

Principal Financial Statements

The principal financial statements included in Interior's FY 2008 Performance and Accountability Report 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 Circular No. A-136, "Financial Reporting Requirements." These statements include the following:

- ◆ Balance Sheet
- ◆ Statement of Net Cost
- ◆ Statement of Changes in Net Position
- ◆ Statement of Budgetary Resources
- ◆ Statement of Custodial Activity

The responsibility for the integrity of the financial information included in these statements rests with Interior's management. The audit of Interior's principal financial statements was performed by an independent certified public accounting firm selected by Interior's Office of Inspector General. The auditors' report, issued by the independent certified public accounting firm, is included in Part 3, Financial Section, of this report.

Balance Sheet
as of September 30, 2008 and 2007
(dollars in thousands)

	FY 2008	FY 2007
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 37,932,964	\$ 34,776,671
Investments, Net (Note 4)	7,345,098	7,322,545
Accounts and Interest Receivable (Note 5)	1,703,833	1,421,879
Intragovernmental Loans and Interest Receivable, Net (Note 6)	3,063,916	2,827,301
Other	556	529
Total Intragovernmental Assets	50,046,367	46,348,925
Cash (Note 3)	474	756
Investments, Net (Note 4)	201,513	163,354
Accounts and Interest Receivable, Net (Note 5)	1,580,305	1,947,017
Loans and Interest Receivable, Net (Note 7)	115,195	127,285
Inventory and Related Property, Net (Note 8)	236,647	255,413
General Property, Plant and Equipment, Net (Note 9)	18,306,908	17,930,798
Other	191,858	209,972
TOTAL ASSETS (Note 11)	\$ 70,679,267	\$ 66,983,520
Stewardship Assets (Note 10)		
LIABILITIES		
Intragovernmental Liabilities:		
Accounts Payable	\$ 611,625	\$ 590,780
Debt (Note 12)	715,109	858,007
Other		
Liability for Capital Transfer to the General Fund of the Treasury (Note 27)	2,050,466	2,017,581
Advances and Deferred Revenue	542,603	794,349
Custodial Liability	681,949	819,984
Other Liabilities	559,203	596,165
Total Intragovernmental Liabilities	5,160,955	5,676,866
Accounts Payable	960,208	785,052
Loan Guarantee Liability (Note 7)	36,180	41,434
Federal Employee and Veteran Benefits Payable (Note 13)	1,383,223	1,363,633
Environmental and Disposal Liabilities (Note 14)	155,548	147,514
Other		
Contingent Liabilities (Note 14)	1,188,548	354,678
Advances and Deferred Revenue	1,060,626	741,258
Payments Due to States	632,284	639,507
Grants Payable	292,228	291,896
Other Liabilities	957,845	937,076
TOTAL LIABILITIES (Note 15)	11,827,645	10,978,914
Commitments and Contingencies (Note 14 and 17)		
Net Position		
Unexpended Appropriations - Earmarked Funds (Note 24)	416,215	335,545
Unexpended Appropriations - Other Funds	4,128,062	3,774,190
Cumulative Results of Operations - Earmarked Funds (Note 24)	52,113,540	49,148,058
Cumulative Results of Operations - Other Funds	2,193,805	2,746,813
Total Net Position	58,851,622	56,004,606
TOTAL LIABILITIES AND NET POSITION	\$ 70,679,267	\$ 66,983,520

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

Statement of Net Cost
for the years ended September 30, 2008 and 2007
(dollars in thousands)

	FY 2008	FY 2007
RESOURCE PROTECTION		
Costs	\$ 4,574,137	\$ 4,258,558
Less: Earned Revenue	793,771	793,422
Net Cost	3,780,366	3,465,136
RESOURCE USE		
Costs	5,314,798	3,438,415
Less: Earned Revenue	1,341,168	1,294,116
Net Cost	3,973,630	2,144,299
RECREATION		
Costs	2,953,708	2,794,035
Less: Earned Revenue	321,229	338,687
Net Cost	2,632,479	2,455,348
SERVING COMMUNITIES		
Costs	5,296,236	5,091,773
Less: Earned Revenue	518,423	454,591
Net Cost	4,777,813	4,637,182
REIMBURSABLE ACTIVITY AND OTHER		
Costs	2,436,747	2,626,815
Less: Earned Revenue	1,355,286	1,690,094
Net Cost	1,081,461	936,721
TOTAL		
Costs	20,575,626	18,209,596
Less: Earned Revenue	4,329,877	4,570,910
Net Cost of Operations (Notes 20 and 22)	\$ 16,245,749	\$ 13,638,686

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

Statement of Changes in Net Position
for the years ended September 30, 2008 and 2007
(dollars in thousands)

	FY 2008			FY 2007		
	Earmarked	All Other	Consolidated	Earmarked	All Other	Consolidated
	(Note 24)			(Note 24)		
UNEXPENDED APPROPRIATIONS						
Beginning Balance	\$ 335,545	\$ 3,774,190	\$ 4,109,735	\$ 339,202	\$ 3,916,745	\$ 4,255,947
Budgetary Financing Sources						
Appropriations Received, General Funds	490,267	11,001,628	11,491,895	397,850	9,917,315	10,315,165
Appropriations Transferred In/(Out)	976	26,242	27,218	945	2,532	3,477
Appropriations-Used	(400,055)	(10,503,971)	(10,904,026)	(406,235)	(10,037,018)	(10,443,253)
Other Adjustments	(10,518)	(170,027)	(180,545)	3,783	(25,384)	(21,601)
Net Change	80,670	353,872	434,542	(3,657)	(142,555)	(146,212)
Ending Balance - Unexpended Appropriations	\$ 416,215	\$ 4,128,062	\$ 4,544,277	\$ 335,545	\$ 3,774,190	\$ 4,109,735
CUMULATIVE RESULTS OF OPERATIONS						
Beginning Balance	\$ 49,148,058	\$ 2,746,813	\$ 51,894,871	\$ 46,801,227	\$ 2,021,750	\$ 48,822,977
Budgetary Financing Sources						
Appropriations-Used	400,055	10,503,971	10,904,026	406,235	10,037,018	10,443,253
Royalties Retained (Note 16)	5,796,448	7,193	5,803,641	4,435,820	4,367	4,440,187
Non-Exchange Revenue	936,211	20,858	957,069	896,640	19,243	915,883
Transfers In/(Out) without Reimbursement	651,562	(26,933)	624,629	435,501	(37,082)	398,419
Donations and Forfeitures of Cash and Cash Equivalents	65,205	-	65,205	35,705	-	35,705
Other Budgetary Financing Sources (Uses)	(14,887)	1,120	(13,767)	(14,471)	292	(14,179)
Other Adjustments	114	241	355	(718)	(50)	(768)
Other Financing Sources						
Donations and Forfeitures of Property	3,393	14,421	17,814	68	7,883	7,951
Transfers In/(Out) without Reimbursement	(59,081)	1,623	(57,458)	(53,125)	(12,497)	(65,622)
Imputed Financing from Costs Absorbed by Others (Note 18)	133,752	338,338	472,090	128,058	422,135	550,193
Other Non-Budgetary Financing Sources (Uses)	-	(115,381)	(115,381)	-	(442)	(442)
Total Financing Sources	7,912,772	10,745,451	18,658,223	6,269,713	10,440,867	16,710,580
Net Cost of Operations	(4,947,290)	(11,298,459)	(16,245,749)	(3,922,882)	(9,715,804)	(13,638,686)
Net Change	2,965,482	(553,008)	2,412,474	2,346,831	725,063	3,071,894
Ending Balance - Cumulative Results of Operations	52,113,540	2,193,805	54,307,345	49,148,058	2,746,813	51,894,871
TOTAL NET POSITION	\$ 52,529,755	\$ 6,321,867	\$ 58,851,622	\$ 49,483,603	\$ 6,521,003	\$ 56,004,606

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

Statement of Budgetary Resources
for the years ended September 30, 2008 and 2007
(dollars in thousands)

	Total Budgetary Accounts		Non-Budgetary Credit Program Financing Accounts	
	2008	2007	2008	2007
Budgetary Resources:				
Unobligated Balance, Beginning of Fiscal Year:	\$ 5,724,423	\$ 6,185,985	\$ 111,486	\$ 108,580
Recoveries of Prior Year Unpaid Obligations	488,802	503,631	-	634
Budget Authority				
Appropriation	17,659,886	16,405,771	1,113	-
Borrowing Authority	-	-	2,426	1,032
Spending Authority from Offsetting Collections				
Earned				
Collected	\$ 4,674,107	\$ 4,804,761	\$ 44,562	\$ 75,156
Change in Receivables from Federal Sources	71,067	(52,531)	61	-
Change in Unfilled Customer Orders				
Advance Received	(69,227)	(501,618)	-	-
Without Advance from Federal Sources	588,231	22,782	-	-
Total Budget Authority	22,924,064	20,679,165	48,162	76,188
Nonexpenditure Transfers, Net, Anticipated and Actual	(25,528)	(671,663)	-	-
Temporarily Not Available Pursuant to Public Law	(2,643)	-	-	-
Permanently Not Available	(200,324)	(36,895)	(24,434)	(47,063)
Total Budgetary Resources (Note 21)	\$ 28,908,794	\$ 26,660,223	\$ 135,214	\$ 138,339
Status of Budgetary Resources:				
Obligations Incurred (Note 21):				
Direct	\$ 17,088,920	\$ 16,457,065	\$ 91,994	\$ 26,853
Reimbursable	4,739,241	4,478,735	-	-
Total Obligations Incurred	21,828,161	20,935,800	91,994	26,853
Unobligated Balance Available (Note 21):				
Apportioned	6,851,102	5,499,829	5,731	111,486
Exempt from Apportionment	40,682	66,727	-	-
Total Unobligated Balance Available	6,891,784	5,566,556	5,731	111,486
Unobligated Balance Not Available (Note 21)	188,849	157,867	37,489	-
Total Status of Budgetary Resources	\$ 28,908,794	\$ 26,660,223	\$ 135,214	\$ 138,339
Obligated Balance:				
Obligated Balance, Net				
Unpaid Obligations, Brought Forward, Beginning of Fiscal Year	\$ 9,093,349	\$ 8,839,925	\$ 3	\$ 3,934
Less: Uncollected Customer Payments From Federal Sources, Brought Forward, Beginning of Fiscal Year	(1,087,477)	(1,117,227)	-	-
Total Unpaid Obligated Balances, Net, Beginning of Fiscal Year	8,005,872	7,722,698	3	3,934
Obligations Incurred, Net	21,828,161	20,935,800	91,994	26,853
Less: Gross Outlays	(21,209,239)	(20,178,744)	(91,936)	(30,150)
Less: Recoveries of Prior Year Unpaid Obligations, Actual	(488,802)	(503,631)	-	(634)
Change in Uncollected Customer Payments From Federal Sources	(659,298)	29,749	(61)	-
Total, Unpaid Obligated Balance, Net, End of Period	\$ 7,476,694	\$ 8,005,872	\$ -	\$ 3
Obligated Balance, Net, End of Period - By Component:				
Unpaid Obligations	\$ 9,223,469	\$ 9,093,349	\$ 61	\$ 3
Less: Uncollected Customer Payments From Federal Sources	(1,746,775)	(1,087,477)	(61)	-
Total, Unpaid Obligated Balance, Net, End of Period	\$ 7,476,694	\$ 8,005,872	\$ -	\$ 3
Net Outlays:				
Net Outlays				
Gross Outlays	\$ 21,209,239	\$ 20,178,744	\$ 91,936	\$ 30,150
Less: Offsetting Collections	(4,604,881)	(4,303,144)	(44,562)	(75,156)
Less: Distributed Offsetting Receipts	(6,924,469)	(5,769,483)	-	-
Net Outlays(Receipts)	\$ 9,679,889	\$ 10,106,117	\$ 47,374	\$ (45,006)

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

Statement of Custodial Activity
for the years ended September 30, 2008 and 2007
(dollars in thousands)

	2008	2007
Revenues on Behalf of the Federal Government		
Mineral Lease Revenue		
Rents and Royalties	\$ 13,487,955	\$ 10,004,182
Onshore Lease Sales	741,521	286,345
Offshore Lease Sales	9,541,682	387,689
Strategic Petroleum Reserve (Note 19)	1,600,027	306,191
Total Revenue	\$ 25,371,185	\$ 10,984,407
Disposition of Revenue		
Distribution to Department of the Interior		
National Park Service Conservation Funds	1,046,941	1,049,000
Bureau of Reclamation	1,964,133	1,471,612
Minerals Management Service	2,931,053	2,324,674
Bureau of Land Management	69,917	75,554
Fish and Wildlife Service	2,747	1,785
Distribution to Other Federal Agencies		
Department of the Treasury	17,620,162	5,908,178
Department of Agriculture	101,870	77,367
Department of Commerce	27	1,000
Department of Energy (Note 19)	1,650,027	356,191
Distribution to Indian Tribes and Agencies	140,147	126,712
Distribution to States and Others	107,098	69,760
Change in Untransferred Revenue	(279,401)	(491,816)
Royalty Credits Redeemed (Note 26)	16,464	14,390
Total Disposition of Revenue	\$ 25,371,185	\$ 10,984,407
Net Custodial Activity	\$ -	\$ -

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