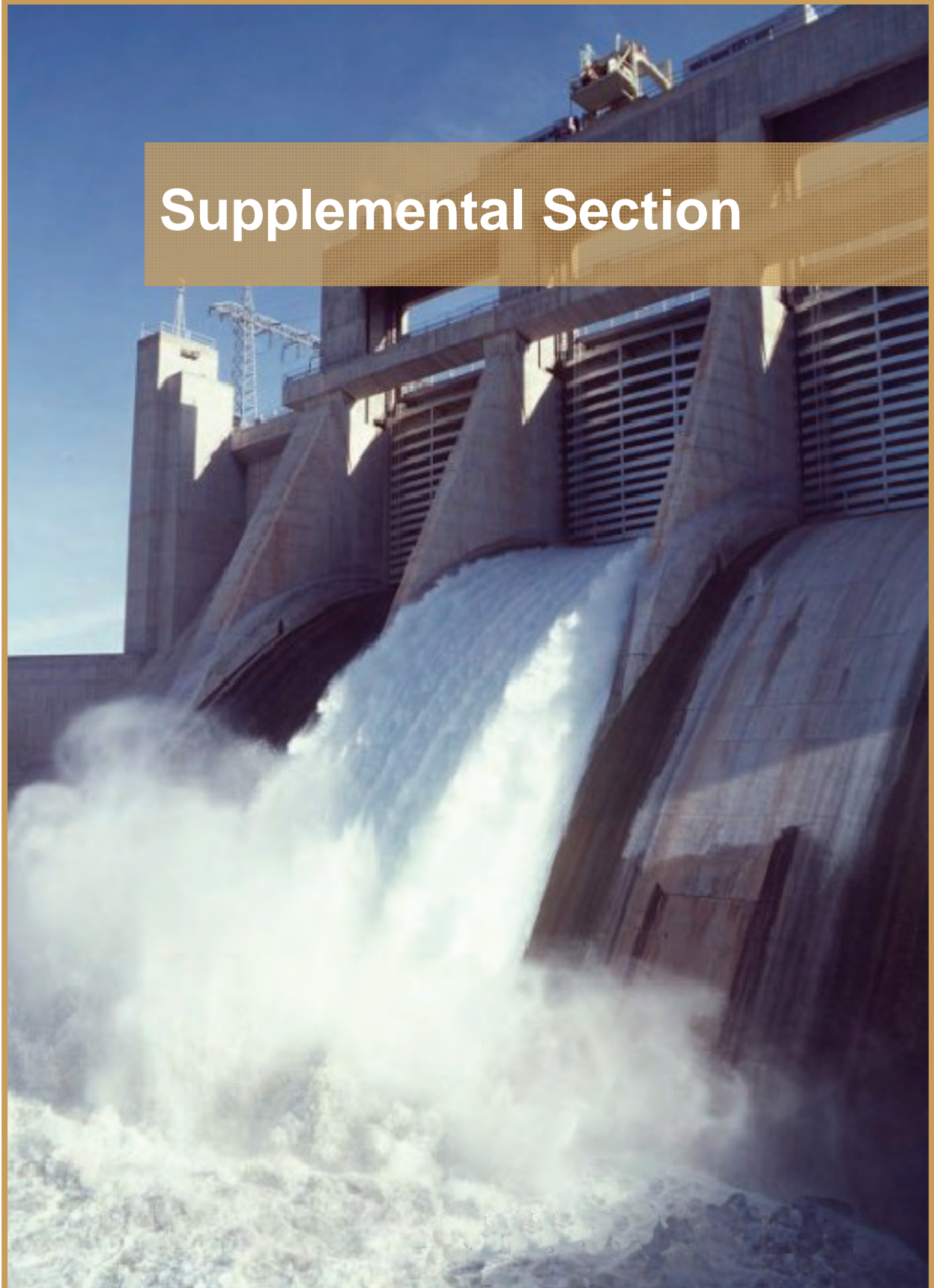
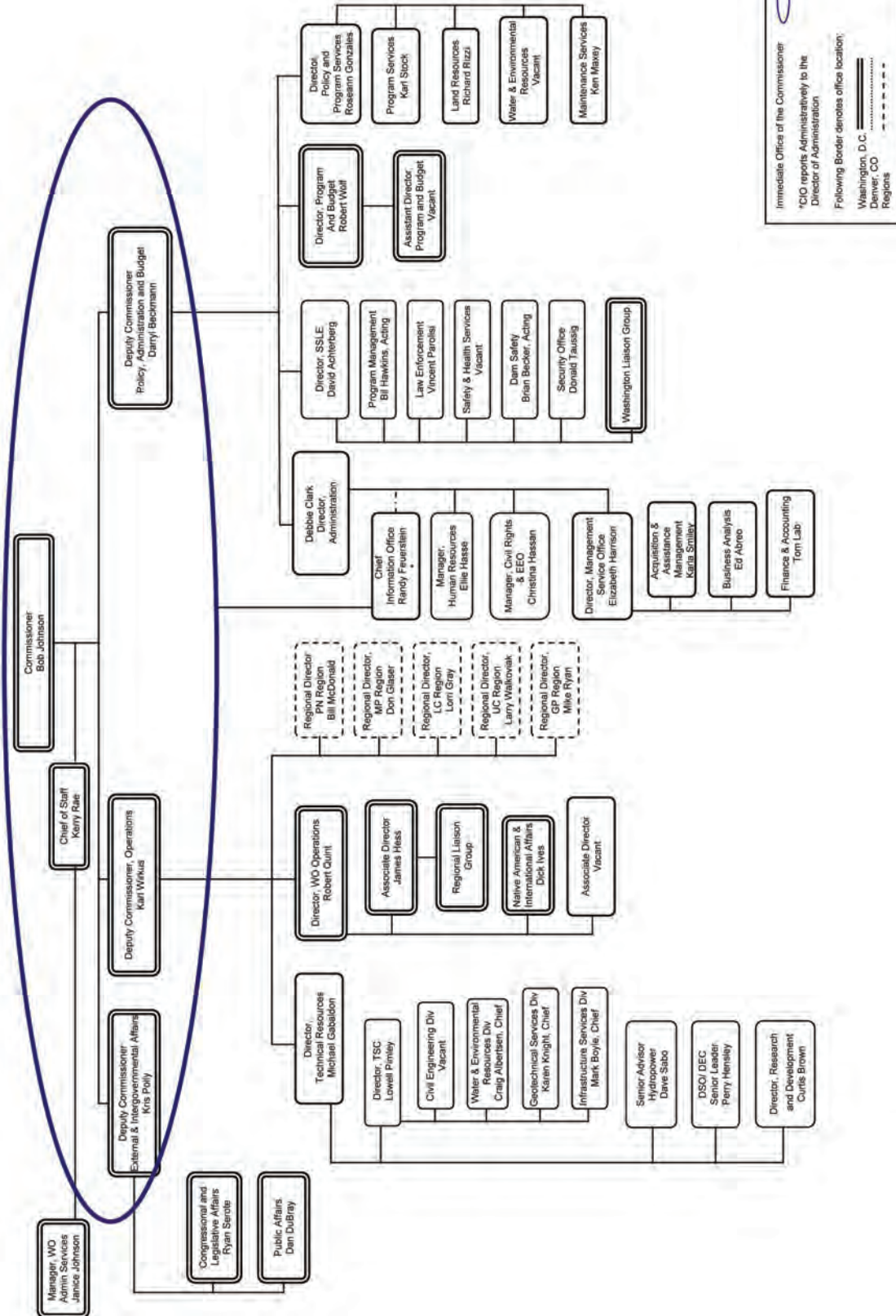


Supplemental Section



**Bureau of Reclamation
October 24, 2008**



Immediate Office of the Commissioner
 *CIO reports Administratively to the Director of Administration
 Following Border denotes office location:
 Washington, D.C.
 Denver, CO
 Regions - - - - -



**Bureau of Reclamation
Regional Boundaries and Offices**

Required Supplementary Information

Combining Statements of Budgetary Resources

The Combined Statement of Budgetary Resources, which is included as a principal financial statement, presents information about Reclamation's total budgetary resources, including carry forward of unused, prior year funding, and spending authority created by reimbursements from other Federal agencies and non-Federal entities. The Combining Statements of Budgetary Resources presents this information by major budget account, excluding the Non-budgetary Credit Program Financing Account.

Reclamation's largest budget account is Water and Related Resources, which supports the development and management of water and related resources in the 17 Western States. This account funds the operation and maintenance of Reclamation facilities to deliver water and power, preserve natural resources, and continue efforts towards water conservation and technology development.

The Working Capital Fund (WCF), the Lower Colorado River Basin Development Fund (LCRBDF), and the Upper Colorado River Basin Fund (UCRBF) are revolving funds that operate on a cost recovery basis. The WCF provides support services and equipment for Reclamation programs and activities, as well as for other Federal entities. The LCRBDF and UCRBF provide for irrigation development and management activities within the Lower and Upper Colorado River Basins including construction, operation, maintenance, replacements, and emergency expenditures for facilities of the Colorado River Storage Project and participating projects.

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

The Central Valley Project Restoration Fund provides funding for fish and wildlife habitat restoration, improvement, and acquisition activities. Revenues come from project beneficiaries and donations.

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

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

The California Bay-Delta Restoration account provides funds that are distributed based on a program recommended by the State of California and Federal Agencies (CALFED) group and approved by the Secretary of the Interior. The CALFED Bay-Delta Program was established in May 1995 to develop a comprehensive, long-term solution to the complex and interrelated problems in California's San Francisco Bay/Sacramento-San Joaquin Delta (Bay-Delta). The Bay-Delta system provides habitat for 120 fish and wildlife species, some listed as threatened or endangered. CALFED is comprised of a consortium of Federal and State agencies. Federal agencies include the Bureau of Reclamation (Reclamation), the U.S. Fish and Wildlife Service, the U.S. Environmental Protection Agency, and the National Marine Fisheries Service, with possible participation by other agencies in the future. State agency involvement includes oversight by the California Resources Agency and the participation of the State Department of Water Resources, the Department of Fish and Game, and the California Environmental Protection Agency.

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

U.S. Department of the Interior
 Bureau of Reclamation
 Combining Statement of Budgetary Resources
 For the Year Ended September 30, 2008
 (In Thousands)

	Water and Related Resources	Working Capital Fund	Lower Colorado River Basin Development Fund
BUDGETARY RESOURCES			
Unobligated Balance, Beginning of Fiscal Year	\$ 208,345	\$ 20,546	\$ 384,756
Recoveries of Prior Year Unpaid Obligations	31,801	2,533	9,623
Budget Authority:			
Appropriations	946,128	-	-
Spending Authority from Offsetting Collections:			
Earned:			
Collected	258,481	366,321	192,989
Change in Receivables from Federal Sources	6,911	2,995	2,377
Change in Unfilled Customer Orders:			
Advance Received	179,753	8,052	1,586
Without Advance from Federal Sources	(2,471)	-	-
Subtotal	1,388,802	377,368	196,952
Nonexpenditure Transfers, Net	85,246	-	26,893
Permanently Not Available	-	-	(428)
Total Budgetary Resources	\$ 1,714,194	\$ 400,447	\$ 617,796
STATUS OF BUDGETARY RESOURCES			
Obligations Incurred (Notes 16 and 17):			
Direct	\$ 907,332	\$ -	\$ -
Reimbursable	256,622	369,840	167,744
Total Obligations Incurred	1,163,954	369,840	167,744
Unobligated Balance Available:			
Apportioned	550,185	30,607	450,052
Exempt from Apportionment	48	-	-
Total Unobligated Balance Available	550,233	30,607	450,052
Unobligated Balance Not Available	7	-	-
Total Status of Budgetary Resources	\$ 1,714,194	\$ 400,447	\$ 617,796
OBLIGATED BALANCE			
Obligated Balance, Net, Beginning of Fiscal Year:			
Unpaid Obligations	\$ 635,191	\$ 30,164	\$ 20,403
Less: Uncollected Receivables and Orders from Federal Sources	(75,929)	(9,027)	(10,550)
Total Unpaid Obligated Balances, Net, Beginning of Fiscal Year	559,262	21,137	9,853
Obligations Incurred	1,163,954	369,840	167,744
Less: Gross Outlays	(1,145,736)	(363,842)	(156,453)
Less: Recoveries of Prior Year Unpaid Obligations	(31,801)	(2,533)	(9,623)
Change in Uncollected Receivables and Orders from Federal Sources	(4,440)	(2,995)	(2,377)
Total Unpaid Obligated Balance, Net, End of Fiscal Year	\$ 541,239	\$ 21,607	\$ 9,144
OBLIGATED BALANCE, NET, END OF FISCAL YEAR – BY COMPONENT			
Obligated Balance, Net, End of Fiscal Year:			
Unpaid Obligations	621,608	33,629	22,071
Less: Uncollected Receivables and Orders from Federal Sources	(80,369)	(12,022)	(12,927)
Total Unpaid Obligated Balance, Net, End of Fiscal Year	\$ 541,239	\$ 21,607	\$ 9,144
NET OUTLAYS			
Gross Outlays	\$ 1,145,736	\$ 363,842	\$ 156,453
Less: Offsetting Collections	(438,234)	(374,373)	(194,575)
Less: Distributed Offsetting Receipts	(256)	-	-
Net Outlays (Receipts)	\$ 707,246	\$ (10,531)	\$ (38,122)

Upper Colorado River Basin Development Fund	Colorado River Dam Fund	Central Valley Project Restoration Fund	Reclamation Trust Fund	Policy and Administration	California Bay-Delta Ecosystem Restoration Fund	Other Budgetary Accounts	Total Budgetary Accounts
\$ 29,077	\$ 19,750	\$ 172	\$ 56,053	\$ 1,338	\$ 8,528	\$ 891	\$ 729,456
596	799	11,895	251	1,487	6,330	2,051	67,366
-	79,939	51,053	(19,443)	58,811	40,098	19,494	1,176,080
81,936	-	-	-	-	-	6,525	906,252
149	-	-	-	-	-	-	12,432
(6,692)	-	-	-	-	-	-	182,699
-	-	-	-	-	-	-	(2,471)
75,393	79,939	51,053	(19,443)	58,811	40,098	26,019	2,274,992
59,909	285	-	-	-	-	2,952	175,285
(4,180)	(1,780)	-	-	-	-	(6,525)	(12,913)
\$ 160,795	\$ 98,993	\$ 63,120	\$ 36,861	\$ 61,636	\$ 54,956	\$ 25,388	\$ 3,234,186
\$ -	\$ 75,897	\$ 53,195	\$ 2,298	\$ 60,855	\$ 32,790	\$ 24,558	\$ 1,156,925
135,131	-	-	-	-	-	-	929,337
135,131	75,897	53,195	2,298	60,855	32,790	24,558	2,086,262
25,664	17,192	9,925	-	781	22,166	830	1,107,402
-	5,904	-	34,563	-	-	-	40,515
25,664	23,096	9,925	34,563	781	22,166	830	1,147,917
-	-	-	-	-	-	-	7
\$ 160,795	\$ 98,993	\$ 63,120	\$ 36,861	\$ 61,636	\$ 54,956	\$ 25,388	\$ 3,234,186
\$ 123,398	\$ 13,303	\$ 66,689	\$ 4,145	\$ 9,040	\$ 63,636	\$ 10,337	\$ 976,306
(119)	-	-	-	-	-	-	(95,625)
123,279	13,303	66,689	4,145	9,040	63,636	10,337	880,681
135,131	75,897	53,195	2,298	60,855	32,790	24,558	2,086,262
(118,274)	(79,567)	(49,288)	(5,285)	(60,378)	(42,742)	(28,179)	(2,049,744)
(596)	(799)	(11,895)	(251)	(1,487)	(6,330)	(2,051)	(67,366)
(149)	-	-	-	-	-	-	(9,961)
\$ 139,391	\$ 8,834	\$ 58,701	\$ 907	\$ 8,030	\$ 47,354	\$ 4,665	\$ 839,872
139,659	8,834	58,701	907	8,030	47,354	4,665	945,458
(268)	-	-	-	-	-	-	(105,586)
\$ 139,391	\$ 8,834	\$ 58,701	\$ 907	\$ 8,030	\$ 47,354	\$ 4,665	\$ 839,872
\$ 118,274	\$ 79,567	\$ 49,288	\$ 5,285	\$ 60,378	\$ 42,742	\$ 28,179	\$ 2,049,744
(75,244)	-	-	-	-	-	(6,525)	(1,088,951)
-	(79,939)	(52,927)	19,443	-	-	(2,293,938)	(2,407,617)
\$ 43,030	\$ (372)	\$ (3,639)	\$ 24,728	\$ 60,378	\$ 42,742	\$ (2,272,284)	\$ (1,446,824)

U.S. Department of the Interior
 Bureau of Reclamation
 Combining Statement of Budgetary Resources
 For the Year Ended September 30, 2007
 (In Thousands)

	Water and Related Resources	Working Capital Fund	Lower Colorado River Basin Development Fund
BUDGETARY RESOURCES			
Unobligated Balance, Beginning of Fiscal Year	\$ 185,402	\$ 28,030	\$ 328,903
Recoveries of Prior Year Unpaid Obligations	15,185	3,801	197
Budget Authority:			
Appropriations	901,310	—	—
Spending Authority from Offsetting Collections:			
Earned:			
Collected	198,671	347,752	174,881
Change in Receivables from Federal Sources	6,084	(1,028)	2,001
Change in Unfilled Customer Orders:			
Advance Received	33,442	(69)	1,152
Without Advance from Federal Sources	27,051	—	—
Subtotal	1,166,558	346,655	178,034
Nonexpenditure Transfers, Net	(92,916)	—	26,999
Temporarily Not Available Pursuant to Public Law	—	—	—
Permanently Not Available	—	—	(780)
Total Budgetary Resources	\$ 1,274,229	\$ 378,486	\$ 533,353
STATUS OF BUDGETARY RESOURCES			
Obligations Incurred (Notes 14 and 15):			
Direct	\$ 828,916	\$ —	\$ —
Reimbursable	236,968	357,940	148,597
Total Obligations Incurred	1,065,884	357,940	148,597
Unobligated Balance Available:			
Apportioned	208,297	20,546	384,756
Exempt from Apportionment	48	—	—
Total Unobligated Balance Available	208,345	—	384,756
Total Status of Budgetary Resources	\$ 1,274,229	\$ 378,486	\$ 533,353
OBLIGATED BALANCE			
Obligated Balance, Net, Beginning of Fiscal Year:			
Unpaid Obligations	\$ 588,221	\$ 32,232	\$ 23,294
Less: Uncollected Receivables and Orders from Federal Sources	(42,794)	(10,055)	(8,549)
Total Unpaid Obligated Balances, Net, Beginning of Fiscal Year	545,427	22,177	14,745
Obligations Incurred	1,065,884	357,940	148,597
Less: Gross Outlays	(1,003,729)	(356,207)	(151,291)
Less: Recoveries of Prior Year Unpaid Obligations	(15,185)	(3,801)	(197)
Change in Uncollected Receivables and Orders from Federal Sources	(33,135)	1,028	(2,001)
Total Unpaid Obligated Balance, Net, End of Fiscal Year	\$ 559,262	\$ 21,137	\$ 9,853
OBLIGATED BALANCE, NET, END OF FISCAL YEAR – BY COMPONENT			
Obligated Balance, Net, End of Fiscal Year:			
Unpaid Obligations	635,191	30,164	20,403
Less: Uncollected Receivables and Orders from Federal Sources	(75,929)	(9,027)	(10,550)
Total Unpaid Obligated Balance, Net, End of Fiscal Year	\$ 559,262	\$ 21,137	\$ 9,853
NET OUTLAYS			
Gross Outlays	\$ 1,003,729	\$ 356,207	\$ 151,291
Less: Offsetting Collections	(232,113)	(347,683)	(176,033)
Less: Distributed Offsetting Receipts	(434)	—	—
Net Outlays (Receipts)	\$ 771,182	\$ 8,524	\$ (24,742)

Upper Colorado River Basin Development Fund	Colorado River Dam Fund	Central Valley Project Restoration Fund	Reclamation Trust Fund	Policy and Administration	California Bay-Delta Ecosystem Restoration Fund	Other Budgetary Accounts	Total Budgetary Accounts
\$ 23,051	\$ 19,118	\$ 80	\$ 50,802	\$ 2,141	\$ 14,129	\$ 1,123	\$ 652,779
2,923	168	2,029	17,186	887	4,716	8,129	55,221
-	80,939	52,150	1,680	57,575	36,648	5,468	1,135,770
86,842	-	-	-	-	-	4,610	812,756
(502)	-	-	-	-	-	-	6,555
(7,061)	-	-	-	-	-	-	27,464
-	-	-	-	-	-	-	27,051
79,279	80,939	52,150	1,680	57,575	36,648	10,078	2,009,596
70,467	-	-	-	-	-	-	4,550
-	-	-	-	-	-	-	-
(2,364)	(1,647)	-	-	-	-	-	(9,573)
\$ 173,356	\$ 98,578	\$ 54,259	\$ 69,668	\$ 60,603	\$ 55,493	\$ 14,548	\$ 2,712,573
\$ -	\$ 78,828	\$ 54,087	\$ 13,615	\$ 59,265	\$ 46,965	\$ 13,657	\$ 1,095,333
144,279	-	-	-	-	-	-	887,784
144,279	78,828	54,087	13,615	59,265	46,965	13,657	1,983,117
29,077	15,614	172	-	1,338	8,528	891	669,219
-	4,136	-	56,053	-	-	-	60,237
29,077	19,750	172	56,053	1,338	8,528	891	729,456
\$ 173,356	\$ 98,578	\$ 54,259	\$ 69,668	\$ 60,603	\$ 55,493	\$ 14,548	\$ 2,712,573
\$ 130,945	\$ 6,672	\$ 69,800	\$ 30,799	\$ 8,634	\$ 48,667	\$ 25,088	\$ 964,352
(621)	-	-	-	-	-	-	(62,019)
130,324	6,672	69,800	30,799	8,634	48,667	25,088	902,333
144,279	78,828	54,087	13,615	59,265	46,965	13,657	1,983,117
(148,903)	(72,029)	(55,169)	(23,083)	(57,972)	(27,280)	(20,279)	(1,915,942)
(2,923)	(168)	(2,029)	(17,186)	(887)	(4,716)	(8,129)	(55,221)
502	-	-	-	-	-	-	(33,606)
\$ 123,279	\$ 13,303	\$ 66,689	\$ 4,145	\$ 9,040	\$ 63,636	\$ 10,337	\$ 880,681
123,398	13,303	66,689	4,145	9,040	63,636	10,337	976,306
(119)	-	-	-	-	-	-	(95,625)
\$ 123,279	\$ 13,303	\$ 66,689	\$ 4,145	\$ 9,040	\$ 63,636	\$ 10,337	\$ 880,681
\$ 148,903	\$ 72,029	\$ 55,169	\$ 23,083	\$ 57,972	\$ 27,280	\$ 20,279	\$ 1,915,942
(79,781)	-	-	-	-	-	(4,610)	(840,220)
-	(80,939)	(40,082)	(1,680)	-	-	(1,850,698)	(1,973,833)
\$ 69,122	\$ (8,910)	\$ 15,087	\$ 21,403	\$ 57,972	\$ 27,280	\$ (1,835,029)	\$ (898,111)

Working Capital Fund

Reclamation operates a Working Capital Fund to efficiently finance support services and equipment for Reclamation programs and other Federal and non-Federal agencies. Balance sheet information on the financial position of the WCF as of September 30, 2008, and September 30, 2007, is presented below.

**U.S. Department of the Interior
Bureau of Reclamation
Working Capital Fund Balance Sheet
As of September 30, 2008, and 2007**

(In Thousands)	2008	2007
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury	\$ 52,216	\$ 41,685
Accounts Receivable	12,016	9,021
Loans and Interest Receivable	1,921	3,097
Other:		
Advances and Prepayments	833	2
Total Intragovernmental Assets	66,986	53,805
Accounts and Interest Receivable, Net	402	390
General Property, Plant and Equipment, Net	48,309	42,565
Other:		
Advances and Prepayments	181	226
Total Assets	\$ 115,878	\$ 96,986
LIABILITIES		
Intragovernmental Liabilities:		
Accounts Payable	\$ 6,883	\$ 4,415
Debt	1,921	3,098
Other:		
Accrued Employee Benefits	5,113	4,351
Advances, Deferred Revenue, and Deposit Funds	9,676	1,627
Total Other Liabilities	14,789	5,978
Total Intragovernmental Liabilities	23,593	13,491
Accounts Payable	4,496	5,316
Other:		
Accrued Payroll and Benefits	16,435	15,838
Advances, Deferred Revenue, and Deposit Funds	211	208
Other	1	1
Total Other Liabilities	16,647	16,047
Total Liabilities	44,736	34,854
NET POSITION		
Cumulative Results of Operations	71,142	62,132
Total Net Position	71,142	62,132
Total Liabilities and Net Position	\$ 115,878	\$ 96,986

Although the WCF is operated as a single entity, it is divided into 23 activities and numerous subactivities to facilitate management of the fund. Among the largest of the activities is the Technical Service Center (TSC), which provides engineering and technical services to WCF customers.

The WCF is an intragovernmental revolving fund and recovers the full cost of doing business. The types of services provided by the WCF fall into three broad categories: (1) Engineering and Technical Services, (2) Administrative Services, and (3) Information Technology (IT) Services. The WCF Statement of Net Cost as of September 30, 2008, and September 30, 2007, is presented below. The presentation by major category of services is intended to provide information on the relative composition of the WCF.

**Supplemental Statement of Net Cost
Working Capital Fund
For the Year Ended September 30, 2008**

(In Thousands)	Engineering and Technical Services	Administrative Services	Information Technology Services	Total
Costs	\$ 101,403	\$ 237,811	\$ 18,884	\$ 358,098
Earned Revenues	(103,229)	(242,136)	(20,319)	(365,684)
Net Cost	\$ (1,826)	\$ (4,325)	\$ (1,435)	\$ (7,586)

**Supplemental Statement of Net Cost
Working Capital Fund
For the Year Ended September 30, 2007
(In Thousands)**

(In Thousands)	Engineering and Technical Services	Administrative Services	Information Technology Services	Total
Costs	\$ 100,997	\$ 230,598	\$ 17,253	\$ 348,848
Earned Revenues	(97,637)	(229,081)	(17,371)	(344,089)
Net Cost	\$ 3,360	\$ 1,517	\$ (118)	\$ 4,759

Deferred Maintenance

Reclamation owns water and power resource management infrastructures with a combined gross total cost of over \$21 billion, as of September 30, 2008. This infrastructure consists of diversion and storage dams; hydroelectric powerplants; water conveyance facilities (canals, pipelines, siphons, tunnels, and pumps); recreational facilities; and associated buildings, bridges, and roads, as well as an inventory of related construction, maintenance, laboratory, and scientific equipment. The operation and maintenance of some of these assets is performed by Reclamation using annual or permanent appropriations or other funding sources available to it. The operation and maintenance of the remaining assets, consisting of approximately one-half of the combined total value of all assets, are performed by Reclamation's water and power customers or by others (collectively, "contractors") at their expense pursuant to contracts with Reclamation.

Reclamation employs a commercial, off-the-shelf maintenance management system on many of its larger, more complex facilities and performs condition assessment (site reviews) and other field inspections to estimate the condition of, and determine the need for any maintenance related to, its assets. Under these various review programs, essentially most of Reclamation's major assets, whether operated and maintained by Reclamation or its contractors, are assessed triennially. The monitoring and tracking of maintenance-related deficiencies and/or recommendations of water and power related infrastructure are generally conducted on an annual basis and are reported in the dam safety or power resources information system.

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

The table below identifies Reclamation's estimate of deferred maintenance as of September 30, 2008, on those facilities (reserved works) operated and maintained by it. The reserved works' facilities, currently in operation and maintenance status, include general (non-heritage) and stewardship (heritage assets) that are components of Reclamation projects.¹ Furthermore, the precision attributable to these estimates for the assets involved is based on current, available data.

Reclamation continues to refine its estimates by improving the documentation procedures and systems for tracking condition assessments and for reporting the scheduling and deferral of maintenance work. Reclamation uses budget estimates, the Dam Safety/Power Resources Information System, Accessibility and Data Management System, and Maintenance Management System (MAXIMO) as sources for potential deferred maintenance. It is expected that variations in reporting deferred maintenance can take place from year to year because of the type and kind of maintenance work that takes place on Reclamation facilities.

FY 2008 Reclamation Deferred Maintenance Estimates
(In Thousands)

Type of Deferred Maintenance	Item(s) Covered Note (1)	Condition Category Note (2)	Estimated Range of Deferred Maintenance for 2008					
			General PP&E		Stewardship PP&E		Total	
			Low	High	Low	High	Low	High
Financial Statement Estimated Deferred Maintenance								
Roads Bridges and Trails	D	G,F	\$ 8	\$ 1,524	\$ 100	\$ 785	\$ 108	\$ 2,309
Irrigation, Dams, and Other Water Structures	D	G,F,P	\$ 727	\$ 66,280	\$ 587	\$ 12,918	\$ 1,314	\$ 79,198
Other Structures (e.g., Recreation Sites, Hatcheries, etc.)	D	G,F	\$ -	\$ 722	\$ -	\$ -	\$ -	\$ 722
Total Reclamation			\$ 735	\$ 68,526	\$ 687	\$ 13,703	\$ 1,422	\$ 82,229

Note (1) Category:

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

Note (2) Condition Assessment:

Good - Facility/equipment condition meets established maintenance standards, operates efficiently, and has a normal life.

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

Poor - Facility/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function. In some cases, that includes condemned or failed facilities.

Based on periodic condition assessments, an indicator of condition is the percent of facilities and items of equipment in each of the good, fair, or poor categories.

¹ The deferred maintenance of heritage assets that are part of active project features is reported under this section, not under the Heritage Assets section of "Stewardship Assets." Heritage assets that may have been a part of an active project, but no longer serve that purpose, are reported under the Heritage Assets section of "Stewardship Assets."

Federal Stewardship Assets

Stewardship Lands

Reclamation's Stewardship Land is categorized as being in "acceptable condition" as this land meets the requirements of effectively supporting the Federal Reclamation water and related projects for which the land was withdrawn. There are, however, three hazardous waste sites on three separate water projects that are located on project withdrawn lands (Stewardship Lands) and are identified as Environmental Disposal Liabilities (EDL) sites. These sites are also listed on the U.S. Department of the Interior's (Interior's) EDL system for the fourth quarter fiscal year (FY) 2008. These EDL sites are either receiving or will be receiving intervention to prepare or sustain the lands for their intended purpose. Whereas these sites are located on stewardship land, they do not involve the entire project; thus, the projects are not listed in the "Needs Intervention" column of the table below.

Stewardship Lands – Yearend FY 2008

Primary Land Management Category	September 30, 2008, Count (Units)	Condition	
		Acceptable	Needs Intervention
Reclamation - Federal Water and Related Projects ¹	142	142	0
Total	142	142	0

¹ Units represent those projects which contain Stewardship Land. In Reclamation, Stewardship Land is land that was withdrawn from the public domain at no cost to the projects. This criterion is in accordance with *Statement of Federal Financial Accounting Standards (SFFAS) No. 29*.

Non-Collectible Cultural Heritage Assets

The condition of all eight National Historic Landmarks (NHLs) is reported as acceptable. The information was obtained from the Reclamation regional offices where the NHLs are located. The current condition of National Natural Landmarks (NNLs) is reported as unknown. Condition information on them was obtained from the National Park Service, which administers the NNL program and is responsible for maintaining NNL status reports. In comments that the NNL administrators submitted to Reclamation, they indicated that major budget cuts have severely curtailed travel, thereby impacting the ability to conduct site inspections in FY 2008.

Deferred maintenance information on non-collectible heritage assets is reported separately in the “Required Supplementary Information” section of the report.

Non-Collectible Heritage Assets – Yearend FY 2008

Category by Type	September 30, 2008, Count (Units)	Condition		
		Acceptable	Unacceptable	Unknown
National Historic Landmarks	8	8	0	0
National Natural Landmarks	3	0	0	3
Total	11	8	0	3

Collectible Heritage Assets

The percentage of collections in good condition decreased from 89 percent at yearend FY 2007 to 77 percent at yearend FY 2008. This decrease is due to the inclusion of Interior and non-Interior facilities holding unaccessioned museum property. Several of these facilities have collections where Reclamation ownership is uncertain. Due to time constraints and funding issues, priority has been given to assessing collections where ownership can be readily established.

Collectible Heritage Assets – Yearend FY 2008

Interior Museum Collections	September 30, 2008, Count	Condition of Facility Housing Collection ¹			
		Good	Fair	Poor	Unknown ²
Held at Interior Reclamation Facilities	16	11	1	2	2
Held at Non-Interior Reclamation Facilities	70	55	6	7	2
Total	86	66	7	9	4

¹ Condition of museum collections is measured as defined by the standards in 411 Departmental Manual and accepted industry practices. The condition is rated based on a facility's ability to answer affirmatively on a number of questions about its facility and management practices; greater than 70 percent = good; between 50 and 69 percent = fair; and less than 50 percent = poor condition.

² Four facilities have not been assessed due to time constraints and/or funding issues. They are scheduled for assessment within the next 5 years, as prescribed by Reclamation's Asset Management Plan and Directive and Standard *Museum Property Management (LND 02-02)*.

Required Supplemental Stewardship Information

Stewardship Investments

Stewardship investments are substantial investments made by the Federal Government for the benefit of the Nation. The Federal Accounting Standards Advisor Board requires reporting for two categories of stewardship investments—Research and Development and Investment in Non-Federal Physical Property. Reclamation identified stewardship investments in both categories. Additionally, prior to FY 2007, Reclamation reported Investments in Human Capital; however, due to revisions in Circular A-136 financial reporting requirements, Reclamation no longer reports on investments made in Human Capital. FY 2004 through 2006 Investments in Human Capital are provided below.

Research and Development

Reclamation invests in applied research programs to aid in the water and energy management challenges facing the arid West. Programs focus on the improvement of water management; the development of solutions pertaining to flood hydrology, water quality, and irrigation return flows; and the delivery of hydropower to the West. The information obtained through these programs provides water management solutions and techniques that yield future benefits to the Nation. Research and Development activities support Reclamation's end outcome goal to deliver water consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner.

**FY 2008 Investment in Research and Development
(In Millions)**

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Total
Applied Research	\$19.8	\$25.9	\$32.0	\$33.3	\$36.2	\$147.2
Total	\$19.8	\$25.9	\$32.0	\$33.3	\$36.2	\$147.2

Investment in Non-Federal Physical Property

Investment in Non-Federal Physical Property is expenses incurred by Reclamation for the purchase, construction, or major renovation of physical property owned by or given to State and local government or insular areas. Costs include major additions, alterations, replacements, the purchase of major equipment, and the purchase or improvement of other physical assets owned by non-Federal entities. Grants for maintenance and operations are not considered investment in non-Federal physical property.

The investments listed below provide assistance through a variety of measures, all related to dams and other water structures. For example, Reclamation incurs expenses for specific programs to provide for the construction or improvement of structures and facilities used in State and local irrigation projects and water quality improvement projects. Reclamation-wide programs that improve State and local fish and wildlife habitats through activities such as the construction or betterment of structures or facilities are also included.

FY 2008 Investment in Non-Federal Physical Property (In Millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	Total
Dams and Other Water Structures	\$106.6	\$138.1	\$196.5	\$140.1	\$291.1	\$872.4
Total	\$106.6	\$138.1	\$196.5	\$140.1	\$291.1	\$872.4

Investment in Human Capital

Investment in Human Capital¹ (In Millions)

Category	FY 2004	FY 2005	FY 2006	Total
Job Corps Program	\$30.0	\$29.8	\$31.6	\$91.4
Total	\$30.0	\$29.8	\$31.6	\$91.4

¹ Reclamation no longer reports on Investments made in Human Capital (Job Corps) due to guidance from Interior detailing the 2007 revisions contained in Office of Management and Budget Circular A-136, *Form and Content of the Performance and Accountability Report*, revised July 2007. Monies received from the Department of Labor for this program are parent/child (Reclamation is the child), and only the parent reports on the funds.

Title Transfers to State and Local Governments

Assets constructed with Federal funding meet the criteria for non-Federal physical property at the time of transfer under Reclamation's title transfer program. The following tables present the status of transfer facilities for the period ending September 30, 2008, and completed transfers for the preceding 5 years.

Transfer of Facilities (In Thousands)

Project Name	Value Including Land Cost
Pending Transfers	
Montecito Water Distribution Systems, California	\$ 139
Carson Lake and Pasture	64
Provo River Project, Utah	800
Goleta Water Distribution System, California	1,574
American River Pumping Station, California	70,452
Yakima Project, Washington	36
Minidoka Project, Idaho	69
Rye Patch Dam and Reservoir, Humboldt Project, Nevada	6,648

Completed Transfer of Facilities to State and Local Government	Year Ending of Transfer	Value Including Land Costs (In Thousands)
Gila Project, Welton-Mohawk Division, Arizona	2008	\$48,665
Palo Verde Diversion Project, California		397
Fallon Rail Freight Loading Facility Property, Newlands Project, Nevada	2007	5
Gila Project, Welton-Mohawk Division, Arizona (Partial)		777
Northern Colorado Water Conservancy District, Colorado		1,122
Carpinteria Water Distribution System	2006	35
<i>No Completed Transfers for 2005 as of September 30, 2005</i>		
Harquahala Valley Irrigation District, Central Arizona Project, Arizona	2004	29,348
Minidoka and Teton Basin Projects, Idaho		235
Sugar Pine Dam and Reservoir, Central Valley Project, California		31,520
Sly Park Dam and Research, Central Valley Project, California		1,911

Internal Reviews and Audit Follow-up

Reclamation's Internal Reviews and Internal Control Program (ICP) are designed to reinforce the principals of transparency and management accountability and to provide a general framework for high quality management of government programs and operations. Reclamation's ICP emphasizes an ongoing commitment to integrity and ethical values that addresses customer service and stakeholder demands for Government programs and operations that work better, cost less, and produce quality performance results.

During FY 2006, Reclamation implemented revised Office of Management and Budget Circular A-123, *Management's Responsibility for Internal Control*. To promote financial accountability, Reclamation continued to place increased emphasis on improving policies and practices relating to accounting, financial reporting, and program management.

During FY 2008, Reclamation continued to build on efforts to improve the efficiency, effectiveness, and business practices of programs and operations by developing an integrated risk rating tool and by conducting Internal Control Review (ICRs) and Alternative Internal Control Reviews (AICRs). In 2008, Reclamation's Commissioner issued guidance emphasizing the importance of the ICP for improving the efficiency and effectiveness of program operations, protecting Reclamation resources, and complying with laws and regulations. In FY 2008, Reclamation conducted AICRs and ICRs that support the Commissioner's Annual Assurance Statement to the Secretary of Interior. These reviews also identified a number of opportunities for Reclamation to improve the efficiency and effectiveness of our operations. For example:

- Reclamation's Value Engineering studies continue to provide creative problem solving processes resulting in significant annual project cost savings. During FY 2007, the Value Engineering study program identified cost saving totaling \$8 million and cost avoidance totaling \$2 million.
- Reclamation's Dam Safety Program is another example of "Best Practices." Over the years, the Dam Safety Program has identified many critical safety issues that have since been corrected. Correcting these internal control weaknesses through action plans helped Reclamation to ensure the safety of dams.

Regarding Reclamation, in FY 2008 the Office of Inspector General (OIG) issued five audits and the Government Accountability Office (GAO) issued two audits that were either Reclamation-specific audits or Interior/Government-wide audits which included Reclamation issues. Interior's FY 2008 Audit Follow-up Government Performance Results Act (GPRA) Performance Goal was to implement 85 percent of the OIG/GAO recommendations in Interior's Audit Follow-up GPRA performance goal. Reclamation exceeded Interior's goal by implementing 100 percent of the recommendations scheduled for implementation by Reclamation in FY 2008. The following table is a summary of the status of audit recommendations.

	FY 2008 - Issued Recommendations	Recommendations Implemented/Closed/ Compiled in FY 2008	Outstanding Recommendations¹
OIG	23	24	1
GAO	0	1	1

¹These outstanding recommendations may be from a prior year audit.

Comments and questions about this report or its contents can be made to Deborah Nicholson, Bureau of Reclamation, Management Services Office, 84-27400, P.O. Box 25508, Denver, Colorado 80225-0508, telephone: 303-445-3514.

This Annual Report can be found on the Internet at <http://www.usbr.gov/library/>.

Fiscal Year 2008 Annual Report

U.S. Department of the Interior
Bureau of Reclamation