

## Principal Financial Statements

The principal financial statements included in the Department of the Interior's (DOI) FY 2003 Annual Report on Performance and Accountability have been prepared in accordance with the requirements of the Chief Financial Officers Act of 1990, the Government Management Reform Act of 1994, and the Office of Management and Budget's (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." These statements include the following:

- Consolidated Balance Sheet
- Consolidated Statement of Net Cost
- Consolidated Statement of Changes in Net Position
- Combined Statement of Budgetary Resources
- Consolidated Statement of Financing
- Statement of Custodial Activity

The responsibility for the integrity of the financial information included in these statements rests with management of the Department of the Interior. The audit of DOI's principal financial statements was performed by an independent certified public accounting firm, selected by the Department's Office of Inspector General. The auditors' report issued by the independent certified public accounting firm is included in Part 4 of this report.

**Consolidated Balance Sheet**  
**as of September 30, 2003 and 2002**  
(dollars in thousands)

	2003	2002 (As Restated)
<b>ASSETS</b>		
<b>Intragovernmental Assets:</b>		
Fund Balance with Treasury (Note 2)	\$ 28,698,208	\$ 26,876,542
Investments, Net (Note 4)	5,609,992	5,348,939
Accounts and Interest Receivable, Net (Note 5)	390,747	597,293
Other		
Advances and Prepayments	3,624	5,508
<b>Total Intragovernmental Assets</b>	<b>34,702,571</b>	<b>32,828,282</b>
Cash (Note 3)	1,094	1,422
Investments, Net (Note 4)	182,637	138,602
Accounts and Interest Receivable, Net (Note 5)	1,223,406	1,304,010
Loans and Interest Receivable, Net (Note 6)	233,656	225,831
Inventory and Related Property (Note 7)	338,714	363,089
General Property, Plant and Equipment, Net (Note 8)	16,955,915	16,764,926
Other		
Advances and Prepayments	126,866	122,662
Other Assets, Net (Note 9)	201,544	208,134
Stewardship Assets (Note 10)		
<b>TOTAL ASSETS (Note 11)</b>	<b>\$ 53,966,403</b>	<b>\$ 51,956,958</b>
<b>LIABILITIES</b>		
<b>Intragovernmental Liabilities:</b>		
Accounts Payable	\$ 67,838	\$ 54,217
Debt (Note 12)	1,364,452	1,454,963
Other		
Accrued Payroll and Benefits	185,437	182,442
Advances and Deferred Revenue (Note 13)	1,236,739	596,951
Deferred Credits	19,326	35,898
Custodial Liability	763,387	818,081
Aquatic Resource Amounts Due to Others	389,762	371,122
Judgment Fund	179,725	148,870
Other Liabilities	121,757	93,203
<b>Total Intragovernmental Liabilities</b>	<b>4,328,423</b>	<b>3,755,747</b>
<b>Public Liabilities:</b>		
Accounts Payable	965,509	852,913
Loan Guarantee Liability (Note 6)	52,185	49,097
Federal Employees Compensation Act Liability (Note 14)	712,250	658,501
Environmental Cleanup Costs (Note 15)	121,045	227,629
Other		
Accrued Payroll and Benefits	434,225	557,188
Deferred Credits	498,545	424,895
Contingent Liabilities (Note 15)	771,587	1,033,838
Other Liabilities	569,769	642,715
<b>Total Public Liabilities</b>	<b>4,125,115</b>	<b>4,446,776</b>
<b>TOTAL LIABILITIES (Note 16)</b>	<b>8,453,538</b>	<b>8,202,523</b>
Commitments and Contingencies (Notes 15 and 17)		
<b>Net Position (Note 21)</b>		
Unexpended Appropriations	3,929,302	3,914,862
Cumulative Results of Operations	41,583,563	39,839,573
<b>Total Net Position</b>	<b>45,512,865</b>	<b>43,754,435</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 53,966,403</b>	<b>\$ 51,956,958</b>

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

**Consolidated Statement of Net Cost**  
**for the years ended September 30, 2003 and 2002**  
(dollars in thousands)

	2003	2002
	(As Restated)	
<b>Protect the Environment and Preserve Our Nation's Natural and Cultural Resources</b>		
Cost - Services provided to the Public	\$ 4,286,288	\$ 3,910,734
Revenue Earned from the Public	442,178	290,406
Net Cost of Services to the Public	3,844,110	3,620,328
Cost - Services provided to Federal Agencies	139,500	114,253
Revenue Earned from Federal Agencies	135,265	110,715
Net Cost of Services provided to Federal Agencies	4,235	3,538
Net Program Costs	3,848,345	3,623,866
<b>Provide Recreation for America</b>		
Cost - Services provided to the Public	2,112,924	2,144,885
Revenue Earned from the Public	170,729	147,984
Net Cost of Services to the Public	1,942,195	1,996,901
Cost - Services provided to Federal Agencies	31,760	35,683
Revenue Earned from Federal Agencies	30,268	34,699
Net Cost of Services provided to Federal Agencies	1,492	984
Net Program Costs	1,943,687	1,997,885
<b>Manage Natural Resources for a Healthy Environment and a Strong Economy</b>		
Cost - Services provided to the Public	3,375,407	3,894,743
Revenue Earned from the Public	608,884	491,568
Net Cost of Services to the Public	2,766,523	3,403,175
Cost - Services provided to Federal Agencies	387,775	417,082
Revenue Earned from Federal Agencies	381,241	411,001
Net Cost of Services provided to Federal Agencies	6,534	6,081
Net Program Costs	2,773,057	3,409,256
<b>Provide Science for a Changing World</b>		
Cost - Services provided to the Public	1,264,688	1,286,902
Revenue Earned from the Public	166,654	176,938
Net Cost of Services to the Public	1,098,034	1,109,964
Cost - Services provided to Federal Agencies	186,508	179,330
Revenue Earned from Federal Agencies	176,478	170,419
Net Cost of Services provided to Federal Agencies	10,030	8,911
Net Program Costs	1,108,064	1,118,875
<b>Meet Our Trust Responsibilities to Indian Tribes and Our Commitments to Island Communities</b>		
Cost - Services provided to the Public	2,420,119	2,775,680
Revenue Earned from the Public	117,692	121,012
Net Cost of Services to the Public	2,302,427	2,654,668
Cost - Services provided to Federal Agencies	204,025	158,422
Revenue Earned from Federal Agencies	201,491	156,917
Net Cost of Services provided to Federal Agencies	2,534	1,505
Net Program Costs	2,304,961	2,656,173
<b>Reimbursable Activity and Other</b>		
Cost - Services provided to the Public	216,330	180,966
Revenue Earned from the Public	38,273	30,423
Net Cost of Services to the Public	178,057	150,543
Cost - Services provided to Federal Agencies	1,394,950	610,741
Revenue Earned from Federal Agencies	1,392,827	591,316
Net Cost of Services provided to Federal Agencies	2,123	19,425
Net Program Costs	180,180	169,968
<b>Costs Not Associated with Programs</b>		
Asset Impairment (Note 18)	81,100	-
<b>Total</b>		
Cost - Services provided to the Public	13,675,756	14,193,910
Revenue Earned from the Public	1,544,410	1,258,331
Net Cost of Services to the Public	12,131,346	12,935,579
Cost - Services provided to Federal Agencies	2,344,518	1,515,511
Revenue Earned from Federal Agencies	2,317,570	1,475,067
Net Cost of Services provided to Federal Agencies	26,948	40,444
Costs Not Associated with Programs	81,100	-
Net Cost of Operations (Notes 18, 19, 20 & 21)	\$ 12,239,394	\$ 12,976,023

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

Consolidated Statement of Changes in Net Position  
for the years ended September 30, 2003 and 2002  
(dollars in thousands)

	2003	2002
	(As Restated)	
<b>UNEXPENDED APPROPRIATIONS</b>		
Beginning Balance, as restated (Note 21)	\$ 3,914,862	\$ 3,725,984
Cumulative Effect of Change in Accounting (Note 21)	(68,544)	(53,576)
<b>Beginning Balances, as restated and adjusted</b>	<b>3,846,318</b>	<b>3,672,408</b>
<b>Budgetary Financing Sources</b>		
Appropriations Received, General Funds	9,610,818	9,207,436
Appropriations Transferred In/Out	81,820	293,474
Appropriations-Used	(9,519,709)	(9,211,142)
Other Budgetary Financing Sources	(89,945)	(47,314)
<b>Total Budgetary Financing Sources</b>	<b>82,984</b>	<b>242,454</b>
<b>Ending Balance - Unexpended Appropriations</b>	<b>\$ 3,929,302</b>	<b>\$ 3,914,862</b>
<b>CUMULATIVE RESULTS OF OPERATIONS</b>		
Beginning Balance, as restated (Note 21)	\$ 39,839,573	\$ 39,062,514
Cumulative Effect of Change in Accounting (Note 21)	68,544	(2,694)
<b>Beginning Balances, as restated and adjusted</b>	<b>39,908,117</b>	<b>39,059,820</b>
<b>Budgetary Financing Sources</b>		
Appropriations-Used	9,519,709	9,211,142
Royalties Retained (Note 22)	2,582,663	2,541,126
Transfers In/Out without Reimbursement	127,338	108,566
Non-Exchange Revenue		
Tax Revenue	659,217	656,923
Abandoned Mine Fees	282,411	285,580
Donations and Forfeitures of Cash and Cash Equivalents	39,833	20,635
Other Non-Exchange Revenue	130,544	150,263
Other Budgetary Financing Sources and Adjustments	13,361	(1,799)
<b>Other Financing Sources</b>		
Imputed Financing from Financing absorbed from others (Note 20)	570,544	541,025
Transfers In/Out without Reimbursement	(57,643)	237,851
Donations and Forfeitures and Property	46,863	4,464
<b>Total Financing Sources</b>	<b>13,914,840</b>	<b>13,755,776</b>
<b>Net Cost of Operations</b>	<b>(12,239,394)</b>	<b>(12,976,023)</b>
<b>Ending Balance - Cumulative Results of Operations</b>	<b>\$ 41,583,563</b>	<b>\$ 39,839,573</b>

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

Combined Statement of Budgetary Resources  
for the years ended September 30, 2003 and 2002  
(dollars in thousands)

	2003		2002 (As Restated)	
	Total Budgetary Accounts	Non-Budgetary Credit Program Financing Accounts	Total Budgetary Accounts	Non-Budgetary Credit Program Financing Accounts
<b>Budgetary Resources:</b>				
Budget Authority:				
Appropriations Received	\$ 14,003,754	\$ -	\$ 13,141,468	\$ -
Borrowing Authority	-	18,906	-	11,944
Net Transfers, Current Year Authority	(70,350)	-	198,154	-
Unobligated Balance: (Note 24)				
Beginning of Fiscal Year (Note 21)	4,478,411	55,779	3,837,803	56,818
Net Transfers, Unobligated Balance, Actual	(29,833)	-	13,324	-
Spending Authority From Offsetting Collections:				
Earned				
Collected	4,784,999	8,322	3,108,129	7,298
Receivable From Federal Sources	(146,516)	(475)	79,348	(381)
Change in Unfilled Customer Orders				
Advance Received	517,626	-	333,166	-
Without Advance From Federal Sources	(159,721)	-	272,191	-
Recoveries of Prior Year Obligations	304,691	137	334,138	195
Temporarily Not Available Pursuant to Public Law	-	-	(23,502)	-
Permanently Not Available	(207,623)	2,487	(73,342)	(5,220)
<b>Total Budgetary Resources (Notes 21 and 24)</b>	<b>\$ 23,475,438</b>	<b>\$ 85,156</b>	<b>\$ 21,220,877</b>	<b>\$ 70,654</b>
<b>Status of Budgetary Resources:</b>				
Obligations Incurred:				
Direct	\$ 14,035,601	\$ 17,478	\$ 13,385,903	\$ 14,877
Reimbursable	4,534,566	-	3,356,563	-
Total Obligations Incurred (Note 24)	18,570,167	17,478	16,742,466	14,877
Unobligated Balance: (Note 24)				
Apportioned	4,738,941	66,160	4,297,332	55,777
Exempt From Apportionment	41,349	-	46,873	-
Unobligated Balance not Available (Note 24)	124,981	1,518	134,206	-
<b>Total Status of Budgetary Resources (Note 21)</b>	<b>\$ 23,475,438</b>	<b>\$ 85,156</b>	<b>\$ 21,220,877</b>	<b>\$ 70,654</b>
<b>Relationship of Obligations to Outlays:</b>				
Obligations Incurred	\$ 18,570,167	\$ 17,478	\$ 16,742,466	\$ 14,877
Obligated Balance, Net, Beginning of Fiscal Year (Notes 21 and 24)	4,953,205	11,601	4,522,627	20,139
Obligated Balance, Net, End of Fiscal Year:				
Accounts Receivable	331,195	-	477,712	475
Unfilled Customer Orders From Federal Sources	523,353	-	683,075	-
Undelivered Orders	(5,345,138)	(8,063)	(4,798,537)	(12,040)
Accounts Payable	(1,250,384)	-	(1,315,453)	(36)
Less: Spending Authority Adjustments	1,546	338	(685,678)	185
Outlays:				
Disbursements	17,783,944	21,354	15,626,212	23,600
Collections	(5,302,624)	(8,322)	(3,441,296)	(7,298)
Subtotal	12,481,320	13,032	12,184,916	16,302
Less: Offsetting Receipts	(3,661,729)	-	(2,869,967)	-
<b>Net Outlays (Note 21)</b>	<b>\$ 8,819,591</b>	<b>\$ 13,032</b>	<b>\$ 9,314,949</b>	<b>\$ 16,302</b>

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

**Consolidated Statement of Financing**  
for the years ended September 30, 2003 and 2002  
(dollars in thousands)

	2003	2002 (As Restated)
<b>Resources Used to Finance Activities (Note 21):</b>		
Budgetary Resources Obligated:		
Obligations Incurred	\$ 18,587,645	\$ 16,757,343
Less: Spending Authority From Offsetting Collections/Adjustments	(5,309,063)	(4,134,084)
Obligations Net of Offsetting Collections and Adjustments	13,278,582	12,623,259
Less: Offsetting Receipts	(3,661,729)	(2,869,967)
Net Obligations	9,616,853	9,753,292
Other Resources:		
Donations and Forfeitures of Property	46,863	4,658
Transfers In/Out Without Reimbursement	(57,643)	237,851
Imputed Financing From Costs Absorbed by Others	570,544	541,025
Other	-	-
Net Other Resources Used to Finance Activities	559,764	783,534
<b>Total Resources Used to Finance Activities</b>	<b>10,176,617</b>	<b>10,536,826</b>
<b>Resources Used to Finance Items Not Part of the Net Cost of Operations (Note 21):</b>		
Change in Budgetary Resources Obligated for Goods, Services, and Benefits Ordered but Not Yet Provided	(47,223)	(131)
Resources That Fund Expenses Recognized in Prior Periods	(264,012)	134,217
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations:		
Credit Program Collections Which Increase Liabilities for Loan Guarantees or Allowances for Subsidy	15,408	(10,797)
Offsetting Receipts Not Part of the Net Cost of Operations	2,547,888	1,908,000
Resources That Finance the Acquisition of Assets	(870,147)	(1,055,297)
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(20,454)	14,163
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	1,361,460	990,155
<b>Total Resources Used to Finance the Net Cost of Operations</b>	<b>11,538,077</b>	<b>11,526,981</b>
<b>Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period (Note 21):</b>		
Components Requiring or Generating Resources in Future Periods:		
Increase (Decrease) in Annual Leave Liability	12,013	16,587
Increase (Decrease) in Environmental and Disposal Liability	(102,365)	(45,933)
Upward/Downward Re-estimates in Credit Subsidy Expense	1,510	2,735
Increase (Decrease) in Exchange Revenue Receivable From the Public	(10,978)	3,844
Other	(115,399)	625,373
<b>Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods</b>	<b>(215,219)</b>	<b>602,606</b>
Components Not Requiring or Generating Resources:		
Depreciation and Amortization	455,939	475,529
Revaluation of Assets or Liabilities	81,100	14,830
Components of Net Cost of Operations Related to Transfer Accounts Where Budget Amounts are Reported by Other Federal Entities (Note 25)	367,938	350,823
Other	11,559	5,254
<b>Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period</b>	<b>916,536</b>	<b>846,436</b>
<b>Total Components of Net Cost of Operations That Will Not Require or Generate Resources</b>	<b>701,317</b>	<b>1,449,042</b>
<b>Net Cost of Operations</b>	<b>\$ 12,239,394</b>	<b>\$ 12,976,023</b>

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

Statement of Custodial Activity  
for the years ended September 30, 2003 and 2002  
(dollars in thousands)

	2003	2002
<b>Revenues on Behalf of the Federal Government</b>		
<b>Mineral Lease Revenue</b>		
Rents and Royalties	\$ 6,716,830	\$ 5,445,180
Offshore Lease Sales	485,841	884,859
Strategic Petroleum Reserve (Note 23)	1,044,350	262,752
<b>Total Revenue</b>	<b>\$ 8,247,021</b>	<b>\$ 6,592,791</b>
<b>Disposition of Revenue</b>		
<b>Distribution to Department of the Interior</b>		
National Park Service Conservation Funds	\$ 1,049,000	\$ 1,047,980
Bureau of Reclamation	753,374	544,826
Minerals Management Service	1,070,294	794,779
Bureau of Land Management	72,843	8,270
Fish and Wildlife Service	2,909	891
<b>Distribution to Other Federal Agencies</b>		
Department of the Treasury	4,208,092	4,138,702
Department of Agriculture	22,920	16,091
Department of Energy (Note 23)	1,044,350	262,752
<b>Distribution to Indian Tribes and Agencies</b>	79,544	61,338
<b>Distribution to States and Others</b>	65,488	30,443
<b>Change in Untransferred Revenue</b>	<b>(121,793)</b>	<b>(313,281)</b>
<b>Total Disposition of Revenue</b>	<b>\$ 8,247,021</b>	<b>\$ 6,592,791</b>

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