is coordinated by CALFED, a consortium of Federal and State agencies with management and regulatory responsibilities in the Bay-Delta.

In 1996, the California Bay-Delta Environmental Enhancement and Water Security Act was signed by the President. This legislation authorizes \$143.3 million per year in additional Federal spending for Bay-Delta ecosystem restoration activities in 1998, 1999, and 2000.

### **Habitat Conservation Plans**

The Department is committed to working closely with private landowners, local governments, and other groups to develop Habitat Conservation Plans (HCP) that allow economic development activities without harming listed, proposed, and candidate species. The Department has forged strong partnerships with private, local, and State landowners to find endangered species habitat solutions that are biologically and economically feasible for all parties. These partnerships have become an immensely popular approach for protecting threatened and endangered species while allowing economic development to proceed. In addition to successful HCPs in the Pacific Northwest, two other examples of successes in this area are agreements in the Southeast with states and

the private sector, and the Department of Defense to protect the red-cockaded woodpecker and to provide habitat for the desert tortoise in Utah. The Department has made great strides over the last four years in developing and approving HCPs. From 1982 to 1992, only 14 HCPs were approved. In comparison, as of September 1996, the Department had approved 197 HCPs since 1992.

### **Northwest Forest Plan**

The Northwest Forest Plan is a comprehensive interagency blueprint to strengthen the economic and environmental health of the Pacific Northwest. This innovative plan provides for sustainable timber production on Federal lands while protecting critical wildlife and fish species and habitats on Federal, State, local, and private lands.

The plan has refilled the timber pipeline by allowing over 1.7 billion board feet of timber to be offered for sale from Federal forest lands in Washington, Oregon, and



*Acid mine drainage destroys vegetation and impacts downstream areas many miles from the pollution source (photo by OSM).*

Northern California from 1994 to 1996. The plan has helped streamline the Section 7 consultation process of the Endangered Species Act, reducing average consultation from 135 days to 35 days and promoted the establishment and signing of Habitat Conservation Plans to find habitat solutions that are biologically and economically feasible to State, local, and private landowners. In addition, four Adaptive Management Areas have been developed to demonstrate new ways to integrate ecological and economic objectives, and establish a comprehensive system of old growth preserves.

### **Appalachian Clean Streams Initiative**

Within the Appalachian region, the most serious water quality problem is pollution caused by acid mine drainage resulting from coal mining. To date, over 7,000 miles of

streams have been devastated by the effects of this drainage which causes direct human health effects and kills fish and wildlife. As the environmental and recreational value of the region's streams have deteriorated, local economies that depend on these natural resources for jobs and tourism have suffered. While this is a regional problem, the cost to correct the problem exceeds regional capabilities.

The Office of Surface Mining Reclamation and Enforcement established the Appalachian Clean Streams Initiative as a focal point for Federal action. This initiative involves key partnerships with Federal agencies, State coal regulatory authorities, fish and wildlife agencies, local water conservation districts, industry, environmental groups and coal field residents to use the latest technology to address acid mine drainage and restore and enhance high priority streams in the region.

## NATIONAL PARK SERVICE

The National Park Service was established by Congress in 1916 to conserve America's public lands and natural resources and to provide for their use by the public "so as to leave them unimpaired for the enjoyment of future generations." In the eight decades of its existence, however, the roles and responsibilities of the Park Service have expanded to include guardian of the treasures of America's cultural heritage and historic legacy; advocate for ecological balance, biodiversity, environmental science and research; world leader in the parks and preservation community; and protector of America's open space.

*"The National Park Service is dedicated to conserving unimpaired the natural and cultural resources and values of the National Park System for the enjoyment, education, and inspiration of this and future generations. The Service is also responsible for managing a great variety of national and international programs designed to help extend the benefits of natural and cultural resource conservation and outdoor recreation throughout this country and the world."*

Today, the National Park System includes 369 units, encompassing more than 83 million acres of land in 49 states (all except Delaware), the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands. The Service currently has under its purview about 11 percent of all public lands, with more than half located in Alaska. The diversity of the National Park System is reflected in the 22 different unit designations, including but not limited to national parks, national preserves, national historic sites, national monuments, national seashores, national recreation areas, national battlefields, and national trails.

### Weather Damage

During the year, extreme weather conditions wreaked havoc at national parks across the country. In the fall, Hurricane Opal in the Southeast and Hurricane Marilyn in the Caribbean caused an estimated \$13 million worth of damage to park resources and facilities. In January, heavy rains fell throughout the Mid-Atlantic region and New England which, coupled with the melting of several feet of snow, severely flooded a number of northeast parks. At Chesapeake and Ohio Canal National Historical Park, damages mounted to \$25 million, as flood waters covered 80 percent of the park and ravaged the canal, towpath, pedestrian bridges, stone retaining walls, lock gates, interpretive exhibits, historic structures and

operations facilities. The Secretary personally stepped in to amass a cadre of 5,000 volunteers and raised \$1.6 million in private sector donations and services. This, together with emergency supplemental Federal funding, enabled the C&O Canal to re-open in late spring, only to be damaged again during the fall by severe tropical storms.

### National Park Week

In April, President Clinton declared the third annual National Park Week as a celebration of the thousands of partnerships throughout the Park Service which work cooperatively and successfully with national, state, and local organizations to meet common needs and advance common goals.

Across the country, National Park Week was observed through hundreds of special in-park and community activities and distribution of a special "Our National Parks" supplement in *The New York Times Magazine*. The Washington Monument provided the perfect backdrop for the announcement by Target Stores that it was joining the Park Service as a partner in restoring the Washington Monument and would lead a \$5 million fundraising campaign.



*Statue of Liberty, New York (photo by NPS).*

### Summer Olympics

During the Summer Olympic Games, an estimated 1.5 million visitors were served by the Welcome South Visitor

Center in downtown Atlanta. A key partner in creating the one-stop visitor information facility was the Park Service's Southeast Field Area, which took the lead in design, fabrication, and operation of the public lands exhibit. Olympic visitors were able to easily get information on what to see and do at the South's many parks, forests, wildlife refuges, historic sites, lakes and seashores. The three national park sites in the Atlanta area -- Martin Luther King Jr. National Historic Site, Kennesaw Mountain National Battlefield Park, and Chattahoochee River National Recreation Area -- received visitors from worldwide media, several heads of state and thousands of tourists during the Atlanta games. At Martin Luther King Jr. National Historic Site, a new 21,000 square foot visitor center complex was completed in time for Olympics visitors. The Center offers a first stop for tourists before they visit the King birth home, tomb, the King Center, Ebenezer Baptist Church, a new fire station museum, and the Sweet Auburn preservation district.

## New World Mine

In August, President Clinton announced government plans to acquire private mining claims adjacent to Yellowstone National Park to prevent damage to park resources due to a proposed mine. This was the culmination of over five years of scientific analysis and technical negotiations by Park Service resource specialists. The large New World Mine, proposed in 1990, would have been less than three miles northeast of Yellowstone and included underground mining in the park's watershed and a toxic tailings impoundment in the headwaters upstream of the park. The President, citing

### Unit Award for Excellence of Service presented to U.S. Park Police Horse Mounted Patrol Unit

*In a ceremony on October 18, Secretary Babbitt presented the Unit Award for Excellence of Service to officers of the U.S. Park Police Horse Mounted Patrol Unit for exceptional service and outstanding professionalism during the Olympic Games in Atlanta.*

*The 20-member unit consisted of officers from the National Park Service's field area offices in San Francisco, New York, and Washington, D.C. The members of the unit volunteered their time, from July 10 to August 6, to provide crowd control and public safety at the Centennial Olympic Park.*

*Visitation to the popular park exceeded 160,000 people daily between the Opening Ceremonies on July 19 and the Closing Ceremonies on August 4, 1996. Involvement of the U.S. Park Police had been requested by the 1996 Olympic Games Security Group to provide effective and visible patrols in and around Centennial Olympic Park. Their presence presented a friendly and popular image to the public as well as acting as a deterrent to crime.*

*When a pipe bomb exploded in Centennial Park, officers of the Mounted Patrol Unit acted swiftly in moving an estimated 60,000 people outside the park perimeter as emergency personnel attended to the injured. The officers put their lives on the line to assure the public's safety, knowing that additional explosives could detonate at any moment.*

*The entire unit worked long hours, away from their families, under chaotic and very crowded conditions. In presenting the award, Secretary Babbitt cited their outstanding teamwork, dedication to duty and expertise in crowd control. The members of the unit included:*

*Deputy Chief John D. Schamp; Lieutenant Carl E. Clipper; Sergeants Gregory N. Brown, Robin S. Heckathorn, Alexander Wynnnyk; Officers Joseph M. Agusiewicz, Jacqueline A. Anderson-Parker, David P. Cuevas, Kenneth M. Donovan, Poncho U. Gonzales, William H. Good, Jack E. Guentz, James M. Hagemann, Jeremiah E. Harrington, Daniel S. Hoehne, Ronald P. Markland, Ralph T. Pfister, Gregory J. Ryan, Clyde E. Solomon, William E. Thomas, and James A. Watson; Grooms Linda S. Garvey and Betty M. Mensch.*

the intense battle that had taken place over the proposed mine, stated that this was "for all the people of the United States, and, indeed the people of the world who love and believe in the preservation of our natural resources . . . ."

## Resource Stewardship: The Protection and Preservation of Natural and Cultural Resources

In 1996, \$73.6 million was obligated for natural resources applied research and management activities, and \$62.9 million for cultural resources preservation activities.

There are currently 34.9 million objects and approximately 21,000 linear feet of manuscript and archival documents



in over 300 parks and centers. To date, 54 percent of the objects and 34 percent of the manuscript and archival documents are cataloged and available for use; however, only 62 percent of park museum conditions adequately preserve and protect these resources. In 1996, an estimated 1.1 million objects and 650 linear feet of archives were cataloged. In addition, an estimated 423 planning, environmental, storage, security, and fire protection deficiencies were corrected in 105 parks.

Further, of the 1.5 million archeological sites thought to exist in the National Park System, less than four percent have been inventoried. In 1996, five of the 16 national park clusters completed inventory plans that report on the status of archeological inventories and set targets for conducting inventories in the future. Electronic records were aggregated for approximately 25,000 sites, with a software inventory system to be released in 1997.

## Visitor Services: Providing for Public Enjoyment

National park areas have long been favored and inexpensive destinations for millions of Americans as well as people from around the world. In 1996, there were 266 million recreational visits to America's national parks. To ensure that adequate opportunities are available for public enjoyment and that a park experience be a safe one, the Park Service provides a variety of visitor services--interpretation and education programs, information and orientation services as well as commercial concession operations. Park rangers and the U.S. Park Police work to ensure the health, safety, and security of the visiting public and staff.

- In 1996, the Park Service provided 136 million hours of interpretation and education programs systemwide. Over 130 million visitors benefited directly from these programs.
- Park rangers investigated nearly 74,000 law enforcement offenses and made 20,000 arrests. There were over 4,400 felony crimes, including 15 murders and 158 aggravated assaults. U.S. Park Police investigated over 11,000 criminal acts, arrested 3,500 persons for crimes committed on park lands and adjacent areas and captured 281 fugitives and wanted persons.
- In 1996, nearly 4,000 search and rescue missions were conducted in our national parks, that included locating and assisting individuals lost or trapped in confined



*Guiding park visitors (photo by NPS).*

spaces. Rangers and emergency medical personnel also responded to nearly 25,000 incidents.

- The U.S. Park Police also contribute to the nationwide drug enforcement effort, engaging in surveillance activities, undercover operations, as well as drug awareness and education efforts. Patrol levels in areas with a high incidence of drug related illegal activity were stepped-up in 1996; there were 2,700 reported drug incidents in U.S. Park Police jurisdictions.

## Concessionaires

Currently there are 665 concessionaires operating in 133 parks in the National Park System. They provide a variety of services for park visitors, including accommodations and facilities. Concessionaires have contributed approximately \$16 million in franchise fees to the general fund of the U.S. Treasury, and deposited over \$24 million in special improvement accounts. These accounts provide for new and rehabilitated visitor and support centers. The net average return to the government as a percent of gross concession revenue has been increasing in recent years, and is currently about six percent. Concessionaires have also made improvements in concession fixed assets in excess of \$25 million in recent years.

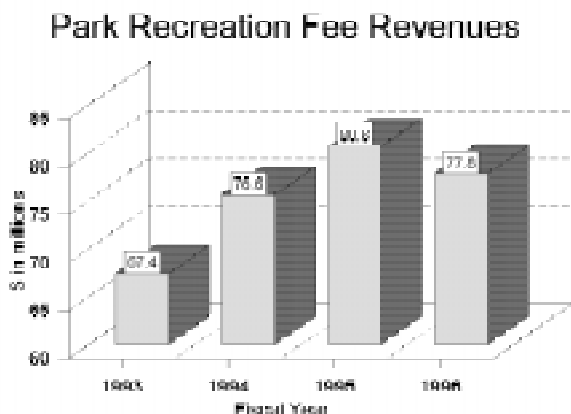
Each year over 4,500 individual inspections are conducted to evaluate operations to ensure that park visitors are provided safe, sanitary, attractive, and high quality services. In 1995, approximately 99 percent of the concessionaires received a satisfactory operational rating, and steps were taken to correct reported deficiencies.

## Recreation Fee Revenues

About one-half of the national park units collect either an entrance fee and/or recreational user fees. In 1996, fee revenues totaled \$77.8 million, a decrease of \$2.8 million or 3.5 percent from 1995. About one-half of the fee-collecting parks posted a decrease in receipts for the year. A survey of park fee managers revealed that the primary factors that caused the drop in fee revenues in 1996 was the government shutdown and inclement weather.

The Omnibus Consolidated Rescissions and Appropriations Act of 1996 contained language establishing a Recreation Fee Demonstration Program that allows the Park Service to collect a demonstration fee at up to 100 sites. The additional revenue collected at those sites above an annually adjusted target based on 1995 fee receipts will be available to the Park Service without being subject to appropriation. Figure 6 shows the amount of recreation fee revenues collected by the Park Service for 1993 through 1996.

Figure 6



### Another “Six-Pack”

*As the brown Dodge pickup sped back onto Interstate 5 and headed for Las Vegas, Eric Inman could see that the truck no longer carried the 55-gallon drums it had hauled into the Mojave Desert. Another “six-pack” of hazardous waste had been illegally dumped on land managed by the Department of the Interior.*

*The suspects tried to elude Inman, a criminal investigator for the National Park Service, by fleeing at high speed and making U-turns across the highway median. Maintaining radio contact with his surveillance team, Inman caught up with the vehicle and pulled it over. Alan Foster, the lead investigator on the case, and Bert Tappia, a Bureau of Land Management special agent, were quickly on the scene. Facing armed officers, the suspects did not resist, but a loaded rifle was found in the truck.*

*Also assisting in the investigation, arrest and interrogation were other National Park Service and Bureau of Land Management Rangers, along with the San Bernadino County Sheriff’s Department, California State Game Warden, the FBI and the U.S. Environmental Protection Agency. The August arrest ended months of investigation and three weeks of surveillance by the multi-agency team. The company had dumped 108 drums of extremely hazardous material at a dozen Mojave sites on BLM, Park Service, and private lands.*

*Dropped in clusters, the barrels contained mercury, corrosive fluids, and plastic compounds with low flash points. “It was nasty stuff—carcinogenic, volatile, heat and shock sensitive,” Foster explained. Some of the drums had already begun to leak, killing desert wildlife and vegetation.*

*When investigators searched the company’s warehouse, they found a hundred additional drums of waste ready to be dumped. Based on the team’s work, the owner of the firm and the driver were indicted on 21 felony charges. The U.S. Attorney for Los Angeles called it one of the largest environmental crimes of its kind, and said that the textbook inter-agency collaboration produced one of the most thorough investigative packages he has seen.*

## Partnerships and External Programs: Leading National Conservation Initiatives

Partnership activities help the Park Service fulfill its mission to extend the benefits of cultural and natural conservation throughout the country.

In 1996, the Park Service’s historic preservation partnerships with Indian Tribes and the Heritage Partnerships showed how important partnerships are to the fulfillment of the Park Service mission.

- National Historic Preservation partnerships entered a new era when 14 Indian Tribes assumed national program responsibilities for historical preservation on tribal lands. This expanded partnership responds to the 1992 Amendments to the National Historic Pres-



*Grand Teton (photo by C.W. Stoughton).*

ervation Act that recognized the tribes' growing capabilities in historic preservation and the tribes' rightful place in the national program.

- Heritage Partnerships are a new emphasis and help communities find appropriate ways to conserve and promote distinctive landscapes that reflect their regional heritage. In 1996, the Rivers, Trails, and Conservation Assistance Program was engaged in 20 projects in which communities were seeking ways to benefit from and protect their heritage resources. A defining aspect of the partnership approach is that new Federal land ownership or management is not involved; areas are managed by local organizations and the Federal role is limited to technical assistance, promotion, and coordination.

## Customer Service

Long before Vice President Gore's National Performance Review (NPR) call to "put customers first," the Park Service worked to assess and provide for the needs of its primary customer, the park visitor. Since 1982, the

Visitor Services Project has pioneered a systematic means of surveying visitors to national parks. More than 80 studies have been conducted, from Death Valley National Monument to Frederick Douglass National Historic Site, Washington, D.C., and were featured in the NPR reports on reinventing government.

In September, the Park Service issued *Serving the Visitor 1996*, the third annual report card which compares the results of visitor surveys taken in more than 50 parks since 1988. Over 80 percent of visitors rated three significant areas--the quality of park personnel, the quality of visitor centers, and the quality of ranger programs--as "very good" or "good". To help meet requirements under the Government Performance and Results Act, a new question was added to the survey this year which asked visitors to rate the overall quality of services in the park. In response to this question, 90 percent of the visitors in the parks studied rated the overall quality of visitor services as "good" or "very good".

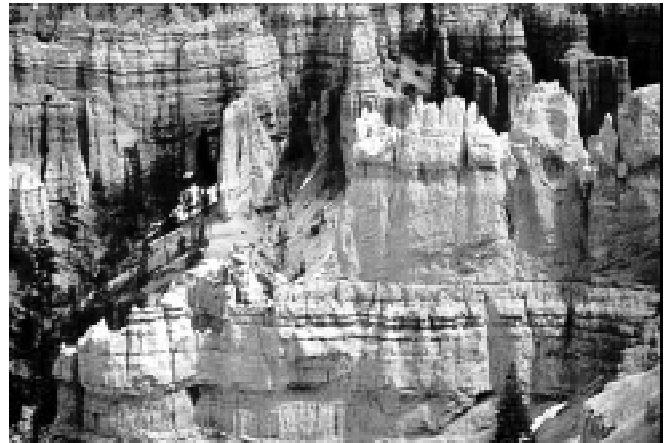
Also, in 1996, the Park Service continued in its second year of developing customer service standards. A set of

“Principles of Customer Service” was developed aimed at ensuring the quality of customer service to our visitors. These principles state that employees will: (1) be courteous, helpful and responsive; (2) make available quality maps and brochures; (3) provide quality audio-visual programs and exhibits; (4) provide quality services in visitor centers. Over the next year, visitors will be evaluating the Park Service on these principles and a report will be completed by mid-September 1997 tabulating the results.

In recognition of the Park Service’s innovative efforts at assessing customer satisfaction and improving customer service, in 1996, the Park Service received Vice President Gore’s NPR “Hammer Award.” This distinguished award is given to select Federal agencies that demonstrate extraordinary efforts of implementing the goals of the NPR and who make significant contributions in support of President Clinton’s NPR principles of putting customers first, cutting red tape, empowering employees and getting back to basics.

### **Status of the Government Performance and Results Act Implementation**

The Park Service is continuing its efforts to implement the Government Performance and Results Act (GPRA) so that by 1999, performance data measurements will be integrated with its budget submission. The Park Service has developed long term goals and annual performance measures which have been released for public comment in the form of a draft GPRA Strategic Plan. As articulated in the draft Strategic Plan, the mission goals of the Park Service fall into four primary categories:



*Bryce Canyon (photo by M. Farrell)*

- Preserve park resources;
- Provide for the public enjoyment and visitor experience of parks;
- Perpetuate heritage resources and enhance recreational opportunities managed by partners; and
- Ensure organizational effectiveness.

As these goals and performance measures are refined, the Park Service will work to ensure that the Strategic Plan is implemented uniformly throughout the Park System. As the Park Service moves forward with ongoing work on the development of baseline data and performance measures, this information will be incorporated into future Accountability Reports.

## FISH AND WILDLIFE SERVICE

The mission of the Fish and Wildlife Service is to conserve, protect, and enhance fish and wildlife and their habitats for the continuing benefit of the American people.

The Federal role in fish and wildlife management was first recognized in 1871 with the establishment of the Bureau of Fisheries. In the 1970s, the Bureau of Sport Fisheries and Wildlife became today's Fish and Wildlife Service. The changes in management and organization over the years demonstrate the evolving, yet continuing need for Federal programs to protect fish and wildlife resources.

Today, the Service manages 509 national wildlife refuges, 50 coordination areas, and 37 wetlands management districts with water fowl production areas for a land mass totaling more than 92 million acres. It also manages 72 fish hatcheries and 61 Fishery Resources Offices throughout the country, and is responsible for migratory bird management, endangered species protection, law enforcement and for consultations on water resource development projects.

### Endangered Species Act Successes

The Endangered Species Act, recognized as the single most comprehensive environmental legislation ever enacted by Congress, requires the conservation of threatened and endangered species and the ecosystems upon which they depend.

At the end of 1996, 51 of the 91 U.S. birds classified as endangered or threatened are either stable or increasing in number. The American bald eagle, peregrine falcon, and brown pelican are examples of birds that are well on their way to recovery, while the California condor and the whooping crane are encouraging examples of how species can be rescued from the brink of extinction.

*"The Fish and Wildlife Service has been increasing its engagement with the world beyond the refuge boundary. We must be willing to work cooperatively with others to conserve wildlife habitat within the American landscape. Private citizens, conservation groups, State and local governments and other Federal agencies all have important roles to play if we are to truly protect the ecosystems we share with wildlife, and on which we, ourselves, depend."*

Significant progress was achieved by the Service in working with partners to conserve species before they need the protection of the Act, determining the species that need protection (listing), and restoring listed species to a secured existence (recovery).

### Establishing New Refuge Management Principles and Public Use Priorities

The value of the Refuge System to the Nation was highlighted through President Clinton's issuance of Executive Order 12996 in March 1996. It affirmed four principles:

**I. Habitat** - Fish and wildlife will not prosper without high-quality habitat, and without fish and wildlife, traditional uses of refuges cannot be sustained. The

Refuge System will continue to conserve and enhance the quality and diversity of fish and wildlife habitats within refuges.

**II. Public Use** - The Refuge System provides important opportunities for compatible wildlife-dependent recreational activities involving

hunting, fishing, wildlife observation and photography, and environmental education and interpretation.

**III. Partnerships** - America's sportsmen and women were the first partners who insisted on protecting valuable wildlife habitat within wildlife refuges. Conservation partnerships with other Federal agencies, State agencies, tribes, organizations, industry, and the general public can make contributions to the growth and management of the Refuge System.

**IV. Public Involvement** - The public should be given a full and open opportunity to participate in decisions regarding acquisitions and management of our national wildlife refuges.

To begin implementation of the Order, the Service conducted a workshop with 34 nongovernmental organizations. Preservation of wildlife and habitat was established as the top priority. In addition, a Friends



*Neo-tropical bird research (photo by J. and K. Hollingsworth).*

Initiative was launched in cooperation with several environmental organizations. On behalf of the initiative, the Service and the National Wildlife Refuge Association will publish a directory of sponsoring refuges, cooperating associations and Friends Groups, and identify Refuge System units with high potential for a successful Friends Group.

## Enhancing the National Wildlife Refuge System

The National Wildlife Refuge System is the Nation's only system of lands designated specifically for conservation and management of fish and wildlife. Three new national wildlife refuges were officially added to the National Wildlife Refuge System, bringing the total number of refuges to 509. The San Diego, California; Mandalay, Louisiana; and Rappahannock River Valley, Virginia refuges are now part of a system that has protected our Nation's rich and diverse wildlife and wildlife habitat since 1903.

The number of Refuge systems and acreage are indicators of the contribution of refuges to preserving natural diversity on refuge lands. The Refuge System includes over 92 million acres in 509 National Wildlife Refuges, over 317 thousand acres in 50 Coordination Areas, and over 2 million acres in 186 counties with Waterfowl Production Areas. In addition, of the 965 species listed under the Endangered Species Act, 232 or 24 percent occur and/or have habitat on national wildlife refuges. Of these, approximately 55 percent are improving or stable, reflecting the quality habitat protection provided by refuges for the implementation of recovery plans.

In 1996, there were over 29 million visitors to wildlife refuges. However, the scale and range of this interaction with the public cannot be captured solely by the number of visitors since it includes such diverse activities as educational outreach, television specials, various forms of wildlife-dependent recreation and newspaper and magazine articles. In addition, hunting, fishing, camping, picnicking, nature tours and other recreational programs are in growing demand by the public.

## Conserving Vital Habitat

Stewardship of habitat vital to the Nations' fish and wildlife is a time honored responsibility of the Fish and Wildlife Service. It includes conservation, protection, restoration, and enhancement actions beneficial to important habitat resources in partnership with public, governmental, and private entities. The Fish and Wildlife Service promotes the conservation of habitat by:

- providing expert ecological consultation advice including early recommendations to minimize and offset unavoidable habitat losses;

### FWS Biologists Honored

*A group of FWS biologists involved with the Partners for Wildlife Program in Montana were honored by the Montana Chapter of the American Fisheries Society.*

*Jim Stutzman, Greg Neudecker, Gary Sullivan, Randy Gazda, Dean Vaughan, and Tim Tiplady, all of whom work at various field offices in Montana, were recognized with the Society's Group Award for Outstanding Contribution to the Protection and Enhancement of Fisheries Resources.*

*Under the group's Blackfoot Initiative, 13,000 acres have been protected through conservation easements; 1,700 acres of wetlands have been enhanced, restored, or created; and 1,300 acres of native prairie have been restored. These efforts also have restored or enhanced stream habitat on nearly 200 miles of Blackfoot River tributaries. In the Centennial Valley and the Big Hold drainage, the Partners for Wildlife program has fenced several miles of riparian zones and drilled wells for stock watering to help reduce stream withdrawals at critical times of the year.*

*Awards committee chair Buddy Drake said that the Partners program has "...established a working relationship with landowners that is unprecedented for those regions. Your work has helped foster not only good resource stewardship but also goodwill throughout Montana."*

- establishing partnerships to restore coastal ecosystem habitats which have restored over 10,000 acres of habitat, protected another 30,000 acres, and awarded \$24 million in grant funds to enable State partners to protect 37,000 acres of coastal habitats nationwide;
- inventorying the Nation's wetlands by providing maps and digital data, as well as updated analyses of the entire country in a timely manner for public and private sector users; and
- conveying to the public easily understandable and scientifically credible information about habitats, and our recommended solutions to often complex natural resources issues that affect the well being of fish and wildlife, and people.

## Restoring Depleted Fisheries

Many of the Nation's significant fisheries have been depleted by over-fishing, pollution, habitat loss, and damage. To reverse these conditions, the Service must develop effective strategies for conserving, restoring, enhancing, and managing the Nation's fishery resources and aquatic systems for the benefit of future generations. The Service is focusing on rebuilding critical fish stocks and aquatic habitats through strong government and private sector partnerships, providing scientific management and technology development to foster successful fishery resources management, providing recreational fishing opportunities and reaching outward to heighten environmental awareness and inform and involve the public in support of responsible fishery stewardship.

The stewardship of fishery resources has been a core responsibility of the Fish and Wildlife Service for over 120 years. Recreational angling in the United States provides nearly \$70 billion in economic output, 1 million jobs, \$2.1 billion in Federal income taxes, \$1.1 billion in State sales taxes, \$227 million in State income taxes and about \$200 million in excise taxes to create new fishing opportunities.

The Fisheries Program was actively involved in several multi-agency programs to restore anadromous fish stocks along the Pacific, Gulf, and Atlantic coasts. These efforts included improvements to fish passage facilities, implementation of fishery management plans, and production of 58 million Pacific salmon and steelhead trout, 9 million Atlantic salmon, and 7 million Atlantic



First big cutthroat (photo by R. Baldes).

and Gulf-stripped bass. Non-anadromous fish restoration efforts focused on providing technical assistance in the recovery efforts of threatened and endangered species, restoration and enhancement of interjurisdictional waters, meeting trust responsibilities on tribal lands, mitigation of the impacts of Federal water development projects, and the prevention and control of aquatic nuisance species. These efforts were supported by the production of 65 million warm and coolwater species, 15 million inland salmonoids, 7 million lake trout for the Great Lakes restoration effort, and production of 1 million threatened and endangered fish species.

During 1996, the Service led the implementation of President Clinton's Executive Order 12962 on Recreation Fisheries. The Order:

- requires Federal agencies to strengthen efforts to improve the quality of streams, rivers, and lakes supporting recreational fisheries;
- establishes a National Recreational Fisheries Coordination Council consisting of seven Federal agencies;
- charges the Council with developing a comprehensive Recreational Fishery Resources Conservation Plan; and
- calls for a new policy to promote compatibility between the protection of endangered species and recreational fisheries.

The Conservation Plan was completed in June and was highlighted by Secretary Babbitt at National Fishing Week events in Washington, D.C. National Fishing Week was a celebrated event at National Fish Hatcheries and Fishery Resource Offices. Over 6,000 children and

adults attended fishing clinics, demonstrations, and environmental education sessions at Fish and Wildlife Service facilities during National Fishing Week held this past June. Fisheries Across America is a program focused on aquatic ecosystem restoration and is implemented through a partnership with the National Fish and Wildlife Foundation and non-Federal entities. Over 29 projects were implemented in 1996 and included on the ground fish and habitat restoration work that enlisted the help of volunteers, fishing groups, and communities in conserving and restoring local watersheds. Specific projects in 1996 included restoring cutthroat and bull trout populations in Montana, conserving the habitat of the endangered fountain darter in Texas, and restoring the habitat of Cape Cod anadromous herring.

## Customer Service

The Service's Customer Service initiative is an important component of its implementation of the Government Performance and Results Act. Since 1994, Fish and Wildlife Service employees have been challenged to find



Tagging a musk ox (photo by FWS).

new and innovative ways of responding to the needs of customers.

To meet that challenge, several projects were initiated to assess customer needs and improve service including:

- Publishing customer service standards at selected National Wildlife Refuge visitor centers in each of the seven regions.

- Joining with the National Park Service to develop a customer service evaluation card designed for use at refuges and parks across the country, which provided for visitor feedback regarding specific aspects of customer service linked to published standards.

- Conducting pilot testing of the card at two National Wildlife Refuges. At both locations, over 95 percent of customers indicated an overall satisfaction of very good or good (scale - very good, good, average, poor, very poor).

### FWS Efforts Help Community Recover

*The Flood of '96 hit the Northwest with a fury few people had ever witnessed. One of the hardest hit areas in Idaho was Clearwater County where damages were estimated at \$25 million.*

*With three days of non-stop rain and warming temperatures melting the already existing 30 inches of snow, Clearwater County, Idaho was being carried away by mudslides and fast moving waters. Homes and banks along the Orofino Creek could no longer contain the torrent, and the swollen waters moved rapidly downstream toward the town of 2,000 residents. Homes and businesses along the banks and in the town sat smack dab in the middle of the creek's flood plain.*

*At nearby Fish and Wildlife Service Dworshak National Fish Hatchery in northern Idaho, maintenance workers began placing barricades on the deteriorating roadway which had begun to wash away. The Dworshak crew joined the crew from the Clearwater State Fish Hatchery trying to keep the road clear. As water moved through the town of Orofino about 300 FWS employees responded to an emergency call from the Clearwater County Sheriff's Department. The Idaho Fisheries Resource Office, which is part of the Dworshak fisheries complex, was dispatched to help sandbag in town. Hatchery employees also sandbagged streets and homes or helped evacuate people and possessions to higher grounds.*

*Then, as suddenly as it had started, the flooding subsided. Remarkably, no lives were lost and people began the recovery process. FWS employees from the Idaho Fisheries Resource Office were again mobilized to help unload Red Cross Comfort and Clean-Up Kits for the nearly 100 homes suffering flood damage. Other Service employees drove their personal vehicles to help with transportation and delivery of emergency items. The efforts of the FWS employees were noted by the community. Beyond the tan and brown uniforms, the true colors of the FWS employees came shining through.*





*California condor in Los Padres National Park (photo by C. Koford).*

Satisfaction with other specific areas such as trail signs, cleanliness of facilities and quality of informational materials generally ranged from 80 percent to nearly 100 percent.

### **Status of Implementing the Government and Performance Results Act**

The Fish and Wildlife Service is currently developing its formal performance plan under the mandates of the Government Performance and Results Act (GPRA). This plan will be submitted to Congress by September 30, 1997. In the meantime, the Fish and Wildlife Service

is strengthening day-to-day management consistent with GPRA requirements. For example, the National Wildlife Refuge System is implementing a new accomplishment reporting and needs identification system that will link field station accomplishments and needs to outcomes and system-wide goals. Refuge specific project and staffing needs are being ranked so that funding can be directed to the highest priority stations. The Endangered Species program consultations was streamlined and a new user-friendly Habitat Conservation Plan (HCP) handbook was published to encourage landowners to participate in the HCP development.

# OFFICE OF SURFACE MINING

The mission of the Office of Surface Mining Reclamation and Enforcement is to carry out the requirements of the Surface Mining Control and Reclamation Act (SMCRA) in cooperation with the States and Indian Tribes. The Bureau's primary objectives are to ensure that coal mines are operated in a manner that protects citizens and the environment during mining, to ensure that the land is restored to beneficial use following mining and to mitigate the effects of past mining by aggressively pursuing reclamation of abandoned mines.

Functionally, the bureau is organized around the two principal requirements of the surface mining law - protecting the environment during active coal mining and restoring abandoned mines. In 1996, the Bureau completed its first full year of operation under the new regional organizational structure. Most states within a region share many issues in common, and to be effective and assure appropriate consistency, the issues must be addressed through a multi-state approach. The combination of field offices and regional coordinating centers working together with the States and Indian Tribes has resulted in improved relationships and more effective on-the-ground reclamation.

Under the direction of the Bureau, the implementation of SMCRA has created a unified level of performance standards for the industry. Coalfield citizens are provided the same rights as residents of other rural communities to safe lives, clean water and secure lands for homes, pastures, farms, and recreation.

In contrast with the pre-SMCRA era, today's coal industry is significantly different:

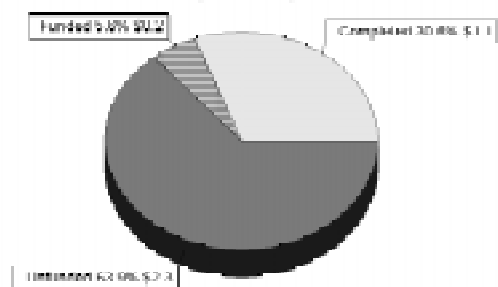
- Most current companies are medium to large size organizations, though their number has decreased from 6,500 to about 2,500.
- Current production is over 1 billion tons per year -- double the production from 1977 -- even though the number of producing mines diminished from 6,169 to about 2,475.
- Wildcatting is virtually non-existent (but could return absent adequate deterrence).

- Habitual violators no longer can obtain new permits as a result of the Applicant-Violator System as administered by OSM and the States.
- Acreage covered by Regulation Program Permits increased from 1.5 million to over 4.2 million.
- Nearly 14,000 "inspectable units" are subject to inspection to ensure they are not posing safety or environmental hazards. These inspectable units consist of minesites or partial minesites (in production or in various stages of reclamation), processing plants, tipples, and refuse piles.
- While the overall regulatory program has yielded a high level of industry compliance, problems can and do arise, as evidenced by some 8,400 violations cited by the States in notices of violation, and 1,300 violations cited in State-issued cessation orders.

OSM's Abandoned Mine Land Program is one of the Nation's most successful environmental restoration programs, with over \$1.1 billion worth of coal-related high priority problems reclaimed. Despite this success, many projects remain unfunded. The inventory of unfunded coal-related problems is reduced each year by State, Indian Tribe, and Federal reclamation projects. Unfortunately, new problems are uncovered as development expands into old coal mining areas. As of September 30, 1996, a break-down of costs from the National Inventory of Abandoned Mine Land Problems indicate that \$2.3 billion of known projects are unfunded (see Figure 7).

Figure 7

National Inventory of Abandoned Mine Land Problems  
 Cost Break-Down as of September 30, 1996  
 (\$ in billions)



### Keeping Pace With Technology

*Sharon Hall, a reclamation specialist with the Office of Surface Mining, grew up in eastern Kentucky, where her dad was an underground coal miner and her mother was a teacher. Her parents taught her that she could do any job she chose. Her education in chemistry led to her current job where she inspects a variety of coal operations serving as a vital link between mine operators and State and Federal governments. Her responsibilities include conducting water, soil, and vegetative analyses and issuing enforcement citations describing specific remedial actions to ensure environmental compliance. Despite her heavy workload, Hall is continuing her education working on a degree in hydrogeology. OSM has a critical need for people with hydrology and hydrogeology backgrounds. Hall's advice to persons seeking careers is to continue their education to keep pace with new technologies.*

America's coal industry and OSM are faced with new challenges. As the more easily mined coal is removed, current and future mining can be expected to involve lands posing more difficult environmental issues, sites which are located in closer proximity to people, issues pertaining to tighter clean air standards and shifts to use of low sulfur coal. Due to downsizing, the OSM has reduced its staffing levels from a high of 989 FTE in 1995 to a current level of 674.

Congress specified in SMCRA that States were to be given the opportunity to regulate coal mining, and to make the tough choices of which abandoned mines to reclaim within the scope of available grant funding. Today, 24 States have regulatory programs in place, and progress is being made toward enabling Indian Tribes to assume primacy. Twenty-three States and three Indian Tribes are administering approved abandoned mine reclamation programs. In Fiscal Year 1996 the Surface Mining Program reclaimed 9,592 acres on 285 sites. The cumulative acreage and sites reclaimed through Fiscal Year 1996 were 105,655 acres on 3,813 sites.

Beginning with Texas in 1980, the Office of Surface Mining began approving state reclamation programs. Currently, all primacy states except Mississippi have approved abandoned mine land reclamation programs. During 1988, the Navajo and Hopi Tribe programs were approved, and in 1989 the Crow Tribe received approval for its program. In 1996, the states and the tribes received grants totaling \$180 million. Since the states began receiving abandoned mine land administrative grants to operate their programs and construction grants to com-



*Inspector determines the elevation of a grading operation (photo by OSM).*

plete reclamation projects, over \$2.3 billion has been distributed from the fund. State grants for administration costs, set-aside and subsidence insurance programs, emergency programs, initial program development, and cooperative agreements costs have been reduced to less than 25 percent of the total grant cost during the last three years. The 1979-1996 net grant awards for abandoned mine land construction projects totaled \$1.6 billion and construction obligation at the State/Tribe level totaled \$1.5 billion.

Under SMCRA, the Secretary of the Interior is authorized to spend money from the Abandoned Mine Reclamation Funds for emergency restoration, reclamation, abatement, control or prevention of the effects of coal mining practices. Emergency projects are those involving abandoned mine lands that present a danger to public health, safety, or general welfare and which require immediate action. In 1996 \$25.2 million was spent abating over 400 Abandoned Mine Land emergencies in 16 states. Most emergencies occurred in Pennsylvania, followed by West Virginia, Ohio, Kentucky, and Kansas.

In executing its oversight duties under SMCRA to evaluate the administration of approved State programs, the Office of Surface Mining works with States and other interested parties to seek consensus on oversight techniques, conducts inspections and independent review, and technical analyses. During 1996, the Bureau completed 641 inspections which resulted in 48 notices of violations and 24 failure to abate cessation orders. Of the 48 Notices of Violation (NOV) and 24 Cessation Orders (CO) issued by the Office of Surface Mining, 46 NOV's and 24 CO's were related to Abandoned Mine Land fees.



Inspector reviews a mine plan with operator (photo by OSM).

SMCRA prohibits issuance of surface coal mining permits to applicants responsible for outstanding (i.e., unabated or unresolved) violations. The Bureau maintains the Applicant Violator System (AVS), a computer database, developed to help State and Federal regulators ensure compliance with this requirement. During 1996, the Applicant Violator System provided recommendations on 4,633 permit applications and Abandoned Mine Land reclamation contracts.

## Status of the Government Performance and Results Act Implementation

As a result of the Office of Surface Mining's strategic planning and the shared commitment it has established with its customers and partners, the Bureau has made considerable progress towards implementation of the Government Performance and Results Act (GPRA). The Bureau has submitted a strategic plan to the Office of Management and Budget for approval. In that plan, OSM developed a mission statement, vision statement and strategic goals and objectives. Along with these strategic goals, OSM developed outcomes, indicators and measures. In addition, OSM has developed a new budget structure which reflects its core functions or "business lines" and supporting program activities. The new business lines include:

- ***Environmental Restoration:*** To permanently reclaim abandoned mine sites by abating hazards, reducing the adversely affected lands and water to beneficial use;
- ***Environmental Protection:*** In cooperation with the States and Indian Tribes, to prevent environmental

### Appalachian Region Joins United Way's Day of Caring

*OSM's Appalachian Regional Coordinating Center, located in Pittsburgh, Pennsylvania, continued its tradition of participating in the Combined Federal Campaign's United Way Day of Caring. This was the fourth year that the Pittsburgh office has helped out by joining in the volunteer program. In previous years, projects have included building steps, repairing shelters and benches, painting, clearing pathways, and cleaning up litter.*

*In 1996, the OSM team rehabilitated a local community's athletic field and clubhouse. The land and clubhouse were donated by a local contractor decades ago. Over time, the site deteriorated to the point where it was almost recognizable as an athletic facility. After the OSM team finished its work on Jacobs field, seeing the facility back in use made all the effort worthwhile.*

*In September, 1993, the Pittsburgh City Council commended the OSM volunteers for their commitment and dedication to making noticeable improvement and renovations to their community. **Ron Recker**, of the Administrative Services Division, received the award for his team of volunteers. The team members report that Recker is a tireless leader who stayed with the project until it was completed to everyone's satisfaction.*

problems in the coal fields by protecting the environment, property, water and citizens from current mining and reclaim the land after the mining is completed;

- ***Technology Development and Transfer:*** To assure that States and Indian Tribes, Federal agencies, industry, and citizen organizations have the highest possible level of technical capacity and capability needed to protect the public, property, and the environment, and to restore damaged coal mined lands and water to productive use; and
- ***Financial Management:*** To properly and promptly account for funds, maximize voluntary compliance with reclamation fee provisions, provide grants to States and Indian Tribes, and maximize collections through fair and consistent policies and procedures.

The new budget structure which will be implemented in 1998, has been approved by the Appropriations Committees. In addition, the Bureau has adopted a number of performance measures that will be tested as part of its 1998 budget in order to determine their effectiveness in

gauging the Bureau's progress in achieving its strategic goals before they become mandatory in 1999.

## Customer Service

The Office of Surface Mining Reclamation and Enforcement (OSM) has revised its *Customer Performance Standards* to more closely align them with the way it does business and as a mechanism to gauge how well it is accomplishing its mission and goals. It is OSM's intent to integrate all of its planning, budget and customer related requirements into one comprehensive package.

Progress in achieving *Customer Performance Standards* by business line is as follows:

### Environmental Restoration

- A sampling showed a mean elapsed time of the initial site visit and determination of emergency was 1.2 days for a site visit to be made against the standard that such visits will be addressed within 48 hours of the complaint.
- A sampling showed a mean of 4.4 days for a determination of the method to be used to abate the emergency against the standard of completing the determination within 30 days after the initial complaint.

### Environmental Protection

- A sample showed 100 percent of State program amendments were announced in the Federal Register within the standard of 20 business days after receipt.
- Permit recommendation evaluations, based on the Applicant Violator System, were provided to States in 3,421 out of 3,422 occurrences within the standard of 72 hours of request.

### Financial Management

- 98 percent of the OSM-1 forms were used by coal operations to report tonnage sold, used, or transferred.
- 99 percent of Fee Collections correspondence were responded to within the standard of seven days.
- 96 percent of telephone inquiries were responded to within the standard of one day.



As part of the permit review team, inspector examines maps of proposed mining operation (photo by OSM).

Figure 8

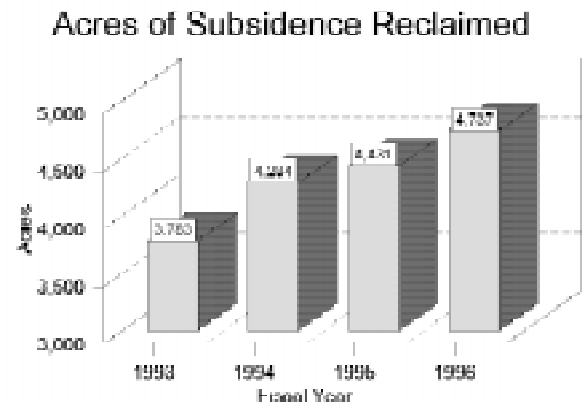
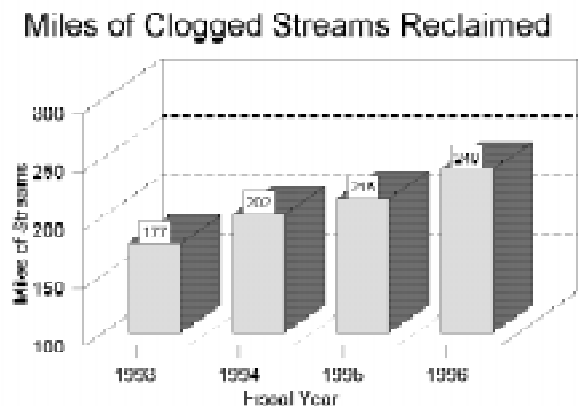


Figure 9



## MINERALS MANAGEMENT SERVICE

The mission of the Minerals Management Service (MMS) is to collect, account for, and disburse revenues from both onshore and offshore minerals production, and oversee the exploration and development of America's Federal offshore natural gas, oil, and other mineral resources.

By consolidating the mineral collection and offshore minerals management functions and associated personnel within a single agency, the MMS has been better able to accomplish its mission and has developed integrated processes to oversee the operation of its programs. Further, consolidation has afforded economies of scale, thus saving taxpayer dollars and providing for improved service to customers.

### Offshore Minerals Management

The MMS administers the outer continental shelf competitive leasing program and oversees the safe and environmentally sound exploration and production of our nation's offshore natural gas, oil and other mineral resources. It strives to balance the Nation's energy needs with environmental concerns. As stated in its draft Strategic Plan, the goal for the offshore minerals management function is to maximize development on the outer continental shelf while ensuring fair market value and safe, environmentally sound offshore operations.

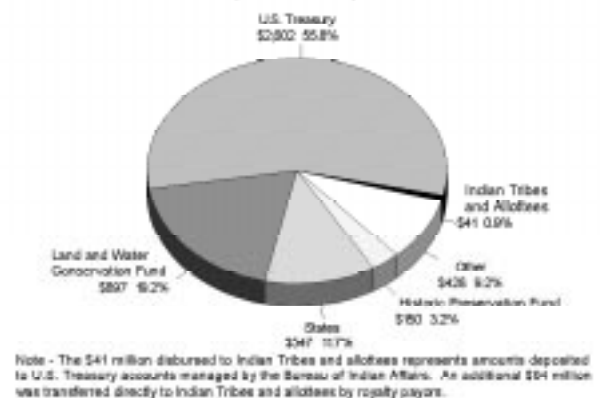
In 1996, three lease sales were conducted, with high bids received totaling about \$888 million on 1,570 tracts. These sales bring the total lease sales held by the Department of the Interior to 120 and the total number of leases issued to 5,900, encompassing 25 million acres, an area the size of Texas and California combined.

The MMS collected almost \$5 billion in rents, royalties, and bonuses from its mineral leasing program during 1996, an increase of \$1.3 billion or 37 percent over 1995. Figure 10 shows the distribution of 1996 mineral leasing revenues.

The Bureau conducted about 1,500 environmental reviews and 250 environmental assessments during 1996. These reviews and assessments are used to determine the environmental impact of proposed industry actions. To ensure that operations are conducted in a safe and

Figure 10

Distribution of 1996 Mineral Leasing Revenues  
(\$ in millions)



environmentally sound manner, the Bureau's regulation of operations program conducted about 11,500 inspections of offshore platforms. These efforts once again helped prevent fatalities from well control incidents during the year.

More than 90 oil spill plans were approved during 1996. Plans are reviewed to assess the adequacy of preparedness for such accidents. Less than 1,900 oil spills actually occurred in 1996 and none of those were spills greater than 435 barrels. A total of less than 2,700 barrels spilled was reported for the year. On average, this is only slightly more than 1.4 barrels per spill.

The MMS also strives to respond to the public's needs relating to its offshore program. In November 1995, President Clinton signed the Deep Water Royalty Relief Act, authorizing the Secretary of the Interior to suspend royalties on certain existing and new leases in water depths of 200 meters or greater in parts of the Central and Western Gulf of Mexico planning areas.

The Bureau announced standardized procedures for handling requests for royalty relief on producing leases on public lands. Detailed guidelines were published in June 1996, which enable companies to determine in advance whether they are likely to qualify for royalty relief and be assured that the Bureau is prepared to handle their requests in a more standardized, businesslike manner. The guidelines promote the recovery of oil and gas resources that otherwise may be left in the ground when a lease is relinquished.

## Royalty Management

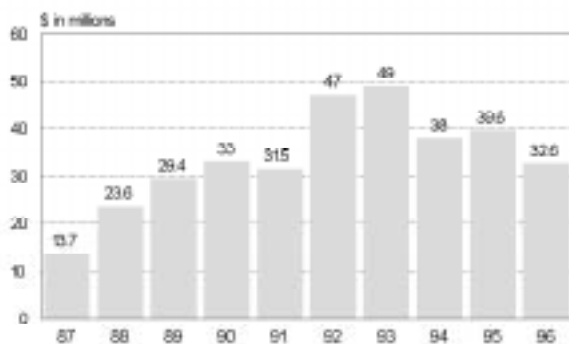
The goal of the Royalty Management Program is to provide timely, accurate, and cost-effective collection and disbursement of revenue from mineral leasing and production to Indian Tribes and allottees, States, and the U.S. Treasury.

An important strategy for achieving this goal is to use modern information management tools wherever possible. The MMS continued to develop its electronic commerce capabilities in 1996 by offering various electronic reporting alternatives, including electronic data interchange, magnetic tape, diskettes, and electronic mail. The use of electronic reporting decreases reporting error rates, minimizes delays and eliminates manual reentry, thus increasing the Bureau's ability to timely disburse revenues to recipients.

During 1996, the MMS collected \$18.4 million from researching 20,000 variances between production and sales volumes. The MMS also collected an additional \$14.2 million through other audit activities for a total of \$32.6 million from compliance verification. The following chart shows compliance verification collections for the past 10 years:

Figure 11

### Compliance Verification Collections



Another activity of note during 1996 was the enactment of the Federal Oil and Gas Royalty Simplification and Fairness Act (RSFA) of 1996. This legislation provides the framework for delegations of royalty functions to States subject to Secretarial discretion; definitions for enforcement actions; a seven-year statute of limitations for all royalty collections with limitations on industry

### Diving for Science

Minerals Management Service marine biologist, **Ann Scarborough Bull**, has spent hundreds of hours diving under all sorts of offshore platforms in two oceans. Bull joined the MMS Gulf of Mexico regional office in 1988 and is the only woman in the Scientific Dive Program, which monitors impacts of oil and gas production on marine life. The effort is a part of MMS' Offshore Minerals Management Program, which leases offshore tracts and supervises their development. Bull's interest in marine life began at the early age of three when she was spending weeks at a time on her father's sea-going vessels. He was a commercial fisherman with a master's degree in marine biology. Bull obtained her Ph.D. in marine biology and was MMS' Woman of the Year in 1990.

liability, a 33-month limit on all administrative appeals; equity by requiring that MMS pay interest on overpayments; assurance of cost-effective audit and collection activities to encourage continued oil and gas production from marginal properties; repeal of the outdated offshore refund requirements; and, streamlined adjustment procedures.

The Bureau has developed a plan to implement the RSFA changes. Implementation will be a very complex process that in many cases will require regulation changes and a large-scale coordinated effort with States, industry, and other DOI agencies. We estimate that full implementation of the Act will take three years.

## Customer Service

### Customer Service Standards

The Bureau is committed to continuous improvement in service to its customers, continues to seek feedback through contacts with customers and customer surveys, and has established the following agency-wide customer service standards:

- We will focus on providing excellent service.
- We will consult with our customers as we address issues that affect them.
- We will actively seek opportunities to coordinate with other government entities to provide better service.
- We will improve our information technology infrastructure to increase access to information.

### **Customer Improvements**

The MMS Gulf of Mexico Public Information Office surveyed its customers in 1996. Over 1800 surveys were distributed and 521 were returned. Of those responding, 60 percent rated the agency's processes as "improved", and over 85 percent rated their overall experience with the MMS as "good" or "excellent."

MMS employees recently received the Vice President's Hammer Award for writing regulations in a manner that is readily understandable.

Many Indian customers live in remote areas. The three Offices of Indian Royalty Assistance have adopted customer standards with the spirit "If you can't come to us, we'll come to you." And they do. An employee from the Oklahoma office drove for an hour to meet with a customer in a "pizza parlor" to explain changes in payment and reporting.

Another customer called the MMS toll free line to inquire about a problem with her royalty payments. An employee from the Colorado office traveled to North Dakota to respond to the customer's needs. The problem was identified and fixed and all customers in that area are now being properly paid.

### **Status of the Government Performance and Results Act Implementation**

In conformance with the Government Performance and Results Act (GPRA), the MMS developed a draft strategic plan that articulates the bureau's long-term

#### **MMS Gulf Coast Cleanup**

*MMS employees continue to be among the growing number of volunteers participating in cleaning up the gulf coastal areas. Their efforts, together with other business and civic organizations, Federal, State and local governments are making a difference in a cleaner environment.*

*Ship Island - Thirty MMS volunteers took their twice-a-year cruise to clean up an adopted beach on Ship Island. The island, located 12 miles south of Gulfport, is part of the Gulf Islands National Seashore chain, overseen by the National Park Service. MMS volunteers have participated in clean up efforts since it adopted the beach in 1988.*

goals. The plan was circulated to stakeholder groups to solicit their views and recommendations. MMS teams were established to identify and test performance measures and to develop the best indicators of progress in reaching MMS goals. This process will enable the MMS to meet the GPRA requirements of incorporating performance measures and indicators in its 1999 budget. The performance measures identified and used for budget presentation purposes to date may be revised as a result of this process.

MMS's Royalty Management Program is a GPRA performance planning pilot organization. Through participation in the pilot, MMS has greatly advanced methodologies and techniques for performance measurements. Lessons learned through the pilot have been applied to performance measurement efforts in all MMS program areas.



## BUREAU OF LAND MANAGEMENT

It is the mission of the Bureau of Land Management to sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.

The Bureau is responsible for managing 264 million acres of land -- about one-eighth of the land in the United States -- and about 300 million acres of subsurface mineral resources. The Bureau is also responsible for wildfire management and suppression on 388 million acres.

### Strategic Plan

The Bureau of Land Management has developed a strategic plan that lays out its strategic goals, strategic objectives, performance goals, and performance measures. The five strategic goals are:

- To serve current and future publics;
- To restore and maintain the health of the land;
- To promote collaborative management;
- To improve business practices; and
- To improve human resources management.

Selected strategic objectives and 1996 accomplishments are discussed in the following sections.

### Providing Opportunities for Environmentally Responsible Recreation

In the past 10 years, an explosive growth has occurred in the more traditional recreational pursuits of fishing, camping, river rafting, winter sports, motorized sports, and wildlife viewing. The Bureau has also experienced a dramatic growth in visitation to the public lands, from about 51 million in 1994 to almost 59 million in 1996 (Figure 12).

In 1996, the Bureau aggressively embraced the recreation fee pilot demonstration program and continued to develop creative and innovative alternative funding

Figure 12

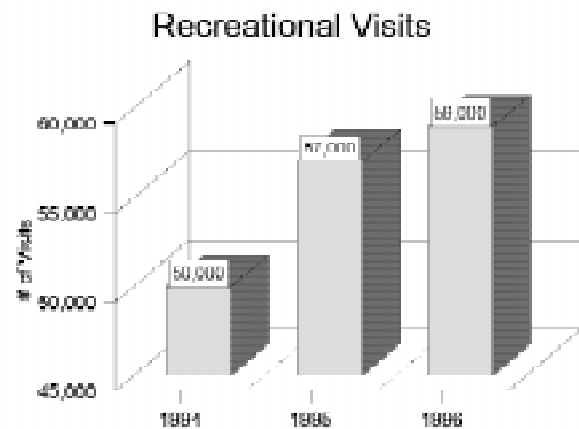
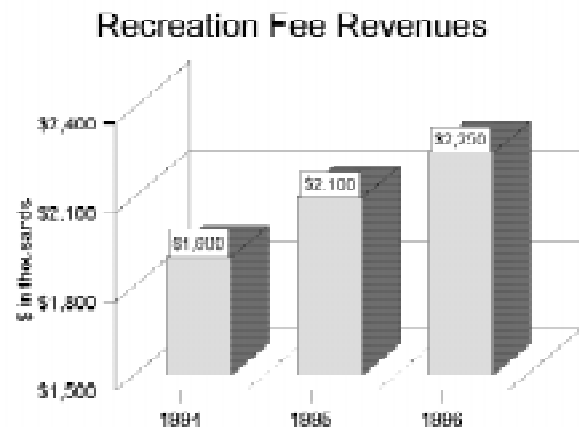


Figure 13



sources and resources to accomplish its mission. Figure 13 depicts the recent growth in recreation fee revenues.

### Preserving Our Natural and Cultural Heritage

The Bureau is responsible for protecting and preserving paleontological localities and archaeological and historical sites. The 264 million acres administered by the Bureau are considered to be some of the most ecologically and culturally diverse and scientifically important lands managed by any Federal agency. During 1996, the Bureau:

- Began management and planning activities for the Grand Staircase-Escalante National Monument. This monument was created by Presidential Proclamation on September 18, 1996, and is the Bureau's first and only national monument.



At work on BLM land (photo by BLM).

- Consulted with over 150 Native American tribes and Alaska Native villages and corporations pursuant to the requirements of the Native American Graves Protection and Repatriation Act.

### Providing Opportunities for Environmentally Responsible Commercial Activities

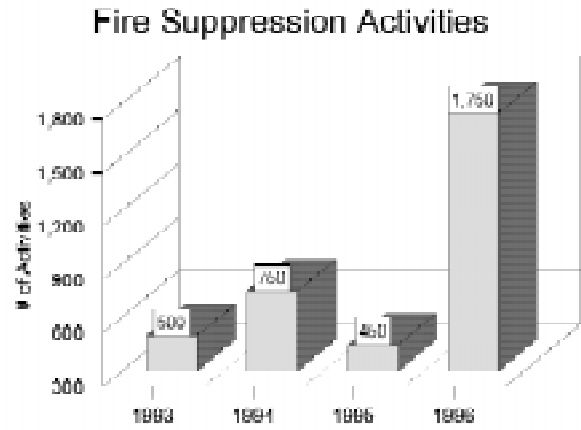
Bureau-administered public land provides a number of important commercial goods and services, such as minerals, timber, grazing, and realty (rent), all of which have market value. These commercial uses contribute to national and State economies and employment. In 1996, the market value of production occurring on public lands was approximately \$10.5 billion. This production was dominated by mineral lease production -- oil, gas, and coal -- with valuation of approximately \$8.8 billion.

### Reducing Threats to Public Health, Safety, and Property

The Bureau administers several programs designed to achieve the strategic goal of protecting public health, safety, property, and resources. Response capability and responsiveness are the central focus of public safety programs. In 1996, the Bureau accomplished the following:

- Completed 252 prescribed fire projects covering 50,282 acres.
- Completed 26,000 flight hours for fire suppression activities with no aircraft accidents or personal injuries.

Figure 14



- Initiated 7,708 investigations and enforcement actions.
- Identified 6,650 abandoned mine safety hazards.
- Cleaned up 86 hazardous sites.
- Maintained and improved 10,700 miles of roads and 13,700 miles of trails.

In addition, as noted in Figure 14, the Bureau's fire suppression activities have expanded from less than 500,000 acres in 1993 to over 1.5 million acres in 1996 due to the unprecedented increase in natural wildfires.

### Improving Land, Resource, and Title Information

The Bureau is the official custodian of land use and title records for the public and acquired lands of the United States, and is responsible for the official survey of all public lands, including the legal identification of all Federal land boundaries and the maintenance of the Public Land Survey System.

In response to the overwhelming requests for use of Federal lands, the Bureau began recording new Federal lease and title transaction information in electronic form on a mainframe computer. At the end of 1996, there were 64,000 active mineral leases and over 530,000 active and closed cases in the electronic database. In 1996, the Bureau also defined requirements for a system to automate the case processing activities and enable a spatially accurate portrayal of the Federal lands and leases on those lands. This system is called the Automated Land and Mineral Records System.

## Providing Economic and Technical Assistance

Bureau-managed public lands generate substantial revenue for the Federal Government. Much of this revenue is returned in direct payments to States and counties. These are distributed to local governments to pay for such things as schools, roads, and salaries of county commissioners.

In 1996, the Payment in Lieu of Taxes (PILT) program provided over \$110 million in payments to public land counties.

## Restoring and Maintaining the Health of Upland Areas

During 1996, the Bureau prepared watershed analyses on 129,000 acres of Pacific Northwest old-growth forests and an additional 950,000 acres outside of western Oregon. In addition, 98 new projects were completed in 1996 to improve water and soil quality and reduce soil loss and erosion, and 584 existing programs were maintained.

Ecological Site Inventories (ESIs) are used to establish baseline data to support both monitoring and activity planning, and to decide the extent, condition, and potential of upland management areas. During 1996, nearly 1,315,300 acres of upland habitat were inventoried using the ESI method.

## Restoring and Maintaining the Health of Riparian, Wetland, and Aquatic Areas

Riparian, wetland, and aquatic habitat management encompasses over 16 million acres of lentic wetlands (lakes and ponds) and 180,600 miles of lotic riparian areas (rivers and streams). In the arid regions of the western United States, these areas are extremely important to fish and wildlife as well as livestock. In 1996, the Bureau focused its riparian restoration effort on those areas that are functioning but at risk. These are the areas that are at most risk of being degraded if action is not taken to protect or restore them.

The 1996 restoration efforts included the implementation of 283 riparian projects and maintenance of 493 projects. Implementation and maintenance of these projects, combined with on-the-ground management actions,



Rockclimbing (photo by BLM).

resulted in improvement of about 6,000 acres of lentic wetland and 1,600 miles of lotic riparian areas.

## Conserving and Recovering Threatened and Endangered Plants and Animals

Bureau lands provide habitat for nearly 300 listed or proposed threatened and endangered plant and animal species and numerous other species that are candidates for Federal listing under the Endangered Species Act. In 1996, the Bureau assisted in developing and implementing more than 75 threatened or endangered species recovery plans.

## Status of the Government Performance and Results Act Implementation

As the Bureau of Land Management celebrates its 50th Anniversary, it is working to chart a new course to lead the agency into the next century. Responding to the

### All In A Day's Work

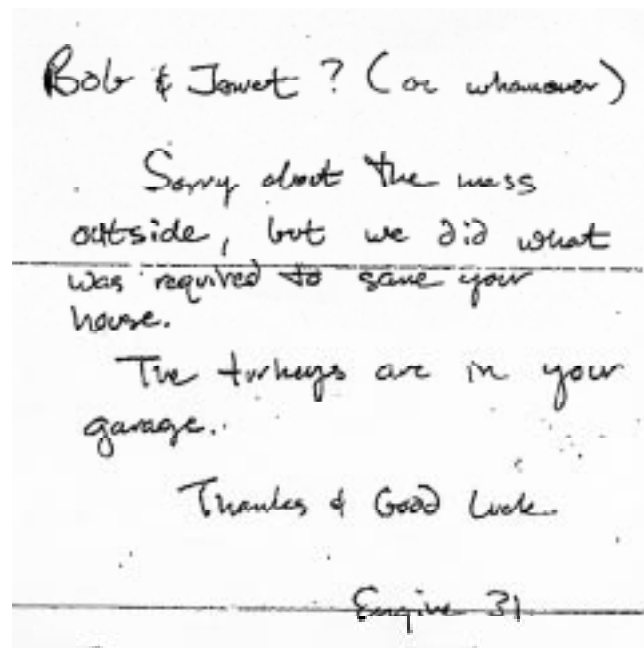
Mid-afternoon on August 9, 1996, firefighters from the Bureau of Land Management (BLM) Idaho Falls District were dispatched to the "Shrives Fire" in Southeastern Idaho. When BLM firefighters arrived, there was a strong, gusty north wind blowing which was spreading the fire and rapidly driving it in the direct path of several homes and other structures.

The fire management team, consisting of **Greg Burch, Bob Mallet, and Fred Judd**, called in an air tanker to attempt to control the direction of the fire and more quickly contain it. The plane immediately began laying retardant lines in an effort to steer fire away from homes. At the same time, the crews of BLM engines 383, 372, 351, and 361 were strategically positioned in an attempt to protect the homes and lives being threatened by this raging fire storm. One of these homes belonged to Bob and Chris.

Chris watched the fire coming toward her home. Then she saw firefighters coming up her driveway, and expected that they would tell her to evacuate. This did not happen. Instead, the firefighters got out of their trucks and without a word, began to remove the lower limbs from trees and to remove highly flammable brush from around the home. The fire got closer and closer, and Chris was sure that evacuation was eminent and that she would have to watch the fire swallow her home. This too did not happen. Chris said that the BLM firefighters showed no emotion to indicate that they were afraid of the fire; instead, they took on what she called "the attitude that this fire monster was not going to get by them and destroy the home which they were there to protect."

When it was all over, Chris' home was still standing along with seven other homes involved in the Shrives Fire. Chris has repeated many times that there is no way to ever thank the BLM for the job their firefighters did that day. She also said that when a critical situation like this one occurs, people really begin to realize just how important our government is to us and just how fortunate we are to have such dedicated people in it. Chris refers to the firefighters who saved her home as her Best Loyal Men (BLM).

Individuals performing extraordinary deeds in the performance of their normal duties occurs virtually every day somewhere in the West during each year's April through November wildfire season—for BLM firefighters, it's all in a day's work.



After saving a house from fire, Engine Company No. 31 leaves a note for the occupants.

Government Performance and Results Act (GPRA) of 1993, the National Performance Review, and other initiatives, the Bureau has developed a draft Strategic Plan.

The Strategic Plan outlines the mission-oriented goals and objectives for the agency over the next 3-5 years. In addition, the plan proposes time-based performance targets for which progress will be measured and reported annually. The Annual Report is the second of such reports the Bureau has produced - the first was for fiscal year 1995. The Annual Report will provide better and more meaningful measurements of progress toward desired resource conditions, customer satisfaction, and other results over the next several years. In 1997, the Bureau will be required to develop Annual Performance Plans that link performance measures to the goals set for the agency. It is envisioned that each goal will have one or more measures of outcome in terms that are understandable and can direct the allocation of funds and personnel, as well as management decisions. In this way, the Bureau will increase its accountability to taxpayers and Congress which provide and allocate funds for managing the public lands.

### Customer Service

During the past year, the Bureau has used the results of its 1995 national survey of customers to establish new



Wild animals on BLM land (photo by BLM).

customer service standards, initiate redesign teams to address customer concerns, and establish a new comment card system for customer feedback. The Bureau and the Forest Service, working in concert, have established joint standards for measuring customer satisfaction.

Here is how the Bureau is doing in meeting its standards:

- 91 percent of customers agreed that they were welcomed with prompt, courteous service.
- 90 percent of customers agreed that they were provided the information they requested or needed.
- 88 percent of customers agreed that BLM's processes were clear and efficient.
- 83 percent of customers agreed that they were satisfied with BLM's facilities.

**Creating Seamless Service:** The Bureau and the U.S. Forest Service have initiated two regional partnerships to listen to customers, design more customer-friendly business processes and services, and deliver these services to people in the most convenient and cost-effective way. The southern Colorado and central Oregon teams have initiated over 40 cost and time-saving changes in their offices, including:

- Collocating U.S. Forest Service and Bureau offices to develop a "one-stop-shop" for the public;
- Establishing fair and consistent prices for firewood permits; and

### Mineral Outreach Program Reaches Out to Boy Scouts

For the past few summers, **Jim Spotts**, a conservationist at OSM's Appalachian Region Coordinating Center in Pittsburgh, and **Paul Behum**, a hydrologist at OSM's Mid-Continent Coordinating Center in Alton, Illinois, have shared their professional skills and knowledge with Boy Scouts through the Bureau of Land Management's Mineral Outreach Program.

Part of a cooperative effort between the Department and the Boy Scouts of America, the Mineral Outreach Program encourages Interior employees to work with scouts in the outdoors. Spotts and Behum help out at Philmont, the world's largest scout ranch, which is located in northern New Mexico.

Spotts and Behum are stationed at Cypher's Mine and Baldy Town, where gold mining was important from the late 1880s through 1940. Behum helps Philmont's geologists find abandoned mines and shafts used for gold and copper mining. Spotts guides the hikers through the hard rock mine and teaches them how to pan for gold in a nearby creek.

One goal of the Mineral Outreach Program is to show the scouts how mining relates to the environment. For example, they learn that hydraulic mining directs pressurized water into floodplain stream banks to dislodge gold carried in alluvial deposits. The water causes soil erosion and pollutes streams with sediment. In addition, refining and concentrating processes can produce toxic levels of mercury and cyanide.

In panning for gold, the scouts are allowed to keep any gold they find but most soon learn that getting rich quick isn't as easy as it sounds. The scouts also discover that living conditions for miners were primitive and the work hard and dangerous. Few miners lived beyond the age of 40.

- Sharing personnel and resources to better serve customers.

Ultimately the cutting-edge ideas from these two sites will be incorporated in the rest of the Bureau as the way to do business.

**Increasing Productivity:** The cadastral survey program, which oversees the maintenance of the Public Land Survey System, is implementing changes and improvements that were requested by customers. When tested, these changes proved to save more than 50 percent in production and delivery times.

## BUREAU OF RECLAMATION

The mission of the Bureau of Reclamation is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American people.

During 1996, Reclamation met numerous goals, such as implementing test flows from Glen Canyon Dam to protect the Grand Canyon ecosystem, continuing to preserve our infrastructure through the Safety of Dams Program, and, as part of Vice President Gore's National Performance Review, conducting a power management laboratory. Reclamation examined and is taking appropriate steps to maintain effective design and construction capabilities within Reclamation and to maintain the safety and security of its projects. Significant effort has been devoted to ensuring that Reclamation fully addresses the requirements of the Government Performance and Results Act. The reorganization of Reclamation has been solidified, and it continues to seek innovative ways to carry out its mission of managing, developing, and protecting water and related resources.

Reclamation's work force has decreased by more than 1,600 employees to 6,250 in September, 1996, representing a 22 percent reduction and far exceeding the Administration's 5 percent goal. Workforce reductions were accomplished largely through buyouts and attrition.

In 1996, Reclamation published a final environmental impact statement on ways to implement the acreage limitation and water conservation provisions of the Reclamation Reform Act of 1982 (RRA). Revised rules, reflecting the document's preferred alternative and responding to public comment, were published in December 1996. One major change reduced the paperwork burden on many landholders by raising the acreage threshold for submitting annual forms to receive Federal project irrigation water. Reclamation also rewrote and reorganized the rules and RRA forms to make them clearer and less burdensome to the public, estimating that the total number of forms submitted and burden hours on the public will be reduced by 22 percent. Reclamation also chose to implement conservation plan requirements for districts through a new cooperative field services program rather than increased regulation.



*Reclamation Commissioner Eluid Martinez addresses the plenary session at Reclamation's third Innovations Conference in San Antonio, Texas (photo by Reclamation).*

### Glen Canyon Test Flows

In March 1996, Secretary Bruce Babbitt opened the hollow jet valves to initiate Reclamation's controlled flood on the Colorado River by releasing water from the Glen Canyon Dam to recreate seasonal high flows. The Beach/Habitat-Building Test Flow, which received national attention, represents a new river management technique for maintaining and enhancing the Grand Canyon's ecological health while providing the water storage and power generation vital to life in the West.

### Dam Safety Program

The goal of Reclamation's Dam Safety Program is to identify any structures which pose unacceptable risks to public safety and welfare, property, the environment, and cultural resources and to take appropriate corrective actions to reduce or eliminate risks in an efficient and cost-effective manner. In the United States and its territories, there are 2,131 federally owned dams. Reclamation has 475 dams and dikes, of which 379 could endanger people and property downstream if a failure occurred.

In 1996, \$64.8 million was spent in the Dam Safety Program. Accomplishments of the program included inspection of 116 Reclamation dams and monitoring performance at all dams; evaluation of deficiency concerns at 53 dams through data collection and engineering analyses; preparation of performance parameter documents for 41 dams; completion of

structural modifications at four dams with modifications underway at nine other facilities; conducting corrective action studies and final design activities at 51 dams; and installation of early warning systems at three dams, with installation underway at nine others.

## Title Transfer

As part of the second phase of the National Performance Review, Reclamation has undertaken a program to transfer title of those facilities that do not have national significance and that could be efficiently and effectively managed by non-Federal entities.

During 1996, certain facilities of the Rio Grande Project and the Vermejo Project, located in New Mexico, were transferred under special authorities. Public Law 102-575 authorized the Secretary of the Interior to transfer title to Rio Grande Project irrigation and drainage facilities, valued at \$16.6 million, to the Elephant Butte Irrigation District in New Mexico and El Paso County Water Improvement District No. 1 in Texas. Title was transferred in January 1996. The Vermejo Project title transfer, including property and water rights valued at \$2.5 million, was accomplished in June, as directed by legislation passed in 1980.

## Disaster and Drought Response

In 1996, Reclamation provided assistance to the Federal Emergency Management Agency (FEMA) in three disaster response operations -- in Pennsylvania, Oregon, and North Dakota. Reclamation sent 86 employee volunteers to Pennsylvania, 15 to Oregon, and 35 to North Dakota for between 2 and 6 months to prepare damage survey reports and assist in disaster response operations.

The 1996 drought in the Southwest was the worst in 25 years. In response to this and recurring droughts throughout western history, Reclamation joined the Western Governors Association and other governmental agencies to form a Drought Policy Commission Group. The group's purpose is threefold: to improve Federal assistance to affected States; to work with State, Federal, and private entities in developing drought assessment criteria and response assistance; and to share solutions and relief measures throughout the West. To date, Reclamation has supported this effort by providing funding, key personnel to serve on the coordination group, and technical and design assistance preparing a drought response action plan.



*Irrigation in eastern Washington's Columbia Basin Project is an economic mainstay for the region (photo by Reclamation).*

Reclamation responded to drought conditions in the Rio Grande Basin in 1996. In addition to successfully coordinating and negotiating an adequate water supply for the endangered Rio Grande silvery minnow and the agricultural water users in the Middle Rio Grande Valley, Reclamation worked with local districts to improve water conveyance and monitor and coordinate water use.

## Water Conservation and Recycling

Water conservation continued to be a high agency priority in 1996. Reclamation, which is the largest wholesale supplier of water and manages 45 percent of surface water in the West, continued its partnership efforts to encourage all who receive Reclamation water to use it wisely. Reclamation provided education on water conservation, supplied technical and financial assistance to districts and water users, and conducted research on emerging water efficient technology.

A new initiative, the Water Conservation Field Services Program, was introduced in 1996. Under the Field Services Program, Reclamation will work in partnership with States and water districts to provide technical and financial assistance to implement and coordinate conservation efforts. The program also provides active outreach to districts, including educational workshops and training opportunities in water management and conservation planning.

In 1996, Reclamation focused on assisting States and communities with water management through promotion of water recycling efforts. Reclamation also completed the first phase of a precedent-setting Southern California

Comprehensive Water Reclamation and Reuse Study, a partnership effort with several California entities to assess the long-range water supply and water reclamation and reuse potential in a seven-county area. This study is the first time that Reclamation has taken a broad based look at water recycling instead of assessing on a project by project basis.

## Hydropower

Clean, efficient, and renewable energy from hydroelectric facilities significantly contributes to the Nation's economic and environmental well-being. Reclamation is the Nation's second largest producer of hydroelectric power and the ninth largest power producer in the United States. Reclamation powerplants range in size from the smallest at 350 kilowatts to Grand Coulee's 6.5 million kilowatts.

In 1996, Reclamation's 58 hydroelectric powerplants had a total of 192 generating units with an installed generating capacity of 14.3 million kilowatts. These powerplants generated more than 53 billion kilowatt hours of hydroelectric power -- enough to save the equivalent of about 90 million barrels of crude oil.

Power revenues from Reclamation's facilities pay not only the costs allocated to power but also provide for repayment of the Government's investment. In 1996, Reclamation's power program (which includes one coal-fired plant and revenues from transmission charges and power rights) produced revenues totaling about \$875 million.

## Research and Technology

The Research and Technology Transfer Program addresses mission-related needs and emphasizes cost sharing with other groups to support research and development in water resources management, environmental protection, materials engineering, and hydroelectric power generation and transmission. Some 1996 accomplishments included improving computerized control systems for Reclamation powerplants and developing and testing new, lower-cost water treatment technologies through the Water Treatment Technology Program and Yuma Water Quality Improvement Center.

### Working Together

*In an era of smaller government, working together to get the job done also means quicker results.*

*Such was the case with the several Interior agencies who were called upon to help people and local governments recover from major disasters such as floods and earthquakes.*

*In 1996, the State of Pennsylvania incurred tremendous damage as a result of flooding. At the request of the Federal Emergency Management Agency, the Bureau of Reclamation was called upon to assist in assessing the damage from floods that caused every county in the State to be named a disaster area. **Jan Henry**, Reclamation's Disaster Response Program Manager, knew that FEMA's request was going to stretch Reclamation's capability to support FEMA in this and future emergencies. BOR employee **Chris Duke**, working 12 and 14 hours seven days a week, coordinated the arrival of the 82 Reclamation employees who began arriving on the scene. Henry contacted **Terry Wong**, NPS chief of engineering, and nine NPS engineers and landscape architects and three BLM staffers were soon on their way to the devastated State. Together they quickly assessed the damage and the counties were able to get financial assistance.*

*In addition, BOR Commissioner **Eluid Martinez** was in Harrisburg inspecting the damage to the historic Walnut Street Bridge. "There was a tremendous volume of ice coming down the swollen Susquehanna River. They could have lost all of their bridges, not just one." For Reclamation, this was a first. Reclamation has been operating nearly 100 years building monumental structures like Hoover Dam that bring water to the arid west. But never in its long history has the agency been to Pennsylvania.*

*In addition to participation from the Interior Department, 35 inspectors from the Tennessee Valley Authority, 10 disaster specialists from FEMA and over 100 employees from the U.S. Army Corps of Engineer assisted with recovery operations. Welcome to the new era of smaller government, where agencies will be increasingly called on to do things they have never done before.*

## Partnerships with Native Americans

Reclamation continued to meet its trust responsibilities to Native Americans, spending nearly \$97 million in 1996. Below are several examples.

- Mni Wiconi Project -- A groundbreaking ceremony for construction of the first component of the Mni Wiconi water project took place in July, north of Fort Pierre, South Dakota. The municipal, rural, and industrial water system will serve the Pine Ridge, Rosebud, and Lower Brule Indian Reservations as well as seven counties in southwestern South Dakota.





*Theodore Roosevelt Dam, Central Arizona Project, was re-dedicated in April, 1996, following completion of Safety of Dams modifications (photo by Reclamation).*

- Northern Cheyenne Tongue River Dam Project -- In partial fulfillment of the Northern Cheyenne Indian Reserved Water Rights Settlement Act of 1992, the Secretary of the Interior entered into a cooperative agreement with the State of Montana for the planning, environmental compliance, and design and construction of a new spillway and raised crest for the State-owned Tongue River Dam.
- Funding Agreements -- Interior's first non-BIA Self Governance Annual Funding Agreements were implemented by Reclamation with the Salt River Pima-Maricopa Indian Community and the Gila River Indian Community in Arizona. The agreements enable the tribes to plan, design, and construct their Central Arizona Project (CAP) distribution systems with CAP appropriated funds.

## **Central Valley Project Improvement Act**

Implementation of the California Central Valley Project Improvement Act (CVPIA) remained on a fast track in 1996, highlighted by an effort to develop a consensus-based process for finding solutions to issues that have developed during implementation. A number of the issues have been resolved and the consensus process will continue in 1997.

## **International Affairs**

In 1996, the International Affairs Program continued its goals of furthering U.S. foreign policy; enhancing public health and supporting sustainable development in developing countries; supporting U.S. private sector



*A 505-foot long, 255-foot wide, 3,000-pound American flag "flies" from the face of Hoover Dam on May 1, 1996, as part of the ceremonies surrounding the arrival of the Olympic torch as it crossed America prior to the 1996 Olympic Games in Atlanta (photo by Reclamation).*

participation in the international marketplace; and obtaining improved technology for the benefit of Reclamation water users and the United States through reimbursable technical assistance, technical cooperation and technology exchange, and training foreign governments. Reclamation also continued to assist the Secretary with his responsibility for administering U.S. territories and commonwealths by providing technical assistance in the Virgin Islands.

During 1996, Reclamation's International Affairs program generated \$5.5 million in reimbursable work. Under ongoing multi-year programs, reimbursable technical assistance was provided to the countries of Brazil, Saudi Arabia, and Taiwan, and to the U.S. territory of Guam, the Commonwealth of the Northern Mariana Islands, and the U.S. Virgin Islands. In addition, short-term technical assistance in various areas was provided to Argentina, Belize, Brazil, Canada, India, Paraguay, and Portugal. Technical cooperation and technology exchange efforts are ongoing in Israel, the People's Republic of China, and Spain. The International Affairs

Program also provided training to approximately 50 trainees from 9 countries and made arrangements for over 700 visitors from 25 countries to visit Reclamation facilities.

## Recreation

Reclamation's investment in outdoor recreation has resulted in improvements that have increased the value of the public's investment as well as improving the recreation experience. The majority of the public recreation areas on Reclamation projects are managed by 212 non-Federal partners. These recreation areas provide opportunities for boating, fishing, swimming, picnicking, and other outdoor activities. About 308 recreation areas on Reclamation projects in the 17 Western States encompass nearly 4.9 million acres of land, 1.7 million surface acres of water, and nearly 13,000 miles of shoreline. Annually, about 87 million people visit recreation areas on Reclamation projects.

In 1996, Reclamation provided \$1.5 million in cost sharing to provide or improve recreation facilities at projects in Arizona, Utah, Colorado, South Dakota, Wyoming, Oregon, Washington, Idaho, New Mexico, and Oklahoma.

## Cultural Resources

Under Federal law, Reclamation has responsibility to preserve and protect cultural resources on lands it manages. This responsibility may include surveying sites and documenting, excavating, or otherwise preserving cultural resources. Cultural resource activities in 1996 included:

- Surveyed approximately 100 miles of shoreline at Lake Franklin D. Roosevelt behind Grand Coulee Dam in Washington State.
- Completed a traditional cultural property report summarizing the cultural resources concerns of 26 tribes for the Animas-La Plata Project in Colorado and New Mexico.
- Continued working with National Park Service and eight tribes to implement the 1994 Programmatic Agreement for managing cultural resources in the Grand Canyon.



*Volunteers build a trail adjacent to a wetlands in the new Boulder City, Nevada, Veterans Memorial Park. The wetlands is being created by Reclamation, City of Boulder City, and Nevada Department of Wildlife (photo by Reclamation).*

- Developed a geographic information system model for cultural resources covering a 3,300 square-mile area on the American River in California.
- Developed two cultural resources World Wide Web sites, one of which features information about Reclamation's fine art collection.

## Operations

Water deliveries by Reclamation in 1996 generally were average to above average, though drought conditions occurred in certain locations. Areas for which water delivery information was available at this printing include the Sacramento River and Colorado River basins. Total Sacramento River basin deliveries were approximately 7.2 million acre-feet compared to the historic average of 7 million acre-feet. Colorado River water deliveries to the Lower Basin States were about 8.1 million acre-feet, compared to the minimum allotment of 7.5 million acre-feet. In the Upper Colorado River basin, deliveries from Lake Powell were 11.3 million acre-feet, or about average.

## Improving Efficiency

As required by the National Energy Conservation Policy Act, Reclamation is striving to reduce energy consumption at its facilities by 20 percent by the year 2000 and is well on its way by reaching an 18.9 percent reduction in 1996. Conservation measures are applied on

a daily basis by informing employees of conservation practices, purchasing energy efficient equipment, replacing fixtures with newer models, entering into demonstration project partnerships, and improving existing buildings to increase energy efficiency.

## Water Delivery Efficiency

In 1996, Reclamation engaged in several programs to increase efficiencies of water delivery. Each February, Reclamation conducts a "Water Management Workshop" for irrigators and project operators to provide training and review efficient methods for operating and maintaining water systems. Reclamation also conducted an integrated resource management workshop for Reclamation's decision makers. The objective of this workshop was to provide the river operations decision-makers with tools and perspectives for incorporating the needs of multiple resources and publics in operating Reclamation's projects.

Reclamation routinely examines water conveyance and distribution systems. As part of the examinations of these systems, water management aspects are evaluated to identify deficiencies and recommend improvements relative to operating and delivery efficiencies. During 1996, a total of 39 water systems were evaluated. In addition, 25 specific river basin programs that include the objective of increasing water delivery efficiencies were new or ongoing in 1996.

## Power Generation Efficiency

Reclamation improved power generation efficiency in 1996 by modifying the Minidoka Powerplant in Idaho. Through 1996, \$38.2 million has been spent, with a \$41.5 million estimated final cost on improving the Minidoka Powerplant. Another \$7 million was spent in 1996 to replace transformers at Hungry Horse Dam in Montana. Reclamation also signed a contract with a group of Central Valley Project preference power customers to fund the update of generators at Shasta Powerplant, California, at a cost of \$9.1 million.

## Status of the Government Performance and Results Act Implementation

Implementation of the Government Performance and Results Act (GPRA) got off to an early and enthusiastic start with the Commissioner's appointment of a GPRA

Executive Workgroup to develop an implementation approach. This group of executives, working with Reclamation staff, developed a comprehensive plan for implementing each GPRA requirement. One of the first implementation actions was development of Reclamation's vision and strategic objectives by Reclamation's executive management team. The vision and objectives were shared with Reclamation employees in a memorandum from the Commissioner in which he also expressed his endorsement of GPRA principles, explained their significance to Reclamation, and called for employees' active participation in implementation initiatives.

## Customer Service

Reclamation issued a customer service plan in 1994 to guide its relationship with customers. The specific services and programs targeted in the plan parallel the tasks and activities identified in the new Reclamation budget structure under the following categories:

- Water and Energy Management and Development
- Land Management and Development
- Fish and Wildlife Management and Development
- Facilities Operations
- Facilities Maintenance and Rehabilitation
- Policy and Administration

Customer surveys have been conducted in various areas throughout Reclamation. In response to customer concerns, Reclamation is providing additional opportunities for early input into management actions and program decision-making.

As a renewable, reliable, and cost-effective energy source, hydropower plays a vital role in the electric utility industry. In response to Vice President Gore's National Performance Review, Reclamation was selected by the Department of the Interior to conduct a Power Management Laboratory beginning in fiscal year 1995 and continuing through 1996. This customer-driven laboratory examined the major components of Reclamation's power program with the goal of making it the "best in the business."

This aggressive effort established benchmarks and compared Reclamation's performance internally and with industry leaders. In this analysis, Reclamation



*Culinary arts program students at the Fort Simco Job Corps Center, which Reclamation administers under an interagency agreement with the Department of Labor (photo by Reclamation).*

evaluated its performance and established goals and actions that will significantly improve Reclamation's power program.

Reclamation also surveyed and talked with customers, employees, natural resources managers, and other industry leaders concerning the most important issues in the power program. This process equipped the agency to develop recommendations and implement needed changes.

Through the survey, customer concerns were identified. Improving communication, increasing participation, and maximizing cost effectiveness are among the first steps the agency is taking to improve customer service. Reclamation has developed a power program supplement to Reclamation's Customer Service Plan, involved customers and employees in the Laboratory Management Team and work groups, developed a public outreach program, increased participation in industry meetings, and used electronic media to share information.

# SCIENCE

The U.S. Geological Survey (USGS) provides the Nation with reliable, impartial information to describe and understand the Earth. This information is used to:

- Minimize loss of life and property from natural disasters;
- Manage water, biological, energy, and mineral resources;
- Enhance and protect the quality of life; and
- Contribute to wise economic and physical development.

The USGS supports the major land and water resources missions of the Department of the Interior and provides significant and critical earth science information to a wide range of clientele, both Federal and non-Federal. The USGS continues efforts to improve its ability to collect, analyze, provide, and preserve data and information, and to develop and disseminate techniques and technology that support the decision processes related to the wise use of the Nation's natural resources.

The USGS faced tremendous change and challenges during 1996. The bureau underwent a major organizational downsizing in its geologic division activities, even as external factors led to the addition of new programmatic responsibilities in other areas. The Minerals Information Program of the former Bureau of Mines was integrated within USGS after the closure of the Bureau of Mines. Congress also directed the merger of the National Biological Service (NBS) with USGS, adding a biological sciences component. Consolidation

planning for this new USGS division, the Biological Resources Division, was a major focus throughout the year, and much of NBS programmatic and support activity was not fully under USGS management during 1996.

## Major Disaster Response

The USGS worked closely with others in scientific studies, spatial depictions of geographic and earth science data, and response to disasters. Examples of USGS disaster response included:

- Assisted in the assessment of the July 1996 rock-fall near Happy Isles at Yosemite National Park. This event, in which 70,000+ cubic yards of rock spalled off the upper part of the cliff, killed one person, and injured many others.

- In May 1996, responded to a report of a landslide developing near Aspen in Pitkin County, Colorado. After examining the scene, the USGS informed Pitkin County officials that a landslide debris flow could occur shortly

that would impact nearby Aspen Country Day School. Appropriate emergency measures were taken as a result. Subsequently, two debris flows occurred on May 13 and 14, causing considerable damage to the school. Because of USGS warnings, no injuries were reported from either event.

- In February 1996, widespread flooding struck the Pacific Northwest, causing \$800 million damage in the States of Washington, Oregon, and Idaho. However, real-time information on river levels provided by the





USGS employee analyzes water samples from across the United States in the National Water Quality Laboratory (photo by USGS).

USGS enabled the accurate forecasting of peak flood heights on the Columbia and Willamette Rivers, averting much greater damage. The dedicated response of USGS employees to the disastrous floods in western Oregon and the availability of real-time streamflow information on the World Wide Web earned them a “Hammer Award.” USGS employees were honored for their quick and efficient use of the World Wide Web for the dissemination of river level and streamflow information nationwide, and for electronic distribution of real-time stream flow information, which was used as the basis for dozens of decisions regarding the evacuation of people and property throughout Oregon and Washington.

In presenting the Hammer award, Patricia Beneke, the Department of the Interior’s Assistant Secretary for Water and Science, said, “In the Willamette Valley alone, the outstanding partnership between the USGS and other Federal and State agencies, and based on USGS data, saved an estimated \$2.7 billion dollars of flood damage in February, as well as the lives of many Oregonians.”

**National Seismic Hazard Maps:** The USGS completed and released new national maps showing the potential hazard from seismic ground shaking. The maps present data in the probabilistic formats most requested by engineers and land use planners. They will also be used in implementing the recommended provisions of the National Earthquake Hazards Reduction Program for seismic regulations for new buildings, as well as for designing bridges, planning retrofitting strategies, setting insurance premiums, and estimating earthquake losses.

### Minerals Information Used as Economic Indicators

USGS minerals information is used by the private and public sector as barometers of industrial activity.

- Economic indices of metals activity are constructed, analyzed, and published monthly. Metal-producing and metal-consuming industries, as well as the banking and finance sector, government, academia, and capital goods industries, use the USGS Metal Industry Indicators to gauge future price trends and to assess where the metals industry is in the business cycle.
- The National Portland Cement Association uses monthly USGS Minerals Information Survey data to calculate business indicators for the cement industry. The cement industry then uses other indicators, along with the Minerals Information data on local cement shipments, to make business decisions, including large capital investment decisions.
- The USGS quarterly survey on domestic production of sand, gravel, and crushed stone is used as an economic indicator of construction activity at the National, regional, and State level. Quarterly data are used by industry associations as early indicators of regional construction activity.
- The Federal Reserve Board began using the USGS Quarterly Crushed Stone and Sand and Gravel Survey data as the basis for creating improved indices for

### Earthquake Technology Fights Crime

*Seismologists at the U.S. Geological Survey have transferred the technology they use to locate the epicenters of earthquakes to locating the origins of bullets flying through several San Francisco Bay area neighborhoods.*

*The system uses a triangulation process to determine the source of gunshots by tracing sound waves, in the same way that seismologists and their computers locate the source of seismic waves, which are also sound waves, emitted by an earthquake.*

*USGS scientists tested the first prototype gunshot locating system in 1992, and more recently the Redwood City, California, Police Department tested an updated version of the system developed by private industry. Other cities across the nation, including Washington, D.C., have expressed interest in using the system in some of their high-crime neighborhoods.*

*“The development and use of this system is an excellent example of the exchange of science and technology in one field to another,” said Redwood City Police Captain Jim Granucci, “and also an excellent example of cooperation among various levels of government and government with private industry. It’s a win-win situation for everyone, except the criminals.”*

*More information on this technology is available on the USGS “Earthquake Technology Fights Crime” Fact Sheet (FS-096-96).*

industry groups within the monthly Industrial Production and Capacity Utilization Report.

## Techniques for Planning Future Water Supplies

By knowing which streams (and watersheds) are contributing water to wells, cities and counties can make better-informed decisions regarding land-use planning and well-head protection. USGS research is helping these cities and counties to locate the surface water source(s) of water that is eventually pumped from deep water wells. In the Black Hills area of South Dakota, USGS has used information about the hydrogen and oxygen in local streams and ground water to help Rapid City water managers determine the source of the water that is pumped from their municipal-supply wells. Knowing the source of their wells’ water allows managers to more efficiently, economically, and effectively protect the principal source of drinking water for their 50,000+ residents. The Rapid City managers also



USGS employee at the National Earthquake Information Center in Golden, Colorado (photo by USGS).

can now more accurately forecast and plan for the effects of reduced stream flow (such as during a drought) on their water supply.

## Colorado River Experimental Flood

The “experimental flood” proposed by USGS scientists as a means of replenishing the beaches of Grand Canyon National Park which was carried out in 1996, was highly successful, extensively covered by the press, and widely viewed on the Internet. USGS computer models predicted that controlled flooding could replenish Grand Canyon beaches that had been lost when the Glen Canyon Dam was built, cutting off the supply of sediment to the Colorado River. The flood was planned in cooperation with the Bureau of Reclamation, responsible for operating Glen Canyon Dam, and the National Park Service, responsible for managing Grand Canyon National Park.

## Massachusetts Bay/Boston Harbor

There is concern about the long-term impact of contaminants in Massachusetts Bay because this area is used extensively for transportation, recreation, fishing, and tourism. Results from a USGS study of Boston Harbor and Massachusetts Bay were used to help make management decisions throughout the Boston Harbor Cleanup program. USGS computer models of circulation illustrate the comparative impact of sewage from Boston’s existing and future outfall. The models suggest that when the outfall is moved to the offshore location, water quality will improve dramatically in Boston Harbor. The model was used by the U.S. Attorney’s Office (Justice Department) in defending the Government in the

endangered species case concerning right whales in the Stellwagen Bank National Marine Sanctuary. The model results also helped evaluate and gain approval for downsizing of the planned secondary sewage treatment plant. The downsizing saved Boston area rate payers \$160 million.

## Global Land Information System

The Global Land Information System (GLIS) reached a significant milestone of accessibility to USGS customers in April 1996 when a World Wide Web interface was announced at the American Society of Photogrammetry and Remote Sensing meeting in Baltimore, Maryland. Since the release of the Web GLIS, the number of online customer product searches rose from 4,000 per month to 17,000 per month. Likewise, product orders by USGS customers using GLIS have grown almost 400 percent.

## Partnership with Minnesota Mining and Manufacturing

The USGS entered into partnership agreements with the private sector to develop technology for rapid customized product dissemination. The USGS and Minnesota Mining and Manufacturing (3M) of St. Paul, Minnesota agreed to develop on-demand map printing and for 3M to develop a series of commercial instant map-printing systems. 3M engineers will be working with USGS cartographers to develop a system allowing USGS customers to print a specific topographic map in a matter of minutes. Cost savings result from decreasing the USGS printed map inventory, while customers will gain rapid access to all USGS map products.

## Biological Research

The goal of the Biological Research Division is to work with others to provide the scientific understanding and technologies needed to support sound management and conservation of our Nation's biological resources. During 1996, there were many noteworthy accomplishments including:

- "Our Living Resources", which describes the abundance, health, and distribution of biological resources of the Nation, won several awards, including a Blue Panel award from the National Association of Government Communicators.



USGS employees at work in South Florida (photo by USGS).

- Based on analyses of 45-year data records, a decision was made to discontinue stocking Federally produced hatchery lake trout in most areas of Lake Superior. The analyses indicated that wild populations are successfully reproducing and that protection from over-exploitation and seal lamprey predation should be the primary management strategy to further restoration. This success on Lake Superior is a milestone in the international effort to restore Great Lakes fisheries.

## Implementation of the Government Performance and Results Act

During 1996, the USGS continued to report the National Water-Quality Assessment Program (NAWQA) as a Government Performance and Results Act (GPRA) pilot project designed to prototype performance measure efforts for the Bureau. Other NAWQA Program Pilot results and program performance measures are presented in the Supplemental Information section of this report.

In 1996, a draft GPRA Strategic Plan was provided to the Department and the Office of Management and Budget for review. The plan will be used to plot the course for a future of continued government change, high-technology revolution, and significant societal evolution. Major challenges before the USGS include:

- Maintaining a multi-disciplinary workforce for addressing complex scientific problems;
- Creating long-term national data bases and using them in interpretive studies to provide a solid scientific foundation for effective policy development; and



- Placing a greater emphasis on relationships and partnerships to ensure the most efficient means available for providing earth science information to the public.

During the coming year, USGS will continue to refine that plan to coincide with the 10-year strategic plan and to improve the description of related performance measures.

## Streamlining Operations

The USGS has continued to improve its business practices through streamlining and efficiencies in 1996.

- By pioneering the use of bankcards, USGS is eliminating administrative procedures previously required before making low-dollar purchases of commercial goods. In 1996, USGS use of bankcards increased from 59,000 to 84,000 transactions, nearly doubling the value of transactions to \$21 million.
- The USGS continues to expand its use of electronic remote entry of many financial transactions such as commitments, obligations, and payments directly into the accounting system. This initiative has been fully implemented in the Water Resources Division and will be expanded to other divisions in 1997. This streamlining action improved the timeliness of financial entries, decreased reconciliation time at field sites, and simplified year-end closing.
- The USGS is providing its employees with Internet access to current information such as policies and other reference documents related to the functional areas of acquisition, computing, facilities, financial resources, information services, service requests, human resources, information management, management services, safety and security, telecommunications, and training. This streamlining action reduces the need for administrative staff to handle all requests for information or service.

## Customer Service

The USGS has developed and published the following customer service standards:

- Our products will meet the most rigorous standards of scientific accuracy and integrity;

### Serving the Community

*The National Biological Service's Leetown Science Center in Leetown, West Virginia, has long been recognized as part of the community of Leetown. Located in Leetown, West Virginia since 1931, the Center covers 480 acres and has three reservoirs used for water storage. Over the years, the Center's employees have consistently demonstrated "good neighbor policy" helping neighbors and community while carrying out the Center's work involving aquatic ecosystems and fish health.*

*Such was the case early one morning in January during the meltdown that followed the blizzard of '96. Maintenance foreman **Daryl Christine** was visited by one of the neighboring farmers who reported that thirty acres of water was moving toward the reservoirs, placing local homes and the center's own buildings in jeopardy. Well aware of a similar situation in 1949 when floods inundated buildings and grounds, Daryl quickly rallied the maintenance crew to assess the situation. **Frank Roach**, administrative specialist, observed that the reservoirs were very close to overflowing and advised managers of nearby FWS's National Education and Training Center to dismiss their employees who were working in the buildings closest to the reservoirs. The maintenance crew began digging a ditch to divert the water toward an area where there weren't any homes or buildings. Despite the rain and cold, the crew remained on the job to assure that the homes close to the Center's property would suffer no flood damage from the overflow and runoff.*

*In a letter to the editor of the Martinsburg Journal, one neighbor wrote: "The people in Leetown area are fortunate to have these Good Samaritans as friends and neighbors."*

- Customers will be treated with courtesy and with respect for their time;
- Their requests will be handled promptly, and due dates will be honored;
- We will continue to expand the availability of data; we will try to make it as easy as possible for someone to access or order our products; and
- We will seek and consider our customers' input about USGS plans, programs, and services.

The USGS produced its second annual Customer Service Report in 1996. This report described goals for improving customer service, opportunities for improvement identified by its customers through surveys, progress toward improvement, accomplishments, and success stories.

### What's in a (Geographic) Name?

*It's hard to get respect when you live in a town called Mole Hill. So in 1949, officials in the town of Mole Hill, West Virginia, petitioned the U.S. Board of Geographic Names to change the town's name to "Mountain." The Board policy is to recognize local usage or preference when possible, so the town got its wish to make a Mountain out of a Mole Hill.*

*The Board on Geographic Names was created in 1890 and established in its present form in 1947. Members represent the departments of Agriculture, Commerce, Defense, Interior, and State plus the Central Intelligence Agency, Government Printing Office, Library of Congress, and the U.S. Postal Service. Staff support is provided by the USGS for the Domestic Names Committee and by the Defense Mapping Agency for the Foreign Names Committee. The Secretary of the Interior acts as presiding and final approving officer over the board's monthly decisions.*

*At present, some 2.5 million names are compiled in the Geographic Names Information System database. At a recent meeting, the USGS demonstrated how to access its latest digital (CD-ROM) listing of more than two million geographic names in the United States and its territories and possessions. These names are the official ones for use on federal publications and maps.*

- The USGS sent a customer feedback card with each mail order it filled. The response indicated that 90 percent of USGS customers are pleased with its service.
- The Information Services Branch in Denver, Colorado, improved response time to customer orders. Customers are now receiving orders within two weeks of their request. This response time is significantly shorter than the eight-week average in 1994.
- To better serve the government and private sector customers involved with disaster mitigation, the USGS provides emergency responses for map products and data requests 24 hours per day, 7 days per week, every day of the year. The emergency response provision was made via a pager linked to the National Emergency Command Center, the National Security Council (NSC), and the Domestic Emergency Notification System. During 1996, USGS participated in emergency responses including the TWA airline disaster and the wildfire suppression in Yosemite as an integral member of this team.
- The USGS toll-free customer inquiry line, 1-800-USA-MAPS, was considerably enhanced to make this service more customer-oriented. Callers can now obtain information about topographic, geologic, and wetland maps available from USGS, as well as digital data and aerial photographs. Much information can be faxed by selecting the EARTHFAX options. At any time, customers can elect to speak to a customer service representative. This toll-free number was used by 57,000 callers in 1996, an increase of 1,677 calls, or three percent over 1995.
- The Biological Resources Division measured customer satisfaction with its products and services through responses to 759 surveys distributed in 1996. More than 80 percent of the respondents reported that they were satisfied or very satisfied with the overall usefulness of these products and services.
- In 1996, conversion of seismic data (which are invaluable to geologic analyses to determine potential oil and gas deposits) from magnetic tapes to CD-ROM media reduced cost of providing information from approximately \$80,000 to \$475. In addition, the conversion preserves a priceless archive of earth science data on stable CD-ROM media (estimated life: 100 years or more) whereas magnetic tapes deteriorate over time.
- Credit card orders for mapping products can now be accepted through the mail and by fax at (303) 202-4693.
- The Inventory Management Team recommendations included a refined process for reprinting products, massive cleanup of inventory data and locations, and timely updating of the system when new or reprinted products are received. Previously this process took 2-3 months; it is now handled in 7-10 days. This means that the system, which is used by customer service personnel, will provide more timely information about the availability of products for customers.
- The USGS is working to increase partnerships with businesses to handle retail sales of USGS stocked products. During 1996, the number of partnerships with retail sales providers increased from 1,600 to 2,300 (44 percent), with 80 percent of USGS stocked products being distributed by these retail sales business partners.

# INDIAN AFFAIRS

The United States Government maintains a government-to-government relationship with 557 Federally recognized Indian Tribes based on the U.S. Constitution and a trust responsibility that emanates from treaties and other agreements with Native groups. Indian Tribes possess inherent sovereign powers of state governments, such as the right to determine tribal membership, to make and enforce laws, to license and regulate activities within their communities, and to exclude persons from their territories. The Bureau of Indian Affairs (BIA) is the primary agency of the Federal Government with fundamental responsibilities to American Indian Tribes, Alaska Native groups, and tribal governments. The BIA was transferred from the War Department to the Department of the Interior in 1849.

The BIA provides services to over 1.2 million Indian, Eskimo, and Aleut residents in 31 states either directly, or through contract, grant, and compact agreements with tribes.

Programs are extensive and cover the entire range of state and local government services, such as: 1) elementary, secondary, post-secondary and adult education, 2) social services, 3) law enforcement, 4) judicial courts, 5) economic development grants and loans, 6) land and heirship records, and 7) general tribal government functions. In addition, significant Federal investments are made in maintaining and improving Indian forests, agriculture and range lands, water resources, and wildlife and parks. Construction activities include repairing and maintaining reservation roads, housing, schools, adult and juvenile detention facilities, and irrigation and power systems. The BIA also administers more than 54 million acres of tribally-owned land, over 10 million acres of individually-owned land held in trust status, and 443,000 acres of Federally-owned land held in trust.

*“The Bureau of Indian Affairs’ mission is to enhance the quality of life, to promote economic opportunity, and to carry out the responsibility to protect and improve the trust assets of American Indians, Indian Tribes, and Alaska Natives. We will accomplish this through the delivery of quality services, and maintaining government-to-government relationships within the spirit of Indian self-determination.”*

## Organization

The Bureau of Indian Affairs has two service components reporting to the Assistant Secretary-Indian Affairs:

- The Deputy Commissioner for Indian Affairs has line authority over 12 area offices, 83 agency offices, three sub-agencies, six field stations, and two irrigation project offices. The Deputy Commissioner provides program direction and support through the Directors for the Offices of Tribal Services, Trust Responsibilities, Economic Development, and Management and Administration.

- The Director of the Office of Indian Education Programs supervises 26 education line officers stationed throughout the country and two post-secondary schools. During the 1995-96 school

year, the Office of Indian Education Programs supported the operation of 118 day schools, 55 boarding schools, and 14 dormitories which house Indian children who attend public schools.

The BIA’s headquarters are located in Washington, D.C. and Albuquerque, New Mexico. As a highly decentralized organization, nearly 95 percent of BIA’s staff work is performed in schools, area and agency offices, and other field locations.

## Indian Self-Determination and Tribal Self-Governance

The BIA deals directly with the tribal governing bodies in a government-to-government relationship. The Bureau supports sovereignty, self determination, and self-governance of Federally-recognized tribes. Since 1975, tribes have contracted to operate programs to benefit Indians for the Secretary of the Interior and the Indian

### Law Enforcement Officers Killed in the Line of Duty Honored by BIA



In a moving ceremony on May 9 at the Indian Country Law Enforcement Officers' Memorial in Artesia, New Mexico, families, friends, law enforcement officers, and co-workers paid tribute to three American Indian law enforcement officers who died in the line of fire.

The names of BIA Criminal Investigator **Michael Miller**, Ak-Chin Tribal Police Officer **Ronald Kelley**, and Navajo Tribal Police Officer **Hoskie Gene, Jr.**, were added to the marble memorial's engraved list of 61 names of fallen officers. The list begins with the first BIA law enforcement

casualty, Chin-Chi-Kee, who died on January 10, 1852.

The ceremony, attended by a number of Federal, State, national, and local law enforcement officials, was a tribute to law enforcement officials who gave their lives. BIA Law Enforcement Chief **Ted Quasula**, serving over the memorial services, praised the men stating "It's a reminder of the dangers of the job. It's also to reassure the families that we haven't forgotten the loss of their loved ones and that we want to honor their memory."

The program has grown from one with seven participating tribes during the planning phase in the late 1980's, through a Congressionally-authorized five-year demonstration period covering an additional 46 tribes, to become the major focus of Indian affairs by the mid-1990's. Under the authority granted by Congress, Indian Tribes may consolidate programs, redesign processes, and receive expedited action on requests for waivers of Federal regulations in order to provide the most appropriate mix of tribal operations and program services to tribal members. In 1996, more than \$157 million was made available to 190 tribal governments operating programs through 53 separate Self-Governance Compacts.

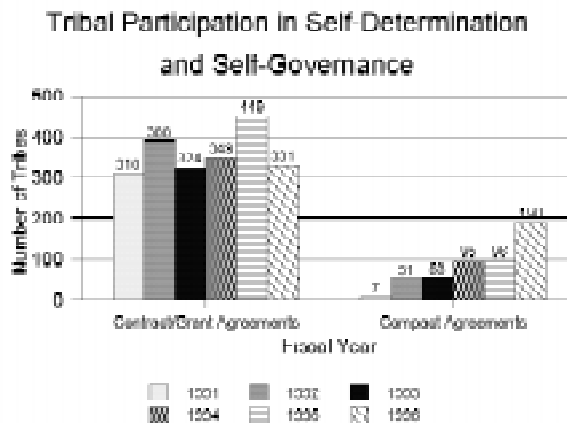
Health Service. Tribal governments and organizations operate various federal programs under contract, grant, and compact agreements, as authorized by the Indian Self-Determination and Education Assistance Act of 1974 (as amended). In 1996, BIA allocated nearly \$1 billion to tribes and tribal organizations under self-determination contracts, grants, and compacts, accounting for 46.1 percent of all BIA expenditures.

Indian self-determination is the cornerstone of the Federal relationship with sovereign tribal governments. Self-determination contracts, grants, cooperative agreements and self-governance compact agreements between the Federal Government and Indian Tribes and tribal organizations allow the tribes, rather than Federal employees, to operate the Federal programs. The self-determination agreements generally cover individual programs or sets of interrelated programs.

The Tribal Self-Governance Program, first initiated as a demonstration project in 1991, has led to a rapid expansion of tribal self-determination. Tribes with mature contracts (contracts in operation for at least three years with no material audit weaknesses) may choose to enter into the broader and more flexible compact agreements.

In 1996, the Office of Self-Governance successfully completed 60 negotiated funding agreements with more than 200 Self-Governance tribes which will result in the transfer to the tribes of approximately \$170 million in 1997. Over the next 10 years, tribal participation in self-governance is expected to increase by 20 self-governance agreements per year. Figure 15 shows the increase in Indian self-determination and tribal self-governance since 1991.

Figure 15



## Office of American Indian Trust

The Office of American Indian Trust (OAIT) was created to assist Departmental offices and bureaus in determining facts and considering effects of all Departmental actions or proposals in relation to American Indian trust resources. The Office provides staff support to the Secretary in the exercise of the trust responsibility and the coordination and implementation of Indian trust protection policies and procedures. In addition, the Office is responsible for performing annual reviews of tribal performance of trust functions assumed pursuant to the Self-Governance Act of 1994.

Figure 16

Performance Measure	FY 1995	FY 1996
Number of Annual Trust Evaluations	28	31
Number of Training/Outreach Sessions	43	45
Number of DOI Referrals	158	165
Number of Special Projects	9	12
FTE	8	8
BUDGET	\$795,000	\$795,000

Over the past year, the Office has worked with the National Park Service, the Bureau of Land Management, the Bureau of Reclamation, the U.S. Geological Survey, and the Minerals Management Service to address specific matters involving a variety of tribes and tribal resource issues. The Office distributed more than 1,000 copies of the Department’s compilation of Indian trust protection policies and procedures to Interior offices and bureaus, tribes, and other Federal agencies.

Education and training are important functions of the Office of American Indian Trust, and the Office is available to provide such services to Departmental bureaus and other Federal agencies to the extent that resources are available. In the past year, the Office presented 50 Indian trust and policy training/outreach sessions involving virtually every bureau in the Department and several other Federal agencies.

In addition to providing trust and Indian policy information to Interior and Federal agencies, the Office has been designated the point of contact for foreign government officials seeking information about Indian Affairs. In the past year, the Office has hosted and provided information materials to 30 foreign visitors from around the globe and has briefed officials at the French, Canadian, New Zealand, and Swiss embassies.



First grade class at Isleta Elementary School in New Mexico (photo by BIA).

## Trust Lands and Natural Resources

BIA administers more than 54 million acres of land owned by Indian Tribes and individuals that are held in trust by the Federal Government. The Federal trust responsibilities include the management of forest lands, development of agricultural and range lands, leasing mineral rights, protecting water and land rights, preparation and administration of probates, and maintaining land ownership and lease income records. In addition, the Department of the Interior has fiduciary responsibilities for funds held in trust for Indian Tribes and individuals. The uses of Indian lands are shown in Figure 17.

Almost 85 percent of the Indian trust lands are in active production. Over 700 million board feet of timber are harvested annually with a total value of \$180 million. Indian agricultural lands are estimated to generate another \$550 million in production. Tribes have also

Figure 17

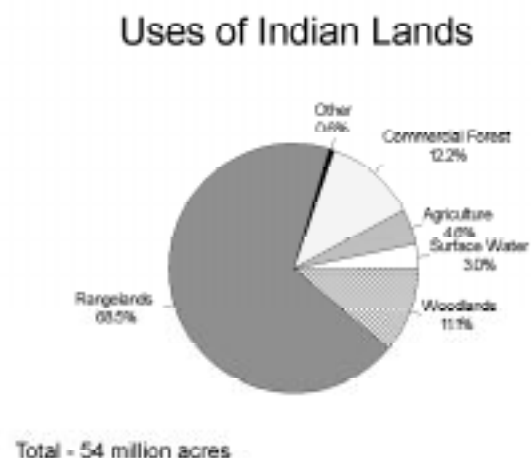
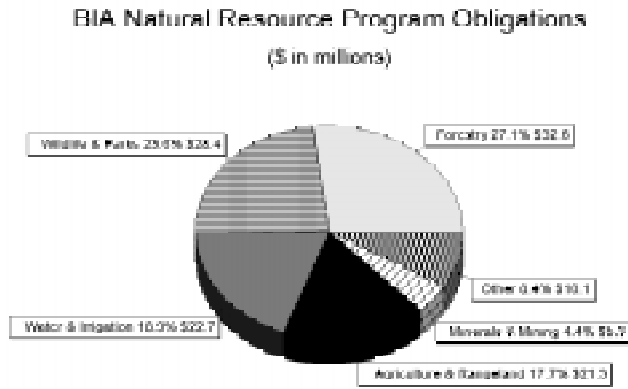


Figure 18



received approximately \$150 million in mineral royalties each year since 1990. In 1996, over \$120 million was obligated for BIA’s natural resources programs (see Figure 18).

### Trust Fund Management

One of the Department’s highest priorities is the management of Indian trust assets, with the goal of bringing trust resource management, accounting, investment and related systems up to industry standards. In recent years, a number of actions have been taken to address core issues underlying Trust Fund management, including contracts with public accounting firms for the reconciliation of Trust Fund accounts and audit of Trust Fund activity.

The Office of Special Trustee (OST) for American Indians was authorized by the American Indian Trust Reform Act to provide for more effective management of, and accountability for, the proper discharge of the Secretary’s trust responsibilities to Indian Tribes and individual Indians. The Special Trustee is charged with general oversight responsibilities of Indian trust asset reform efforts Department-wide so as to ensure the establishment of policies, procedures, systems, and practices to allow the Secretary to effectively discharge the Department’s trust responsibilities. In 1996, at the direction of Congress, the responsibilities and authorities of the Special Trustee were expanded through a Secretarial Order which transferred the Office of Trust Funds Management and other financial trust services functions of the Bureau of Indian Affairs to OST. The Special Trustee now has authority over and responsibility

for trust moneys of Indian Tribes and individual American Indians. Additional trust functions of the Department continue to be carried out by the Bureau of Land Management, Minerals Management Service, and BIA.

The OST manages approximately \$3 billion of funds held in trust for Indian Tribes and individuals. The balances that have accumulated in the Indian trust funds have resulted from payments of claims and judgment awards, investment income, and revenues from 54 million acres of trust land. Revenues are derived from subsurface mineral extractions (coal, oil, gas, and uranium) and timber, grazing and other surface leases. Approximately \$2.1 billion of the funds are held in tribal accounts for approximately 300 tribes. The balance of approximately \$500 million of the funds is held on behalf of individual Indians in over 387,000 accounts.

Reviews by the General Accounting Office, the Inspector General, independent accounting firms, and Congressional committees have identified serious and continuing problems in the Department’s existing management of funds held in trust for American Indians and Alaska Natives. Accordingly, the OST program includes both the maintenance of ongoing operations and improvements to other critical functions.

### Education

Nearly one-third of BIA’s annual operating budget supports Indian students not served by public or private schools (Figure 19). During the last academic year, the BIA school system served 48,000 students attending 187 elementary and secondary schools. In addition, BIA operated two post-secondary schools and provided

Figure 19

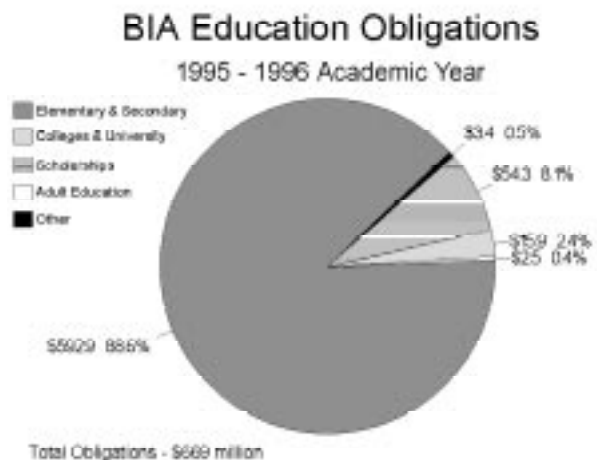
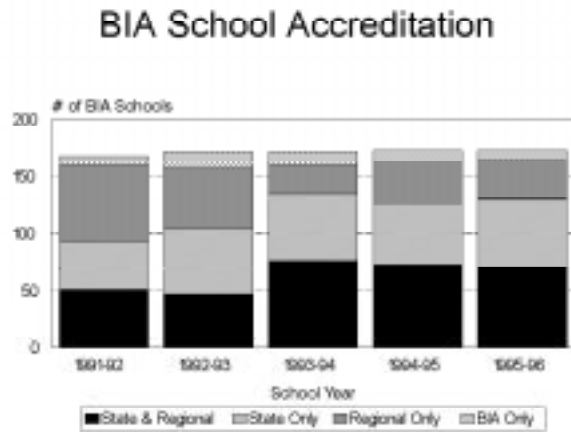


Figure 20



financial support for special pre-school programs, operating grants to Tribally Controlled Community Colleges, scholarships to Indian students pursuing undergraduate and graduate degrees, and tribal adult education programs. Indian colleges had 9,654 students enrolled and 1,293 graduates in the 1995-1996 academic year.

Elementary and secondary schools, whether operated by the BIA or by tribes under self-determination contracts or grants, may be accredited by state and/or regional education associations and must comply with BIA's academic and residential standards. Almost all BIA schools now have State or regional accreditation, which usually exceeds the academic standards that BIA has established as minimum criteria for its funded schools (see Figure 20). Compliance with the BIA's 17 minimum criteria has consistently increased in recent years.

### Organizational Streamlining

BIA had a total of 11,602 employees at the end of 1996, a reduction of 1,597 below the 1995 level. Full-time equivalent (FTE) employment was 10,680, a decrease of 1,295 FTEs below the prior year. These reductions are largely due to the transfer of additional school and program operations from BIA to tribes and tribal organization under Indian Self-Determination contracts and grants and tribal self-governance compact agreements, and the reductions in 1996 appropriations which reduced funding available to support the staff of the BIA's headquarters and area offices. Figure 21 shows BIA staffing changes from 1993 to 1996.

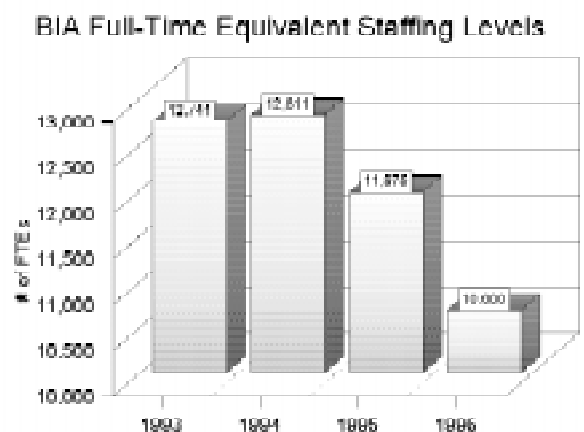


Southwestern Indian Polytechnic Institute (photo by B. Stoddard).

### Status of Implementing the Government Performance and Results Act

The BIA is well on the way to finalizing its strategic plan and the performance goals and indicators for its formal performance plan under the mandates of the Government Performance and Results Act (GPRA). This plan will be submitted to Congress by September 30, 1997. In the meantime, the BIA is strengthening day-to-day program

Figure 21



### Native American School Designs NASA Experiment

*The first Native American secondary school to have a science experiment selected for a National Aeronautic and Space Administration test program is also the first Idaho high school to win such an honor. Sho-Ban School, located in Ft. Hall, is funded by the BIA and operated by Tribal government, serving 200 students in grades 7-12.*

*Sho-Ban students experimented with crystals and the structure of phosphate ore taken from the reservation. NASA will compare the Sho-Ban experiment with crystal and phosphate ore reaction experiments performed in the gravity-free environment of space. Sho-Ban's work was selected by the Idaho Space Grants Consortium and the Rocky Mountain Space Grants Consortium.*

*The students of Sho-Ban have been attending NASA-sponsored science lectures at the University of Utah in Salt Lake City and formed the Native American Space Association to further their studies and experiments.*

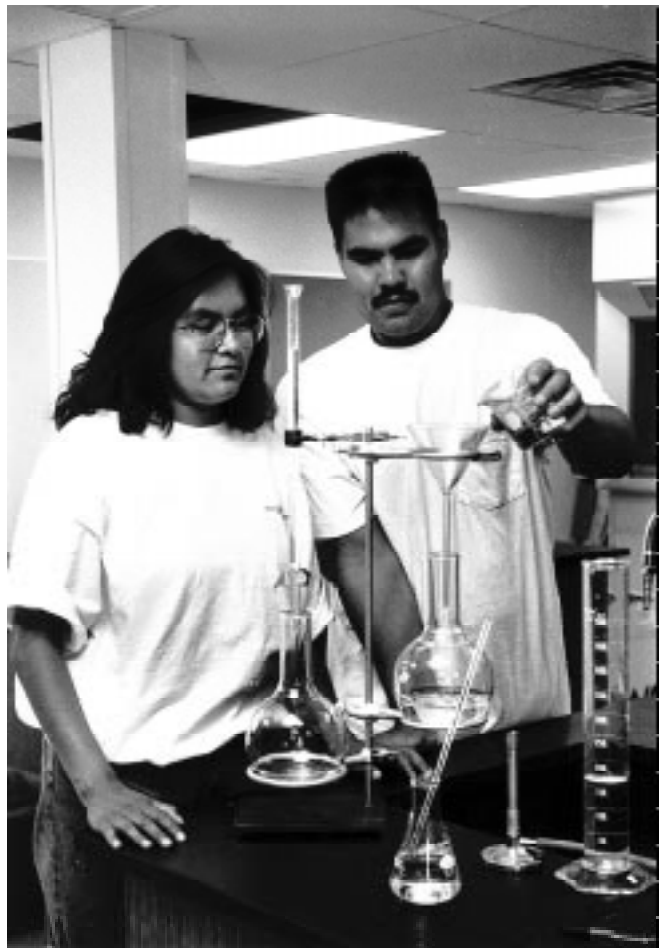
management consistent with the GPRAs requirements. The BIA has developed program performance goals and preliminary performance indicators for Self-Governance, Economic Development, Indian Education, and Trust Lands.

## Customer Service

The Bureau has made substantial progress in achieving its Customer Service Standards, initially published in September 1994 as part of its Customer Service Plan. Progress is primarily evidenced by the increased number of area-wide consultation meetings and customer service conferences held throughout the year.

BIA is using partnerships and reengineering to help meet the customer service standards established in the agency's 1994 customer service plan. BIA has made several customer service improvements over the past year:

- BIA has used the reinvention laboratory process to reduce the design and construction time for Indian schools by over 50 percent. It used to take seven or eight years to plan, design and build a new school. The job will now be completed, start to finish, in three years or less.



Science lab at Southwestern Indian Polytechnic Institute (photo by B. Stoddard).

- A partnership between BIA's Office of Indian Education Programs, major private telecommunications companies, software firms, and DOI offices is reengineering the telecommunications and computer technology infrastructure serving BIA schools and Indian communities. This effort will enhance opportunities for student, teacher, and family learning through access to the resources available on the information superhighway. The first step was taken in August 1996 when the Microsoft Corporation contributed over \$350,000 in software, computers, and cash to Four Directions, a BIA project that will electronically link Indian schools in eight States.



# INSULAR AFFAIRS

The Office of Insular Affairs (OIA) carries out the responsibilities of the Secretary related to the U.S. Virgin Islands, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands (CNMI), the Republic of Palau, the Republic of the Marshall Islands, and the Federated States of Micronesia. The mission of the Office of Insular Affairs is to promote the economic, social, and political development of the insular areas. The Office also serves as a focal point within the Administration for developing and coordinating responses to issues that arise in relations between the Federal Government and the four territorial governments.

The Office of Insular Affairs provides both financial and technical assistance to the insular areas on many complex and politically sensitive issues covering all aspects of governmental operations. Grants are provided for small technical assistance projects as well as major construction projects, and require continuous management and monitoring. Examples of these grants include: grants for construction of hospitals, sewer systems, water systems, power systems, roads, ports, airports, and school systems; grants for anti-drug activities and crime control; grants to enhance health care and public safety; grants to improve education; and grants to assist the governments in becoming self-sufficient.

## Interior Involvement in the Insular Areas

### American Samoa Support

American Samoa was the only U.S. territory to receive direct grant support for general government operations in 1996. American Samoa's economy is unable to generate sufficient local revenue to ensure that essential public services are provided to its citizens. It receives an annual operations grant to fund the difference between budget needs and local revenues. American Samoa received a 1996 operations grant of \$23 million of which \$22 million was for general operations and \$814 thousand was earmarked for operations of its High Court.

The Government of American Samoa is now required to develop a multi-year Master Plan for capital needs. In 1996, American Samoa received \$7.7 million in Covenant grants. The Master Plan was completed by the American

Samoa Government, with assistance from the Army Corps of Engineers, and was approved by the Secretary.

### Enewetak Support

This special operations program was created following the cleanup of the Enewetak Atoll nuclear testing by the United States. The operational support provides supplemental food for the community, transportation costs within the Marshall Islands, and replanting and maintenance of food-bearing trees and crops.

### Capital Improvement

Capital improvement grants are made subject to terms and conditions that include the insular governments' compliance with laws and regulations applicable to Federal financial assistance. The Office of Insular Affairs retains the services of the Army Corps of Engineers to provide engineering expertise to its review and oversight of construction grants.

### Guam Impact Aid

The Compact of Free Association Act authorized appropriations to reimburse the United States insular areas for the impact on social and education programs caused by implementation of the Compacts of Free Association. Substantial effort has been expended by Guam, with technical assistance support from the Office of Insular Affairs, to document and quantify the impact. Congress, in enacting the changes to mandatory Covenant funding, stipulated that this funding must be used for capital improvements. The Department issues a grant for this assistance and the Government of Guam identifies the specific projects that will be funded.

### Rongelap Resettlement

In 1996, Congress made Rongelap eligible for Covenant funding and earmarked \$4.4 million in 1996 appropriations for resettlement of Rongelap. Congress further stipulated that not more than \$32 million in additional funding would be provided for Rongelap resettlement beginning with the 1996 appropriation and that this funding was contingent on an agreement between the United States and the

Rongelap Atoll Local Government declaring this to be a full and final settlement of all resettlement claims.

In September 1996, the Secretary of the Interior and representatives from Rongelap and the Marshall Islands Government signed a historic agreement as a final settlement of Rongelap claims.

### Disaster Assistance

Disaster assistance grants are a special kind of capital improvement grant that fund infrastructure improvements designed to mitigate damage from future disasters. This program is coordinated with the Federal Emergency Management Agency (FEMA). Disaster assistance funds granted by the Office of Insular Affairs may be used by the insular governments to meet matching requirements of FEMA mitigation grants. A total of \$750 thousand was appropriated for disaster mitigation in 1996.

### Technical Assistance Program

The general Technical Assistance Program provides the insular areas with funding to encourage economic development, to enhance health care and public safety, to improve Government productivity and efficiency, to improve education and to assist the governments in becoming self-sufficient.

The Operations and Maintenance Improvement Program is part of the Technical Assistance Program and was designed to create and support institutions that enhance the capability of the insular governments to maintain their capital infrastructure. Specific areas targeted for assistance are water systems, sewage systems, solid waste disposal, power systems, roads, ports, airports, school systems and other public buildings. The program is managed with the assistance of the Army Corps of Engineers.

In 1990, a Corps contract with Louis Berger International, Inc., in association with Barrett Consulting Group, provided a baseline study of existing operations and maintenance organizations in the insular areas. In concert



*OIA Director, Allen Stayman, attends 1996 Flag Day ceremony with American Samoa Justice Michael Kruse and other government officials.*

with the insular governments, action plans were developed to improve operations and maintenance in each area. In 1996, \$2.4 million was appropriated for maintenance assistance grants.

### Brown Tree Snake Control

This special activity within the Technical Assistance Program was created to help eradicate the brown tree snake in Guam and to control spread of the snake to other insular areas in the Pacific. The snake population and resulting damage increased significantly in the last decade, and Federal efforts have been ongoing for the past six years to eradicate and control the snake population. For 1996, \$595 thousand was appropriated for this activity.

### Virgin Islands Emergency Appropriation

In September 1995, the Virgin Islands was devastated by Hurricane Marilyn. This was the second storm of this magnitude in a six-year period, the other being Hurricane Hugo, which struck in September 1989. The Secretary of the Interior has a mandate to evaluate the capability of the insular governments to deal with major disasters, and to offer assistance as necessary. In the case of Hurricane Marilyn, the Department, following consultations with FEMA, the Government of the Virgin Islands, and the Office of Management and Budget sought and received



*Rosie Babel (center) and Lydia Feleafine-Nomura (right), Office of Insular Affairs, talk to an American Samoan government official (photo by Insular Affairs).*

an emergency appropriation of \$9.5 million to assist the Virgin Islands.

### **Compacts of Free Association**

Under the negotiated Compacts of Free Association with the Federated States of Micronesia and the Republic of the Marshall Islands, the United States pledged its full faith and credit to most of the financial assistance the freely associated states will receive over the 15-year life of the Compacts. In 1986, Congress permanently appropriated such sums as necessary to meet its full faith and credit pledge. Compact funds have a variety of purposes, which are spelled out in the negotiated agreement and the joint resolution (Public Law 99-239) which approved the agreement. The majority of the funding goes for current (general operations) or capital (construction and major acquisitions) purposes. Special funding was earmarked for energy production, maritime surveillance, medical referrals, and communications.

For 1996, a total of \$245 million in permanent appropriations was made available for guaranteed assistance to the freely associated states. Of this total, the Federated States of Micronesia received \$86.5 million, the Republic of the Marshall Islands received \$39.7 million, and the Republic of Palau received \$119 million.

### **Program Grant Assistance**

Each year the freely associated states receive a block grant for health care and education assistance, in accordance with Section 221(b) of the Compact. Although this funding is referred to as block grants, the funds are not subject to Federal grant regulations or practices. These grants are funded through annual appropriations and are not backed by a full faith and credit pledge. They are, however, considered mandatory payments under Federal budget practices.

For 1996, as is the case for each of the 15 years of the Compact, \$10 million was appropriated for block grants to the Federated States of

Micronesia and the Republic of the Marshall Islands. The Federated States of Micronesia received a \$7 million annual payment, and the Republic of the Marshall Islands received \$3 million. The Republic of Palau received \$4.9 million for its block grant.

### **Federal Services Assistance**

The Compacts of Free Association guaranteed that the freely associated states would continue to receive certain Federal services at a level equivalent to what was provided in the year preceding the implementation of the Compacts. These services include the Postal Service, U.S. Weather Service, Federal Aviation Administration services, disaster assistance from FEMA, and diplomatic training through the Foreign Service Institute. The Federal Government also agreed to pay the costs of auditing all Compact financial assistance. The OIA reimburses the aforementioned Federal agencies for the actual costs of providing these services. For 1996, \$6.9 million was appropriated for Federal Services assistance.

### **Payments to the U.S. Territories - Fiscal Assistance**

**Advance Payments to Guam** - Each year, Guam receives an advance payment of Federal income taxes expected to be collected from mainland personnel living on Guam and Guam residents serving in the U.S. military. Adjustments are made later to reconcile the advance to

actual collections. In 1996, Guam received total advances and adjustments of \$42.7 million.

**Advance Payments to the U.S. Virgin Islands** - Each year the Virgin Islands receives an advance payment of Federal excise taxes to be collected on exported rum. Adjustments are made later to reconcile the advance to actual collections. In fiscal year 1996, the Virgin Islands received total advances and adjustments of \$38.3 million.

**Insular Management Controls** - This program brings together financial expertise from the Office of Insular Affairs, the Inspector General, the insular governments and their independent auditors to identify and address specific problems in each insular area. A joint working group from the Department and the Office of Management and Budget determined that inadequate controls in the insular governments were creating a control environment that placed Federal funds at high risk of waste, fraud, or abuse, and designated this program as a "high risk area" for the Department. Financial and technical assistance commenced in 1995 and significant progress has been achieved. The program is no longer viewed as a high risk area.

## Program Performance

**State of the Islands** - The basis for insular financial assistance provided through the Department is a Federal recognition that the normal array of financial assistance is not sufficient to meet the needs of the island governments. Island economies are fragile and often erratic. For the most part, they are dependent on tourism or unique industries. In the case of the freely associated states, where the United States acquired defense rights in exchange for financial assistance, the level of payments was negotiated primarily on the basis of economic need more so than the absolute value of the defense interest.

An annual "Report on the State of the Islands" has been issued since 1992. The report contains statistical data and explanatory narrative on economic, financial, and social conditions in the insular areas. It will be one tool in assessing OIA's progress in promoting its mission and goals.

### Rongelap Islanders to Return Home

*On September 19, 1996, Secretary Bruce Babbitt signed an agreement that enabled Pacific Islanders to return to their atoll after more than a decade of self-imposed exile.*

*The agreement, which the Office of Insular Affairs negotiated with Rongelap representatives over the past three years, provides the Rongelap local government with \$45 million for atoll rehabilitation and resettlement.*

*The pact requires the construction of homes and docks, electric and water facilities, a school and other government buildings. Congress, which participated in the negotiations, set up the parameters for the settlement in 1995 with the passage of Public Law 104-134.*

*The Rongelap people were accidentally exposed to radioactive fallout from a 1954 U.S. hydrogen bomb test. They have been living on other atolls in the Marshalls while resettlement terms were worked out.*

*The accident occurred on March 1, 1954, when a Department of Defense test, called Bravo, was detonated on Bikini Atoll. The force of the explosion was three times what U.S. scientists had expected.*

*Fallout, carried by winds that had shifted just before the blast, drifted over Rongelap and Utirik, about a hundred miles to the southeast. The islanders were evacuated two days later, but many suffered from severe illnesses.*

*They were allowed to return to Rongelap in 1957, but new medical problems arose. They left Rongelap in 1985 and have since lived on Mejetto Atoll in the Marshalls.*

*The present Rongelap population is about 400. Of the approximately 100 persons on Rongelap and surrounding islands who were exposed to fallout in 1954, about 70 are still living today. The U.S. Department of Energy continues to provide health care for the islanders and closely monitors their condition.*

# DEPARTMENTAL MANAGEMENT

Departmental Management provides the executive-level leadership, policy, guidance, and coordination needed to manage the diverse, complex, and nationally significant programs which are the Department's responsibilities.

The Secretary of the Interior is responsible for ensuring that the diverse programs and priorities of the Department are conducted effectively and efficiently in accordance with Presidential and Congressional direction. Accordingly, the Secretary of the Interior provides executive level leadership from the Secretary's Immediate Office, coordination among bureaus, and management of significant Departmental initiatives through programmatic Assistant Secretaries, policy guidance from the Assistant Secretary for Policy, Management and Budget, and cost-effective services through the Interior Service Center, the Office of the Solicitor, and the Office of Inspector General.

Five Assistant Secretaries advise and assist the Secretary on policy matters in carrying out his statutory, policy, and management responsibilities. They include Assistant Secretaries of Land and Minerals Management; Water and Science; Fish and Wildlife and Parks; Indian Affairs; and Policy, Management and Budget.

Despite an uncertain fiscal situation for a large part of 1996, we achieved some noteworthy accomplishments: We continued to streamline our operations and reduce overhead; helped to move closer to a more unified Interior Department; provided leadership in the innovative delivery of services to Interior bureaus and programs; and improved the delivery of reliable, timely, and useful information on Departmental operations.

Organizationally, several significant changes occurred in the Department, including the closure of the Bureau of Mines, and the realignment of functions of the National Biological Service and the Bureau of Indian Affairs. The termination of the Bureau of Mines and the transfer of its remaining core functions were accomplished in 1996. The National Biological Service joined the U.S. Geological Survey as a fourth operating division effective October 1, 1995. The Bureau of Indian Affairs' Office of Trust Fund Management was placed under the Office of Special Trustee for American Indians, where a major effort is underway to correct and improve accounting of

financial resources held by the Secretary in trust for American Indians.

## Reinventing Interior Programs

The Department has made significant progress over the past year in changing business practices and finding more cost-effective and efficient management strategies. The Department is using the tools of performance management, reengineering and organizational streamlining to improve programs, operate more efficiently, and provide better service to customers. A common thread that characterizes many of Interior's successful reform efforts is a focus on partnership and cooperation as a new way of doing business. The Department is shifting toward more coordinated and cooperative efforts that involve multiple bureaus, other agencies, State and local governments, and other partners.

The Department has initiated a series of programs to improve service, reduce costs, and use technology to provide easier access to government information and services. The Department has an aggressive reinvention laboratory program in place that has resulted in improvements to a number of programs and work processes, and new ways to improve performance and meet the growing demand for its services.

In recognition of its innovation and achievement in the reinvention of programs and work processes, the Department was selected as a recipient of Vice President Gore's "Hammer Award" on three separate occasions. The awards were presented for the Department's California Desert Lab; the U.S. Geological Survey's Information Dissemination Lab; and the National Park Service's Denver Service Center Lab.

## Status of Implementing the Government Performance and Results Act

The Government Performance and Results Act (GPRA) calls for effective planning, budgeting, program evaluation, and fiscal accountability for Federal agencies. GPRA will be fully implemented in 1999, and strategic plans for the Department and its bureaus will be in place by September 30, 1997.



*Bighorn Canyon (photo by R. Frear)*

Interior has worked collaboratively with Congress, the Office of Management and Budget, and others in pursuing innovative strategies to meet the challenges, expectations, and requirements that the GPRA created. The Department is exploring effective ways to link strategic planning and budget formulation and to consolidate reporting requirements of the GPRA and other related reports.

The Department will continue to pursue improved accountability by cascading performance goals throughout the organization and tying them to individual performance plans and agreements. The Department is gathering performance data that will form a baseline for implementation of the GPRA in 1999.

## Entrepreneurial Activities

Today, the demand for and interest in cross servicing is increasing in conjunction with streamlining, reinvention and other National Performance Review (NPR) initiatives. The Department has been a leader in providing cross-servicing and franchising services to a variety of government clients. These activities and services are provided by three service centers: the Denver Administrative Service Center (DASC); the Washington Administrative Service Center (WASC); and the Interior Service Center (ISC).

These service centers maintain a unique competitive position and exercise leadership in providing cost-effective services to Interior and non-Interior clients. Service centers have become proven alternatives for agencies that wish to reduce costs associated with administrative systems and support services, achieve economies of scale, and produce operating efficiencies. Service centers provide a variety of services on

reimbursable basis under the Economy Act. Their mission is to provide cost effective, high quality administrative systems and support services that are responsive to customer needs.

Today, service centers provide administrative systems and support services to over 80 governmental entities in the following areas:

- personnel, payroll, procurement and financial management systems and operations;
- support services, such as general purpose mainframe computer timesharing, computer based training products and electronic commerce; and
- aircraft services in business systems, aircraft acquisitions, technical assistance, and aviation safety.

In addition, Interior has been selected to establish a Franchise Pilot Program under the provisions of the Government Management Reform Act of 1994.

To assist in managing these organizations and coordinating the efforts of the Service Centers, the Department has established an Administrative Service Advisory Board to provide executive leadership and guidance to Interior service providers.

## Customer Service

The Department is committed to providing the best possible service to customers, partners, and stakeholders. Over the past three years, Interior's bureaus and offices have developed customer service plans, established standards of service, and conducted customer surveys. This data has been used to make management changes based on customer feedback. The Department is also using partnerships and new technology to improve service and operate more efficiently.

Bureaus published their second annual customer service reports in September 1996. These reports provide feedback on how Interior is meeting the needs of its customers, improving service, and meeting its standards. The reports are available electronically on the Internet at [http://www.doi.gov/doi\\_cust.html](http://www.doi.gov/doi_cust.html).

# 1996 Inspector General Audit Opinion



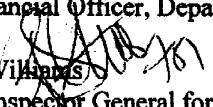
## United States Department of the Interior

OFFICE OF INSPECTOR GENERAL  
Washington, D.C. 20240

Memorandum

JUN 12 1997

To: Assistant Secretary - Policy, Management and Budget and  
Chief Financial Officer, Department of the Interior

From: Robert J. Williams   
Assistant Inspector General for Audits

Subject: Report on Department of the Interior Consolidated Principal Financial Statements  
for Fiscal Years 1995 and 1996

In accordance with the Chief Financial Officers Act of 1990, we audited the Department of the Interior's consolidated principal financial statements for the fiscal years ended September 30, 1995, and 1996, as contained in the Department's accompanying "Annual Report - Fiscal Year 1996." The Department of the Interior is responsible for these consolidated financial statements, and we are responsible for expressing an opinion, based on our audit, on these consolidated financial statements.

Our audit, which was completed on May 30, 1997, was conducted in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States, and Office of Management and Budget Bulletin 93-06, "Audit Requirements for Federal Financial Statements." These audit standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accompanying 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 and notes. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit work provides a reasonable basis for our opinion.

The Office of Inspector General is not independent with respect to amounts relating to its financial operations that are included in the consolidated financial statements. However, Office of Inspector General financial operations represent less than three tenths of one percent of the Department's consolidated assets, liabilities, financing sources, and operating expenses.

As discussed in Note 1 to the financial statements, the National Biological Service and the Bureau of Mines were closed during fiscal year 1996. The operations of the National Biological Service were transferred to the U.S. Geological Survey. In addition, certain programs of the Bureau of Mines were transferred to the U.S. Geological Survey and the Helium Program of the Bureau of Mines was transferred to the Bureau of Land Management. The remaining programs and functions of the Bureau of Mines were transferred to other Federal agencies or were eliminated.



As discussed in Note 14 to the financial statements, the Department said that it restated the consolidated financial statements for fiscal year 1995 because of certain accounting changes. These changes included: (1) redefining reporting entities of the Department to include the Land and Water Conservation Fund, the Historic Preservation Fund, and the Reclamation Fund, which resulted in an increase in total assets of \$13.7 billion, and (2) implementing Statement of Federal Financial Accounting Standards No. 6, "Accounting for Property, Plant, and Equipment," which requires that depreciation be recognized for all general property, plant, and equipment and that stewardship and heritage assets not be reported in the agency's financial statements. The implementation of this standard resulted in a \$13.6 billion prior period adjustment to the Department's net position. In addition, the consolidated financial statements for fiscal year 1995 were restated for \$643 million in the other transfers account that was not reported previously.

In our opinion, except as discussed in the following paragraph, the consolidated financial statements present fairly the consolidated financial position of the Department of the Interior and its bureaus as of September 30, 1995, and 1996, and the results of their operations and custodial activities for each of the fiscal years ended September 30, 1995, and 1996, in conformity with the accounting standards and policies described in the notes to the financial statements.

The Bureau of Indian Affairs could not provide adequate documentation or reliable accounting information to support, for fiscal year 1996, the amounts of \$170 million for other structures and facilities; \$17 million in accounts receivable; \$136 million of revenue; and \$19 million of bad debt expense. In addition, the Bureau could not provide adequate documentation or reliable accounting information to support, for fiscal year 1995, amounts for four accounts (\$3.5 billion for property, plant, and equipment; \$12 million in accounts receivable; \$14 million in deferred revenue; and \$175 million in revenue) and the effect that these accounts had on net position.

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The stewardship assets and supplemental information that follow the notes to the financial statements were not subjected to the auditing procedures applied in the audit of the consolidated financial statements, and, accordingly, we express no opinion on this information.

As part of our audit, we evaluated the internal control structures of the 11 operating entities that make up the Department, tested their compliance with selected provisions of laws and regulations, and reviewed the financial information presented in the Department's overview. We also reviewed the Department's most recent report required by the Federal Managers' Financial Integrity Act of 1982 and compared it with the results of our evaluations of the entities' internal control structures. However, because of inherent limitations in any system of internal controls, losses, noncompliance, or misstatements may occur and not be detected. We also caution that projecting our evaluations to future periods is subject to the risk that controls or the degree of compliance with the controls may diminish.

Except as discussed below, we found that the internal control structure in effect on September 30, 1995, and 1996, of the 11 operating entities that make up the Department was sufficient to safeguard assets against loss from unauthorized use or disposition; ensure that transactions were properly recorded, processed, and summarized; and provide reasonable assurance that any losses, noncompliance, or misstatements that are material to the financial statements would be detected. The internal control weaknesses discussed below are considered to be reportable conditions that need to be corrected.

During our audit of the 11 operating entities, we noted that the internal controls for four accounts (property, plant, and equipment; accounts receivable; revenue; and bad debt expense) at the Bureau of Indian Affairs and two accounts (property, plant, and equipment and construction-in-progress) at the National Park Service did not ensure that transactions were properly recorded and accounted for to permit reliable financial reporting in a timely manner. In addition, internal controls at the U.S. Fish and Wildlife Service did not provide reasonable assurance that costs of construction would not be included in both the construction-in-progress general ledger account and in the building or the structures general ledger account.

In addition, we found weaknesses in the internal controls at the administrative service centers operated by the U.S. Geological Survey and the Bureau of Reclamation and at the Bureau of Indian Affairs Operations Service Center. These centers provide a majority of the Department's financial information through automated systems, including the Federal Financial System and the Payroll/Personnel System. Specifically, we noted weaknesses in data center management and operations; computer system physical and logical security; local area network security; and contingency planning, backup, and disaster recovery. Management of these administrative service centers have agreed to initiate actions to correct most of these control weaknesses.

Except as discussed below, we found that there were no material instances of noncompliance with selected provisions of laws and regulations that we tested, and nothing came to our attention during our other audit work to indicate that material noncompliance with such provisions occurred. Further, we found that the financial information in the overview relating to the consolidated financial statements is consistent with the information presented in the financial statements.

The title to the completed portions, which totaled \$334 million, of the Navajo Indian Irrigation Project had not been transferred to the Bureau of Indian Affairs from the Bureau of Reclamation pursuant to the agreement made by these bureaus under Public Law 87-483, which authorized the construction of the project. This issue is a reportable condition that needs to be corrected.

Except as mentioned in the previous four paragraphs, our review of prior audit reports related to the scope of this audit disclosed that there were no reports that had significant unresolved or unimplemented recommendations that affected the Department's consolidated financial statements.

# 1996 Principal Financial Statements and Notes to Principal Financial Statements

**U.S. Department of the Interior**  
**Consolidated Statement of Financial Position**  
**September 30, 1996 and 1995**  
(dollars in thousands)

	1996	1995
<b>ASSETS</b>		
<b>Current Assets</b>		
Fund Balance with Treasury (Note 2)	\$ 4,799,111	\$ 4,230,481
Cash and Other Monetary Assets	19,516	236,190
Investments: (Note 3)		
Treasury Securities	1,944,722	1,866,096
Public Securities	26,775	27,944
Accounts Receivable: (Note 4)		
Public, Net of Allowance for Doubtful Accounts	206,507	211,647
Due from Federal Agencies	213,836	196,251
Operating Materials and Supplies	1,945	6,636
Inventory (Note 5)	30,051	98,857
<b>Total Current Assets</b>	<b>7,242,463</b>	<b>6,874,102</b>
<b>Property, Plant and Equipment, Net of Depreciation (Note 6)</b>		
Buildings, Structures and Facilities	15,954,017	17,929,079
Equipment, Vehicles and Aircraft	598,123	766,682
Other Property, Plant and Equipment	53,126	404,144
<b>Total Property, Plant and Equipment</b>	<b>16,605,266</b>	<b>19,099,905</b>
<b>Stewardship Land (Note 7)</b>		
<b>Other Assets</b>		
Loans and Interest Receivable, Net of Allowance for Doubtful Accounts (Note 8)	284,354	248,438
Available from Contract Authority (Note 1-M)	218,981	220,631
Non-Current and Unmatured Receivables (Note 4)	3,289,503	3,333,814
Power Rights	235,304	259,380
Stockpile Inventory - Helium (Note 5)	366,235	367,370
Unmatured Timber Sales Contracts (Note 1-N)	99,669	55,538
General Investigation Costs (Note 1-O)	539,593	505,435
Other Assets	136,790	23,980
<b>Total Other Assets</b>	<b>5,170,429</b>	<b>5,014,586</b>
<b>Restricted Assets (Note 9)</b>		
Unappropriated Balance in Conservation and Reclamation Funds	14,714,250	13,667,987
<b>Assets Held on Behalf of Others</b>		
Royalty Management:		
Fund Balance with Treasury (Note 2)	389,966	124,172
Escrow Investments (Note 3)	1,537,531	1,406,665
Accounts Receivable	244,263	275,202
Non-Royalty Management:		
Funds Transferable to Treasury and Other	21,718	2,553
<b>Total Assets Held on Behalf of Others</b>	<b>2,193,478</b>	<b>1,808,592</b>
<b>TOTAL ASSETS</b>	<b>\$ 45,925,886</b>	<b>\$ 46,465,172</b>

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

**U.S. Department of the Interior**  
**Consolidated Statement of Financial Position**  
**September 30, 1996 and 1995**  
(dollars in thousands)

	1996	1995
<b>LIABILITIES AND NET POSITION</b>		
<b>Liabilities</b>		
<b>Liabilities Covered by Budgetary Resources</b>		
<b>Liabilities to the Public:</b>		
Accounts Payable to the Public	\$ 266,777	\$ 230,068
Accrued Payroll and Benefits (Note 1-Q)	148,519	150,383
Advances and Deferred Credits	193,296	236,602
Deferred Revenue (Note 10)	3,314,168	3,374,218
Escrow Investments	1,553,135	1,530,837
Other Liabilities to the Public	79,218	53,799
<b>Total Liabilities to the Public</b>	<b>5,555,113</b>	<b>5,575,907</b>
<b>Liabilities to Federal Agencies:</b>		
Accounts Payable	64,942	48,052
Receipts Transferable to Treasury	21,423	2,553
Other Amounts Payable to Treasury	440,254	213,210
Notes Payable to Treasury (Note 11)	1,420,733	1,418,232
Undistributed Royalty Collections (Note 1-S)	618,625	275,203
Deferred Revenue and Other	173,224	126,183
<b>Total Liabilities to Federal Agencies</b>	<b>2,739,201</b>	<b>2,083,433</b>
<b>Total Liabilities Covered by Budgetary Resources</b>	<b>8,294,314</b>	<b>7,659,340</b>
<b>Liabilities Not Covered by Budgetary Resources</b>		
<b>Liabilities to the Public:</b>		
Unfunded payroll costs (Note 1-Q)	280,260	262,663
Other unfunded liabilities	73,438	71,409
<b>Total Liabilities to the Public</b>	<b>353,698</b>	<b>334,072</b>
<b>Contingent Liabilities (Note 12)</b>		
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>353,698</b>	<b>334,072</b>
<b>Total Liabilities</b>	<b>8,648,012</b>	<b>7,993,412</b>
<b>Net Position</b>		
Unexpended Appropriations	4,100,742	4,194,156
Cumulative Results of Operations	18,462,882	20,609,617
Restricted Equity-Conservation and Reclamation Funds	14,714,250	13,667,987
<b>Total Net Position</b>	<b>37,277,874</b>	<b>38,471,760</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 45,925,886</b>	<b>\$ 46,465,172</b>

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

**U.S. Department of the Interior**  
**Consolidated Statement of Net Cost of Operations**  
**for the years ended September 30, 1996 and 1995**  
(dollars in thousands)

	1996	1995
<b>Expenses</b>		
<b>Operating Expenses (Note 13)</b>		
Natural Resources	\$ 4,982,775	\$ 5,345,113
Indian Affairs	2,045,314	2,003,199
Science	1,079,288	1,259,555
Other	447,107	608,364
<b>Total Operating Expenses</b>	<b>8,554,484</b>	<b>9,216,231</b>
<b>Other Expenses</b>		
Depreciation and Amortization	561,625	399,536
Net Loss on Disposition of Assets	74,501	4,854
Bad Debt Expense	40,486	2,977
Interest on Borrowing from Treasury	36,803	75,924
Other Interest Expense	18,905	21,978
<b>Total Other Expenses</b>	<b>732,320</b>	<b>505,269</b>
<b>Total Expenses</b>	<b>9,286,804</b>	<b>9,721,500</b>
<b>Revenues</b>		
<b>Sales of Goods and Services to the Public</b>		
Natural Resources	780,227	857,042
Indian Affairs	123,470	154,296
Science	119,585	127,065
Other	3,414	0
<b>Total Sales of Goods and Services to the Public</b>	<b>1,026,696</b>	<b>1,138,403</b>
<b>Sales of Goods and Services to Federal Agencies</b>		
Natural Resources	566,888	759,202
Indian Affairs	4,814	17,577
Science	212,257	270,914
Elimination of Intra-Department Activity and Other	(33,787)	(47,405)
<b>Total Sales of Goods and Services to Federal Agencies</b>	<b>750,172</b>	<b>1,000,288</b>
<b>Other Revenues</b>		
Interest -- Federal	103,074	103,148
Interest, Penalties and Insurance Guarantee Premiums	56,697	82,963
Other Revenues	368,059	189,860
<b>Total Other Revenues</b>	<b>527,830</b>	<b>375,971</b>
<b>Total Revenues</b>	<b>2,304,698</b>	<b>2,514,662</b>
<b>NET COST OF OPERATIONS</b>	<b>\$ 6,982,106</b>	<b>\$ 7,206,838</b>

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

**U.S. Department of the Interior**  
**Consolidated Statement of Changes in Net Position**  
**for the years ended September 30, 1996 and 1995**  
(dollars in thousands)

	1996	1995
<b>Change in Net Position</b>		
<b>Change in Net Position from Operations</b>		
<b>Net Cost of Operations</b>	\$ (6,982,106)	\$ (7,206,838)
<b>Financing Sources other than Revenue:</b>		
Appropriations Expensed-Current	8,035,474	8,043,676
Conservation Fund Revenues	1,058,005	1,049,998
Abandoned Mine Fees Collected	260,342	256,385
<b>Changes from Financing Sources other than Revenue</b>	<b>9,353,821</b>	<b>9,350,059</b>
<b>Custodial Activity</b>		
Collection of Custodial Revenue	5,061,396	3,706,380
Custodial Revenue Transferred to Others	(4,664,736)	(3,862,705)
Net Change in Royalties to be Transferred	(396,660)	156,325
<b>Net Change from Custodial Activity</b>	<b>-</b>	<b>-</b>
<b>Other Changes from Operations:</b>		
Increase (Decrease) in Invested Capital	(2,787,469)	(12,107,880)
Transfers to Others - Conservation Funds	(175,468)	(258,837)
Other Transfers	(929,369)	(1,002,439)
Other Changes in Equity	(209,674)	590,153
<b>Other Net Changes from Operations</b>	<b>(4,101,980)</b>	<b>(12,779,003)</b>
<b>Net Results of Operations</b>	<b>(1,730,265)</b>	<b>(10,635,782)</b>
<b>Prior Period Adjustments (Note 14)</b>		
Prior Period Adjustments	(1,820,494)	(13,759,582)
Appropriations Expensed related to Prior Period Adjustments	2,450,287	12,188,128
<b>Change in Net Position from Operations</b>	<b>(1,100,472)</b>	<b>(12,207,236)</b>
<b>Other Changes in Net Position</b>		
Increase (Decrease) in Unexpended Appropriations	(93,414)	(496,952)
<b>Net Change in Net Position</b>	<b>(1,193,886)</b>	<b>(12,704,188)</b>
<b>Net Position - Beginning of Year</b>	<b>38,471,760</b>	<b>51,175,948</b>
<b>Net Position - End of Year</b>	<b>\$ 37,277,874</b>	<b>\$ 38,471,760</b>

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

**U.S. Department of the Interior**  
**Consolidated Statement of Custodial Activity**  
**for the years ended September 30, 1996 and 1995**  
(dollars in thousands)

	1996	1995
<b>Collections on Behalf of the Federal Government</b>		
<b>Mineral Lease Collections</b>		
Rents and Royalties	\$ 4,264,540	\$ 3,254,586
Offshore Lease Sales	714,764	371,731
Other	1,078	3,304
<b>Total Mineral Lease Collections</b>	<b>4,980,382</b>	<b>3,629,621</b>
<b>Earnings on Escrow Investments</b>		
Interest Earned - Federal Investments	41,044	32,196
Amortized Discount on Federal Investments (Note 3)	39,970	44,563
<b>Total Earnings on Escrow Investments</b>	<b>81,014</b>	<b>76,759</b>
<b>Total Collections on Behalf of the Federal Government</b>	<b>\$ 5,061,396</b>	<b>\$ 3,706,380</b>
<b>Disposition of Collections</b>		
<b>Transferred to Others</b>		
Department of the Treasury	\$ 2,601,616	\$ 1,792,725
National Park Service Conservation Funds	1,046,906	1,046,987
States	546,892	552,249
Bureau of Reclamation	350,264	367,284
Indian Tribes and Agencies	41,218	32,538
Other Federal Agencies	35,974	22,754
Other Transfers	41,866	48,168
<b>Total Transferred to Others</b>	<b>4,664,736</b>	<b>3,862,705</b>
<b>Increase (Decrease) in Collections Pending Transfer</b>	<b>396,660</b>	<b>(156,325)</b>
<b>Total Disposition of Collections</b>	<b>\$ 5,061,396</b>	<b>\$ 3,706,380</b>

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



# U.S. Department of the Interior

## Notes to Principal Financial Statements

### as of September 30, 1996 and 1995

#### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *A. Reporting Entity*

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

The accompanying financial statements include the accounts of all Federal funds under Interior control, including the Land and Water Conservation Fund, the Historic Preservation Fund and the Reclamation Fund. However, the financial statements do not include trust funds, trust related deposit funds or other related accounts which are administered, accounted for and maintained by the Bureau of Indian Affairs on behalf of Native American Tribes and individuals. The Department issues financial statements for Indian Trust Funds under separate cover. The financial statements included herein also do not include the effects of centrally administered assets and liabilities related to the Federal government as a whole, such as public borrowing or tax revenue, which may in part be attributable to the Department.

##### *B. Organization and Structure of the Department*

At September 30, 1996, the Department of the Interior was comprised of nine bureaus or operating entities and the Office of the Secretary (“Bureaus”). For purposes of presentation, the bureaus and activities of the Department have been broadly classified into the following categories:

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

Two Bureaus were closed during fiscal year 1996. The operations of the National Biological Service and certain programs of the Bureau of Mines have been transferred to the U.S. Geological Survey. The Helium Program of the Bureau of Mines was transferred to the Bureau of Land Management and its remaining programs and functions have been transferred to other agencies or eliminated.

The specific responsibilities and accomplishments of the bureaus are discussed in the Natural Resources, Science, Indian Affairs, Insular Affairs, and Departmental Management sections of this report.

### ***C. Basis of Presentation***

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

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

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

- Statements of Federal Financial Accounting Standards (SFFAS). These statements reflect the accounting principles, standards, and requirements recommended by the Federal Accounting Standards Advisory Board and approved by the Comptroller General of the United States, the Director of the Office of Management and Budget (“OMB”) and the Secretary of the Treasury.
- Form and content requirements for financial statements, as presented in OMB Bulletin No. 94-01, “Form and Content of Agency Financial Statements”; and
- The accounting principles and standards contained in Departmental and bureau accounting policy and procedures manuals, and/or related guidance

### ***D. Elimination of Intra-Department Transactions***

All identified inter-bureau and intra-bureau transactions have been eliminated from the Department’s consolidated financial statements.

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

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

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

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

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

***G. Investments***

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

***H. Accounts Receivable***

Accounts Receivable consist of amounts owed to the Department by other Federal agencies and the public. Federal accounts receivable arise generally from the provision of goods and services. Receivables from the public generally arise either from the provision of goods and services or from the levy of fines and penalties resulting from the Department's regulatory responsibilities. An allowance for doubtful accounts is established for reporting purposes based on past experience in the collection of accounts receivable and analysis of outstanding balances. Note 4 provides additional information concerning accounts receivable.

***I. Inventory***

The Department's inventory is comprised primarily of maps for sale, helium for sale, and helium stockpile inventory. See Note 5 for information concerning inventory valuation and accounting methods.

***J. Property, Plant and Equipment***

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

Certain bureaus made significant changes to their property accounting and capitalization policies during fiscal years 1996 and 1995 in order to implement Statement of Federal Financial Accounting Standards (SFFAS) #6, "Accounting for Property, Plant and Equipment." Note 6 provides additional information concerning the Department's property, plant and equipment.

***K. Land***

The vast majority of public lands under the management of the Department were acquired by the Federal government as public domain land. In accordance with SFFAS #6, the Department assigns no value to the public land it administers. The Stewardship Assets section of this report and Note 7 provide additional information concerning land.

***L. Loans and Interest Receivable***

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

***M. Available from Contract Authority***

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

***N. Unmatured Timber Sales Contracts***

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

***O. General Investigation Costs***

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

***P. Liabilities***

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

***Q. Personnel Compensation and Benefits***

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

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

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

The Department makes matching contributions to CSRS on behalf of CSRS employees. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS.

For FERS employees, the Department contributes an amount equal to one percent of the employee's basic pay to the tax deferred thrift savings plan and matches employee contributions up to an additional four percent of pay. FERS employees can contribute 10 percent of their gross earnings to the plan. CSRS employees are limited to a contribution of five percent of their gross earnings and receive no matching contribution from the Department.

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

### ***R. Federal Government Transactions***

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

### ***S. Undistributed Royalty Collections***

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

### ***T. Undistributed Special Receipt Fund Collections***

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

### ***U. Contingent Liabilities***

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

### ***V. Income Taxes***

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

**W. Comparative Data**

Audited comparative data for fiscal year 1995 has been presented in order to provide an understanding of changes in financial position and operations of the Department. Certain prior year amounts have been restated to conform to current year presentation. See Note 14 for additional information.

**NOTE 2. FUND BALANCE WITH TREASURY****A. Current Assets**

The U.S. Department of the Treasury performs cash management activities for all government agencies. The Fund Balance with Treasury under Current Assets represents the right of the Department to draw on the U.S. Treasury for allowable expenditures. Obligated funds are designated either for goods and services ordered, but not received or for goods received and not yet paid. Unobligated funds are available for new obligations, however there may be restrictions placed on their availability.

(dollars in thousands)	Fund Balance with Treasury			1996	1995
	Obligated	Unobligated Available	Unobligated Unavailable		
Natural Resources:					
National Park Service	\$ 593,567	\$ 265,808	\$ 18,057	\$ 877,432	\$ 943,897
U.S. Fish and Wildlife Service	373,068	340,745	186,772	900,585	637,863
Bureau of Reclamation	284,859	324,828	2,110	611,797	561,869
Bureau of Land Management	185,811	251,231	174,148	611,190	478,167
Minerals Management Service	71,263	6,547	3,937	81,747	79,533
Office of Surface Mining	37,289	1,443	17,508	56,240	55,679
Total Natural Resources	1,545,857	1,190,602	402,532	3,138,991	2,757,008
Science	168,860	16,898	1,656	187,414	170,444
Indian Affairs	424,989	452,864	5,521	883,374	933,315
Other Programs	242,926	341,522	4,884	589,332	369,714
Total Fund Balance with Treasury	\$ 2,382,632	\$ 2,001,886	\$ 414,593	\$ 4,799,111	\$ 4,230,481

**B. Assets Held on Behalf of Others**

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

**NOTE 3. INVESTMENTS****A. Current Assets****1. Investments in Treasury Securities:**

The Office of Surface Mining, the Fish and Wildlife Service, the Bureau of Indian Affairs, the Office of the Secretary and the National Park Service invest funds in certain U.S. Government and public securities on behalf of various Department of the Interior programs.

## Treasury Securities as of September 30, 1996

(dollars in thousands)	Face Value	Unamortized Discount	Net Book Value
Office of Surface Mining	\$ 1,426,350	\$ (25,776)	\$ 1,400,574
U.S. Fish and Wildlife Service	501,919	(14,578)	487,341
Office of the Secretary	45,459	(1,145)	44,314
Bureau of Indian Affairs	12,445	(17)	12,428
National Park Service	65	-	65
<b>Total Treasury Securities</b>	<b>\$ 1,986,238</b>	<b>\$ (41,516)</b>	<b>\$ 1,944,722</b>

## Treasury Securities as of September 30, 1995

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

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

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

**U.S. Fish and Wildlife Service:** The U.S. Treasury collects, invests, and maintains on behalf of the Fish and Wildlife Service (FWS) the Aquatic Resources Trust Fund, which includes FWS's Sport Fish Restoration Account. The Appropriations Act of 1951 authorizes amounts equal to revenues credited during the year to be used in the subsequent fiscal year and recorded as "permanent appropriations to remain available until expended." The FWS investment amount does not include fiscal year 1996 collections held by Treasury for reporting in subsequent years.

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

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

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

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

## 2. Investments in Public Securities:

The BIA is authorized by law to invest irrigation and power receipts in U.S. Government and public securities. Investments in Public Securities consist of Certificates of Deposit from insured institutions and other securities consisting mainly of various mortgage instruments, bank notes and bonds. Mortgage instruments are issued by the Federal National Mortgage Association (Fannie Mae) and similar government corporations. Bonds and bank notes are issued by Federal Home Loan Banks, the Federal Judiciary and the Federal Farm Credit Banks. Investments in public securities reflect investments held by the BIA's Power and Irrigation program as of September 30, 1996 and 1995 and are recorded at cost.

### ***B. Assets Held on Behalf of Others***

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

#### Escrow Investments Held by Minerals Management Service

(dollars in thousands)	1996	1995
Cost	\$ 1,497,561	\$ 1,362,101
Amortized Discount	39,970	44,564
Net Book Value	\$ 1,537,531	\$ 1,406,665

## **NOTE 4. ACCOUNTS RECEIVABLE**

### ***A. Current Assets***

**Public, Net of Allowance for Doubtful Accounts:** Accounts receivable due to the Department from the public may arise either from the sale of products and services or from the imposition of regulatory fines and penalties. Products and services sold by the Department are diverse and include the sales of water and hydroelectric power by the Bureau of Reclamation, and water testing and other scientific studies conducted for State and local governments by the U.S. Geological Survey. Fines and penalties are imposed by the Office of Surface Mining, the Minerals Management Service, the Fish and Wildlife Service, and other bureaus in the enforcement of various environmental laws and regulations. In general, receivables arising from the sales of products and services are paid more promptly and with fewer uncollectible accounts than those arising from fines and penalties.



## Accounts Receivable - Public

(dollars in thousands)	Unbilled	Current	Past Due Accounts			Allowance for Doubtful Accounts	Total 1996	1995
			1-90 days	91-1yr	Over 1 yr			
Natural Resources:								
National Park Service	\$ 1,391	\$ 5,089	\$ 425	\$ 558	\$ 1,923	\$ (1,385)	\$ 8,001	\$ 6,969
U.S. Fish and Wildlife Service	1,339	3,913	301	414	177	(81)	6,063	5,286
Bureau of Reclamation	5	20,158	3,922	42,137	37,577	(10,034)	93,765	83,139
Bureau of Land Management	534	3,583	328	771	1,410	(4,825)	1,801	9,438
Minerals Management Service	-	1,663	-	-	-	-	1,663	107
Office of Surface Mining	-	12,600	1,280	2,884	43,910	(46,388)	14,286	12,606
Total Natural Resources	3,269	47,006	6,256	46,764	84,997	(62,713)	125,579	117,545
Science	42,719	13,543	6,619	4,153	6,629	(7,237)	66,426	69,938
Indian Affairs	-	638	6,666	19,195	2,993	(16,618)	12,874	23,919
Other Programs	-	1,809	-	-	-	(181)	1,628	245
Total Accounts Receivable - Public	\$45,988	\$ 62,996	\$ 19,541	\$70,112	\$94,619	\$ (86,749)	\$ 206,507	\$ 211,647

Accounts Receivable Due from Federal Agencies arise from the sale of products and services to other Federal agencies, including the sale of maps, the conduct of environmental and scientific services, and the provision of administrative and other services. These reimbursable arrangements generally reduce the duplication of effort within the Federal government resulting in a lower cost of Federal programs and services. All receivables from other Federal agencies are considered to be collectible. Unbilled receivables reflect work performed to date on long term agreements. The receivable will be billed either at the completion of the project or at agreed upon milestones.

## Accounts Receivable - Federal

(dollars in thousands)	Unbilled	Current	Past Due Accounts			Total 1996	1995
			1-90 days	91-1yr	Over 1 yr		
Natural Resources:							
National Park Service	\$ 13,076	\$ 2,326	\$ 823	\$ 858	\$ 711	\$ 17,794	\$ 20,887
U.S. Fish and Wildlife Service	377	19,363	959	258	366	21,323	26,374
Bureau of Reclamation	16,476	1,787	-	-	-	18,263	27,687
Bureau of Land Management	8,691	5,077	25	20	5	13,818	15,036
Minerals Management Service	154	-	-	-	-	154	94
Office of Surface Mining	-	12,147	-	-	-	12,147	10,841
Total Natural Resources	38,774	40,700	1,807	1,136	1,082	83,499	100,919
Science	59,285	20,740	5,487	8,665	2,207	96,384	79,451
Indian Affairs	3,837	-	-	-	-	3,837	5,468
Other Programs	26,221	3,895	-	-	-	30,116	10,413
Total Accounts Receivable - Federal	\$128,117	\$65,335	\$7,294	\$9,801	\$3,289	\$ 213,836	\$196,251

**B. Other Assets**

Non-Current and Unmatured Receivables represent amounts due at future dates to the Bureau of Reclamation from the beneficiaries of large water and irrigation projects. The reimbursable costs of multiple-purpose water projects are recovered from project beneficiaries (See Note 10).

## NOTE 5. INVENTORY

### A. Current Assets

Inventory		
(dollars in thousands)	1996	1995
Natural Resources		
Helium Held for Sale	\$ 6,072	\$ 7,641
Seized Property for Sale	5,036	51
Other Natural Resources Inventory	2,229	2,498
Science		
Published Maps Held for Sale	9,241	83,676
Hydrologic Equipment	5,180	4,148
Other Science Inventory	1,584	0
Other	709	843
<b>Total Inventory</b>	<b>\$ 30,051</b>	<b>\$ 98,857</b>

The U.S. Geological Survey (USGS) publishes maps and map products for sale to the public and other Federal agencies, which are stored primarily in the USGS Rocky Mountain Mapping Center in Denver, Colorado. This inventory consists of 87 thousand map titles and 63.5 million individual maps as well as nearly 10 thousand books and other products. During fiscal year 1996, the Geological Survey changed its method of accounting for the map inventory, with the result that maps are valued at their estimated production cost rather than the estimated sales price. In addition, excess maps have been identified (i.e. quantities of any title which are not expected to be sold within the next five years) and no value is placed on these maps. As a result of these changes, a reduction of \$73 million to map inventory was recognized in 1996.

With the closure of the Bureau of Mines, the Department's helium inventory was transferred to the Bureau of Land Management. Helium held for sale includes above-ground refined helium plus that portion of helium in underground storage estimated to be sold in the following fiscal year.

### B. Other Assets

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

## NOTE 6. PROPERTY, PLANT AND EQUIPMENT

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

Certain bureaus made significant changes to their property accounting and capitalization policies during fiscal years 1996 and 1995 in order to implement Statement of Federal Financial Accounting Standards No. 6, "Accounting for Property, Plant and Equipment." This standard established two broad classifications of Federal property. General property, plant and equipment, which is presented in the following table, consists of that property which is used in operations and, with some exceptions, consumed over time. Stewardship property, described in Note 7 and the section on Stewardship Assets at page 90, consists of public domain land and heritage assets, such as national monuments and

historic sites, which are expected to be maintained by the Department for the benefit of current and future generations. The impact of these changes includes reducing the reported financial value of public domain land and other stewardship assets to zero and implementing depreciation of property, especially real property, not previously depreciated. See Note 14 for additional discussion of these changes.

### Property, Plant and Equipment, Net of Depreciation

(dollars in thousands)	Land and Buildings	Dams, Structures and Other Facilities	Vehicles Equipment & Aircraft	Other Plant & Equipment	Accumulated Depreciation	Total 1996	Total 1995
Natural Resources:							
National Park Service	\$ 238,349	\$ 1,058,609	\$ 263,639	\$ -	\$ (319,162)	\$ 1,241,435	\$ 1,075,886
U.S. Fish and Wildlife Service	307,031	603,726	251,778	-	(481,896)	680,639	774,658
Bureau of Land Management	21,999	157,246	246,867	4,985	(152,173)	278,924	283,778
Bureau of Reclamation	27,150	20,418,766	159,016	47,279	(7,344,272)	13,307,939	13,153,826
Office of Surface Mining	-	-	9,655	-	(4,262)	5,393	5,609
Minerals Management Service	-	-	23,158	-	(9,907)	13,251	12,422
Total Natural Resources	594,529	22,238,347	954,113	52,264	(8,311,672)	15,527,581	15,306,179
Science	18,164	765	313,897	-	(198,606)	134,220	248,580
Indian Affairs	1,442,579	246,004	174,938	-	(944,669)	918,852	3,519,574
Other Programs	-	3,381	27,826	862	(7,456)	24,613	25,572
Net Property, Plant and Equipment	\$ 2,055,272	\$ 22,488,497	\$ 1,470,774	\$ 53,126	\$ (9,462,403)	\$ 16,605,266	\$ 19,099,905

## NOTE 7. STEWARDSHIP LAND

As a Nation, the United States once owned nearly two billion acres of public lands. In the course of national expansion and development, public lands were sold or deeded by the Federal Government to the States and their counties and municipalities, to educational institutions, to private citizens and to businesses and corporations. Other lands were set aside as national parks, forests, wildlife refuges and military installations. Currently, Federal civil and defense agencies administer about 657 million acres, or about 29 percent of the total 2.3 billion acres in the United States. Of the 657 million acres under Federal control, approximately 439 million acres are administered by the Department of Interior, principally by the Bureau of Land Management, the Fish and Wildlife Service, and the National Park Service.

The Bureau of Land Management (BLM) has exclusive jurisdiction for about 40 percent, or 264 million acres, of the Federally owned lands. Approximately one-third of this area is in the State of Alaska. Public lands under the jurisdiction of BLM are managed under the principles of multiple use and sustained yield for the benefit of all Americans. Public lands are leased to private companies providing vast amounts of oil, natural gas, and other valuable minerals. Leases to ranchers allow livestock, primarily sheep and cattle, to forage on more than 170 million acres of public lands. Timber products are another valuable commodity produced from public lands. Finally, most of the public lands are available for a wide variety of recreational activities, including camping, hunting, fishing, skiing, and hiking.

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

The National Park Service administers about 83 million acres, or 12.6 percent of the Federally owned lands. The National Park System encompasses 369 park units in 49 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam and the Northern Mariana Islands.

For additional discussion of stewardship land, see the section on Stewardship Assets at page 90.

**NOTE 8. LOANS AND INTEREST RECEIVABLE**

## Loans and Interest Receivable

(dollars in thousands)	1996	1995
Direct and Guaranteed Loans		
Credit Reform Loans	\$ 120,534	\$ 46,369
Liquidating Loans	232,391	264,865
Direct and Guaranteed Loans	352,925	311,234
Allowance for Doubtful Accounts	(71,231)	(62,796)
Loans, Net of Allowance for Doubtful Accounts	281,694	248,438
Other Interest Receivable from the Public	2,660	-
Loans and Interest Receivable	\$ 284,354	\$ 248,438

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

Reclamation's loan programs provide Federal assistance to organizations wishing to construct or improve water resources development in the West. The Bureau of Indian Affairs provides direct and guaranteed loans to Indian tribes and organizations, Indian individuals, and Alaska Natives for economic development purposes. The Indian Affairs loan program includes the Indian Direct Loan Program and Indian Loan Guarantee Program under Credit Reform and a Liquidating Fund for loans made prior to 1992.

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

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

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

**NOTE 9. RESTRICTED ASSETS**

The Land and Water Conservation Fund, the Historic Preservation Fund, and the Reclamation Fund are included in the financial statements of the Department. However, these fund assets are not available for use by the Department until funds have been appropriated by Congress.

The Land and Water Conservation Fund and the Historic Preservation Fund are administered by the National Park Service. Both funds receive a portion of the royalties and lease payments earned by the Federal Government from oil and gas extracted from Federal lands on the Outer Continental Shelf. In addition, the Land and Water Conservation Fund receives additional monies from sales of federal assets by the General Services Administration and other sources.

The balances in these accounts and annual year appropriations out of these accounts at September 30, 1996 and 1995 are as follows:

(dollars in thousands)	Account Balance		Appropriations	
	1996	1995	1996	1995
Land & Water Conservation Fund	\$ 11,128,809	\$ 10,358,876	\$ 138,073	\$ 216,795
Historic Preservation Fund	\$ 2,096,890	\$ 1,984,285	\$ 37,712	\$ 42,175

The Reclamation Fund is comprised of certain revenues received by the Bureau of Reclamation and the Department of Energy (Western Area Power Administration) from various sources including power/water sales, construction/operations and maintenance repayments, oil/mineral royalties, and sale of public lands. The balance in this fund at September 30, 1996 and 1995 was \$1,448,551 thousand and \$1,324,826 thousand, respectively. The Reclamation Fund is a financing resource to the Bureau of Reclamation and the Western Area Power Administration to the extent that previous year funds are appropriated by Congress to fund programs and operations.

## NOTE 10. DEFERRED REVENUE

Unearned revenue is recorded as deferred revenue until earned. The majority of the deferred revenue (\$3.29 billion and \$3.33 billion as of September 30, 1996 and 1995, respectively) represents the cost of construction of capital assets reimbursable to the Bureau of Reclamation in the future, through water repayment contracts with water and other facility users. The repayments are recognized as revenue, including interest if applicable, when the annual amounts become due each year.

## NOTE 11. NOTES PAYABLE TO TREASURY

The Department's debt to Treasury consists of (1) the helium production fund and (2) borrowings to finance the credit reform loan programs established under the Indian Financing Act of 1974.

### Notes Payable to Treasury

(dollars in thousands)	1996	1995
Helium Fund	\$ 1,365,204	\$ 1,373,204
Credit Reform Borrowings	55,529	45,028
Total Notes Payable to Treasury	\$ 1,420,733	\$ 1,418,232

**A. Helium Fund - Bureau of Land Management**

## Notes Payable to Treasury from the Helium Fund

(dollars in thousands)	1996	1995
Principal:		
Net Worth Debt	\$ 37,343	\$ 37,343
Additional Borrowing from Treasury	251,650	251,650
Total Principal	288,993	288,993
Interest:		
Beginning Balance	1,084,211	1,020,567
Interest Expense	-	73,644
Repayments	(8,000)	(10,000)
Ending Balance	1,076,211	1,084,211
Total	\$ 1,365,204	\$ 1,373,204

The Helium Fund was established in the late 1950's and early 1960's to ensure that the government had access to a dependable supply of helium, which at that time, was considered to be a critical defense commodity. Start up capital was loaned to the Helium program, with the expectation that the capital would be repaid with the proceeds of sales to Helium to other government users of helium. However, subsequent changes in the market price of helium and the need of government users for the commodity made the repayment of the capital, and subsequent accrued interest, impractical. Given the intra-government nature of the loan, unless the loan is forgiven, the funds for repayment to the U.S. Treasury must come from the U.S. Treasury, either in the form of appropriations to the Helium fund to repay the loan or in the form of appropriations to other government users of helium to pay the higher prices necessary to permit loan repayment.

The Helium Privatization Act of 1996, enacted October 9, 1996, directs the privatization of the Department's helium refining program. Under this law, the Department will cease producing, refining and marketing refined helium within 18 months of enactment. In addition, the sale of the Department's stockpile of helium will commence no later than January 1, 2005.

Net Worth Debt reported in the table above reflects the amount recorded by Treasury for the net worth capital and retained earnings of the Helium Fund, plus any monies expended thereafter by the Department of the Interior from funds provided in the Supplemental Appropriation Act of 1959 for construction of a helium plant at Keyes, Oklahoma. Additional borrowing from Treasury represents funds borrowed for the acquisition and construction of helium plants and facilities and other related purposes including the purchase of helium. These amounts were due 25 years from the date the funds were borrowed. However, as funding has not been received to repay the amounts due, the amounts are now delinquent.

Interest on borrowing is compound interest on the debts described above, at rates determined by the Secretary of the Treasury taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to investments authorized. The interest rate was determined at the time of each borrowing. With the passage of the Helium Privatization Act of 1996, no further interest will be accrued on this debt.

## ***B. Loans from Treasury under Credit Reform***

The Bureau of Indian Affairs and the Bureau of Reclamation have borrowed funds from the U.S. Treasury in accordance with the Credit Reform Act of 1990 to fund loans under various loan programs. These amounts are repaid to Treasury as loan repayments are received from customers. At September 30, 1996 and 1995, the Bureau of Indian Affairs' debt to Treasury totaled \$26.36 million and \$27.89 million, respectively. Borrowings from Treasury by the Bureau of Reclamation at September 30, 1996 and 1995, totaled \$29.17 million and \$17.14 million, respectively. (See also Note 8, Loans and Interest Receivable.)

## **NOTE 12. CONTINGENT LIABILITIES**

### ***A. Hazardous Materials***

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

In addition to a limited number of cases where the Department may have created or contributed to the hazard, hazardous conditions on Department of the Interior lands for which the Department might fund clean up may result from:

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

The Department has an active program to track hazardous sites, secure the affected areas and begin clean-up of priority areas. However, the vast expanse of Department lands prevents an acre by acre review, thus the total number of sites is not determinable. Once a site has been identified, it can take several years to evaluate the site and estimate potential clean up costs. Information available at the bureau level includes:

Bureau of Land Management: Virtually all Bureau of Land Management (BLM) clean up responsibilities result from non-Federal and often illegal uses of public lands. BLM has reported over 300 known sites to the Environmental Protection Agency for inclusion on the Federal Facilities Compliance docket. Studies of a statistically insignificant number of these sites indicated potential clean up costs ranging from \$500 thousand to \$7 million per site.

National Park Service: The Park Service has identified approximately 1,100 sites contaminated by petroleum or hazardous waste, approximately 200 of which have undergone investigation or remediation. The Park Service estimates that investigation and remediation of sites during the next four years will cost a minimum of \$80 million. Additional sites which may require remediation by the National Park Service include approximately 3,000 known abandoned mines, 700 known abandoned oil and gas wells, and 2,000 underground and 1,000 above ground fuel storage tanks.

Fish and Wildlife Service: The Fish and Wildlife Service (FWS) has identified approximately 25 major sites and numerous less costly sites on national wildlife refuges and national fish hatcheries. At these sites, FWS estimates the costs of remediation may range from \$110 to \$120 million. This estimate does not include provision for unknown sites, sites which have not been investigated, and sites where the financial responsibility is undetermined.

**Bureau of Reclamation:** Reclamation has identified several potential environmental clean up responsibilities, including abandoned mines, vehicle maintenance facilities and a landfill. In all cases except one, Reclamation is jointly liable with other Federal and non-federal entities. At the five most significant sites, Reclamation's potential share of the clean up liability in total ranges from \$20 million to \$91 million.

**Bureau of Indian Affairs:** The Bureau of Indian Affairs (BIA) is a potential liable party at several Superfund sites. In general, the extent of BIA's liability is not yet known either due to disputes as to their degree of responsibility or because the cost of remediation is not known. BIA estimates that the costs of preliminary site investigations and studies may total at least \$30 million.

### ***B. Indian Trust Funds***

The Secretary of the Interior is entrusted with the management of the monies and lands held in trust by the United States Government for Indians and Indian Tribes.

At the direction of the Department and the Bureau of Indian Affairs, a national accounting firm has conducted a five-year project to reconcile tribal trust fund account activity over the 20 year period beginning in 1972. The report of this reconciliation indicates that while there is no evidence that funds have been lost or stolen, the method of record keeping over the last several decades is not sufficient to reconstruct all activity or to permit a complete reconciliation of the Tribal trust accounts. The Department has presented to Congress a report that outlines proposed legislative settlement options for resolving disputed balances in Tribal trust accounts. Consultations with Tribes are presently underway to reach a resolution of the issue.

The reconciliation project and the Department's report to Congress did not address similar issues regarding trust accounts held for individual Indians. In 1996, certain parties brought a class action lawsuit against the Secretary of the Interior, the Assistant Secretary for Indian Affairs and the Secretary of the Treasury alleging breach of trust with respect to the United States' handling of Individual Indian Money trust fund accounts. Counsel for the plaintiffs and the Government are currently negotiating the resolution of this matter.

No estimate is made at this time as to any financial liability that may result from the resolution of the Tribal reconciliation, the individual Indian class action lawsuit and any other related claims. However, it is likely that any settlement will be paid out of funds appropriated by Congress for that purpose.

### ***C. Other***

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

The Bureau of Indian Affairs and the Bureau of Reclamation are defendants in certain litigation where the amounts claimed are in excess of \$1 billion. The ultimate outcome of these cases cannot be predicted at this time. Additionally, the Department is party to a number of lawsuits and other actions where monetary amounts are sought from the Department. In the opinion of management, the resolution of these other matters will not have a material impact on Department operations or financial position.



**NOTE 13. OPERATING EXPENSES**

## Operating Expenses

(dollars in thousands)	Natural Resources	Science	Indian Affairs	Other	Total 1996	1995
Salaries and Benefits	\$ 2,270,402	\$ 608,518	\$ 477,699	\$ 97,308	\$ 3,453,927	\$ 3,565,264
Contractual Services	940,297	183,230	736,433	241,427	2,101,387	2,497,027
Grant, Subsidies and Contributions	1,031,127	72,897	473,943	304,592	1,882,559	2,102,877
Rent, Communication and Utilities	227,146	98,661	43,426	20,032	389,265	335,114
Supplies and Materials	208,149	39,540	43,987	43	291,719	243,817
Non-Capitalized Property and Equipment	174,881	36,014	12,360	8	223,263	270,907
Travel and Transportation	126,016	31,145	28,054	232	185,447	195,506
Printing & Reproduction	13,032	5,545	833	17	19,427	20,093
Changes in Estimates and Other	37,962	7,321	228,579	30,749	304,611	282,383
Intra-Segment & Intra-Department Eliminations	(46,237)	(3,583)	-	(247,301)	(297,121)	(296,757)
<b>Total</b>	<b>\$ 4,982,775</b>	<b>\$ 1,079,288</b>	<b>\$ 2,045,314</b>	<b>\$ 447,107</b>	<b>\$ 8,554,484</b>	<b>\$ 9,216,231</b>

**NOTE 14. COMPARATIVE DATA**

Audited comparative data for fiscal year 1995 has been presented in order to provide an understanding of changes in financial position and operations of the Department. Fiscal year 1995 has been restated to reflect the assets, net position, and operating activity of the Land and Water Conservation Fund, the Historic Preservation Fund, and the Reclamation Fund (see Note 9). Certain changes have also been made to prior year data, including fiscal year 1995 beginning net position, to reflect current standards and presentation. These changes include corrections to increase fiscal year 1995 Operating Expenses and Appropriated Capital Used by \$127 million for the cost of stewardship land purchased by the Fish and Wildlife Service during 1995 and to reclassify \$643 million from beginning Cumulative Results of Operations to Transfers to Others. In addition, as discussed in Note 1, the impact of intra-bureau activity was not eliminated in fiscal year 1995.

## Prior Period Adjustments

(dollars in thousands)	1996	1995
Implementation of Property Accounting Standards		
Bureau of Indian Affairs	\$ 2,450,287	
National Park Service		\$ 6,026,303
Bureau of Reclamation		5,698,314
Fish and Wildlife Service		1,157,105
Bureau of Land Management		701,583
Other Accounting Changes		
Restatement of Equity Accounts		
Bureau of Reclamation	(658,955)	
Other Changes:	29,162	176,277
<b>Total Prior Period Adjustments</b>	<b>\$ 1,820,494</b>	<b>\$ 13,759,582</b>

Prior Period Adjustments are used to reflect in the current period the retroactive impact of newly adopted accounting standards and policies. The most significant of these result from the implementation of Statement of Federal Financial Accounting Standards (SFFAS) No. 6, "Accounting for Property, Plant and Equipment." SFFAS No. 6 changes the reporting of Stewardship Assets and requires that depreciation be recognized for all general property, plant and equipment. This standard recognizes that Stewardship Assets, including public domain land, and monuments and other heritage assets, do not have an identifiable or meaningful financial value, therefore no amount should be reported for these assets in the financial statements. This standard is required to be implemented no later than fiscal year 1998 with early implementation encouraged. Several of the Department's bureaus adopted the stewardship asset and depreciation provisions of this standard beginning in fiscal year 1995 or 1996. See Note 6 for additional information.

In addition, in 1996, the Bureau of Reclamation reviewed the accounting treatment of various equity accounts, resulting in certain accounting corrections. Other restatements reflect significant changes in the presentation of prior year data to conform to the current year presentation.

## NOTE 15. INDIAN TRUST FUNDS

The Department of the Interior has fiduciary responsibility for approximately \$2.8 billion dollars held in trust on behalf of American Indian Tribes and individuals. The trust funds are comprised of \$2.3 billion held in tribal accounts for approximately 315 tribes, with the remainder held in approximately 317 thousand individual Indian accounts and other special trust funds, including the Alaska Native Escrow Fund. The assets held in trust for Native Americans are owned by the trust beneficiaries and are not Federal assets. Therefore, these amounts are not reflected in the Consolidated Financial Statements of the Department included in this report.

In fiscal year 1996, the Office of the Special Trustee was established pursuant to the *American Indian Trust Fund Management Reform Act of 1994* to provide for more effective management of, and accountability for, the proper charge of the Secretary's trust responsibilities to Indian tribes and individual Indians. The Special Trustee reports directly to the Secretary and, among other responsibilities, is charged with general oversight of efforts to reform the management of Indian trust assets. For information on lawsuits and other claims related to the management of the Indian trust funds over the last several decades, see Note 12.

A summary of the Assets, Trust Fund Balances and Changes in Trust Fund Balances is presented below. These amounts do not include trust land managed by the Department.

### Tribal and Individual Indian Monies and Other Special Trust Funds

#### Statement of Assets and Trust Fund Balances

at September 30, 1996

(dollars in thousands)

<b>ASSETS</b>	
<b>Current Assets</b>	
Cash with U.S. Treasury	\$ 3,777
Investments	2,778,701
Accrued Interest Receivable	32,136
<b>TOTAL ASSETS</b>	<b>\$ 2,814,614</b>

<b>TRUST FUND BALANCES</b> , held for Indian Tribes and individual Indians, and Other Special Trust Funds.	<b>\$ 2,814,614</b>
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### Tribal and Individual Indian Monies and Other Special Trust Funds

#### Statement of Changes in Trust Fund Balances

at September 30, 1996

(dollars in thousands)

Receipts	\$ 815,997
Disbursements	(672,834)
Receipts in Excess of Disbursements	143,163
Trust Fund Balances, beginning of year	2,671,451
Trust Fund Balances, end of year	<b>\$ 2,814,614</b>

# Stewardship Assets and Supplemental Information

# STEWARDSHIP ASSETS

The Stewardship Assets cared for by the Department of the Interior are as varied and diverse as the nation itself. These assets range from huge expanses of National Park Land to small artifacts from ancient civilizations.

## STEWARDSHIP LAND

The Department of the Interior oversees 439 million acres of public lands (Figure 22). These lands encompass a wide range of resources, including energy and minerals, timber, forage, wild horse and burro populations, fish and wildlife habitat, recreational areas, wilderness areas, and archeological and historical sites.

The majority of Public Lands managed by the Department are “public domain” lands, that is large areas of territory acquired by the nation between 1781 and 1867 (Figure 23). All areas of the nation other than the lands belonging to the original 13 colonies and the state of Texas were acquired as public domain. During this time, the Federal Government acquired land equal to 79.4 percent of the current total acreage of the United States, spending a total of only \$85.1 million, not including the value of commitments made to Indians under various treaties.

Over the course of the last 200 years, the Nation has disposed of a total of 1.14 billion acres of the 1.81 billion acres acquired. Dispositions include territory granted to States (328 million acres), land granted or sold to homesteaders (287 million), and lands sold or granted to indi-

viduals and corporations under various laws for various purposes. Land has also been transferred to the Department of Defense and to the Department of Agriculture’s U.S. Forest Service. Land retained by the Department of the Interior is devoted to National Parks and Wildlife Refuges or to other purposes under the management of the Bureau of Land Management.

The National Park System includes 369 units, encompassing more than 83 million acres of land in 49 states (all except Delaware), the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands. Federal ownership of the land consists of about 77 million acres in fee simple title and about 223,000 acres under less-than-fee title. Less-than-fee title includes scenic easements and rights-of-way across property owned by others. Other land within park boundaries is owned by State and local governments (about 1.2 million acres) or is in private ownership (4.3 million acres).

The objective of the National Park Service’s land acquisition program is to acquire land and interests in land 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. The 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. During 1996, the National Park Service purchased 9,137 acres and acquired 2,671 by other means. Future acquisition of privately-owned land will be based on park land protection plans.

The National Wildlife Refuge System is the world’s largest and most diverse collection of lands set aside specifically for wildlife. Administered by the Fish and Wildlife Service, the National Wildlife Refuge System comprises 509 refuges that vary in size from half-acre parcels to thousands of square miles. They encompass more than 92 million acres and play a vital role in preserving endangered and threatened species. Currently, 36 refuges provide critical habitat for 29 listed species. Of the Nation’s 965 threatened and endangered plant and animal species, 232 occur on refuges.

Figure 22



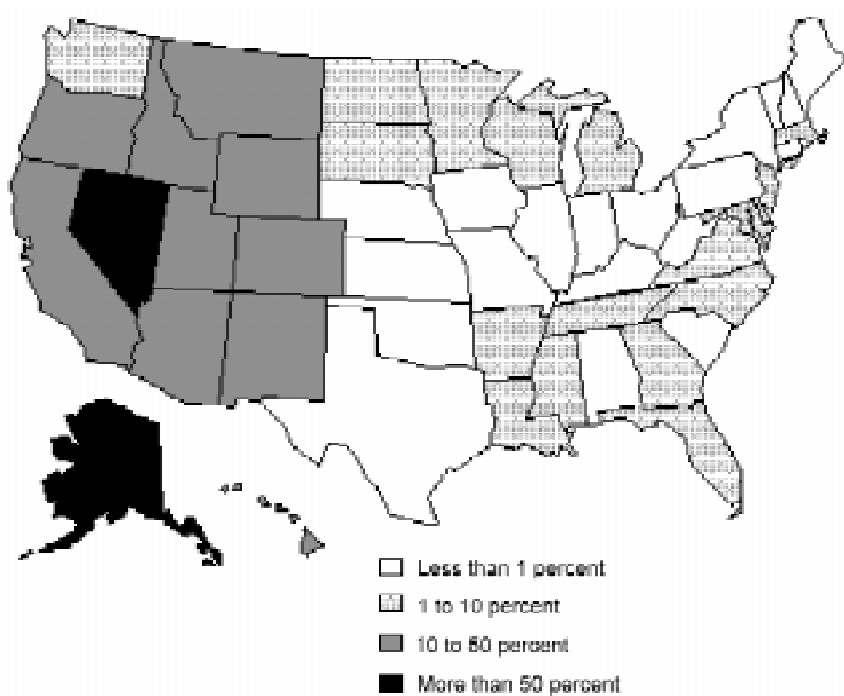
Figure 23

**Acquisition of the Public Domain of the United States  
1781 through 1867**

Source	Acquisition Date(s)	Cost (\$ millions)	Land Acres Acquired (in millions)	Percent of Current U.S. Land Mass
Ceded from Original Colonies	1781-1802	\$ 6.2	233.5	10.2%
Louisiana Purchase	1803	23.2	523.4	22.9%
Red River Basin	1782-1817	-	29.1	1.3%
Ceded from Spain	1819	6.7	43.3	2.0%
Oregon Compromise	1846	-	180.6	7.9%
Ceded from Mexico	1848	16.3	334.5	14.6%
Purchased from Texas	1850	15.5	78.8	3.4%
Gadsden Purchase	1853	10.0	19.0	0.8%
Alaska Purchase	1867	7.2	365.3	16.3%
<b>Total</b>		<b>\$ 85.1</b>	<b>1,807.5</b>	<b>79.4%</b>

Figure 24

**Percentage of Each State's Acreage Managed by Interior  
(as of September 30, 1994)**



The Bureau of Land Management has been entrusted with stewardship responsibility for the multiple-use management of natural resources on approximately 264 million acres of public land. The BLM also supervises mineral leasing and operations on over 560 million acres of mineral estate that underlie both BLM lands and other surface ownerships. In 1996, acreage administered by the BLM decreased by approximately 6,000 acres, resulting from the net effect of acquisitions, disposals, exchanges, withdrawals, and restorations, and right-of-way and easement transactions.

Wilderness is an area where humans are visitors who do not remain. These areas are generally greater than 5,000 acres which have retained their primeval character. All Fish and Wildlife Service and Park Service Lands not classified as "wilderness" are included here as "recreation and wildlife." Figure 25 provides a summary of the park and refuge units that comprise the National Park System and the National Wildlife Refuge System.

Figure 25

<b>National Park System and National Wildlife Refuge System</b>				
<b>Unit Type</b>	<b>Number</b>	<b>Federal Acreage</b>	<b>Non-Federal Acreage</b>	<b>Total Acreage</b>
International Historic Site	1	22	13	35
National Battlefields	11	10,405	2,739	13,144
National Battlefield Parks	3	8,007	769	8,776
National Battlefield Site	1	1	0	1
National Historic Sites	72	17,683	5,438	23,121
National Historical Parks	37	113,196	49,292	162,488
National Lakeshores	4	145,213	83,716	228,929
National Memorials	26	7,963	84	8,047
National Military Parks	9	34,682	3,934	38,616
National Monuments	73	1,745,465	319,269	2,064,733
National Parks	54	49,314,049	2,386,888	51,700,937
National Preserves	15	21,436,937	2,168,872	23,605,809
National Recreation Areas	18	3,353,107	348,620	3,701,727
National Reserves	2	10,324	23,084	33,407
National Rivers	6	307,718	108,300	416,018
National Scenic Trails	3	114,012	69,621	183,632
National Seashores	10	477,366	115,234	592,600
National Wild & Scenic Rivers	9	71,918	147,581	219,498
Parks (other)	11	37,615	1,332	38,947
Parkways	4	163,212	7,511	170,723
National Wildlife Refuges	509	89,938,956	0	89,938,956
Refuge Coordination Areas	50	317,321	0	317,321
Waterfowl Production Areas	193	2,387,475	0	2,387,475
Wildlife Research Centers	6	647	0	647
Fisheries Research Centers	17	2,588	0	2,588
National Fish Hatcheries	69	18,846	0	18,846
<b>TOTAL</b>	<b>1,213</b>	<b>170,034,727</b>	<b>5,842,295</b>	<b>175,877,022</b>

One of the primary goals of land management in the Department is to preserve and maintain the health of the land. In achieving this objective, the Department monitors the land, identifying resources at risk and focusing resource protection and restoration efforts toward those lands. However, to better communicate the status of resources, the Bureau of Land Management, in collaboration with other federal land management agencies, is presently developing measurement indicators. These indicators will focus upon factors such as key indicator species, riparian areas and quality of water that in total may be used to assess the health and condition of federal lands.

## Land Use and Condition

Use of the public lands and the riches they contain has changed throughout our Nation's history and continues to evolve. Identifying the predominate use of Department managed lands does not adequately portray the multiple use and sustained yield concept which guides the Department in accomplishing its basic mission. In adhering to this concept, the land management programs include significant efforts in the restoration of riparian wetlands; the preservation of significant cultural and natural features; creating opportunities for commercial activities; protecting endangered species; developing opportunities for recreation and leisure activities; public health, safety, and resource protection; wild horse and burro management; wildlife habitat and fisheries management; mining law administration; rangeland management; forest management, development and protection; and management of wilderness and wild and scenic rivers.

Fulfilling the responsibilities of the land management programs is often difficult. There is intense competition for the public lands among user and interest groups with conflicting needs and philosophical positions on natural resource management: coal companies want

Figure 26

Predominate Use and Condition of Land Managed by Interior (acres in millions)					
Use	Total Acres	Condition of Land	Bureau of Land Management	Fish and Wildlife Service	National Park Service
Grazing	170	Excellent/Good - 38% Fair - 39% Poor - 14% Unclassified - 9%	170	-	-
Commercial Forest Land	50	Good	50	-	-
Recreation, Wildlife and Other	151	Unclassified	39	72	40
Wilderness	68	Unclassified	5	20	43
TOTAL	439	-	264	92	83

to open mines, ranchers need grazing land, and environmentalists seek to preserve wilderness. The challenge to the Department is allocating public land resources in a manner that allows for each interest to enjoy the opportunities the public lands offer. Figure 26 provides a summary of usage and condition of lands administered by Interior.

## HERITAGE ASSETS

The lands and resources administered by the Department of the Interior include some of the Nation's most ecologically and culturally diverse and scientifically important. We are responsible for protecting and preserving paleontological localities and archaeological and historical sites, including museum collections derived from these areas; wild free roaming horses and burros; wilderness and wilderness study areas; wild and scenic rivers; rare, vulnerable, and representative habitats, plant communities, and ecosystems; fish and wildlife refuges, national parks, monuments, and historic sites, Areas of Critical Environmental Concern, and other outstanding natural and cultural areas.

### Museum Collections

The Department's museum collection totals approximately

103.3 million objects, which includes 67.6 million museum objects and 22,191 linear feet of archival documents. The museum objects are managed at about 700 locations throughout the Department and in partnership with about 400 non-Federal institutions. The collections were acquired through mission related activities such as research and resource management, in compliance with environmental and historic preservation laws. They include:

- Archaeological material -- artifacts collected by archaeological techniques that provide evidence of past human activities.
- Archival documents -- non-record documents that record agency history and activities.
- Art and Ethnography -- including some of the largest and best collections of contemporary Native American art.
- History -- diverse cultural objects that help us to interpret the development and resources of the country.
- Botany and Zoology materials -- plant and animal material used for study.
- Geology -- rock and mineral samples used for study.

Figure 27

Types of Interior Museum Collections

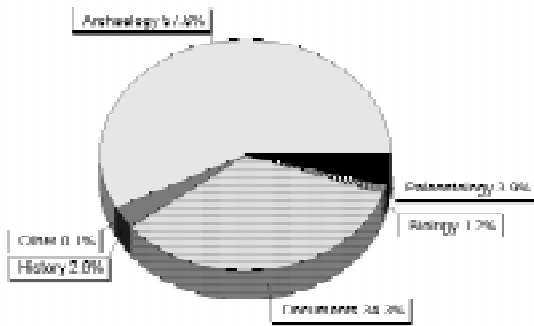
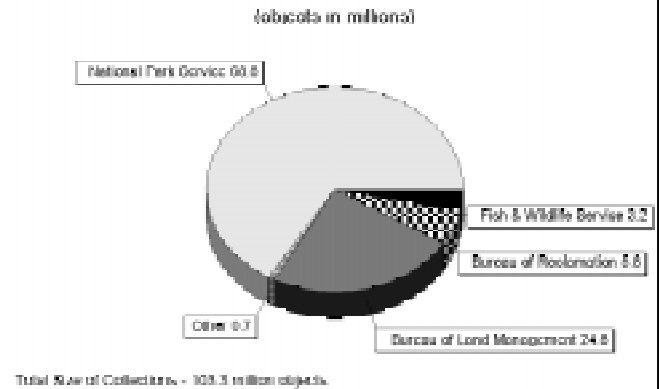


Figure 28

Total Size of Interior Museum Collections



- Paleontological material -- the fossilized remains or traces of plant or animal life.

These collections are related to the public lands and are held in public trust in perpetuity to support the missions of the Department and its bureaus.

Recent changes in the Department’s museum collections reflect increased attention to stewardship as a result of the Department’s new guidance in the Departmental Manual. Large bureaus have located “lost” collections in the non-federal institutions as they have increased consultation with Indian tribes in compliance with the Native American Graves Protection and Repatriation Act. Focus on collections in bureau facilities has resulted in the collection and processing of archival documents that are important for reference use and public interpretation of our resources. Figures 27 and 28 provide additional information concerning Interior’s vast museum collections.

**Historic Structures**

The Department is custodian of over 18 thousand historic structures located in the 369 parks of the National Park System. Historic structures include our nation’s most significant buildings, forts, monuments and statuary. In total, these structures commemorate the great people and events of our nation. Historic structures are

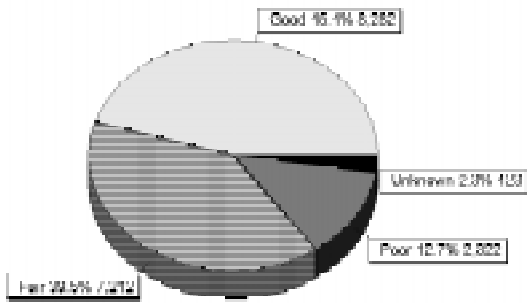
often exposed to harsh environments and high levels of visitation and use, with the major forces of decay being weather, age and erosion. The goal of the Department’s preservation effort is to save the very fabric and fiber of these important structures. To meet this goal, the National Park Service regularly inventories and assesses the condition of historic structures under its management, with 73 percent of historic structures inventoried in the past four years. In total, approximately 43 percent of historic structures are rated at moderate to high risk of deterioration. In spite of this, over 85 percent of all structures are in good or fair condition. Unfunded costs associated with the treatments that have been approved for inventoried structures total over \$1 billion. Figures 29, 30, and 31 provide summaries of the condition of Interior’s historic structures.

Maintained by the National Park Service, the National Register of Historic Places is the official list of the nation’s cultural resources worthy of preservation. Properties listed on the National Register include districts, sites, buildings, structures, and objects that are significant in American history, architecture, archaeology, engineering, and culture. In addition to those Interior properties that are listed, other properties under the ownership or control of the Department may be eligible for listing. Figure 32 shows the distribution of National Register properties by Interior bureau.



Figure 29

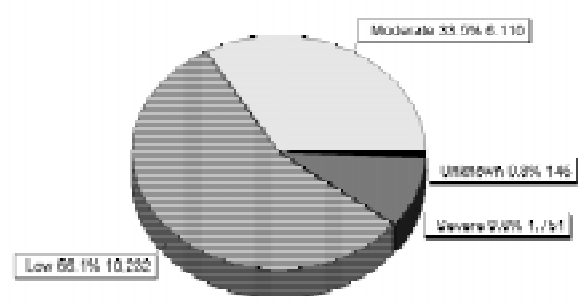
Condition of NPS Historic Structures



Total of 18,239 Structures

Figure 30

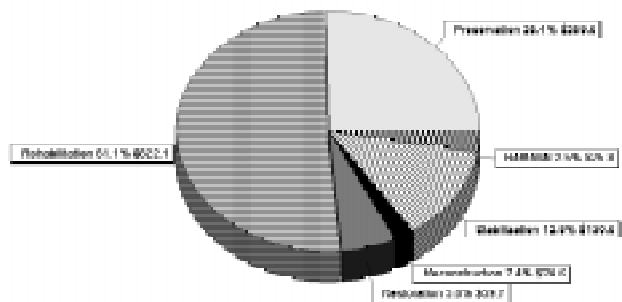
Levels of Impacts on NPS Historic Structures



Total of 18,239 Structures

Figure 31

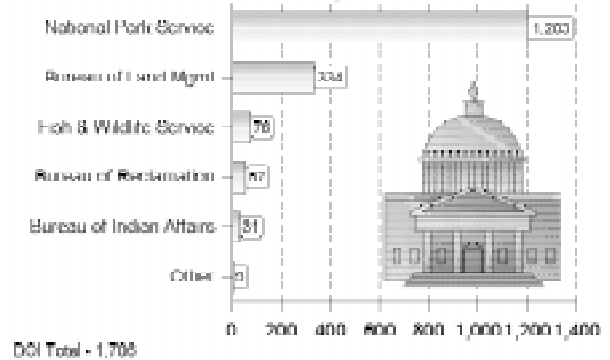
Treatment Costs for NPS Historic Structures



Total Number of Structures - 18,239  
Estimated Treatment Cost - \$1,022.0 million

Figure 32

Interior National Register of Properties  
Distribution by Bureau



# SUPPLEMENTAL INFORMATION

## MANAGEMENT INTEGRITY AND ACCOUNTABILITY

The Department believes that by maintaining integrity and accountability in all programs and operations, it can promote good government, responsible leadership, sound management in the delivery of services to customers, and achieve desired program outcomes. As a result, the Department has developed and implemented management, administrative, and financial system controls which reasonably ensure that:

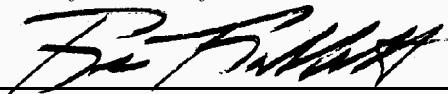
- programs and operations achieve their intended results efficiently and effectively;
- resources are used in accordance with the Department’s mission;
- programs and resources are protected from waste, fraud, and mismanagement;
- laws and regulations are followed; and
- reliable, complete, and timely data are maintained and used for decision-making at all levels.

### Federal Managers’ Financial Integrity Act

Since the inception of the Federal Managers’ Financial Integrity Act (FMFIA) in 1982, the Department has continually evaluated the effectiveness of management controls in its programs, organizations and functions in accordance with guidelines provided by the Office of Management and Budget (OMB). Since 1982, the Department has identified and reported 159 material weaknesses and 64 accounting system non-conformances. At the end of 1996, the Department had corrected 144 of the material weaknesses (90.6 percent) and 63 accounting system non-conformances (98.4 percent). Much of the progress in these areas was achieved over the last four years. As noted in Figures 33 and 34, since 1992 the Department has reduced the total number of reported material weaknesses by 64 percent (from 42 to 15) and accounting system non-conformances by 93 percent (from 16 to 1).

### ANNUAL ASSURANCE STATEMENT FISCAL YEAR 1996

*Based upon the results of its annual assessment process, with the exception of the Office of the Special Trustee and certain administrative program areas within the Bureau of Indian Affairs, the Department can provide reasonable assurance that its systems of management, accounting and administrative control, taken as a whole, achieve the objectives of Section 2 of the FMFIA. The Department can also provide reasonable assurance that its accounting and financial systems generally conform to the Comptroller General’s principles, standards and related requirements and achieve the objectives of Section 4 of the FMFIA.*



Secretary of the Interior

Figure 33

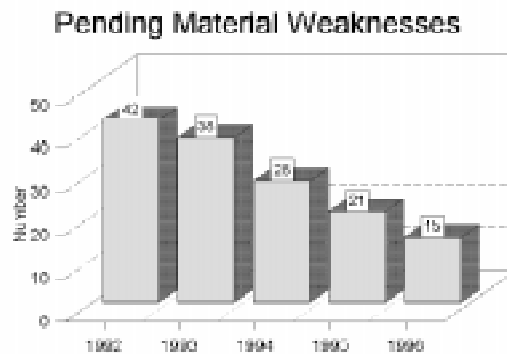
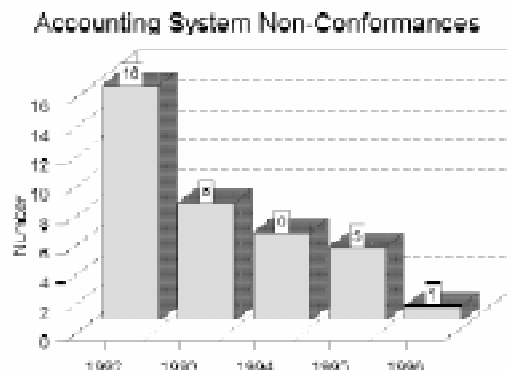


Figure 34



This progress in correcting material weaknesses and accounting system non-conformances exemplifies the Department's strong commitment to improving integrity and accountability in all programs, organizations and functions. Similarly, over the last four years, the Department has made great strides in strengthening and streamlining its management control program. The initiatives and innovations in this program area supported the recommendations in the National Performance Review, and the June 1995 revision to OMB Circular A-123, Management Accountability and Control. Some of the more significant initiatives included:

- providing bureaus with greater flexibility and discretion in planning, conducting and reporting the results of management control reviews;
- reducing the number of Department mandated control reviews by 67 percent;
- decreasing the frequency of periodic corrective action status reporting;
- expanding the membership of the Departmental Management Control Audit Follow-up Council (MCAF) to provide a more "Departmental perspective" to Council deliberations and decisions;
- revising the Department's material weakness criteria; and
- developing and implementing a Material Weakness Corrective Action Project Management Training Program.

The cumulative effect of these initiatives has been a 50

percent reduction in burden and improved efficiency and effectiveness in administering bureau and office management control programs.

In March 1996, the Department initiated a Management Control Reengineering Lab to identify new, innovative, and less resource-intensive methods for assessing and reporting on the effectiveness of its management controls. The Lab recommended the adoption of a new management control program model supported by a contemporary, fully-automated approach for either targeting or conducting and reporting the results of management control assessments. The approach is built around eight management integrity measures that are based on the management control standards prescribed in OMB Circular A-123. A unique feature of this new approach is that it provides for the identification of areas of both potential material deficiencies and best practices. The approach utilizes a comprehensive questionnaire developed in the Lab and refined by a customer focus group, the Department's E-Mail network, and a state-of-the-art surveying and analytical software tool. Most importantly, this new approach has a significant potential for resource savings, and provides much improved diagnostic and executive-level reports. The approach is being pilot tested in several bureaus during 1997. Pending the outcome of the pilot testing, the new approach could be the cornerstone of the Department's reengineered Management Control Program beginning in 1998.

### Results of the 1996 Management Control Program

The Department conducted an annual assessment of the effectiveness of its management, administrative and accounting systems controls in accordance with the

Figure 35

<b>Corrected Material Weaknesses and Non-conformances (NC)</b>		
<b>Title of Material Weakness/Non-conformance</b>	<b>Bureau</b>	<b>Date Originally Reported</b>
Inadequate Hazardous Materials Management	PEP	FY 1991
Inadequate Internal Control Systems Within the Insular Governments	OIA	FY 1988
Inadequate Personal Property Management	BIA	FY 1991
Ineffective Controls in Housing Improvement Program	BIA	FY 1992
Inadequate Protection and Controls Over Certain Historic Properties and Park Archaeology	NPS	FY 1990
Lack of Compliance With Chief Financial Officers Act	NPS	FY 1994
Property Accounting - Capitalization, Depreciation, and Reconciliation (NC)	BLM	FY 1992
Inefficiencies in FFS Operations (NC)	BOR	FY 1991
Failure to Integrate Systems (NC)	USGS	FY 1992
Property Accounting (NC)	FWS	FY 1993

Figure 36

<b>Mission Critical Material Weaknesses</b>		
<b>Title of Material Weakness</b>	<b>Bureau</b>	<b>Targeted Correction Date</b>
Inadequate Management of Trust Funds	OST	TBD
Inadequate Records Management	BIA	FY 2000
Failure to Provide Effective Oversight of the Trans-Alaska Pipeline System	BLM	FY 1998
Inadequate Range Monitoring	BLM	FY 1998
Failure to Effectively Inspect and Enforce Fluids Minerals	BLM	FY 1997
Lack of Accountability and Control Over Artwork and Artifacts	PAM	FY 1999
Irrigation of Ineligible Land	BOR	FY 1999

FMFIA and guidelines established by OMB. The Department conducted internal reviews and evaluations of controls in 91 programs and administrative functions. The Department also relied upon the results of the independent bureau financial statement audits conducted by the Office of Inspector General under the auspices of the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994 during the assessment process. The Department’s MCAF Council reviewed and analyzed the results of the 1996 assessment process and concluded that no new material weaknesses were identified.

During 1996, the Department completed corrective actions on 6 of 21 (29 percent) material weakness and 4 of 5 (80 percent) accounting system non-conformances

carried forward from 1995. The material weaknesses and accounting system non-conformances corrected are listed in Figure 35.

OMB’s 1996 FMFIA Annual Report guidance requested each agency to denote and report on the most critical material weaknesses affecting the agency. In response to this reporting requirement, the Department has identified 7 of its 15 pending material weaknesses as “mission critical weaknesses” -- those material weaknesses that prevent the Department from fulfilling a programmatic mission or strategic goal, and that warrant senior management focus and attention and resource priorities throughout the corrective action process.

Collectively, these weaknesses could adversely impact

Figure 37

<b>Pending Material Weaknesses and Non-conformance</b>		
<b>Title of Material Weakness/Non-conformance</b>	<b>Bureau</b>	<b>Targeted Correction Date</b>
Inadequate Management of Trust Funds	OST	TBD
Deficiencies in Real Property Management	BIA	FY 2003
Inadequate Debt Collection	BIA	FY 2003
Inadequate Acquisition Management Program	BIA	FY 1998
Irrigation Operations and Maintenance	BIA	FY 1998
Inadequate Records Management	BIA	FY 2000
Failure to Provide Effective Oversight of Trans-Alaska Pipeline System	BLM	FY 1998
Inadequate Range Monitoring	BLM	FY 1998
Failure to Effectively Inspect and Enforce Fluids Minerals	BLM	FY 1997
Inadequate Policies & Procedures for Recovery of Oper & Maintenance Program Expenses	BOR	FY 1997
Irrigation of Ineligible Land	BOR	FY 1999
Deficiencies in Administration of Miscellaneous Revenues	BOR	FY 1998
Lack of Accountability and Control Over Artwork and Artifacts	PAM	FY 1999
Incomplete/Inaccurate Data in the Interior Procurement Data System	PAM	FY 1997
BIA Facilities Program	PCM	FY 1999
Property Accounting - non-conformance	NPS	FY 1997

Figure 38

LINKING FY 1996 REPORTABLE CONDITIONS FROM AUDITED FINANCIAL STATEMENTS TO REPORTED MATERIAL WEAKNESSES			
Bureau	Audited Financial Statements Reportable Condition	Linked to Existing Material Weakness	Title of Material Weakness
BLM	Weak internal controls for real property resulted in the bureau not maintaining records for its real property subsidiary system on a regular or periodic basis. Differences in the amounts reported in the real property system and in the general ledger had not been reconciled.	No	
OSM	NONE		
MMS	NONE		
PIA	NONE		
OS	NONE		
FWS	Weak internal controls allowed the construction costs of some buildings and structures to be included simultaneously in the CIP general ledger account and in the buildings or the structures general account.	No	
NPS	1. Internal controls insufficient to ensure that (a) property and equip't subsidiary ledgers will be maintained in agreement with related gen'l control acct; (b) delinquent A/R will be collected in a timely manner; (c) completed projects in the CIP account will be timely & appropriately transferred to the buildings and other structures & facilities accts; (d) effective and periodic financial info integrity reviews will be made of the financial info contained in the G/L control accts and related subsidiary ledgers, listings, and reconciliations. 2. NPS had not established an adequate process to allow it to obtain, in a timely manner, reliable info. on the number of the special concession accounts and their balances or on the financial activities in these accts.		
USGS	1. Internal controls insufficient to ensure that (a) amts. reported in G/L accts. for Advances from Others, A/R Unbilled, and A/P were properly supported by subsidiary ledgers; (b) costs related to Federal-State Cooperative Projects were reported accurately; (c) delinquent A/R were collected in a timely manner; (d) monies were disbursed from the investment plan, a unit of the Working Capital Fund, in accordance with established policies; and (e) Biological Resources Division property was accounted for and reported correctly. 2. Two prior IG reports with significant recommendations remain unimplemented regarding (a) FFS sytem integrity weaknesses and (b) cost accounting of projects under the Fed-State Cooperative Program.	No	
BOR	1. Noncompliance with provisions of P.L. 87-483 that authorized the construction of the Navajo Indian irrigation project for BIA. 2. Six prior IG reports with unresolved and unimplemented recommendations affect BOR's internal control structure and compliance with laws and regulations.	No	
BIA	1. Inadequate internal control system in accounting for buildings, other structures, and facilities, equipment, land, and construction in progress. 2. Ineffective controls over automated subsidiary information systems at BIA's Operations Service Center. 3. Lack of timely collection of accounts and loans receivable was not in compliance with the Debt Collection Act of 1982.	Yes. Condition Three	Inadequate Debt Collection
OTFM	1. Lack of accounts receivable system (GAO 1994 audit finding unresolved). 2. Ownership records not timely updated.	Yes	Inadequate mgmt of Trust funds correction date TBD

the safety of employees and other citizens, damage the environment, prevent the collection and distribution of royalties and other funds owed to the Government and Native Americans, and preclude the identification, collection, and preservation of irreplaceable historical art and artifacts. The seven mission critical weaknesses for the Department are listed in Figure 36.

The Department recognizes the importance of correcting these mission critical weaknesses in a timely manner. Corrective action plans with key milestones, target dates, and accountable officials have been established and corrective action progress will be continuously monitored by officials in each cognizant bureau or office. In addition, a semi-annual progress review meeting will be held with the staff of the cognizant bureaus, the Office of the Inspector General, and the Department’s CFO.

Figure 37 presents all of the 15 remaining material weaknesses and one accounting system non-conformance carried forward to 1997.

The 1996 bureau audited financial statement process resulted in the identification of several “reportable conditions” in internal controls. Figure 38 presents the linkage of these reportable conditions with the 15 pending material weaknesses being carried forward to 1997.

**Summary of Management Controls - Section 2 of the FMFIA**

Progress in correcting material weaknesses and material non-conformances is summarized in Figures 39 and 40.

Figure 39

Number of Material Weaknesses			
Period Reported	Reported	Corrected	Pending
Prior Years	155	142	13
1994	3	2	1
1995	1	0	1
1996	0	0	0
Total	159	144	15

**Summary of Financial Management Systems - Section 4 of the FMFIA**

While the Department can provide assurance that its financial systems generally conform to governmentwide standards, it is aggressively pursuing initiatives to ensure that:

Figure 40

Number of Material Non-conformances			
Period Reported	Reported	Corrected	Pending
Prior Years	62	61	1
1994	2	2	0
1995	0	0	0
1996	0	0	0
Total	64	63	1

- all financial systems are linked electronically,
- the migration to a single, primary accounting system is achieved; and
- the data integrity and consistency are provided for in all financial system components.

**AUDIT FOLLOW-UP**

The Department’s follow-up actions on audit recommendations are essential to improving efficiency and effectiveness in its programs and operations. The Department’s audit follow-up program workload for 1996 was substantial, including 721 single audits, 45 internal audits, and 68 GAO audits. During 1996, the Department made significant progress in reaching management decisions on open audit recommendations, implementing audit recommendations and closing audits, and collecting disallowed costs.

*Single Audits:* The Department provides over \$1 billion each year in funding for grants, cooperative agreements, Indian Self-Determination contracts, and Self Governance Compacts to State and local governments, Indian Tribes, colleges and universities and other non-profit organizations. Under the provisions of the Single Audit Act, the grantees’ financial operations, management control structure, and level of compliance with applicable laws and regulations must be audited each year. During 1996, 721 single audits were conducted of Department grantees. Figure 41 presents the distribution of single audits by bureau over the last several years. As noted, the Bureau of Indian Affairs grantees accounted for over 60 percent (433 of 721) of the single audit reports received in 1996.

Single audit reports are forwarded to the Office of Inspector General (OIG) for review and where necessary, the audit reports are forwarded to the bureaus working with the grantees to resolve deficiencies

Figure 41

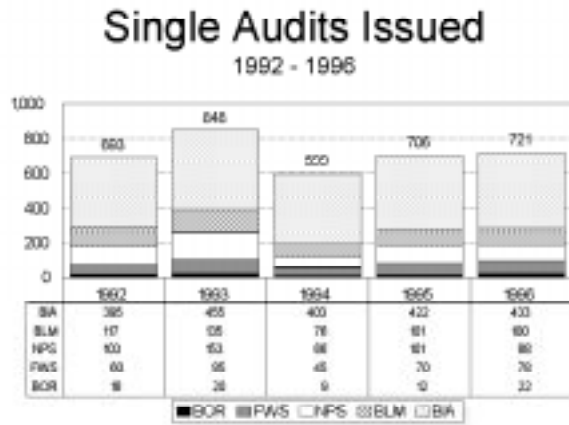
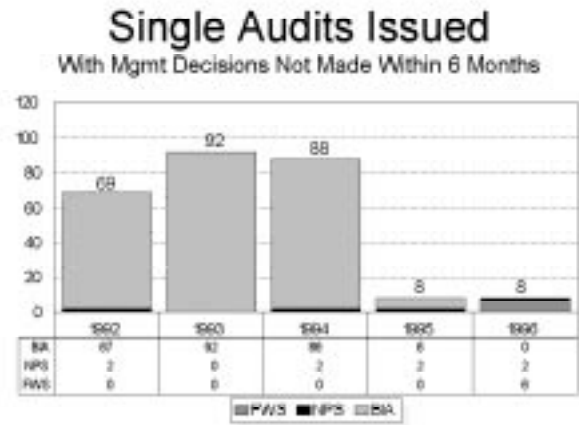


Figure 42



identified in the audit reports, and to determine the allowability of any expenditure of Federal funds which have been questioned by the auditor.

**Reaching Timely Management Decisions on Single Audits:** Single audit management decisions are expected to be agreed to within six months from receipt of the audit report. If an audit results in disallowed costs, bureaus are responsible for collecting the disallowed costs from the grantees. Figure 42 presents the marked improvement since 1992 in reaching timely management decisions on single audits -- with only eight of the 1996 single audits in the category of "with management decisions not made within six months" -- or about one percent of single audit reports received in 1996.

**Collecting and Offsetting Disallowed Costs in Single Audits:** The Department made good progress in collecting and closing audits with disallowed costs during 1996. At the beginning of the year, there were 39 pending audits with \$6.9 million in disallowed costs. An additional 23 audit reports with \$348 thousand in disallowed costs were received during the year. By the end of 1996, 32 audits were closed (52 percent) and \$1.4 million in disallowed costs were collected (19 percent). Figure 43 provides a summary of audits with disallowed costs.

**Internal Audits:** Internal audits are audits conducted by the Office of Inspector General (OIG) of the programs, organizations, financial and administrative operations of the Department. Since 1992, the number of internal audits performed by the OIG has declined slightly from 48 to 43. However, due to the significant efforts the bureaus have directed at the audit of bureau financial statements, and the Department's consolidated financial statements, the

effectiveness of the internal audit program is reflected in the overall improvement in the number of material weaknesses and accounting system non-conformances existing within the Department.

One category of internal audits are those audits where the OIG presents recommendations where funds can be put to better use (FBU audits). During 1996, the Department made significant progress in implementing recommendations and closing FBU audits. Of the 78 FBU audits carried forward from 1995, or added during 1996, a total of 31 audits (40 percent) were closed. The audits closed involved \$8.5 million of FBU funds, or 13 percent of total pending audits with FBU funds (see Figure 43).

**Reaching Timely Management Decisions on Internal Audits:** Since 1992, the Department has made steady progress in reducing the number of pending internal audits with unimplemented recommendations greater than one-year old. Audits in this category have declined by approximately 60 percent (15 to 6 audits) during that period. Those audits still pending involve recommendations with long-term and multi-faceted corrective actions, or require statutory changes. While the Department is pleased with this progress, it views the percentage of internal audits in this category to total pending internal audits at the end of the period as excessive (19 percent). The Department and the OIG will be focusing efforts during the coming year to reduce this percentage to a more acceptable level.

**Promptly Responding to General Accounting Office Audit Recommendations:** General Accounting Office (GAO) audits are a major component of the

Figure 43

<b>SUMMARY OF AUDIT WORKLOADS FOR AUDITS WITH DISALLOWED COSTS AND FUNDS TO BE PUT TO BETTER USE</b>						
<b>FY 1996</b>						
	Disallowed Costs		Internal Costs		Total	
	Reports	Dollar Value	Reports	Dollar Value	Reports	Dollar Value
Beg Balance @ 10/01/95	39	\$6,876,725	60	\$63,860,142	99	\$70,736,867
New Audits	23	\$348,197	18	3,149,000	41	\$3,497,197
Total Workload	62	\$7,224,922	78	\$67,009,142	140	\$74,234,064
Audits Closed	<32>	<\$1,348,184>	<31>	<\$8,505,506>	<63>	<\$9,853,690>
Closure Rate	52%	19%	40%	13%	45%	13%
End Balance @ 9/30/96	30	\$5,876,738	47	\$58,503,636	77	\$64,380,374

Department’s audit followup program workload. During 1996, 68 GAO audits were initiated with the Department and resulted in 37 final audit reports. The final reports contained 17 recommendations of which 16 (or 94 percent) were implemented by the end of 1996. The remaining recommendation involves actions that appear to be cost prohibitive and the recommendation is being re-evaluated by the Department. Figure 44 shows the GAO audit followup activity by major subject area for 1996.

Figure 44

<b>Summary of 1996 GAO Audit Activity</b>					
	Reviews Initiated	Reports Issued	Number of Recommendations	Number of Recommendations Implemented	Number of Reports without Recommendations
Natural Resources	36	20	14	13	10
Science	2	3	1	1	1
Indian Affairs	4	1	-	-	-
Insular Affairs	-	-	-	-	-
Departmental Management	26	13	2	2	8
Total	68	37	17	16	20

## ASSET AND DEBT MANAGEMENT

### Civil Monetary Penalties

In 1996, Civil Monetary Penalties were assessed in the amount of \$1.3 million. During the same period, \$1.5 million was actually collected. Civil Monetary Penalties are assessed as a result of enforcement actions of the

Office of Surface Mining, the Bureau of Land Management, the Minerals Management Service, and the Fish and Wildlife Service. Figure 45 shows civil monetary assessments and collections for 1994 - 1996.

### Debt Collection

The prevention and reduction of delinquent debt due from the public is a major goal of the Department. In an effort to meet its debt collection goals, the Department has implemented several debt management initiatives that are intended to control and manage debt due from the public and ensure that future delinquencies are held to a minimum. The Department’s policies are designed to (1) provide sufficient and accurate management information, (2) help bureaus become more effective in their debt collection efforts, and (3) initiate appropriate litigation as necessary. With the policies and guidelines now implemented, the Department expects a greater rate of collection and a lower percentage of delinquencies in the years ahead.

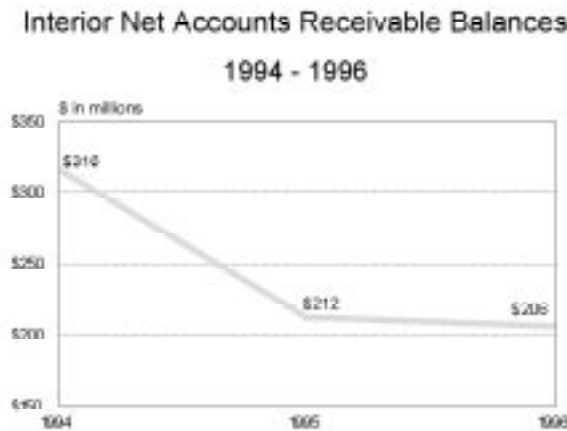
In 1996, approximately \$184.3 million (63 percent) of the Department’s \$293.2 million accounts receivables due from the public were delinquent. The allowance for doubtful accounts is approximately \$87 million (30 percent). The nature of this debt, comprising fines and penalties, has a historically high rate of write-offs. Figure 46



Figure 45



Figure 46



shows the Department's accounts receivable balances (net of allowance for doubtful accounts) due from the public for 1994-1996.

The Department is an active participant in the Internal Revenue Service's taxpayer refund offset program. In 1996, the program collected over \$88 thousand. Over \$1.2 million has been collected since the inception of the program. In 1996, the Department began negotiations with the Department of the Treasury to participate in a pilot program using the Treasury's Offset Program (TOP). As a result, we anticipate that the names of over 2,500 debtors will be matched against Treasury's payments. Additionally, the Office of Surface Mining Reclamation and Enforcement, and the Bureau of Indian Affairs are using Treasury's cross-servicing collections service. Under the provisions of the Debt Collection Improvement Act of 1996, we expect to have all bureaus and offices transferring delinquent debt over 180 days past due to the Treasury Department.

### Prompt Payment Act

The Department of the Interior's percentage of on-time payments decreased from 74 percent in 1995 to 72.8 percent in 1996. This decrease is largely attributable to the Federal Government shutdown that resulted from the 1996 budget impasse. It should be noted that while the on-time payment percentage deteriorated in 1996, the dollar amount of late payment interest penalties decreased by 7 percent and the number of late payments with interest penalties decreased by 25 percent.

Over the past several years, the number of payments subject to the Prompt Payment Act has shown a steady decline. This decrease is attributable to the Department's increased use of the government-wide purchase card. Figures 47 and 48 show selected prompt pay statistics for 1994 to 1996.

In 1997, the Department plans to restructure its reporting and monitoring of prompt pay performance to achieve a higher percentage of on-time payments and hold late payment interest penalties to a minimum. Additionally, systems enhancements and other mechanisms will be explored to improve the Department's on-time payment performance.

Figure 47

Timeliness of Vendor Payments			
	Percent of Payments		
	1996	1995	1994
Total	100.0%	100.0%	100.0%
On time	72.8%	74.0%	74.0%
Early	0.8%	0.4%	0.8%
Late	26.4%	25.6%	25.2%
Interest penalty paid	(9.8%)	(9.5%)	(6.5%)
Interest not due *	(15.9%)	(15.4%)	(18%)
Interest due but not paid	(0.7%)	(0.7%)	(0.7%)

\* Interest was not due because interest was less than \$1

Figure 48

Selected Prompt Pay Data			
	1996	1995	1994
<b>Invoices paid:</b>			
Dollar amount	\$1,874 million	\$2,022 million	\$2,120 million
Number	612,061	846,880	883,704
<b>Interest Penalties:</b>			
Dollar amount	\$1.4 million	\$1.5 million	\$ .9 million
Number	60,422	80,357	57,569
<b>Interest Penalties as a Percentage of Invoices Paid:</b>			
Dollar amount	0.075%	0.074%	0.042%
Number	9.8%	9.5%	6.5%

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This report is also available on the World Wide Web at  
*[http://www.doi.gov/pfm/www\\_pfm.html](http://www.doi.gov/pfm/www_pfm.html)*

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The Negro's Contribution in the Social and Cultural Development of America - Science: by Millard Sheets, 1948. Located: West Wall, Side Aisle, Northwest Corner of Grand Stairs, First Floor, Main Interior Building.



