U.S. Department of the Interior
Notes to Principal Financial Statements
as of September 30, 2003 and 2002

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Department of the Interior (Department or Interior) is a cabinet-level agency of the executive branch of the Federal government. Created in 1849 by Congress as the Nation's principal conservation agency, Interior has responsibility for most of the Nation's publicly owned lands and natural resources. Interior'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 Federal government with respect to American Indians and Alaska Natives.

The accompanying financial statements include all Federal funds under Interior's control or which are a component of the reporting entity, including Conservation Funds (Land and Water Conservation Fund, Historic Preservation Fund, and Environmental Improvement and Restoration Fund), Custodial Funds and the Aquatic Resources Trust Fund. The financial statements, however, do not include non-Federal trust funds, trust related deposit funds, or other related accounts that are administered, accounted for and maintained by Interior's Office of Trust Funds Management on behalf of Native American Tribes and individuals. Interior issues financial statements for these Tribal and other Special Trust Funds and Individual Indian Monies under separate cover. A summary of the trust fund balances and changes in trust fund balances managed on behalf of Indian Tribes and individuals is included in Note 26. 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 certain tax revenue, which may in part be attributable to Interior.

B. Organization and Structure of Interior

The Department is composed of the following nine operating bureaus and Departmental Offices (Bureaus):

- National Park Service (includes the Land and Water Conservation Fund and Historic Preservation Fund)
- U.S. Fish and Wildlife Service (includes the Aquatic Resources Trust Fund)
- Bureau of Land Management
- Bureau of Reclamation
- Office of Surface Mining
- Minerals Management Service (includes the Environmental Improvement and Restoration Fund)
- U.S. Geological Survey
- Bureau of Indian Affairs
- Departmental Offices

An overview of the operating performance of the Department and its components is presented in the Management's Discussion and Analysis portion of this report. In addition, more detailed information about the Bureaus may be found in the individual financial reports prepared by each Bureau.

The U.S. Bureau of Mines (USBM) was closed in 1996. Although it no longer exists, certain transactions and data related to USBM programs and activities are reflected in Interior's 2003 and 2002 financial statements and notes.

C. Basis of Accounting and Presentation

These financial statements have been prepared to report the financial position, net cost, custodial activities, changes in net position, budgetary resources and reconciliation of net cost to budgetary obligations of the U.S. 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 Interior in accordance with generally accepted accounting principles (GAAP), Office of Management and Budget (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard-setting body for the Federal government. These financial statements present proprietary and budgetary information. The Department, pursuant to OMB directives, prepares additional financial reports that are used to monitor and control the Department's use of budgetary resources.

OMB financial statement reporting guidelines for FY 2003 require the presentation of comparative financial statements for all of the principal financial statements. Interior has presented comparative FY 2002 financial statements for the Consolidated Balance Sheet, Consolidated Statement of Net Cost, Consolidated Statement of Changes in Net Position, the Combined Statement of Budgetary Resources, Consolidated Statement of Financing, and the Statement of Custodial Activity. Certain prior amounts have been reclassified to conform to current year presentation.

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

The accounting structure of Federal 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.

D. Fund Balance with Treasury and Cash

Interior maintains all cash accounts with the U.S. Department of the Treasury (Treasury) except for imprest fund accounts. The account, Fund Balance with Treasury, includes several types of funds available to pay current liabilities and finance authorized purchases as well as funds restricted until future appropriations are received. The types of funds are: (1) general funds are funds not earmarked by law for a specific purpose; (2) special funds are funds earmarked for specific purposes; (3) revolving funds are funds that conduct continuing cycles of business-like activity, in which the fund charges for the sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations; (4) trust funds are funds that are designated by law as a trust fund where the receipt accounts collect earmarked receipts for specific purposes and the associated trust fund expenditure accounts track spending of the receipts; and (5) other funds include balances in deposit accounts, such as for collections pending litigation, awaiting determination of the proper accounting disposition, or being held by the entity in the capacity of a banker or agent for others.

Treasury processes cash disbursements, and Interior's records are reconciled with those of Treasury on a regular basis.

Cash consists primarily of Federal funds held by private banks and investing firms for the Office of Trust Funds Management.

See Note 2 (Fund Balance with Treasury) and Note 3 (Cash) for additional information.

E. Investments, Net

Interior invests funds in Federal government and public securities on behalf of various Interior programs and for amounts held in certain escrow accounts.

The Federal government securities include marketable Treasury securities and non-marketable par value or non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt. Par value securities are special issue bonds or certificates of indebtedness that bear interest determined by legislation or the Treasury. Market-based securities are Treasury securities that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms.

Public securities include, but are not limited to, marketable securities issued by government-sponsored entities and consist mainly of various mortgage instruments, bond and bank notes. Mortgage instruments are with the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation, the Private Export Funding Corporation, the Federal Farm Credit Banks Consolidated System, the Federal Agricultural Mortgage Corporation, and the Government National Real Estate Mortgage Investment Conduit. Bonds and bank notes are with the Federal Home Loan Bank and the Federal Judiciary.

It is expected that Investments will be held until maturity; therefore they are valued at cost and adjusted for amortization of premiums and discounts, if applicable. The premiums and discounts are recognized as adjustments to interest income, utilizing the straight-line method of amortization for short-term securities (i.e., bills) and the interest method for longer-term securities (i.e., notes). Interest on investments is accrued as it is earned.

The market value is estimated as the sales price of the security multiplied by the bid price as of September 30, 2003.

Note 4 provides additional information on Investments, Net.

F. Accounts and Interest Receivable, Net

Accounts and interest receivable consists of amounts owed to Interior by other Federal agencies and the public. Federal accounts receivable arise generally from the provision of goods and services to other Federal agencies and, with the exception of occasional billing disputes, are considered to be fully collectible. Receivables from the public generally arise either from the provision of goods and services or from the levy of fines and penalties resulting from Interior'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 5 provides additional information on Accounts and Interest Receivable, Net.

G. Loans and Interest Receivable, Net

Loans are accounted for as receivables after the funds have been disbursed. For loans obligated after the effective date of the Credit Reform Act, October 1, 1990, the amount of the Federal loan subsidy is computed. The loan subsidy includes estimated delinquencies and defaults net of recoveries, the interest rate differential between the loan rates and Treasury borrowings, offsetting fees, and other estimated cash flows associated with these loans. The value of loans receivable is reduced by the present value of the expected subsidy costs. The allowance for subsidy cost is re-estimated annually, on September 30.

For loans obligated prior to October 1, 1990, 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.

Note 6 provides additional information on Loans and Interest Receivable, Net.

H. Inventory and Related Property

Interior's inventory is primarily composed of maps, map products, helium gas and storage rights, and helium stockpile inventory.

The U.S. Geological Survey has inventories of supplies and materials used for normal agency operations and inventories of maps and map products. Maps and map products are located at nine Earth Science Information Centers across the United States. Inventory is available for sale without restrictions. Map and map products are valued at historical cost using a method that approximates the weighted average cost method. Values are adjusted at fiscal year-end based on actual physical counts. The map inventory does not turn over rapidly.

The helium inventory includes both above-ground refined helium at the end of the fiscal year and helium, which is stored in a partially depleted natural gas reservoir. The volume of helium is accounted for on a perpetual inventory basis. Each year the amount of helium is verified by collecting reservoir data and using generally accepted petroleum engineering principles to calculate the volume. The calculated volume supports the volume carried in the inventory.

Interior 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 natural gas and the stockpiled helium. The helium stockpile and gas and storage rights for the storage of helium are recorded at historical cost because no additional purchases have been made. A depletion allowance is computed annually to record gas consumed in the processing of helium for sale.

The Helium Privatization Act of 1996, enacted October 9, 1996, directs the privatizing of Interior's Federal Helium Refining Program. Under this law, Interior ceased the production, refining, and marketing of refined helium as of April 1, 1998. Interior is authorized to store, transport, and withdraw crude helium and maintain and operate crude helium storage facilities in existence on the date of enactment. The sale of stockpile crude helium began in March 2003 and will continue until January 1, 2015, at which time the helium reserves should be sold.

Interior's operating materials consist of the working capital fund inventory items that will be consumed in future operations. This inventory is held for use in the BLM's resource management programs and is maintained for sign construction, employee uniforms, and the Department's forms functions. This inventory is not held for sale, nor is any of the inventory balance held in reserve for future use or sale. There is no excess, obsolete, or unserviceable inventory, nor is any inventory held for repair. This inventory is stated at historical cost using the weighted average cost method.

Other inventory includes primarily aircraft fuel and parts that will be consumed or sold in future operations and are valued at historical cost, based on the moving average cost method. The recorded values are adjusted for the results of physical inventories taken periodically.

Note 7 provides additional information on Inventory and Related Property.

I. General Property, Plant, and Equipment, Net

General purpose property, plant, and equipment consists of buildings, structures, and facilities used for general operations, power, irrigation, fish protection, wildlife enhancement, and recreation; land acquired for general operating purposes; equipment, vehicles, and aircraft; and construction in progress. Other property and equipment consists of internal use software and property pending disposition. Buildings, structures, and facilities are capitalized at acquisition cost and depreciated using the straight-line amortization method over a useful life of from 20 to 50 years with the exception of dams and certain related property which are depreciated over useful lives of up to 100 years. Equipment, vehicles, and aircraft are capitalized at acquisition cost and are depreciated using the straight-line amortization method over the useful lives of the property, generally ranging from five to twenty years. Capitalization thresholds are determined by the individual bureaus and range up to $500,000 for buildings, structures, and facilities and from $5,000 to $15,000 for equipment, vehicles and aircraft.

In accordance with the implementation guidance for SFFAS No. 6, Interior recorded certain general property, plant and equipment acquired on or before September 30, 1996, at its estimated net book value (i.e., gross cost less accumulated depreciation) or its estimated gross cost. Interior estimated these costs and net book values based on available historic supporting documents, current replacement cost deflated to date of acquisition, and the cost of similar assets at the time of acquisition.

Construction in Progress. Construction in Progress is used for the accumulation of the cost of construction or major renovation of fixed assets during the construction period. The assets are transferred out of construction in progress when the project is substantially completed.

Internal Use Software. Internal use software includes purchased commercial off-the-shelf software (COTS), contractor-developed software, and software that was internally developed by agency employees. Internal use software is capitalized at cost if the acquisition cost is $100,000 or more. For COTS software, the capitalized costs include the amount paid to the vendor for the software; for contractor-developed software it includes the amount paid to a contractor to design, program, install, and implement the software. Capitalized costs for internally developed software include the full cost (direct and indirect) incurred during the software development stage. The estimated useful life is two to five years for calculating amortization of software using the straight-line method.

Stewardship Property, Plant, and Equipment. SFFAS No. 6, "Accounting for Property, Plant, and Equipment," established various categories of stewardship property, plant, and equipment, including stewardship land and heritage assets.

The majority of public lands presently under the management of the Department were acquired by the Federal government as public domain land during the first century of the Nation's existence and are considered to be stewardship land. A portion of these lands has been reserved as national parks, wildlife refuges, and wilderness areas, while the remainder is managed for multiple uses. Heritage assets are assets with historical, cultural, or natural significance. The Department is responsible for maintaining a variety of heritage assets, including national monuments, historic structures, archeological artifacts, and museum collections.

Since the stewardship property, plant, and equipment managed by the Department are priceless and irreplaceable, no financial value can be placed on them. Thus, in accordance with Federal accounting standards, Interior assigns no financial value to the stewardship land or heritage assets it administers, and the property, plant, and equipment capitalized and reported on the Balance Sheet excludes these assets.

The Required Supplementary Stewardship Information (RSSI) section of this report provides additional information concerning stewardship land and heritage assets.

Note 8 provides additional information on General Property, Plant, and Equipment, Net.

J. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by Interior as the result of a transaction or event that has already occurred. The financial statements should be read with the realization that the Department of the Interior is a component of a sovereign entity, that no liability can be paid by the Department absent an appropriation of funds by the U.S. 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, disclosed as liabilities not covered by budgetary resources, or unfunded liabilities, and there is no legal certainty that the appropriations will be enacted.

Interior estimates certain accounts payable balances based on past history of payments in current periods that relate to prior periods or on a current assessment of services/products received but not paid.

Environmental Cleanup Costs and Contingent Liabilities. The Department has responsibility to clean up its sites with environmental contamination, and it is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the Federal government. Interior has accrued environmental liabilities where losses are determined to be probable and the amounts can be estimated. In accordance with Federal accounting guidance, the liability for future cleanup of environmental hazards is "probable" when the government is legally responsible for creating the hazard or is otherwise related to it in such a way that it is legally liable to clean up the contamination.

When the Department is not legally liable, but chooses to accept financial responsibility, it is considered "Government-acknowledged." Government-acknowledged events are events that are of financial consequence to the Federal government because it chooses to respond to the event. When the Department accepts financial responsibility for cleanup, has an appropriation for the cleanup, and has begun incurring cleanup costs, then any unpaid amounts for work performed are reported as accounts payable.

Contingent liabilities are liabilities where the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. Interior recognizes contingent liabilities when the liability is probable and reasonably estimable. Interior discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met and when the outcome of future events is more than remote. In some cases, once losses are certain, payments may be made from the Judgment Fund maintained by Treasury rather than from amounts appropriated to Interior for departmental operations.

Note 15 provides additional information on Environmental Cleanup Costs and Contingent Liabilities.

K. Revenues and Financing Sources

The United States Constitution prescribes that no money may be expended by a Federal agency unless and until funds have been made available by congressional appropriation. Thus, the existence of all financing sources is dependent upon congressional appropriation.

Appropriations. Congress appropriates the majority of the Department's operating funds from the general receipts of the Treasury. These funds are made available to the Department for a specified time period (one or more fiscal years) or until expended. For example, funds for general operations are generally made available for one fiscal year; funds for long-term projects such as major construction are generally available to the Department until expended; and funds used to establish revolving fund operations are generally available indefinitely (i.e., no year funds). The greater majority of operating funds for the Department are available for either multiple years or until expended. Appropriations are reflected as a financing source entitled "Appropriations Used" on the Consolidated Statement of Changes in Net Position once goods and services have been received. The Combined Statement of Budgetary Resources presents information about the resources appropriated to the Department.

Exchange and Non-Exchange Revenue. Interior classifies revenues as either exchange revenue or non-exchange revenue. Exchange revenues are those that derive from transactions in which both the government and the other party receive value, including park entrance fees; map sales; reimbursements for services performed for other Federal agencies and the public; reimbursements for the cost of constructing and maintaining irrigation and water facilities; and other sales of goods and services. These revenues are presented on Interior's Consolidated Statement of Net Cost and serve to reduce the reported cost of operations borne by the taxpayer. We do not anticipate any losses to occur. Non-exchange revenues result from donations to the government and from the government's sovereign right to demand payment, including taxes, fines for violation of environmental laws and Abandoned Mine Land duties charged per ton of coal mined. These revenues are not considered to reduce the cost of Interior's operations and are reported on the Consolidated Statement of Changes in Net Position.

With minor exceptions, all receipts of revenues by Federal agencies are processed through the Department of the Treasury central accounting system. Regardless of whether they derive from exchange or non-exchange transactions, all receipts that are not earmarked by congressional appropriation for immediate departmental use are deposited in the general or special funds of the Treasury. Amounts not retained for use by the Department are reported as transfers to other government agencies on Interior's Consolidated Statement of Changes in Net Position.

Reporting entities that provide goods and services to the public or another government entity should disclose specific information related to their pricing policies. In certain cases, the prices charged by Interior are set by law or regulation, which for program and other reasons may not represent full cost (e.g., grazing fees, park entrance, and other recreation fees). Prices set for products and services offered through working capital funds are intended to recover the full costs (cost plus administrative fees) incurred by these activities.

Interior transfers a portion of royalty collections from the custodial fund to the operating funds for distribution to certain States. In accordance with Statement of Federal Financial Accounting Standard No. 7, Interior reports these State amounts as "Royalties Retained" on the Consolidated Statement of Changes in Net Position rather than on the Consolidated Statement of Net Cost, because MMS incurred minimal costs in earning this revenue.

Custodial Revenue. Interior's Minerals Revenue Management (MRM), administered by the Minerals Management Service (MMS), collects royalties, rents, bonuses, and other receipts for Federal and Indian oil, gas, and mineral leases, and distributes the proceeds to the Treasury, other Federal agencies, States, Indian Tribes, and Indian allottees, in accordance with legislated allocation formulas. MMS is authorized to retain a portion of the rental income collected as part of the custodial activity provided by the MRM Program to fund operating costs.

Interior estimates royalty accruals based on prior months collections resulting from production of oil and gas leases.

Royalty-in-Kind (RIK). Interior, under the provisions of the Mineral Lands Leasing Act of 1920 and the Outer Continental Shelf Lands Act (OCSLA) of 1953, may take part or all of its oil and gas royalties in-kind (a volume of the commodity) as opposed to in value (cash). Interior may either transfer the volume of oil or gas commodity taken in-kind to Federal agencies for internal use or sell the commodity on the open market at fair market value and transfer the cash received. Interior reflects royalty-in-kind as mineral lease revenue on the Statement of Custodial Activity.

MRM assists the administration's initiative to fill the Strategic Petroleum Reserve. MMS transfers to the Department of Energy royalty oil received-in-kind from Federal leases in the Gulf of Mexico. MMS determines the value of the commodity transferred using the fair market value on the date of transfer. MMS reports these transfers as mineral lease revenue and transfers to the Department of Energy on the Statement of Custodial Activity.

Aquatic Resources Trust Fund. The Department presents the Aquatic Resources Trust Fund (ARTF) in its financial statements in accordance with the requirements of Statement of Federal Financial Concepts No.2, "Entity and Display." The source of funding for the ARTF includes excise taxes levied on the sale of fishing tackle and equipment, certain motorboat and small engine gasoline, and interest earned on invested trust funds. These funds are used to make grants available to States for support projects that restore, conserve, manage, protect, and enhance sport fish resources and coastal wetlands and projects that provide for public use and benefit from sport fish resources. The ARTF also provides funding for boating safety programs conducted by the U.S. Coast Guard and coastal wetlands initiatives conducted by the U.S. Army Corps of Engineers. The Appropriations Act of 1951 authorized amounts equal to revenues credited during the year to be used in the subsequent fiscal year. This inflow is recorded as permanent appropriations to remain available until expended.

Reclamation Fund. The Reclamation Fund is a restricted, unavailable receipt fund into which a substantial portion of Reclamation's revenues (mostly repayment of capital investment costs, associated interest and operating and maintenance reimbursements from water and power users) and receipts from other Federal agencies (primarily revenues from certain Federal mineral royalties and hydropower transmission) are deposited. No expenditures are made directly from the Reclamation Fund; however, funds are transferred from the Reclamation Fund into Reclamation's appropriated expenditure funds or other Federal agencies pursuant to specific appropriation acts authorized by the U.S. Congress.

The funds transferred from the Reclamation Fund to the other Federal agencies are primarily for the purpose of funding operating and maintenance and capital investment activities at Western Area Power Administration (Western), a component entity of the Department of Energy. Western recovers the capital investments, associated interest, and operating and maintenance costs through future power rates, and subsequently deposits amounts recovered into the Reclamation Fund.

These transfers, and subsequent recoveries are recorded in the Reclamation Fund, as transfers in/out without reimbursement on the Consolidated Statement of Changes in Net Position in accordance with SFFAS No. 7 Accounting for Revenue and Other Financing Sources and using current Treasury Standard General Ledger guidance. Transfers to Reclamation and other Federal agencies are recorded at the time appropriations are made. Cost recoveries are recorded in the Reclamation Fund as transfers in upon receipt.

During FY 2003, OMB began a project to review the accounting and reporting of the forgoing transactions and plans to submit its findings and recommendations to the Accounting and Auditing Policy Committee (AAPC) of the Federal Accounting Standards Advisory Board for interpretation and guidance in FY 2004. The conclusions of the AAPC may require a change in accounting and reporting for these transactions.

Imputed Financing Sources. In certain instances, operating costs of the Department are paid out of funds appropriated to other Federal agencies. For example, the Office of Personnel Management, by law, pays certain costs of retirement programs, and certain legal judgments against Interior are paid from the Judgment Fund maintained by Treasury. When costs that are identifiable to Interior and directly attributable to Interior's operations are paid for by other agencies, the Department recognizes these amounts as operating expenses. In addition, Interior recognizes an imputed financing source on the Consolidated Statement of Changes in Net Position to indicate the funding of Department operations by other Federal agencies.

Deferred Revenue. Unearned revenue is recorded as deferred revenue until earned.

L. Personnel Compensation and Benefits

Annual and Sick Leave Program. Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs. An unfunded liability is recognized for earned but unused annual leave since from a budgetary standpoint, this annual leave will be paid from future appropriations when the leave is used by employees rather than from amounts which had been appropriated to Interior as of the date of the financial statements. The amount accrued is based upon current pay rates of the employees. Sick leave and other types of leave are expensed when used and no future liability is recognized for these amounts.

Federal Employees Workers' Compensation Program. The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (Labor), which pays valid claims and subsequently seeks reimbursement from Interior for these paid claims.

The FECA liability consists of two components. The first component is based on actual claims paid by Labor but not yet reimbursed by Interior. Interior reimburses Labor for the amount of the actual claims as funds are appropriated for this purpose. There is generally a two to three year lag between payment by Labor and reimbursement by Interior. As a result, Interior recognizes a liability for the actual claims paid by Labor and to be reimbursed by Interior.

The second component is the estimated liability for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. Labor determines this component annually, as of September 30, using a method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. The projected annual benefit payments are discounted to present value using the Office of Management and Budget's economic assumptions for 10-year Treasury notes and bonds. To provide for the effects of inflation on the liability, wage inflation factors (i.e., cost of living adjustments) and medical inflation factors (i.e., consumer price index medical adjustments) are applied to the calculation of projected future benefit payments. These factors are also used to adjust historical benefit payments to current-year constant dollars. A discounting formula is also used to recognize the timing of benefit payments as 13 payments per year instead of one lump sum payment per year.

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

Note 14 provides additional information on the FECA liability.

Federal Employees Group Life Insurance (FEGLI) Program. Most Department employees are entitled to participate in the FEGLI Program. Participating employees can obtain "basic life" term life insurance, with the employee paying two-thirds of the cost and the Department paying one-third. Additional coverage is optional, to be paid fully by the employee. The basic life coverage may be continued into retirement if certain requirements are met. The Office of Personnel Management (OPM) administers this program and is responsible for the reporting of liabilities. For each fiscal year, OPM calculates the U.S. Government's service cost for the post-retirement portion of the basic life coverage. Because the Department's contributions to the basic life coverage are fully allocated by OPM to the pre-retirement portion of coverage, the Department has recognized the entire service cost of the post-retirement portion of basic life coverage as an imputed cost and imputed financing source.

Retirement Programs. Interior employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. Most Interior 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. 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, Interior 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 13 percent of their gross earnings to the plan. CSRS employees are limited to a contribution of 8 percent of their gross earnings and receive no matching contribution from Interior.

The OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees government-wide, including Interior employees. The Department has recognized an imputed cost and imputed financing source for the difference between the estimated service cost and the contributions made by the Department and covered CSRS employees.

M. Federal Government Transactions

Interior'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 Interior do not contain the costs of centralized financial decisions and activities performed for the benefit of the entire government. However, expenses have been recognized as expenses incurred by other agencies on behalf of Interior, including settlement of claims and litigation paid by the Treasury's Judgment Fund and the partial funding of employee benefits by the Office of Personnel Management.

Transactions and balances among the Department's entities have been eliminated from the Consolidated Balance Sheet, the Consolidated Statement of Net Cost, and the Consolidated Statement of Changes in Net Position. As provided for by OMB Bulletin No. 01-09, the Combined Statement of Budgetary Resources is presented on a combined basis, therefore, intra-departmental transactions and balances have not been eliminated from this statement. In accordance with OMB Bulletin No. 01-09, intra-departmental transactions and balances have been eliminated from all the amounts on the Consolidated Statement of Financing, except for obligations incurred and spending authority from offsetting collections and adjustments, which are presented on a combined basis. In order to present all custodial activity, the distributions to the Department's entities have not been eliminated on the Statement of Custodial Activity; however, the amounts are reported separately on the statement.

N. Income Taxes

As an agency of the Federal government, Interior is generally exempt from all income taxes imposed by any governing body, whether it be a Federal, State, commonwealth, local, or foreign government.

O. Estimates

The Department has made certain estimates and assumptions relating to the reporting of assets, liabilities, revenues, expenses, and the disclosure of contingent liabilities to prepare these financial statements. Actual results could differ from these estimates.

NOTE 2. FUND BALANCE WITH TREASURY

Treasury performs cash management activities for all Federal agencies. The net activity represents Fund Balance with Treasury. The Fund Balance with Treasury represents the right of the Department to draw down funds from Treasury for expenses and liabilities.

Fund Balance with Treasury by fund type as of September 30, 2003 and 2002 consists of the following:

Fund Balance with Treasury by Fund Type

(dollars in thousands)	FY 2003	FY 2002
General Funds	$ 4,680,518	$ 4,805,185
Special Funds	21,402,983	20,444,870
Revolving Funds	2,064,659	1,103,324
Trust Funds	155,973	165,882
Other Fund Types	394,075	357,281
Total Fund Balance with Treasury by Fund Type	$ 28,698,208	$ 26,876,542

The status of the fund balance may be classified as unobligated available, unobligated unavailable, and obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in current operations. The unavailable amounts are primarily composed of funds in unavailable collection accounts, such as the Land and Water Conservation Fund and the Reclamation Fund, which are not available to the Department for use unless appropriated by Congress. The unavailable balance also includes amounts appropriated in prior fiscal years, which are not available to fund new obligations. The obligated but not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received or goods and services received but for which payment has not yet been made.

Obligated and unobligated balances reported for the status of fund balance with Treasury do not agree with obligated and unobligated balances reported on the Combined Statement of Budgetary Resources because: (1) the budgetary balances include amounts supported by other than fund balance with Treasury, such as investments in Treasury Securities and allocation transfers (transferring agency); and (2) the fund balance with Treasury amounts include items for which budgetary resources are not recorded, such as deposit funds and unavailable collections and allocation transfers (receiving agency). Allocation transfers result in differences for both the transferring and receiving agency because the budgetary amounts are reported by the agency transferring the funds but the proprietary amounts are reported by the receiving agency.

Status of Fund Balance with Treasury as of September 30, 2003 and 2002 consists of the following:

Status of Fund Balance with Treasury

(dollars in thousdands)	FY 2003	FY 2002
Unobligated		
Available	$ 3,988,552	$ 3,637,316
Unavailable	19,958,000	19,130,996
Obligated Not Yet Disbursed	4,751,656	4,108,230
Total Status of Fund Balance with Treasury	$ 28,698,208	$ 26,876,542

NOTE 3. CASH

The cash amount includes balances held by private banks and investing firms and change-making funds maintained in offices where maps are sold over the counter.

Cash as of September 30, 2003 and 2002 consists of the following:

Cash

(dollars in thousands)	FY 2003	FY 2002
Cash Not Yet Deposited to Treasury	$ 415	$ 722
Imprest Fund	679	700
Total Cash	$ 1,094	$ 1,422

NOTE 4. INVESTMENTS, NET

A. Investments in Treasury Securities

The Bureau of Indian Affairs, the Bureau of Land Management, Departmental Offices, the Minerals Management Service, the National Park Service, the Office of Surface Mining, and the U.S. Fish and Wildlife Service invest funds in securities on behalf of various Interior programs.

Investments as of September 30, 2003 and 2002 consist of the following:

Investments, Net

FY 2003

(dollars in thousands)	Investment Type	Cost	Amortized (Premium)/Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Bureau of Indian Affairs	Marketable	$ 68,334	$ -	$ 68,334	$ 68,334
Bureau of Land Management	Non-Marketable, par value	369,097	1,218	370,315	370,400
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Non-Marketable, market-based	139,875	(946)	138,929	139,694
National Resources Damage Assessment and Restoration Fund	Non-Marketable, market-based	156,025	(713)	155,312	155,552
Tribal Trust and Special Funds	Non-Marketable, market-based	29,966	-	29,966	29,966
	Marketable	45,875	45	45,920	46,150
Minerals Management Service - Conservation	Non-Marketable, market-based	977,235	285	977,520	977,595
Minerals Management Service - Custodial	Non-Marketable, market-based	25,070	3	25,073	25,074
National Park Service	Non-Marketable	64	1	65	65
Office of Surface Mining	Non-Marketable, market-based	1,926,867	-	1,926,867	1,926,867
U.S. Fish and Wildlife Service	Non-Marketable, market-based	454,807	(1,083)	453,724	454,998
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	Non-Marketable, market-based	1,418,172	(2,359)	1,415,813	1,416,278
Total U.S. Treasury Securities		5,611,387	(3,549)	5,607,838	5,610,973
Accrued Interest		2,154	-	2,154	-
Total Non-Public Investments		5,613,541	(3,549)	5,609,992	5,610,973
Public Securities					
Bureau of Indian Affairs	Marketable	1,097	-	1,097	1,099
Departmental Offices - Tribal Trust and Special Funds	Marketable	179,734	323	180,057	184,490
Total Public Securities		180,831	323	181,154	185,589
Accrued Interest		1,483	-	1,483	-
Total Public Investments		182,314	323	182,637	185,589
Total Investments		$ 5,795,855	$ (3,226)	$ 5,792,629	$ 5,796,562

FY 2002

(dollars in thousands)	Investment Type	Cost	Amortized (Premium)/Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Bureau of Indian Affairs	Marketable	$ 63,638	$ -	$ 63,638	$ 63,638
Bureau of Land Management	Non-Marketable, par value	164,152	840	164,992	165,047
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Non-Marketable, market-based	136,440	(2,476)	133,964	135,945
National Resources Damage Assessment and Restoration Fund	Non-Marketable, market-based	146,582	(414)	146,168	146,517
Tribal Trust and Special Funds	Non-Marketable, market-based	62,540	(89)	62,451	62,467
	Marketable	24,962	(46)	24,916	25,452
Minerals Management Service - Conservation	Non-Marketable, market-based	965,865	1,407	967,272	967,758
Minerals Management Service - Custodial	Non-Marketable, market-based	24,613	4	24,617	24,619
National Park Service	Non-Marketable	64	1	65	65
Office of Surface Mining	Non-Marketable, market-based	1,895,000	-	1,895,000	1,895,000
U.S. Fish and Wildlife Service	Non-Marketable, market-based	500,673	(1,881)	498,792	501,692
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	Non-Marketable, market-based	1,363,976	847	1,364,823	1,386,341
Total U.S. Treasury Securities		5,348,505	(1,807)	5,346,698	5,374,541
Accrued Interest		2,241	-	2,241	-
Total Non-Public Investments		5,350,746	(1,807)	5,348,939	5,374,541
Public Securities					
Bureau of Indian Affairs	Marketable	1,192	-	1,192	1,195
Departmental Offices - Tribal Trust and Special Funds	Marketable	135,704	-	135,704	141,430
Total Public Securities		136,896	-	136,896	142,625
Accrued Interest		1,706	-	1,706	-
Total Public Investments		138,602	-	138,602	142,625
Total Investments		$ 5,489,348	$ (1,807)	$ 5,487,541	$ 5,517,166

Bureau of Indian Affairs. The Bureau of Indian Affairs (BIA) invests irrigation and power receipts in U.S. Treasury and public securities until the funds are required for project operations. Federal investments are purchased under the U.S. Treasury Overnighter Program and in marketable Treasury bills and notes. BIA's investments in public securities are discussed more fully below.

Bureau of Land Management. The Bureau of Land Management is authorized to invest in special non-marketable par value and market-based Treasury securities. These securities include U.S. Treasury bills, notes, bonds, and one-day certificates that may be purchased and sold as necessary to meet operating needs and legislated requirements. The BLM invests in these securities of the U.S. Treasury pursuant to authorizing legislation for two accounts: (1) the proceeds of certain land sales as authorized by the Southern Nevada Public Land Management Act enacted in October 1998; and (2) the proceeds of certain oil and gas lease sales authorized by the Alaska Native Claims Settlement Act and the Alaska National Interest Lands Conservation Act, as amended July 17, 2000.

Departmental Offices. Effective in 1994, the Office of the Secretary (part of Departmental Offices) was delegated responsibility for investing funds contributed to the Utah Reclamation Mitigation and Conservation Account by the Utah Reclamation Mitigation and Conservation Commission. Investments are made in non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt.

Commencing with 1999, Departmental Offices assumed financial responsibility, including investment activities, for the Natural Resources Damage Assessment and Restoration Fund (NRDAR). The funds are invested in non-marketable market-based securities issued by Treasury. Funds are invested in both long and short-term securities, depending upon the program's needs for their funds.

The reporting responsibility for the Tribal Trust and Special Funds, including investments in Treasury and public securities, was transferred to Departmental Offices in 1999 in accordance with OMB and FASAB guidance. The Secretary of the Interior invests a portion of Tribal Trust and Special Funds in marketable and non-marketable market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt. Investment instruments are continually reviewed for appropriateness in conjunction with current tribal needs.

Minerals Management Service (MMS). Investments consist of non-marketable, market-based Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. The MMS has limited investment authority based on two categories: Environmental Improvement and Restoration and Custodial Investments.

The Environmental Improvement and Restoration Fund (EIRF) is available for investment under the Interior and Related Agencies Appropriations Act of 1998. Congress has permanently appropriated 20 percent of the prior fiscal year interest earned by the EIRF to the Department of Commerce. The remaining 80 percent of interest earned remains in the fund and may be appropriated by Congress to certain other agencies, as provided by the law. This investment was initially funded in 2000 by the settlement of the boundary dispute with the State of Alaska.

MMS is also required by regulation to invest the 1/5 Outer Continental Shelf (OCS) bid amounts from the apparent high bidders for all OCS lease sales. Should any of the apparent high bids be later rejected, the 1/5 bid and actual interest earned are returned to the bidder. The investment earned on accepted bids reverts to the Treasury when the bids are accepted.

National Park Service. The National Park Service administers an endowment on behalf of the Lincoln Farm Association. Endowment funds are invested in non-marketable Treasury securities issued by the Federal Investment Branch of the Bureau of the Public Debt. Investment earnings from this endowment are used to provide for maintenance and upkeep of Abraham Lincoln's birthplace.

Office of Surface Mining. Effective October 1, 1991, the Office of Surface Mining (OSM) was authorized to invest available Abandoned Mine Land (AML) funds in non-marketable securities issued by the Federal Investment Branch of the Bureau of the Public Debt in the Department of the Treasury. The OSM has authority to invest AML trust funds in Treasury bills, notes, bonds, and one-day certificates.

A portion of the AML investment interest earned is transferred to the United Mine Workers of America Combined Benefit Fund to provide health benefits for certain eligible retired coal miners and dependents.

U.S. Fish and Wildlife Service. The U.S. Fish and Wildlife Service has investments in non-marketable market-based Treasury securities that consist of various bills purchased through the Federal Investment Branch of the Bureau of the Public Debt. The invested funds consist of excise tax receipts from the Federal Aid in Wildlife Restoration Fund, the Aquatic Resources Trust Fund and the Multi-National Species Conservation Fund.

The U.S. Treasury collects, invests, and maintains on behalf of the U.S. Fish and Wildlife Service (FWS), the Aquatic Resources Trust Fund (ARTF), which includes FWS's Sport Fish Restoration Account. Although the FWS has advisory authority for ARTF investment decisions, the Treasury has legal responsibility for investing ARTF funds.

Consistent with authorizing legislation and Treasury fiscal investment policies, the Secretary of the Treasury invests such portion of the ARTF balance deemed by the program agencies not necessary to meet current withdrawals to cover program and related costs as defined by law. Such investments are in non-marketable par value or non-marketable market-based securities as authorized by legislation and are issued and redeemed by the Federal Investment Branch of the Bureau of the Public Debt, in the Department of the Treasury. These securities are held in the name of the Secretary of the Treasury for the ARTF.

B. Investments in Public Securities

The BIA is authorized by law to invest irrigation and power receipts in marketable U.S. Treasury and public securities. Investments in public securities consist of certificates of deposit from insured institutions, various mortgage instruments, bank notes, and bonds. Mortgage instruments are issued by the Federal National Mortgage Association (Fannie Mae) and similar government-sponsored enterprises and 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 and are recorded at cost.

As stated above, Departmental Offices now have the reporting responsibility for the Indian Trust Funds, including investments in public securities as of 1999. The Secretary of the Interior invests a portion of the Tribal Trust and Special Funds in marketable securities issued by government-sponsored entities. Investment instruments are continually reviewed for appropriateness in conjunction with current tribal needs.

NOTE 5. ACCOUNTS AND INTEREST RECEIVABLE, NET

Due From the Public, Net. Accounts receivable due to Interior 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 Interior are diverse and include mineral leases sold by the Minerals Management Service, from which royalties are then collected, the sale 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. Unbilled receivables reflect work performed to date on agreements and uncollected revenue for royalties due subsequent to year-end, which will be billed in the future. 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 and Interest Receivable from the Public

(dollars in thousands)	FY 2003	FY 2002
Accounts Receivable from the Public		
Current	$ 118,470	$ 210,859
1 - 180 Days Past Due	103,609	14,736
181 - 365 Days Past Due	75,063	19,925
Over 1 Year Past Due	260,291	334,136
Total Billed Accounts Receivable - Public	557,433	579,656
Unbilled Accounts Receivable	1,012,683	1,074,936
Total Accounts Receivable - Public	1,570,116	1,654,592
Allowance for Doubtful Accounts	(346,710)	(350,582)
Total Accounts Receivable - Public Net of Allowance	**$ 1,223,406**	**$ 1,304,010**
Change in Allowance for Bad Debts - Public		
Allowance for Doubtful Accounts, beginning	$ 350,582	$ 326,879
Additions	19,555	43,702
Deletions	(23,427)	(19,999)
Allowance for Bad Debts - Public	**$ 346,710**	**$ 350,582**

Due from Federal Agencies, Net. Accounts Receivable Due from Federal Agencies arise from the sale of products and services to other Federal agencies, including the sale of maps, the performance of environmental and scientific services, and 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. Substantially all receivables from other Federal agencies are considered to be collectible, as there is no credit risk. However, an allowance for doubtful accounts is used occasionally to recognize billing disputes.

Accounts and Interest Receivable from Federal Agencies

(dollars in thousands)	FY 2003	FY 2002
Accounts Receivable from Federal Agencies		
Current	$ 66,035	$ 60,027
1 - 180 Days Past Due	5,728	7,125
181 - 365 Days Past Due	197	1,337
Over 1 Year Past Due	783	2,275
Total Billed Accounts Receivable - Federal	72,743	70,764
Unbilled Accounts Receivable	319,581	531,699
Total Accounts Receivable - Federal	392,324	602,463
Allowance for Doubtful Accounts - Federal	(1,577)	(5,170)
Total Accounts Receivable - Federal, Net of Allowance	$ 390,747	$ 597,293
Change in Allowance for Bad Debts - Federal		
Allowance for Doubtful Accounts, beginning	$ 5,170	$ 1,277
Additions	1,577	5,150
Deletions	(5,170)	(1,257)
Allowance for Bad Debts - Federal	$ 1,577	$ 5,170

Recovery of Reimbursable Capital Costs. The Bureau of Reclamation enters into long-term repayment contracts and water service contracts with non-Federal (public) water users that allow the use of irrigation and municipal and industrial (M&I) water facilities in exchange for annual payments to repay a portion of the Federal investment allocated to the construction of reimbursable irrigation and M&I facilities. Also, power-marketing agencies enter into agreements with power users to recover capital investment costs allocated to power, on Reclamation's behalf. Costs associated with multipurpose plants are allocated to the various purposes (mainly power, irrigation, M&I water, fish and wildlife enhancement, recreation, and flood control) through a cost allocation process. Generally, only those costs associated with power, irrigation, and M&I water are reimbursable. The typical repayment contract is up to 40 years but may extend to 50 years or more if authorized by the Congress.

Unmatured repayment contracts are not recognized on the Consolidated Balance Sheet until the annual amount is earned each year, at which time current accounts receivable and current period exchange revenue is recorded. As of September 30, 2003 and 2002, amounts owed to Reclamation under unmatured repayment contracts were $2.6 billion.

Transfers to Western Area Power Administration. As discussed in Note 1.K., funds are transferred from the Reclamation Fund to the Western Area Power Administration (Western) to fund power project operation and maintenance and capital investment activities. As Western sells power to customers, it transfers funds back into the Reclamation Fund. The Department reports these transactions as transfers in and out without reimbursement on the Consolidated Statement of Changes in Net Position. The FY 2003 and 2002 transfers in and out related to Western are shown in the following table.

Transfers To/From the Western Area Power Administration			
Fiscal Year	Transfers In	Transfers Out	Net Transfers
2003	$191,669	$157,574	$34,095
2002	$162,027	$166,553	$(4,526)

The net (unrecovered) transfers between the Reclamation Fund and Western prior to FY 2002 approximate $2 billion.

NOTE 6. LOANS AND INTEREST RECEIVABLE, NET

Direct loans and loan guarantees made prior to FY 1992 were funded 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.

Direct loans and loan guarantees made during and after FY 1991 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 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 appropriations to fund any increases in subsidy due to interest rate fluctuations and changes in default rate estimates. In FY 2003, there were no changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates.

Included in the financial statements is a subsidy re-estimate computed at the end of the fiscal year. The amounts included in the consolidated financial statements are not reported in the budget until the following fiscal year.

The Bureau of Indian Affairs and the Bureau of Reclamation administer loan programs while the Departmental Offices and National Park Service provide loans on an individual basis under special circumstances. An analysis of the loans and the nature and amounts of the subsidy and associated administrative costs are provided in the following tables.

Loans and Interest Receivable, Net

A. Direct Loan and Loan Guarantee Program Names	FY 2003	FY 2002
Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 25,334	$ 27,419
Bureau of Indian Affairs - Direct Loans (Credit Reform)	11,291	15,094
Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	658	1,234
Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	760	2,584
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	59,846	62,944
Bureau of Reclamation - Direct Loans (Credit Reform)	106,775	87,686
Departmental Offices - Virgin Island (Pre-Credit Reform)	9,834	11,697
Departmental Offices - American Samoa Government (Credit Reform)	14,841	12,496
National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,317	4,677
Total Loans and Interest Receivable, Net	$ 233,656	$ 225,831

Direct Loans (dollars in thousands)

B. Direct Loans Obligated Prior to FY 1992:

Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method):

	Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Foreclosed Property	Value of Assets Related to Direct Loans
	Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 27,153	$ 8,685	$ (10,504)	$ -	$ 25,334
	Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	67,131	933	(8,218)	-	59,846
	Departmental Offices - Virgin Island (Pre-Credit Reform)	9,605	229	-	-	9,834
	National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,317	-	-	-	4,317
FY 2003	Total	$ 108,206	$ 9,847	$ (18,722)	$ -	$ 99,331
	Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 31,170	$ 9,355	$ (13,106)	$ -	$ 27,419
	Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	70,229	933	(8,218)	-	62,944
	Departmental Offices - Virgin Island (Pre-Credit Reform)	11,426	271	-	-	11,697
	National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,677	-	-	-	4,677
FY 2002	Total	$ 117,502	$ 10,559	$ (21,324)	$ -	$ 106,737

C. Direct Loans Obligated After FY 1991:

	Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 20,781	$ 5,638	$ -	$ (15,128)	$ 11,291
	Bureau of Reclamation - Direct Loans (Credit Reform)	121,134	-	-	(14,359)	106,775
	Departmental Offices - American Samoa Government (Credit Reform)	17,324	415	-	(2,898)	14,841
FY 2003	Total	$ 159,239	$ 6,053	$ -	$ (32,385)	$ 132,907
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 21,904	$ 4,984	$ -	$ (11,794)	$ 15,094
	Bureau of Reclamation - Direct Loans (Credit Reform)	121,921	-	-	(34,235)	87,686
	Departmental Offices - American Samoa Government (Credit Reform)	14,512	407	-	(2,423)	12,496
FY 2002	Total	$ 158,337	$ 5,391	$ -	$ (48,452)	$ 115,276

D. Total Amount of Direct Loans Disbursed (Post 1991):

Direct Loan Programs	FY 2003	FY 2002
Bureau of Reclamation - Direct Loans (Credit Reform)	$ 800	$ 6,288
Departmental Offices - American Samoa Government (Credit Reform)	3,100	15,500
Total	$ 3,900	$ 21,788

E. Subsidy Expense for Direct Loans by Program and Component:

Subsidy Expense for New Direct Loans Disbursed:

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 438	$ -	$ -	$ -	$ 438
	Departmental Offices - American Samoa Government (Credit Reform)	(6)	481	-	-	475
FY 2003	Total	$ 432	$ 481	$ -	$ -	$ 913

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 2,493	$ -	$ -	$ -	$ 2,493
	Departmental Offices - American Samoa Government (Credit Reform)	(4)	385	-	-	381
FY 2002	Total	$ 2,489	$ 385	$ -	$ -	$ 2,874

Modifications and Reestimates

	Direct Loan Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ -	$ -	$ 1,608	$ 1,608
	Bureau of Reclamation - Direct Loans (Credit Reform)	-	-	(13,868)	(13,868)
FY 2003	Total	$ -	$ -	$ (12,260)	$ (12,260)
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ -	$ -	$ 1,016	$ 1,016
	Bureau of Reclamation - Direct Loans (Credit Reform)	-	-	-	-
FY 2002	Total	$ -	$ -	$ 1,016	$ 1,016

Total Direct Loan Subsidy Expense:

Direct Loan Programs	FY 2003	FY 2002
Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 1,608	$ 1,016
Bureau of Reclamation - Direct Loans (Credit Reform)	(13,430)	2,493
Departmental Offices - American Samoa Government (Credit Reform)	475	381
Total	$ (11,347)	$ 3,890

F. Subsidy Rates for Direct Loans by Program and Component:

Budget Subsidy Rates for Direct Loans for the Cohorts:

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	0.00%	0.00%	0.00%	0.00%	0.00%
	Departmental Offices - American Samoa Government (Credit Reform)	-0.21%	15.79%	0.00%	0.00%	15.58%
FY 2003	Total	-0.21%	15.79%	0.00%	0.00%	15.58%

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	26.92%	0.00%	0.00%	0.00%	26.92%
	Departmental Offices - American Samoa Government (Credit Reform)	-0.21%	15.79%	0.00%	0.00%	15.58%
FY 2002	Total	26.71%	15.79%	0.00%	0.00%	42.50%

The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both the current year and prior year cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates.

G. Schedule for Reconciling Direct Loan Subsidy Cost Allowance Balances (Post-1991 Direct Loans)

	FY 2003	FY 2002
Beginning balance of the subsidy cost allowance	$ 48,452	$ 53,443
Add: Subsidy expense for direct loans disbursed during the reporting years by component:		
(a) Interest rate differential costs	432	2,489
(b) Default costs (net of recoveries)	481	385
(c) Fees and other collections	-	-
(d) Other subsidy costs	-	-
Total of the above subsidy expense components	913	2,874
Adjustments:		
(a) Loan modification	-	-
(b) Fees received	-	-
(c) Foreclosed property acquired	-	-
(d) Loans written off	(25)	(356)
(e) Subsidy allowance amortization	(4,695)	(4,274)
(f) Other	-	(4,251)
Ending balance of the subsidy cost allowance before re-estimates	44,645	47,436
Add or subtract subsidy re-estimates by component:		
(a) Interest rate re-estimate	-	-
(b) Technical/default re-estimate	(12,260)	1,016
Total of the above re-estimate components	(12,260)	1,016
Ending balance of the subsidy cost allowance	$ 32,385	$ 48,452

The allowance for Subsidy Account reflects the unamortized credit reform subsidy for direct loans.

Defaulted Guaranteed Loans (dollars in thousands)

H. Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method):

	Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ 16,963	$ 11,725	$ -	$ (28,030)	$ 658
FY 2003	Total	$ 16,963	$ 11,725	$ -	$ (28,030)	$ 658
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ 24,435	$ 16,683	$ -	$ (39,884)	$ 1,234
FY 2002	Total	$ 24,435	$ 16,683	$ -	$ (39,884)	$ 1,234

I. Defaulted Guaranteed Loans from Post-1991 Guarantees (Present Value Method):

	Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 6,148	$ 3,027	$ -	$ (8,416)	$ 760
FY 2003	Total	$ 6,148	$ 3,027	$ -	$ (8,416)	$ 760
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 23,820	$ 4,041	$ -	$ (25,277)	$ 2,584
FY 2002	Total	$ 23,820	$ 4,041	$ -	$ (25,277)	$ 2,584

Loan Guarantees (dollars in thousands)

J. Guaranteed Loans Outstanding as of September 30, 2003:

Guaranteed Loans Outstanding

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Pre-1992	$ 15,424	$ 13,527
FY1992	2,113	1,880
FY1993	6,100	5,407
FY1994	17,800	15,959
FY1995	7,666	6,600
FY1996	10,134	8,932
FY1997	10,206	9,005
FY1998	9,371	8,057
FY1999	38,257	34,121
FY2000	45,804	40,911
FY2001	36,460	32,315
FY2002	46,434	41,065
FY2003	28,249	25,255
Total	$ 274,018	$ 243,034

New Guaranteed Loans Disbursed (Current reporting year):

	Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
	Amount Paid in FY2003 for Prior Years	$ 27,951	$ 25,156
	Amount Paid in FY2003 for 2003 Guarantees	28,249	25,255
FY 2003	Total	$ 56,200	$ 50,411
	Amount Paid in FY2002 for Prior Years	$ 18,927	$ 17,005
	Amount Paid in FY2002 for 2002 Guarantees	25,471	22,299
FY 2002	Total	$ 44,398	$ 39,304

K. Liability for Loan Guarantees:

Liability for Loan Guarantees (Estimated Future Default Claims for pre-1992 guarantees):

	Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Loan Guarantees, for Post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
FY 2003	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ -	$ (52,185)	$ (52,185)
	Total	$ -	$ (52,185)	$ (52,185)
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ -	$ (49,097)	$ (49,097)
FY 2002	Total	$ -	$ (49,097)	$ (49,097)

L. Subsidy Expense for Loan Guarantees by Program and Component:

Subsidy Expense for New Loan Guarantees:

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
FY 2003	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 1,841	$ 2,021	$ (821)	$ -	$ 3,041
	Total	$ 1,841	$ 2,021	$ (821)	$ -	$ 3,041
FY 2002	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 1,906	$ 2,986	$ (1,053)	$ -	$ 3,839
	Total	$ 1,906	$ 2,986	$ (1,053)	$ -	$ 3,839

Modifications and Reestimates:

	Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ -	$ -	$ 377	$ 377
FY 2003	Total	$ -	$ -	$ 377	$ 377
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ -	$ -	$ (3,787)	$ (3,787)
FY 2002	Total	$ -	$ -	$ (3,787)	$ (3,787)

Total Loan Guarantee Subsidy Expense:

Loan Guarantee Programs	FY 2003	FY 2002
Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 3,418	$ 52
Total	$ 3,418	$ 52

M. Subsidy Rates for Loan Guarantees by Program and Component:

Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts:

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	4.61%	4.10%	-1.80%	0.00%	6.91%
FY 2003	Total	4.61%	4.10%	-1.80%	0.00%	6.91%
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	2.98%	4.74%	-1.72%	0.00%	6.00%
FY 2002	Total	2.98%	4.74%	-1.72%	0.00%	6.00%

The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to the direct loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans reported in the current year could result from disbursements of loans from both the current year and prior year cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates.

N. Schedule for Reconciling Loan Guarantee Liability Balances

	FY 2003	FY 2002
Beginning balance of the loan guarantee liability	$ 49,097	$ 47,975
Add: Subsidy expense for guaranteed loans disbursed during the reporting years by component:		
(a) Interest supplement costs	1,841	1,906
(b) Default costs (net of recoveries)	2,021	2,986
(c) Fees and other collections	(821)	(1,053)
(d) Other subsidy costs	-	-
Total of the above subsidy expense components	3,041	3,839
	-	-
Adjustments:	-	-
(a) Loan guarantee modification	-	-
(b) Fees received	972	1,065
(c) Interest supplements paid	(1,788)	(2,320)
(d) Foreclosed property and loans acquired	-	-
(e) Claim payments to lenders	(706)	-
(f) Interest accumulation on the liability balance	1,192	2,325
(g) Other (recovery, revenue, and prior period adjustments)	-	-
Ending balance of the loan guarantee liability before re-estimates	51,808	52,884
	-	-
Add or subtract subsidy re-estimates by component:	-	-
(a) Interest rate re-estimate	-	-
(b) Technical/default re-estimate	377	(3,787)
Total of the above re-estimate components	377	(3,787)
	-	-
Ending balance of the loan guarantee liability	$ 52,185	$ 49,097

O. Administrative Expense:

	Direct Loan Programs		Loan Guarantee Programs	
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 119	Bureau of Indian Affairs - Guaranteed Loan Programs	$ 303
	Departmental Offices - American Samoa Government (Credit Reform)	783		
FY 2003	Total	$ 902		$ 303
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 309	Bureau of Indian Affairs - Guaranteed Loan Programs	$ 479
	Departmental Offices - American Samoa Government (Credit Reform)	783		
FY 2002	Total	$ 1,092		$ 479

Bureau of Indian Affairs (BIA). The BIA provides guaranteed loans to Indian Tribes and organizations, Indian individuals, and Alaska Natives for economic development purposes. The BIA loan program includes the Indian Direct Loan Program (which ceased providing loans in 1995), the Indian Loan Guarantee Program under the Credit Reform Act, and a Liquidating Fund for loans made prior to 1992.

Bureau of Reclamation (BOR). The BOR operates loan programs that provide Federal assistance to non-Federal organizations for constructing or improving water resource projects in the Western States. Reclamation's loan programs are authorized under the Small Reclamation Projects Act of 1956, the Distribution System Loans Act, and the Rehabilitation and Betterment Act. The loan programs are classified into two categories, credit reform loans and other loans made prior to the Credit Reform Act.

Other loans consist primarily of drought relief and repayment loans. The other loans receivable balances represent amounts due to Reclamation, net of an allowance for estimated uncollectible loan balances. The allowance amount is determined by reviewing a loans receivable aging report to identify loan balances that are considered uncollectible based on various factors, including age, past experience, present market conditions, and characteristics of debtors.

Loan interest rates vary depending on the applicable legislation; in some cases, there is no stated interest rate on agricultural and Native American loans. Interest on applicable loans does not accrue until the loan enters repayment status.

Departmental Offices. Departmental Offices has two loans, one pre-credit reform loan to the U.S. Virgin Islands and one post-credit reform loan to the American Samoa Government (ASG).

In 1977, a loan was extended to the Virgin Islands from the Federal Financing Bank, Department of the Treasury. The loan receivable from the Virgin Islands has an offsetting liability to the Federal Financing Bank. It has a final payment due date of January 2, 2007. Principal and interest are due in January and July of each year. Interest is based on the amortization schedule for the loan with the Federal Financing Bank. The interest is accrued at year end based upon the period of July - September.

In 2001, a loan was extended to the American Samoa Government. The total has been approved for $18.6 million and made available to the ASG bearing interest at a rate equal to the U.S. Treasury cost of borrowing for obligations of similar duration. The proceeds of the loan will be used by the ASG for debt reduction and fiscal reform. As payments become due, they shall be secured and accomplished with funds from the Escrow Account. The Escrow Account was established under the terms and conditions of the Tobacco Master Settlement Agreement and a judgment granted by the High Court of American Samoa on January 5, 1999. The parties entered into the Agreement on November 23, 1998.

National Park Service (NPS). The NPS has a single loan with the Wolf Trap Foundation for the Performing Arts with an original loan principal totaling $8,560,000. The loan principal is to be repaid to the National Park Service within 25 years from June 1, 1991. The loan principal is repaid in equal annual installments, except for the first three annual payments of $215,000 per year. Repayment of the loan principal may include a credit of up to $60,000 annually, for public service tickets given to entities exempt from taxation pursuant to section 501(c) (3) of the Internal Revenue Code of 1986. In FY 2003 and FY 2002, the NPS granted the full $60,000 credit to Wolf Trap. The monies received for repayment of this loan may be retained until expended by the Secretary of the Interior in consultation with the Wolf Trap Foundation for the maintenance of structures, facilities, and equipment of the park.

NOTE 7. INVENTORY AND RELATED PROPERTY

Inventory and Related Property as of September 30, 2003 and 2002 consists of the following:

Inventory and Related Property

(dollars in thousands)	FY 2003	FY 2002
Stockpile Materials: Recoverable Below-Ground Crude Helium	$ 334,376	$ 352,880
Published Maps Held for Current/Future Sale	2,395	8,342
Gas and Storage Rights Held for Current Sale	1,070	1,076
Airplane Parts Held for Current Sale	477	429
Working Capital Fund: Inventory Held for Use	350	309
Aviation Fuel Held for Current Sale	46	53
Total Inventory and Related Property	$ 338,714	$ 363,089

NOTE 8. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

General Property, Plant, and Equipment, consists of that property which is used in operations and, with some exceptions, consumed over time.

Construction in Progress is used for the accumulation of cost of construction or major renovation of fixed assets during the construction period. Each individual bureau sets its own policy for using the Construction in Progress account; however, in general, the assets are transferred out of Construction in Progress when the project is substantially complete. Construction in Progress includes investigations and development which represent funds appropriated by the Congress that have been expended for such activities as general engineering studies and surveys that are directly related to project construction. Investigations and development as of September 30, 2003 and 2002 were $70 million and $96 million, respectively.

Construction in Progress also includes projects in abeyance. In past years, the Department, through the Bureau of Reclamation, began the planning of and construction on various features included in 11 projects located in California, Colorado, Arizona, Washington, North Dakota, and South Dakota, for which activities have been placed in abeyance. These projects were authorized to provide various benefits, among them irrigation, fish and wildlife conservation and enhancement, recreation, municipal water supplies, and flood control. Until congressional disposition of these assets is determined, maintenance costs have been and will continue to be budgeted and expended to minimize the erosive effects of weather and time and to keep the asset ready for potential completion.

Property, Plant, and Equipment categories, with corresponding accumulated depreciation, as of September 30, 2003 and 2002, are shown in the following tables.

General Property, Plant, and Equipment, Net

(dollars in thousands)	Gross	Accumulated Depreciation	Net FY 2003
Land and Land Improvements	$ 2,046,277	$ 53,522	$ 1,992,755
Buildings	2,560,684	1,052,246	1,508,438
Structures and Facilities	19,284,074	8,579,158	10,704,916
Construction in Progress			
Construction in Progress - General	1,344,981	-	1,344,981
Construction in Progress in Abeyance	556,879	-	556,879
Equipment, Vehicles, and Aircraft	1,755,480	1,021,463	734,017
Internal Use Software:			
In Use	90,275	38,317	51,958
In Development	61,971	-	61,971
Total Property, Plant, and Equipment	$ 27,700,621	$ 10,744,706	$ 16,955,915

(dollars in thousands)	Gross	Accumulated Depreciation	Net FY 2002 (As Restated)
Land and Land Improvements	$ 2,024,061	$ 49,081	$ 1,974,980
Buildings	2,416,359	997,461	1,418,898
Structures and Facilities	19,223,500	8,402,889	10,820,611
Construction in Progress			
Construction in Progress - General	1,057,248	-	1,057,248
Construction in Progress in Abeyance	573,276	-	573,276
Equipment, Vehicles, and Aircraft	1,668,106	846,627	821,479
Internal Use Software:			
In Use	63,321	29,783	33,538
In Development	64,896	-	64,896
Total Property, Plant, and Equipment	$ 27,090,767	$ 10,325,841	$ 16,764,926

NOTE 9. OTHER ASSETS, NET

Other Assets were $201.5 million and $208.1 million as of September 30, 2003 and 2002, respectively. Other Assets primarily consists of Bureau of Reclamation costs for power rights. Net power rights were $151.4 million and $162.2 million as of September 30, 2003 and 2002, respectively. Power rights were subject to annual amortization amounts of $10.8 million for the years ended September 30, 2003 and 2002.

Also included in this category is Fractional Land Interest Pending Disposition, which contains the cost of fractional interests in Indian land allotments acquired under the Indian Land Consolidation Act of 2000. The Indian Land Consolidation Act of 2000 provides for the Bureau of Indian Affairs to purchase fractional shares of Trust property to be held in trust for eventual transfer to tribal entities after revenues produced provide funds to repay Treasury for the purchase. Disposition includes sale at purchase price to tribal members holding interest in tract, transfer to Tribe upon recovery of purchase price from income produced from the interest, or transfer to the Tribe based on a Secretarial finding. Fractional Land Interest Pending Disposition was $23 million and $16 million as of September 30, 2003 and 2002, respectively.

NOTE 10. STEWARDSHIP ASSETS

Stewardship Assets consists of public domain land, heritage assets, such as national monuments and historic sites that have been entrusted to the Department to be maintained in perpetuity for the benefit of current and future generations. No financial value is or can be placed on these assets.

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 for national parks, forests, wildlife refuges, and military installations.

For additional discussion of stewardship land, see the Required Supplementary Stewardship Information section of this report.

NOTE 11. ASSETS ANALYSIS

Assets of the Department include entity assets (unrestricted and restricted) and non-entity assets. Unrestricted assets are those available for use by the Department. Restricted assets, as defined by the Department, are certain large unavailable receipt funds that are only available for Interior use when appropriated by Congress. Non-entity assets are currently held by, but not available to, the Department and will be forwarded to Treasury or other agencies at a future date.

Entity restricted assets consist of the Land and Water Conservation Fund, the Historic Preservation Fund, the portion of the Aquatic Resources Trust Fund not designated for other Federal agencies, the Environmental Improvement and Restoration Fund, the Reclamation Fund, and other unavailable receipt funds. See Note 27, Dedicated Collections, for additional information on some of these funds.

Non-entity assets, restricted by nature, consist of Minerals Management Service's custodial royalty activity, a portion of the Aquatic Resources Trust Fund that is held for others, amounts in deposit, miscellaneous receipts, special receipts, and budget clearing accounts held for others.

Interior's assets as of September 30, 2003 and 2002 are summarized into the following categories:

Assets Analysis

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Non-Entity Restricted	FY 2003
Intragovernmental Assets:				
Fund Balance with Treasury	$ 9,112,736	$ 19,315,217	$ 270,255	$ 28,698,208
Investments, Net	3,436,549	1,600,043	573,400	5,609,992
Accounts and Interest Receivable, Net	193,947	1,700	195,100	390,747
Other				
Advances and Prepayments	3,624	-	-	3,624
Total Intragovernmental Assets	12,746,856	20,916,960	1,038,755	34,702,571
Cash	1,094	-	-	1,094
Investments, Net	182,637	-	-	182,637
Accounts and Interest Receivable, Net	179,523	2,483	1,041,400	1,223,406
Loans and Interest Receivable, Net	173,810	37,648	22,198	233,656
Inventory and Related Property	338,714	-	-	338,714
General Property, Plant and Equipment, Net	16,955,915	-	-	16,955,915
Other				
Advances and Prepayments	126,866	-	-	126,866
Other Assets, Net	201,544	-	-	201,544
Stewardship Assets				
Total Public Assets	18,160,103	40,131	1,063,598	19,263,832
TOTAL ASSETS	$ 30,906,959	$ 20,957,091	$ 2,102,353	$ 53,966,403

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Non-Entity Restricted	FY 2002 (As Restated)
Intragovernmental Assets:				
Fund Balance with Treasury	$ 8,114,669	$ 18,508,279	$ 253,594	$ 26,876,542
Investments, Net	3,210,351	1,587,300	551,288	5,348,939
Accounts and Interest Receivable, Net	213,017	2,132	382,144	597,293
Other				
Advances and Prepayments	5,508	-	-	5,508
Total Intragovernmental Assets	11,543,545	20,097,711	1,187,026	32,828,282
Cash	1,422	-	-	1,422
Investments, Net	138,602	-	-	138,602
Accounts and Interest Receivable, Net	129,532	9,889	1,164,589	1,304,010
Loans and Interest Receivable, Net	162,887	39,499	23,445	225,831
Inventory and Related Property	363,089	-	-	363,089
General Property, Plant and Equipment, Net	16,764,926	-	-	16,764,926
Other				
Advances and Prepayments	122,662	-	-	122,662
Other Assets, Net	208,134	-	-	208,134
Stewardship Assets				
Total Public Assets	17,891,254	49,388	1,188,034	19,128,676
TOTAL ASSETS	$ 29,434,799	$ 20,147,099	$ 2,375,060	$ 51,956,958

NOTE 12. INTRA-GOVERNMENTAL DEBT

Interior's debt to Treasury consists of: (1) the helium production fund; (2) borrowings to finance the credit reform loan programs; and (3) borrowings to finance loans under the Federal Financing Bank.

Intra-governmental debt to Treasury activity for the years ended September 30, 2003 and 2002 is summarized as follows:

Intra-Governmental Debt

(dollars in thousands)	FY 2002 Beginning Balance	Borrowing / (Repayments)	FY 2002 Ending Balance	Borrowing / (Repayments)	FY 2003 Ending Balance
Helium Fund	$ 1,319,203	$ (10,000)	$ 1,309,203	$ (110,000)	$ 1,199,204
Credit Reform Borrowings	125,271	9,062	134,333	21,311	155,643
Federal Financing Bank	13,114	(1,687)	11,427	(1,821)	9,605
Total Loans Due to Treasury	$ 1,457,588	$ (2,625)	$ 1,454,963	$ (90,510)	$ 1,364,452

A. Helium Fund - Bureau of Land Management

The Helium Fund was established in the late 1950s and early 1960s to ensure that the Federal 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 other Federal 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-governmental nature of the loan, unless the loan is forgiven, the funds for repayment to Treasury must come from the 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.

Net Worth Debt reported in the following table reflects the amount recorded by Treasury for the net worth capital and retained earnings of the Helium Fund. It also includes any monies expended thereafter by 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 could not be repaid.

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 is being accrued on this debt.

Until FY 2002, the Bureau of Land Management had generally paid $10 million annually on its debt to Treasury. Due to the increased revenue in the helium fund, as a result of the sale of stockpile crude helium which began in March 2003 and will continue until January 1, 2015, the BLM is planning to repay an additional $100 million each year, beginning in FY 2003, until the debt is repaid or until the stockpile crude helium sales cease, in which case the repayment plan would be revised.

Debt from the Helium Fund

(dollars in thousands)		FY 2003		FY 2002
Principal:				
Net Worth Debt	$	-	$	27,991
Additional Borrowing from Treasury		251,650		251,650
Total Principal		251,650		279,641
Interest:				
Beginning Balance		1,029,562		1,030,210
Repayments		(82,009)		(648)
Ending Balance		947,553		1,029,562
Loan Due to Treasury - Helium Fund	$	1,199,203	$	1,309,203

B. Intra-governmental Debt to Treasury under Credit Reform

The Bureau of Indian Affairs, the Bureau of Reclamation, and Departmental Offices (Office of Insular Affairs) have borrowed funds from Treasury in accordance with the Credit Reform Act of 1990 to fund loans under various loan programs. (See Note 6, Loans and Interest Receivable, Net for more information.)

Bureau of Indian Affairs. The Credit Reform Act authorizes the BIA to borrow from Treasury the amount of a direct loan disbursement, less the subsidy. The Act provides that the present value of the subsidy costs (i.e. interest rate differentials, interest subsidies, estimated delinquencies and defaults, fee offsets and other cash flows) associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed.

Interest is accrued daily on the outstanding principal balance of direct and assigned loans based on a 365-day year for credit reform loans. The interest rate charged on each loan is the Indian Financing Act Rate that was effective at the time the loan was made and ranges from 4.87 percent to 11.12 percent. These loans have various maturity dates from 2003 to 2028.

Bureau of Reclamation. As discussed in Note 6, Reclamation makes loans that are subject to the provisions of Credit Reform. Under the Credit Reform Act, loans consist of two components - the part borrowed from the Treasury and the appropriated part to cover the estimated subsidy. The maturity dates for these loans range from 2012 to 2047. The weighted average interest rate used to calculate interest owed to Treasury ranges from 6.01 percent to 6.88 percent.

Departmental Offices. Interest is accrued annually based on the prevailing market yield on Treasury securities of comparable maturity. The weighted average interest rate used to calculate interest owed to Treasury is 5.4 percent. The loan has a final payment date of September 30, 2027.

C. Intra-governmental Debt to Treasury under Federal Financing Bank

Departmental Offices (Office of Insular Affairs) has borrowed funds from Treasury in accordance with the Federal Financing Bank Act of 1973 for the purpose of operating a direct loan and loan guarantee program. Interest is based on the amortization schedule for the loan with the Federal Financing Bank. Principal and interest payments are due in January and July of each year. Interest is accrued at year end based upon the July to September period. The interest rate charged on each loan ranges from 7.85 percent to 12.7 percent. The loan has a final payment due date of January 2, 2007. (See also Note 6, Loans and Interest Receivable, Net.)

NOTE 13. ADVANCES AND DEFERRED REVENUE

The majority of the advances and deferred revenue received from the public represents upfront funding received from certain power customers who benefit from current and future power deliveries. The repayments are recognized as revenue incrementally as power benefits are provided. Advances and Deferred Revenue received from the public, in the amounts of $137 million and $120 million for September 30, 2003 and 2002, respectively, are included in Other Liabilities.

The majority of the advances and deferred revenue received from Federal agencies represents cash advances to the Interior Franchise Fund (IFF). The IFF provides shared administrative services and commonly required products to Federal agencies.

Advances and Deferred Revenue as of September 30, 2003 and 2002 are shown below:

Advances and Deferred Revenue

(dollars in thousands)	FY 2003	FY 2002 (As Restated)
Received from Federal Agencies	$ 1,236,739	$ 596,951
Received from the Public	137,497	119,762
Total Advances and Deferred Revenue	$ 1,374,236	$ 716,713

NOTE 14. FEDERAL EMPLOYEE COMPENSATION ACT LIABILITY DUE TO THE PUBLIC

The Department has recorded an estimated, unfunded actuarial liability for the expected future cost for death, disability, and medical claims under the Federal Employees Compensation Act (FECA) of approximately $712 million and $659 million as of September 30, 2003 and 2002, respectively. This estimated liability is calculated by the Department of Labor using a method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. These actuarially computed projected annual benefit payments are discounted to present value using the Office of Management and Budget's economic assumptions for ten-year Treasury notes and bonds.

The Department of Labor calculated the estimated future benefit payments based on several assumptions. The interest rate assumptions utilized to discount the estimated future benefit payments to present value are 3.84 percent in year one and 4.35 percent in year two and thereafter. The wage inflation factors (Cost of Living Adjustments) and medical inflation factors (Consumer Price Index Medical Adjustments) used in the calculation are as follows:

FECA Inflation Factors

	2003		2002	
Fiscal Year	Cost of Living Adjustment	Consumer Price Index Medical Adjustment	Cost of Living Adjustment	Consumer Price Index Medical Adjustment
1992	5.00%	7.96%	5.00%	7.96%
1993	2.83%	6.61%	2.83%	6.61%
1994	2.77%	5.27%	2.77%	5.27%
1995	2.57%	4.72%	2.57%	4.72%
1996	2.63%	3.99%	2.63%	3.99%
1997	2.77%	3.11%	2.77%	3.11%
1998	2.70%	2.77%	2.70%	2.77%
1999	1.53%	3.50%	1.53%	3.50%
2000	1.97%	3.70%	1.97%	3.70%
2001	2.93%	4.42%	2.93%	4.42%
2002	3.33%	4.44%	3.33%	4.44%
2003	1.80%	4.31%	1.80%	4.31%
2004	2.30%	3.21%	2.67%	4.01%
2005	2.00%	3.54%	2.40%	4.01%
2006	1.83%	3.64%	2.40%	4.01%
2007	1.97%	3.80%	2.40%	4.01%
2008 and thereafter	2.17%	3.92%	2.40%	4.01%

NOTE 15. ENVIRONMENTAL CLEANUP COSTS AND CONTINGENT LIABILITIES

The Department has responsibility to clean up sites with environmental contamination, and it is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the Federal government. Interior has accrued liabilities where losses are determined to be probable and the amounts can be estimated. The Department has disclosed contingent liabilities where the conditions for liability recognition are not met and the likelihood of unfavorable outcome is more than remote.

The accrued and potential Environmental Cleanup Costs and Contingent Liabilities as of September 30, 2003 and 2002 are summarized in the categories below:

Environmental Cleanup Costs and Contingent Liabilities

	Accrued Liabilities	
(dollars in thousands)	FY 2003	FY 2002
Estimated Cleanup Cost	$ 121,045	$ 227,629
Contingent Liabilities	771,587	1,033,838
Total Environmental and Contingent Liabilities - Accrued	$ 892,632	$ 1,261,467

	Additional Potential Liabilities			
	FY 2003		FY 2002	
(dollars in thousands)	Lower End of Range	Upper End of Range	Lower End of Range	Upper End of Range
Estimated Cleanup Cost	$ 24,000	$ 330,000	$ 89,000	$ 365,000
Contingent Liabilities	443,000	1,394,000	1,369,000	3,662,000
Total Environmental and Contingent Liabilities - Potential	$ 467,000	$ 1,724,000	$ 1,458,000	$ 4,027,000

Environmental Cleanup Costs. The Department is subject to environmental laws and regulations regarding air, water, and land use, the storage and disposal of hazardous materials, and the operations and closure of facilities at which environmental contamination may be present. The major Federal laws covering environmental response, cleanup and monitoring are the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) the Resource Conservation and Recovery Act (RCRA), OPA (Oil Pollution Act) CWA (Clean Water Act), CAA (Clean Air Act), SDWA (Safe Drinking Water Act), and AHERA (Asbestos Hazard Emergency Response Act). Responsible parties, which may include Federal agencies under certain circumstances, are required to clean up releases of hazardous substances at or from facilities they own, operate, or at which they arranged for the disposal of such substances.

The Department has recognized an estimated liability of $121 million and $228 million for FY 2003 and FY 2002, respectively. This estimate includes the expected future cleanup costs, and for those sites where future liability is unknown, the cost of studies necessary to evaluate response requirements.

The Department's contingent liability for potential environmental cleanup of sites that are considered reasonably estimable but do not meet the requirement for accrual, ranges from $24 million to $330 million and $89 million to $365 million for FY 2003 and FY 2002, respectively. This estimate includes the expected future response costs, and for those sites where future cleanup costs are unknown, the cost of studies necessary to evaluate cleanup requirements.

Certain Departmental facilities may have regulated materials, e.g., asbestos, used in the construction or later renovation of the facility. These materials, while in an undisturbed or encapsulated state (e.g., non-friable asbestos), are not subject to cleanup under applicable law. Only if they become friable or otherwise released to the environment would they be considered contaminants requiring cleanup or abatement. Under normal circumstances, cleanup or abatement is limited to situations such as the remodeling or demolition of a building containing these materials where the materials could be released and cause contamination of the environment. Unless and until the materials become friable or otherwise capable of causing contamination, the costs for monitoring or other management of these materials in an undisturbed or encapsulated state are not to be accrued as environmental cleanup. Any cost for remediation or abatement would only accrue if the material becomes friable or is otherwise released to the environment. Such costs would then be reported in the same manner as any other environmental liability.

Indian Trust Funds. The Secretary of the Interior is entrusted with the management of the monies and lands held in trust by the Federal government for Indian Tribes and individuals. There have been long standing, complicated problems with Indian trust fund accounting and management. Currently, there are claims and potential claims relating to past trust fund management on both tribal accounts and Individual Indian Money (IIM) accounts. Twenty-two Tribes have filed suits seeking a full accounting of their tribal trust funds; in addition, a significant IIM class action lawsuit is pending. In the IIM action, a class of Native American beneficiaries of IIM trust accounts administered by the Department alleges that the Interior and Treasury Departments have breached trust obligations with respect to the management of IIM funds. The plaintiffs have claimed that they are seeking only an "accounting" of the IIM trust funds in the Federal district court proceedings, and not damages, but have also contended publicly that they may be owed as much as $176 billion. In the Department's FY 2004 appropriations act, Congress appropriated funds for certain specified Indian trust accounting activities, but placed limitations on historical accounting requirements, pending further congressional action or December 31, 2004, whichever occurs first.

The Department's Office of the Solicitor states that no estimate or range of loss can be made at this time regarding any financial liability that may result from settlement from tribal accounts, the IIM trust fund litigation, and any other related claims.

Other Contingent Liabilities. Numerous lawsuits and claims that have been filed against the Department and its bureaus are awaiting adjudication, and other potential claims may be asserted. For cases in which payment has been deemed probable and for which the amount of potential liability has been estimated, including certain judgments that have been issued against Interior and which have been appealed, $772 million and $1,034 million has been accrued in the financial statements as of September 30, 2003 and 2002, respectively. These amounts exclude contingent liabilities reported on prior year financial statements regarding cases won on appeal. The majority of cash settlements are expected to be paid out of the Judgment Fund maintained by Treasury rather than operating resources of Interior. In suits brought through the Contract Disputes Act of 1978, the Department is required to reimburse the Judgment Fund from future agency appropriations.

The largest of the "probable" cases have estimated liability amounts exceeding $50 million. The plaintiffs in one of these cases claim damages exceeding $1 billion for alleged breach of contract under Federal oil and gas leases. In another case, landowner water-users have asserted that the Federal defendants are required to construct facilities to drain lands that they farm. And in another large "probable" case, the court has awarded the plaintiff damages for a physical taking of their coal interests, and the U.S. may owe a significant amount of compound interest, along with attorney fees and costs.

No amounts have been accrued in the financial records for claims where the amount of potential loss cannot be estimated or the likelihood of an unfavorable outcome is less than probable. Interior's potential liability for amounts that do not meet the requirements for accrual but are considered reasonably estimable, and where the likelihood of an unfavorable outcome is more than remote, may range from $443 million to $1.4 billion and $1.4 billion to $3.7 billion for FY 2003 and FY 2002, respectively.

Matters for which the likelihood of an unfavorable outcome is less than probable but more than remote involve a wide variety of allegations and claims, including the following: (1) alleged failure to protect a Tribe's treaty rights, (2) a Tribe's allegation of title to lands as it seeks an injunction to prevent transfer of the lands, (3) claims resulting from a vehicle head-on crash that may have been caused by an intoxicated bureau-employee driver, and (4) a Tribe's allegation of a Fifth Amendment taking, breach of trust, and treaty violations related to restricted timber harvest on Reservation land, and (5) claims of a municipal water conservation district regarding repayment obligation for costs of the Central Arizona Project and issues related to project operation, The ultimate outcomes in these matters cannot be predicted at this time. Sufficient information is not currently available to determine if the ultimate resolution of the proceedings, actions, and claims will materially affect Interior's financial position or results of operations.

In addition, the matters for which we consider the likelihood of an unfavorable outcome to be more than remote but for which we cannot estimate the potential amount of loss also involve a wide variety of allegations and claims, including the following: (1) conflict with a Tribe about the proper amounts of royalties to be paid or collected, (2) allegation of damages resulting from loss of irrigation water, (3) alleged regulatory taking of coal reserves and mining rights, (4) alleged property taking resulting from claimed interference with access rights by owners of land adjoining wildlife refuge lands, and (4) claim of lost crops and reduced yields by farmers of land adjoining lands treated with herbicide. For such matters without estimates of potential loss, we currently do not have sufficient information available to determine if the ultimate resolutions will materially affect Interior's financial position or results of operations.

NOTE 16. LIABILITIES ANALYSIS

Liabilities covered by budgetary resources are funded liabilities to be paid with existing budgetary resources. Liabilities not covered by budgetary resources represent those unfunded liabilities for which congressional action is needed before budgetary resources can be provided.

Intra-governmental. Deferred Credits are amounts recorded in deposit and suspense accounts which include permit and civil penalty escrows, bonds, misapplied deposits pending correction, and excess fee payments due to be refunded or remitted to Treasury.

Custodial Liability represents amounts owed to royalty recipients, other Federal agencies, and offset custodial assets. See also Note 22, Royalties Retained.

Aquatic Resource Amounts Due to Others are amounts due to the U.S. Coast Guard for boating safety programs and to the U.S. Army Corps of Engineers from coastal wetlands initiatives. The funds are also paid to States to support projects that restore sport fish resources (see Note 27, Dedicated Collections for additional information). The amounts for FY 2003 and FY 2002 are $390 million and $371 million, respectively.

Other Liabilities to Federal Agencies include receipts transferable to Treasury ($31 million and $34 million for FY 2003 and FY 2002, respectively) and other miscellaneous amounts.

Public. The Department anticipates that the liabilities listed below will be funded from future budgetary resources when required. The Department receives budgetary resources for the Federal Employees Compensation Act liability, the Environmental Cleanup Costs liability and Contingent liabilities when they are needed for disbursements. The unfunded Accrued Payroll and Benefits due to the public represents annual leave. Budgetary resources are generally provided for annual leave when it is taken.

Deferred credits represent deposits received from customers, including monies paid to the BOR for construction of facilities, monies paid to Departmental Offices for payroll services, and monies paid to the BLM for the purchase of land. These deposits are classified as a liability until services are rendered or sales are consummated. These liabilities do not require future budgetary resources.

Other Liabilities to the Public consist primarily of payments due to States by the Minerals Management Service based on the Mineral Lands Leasing Act of 1920, as amended, and subsequent legislation and lease terms. These amounts were $234.4 million and $374.9 million as of September 30, 2003 and 2002, respectively. Also included in other liabilities are the following: (1) Minerals Management Service custodial payables to the Office of Trust Funds Management for payments to Indian Tribes and Agencies for $35.9 million and $17.8 million for FY 2003 and FY 2002, respectively; (2) the Office of Surface Mining Payable to the United Mine Workers Combined Benefit Fund of $7.9 million for FY 2002 (the Office of Surface Mining has accrued a $33.7 million receivable due from the United Mine Workers Combined Benefit Fund in FY 2003); (3) the Bureau of Reclamation amounts of $22.2 million and $23.4 million for FY 2003 and FY 2002, respectively, which pertains to pre-credit reform loans provided to the Public; (4) the Bureau of Land Management payable due to the Secure Rural Schools Act in the amounts of $106.5 million and $98.8 million for FY 2003 and FY 2002, respectively; and (5) the National Park Service for a capital lease payable in the amount of $27.3 million which commenced in FY 2003. Also part of Other Liabilities to the Public, which is broken out in the Liabilities Analysis but is not reported separately on the face of the Consolidated Balance Sheet, are Advances and Deferred Revenue. See Note 13 for more information on Advances and Deferred Revenue.

Interior’s liabilities covered and not covered by budgetary resources as of September 30, 2003 and 2002 are as follows:

Liabilities Analysis

(dollars in thousands)	Covered by Budgetary Resources Current	Covered by Budgetary Resources Non-Current	Not Covered by Budgetary Resources Current	Not Covered by Budgetary Resources Non-Current	FY 2003
Intragovernmental Liabilities:					
Accounts Payable	$ 67,838	$ -	$ -	$ -	$ 67,838
Debt	102,195	1,252,423	3,059	6,775	1,364,452
Other					
Accrued Payroll and Benefits	51,601	-	48,470	85,366	185,437
Advances and Deferred Revenue	1,236,739	-	-	-	1,236,739
Deferred Credits	17,383	-	1,943	-	19,326
Custodial Liability	-	-	763,387	-	763,387
Aquatic Resource Amounts Due to Others	-	-	-	389,762	389,762
Judgment Fund	-	-	-	179,725	179,725
Other Liabilities	-	-	59,922	61,835	121,757
Total Intragovernmental Liabilities	1,475,756	1,252,423	876,781	723,463	4,328,423
Public Liabilities:					
Accounts Payable	965,509	-	-	-	965,509
Loan Guarantee Liability	-	52,185	-	-	52,185
Federal Employees Compensation Act Liability	-	-	-	712,250	712,250
Environmental Cleanup Costs	-	4,507	-	116,538	121,045
Other					
Accrued Payroll and Benefits	112,881	-	2,720	318,624	434,225
Deferred Credits	48,557	-	259,700	190,288	498,545
Contingent Liabilities	-	-	619,193	152,394	771,587
Advances and Deferred Revenue	137,497	-	-	-	137,497
Other Liabilities	694	-	376,900	54,678	432,272
Total Public Liabilities	1,265,138	56,692	1,258,513	1,544,772	4,125,115
Total Liabilities	$ 2,740,894	$ 1,309,115	$ 2,135,294	$ 2,268,235	$ 8,453,538

(dollars in thousands)	Covered by Budgetary Resources Current	Covered by Budgetary Resources Non-Current	Not Covered by Budgetary Resources Current	Not Covered by Budgetary Resources Non-Current	FY 2002 (As Restated)
Intragovernmental Liabilities:					
Accounts Payable	$ 54,217	$ -	$ -	$ -	$ 54,217
Debt	11,178	1,432,088	1,299	10,398	1,454,963
Other					
Accrued Payroll and Benefits	56,665	-	46,633	79,144	182,442
Advances and Deferred Revenue	577,364	19,587	-	-	596,951
Deferred Credits	18,581	-	17,317	-	35,898
Custodial Liability	-	-	818,081	-	818,081
Aquatic Resource Amounts Due to Others	-	-	-	371,122	371,122
Judgment Fund	-	-	-	148,870	148,870
Other Liabilities	-	-	55,766	37,437	93,203
Total Intragovernmental Liabilities	718,005	1,451,675	939,096	646,971	3,755,747
Public Liabilities:					
Accounts Payable	852,913	-	-	-	852,913
Loan Guarantee Liability	-	49,097	-	-	49,097
Federal Employees Compensation Act Liability	-	-	-	658,501	658,501
Environmental Cleanup Costs	-	4,507	-	223,122	227,629
Other					
Accrued Payroll and Benefits	247,858	-	-	309,330	557,188
Deferred Credits	7,484	-	243,850	173,561	424,895
Contingent Liabilities	-	-	25,749	1,008,089	1,033,838
Advances and Deferred Revenue	119,762	-	-	-	119,762
Other Liabilities	21	-	499,350	23,582	522,953
Total Public Liabilities	1,228,038	53,604	768,949	2,396,185	4,446,776
Total Liabilities	$ 1,946,043	$ 1,505,279	$ 1,708,045	$ 3,043,156	$ 8,202,523

NOTE 17. OPERATING LEASES

GSA Real Property. Most of the Department's facilities are rented from the General Services Administration (GSA), which charges rent that is intended to approximate commercial rental rates. The terms of the Department's rental agreements with GSA will vary according to whether the underlying assets are owned by GSA (or another Federal agency) or rented by GSA from the private sector. For federally owned property, the Department generally does not execute an agreement with GSA nor is there a formal lease expiration date. Although the Department may normally vacate these properties after giving 120 to 180 days notice of its intent to vacate, in actuality, Interior normally occupies these properties for an extended period of time with little variation from year to year. For purposes of disclosing future operating lease payments in the table below, federally owned leases are included in years 2004 through 2008.

For non-federally owned property leased from GSA, the Department will execute a formal lease agreement with GSA with specific terms and expiration dates, although again the Department may normally cancel the agreement with 120 days notice. For purposes of disclosing future operating lease payments in the table below, these leases are included according to the lease terms.

The future operating lease payments for all GSA leases assume a 2004 lease escalation in accordance with GSA budget estimates, normally 3 percent but ranging up to 14 percent for selected locations and an escalation of 3 percent per year is assumed for all periods after 2004.

Other Real Property. The future operating lease payments for other real property leases are based on the lease terms.

Personal Property. The Department leases personal property from GSA and other entities. The future operating lease payments for non-GSA personal property leases are based on the lease terms. The terms for GSA leases frequently exceed one year, although a definite lease period is not always specified. For purposes of disclosing future operating lease payments in the table below, GSA personal property leases are included in years 2004 through 2008. The estimated future operating lease payments for GSA personal property leases are based on a 3 percent increase over the 2003 actual personal property rental expense for 2004 and an escalation of 3 percent per year for all periods after 2004.

The aggregate of the Department's future payments due under non-cancelable operating leases for real property and personal property; and the Department's estimated real and personal property rent payments to GSA are presented in the table below:

Future Operating Lease Payments
(dollars in thousands)

Fiscal Year	GSA Real Property	Other Real Property	Personal Property	Total
2004	$ 249,252	$ 29,219	$ 27,320	$ 305,791
2005	244,252	27,862	27,405	299,519
2006	244,127	26,255	27,807	298,189
2007	239,664	25,319	28,532	293,515
2008	231,541	22,350	29,356	283,247
Thereafter	186,308	101,701	14,168	302,177
Total Future Lease Payments	$ 1,395,144	$ 232,706	$ 154,588	$ 1,782,438

NOTE 18. NET COST BY RESPONSIBILITY SEGMENT

During the year ended September 30, 2003, the Department revised the presentation of eliminations on the Consolidated Statement of Net Cost. Accordingly, certain FY 2002 amounts have been reclassified between programs to conform with the current year presentation.

Cost of services provided to Federal agencies represent the costs incurred to generate the related intra-governmental revenue. The Department estimated intra-governmental costs as intra-governmental revenue plus an allocated portion of the retirement costs paid by OPM on behalf of the Department. The Department does not bill intra-governmental customers for costs paid by OPM.

The U.S. Geological Survey owns a Landsat 7 Global Survey satellite to monitor changes in the earth's land surface and associated environment. In addition, this satellite was expected to contribute to the development of mapping products sold by the Geological Survey. On May 31, 2003, the Landsat 7 suffered a component failure that affected its ability to acquire and distribute data collected. Subsequent tests and a recovery attempt confirmed that only 75% of the satellite functionality can be expected in the future. Based on these results, an analysis of the diminished capacity of the asset and the reduction in the potential marketability of the product sales generated by the asset, the Department estimates that the component failure caused an economic impairment of $81.1 million. This impairment is reported as Costs not Associated with Programs on the Statement of Net Cost. Combined with normal depreciation, this impairment resulted in a net book value of the Landsat 7 at September 30, 2003 of $75.6 million.

The tables on the following pages present the Department's earned revenues, gross cost, and net cost of operations by program and by responsibility segment (dollars in thousands). The Department's presentation is consistent with the strategic goals included in the Department's strategic plan and in accordance with the Government Performance and Results Act.

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
Protect the Environment and Preserve Our Nation's Natural and Cultural Resources				
Cost - Services provided to the Public	$ 427,653	$ 596,896	$ 116,688	$ 11,385
Revenue Earned from the Public	427	248,106	27,462	-
Net Cost of Services to the Public	427,226	348,790	89,226	11,385
Cost - Services provided to Federal Agencies	2,575	12,688	40,398	-
Revenue Earned from Federal Agencies	2,544	12,276	39,985	-
Net Cost of Services provided to Federal Agencies	31	412	413	-
Net Program Costs	427,257	349,202	89,639	11,385
Provide Recreation for America				
Cost - Services provided to the Public	-	98,007	32,799	-
Revenue Earned from the Public	-	17,581	2,330	-
Net Cost of Services to the Public	-	80,426	30,469	-
Cost - Services provided to Federal Agencies	-	1,735	711	-
Revenue Earned from Federal Agencies	-	1,667	689	-
Net Cost of Services provided to Federal Agencies	-	68	22	-
Net Program Costs	-	80,494	30,491	-
Manage Natural Resources for a Healthy Environment and a Strong Economy				
Cost - Services provided to the Public	-	1,258,306	951,074	26,058
Revenue Earned from the Public	-	202,498	288,636	-
Net Cost of Services to the Public	-	1,055,808	662,438	26,058
Cost - Services provided to Federal Agencies	-	54,258	391,083	4,197
Revenue Earned from Federal Agencies	-	52,965	385,856	4,183
Net Cost of Services provided to Federal Agencies	-	1,293	5,227	14
Net Program Costs	-	1,057,101	667,665	26,072
Provide Science for a Changing World				
Cost - Services provided to the Public	-	89,675	-	-
Revenue Earned from the Public	-	481	-	-
Net Cost of Services to the Public	-	89,194	-	-
Cost - Services provided to Federal Agencies	-	14,464	-	-
Revenue Earned from Federal Agencies	-	13,894	-	-
Net Cost of Services provided to Federal Agencies	-	570	-	-
Net Program Costs	-	89,764	-	-
Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities				
Cost - Services provided to the Public	1,904,078	-	-	516,041
Revenue Earned from the Public	105,947	-	-	11,745
Net Cost of Services to the Public	1,798,131	-	-	504,296
Cost - Services provided to Federal Agencies	205,808	-	-	5,308
Revenue Earned from Federal Agencies	203,312	-	-	5,270
Net Cost of Services provided to Federal Agencies	2,496	-	-	38
Net Program Costs	1,800,627	-	-	504,334
Reimbursable Activity and Other				
Cost - Services provided to the Public	-	12	27,528	188,691
Revenue Earned from the Public	-	-	28,132	10,042
Net Cost of Services to the Public	-	12	(604)	178,649
Cost - Services provided to Federal Agencies	-	-	336,916	632,175
Revenue Earned from Federal Agencies	-	-	327,220	622,237
Net Cost of Services provided to Federal Agencies	-	-	9,696	9,938
Net Program Costs	-	12	9,092	188,587
Costs Not Associated with Programs				
Asset Impairment	-	-	-	-
Total				
Cost - Services provided to the Public	2,331,731	2,042,896	1,128,089	742,175
Revenue Earned from the Public	106,374	468,666	346,560	21,787
Net Cost of Services to the Public	2,225,357	1,574,230	781,529	720,388
Cost - Services provided to Federal Agencies	208,383	83,145	769,108	641,680
Revenue Earned from Federal Agencies	205,856	80,802	753,750	631,690
Net Cost of Services provided to Federal Agencies	2,527	2,343	15,358	9,990
Costs Not Associated with Programs	-	-	-	-
Net Cost of Operations	$ 2,227,884	$ 1,576,573	$ 796,887	$ 730,378

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intradepartmental Activity	FY 2003
$ -	$ 902,592	$ 344,731	$ 1,886,343	$ -	$ -	$ 4,286,288
-	114,963	204	51,016	-	-	442,178
-	787,629	344,527	1,835,327	-	-	3,844,110
-	34,482	1,077	110,948	-	(62,668)	139,500
-	33,146	1,062	108,920	-	(62,668)	135,265
-	1,336	15	2,028	-	-	4,235
-	788,965	344,542	1,837,355	-	-	3,848,345
-	1,807,779	-	174,339	-	-	2,112,924
-	146,441	-	4,377	-	-	170,729
-	1,661,338	-	169,962	-	-	1,942,195
-	41,882	-	10,350	-	(22,918)	31,760
-	40,862	-	9,968	-	(22,918)	30,268
-	1,020	-	382	-	-	1,492
-	1,662,358	-	170,344	-	-	1,943,687
1,091,720	-	48,249	-	-	-	3,375,407
117,750	-	-	-	-	-	608,884
973,970	-	48,249	-	-	-	2,766,523
-	-	-	-	-	(61,763)	387,775
-	-	-	-	-	(61,763)	381,241
-	-	-	-	-	-	6,534
973,970	-	48,249	-	-	-	2,773,057
-	-	-	-	1,175,013	-	1,264,688
-	-	-	-	166,173	-	166,654
-	-	-	-	1,008,840	-	1,098,034
-	-	-	-	265,378	(93,334)	186,508
-	-	-	-	255,918	(93,334)	176,478
-	-	-	-	9,460	-	10,030
-	-	-	-	1,018,300	-	1,108,064
-	-	-	-	-	-	2,420,119
-	-	-	-	-	-	117,692
-	-	-	-	-	-	2,302,427
-	-	-	-	-	(7,091)	204,025
-	-	-	-	-	(7,091)	201,491
-	-	-	-	-	-	2,534
-	-	-	-	-	-	2,304,961
99	-	-	-	-	-	216,330
99	-	-	-	-	-	38,273
-	-	-	-	-	-	178,057
1,909,023	-	-	-	-	(1,483,164)	1,394,950
1,926,534	-	-	-	-	(1,483,164)	1,392,827
(17,511)	-	-	-	-	-	2,123
(17,511)	-	-	-	-	-	180,180
-	-	-	-	81,100	-	81,100
1,091,819	2,710,371	392,980	2,060,682	1,175,013	-	13,675,756
117,849	261,404	204	55,393	166,173	-	1,544,410
973,970	2,448,967	392,776	2,005,289	1,008,840	-	12,131,346
1,909,023	76,364	1,077	121,298	265,378	(1,730,938)	2,344,518
1,926,534	74,008	1,062	118,888	255,918	(1,730,938)	2,317,570
(17,511)	2,356	15	2,410	9,460	-	26,948
-	-	-	-	81,100	-	81,100
$ 956,459	$ 2,451,323	$ 392,791	$ 2,007,699	$ 1,099,400	$ -	$ 12,239,394

	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
Protect the Environment and Preserve Our Nation's Natural and Cultural Resources				
Cost - Services provided to the Public	$ 537,137	$ 534,452	$ 186,631	$ 15,500
Revenue Earned from the Public	713	87,320	51,474	-
Net Cost of Services to the Public	536,424	447,132	135,157	15,500
Cost - Services provided to Federal Agencies	1,330	10,818	22,907	-
Revenue Earned from Federal Agencies	1,317	10,523	22,758	-
Net Cost of Services provided to Federal Agencies	13	295	149	-
Net Program Costs	536,437	447,427	135,306	15,500
Provide Recreation for America				
Cost - Services provided to the Public	-	93,186	35,561	-
Revenue Earned from the Public	-	12,838	886	-
Net Cost of Services to the Public	-	80,348	34,675	-
Cost - Services provided to Federal Agencies	-	714	-	-
Revenue Earned from Federal Agencies	-	689	-	-
Net Cost of Services provided to Federal Agencies	-	25	-	-
Net Program Costs	-	80,373	34,675	-
Manage Natural Resources for a Healthy Environment and a Strong Economy				
Cost - Services provided to the Public	-	1,194,048	851,978	12,123
Revenue Earned from the Public	-	140,582	242,078	123
Net Cost of Services to the Public	-	1,053,466	609,900	12,000
Cost - Services provided to Federal Agencies	-	48,886	405,517	5,395
Revenue Earned from Federal Agencies	-	47,748	400,574	5,395
Net Cost of Services provided to Federal Agencies	-	1,138	4,943	-
Net Program Costs	-	1,054,604	614,843	12,000
Provide Science for a Changing World				
Cost - Services provided to the Public	-	101,764	-	-
Revenue Earned from the Public	-	-	-	-
Net Cost of Services to the Public	-	101,764	-	-
Cost - Services provided to Federal Agencies	-	11,145	-	-
Revenue Earned from Federal Agencies	-	10,744	-	-
Net Cost of Services provided to Federal Agencies	-	401	-	-
Net Program Costs	-	102,165	-	-
Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities				
Cost - Services provided to the Public	2,258,185	-	-	517,495
Revenue Earned from the Public	110,193	-	-	10,819
Net Cost of Services to the Public	2,147,992	-	-	506,676
Cost - Services provided to Federal Agencies	164,765	-	-	2,891
Revenue Earned from Federal Agencies	163,260	-	-	2,891
Net Cost of Services provided to Federal Agencies	1,505	-	-	-
Net Program Costs	2,149,497	-	-	506,676
Reimbursable Activity and Other				
Cost - Services provided to the Public	-	-	20,538	159,827
Revenue Earned from the Public	-	-	24,182	5,640
Net Cost of Services to the Public	-	-	(3,644)	154,187
Cost - Services provided to Federal Agencies	-	-	324,743	922,519
Revenue Earned from Federal Agencies	-	-	315,964	911,873
Net Cost of Services provided to Federal Agencies	-	-	8,779	10,646
Net Program Costs	-	-	5,135	164,833
Total				
Cost - Services provided to the Public	2,795,322	1,923,450	1,094,708	704,945
Revenue Earned from the Public	110,906	240,740	318,620	16,582
Net Cost of Services to the Public	2,684,416	1,682,710	776,088	688,363
Cost - Services provided to Federal Agencies	166,095	71,563	753,167	930,805
Revenue Earned from Federal Agencies	164,577	69,704	739,296	920,159
Net Cost of Services provided to Federal Agencies	1,518	1,859	13,871	10,646
Net Cost of Operations	$ 2,685,934	$ 1,684,569	$ 789,959	$ 699,009

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intradepartmental Activity	FY 2002 (As Restated)
$ -	$ 737,659	$ 249,084	$ 1,650,271	$ -	$ -	$ 3,910,734
-	102,106	95	48,698	-	-	290,406
-	635,553	248,989	1,601,573	-	-	3,620,328
-	24,398	1,279	100,921	-	(47,400)	114,253
-	23,364	1,258	98,895	-	(47,400)	110,715
-	1,034	21	2,026	-	-	3,538
-	636,587	249,010	1,603,599	-	-	3,623,866
-	1,847,655	-	168,483	-	-	2,144,885
-	130,397	-	3,863	-	-	147,984
-	1,717,258	-	164,620	-	-	1,996,901
-	39,961	-	6,993	-	(11,985)	35,683
-	39,108	-	6,887	-	(11,985)	34,699
-	853	-	106	-	-	984
-	1,718,111	-	164,726	-	-	1,997,885
1,758,610	-	77,984	-	-	-	3,894,743
108,785	-	-	-	-	-	491,568
1,649,825	-	77,984	-	-	-	3,403,175
-	-	-	-	-	(42,716)	417,082
-	-	-	-	-	(42,716)	411,001
-	-	-	-	-	-	6,081
1,649,825	-	77,984	-	-	-	3,409,256
-	-	-	-	1,185,138	-	1,286,902
-	-	-	-	176,938	-	176,938
-	-	-	-	1,008,200	-	1,109,964
-	-	-	-	259,123	(90,938)	179,330
-	-	-	-	250,613	(90,938)	170,419
-	-	-	-	8,510	-	8,911
-	-	-	-	1,016,710	-	1,118,875
-	-	-	-	-	-	2,775,680
-	-	-	-	-	-	121,012
-	-	-	-	-	-	2,654,668
-	-	-	-	-	(9,234)	158,422
-	-	-	-	-	(9,234)	156,917
-	-	-	-	-	-	1,505
-	-	-	-	-	-	2,656,173
601	-	-	-	-	-	180,966
601	-	-	-	-	-	30,423
-	-	-	-	-	-	150,543
419,545	-	-	-	-	(1,056,066)	610,741
419,545	-	-	-	-	(1,056,066)	591,316
-	-	-	-	-	-	19,425
-	-	-	-	-	-	169,968
1,759,211	2,585,314	327,068	1,818,754	1,185,138	-	14,193,910
109,386	232,503	95	52,561	176,938	-	1,258,331
1,649,825	2,352,811	326,973	1,766,193	1,008,200	-	12,935,579
419,545	64,359	1,279	107,914	259,123	(1,258,339)	1,515,511
419,545	62,472	1,258	105,782	250,613	(1,258,339)	1,475,067
-	1,887	21	2,132	8,510	-	40,444
$ 1,649,825	$ 2,354,698	$ 326,994	$ 1,768,325	$ 1,016,710	$ -	$ 12,976,023

NOTE 19. GROSS COST AND EARNED REVENUES BY BUDGET SUBFUNCTION CLASSIFICATION

The following tables reflect data provided to the Department of the Treasury by Budget Subfunction (BSF) Classification for inclusion in the Consolidated Financial Statements of the Federal government, based on the guidance and direction from the Department of the Treasury. These BSF codes are established by the Office of Management and Budget and the Department of the Treasury for government-wide reporting purposes and differ from the classifications used for the Department's segment reporting.

Interior's gross cost and earned revenues by Budget Subfunction Classification as of September 30, 2003 and 2002 are presented below:

Gross Cost and Earned Revenue by Budget Subfunction Classification

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2003 Net Cost
Natural Resources and Environment	$ 12,904,394	$ 3,536,502	$ 9,367,892
Transportation	255,991	-	255,991
Community and Regional Development	2,085,287	309,111	1,776,176
Education and Training	107,834	266	107,568
General Government	747,868	16,101	731,767
Net Cost of Operations	$ 16,101,374	$ 3,861,980	$ 12,239,394

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2002 Net Cost (As Restated)
Natural Resources and Environment	$ 11,860,654	$ 2,448,544	$ 9,412,110
Transportation	278,675	-	278,675
Community and Regional Development	2,446,231	267,000	2,179,231
Education and Training	92,691	269	92,422
General Government	758,076	17,336	740,740
Other	273,094	249	272,845
Net Cost of Operations	$ 15,709,421	$ 2,733,398	$ 12,976,023

The intra-governmental costs and related net costs presented in the schedules below represent transactions with other Federal agencies. These amounts are different than those reported in Note 18, Net Cost by Responsibility Segment, which reports costs to generate intra-governmental revenues.

In FY 2002, Treasury guidance included earned revenue and gross cost for the Abandoned Mine Land (AML) fund in the BFC 950 (Other) category. In FY 2003, Treasury guidance reclassified these amounts to the BFC 300 (Natural Resources) category.

Intra-Governmental Gross Cost and Earned Revenue by Budget Subfunction Classification

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2003 Net Cost
Natural Resources and Environment	$ 1,814,142	$ 2,114,575	$ (300,433)
Transportation	11,449	-	11,449
Community and Regional Development	286,503	202,700	83,803
Education and Training	5,374	-	5,374
General Government	82,144	295	81,849
Total	$ 2,199,612	$ 2,317,570	$ (117,958)

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2002 Net Cost (As Restated)
Natural Resources and Environment	$ 1,917,780	$ 1,317,435	$ 600,345
Transportation	6,095	-	6,095
Community and Regional Development	257,879	156,131	101,748
Education and Training	9,522	26	9,496
General Government	64,936	1,235	63,701
Other	9,733	241	9,492
Total	$ 2,265,945	$ 1,475,068	$ 790,877

NOTE 20. COSTS

By law, Interior, as an agency of the Federal government, is dependent upon other government agencies for centralized services. Some of these services, such as tax collection and management of the public debt, are not directly identifiable to Interior and are not reflected in the Department's financial condition and results. However, in certain cases, other Federal agencies incur costs that are directly identifiable to Interior operations, including payment of claims and litigation by Treasury's Judgment Fund, and the partial funding of retirement benefits by the Office of Personnel Management. In accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 4, "Managerial Cost Accounting," the Department recognizes identified costs paid for the Department by other agencies as expenses of Interior. The funding for these costs is reflected as imputed financing sources on the Consolidated Statement of Changes in Net Position. Expenses paid by other agencies on behalf of Interior were $571 million and $541 million for the years ended September 30, 2003 and 2002, respectively.

The costs associated with acquiring, constructing, and renovating heritage assets were $80 million for the years ended September 30, 2003 and 2002. The costs associated with acquiring and improving stewardship lands were $263 million and $313 million for the years ended September 30, 2003 and 2002, respectively.

NOTE 21. CHANGES IN ACCOUNTING PRINCIPLE, RESTATEMENTS, AND RECLASSIFICATIONS

Changes in Accounting Principle. During FY 2003, the USGS implemented a change in accounting principle with regard to the accounting for resources directed to the working capital fund. USGS implemented new posting models that were issued by the Department of the Treasury that were preferable given the nature of the USGS working capital fund activities. Prior to the change in principle, the "Federal reimbursable" model (recognizing revenue upon occurrence of an expenditure) had been employed for the recognition of revenues and budget authority. The principle change put into practice the "revolving" fund model (recognizing revenue and budget authority at the time it is received), which is consistent with the working capital fund operations and its legislative authority.

Under the revolving fund concept, the Department recognizes revenues and budgetary resources upon receipt of fees for providing products and services. This is consistent with the fact that collections are non-refundable and are necessary for acquiring resources. The investment component recognizes transfers-in of expenditure financing sources and budgetary resources upon receipt of transfers to authorized deposit accounts for investment in future capital purchases. Such transfers are also non-refundable and are restricted as to the use by the enabling legislation and related investment plans. The primary impact of the implementation of this change in accounting principle on the consolidated financial statements was to reclassify approximately $68,543 from Unexpended Appropriations to Cumulative Results of Operations within Net Position.

During FY 2002, the Department changed its method of accounting for allocation transfers in accordance with OMB Bulletin No. 01-09, "Form and Content of Agency Financial Statements." In accordance with these reporting requirements, the Department reports the budgetary activity but not the proprietary activity when Interior is the transferor of the appropriation (i.e., parent) and reports the proprietary activity but not the budgetary activity when Interior is the recipient of the transfer (i.e., child). As recipient, DOI received external allocation transfers from the Federal Highway Trust Administration, National Forest System, Department of Labor Job Corps Centers, and other Federal entities. As a result of the change in accounting for allocation transfers, the Department adjusted net position as of October 1, 2001, by decreasing cumulative results of operations and unexpended appropriations by approximately $3 million and $54 million, respectively. In addition, the Department decreased the October 1, 2001 unobligated and obligated budgetary balances by approximately $50 million and $389 million, respectively.

Restatements

A. The Department restated Property, Plant and Equipment (PP&E) as of September 30, 2002, to correct the net book values of property for certain amounts reported in the real property inventory system, record transfers from other Federal entities that were not recorded, and remove stewardship land improvements that should be expensed when acquired rather than capitalized. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Consolidated Balance Sheet, PP&E and Cumulative Results of Operations decreased $89,783 and Net Costs reported on the Consolidated Statement of Net Cost increased $4,958. On the Consolidated Statement of Changes in Net Position, the October 1, 2001, Cumulative Results of Operations decreased by $99,990, Transfers In/Out without Reimbursement increased by $13,056, and Other Budgetary Financing Sources increased by $2,111. On the Consolidated Statement of Financing, Transfers In/Out without Reimbursement increased by $13,056, Depreciation and Amortization decreased by $22,891, Other Components Not Requiring or Generating Resources increased by $14,794, and Net Cost of Operations increased by $4,958.

B. The Department corrected its accounting of tribal construction grants to record disbursements first as an Advance and then reclassify balances to Construction-in-Progress as the Tribe incurs construction costs. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Consolidated Balance Sheet, PP&E decreased and Advances and Prepayments increased by $87,790. In addition, Unexpended Appropriations increased and Cumulative Results of Operations decreased by the same amount. On the Consolidated Statement of Changes in Net Position, the October 1, 2001, balance of Unexpended Appropriations increased by $66,111, the October 1, 2001, balance of Cumulative Results of Operations decreased by $66,111 and Appropriations Used decreased by $21,679. On the Consolidated Statement of Financing, the Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not yet Provided increased and the Resources that Finance the Acquisition of Assets decreased by $21,679.

C. The Department restated the FY 2002 Combined Statement of Budgetary Resources and FY 2002 Consolidated Statement of Financing to correct budgetary resources for amounts transferred in prior years. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Combined Statement of Budgetary Resources, the Change in Unfilled Customer Orders - Without Advance From Federal Sources, a component of Budgetary Resources, decreased by $47,808. The Status of Budgetary Resources decreased by the same amount, comprised of reductions to Unobligated Balance - Apportioned and Unobligated Balance not Available of $23,904 each. In addition, the Unfilled Customer Orders from Federal Sources decreased and the Spending Authority Adjustments decreased by $47,808. On the Consolidated Statement of Financing, Spending Authority from Offsetting Collections/Adjustments decreased and the Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not yet Provided increased by $47,808.

D. The Department restated the FY 2002 Combined Statement of Budgetary Resources and FY 2002 Consolidated Statement of Financing to recognize customer orders received but not recorded in FY 2002. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Combined Statement of Budgetary Resources, the Change in Unfilled Customer Orders - Without Advance From Federal Sources increased, Unobligated Balances - Apportioned increased, Unfilled Customer Orders from Federal Sources increased, and Spending Authority Adjustments increased, each by $81,596. On the Consolidated Statement of Financing, the Spending Authority from Offsetting Collections/Adjustments increased and the Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but not yet Provided decreased by $81,596.

E. The Department restated the FY 2002 Consolidated Balance Sheet and Combined Statement of Budgetary Resources to correct the presentation of amounts transferred from the Department of Education in prior years. As a result, the following restatements were made to FY 2002 amounts previously reported. On the Consolidated Balance Sheet, Advances and Deferred Revenue increased and Deferred Credits decreased by $112,583. On the Combined Statement of Budgetary Resources, Change in Unfilled Customer Orders - Advance Received increased, Change in Unfilled Customer Orders Without Advance From Federal Sources decreased, Obligated Balance - Unfilled Customer Orders from Federal Sources decreased, Spending Authority Adjustments decreased, Collections increased, and Net Outlays decreased, each by $112,583.

Reclassifications. In addition, the Department reclassified certain FY 2002 balances to be consistent with the current year presentation.

The following tables summarize the changes for restatements and reclassifications to the Consolidated Balance Sheet, the Consolidated Statement of Net Cost, the Consolidated Statement of Changes in Net Position, the Combined Statement of Budgetary Resources and the Consolidated Statement of Financing.

Consolidated Balance Sheet
(Selected Line Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
ASSETS					
Intragovernmental Assets:					
Investments, Net	$ 5,348,343		$ -	$ 596	$ 5,348,939
Accounts and Interest Receivable, Net	630,306		-	(33,013)	597,293
Public Assets:					
Accounts and Interest Receivable, Net	1,304,062		-	(52)	1,304,010
General Property, Plant and Equipment, Net	16,916,771	A, B	(177,573)	25,728	16,764,926
Advances and Prepayments	34,872	B	87,790	-	122,662
Other Assets, Net	233,862		-	(25,728)	208,134
TOTAL ASSETS	$ 52,079,210	A	$ (89,783)	$ (32,469)	$ 51,956,958
LIABILITIES					
Intragovernmental Liabilities:					
Accounts Payable	$ 81,962		$ -	$ (27,745)	$ 54,217
Accrued Payroll and Benefits	182,002		-	440	182,442
Advances and Deferred Revenue	517,065	E	112,583	(32,697)	596,951
Deferred Credits	148,481	E	(112,583)	-	35,898
Custodial Liabilities	835,951		-	(17,870)	818,081
Other Liabilities	93,801		-	(598)	93,203
Public Liabilities:					
Accounts Payable	825,168		-	27,745	852,913
Environmental Cleanup Costs	239,087		-	(11,458)	227,629
Accrued Payroll and Benefits	557,628		-	(440)	557,188
Contingent Liabilities	1,022,380		-	11,458	1,033,838
Other Liabilities	624,019		-	18,696	642,715
Net Position					
Unexpended Appropriations	3,827,072	B	87,790	-	3,914,862
Cumulative Results of Operations	40,017,146	A, B	(177,573)	-	39,839,573
TOTAL LIABILITIES AND NET POSITION	$ 52,079,210	A	$ (89,783)	$ (32,469)	$ 51,956,958

Consolidated Statement of Net Cost
(Selected LIne Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
Cost - Services provided to the Public	$ 14,221,244	A	$ 4,949	$ (32,283)	$ 14,193,910
Revenue Earned from the Public	1,319,313	A	-	(60,982)	1,258,331
Net Cost of Services to the Public	12,901,931	A	4,949	28,699	12,935,579
Cost - Services provided to Federal Agencies	1,510,172	A	631	4,708	1,515,511
Revenue Earned from Federal Agencies	1,480,546	A	622	(6,101)	1,475,067
Net Cost of Services provided to Federal Agencies	29,626	A	9	10,809	40,444
Net Cost of Operations	$ 12,931,557	A	$ 4,958	$ 39,508	$ 12,976,023

Consolidated Statement of Net Cost - Net Cost by Program

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
Protect the Environment and Preserve Our Nation's Natural & Cultural Resources	$ 3,698,952	A	$ 4,610	$ (79,696)	$ 3,623,866
Provide Recreation to America	1,921,693	A	348	75,844	1,997,885
Manage Natural Resources for a Healthy Environment and a Strong Economy	3,409,256		-	-	3,409,256
Provide Science for a Changing World	1,119,046		-	(171)	1,118,875
Meet Our Responsibilities to American Indians and Island Communities	2,612,813		-	43,360	2,656,173
Reimbursable Activity and Other	169,797		-	171	169,968
Net Cost of Operations	$ 12,931,557	A	$ 4,958	$ 39,508	$ 12,976,023

Consolidated Statement of Changes in Net Position
(Selected Line Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
UNEXPENDED APPROPRIATIONS					
Beginning Balance	$ 3,660,444	B	$ 66,111	$ (571)	$ 3,725,984
Budgetary Financing Sources					
Appropriations - Used	(9,232,821)	B	21,679	-	(9,211,142)
Other Budgetary Financing Sources	(47,885)		-	571	(47,314)
Ending Balance - Unexpended Appropriations	$ 3,827,072	B	$ 87,790	$ -	$ 3,914,862
CUMULATIVE RESULTS OF OPERATIONS					
Beginning Balance	$ 39,228,617	A, B	$ (166,103)	$ -	$ 39,062,514
Budgetary Financing Sources					
Appropriations - Used	9,232,821	B	(21,679)	-	9,211,142
Transfers In/Out without Reimbursement	72,753		-	35,813	108,566
Other Non-Exchange Revenue	146,822		-	3,441	150,263
Other Budgetary Financing Sources and Adjustments	(3,910)	A	2,111	-	(1,799)
Other Financing Sources					
Transfers In/Out without Reimbursement	224,795	A	13,056	-	237,851
Other	(254)		-	254	-
Net Cost of Operations	(12,931,557)	A	(4,958)	(39,508)	(12,976,023)
Ending Balance - Cumulative Results of Operations	$ 40,017,146	A, B	$ (177,573)	$ -	$ 39,839,573

Combined Statement of Budgetary Resources
(Selected Line Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
Total Budgetary Accounts:					
Budgetary Resources:					
Appropriations Received	$ 13,107,374		$ -	$ 34,094	$ 13,141,468
Net Transfers, Current Year Authority	232,248		-	(34,094)	198,154
Spending Authority From Offsetting Collections:					
Earned:					
Collected	3,075,660		-	32,469	3,108,129
Receivable From Federal Sources	111,817		-	(32,469)	79,348
Change in Unfilled Customer Orders					
Advance Received	253,052	E	112,583	(32,469)	333,166
Without Advance From Federal Sources	318,516	C, D, E	(78,794)	32,469	272,191
Total Budgetary Resources	$ 21,187,088	C,D	$ 33,789	$ -	$ 21,220,877
Status of Budgetary Resources:					
Obligations Incurred:					
Direct	$ 13,385,839		$ -	$ 64	$ 13,385,903
Unobligated Balance:					
Apportioned	4,239,703	C, D	57,693	(64)	4,297,332
Unobligated Balance not Available	158,110	C	(23,904)	-	134,206
Total Status of Budgetary Resources	$ 21,187,088	C, D	$ 33,789	$ -	$ 21,220,877
Relationship of Obligations to Outlays:					
Obligations Incurred	$ 16,742,402		$ -	$ 64	$ 16,742,466
Obligated Balance, Net, End of Fiscal Year:					
Accounts Receivable	510,181		-	(32,469)	477,712
Unfilled Customer Orders From Federal Sources	729,400	C, D, E	(78,794)	32,469	683,075
Undelivered Orders	(4,798,473)		-	(64)	(4,798,537)
Less: Spending Authority Adjustments	(764,472)	C, D, E	78,794	-	(685,678)
Outlays:			-	-	-
Collections	(3,328,713)	E	(112,583)	-	(3,441,296)
Net Outlays	$ 9,427,532	E	$ (112,583)	$ -	$ 9,314,949

(dollars in thousands)	As Originally Published	Restatements	Reclassifications	Revised 2002
Non-Budgetary Credit Program Financing Accounts:				
Status of Budgetary Resources:				
Unobligated Balance:				
Apportioned	$ (2,169)	$ -	$ 57,946	$ 55,777
Exempt From Apportionment	57,946	-	(57,946)	-
Total Status of Budgetary Resources	$ 70,654	$ -	$ -	$ 70,654

Consolidated Statement of Financing
(Selected Line Items)

(dollars in thousands)	As Originally Published		Restatements	Reclassifications	Revised 2002
Resources Used to Finance Activities:					
Budgetary Resources Obligated:					
Obligations Incurred	$ 16,757,279		$ -	$ 64	$ 16,757,343
Less: Spending Authority From Offsetting Collections/Adjustments	(4,100,295)	C, D	(33,789)	-	(4,134,084)
Other Resources:					
Donations and Forfeitures of Property	4,464		-	194	4,658
Transfers In/Out Without Reimbursement	224,795	A	13,056	-	237,851
Resources Used to Finance Items Not Part of the Net Cost of Operations:					
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(12,180)	B, C, D	12,109	(60)	(131)
Resources That Fund Expenses Recognized in Prior Periods	105,112		-	29,105	134,217
Budgetary Offsetting Collections and Receipts That Do Not Affect Offsetting Receipts Not Part of the Net Cost of Operations	1,776,835		-	131,165	1,908,000
Resources That Finance the Acquisition of Assets	(1,035,036)	B	21,679	(41,940)	(1,055,297)
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(37,053.00)		-	51,216.00	14,163.00
Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:					
Components Requiring or Generating Resources in Future Periods:					
Increase (Decrease) in Annual Leave Liability	17,025		-	(438)	16,587
Increase (Decrease) in Environmental and Disposal Liability	-		-	(45,933)	(45,933)
Upward/Downward Re-estimates in Credit Subsidy Expense	2,354		-	381	2,735
Increase (Decrease) in Exchange Revenue Receivable From the Public	-		-	3,844	3,844
Other	711,652		-	(86,279)	625,373
Components Not Requiring or Generating Resources:					
Depreciation and Amortization	499,655	A	(22,891)	(1,235)	475,529
Revaluation of Assets or Liabilities	-		-	14,830	14,830
Components of Net Cost of Operations Related to Transfer Accounts Where Budget Amounts are Reported by Other Federal Entities	346,592		-	4,231	350,823
Other	10,097	A	14,794	(19,637)	5,254
Net Cost of Operations	$ 12,931,557	A	$ 4,958	$ 39,508	$ 12,976,023

NOTE 22. ROYALTIES RETAINED

Royalties Retained include minerals receipts transferred to the Department totaling approximately $2,583 million and $2,541 million for the years ended September 30, 2003 and 2002, respectively. These amounts include transfers to the Land and Water Conservation Fund, and to the Minerals Management Service for distribution to States, and to offset costs incurred by MMS related to royalty collections, and to the Reclamation Fund. These amounts are exchange revenue, but are presented on the Consolidated Statement of Changes in Net Position in accordance with Federal accounting standards.

In FY 2003 and FY 2002, the Consolidated Statement of Net Cost reflects the expenses for the payments to the States in the Manage Natural Resources for a Healthy Environment and a Strong Economy program in the amount of $953 million and $687 million, respectively.

NOTE 23. STRATEGIC PETROLEUM RESERVE

Interior received approximately 38.2 and 11.2 million barrels of petroleum as in-kind mineral lease revenues for the year ended September 30, 2003 and 2002, respectively. Interior transferred this petroleum to the U.S. Department of Energy to increase the strategic petroleum reserve. The value of the petroleum received and transferred was $1,044 million and $263 million for the years ended September 30, 2003 and 2002, respectively.

NOTE 24. STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period. It is the only financial statement exclusively derived from the entity's budgetary general ledger in accordance with budgetary accounting rules that are incorporated into generally accepted accounting principles for the Federal government. The total Budgetary Resources of $23,561 million and $21,292 million for FY 2003 and FY 2002, respectively, includes new budget authority, unobligated balances at the beginning of the year and transferred in/out during the year, spending authority from offsetting collections, recoveries of prior year obligations and any adjustment to these resources. Interior's unobligated balance available at September 30, 2003, is $4,846 million and at September 30, 2002, was $4,400 million.

Apportionment Categories of Obligations Incurred. The Department's obligations incurred during FY 2003 and FY 2002 by apportionment category are shown in the following table:

Obligations by Apportionment Category

(dollars in thousands)

FY 2003	Apportioned: Category A	Apportioned: Category B	Not Subject to Apportionment	Total
Obligations Incurred:				
Direct	$ -	$ 13,979,361	$ 73,718	$ 14,053,079
Reimbursable	-	4,534,566	-	4,534,566
Total Obligations Incurred	$ -	$ 18,513,927	$ 73,718	$ 18,587,645

FY 2002	Apportioned: Category A	Apportioned: Category B	Not Subject to Apportionment	Total
Obligations Incurred:				
Direct	$ -	$ 13,327,116	$ 73,664	$ 13,400,780
Reimbursable	-	3,356,563	-	3,356,563
Total Obligations Incurred	$ -	$ 16,683,679	$ 73,664	$ 16,757,343

Reclamation Trust Funds and Colorado River Dam Fund - Boulder Canyon Project are the only funds classified as not subject to apportionment.

Repayment Requirements, Financing Sources for Repayment, and other Terms of Borrowing Authority Used. The Bureau of Reclamation's borrowing authority is provided under the Credit Reform Act of 1990 (see Note 6, Loans and Interest Receivable, Net for additional information on Credit Reform loans). The repayment terms and provisions of these loans are not more than 40 years from the date when the principal benefits of the projects first became available. Interest on these loans is determined by the Treasury as of the beginning of the fiscal year in which the contract is executed, on the basis of the average market yields on outstanding marketable obligations of the United States. Collections in excess of the interest due to the Treasury is applied to the outstanding principal owed to the Treasury.

The BIA receives borrowing authority from Treasury for its loan programs in accordance with the Federal Credit Reform Act of 1990 and related legislation. The guaranteed loan financing fund can borrow funds when the cash balance in a financing fund cohort is insufficient to pay default claims, interest subsidy payments, downward subsidy re-estimates or the interest on prior Treasury borrowings. The balance in this account as of September 30, 2003, and September 30, 2002, was $2.2 million.

The BIA's direct loan program ended in 1995. However, borrowings arising from direct loans made between 1992 and 1995 are still outstanding. These borrowings are being repaid as scheduled and as of September 30, 2003, and September 30, 2002, were $22.9 million (see Note 6, Loans and Interest Receivable, Net for additional information).

In 2001, the Bureau of the Public Debt extended a loan to the Departmental Offices for the purpose of operating a direct loan to the American Samoa Government. Interest is accrued annually based on the prevailing market yield on Treasury securities of comparable maturity. The loan has a final payment due date of September 30, 2027 (see Note 6, Loans and Interest Receivable, Net for additional information).

Permanent Indefinite Appropriations. Permanent indefinite appropriations refer to the appropriations that come from permanent public laws, which authorize the Department to retain certain receipts, rather than the annual appropriations process and the amount appropriated depends upon the amount of the receipts rather than a specific amount. All Interior bureaus use one or more permanent no-year appropriations to finance operating costs and the purchase of property, plant, and equipment.

The Department has approximately 70 permanent indefinite appropriations, which are primarily for special programs and projects. Some examples are:

- BIA has several permanent indefinite appropriations, which are primarily for special projects and loan programs, such as Claims and Treaty Obligations, Indian Loan Guaranty Financing and Insurance Fund Liquidating Account, Revolving Fund for Loans Liquidating Account, Operation and Maintenance of Quarters, Indian Irrigation Systems, Indian Power Systems, Alaska Resupply Program, and Indian Direct Loan Program Account.

- BOR has the Colorado River Dam Fund - Boulder Canyon Project which is an indefinite appropriation funded by various operating revenues of the Hoover Dam, mainly from the sale of power generated at the dam. Reclamation Trust Funds include amounts received from public benefactors that are used to finance restoration and other activities.

- The MMS permanent indefinite appropriations include minerals revenue with the States resulting from the leasing of mineral leases within their borders, Forest Fund Payments to a State based on National Forest acreage within that State, and flood control payments to States to be expended as the State legislature may prescribe for the benefit of the public schools and roads in the county government.

- A majority of the NPS permanent appropriations are from the Fee Demonstration Program, but also includes Park Concessions Franchise Fees, the National Park Passport Program, and the Operation and Maintenance of Quarters.

- Other types of permanent indefinite appropriations include the Recreation Fee Demonstration Program Fund, the Sport Fish Restoration Fund, and the Federal Aid in Wildlife Restoration Fund.

These funds do not require annual appropriation action by Congress as they are subject to the authorities of the permanent law.

Appropriations Received. Appropriations received on the Consolidated Statement of Changes in Net Position differs from that reported on the Combined Statement of Budgetary Resources because Appropriations Received on the Consolidated Statement of Changes in Net Position does not include appropriated dedicated and earmarked receipts. Dedicated and earmarked receipts are accounted for as either exchange or non-exchange revenue.

Legal Arrangements Affecting Use of Unobligated Balances. Interior's unobligated unavailable balances for FY 2003 and FY 2002 are $126.5 million and $134.2 million, respectively, and consists of:

Unobligated Unavailable Balance

(dollars in thousands)	FY 2003	FY 2002 (As Restated)
Unapportioned amounts unavailable for future apportionments	$ 5,839	$ 32,465
Expired Authority	119,141	101,741
Total Budgetary Accounts	124,981	134,206
Non-Budgetary Credit Program Financing Accounts	1,518	-
Unobligated Unavailable Balance	$ 126,499	$ 134,206

Unobligated balances, whose period of availability has expired are not available to fund new obligations but is available to pay for adjustments to obligations incurred prior to expiration. For a fixed appropriation account, the balance can be carried forward for five fiscal years after the period of availability ends. At the end of the fifth fiscal year, the account is closed and any remaining balance is canceled. For a no-year account, the unobligated balance is carried forward indefinitely until (1) specifically rescinded by law, or (2) the head of the agency concerned or the President determines that the purposes for which the appropriation was made have been carried out and disbursements have not been made against the appropriation for two consecutive years.

The appropriation law, Public Law 108-7, is the major source of funding for the BLM's operating programs and directs that a definite sum of the Bureau's wildland firefighting authority be applied to the construction of fire facilities. These authorizations also direct how the Bureau must treat other assets it may acquire as a result of executing its operating programs. Also, BIA receives contract authority from DOT's Highway Trust Fund for the maintenance and construction of roads and bridges on BIA and Trust property.

All appropriation language contains specific and/or general authorizations. These authorizations may be defined as legislative parameters that frame the funding and Federal agency policy for executing its programs. These authorizations also direct how the Department must treat other assets it may acquire as a result of executing its operating programs. Since both specific and general authorizations are integral components of all legislation, the Department does not view them as restrictions or legal encumbrances on its available funding.

Explanation of Differences Between the Combined Statement of Budgetary Resources (SBR) and the Budget of the United States Government. The Combined Statement of Budgetary Resources has been prepared to coincide with the amounts shown in the President's Budget (Budget of the United States Government). The actual amounts for FY 2003 in the President's Budget have not been published at the time these financial statements were prepared. The President's Budget with the actual FY 2002 amounts was released on February 3, 2003, and FY 2003 amounts are estimated to be released in February 2004, and both can be located at the OMB Web site (*http://www.whitehouse.gov/omb*).

The Department's FY 2002 budget amounts have been compared to the FY 2002 President's Budget. The most significant differences between the SBR to the Budget of the U.S. Government result from the fact that the SBR includes expired appropriations while the Budget of the U.S. Government does not. As a result, the SBR includes approximately $146 million in Total Budgetary Resources that are not included in the President's Budget. A summary of amounts from Expired Accounts is presented in the following table.

Amounts from Expired Accounts Included on the Statement of Budgetary Resources but Excluded from the President's Budget

BUDGETARY RESOURCES	
Unobligated balance	
Brought forward, October 1	$ 111,803
Net transfers, balances, actual	(9,250)
Spending authority from offsetting collections:	
Earned	
Collected	187,156
Receivable from Federal sources	(146,878)
Change in unfilled customer orders	
Advance received	(18,240)
Without advance from Federal sources	(29,382)
Recoveries of prior year obligations: Actual	73,874
Cancellations of expired/no-year accounts	(22,744)
Other authority withdrawn pursuant to Public Law	(47)
Total budgetary resources	$ 146,292
STATUS OF BUDGETARY RESOURCES	
Obligations incurred	
Direct	
Category A	$ 62
Total, Category B	44,488
Reimbursable: Total, Category B	(13)
Other	101,755
Total status of budgetary resources	$ 146,292

In addition, certain other differences exist, including:

- Differences are present due to adjustments related to the Interior Franchise Fund in the amount of $94 million made to the SBR after the Budget for the U.S. Government was completed.

- Other differences result from adjustments made subsequent to the submission of information used in the President's budget. An adjustment was made related to advances from the Department of Education for

$112.5 million after the FACTS II transmission. Offsetting collections and unobligated available amounts differ for the Operations of Indian Programs account.

- Discrepancies occur due to transfers of appropriations where the transferring agency has the responsibility to report these amounts in the Statement of Budgetary Resources, but these amounts are included in the President's Budget for the receiving agency.

NOTE 25. STATEMENT OF FINANCING ALLOCATION OF TRANSFERS

The Department provides budget resources to and receives budget resources from other Federal entities in the form of "allocation transfer accounts." The activity in these allocation transfer accounts is reported in the Consolidated Balance Sheet, Consolidated Statement of Net Cost, and Consolidated Statement of Changes in Net Position of the recipient agency. However, the budgetary activity for these allocation transfer accounts is reported by the providing agency on its Combined Statement of Budgetary Resources. This treatment creates a reconciling item between the proprietary statements (the Consolidated Balance Sheet, Consolidated Statement of Net Cost, and Consolidated Statement of Changes in Net Position) and the Combined Statement of Budgetary Resources. The adjustment shown in the Consolidated Statement of Financing for this line represents this reconciliation amount.

The major Interior allocation transfers made internally include those from the Wildland Fire Management Account, the Central Hazardous Material Fund, the Office of Special Trust Funds, the Natural Resources Damage Assessment, the Restoration Fund, and the Bureau of Indian Affairs' Construction Funds.

The major Interior allocation transfers made outside the Department include those from the Department of Transportation, U.S. Corps of Engineers, Department of Labor, and Department of Health and Human Services.

The transfers made outside the Department result in reconciling differences for the statement of financing. The following table summarizes the allocation transfers and the related amounts that are reported as reconciling differences in the statement of financing:

Statement of Financing - Allocation of Transfers

Trading Partner	Nature and Purpose of Transfer	FY 2003 Reconciling Difference	FY 2002 Reconciling Difference
Transfer of Appropriations where the Department is the recipient (i.e., Child) and therefore reports the proprietary activity, but not the budgetary activity:			
Department of Transportation - Highway Trust Fund	Federal Aid for maintenance of Department Highways	$ 268,292	$ 291,883
Department of Labor - Job Corps	Employee and Training services	70,002	70,662
Health and Human Services	Child Development and Employment Programs	37,578	21,871
Other		2,736	10,489
Total resources transferred in with budgetary information reported by the agencies listed above		378,608	394,905
Transfer of Appropriations where the Department is the transferor (i.e., Parent) and therefore reports the budgetary activity, but not the proprietary activity:			
Department of Transportation	Highway Construction	1,265	4,998
U.S. Corps of Engineers	Land Acquisition and State Assistance	6,409	39,002
Department of Agriculture	To fund Soil Conservation Programs	254	82
Other		2,742	-
Total resources transferred out with proprietary information reported by the agencies listed above		10,670	44,082
Net Reconciling Difference of appropriations transferred to or from other Federal agencies		$ 367,938	$ 350,823

Change in Unfunded Liabilities. The Consolidated Statement of Financing includes a section depicting the change in certain unfunded liabilities. The amounts in this section do not necessarily correlate to the change in liabilities not covered by budgetary resources as shown in Note 16, Liabilities Analysis. Differences are primarily the result of certain Treasury requirements related to where changes in various liabilities are reported on the Consolidated Statement of Financing. These requirements are dependent upon whether the change results in an increase or decrease to the liability account. Additionally, some liability accounts not covered by budgetary resources are not included in the Consolidated Statement of Financing.

NOTE 26. INDIAN TRUST FUNDS

The Department, through the Office of the Special Trustee for American Indians (OST), maintains approximately 1,400 accounts for Tribal and Other Trust Funds (including the Alaska Native Escrow Fund) with combined monetary assets of approximately $2,880 million and $2,856 million as of September 30, 2003 and 2002, respectively.

The balances that have accumulated in the Tribal and Other Trust funds have resulted from judgment awards, settlements of claims, land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, and investment income.

The trust fund balances for Tribal and Other Trust Funds contain two categories:

1. Trust funds held for Indian Tribes (considered non-Federal funds), and
2. Trust funds held by the Department of the Interior, for future transfer to a Tribe upon satisfaction of certain conditions or where the corpus of the fund is non-expendable (considered Federal funds).

The non-Federal and Federal funds are reflected as separate components of the fund balance in the Tribal and Other Trust Funds financial statements. The trust funds considered Federal funds are reflected in the Department's financial statements.

The OST also maintains about 260,000 and 252,000 open Individual Indian Monies (IIM) accounts with a fund balance of approximately $413 million and $411 million as of September 30, 2003 and 2002, respectively.

The IIM Fund is primarily a deposit fund for individuals who have a beneficial interest in the trust funds. IIM account holders realize receipts primarily from land use agreements, royalties on natural resource depletion; other proceeds derived directly from trust resources, judgment and tribal per capita distributions, and investment income.

Summaries of the financial statements of the Tribal and Other Trust Funds and the IIM Trust Funds are at the end of this note. The amounts in the summaries do not include the values related to trust lands or other trust resources managed by the Department.

Financial Statements and Basis of Accounting. The Tribal and Other Trust Fund statements of assets and trust fund balances and statements of changes in trust fund balances were prepared using a cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The cash basis of accounting differs from GAAP in that receivables and payables are not recorded and investment premiums and discounts are not amortized or accreted. Receipts are recorded when received, disbursements are recorded when paid, and investments are stated at historical cost.

The IIM Trust Fund statements of assets and trust fund balances and statements of changes in trust fund balances were prepared using a modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. The modified cash basis of accounting differs from GAAP in that receivables and payables are not recorded with the exception of interest earned on invested funds (including discount accretion and premium amortization). Receipts are recorded when received with the exception of interest, and disbursements are recorded when paid. Interest is recorded when earned, including accretion/amortization of investment discounts and premiums. Investments are stated at amortized cost.

Audit Results. With Office of Inspector General oversight, independent auditors audited the Tribal and Other Trust Funds and the IIM Trust Funds financial statements as of and for the years ended September 30, 2003 and 2002. The independent auditors indicated that the financial statements were prepared on the cash or modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. In addition, the independent auditors' reports were qualified as a result of the following:

- It was not practicable for the independent auditors to extend audit procedures sufficiently to satisfy themselves as to the fairness of the trust fund balances and changes in trust fund balances reflected in the financial statements as a result of inadequacies in certain Department of the Interior accounting systems.

- Certain parties do not agree with the trust fund balances reflected in the financial statements and these parties have filed, or are expected to file claims against the Department.

For more information on Contingencies, see Note 15 regarding Environmental Cleanup Cost and Contingent Liabilities.

Tribal and Other Trust Funds
Statements of Assets and Trust Fund Balances - Cash Basis
as of September 30, 2003 and 2002
(dollars in thousands)

	FY 2003	FY 2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 507,578	$ 723,702
Investments	2,372,434	2,132,587
TOTAL ASSETS	$ 2,880,012	$ 2,856,289
TRUST FUND BALANCES		
Held for Indian tribes	$ 2,624,471	$ 2,633,118
Held by Department of the Interior and considered to be U.S. Government funds	255,541	223,171
TOTAL TRUST FUND BALANCES	$ 2,880,012	$ 2,856,289

Tribal and Other Trust Funds
Statements of Changes in Trust Fund Balances - Cash Basis
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	FY 2003	FY 2002
Receipts	$ 256,168	$ 293,785
Interest Received	118,010	139,249
Gain (Loss) on disposition of investments, Net	4,291	1,690
Disbursements	(354,746)	(383,452)
Increase in trust fund balances, net	23,723	51,272
Trust Fund Balances - Beginning of Year	2,856,289	2,805,017
Trust Fund Balances - End of Year	$ 2,880,012	$ 2,856,289

Note: The independent auditors' expressed a qualified opinion on these financial statements.
See " Audit Results" section above.

Individual Indian Monies Trust Funds
Statements of Assets and Trust Fund Balances - Modified Cash Basis
as of September 30, 2003 and 2002
(dollars in thousands)

	FY 2003	FY 2002
ASSETS		
Current Assets		
Cash and cash equivalents	$ 26,488	$ 44,018
Investments	382,325	362,796
Accrued interest receivable	4,255	4,531
TOTAL ASSETS	$ 413,068	$ 411,345
TRUST FUND BALANCES, held for Individual Indians	$ 413,068	$ 411,345

Individual Indian Monies Trust Funds
Statements of Changes in Trust Fund Balances - Modified Cash Basis
for the years ended September 30, 2003 and 2002
(dollars in thousands)

	FY 2003	FY 2002
Receipts	$ 170,996	$ 168,248
Interest and dividends earned	22,817	23,022
Gain (Loss) on disposition of investments, Net	436	83
Disbursements	(192,526)	(184,148)
Increase (decrease) in trust fund balances, net	1,723	7,205
Trust Fund Balances - Beginning of Year	411,345	404,140
Trust Fund Balances - End of Year	$ 413,068	$ 411,345

Note: The independent auditors' expressed a qualified opinion on these financial statements.
See " Audit Results" section above.

NOTE 27. DEDICATED COLLECTIONS

Dedicated collections as of September 30, 2003 and 2002 consist of the following:

Conservation Funds. Conservation Funds consist of the Land and Water Conservation Fund and the Historic Preservation Fund.

The Land and Water Conservation Fund (LWCF) was enacted in 1964 (Public Law 88-578) to create and maintain a nationwide legacy of high quality recreation areas and facilities. The LWCF Act established a funding source for both Federal acquisition of authorized national park, conservation and recreation areas as well as grants to State and local governments to help them acquire, develop, and improve outdoor recreation areas. The fund is accounted for by the information provided by the Minerals Management Service and is reported as a restricted asset.

Annually, $900 million for the Land and Water Conservation Fund and $150 million for the Historic Preservation Fund (HPF) under Public Law 89-665, are transferred from Interior's Minerals Management Service to the National Park Service, the majority of which is from royalties from Outer Continental Shelf oil deposits. Each year, amounts from the Land and Water Conservation and Historic Preservation Funds are warranted to some of the bureaus within the Department of the Interior and the rest to the U.S. Department of Agriculture's Forest Service Agency.

The HPF provides matching grants to encourage private and non-Federal investment in historic preservation efforts nationwide, and assists State and local governments, and Indian Tribes with expanding and accelerating their historic preservation activities nationwide. Historic Preservation Fund grants serve as a catalyst and "seed money" for preserving and protecting our Nation's irreplaceable heritage for this and future generations.

Abandoned Mine Land Fund. Public Law 95-87 established the Office of Surface Mining (OSM), a component of Interior, and authorized the collection of a fee from Coal Mine Operators. Fees of 35 cents per ton of surface mined coal, 15 cents per ton of coal mined underground, and 10 cents per ton of lignite are collected from active mining operations. The fees are deposited in the Abandoned Mine Land (AML) Reclamation Fund, which is used to fund abandoned mine land reclamation projects. The Surface Mining Law specifies that 50 percent of the reclamation fees collected in each State with an approved reclamation program, or within Indian lands where the Tribe has an approved reclamation program, are to be allocated to that State or Tribe. This 50 percent is designated as the State or tribal share of the fund. The remaining 50 percent (the Federal share) is used by Interior to complete high priority and emergency projects, to fund the Small Operator Assistance Program, to fund additional projects directly through State reclamation programs, and to pay collection, audit, and administration costs.

Expenditures from the AML Fund may only be made as a consequence of appropriations or other Laws. AML reclamation is accomplished primarily by States and Tribes and is funded by grants. Grant funding levels are determined by Interior's annual appropriation and consider the individual State or Tribe's needs, the State and Federal shares, as well as emergency and special funding requirements.

Under authority of Public Law 101-509, Interior began investing AML funds in U.S. Treasury Securities. Beginning in 1996, under a requirement of the Energy Policy Act of 1992 (Public Law 102-486), Interior began an annual transfer from the investment interest earned to the United Mine Workers of America Combined Benefit Fund (UMWA CBF). This transfer is used to defray anticipated health care costs for eligible union coal mine workers who retired on or before July 20, 1992, and their dependents.

Payments to the UMWA CBF are made in advance based on the number of beneficiaries and an estimate of their benefit costs. Under current practice, the estimate is then adjusted to actual costs as health benefits are paid in subsequent years.

AML program expenses approximate the net cost for the Environmental Restoration GPRA program activity with the addition (+/-) of a pro rata share of allocated costs. The Environmental Restoration GPRA is included in Strategic Goal 1: Protect the Environment and Preserve Our Nation's Natural and Cultural Resources.

Environmental Improvement and Restoration Fund. The Environmental Improvement and Restoration Fund (EIRF) was a distribution of the Alaska Escrow Fund in which half of the principal was invested in Treasury Securities. The purpose of EIRF is to invest the monies and earn interest until there is further congressional action. Congress has permanently appropriated 20% of the prior fiscal year interest earned by the EIRF to the Department of Commerce each year for their marine research activities. The remaining 80% remains in the fund to earn interest and may be appropriated by Congress to certain other agencies, as provided by the law. No assets are available to the Department of the Interior unless appropriated by Congress.

Aquatic Resources Trust Fund and Sport Fish Restoration. The Aquatic Resources Trust Fund (ARTF) receives excise tax revenues from the sale of fishing tackle and equipment, certain motorboat and small engine gasoline, and interest earned on invested trust funds. These funds are subsequently distributed to the U.S. Fish and Wildlife Service Sport Fish Restoration Account (SFRA), the U.S. Coast Guard Boat Safety Program, and the Army Corps of Engineers Coastal Wetlands Program. Although the ARTF is managed and maintained by Treasury (per Title 26 of the U.S. Code, Section 9602), Interior reports the ARTF as they have the preponderance of the fund activity (the SFRA received approximately 77% and 74% of the ARTF transfers for FY 2003 and FY 2002, respectively). The SFRA makes grants available to States to restore, conserve, manage, protect, and enhance sport fish resources and coastal wetlands, and also to enhance public use and benefits from sport fish resources.

Wildlife Restoration. The Federal Aid in Wildlife Restoration Program is a key component of the Nation's cooperative conservation work for wildlife and their habitats. It implements the DOI's Draft Resource Protection Goal of sustaining biological communities on DOI managed and influenced lands and waters by providing financial and technical assistance to States to restore, conserve, manage, and enhance wild bird and mammal populations; acquiring and managing their habitats; providing public use and benefit from wildlife resources; educating hunters; and developing shooting ranges.

The Federal Aid in Wildlife Restoration Act of 1937, also called the *Pittman-Robertson Wildlife Restoration Act*, as amended (16 U.S.C.669-669k) authorizes the Secretary of Interior to implement a multi-State conservation grant program and a firearm and bow hunter education and safety program that provides grants to States.

Interest earned on investments from the Federal Aid in Wildlife Restoration Account are estimated at $19 million, or $4 million higher than the FY 2002 estimated level of $15 million. The interest earned is one of the funding sources for the grant program authorized by the North American Wetlands Conservation Act.

The Wildlife Restoration program is funded by an 11% excise tax on sporting firearms and ammunition, a 12.4% tax on archery equipment, and a 10% tax on handguns. These tax receipts are appropriated to the Service through a permanent-indefinite appropriation for use in the fiscal year following collection. The total of receipts apportioned directly contributes to the *DOI's Draft Resource Protection Goal of sustaining biological communities on DOI Managed and Influenced Lands and Waters.*

The Wildlife Restoration program operates on a cost reimbursement basis. Each State pays the costs of approved projects up front and applies intermittently for reimbursement of up to seventy-five percent of the costs incurred. The State must provide at least twenty-five percent of the project costs from a non-Federal source. However, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, and American Samoa are not required to provide matching shares. The source of funds for the Federal Aid in Wildlife Restoration program is public, and the source of funds for the Wildlife and Sport Fish Restoration program is government.

Office of the Special Trustee for American Indians. Established by the American Indian Trust Fund Management Reform Act of 1994 (Public Law 103-412), the Office of the Special Trustee for American Indians (OST) was created to improve the accountability and management of Indian funds held in trust by the Federal government. OST develops and implements the policies and procedures governing the management of Indian trust funds. OST manages and is accountable for Tribal Trust and Special Funds that are reported in these financial statements. Financing sources for these funds are from judgment/award monies from Federal sources and other lease and rental income from the public.

Central Utah Project Completion Act. The primary purpose of the Central Utah Project Completion Act (CUPCA) is to provide for the orderly completion of the Central Utah Project by authorizing water conservation and wildlife mitigation projects, and by providing funding for conservation activities. The CUPCA office within the Department is mandated by the Act to, among other responsibilities, transfer funds to the Commission, which has exclusive responsibility for competing the fish, wildlife, and recreation projects in the State of Utah required as part of the Central Utah Project. The Commission also receives transfers of annual appropriations from the Western Area Power Administration of the Department of Energy. The Commission has discretion to either expend such funds, or parts thereof, for mitigation activities, or to invest such funds, or parts thereof, in a trust fund established by CUPCA, the interest from which is for the future use of the Commission. The Department accounts for and reports on this fund through the Utah Reclamation Mitigation and Conservation Commission Fund.

National Resource Damage Assessment and Restoration Fund. Section 301c of the Comprehensive Environmental Response, Compensation, and Liability Act requires promulgation of regulations for the assessment of damages for injury to, destruction of, or loss of natural resources resulting from a discharge of oil or release of a hazardous substance. The responsibility for this rulemaking was delegated to DOI by the President in Executive Order 12580 (January 23, 1987). The Department accounts for and reports on this fund through the Natural Resource Damage Assessment and Restoration Fund (NRDAR). The primary aim of the NRDAR is to restore natural resources injured as the result of oil spills or hazardous substance releases. The program assesses the damages and injuries to natural resources entrusted to Interior and negotiates legal settlements or takes other legal actions against the responsible parties for the spill or release. Funds from these settlements are then used to restore the injured resources at no expense to the taxpayer. Settlements often include the recovery of the costs incurred in assessing the damages. These funds are then used to fund further damage assessments.

Other Dedicated Collections. Other dedicated collections consist of the following.

Donations. The purpose of this fund is to record cash donations provided to the National Park Service (NPS). The fund is accounted for and reported as donated revenue financing source. The source of revenue for this fund is from public donations and is considered an inflow of resources to the government. Under 16 U.S.C 6, NPS has the authority to use funds as collected.

Priority Land Acquisition. Funds under the Priority Land Acquisitions, Land Exchanges and Maintenance account are from the Land and Water Conservation Fund for priority land acquisitions and exchanges. The Department accounts for and reports on these funds through the Title V Priority Land Acquisitions, Land Exchanges, and Maintenance Fund and the Title VI Priority Land Acquisitions and Land Exchanges Fund. These funds are available for the high priority land acquisitions and exchanges and for reducing maintenance backlogs.

Reclamation Trust Funds. The Reclamation Trust Funds receive monies from the State of California per Public Law 102-575, Title XXXIV, Central Valley Project Improvement Act, to accomplish the following purposes: (a) to protect, restore, and enhance fish, wildlife, and associated habitats in the Central Valley and Trinity River basins of California; (b) to address impacts of the Central Valley Project on fish, wildlife and associated habitats; (c) to improve the operational flexibility of the Central Valley Project; (d) to increase water-related benefits provided by the Central Valley Project to the State of California through expanded use of voluntary water transfers and improved water conservation; (e) to contribute to the State of California's interim and long-term efforts to protect the San Francisco Bay/Sacramento-San Joaquin Delta Estuary; and (f) to achieve a reasonable balance among competing demands for use of the Central Valley Project water, including the requirements of fish and wildlife, agricultural, municipal and industrial and power
contractors.

Reclamation has established unique cost centers within the accounting system for each of the specified activities under the Act. Once the activity is completed, a report is prepared for the State of California showing the monies collected and the costs incurred.

Everglades. Interior also administers a small portion of the funds available for the Everglades restoration effort. Section 390 of the Federal Agriculture Improvement and Reform Act (Farm Bill) of 1996 (Public Law 104-217), authorized the establishment of an "Everglades Restoration Account" consisting of funds deposited to a special Treasury account derived from the sale of surplus Federal property located in the State of Florida. Although the authority to receive these funds was abolished by the Water Resources Development Act (Public Law 106-541) passed on December 11, 2000, funds deposited to the account prior to that date remain available to support the restoration effort. The Department accounts for and reports on this fund through the Everglades Restoration Account Fund. These funds are to be utilized for "the acquisition of real property … within the Everglades ecosystem; and … the funding of resource protection and resource maintenance activities in the Everglades ecosystem." This legislation also provided $200 million in appropriated funds that have been used primarily for land acquisitions and exchanges necessary to further the restoration effort. These funds have been fully obligated.

FY 2003 Dedicated Collections

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Abandoned Mine Land Fund	Environmental Improvement and Restoration Fund	Aquatic Resources Trust Fund
ASSETS					
Fund Balance with Treasury	$ 13,443,816	$ 2,377,575	$ 543	$ 1	$ 22,074
Investments, Net	-	-	1,926,867	977,521	1,415,812
Accounts Receivable	-	-	34,965	-	273
Property, Plant, and Equipment and Other Assets	-	-	40	-	-
TOTAL ASSETS	$ 13,443,816	$ 2,377,575	$ 1,962,415	$ 977,522	$ 1,438,159
LIABILITIES					
Aquatic Resource Amounts Due to FWS	$ -	$ -	$ -	$ -	$ 883,661
Aquatic Resource Amounts Due to Coast Guard	-	-	-	-	-
Aquatic Resource Amounts Due to Corps of Engineers	-	-	-	-	-
Aquatic Resource Amounts Due to Others	-	-	-	-	83
Accounts Payable	-	-	9,304	-	-
Other Liabilities	-	-	477	-	-
TOTAL LIABILITIES	-	-	9,781	-	883,744
Total Net Position	13,443,816	2,377,575	1,952,634	977,522	554,415
TOTAL LIABILITIES AND NET POSITION	$ 13,443,816	$ 2,377,575	$ 1,962,415	$ 977,522	$ 1,438,159
CHANGE IN NET POSITION					
Net Position, Beginning of Fiscal Year	$ 13,073,662	$ 2,298,127	$ 1,886,154	$ 967,274	$ 538,979
Change in Net Position:					
Non-exchange Revenue:					
Taxes	-	-	-	-	426,376
AML Fee Revenue	-	-	282,411	-	-
Investment Interest and Other	899,020	150,000	23,720	10,248	40,949
Transfers In/Out without Reimbursement	(528,866)	(70,552)	-	-	(451,889)
Exchange Revenue - Services Provided and Other	-	-	103	-	-
Program Expenses	-	-	(239,754)	-	-
Net Position, End of Fiscal Year	$ 13,443,816	$ 2,377,575	$ 1,952,634	$ 977,522	$ 554,415

FY 2003 Dedicated Collections

Sportfish Restoration	Wildlife Restoration	Office of the Special Trustee for American Indians	Central Utah Project Completion Act	Natural Resource Damage Assessment and Restoration Fund	Other Dedicated Collections	FY 2003
$ (6,938)	$ 18,098	$ (34)	$ 30,379	$ 404	$ 132,820	$ 16,018,738
-	453,148	257,513	140,134	155,695	65	5,326,755
883,688	1	-	-	5,706	139	924,772
-	123	-	4,170	-	40,938	45,271
$ 876,750	$ 471,370	$ 257,479	$ 174,683	$ 161,805	$ 173,962	$ 22,315,536
$ -	$ -	$ -	$ -	$ -	$ -	$ 883,661
62,515	-	-	-	-	-	62,515
327,164	-	-	-	-	-	327,164
-	-	-	-	-	-	83
22,284	17,073	-	446	3	3,637	52,747
1,348	624	-	231	-	48,722	51,402
413,311	17,697	-	677	3	52,359	1,377,572
463,439	453,673	257,479	174,006	161,802	121,603	20,937,964
$ 876,750	$ 471,370	$ 257,479	$ 174,683	$ 161,805	$ 173,962	$ 22,315,536
$ 462,309	$ 490,489	$ 224,898	$ 161,442	$ 151,620	$ 121,518	$ 20,376,472
-	214,337	-	-	-	-	640,713
-	-	-	-	-	-	282,411
358	8,746	12,212	11,261	34,475	16,922	1,207,911
329,816	(243)	28,877	6,061	(22,184)	(276)	(709,256)
-	-	-	4,027	-	17,089	21,219
(329,044)	(259,656)	(8,508)	(8,785)	(2,109)	(33,650)	(881,506)
$ 463,439	$ 453,673	$ 257,479	$ 174,006	$ 161,802	$ 121,603	$ 20,937,964

FY 2003 Other Dedicated Collections

(dollars in thousands)	Donations	Priority Land Acquisition	Reclamation Trust Funds
ASSETS			
Fund Balance with Treasury	$ 50,293	$ 22,685	$ 47,865
Investments, Net	-	-	-
Accounts Receivable	5	-	134
Other Assets	4,534	2,713	33,528
TOTAL ASSETS	$ 54,832	$ 25,398	$ 81,527
LIABILITIES			
Accounts Payable	$ 324	$ 2,230	$ 765
Other Liabilities	275	-	47,286
TOTAL LIABILITIES	599	2,230	48,051
Total Net Position	54,233	23,168	33,476
TOTAL LIABILITIES AND NET POSITION	$ 54,832	$ 25,398	$ 81,527
CHANGE IN NET POSITION			
Net Position, Beginning of Fiscal Year	$ 41,089	$ 35,655	$ 32,291
Change in Net Position:			
Non-exchange Revenue:			
Investment Interest and Other	28,975	(12,487)	-
Transfers In/Out without Reimbursement	70	-	(347)
Exchange Revenue - Services Provided and Other	-	-	9,190
Program Expenses	(15,901)	-	(7,658)
Net Position, End of Fiscal Year	$ 54,233	$ 23,168	$ 33,476

FY 2003 Other Dedicated Collections

Everglades	Construction Trust Fund	National Indian Gaming Commission	Birth Place of Abraham Lincoln	FY 2003 Other Dedicated Collections
$ 3,330	$ 4,310	$ 4,252	$ 85	$ 132,820
-	-	-	65	65
-	-	-	-	139
5	37	121	-	40,938
$ 3,335	$ 4,347	$ 4,373	$ 150	$ 173,962
$ 146	$ 2	$ 170	$ -	$ 3,637
8	3	1,150	-	48,722
154	5	1,320	-	52,359
3,181	4,342	3,053	150	121,603
$ 3,335	$ 4,347	$ 4,373	$ 150	$ 173,962
$ 4,844	$ 4,473	$ 3,017	$ 149	$ 121,518
-	-	434	-	16,922
-	-	1	-	(276)
-	-	7,891	8	17,089
(1,663)	(131)	(8,290)	(7)	(33,650)
$ 3,181	$ 4,342	$ 3,053	$ 150	$ 121,603

FY 2002 Dedicated Collections

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Abandoned Mine Land Fund	Environmental Improvement and Restoration Fund	Aquatic Resources Trust Fund
ASSETS					
Fund Balance with Treasury	$ 13,073,662	$ 2,298,127	$ 5,318	$ 1	$ 20,635
Investments, Net	-	-	1,895,100	967,273	1,364,823
Accounts Receivable	-	-	1,214	-	273
Property, Plant, and Equipment and Other Assets	-	-	-	-	-
TOTAL ASSETS	$ 13,073,662	$ 2,298,127	$ 1,901,632	$ 967,274	$ 1,385,731
LIABILITIES					
Aquatic Resource Amounts Due to FWS	$ -	$ -	$ -	$ -	$ 846,669
Aquatic Resource Amounts Due to Coast Guard	-	-	-	-	-
Aquatic Resource Amounts Due to Corps of Engineers	-	-	-	-	-
Aquatic Resource Amounts Due to Others	-	-	-	-	83
Accounts Payable	-	-	6,644	-	-
Other Liabilities	-	-	8,834	-	-
TOTAL LIABILITIES	-	-	15,478	-	846,752
Total Net Position	13,073,662	2,298,127	1,886,154	967,274	538,979
TOTAL LIABILITIES AND NET POSITION	$ 13,073,662	$ 2,298,127	$ 1,901,632	$ 967,274	$ 1,385,731
CHANGE IN NET POSITION					
Net Position, Beginning of Fiscal Year	$ 12,856,416	$ 2,222,437	$ 1,837,412	$ 948,850	$ 571,775
Change in Net Position:					
Non-exchange Revenue:					
Taxes	-	-	-	-	415,673
AML Fee Revenue	-	-	285,580	-	-
Investment Interest and Other	899,479	150,000	36,329	18,424	35,571
Transfers In/Out without Reimbursement	(682,233)	(74,310)	-	-	(484,040)
Exchange Revenue - Services Provided and Other	-	-	356	-	-
Program Expenses	-	-	(195,539)	-	-
UMWA-CBF Expenses	-	-	(77,984)	-	-
Net Position, End of Fiscal Year	$ 13,073,662	$ 2,298,127	$ 1,886,154	$ 967,274	$ 538,979

FY 2002 Dedicated Collections

Sport Fish Restoration	Wildlife Restoration	Office of the Special Trustee for American Indians	Central Utah Project Completion Act	Natural Resource Damage Assessment and Restoration Fund	Other Dedicated Collections	FY 2002
$ 2,349	$ 5,350	$ (34)	$ 22,600	$ 5,006	$ 134,539	$ 15,567,553
-	499,389	224,932	134,907	146,614	65	5,233,103
846,668	1	-	4	-	16	848,176
-	123	-	4,495	-	51,733	56,351
$ 849,017	$ 504,863	$ 224,898	$ 162,006	$ 151,620	$ 186,353	$ 21,705,183
$ -	$ -	$ -	$ -	$ -	$ -	$ 846,669
66,812	-	-	-	-	-	66,812
304,226	-	-	-	-	-	304,226
-	-	-	-	-	-	83
15,300	14,062	-	394	-	10,329	46,729
370	312	-	170	-	54,506	64,192
386,708	14,374	-	564	-	64,835	1,328,711
462,309	490,489	224,898	161,442	151,620	121,518	20,376,472
$ 849,017	$ 504,863	$ 224,898	$ 162,006	$ 151,620	$ 186,353	$ 21,705,183
$ 392,360	$ 478,436	$ 196,242	$ 149,645	$ 151,968	$ 188,757	$ 19,994,298
-	223,812	-	-	-	-	639,485
-	-	-	-	-	-	285,580
-	13,540	16,950	10,749	22,561	(19,364)	1,184,239
355,912	(298)	26,950	6,000	(19,987)	122	(871,884)
-	-	(135)	5,363	-	(8,311)	(2,727)
(285,963)	(225,001)	(15,109)	(10,315)	(2,922)	(39,686)	(774,535)
-	-	-	-	-	-	(77,984)
$ 462,309	$ 490,489	$ 224,898	$ 161,442	$ 151,620	$ 121,518	$ 20,376,472

FY 2002 Other Dedicated Collections

(dollars in thousands)	Donations	Priority Land Acquisition	Reclamation Trust Funds
ASSETS			
Fund Balance with Treasury	$ 37,792	$ 23,044	$ 60,384
Investments, Net	-	-	-
Accounts Receivable	13	-	3
Other Assets	4,222	14,996	32,469
TOTAL ASSETS	$ 42,027	$ 38,040	$ 92,856
LIABILITIES			
Accounts Payable	$ 533	$ 2,385	$ 7,105
Other Liabilities	405	-	53,460
TOTAL LIABILITIES	938	2,385	60,565
Total Net Position	41,089	35,655	32,291
TOTAL LIABILITIES AND NET POSITION	$ 42,027	$ 38,040	$ 92,856
CHANGE IN NET POSITION			
Net Position, Beginning of Fiscal Year	$ 41,637	$ 70,258	$ 63,511
Change in Net Position:			
Non-exchange Revenue:			
Investment Interest and Other	15,239	(34,603)	-
Transfers In/Out without Reimbursement	122	-	-
Exchange Revenue - Services Provided and Other	-	-	(15,411)
Program Expenses	(15,909)	-	(15,809)
Net Position, End of Fiscal Year	$ 41,089	$ 35,655	$ 32,291

FY 2002 Other Dedicated Collections

Everglades	Construction Trust Fund	National Indian Gaming Commission	Birthplace of Abraham Lincoln	FY 2002 Other Dedicated Collections
$ 4,963	$ 4,433	$ 3,839	$ 84	$ 134,539
-	-	-	65	65
-	-	-	-	16
1	45	-	-	51,733
$ 4,964	$ 4,478	$ 3,839	$ 149	$ 186,353
$ 120	$ -	$ 186	$ -	$ 10,329
-	5	636	-	54,506
120	5	822	-	64,835
4,844	4,473	3,017	149	121,518
$ 4,964	$ 4,478	$ 3,839	$ 149	$ 186,353
$ 5,224	$ 4,688	$ 3,292	$ 147	$ 188,757
-	-	-	-	(19,364)
-	-	-	-	122
-	-	7,092	8	(8,311)
(380)	(215)	(7,367)	(6)	(39,686)
$ 4,844	$ 4,473	$ 3,017	$ 149	$ 121,518