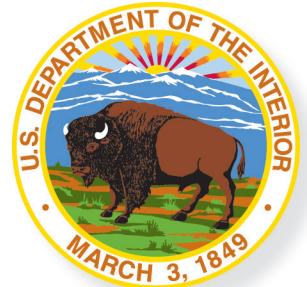
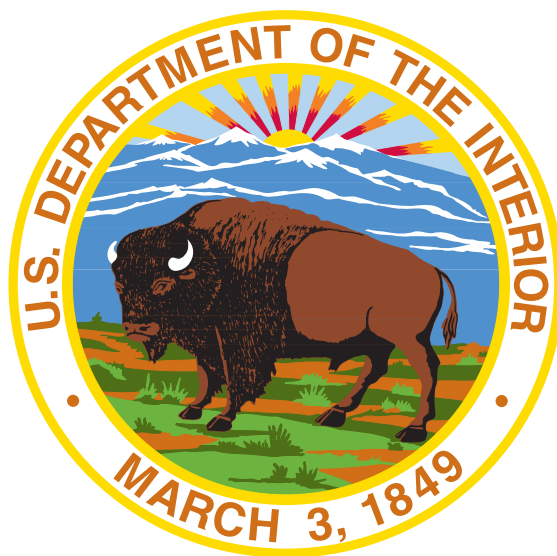


Stewardship for America with Integrity and Excellence



U.S. DEPARTMENT OF THE INTERIOR
Annual Performance and Accountability Report
FY 2008

U.S. DEPARTMENT OF THE INTERIOR



FISCAL YEAR 2008

ANNUAL PERFORMANCE AND ACCOUNTABILITY REPORT

November 15, 2008

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*An electronic version of this document is available on the Internet at www.doi.gov/pfm.
The Department of the Interior's strategic plan is also available at www.doi.gov.*

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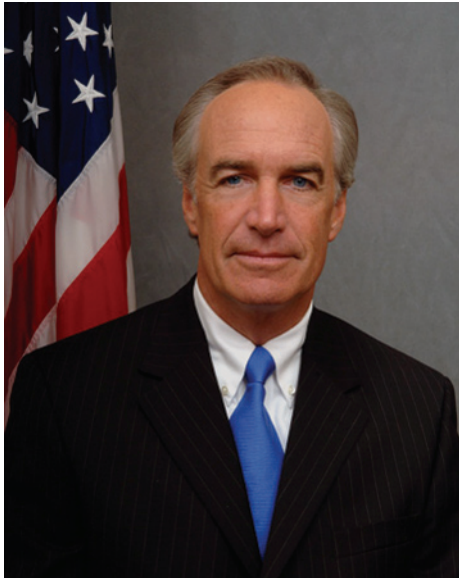
A handwritten signature in black ink, reading "John H. Hummel".

John H. Hummel, CGFM
Chair, Certificate of Excellence
in Accountability Reporting Board

A handwritten signature in black ink, reading "Reimond P. Van Daniker".

Reimond P. Van Daniker, DBA, CPA
Executive Director, AGA

Message from the Secretary



I am proud to submit the Department of the Interior's Performance and Accountability Report—a recap of our stewardship efforts for FY 2008. This Report has a dual purpose: it summarizes our performance in delivering the mission of the Department, and it demonstrates our financial integrity through accounting statements and a clean audit.

Interior's core values statement—***"Stewardship for America with Integrity and Excellence"***—reflects the Department's mission of conserving, managing, and building knowledge of our Country's unique heritage of natural, cultural, and historic resources.

Our 70,000 employees work in the Department's nine bureaus and offices. Together, they manage one in every five acres in the United States. The lands and waters they manage generate one-third of the Nation's domestic energy production. They conserve and provide opportunities to enjoy America's natural and cultural resources, and they serve communities, including those of American Indians, Alaska Natives, and affiliated island communities, in fulfillment of our trust responsibilities.

In 2008, with its land and resource management responsibilities, the Interior Department was at the forefront of enhancing the Nation's energy security as soaring prices and constrained supplies captured the public's attention. Our Minerals Management Service leases acres in the Outer Continental Shelf for oil and gas exploration. The Bureau of Land Management fulfills the same role on land for onshore minerals.

Nationally, the effects of a changing climate are also increasingly dominating public discussions. Interior, as manager of 507 million acres of public lands, must better understand those effects. The United States Geological Survey is studying the effects of climate change on species, precipitation, vegetation, and, ultimately, on this Nation's communities. Endangered species, monitored by the Fish and Wildlife Service, are part of the shifting panorama, as is the land managed by the National Park Service and BLM. The Department plays an integral part in managing a changing landscape.

Interior is America's principal conservation agency. The Department recorded numerous accomplishments in 2008 that helped improve our land and the quality of life for Americans. Our major accomplishments are summarized below by Interior's four Mission Areas.

Accomplishments

Across the four Mission Areas of Interior's Strategic Plan, Interior's employees have achieved significant results for the Nation.

RESOURCE PROTECTION

- ◆ Approximately 53,000 more stream/shoreline miles achieved the desired conditions over our 2007 performance, bringing the total miles to almost 250,000 for FY 2008.
- ◆ Recovery plans are in place for 80 percent of the species currently on the Endangered Species List, a significant step toward Interior's goal of Sustaining Biological Communities.

- ◆ We proposed the removal of the brown pelican from Endangered Species status. The brown pelican had nearly disappeared and its recovery is due in large measure to the Federal ban on the general use of DDT, inspired by former FWS biologist, Rachel Carson, in Silent Spring. FWS estimates the global population of brown pelicans is at 650,000 due to the extraordinary efforts of State wildlife agencies partnering with FWS.
- ◆ Interior announced that the USGS 35-year Landsat satellite image archive will be available for free over the Internet. Scientists, government officials, and land managers will be able to see the changes in the Earth's landscape at any point in the past three and a half decades.

The **Centennial Initiative**, launched last year to celebrate the 100th anniversary of the National Park Service in 2016, got under way in 2008 with proposals for 110 national park improvement projects and programs. The **Centennial Initiative** is a 10-year effort to prepare national parks for another century of conservation, preservation, and enjoyment. The Initiative proposes a Federal Centennial Challenge fund to match philanthropic contributions for the benefit of our national parks.

Interior adopted the new 2008–2012 National Invasive Species Management Plan, developed collaboratively by 13 Federal departments, agencies, and their partners. It will be the primary roadmap for Federal efforts to control invasive species. Invasive species damage the Nation's environment, economy, and human health—harming fisheries, forests, croplands and natural areas; impairing recreation; and endangering public health through threats like the West Nile virus. More than 40 percent of threatened and endangered species are listed primarily because of the impacts of invasive species.

We inaugurated the **Birds Forever Initiative**, a joint effort of the FWS and the USGS. Last year, annual surveys conducted by the Audubon Society documented the alarming decline in populations of common birds, which have plummeted 70 percent on average since 1967. I am reminded again of Rachel Carson and her warning of "...a spring without voices." We must ensure that we will never have a silent spring without the songs of wild birds. The initiative will expand and improve the health of wild bird habitat, strengthen educational outreach programs, and support partnerships with States, local communities, conservation organizations, and others to reverse the precipitous decline in wild bird populations and improve the status of five bird species over the next 5 years.

RESOURCE USE

Interior contributed to America's energy security through providing access to energy and minerals, and collected the second-largest source of Federal revenues.

- ◆ Minerals Management Service held the first Chukchi Sea lease sale since 1991 off the Northern shore of Alaska. Approximately 2.8 million acres were leased, generating more than \$2.6 billion. Overall, 11.7 million acres were leased in the Outer Continental Shelf as a result of the five FY 2008 lease sales, contributing to America's energy security goals and bringing \$9.5 billion to the Treasury.
- ◆ Onshore, the BLM processed an additional 7,846 Applications for Permits to Drill (APDs) on already existing oil and gas leases, up from 3,636 in 2001.
- ◆ Reclamation's 58 hydroelectric power plants generated 40 million megawatt hours of hydroelectricity, enough to meet the needs of over 5 million households. Reclamation continues to be a reliable and low-cost hydropower producer. Its hydroelectric generating units were available 91 percent of the time to the interconnected Western electrical system during daily peak summer demand periods, comparing favorably to private-sector performance.

Since the Nation's energy situation changed dramatically in the past year, I jump-started the development of a new oil and natural gas leasing program for the U.S. Outer Continental Shelf 2 years ahead of schedule. When our current program was launched in July 2007, oil was selling for \$64 a barrel. This past summer, that cost skyrocketed to over \$140 per barrel. We have begun the initial steps to develop a new 5-year program. This initiative could offer the Nation energy development options it would not otherwise have had until 2012 or beyond.

RECREATION

- ◆ Over 460 million visitors took part in recreational opportunities provided through Bureau of Land Management, Bureau of Reclamation, Fish & Wildlife Service, and National Park Service, with over 90 percent reporting satisfaction with their experience on Interior-managed lands and waters.
- ◆ The National Trails System added more than 1,100 miles of National Recreation Trails—24 trails in 16 States—to mark its 40th Anniversary.

SERVING COMMUNITIES

- ◆ Interior distributed \$26.7 million to individual Indian trust account holders who were previously on the “Whereabouts Unknown” list.
- ◆ The Office of Wildland Fire Coordination reports that the Bureau of Indian Affairs, BLM, FWS, and NPS treated 614,000 acres to directly reduce wildfire threats in wildland-urban interface areas that face risks to property and life from catastrophic wildland fire.

Management Challenges

As the Nation's largest land manager, the Department touches the lives of every American. We help secure energy that powers our Nation's productivity and provides the foundation for a dynamic economy. We help Indian children fulfill their potential through the management of schools in Indian Country. The science we generate helps reduce risks from natural hazards and guides our land stewardship.

Yet with these opportunities come challenges. One of our biggest challenges is time—the time it takes to reverse decades of damaging impacts on public lands. It can also take decades of collaborative efforts to restore the health of a species so that it can be removed from the threatened and endangered species list.

We know that climate change has implications for the vast land and water resources managed across the Department. Federal land and water resources are vulnerable to a wide range of impacts, some of which are already occurring. Last year, I created a 100-person task force to identify strategies for managing land and waters and protecting wildlife, as well as devising new management responses for adapting to changing landscapes. This task force, that includes scientists, park superintendents, BLM field managers, Reclamation engineers, and refuge managers from across the country, developed reports in three areas: land and water management, law and policy, and science. These reports will help Interior plan long-term adaptations that must be integrated with our day-to-day management of lands, habitats, and wildlife resources.

Another significant challenge is ensuring a balance among conservation, recreation, and resource use goals. As we seek greater energy security, we must also conserve wildlife—a balance that requires new ways of planning and resource management, continued inspections of oil and gas extraction facilities on land and in our coastal oceans, and reclamation of surface mines. Through our **Healthy Lands Initiative**, we allocated funds for science, planning, resource protection, and restoration in six geographic areas. Our initiative is laying the groundwork for a holistic, landscape-level management approach so that we can achieve environmental, economic, recreation, and other social goals through partnerships with States, the private sector, and nonprofit organizations.

I am concerned about the performance of students in our Bureau of Indian Education schools. We launched our **Improving Indian Education Initiative** in 2008 to increase Indian student academic achievement by supporting quality education environments and effective learning strategies. These efforts will take time to achieve their results. However, intensive educational assistance went to those schools that have yet to achieve their performance goals. We are providing additional funding for student transportation, education program management, and information technology.

Interior has outstanding employees. They are our greatest asset. We must assure their health and safety. Yet the sheer magnitude of the lands we manage presents challenges as we strive to provide security and protection for public lands visitors and employees. We manage the third-largest Federal law enforcement force to provide security across a wide expanse of public lands and ensure the health and safety of our 70,000 employees, almost 280,000 volunteers, 1 million daily visitors, and 1.2 million tribal members in Indian Country.

I am particularly concerned about the methamphetamine epidemic brought to Indian Country by violent drug cartels. We launched the **Safe Indian Communities Initiative** in 2008 to combat this threat. Additionally, Operation Dakota Peacekeeper was implemented at the Standing Rock Indian Reservation in South Dakota. The key objectives were to reduce crime, target illegal drug activities, and provide investigative support to prosecute domestic violence offenses and crimes against children. We have seen positive results in reducing the crime rate that affects the well-being of this Indian community.

Interior also has homeland security responsibilities for our priority dams, icons, and monuments. We manage 40 percent of the lands along the southwest border. Once pristine landscapes on the U.S. Southwest border have become dangerous corridors for drug smuggling operations and other illegal activities that threaten Indian communities, public land stewards, and recreational visitors, as well as cause significant environmental damage. The **Southwest Border Initiative** has enabled Interior to place more officers along the border, improve border communications, and remediate the environmental impacts of these illegal activities.

Each year, I receive reports regarding management challenges from the Inspector General, the Government Accountability Office, and other sources. I value these inputs and look for opportunities to respond to their recommendations. In the area of Financial Management, the Department has dramatically reduced the number of material weaknesses since 2001, and we continue to improve. We had 17 material weaknesses in 2001; now we have 7. We are also replacing our business systems. In 2001, the Department operated with dozens of antiquated business systems that lacked integration or common standards. We are pioneering a new era—a 21st century system that will provide a single, fully integrated Financial and Business Management System. Though a complex and comprehensive undertaking involving all of the bureaus and offices in Interior, the system will yield significant long-term benefits.

Information Technology continues to challenge the Department as threats become more pervasive and serious. We have steadily hardened our hardware systems. Interior implemented the Cyber Security Assessment Management tool for tracking Plans of Actions and Milestones and standardizing documentation throughout the Department. Interior now has ready access to all system security weaknesses and is better equipped to assist bureaus and offices in managing corrective actions.

Other identified management challenges include: Health, Safety, and Emergency Management; Maintenance of Facilities; Responsibility to Indians and Insular Areas; Resource Protection and Restoration; Revenue Collections; and Procurement, Contracts, and Grants. We describe how we are addressing many of these challenges elsewhere in this document. As I review and consider management recommendations, I take into account other priorities, mandates, and the merits of the recommendations before I determine how to proceed with implementing them. We are also implementing a number of information security improvements, such as the Government-wide encryption software, in order to furnish even greater protection.

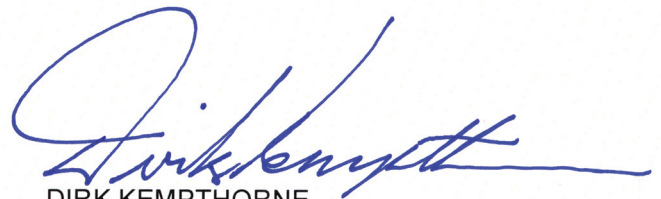
A More Robust Approach to Reporting on Performance

Last year, we introduced a more integrated presentation of key performance and related costs, including performance trends, to better link performance with the amount of funding spent to achieve those results. This year we again offer this integrated presentation of 25 representative performance measures from Interior's Strategic Plan to highlight the collective performance of our bureaus. Our aim is to uphold Interior's core values and assure "integrity and excellence."

The representative performance measures focus on the measurable results of activities that contribute toward achieving the End Outcome Goals under each Mission Area. Because they are broad in scope, these representative performance measures give us a comprehensive perspective of the Department's performance from year to year. Costs for each key pursuit are included so we can assess the relationship of funding to our performance.

The financial and performance data we present in this report is fundamentally complete and reliable as required by the Office of Management and Budget guidance. This report provides the status of Interior's compliance with certain legal and regulatory requirements. The annual assurance statement required by the Federal Managers' Financial Integrity Act concludes that the Department can provide reasonable assurance that its systems of management, accounting, and administrative controls, taken as a whole, meet the objectives specified in Section 2 of the FMFIA.

The Department of the Interior employees and a cadre of partners work with dedication to conserve and safeguard our Nation's inheritance. This group includes State and local governments, nonprofit organizations, Congress, and dedicated volunteers throughout the Country, all of whom share in our core values: Stewardship for America with Integrity and Excellence. As Secretary, I appreciate Interior's great mission.



DIRK KEMPTHORNE
Secretary of the Interior
November 15, 2008

About This Report

The Department of the Interior's Performance and Accountability Report for Fiscal Year 2008 provides performance and financial information that enables Congress, the President, and the public to assess the performance of the Department relative to its mission and stewardship of the resources entrusted to it. This Report satisfies the reporting requirements of the following major legislation.

- ◆ Chief Financial Officers Act of 1990
- ◆ Government Performance and Results Act of 1993
- ◆ Government Management Reform Act of 1994
- ◆ Reports Consolidation Act of 2000

Under the Reports Consolidation Act of 2000, agencies are permitted to submit combined reports in implementing statutory requirements for financial and performance management reporting to improve the efficiency of executive branch performance.

These requirements are combined in this Performance and Accountability Report, which consists of the Annual Performance Report—required by the Government Performance and Results Act of 1993—with annual financial statements—required under the Chief Financial Officers Act, as amended by the Government Management Reform Act of 1994—and other reports, such as management assurances on internal controls and Inspector General assessments of the Department's management challenges.

You may view this report online at www.doi.gov/pfm. The report is available on compact disc and can be obtained by writing a request to:

U.S. Department of the Interior
Office of Financial Management
Mail Stop 2557
1849 C Street NW
Washington, DC 20240

How This Report is Organized

Part 1: Management's Discussion and Analysis (MD&A)

The MD&A section provides a summary of Interior's annual performance. It includes an overview of the Department; the status with related costs of 25 representative Strategic Plan performance measures organized by Mission Area; a brief description of systems, controls, and legal compliance; information on Interior's progress in implementing the President's Management Agenda; and a summary analysis of the financial performance.

Part 2: Performance Data and Analysis

The Performance Data Analysis section reports the results achieved against each program performance measure. The measures are tracked annually for progress against the goals in the Department's Strategic Plan, as required by the Government Performance and Results Act and as specified in OMB Circular No. A-11, *Preparation, Submission and Execution of the Budget*.

Part 3: Financial Section

The Financial Report section contains the Department's financial statements, notes, required supplementary information, required supplementary stewardship information, and other supplementary information.

Part 4: Other Accompanying Information

This section contains:

- ▶ OIG Summary of DOI's Major Management and Performance Challenges
- ▶ DOI's Response to the OIG Summary of the Major Management Challenges
- ▶ Improper Payment Information Act
- ▶ Organization Chart
- ▶ Glossary of Acronyms

PART 1

**Management's
Discussion
and Analysis**

**(Unaudited,
See Accompanying
Auditors' Report)**

DOI's Mission and Organization

Mission

The U.S. Department of the Interior protects and manages the Nation's natural resources and cultural heritage; provides scientific and other information about those resources; and honors its trust responsibilities or special commitments to American Indians, Alaska Natives, and affiliated Island Communities.

Vision

Communication, consultation, and cooperation – all in the service of conservation and community.

Core Value Statement

**Stewardship for America
with Integrity and Excellence**

History

Established in 1849, the Department of the Interior is the Nation's principal Federal conservation agency.

It manages many of the Nation's special natural, cultural, and historic places, conserves lands and waters, protects cultural legacies, and keeps the Nation's history alive. Interior manages parks, refuges, public lands and recreation areas for public enjoyment, provides access to many of the Nation's natural resources, increases scientific knowledge, and fulfills America's trust and other responsibilities to native peoples. Interior also provides hydropower to the Western States. It delivers water to over 31 million citizens through management of 479 dams and 348 reservoirs.

A Department for Domestic Concern was initially considered by the First United States Congress in 1789, but those duties were placed in the Department of State. The proposal continued to percolate for a half-century. The 1846–1848 Mexican-American War gave the proposal new energy as the responsibilities of the Federal Government grew. President Polk's Secretary of the Treasury, Robert J. Walker, became a vocal champion for creating a new department.

DOI's Mission and Organization

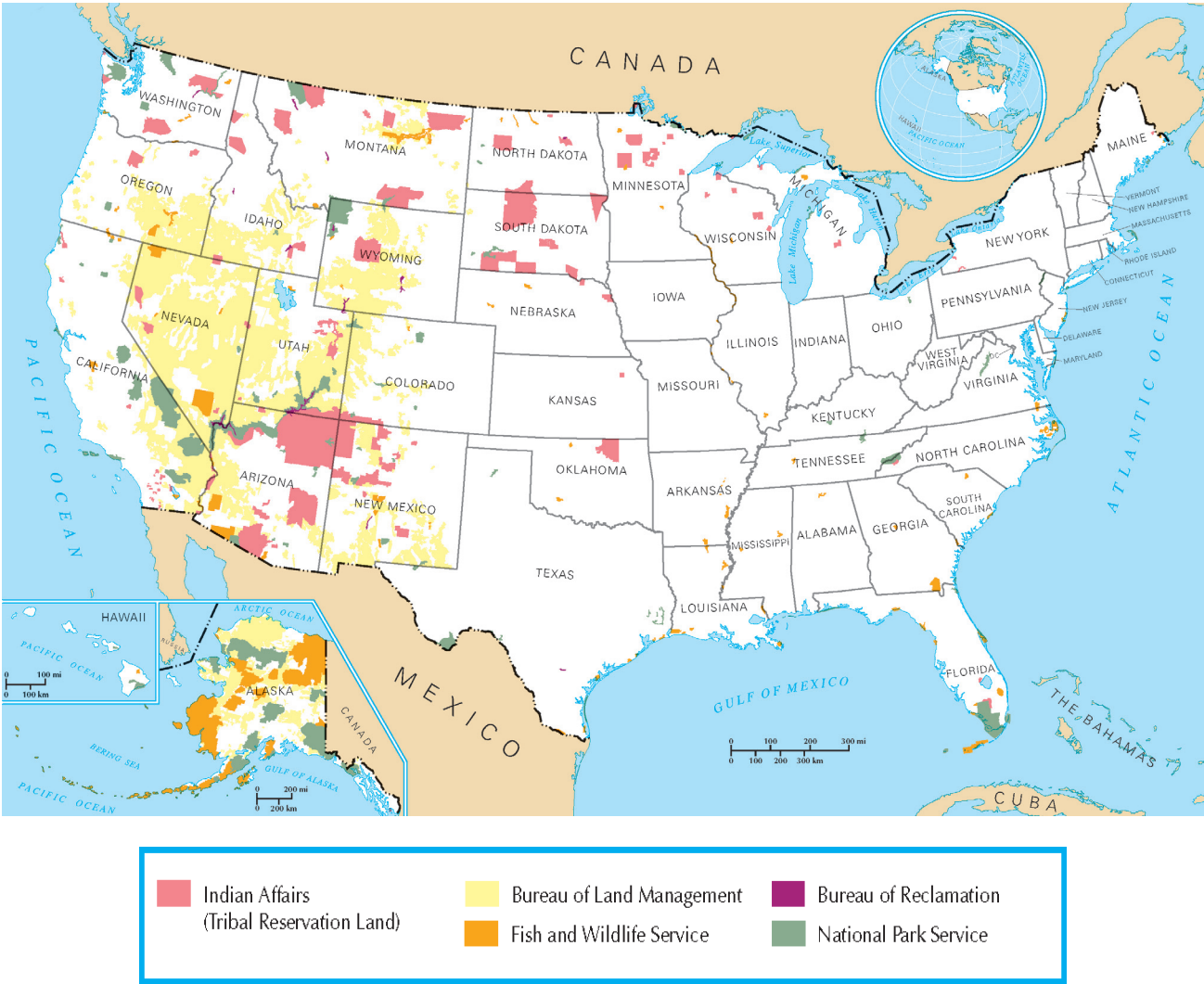
In 1848, Walker stated in his annual report that several Federal offices were placed in Departments with which they had little in common: General Land Office in the Department of the Treasury, the Indian Affairs Office residing in the Department of War, and the Patent Office in the State Department. He proposed that all should be brought together in a new Department of the Interior.

A bill authorizing Interior's creation passed the House of Representatives on February 15, 1849,

and was adopted by the Senate after just over 2 weeks. The Department was established on March 3, 1849, the eve of President Zachary Taylor's inauguration, when the Senate voted 31 to 25 to create the Department.

Today, the Department manages about one-fifth of America's land as shown in Figure 1-1 and is made up of Departmental Offices and nine Bureaus with a broad range of responsibilities.

FIGURE 1-1
Surface Lands Managed by Department of the Interior



Defining Interior's Goals

The Department's Strategic Plan for Fiscal Year (FY) 2007–2012 provides the framework for activities in 9 bureaus and multiple offices. The Strategic Plan is the guide by which we gauge our success in achieving performance results.

Four Mission Areas provide the framework for Interior's overarching mission of stewardship and define our long-term focal points.

RESOURCE PROTECTION

Protect the Nation's natural, cultural and heritage resources

- ◆ Improve the health of watersheds, landscapes, and marine resources that are DOI managed or influenced consistent with obligations and State law regarding the allocation and use of water
- ◆ Sustain biological communities on DOI managed and influenced lands and waters consistent with obligations and State law regarding the allocation and use of water
- ◆ Protect cultural and natural heritage resources
- ◆ Improve the understanding of national ecosystems and resources through integrated interdisciplinary assessment

RESOURCE USE

Manage natural resources to promote responsible use and sustain a dynamic economy

- ◆ Manage or influence resource use to enhance public benefit, promote responsible development, and economic value (for energy, forage, forest products and nonenergy minerals)
- ◆ Deliver water consistent with applicable Federal and State law, in an environmentally responsible and cost-efficient manner
- ◆ Improve understanding of energy and mineral resources to promote responsible use and sustain the Nation's dynamic economy

SERVING COMMUNITITES

Safeguard lives, property, and assets, advance scientific knowledge, and improve the quality of life for communities we serve

- ◆ Improve protection of lives, resources, and property
- ◆ Improve understanding, prediction, and monitoring of natural hazards to inform decisions by civil authorities and the public to plan for, manage, and mitigate the effects of hazard events on people and property
- ◆ Fulfill Indian fiduciary trust responsibilities
- ◆ Advance quality communities for tribes and Alaska Natives
- ◆ Increase economic self-sufficiency of insular areas

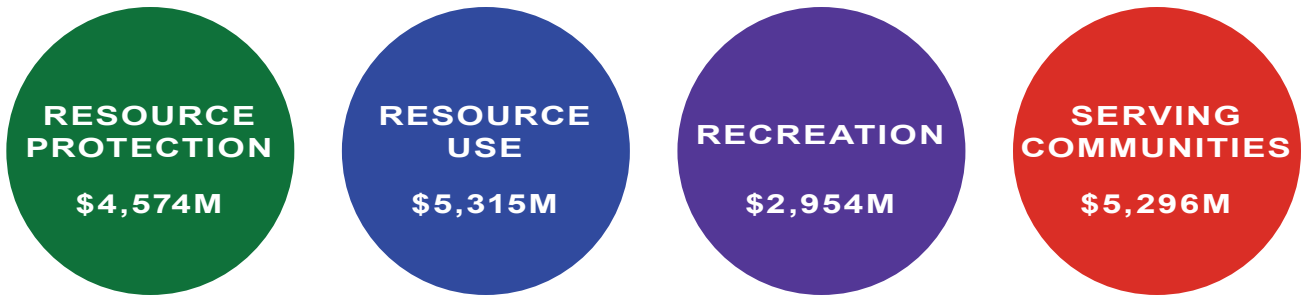
RECREATION

Improve recreational opportunities for America

- ◆ Improve the quality and diversity of recreation experience and visitor enjoyment on DOI lands
- ◆ Expand seamless recreation opportunities with partners

The costs for each Mission Area are depicted below.

FIGURE 1-2



The combined Mission Areas contain 14 End Outcome Goals that the Department, through its offices and bureaus, works to accomplish.

Interior has selected Representative Performance Measures (RPMs) under each of the End Outcome Goals that are key indicators of our performance across the Department.

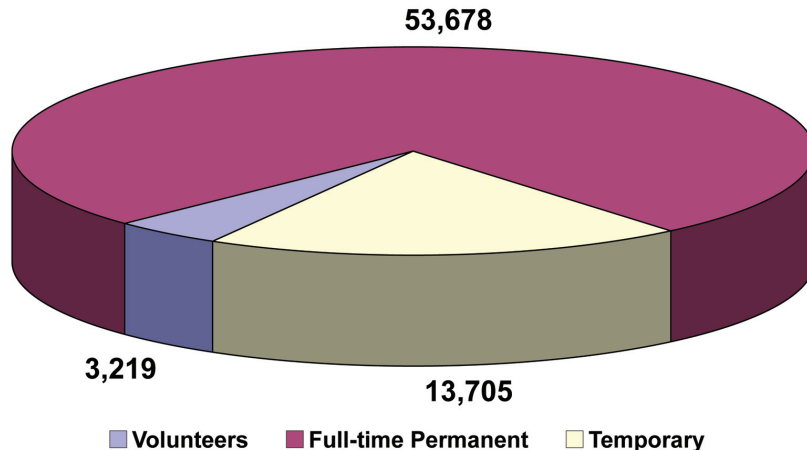
Achieving Our Goals

About 70,000 people across the country are employed by DOI. Along with our permanent employees, we are fortunate to have almost 280,000 volunteers who contribute their time in a variety of ways to help DOI fulfill its missions. For example, our volunteers bring unique, local knowledge to park, refuge, and public land visitors; assist in hurricane recovery; plant trees; clear overgrowth; help maintain park trails; and participate in

environmental education programs. We also have a group of workers who staff seasonal positions that occur regularly throughout the year. Peak demand periods, such as the wildland fire season or the summer visitor season in our national parks, are met by our temporary workforce. Our employees and volunteers contribute their expertise and experience toward accomplishing the Outcome Goals in the Strategic Plan.

FIGURE 1-3

Interior's 2008 Workforce (in Full-time Equivalents)



DOI Bureaus

Each Interior Bureau has discrete responsibilities.



Fish and Wildlife Service

- ◆ Manages the 96 million-acre national wildlife refuge system primarily for the benefit of fish and wildlife
- ◆ Protects and conserves:
 - Migratory birds
 - Threatened and endangered species
 - Certain marine mammals
 - Fish
- ◆ Hosts about 38 million visitors annually at 548 refuges and 37 wetland management districts



U.S. Geological Survey

- ◆ Provides reliable scientific information in geography, geology, hydrology, and biology to inform effective decision-making and planning
- ◆ Brings a range of earth and life science disciplines to bear on problems
- ◆ Produces information to increase understanding of natural hazards such as earthquakes, volcanoes, and landslides
- ◆ Conducts research on oil, gas and alternative energy potential, production, consumption, and environmental effects



Indian Affairs

- ◆ Fulfills Indian trust responsibilities
- ◆ Promotes self-determination on behalf of more than 562 Federally recognized Indian tribes
- ◆ Bureau of Indian Education provides quality education opportunities in Indian country



Bureau of Land Management

- ◆ Manages and conserves resources for multiple use and sustained yield on approximately 256 million acres of public land, including the following:
 - Energy and mineral exploration and production
 - Timber production
 - Domestic livestock grazing
 - Outdoor recreation
 - Rights-of-way
 - Fish and wildlife conservation
 - Resource protection at sites of natural scenic, scientific, and historical value



Minerals Management Service

- ◆ Manages access to the energy resources of the Outer Continental Shelf (OCS) to help meet our country's energy needs
- ◆ Administers over 8,300 active mineral leases on approximately 44 million OCS acres
- ◆ Oversees 15 percent of the natural gas and 27 percent of oil produced domestically
- ◆ Collects, accounts for, substantiates, and disburses revenues, which totaled approximately \$26 billion in FY 2008, with an additional estimated \$1.6 billion worth of oil taken in kind and delivered to the Strategic Petroleum Reserve
- ◆ Oversees offshore renewable energy permitting



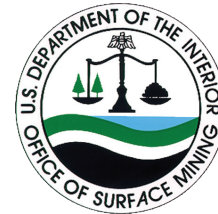
National Park Service

- ◆ Maintains a network of 391 natural, cultural, and recreational sites for the benefit and enjoyment of the American people
- ◆ Provides technical and financial assistance to State and local natural and cultural resource sites
- ◆ Provides respite and outdoor recreation to over 270 million annual park visitors



Bureau of Reclamation

- ◆ Largest supplier and manager of water in the seventeen Western States
- ◆ Maintains 479 dams and 348 reservoirs
- ◆ Delivers water to one in every five western farmers and over 31 million people
- ◆ America's second largest producer of hydroelectric power



Office of Surface Mining

- ◆ Protects the environment during coal mining
- ◆ Ensures the land is reclaimed afterwards
- ◆ Mitigates the effects of past mining by pursuing reclamation of abandoned coal mine lands

FIGURE 1-4
Improvements to the FY 2008 Report

<p>Concise Performance Assessment</p>	<p>Performance for each measure is summarized beneath 4 headings:</p> <ul style="list-style-type: none"> ▶ Snapshot – an assessment of the current situation ▶ Bottom Line – a concise evaluation of performance trends ▶ Status – How are we doing? ▶ Public Benefit – what the public gains from our efforts
<p>Targets Met or Exceeded by Mission Area, End Outcome Goals, Intermediate Outcome Goals and Representative Performance Measures</p>	<p>The introduction to each Mission Area includes a chart for the End Outcome and Intermediate Outcome Goals associated with the Mission Area. Not only is it possible to see the structure of Interior's Strategic Plan, but also how each activity area is performing according to the color code and target report.</p>
<p>Each RPM Includes Target Data</p>	<p>Each table includes annual target data for the past five years (where available) to provide the reader with a fuller context of progress. A separate symbol designation with the status of this year's target is featured.</p>

Assessing Our Performance

This year we are continuing to use Representative Performance Measures to provide a more structured approach to our performance assessment overview.

These 25 select performance measures were chosen based on their relatively broad scope, compared to other more narrowly defined performance measures, for use as key indicators of the Department's overall performance and to track our yearly progress more readily. We will also use them to identify strategies for future performance improvement and allow executive level oversight of Department-wide efforts.

Based on analyzing the trends in performance with funding over time, each RPM's current status is categorized.

- ◆ Positive Performance—performance achieved at a higher rate relative to the change in funding
- ◆ Sustained Performance—changes in performance and funding are generally similar
- ◆ Challenged Performance—additional analysis is applied to investigate the potential for improving performance

Activity-Based Costing

Activity-Based Costing and Management (ABC/M) is a tool that links the level of funding with the level of performance by employing a collection of work activities. ABC/M provides an accurate picture of what is being achieved in relation to what is being spent. ABC/M information is useful to managers as it relates more clearly to what they deal with on a day-to-day basis. Therefore, an organization can more easily measure how efficiently it is performing work against the funding applied to the effort and evaluate where changes might be needed. There are approximately 300 ABC/M work activities that align to the Strategic Plan End Outcome Goals for executing the Department's mission in resource protection, resource use, recreation, and serving communities.

ABC Work Activities and corresponding funding are used to assess performance across all bureaus and offices. The presentation of funding for each representative performance measure is captured at the bureau level accounting system before aggregation to the strategic outcome and goals in the consolidated reporting tool.

Performance and Funding Trends

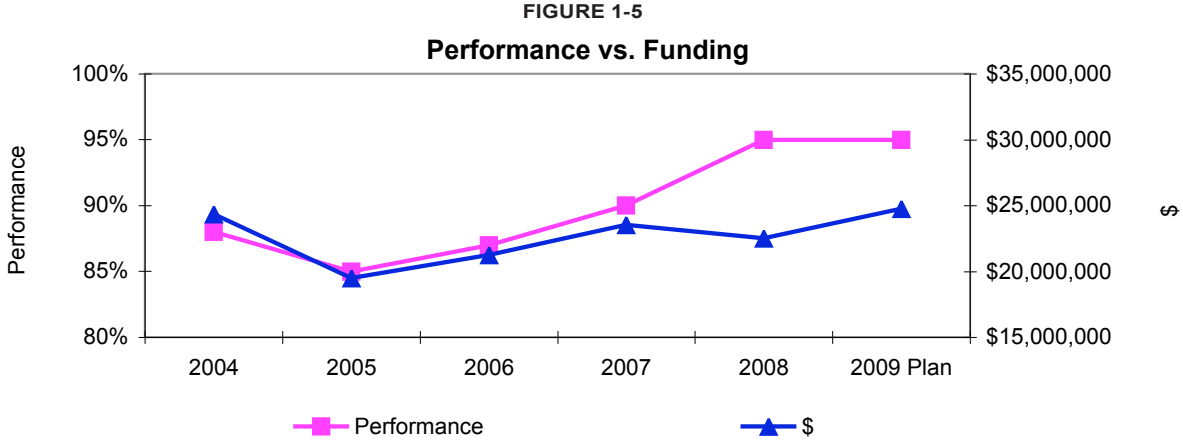


FIGURE 1-6

	2004	2005	2006	2007	2008	2009 Plan
Representative Strategic Plan Measure	Performance Target or Result (%)					
	Amount Achieved					
	Scope					
\$						

Each representative Strategic Plan performance measure is plotted through 2008 with a projection into the next fiscal year. Each measure is also accompanied by the corresponding trend in funding that contributes toward performance. In this manner, the reader can see the performance and funding realized thus far, along with estimated funding levels for 2009.

performance factor designated for every measure. For such measures, the percentage is calculated by dividing the numerator—the actual amount achieved, be it acres in desired condition or percent of visitors who are satisfied with a visit to land managed by DOI—by the denominator, or the entire scope of possible achievement.

With the updated Strategic Plan FY 2007–2012, some revised measures are not yet supported by historical data. However, their selection as a representative Strategic Plan performance measure signals our intention to continue routine tracking and reporting of these measures in subsequent PARs to provide a long-term trend analysis of how we have performed over time.

FIGURE 1-7

$$\frac{\text{Amount achieved}}{\text{Scope}} = \text{Performance Results (\%)}$$

The annual cost devoted to the program or activity is calculated based on the ABC/M methodology and is also listed in the table. Funding is estimated for 2009.

Performance Tables

To give a more complete picture of Interior’s performance, tables are included that lay out the performance specifics for each measure following the same annual trend pattern as the graphs.

Interior ensures that its performance information is sufficiently accurate, reliable, and sound through a data validation and verification process described in Part Two, Reading the Numbers for Yourself..

Every measure has a performance factor—a metric. The annual performance results are usually expressed as a percentage based on the

The following sections will describe progress in each Mission Area through representative Strategic Plan measures that capture our performance for this year.

Mission Area One

Resource Protection

Interior is the Nation's principal conservation agency. We manage over 500 million acres of public lands and 56 million acres of Indian trust lands. These assets are valued for their environmental resources, recreational and scenic merits, and vast open spaces. Our responsibilities also extend to monitoring and repairing damage done by past land use practices. The well-being of our land and water is critical to the ecology of our Nation.

Successful conservation works best in partnership with the American people. Our strategy is to empower Americans to become citizen-conservationists. Thousands of different cooperative projects are on-going today across our bureaus, based on collaborations with other Federal, State, and local agencies, public and private organizations, and private landowners. Interior can offer landowners, land-user groups, environmental organizations, communities, tribes, and companies the resources and technical support needed to undertake conservation projects that advance the health of the land, benefiting all of us.

The Department is charged with protecting thousands of native plant and animal species, including more than 1,300 with special status under the Endangered Species Act (ESA). The forests, mountains, and deserts house biological diversity that is critical to nature's survival and potentially impacts our own.

Interior also conserves the cultural and heritage sites that we have inherited that reflect a past as rich and diverse as our Country. The expanse of these assets includes tens of thousands of archeological sites, historical structures, and cultural and museum asset collections.

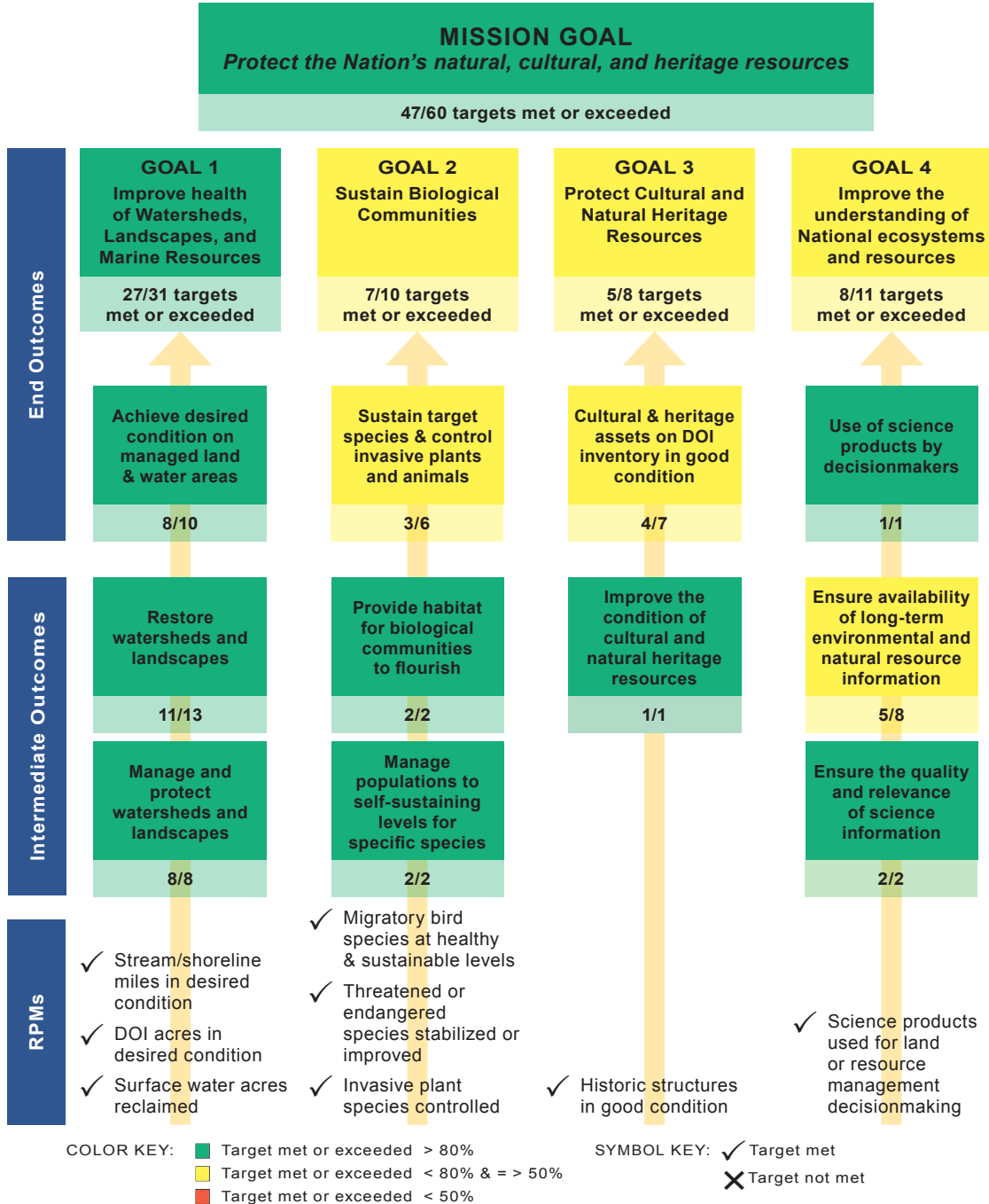
The Department is supported in the Resource Protection Mission Area by U.S. Geological Survey (USGS), the Department's principal science agency. USGS data contributes to sound land and resource decisionmaking through data collection and integration, as well as understanding, modeling, and predicting how multiple forces affect natural systems. Science lies at the foundation of our programs, including ongoing evaluation of their quality and relevance.

Mission Area One: Resource Protection

FIGURE 1-8

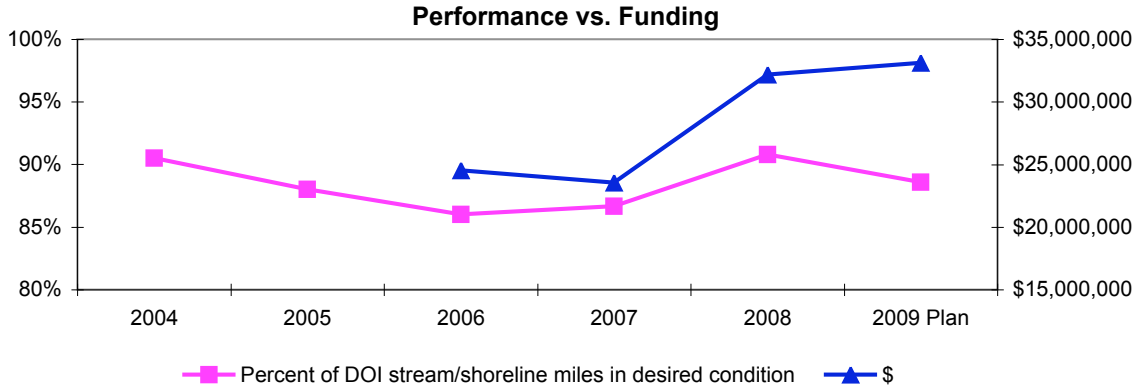
RESOURCE PROTECTION

Resource Protection embodies a portion of Interior’s stewardship pact with the American people: to protect our natural resources—land and wildlife—as well as our inheritance of cultural and heritage assets. We preserve the past and protect the present with the goal of maintaining both for the future.



Percent of stream/shoreline miles that have achieved desired condition where condition is known and as specified in management plans

FIGURE 1-9



ID #1614	2004	2005	2006	2007	2008	2009 Plan
Target				88%	89%	89%
Performance	91%	88%	86%	87%	91%	
Miles in desired condition	126,821	131,200	137,173	193,147	247,937	241,982
Miles with known condition	140,096	149,167	159,411	222,830	273,093	273,093
\$	Not Available		24,523,638	23,550,163	32,166,294	33,124,376

Snapshot: Performance increased this year, as did the denominator—the number of stream/shoreline miles where the condition is known. Funding has increased over time.

Bottom Line: The number of streams/shoreline miles whose condition has been assessed is rising due to improved ability to inventory shoreline condition. Current performance hovers around 90 percent of assessed stream/shoreline miles in desired condition. Recent funding increases should produce further improvement.

Status: Challenged Performance, due to the fact that performance has remained relatively flat over time as more miles are assessed and funding is on the rise. Although estimated FY 2009 funding for land condition is assumed to be greater than FY 2008, the target is lower because maintenance expenses are expected to increase more with time than the funding.

Public Benefit: Maintaining or improving the condition of stream and shoreline miles benefits fish populations, enhances wildlife habitat, and contributes to the balanced ecology of an area. The well-being of our Nation’s waterways is critical to the health of our land and ourselves.

There are three bureaus managing our streams and shorelines: Bureau of Land Management (BLM), National Park Service (NPS) and Fish and Wildlife Service (FWS). Overall progress is gradually inching upward, now at 91 percent. Change from a nonfunctioning riparian area to a fully functioning one takes anywhere from 5 to 20 years, so success is judged based on evidence that corrective actions taken are likely to succeed.

These bureaus are working to assess, record, and treat more and more streams and shoreline, as seen in the increasing number of miles reported in the table. The largest portion belongs to BLM with a little more than 143,000 miles. For BLM specifically, performance was flat while costs increased due to drought and the impact wild horses and burros have had on riparian areas.

FWS tracks about 67,300 miles and it showed the greatest performance improvement this past year. NPS established a new baseline in 2007, almost 63,000 miles, and it showed slight progress in improving stream/shoreline condition.

Programs Supporting This Measure

- BLM Resources Management
- BLM Wildlife Habitat Restoration
- NPS Natural Resource Stewardship
- FWS National Wildlife Refuge System



Knotty Weeds

Japanese knotweed (*Polygonum cuspidatum*) is native to eastern Asia. It was first introduced as an ornamental into Europe in the early 1800s and spread to the United States by the late 1800s. Knotweed is found in over 40 states, including Alaska. It is challenging to control because it easily resprouts from even the smallest remnants of stems and roots. Knotweed is often found in moist and streamside locations forming dense stands. It can reach over ten feet in height, overshadowing and replacing native plants.

The Dickey River is located in northwest Washington flowing through Olympic National Park. Knotweed had become the dominant streamside vegetation along most of the river, including the tidal estuary flowing into the Pacific. In some locations, the knotweed mats were so dense that they altered the natural hydrology of the river system. The NPS and Quileute Tribe have joined forces to restore the river. Over the past three years, the entire length of the river has been treated, including six miles within Olympic National Park. Native vegetation of conifers, willows and carexes are beginning to come back and the river is returning to its natural course.



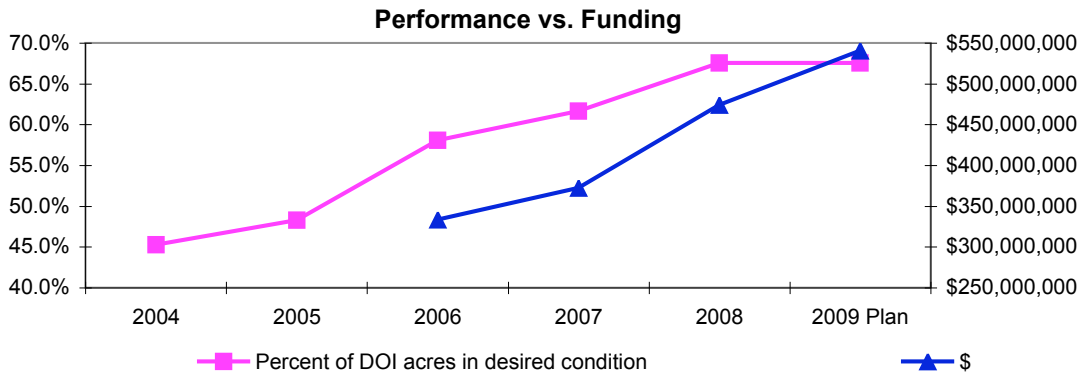
Before



After

Percent of DOI acres that have achieved desired condition where condition is known and as specified in management plans

FIGURE 1-10



ID #1465	2004	2005	2006	2007	2008	2009 Plan
Target				60.6%	66.5%	67.6%
Performance	45.3%	48.3%	58.1%	61.6%	67.6%	
Acres in desired condition	118,862,916	127,055,258	200,715,412	212,179,054	260,195,301	260,140,604
Acres with known condition	262,659,257	263,115,511	345,580,083	344,308,411	385,005,230	385,005,230
\$	Not Available		333,382,810	372,177,563	474,239,250	540,842,916

Snapshot: Almost 48 million more acres were determined to be in desired condition. Each year the percent of acres in desired condition has climbed.

Bottom Line: The 6 percent increase over FY 2007 shows an upward trend that is expected to continue in the long term, especially as more funding is applied. BLM, the bureau that manages the most acreage and portions the most funds to this activity, is expected to receive support from the Healthy Lands Initiative in FY 2009. While increasing maintenance expenses challenge performance for 2009, improvements are expected in subsequent years.

Status: Challenged Performance, due to the total amount of acreage Interior manages, 500 million acres, compared to the 385 million acres that have been assessed. Also, Interior bureaus continue to assess more acreage annually to determine the known condition—41 million more acres from 2007 to 2008. Increased maintenance expenses also challenge performance.

Public Benefit: Interior—the Nation’s principal conservation agency— manages over 500 million acres of public lands and 56 million surface acres of Indian trust lands. Land in desired condition is valued for its environmental resources, recreational and scenic merits, and vast open spaces, which contribute to public enjoyment and health.

Three bureaus contribute to DOI lands achieving desired condition: BLM, FWS and NPS. BLM manages, by far, the most acreage—256 million acres primarily in the 12 western States, including Alaska. Interior launched the Healthy Lands Initiative (HLI), a multiyear program, in 2007. The purpose of the HLI is to accelerate large-scale,

focused habitat restoration, increase productivity, preserve diversity, and respond to a multitude of pressures on public lands, one of which is the rising demand for access to energy resources. Using HLI funding, the BLM treated over 55,000 acres in FY 2008; however, all acres treated do not reach desired condition in the first year. Currently BLM has 57 percent, or over 145 million acres, in desired condition through both HLI and other funding.

FWS manages the 96 million-acre National Wildlife Refuge

Programs Supporting This Measure

- BLM Resources Management
- BLM Wildlife Habitat Restoration
- NPS Natural Resource Stewardship
- FWS National Wildlife Refuge System



Wetland Restoration Work

Upper Halstead Meadow, Sequoia National Park

Halstead Meadow is a 25-acre wet meadow—a rare and highly visible wetland habitat that developed severe erosion gullies 12–15 feet deep. The gullies caused a lowered water table, drying of wetland soils, dieback of wetland vegetation, and sent tremendous amounts of sediment downstream.

NPS and partners developed a pilot restoration design for upper Halstead Meadow in 2006, and earthmoving began in Fall 2007. Contractors placed and compacted 8,000 cubic yards of fill into the gullies to restore the original topography and remove the drainage impacts. Taking a hint from nearby undisturbed meadows, NPS had the contractors drop large trees across the site, perpendicular to flow, to spread surface water and minimize channelization.

In May 2008, international volunteers from American Conservation Experience helped repair some erosional features and prepare the ground for planting. In June 2008, more than 53,000 native wetland plants were installed by contractors, volunteers, and park staff. Monitoring in 2008–2009 will help NPS evaluate pilot project methods and plan restoration of lower Halstead Meadow.



Before



After

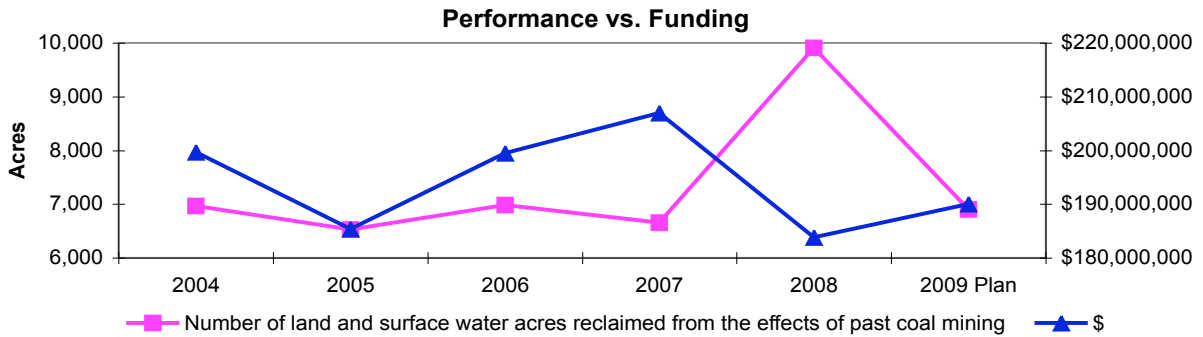
System. In FY 2008, 10 million more acres reached desired condition, for a total of more than 87 million acres or 92 percent.

NPS established a baseline last year of over 20 million acres which increased to nearly

34 million acres in FY 2008 as more parks conducted assessments of the land they manage. Eighty-two percent of Park Service acres are in desired condition.

Number of land and surface water acres reclaimed or mitigated from the effects of natural resource degradation from past coal mining

FIGURE 1-11



ID #1468	2004	2005	2006	2007	2008	2009 Plan
Target				6,900	6,900	6,900
Performance	6,965	6,533	6,983	6,658	9,909	
\$	199,722,508	185,335,814	199,514,683	206,985,032	183,813,000	190,000,000

Snapshot: Performance spiked in 2008 as a particular State finished an existing backlog of water line replacements. Funding declined due to reallocation of funds to other OSM activities in 2008 but is expected to rebound in future years per the SMCRA Amendments of 2006.

Bottom Line: Due to the time it takes to implement reclamation or mitigation actions, changes in performance are generally realized at least a year after a change in funding. Consequently, the projected FY 2009 target will remain constant.

Status: Sustained Performance.

Public Benefit: Restoring acreage to its former state benefits the communities near such sites. Reclaimed land is free of health and safety hazards to the local population and is returned to productive use.

The total magnitude of the abandoned mine problem is difficult to assess, but the Office of Surface Mining (OSM) has developed a national inventory that contains information on over 19,000 problem areas associated with abandoned mine lands, mostly coal. Coal mining disturbed more than one million acres of land prior to 1977. Environmental problems include water pollution, open portals and pits, land stripped of natural vegetation, and refuse piles. Through reclamation, our land and water resources are improved for beneficial uses such as agriculture, wildlife habitat, or development. Mine site cleanups not only improve our environment but also safeguard people and property. OSM administers the

Abandoned Mine Land Fund by collecting fees on each ton of coal produced.

OSM, through its State partners, is making steady progress in reclaiming degraded land and exceeded this year's reclamation target of 6,900 acres. The target for next year will remain 6,900 because of the anomaly in 2008 results due to a particular State's focus on water line replacements that will not continue. However, long-term performance is expected to increase dramatically to reflect the increase in mandatory funding provided to States by law under the 2006 SMCRA Amendments.

Programs Supporting This Measure

OSM State Managed Abandoned Coal Mine Reclamation





Reforestation of Mined Lands

Most of the land mined for coal within the eastern United States and Pacific Northwest was once forested. The coal fields of the eastern United States lie within the largest and oldest deciduous forests on Earth. Increases in surface coal mining have led to substantial forest fragmentation, loss of wildlife habitat, and increased flooding due to higher peak runoff from reclaimed areas. OSM, in cooperation with several States, initiated the Appalachian Regional Reforestation Initiative (ARRI). ARRI is a team of State, Federal, and university employees that have partnered together to plant more high-value hardwood trees on reclaimed coal mined lands in Appalachia. Land reclamation over the past 30 years has emphasized creating smoothly graded slopes with heavy ground cover to protect against erosion. Reestablishing trees had little success. Through ARRI, OSM promotes reforestation of mined land using the scientific 5-step Forestry Reclamation Approach.

Sixteen Arbor Day events were held in 2008 and 28,000 trees were planted by 750 students. The benefits of reforestation are substantial: trees minimize soil erosion, remove carbon dioxide from the air, provide wildlife habitat and diverse plant species, and help conserve water resources.



Before

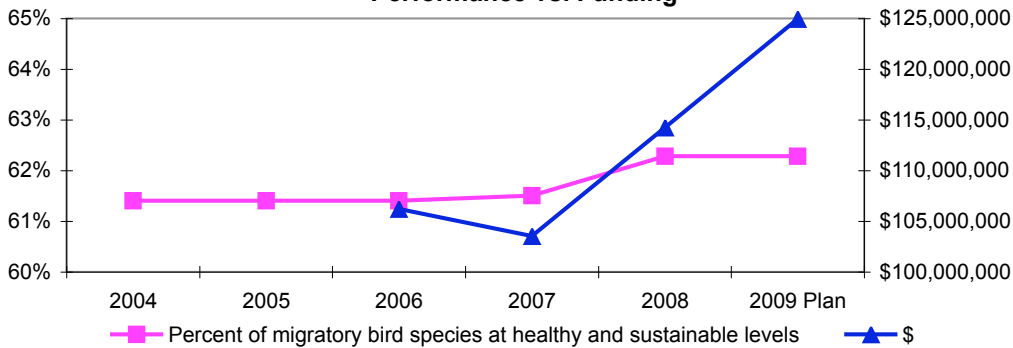


After

Before and after planting 1,000 backcross American chestnut seedlings and 1,000 American chestnut seeds in Ohio.

Percent of all migratory bird species that are at healthy and sustainable levels

FIGURE 1-12
Performance vs. Funding



ID #1491	2004	2005	2006	2007	2008	2009 Plan
Target				62%	62%	62%
Performance	61%	61%	61%	62%	62%	
Number at healthy and sustainable levels	561	561	561	561	568	568
Number of species	913	913	913	912	912	912
\$	Not Available		106,199,619	103,520,674	114,226,169	124,936,776

Snapshot: Performance improved with seven more species brought to healthy and sustainable levels in FY 2008.

Bottom Line: Performance is steady at 62 percent while funding is rising. The potentially beneficial effects of increased funding will not be realized for several years.

Status: Challenged Performance, due to uncertainties about the effects that increased funding will have on program performance, as large, unanticipated changes to the natural environment can play a significant role in achieving success.

Public Benefit: Long-term conservation of migrating birds allows the public to study, use, and continue to enjoy them. Birds are also a valuable part of a healthy environment, which benefits everyone.

The Fish and Wildlife Service is the lead Federal agency for migratory bird conservation. In FY 2008, about 568 species out of 912 were at healthy and sustainable levels. Vital for understanding and addressing species conservation needs are reliable information on population size, distribution during breeding and nonbreeding periods, habitat requirements, survival rates and reproductive success. As with the DOI Threatened and Endangered Species measure, many years are required to make a measurable difference in population levels, which is why achieving success

on seven species in 2008 is considered a substantial accomplishment.

The Migratory Bird Management Program aims to remove or reduce harmful threats to birds and to also develop focused management action plans that will accomplish the Service’s conservation mission. Between 2006 and 2008, conservation action plans were completed on eight focal species. The plans identify threats to a species, high priority conservations needs, limiting factors, partners, and projected implementation costs.

Support for this program also comes in the form of the 96-million acre network that makes up the National Wildlife Refuge System—providing



Programs Supporting This Measure

FWS	Migratory Bird Management
FWS	National Wildlife Refuge System
FWS	Habitat Conservation

Tracking Timberdoodles

Woodcock management relies on reliable annual population estimates, but woodcock are tough to find and count because of their coloration, small size, and preference for areas with dense vegetation. However, they're easy to hear. The American Woodcock Singing Ground Survey (SGS), initiated in 1968, was developed to track these reclusive birds.

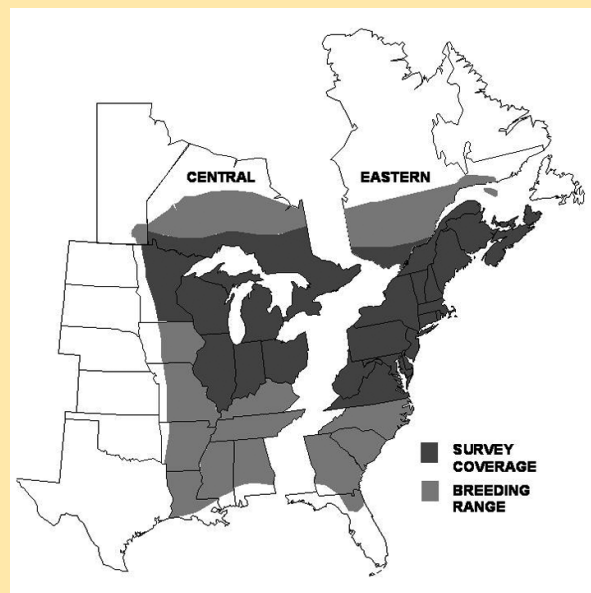
Woodcock, also called timberdoodles, mud-suckers and mud bats, are best known for their spectacular spring courtship flights at dusk. Sitting in his territory—his singing ground—the male sings a nasal “peent” every five seconds. After about 20 peents, he bursts into flight, spiraling high into the sky. He sings to waiting females, returning to the same spot after each flight, and repeats this several times.

In late April and early May, during mating season, observers drive along randomly chosen roadside routes in the central and northern portion of the breeding range and record the number of woodcocks heard peenting. The SGS consists of about 1,500 routes, each with 10 designated listening points, along 4 miles.

Woodcock populations have been in decline over the past 40 years. Most experts attribute the decline to habitat loss. Historical population levels, as derived from the SGS, form the basis of the American Woodcock Conservation Plan. The conservation plan goals are to halt woodcock decline by 2012 and achieve positive population growth by 2022. Woodcock populations have generally stabilized in most areas over the past 10 years, which coincides with the implementation of more conservative hunting seasons. The woodcock is an example of how long it takes to reverse a species in decline.



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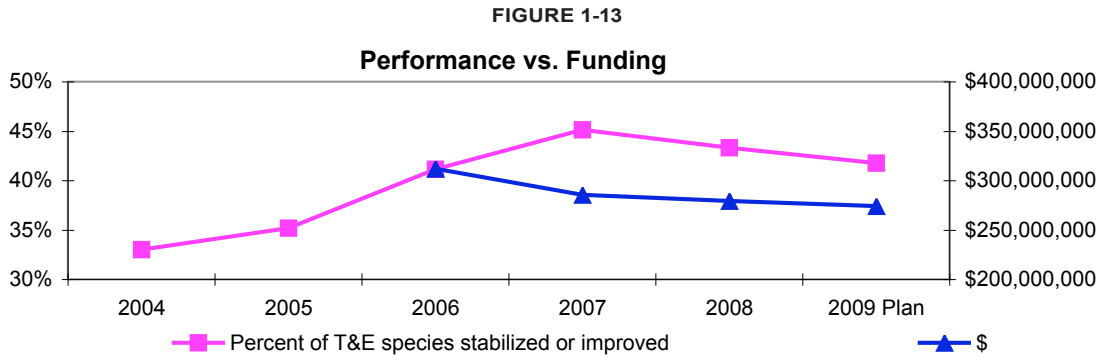


critical habitat for migratory birds. The System's wetland habitats are essential to the survival of waterfowl and other migratory bird populations.

Looking ahead to 2009, the Service will continue to implement the President's Migratory Bird Initiative.

The program has targeted almost 30 additional focal species for which it intends to complete action plans by the end of FY 2009. The refuge system will restore about 200,000 acres to benefit migratory birds and other species.

Percent of threatened or endangered species that are stabilized or improved



ID #1695	2004	2005	2006	2007	2008	2009 Plan
Target				47%	42%	42%
Performance	33%	35%	41%	45%	43%	
Species stabilized/improved	413	442	522	573	549	529
Number of species	1,252	1,256	1,269	1,269	1,267	1,267
\$	Not Available		312,030,262	285,255,306	279,195,713	274,056,314

Snapshot: Performance has been increasing generally with a peak in 2007, while funding being spent decreased.

Bottom Line: Restoring a species to the point that it is removed from the threatened and/or endangered list takes time, as typically a species is found throughout a large portion of the country. Successes are considered significant, such as the bald eagle in FY 2007 and the brown pelican this year. The application of people and effort is only part of the solution, while the availability of habitat, natural conditions, and time to reestablish a breeding population through several generations are essential elements not directly under the control of the program.

Status: Challenged Performance, due to the time it takes for corrective actions to be implemented and take effect.

Public Benefit: The Department is charged with protecting thousands of native plant and animal species, including more than 1,000 with special status under the ESA and nearly 300 candidate species. The forests, mountains, and deserts house biological diversity that is critical to overall ecosystem health, and potentially impacts our own survival.

Reducing the number of plants and animals on the Endangered Species list to a point where they are secure, self-sustaining components of their ecosystem is a challenging task. Reversing declines, stabilizing populations, and achieving recovery goals requires coordinated actions from many partners over a lengthy period. While the funding presented covers only the FWS program, ultimate success for a species involves the efforts of many beyond the FWS and the other DOI bureaus. Of the species that are listed, FWS has

recovery plans for 80 percent of them, a significant step toward Interior’s goal of Sustaining Biological Communities.

FY 2008 performance was slightly better than predicted primarily because of recent relief from the drought in the southeastern United States. For that reason, the current target for FY 2009 will be reevaluated to determine whether it should be revised.

Following delisting of the bald eagle and Idaho spring snail in 2007, this year Interior delisted the brown pelican, a species that underwent a remarkable



Programs Supporting This Measure

- FWS Endangered Species
- FWS National Wildlife Refuge System
- FWS Habitat Conservation



A Wonderful Bird is the Pelican...

Initially, efforts to protect the brown pelican led to the birth of the National Wildlife Refuge System more than a century ago in central Florida, when a German immigrant, Paul Kroegel, was appalled by the indiscriminate slaughter of pelicans for their feathers for use in women's fashion, especially hats. He convinced President Theodore Roosevelt to sign an Executive Order protecting the birds on Pelican Island in 1903—the first unit of what eventually became the National Wildlife Refuge System.

The pelican's recovery is due in large measure to the Federal ban on the general use of the pesticide DDT in 1971, after former FWS biologist Rachel Carson published *Silent Spring*. When pelicans ate fish

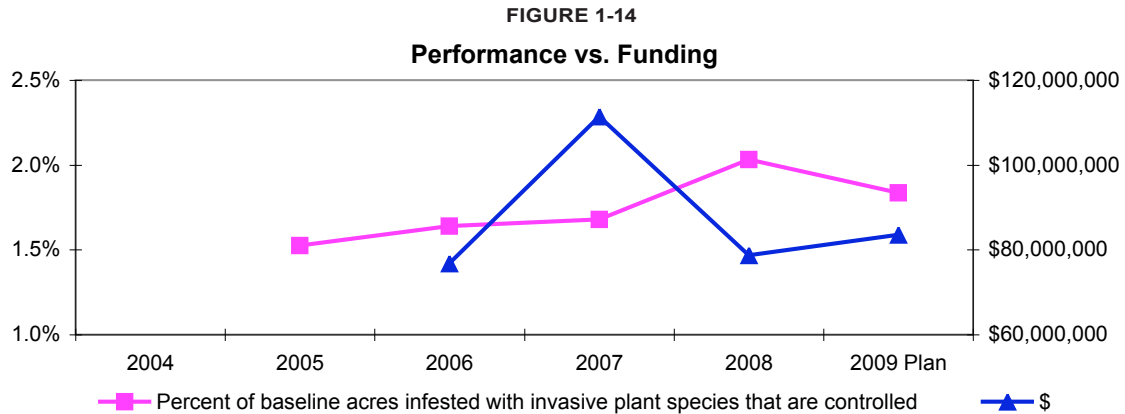
contaminated with DDT, the eggs they laid had shells so thin that they broke during incubation. The population plummeted due to lack of breeding success.

Louisiana, long known as the Pelican State, has been a key partner with FWS in efforts to recover the pelican in the Gulf Coast region. A restoration project was started in 1968 when 1,276 young pelicans were captured at sites in Florida and released at three sites in Louisiana during the 13 years of the project. The extraordinary efforts of State wildlife agencies in Florida, Texas, and Louisiana, partnering with FWS, accelerated the pace of recovery by protecting nest sites during the breeding season. FWS now estimates the global population at 650,000 brown pelicans.

recovery from the brink of extinction. FWS prepared a draft Endangered Species Strategic Plan that is scheduled for implementation in FY 2009. The Plan is a pivotal management tool for recovering and conserving imperiled species. This new plan

provides for partnering with private landowners, States, and tribes to expand collaborative conservation efforts, that reach beyond the borders of DOI lands and ask for more citizen action to meet the increased need for help.

Percent of baseline acres infested with invasive plant species that are controlled



ID #444	2004	2005	2006	2007	2008	2009 Plan
Target				1.53%	1.57%	1.83%
Performance		1.53%	1.64%	1.68%	2.03%	
Acres controlled	No Report	615,991	667,640	633,208	791,667	714,510
Baseline acres infested		40,364,819	40,725,678	37,717,610	38,943,435	38,942,918
\$		Not Available	76,723,551	111,398,575	78,705,926	83,577,859

Snapshot: Performance increased by almost 160,000 acres under control. It is not clear that added funding is the solution to the seriousness of the problem.

Bottom Line: While 160,000 acres is a sizeable area, it is only a tiny fraction of the almost 40 million infested acres. The robust nature of invasives and their ability to spread rapidly present a challenging situation, especially with a constant level of people working to combat this threat. This is an area that needs serious strategic reconsideration.

Status: Positive Performance.

Public Benefit: Invasive plants can spread into and dominate native plant systems and disrupt the ability of the system to function normally. They choke waterways, modify soil chemistry, degrade wildlife habitats, and invade grazing lands. Controlling infested acreage is critical to land and water productivity and health.

Invasives introduced into the United States from around the globe are affecting plant and animal communities on our farms, ranches, and coasts; and in our parks, waters, forests, and backyards. Human activity such as trade, travel, and tourism have all increased substantially, increasing the speed and volume of species movement to unprecedented levels. Eradication of widespread

invasive plants may not be feasible according to the National Invasive Species Council (NISC).

In FY 2008, a rundown of bureau efforts shows BLM, with by far the largest amount of land infested at 35 million acres, brought 1.25 percent, or 436,698 acres under control. The FWS refuge system controlled 341,467 infested acres out of a total 2.3 million acres, or about 15 percent. Reclamation, with about 6,700 infested acres, has a total of 95.5 percent of total acreage under control. NPS performance brought approximately 7,000 acres out of 1.6 million under control. Each bureau spends different amounts for

Programs Supporting This Measure

- BLM Wildlife Habitat Restoration
- BLM Resource Management
- NPS Natural Resource Stewardship
- FWS National Wildlife Refuge System
- BOR Water Management & Environmental Mitigation



Dunes Restored

Humboldt Bay National Wildlife Refuge in California is in the midst of a 5-year, \$600,000 restoration of the Ma-le'l Dunes Unit. The restoration expands work already carried out at the adjacent Lanphere Dunes Unit—recognized as the most pristine dune ecosystem in the Pacific Northwest.

The key ingredients needed to build a dune system include a source of sand, a shoreline perpendicular to the prevailing winds and a low landscape over which dunes can migrate. In addition, plant species that are adapted to survive the drying winds and shifting sands are needed to help shape and build the dunes. Stretching along a thin 34-mile section of coast, this unique and vulnerable area encompasses a variety of wildlife habitats and is home to two endangered plant species, the Humboldt Bay wallflower and the beach layia.

The work is funded by a FWS Challenge Cost Share grants with the California Department of Corrections. At Ma-le'l Dunes, refuge staff has manually removed invasive European beachgrass, iceplant and yellow bush lupine. The invasives inhibit sand movement and upset the ecological balance. The California Department of Forestry and Fire Protection



Before



After

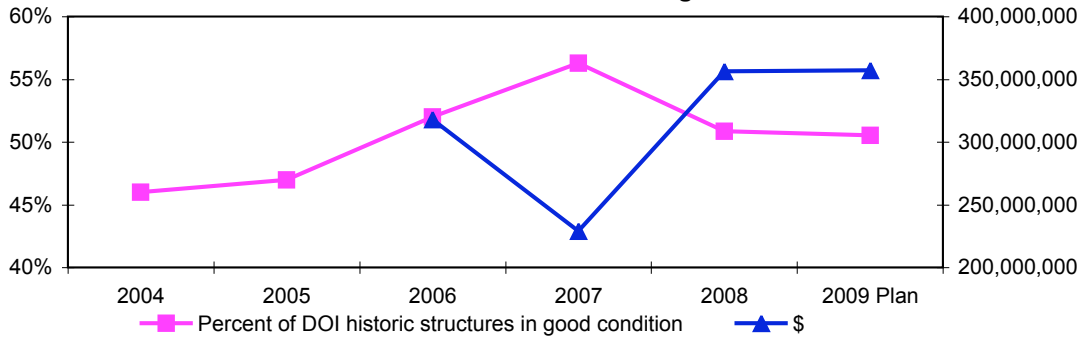
prison crews, California Conservation Corps, and volunteers are providing labor. Restoring these acres to desired condition better preserves the dunes, as well as the two endangered plant species, and the habitat of a small shorebird listed as threatened—the snowy plover.

treatment depending on where the land is located, its condition, and what species are impacted by treatments. Land located in one of our national parks might require alternative treatments and cost more per acre compared to the open spaces of BLM-managed land.

Strategies for Interior's treatment of invasive plants could change with the efforts coordinated through NISC's new 2008–2012 National Invasive Species Management Plan. Under this Plan, control and management efforts will be evaluated. At this point, the added attention to evaluation is needed to determine treatment success.

Percent of all historic structures on DOI inventory in good condition

FIGURE 1-15
Performance vs. Funding



ID #1496	2004	2005	2006	2007	2008	2009 Plan
Target				46%	50%	51%
Performance	46%	47%	52%	56%	51%	
Structures in good condition	12,102	12,660	13,788	15,043	15,555	15,463
Structures on DOI inventory	26,585	26,879	26,630	26,731	30,586	30,604
\$	Not Available		318,018,235	229,169,045	356,208,109	357,230,747

Snapshot: Performance was lower in FY 2008 than in FY 2007. While funding had decreased through 2007, additional funding was provided to NPS for historic structures in 2008.

Bottom Line: While the number of structures in good condition has increased, the overall percentage has decreased as more structures continue to be assessed and added to the inventory. Performance is expected to start increasing once the inventories at BLM and IA are completed.

Status: Challenged Performance, due to lack of a complete inventory of structure conditions and competing bureau priorities.

Public Benefit: Interior conserves the Nation’s cultural and heritage sites that reflect a past as rich and diverse as our country. DOI safeguards our heritage for the generations that follow, to better understand our country and learn from our past.

Interior maintains over 30,000 historic structures among four bureaus—NPS, BLM, FWS and BIA. Overall aggregate performance has decreased from last year. Deterioration over time lowers the status of these sites. The drop in performance in 2008 is due to adding about 4,000 units to the inventory while less than 300 of those were rated in good condition. Good condition means that a site is intact, structurally sound, stable, and maintains its character and material. Each site must be assessed before its condition can be documented.

The largest proportion of sites is found in our national parks, where, in FY 2008, 15,176 of the 27,865 historic structures were in good condition. The National Park Service Centennial Challenge Initiative, begun in FY 2008, will continue to fund preparation for the 100th anniversary of NPS in 2016.

BLM has begun to compile a database of historic structures. The FY 2008 compilation of 362 structures shows 182 in good condition, a slight increase over 2007. The rate of performance can be attributed to the amount of work necessary to restore recent additions to the list—more time and effort is required for the structures in poorer condition.

Programs Supporting This Measure

- NPS Cultural Resource Stewardship
- FWS National Wildlife Refuge System
- BLM Resource Management
- BIA Trust-Real Estate Services



Restoration of Old State House

The Old State House was the center of Boston's civic life in the 18th century and the scene of some of the most dramatic chapters leading up to the American Revolution. Within these walls, Samuel Adams, James Otis, John Hancock, and John Adams debated the future of the British colonies. Just outside the building, five men were among the first casualties of the battle for independence, in what would later be known as the Boston Massacre. The Declaration of Independence was proclaimed from the balcony to the citizens of Boston in 1776. After the American Revolution, the building served as the first statehouse for the newly formed Commonwealth of Massachusetts.

During the initial restoration phase, the wood tower was completely rebuilt and restored, and the dome and weathervane were regilded, restoring them to their 18th-century splendor. More funds have been awarded in Centennial Initiative funding to begin an additional project to repair windows and finish sealing the building against water penetration, correct the humidity problem with a redesigned heating, ventilating, and air conditioning (HVAC) system, and complete handicap accessibility.



Old State House, Boston, Massachusetts

History was made here, and preserving this landmark is part of the Department's mission to preserve our cultural heritage.

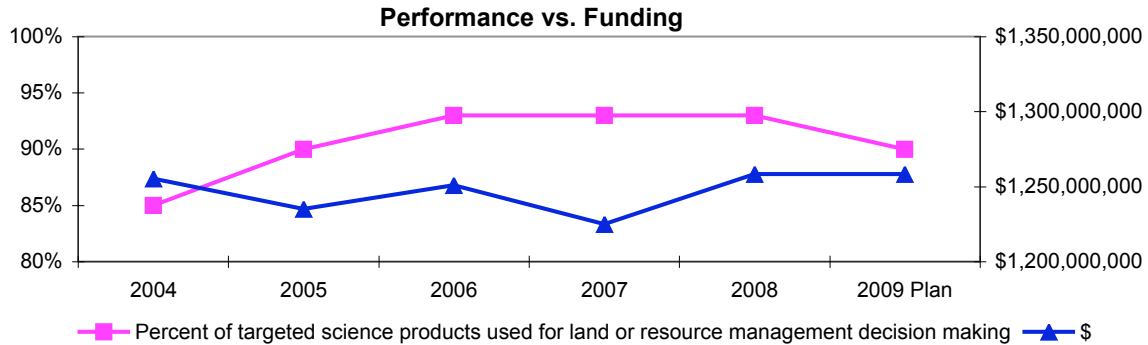
FWS reports 2,219 historical structures are located on refuges. Performance was minimal, with 134 structures in good condition, in that FWS' first priority is always directed toward conserving fish and wildlife.

IA remains unable to report the condition of most of its historic structures at this time. Contracts, however, are underway in 3 of its 12 administrative regions to identify and evaluate which of its

approximately 1,000 candidate structures are considered historic. Fifty years or older is the mark for consideration according to the National Historic Preservation Act. A similar contract for a fourth region, with approximately 340 potentially historic structures, is expected to begin in FY 2009. In-house personnel are working on identifying which of 255 potentially historic structures distributed among the remaining eight regions qualify as historic.

Percent of targeted science products that are used by partners for land or resource management decisionmaking

FIGURE 1-16



ID #1508	2004	2005	2006	2007	2008	2009 Plan
Target				90%	90%	90%
Performance	85%	90%	93%	93%	93%	
\$	1,255,351,787	1,235,042,130	1,251,015,129	1,224,776,955	1,258,289,675	1,258,289,675

Snapshot: Performance continues to be in the 90th percentile. Total costs are dependent on the number and scope of the studies undertaken by USGS in any given year.

Bottom Line: Performance is consistently high and is tracked by surveys of customers and partners. Funding remains at a fairly constant level with a recent increase in 2008-2009. Efficiencies have been incorporated through recent advances in research and computer technology, and through streamlining analyses.

Status: Sustained Performance.

Public Benefit: USGS data contributes to sound land and resource decisionmaking, as well as understanding, modeling, and predicting how multiple forces affect natural systems. USGS expertise is instrumental to ensure the sustainability of wildlife and habitats in energy development areas.

USGS provides its findings to other DOI and Government agencies to help in their natural resource planning and decisionmaking. Most recently USGS has increased its focus on the HLI to address the challenge of conserving the Nation's most at-risk natural resources in light of explosive population growth and significant increases in energy development on public land in the West.

Starting in 2007, USGS redirected funding to support the Initiative with a focus on Green River Basin in Wyoming, one of the areas with the largest onshore natural gas reserves in the country. USGS, BLM, and FWS, joined forces to tackle the issues at this complex wildlife-energy interface using a science-driven approach.

USGS brought its portfolio of science expertise to help decisionmakers build and implement adaptive management solutions. New funds received in 2008 accelerated completion of two new systematic analyses to evaluate treatment for sage habitats and develop options for the benefit of the sage grouse. Completion of ecological assessment in future years will provide the information and knowledge to ensure the

Programs Supporting This Measure

- USGS Geographic Research & Remote Sensing
- USGS Water Information Collection & Dissemination
- USGS Biological Information
- USGS Water Resource Research
- USGS Coastal & Marine Geology
- USGS National Cooperative Mapping Program
- USGS Biological Research & Monitoring



Polar Bear Survival

With changes in sea ice recently observed in Alaska, many are concerned that U.S. polar bear populations will be adversely affected. USGS scientists have already documented one change in polar bear behavior—a shift in maternal dens from pack ice to land.

The USGS assembled an international team of scientists who produced nine technical reports within six months to help inform the Secretary’s decision as to whether to list the polar bear as a threatened or endangered species. The USGS is continuing its long-term studies of polar bears to evaluate and test the models it developed in the nine reports. This work is critical as seasonal sea ice continues to recede at unprecedented rates in the Arctic. Polar bears are now listed as threatened based on the best available science, which shows that loss of sea ice threatens, and will likely continue to threaten, polar bear habitat.

The studies project a decline in polar bear populations throughout their range during the 21st century; however,



the severity of the decline will depend on local sea ice conditions. In areas like Alaska, where sea ice recedes far north of the continental shelf each summer and fall, survival will be particularly challenging. Polar bears are predicted to prosper better in areas of northern Canada and Greenland where sea ice is expected to be more stable.

long-term viability and sustainability of wildlife and habitats in energy development areas.

In FY 2008, USGS inventoried species and habitats, monitored and assessed water resources, integrated

energy resources and habitat data, and provided a robust data inventory and models to inform land-use decisions for southwest Wyoming, which can then be transferred to other HLI areas in FY 2009.

Mission Area Two

Resource Use

Striking a balance between meeting our country's energy needs while ensuring responsible use of the land that contains these valuable resources is a worthy goal, especially in this time of heightened environmental consciousness. Our mission to manage America's natural resources includes promoting responsible development and use of energy, grazing land, forest products, and nonenergy mineral deposits.

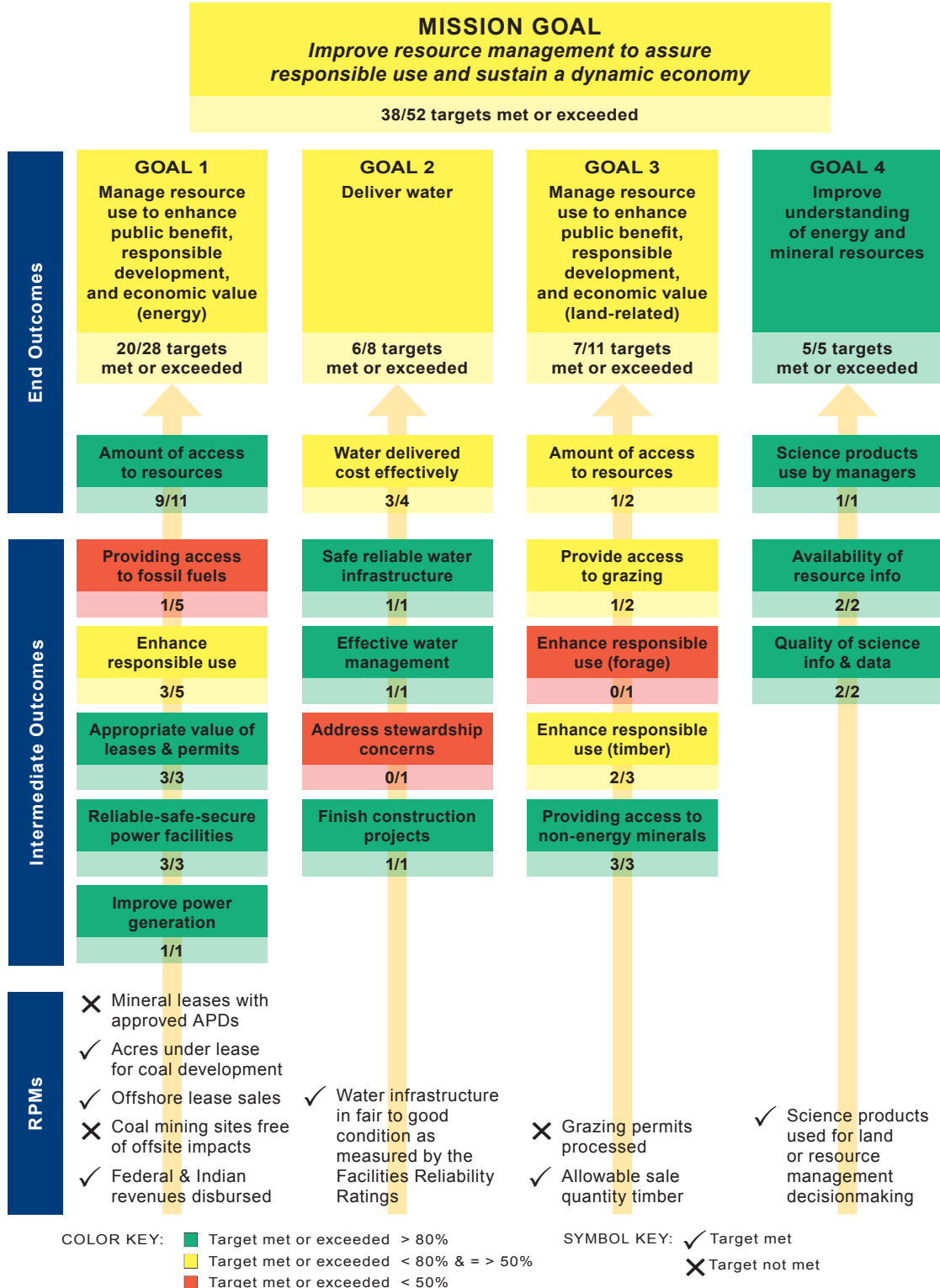
The quality of life that Americans enjoy today depends largely upon a stable and abundant supply of affordable energy. Energy heats and cools our homes. It fuels our ambulances, fire trucks, ships, and airplanes. It powers the companies that create jobs and the agricultural economy that feed our Nation and the world.

The Minerals Management Service (MMS) issues offshore leases to oil and gas companies for prospective development. The Bureau of Land Management (BLM) leases land that potentially holds coal, oil or gas onshore. Interior manages land and water that produces about 30 percent of America's energy supply. Typically Interior's role is to provide responsible access to energy producers, not to perform the actual production. However, in the case of Interior's Bureau of Reclamation (BOR), energy production via hydropower is a bureau function. Reclamation is the second largest producer of hydroelectric power in the western United States, with 58 power plants annually providing more than 40 million megawatt hours of hydroelectricity, enough to meet the needs of over 5 million households. Reclamation is also the largest wholesaler of water in the country. BOR brings water to more than 31 million people and provides 1 out of 5 Western farmers with irrigation water for 10 million acres of farmland that produce 60 percent of the Nation's vegetables and 25 percent of its fruits and nuts.

FIGURE 1-17

RESOURCE USE

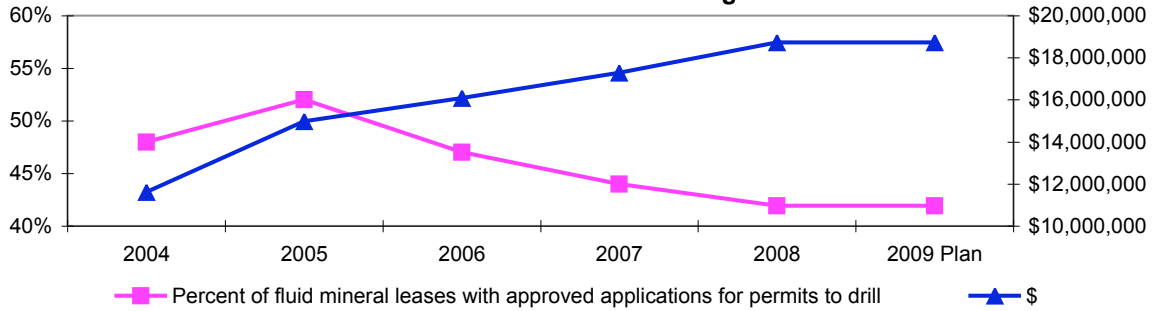
How we manage our natural resources now directly affects the availability of those resources in the future. Interior manages America's natural resources through promoting responsible development and use of energy, grazing land, forest products, and nonenergy mineral deposits.



Percent of fluid mineral leases with approved applications for permits to drill

FIGURE 1-18

Performance vs. Funding



ID #1509	2004	2005	2006	2007	2008	2009 Plan
Target				47%	44%	42%
Performance	48%	52%	47%	44%	42%	
Leases in producing status	21,889	23,511	22,859	21,612	23,289	23,289
Leases in effect	45,836	45,479	48,423	49,152	55,546	55,546
\$	11,613,771	14,965,737	16,084,959	17,275,476	18,737,261	18,737,261

APDs	2004	2005	2006	2007	2008	2009 Plan
APDs submitted	6,979	8,351	10,492	8,370	7,884	7,785
APDs processed*	7,351	7,736	8,854	8,964	7,846	8,319

* Includes pending APDs

Snapshot: Though the number of fluid mineral leases with approved Permits to Drill increased by 1,677 from 2007, overall performance declined to 42 percent due to a rise in the denominator with a higher than anticipated number of leases. Funding spent for the APD process increased slightly over FY 2007.

Bottom Line: The BLM delayed processing a large group of APD’s while conducting a large-scale development impact analysis on sage grouse and elk habitats. Also, industry submitted fewer applications in 2008 and was slower to submit information required to process APDs, thus slowing down the approval process. The application process is customer driven.

Status: Challenged Performance, due to rising funding and declining performance.

Public Benefit: Responsible access to fluid mineral resources on Federal lands helps to provide energy independence through long-term availability of the resource, while minimizing environmental impact.

The Department of the Interior’s (DOI) role in the United States energy arena is not oil or gas production, but providing access to these energy resources located on Federal land. The oil and gas industry nominates onshore mineral estate acreage to be leased in blocks for a period of 10 years. The BLM offers these parcels competitively for oil and gas leasing. Once a parcel is leased, an approved

APD is required to drill a well. The ultimate exercise of the APD is dependent on the oil/gas company’s decision to drill, primarily based on economic feasibility.

The table above shows the total number of leases in effect for FY 2008 has increased from 2007 by 6,394 leases and those leases in producing status have also increased by 1,677 from last year. A single lease may have one to 1,000 APDs approved, but is counted only once. BLM processed 7,846 APDs in FY 2008.

Programs Supporting This Measure

- BLM Energy & Minerals Management
- BLM Realty & Ownership Management
- BLM Land Use Planning



Environmentally-Friendly Wooden Roads

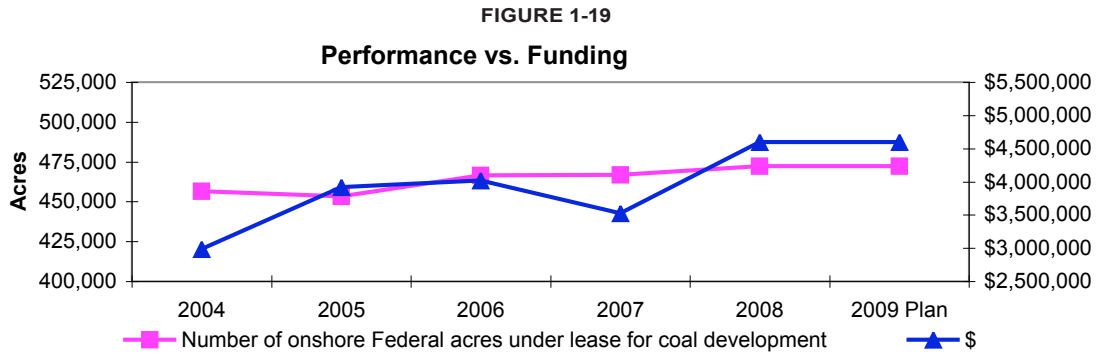
In the Jonah Field of Wyoming, operators lay down temporary wooden oak mats on well sites and access routes instead of stripping off native vegetation and topsoil to build permanent roads and well pads. This practice protects the ground, reduces erosion, and reduces the loss of wildlife habitat. The native vegetation root systems remain intact and recover much quicker compared to conventional methods of revegetation. In some cases, pretreatment takes place before laying the mats. Fertilizer, water, seed, or aeration may be used to augment vegetation after the mats are removed.

A typical 2.5-acre well pad requires about 1,000 mats. The mats are 8x14 feet and weigh 2,500 pounds each. The cost of protecting the environment is not cheap. Each mat costs about \$500; however, they can be reused.



*Oak mats providing
access in winter*

Number of onshore Federal acres under lease for coal development



ID #1510	2004	2005	2006	2007	2008	2009 Plan
Target				464,500	467,234	472,337
Performance	456,578	453,442	466,652	466,943	472,337	
\$	2,982,176	3,921,020	4,019,503	3,522,116	4,595,031	4,595,031

Snapshot: Performance has increased slightly, in conjunction with an increase in funding.

Bottom Line: Performance increased by 1 percent, resulting in an additional 5,394 acres under lease for coal development. The leasing program is implemented in a manner that ensures responsible use.

Status: Sustained Performance.

Public Benefit: Public lands produce 42 percent of our Nation’s coal. Interior contributes to U.S. energy independence by managing dependable, affordable, and environmentally sound commercial energy development.

The BLM’s Coal Management Program issues authorizations which allow lessees to extract coal from Federal lands while meeting environmental and safety standards.

BLM has implemented new Lease by Application processing procedures, which should speed up lease processing in the Powder River Basin, located

in Montana and Wyoming, where nearly 88 percent of Federal coal is produced. BLM is also developing a process to approve multiple leases at the same time. The new process will be ready to implement in 2012. Over the last 14 fiscal years, there has been an increasing share of the Nation’s coal production from Federal leases.

Programs Supporting This Measure

- BLM Energy & Minerals Management
- BLM Realty & Ownership Management
- BLM Land Use Planning

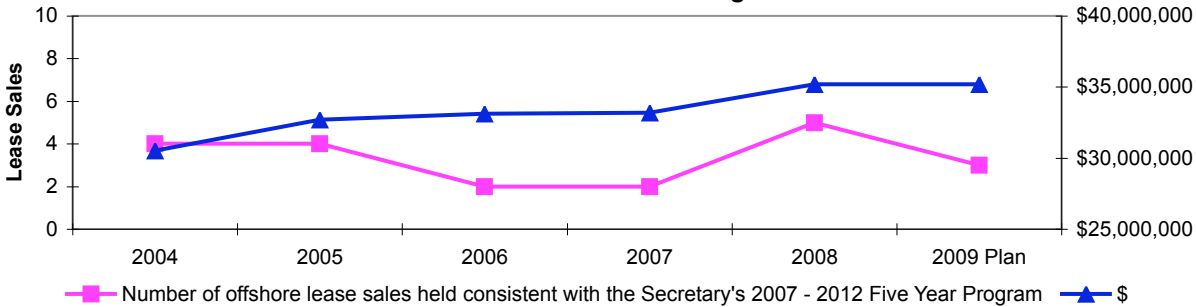


Mission Area Two: Resource Use

Number of offshore lease sales held consistent with the Secretary’s 2007–2012 Five-Year Program

FIGURE 1-20

Performance vs. Funding



ID #1588	2004	2005	2006	2007	2008	2009 Plan
Target				2	5	3
Performance	4	4	2	2	5	
\$	30,500,000	32,700,000	33,100,000	33,200,000	35,200,000	35,200,000

Snapshot: Performance is progressing as planned in the Secretary’s 5-Year Offshore Oil and Gas Leasing Program. Funding rose the past few years to support the environmental studies and analyses, resource assessments and leasing consultations necessary to provide access to frontier leasing areas.

Bottom Line: The annual lease sales will proceed as planned to meet national energy needs through 2012. As new areas in the Outer Continental Shelf (OCS) are opened up for leasing consideration, increased funding is required to conduct analyses, some in areas where no concerted oil and gas related data gathering has occurred in over 15–20 years.

Status: Found demonstrated process efficiencies.

Public Benefit: Lease sales provide access to oil and natural gas in an environmentally responsible way and contribute to America’s goal of energy security.

As required by law, MMS provides an orderly and predictable schedule of lease sales by competitive bid through the 5-Year Offshore Leasing Program. The program makes promising offshore areas available to industry for leasing, exploration and potential development. It is estimated that the OCS contains about 60 percent of the oil and 40 percent of the natural gas that could potentially be produced in the U.S.

The current program, from 2007 to 2012, provides access to about 181 million acres of the 1.76 billion acres that make up the OCS. Leasing as a result of these sales could result in production of 10 billion barrels of oil and 45 trillion cubic feet of natural gas over 40 years. Offshore leases are issued with 5 to 10 year terms to allow adequate time for the extensive permitting, geological



and geophysical exploration and analysis, arranging for financing, exploratory drilling, and construction of infrastructure necessary to begin production. Production could take another five years or more after a discovery. The five sales held in 2008 resulted in the leasing of approximately 11.7 million acres.

The costs associated with holding lease sales are incurred over multiple years. Planning activities span multiple years, and requirements can vary, based on many factors, particularly the leasing maturity of the sale location. Between FY 2006 and FY 2008, the number of sales actively being

Programs Supporting This Measure	
MMS	Outer Continental Shelf Minerals Evaluation & Leasing
MMS	OCS Environmental Studies

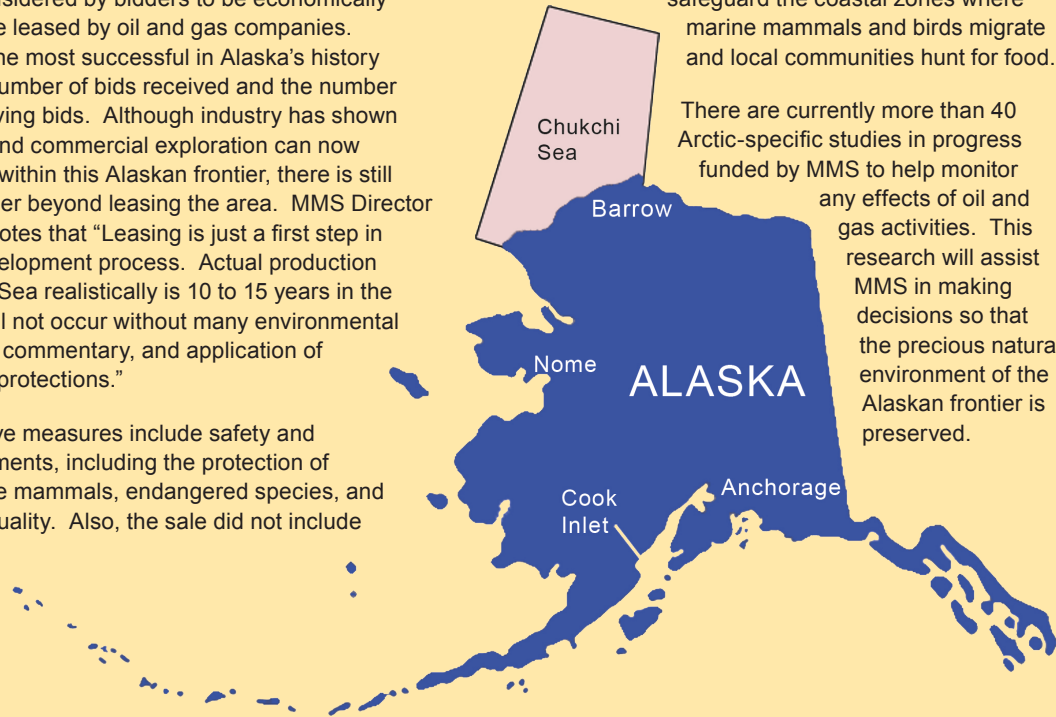
Uncovering Possibilities in the Chukchi Sea

The Chukchi sale, held in February 2008, offered 29.4 million acres for lease, of which approximately 2.8 million acres were considered by bidders to be economically viable and were leased by oil and gas companies. The sale was the most successful in Alaska's history based on the number of bids received and the number of blocks receiving bids. Although industry has shown great interest and commercial exploration can now officially begin within this Alaskan frontier, there is still much to consider beyond leasing the area. MMS Director Randall Luthi notes that "Leasing is just a first step in the energy development process. Actual production in the Chukchi Sea realistically is 10 to 15 years in the future—and will not occur without many environmental reviews, public commentary, and application of environmental protections."

Those protective measures include safety and drilling requirements, including the protection of Alaska's marine mammals, endangered species, and air and water quality. Also, the sale did not include

nearshore coastal waters, and leased areas ranged from 25 to 50 miles from the coast. Excluding those areas will safeguard the coastal zones where marine mammals and birds migrate and local communities hunt for food.

There are currently more than 40 Arctic-specific studies in progress funded by MMS to help monitor any effects of oil and gas activities. This research will assist MMS in making decisions so that the precious natural environment of the Alaskan frontier is preserved.



A version of this map first appeared in MMS Ocean Science, Volume 5 Issue 1, and is reprinted with permission of the U.S. Department of the Interior's Minerals Management Service.

planned increased from 5 to 8 sales and the number of leases issued nearly doubled with no growth in the Offshore Program staff. MMS efficiently prioritized its work to accommodate the additional workload. In addition, MMS was able to reduce the average annual cost of pre-sale analysis (excluding environmental studies) and conduct-of-sale activities by 25 percent, freeing up funding for the additional workload.

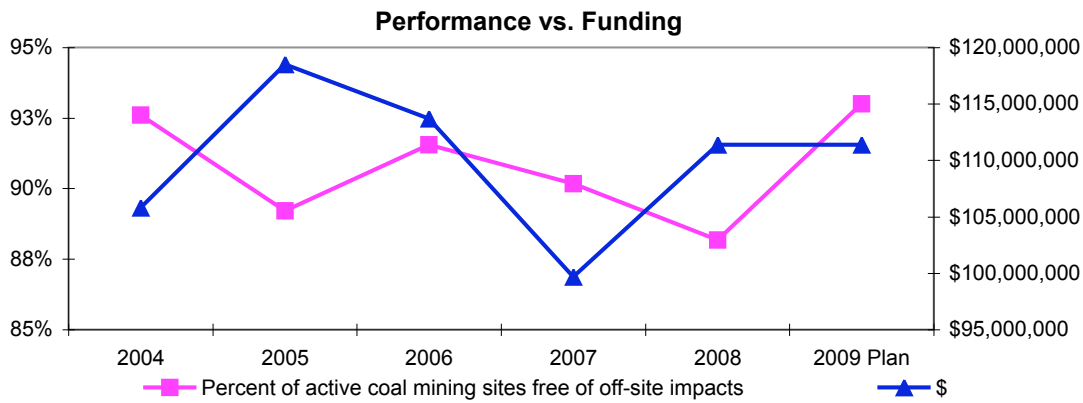
Secretary Kempthorne, in response to the President removing the executive withdrawal and the dramatic change in the Nation's energy situation, initiated development of a new leasing program 2 years

ahead of schedule to give the next administration additional options for expanding energy production.

The new 5-year plan will consider areas that are now open for development that were previously unavailable due to congressional moratoria and Presidential withdrawal. On July 14, 2008, the President removed the executive withdrawal, and on July 28, 2008, the President transmitted a budget amendment removing OCS areas previously withdrawn from oil and gas exploration. However, some areas of the Eastern Gulf of Mexico are off limits to development pursuant to the Gulf of Mexico Energy Security Act of 2006.

Percent of active coal mining sites that are free of off-site impacts

FIGURE 1-21



ID #455	2004	2005	2006	2007	2008	2009 Plan
Target				93%	93%	93%
Performance	93%	89%	92%	90%	88%	
Sites free of off-site impacts	6,364	7,436	7,454	7,103	6,864	7,239
Total number of mining sites	6,872	8,335	8,142	7,877	7,784	7,784
\$	105,813,000	118,487,000	113,684,000	99,688,551	111,388,487	111,388,487

Snapshot: Performance shows a slight decrease to 88 percent from last year's 90 percent of sites free of off-site impacts. Funding started to increase in 2008 as more funds became available to support State regulatory grants and increases in operations.

Bottom Line: FY 2008 performance at 88 percent translates to 6,864 sites out of 7,784 that are free of off-site impacts. The sustained performance is due to improved identification of off-site impact violations through the use of technology to verify permit boundaries, and better documentation of impacts. The above graph shows an approximate 1-year lag between funding and performance.

Status: Sustained Performance.

Public Benefit: Controlling off-site impacts protects both people and the environment.

Off-site impacts are negative effects resulting from surface coal mining activities, such as blasting, water runoff or land stability that affects people, land, water or structures outside the permitted area of mining operations.

OSM oversees implementation of the 1977 SMCRA. There has been a shift in OSM's role from direct enforcement to oversight. OSM works closely with the States and Tribes in administering and maintaining their approved regulatory and reclamation programs. Under this approach, performance agreements are worked out by consensus with each State, and unique State-specific evaluation plans are developed. Current coal mining operations include over

4.4 million acres in 26 States and on the lands of 4 Indian Tribes.

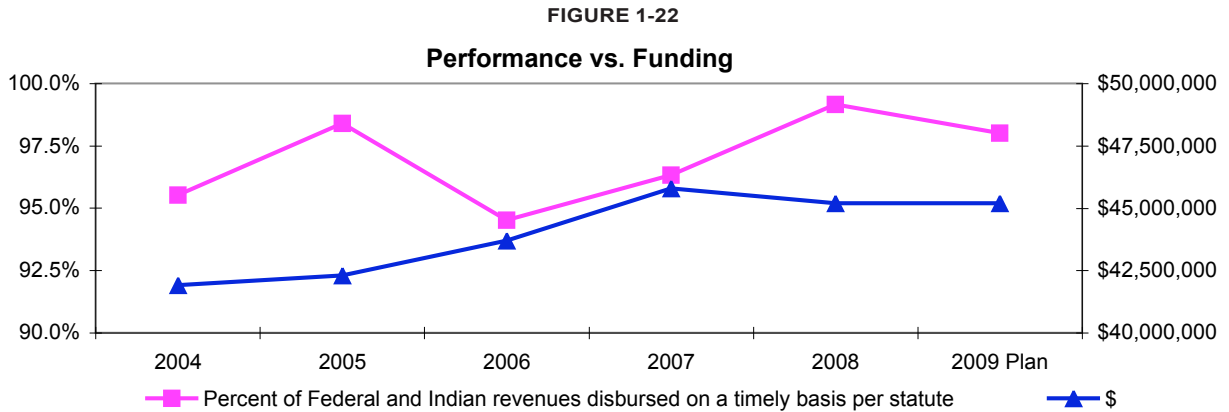
The target for FY09 remains at 93 percent, as increases in partnering between OSM and State agencies, as well as meetings with operators to discuss the nature of violations and actions needed, will reduce the number of off-site impacts in the future. Additionally, OSM anticipates a broader implementation of a pilot program to use Geographic Information System technology to verify permit boundaries and conduct automated field inspections that could result in increased efficiency and may reduce the cost in future years.

Programs Supporting This Measure

- OSM State Regulation of Surface Coal Mining
- OSM Federal Regulation of Surface Coal Mining & Abandoned Mine Reclamation



Percent of Federal and Indian revenues disbursed on a timely basis per statute



ID #493	2004	2005	2006	2007	2008	2009 Plan
Target				97.0%	98.0%	98.0%
Performance	95.5%	98.4%	94.5%	96.3%	99.2%	
Value disbursed on a timely basis	1,344,102,272	1,977,000,000	2,505,305,626	2,250,620,140	2,961,880,300	2,352,000,000
Total value of revenues disbursed	1,407,075,930	2,011,000,000	2,650,350,794	2,336,377,325	2,987,020,560	2,400,000,000
\$	41,900,000	42,300,000	43,700,000	45,800,000	45,200,000	45,200,000

Snapshot: Performance has increased over past years to reach 99 percent in FY 2008. Funding had been increasing, due to a rise in the number of disbursements, but now has leveled out.

Bottom Line: Performance remains in the upper 90th percentile, and is expected to stay at this level due to planned system enhancements.

Status: Sustained Performance.

Public Benefit: Timely distributions of revenue from mineral resources on Federal and Indian lands to the Land and Water Conservation Fund, the Historic Preservation Fund, and the Reclamation Fund help ensure America’s natural resources, landscapes, and rich history are enjoyed by current and future generations. State distributions are used to fund large capital projects, such as schools, roads, and public buildings. Revenues collected from mineral leases on Indian lands work directly to benefit members of the American Indian community.

MMS is in charge of collecting, accounting for, substantiating, and disbursing revenues from mineral production on Federal and Indian lands. The Federal Oil and Gas Royalty Management Act of 1982 requires monthly distribution and disbursement of payments to States and Indian Tribes for their share of mineral leasing revenues. When disbursements are not timely, the MMS must pay late-disbursement interest. This measure includes only the funds that are subject to late disbursement interest.

In FY 2006, Minerals Revenue Management focused on reducing accounts receivable and unapplied payments. Once those payments were cleared, timely disbursements increased in 2007. In FY 2008, MMS began implementation of a 2-year initiative for interactive payment and billing, which allows a more effective matching of payments of the appropriate receivables.

Programs Supporting This Measure

MMS Minerals Revenue Management



Mineral Revenues for Recreation

One of the recipients of revenues received by MMS from oil and gas companies drilling offshore is the Land and Water Conservation Fund (LWCF). MMS transfers nearly \$900 million annually to LWCF, enacted in 1964 to create and maintain a nationwide legacy of high quality recreation areas for the benefit and use of all. The Fund provides opportunities for millions of American families to reconnect with the outdoors by funding Federal land acquisition, State grants and other conservation programs with funds made available through appropriations.

MMS has disbursed \$23.5 billion to the LWCF since 1982. This past year a partial list of the areas managed by Interior's National Park Service that received funding for Federal acquisition includes:

Golden Gate National Recreation Area
California

Mesa Verde National Park
Colorado

Indiana Dunes National Lakeshore
Indiana

Cumberland Gap National Historic Park
Kentucky

Flight 93 National Memorial
Pennsylvania

Chickamauga-Chattanooga National Military Park
Tennessee

Big Thicket National Preserve
Texas

LWCF also provides a funding source for matching grants to help States and local governments acquire, develop, and improve public outdoor recreation areas and facilities. Communities receive funds for projects both large and small.



Mesa Verde NP, CO

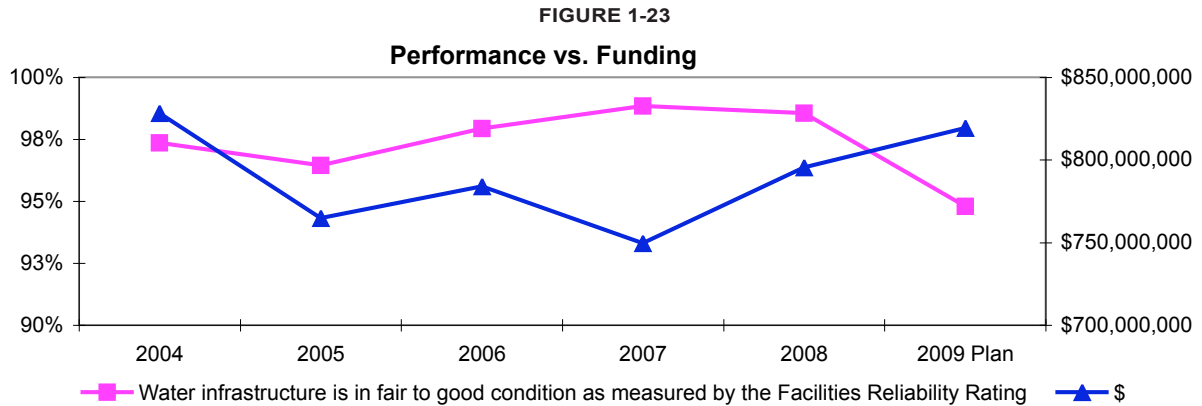


Golden Gate NRA, CA



Big Thicket NP, TX

Water infrastructure is in fair to good condition as measured by the Facilities Reliability Rating



ID #909	2004	2005	2006	2007	2008	2009 Plan
Target		94%	93%	91%	92%	95%
Performance	97%	96%	98%	99%	99%	
Infrastructure in good condition	331	326	333	341	341	328
Total number of dams and facilities	340	338	340	345	346	346
\$	828,165,354	764,708,017	783,874,681	749,680,635	795,417,595	819,280,122

Snapshot: Performance remained constant, while funding increased to help with maintaining the aging infrastructure.

Bottom Line: Performance remains at 99 percent. Reclamation has implemented efficiencies to mitigate the increasing costs of maintenance and repair of aging structures and facilities, while still maintaining a high level of performance.

Status: Challenged Performance, due to costs increasing coupled with level performance.

Public Benefit: Reclamation delivers water to 1 in every 5 farmers in the West and to over 31 million people.

In 2003, Reclamation established the Facility Reliability Rating (FRR) system to score and provide a general indication of Reclamation’s ability to maintain the reliability of its facilities. This measure gauges the reliability of all high and significant hazard storage dams and buildings associated with the water infrastructure that are routinely reviewed with the dam facilities. The FRR score is not a direct indicator of potential facility failure, but more often the result of a recommendation. Once a recommendation is issued, a restriction may be imposed on a facility until an analysis and any necessary modifications are complete. With the

FRR data, Reclamation is alerted to activities or areas needing attention and can focus on funding priority work.

Since 2005, at least 96 percent of Reclamation’s FRR-related facilities have been rated Fair to Good. In FY 2008, 99 percent of Reclamation’s water infrastructure was in fair to good condition as measured by the FRR. This reflects Reclamation’s successful efforts to extend the design and service lives of aging facilities and avoid expensive breakdowns.

Approximately 50 percent of Reclamation’s high and significant hazard dams were built between 1900 and 1950. The aging infrastructure and increasing cost for repairs

Programs Supporting This Measure

- BOR Water Management Operations & Maintenance
- BOR Dam Safety
- BOR Site Security



High Flow Into the Grand Canyon

On March 5, 2008, Secretary of the Interior Dirk Kempthorne opened the jet bypass tubes at Glen Canyon Dam to release about 41,500 cubic feet per second of Colorado River water into the Grand Canyon. The water for the experiment was released at a rate that would fill the Empire State Building within twenty minutes and transport enough sediment to cover a football field 100 feet deep with silt and sand.

The 60-hour high flow experiment was conducted to take advantage of the highest sediment deposits along the bottom of the river's channel in a decade and push it into

a series of sandbars and beaches along the river to provide habitat for endangered wildlife and campsites for thousands of Grand Canyon National Park tourists. The experiment was also intended to supply sand needed to protect archaeological sites and to create areas of low-velocity flow, or backwaters, used by young native fishes, particularly the endangered humpback chub. The results from the release will be incorporated into the long-term, science-based adaptive management process. Scientists hope to gain a better understanding about whether higher flows created by releasing water from the dam can be used to rebuild eroded beaches downstream.



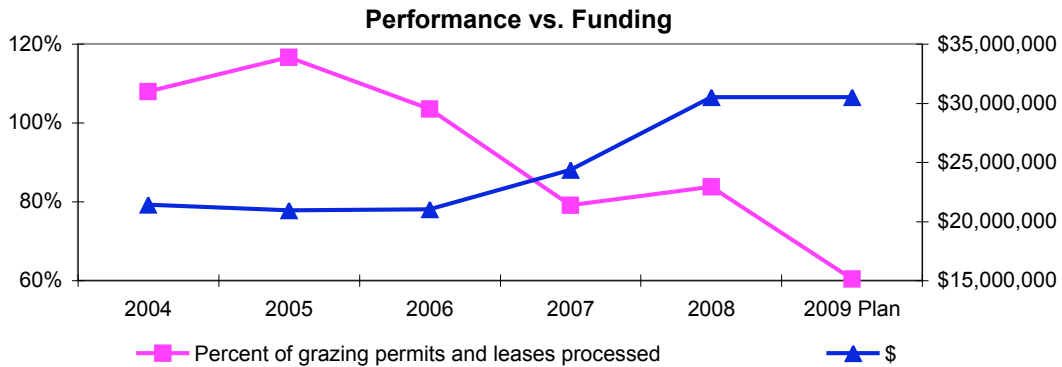
T. Ross Reeve, Reclamation volunteer

and replacements are carefully considered when establishing performance targets and funding requests. Further analysis is under way to determine whether a different metric, such as the

Comprehensive Condition Index, will prove to be a better measure for linking performance/condition of assets to changes in budget resources.

Percent of grazing permits and leases processed as planned consistent with applicable resource management plans

FIGURE 1-24



ID #1519	2004	2005	2006	2007	2008	2009 Plan
Target				100%	85%	60%
Performance	108%	117%	103%	79%	84%	
Permits/leases processed	2,512	2,730	2,565	2,058	2,177	2,177
Permits/leases received	2,329	2,342	2,479	2,600	2,600	3,606
\$	21,405,348	20,917,613	21,019,714	24,352,483	30,510,762	30,510,762

Snapshot: Performance improved by 5 percentage points over 2007, but was slightly below the 2008 target, with funding generally increasing.

Bottom Line: Funding is rising, due to dramatic increases in litigation, along with increasing workloads associated with issuing permits. The target was not met due to the increase in the number of permits being protested during the decision process, and the additional time needed to respond to each protest. There is no indication this trend will change.

Status: Challenged performance, due to increasing costs while performance has decreased.

Public Benefit: Livestock grazing can be used in certain areas to reduce hazardous fuels and minimize impact from catastrophic wildfires. Additionally, it contributes to food production and adds to local economic stability.

The BLM authorizes livestock grazing by issuing 10-year permits and leases which establish the seasons of forage use and number and kind of livestock. About 18,000 permits are issued for grazing on nearly 158 million acres of BLM-managed public land in the West.

Over the past 10 years, the amount of time, effort, and cost devoted to issuing grazing permits has increased at a steady rate. The requirements for issuing a permit have also continued to increase. The baseline quantity for this measure is 2,600 permits, established in 2007. BLM continues to work to eliminate the grazing permit renewal

backlog. There is still a backlog of fully processed grazing permits, due to the need to conduct environmental assessments and a growing workload caused by litigation associated with issuing permits. In FY 2008, a total of 2,177 permits and leases were issued.

In 2009, BLM expects to process the same number of permits as in 2008 (see unchanged numerator in table above). However, a surge in expiring permits is expected to occur in 2009 and 2010, resulting in a significant increase in the 2009 denominator that would cause the overall performance for this measure to decline by 24 percentage points.

Programs Supporting This Measure

- BLM Resource Management
- BLM Land Use Planning



Mission Area Two: Resource Use

Percent of allowable sale quantity timber offered for sale consistent with applicable resource management plans

FIGURE 1-25

Performance vs. Funding



ID #1562	2004	2005	2006	2007	2008	2009 Plan
Target				82%	85%	34%
Performance	69%	98%	80%	68%	86%	
ASQ timber offered (MMBF)	140	198	162	139	174	170
Allowable sale quantity of timber (MMBF)	203	203	203	203	203	502
\$	27,906,311	25,033,019	26,945,719	31,975,747	38,068,812	38,068,812

Snapshot: Performance jumped by 18 percentage points over last year in conjunction with a substantial increase in funding.

Bottom Line: Performance has recovered from FY 2007, when increased litigation and loss of several biological opinions required the BLM to remove about 33 percent of the timber sale plan.

Status: Challenged performance, due to increased costs and declining performance.

Public Benefit: Timber sales contribute to the economic stability of local communities and industry.

Some of the most productive forests in the world are managed by the BLM in western Oregon in compliance with the Northwest Forest Plan (NWFP). The NWFP was intended to preserve the health of forests, wildlife, and waterways while producing a predictable and sustainable level of timber. Continuing to impact performance are legal challenges stemming from both the National Environmental Policy Act and the ESA requirements. These lawsuits resulted in increased costs due to additional survey requirements, less volume offered than anticipated in the specified performance targets, sales needing to be redone, and delays in

contract awards and operations. Performance is rebounding as the legal actions are being cleared, although total and unit costs are increasing due to litigation.

Under the most recently proposed management plan for Oregon & California (O&C), the timber harvest anticipated for 2009, the denominator for this measure, will increase dramatically to 502 million board feet per year. Although BLM will offer nearly the same amount of timber in 2009, the overall percent will decline to 34 because of the denominator increase.

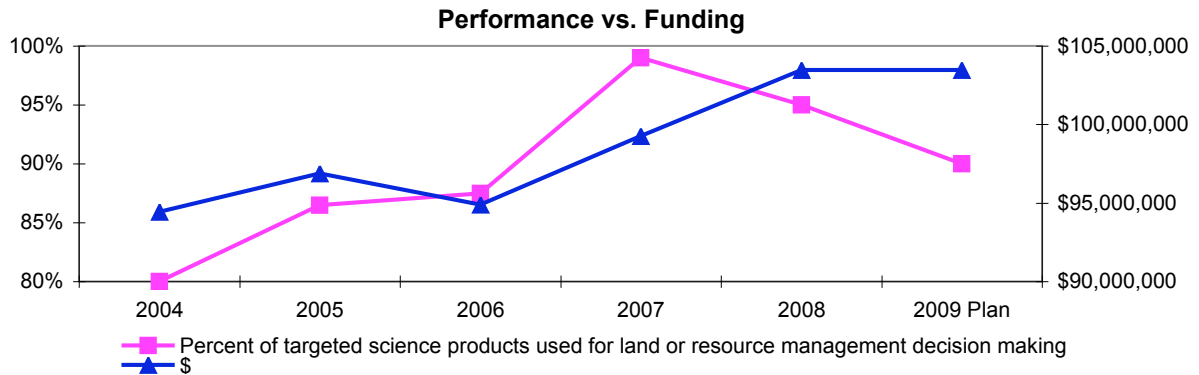


Programs Supporting This Measure

BLM	Resource Management
BLM	Land Use Planning

Percent of targeted science products that are used by partners or customers for land or resource management decisionmaking

FIGURE 1-26



ID # 1527	2004	2005	2006	2007	2008	2009 Plan
Target				80%	90%	90%
Performance	80%	87%	88%	99%	95%	
\$	94,429,073	96,883,040	94,898,465	99,256,515	103,482,332	103,482,332

Snapshot: Science products used for decisionmaking continue to experience high rates of use from partners and customers; funding has increased commensurate with the growing focus on energy resource development.

Bottom Line: Performance remains relatively constant in the mid to upper 90 percent range. The Mineral Resources Program component of the target anticipated reduced funding, but the funds were restored by Congress, which also approved increased funding for energy in the areas of gas hydrates and data preservation.

Status: Sustained Performance.

Public Benefit: USGS science products are used to plan for a secure energy future and to allow for the strategic use and evaluation of resources.

Performance on this measure is assessed through two USGS programs: the Mineral Resources Program and the Energy Resources Program. Together they provide reliable and impartial scientific information on geologically-based natural resources and the consequences of their development.

The USGS Energy Resources Program conducts national and global energy research dealing with conventional, renewable, and alternative energy sources such as geothermal, gas hydrates, oil shale, oil, gas, coal, uranium, heavy oil, and the like. Scientists are looking at the potential of gas hydrates as a critical new source of energy. Gas hydrates are a naturally occurring, ice-like combination of natural gas and water found under the world’s oceans and polar regions. Its natural gas accumulations

are estimated to greatly exceed the volume of all known conventional (commercial) gas resources. Currently, the technical challenges of realizing them as a resource are substantial, but research is being conducted to overcome these challenges.

In the United States, almost all of the gas-hydrate potential lies under Federally managed lands or waters. Future contributions from gas-hydrate to world energy supplies depend on availability, producibility, and cost of extracting methane from the hydrate phase. In 2008, the USGS completed a first-ever assessment of technically recoverable gas-hydrate resources. This work will provide the BLM and the Alaska Department of Natural Resources with the knowledge of where potential gas-hydrate development may take place.

In 2008, the USGS Energy Resources Program completed and released the first national



Programs Supporting This Measure
 USGS Energy Resource Assessment
 USGS Mineral Resource Assessment

Mission Area Two: Resource Use

geothermal resource assessment in more than 30 years. The USGS evaluated all geothermal resources capable of producing electricity. Geothermal energy is an extremely important, but underutilized resource in the United States.

The USGS Mineral Resources Program conducts national and global research on 100 mineral commodities required to maintain a dynamic economy. Scientists have developed methods for predicting the amounts of these commodities available in the future. In FY 2008 USGS and partners published the first-ever assessment of undiscovered copper in South America—the first in a series of reports that will result in a global

assessment by the end of FY 2010. In FY 2009, USGS will release reports updating the assessment methods and demonstrating their application.

Also in FY 2008, USGS initiated environmental baseline studies in and around the recently discovered Pebble copper-gold deposit in southwest Alaska. This study adds detail to work due to be completed in FY 2009 providing geologic information in support of economic development across rural southwest Alaska. The Pebble study will provide Federal and State land managers with premining background data against which to measure environmental compliance as the mine is developed.

Huge Copper-Gold System Discovered in Alaska

Discoveries of new, significant mineral deposits required to sustain our economy are rare events. Currently, the U.S. is not increasing copper production, but is relying heavily on imports from other countries. The Pebble project is a large copper-gold system located just north of Lake Iliamna, Alaska's largest lake, in an area renowned for its wildlife habitat. USGS has initiated environmental baseline studies so environmental compliance can be measured as the mine is developed.

A type of geochemistry that led to Pebble's discovery was measurements of metals in the sediments that are carried in the streams in the area. The Mineral Resources Program collects stream sediment samples and analyzes them for a suite of metals as a routine part of the geochemical information used to understand the geologic history and mineral deposit potential of an area. These samples and analyses are particularly helpful in remote areas like southwestern Alaska. Any mining company that wants to investigate an area uses these publically available data collected and published by the Mineral Resources Program as part of the basic information they use to decide where to focus their detailed exploration.

Providing these data for public use is a core mission of MRP and supports DOI's goal of managing natural resources to promote responsible use and sustain a dynamic economy.



Mission Area Three Recreation

Recreation is a vitally important part of Interior's mission. More than 22 million people live within 25 miles of Interior lands. Accessible and nearby, public land is quickly becoming America's backyard. The land we manage contains multiple recreational opportunities for individual enrichment through interaction with nature. Recreation activities are diverse—from off-road vehicles to contemplative wilderness experiences; from edutainment to work/play volunteerism; from hunting and fishing to hiking the National Trails System. Outdoor recreation is an enjoyable and easy way for families to spend time together, and for children to have the kinds of experiences one can have only by connecting with the natural world.

Interior's Recreation Mission Area encompasses both recreation and tourism—primary factors in helping local and regional economies sustain themselves. Therefore, the availability of public land and water for recreation purposes is a critical economic factor.

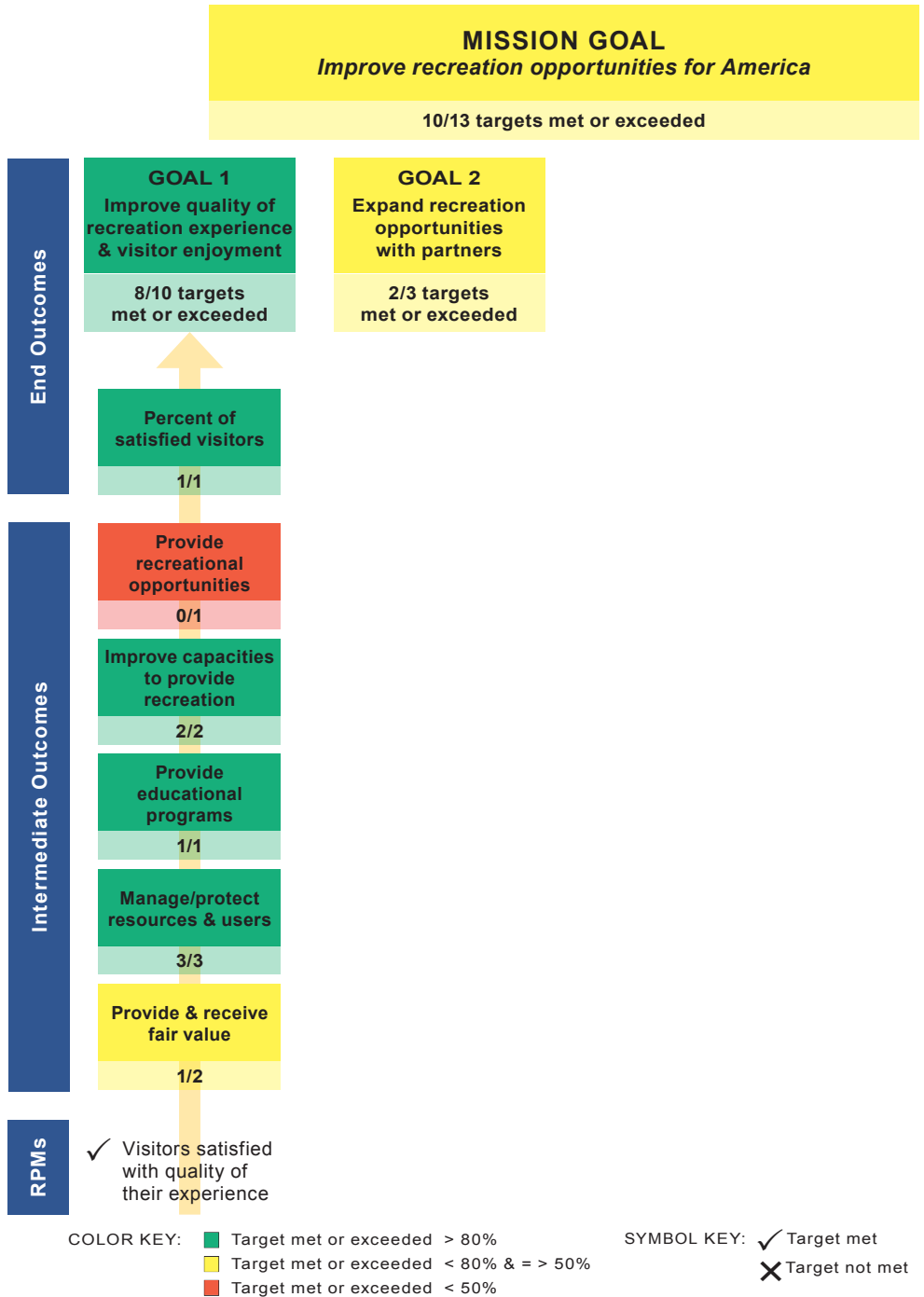
Interior maintains and manages thousands of recreation areas. Over 460 million people from around the world annually spend time in recreational activities on land managed by the Department of the Interior (DOI). To the greatest extent possible, DOI works among its own bureaus and with our partners to provide a seamless and enjoyable experience.

Mission Area Two: Recreation

FIGURE 1-27

RECREATION

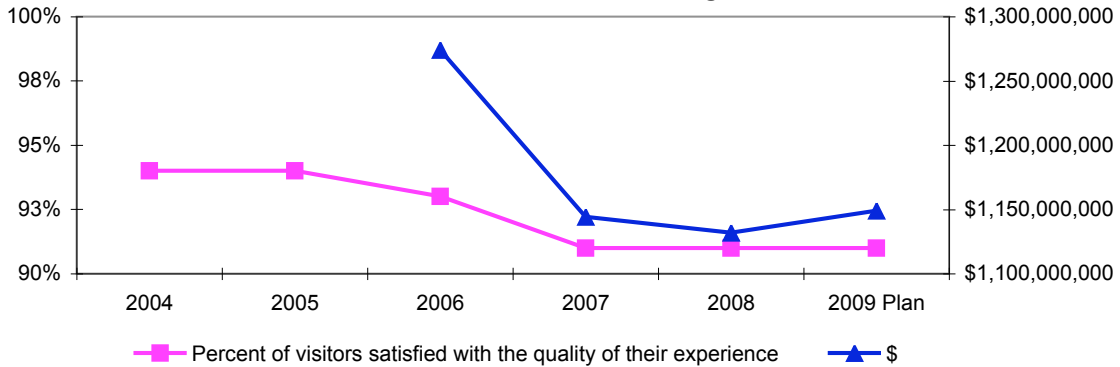
Interior's stewardship activities devoted to recreation are shared by the National Park Service (NPS), Bureau of Land Management (BLM), Fish and Wildlife Service (FWS) and Bureau of Reclamation (BOR). They oversee our National parks, wildlife refuges, water recreation areas and public land recreation sites. Opportunities to visit and enjoy these natural resources are a benefit enjoyed by the public through the work in this Mission Area.



Percent of visitors satisfied with the quality of their experience

FIGURE 1-28

Performance vs. Funding



ID #554	2004	2005	2006	2007	2008	2009 Plan
Target	95%	91%	91%	91%	91%	91%
Performance	94%	94%	93%	91%	91%	
\$	Not Available		1,273,925,343	1,144,335,910	1,131,989,792	1,149,046,396

Snapshot: Performance remained at 91 percent for FY 2008, slightly less than in earlier years, with funding slightly declining.

Bottom Line: There is a 2 percent increase in funding planned in FY 2009 in order to maintain current satisfaction levels at 91 percent.

Status: Challenged Performance, due to a reevaluation of how high to try to increase visitor satisfaction above 90 percent.

Public Benefit: Outdoor recreation is integral to a healthy lifestyle for millions of Americans. Over 460 million visitors to Interior’s public lands and waters took advantage of the physical, mental, and social benefits outdoor recreational experiences provide.

Visitor satisfaction is measured through surveys handed out to visitors by three different bureaus with slightly different priorities. At the Department level performance remained at 91 percent.

NPS visitor satisfaction maintains record levels at 95 percent or higher. With the upcoming 2016 centennial of the establishment of the National Park Service, the President has called for the further enhancement of the National parks. With this influx

of Centennial funding, NPS visitor satisfaction is expected to rise to 97 percent by 2012, as opposed to a potential decrease that was otherwise expected.

It is more difficult for BLM to assess visitor satisfaction overall, as surveys are given primarily to those visitors who pay an entrance fee. BLM tries to balance its goals for resource use while still providing for visitors (12 percent of total Interior visits), and expects to maintain visitor satisfaction at 92 percent in 2009. FWS has maintained a constant visitor satisfaction rate of 85 percent from 2005 through 2008, which is considered adequate for refuges in which the primary purpose is to protect wildlife and habitat.

Programs Supporting This Measure

- BLM Recreation Management & Concessions
- NPS Visitor Services
- NPS Concessions Management
- FWS National Wildlife Refuge System
- BOR Recreation & Concessions
- NPS Technical Assistance
- FWS Fisheries



Centennial Initiative

Stewardship

The National Park Centennial Initiative was created to improve our national parks in time to celebrate the 100th birthday of the National Park Service in 2016. The first round of projects approved for FY 2008 were directed at parks nationwide—large and small, urban and rural, natural and historical—to enhance visitors' park experiences.

Padre Island National Seashore is the premier nesting grounds in the United States for the endangered Kemp's ridley sea turtle, considered the smallest marine turtle in the world. This year the park has augmented reestablishment efforts that have been under way since 1978, in cooperation with Texas Parks and Wildlife Department and other partners in the United States and Mexico, to ensure that this species survives through the 21st century.

The park has engaged the public in observing and relocating nests, which will ultimately result in the protection of over 100 nests and the release of thousands of hatchlings at Padre Island National Seashore. Volunteers are recruited to patrol, locate, and protect nesting turtles and nests, and an extensive public outreach program will inform beach users of current issues and regulations. Through these efforts, we may be celebrating an endangered species success story in 2016.



Centennial Initiative

Creating Future Park Stewards through Education

Three national parks—Biscayne, Dry Tortugas and Everglades—and Big Cypress National Preserve, all in Florida, have a program under way to stimulate a lifelong love of nature in underserved students. The South Florida National Parks will expand their ecosystem and curriculum-based education programs at no cost to students by hiring staff, transporting classes to the parks, and purchasing supplies to allow 50,000 local children to connect with their national parks.

The program will develop relationships with local schools and sponsor events, science fairs, classroom visits by rangers, traveling trunks, and interactive demonstrations. Day and overnight camping trips are planned to give the children positive experiences of the natural world



Students participate in the cypress slough study

Mission Area Four

Serving Communities

The American public is the direct beneficiary of the Department of the Interior's (DOI's) focus in serving communities.

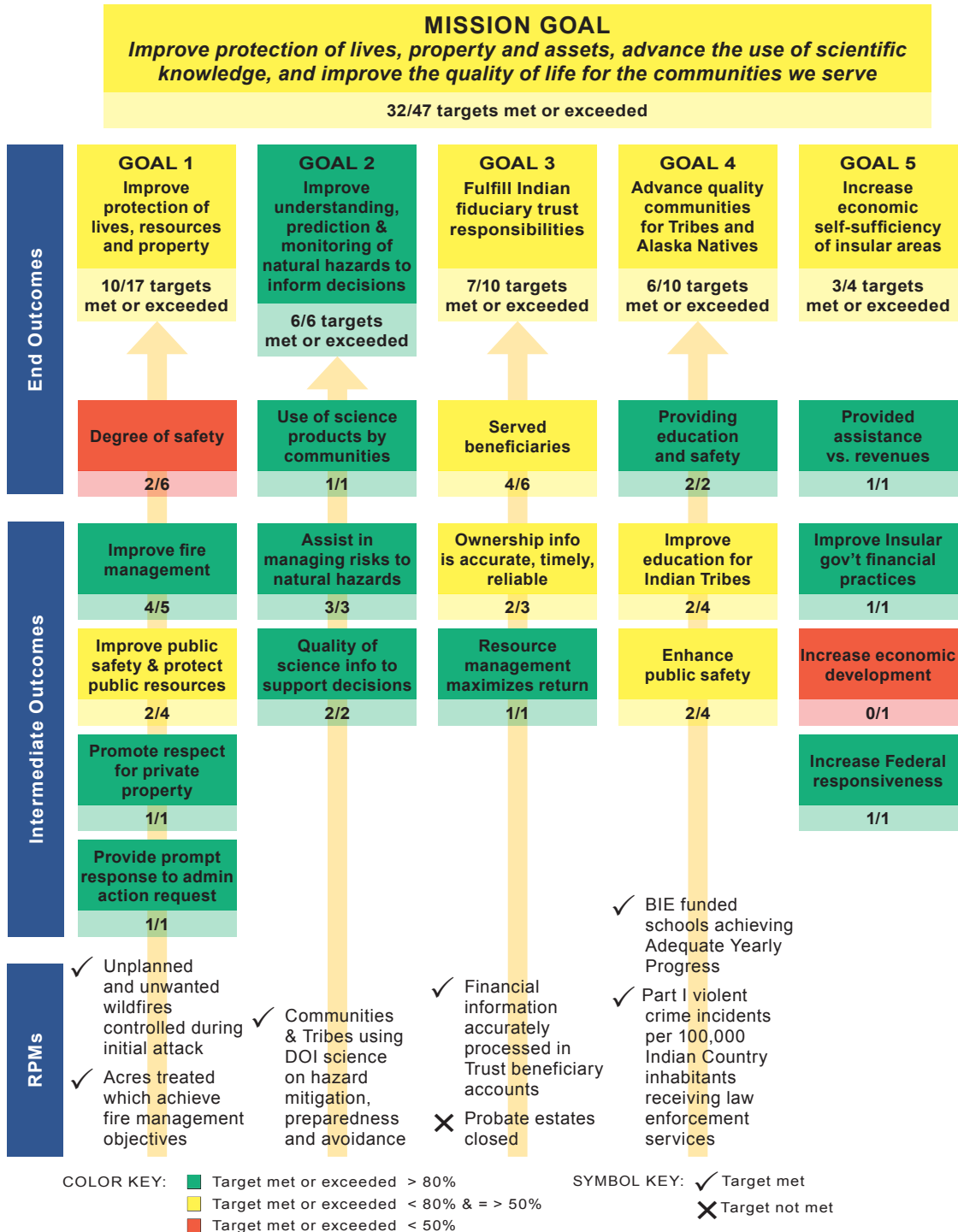
- ◆ Wildland fire measures deal with the effect of fire and fuel treatments on communities that are located near or adjacent to DOI lands. The Office of Wildland Fire Coordination monitors initial attack effectiveness and how many acres of land can be treated through fuel reduction so catastrophic fires are less likely to occur. These efforts directly increase the safety of residents who live in those areas.
- ◆ The Department's science bureau, USGS, offers technical assistance and advice to State and local communities that could be affected by natural hazards. The information they provide helps these localities at risk to develop emergency evacuation procedures, update city emergency plans, and look for ways disasters can be mitigated through advance planning.
- ◆ Indian tribes are benefited by Interior's funding for Indian schools that serve 42,000 American Indian children.
- ◆ Law enforcement on tribal and public lands is important to better ensure the safety of Indian communities and those visiting Interior lands.
- ◆ The Office of the Special Trustee for American Indians has undertaken an update of century-old trust recordkeeping so that Indian beneficiaries have confidence in the accounting and are promptly and accurately paid.

Mission Area Four: Serving Communities

FIGURE 1-29

SERVING COMMUNITIES

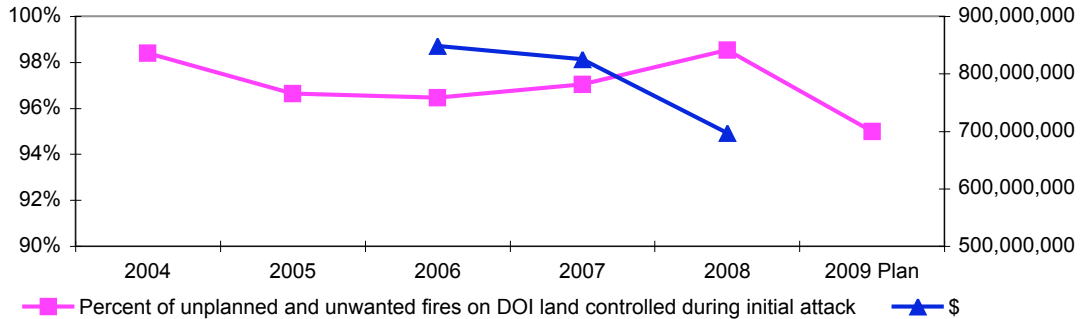
DOI works to improve the quality of life in the communities we serve. The Department conducts different types of activities under this Mission Area, from unplanned wildland fires to Interior’s Indian fiduciary trust responsibilities to reducing the impact of natural hazards on people and property through scientific research. A whole range of performance measures track how the Department is advancing the quality of life for American Indians and Alaska Natives—measures that assess our work in the arenas of education, public safety through crime control, and financial accountability.



Percent of unplanned and unwanted wildfires on DOI land controlled during initial attack

FIGURE 1-30

Performance vs. Funding



ID #788	2004	2005	2006	2007	2008	2009 Plan
Target	95%	95%	95%	95%	95%	95%
Performance	98%	97%	96%	97%	99%	
Fires controlled during initial attack	5,852	2,325	9,790	7,968	5,693	9,021
Total fire ignitions	5,947	2,406	10,149	8,212	5,778	9,496
\$	Not Available		847,893,380	825,011,119	696,721,227	TBD

Snapshot: The program achieved its highest level of performance in 2008, and also recorded a lower level of expense.

Bottom Line: The program achieved its highest level of initial attack performance in 2008, and also recorded a lower level of expense. At the same time, the Department achieved 37,706 acres of wildland fire use.

Status: Positive Performance.

Public Benefit: Increased safety for residents who live in communities located near or adjacent to DOI lands, and protection of public forest resources.

Firefighting in the United States is a cooperative and interagency effort. Under the National Fire Plan (NFP), Department of Agriculture Forest Service and DOI work collaboratively to provide seamless wildland fire protection. DOI fire management activities are performed by four bureaus: Bureau of Land Management (BLM), the Fish and Wildlife Service (FWS), National Park Service (NPS) and Bureau of Indian Affairs (BIA). Interior’s Office of Wildland Fire Coordination (OWFC) oversees their efforts.

In 2008, the Department realigned resources to enhance the efficiency of initial attacks. While the performance target was exceeded in 2008, in 2009 the goal is to maintain the necessary resources to balance initial attack success against other goals. OWFC will focus on increasing efficiency, oversight and support. Some adjacent units may share initial response resources, thereby freeing resources to be relocated or eliminated. In addition, management, oversight, and support positions will be shared on a zone basis in some parts of the Country. The lesser severity of the fire season in FY 2008 contributed to lower costs.

Programs Supporting This Measure

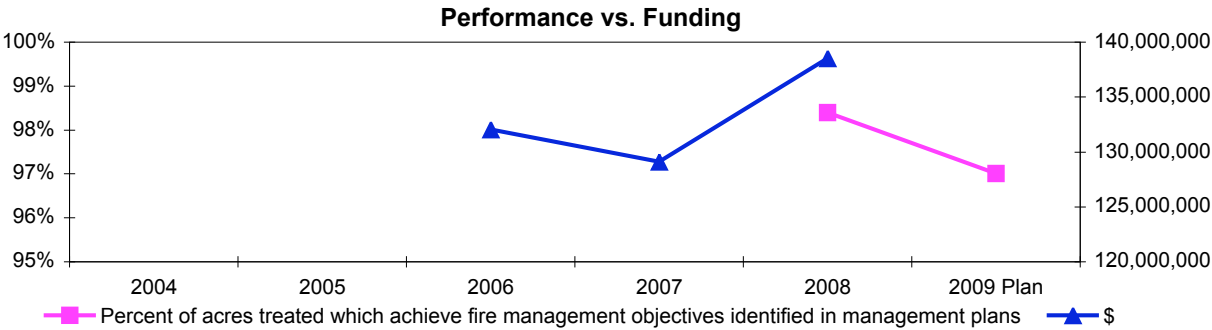
DOI Wildland Fire Management



Mission Area Four: Serving Communities

Percent of acres which achieve fire management objectives as identified in applicable management plans

FIGURE 1-31



ID #1540	2004	2005	2006	2007	2008	2009 Plan
Target				90%	75%	97%
Performance				Baselined	98%	
Treated acres achieving fire management objectives	Baselined in 2007				1,239,740	1,015,000
Total acres treated	Baselined in 2007				1,260,035	1,050,000
\$	Not Available		132,009,662	129,068,455	138,521,208	TBD

Snapshot: Performance planned to be in the upper 90th percent range based on 2007 and 2008 experience.

Bottom Line: Progress continues on treating the highest priority WUI acres, the areas of greatest risk which are closest to populated areas. These acres tend to be more expensive on a cost-per-acre basis, as they require more manual treatment.

Status: Challenged Performance, dues to increasing costs and level performance.

Public Benefit: Treatment of acres in the WUI areas reduce the risks of catastrophic wildland fire to people, communities, and natural resources.

Long-term drought and the expansion of the WUI are heightening danger to populated communities from catastrophic wildland fires, so these acres are being given priority for fuel reduction treatments. The goal of treatments is to change fuel conditions by removing or modifying buildup of flammable underbrush in forests and woodlands and reducing threats from flammable invasive species on rangelands.

In FY 2008 and 2009, a portion of funds are being allocated based on the Ecosystem Management Decision Support (EMDS) system developed by the U.S. Forest Service. EMDS ensures that the acres at greatest risk are identified and the projects selected provide the highest level of risk mitigation and environmental benefits. The success of this program will be based on the effectiveness of pinpointing the right areas to treat to reduce the fire risk.



Programs Supporting This Measure
 DOI Wildland Fire Management

Rx: Prescribed Burn

National Fire Plan—Fuels Reduction 2008

Giant sequoias are fire adapted and thrive in a natural fire cycle. They have a thick, fire resistant bark. Fire opens the cones and releases the tiny seeds to the nutrient rich ash and mineral soil below, ideal conditions for this tree's germination. Fire thins competing vegetation and trees and opens the canopy for this sun-loving species.

As a restoration burn, fire was reintroduced in Sequoia and Kings Canyon National Parks after more than 100 years of fire exclusion. Scientists measured 100 tons of dead fuel per acre prior to the burn. Postburn measurements showed fuel reduced by 90 percent. This dramatically limits the size and severity of potential wildfires and returns the area to a more natural state.

The dramatic reduction in dead fuels is typical of park-managed fires in this vegetation community over the past 45 years. Carefully managed ignition patterns and rates combined with carefully defined burning conditions result in acceptable smoke transport, significant fuel reduction, and beneficial ecological effects.



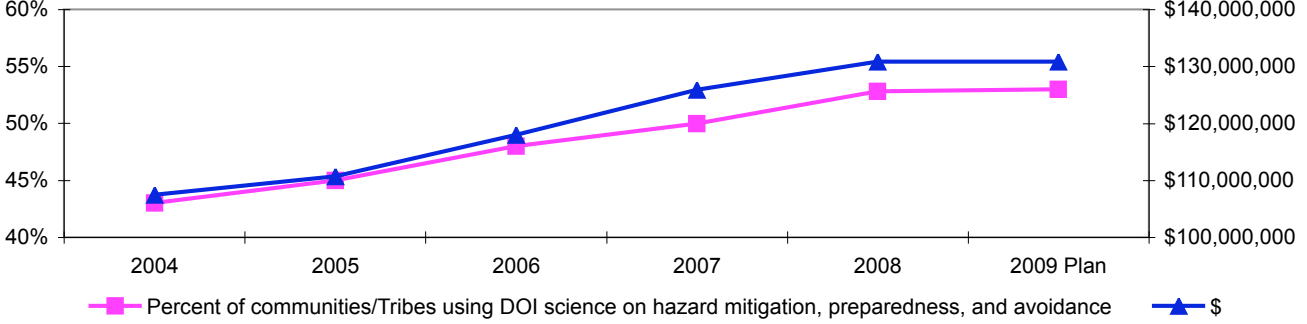
*Sequoia & Kings Canyon
National Parks, California*

Mission Area Four: Serving Communities

Percent of communities/tribes using DOI science on hazard mitigation, preparedness and avoidance for each hazard management activity

FIGURE 1-32

Performance vs. Funding



ID #446	2004	2005	2006	2007	2008	2009 Plan
Target	37%	46%	48%	51%	53%	53%
Performance	43%	45%	48%	50%	53%	
\$	107,436,102	110,733,990	118,005,777	125,913,313	130,869,528	130,869,528

Snapshot: Performance is rising along with funding spent. Performance is up 3 percent from last year and projected to remain at 53 percent in FY 2009.

Bottom Line: The U.S. Geological Survey (USGS) continues to provide quality products for the benefit of communities that are vulnerable to natural hazards. Dollars have gone up commensurate with the work USGS undertakes during the year, not only through delivery of studies, but also through expansion of the size and accuracy of modern hazard networks through placement of additional sensors and real-time communications.

Status: Sustained Performance.

Public Benefit: Scientific research and monitoring provides the understanding that local communities need to reduce the impact of potential natural hazards. USGS helps communities develop emergency evacuation plans, update city emergency plans, and look for ways the effects of natural disasters can be mitigated through advance planning.

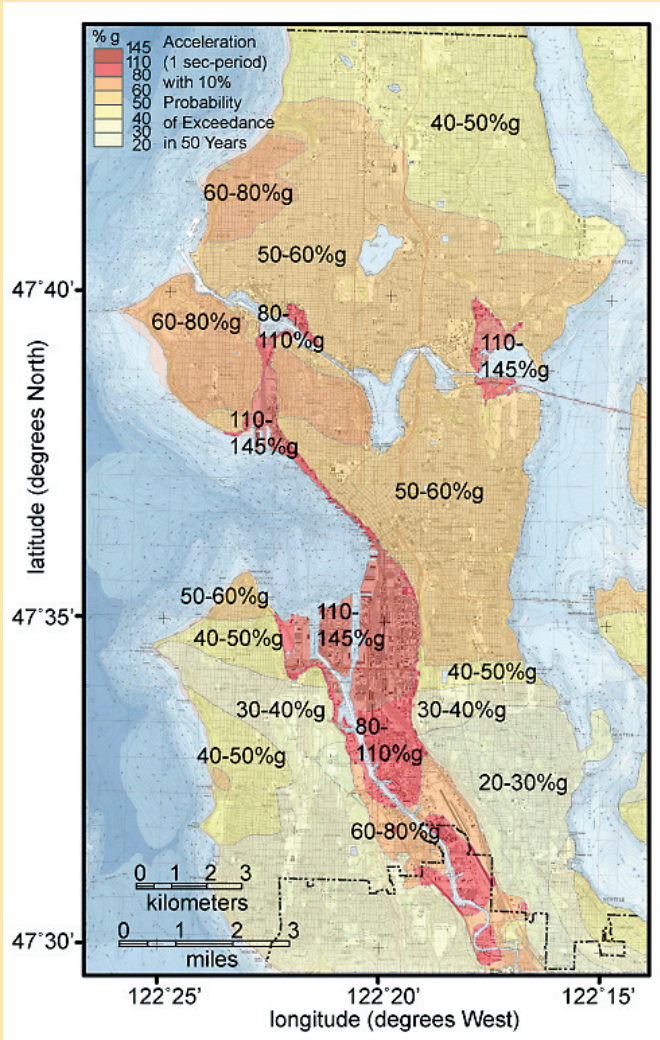
USGS protects communities by providing information that can significantly reduce the vulnerability of millions of people most at risk from natural hazards. Performance is tracked by the average percent of at-risk communities which use USGS science products to mitigate, prepare for, or avoid volcano eruptions, earthquakes, landslide, or geomagnetic storm activity. Communities adopt mitigation strategies—building codes for new construction and retrofitting; land-use plans; design and location of critical infrastructure, such as highways, bridges, subways, water, sewer, gas, electric, and petroleum-distribution networks—based on information supplied by USGS.

Target: 53%
Actual: 53%
GOAL MET

In 2008, the USGS released the next-generation national seismic hazard maps and engineering design maps

for use in construction engineering standards for existing buildings developed by the American Society of Civil Engineers. In 2009, USGS will use these hazard maps to produce a uniform hazard spectra for a broad range of structures and maps that portray the degree of certainty and resolution of seismic hazard estimates nationwide. In May 2008, the USGS Multi-Hazards Demonstration Project released a scenario describing the expected impacts that a magnitude-7.8 earthquake on the Southern San Andreas Fault would have on southern California and the Nation. Information in the scenario is used to reduce lifeline vulnerability, retrofit critical structures, improve monitoring systems, plan emergency response, and educate our citizens. Also, USGS and its partners delivered

Programs Supporting This Measure
 USGS Geologic Hazards Assessment



Earthquake Hazard Maps for Seattle

Seattle sits atop a sedimentary basin that strongly affects the patterns of earthquake ground shaking. The City has completed a study of the unreinforced masonry buildings which failed during the 1949, 1965, and 2001 earthquakes in Puget Sound. The study identified nearly 1,000 unreinforced masonry buildings, including a public high school, that are at very high risk in the next earthquake.

The Seattle Urban Seismic Hazard maps, developed by USGS, are being used to provide the basis for a major local policy decision. Because only about 15 percent of masonry buildings have been seismically retrofitted, the City is using the new study to prioritize the work that needs to be done to ensure public safety.

The maps are *probabilistic*—that is, they portray the ground shaking with a certain probability of occurring—and provide a much higher-resolution view of the potential for strong earthquake shaking than previously available. The maps supply critical information for our cities with high earthquake hazards and risks.

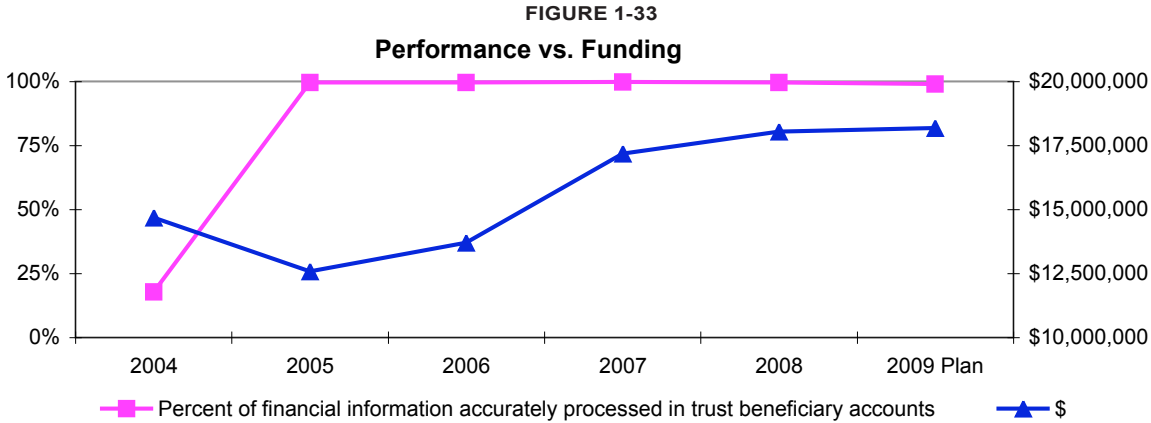
the first Statewide earthquake rupture forecast model for California and installed a cumulative total of 805 Advanced National Seismic System earthquake monitoring stations. In FY 2009, the plan is to install an additional 17 sensors and to operate and maintain the installed system.

The long-term goal for the Volcano Hazards Program (VHP) is to provide hazard assessments for all dangerous volcanoes and to establish community response plans. In 2008, a geologic map of Crater Lake National Park and a hazard assessment of Gareloi Volcano in Alaska was completed. Assessment of Mount Lassen and geologic maps for Mount Hood in Oregon and Glacier Peak in Washington will be completed in

2009. The VHP aims at a total of 75 systematic analyses, including reports, maps, and hazard assessments, delivered to the public in 2009.

The Landslide Hazard Program (LHP) assesses, monitors and disseminates information on the causes and mechanisms of ground failure, deploying near real time monitoring systems at sites in California near Yosemite National Park and in Oregon. With 1,800 at-risk communities, the program prioritizes work in areas where the hazard is the greatest and where the most help can be leveraged from partnerships. In 2008 and continuing through 2009, LHP will provide landslide assessments for areas burned by the extensive rash of California wildfires.

Percent of financial information accurately processed in trust beneficiary accounts



ID #322	2004	2005	2006	2007	2008	2009 Plan
Target	26.67%	97.00%	98.00%	98.00%	98.00%	99.00%
Performance	17.76%	99.69%	99.70%	99.76%	99.54%	
Number of financial transactions accurately processed (manually)	43,438	1,248,600	1,656,841	2,005,251	1,190,517	1,188,000
Total financial transactions processed (manually)	244,559	1,252,488	1,661,781	2,010,103	1,196,003	1,200,000
\$	14,679,497	12,574,349	13,695,762	17,178,852	18,035,325	18,187,529

Snapshot: Performance is at the top of the scale, around 99 percent. Funding levels have been rising, but some reengineering of processes should help to control costs.

Bottom Line: In 2009, more accounts are expected to be transferred to the automated system, leaving the more complicated transactions—probates and more involved special deposit account cleanup—to be handled manually. Contributing to the rise in cost is the impact of actions, such as trust reforms that affect processes, which take additional resources to integrate and stabilize. However, even given these factors, the high sustained performance is expected to continue with a fairly low funding level increase for FY 2009 over FY 2008. An A-76 study is planned for 2009 to determine the feasibility of reducing contracting costs.

Status: Challenged Performance, due to increased funding while performance remains steady.

Public Benefit: Trust income is promptly and accurately paid to Indian beneficiaries, generating local income that supports Indian communities.

Office of the Special Trustee for American Indians (OST) manages approximately \$3.4 billion held in trust for federally recognized Indian tribes, and individual Indian and Alaska Native beneficiaries. Trust income is generated from the sale or rental of Indian-owned land and/or natural resources for timber harvests, grazing, and royalties received from oil and natural gas exploration and production, to name a few revenue sources. Income is also derived from

interest earned on invested funds, as well as awards or settlements of tribal claims.

OST has overseen efforts to overhaul the trust’s accounting system, collect and safeguard its records, and consolidate trust software systems. This performance measure has tracked the success of initial financial data processing. Follow-up procedures address any remaining errors.





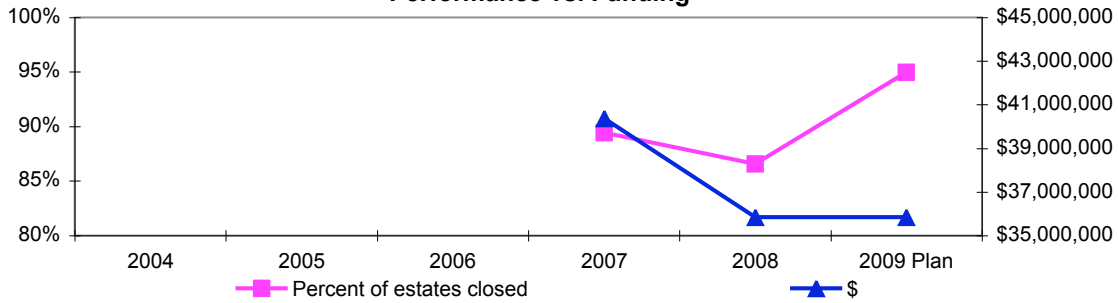
\$136,000 to Beneficiary

The BIA Agency had a person on the Top 100 Whereabouts Unknown (WAO) list for years. A non-Indian mother moved abroad with the beneficiary, then four years old, following the death of the enrolled father. For over 26 years, there was no contact between the beneficiary and the father's family—then the beneficiary contacted her uncle. Through this contact, she learned that OST had been searching for her. She called OST's Trust Beneficiary Call Center and, after her identity was confirmed, was able to claim the \$136,000 owed to her! Needless to say, the beneficiary was very excited and plans to come to the reservation to reconnect with her family and meet all of the Agency employees.

Probate: Percent of estates closed

FIGURE 1-34

Performance vs. Funding



ID #1553	2004	2005	2006	2007	2008	2009 Plan
Target				100%	95%	95%
Performance				89%	87%	
Number of eligible estates closed	New for 2007			9,312	8,938	4,275
Total number of estates				10,414	10,324	4,500
\$	Not Available			40,386,000	35,852,000	35,852,000

Snapshot: Performance declined to 87 percent this year, but is expected to increase in FY 2009.

Bottom Line: There are demonstrated inroads being made in eliminating the probate backlog. The program expects to distribute and close all remaining eligible backlog estates by the end of FY 2009.

Status: Challenged Performance, due to declining productivity and closure rate.

Public Benefit: Timely and accurate payments to beneficiaries are essential to economic development of Indian lands, a cornerstone of self-governance and self-sufficiency.

By the end of FY 2005, there were approximately 33,700 Indian estates in probate, 18,100 of which were over 5 years old. Concerted efforts to eliminate the excess caseload, combined with contractor assistance and new caseload management technologies, reduced the number of outstanding probates by half as of June 30, 2008.

Typically an estate is not considered closed until the assets have been disbursed to heirs or it is determined that no trust assets exist. It can take several years to close an estate, as more heirs inherit a continually smaller fractional share that is held with all other heirs as tenants in common.

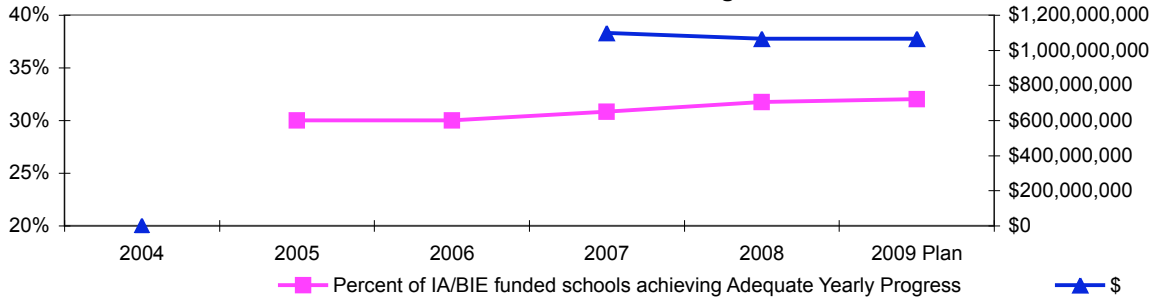


Programs Supporting This Measure
BIA Realty and Trust

Percent of BIE funded schools achieving Adequate Yearly Progress (AYP)

FIGURE 1-35

Performance vs. Funding



ID #1556	2004	2005	2006	2007	2008	2009 Plan
Target				34%	32%	32%
Performance		30%	30%	31%	32%	
Number of schools making AYP	New for 2005	51	51	53	54	55
Total number of schools		170	170	172	170	174
\$		Not Available		1,099,007,000	1,065,424,000	1,065,424,000

Snapshot: Performance shows an improvement of about 1 percent per year or an annual increase of about two more schools reaching AYP annually.

Bottom Line: Indian education continues to be an area of concern for the Department. Performance data for this measure lags by one year, as school years straddle two fiscal years and final performance results for the 2007/2008 school year are not available until December of 2008. FY 2008 performance data, therefore, represents results of the 2006-2007 school year.

Status: Challenged Performance, due to the length of time to realize changes in performance and the low level of achievement to date.

Public Benefit: Improved educational achievement in Bureau of Indian Education (BIE) schools benefits the children, the Indian community and creates a legacy for the future.

The No Child Left Behind Act established math and reading among the determining performance factors for success in schools nationwide, including those in the BIE school system. The overall measure of success, AYP is applied to BIE school facilities with academic programs.

While a sizeable improvement in AYP will take years to realize, there are signs of improvement in the 116 schools not yet reaching AYP. Thirty-six BIE schools improved in both math and reading, and another 26 schools improved in either math or reading.

A new plan was implemented in 2008 to address the challenge of meeting short-term AYP goals. BIE designated 14 “Focus Schools” to improve reading, which has the most significant impact on improving overall AYP scores. Three of those schools achieved AYP. Out of the 14 focus schools, 9 schools lost principals during the school year. This turnover impacts subsequent year course development and approval, hiring qualified staff, mission execution, and funding. An ongoing goal for FY 2009 will be to implement an effective management structure capable of improving academic outcomes.

Indian education continues to be a concern of the Department, as evidenced



Programs Supporting This Measure
BIA K-12 School Operations



Secretary Kempthorne kicks off BIE Reads

On the Way to AYP

Chief Leschi School, Puyallup, Washington

Chief Leschi School is one of the largest Native American schools in the country, with more than 700 Indian students representing nearly 60 different tribes, clans, and independent nations.

In 1997, Washington State implemented the Washington Assessment of Student Learning (WASL). Chief Leschi's scores were among the lowest in the State with 4th grade reading proficiency scores at 12.1 percent. Between 1997 and 2003, some changes were made to the instructional program that resulted in small gains in academic achievement, but the biggest change came when Chief Leschi School became a *Reading First* school.

With a clear focus on effective reading instruction grounded in scientific research and ongoing student progress monitoring, the school began to see dramatic changes. In 2004, Chief Leschi School's results on the WASL indicated 37 percent of 4th grade students proficient in reading. Now, after 4 years of the *Reading First* program, 68 percent of 4th graders are proficient.

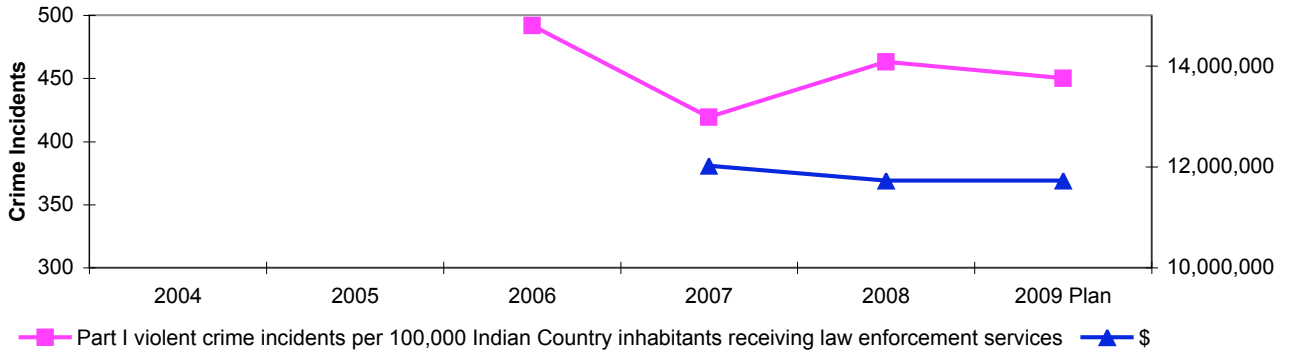
As a result of this success, the school administration decided to implement the *Reading First* model throughout the school in all grades (K–12). Chief Leschi School went from one of the lowest performing schools in the State of Washington to one of the highest performing, through its dedication to sound instructional and leadership principles. They have been recognized as a model school by the BIE and the State of Washington because of their success in increasing the number of students who can read at proficient levels.

by the Secretary's Improving Indian Education initiative. This initiative provided funding for training, mentoring, student transportation, management

and IT improvements to help increase student achievement.

Part I violent crime incidents per 100,000 Indian Country inhabitants receiving law enforcement services

FIGURE 1-36
Performance vs. Funding



ID #457	2004	2005	2006	2007	2008	2009 Plan
Target				492	492	450
Performance			492	419	463	
Number of violent crimes	New for 2006		6,050	5,157	5,698	5,535
Total number of inhabitants (100,000)	New for 2006		12.3	12.3	12.3	12.3
\$	Not Available			12,018,000	11,725,000	11,725,000

Snapshot: Increased performance would be illustrated by a downward trend in the number of crimes per capita over time. There was a marked drop in the FY 2007 crime rate that appears to rebound somewhat in 2008. A slight decline in the crime rate is projected for FY 2009 compared to 2008.

Bottom Line: As added attention is applied to law enforcement in Indian Country, two main factors will affect the change in performance levels: the time it takes to train and deploy the added workforce, and a possible initial spike in increased reporting of incidents. Initially, it appears that increases involve less serious crimes.

Status: Positive Performance.

Public Benefit: Safe communities bring stability and increase the quality of life for their citizens. Focus can be directed toward the future and opportunities for growth.

In 2008, Interior proposed the Safe Indian Communities initiative to help Indian Country deal with organized crime and foreign drug cartels. Cartels have taken advantage of the widely dispersed law enforcement presence on tribal lands to produce and distribute drugs, with the result that violent crime in some communities is 10 to 20 times the national average. The initiative will assist tribes, especially in suppressing production and trafficking of methamphetamine, the number one public safety

problem, according to many tribal leaders. Law enforcement staffing levels are being adjusted so they will be more on par with the national average for communities of like size (a ratio of 2.6 officers per 1,000 inhabitants).

IA expects it will be difficult to realize major reduction in violent crime in FY 2009, due to deteriorating economic conditions nationwide.

Programs Supporting This Measure

- BIA Law Enforcement
- BIA Tribal Courts



Dakota Peacekeeper

Straddling the common border of North and South Dakota is the 2 million acre Standing Rock Indian Reservation. The scenic tranquility of this reservation has been overshadowed by a rising crime rate that has escalated to alarming proportions. The area has been experiencing a crime rate about 6 times the national average, and 15 law enforcement officers could not manage a situation that was becoming increasingly lawless.

To combat the situation, the BIA initiated a tactical response known as *Dakota Peacekeeper*. For the past three months, Standing Rock has been saturated with patrol officers brought in from other jurisdictions on 1-month rotations. Three waves of additional officers have not only hit the streets but have also hit the schools to talk to children about the consequences of crime and gang involvement on their lives and on their community. *Dakota Peacekeeper* has focused on violent crime, domestic crimes, and crimes against children.

The result: Arrests have escalated from an average of 100 per month before the initiative to 700 the first month and 300 the next month. Further declines are expected in the third month of the operation. The effort has been extended and is likely to continue through the end of the year. The question is whether the surge of policing will result in a permanent reduction in crime.



Management Excellence

In FY 2008, Interior continued to make progress in areas targeted by the President's Management Agenda (PMA). The PMA is a strategy for improving the management and, hence, the performance of the Federal Government.

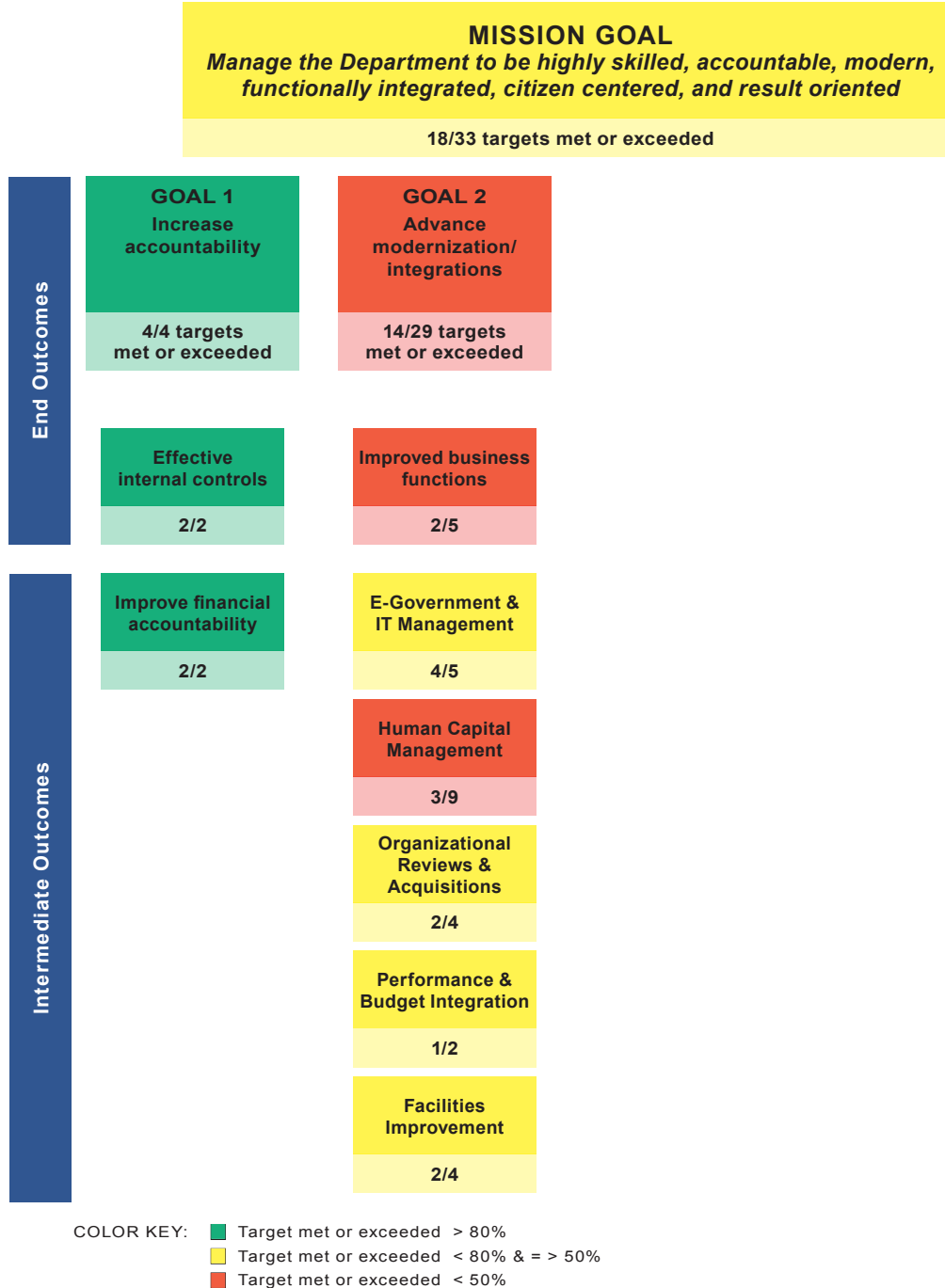
The focus is on performance and results. Quarterly reviews by Office of Management and Budget (OMB) examine six core areas: human capital, financial accountability, competitive sourcing, e-government, performance improvement, and real property.

OMB uses an Executive Branch Management Scorecard to monitor agencies' status and progress toward attaining PMA goals. Color-coded ratings are provided along with FY 2008 accomplishments for each initiative.

FIGURE 1-37

MANAGEMENT EXCELLENCE

Management Excellence provides the enabling framework for accomplishing our mission through improved business processes, practices, and tools. Of course, any accomplishments would not be possible without the key element—a highly skilled, diverse, and dedicated workforce.



Initiative: Human Capital Management

FIGURE 1-38

	FY 2006		FY 2007		FY 2008	
	Status	Progress	Status	Progress	Status	Progress
PMA Scorecard Rating	G	G	G	G	Y	G

- ◆ Technical competencies for key mission-critical bureau occupational groups were assessed in order to plan for training that will close competency gaps
- ◆ New activities to increase the percentage of highly skilled, diverse candidates that are hired included:
 - Establishing a Leadership Group in partnership with the Hispanic Association of Colleges and Universities to identify strategies for improved recruiting of Hispanic students
 - Adopted the Department of Veterans Affairs Coming Home to Work initiative that provides potential employment opportunities to veterans
 - Developed desktop reference guides for managers and supervisors on how to provide reasonable accommodation to disabled employees and applicants and achieve a model Equal Employment Opportunity (EEO) program

Initiative: Competitive Sourcing

FIGURE 1-39

	FY 2006		FY 2007		FY 2008	
	Status	Progress	Status	Progress	Status	Progress
PMA Scorecard Rating	G	R	G	Y	G	G

- ◆ Against the Government Performance Results Act (GPRA) target of 3 percent compared to the General Services Administration’s Federal Supply Schedule, Interior realized 15.2 percent in hard cost savings
- ◆ DOI has completed competitive sourcing competitions on 3,011 full-time equivalents (FTEs) and directly converted 1,773 FTEs, resulting in a cumulative annualized savings of over \$7 million

Initiative: Improve Financial Management

FIGURE 1-40

	FY 2006		FY 2007		FY 2008	
	Status	Progress	Status	Progress	Status	Progress
PMA Scorecard Rating	R	G	Y	G	Y	G

- ◆ Interior achieved a clean audit opinion
- ◆ Implementation of a new integrated financial management system (FBMS) is under way—three bureaus have made to transition to date
- ◆ Full implementation of FBMS will result in a more accurate, timely, and useful system of financial information

Initiative: E-Government

FIGURE 1-41

	FY 2006		FY 2007		FY 2008	
	Status	Progress	Status	Progress	Status	Progress
PMA Scorecard Rating	Y	R	Y	Y	Y	G

- ◆ DOI was cited by OMB Federal Enterprise Architecture Program Management Office as a Best Practice for Federal agencies to leverage in developing segment architectures
- ◆ The Government Accountability Office evaluation criteria rate the Interior Enterprise Architecture (IEA) program at 100 percent
- ◆ Interior implemented the Cyber Security Assessment Management (CSAM) tool for tracking Plans of Actions and Milestones and standardizing documentation throughout the Department. Interior now has ready access to all system security weaknesses and is better equipped to assist bureaus and Offices in managing corrective actions.

Initiative: Performance Improvement

FIGURE 1-42

	FY 2006		FY 2007		FY 2008	
	Status	Progress	Status	Progress	Status	Progress
PMA Scorecard Rating	Y	G	Y	G	Y	G

- ◆ Under the PMA for Performance Improvement, specific program-level reviews are conducted in consultation with the Office of Management and Budget using the Program Assessment Rating Tool (PART). A table that lists the ratings of the programs that have been reviewed is included in Part 2, and more detailed information regarding findings and follow-on actions that are under way can be found on the <ExpectMore.gov> Web site.
- ◆ Two more programs progressed from being considered Results Not Demonstrated to Adequate or better

Initiative: Real Property

FIGURE 1-43

	FY 2006		FY 2007		FY 2008	
	Status	Progress	Status	Progress	Status	Progress
PMA Scorecard Rating	Y	G	Y	G	Y	G

- ◆ Continued to update inventory data in the OMB-sponsored Real Property Profile for over 160,000 constructed assets at approximately 2,400 locations in the United States and United States Island Territories
- ◆ Draft Green Plan submitted to OMB demonstrated how the Department and bureaus are using asset data in management decisions
- ◆ Disposed of over 700 assets in FY 2008 and identified near 3,500 assets for disposal over the next several years

Compliance with Legal and Regulatory Requirements

This section of the report provides the required information on the U.S. Department of the Interior's compliance with the following legal and regulatory requirements:

- ◆ Federal Managers' Financial Integrity Act (FMFIA)
- ◆ Federal Financial Management Improvement Act (FFMIA)
- ◆ Inspector General Act Amendments
- ◆ Audited financial statement results
- ◆ Major management challenges confronting Interior
- ◆ Federal Information Security Management Act (FISMA)
- ◆ Other key legal and regulatory requirements—
 - ▶ Prompt Payment Act (PPA)
 - ▶ Debt Collection Improvement Act (DCIA)
 - ▶ Electronic Funds Transfer (EFT)

In addition, this section includes summaries of the Department's financial management improvement initiatives regarding:

- ◆ E-Gov travel
- ◆ Financial Management Green Plan initiative
- ◆ Improved cost information
- ◆ Financial management systems
- ◆ Financial management systems improvement strategy
- ◆ Financial management human capital
- ◆ Financial data stewardship

FY 2008 ASSURANCE STATEMENT

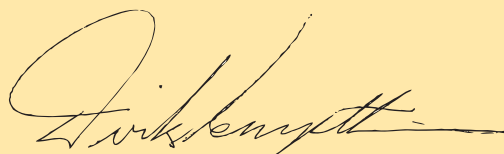
The Department of the Interior's management is responsible for establishing and maintaining effective internal control and financial management systems that meet the objectives of the Federal Managers' Financial Integrity Act of 1982. Interior is able to provide a qualified statement of assurance that the internal controls and financial management systems meet the objectives of FMFIA, with the exception of one material weakness noted herein.

Interior conducted its assessment of the effectiveness of internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations in accordance with Office of Management and Budget (OMB) Circular No. A-123, *Management's Responsibility for Internal Control*. Based on the results of this evaluation, Interior can provide reasonable assurance that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2008, was operating effectively and that no material weaknesses were found in the design or operation of the internal controls.

In addition, Interior conducted its assessment of the effectiveness of internal control over financial reporting, which includes safeguarding of

assets and compliance with applicable laws and regulations, in accordance with the requirements of Appendix A of OMB Circular A-123. Based on the results of this evaluation, Interior can provide reasonable assurance that its internal control over financial reporting as of June 30, 2008, was operating effectively with the exception of one material weakness found in the design or operation of the internal control over financial reporting. The financial audit identified, and management concurs, that a material weakness exists in the internal control over financial reporting of unfilled customer orders. The Department will implement a corrective action plan to resolve the deficiency in the second quarter of FY 2009.

Interior can also provide reasonable assurance that its financial systems substantially comply with the Federal Managers' Financial Integrity Act and with the component requirements of the Federal Financial Management Improvement Act.



DIRK KEMPTHORNE
Secretary of the Interior
November 15, 2008

Federal Managers' Financial Integrity Act

The Department believes that maintaining integrity and accountability in all programs and operations (1) is critical for good government, (2) demonstrates responsible stewardship over assets and resources, (3) ensures high-quality, responsible leadership, (4) ensures the effective delivery of services to customers, and (5) maximizes desired program outcomes. Interior has developed and implemented management, administrative, and financial system controls that reasonably ensure:

- ◆ Programs and operations achieve intended results efficiently and effectively;

- ◆ Resources are used in accordance with the mission;
- ◆ Programs and resources are protected from waste, fraud, and mismanagement;
- ◆ Laws and regulations are followed; and
- ◆ Timely, accurate and reliable data are maintained and used for decisionmaking at all levels.

Interior's internal control program is designed to ensure full compliance with the goals, objectives, and requirements of FMFIA and Office of Management and Budget (OMB) Circular No. A-123,

Management's Responsibility for Internal Control, including Appendix A, Internal Control over Financial Reporting; OMB Circular No. A-127, Appendix B, Improving the Management of Government Charge Cards, Appendix C, Requirements for Effective Measurement and Remediation of Improper Payments, Financial Management Systems, and OMB Circular No. A-130, Management of Federal Information Resources.

Management Assurances

FMFIA requires agencies to provide an annual statement of assurance regarding internal accounting and administrative controls, including program, operational, and administrative areas as well as accounting and financial management and reporting. During Fiscal Year (FY) 2008, the Office of Financial Management (PFM) conducted comprehensive site visits and otherwise provided oversight with regard to risk assessments, internal control reviews, and progress in implementing audit recommendations. Interior's FY 2008 Annual Assurance Statement is highlighted to the left. The basis for the assurance statement conclusions are discussed below.

Internal Control Assessments

Interior conducts annual assessments of the effectiveness of management, administrative, and accounting systems controls in accordance with FMFIA and OMB guidelines. The conclusions in the Secretary's FY 2008 Annual FMFIA Assurance Statement are based on the results of approximately 854 internal control reviews conducted by bureaus and offices, including assessments of internal control over financial reporting. In addition, Interior considered the results of 16 Office of Inspector General (OIG) program audits; 16 Government Accountability Office (GAO) program audits; and 6 financial statement audits conducted by the independent public accounting firm, KPMG LLP, under the auspices of the Chief Financial Officers (CFO) Act of 1990 and the Government Management Reform Act of 1994 (GMRA). In addition, many of Interior's internal control reviews and related accountability and integrity program activities focused on areas identified as major management challenges and on components of the President's Management Agenda (PMA).

FMFIA Material Weaknesses and Accounting System Nonconformances

OMB Circular No. A-123 requires that each agency identify and report on material weaknesses affecting the agency. Interior has adopted the OMB guidelines for material weakness designations and recognizes the importance of correcting material weaknesses in a timely manner. PFM and senior program officials continuously monitor corrective action progress for all material weaknesses. At the beginning of FY 2008, Interior had no Department-level FMFIA material weaknesses pending correction carried forward from the previous year.

The Department has a reporting practice consistent with the December 2004 revision to OMB Circulars A-123 and A-136, *Financial Reporting Requirements*, to report only Department-level material weaknesses in the Performance and Accountability Report (PAR). Bureau-level material weaknesses continue to be reported internally and are actively monitored by the bureaus and PFM for timely corrective action.

The Department will report a material weakness corrected or downgraded when the following occurs:

- ◆ Senior management has demonstrated its commitment to resolving the material weakness as evidenced by resource deployment and frequent and regular monitoring of corrective action progress;
- ◆ Substantial and timely documented progress in completing material weakness corrective actions exists;
- ◆ Corrective actions have been substantially completed, remaining actions are minor in scope, and the actions will be completed within the next fiscal year;
- ◆ Implemented corrective actions have eliminated or minimized the root cause(s) of the material weakness; and
- ◆ Substantial validation of corrective action effectiveness has been performed.

Compliance with Legal and Regulatory Requirements

A summary of the Department's financial statement audit material weaknesses, FMFIA material weaknesses and accounting system nonconformances is presented in Figures 1-44 and 1-45.

Internal Control over Financial Reporting

Revised OMB Circular A-123, Appendix A, strengthens internal control requirements over

financial reporting in Federal agencies. The Circular provides updated internal control standards and requirements for conducting management's assessment of the effectiveness of internal control over financial reporting.

In FY 2008, the Department completed its third assessment of the effectiveness of internal control over financial reporting. The results of

FIGURE 1-44

Summary of FY 2008 Financial Statement Audit					
Audit Opinion	Unqualified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Controls over Unfilled Customer Orders	0	1	0	0	1
Total Material Weaknesses	0	1	0	0	1

FIGURE 1-45

Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Qualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Controls over Unfilled Customer Orders	0	1	0	0	0	1
Total Material Weaknesses	0	1	0	0	0	1

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Unqualified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

Conformance with Financial Management System Requirements (FMFIA § 4)						
Statement of Assurance	Systems Conform to Financial Management System Requirements					
Non-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total of Non-Conformances	0	0	0	0	0	0

Compliance with Federal Financial Management Improvement Act (FFMIA)		
	Agency	Auditor
Overall Substantial Compliance	Yes	No
1. System Requirements	Yes	
2. Accounting Standards	Yes	
3. U.S. Standard General Ledger at Transaction Level	Yes	

the assessment revealed that a material control weakness exists in the financial reporting of unfilled customer orders. The weakness was reported in Interior's Statement of Assurance. For other financial reporting areas, adequate controls exist and financial reporting can be relied upon by senior management when used in conjunction with other decisionmaking processes. The assessment did not disclose any other material weaknesses in the Department's financial reporting activities. Although deficiencies were found in some financial reporting business processes, corrective actions and compensating controls are expected to address the deficiencies. The Department's internal control over financial reporting reasonably ensures the safeguarding of assets from waste, loss, and unauthorized use or misappropriation, as well as compliance with laws and regulations pertaining to financial reporting with the exception of the one material weakness (See FY 2008 Assurance Statement, paragraph 2).

Departmental policymakers and program managers continuously seek ways to achieve missions, meet program goals and measures, enhance operational processes, and implement new technological developments. The OMB requirement to assess control over financial reporting strengthens the accountability of Departmental managers regarding internal controls and improves the quality and reliability of the Department's financial information.

Federal Financial Management Improvement Act

FFMIA builds upon and complements the CFO Act, Government Performance and Results Act (GPRA), and GMRA. FFMIA requires that Federal agencies substantially comply with 1) applicable Federal accounting standards, 2) the U.S. Standard General Ledger (USSGL), and, 3) Federal financial management system requirements that support full disclosure of Federal financial data, including the cost of Federal programs and activities.

Federal agencies are required to address compliance with the requirements of FFMIA in the representation letter to the financial statement auditor. The auditor is required to report on the agency's compliance with FFMIA requirements

in the Independent Auditors' Report. If an agency is not in compliance with the requirements of the FFMIA, the agency head is required to establish a remediation plan to achieve substantial compliance.

The FY 2008 Department financial statement audit report identified a noncompliance deficiencies — Federal accounting standards with regard to unfilled customer orders. Although this deficiency was identified in the financial statement audit report, the Department substantially complies with FFMIA.

Inspector General Act Amendments (Audit Followup)

Interior has instituted a comprehensive audit followup program to ensure that audit recommendations are implemented in a timely and cost-effective manner and that disallowed costs and other funds due from contractors and grantees are collected or offset. In FY 2008, Interior monitored a substantial number of new Single Audit (298), OIG (25), and GAO (16) audit reports. Audit follow-up actions include analyzing audit reports referred; advising grantors of single audit findings; tracking, reviewing, and validating program and financial audit recommendations; developing mutually acceptable and timely resolution of disputed audit findings and recommendations; overseeing the implementation, documenting and closing of audit recommendations; and monitoring the recovery of disallowed costs. The OIG Semiannual Report to the Congress provides additional information about OIG activities and results.

Departmental Goal for Timely Implementation of Audit Recommendations

To further underscore the importance of timely implementation of OIG and GAO audit recommendations, Interior has an aggressive performance goal to implement 85 percent of all GAO and OIG recommendations where implementation was scheduled to occur during the year or in previous years.

In FY 2008, Interior exceeded its performance goal with a composite implementation rate of 91 percent (Figure 1-46). Interior's success in achieving the performance goal for the 6th consecutive year was due primarily to Interior's

FIGURE 1-46

FY 2008 Departmental Performance Goal for Implementation of OIG and GAO Audit Recommendations			
Agency	Recommendations Meeting Departmental Goal Criteria	Recommendations Implemented	Percentage Implemented
DOI TOTAL	434	396	91

GAO Audits

GAO audits are a major component of Interior’s audit followup program workload and cover a variety of programs, operations, and activities. During FY 2008, GAO audits containing 69 recommendations were tracked; 60 (87 percent) were completed or closed.

aggressive monitoring process. Progress monitoring will continue in FY 2009 to help achieve next year’s performance goal.

Audits Performed Under the Single Audit Act

Interior provides over \$2 billion each year in funding for grants, cooperative agreements, Indian self-determination contracts, and self-governance compacts to State and local governments; Indian tribes, colleges and universities; and other not-for-profit organizations. Under the provisions of the SAA, grantees’ financial operations, internal control structures, and levels of compliance with applicable laws and regulations must be audited each year. All SAA reports are forwarded to and screened by the Federal Single Audit Clearinghouse.

SAA reports with findings and recommendations requiring audit followup are forwarded to the Department’s OIG, which, in turn, forwards those reports to PFM for distribution to the appropriate bureaus for audit followup, resolution, and tracking. Each bureau is responsible for meeting with grantees and negotiating a resolution to the deficiencies identified in the audit reports, as well as for determining the allowability of any expenditure of Federal funds that has been questioned by the auditors.

Interior closed 220 of 380 audits under the Single Audit Act (58 percent) that were in tracking during FY 2008. As in previous years, the Department plans to continue its monitoring and follow-up activities during FY 2009 to close audit reports including those with disallowed costs.

Performance and Financial Audits

Performance and Financial Audits are OIG-conducted audits of Interior’s programs, organizations, and financial and administrative operations. During FY 2008, OIG audits containing 365 recommendations were tracked; 336 (92 percent) were completed or closed.

Audited Financial Statement Results

As required by the GMRA, Interior prepares consolidated financial statements. These financial statements have been audited by KPMG LLP, an independent public accounting firm, since FY 2001 (the OIG audited the financial statements prior to FY 2001). Additionally, certain bureaus prepare financial statements that are also audited.

The preparation and audit of financial statements are an integral part of the Department’s centralized process to ensure the integrity of its financial information.

The results of the FY 2008 financial statement audit are summarized in Figure 1-44. As shown in the table, Interior again achieved an unqualified audit opinion, the 12th consecutive one, for the Department’s consolidated financial statements.

Figures 1-47 and 1-48 summarize the status of material weaknesses and noncompliance issues reported in the FY 2008 and FY 2007 financial statement audit. As noted previously, Interior reports only Department-level material weaknesses and noncompliances. The Department has established an internal goal of completing corrective actions for material weaknesses and noncompliance issues by the end of the following fiscal year, unless the magnitude of the corrective action involves a multiyear effort. The FY 2008 auditor’s report identified one instance of material weakness concerning controls over unfilled customer orders. Interior concurred with the finding (See Figure 1-47).

As previously stated, the report also identified 2 instances of noncompliance with laws and regulations. Interior concurred with the SAA finding but not with the Federal accounting standards finding (See Figure 1-48).

FIGURE 1-47

FY 2008 and 2007 Audited Financial Statements Material Weakness Corrective Action Plan (as of September 30, 2008)						
Bureau	Material Weakness Description	Corrective Action	Fiscal Year		Original Target Date	Status
			2007	2008		
DEPT BLM DO FWS NPS USGS	Controls Over Unfilled Customer Orders	1.) Develop and communicate accounting policies and procedures for unfilled customer orders; 2.) Provide training to personnel on accounting for unfilled customer orders; 3.) Record the entire amount of unfilled customer orders when the order is received; and, 4.) Monitor and close out unfilled customer orders when the order expires or funding is no longer available for obligation.		X	3/31/09	In progress

FIGURE 1-48

FY 2008 and 2007 Audited Financial Statements Noncompliance Corrective Action Plan (as of September 30, 2008)						
Bureau	Noncompliance Description	Corrective Action	Fiscal Year		Original Target Date	Status
			2007	2008		
DEPT DO BOR FWS NPS	Single Audit Act Amendments of 1996	Obtain Single Audit, Financial Status, Grant Performance, and Annual Reports and issue management decisions on audit findings in accordance with the requirements of the Single Audit Act Amendments.	X	X	9/30/06	Carryover
DEPT BLM DO FWS NPS USGS	Federal Financial Management Improvement Act of 1996	Improve procedures and internal controls to ensure the financial statements are prepared in accordance with Federal accounting standards.		X		Interior Non-concurs

Major Management Challenges Confronting Interior

The OIG and the GAO annually advise Congress on what they consider to be the major management challenges facing the Department. A summary of the major management challenges identified by the OIG and GAO and the Department of the Interior’s response to the challenges identified are contained in Part Four, Other Accompanying Information, of this report.

Federal Information Security Management Act

FISMA provides a framework and relevant agency roles for ensuring the effectiveness of security controls with regard to information resources that support Federal operations and assets. The law gives latitude for OMB and the Department

of Commerce through the National Institute of Standards and Technology (NIST) to identify minimum standards for operating information systems within the Federal Government.

Information security is an ongoing process of continuous improvement. Challenges are constantly present from evolving requirements and technologies. The Department has identified the safeguarding of information through policy and compliance oversight, correcting identified incidents of breach or loss of information or information systems, and ensuring Departmental processes serve Federal mandates and Mission requirements as its top priorities. During FY 2008, the Department also continued to work on the priorities identified in FY 2007 for improving its overall information security posture. These are:

- ◆ Revising Department Certification and Accreditation (C&A) documentation and

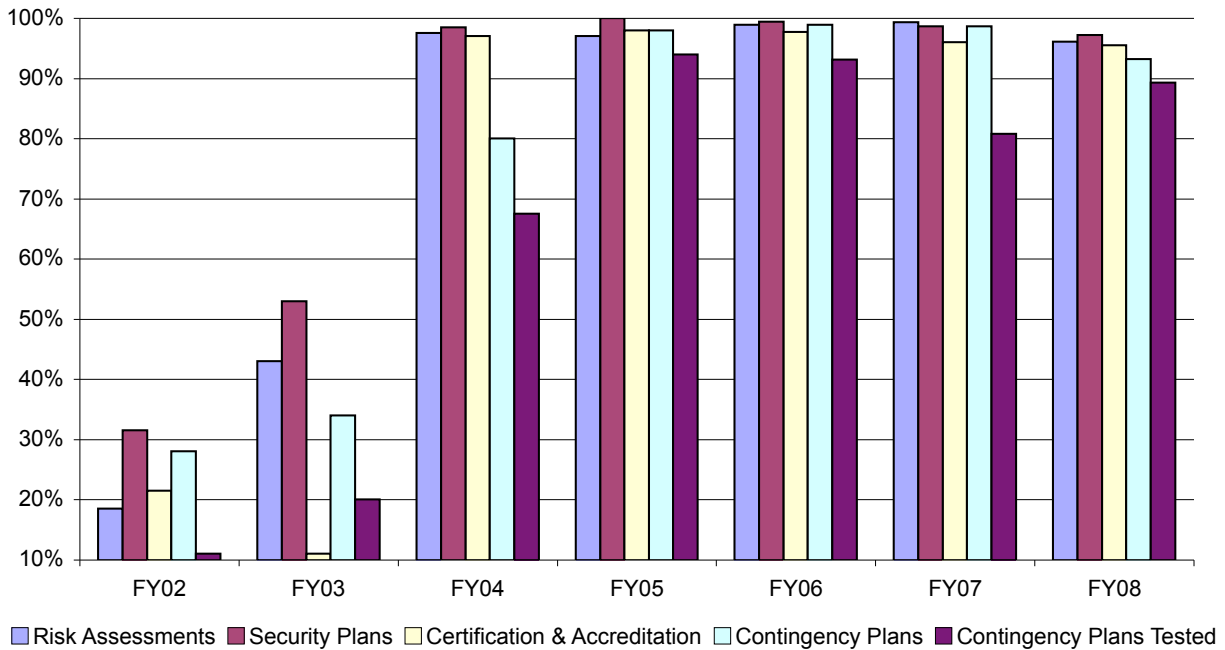
execution processes to include OMB requirements for protecting personally identifiable information;

- ◆ Improving the Department's security configurations in accordance with emergent security configuration standards (e.g., the Federal Desktop Core Configuration (FDCC));
- ◆ Refining the Department's compliance effort in meeting the requirement to report system weaknesses through the Plan of Action and Milestones (POA&M) process;
- ◆ Implementing automated tools to verify and validate system security configurations; and
- ◆ Integrating processes into life cycle management.

Specific actions, initiated and/or completed, in FY 2008 include:

- ◆ **Department of the Interior Information Security Program and Security Awareness Training**—The Office of the Chief Information Officer (OCIO) completed and promulgated the Department's Information Technology Security Policy Handbook. This document aligns Departmental policies with the NIST Special Publication (SP) 800-53, *Recommended Security Controls for Federal Information Systems*, families of controls and establishes minimum Information Technology (IT) security policies and implementation standards for all of Interior's bureaus and offices. OMB's requirement for the training of personnel based on position is addressed in Interior's Role-Based IT Security Training (RBST) Standard issued on January 30, 2008. Comprehensive personnel lists were developed, tracking methods identified, and policies and procedures implemented to ensure compliance; and
 - ◆ **Certification and Accreditation Process** — In FY 2007 Interior established a Memorandum of Agreement with the Department of Justice and initiated a project to begin deploying the Cyber Security Assessment and Management (CSAM) solution in support of improvements to Interior's C&A, POA&Ms, and Internal Control Review (ICR) processes. CSAM, now implemented, is providing the required automation for Interior's C&A on tracking, management, and reporting processes. This FISMA automated reporting tool provides bureaus and offices greater simplicity in entering and managing information security documentation requirements.
- Senior management commitment towards ensuring FISMA compliance and continuous improvement with regard to assessing risk, demonstrating commensurate controls, and documenting agency official approval of operations is demonstrated by Interior's C&A performance metrics in Figure 1-49.
- ◆ **Plans of Action and Milestones** — The POA&M is the OMB-required, authoritative format for tracking identified weaknesses in information security programs and systems. The OCIO issued Directive 2008-005, dated January 31, 2008, which promulgated a new POA&M process standard, resulting in greatly enhanced Department-level reporting. This more efficient reporting mechanism, in conjunction with CSAM, enables constrained staff resources to focus on the accuracy of weakness descriptions, appropriateness of resolution plans, accuracy of corrective action status, and enable greater prioritization of resources to perform increased compliance oversight.
 - ◆ **Information Security Controls** — The Department established an Interior Internal Security Improvement Team (ISIT) working group to develop an IT Security Defense-in-Depth strategic plan that included approximately 40 recommendations to address risks associated with insider threats to Interior's information and information systems. The plan was completed and approved by Interior's Information Technology Management Council (ITMC) and is being utilized to prioritize additional IT security improvements and enhancements that are necessary to keep pace with rapidly increasing, emerging, and evolving threats. Many of the plan recommendations are already integrated into the Department's

FIGURE 1-49
Certification and Accreditation Activities



IT Roadmap initiative, that has the goal of improving the planning, management, integration, and implementation of those projects.

As part of Interior’s self-assessments performed under annual ICRs, Interior measures the progress of implementing required security controls consistent with NIST Federal Information Processing Standards (FIPS) Publication 200, *Minimum Security Requirements for Federal Information and Information Systems*, and SP 800-53, and assessed in accordance with NIST SP 800-53A, *Guide for Assessing the Security Controls in Federal Information Systems*, for information systems using five levels of effectiveness with the following maturity levels:

- ▶ Level 1 — control objective documented in a security policy.
- ▶ Level 2 — security controls documented as procedures.
- ▶ Level 3 — procedures have been implemented.

- ▶ Level 4 — procedures and security controls are tested and reviewed.
- ▶ Level 5 — procedures and security controls are fully integrated into a comprehensive program.

Based on the results of these reviews, Interior continues to improve on its overall level, now at a maturity level of 4.62, when measured against the assessment criteria.

- ◆ **Minimum Standards for Security Configurations** — Interior maintains an inventory of approved Security Technical Implementation Guides (STIGs) based on the NIST National Checklist Program (NCP — formerly the NIST Security Configuration Checklist Program) for critical IT security components, such as operating systems, router configuration, database hardening, etc. Interior directed bureaus and offices to implement OMB’s FDCC STIG for the Windows XP Operating System and fully implemented that standard throughout the organization by the end of FY 2008. Configuration documents are meticulously reviewed by bureaus and offices and amended as required to conform to

Compliance with Legal and Regulatory Requirements

operational requirements only after staffing through configuration management boards. Compensating controls are used when necessary to ensure adequate controls are in place.

The annual FISMA evaluations of both the OIG and Chief Information Officer (CIO) concluded that information security at Interior needs improvement, risks and vulnerabilities remain, and improvements can be easily made. Interior believes the additional policies and processes put in place over the last year to address those risks have resulted in improved information security. Additionally, improvements will continue to be made in a timely and cost-effective manner. As a result of the evaluations, it was determined that Interior substantially complies with FISMA.

Compliance with Other Key Legal and Regulatory Requirements

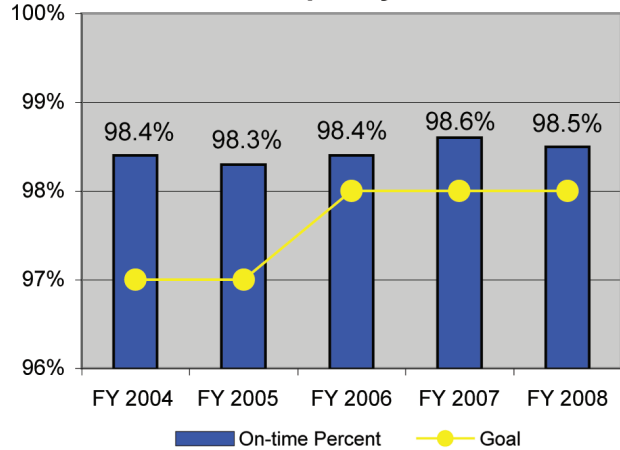
Interior is required to comply with several other legal and regulatory financial requirements, including the PPA and the DCIA.

Prompt Pay, Debt Collection, and Electronic Funds Transfer

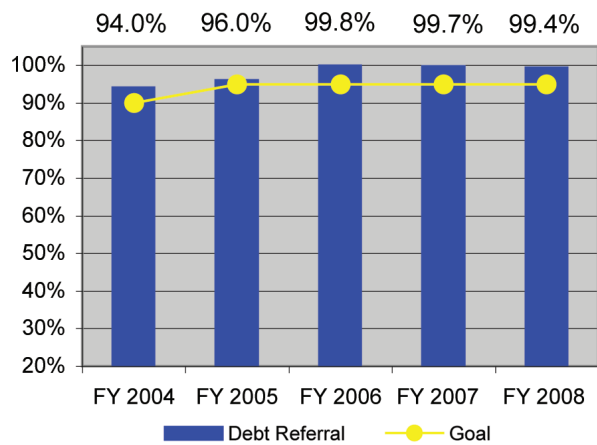
The Department is continuing to improve performance under the requirements of the PPA and the DCIA. The PPA requires that eligible payments be made within 30 days of receipt of invoice; otherwise, the Federal Government is required to pay interest. The DCIA requires any nontax debt owed to the United States that has been delinquent for a period of over 180 days be turned over to the Department of the Treasury for collection. The Electronic Funds Transfer (EFT) provision of the DCIA mandates all recipients of Federal payments, receive their payments electronically, except for tax refunds.

The Department exceeded its FY 2008 performance goals for PPA (Figure 1-50), DCIA (Figure 1-51), and payments made by EFT (Figure 1-52).

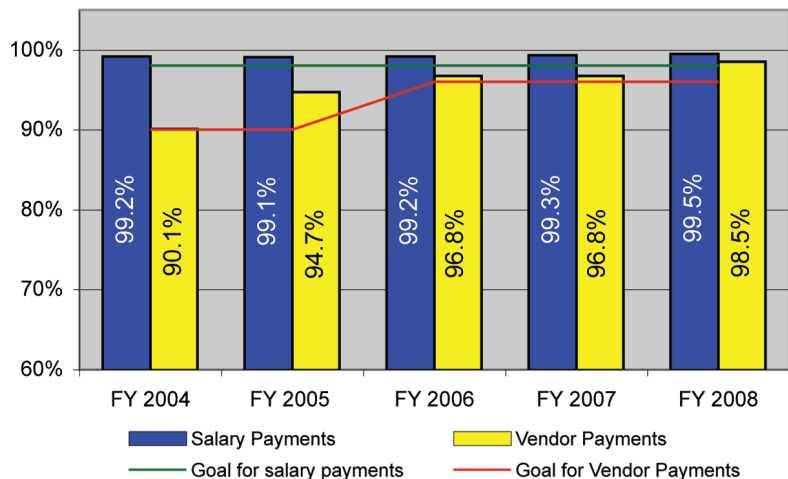
**FIGURE 1-50
Prompt Payment**



**FIGURE 1-51
Debt Referral**



**FIGURE 1-52
Electronic Funds Transfer**



Financial Management Improvement Initiatives

E-Gov Travel

The Department is approximately 80 percent complete with its E-Gov Travel implementation initiative, which deploys an end-to-end automated travel management system providing booking/reservations, travel authorization, and travel voucher processing services under one system. As of September 30, 2008, about 60,000 Interior users are able to access the system, and 45,000 vouchers have been processed in the system. The Department will complete its E-Gov Travel implementation by the end of November 2008.

Financial Management Green Plan Initiative

During FY2008, the Department implemented its Financial Management Green Plan initiative. The Financial Management Green Plan initiative is built upon the single goal of integrating the use of financial information in the decisionmaking process of programs and functions that are essential to execution of the Department's Strategic Plan. To achieve this goal, the Department identifies programs and functions with outlays equal to or exceeding \$100 million where financial information is not used for decisionmaking, or is incidental to decisionmaking, validates that financial information should be part of the decisionmaking process or is not integral to decisionmaking, and then documents how financial information will become part of the decisionmaking process in a green plan example.

As of September 30, 2008, the Department has developed green plan examples for finance, procurement, fleet management, recreation, science knowledge advancement, and hydropower cost recoupment. During FY 2009, green plan examples will be developed for wildland fire, Indian trust, mined land management, dam safety, and construction.

Improved Cost Information

The Department continues enhancement of the Management Cost Accounting (MCA) system and its integration with the financial accounting system. This integration has focused on providing valid and useful information related to performance measurement and budgeting to all levels of

management throughout the organization. This requires cost information aggregation and reconciliation that support bureau program managers, as well as Departmental management's strategic goals and objectives. Interior has accomplished alignment in the Statement of Net Cost by building an organizational structure that captures cost transactions at the Mission Area and the End Outcome Goal levels while allowing bureaus to adopt flexible goals and activities that support these outcomes. These flexibilities have led to some criticism by GAO that there is no single integrated information system to obtain the MCA data. However, Interior has begun addressing this concern by expanding the Financial and Business Management System (FBMS) capabilities to two currently deployed bureaus and implementing all existing system functionality at the Bureau of Land Management (BLM). Full implementation of FBMS will facilitate a single data source solution and ensure consistency across each entity. In FY 2008 Interior focused on identifying representative measures within each mission area and expense data for these measures as they are built into the Statement of Net Cost model.

Financial Management Systems

The Department shares the view of the Government-wide CFO Council that a key to improved financial and program management is improved financial management systems. Improving financial management systems will provide for and strengthen decisionmaking capabilities and enable Interior program and financial managers to more effectively achieve the Department's missions. Interior recognizes the importance of its financial management systems as a part of its capital assets portfolio and uses sound information technology investment management principles to plan and monitor these systems. With FBMS, Interior's goal is to achieve and maintain the objective stated in OMB Circular No. A-127, *Financial Management Systems*, for each agency to establish a single, integrated financial management system. In pursuing this goal, the Department will follow the information technology investment management practices and principles identified in the Clinger-Cohen Act of 1996.

Financial Management Systems Improvement Strategy

The Department's goal is to continue to improve financial transaction processing and to enhance financial management systems support through an effective partnership of program, information system, and financial managers. The Department relies on financial management systems planned for, managed together, and operated to collectively support program and financial managers. These systems are managed at various levels within the Department. Some of these systems are managed on a Departmental level, others are maintained at a bureau level, and some are Government-wide systems on which the Department relies. Collectively, they represent the Department's financial management systems architecture.

The Department has viewed the movement toward a single, integrated financial system as encompassing four interrelated elements: (1) improvement of internal control, (2) elimination of redundant data entry, (3) enabling end-to-end transaction processing, and (4) standardization of data for improved information quality.

The Department's current financial management system improvement efforts involve three major thrusts:

- ▲ **FBMS.** Define, carefully plan, and implement a new generation of financial management systems to replace existing systems that are no longer supported by their software companies;
- ▲ **Critical Programmatic/Financial Management Systems.** Continue to improve critical bureau-based programmatic/financial management programs: Minerals Revenue Management and American Indian Trust Funds; and
- ▲ **Interior Enterprise Architecture Program.** Continue to improve the IT infrastructure supporting financial systems. The IT infrastructure is critical to maintaining quality financial management systems. One of the major IT infrastructure efforts is the Integrated Enterprise Architecture (IEA) program.

Financial and Business Management System

Interior is implementing the fourth of eight FBMS deployments that will result in the Department's business transformation to a fully integrated business management system. The Department is successfully executing its strategic plan and is making significant progress in a number of business areas. One of those business areas is financial management, and FBMS is the primary catalyst for improvement in this area.

FBMS is an integrated suite of software applications that will help the Department manage a variety of business functions, including core financials, acquisition, budget formulation, personal property and fleet management, real property, travel, financial assistance, and enterprise management information and reporting. When fully operational in FY 2013, FBMS will provide the Department with standard business practices supported by a single, integrated financial and administrative system for all bureaus.

The standardization and integration delivered by FBMS will help facilitate more collaborative relationships and establish a common approach to financial and business management across the Department. As a result, the Department will be positioned to deliver programs and services in a more efficient and more effective manner. Benefits gained from implementing this suite of applications will include:

- ▶ Standardized and integrated business processes;
- ▶ Improved security and internal controls;
- ▶ Improved cost information;
- ▶ Improved tracking and auditing capabilities;
- ▶ Reduction of double entry of data in multiple systems and manual paper processing;
- ▶ Improved Department-wide and bureau-specific reporting capabilities;
- ▶ Increased data integrity; and
- ▶ Retirement of aging and unsupported legacy systems.

FY 2008 Accomplishments

The program's accomplishments include the completion of functional specifications and system configuration, conversion and integration testing, and end-user pilot training activities to ensure the successful first quarter FY 2009 deployment of the FBMS functionality of personal property and fleet management, E-Gov Travel, FedConnect, and Human Resources Mini-Master to the BLM, the Office of Surface Mining (OSM), and the Minerals Management Service (MMS). In FY 2008, the Program Management Office (PMO) developed FBMS acquisition, core financial, financial assistance, and enterprise management information and reporting functions for BLM. This functionality will be deployed to BLM early in FY 2009. These functions were previously deployed to OSM and MMS. The PMO provided operations and maintenance support to FBMS. The National Business Center (NBC) remained the system's shared-service provider. Some of the accomplishments by the PMO and NBC include:

- ◆ Improved month-end processing managed in a cooperative manner with the bureaus;
- ◆ Completed system configuration, business process procedures, and test scripts for personal property/fleet management functionality;
- ◆ Developed and tested conversion and interface programs, including external interfaces; and
- ◆ Planned for and initiated business blueprinting for the FY 2009 full deployment of FBMS functionality to BLM, OSM, and MMS, and the FY 2010 deployment of all FBMS functionality, except budget formulation, to the U.S. Geological Survey (USGS). The major functionality additions planned for this deployment (Deployment 5) include Real Property and Budget Formulation.

FY 2009 Planned Activities

Other necessary activities are planned to be accomplished to ensure successful deployments of FBMS in FY 2009. These activities include:

- ◆ Completing system cutover and data conversion testing, conducting end-user

training, executing system cutover and Go-Live activities for Deployment 4 (BLM);

- ◆ Conducting post-Go-Live system support for Deployment 4 (BLM);
- ◆ Conducting Deployment 5 (USGS) business blueprint, and
- ◆ Designing, developing, testing, and implementing three interim FBMS enhancements in April and July of FY 2009 and November of FY 2010.

Critical Programmatic/Financial Management Systems

The Department has two critical programmatic systems that process financial data. They are the Minerals Revenue Management (MRM) Support System and the American Indian Trust Funds Systems.

MMS Minerals Revenue Management System

The Minerals Revenue Management (MRM) program is responsible for ensuring that all mineral revenues from Federal and Indian lands are efficiently, effectively, and accurately collected, accounted for, verified, and disbursed to recipients in a timely manner. These revenues have averaged about \$13 billion annually over the last 5 years. To ensure revenues are properly collected and disbursed, MMS utilizes a broad range of financial services and pursues a comprehensive compliance strategy that includes an automated compliance verification program to validate the accuracy and timeliness of revenues paid.

Information systems and electronic government infrastructure play a critical role in MMS's collection and disbursement of the Nation's mineral revenues. The MMS continues to ensure that its systems remain secure, interactive, and in compliance with the latest mandated accounting requirements and technologies, and is Web based. The MMS Minerals Revenue Management Support System (MRMSS) uses commercial off-the-shelf (COTS) software that has been modified

for MRM requirements and is contractor-owned and operated. The MRMSS is critical to the ability of MRM to account for and disburse mineral revenues in a timely manner from mineral leases on the Outer Continental Shelf and onshore Federal and American Indian lands to the U.S. Treasury, States, and American Indians. The MRMSS includes four primary information technology subsystems to support MRM's mission-critical work:

- ▶ The Financial Management System accounts for all Federal and Indian minerals rents, royalties, bonuses, and their distribution/disbursement to the Treasury, States, and American Indians. The system also issues bills for nonpayment of royalties or late royalties;
- ▶ The data warehouse provides a repository of historical financial and production information for use by internal users in the BLM and other agencies, as well as state and tribal entities under contract for MRM to ensure compliance on leases within their jurisdiction;
- ▶ The Compliance and Asset Management Subsystem includes specialized tools for verifying companies' compliance with laws, lease terms, and regulations; and
- ▶ The Royalty-in-Kind subsystem provides an automated system supporting internal controls to manage the transporting, processing, and selling of oil and natural gas taken in-kind and sold by MRM in lieu of receiving in-value payments.

FY 2008 Accomplishments

In FY 2008, the MMS:

- ◆ Awarded a cost efficient MRMSS Operation and Support Contract and
- ◆ Implemented an MRM IT governance structure to monitor and manage the performance of MRMSS project

activities throughout its investment system development lifecycle.

FY 2009 Planned Activities

The following MRMSS system improvements are planned for FY 2009:

- ◆ The Adjustment Line Monitoring Initiative, which automates the process of identifying royalty adjustments made by payors outside of required timeframes in order to enhance compliance efforts and
- ◆ The Interactive Payment Reconciliation and Billing Initiative, which automates MMS's interface with its customer base on numerous activities to enhance online reporting and verification capabilities, as well as enforcement efforts.

American Indian Trust Fund Systems

The American Indian Trust Fund Management Reform Act of 1994 (the Act) established the Office of Special Trustee for American Indians (OST). The Act identified actions required for the Secretary's proper discharge of trust responsibilities, including providing adequate systems for accounting and reporting trust fund balances; providing adequate controls over receipts and disbursements; providing periodic, timely account reconciliations; determining accurate cash balances; and preparing periodic statements of account performance and balances. The Act also addressed the need for developing systems for accounting and investing funds, for reporting to account holders, and for maintaining accurate data on ownership and leasing of Indian lands.

In FY 2001, the Department commissioned an independent review which concluded that previous reform results were not accomplishing the intended comprehensive result. Accordingly, the Department developed a more comprehensive and integrated approach—the Comprehensive Trust Management Plan, dated March 28, 2003 (CTMP)—that sets forth a strategic framework, including six strategic goals (and

various objectives) for the Department to meet in fulfilling its obligations to its fiduciary trust beneficiaries:

- ▶ Beneficiary services that are trusted, accurate, and responsive;
- ▶ Tribal self-governance and self-determination that increase participation in managing assets;
- ▶ Ownership information that is accurate, timely, and reliable;
- ▶ Land and natural resources management that maximizes return while meeting beneficiary desires (constrained by beneficiary preferences or other factors);
- ▶ Trust fund assets management that meets fiduciary standards; and
- ▶ Administrative services that: (1) enable and empower the organization and workforce to be an effective fiduciary trustee, and (2) provide modern, appropriate systems and tools to manage the fiduciary trust.

The CTMP identifies three primary business lines: (1) beneficiary trust representation, (2) trust financial management and stewardship, and, (3) management of land and natural resources. Each business line represents a distinct group of products or services for comprehensive trust management and encompasses related processes, products, and services within its scope. Strategic goals and specific related objectives fit within these business lines. The CTMP provided the ground work to create the Fiduciary Trust Model (FTM). The FTM provides the framework to carry out the various trust reforms within Interior.

FY 2008 Accomplishments

Through OST, Interior is in its fourth year of implementing the FTM. The FTM is designed to enhance beneficiary services for tribes and individuals, with better information about ownership, land and natural resource assets,

trust fund assets, Indian self-governance and self-determination, and administrative services. When fully implemented, the FTM will transform current trust processes into more efficient, integrated, and fiscally-responsible business processes that better meet the needs of beneficiaries and employees.

By the close of FY 2008, the OST and IA achieved another milestone in trust management reform through conversion from the Trust Funds Receivables (TFR) module and the Trust Funds Accounting System (TFAS) income allocation process to the new Trust Asset Accounting Management Systems (TAAMS) invoicing and distribution module. The processing of forestry payments was included in this conversion, enabling the automatic distribution of forestry funds. As of May 31, 2008, all locations were successfully converted to the new TAAMS invoicing and distribution system. The conversion streamlined the invoicing process and allowed for income to automatically be distributed to beneficiaries on a timely basis. This is the first time a national level report has been produced. Other selected accomplishments include:

- ◆ Continued implementing the FTM, including the migration of other automated systems that are integrated;
- ◆ Reconnected to the Internet after a decision from the U.S. District Court for the District of Columbia which allowed OST to do so;
- ◆ Developed OST requirements for the Royalty Distribution and Reporting System conversion and provided to IA for their conversion efforts;
- ◆ Assured accuracy of TAAMS data by performing post quality assurance review on IA realty and title documents; and
- ◆ Performed transaction testing across multiple bureaus and offices in Interior

that have oversight of Indian trust assets in coordination with Policy, Management and Budget (PMB).

FY 2009 Planned Activities

- ◆ Use Interior’s automated Appraisal Request and Review Tracking System to accurately track and project Office of Appraisal Services cost and performance data;
- ◆ Conduct post quality assurance review on the encoding of TAAMS leasing module data to ensure accuracy and timely interface with TFAS and the TAAMS title module;
- ◆ Strengthen risk management program by: (1) expanding transaction testing across additional bureaus and offices in Interior that have oversight of Indian trust assets, (2) expanding content to include additional processes at Office of Historical Trust Accounting (OHTA), (3) modifying the risk program to incorporate processes modified as a result of the Royalty Distribution and Reporting System conversion, and (4) reviewing select offices within OST, updating their defined programs and processes to incorporate current regulations, and working with other bureaus/offices within Interior to make risk analysis of programs more consistent;
- ◆ Continue integration of Protrac with TFAS and TAAMS; and
- ◆ Provide tribal account holders online access to their statements of performance.

Interior Enterprise Architecture Program

For the past four years, the Interior Enterprise Architecture program has exceeded the OMB’s Enterprise Architecture (EA) Assessment Framework thresholds to achieve “green” on the President’s Management Agenda E-Gov Scorecard. Each Federal Cabinet agency’s EA program is evaluated on three factors: completion, use, and results.

The GAO also assesses the maturity of Federal EA programs in the GAO Enterprise Architecture Management Maturity Framework (EAMMF). According to GAO evaluation criteria, the IEA program has achieved a rating of 100 percent indicating that all GAO evaluation criteria have been fully met. As evidenced by the scores on the above two frameworks, Interior has a mature EA program that is providing tangible results to our business community. Interior is focused on obtaining measurable results from its investment in EA to result in increased efficiencies for Interior business areas.

The IEA program is viewed as a “best practice” as evidenced by:

- ▶ **Leadership in Segment Architecture Practices** — Interior has been cited by the OMB Federal Enterprise Architecture (FEA) Program Management Office as a best practice for other Federal agencies to leverage in developing segment architectures and is leading an interagency initiative to develop Federal-wide guidance in this area;
- ▶ **Speaking engagements** — The Interior Chief Architect and members of the Enterprise Architecture Division (EAD) staff are requested regularly to speak about the Interior EA program at the Federal Enterprise Architecture Certification Institute, National Defense University’s CIO and EA certification courses, and the U.S. Department of Agriculture Graduate School; and
- ▶ **Outreach** — Interior has provided assistance to advance the knowledge of the EA community and “best practice” information sharing sessions with numerous Federal, State, and local government agencies, as well as five foreign governments.

The IEA program continues to deliver value to the Interior business community, as well as generate outcomes that benefit citizens. The public frequently requests maps and other geospatial data from Interior, particularly during emergency response situations when using the best available data can be used to save lives. The Geospatial One-Stop portal provides an integrated environment to coordinate requests for data, making a response from

Interior more efficient. These portal services are available as a result of work performed on Interior's Geospatial Modernization Blueprint.

Interior is focused on obtaining measurable results from its investment in EA. The following are some highlights of the measurable results that have helped to strengthen EA's stature within the agency.

- ▶ Interior's Financial Management Modernization Blueprint features the target state for FBMS;
- ▶ Interior continues to realize cost savings and avoidance from its architecture driven hardware and software enterprise license agreements (ELA). Through standards included in the Interior Technical Reference Model, ELAs have allowed Interior to realize significant cost savings/avoidance; and
- ▶ Interior's Recreation Modernization Blueprint features <**Recreation.gov**>, a PMA e-government success story. Interior has retired multiple legacy services and systems to consolidate to this one-stop shopping site for the tourist public.

In addition to providing concise findings and management recommendations, IEA blueprints identify gaps and redundancies in Interior's existing IT portfolio that can hamper successful achievement of strategic and programmatic goals. Modernization blueprint milestones are represented in the Enterprise Transition Strategy (ETS) and are annually updated. ETS entries define the sequencing for all modernization efforts across Interior.

In support of the Blueprint efforts, IEA has developed policy and guidance for determining authoritative data sources, data quality improvement, and system decommissioning. These documents support consistency in data management and IT operations thus improving overall services while reducing risks. In efforts to further formalize data standardization, IEA has implemented performance measures for data quality for the Department Enterprise Architecture Repository (DEAR). These guidance documents have undergone Departmental review and are being finalized for release.

FY 2008 Accomplishments

- ◆ Received a green rating on OMB's maturity assessment by exceeding the required 4.0 rating in all three categories: Completion, Use and Results;
- ◆ Launched an IT Infrastructure Modernization Blueprint to improve Interior's IT Infrastructure services recognizing the close correlation with the Information Technology Infrastructure Line of Business (ITILOB) initiative. The ITILOB establishes Government-wide standardized metrics for IT infrastructure services, partitioned into the areas of end user systems and support (EUSS), mainframes and servers services and support (MSSS), and telecommunications systems and support (TSS). While Interior met or exceeded almost all of the ITILOB target metric values for the EUSS infrastructure area, data call results indicated Help Desk services as an area for potential improvement and therefore this focus area is currently being analyzed in the blueprint effort;
- ◆ Prepared and delivered the IT Roadmap which contained the major IT infrastructure projects warranting Departmental coordination. This initiative established a standard status reporting format and schedule for all IT roadmap projects in order to reduce project risks by managing discrete projects as an overall portfolio. Additionally, governance was established to manage changes or issues related to each of the projects;
- ◆ Developed the Geospatial Blueprint which was approved in December, 2007;
- ◆ Updated the Interior Business Model and mapped core mission and support functions to the Federal Enterprise Architecture Business Reference Model (FEA BRM); and
- ◆ Generated international interest by providing information sharing sessions on its methods and achievements to representatives from Singapore and South Korea.

FY 2009 Planned Activities

As with all blueprints, the IEA program will work closely with the appropriate business and IT representatives across Interior in the development and eventual implementation of the IT Infrastructure Roadmap and Modernization Blueprint. At the same time, Interior will be aligning planning initiatives to comply with the OMB led ITILOB, to establish benchmarks for cost and performance that all Federal agencies are expected to meet. Some of the areas that will be reviewed are end-user computing and support services, data centers, networks, and telecommunications.

IEA will complete the IT Infrastructure Modernization Blueprint. Using the federated service governance process, IEA will analyze alternatives for improving Help Desk services and incorporate the plans to implement the Help Desk service delivery model. IEA will support analysis and planning of other IT Infrastructure federated services, incorporating findings and recommendations for the ITILOB MSSS and TSS data calls. IEA will incorporate approved plans and milestones from the IT Infrastructure Modernization Blueprint in the Agency 5 -Year Infrastructure Optimization Plan required for the ITILOB.

IEA plans to implement the Enterprise Project Management Portal (EPMP), an application for coordinating multiple, interrelated project schedules and their associated work products. EPMP will significantly improve collaboration capabilities within and across project teams, will standardize project status reporting and will improve visibility and understanding of project schedule dependencies. By supporting the collection of multiple project schedules into a master schedule, EPMP will simplify tracking the execution of transition plans in completed segment architectures and thus the execution of the enterprise transition strategy.

IEA will continue to manage the IT Roadmap, leveraging EPMP to present the IT Roadmap as a single master schedule over all the component IT Infrastructure projects. As the projects inspired by the IT Infrastructure Modernization Blueprint are executed, they will be added to the IT Roadmap. As the individual IT Infrastructure projects are completed, they will be removed from the IT Roadmap. In this fashion, the IT Roadmap

will continually show the portfolio of major IT Infrastructure projects in progress across Interior.

IEA plans to rebaseline the existing Law Enforcement segment architecture Blueprint to address terrorism-related information sharing. This work will enable Interior to utilize the same information sharing protocols and standards used throughout all levels of government for law enforcement activities.

IEA plans to publish the Interior Authoritative Data Source Policy, as well as the Data Quality and the Interior System Decommissioning guides, in the first quarter of FY 2009.

IEA plans to restructure the Interior Enterprise Transition Strategy to better articulate strong linkages to outcome oriented performance goals and agency mission performance improvement plans.

IEA plans to work with OMB and the Federal architecture community (e.g. Chief Architects Forum) to finalize products and gain approval for the Next Generation Segment Architecture Guidance. Additionally, outreach materials, training, and a transition plan will be prepared as full responsibility for maintaining this product is transferred to the OMB FEA PMO.

Financial Management Human Capital

Interior established the R. Schuyler Leshner Financial Management Career Intern Program (FMCIP) in 2002 to recruit and train entry-level professionals in accounting and financial analysis for Interior and the bureaus. Each year Interior's financial management community partners with DOI University to recruit a new class of high potential entry-level accountants and financial analysts to participate in this career development program.

As of the Summer of 2008, 37 interns have graduated from FMCIP; 79 percent are still with Interior and 88 percent are still working for the Federal Government. To ensure that the program continues to meet the requirements of Interior's financial community, focus groups were formed in FY 2008 to review the program requirements, objectives, curriculum, and desired outcomes. A

team of subject matter experts will then work with DOI University to redesign the FMCIP in order to meet the customer's need and develop the financial management workforce of the future.

FY 2008 Accomplishments for the Intern Program

- ◆ Graduated the FMCIP Class of 2006 (four members);
- ◆ Completed the first year of training and development for the 2007 FMCIP Intern class (five interns);
- ◆ Aligned training with the Joint Financial Management Improvement Program and Interior financial management competency models; and
- ◆ Partnered with the financial community to revise FMCIP objectives and desired outcomes.

FY 2009 Planned Actions for the Intern Program

- ◆ Launch the newly redesigned intern program;
- ◆ Expand participation of Interior bureaus in the FMCIP Class of 2009;
- ◆ Recruit a new class of interns; and
- ◆ Continue delivering required training for the class of 2007.

Sponsoring Comprehensive Training and Career Development Programs in Financial Management

The other critical component of Financial Management Human Capital is to provide appropriate training and professional development opportunities to existing financial management personnel to prepare them to carry out their growing responsibilities. The Financial Management Workforce Plan noted specific competencies that Interior's workforce must develop to support both the implementation of the FBMS and a successful transformation to a world-class finance organization. The plan emphasized the need for a simultaneous focus on competency training and development for both the current transition period and for the future.

The Financial Management Workforce Plan recommends a comprehensive financial management career path program, with career paths defined at multiple levels. Initial work

has begun on the design and development of a competency model. The competency model will be used to develop and implement the midlevel, senior-level, and executive-level components of this comprehensive program.

FY 2008 Accomplishments

- ◆ Updated the Financial Management Workforce Plan;
- ◆ Continued to encourage participation in organizations with a focus on financial management (Association of Government Accountants, Joint Financial Management Improvement Program, etc.) to gain exposure to other approaches to financial management and improve communication between agencies;
- ◆ Encouraged cross training between Interior bureaus to facilitate communication and cooperation; and
- ◆ Conducted the Business Management Conference with attendees from the finance, procurement, and budget communities; allowing face-to-face discussion of issues that cross discipline and bureau lines.

FY 2009 Planned Actions

- ◆ Conduct a Financial Management needs assessment and
- ◆ Begin to design the Financial Management Career Paths curriculum.

Financial Data Stewardship

PFM provides overall coordination of data stewardship functions for financial data in Interior. The data stewardship function involves two levels of activities: (1) participating in setting Government-wide financial data standards, and (2) setting financial data standards in coordination with the bureaus' finance operations.

To coordinate the establishment and implementation of financial data standards within Interior, the bureaus and PFM have chartered the Standard Accounting Classification Advisory Team (SACAT) to establish and maintain a common approach among

the bureaus for addressing USSGL issues that relate to accounting policy and procedures, reporting requirements, internal controls, and USSGL maintenance.

In addition to the SACAT, Interior utilizes a Financial Statement Guidance Team (FSGT), comprised of the various bureaus of the Department, to deal with issues and concerns related to the preparation of the PAR and implementation of OMB Circular A-136, *Financial Reporting Requirements*.

FY 2008 Accomplishments

- ◆ Published issue papers to facilitate the issuance of improved financial management and accounting policies;
 - ◆ Analyzed and enhanced the reporting process to support performance reporting under GPRA and the timely preparation of the PAR;
 - ◆ Provided support to BLM and NBC in reviews of their internal processes to identify areas for strengthened financial management;
 - ◆ Worked closely with the FBMS Executive Steering Committee to monitor implementation progress; address and resolve accounting and reporting issues; and ensure appropriate internal controls are planned, implemented, and functioning as intended;
 - ◆ Participated in Governmentwide teams to facilitate changes/modifications to OMB Circular A-136;
 - ◆ Created a Citizen Centric Report to convey pertinent financial and performance data to the average citizen in a condensed and easy to interpret format;
- ◆ Worked with the Office of Budget and Office of Planning and Performance to standardize the future implementation of Activity Based Costing;
 - ◆ Developed policies and procedures for bureau participation in the Consolidated PAR in lieu of preparation of individual bureau reports for four bureaus: MMS, OSM, FWS, and BLM; and
 - ◆ Developed policies and procedures for reporting Stewardship Land and Heritage Assets in the Basic Footnotes section of the PAR.

FY 2009 Planned Activities

- ◆ Continue to coordinate and prepare Department responses to draft FASAB, OMB, and Treasury financial reporting guidance;
- ◆ Continue to coordinate the reconciliation of intra-Interior financial balances and the reconciliation of Interior transaction balances with other Federal agencies;
- ◆ Continue to work closely with the FBMS Executive Steering Committee to monitor implementation progress; address and resolve accounting and reporting issues; and ensure appropriate internal controls are planned, implemented, and functioning as intended; and
- ◆ Continue to work with bureaus to fully implement ABC/M throughout Interior.

Analysis of Financial Statements

Interior received, for the 12th consecutive year, an unqualified audit opinion on its financial statements. The statements were audited by the independent accounting firm of KPMG LLP. Preparing the financial statements is part of Interior's goal to improve financial management and to provide accurate and reliable information that is useful for assessing financial performance and allocating resources. Interior management is responsible for the integrity and objectivity of the financial information presented in the financial statements.

The financial statements and financial data presented in this Report have been prepared from Interior's accounting records in conformity with generally accepted accounting principles. Generally Accepted Accounting Principles (GAAP) for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board.

Information provided in the financial statements, the opinion presented as a result of the independent audit, and other disclosures and information provided in this Report provide assurance to the public that the information is accurate, reliable, and useful for decisionmaking.

Interior expects that balances of line items will fluctuate in the normal course of business. Therefore, while Interior notes these variances, any fluctuations of 10 percent or less are considered normal and will not be detailed specifically in this analysis.

Overview of Financial Position

Assets

At the end of FY 2008, Interior's assets totaled \$70,679 million. This is an increase of \$3,695 million or 6 percent over the previous year's assets, which totaled \$66,984 million. Interior's assets reflected in the Balance Sheet are summarized below.

Interior's assets are primarily composed of the Fund Balance with Treasury and General Property, Plant, and Equipment (PP&E). The Fund Balance with Treasury is money that Interior is authorized to use to pay liabilities resulting from operational activity and consists of funds received from direct appropriations, transfers, offsetting receipts,

recoveries, and funds held in budget clearing accounts.

General PP&E are primarily composed of land, structures, and facilities which are used for general operations, power, wildlife enhancement, and recreation. Most of Interior's structures and facilities are composed of dams, power, and irrigation facilities managed by BOR. The remainder consists of buildings and facilities used in Interior's operations (e.g., visitor centers, fish hatcheries, and IA schools).

Liabilities

In FY 2008, Interior's liabilities totaled \$11,828 million. This is an increase of \$849 million or 7 percent from the previous year's liabilities of \$10,979 million. Interior's liabilities reflected in the Balance Sheet are summarized below.

Interior's liabilities are primarily composed of Accounts Payable, Debt, Federal Employee and Veteran Benefits, and Other Liabilities. Other Liabilities are primarily composed of Liability for Capital Transfer to the General Fund of the Treasury, Contingent, Advances, Deferred Revenues, and Custodial Liabilities.

Federal agencies, by law, cannot disburse money unless Congress has appropriated funds. Funded liabilities are expected to be paid from

funds currently available to the Department. Interior's unfunded liabilities consist primarily of Environmental and Legal Contingent Liabilities and unfunded employee compensation costs, which include Federal Employment and Compensation Act and annual leave amounts. These liabilities will be paid from funds made available to Interior in future years. The associated expense is recognized in the period in which the liability is established, regardless of budgetary funding considerations.

In FY 2008, Interior had several liability line items with variances meeting the threshold for analysis. Accounts Payable showed a change of approximately \$196 million (14 percent). The largest portion of this variance is a \$141 million increase in the Office of the Secretary's fund for payments in lieu of taxes. The appropriation and payables due in FY 2009 were received early and booked into FY 2008, causing an increase in accounts payable.

Total debt decreased for the year by \$143 million (16 percent) due to repayments to the Bureau of the Public Debt by IA, BOR, and BLM. The bulk of the change was due to the BLM annual repayment of \$120 million of Helium related debt.

The decrease of \$5 million in Loan Guarantee liability is attributable to IA's subsidy reestimate in the Loan Guarantee program.

Condensed Assets

(dollars in thousands)	FY 2008	FY 2007
Fund Balance with Treasury	\$ 37,932,964	\$ 34,776,671
Investments, Net	7,546,611	7,485,899
General Property, Plant, and Equipment, Net	18,306,908	17,930,798
Accounts and Interest Receivable, Net	3,284,138	3,368,896
Other Assets	3,608,646	3,421,256
Total Assets	\$ 70,679,267	\$ 66,983,520

Condensed Liabilities

(dollars in thousands)	FY 2008	FY 2007
Accounts Payable	\$ 1,571,833	\$ 1,375,832
Debt	715,109	858,007
Loan Guarantee Liability	36,180	41,434
Federal Employee and Veteran Benefits	1,383,223	1,363,633
Environmental and Disposal Liabilities	155,548	147,514
Other Liabilities	7,965,752	7,192,494
Total Liabilities	\$ 11,827,645	\$ 10,978,914

Net Cost

(dollars in thousands)	FY 2008	FY 2007
Resource Protection	\$ 3,780,366	\$ 3,465,136
Resource Use	4,031,249	2,144,299
Recreation	2,632,479	2,455,348
Serving Communities	4,777,813	4,637,182
Reimbursable Activity and Other	1,081,461	936,721
Net Cost of Operations	\$ 16,303,368	\$ 13,638,686

The Other Liabilities line item, as presented in this summary statement, is a composite of all remaining liabilities in the Department not chosen for emphasis here. The large change (increase) of \$773 million (11 percent) is, therefore, a result of many smaller changes to liability accounts in the fund. The most significant component causing the change is an increase of \$1.1 billion in the MMS's Other Liabilities. MMS Contingent Liabilities increased by \$766 million due to a change in the estimate of possible loss. MMS Custodial Liabilities also increased by \$334 million due to the increase of onshore oil and gas prices, which yielded increases in royalties reported and due.

Net Position

Interior's Net Position at the end of 2008, disclosed in the Balance Sheet and the Statement of Changes in Net Position, was \$58,852 million, an increase of about \$2,847 million or 5 percent from the previous year.

Interior's Net Position consists of the sum of Unexpended Appropriations of \$4,544 million and Cumulative Results of Operations of \$54,307 million.

Results of Operations

Interior's net cost of operations for FY 2008 was \$16,246 million. This is a increase of \$2,607 million or 19 percent from the previous year's net cost of \$13,639 million. Interior's net cost of operations as reflected in the Statement of Net Cost is summarized above.

Most costs incurred by Interior are directly related to providing services to the public. The Consolidated Statement of Net Cost is divided into the following five major program segments: Resource Protection; Resource Use; Recreation; Serving Communities; and Reimbursable Activity and Other.

In FY 2008, Net Cost of Operations increased by such a large margin due to Resource Use activity in the MMS. An unusually large increase in the price of oil and gas resulted in high dollars of royalties that were then payable to the states. Also, in FY 2008, MMS contingent liability was increased to reflect a \$1.1 billion estimate of loss.

Revenue

During FY 2008, Interior earned approximately \$2,134 million in revenue from the public and approximately \$2,196 million in revenue from other Federal entities, for a total of \$4,330 million. This is a decrease of about \$241 million from September 30, 2007. In FY 2007, approximately \$2,035 million was earned in revenue from the public and approximately \$2,536 million was earned in revenue from other Federal entities, for a total of \$4,571 million.

Interior classifies revenue as exchange 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 and wildlife refuge entrance fees, map sales, and other products and services that are directly related to Departmental operations. Revenue collected from other Federal agencies consists of reimbursable activities such as construction, engineering, and other technical services. Most of the revenue received from Federal agencies is received from Interior Franchise Fund and National Business Center operations that provide shared administrative services. Interior also collects mineral lease revenues on behalf of the Federal government. These are presented in the Statement of Custodial Activity rather than the Statement of Net Cost.

Interior also collects various non-exchange revenues. Examples of non-exchange revenue are taxes, fines, and penalties that the Federal

government collects as a result of its sovereign powers rather than as a result of providing goods or services for a fee.

Budgetary Resources

Interior receives most of its funding from general government funds administered by the U.S. Treasury and appropriated for Interior's use by the Congress. These resources consist of the balance at the beginning of the year, appropriations received during the year, and spending authority from offsetting collections, as well as other sources of budgetary resources. Other resources include Special and Trust Funds, such as Conservation Funds (the Land and Water Conservation Fund, Historic Preservation Fund, and the Environmental Improvement and Restoration Fund), the Reclamation Fund, and the Aquatic Resources Trust Fund. These funds are administered in accordance with applicable laws and regulations.

The Statement of Budgetary Resources provides information on how budgetary resources and nonbudgetary credit program financing were made available to Interior for the year and their status at fiscal year-end. Obligations of \$21,920 million and \$20,963 million were incurred as of September 30, 2008, and September 30, 2007, respectively on total budgetary resources in FY 2008 of \$29,044 million, and in FY 2007, of \$26,799.

Custodial Activity

In accordance with Federal accounting standards, receipts from mineral leasing revenue are presented in Interior's Statement of Custodial Activity, since the collections are considered to be revenue of the Federal Government as a whole rather than Interior. Mineral leasing revenue was \$25,371 million and \$10,984 million as of September 30, 2008, and September 30, 2007, respectively, and includes Outer Continental Shelf and onshore oil, gas, and mineral sales and royalties. The increase of \$14,387 million is due to the large increase in the price of oil and gas in FY 2008.

Interior collects a portion of revenue as royalties in kind for transfer to the Strategic Petroleum Reserve. The current Strategic Petroleum Reserve initiative began in July 2007 and was discontinued in June 2008. The current estimated value of this initiative is \$1,600 million which was reported as custodial revenue.

Stewardship Investments

In FY 2008, Interior implemented SFFAS 29. Stewardship assets are now detailed in a Note to the Financial Statements.

Stewardship investments represent expenses charged to current operations that are expected to benefit the Nation over time. Interior's Stewardship Investments include research and development programs, investments in human capital, and investments in nonfederal physical property.

Stewardship investments are summarized in the following table.

STEWARDSHIP INVESTMENTS (IN MILLIONS)				
	FY 2008	FY 2007	Change	% Change
Non-Federal Physical Property	\$667	\$576	\$+91	+14%
Research and Development	885	867	+18	+2%
Human Capital	\$589	\$565	\$+24	+4%

Interior's reported values for Property, Plant, and Equipment exclude stewardship assets because they are considered priceless and do not have an identifiable value. Therefore, monetary amounts cannot be assigned. An in-depth discussion of these assets is presented in the Notes to the Financial Statements Section and the Required Supplementary Information section of the Performance and Accountability Report.

Limitations of Financial Statements

Management prepares the accompanying financial statements to report the financial position and results of operations for the Department of the Interior pursuant to the requirements of Chapter 31 of the U.S.C. Section 3515(b).

While these statements have been prepared from the records of the Department in accordance with GAAP and formats prescribed in OMB Circular No. A-136, "Financial Reporting Requirements," these statements are in addition to the financial reports used to monitor and control the budgetary resources that are prepared from the same records. These statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity.

PART 2

Performance Data and Analysis

**(Unaudited,
See Accompanying
Auditors' Report)**

Department of the Interior Performance

The FY 2008 Performance and Data Analysis section documents the performance of the Department of the Interior against the FY 2007-2012 Government Performance and Results Act Strategic Plan (GPRA Plan). The Performance and Data Analysis section is organized according to Interior's four areas of mission responsibility and their accompanying end outcome and intermediate outcome goals. These goals provide a framework for the strategic plans of Interior's bureaus. The mission areas are as follows:

Resource Protection – Protect the Nation's natural, cultural and heritage resources

Resource Use – Improve resource management to assure responsible use and sustain a dynamic economy

Recreation – Improve recreational opportunities for America

Serving Communities – Improve protection of lives, property and assets, advance the use of scientific knowledge, and improve the quality of life for communities we serve

A fifth area, **Management Excellence**, provides the enabling framework within which we carry out these mission responsibilities to manage the Department to be highly skilled, accountable, modern, functionally integrated, citizen-centered, and results-oriented.

These goals and their measures provide the basis for assessments of the Department's effectiveness in this section.

What Counts, and How We Count It

Our GPRA Plan provides a high-level overview of performance, setting large mission goals and broad program objectives. Its greatest value, day-by-day, comes from our ability to connect that larger view with each day's ground-level activities, whether that work is focused on rehabilitating a wetland clogged with the invasive purple loosestrife, improving a visitor center at a national park, monitoring the rehabilitation of a played out mine, helping an American Indian child become a better reader, or adding real-time capability to a flood warning system.

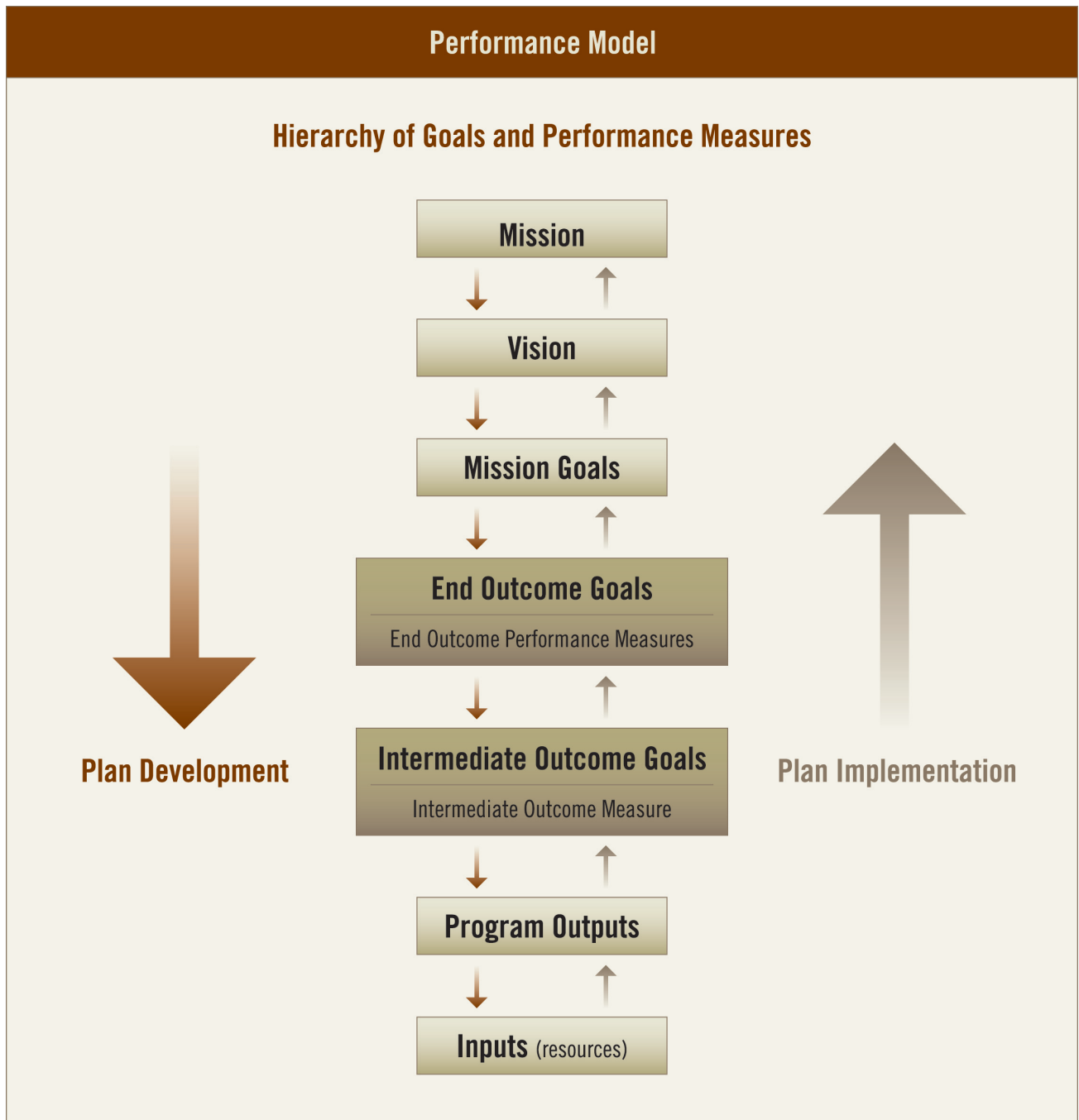
Because the plan identifies a clear hierarchy of goals and measures, we can see exactly how our work contributes to Interior's end results. And because it sets targets at every level, it gives us numerical measures by which we can judge what we have accomplished.

The plan structure focuses on end outcomes, selected high-priority intermediate outcomes, and on measures that will verify progress toward outcome achievement. Each mission area has its own end outcome goals and performance measures. Supporting those, in turn, are intermediate outcomes and measures and, ancillary to the plan, program outputs and inputs (see Figure 2-1 on the next page – Hierarchy of Goals and Performance Measures).

The outcome goals and their performance measures maintain our focus on the bottom line – specific results we must achieve to successfully accomplish our mission. To progress toward these goals, we identify a series of intermediate outcome goals that support, promote, and serve as a vehicle for achieving results. Performance measures are also applied to intermediate outcome goals to help assess their effectiveness.

Engaging these actions, in turn, requires an array of program level activities and their associated outputs. Outputs are typically quantifiable units of accomplishment that are a consequence of work conducted to execute our GPRA Plan (such outputs might be acres treated for hazardous fuels or park safety programs implemented). Activity-based costing lets us connect outputs to costs, creating a powerful management tool that helps us recognize superior performance, focus attention

FIGURE 2-1



on achievement and innovation, and move more quickly to spread best practices throughout the organization.

In our GPRA Plan, the outcome goals are cast in a long-term context – typically covering the duration of the GPRA Plan, currently FY 2007- FY 2012. These goals and measures are annualized to demonstrate

incremental progress toward achieving long-term targets. There are instances in which we may adopt outcome measures that appear output-like because they use units of measurement, such as acres restored or permits issued, that have output connotations. However, the context in which the measure is applied remains outcome focused. In some cases, a true outcome measure may be too

far beyond the control of our programs to provide a useful gauge of the agency's effectiveness in meeting its program responsibilities. In such cases, Interior uses the best indicator it can develop to assess its contribution and progress toward that goal. Selected high-priority intermediate outcome goals and measures appear in both the GPRA Plan and bureau or departmental office operating plans. The balance of the intermediate goals and specific work outputs will appear only in bureau or office operating plans. This category of goals is used to link budgets to performance. Although departmental planning now centers on high-level outcome-oriented goals and performance measures, performance information will be tracked and evaluated at various levels within the organization.

Linking key programs and outcomes of individual efforts, programs and bureaus reinforce the Department's combined stewardship of our critical resources. This is especially important in light of increasing developmental pressures, growing public demand, and accelerating changes in science and

technology. Doing this gives us a set of consistent goals and a common agenda. It gives us the means to increase our focus on performance results, helps make our managers more accountable, and creates a springboard for communication, collaboration, and coordination in the service of conservation with interested citizens, organizations, and communities.

We believe the adoption of our integrated GPRA Plan marked a significant step forward in the Department's ongoing efforts to improve its reporting performance under the Government Performance and Results Act. Our system and measures in the plan make our reporting more transparent, more exact, and easier to evaluate. When employed and examined as a whole, our plan tells the story of the Department's work and provides support to various budgetary and programmatic initiatives which are key to achieving the goals of the program. It establishes performance measures that act like stepping stones, keeping the programs on track, on time, and on budget.

Reading the Numbers for Yourself

The Department's GPRA measures give readers a clear picture of our expectations and ambitions for the future. They are meant to be transparent and easy to understand. By following the hierarchy from mission goals through end outcome goals to intermediate outcome goals, the reader can see our results, the reasons for them, and planned actions to improve our performance.

Data Validation and Verification

To credibly report progress toward intended results and to enable performance informed decision-making, Interior needs to ensure that its performance information is accurate, reliable, and sound. The GPRA requires agencies to describe the means used to verify and validate measured performance as part of annual performance reports. Verification includes assessing data completeness, accuracy, and consistency and related quality control practices. Validation is the assessment of whether the data are appropriate to measure performance.

The Department requires the full implementation of data verification and validation (V&V) criteria to ensure that information is properly collected, recorded, processed, and aggregated for reporting and use by decision makers. Since 2003, the Department has required bureaus and offices collecting and reporting performance data to develop and use an effective data V&V process. A data V&V assessment matrix, developed in cooperation with departmental bureaus and offices, including the Office of Inspector General, was issued in January 2003 to serve as a minimum standard for data V&V. The matrix has been used successfully as a tool to elevate data V&V procedures to an acceptable functional level and to detect potential problem areas in well established bureau or office data V&V systems. The June 2008 update to OMB Circular A-11 identified the matrix as a sample best practice and reference that Interior used to improve our performance measurement process.

Interior uses four categories of performance data throughout its performance verification and validation process:

1. **Final.** All data are available, verified, and validated for the measure. Actual numbers are reported. Performance analysis can be completed. This includes the characterization of data as goal “Met or exceeded,” “Improved over prior year, but not met,” “Not met target”, or “Data not yet available”. (Note: these are the new definitions for performance goals specified in OMB Circular A-11, June 2008.)
2. **Estimated.** Some data are unavailable, unverified, or not validated for the measure. A reasonable methodology has been applied to estimate the annual performance. The estimation methodology is documented and is proven repeatable and valid. Estimated data can be factored into the performance analysis.
3. **Preliminary.** All data are available but are not verified and validated for the measure. No analysis should be conducted (i.e. these data reports are considered similar to a “no report” in that the data are not verifiable either directly or through a valid, documented, repeatable estimation methodology, and therefore cannot be factored as either goal “Met or exceeded,” “Improved over prior year, but not met”, or “Not met target”); these data are reported as preliminary.
4. **No Data.** Data are unavailable and there are insufficient sources to develop a reasonable estimate. No report on the measure can be made.

Estimated, preliminary, and unavailable data will be finalized by the publication of the following year’s Performance and Accountability Report.





Data Sources

A key element in reporting valid, accurate, and reliable performance data is ensuring that sources of data are documented and available. Interior bureaus and offices are continuing to improve their data management processes by developing better sources of data and by linking with current data sources that already have reporting, verification, and validation procedures in place. Data sources for each of Interior’s measures are shown in the following tables as an additional row.

Performance and Data Analysis Charts and Tables

The charts and tables that follow provide detail on our performance for FY2008. The charts and tables are divided into five sections corresponding to Interior’s four Mission Areas and Management Excellence. Each section begins with an aggregate comparison of performance relative to targets for FY2007 and FY2008. This information is followed by a detailed table of performance measures sorted by Intermediate Outcome within an End Outcome Goal. The tables include the following information:

1. **Measure ID:** This ID will help the reader compare information from this table to the information in the Management Discussion & Analysis section of this document.
2. **Measure Description:** A brief definition of the performance measure
3. **FY2005, FY2006, and FY2007 Actual:** Contains the actual performance data for the measure in the given fiscal year. This information can be used to see performance trends over time.
4. **FY2008 Plan:** Contains the performance target for the measure for FY2008. This target was established within the first quarter of FY2008.

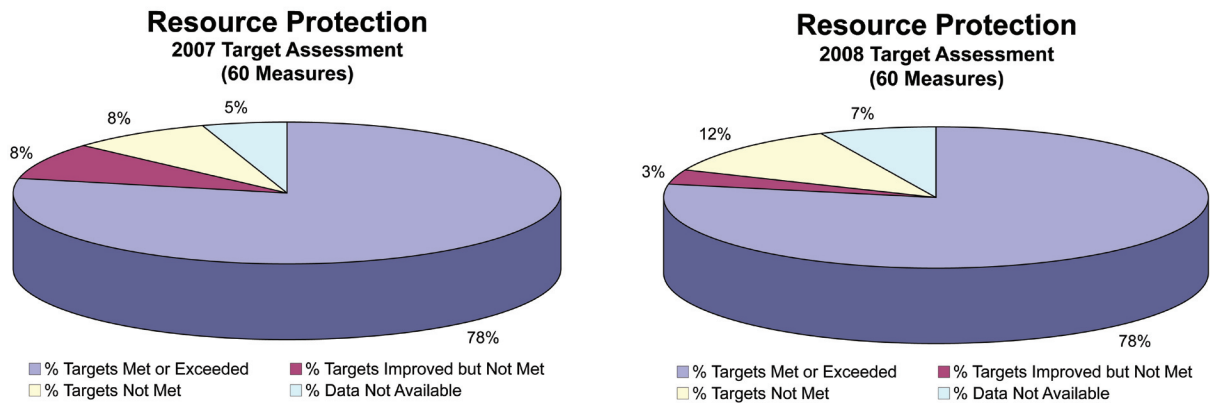
5. **FY2008 Actual:** Contains the actual, estimated, or preliminary performance data for the measure for FY2008. Actual and estimated information can be compared to the FY2008 Plan and be used to determine performance trends for the measure since FY2005.
6. **Goal Met?:** Contains a symbol to depict one of four conditions as specified in OMB Circular A-11, dated June 2008.
 - a.  : The actual performance met or exceeded the target
 - b.  : The actual performance improved over prior year, but did not meet the target
 - c.  : The actual performance did not meet the target
 - d.  : The actual data is not yet available
7. **Performance Explanation:** Contains an explanation of why the actual performance exceeded or fell short of the target.
8. **Steps to Improve:** Where the FY2008 Actual does not meet the FY2008 target, a description is provided of planned actions to improve performance during the next fiscal year.
9. **Data Source:** Documents the source of the performance data as part of Interior's data verification & validation procedures and internal audit procedures.

RESOURCE PROTECTION

Resource Protection responsibilities are divided into four elements: lands and waters, fish and wildlife, culture and heritage, and applying science information to resource protection. There are 60 GPRA Plan performance measures that assess the performance of the four End Outcome Goals and seven Intermediate Outcomes for this mission area.

FIGURE 2-2

Target Assessment Comparison for Resource Protection



Overall, the Department has greatly improved its ability to establish meaningful and challenging performance targets and has worked hard to meet or exceed those targets.

- ◆ The Department's performance for Resource Protection decreased slightly. It met or exceeded the same number of its Resource Protection performance goals in FY 2008 as it did in FY 2007.
- ◆ The percentage of Resource Protection performance goals not met but improved was five percent lower in FY 2008 than in FY 2007.
- ◆ The percentage of Resource Protection performance goals that were both unmet and unimproved was four percent higher in FY 2008 than in FY 2007.
- ◆ In FY 2008, as in FY 2007, the levels of performance among the four major components of the Resource Protection mission area (i.e., Lands and Waters; Biological Communities; Cultural and Heritage; Scientific Understanding) has been balanced in terms of the proportions of goals met.






The table on the next page details the performance for each of the 60 performance measures within the Resource Protection mission area.

FIGURE 2-3







MISSION GOAL: RESOURCE PROTECTION							
Protect the nation's natural, cultural and heritage resources							
End Outcome 1: Improve health of watersheds, landscapes, and marine resources that are DOI managed or influenced consistent with obligations and state law regarding the allocation and use of water							
1 6 1 4	DESCRIPTION: Percent of DOI stream/shoreline miles that have achieved desired conditions where condition is known and as specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	88%	86%	87%	89%	90% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated data. The difference between the target and the reported result is slight, and there was no effect on overall program performance.					
Data Source	BLM - Performance Management Data System FWS - Refuges Annual Performance Plan NPS - Performance Management Data System						
1 4 6 5	DESCRIPTION: Percent of DOI acres that have achieved desired conditions where condition is known and as specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	48.3%	58.1%	61.6%	66.5%	67.6% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The difference between the target and the reported result is slight, and there was no effect on overall program performance.					
Data Source	BLM - Performance Management Data System FWS - Refuges Annual Performance Plan NPS - Performance Management Data System						
1 4 6 6	DESCRIPTION: Number of non-DOI stream/shoreline miles that have achieved watershed and landscape goals as specified in watershed or landscape management plans or agreements that involve DOI						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	851	1,217	1,522	7,823	20,096 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The FWS is the sole contributor to this measure. Its target was exceeded for two principal reasons. In FWS Region 4, more than the planned number of stream/shoreline miles benefited because of unanticipated, one-time funding received through Private Stewardship Grants and the Challenge Cost Share program. In Region 2, a number of prior year projects were completed due to easing of drought conditions. We consider the FY 2008 result to be anomalous, and for that reason we believe outyear performance will be more like it was in prior years.					
Data Source	FWS - Habitat Information Tracking System						
1 4 6 7	DESCRIPTION: Number of non-DOI acres that have achieved watershed and landscape goals as specified in watershed or landscape management plans or agreements that involve DOI						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	1,865,569	4,948,766	50,738,305	3,848,930	19,780,387 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The FWS is the sole contributor to this measure. Its target was exceeded for two principal reasons. About 10 million more non-DOI acres in southwestern Alaska were put into desired condition due to new restrictions on the use of lead shot. In addition, FWS Region 4 helped place about four million non-DOI acres into desired condition because it received an unexpected number of requests for technical review to manage and protect wetlands and uplands. We consider the FY 2008 result to be anomalous, and for that reason we believe outyear performance will be more like it was in prior years.					
Data Source	FWS - Habitat Information Tracking System						
1 4 6 8	DESCRIPTION: Number of Federal, private and tribal land and surface water acres reclaimed or mitigated from the effects of natural resource degradation from past coal mining						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	6,533	6,983	6,658	6,900	9,909	
	Performance Explanation	Goal Met or Exceeded. Performance under this measure was unexpectedly high because one of the States that contributes to the results decided to focus its efforts on water line replacements. We consider the FY 2008 result to be anomalous, and for that reason we believe outyear performance will be more like it was in prior years.					
Data Source	Abandoned Mine Land Inventory System (AMLIS)						







Performance Data and Analysis

1 4 6 9	DESCRIPTION: Number of treated burned acres that achieve the desired condition							
			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		No Report	No Report	No Report	No Target	No Report	?
	Performance Explanation		No Report. No Data. We expect to report results for this measure in the FY 2010 President's budget. Data could not be gathered in time for the Report because the data reporting tool was established just recently.					
Data Source		Annual Work Plan Accomplishment Report						
1 4 7 0	DESCRIPTION: Percent of treated burned acres that have achieved the desired condition							
			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		No Report	No Report	No Report	No Target	No Report	?
	Performance Explanation		No Report. No Data. We expect to report results for this measure in the FY 2010 President's budget. Data could not be gathered in time for the Report because the data reporting tool was established just recently.					
Data Source		Annual Work Plan Accomplishment Report						
8 0 7	DESCRIPTION: Percent of surface water acres managed by DOI that meet State (EPA approved) water quality standards.							
			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		82%	69%	95%	91%	91% (E)	
	Performance Explanation		Goal Met or Exceeded. Estimated Data.					
Data Source		BLM - Environmental Protection Agency's (EPA) Storage and Retrieval (STORET) national water quality database FWS - Refuges Annual Performance Plan						
6 5 2	DESCRIPTION: Percent of surface water miles (stream/shoreline) managed by DOI that meet State (EPA approved) water quality standards							
			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		95%	95%	91%	95%	95% (E)	
	Performance Explanation		Goal Met or Exceeded. Estimated Data.					
Data Source		BLM - Environmental Protection Agency's (EPA) Storage and Retrieval (STORET) national water quality database FWS - Refuges Annual Performance Plan						
1 6 3 4	DESCRIPTION: Number of surface and ground water systems directly managed or influenced by DOI that are protected and/or restored, as specified in management plans and by working with State and local resource managers, as appropriate, to meet ecological needs							
			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		No Report	No Report	1,552	1,562	1,562 (E)	
	Performance Explanation		Goal Met or Exceeded. Estimated Data.					
Data Source		NPS - Performance Management Data System FWS - Refuges Annual Performance Plan						
INTERMEDIATE OUTCOME 1: Restore watersheds and landscapes								
1 4 7 1	DESCRIPTION: Number of DOI riparian (stream/shoreline) miles restored to the condition specified in management plans							
			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		80	97	658	674	827 (E)	
	Performance Explanation		Goal Met or Exceeded. Estimated Data. Two of the three bureaus contributing to this measure (FWS and NPS) did not achieve their goal for this measure. The third bureau (BLM) exceeded its goal to the extent that the DOI target was exceeded. For FWS the primary reason the target was not met is the extensive flooding that occurred during the year in Regions 3 and 6. For NPS some of the riparian areas projected to be restored was not accomplished because of the unforeseen impacts of Hurricane Gustave. For BLM its target of 601 did not include the restoration projects that were funded from the Healthy Lands Initiative in the final budget.					
Data Source		BLM - Performance Management Data System FWS - Refuges Annual Performance Plan NPS - Performance Data Management System						

1 4 7 2	DESCRIPTION: Number of DOI wetland acres restored to the condition specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	40,027	49,765	24,889	23,998	24,868	
	Performance Explanation	Goal Met or Exceeded. The difference between the target and the reported result is slight, and there was no effect on overall program performance.					
Data Source	FWS - Refuges Annual Performance Plan						
1 4 7 3	DESCRIPTION: Number of DOI coastal and marine acres restored to the condition specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	214,428	5,903	7,159	11,499	8,863	
	Performance Explanation:	Goal Not Met. Failure to meet the target is attributed to unpredictable bad weather. In FWS Region 2, Hurricane Dolly landfall coincided with the wetland management activities on Lajuna Atascosa. There was considerable damage to the water control structures at Bahia Grande and other locations.					
Steps to Improve:	While FWS will continue to set ambitious performance targets, unforeseen natural disasters cannot be predicted.						
Data Source:	FWS - Refuges Annual Performance Plan						
1 4 7 4	DESCRIPTION: Number of DOI upland acres restored to the condition specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	174,421	198,663	927,855	918,507	1,096,853 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The FWS and BLM exceeded their goals for this measure. At FWS Region 7, its wildland fire restoration efforts far exceeded expectations. For BLM, its target of 840,000 acres did not include restoration projects that received funding from the Healthy Lands Initiative in the final budget.					
Data Source	BLM - Performance Management Data System FWS - Refuges Annual Performance Plan NPS - Performance Data Management System						
1 4 7 5	DESCRIPTION: Number of non-DOI riparian (stream/shoreline) miles restored, including miles restored through partnerships, as specified in management plans, as specified in management plans or agreements that involve DOI						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	851	1,217	1,522	1,755	9,796 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The FWS is the sole contributor to this measure. It exceeded its performance goal for two principal reasons. Region 2 documented more improvement in the condition of stream and shoreline located on Tribal lands. In Region 6, an unexpected number of requests for technical assistance related to Superfund and Clean Water Act cleanup activities yielded more benefits than anticipated.					
Data Source	FWS - Refuges Annual Performance Plan						
1 4 7 6	DESCRIPTION: Number of non-DOI wetland acres restored, including acres restored through partnerships, as specified in management plans or agreements that involve DOI						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	410,605	593,996	559,947	603,196	1,071,730 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The FWS is the sole contributor to this measure. It exceeded its performance goal for two principal reasons. Region 4 greatly exceeded its 2008 target because the Environmental Contaminants program received an unexpected number of requests to give technical assistance for Clean Water Act projects, which helped it greatly exceed its goal. In Region 2, easing of the drought made it possible to complete a number of prior-year wetland projects on non-DOI lands.					
Data Source	FWS - Refuges Annual Performance Plan						






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1 4 7 7	DESCRIPTION: Number of non-DOI coastal and marine acres restored, including acres restored through partnerships, as specified in management plans or agreements that involve DOI						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	5,771	41,009	55,175	23,932	51,174	
	Performance Explanation	Goal Met or Exceeded. The FWS is the sole contributor to this measure. It exceeded its performance goal for two principal reasons. Region 1 restored about 10,000 acres that were originally targeted for protection. In addition, Region 4 exceeded its target by about 13,000 acres because it received unanticipated one-time funding through the Private Stewardship Grants and Challenge Cost Share program.					
Data Source	FWS - Refuges Annual Performance Plan						
1 4 7 8	DESCRIPTION: Number of non-DOI upland acres restored, including acres restored through partnerships, as specified in management plans or agreements that involve DOI						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	348,362	284,898	425,596	181,950	384,960 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The FWS is the sole contributor to this measure. It exceeded its performance goal for two principal reasons. Region 2 exceeded its target by 96,000 acres because relief from the drought allowed completion of a number of prior year projects. In Region 6, several large, landscape-scale projects with multiple habitat treatments were completed. In addition, several willing landowners wanted large upland projects completed, which exceeded the Region's expectations for the year.					
Data Source	FWS - Refuges Annual Performance Plan						
1 4 7 9	DESCRIPTION: Percent of natural ignitions, occurring in areas designated for wildland fire use or consistent with wildland fire use strategies, that are managed for resource protection benefits (i.e. "allowed to burn")						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	No Report	No Target	No Report	
	Performance Explanation	No Report. No Data. The DOI program office that is responsible for target setting and data collection continues to have difficulty implementing this measure.					
Data Source	Wildland Fire Management Information (WFMI) DI-1202 Fire Report System and the Fish and Wildlife Service Fire Report System						
1 4 8 0	DESCRIPTION: Percent of acres treated which are moved toward desired condition						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	80%	80%	83%	
	Performance Explanation	Goal Met or Exceeded. The performance goal was set an approximate target level. The difference between the target and the reported result is slight, and there was no effect on overall program performance.					
Data Source	DOI - National Fire Plan Operations and Reporting System						
1 4 8 1	DESCRIPTION: Percent of acres treated which are maintained in desired condition						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	16%	16%	16%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	National Fire Plan Operations & Reporting System (NFPORS)						
3 9 4	DESCRIPTION: Percent of known contaminated sites remediated on DOI-managed land						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	20.40%	21.10%	8.80%	8.10%	8.10% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
Data Source	BLM - State/Field Office case files and final reports. FWS - Refuges Annual Performance Plan						






535	DESCRIPTION: Tons of salt loading prevented						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	22,200	22,000	21,000	18,500	18,500	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	BOR - Cooperative Agreements.					
Intermediate Outcome 2: Manage and protect watersheds and landscapes							
1482	DESCRIPTION: Number of DOI riparian (stream/shoreline) miles managed or protected to maintain desired condition as specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	5,144	59,125	58,900	65,115	
	Performance Explanation	Goal Met or Exceeded. The FWS is the sole contributor to this measure. It exceeded its performance goal because of unexpected contributions to the Refuge program from partners and other cooperators, including GoZero and American Prairie Foundation.					
	Data Source	FWS - Refuges Annual Performance Plan					
1483	DESCRIPTION: Number of DOI wetland acres managed or protected to maintain desired condition as specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	1,150,276	21,357,697	21,624,566	31,805,703	32,194,867	
	Performance Explanation	Goal Met or Exceeded. The difference between the target and the reported result is slight, and there was no effect on overall program performance.					
	Data Source	FWS - Refuges Annual Performance Plan					
1484	DESCRIPTION: Number of DOI coastal and marine acres managed or protected to maintain desired condition as specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	174,586	2,359,228	2,366,041	2,388,449	2,423,449	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	FWS - Refuges Annual Performance Plan					
1485	DESCRIPTION: Number of DOI upland acres managed or protected to maintain desired condition as specified in management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	2,502,152	52,791,511	52,689,376	51,750,304	52,553,845	
	Performance Explanation	Goal Met or Exceeded. The difference between the target and the reported result is slight, and there was no effect on overall program performance.					
	Data Source	FWS - Refuges Annual Performance Plan					
1486	DESCRIPTION: Number of non-DOI riparian (stream/shoreline) miles managed or protected to maintain desired condition, including miles managed or protected through partnerships, as specified in management plans or agreements that involve DOI						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	5,837	5,828	6,997	6,068	10,300 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The FWS is the sole contributor to this measure. It exceeded its performance goal because Region 5 recieved an unexpectedly high number of requests for technical assistance. In general, measures like this that are dependent upon the number of technical assistance requests which may exceed expectations depending upon the number of requests received. Thus, for some years, the actuals may exceed targets.					
	Data Source	FWS - Habitat Information Tracking System					





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DESCRIPTION: Number of non-DOI wetland acres managed or protected to maintain desired condition, including acres managed or protected through partnerships, as specified in management plans or agreements that involve DOI								
1 4 8 7			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		555,457	3,685,608	31,556,449	785,719	7,901,537 (E)	
	Performance Explanation		Goal Met or Exceeded. Estimated Data. The FWS is the sole contributor to this measure. It exceeded its performance goal because Environmental Contaminants Program data from two off-refuge investigations were used to provide the technical basis for new lead shot use regulations for a large portion of southwestern Alaska.					
	Data Source		FWS - Habitat Information Tracking System					
DESCRIPTION: Number of non-DOI coastal and marine acres managed or protected to maintain desired condition, including acres managed or protected through partnerships, as specified in management plans or agreements that involve DOI								
1 4 8 8			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		381,809	14,143	99,961	71,316	581,699	
	Performance Explanation		Goal Met or Exceeded. The FWS is the sole contributor to this measure. It exceeded its performance goal because Region 5 received and responded to a higher number of requests for assistance to help manage or protect coastal and marine acres than anticipated.					
	Data Source		FWS - Habitat Information Tracking System					
DESCRIPTION: Number of non-DOI upland acres managed or protected to maintain desired condition, including acres managed or protected through partnerships, as specified in management plans or agreements that involve DOI								
1 4 8 9			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		163,565	329,112	18,041,177	2,182,816	9,789,286 (E)	
	Performance Explanation		Goal Met or Exceeded. Estimated Data. The FWS is the sole contributor to this measure. It exceeded its performance goal for two principal reasons. First, Environmental Contaminants Program data from two off-refuge investigations were used to provide the technical basis for new lead shot use regulations for a large portion of southwestern Alaska. Second, Region 6 exceeded its goal for this measure because of the landmark development and adoption of the Greater Sage-Grouse Core Area Conservation Strategy in Wyoming. The state would conserve approximately 80 percent of the sage-grouse habitat in the state on approximately 20 percent of the sagebrush land base of the state.					
	Data Source		FWS - Habitat Information Tracking System					
End Outcome 2: Sustain biological communities on DOI managed and influenced lands and waters consistent with obligations and state law regarding the allocation and use of water								
DESCRIPTION: Percent of fish species of management concern that are managed to self-sustaining levels, in cooperation with affected States and others, as defined in approved management documents								
1 4 9 0			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		No Report	No Report	42%	28%	No Report	
	Performance Explanation		No Report. Unable to verify reported data which was inconsistent with the scope of the target denominator. Analysis of reported data is underway					
	Data Source		FWS - Fisheries Information System					
DESCRIPTION: Percent of all migratory bird species that are at healthy and sustainable levels								
1 4 9 1			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		61%	61%	62%	62%	62%	
	Performance Explanation		Goal Met or Exceeded.					
	Data Source		FWS - Service's Permit Issuance and Tracking System (SPITS)					
DESCRIPTION: Percent of threatened or endangered species that are stabilized or improved								
1 6 9 5			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		35%	41%	45%	42%	43%	
	Performance Explanation		Goal Met or Exceeded. Performance under this measure was better than expected because recent relief from the drought in the southeastern U.S. benefitted more species than anticipated.					
	Data Source		FWS - Threatened and Endangered Species Database; Environmental Conservation Online System					






390	DESCRIPTION: Percent of candidate species where listing is unnecessary as a result of conservation actions, or including actions taken through agreements						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	1.20%	1.40%	1.10%	0.40%	0.00%	
	Performance Explanation	Goal Not Met. The prioritized species at risk identified for conservation assistance under this measure is the Idaho phlox. The goal was not met because negotiations related to its conservation were not completed during the year.					
	Steps to Improve	A conservation agreement should be completed in early FY 2009.					
Data Source	FWS - Environmental Conservation Online System; Threatened and Endangered Species database						
444	DESCRIPTION: Percent of baseline acres infested with invasive plant species that are controlled						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	1.53%	1.64%	1.68%	1.57%	2.03%	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The performance exceedence in invasive plant control is attributed primarily to FWS and BLM. The FWS Region 1 goal was exceeded by more than 50,000 acres in the Saddle Mountain and Willapa areas. The BLM target of 338,585 was exceeded by nearly 100,000 acres because the target did not account for all of the weed treatment projects that received funding from the Healthy Lands Initiative in the final FY 2008 budget.					
	Data Source	BLM - State/Field Office case files and final reports. Performance Management Data System (PMDS) NPS - Performance Management Data System (PMDS); FWS - Refuges Annual Performance Plan (RAPP) BOR - Area/regional office plans and reports					
541	DESCRIPTION: Percent of invasive animal species populations that are controlled						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	Baseline Established	6.0%	7.5%	7.6%	7.5% (E)	
	Performance Explanation	Goal Not Met. Estimated Data. There are several reasons that this goal was not met. High water and flooding in FWS Region 1 aided the spread of the invasive Asian carp. FWS has not met all of the challenges associated with controlling the Mute swan.					
	Steps to Improve	While FWS will continue to set ambitious performance targets, unforeseen natural disasters cannot be predicted.					
Data Source	FWS - Refuges Annual Performance Plan NPS - Species Database; National Park records						
Intermediate Outcome 1: Provide habitat for biological communities to flourish							
1595	DESCRIPTION: Number of acres of habitat restored or enhanced that directly support ESA-listed and Bureau sensitive species conservation or recovery						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	217,608	196,000	324,113	
	Performance Explanation	Goal Met or Exceeded. The sole contributor to this measure is BLM. Its target of 196,000 acres did not include all of the restoration projects that received funding from the Healthy Lands Initiative in the final FY2008 budget.					
	Data Source	BLM - Performance Management Data System (PMDS)					
1594	DESCRIPTION: Number of stream/shoreline miles of habitat restored or enhanced that directly support ESA-listed and Bureau sensitive species conservation or recovery						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	214	191	253	
	Performance Explanation	Goal Met or Exceeded. The sole contributor to this measure is BLM. Its target of 191 miles did not include all of the restoration projects which received funding from the Healthy Lands Initiative in the final FY2008 budget.					
	Data Source	BLM - Performance Management Data System (PMDS)					







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Intermediate Outcome 2: Manage populations to self-sustaining levels for specific species							
DESCRIPTION: Percent of populations of species of management concern that are managed to desired condition							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 4 9 3	Totals:	40%	67%	15%	21%	24% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The majority of the performance exceedence for this measure was generated by the FWS. There are two reasons. In Region 4 an unanticipated increase in Migratory Bird nesting populations was reported. Also, an error in the database for Region 2 inadvertently reports 113 species too many. This database error has been corrected.					
	Data Source	BLM - Performance Management Data System FWS - Fisheries Information System NPS - Performance Management Data System					
DESCRIPTION: Number of international species of management concern whose status has been improved in cooperation with affected countries							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 4 9 4	Totals:	249	271	271	271	271	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Service Permits Issuance and Tracking System (SPITS) and the International Conservation Database for Tracking Grants					
End Outcome 3: Protect cultural and natural heritage resources							
DESCRIPTION: Percent of archaeological sites on DOI inventory in good condition							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 4 9 5	Totals:	71%	69%	69%	55%	56% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The difference between the target and the reported result is slight, and there was no effect on overall program performance.					
	Data Source	BIA - Regional Staff Reports BLM - Performance Management Data System FWS - Refuges Annual Performance Plan (RAPP), Fisheries Information System, Condition Assessment Data NPS - Archeological Sites Management Information System					
DESCRIPTION: Percent of historic structures on DOI inventory in good condition							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 4 9 6	Totals:	47%	52%	56%	50%	51% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The performance exceedence is attributed primarily to NPS. It is likely due to targets that were initially established based on a continuing resolution, which was later enhanced by a regular appropriation that included significant funding for seasonal employees related the Centennial Initiative. In addition, NPS implemented the Flexible Park Fund using unobligated balances from the Recreation Fee Program to target funding to improve cultural resources including historical structures.					
	Data Source	BIA - Regional Staff Reports BLM - Performance Management Data System FWS - Refuges Annual Performance Plan (RAPP), Fisheries Information System, Condition Assessment Data; NPS - List of Classified Structures					
DESCRIPTION: Percent of cultural landscapes on DOI inventory in good condition							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 5 7 6	Totals:	37%	42%	39%	45%	45% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	NPS - Cultural Landscapes Automated Inventory Management System					

4 6 2	DESCRIPTION: Percent of collections in DOI inventory in good condition (i.e., maintained according to DOI museum property management collection standards)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	41%	33%	38%	43%	35% (E)	
	Performance Explanation	Goal Not Met. Estimated Data. The principal cause of the performance shortfall is attributable to FWS and BIA. The FWS did not do as much collection protection work because fewer resources were made available than expected. The reason for this is that resources initially intended for collections were redirected to support higher priority activities like wildlife conservation and management. The BIA also failed to meet its goal for this measure because the BIA Museum Property Program was unable to perform the anticipated on-site targeted assessments due to competing priorities and the absence of the Museum Property database, which was pulled off-line due to the Cobell lawsuit.					
	Steps to Improve	For FWS performance is not likely to improve so long as higher priority demands for available resources persist. For BIA it is expected that the problems associated conducting collection assessments will be resolved in the near future.					
Data Source	BIA - Cultural Resource lead with verification by the supervisory Environmental Protection specialist BLM - Performance Management Data System FWS - Refuges Annual Performance Plan (RAPP), Fisheries Information System, Condition Assessment Data, 411 DM Checklists NPS - Automated National Catalog System (ANCS+ database), Collections Management Report BOR - 411 DM Checklists						
4 6 1	DESCRIPTION: Percent of paleontological localities in DOI inventory in good condition.						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	57%	85%	84%	85%	77%	
	Performance Explanation	Goal Not Met. Estimated Data. The principal cause of the performance shortfall is attributable to FWS and BLM. The FWS did not do as much paleontological locality protection work because fewer resources were made available than expected. The reason for this is that resources initially intended for this work was redirected to support higher priority activities like wildlife conservation and management. For BLM increased review and verification of paleontological locality data produced results that were inconsistent with the initial assessment of the condition of BLM's paleontological localities.					
	Steps to Improve	For FWS performance is not likely to improve so long as higher priority demands for available resources persist. For BLM the more accurate results in 2008 will contribute to better target setting in future years.					
Data Source	BLM - Performance Management Data System FWS - Refuges Annual Performance Plan NPS - Performance Management Data System						
1 5 9 7	DESCRIPTION: Percent of acres of Wilderness Areas and other Special Management Areas under DOI management meeting their heritage resource objectives under the authorizing legislation						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	88%	76%	80%	78%	76% (E)	
	Performance Explanation	Goal Not Met. Estimated Data. The goal was not achieved because of difficulties that BLM had managing the negative effects wild horses and burros have on lands in Herd Management Areas, especially riparian areas. These effects have been exacerbated by drought.					
	Steps to Improve	Future targets will reflect the continuing decline of WH&B acres not meeting objectives.					
Data Source	BLM - Performance Management Data System FWS - Refuges Annual Performance Plan NPS - Performance Management Data System						
1 5 9 6	DESCRIPTION: Percent of miles of National Historic Trails, Wild and Scenic Rivers, and other linear Special Management Areas under DOI management meeting their heritage resource objectives under the authorizing legislation						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	65%	65%	72%	70%	71% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The difference between the target and the reported result is slight, and there was no effect on overall program performance for either bureau.					
	Data Source	BLM - Performance Management Data System FWS - Refuges Annual Performance Plan NPS - Performance Management Data System					

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Intermediate Outcome 1: Improve the condition of cultural and natural heritage resources							
460	DESCRIPTION: Percent of participating cultural properties owned by others that are in good condition.						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	5%	5%	5% (E)	5%	5% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	NPS - National Historical Landmarks Database					
End Outcome 4: Improve the understanding of national ecosystems and resources through integrated interdisciplinary assessment							
1508	DESCRIPTION: Percent of targeted science products that are used by partners for land or resource management decision making						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	90%	93%	93%	90%	93%	
	Performance Explanation	Goal Met or Exceeded. This measure is tracked by survey of customers and partners. The target is a threshold below which performance would indicate a problem that needs corrective action. So long as the actual result is above the target level, the process is under control and no corrective action is needed.					
	Data Source	Products surveyed					
Intermediate Outcome 1: Ensure availability of long-term environmental and natural resource information, data, and systematic analyses needed by land and resource managers for informed decision making							
1498	DESCRIPTION: Percent of river basins that have stream flow stations						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	82%	81%	81%	84%	79%	
	Performance Explanation	Goal Not Met. Net loss of streamgages is due to funding erosion and changing requirements.					
	Steps to Improve	Metric and requirements are being rebaselined using an automated process.					
	Data Source	Plot of active streamgages over a map of basins defined by 8-digit hydrologic unit codes. Data are collected through an annual inventory of the USGS water science centers that operate the streamflow stations, through a Web interface.					
1499	DESCRIPTION: Percent of the Nation's 65 principal aquifers with monitoring wells used to measure responses of water levels to drought and climatic variations to provide information needed for water-supply decision making						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	62%	62%	60%	60%	58%	
	Performance Explanation	Goal Not Met. Cost increases for operation and maintenance resulted in a reduction of one monitoring well that could not be supported with available funding.					
	Steps to Improve	USGS funding for this activity is leveraged to the maximum extent possible. Additional funds would be needed to reactivate the monitoring well.					
	Data Source	Principal Aquifer Map, USGS National Water Information System					
1500	DESCRIPTION: Percent of US land surface area with contemporary land cover data available for major environmental monitoring and assessment programs						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	65.0%	75.0%	95.3%	100.0%	99.3%	
	Performance Explanation	Goal Not Met. Late delivery of products from cooperators has delayed processing and completion of the land cover database. One of three layers of data, completion of metadata, and posting to the web for one State remains.					
	Steps to Improve	Land cover data will be completed by the end of first quarter 2009.					
	Data Source	USGS - National Land Cover Data completed and available over the internet.					

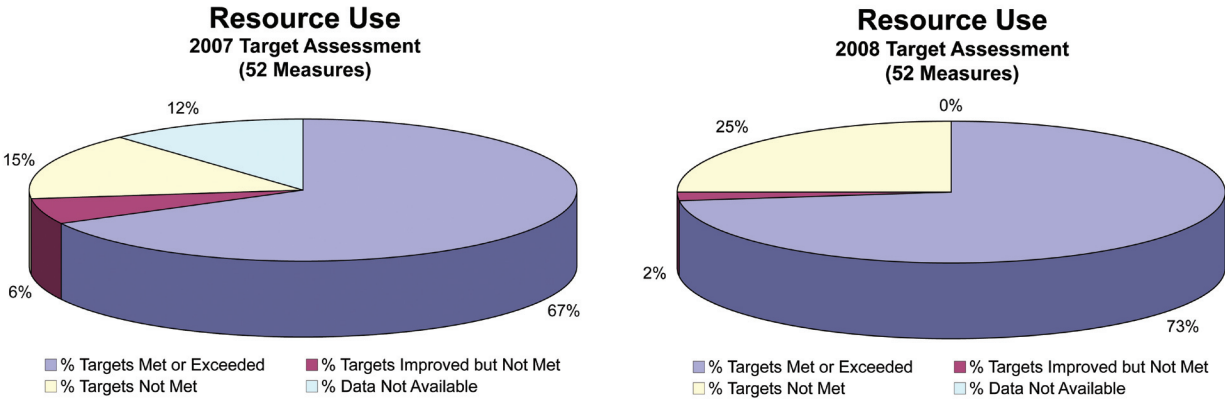
1501	DESCRIPTION: Percent of the surface area of the conterminous United States for which high resolution geospatial datasets are cataloged, managed, and available through The National Map						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	100%	100%	100%	
	Performance Explanation	Goal Met or Exceeded. Determined that high-resolution geospatial data would not be made available for one sensitive area.					
Data Source	USGS - ArcInfo data in The National Map						
1502	DESCRIPTION: Percent of North American migratory birds for which scientific information on their status and trend are available						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	26%	26%	27%	27%	27%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	NBII Bird Conservation Node						
1503	DESCRIPTION: Percent of targeted fish and aquatic populations for which information is available regarding limiting factors						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	31.00%	31.00%	38.66%	41.18%	41.18%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	BASIS+						
1504	DESCRIPTION: Percent of targeted invasive species for which scientific information and decision support models are available to improve early detection (including risk assessments) and invasive species management						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	51.60%	51.60%	54.17%	54.17%	54.17%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	BASIS+						
1505	DESCRIPTION: Percent of targeted contaminants for which methods are developed to assess potential environmental health significance						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	20.00%	85.00%	41.71%	32.76%	35.78%	
	Performance Explanation	Goal Met or Exceeded. The difference between the target and the reported result is slight, and there was no effect on overall program performance.					
Data Source	Publications database						
Intermediate Outcome 2: Ensure the quality and relevance of science information and data to support decision making							
1506	DESCRIPTION: Percent of studies validated through appropriate peer review or independent review						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	100%	100%	100%	100%	100%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Publications database						
1507	DESCRIPTION: Percent satisfaction with scientific and technical products and assistance for environment and natural resource decision making						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	96%	91%	90%	90%	93%	
	Performance Explanation	Goal Met or Exceeded. Customer satisfaction measures are a type of statistical quality control - with the target being the threshold level. That is, an actual result below the target would indicate a problem that needs corrective action. So long as the actual result is above the target level, the process is under control and no corrective action is needed.					
Data Source	Products surveyed						

RESOURCE USE

Managing resources has become increasingly more complex. Today, we are often called upon to determine where, when, and to what extent renewable and non-renewable economic resources on public lands should be made available. That task demands that we balance the economy's call for energy, minerals, forage, and forest resources with our resource protection and recreation responsibilities. Interior conducts research on and assessments of undiscovered non-fuel mineral and energy resources which assist the Department's land management agencies in their goal of providing responsible management of resources on Federal lands. There are 52 GPRA Plan performance measures that assess the performance of the four End Outcome Goals and 16 Intermediate Outcomes for this mission area.

FIGURE 2-4








Target Assessment Comparison for Resource Use









Overall, the Department has significantly improved its ability to establish meaningful and challenging performance targets and has worked continuously to meet or exceed those targets. As a result, 73% of targets were met in 2008 compared with 67% in 2007, a 9% increase. The increase in targets not met was mainly due to the more stringent performance standards recently implemented. Performance should improve as programs adjust to the new standards. As a corollary to the performance improvement effort, the Department has substantially enhanced its ability to collect and report performance data on a timely basis, resulting in no unreported measures for this mission area. The table below details the performance for each of the 52 performance measures within the Resource Use Mission Area.






FIGURE 2-5

MISSION GOAL: RESOURCE USE								
<i>Improve resource management to assure responsible use and sustain a dynamic economy</i>								
End Outcome1: Manage or influence resource use to enhance public benefit, responsible development, and economic value: Energy (Fossil Fuels)								
DESCRIPTION: Percent of fluid mineral leases with approved applications for permits to drill								
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1509	Totals:	52%	47%	44%	44%	42%	▼	
	Performance Explanation	Goal Not Met. The number of fluid mineral leases with approved APDs increased by 1,677 over 2007, but the total number of leases increased at a higher rate, reducing the overall percentage.						
	Steps to Improve	BLM delayed processing a large group of APDs while conducting a large scale impact analysis on sage grouse and elk habitat.						
	Data Source	Performance Management Data System, LR2000 case recordation						




1510	DESCRIPTION: Number of onshore federal acres under lease for coal development						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	453,442	466,652	466,943	467,234	472,337	
	Performance Explanation	Goal Met or Exceeded. Goal was exceeded because of fewer acres under lease expiring.					
Data Source	PMDS, LR2000, and affected State Data Calls						
1588	DESCRIPTION: Number of offshore lease sales held consistent with the Secretary's 2007-2012 Five Year Program						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	4	2	2	5	5	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Schedule of sales in the final Five Year Program. Final Notices of Sale in the Federal Register.						
364	DESCRIPTION: Average acreage disturbed per permitted energy exploration or development activity						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	2.3	2.3	2.1	2.1	2.1	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	BLM - Automated Fluid Mineral Support System (AFMSS).						
455	DESCRIPTION: Percent of active coal mining sites that are free of off-site impacts						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	89%	92%	90%	93%	88%	
	Performance Explanation	Goal Not Met. Performance declined slightly from 2007 though these impacts were increasingly minor in nature and did not jeopardize public safety or land use.					
Steps to Improve	Increases in partnering between OSM and State agencies, as well as meetings with operators to discuss the nature of violations and actions needed, will reduce the number of off-site impacts in the future.						
Data Source	Information is reported annually by States for the evaluation period of July 1 - June 30. Results are then calculated by subtracting quarterly data (July 1 - September 30 of the first year) and adding the quarterly data from July 1 - September 30 of the second year. Federal data is for the Federal fiscal year of October 1 - September 30.						
1525	DESCRIPTION: Percent of mined acreage reclaimed						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	48%	48%	53%	45%	83%	
	Performance Explanation	Goal Met or Exceeded due to methodology change. Targets for future years will be revised accordingly.					
Data Source	Information is reported annually by States for the evaluation period of July 1 - June 30. Results are then calculated by subtracting quarterly data (July 1 - September 30 of the first year) and adding the quarterly data from July 1 - September 30 of the second year. Federal data is for the Federal fiscal year of October 1 - September 30.						
1676	DESCRIPTION: Percent of acres reclaimed to appropriate final land condition						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	24.60%	25.20%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Performance Management Data System (PMDS)						
493	DESCRIPTION: Percent of federal and Indian revenues disbursed on a timely basis per statute						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	98.4%	94.5%	96.3%	98.0%	99.2%	
	Performance Explanation	Goal Met or Exceeded. The performance goal was set at an approximate target level and the deviation from that level is slight.					
Data Source	Numerator and denominator for Federal revenues portion : the ZDI440R1 report produced by MRM Support System (MRMSS). Numerator and denominator for Indian revenues portion : PeopleSoft table queries of MRMSS data.						






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End Outcome 1: Manage or influence resource use to enhance public benefit, responsible development, and economic value : Energy (Renewables)							
DESCRIPTION: Number of megawatts of installed capacity authorized on public land for renewable energy development							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1511	Totals:	No Report	No Report	Baseline Established	595	595	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	LR2000 and Performance Management Data System (PMDS)					
DESCRIPTION: Percent of wind farms incorporating best management practices (BMP) for protecting raptors and other birds and bats							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1512	Totals:	No Report	28%	59%	63%	79%	
	Performance Explanation	Goal Met or Exceeded. A higher than planned level of site testing and rights-of-way led to this target being exceeded since all new grants for site testing and wind farm rights-of-way are required to incorporate the best management practices.					
	Data Source	LR2000 and Performance Management Data System (PMDS)					
End Outcome 1: Manage or influence resource use to enhance public benefit, responsible development, and economic value : Energy (Hydropower)							
DESCRIPTION: Number of megawatts of hydropower delivered annually							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1526	Totals:	12,475	12,944	11,500	11,457	11,800 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	BOR - The facility managers at each power plant track and record facility and system operations and report time available and nameplate capacity in monthly Power Operations and Maintenance (PO&M59) reports. Data reports are sent to and compiled by the Power Resources Office.					
Intermediate Outcome 1: Effectively manage and provide for efficient access and development							
DESCRIPTION: Percent of fluid mineral permit and lease applications processed (APDs--applications for permits to drill)							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1513	Totals:	63%	62%	107%	64%	59%	
	Performance Explanation	Goal Not Met. The BLM has delayed processing a large group of APD's while conducting a large scale analysis on the impacts of development on various sage grouse and elk habitats.					
	Steps to Improve	Increased environmental analysis is required for applications in areas containing wildlife and sensitive species habitat. The additional analysis has delayed the approval of applications. Future targets will be adjusted to factor in this increasing environmental analysis.					
	Data Source	Performance Management Data System, AFMSS					
DESCRIPTION: Percent of coal lease applications processed							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1514	Totals:	31%	20%	14%	25%	10%	
	Performance Explanation	Goal Not Met. The BLM could not accept a number of bids because the bids did not meet fair market value.					
	Steps to Improve	BLM will readvertise the leases in 2009.					
	Data Source	PMDS, LR2000, and affected SO Data Calls.					
DESCRIPTION: Percent of available offshore oil and gas resources offered for leasing compared to what was planned in the Secretary's Five-Year Plan							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1532	Totals:	99%	98%	36%	97%	99%	
	Performance Explanation	Goal Met or Exceeded. The annual target for this metric is developed with consideration that minor adjustments may have to be made to the configuration of tracts offered in each lease sale during the year. MMS slightly exceeded the FY08 target for the percent of available OCS oil and gas resources offered because all five (5) lease sales were conducted on schedule and in their original configuration.					
	Data Source	Acreages deferred are obtained from the Regions' Leasing Branches or Final Notice of Sale; geological data is obtained from the Resource Evaluation branches in the applicable MMS Regions. Denominator (resource) data is from the 5-Year Program supporting documents.					






1 5 1 5	DESCRIPTION: Develop a commercial oil shale leasing program by FY2008						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	100%	80%	
	Performance Explanation	Goal Not Met. Congressional action prohibited BLM from publishing the final regulations for commercial oil shale leasing.					
	Steps to Improve	The final regulations will be published in 2009.					
Data Source	BLM - WO320-Staff						
1 5 1 6	DESCRIPTION: Percent of pending cases of rights-of-way permits and grant applications in backlog status						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	30%	31%	47%	47%	56%	
	Performance Explanation	Goal Not Met. There has been increased demand for renewable energy rights-of-way.					
	Steps to Improve	The BLM is conducting large scale studies to determine best mitigation practices for solar energy rights-of-way.					
Data Source	LR2000 and Performance Management Data System (PMDS)						
Intermediate Outcome 2: Enhance responsible use management practices							
4 2 5	DESCRIPTION: Amount (in barrels) of offshore oil spilled per million barrels produced						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	30	1	2 (E)	5	5 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. Results include 182 barrels of seepage from Hurricane Ivan, Katrina and Rita damaged structures (incl. chronic spillage less than one bbl) and the largest spill reported to date (i.e., 200 bbl) from Hurricane Ike. Without hurricane-related spills, the estimated number of barrels of oil spilled per million produced in FY08 was extremely low at 0.1. To date, there are no reports of environmental consequences from OCS spills attributable to Hurricanes Gustav and Ike because spills were thoroughly dispersed offshore by hostile sea conditions. Loss of hydrocarbons from wells on the Federal Outer Continental Shelf (OCS) during Hurricanes Gustav and Ike was minimized by the successful operation of the required safety valves that automatically activate when pipelines are breached, limiting losses to the volumes within the damaged sections. All OCS facilities in areas threatened by approaching storms were shut in prior to the hurricanes so that oil losses were limited mainly to oil stored on damaged platforms and rigs or contained in damaged pipeline sections between the check valves. MMS expects to have additional oil spill estimates by the end of December 2008. Final results are pending completion of ongoing industry assessments and Departmental investigations and verification procedures relating to incidents from the hurricanes. Due to the magnitude of these storms, actual data may exceed the annual target for barrels of oil spilled once final assessments have been reported.					
	Data Source	Oil spill data comes from the operator reports to MMS; MMS Pollution, Accident Investigation and Panel Reports; reports to the National Response Center; other U.S. Coast Guard reports; and any outside data that is available. OCS crude oil and condensate production data is provided by MMS's Minerals Revenue Management.					
1 5 1 7	DESCRIPTION: Percent of required fluid minerals inspection and enforcement reviews completed						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	97%	84%	81%	88%	97%	
	Performance Explanation	Goal Met or Exceeded. Target exceeded because BLM contracted with the US Forest Service for added inspections.					
Data Source	BLM-Performance Management Data System (PMDS), AFMSS						
1 5 1 8	DESCRIPTION: Percent of required coal inspection and enforcement reviews completed						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	111%	109%	103%	103%	111%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	LR2000, PMDS, and affected SO Data Calls.						






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DESCRIPTION: Composite accident severity ratio							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
	Totals:	0.03	0.05	0.08	0.10	0.20 (E)	
1 5 3 1	Performance Explanation	Goal Not Met. Estimated Data. MMS remains committed to safety and environmental protection as top priorities. The point matrix used to assign Accident Severity Values (ASV) was updated in 2007 to provide a better indication of the relative severity of the incidents (i.e., there is now a larger differential between the points assigned for major versus minor incidents) and the regulations related to reporting incidents were strengthened in 2006. For FY2008, approximately 60% of the ASV score stemmed from major incidents such as fatalities, large oil or drilling mud spills, and temporary losses of well control and major serious injuries, while about 30% came from various lower tier injuries that resulted in greater than 3 days of lost time, restricted work, or job transfer for industry's offshore workers. Final results should be available in late November after all incident reports from the month of September have been received and validated.					
	Steps to Improve	The MMS has and will continue to take several steps to improve operator safety performance. On September 18, 2008, MMS issued a proposed regulation to strengthen training requirements and sent a Notice to Lessees clarifying the extent of their training requirements. By December 15, 2008, MMS will identify those companies that contributed significantly to the accident severity ratio, sending them a letter to require improvement and including the issue in their annual performance review. The MMS is also processing a new rule to require operators to develop and implement a Safety and Environmental Management System (SEMS) consisting of four elements: Hazards Analysis, Management of Change, Operating Procedures, and Mechanical Integrity that were not previously covered in the regulations. Over the long term, the MMS believes that requiring operators to implement a SEMS will reduce the number of accidents, injuries, and spills that occur during future OCS activities. MMS also plans to hold an annual safety workshop where operators and MMS can discuss accidents and specific ways to prevent them.					
	Data Source	Accident/incident data must be reported by the operator to the MMS under the authority of 43 U.S.C. 1331 et seq.; 31 U.S.C. 9701. OCS accident and incident data is collected, validated, and entered into the MMS TIMS database system by the District Manager. When a particularly serious incident occurs, MMS will form an accident investigation panel to verify the incident report and investigate the causes. Severity values are assigned internally by MMS personnel. Component counts are obtained from the MMS TIMS (Technical Information Management System) which is updated from operator permit submissions and onsite offshore inspections.					
DESCRIPTION: Percent of fluid mineral safety violations (incidents of non-compliance) corrected by operators with first notice							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
	Totals:	96%	96%	96%	96%	92%	
1 6 9 4	Performance Explanation	Goal Not Met. Compliance time frames are established by regulation. It is the operator's responsibility to correct violations in a timely manner.					
	Steps to Improve	In 2008, there was a slight dip in the percentage of violations corrected by operators in a timely manner, but the overall number of violations decreased, indicating better overall compliance by operators.					
	Data Source	BLM - Performance Management Data System, and AFMSS					
Intermediate Outcome 3: Appropriate value through effective lease and permit management							
DESCRIPTION: Percent of Late Disbursements							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
	Totals:	0.34%	1.13%	0.73%	1.00%	0.11% (E)	
1 5 3 4	Performance Explanation	Goal Met or Exceeded. Estimated Data. Denominator is an estimate. Final numbers will be available in late November. This is a new measure - MRM is still looking for trends to appear in the data which should support establishing better targets in the future. Mineral revenues more than doubled during FY 2008 from FY 2007 levels, partially due to commodity price increases, and largely due to significantly higher bonus bids for offshore and onshore lease sales during FY 2008.					
	Data Source	Numerator: Federal Revenues - the ZDI440R1 report produced by MRM Support System (MRMSS); Indian Revenues - PeopleSoft table queries of MRMSS data. Denominator: Total Revenues Disbursed: "MRM - Total Disbursements" report, Monthly Activity Report (MAR), and MRM Data Warehouse query.					







1 5 3 3	DESCRIPTION: Percent of federal and Indian royalties compliance work completed within the 3-year compliance cycle						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	71%	73%	65%	60%	66%	
	Performance Explanation	Goal Met or Exceeded. Based on the 3rd quarter results, MMS perceived a shortfall in CY 2005 royalty completions (3-yr cycle). Each CAM office as well as many of the State and Tribal delegations modified work plans in order to ensure that the revenue goal would be met. Because of the cumulative effects of the changes each office made, the overall goal was exceeded.					
Data Source	Data for the Numerator and denominator is generated by a query of MRM Support System (MRMSS). The numerator is a subset of the denominator. The MRMSS query is downloaded into CAM s Performance Tracking Tool (PTT), a SQL database, wherein compliance activity applied to the data is tracked and completions are determined.						
1 5 3 5	DESCRIPTION: Net return (in dollars) to the government through royalties-in-kind (RIK)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	36	67	130	105	195 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The original net return goal, cumulative through FY08, was a conservative estimate based on FY06 data. The FY 2007 cumulative result of \$130.3 million exceeded the original FY 2007 target of \$86 million. The MRM consequently revised its targets for FY 2008 and beyond. The FY 2009 target is \$170.3 million. These new targets are based on prior year trend data and projected RIK gas expansion in the Gulf of Mexico and Wyoming. Based on the estimated results for FY 2008, goals for FY 2009 and beyond will need to be re-evaluated again. Final results for FY 2008 will be available in April 2009.					
Data Source	M1 - RIK Risk and Performance Module (RPM) + spreadsheet. M2 - Spreadsheet computation based on accounts receivable reports and treasury cost of funds. M3 - MMS ABC System and Spreadsheet methodology.						
Intermediate Outcome 4: Operate and maintain reliable, safe, and secure power facilities							
3 6 2	DESCRIPTION: Hydropower facilities are in fair to good condition as measured by the Facilities Reliability Rating						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	98%	100%	98%	91%	96%	
	Performance Explanation	Goal Met or Exceeded. Targets were conservative due to several power plants that were barely into the fair category. There was some doubt whether or not they could be kept in fair condition when the target was set. A revised estimating methodology has been developed that should facilitate more accurate Targeting.					
Data Source	BOR - Database of facility condition ratings, indices, etc., maintained by the regional/area office.						
3 3 6	DESCRIPTION: Percent of time in forced outage						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	0.41%	1.20%	2.64%	2.20%	2.05% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance. The accomplishment for this measure should be available by mid November 2008.					
Data Source	BOR - Monthly PO&M 59 reports submitted by the regions						
1 3 9 8	DESCRIPTION: Percent of base operation and maintenance cost for power compared to the 5-year rolling average cost expressed as \$/MW						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	-0.12%	-4.30%	2.49%	6.21%	6.21% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The final accomplishment for this measure should be available by the second week in March 2009.					
Data Source	BOR - PO&M 59 reports						

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Intermediate Outcome 5: Improve power generation management to maximize supply							
9 5 6	DESCRIPTION: Percent of time that Bureau of Reclamation hydroelectric generating units are available to the interconnected Western electrical system during daily peak demand periods						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	93%	93%	91%	91%	91% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance. The accomplishment for this measure should be available by mid November 2008.					
Data Source	BOR - Monthly PO&M 59 Reports submitted by regions.						
End Outcome 2: Deliver water consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner							
4 5 0	DESCRIPTION: Acre-feet of water delivered consistent with applicable substantive and procedural requirements of Federal and State water law						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	28	31	31	28	28 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. Final accomplishments should be available by the end of October 2008.					
Data Source	BOR - Water records and databases are used to record water delivery. Each region uses several methods of recording water delivery because of the varied ages of the equipment and facilities.						
4 5 1	DESCRIPTION: Amount of acre-feet of restricted capacity (lower # is good)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	16,831	410,412	410,412	149,230	149,230	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	BOR - Safety of Dams reports.						
4 5 2	DESCRIPTION: Percent of water facilities that do not receive Federal or State notices of violation under environmental requirements as defined by Federal and State law						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	100%	100%	99%	96%	100%	
	Performance Explanation	Goal Met or Exceeded. The Targets was conservative as a revised estimating methodology was being developed this year that should facilitate more accurate Targeting.					
Data Source	BOR - Notices of violation, memorandum from regulatory agencies, cease and desist orders, court orders, etc.						
1 3 9 9	DESCRIPTION: Percent change in cost to operate and maintain water storage infrastructure compared to the five-year rolling average						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	Baseline Not Established	Baseline Not Established	Establish Baseline	Baseline Not Established	
	Performance Explanation	Goal Not Met. Baseline Not Established. When this measure was first established, data variability was recognized as a potential problem. To mitigate this, a 5-year rolling average with a tolerance range of 5 percentage points above and below the target was used to assist in setting control limits and determining normal data variability. However, when fiscal year data through July were analyzed, it was apparent that the proposed methodology was not accurate enough to establish baseline data or future targets. The data merely confirmed the high variability of O&M costs.					
	Steps to Improve	Seeking a more stable outcome by assessing additional data while searching for a performance measure that better analyzes the mission's goals.					
Data Source	Cost - Financial Records; Capacity - Reservoir Capacity Allocation						




Intermediate Outcome 1: Operate and maintain a safe and reliable water infrastructure							
DESCRIPTION: Water infrastructure is in fair to good condition as measured by the Facilities Reliability Rating							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
909	Totals:	96%	98%	99%	92%	99%	
	Performance Explanation	Goal Met or Exceeded. Approximately 50 percent of Reclamation's FRR-related dams were built between 1900 and 1950. The aging infrastructure and increasing cost for repairs and replacements are carefully considered when establishing performance targets, which are set conservatively. On-going review of the measure has demonstrated that a different metric, such as the Comprehensive Condition Index, may prove to be a better metric for linking performance/condition of assets to changes in budget resources. This review will continue.					
	Data Source	BOR - Database of facility condition ratings, etc. maintained by the regional/area offices.					
Intermediate Outcome 2: Effective water management to optimize supply							
DESCRIPTION: Improvement in water supply (acre-feet per year) resulting from management agreements and partnerships							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1536	Totals:	No Report	No Report	Baseline Established	178,000	247,449	
	Performance Explanation	Goal Met or Exceeded. The large difference between the target and the accomplishment is due to unanticipated purchases resulting from another dry water year (2nd year in a row) and unprecedented court rulings, which curtailed the usual water pumping operations in the Central Valley Project. Currently, while weather forecasts are used for planning, there is no way to anticipate court rulings.					
	Data Source	Water Records					
Intermediate Outcome 3: Address environmental/resource stewardship concerns							
DESCRIPTION: Percent of environmental audit findings and reviews addressed (results pertain to both water and hydropower facilities)							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
911	Totals:	77%	89%	95%	79%	73%	
	Performance Explanation	Goal Not Met. FY 07's target was 66/81. The FY 08 target was much larger than past targets (223/281). The target was set higher because the management placed more emphasis on addressing issues identified by the audits. However, the program staff was inadequate to meet the more aggressive target.					
	Steps to Improve	1. Reassess targeting process to insure a reasonable target. 2. Consult with agencies having similar duties in setting goals 3. Perform corrections in a more rational manner.					
	Data Source	BOR - Hazardous materials audits are kept in a Denver database.					
Intermediate Outcome 4: Complete construction projects to increase delivery infrastructure and water availability							
DESCRIPTION: Potential acre-feet made available through completion of projects							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
458	Totals:	51,720	47,739	37,047	133,329	150,597	
	Performance Explanation	Goal Met or Exceeded. Water conservation projects are cost shared with irrigation districts through cost share agreements. The difference between the target and accomplishment is attributable to (1) the cost share partner(s) inability to know in advance the extent of their commitment which resulted this year in additional accomplishments; and (2) additional accomplishments being reported for work completed for prior years.					
	Data Source	BOR - Water records, documentation with districts.					
End Outcome 3: Manage or influence resource use to enhance public benefit, responsible development, and economic value: Forage							
DESCRIPTION: Cost per grazing permit/lease for processing and issuing grazing permits/leases							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1520	Totals:	\$4,088	\$4,956	\$5,178	\$5,178	\$5,374	
	Performance Explanation	Goal Not Met. Costs have been increasing due to increases in litigation associated with issuing permits and leases.					
	Steps to Improve	Future targets will be adjusted to reflect rising costs.					
	Data Source	Performance Management Data System (PMDS), Range Administration System (RAS), Cost Management System					

Performance Data and Analysis

End Outcome 3: Manage or influence resource use to enhance public benefit, responsible development, and economic value: Forest Products							
1 5 6 2	DESCRIPTION: Percent of allowable sale quantity timber offered for sale consistent with applicable resource management plans (O&C--Oregon and California--only)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	98%	80%	68%	85%	86%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	BLM - Performance Management Data System (PMDS), Timber sale Information System (TSIS) and Stewardship Contracting Information Database (SCID)						
Intermediate Outcome 1: Provide access for grazing							
4 1 2	DESCRIPTION: Permit Processing: Average time (average reduction, number of days) for processing and issuance of grazing permits and leases (lower number is good)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	207	204	116	116	94	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Performance Management Data System (PMDS)						
1 5 1 9	DESCRIPTION: Percent of grazing permits and leases processed as planned consistent with applicable resource management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	117%	103%	79%	85%	84%	
	Performance Explanation	Goal Not Met. The BLM processed 119 more permits in 2008 than in 2007, but was 33 permits (1.5%) short of the target of 2210.					
Steps to Improve	The shortage in permits processed is due to the increase in the number of permits being protested during the decision process, and the additional time needed to respond to the protests of each decision for each permit. BLM cannot control the litigation but will continue to try to reach its target levels.						
Data Source	Performance Management Data System (PMDS), Range Administration System (RAS)						
Intermediate Outcome 2: Enhance responsible use management practices: Forage							
1 5 2 2	DESCRIPTION: Percent of range improvement projects completed as planned						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	104.30%	95.10%	63.30%	
	Performance Explanation	Goal Not Met. The target number of range improvement projects was overestimated based on an unusually high number in 2007.					
Steps to Improve	Future targets will show a more realistic number of between 200 and 300 projects per year.						
Data Source	Management Information System (MIS), Rangeland Improvement Project Summary (RIPS)						
Intermediate Outcome 3: Enhance responsible use management practices: Forest Products							
1 5 2 3	DESCRIPTION: Percent of forestry improvements (acres) completed as planned						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	104%	112%	112%	100%	82%	
	Performance Explanation	Goal Not Met. The 2008 results reflect reduced timber harvest associated with the housing downturn.					
Steps to Improve	Future targets will be lowered to incorporate this factor.						
Data Source	BLM - SO/Field Office Case Files, Performance Management Data System						
4 1 9	DESCRIPTION: Volume of wood products (millions of board feet) offered consistent with applicable management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	257	243	255	284	292	
Performance Explanation	Goal Met or Exceeded.						
Data Source	BLM - SO/Field Office Case Files, Timber sale Information System (TSIS) and Stewardship Contracting Information Database (SCID)						

DESCRIPTION: Administrative cost per thousand board feet of timber offered for sale							
4 2 1		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	\$105	\$135	\$190	\$190	\$181	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	BLM - Performance Management Data System (PMDS), Timber sale Information System (TSIS) and Stewardship Contracting Information Database (SCID), Management Information System (MIS)						
End Outcome 3: Manage or influence resource use to enhance public benefit, responsible development, and economic value: Non-energy Minerals							
Intermediate Outcome 4: Effectively manage and provide for efficient access and production							
DESCRIPTION: Average time (in months) for processing plans of operation for locatable minerals							
1 5 2 4		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	18	17	14	14	11	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	BLM - LR2000						
DESCRIPTION: Number of onshore federal acres under lease or contract for non-energy mineral exploration and development (leaseable and saleable minerals)							
1 5 2 1		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	520,291	520,291	752,706	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Performance Management Data System (PMDS), LR2000						
DESCRIPTION: Number of acres reclaimed to appropriate land condition and water quality standards							
3 6 6		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	12,131	4,151	3,750	3,750	7,375	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	BLM - Automated Fluid Mineral Support System (AFMSS), SO/Field Office case files.						
End Outcome 4: Improve the understanding of energy and mineral resources to promote responsible use and sustain the Nation's dynamic economy							
DESCRIPTION: Percent of targeted science products that are used by partners or customers for land or resource management decision making							
1 5 2 7		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	87%	88%	99%	90%	95%	
	Performance Explanation	Goal Met or Exceeded. This measure is tracked by survey of customers and partners. The target is a threshold below which performance would indicate a problem that needs corrective action. So long as the actual result is above the target level, the process is under control and no corrective action is needed.					
Data Source	Products surveyed						
Intermediate Outcome 1: Ensure availability of energy and mineral resource information and systematic analyses needed by land and resource managers for informed decision making							
DESCRIPTION: Number of targeted basins/areas with energy resource assessments available to support management decisions							
4 3 6		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	7	6	5	5	5	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Publications database						

Performance Data and Analysis

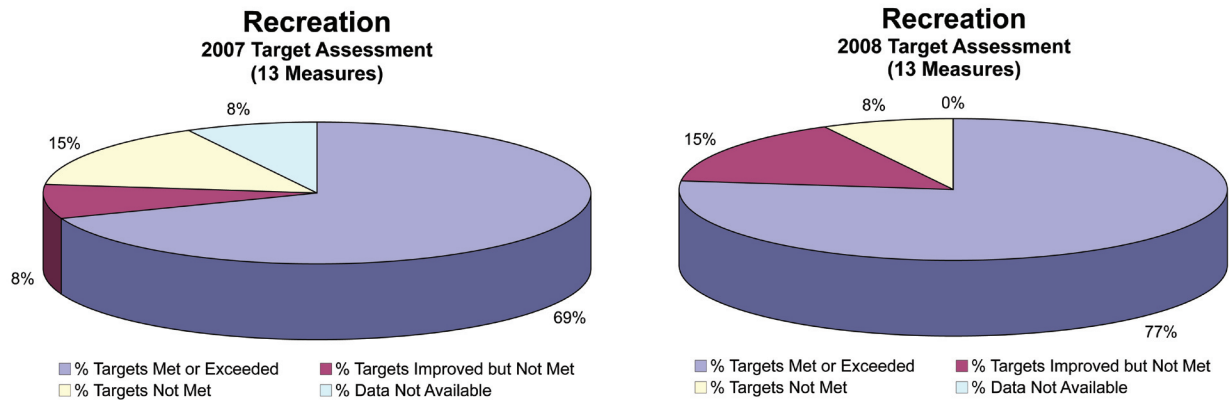
1 5 2 8	DESCRIPTION: Percent of targeted non-fuel mineral commodities for which up-to-date deposit models are available to support decision making						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	7	7	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Mineral Resources Program database files.					
Intermediate Outcome 2: Ensure the quality and relevance of science information and data to support decision making							
1 5 2 9	DESCRIPTION: Percent of studies validated through appropriate peer review or independent review						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	100%	100%	100%	100%	100%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Publication database					
1 5 3 0	DESCRIPTION: Percent satisfaction with scientific and technical products and assistance for natural resource decision making						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	98%	98%	97%	80%	97%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Products surveyed					

RECREATION

Americans come to their national parks, refuges, and public lands for many reasons: to renew their sense of self, to experience adventure or relaxation, and to sample the rich diversity of our landscape and culture on water and land, at sea level or thousands of feet above, in scuba gear, on mountain bikes, or with a camera, while hunting, fishing, camping, hiking, boating, driving, or birding. There are 13 GPRA Plan performance measures that assess the performance of the two End Outcome Goals and five Intermediate Outcomes for this mission area.

FIGURE 2-6

Target Assessment Comparison for Recreation








Overall, the Department has greatly improved its ability to establish meaningful and challenging performance targets and has worked hard to meet or exceed 12 percent more of its targets in FY2008 compared to FY2007. The Department has also significantly improved its ability to collect and report performance data on a timely basis. The table below details the performance for each of the 13 performance measures within the Recreation mission area.

FIGURE 2-7

MISSION GOAL: RECREATION							
Improve recreation opportunities for America							
End Outcome: Improve the quality and diversity of recreation experiences and visitor enjoyment on DOI lands							
DESCRIPTION: Percent of visitors satisfied with the quality of experience							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
5 5 4	Totals:	94%	93%	91%	91%	91% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	NPS - Visitor Survey Card (survey conducted under contract with Univ of Idaho) FWS - Visitor Service Survey (stored in Service's Operational Plan) BLM - System-wide Visitor Survey (survey conducted under contract with Univ of Idaho)					
Intermediate Outcome 1: Provide recreational opportunities							
DESCRIPTION: Percent of recreation units with current management plan							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 5 6 3	Totals:	18%	25%	28%	48%	45% (E)	
	Performance Explanation	Goal Not Met. Estimated Data. Several regions did not meet their target due to staffing shortages and other higher priority work.					
	Steps to Improve	Competing priorities may prevent the target for this measure from being achieved in the future.					
	Data Source	NPS - Land Resources Division Database and State Grants Program Database FWS - Refuges Annual Performance Plan (RAPP) BLM - Recreation Management Information System (RMIS)					

Performance Data and Analysis

Intermediate Outcome 2: Improve capacities to provide recreation, where appropriate							
DESCRIPTION: Overall condition of trails and campgrounds as determined by the Facilities Condition Index							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 6 7 4	Totals:	No Report	No Report	Baseline Established	0.20	0.19 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	BLM - Recreation Management Information System (RMIS), Facility Asset Management System (FAMS) FWS - Refuges Annual Performance Plan					
	DESCRIPTION: Percent of priority recreation facilities that meet applicable accessibility standards						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 5 6 5	Totals:	14%	28% (E)	29%	37%	37% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	NPS - Facility Management Software System (FMSS) FWS - Accessibility Data Management System (ADMS), Refuges Annual Performance Plan (RAPP) BLM - ADAMS, Recreation Management Information System (RMIS) BOR - Accessibility Data Management System (ADMS)					
	Intermediate Outcome 3: Provide effective interpretation and education programs						
DESCRIPTION: Percent satisfaction among visitors served by facilitated programs							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 5 6 7	Totals:	No Report	92%	89%	88%	95% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. BLM updated their customer survey.					
	Data Source	BLM - Bureau wide Visitor Survey NPS -					
	Intermediate Outcome 4: Manage and protect recreational resources and users						
DESCRIPTION: Number of serious injuries per 100,000 visitors							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 5 6 8	Totals:	0.3	0.3 (E)	1.4	1.7	1.7 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	FWS - Significant Activity Report (SAR) BLM - LAWNET for number of serious injuries. Recreation Management Information System (RMIS) for visitation numbers NPS - Incident Management Analysis and Reporting System (IMARS)					
	DESCRIPTION: Number of fatalities per 100,000 visitors						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 5 6 9	Totals:	0.057	0.058	0.063	0.068	0.065 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	FWS - Significant Activity Report (SAR) BLM - LAWNET for number of fatalities. Recreation Management Information System (RMIS) for visitation numbers NPS - Incident Management Analysis and Reporting System (IMARS)					
	DESCRIPTION: Percent of visitors satisfied with services provided by commercial recreational operations						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1 5 7 1	Totals:	77%	75%	74%	75%	75% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	NPS - Visitor Survey Card BLM - System-wide Visitor Survey					

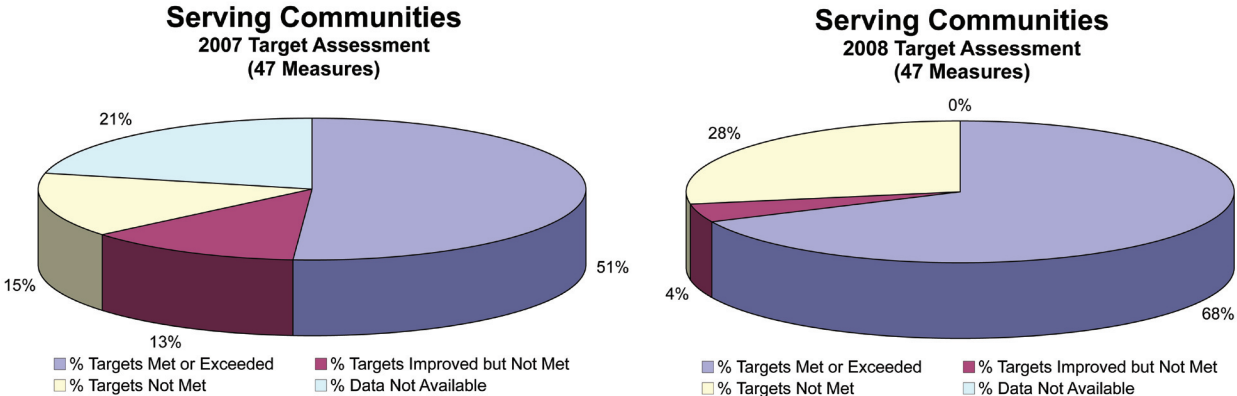
Intermediate Outcome 5: Provide for and receive fair value in recreation							
DESCRIPTION: Percent of customers satisfied with the value for fee paid							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
560	Totals:	89%	87%	88%	88%	86% (E)	
	Performance Explanation	Goal Not Met. Estimated Data. The Bureau of Reclamation visitor survey was not approved until late September 2008. There was not enough time for a representative statistical sample to be gathered.					
	Steps to Improve	DOI will continue to maintain recreation sites and facilities in good condition, and provide quality interpretive products with the goal of increasing customer satisfaction. The Reclamation survey will be distributed beginning Memorial Day and ending Labor Day for FY2009.					
	Data Source	FWS - Refuge Annual Performance Plan (RAPP) NPS - Visitor Survey Card BLM - System-wide Visitor Survey BOR - Visitor Survey Questionnaire, New Melones Field Office					
DESCRIPTION: Percent of recreation fee program receipts spent on fee collection							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1078	Totals:	17%	18%	17%	14%	14% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	FWS - Refuge Annual Performance Plan (RAPP); Fee Management Program, Fee site collection reports BLM - Management Information System (MIS) BOR -					
End Outcome 2: Expand seamless recreation opportunities with partners							
DESCRIPTION: Number of non-DOI acres made available for recreation through financial support and technical assistance							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1573	Totals:	962,237	1,026,929	36,304,419	20,323,778	34,108,468 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data. Target was incorrectly set too low. The program is collecting more complete performance information because of improved reporting methods developed between regional offices and State partners.					
	Data Source	FAIMS					
DESCRIPTION: Number of non-DOI river, shoreline and trail miles made available for recreation through financial support and technical assistance							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1572	Totals:	16,989	18,515	2,751	9,274	4,513 (E)	
	Performance Explanation	Goal Not Met. Estimated Data. The target was incorrectly set too high.					
	Steps to Improve	Future year targets will be corrected.					
	Data Source	FAIMS					
DESCRIPTION: Number of waters where recreational fishing opportunities are provided							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1675	Totals:	221	221	221	221	221 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	FWS - Fisheries Information System					

SERVING COMMUNITIES

The Department is responsible for protecting lives, resources, and property; providing scientific information to reduce risks from earthquakes, landslides, and volcanic eruptions; and fulfilling the Nation’s trust and other special responsibilities to American Indians, Native Alaskans, and residents of Island Communities. There are 47 GPRA Plan performance measures that assess the performance of the five End Outcome Goals and 13 Intermediate Outcomes for this mission area.

FIGURE 2-8





Target Assessment Comparison for Serving Communities









In FY 2007, in the Serving Communities mission area, there were a high percentage of measures (21%) that were unreported. In FY 2008, unreported data was completely eliminated. With significantly increased reporting, the percentage of targets that were achieved or not met, both increased by 17% and 13%, respectively. In addition, two-thirds of the FY 2007 results that fell into the “not met but improved” category upgraded to “met or exceeded”. These changes resulted in an increase in targets that were achieved or exceeded in this mission area from a modest 51% in FY 2007 to 68% this past year. The table below details the performance for each of the 47 performance measures within the Serving Communities mission area.







FIGURE 2-9

MISSION GOAL: SERVING COMMUNITIES							
<i>Improve protection of lives, property and assets, advance the use of scientific knowledge, and improve the quality of life for the communities we serve</i>							
End Outcome 1: Improve protection of lives, resources and property							
1539	DESCRIPTION: Percent change from the 10-year average in the number of acres burned by unplanned and unwanted wildland fires on DOI lands						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	5.00%	10.00%	0.38%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Wildland Fire Management Information (WFMI) DI-1202 Fire Report System and the Fish and Wildlife Service Fire Report System					
1574	DESCRIPTION: Increase the percentage of facilities meeting the minimum Departmental physical security guidelines						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Not Established	Establish Baseline	Baseline Not Established	
	Performance Explanation	Goal Not Met. Baseline Not Established.					
	Steps to Improve	Will emphasize consistent reporting across all Bureaus in FY2009.					
	Data Source	Individual physical security assessments conducted at facilities					








1 5 7 7	DESCRIPTION: Level of emergency preparedness as measured by the Interior Readiness (I-READ) Index						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Not Established	Establish Baseline	77.65%	
	Performance Explanation	Goal Met or Exceeded. Baseline established with six of eight Bureaus reporting.					
Data Source	The baseline for the I-READ Index will be defined in FY 08.						
1 5 6 6	DESCRIPTION: Percent change in Part I offenses that occur on DOI lands or under DOI jurisdiction (BLM, FWS, NPS, BIA, BOR)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	3%	5%	
	Performance Explanation	Goal Not Met. The primary shortfall in Part I violent crime targeted reduction comes from the BIA results. BLM actually improved relative to their target and other bureaus reported achieving the targeted levels. The BIA result may reflect the consequence of a worsening economic situation nation-wide translating into more theft and assaults. Part II crime also showed an increase.					
Steps to Improve	The program will work with national community policing organizations and serve as a liaison to introduce these specialists to tribal entities in an effort to increase the level of community policing being implemented in tribal communities. The implementation of the recruiting contract in FY 09 is expected to increase the hiring of new qualified officers by providing increased recruitment efforts at colleges and military installations. It is hoped that these two efforts along with increased training for officers will assist the program in improving the rate of Part I crime in FY09.						
Data Source	BIA - OLES-Stats (Lotus Notes Based Summary UCR data only) BOR - Hoover Dam Police Office - Uniformed Crime Report (UCR) database BLM - Lawnet FWS - Law Enforcement Management Information System (LEMIS) and LEIMAGS (This is a pilot in DC only) NPS - Case Incident Reporting System (CIRS) and "CRIMES"						
1 6 7 7	DESCRIPTION: Percent change in Part II offenses that occur on DOI lands or under DOI jurisdiction (BLM, FWS, NPS, BIA, BOR)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	12%	33%	
	Performance Explanation	Goal Not Met. While the program would like to have all crime reduced across Indian country, the reality is that in an effort to reduce violent crime, there will probably be a continued increase in the level of non-violent crimes for at least the next two years. The increased police presence that is finally being realized allows the officers to make more arrests at the non-violent level. While this shows poor progress for this performance measure, it actually shows a positive in Indian country in that we are able to stop offenders at a lower level before they progress to violent crime.					
Steps to Improve	The program will continue to implement community policing and community educational efforts within Indian communities to try and deter all crime, both violent and non-violent, but will also be adjusting the target for this measure to better reflect the likely trend of near term increase due to increased policing.						
Data Source	BIA - OLES-Stats (Lotus Notes Based Summary UCR data only) BOR - Hoover Dam Police Office - Uniformed Crime Report (UCR) database BLM - Lawnet FWS - Law Enforcement Management Information System (LEMIS) and LEIMAGS (This is a pilot in DC only) NPS - Case Incident Reporting System (CIRS) and "CRIMES"						
1 6 7 8	DESCRIPTION: Percent change in natural, cultural, and heritage resource crimes that occur on DOI lands or under DOI jurisdiction (BLM, FWS, NPS, BIA, BOR)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	-1%	1%	
	Performance Explanation	Goal Not Met. The unpredictable nature of the type, location, and volume of criminal activity is a critical factor that may result in significantly higher or lower actual performance than predicted. The BLM results most affected the overall outcome in FY 08, as the increased presence of Law Enforcement Rangers and Special Agents on public lands in 2008 resulted in the detection of increased criminal activity.					
Steps to Improve	The large difference in cultural resource cases is due to the hiring of a new officer to address the cultural heritage crimes. The program expects the change in the number of cases to level off in FY 09 and the measure to be back on track.						
Data Source	BIA - OLES-Stats (Lotus Notes Based Summary UCR data only) BOR - Hoover Dam Police Office - Uniformed Crime Report (UCR) database BLM - Lawnet FWS - Law Enforcement Management Information System (LEMIS) and LEIMAGS (This is a pilot in DC only) NPS - Case Incident Reporting System (CIRS) and "CRIMES"						






Performance Data and Analysis

Intermediate Outcome 1: Improve fire management							
7 8 8	DESCRIPTION: Percent of unplanned and unwanted wildland fires on DOI land controlled during initial attack						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	97%	96%	97%	95%	99% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	Wildland Fire Management Information (WFMI) DI-1202 Fire Report System and the Fish and Wildlife Service Fire Report System					
1 5 4 0	DESCRIPTION: Percent of acres treated which achieve fire management objectives as identified in applicable management plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	75%	98%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	National Fire Plan Operations and Reporting System (NFPORS)					
1 5 4 2	DESCRIPTION: Percent of treated Wildland-Urban Interface (WUI) acres that are identified in Community Wildfire Protection Plans or other applicable collaboratively developed plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	63%	72%	75%	71%	
	Performance Explanation	Goal Not Met. We targeted aggressively based on the Department's policy that funding is prioritized for WUI projects that are associated with CWPPs. However, we only had two years of data (63% and 72%) and the out year targets should probably be reconsidered. Both numerator and denominator change each year and they are concrete measures that are meaningful based on our policy. It should be noted that the actual number of acres treated increased almost 17% relative to the targeted acreage. It is the expansion of the denominator that most affected the percentage result.					
	Steps to Improve	A comparatively slow fire season in 2008 allowed more total Wildland Urban Interface (WUI) acres to be treated for hazardous fuels than planned. As a result, although the treated acres related to CWPPs increased significantly, it did not keep pace with overall opportunistic WUI treatments.					
	Data Source	National Fire Plan Operations and Reporting System (NFPORS)					
1 5 4 1	DESCRIPTION: Number of treated Wildland-Urban Interface (WUI) acres that are identified in Community Wildfire Protection Plans or other applicable collaboratively developed plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	334,323	421,053	376,000	438,756	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	National Fire Plan Operations and Reporting System (NFPORS)					
4 8 6	DESCRIPTION: Number of acres in WUI treated per million dollars gross investment						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	4,092	4,025	4,446	3,895	4,139	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Bureau accounting systems and NFPORS					
Intermediate Outcome 2: Improve public safety and security and protect public resources from damage							
1 5 4 3	DESCRIPTION: Percent of physical and chemical hazards mitigated in appropriate time to ensure visitor or public safety						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	69%	57% (E)	56%	66%	76% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	BLM - Performance Management Data System FWS - Refuge Annual Performance Plan (RAPP); Environmental Cleanup Liability (ECL) report on DOI/OMB; Dam Safety Program report					








1 5 7 9	DESCRIPTION: Percent of identified physical security vulnerabilities mitigated at DOI facilities						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Not Established	Establish Baseline	Baseline Not Established	
	Performance Explanation	Goal Not Met. Baseline Not Established.					
	Steps to Improve	Will emphasize consistent reporting across all Bureaus in FY2009.					
Data Source	Individual security assessments conducted at facilities						
1 5 7 0	DESCRIPTION: Percent of incidents/investigations closed for Part I, Part II, and natural, cultural, and heritage resources offenses (BLM, FWS, NPS, BIA, BOR)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	47%	36% (E)	
	Performance Explanation	Goal Not Met. Estimated Data. The BIA component was the larger factor in missing the overall target for case closure in FY 2008. For BIA, the primary focus for case closure was on the Part I crimes which dropped in FY2008 while Part II crimes increased. It is the less severe crimes that are being left unresolved due to limited staff availability requiring primary attention be placed on more serious crimes.					
	Steps to Improve	The preferred option for improving the case closure rate is to further increase the agency law enforcement staffing levels to handle the increase in Part II crimes and need for investigation and case resolution. It is not clear yet whether the increased staffing that apparently deterred violent crime in FY 08 may also depress Part II crime in FY 09 and ultimately lead to fewer cases and increased closure rates.					
Data Source	Various incident reporting databases						
1 6 5 4	DESCRIPTION: Percent of DOI public lands management units where travel management plans or equivalent regulatory or policy documents are completed						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	51%	55% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
Data Source	BLM: Performance Management Data System (PMDS). and RMIS						
Intermediate Outcome 3: Promote respect for private property							
1 5 8 1	DESCRIPTION: Percent of open complaints received from property owners, concerning DOI actions affecting status of their private property, resolved within one year						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	85.71%	96.77% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
Data Source	Bureau correspondence records						
Intermediate Outcome 4: Provide prompt response to requests for administrative action							
1 5 4 4	DESCRIPTION: Hearings and Appeals: Number of non-probate cases concluded						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	1,008	930	1,074	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Case tracking systems maintained by OHA.						
End Outcome 2: Improve understanding, prediction, and monitoring of natural hazards to inform decisions by civil authorities and the public to plan for, manage, and mitigate the effects of hazard events on people and property							
4 4 6	DESCRIPTION: Percent of communities/Tribes using DOI science on hazard mitigation, preparedness and avoidance for each hazard management activity						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	45%	48%	50%	53%	53%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Program Coordinators for Earthquakes, Volcanoes, and Landslides maintain data files						





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Intermediate Outcome 1: Provide information to assist communities in managing risks from natural hazards								
DESCRIPTION: Number of areas for which detailed hazard assessments are completed								
1 5 4 5			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		No Report	No Report	51	53	53	
	Performance Explanation		Goal Met or Exceeded.					
	Data Source		Assessments are tracked by the program offices of the Earthquake Hazards, Landslide Hazards and Volcano Hazards Programs. These programs maintain a database of publications corroborated by USGS publications database.					
DESCRIPTION: Number of metropolitan regions where ShakeMap is incorporated into emergency procedures (USGS)								
1 5 4 6			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		5	5	5	5	5	
	Performance Explanation		Goal Met or Exceeded.					
	Data Source		Program Coordinator for Earthquakes maintains data files					
DESCRIPTION: Percent of potentially hazardous volcanoes with published hazard assessments								
1 5 4 7			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		63%	64%	66%	67%	67%	
	Performance Explanation		Goal Met or Exceeded.					
	Data Source		Program Coordinator for Volcanoes maintains data files					
Intermediate Outcome 2: Ensure the quality and relevance of science information and data to support decision making								
DESCRIPTION: Percent of studies validated through peer review or other independent review, as appropriate								
3 5 2			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		100%	100%	100%	100%	100%	
	Performance Explanation		Goal Met or Exceeded.					
	Data Source		Publications database					
DESCRIPTION: Percent satisfaction with scientific and technical products and assistance for natural hazard planning, mitigation, and emergency response								
1 5 4 8			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		99%	100%	87%	80%	87%	
	Performance Explanation		Goal Met or Exceeded. Customer satisfaction measures are a type of statistical quality control - with the target being the threshold level. That is, an actual result below the target would indicate a problem that needs corrective action. So long as the actual result is above the target level, the process is under control and no corrective action is needed.					
	Data Source		Products surveyed					
End Outcome 3: Fulfill Indian fiduciary trust responsibilities								
DESCRIPTION: Beneficiary Services: Percent of financial information accurately processed in Trust beneficiaries accounts								
3 2 2			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		99.69%	99.70%	99.76%	98.00%	99.54%	
	Performance Explanation		Goal Met or Exceeded.					
	Data Source		Error log, Trust Fund Accounting System					
DESCRIPTION: Beneficiary Services: Percent timeliness of financial account information provided to Trust beneficiaries								
4 8 8			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:		99.11%	100.00%	92.02%	99.50%	100.00%	
	Performance Explanation		Goal Met or Exceeded.					
	Data Source		Trust Fund Accounting System, manual log kept with number of statements mailed and dates of mailings					






1 5 4 9	DESCRIPTION: Trust Fund Accountability: Percent of risk mitigated on Corrective Action Plans based on Federal Managers Financial Integrity Act control plans						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	97.37%	100.00%	96.55%	97.30%	100.00%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	RM-Plus Technology System					
1 5 5 0	DESCRIPTION: Percent of total annual allowable harvest offered for sale						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	81%	72%	84%	76%	55%	
	Performance Explanation	Goal Not Met. The target was not met for this measure. The slumping U. S. housing market has resulted in the declining demand for forest products. The value of forest products has fallen to a level in several regions of the country where the costs of logging, transporting, and manufacturing exceeds the value of the finished product.					
	Steps to Improve	Due to the housing and forest product market conditions, the target for this measure will be adjusted for FY 2009.					
Data Source	Agency GPRA coordinators to Regional GPRA coordinators to Central Office GPRA coordinator						
1 5 5 1	DESCRIPTION: Percent of total acres of agricultural and grazing land that have resource management plans completed						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	14%	20%	25%	30%	23%	
	Performance Explanation	Goal Not Met. Although progress toward completion of this goal is expressed in acres, the planning unit for resource management plans is the individual reservation. Therefore, until a plan is completed, none of a reservation's agricultural and range (A&R) lands are reported; and then, once the plan is completed, all of the reservation's A&R lands are reported. Planning is a multi-year undertaking. In years when plans are completed mostly on smaller reservations, the goal may not be met; whereas, when plans are completed for one or more very large reservations, the goal is likely to be exceeded. The largest single acreage reported under a new plan in FY08 was 55,000.					
	Steps to Improve	1 - Finish management plans that are near completion and implement possible small additional funding investments, 2 Explore the feasibility of template management plans among Tribes where possible in order to achieve economic and reporting continuity.,3 - Program apply re-evaluation of targets for out-years, 4 - Distinguish actual funding pathways for Indian agriculture resource management planning and plan operations and, 5 - Based on the next six months of experience in resource management planning and trends in factors that are not within the Program's control e.g., fuel costs, short term natural resource crises, tribal discretionary land use consider monitoring the performance target to reflect unforeseen impacts.					
Data Source	Agency GPRA coordinators to Regional GPRA coordinators to Central Office GPRA coordinator						
1 5 5 2	DESCRIPTION: Percent of agricultural and range acres under lease where lease proceeds exceed administrative cost of the leased acres base						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	75%	88%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	QuickTime and Trust Asset Accounting Management System (TAAMS).						
Intermediate Outcome 1: Ownership information that is accurate, timely, and reliable							
1 5 5 3	DESCRIPTION: Percent of estates closed						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	89%	95%	87%	
	Performance Explanation	Goal Not Met. The program was unable to meet its FY2008 target due to the number of prior estates which required LTR0/OTFM distributions that were not anticipated in FY08 workloads. The total effort required to distribute and close estates exceeded our staffing and budget. The program is continuing to produce reports that identify undistributed assets associated with decided cases.					
	Steps to Improve	The program is currently implementing improvement actions, such as concentrating resources on specific cases within the first quarter of FY 2009, conducting weekly reviews with the Deputy Bureau Director-Trust Services and the Regional Directors in those regions affected by the backlog cases, and developing additional Corrective Action Plans as needed.					
Data Source	ProTrac, Probate Tracking System; TAAMS and TFAS for verification						

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1 5 5 4	DESCRIPTION: Percent of Whereabouts Unknown accounts resolved						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	35%	33%	37%	25%	35%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	TFAS ODR Tables					
1 5 5 5	DESCRIPTION: Land Acquisitions: Number of fractionated interests acquired						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	72,547	77,577	99,840	16,700	31,873 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	LCTS, TFAS, Document Library, TAAMS					
Intermediate Outcome 2: Land and natural resources management that maximizes return							
9 3 9	DESCRIPTION: Ensure Timeliness of Mineral Revenue Payments to American Indians: Percent of revenue recorded in the Trust Financial Accounting System within 24 hours of receipt						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	100.00%	99.77%	100.00%	99.00%	99.88%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Facsimile from MMS into TFAS. Process is tracked via Access database.					
End Outcome 4: Advance quality communities for Tribes and Alaska Natives							
1 5 5 6	DESCRIPTION: Percent of BIE funded schools achieving Adequate Yearly Progress (AYP)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	30%	30%	31%	32%	32%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	BIE Annual School Report Card collected by Division of Contract Management and Administration (DCMA)					
4 5 7	DESCRIPTION: Part I violent crime incidents per 100,000 Indian Country inhabitants receiving law enforcement services						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	492	419	492	463	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	BIA and Tribal Law Enforcement Programs.					
Intermediate Outcome 1: Improve education for Indian Tribes							
1 7 1 5	DESCRIPTION: Percent of BIA/BIE school facilities in acceptable condition, as measured by the Facilities Condition Index (lower FCI number is good)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	37%	35%	39%	45%	45%	
	Performance Explanation	Goal Met or Exceeded. Eight schools improved to acceptable condition in Q4-08.					
	Data Source	Facilities Management Information System (FMIS)					
3 1 8	DESCRIPTION: Percent of teachers that are highly qualified in select subject areas						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	94%	95%	94%	96%	92%	
	Performance Explanation	Goal Not Met. Fewer high quality teachers were employed by BIE schools in School Year (SY) 2006-07 than were employed in SY 2005-06. Recruitment efforts will be increased in FY 2009. As required by the No Child Left Behind Act, all BIE funded schools submit individual school report card data to the BIE Division of Performance and Accountability in Albuquerque, NM. The school report card data is aggregated across all schools to arrive at performance indicator totals.					
	Steps to Improve	Recruitment effort will be stepped up although recruitment for positions in more isolated rural areas can be difficult.					
	Data Source	BIE School Annual Report					

1 5 5 7	DESCRIPTION: Percent of BIE schools not making AYP that improved in reading						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	23%	18%	41%	43%	48%	
	Performance Explanation	Goal Met or Exceeded. School Year (SY) 2006-07 was the second year for all BIE schools to use their respective state assessments. The increase in the number of schools making the adjustment to the new state assessments and improving in reading exceeded BIE projections. Denominator was corrected from the initial entry of 114 to be 116 per the program.					
Data Source	As required by the No Child Left Behind Act, all BIE funded schools submit individual school report card data to the BIE Division of Performance and Accountability in Albuquerque, NM. The school report card data is aggregated across all schools to arrive at performance indicator totals.						
1 5 5 8	DESCRIPTION: Percent of BIE schools not making AYP that improved in math						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	18%	23%	41%	43%	41%	
	Performance Explanation	Goal Not Met. For math, the second year of all BIE schools being required to use state assessments resulted in a slight decrease in the total number of schools improving in math. The overall effect of all BIE schools using their respective state assessments should produce a more stable level of performance beginning with SY 2007-08.					
Steps to Improve	To assist schools and Line Offices in identifying deficiencies in their respective Title-I (11) programs and making needed improvements quarterly, BIE revised its Performance Improvement and Accountability Plan (PIAP) to target findings from the latest Title-I site visit by The Dept. of Education. In addition, based upon the Restructuring Handbook developed by BIE, schools will be required to develop a Restructuring Plan to facilitate achieving AYP and will remain under their respective plan until they have made AYP for two consecutive years. BIE is also working with schools on restructuring, under the provisions of No Child Left Behind, to establish Functional Management Structures to better facilitate and target those areas needing improvement, such as professional development, staff management, and school safety. After AYP results were reported for the SY 2005-2006, BIE also designated 14 schools as Focus Schools to improve reading, which has the most significant impact on improving overall AYP scores.						
Data Source	As required by the No Child Left Behind Act, all BIE funded schools submit individual school report card data to the BIE Division of Performance and Accountability in Albuquerque, NM. The school report card data is aggregated across all schools to arrive at performance indicator totals.						
Intermediate Outcome 2: Enhance public safety							
5 7 6	DESCRIPTION: Percent of BIA-funded Tribal judicial systems receiving an acceptable rating under independent Tribal judicial system reviews						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	16%	15%	13%	33%	22%	
	Performance Explanation	Goal Not Met. The program was only able to conduct 17 reviews in FY 2008. Of those 17 reviews, 14 were found to be acceptable and 3 unacceptable. The target was based on the assumption that the program would be able to make up the 10 reviews that were cut short due to contracting issues in FY 2007 and increase the number of reviews conducted this year with newly hired staff and carryover funding. Unfortunately, performance capabilities show that with current staffing levels the program is only able to successfully complete no more than 17 reviews each year within current staffing regardless of funding resources, so the additional reviews were not completed. The program will be adjusting their target in FY 2009 to address this determination.					
Steps to Improve	With this being the second year of tracking this measure as defined, the program has determined that even with increased funding it is only able to successfully complete 15 reviews each year within current staffing levels. The program will continue to assess and refine the process for case reviews in an attempt to provide the maximum amount of reviews possible, but will also be adjusting their target in FY 2009 to a more reasonable target based upon current workload capabilities.						
Data Source	Final Tribal judicial system reviews.						
1 7 3 5	DESCRIPTION: Percent of law enforcement facilities that are in acceptable condition as measured by the Facilities Condition Index						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	49%	51%	64%	71%	69%	
	Performance Explanation	Goal Not Met. Three detention centers improved condition from poor to good or fair in 4th Quarter. Target goal was 36 detention centers in good or fair condition - Actual goal was 35 detention centers in good or fair condition. Actual within acceptable range.					
Steps to Improve	The performance goal was set at an approximate target level, and the deviation from that level is slight. There was no effect on overall program or activity performance.						
Data Source	Facility Management Information System						

Performance Data and Analysis

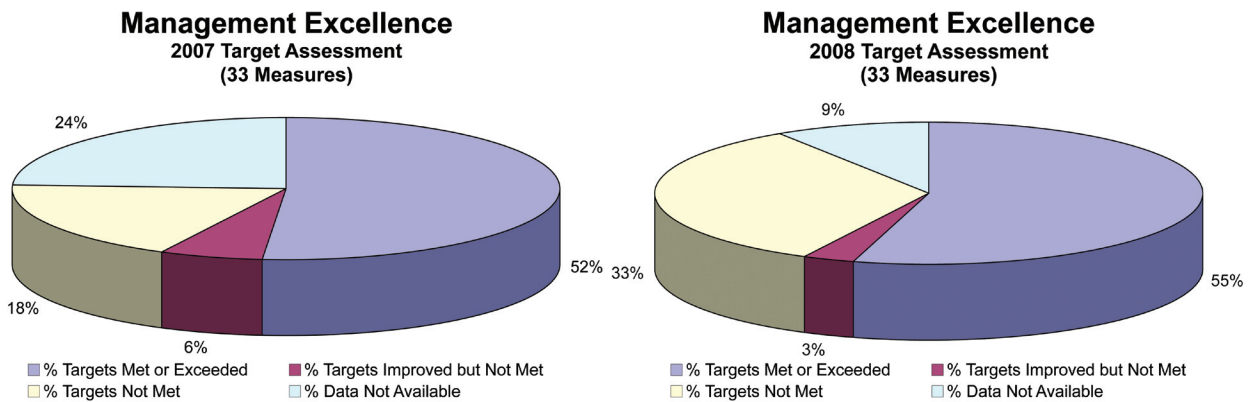
1 5 5 9	DESCRIPTION: Percent of miles of road in acceptable condition based on the Service Level Index						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	21%	17%	15%	14%	15%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	BIA Regional Transportation Programs - Inventory of Indian Reservation Roads					
1 6 6 0	DESCRIPTION: Percent of bridges in acceptable condition based on the Service Level Index						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	52%	62%	81%	44%	59%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	BIA Regional Transportation Programs - Inventory of Indian Reservations Roads					
End Outcome 5: Increase economic self-sufficiency of insular areas							
3 2 0	DESCRIPTION: Federal Assistance as a percentage of GDP for insular economies (lower number is good)						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	25%	28%	30%	30%	30%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Single Audit reports					
Intermediate Outcome 1: Improve insular governments financial management practices							
3 2 1	DESCRIPTION: Timeliness of Financial Statements: Total average months late for all insular general fund financial statements						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	19	12	2	2	1	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Submission data to Federal Audit Clearinghouse					
Intermediate Outcome 2: Increase economic development							
4 9 2	DESCRIPTION: Private Sector Employment: Ratio of private sector jobs to total employment						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	0.72	No Report	0.72	0.72	0.71	
	Performance Explanation	Goal Not Met. The performance goal was set at an approximate level, and the deviation from that level is slight. There was no effect on the overall program or activity performance.					
	Steps to Improve	Significant steps are not necessary to resolve the slight deviation reported.					
Data Source	Single Audit reports						
Intermediate Outcome 3: Increased federal responsiveness to unique needs of island communities striving for economic self-sufficiency							
1 5 6 1	DESCRIPTION: Satisfaction and Confidence Rating: Numerical improvement in insular areas satisfaction with and confidence in Interior responsiveness to their needs						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	72%	No Report	84%	80%	82%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Survey					

MANAGEMENT EXCELLENCE

Successful management is imperative if we are to meet our four strategic mission goals. Interior personnel will need to reconcile the public’s increasing demand for services and products within constrained budget resources. Only a steady stream of innovation will produce the required increases in our efficiency and effectiveness. To succeed, we will need increased accountability for results, and the continuous introduction and evaluation of process, structural, and technology improvements. There are 33 GPRA Plan performance measures that assess the performance of the two End Outcome Goals and six Intermediate Outcomes for this enabling framework.

FIGURE 2-10

Target Assessment Comparison for Management Excellence










Overall, several Department offices have struggled with their ability to establish meaningful and challenging performance targets, to perform at or above those targets, and to report performance information on a timely basis. This will be an area of focus during the next fiscal year. The table below details the performance for each of the 33 performance measures within the Management Excellence area.

FIGURE 2-11






MISSION GOAL: MANAGEMENT EXCELLENCE							
<i>Manage the Department to be highly skilled, accountable, modern, functionally integrated, citizen-centered, and result-oriented</i>							
End Outcome 1: Increase Accountability							
1 5 7 5	DESCRIPTION: Percentage of reporting entities with unqualified audits						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	100%	100% (E)	100% (E)	100%	100%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	PFM - Inspector General's Audit Opinion.					
1 3 7 8	DESCRIPTION: Percent of bureaus and offices that establish and maintain effective, risk-based internal control environment as defined by the Federal Managers Financial Integrity Act (FMFIA) and revised OMB Circular A-123						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	Baseline Established	100%	100%	100%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Bureaus and offices programs risk ratings and assessments scorecard					








Performance Data and Analysis

Intermediate Outcome 1: Improve financial management							
1 4 1 8	DESCRIPTION: Percent of material weaknesses and non-compliance issues that are corrected on schedule						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	90%	100% (E)	100%	100%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Bureaus and offices monthly and quarterly status reports.					
1 4 1 9	DESCRIPTION: Percent of established targets in Financial Performance Metrics met as defined in FAM No. 2003-015						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	100%	100% (E)	100%	100%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Bureau and Departmental offices, and Hyperion					
End Outcome 2: Advance Modernization / Integration							
4 9 8	DESCRIPTION: Percent of time that networks are operational for all users						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	99.90%	99.90%	99.90%	99.50%	99.90%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	Network Trouble Tickets and MTTR Tickets Time (open vs. closed)					
1 4 5 3	DESCRIPTION: Percentage of completed IT projects for which customers report objectives were met						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	88%	88%	83%	
	Performance Explanation	Goal Not Met. Directives had not been issued to affect performance.					
	Steps to Improve	OCIO has released OCIO Directive 2008-017 that should assist DOI in achieving the performance measure.					
Data Source	OCIO - Agency Compilation.						
1 5 3 7	DESCRIPTION: Percent of systems and lines of businesses/functional areas associated with an approved modernization blueprint that are managed consistent with that blueprint						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	No Report	50.00%	100.00%	
	Performance Explanation	Goal Met or Exceeded. Many of the target solutions (e.g., IMARS, FBMS, etc.) are taking longer to deploy due to acquisition/project management issues, but they're still moving forward in the direction consistent with the blueprint.					
	Data Source	DOI Enterprise Transition Plan and other relevant project/program plans and artifacts.					
1 0 6 2	DESCRIPTION: Percent of identified skill gaps across the workforce that are closed						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	Baseline Established	3% (P)	7%	3%	1%	
	Performance Explanation	Goal Not Met.					
	Steps to Improve	Efforts to develop a centralized approach to determine skill gaps has been delayed due to software development problems. Corrective steps are being taken to find a suitable alternative software package.					
Data Source	Federal Personnel and Payroll System						
4 9 9	DESCRIPTION: Percent of IT systems that are Certified and Accredited (C&A) and are maintaining C&A status						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	98.00%	98.00%	96.00%	100.00%	95.00%	
	Performance Explanation	Goal Not Met. C&As were not at 100 percent due to new systems that became operational prior to full accreditation.					
	Steps to Improve	New DOI information security policy has been promulgated providing guidance in the certification and accreditation process required prior to systems becoming operational.					
Data Source	Departmental Enterprise Architecture Repository (DEAR)						

Intermediate Outcome 1: E-Government and information technology management							
1 4 5 5	DESCRIPTION: Score achieved on the OMB Enterprise Architecture Framework						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	4.06	4.13	4.43	4.00	4.83	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	OMB Federal EA Program Management Office					
1 4 5 6	DESCRIPTION: Stage achieved of the GAO IT Investment Management Framework						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	20%	80%	100%	100%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	OCIO - Agency Compilation.					
1 4 5 7	DESCRIPTION: Score achieved on the NIST Federal IT Security Assessment Framework						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	4.50	4.50	4.62	
	Performance Explanation	Goal Met or Exceeded. NIST has done away with the 5-level maturity framework for evaluating IT systems (that was previously part of NIST SP 800-26 which has since been replaced).					
	Data Source	Self assessments performed by the individual bureaus and offices.					
8 2 8	DESCRIPTION: Percent of all bureaus and offices developing consistent records management policy						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	30%	100%	100%	100%	100%	
	Performance Explanation	Goal Met or Exceeded.					
	Data Source	OCIO - Agency Compilation.					
1 5 3 8	DESCRIPTION: Percentage of electronic records managed through an approved electronic records management system						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Not Established	No Target	No Report	
	Performance Explanation	No Report. No Data. Currently 20% of the eRulemaking data is managed through an approved electronic records management system, the Federal Docket Management System (FDMS). We will be adding additional Bureau data in FY09.					
	Steps to Improve	<p>In FY2008, DOI's Electronic Records Management (ERM) initiative received \$1 million dollars to fund one FTE position and to bring a contractor on board to assist with documentation. In FY2008, the DOI ERM initiative developed the following documentation:</p> <ol style="list-style-type: none"> 1. Data and Technical Requirements for an Electronic Records Management System 2. ERM Guidelines 3. ERM Bureau Assessment 4. Software Scoring Evaluation based upon Data and Technical Requirements 5. Guidelines for conducting a Proof of Concept for a business function <p>In FY 2009, the ERM initiative has once again requested \$1 million dollars to continue funding one FTE position and to select one business function and implement a Proof of Concept.</p>					
Data Source	Bureau OES - Agency Compilation.						




Performance Data and Analysis

Intermediate Outcome 2: Human capital management							
DESCRIPTION: Percent of employees who have resolved competency gaps for specified occupational groups representing Department-wide skill needs							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1	Totals:	No Report	No Report	7%	3%	No Report	
4	Performance Explanation	No Report. No Data. In FY08, DOI addressed competency gaps for two critical federal workforce components: IT and Acquisition Workforce. Utilizing Competency Planning and Assessment Tools administered in 2006 and 2007, DOI training staff examined workforce needs and matched up projected changes in workforce staffing against competency strengths and weaknesses demonstrated through these assessment tools. Both of these tools guided participation in organization-wide training, the results of which were reported quarterly to OPM.					
5	Steps to Improve	Plans are underway to further assess these two occupational groups for knowledge competencies in 2009 through a rigorous online assessment process.					
4	Data Source	Federal Personnel and Payroll System (FPPS) and from the learning management system (DOI LEARN)					
DESCRIPTION: Percent change in Lost Production Days (LPD)							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1	Totals:	-3.00%	-5.00%	9.00%	-1.00%	1.50%	
0	Performance Explanation	No Report. No Data.					
6	Data Source	U.S. Department of Labor and FPPS.					
1							
DESCRIPTION: Percent change in the number of employees on workers' compensation rolls							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
4	Totals:	No Report	No Report	-2.30%	-1.00%	-0.98%	
5	Performance Explanation	Goal Not Met. Worker Compensation Cases decreased by .98%					
8	Steps to Improve	Improving return to work efforts.					
	Data Source	Department of Labor Chargeback Reports, AQS, and Safety Management Information System (SMIS).					
DESCRIPTION: Percent annual change in the injury incidence rate at DOI							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1	Totals:	Baseline Established	-5%	-2% (E)	-3%	8% (E)	
1	Performance Explanation	Goal Not Met. Estimated Data. Though based on preliminary data, it appears that the number of injury claims increased sharply during the 4th Qtr Fy 2008, leading to the projected incident rate increase.					
0	Steps to Improve	DOI is continuing its efforts to reduce employee injuries through the implementation of an effective Safety and Occupational Health (SOH) Program and specific Program improvement initiatives. Interior, working in concert with its bureaus, is finalizing a SOH Strategic Plan through which future Program initiatives will be developed					
	Data Source	DOI Safety Management Information System (SMIS) and U.S. Department of Labor.					
DESCRIPTION: Increase in the percentage of qualified, highly skilled, diverse candidates hired as a result of implementing specified requirements of the DOI Strategic Plan for Achieving and Maintaining a Highly Skilled and Diverse Workforce, FY2005-2009							
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
1	Totals:	1.50%	-2.30%	2.50%	1.00%	0.00%	
4	Performance Explanation	Goal Not Met. Geographic and physical obstacles are challenges to achieving a diverse workforce for several reasons: (1) the lack of diverse applicants in more remote areas; (2) the reluctance of new recruits to work in remote areas; and (3) the physical, processes, or systems barriers to accessibility by people with disabilities. Additionally, our increases have been offset by retirement and separations.					
5	Steps to Improve	The Department is engaged in ongoing efforts to identify strategies within five major focus areas: (1) education of managers, supervisors and employees regarding the importance of a highly skilled and diverse workforce; (2) stepping up recruitment efforts for a diverse workforce; (3) improved retention of a diverse workforce; (4) zero tolerance for discrimination, harassment and retaliation; and (5) ensuring accountability for improving diversity.					
9	Data Source	Federal Personnel & Payroll System database					

510	DESCRIPTION: Number of volunteer hours per year supporting DOI mission activities						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	9,467,427	9,030,251	9,199,729	9,478,740	6,695,287 (E)	
	Performance Explanation	Goal Not Met. Estimated Data. The performance measure was not met due to the down turn in the economy and high gas prices. The estimated figure will be revised when final data is collected before the end of the calendar year, if not earlier.					
	Steps to Improve	Number of volunteers is highly variable from one year to the next.					
Data Source	Take Pride in America Agency Compilation.						
1582	DESCRIPTION: Cooperative Conservation Internal Capacity: Percent of organizations that have trained and developed skills for employees in collaboration and partnering competencies						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	48%	50%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Cooperation Conservation Team (CC) - Agency Compilation. CC representatives will enter actual data into the ABC/M performance module.						
1583	DESCRIPTION: Cooperative Conservation External Capacity: Percent of conservation projects that actively involve the use of skills and knowledge of people in the area, and local resources, in priority setting, planning, and implementation processes						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	Baseline Established	2%	5%	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	Cooperation Conservation Team (CC) - Agency Compilation. CC representatives will enter actual data into the ABC/M performance module.						
1452	DESCRIPTION: Number of facilities with multi-agency use/occupancy that coordinate services						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	173	216	216 (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
Data Source	5-Year Space Management Plan from each bureau/office						
Intermediate Outcome 3: Organizational reviews and acquisitions							
520	DESCRIPTION: Number of FTE in competitive sourcing studies completed						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	198	645	467	608	688	
	Performance Explanation	Goal Met or Exceeded.					
Data Source	FPPS and organizational charts for specific offices involved in competitions.						
1460	DESCRIPTION: Percent savings compared to relevant GSA Federal Supply Schedule prices for contracts awarded through Strategic Sourcing						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	13%	3%	20% (E)	
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
Data Source	Departmentwide contract generation system, Federal Procurement Desktop System-Next Generation (FPDSNG), and charge card program.						
1461	DESCRIPTION: Percent of eligible service contract actions over \$25,000 awarded as performance-based acquisitions						
		FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	No Report	21%	25%	23% (E)	
	Performance Explanation	Goal Not Met. Estimated Data. The performance goal was set at an approximate target level, and the deviation from that level is slight.					
	Steps to Improve	Continued management attention on performance-based acquisitions.					
Data Source	Federal Procurement Data System - Next Generation						

Performance Data and Analysis

DESCRIPTION: Efficiencies (in dollars) achieved through utilization of core operation principles							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1 5 8 4	Totals:	No Report	No Report	Baseline Not Established	No Target	No Report	?
	Performance Explanation	No Report. No Data. No target was established for FY 2008 because of challenges associated with determining whether a single measure can capture how the bureaus define and report efficiencies. The bureaus have different processes for core operations, and not all involve calculating efficiencies. This measure will likely be discontinued during the next Strategic Plan update.					
	Data Source	Department and bureau budget justifications and decisions.					
Intermediate Outcome 4: Performance-budget integration							
DESCRIPTION: Percent of programs with demonstrated use of performance measures in budget justifications and decisions							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1 5 8 5	Totals:	No Report	No Report	Baseline Established	87%	85%	▼
	Performance Explanation	Goal Not Met. OMB determined that one of Interior's planned PART evaluations was not a program, by definition, and removed the evaluation from the schedule. OMB elected not to replace the planned evaluation with another program needing to be rePARTed, thereby reducing Interior's planned performance by one evaluation.					
	Steps to Improve	Had OMB allowed Interior to complete the number of rePARTs as planned, Interior would have met the goal.					
	Data Source	PARTWeb					
DESCRIPTION: Percent of programs that can estimate marginal cost of changing of performance							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1 5 8 7	Totals:	No Report	No Report	Baseline Established	58%	90%	▲
	Performance Explanation	Goal Met or Exceeded. OMB approved more efficiency measures than Interior anticipated.					
	Data Source	PARTWeb					
Intermediate Outcome 5: Facilities improvement							
DESCRIPTION: Overall condition of buildings and of structures (as measured by the FCI) that are mission critical and mission dependent (as measured by the API), with the emphasis on improving the condition of assets with critical health and safety needs							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1 4 5 0	Totals:	No Report	Baseline Established	0.12	0.11	0.12 (E)	▼
	Performance Explanation	Goal Not Met. Estimated Data. The increase in FCI was a result of several factors that negatively affected FCI in their bureaus resulting in an increase reflected in the FY 2007 inventory. Significant factors include, an increase in the number of comprehensive condition assessments performed which increased the identification of deferred maintenance, as well as the inclusion of Federal Highway Administration deferred maintenance costs for roads and parking areas.					
	Steps to Improve	The bureaus continue to analyze their inventory and first-tier and second-tier performance metrics and update their Site-Specific Asset Business Plans. Through the use of these tools, managers at headquarters and the field are making better decisions related to the status of assets and investment strategies to improve the condition of assets, reduce the cost per square foot and right-size the portfolio.					
	Data Source	PAM - Federal Real Property Profile					
DESCRIPTION: Percent change in the Operating Costs (operations and maintenance costs) per square foot of buildings that are "Not-Mission Dependent" as reported in the Federal Real Property Profile (FRPP) in the current fiscal year compared to the previous fiscal year							
	FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?	
1 6 7 9	Totals:	No Report	Baseline Established	<1%	-2%	-10% (E)	▲
	Performance Explanation	Goal Met or Exceeded. Estimated Data.					
	Data Source	PAM - Federal Real Property Profile					

DESCRIPTION: Percent change in the total number of buildings (office, warehouse, laboratory, and housing) reported as "Under Utilized" or "Not Utilized" in the Federal Real Property Profile (FRPP) in the current fiscal year compared to the previous fiscal year								
1 6 8 0			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	Baseline Established	-38%	-5%	-2% (E)		
	Performance Explanation	Goal Not Met. Estimated Data.						
	Steps to Improve	Through the use of Site-Specific Asset Business Plans, bureau managers will conduct enhanced analyses of their respective portfolios to aid in maximizing building space use and reduce the number of "Under Utilized" and "Not Utilized" assets. "Under Utilized" and "Not Utilized" assets will be disposed or be re-used to satisfy other space needs/priorities. In addition, bureaus will invest in improving the condition of mission critical and dependent buildings to aid in increasing their utilization.						
Data Source	PAM - Federal Real Property Profile							
DESCRIPTION: Percent of assets targeted for disposal that were disposed								
1 4 5 1			FY2005 Actual	FY2006 Actual	FY2007 Actual	FY2008 Plan	FY2008 Actual	Goal Met?
	Totals:	No Report	Baseline Established	126%	33%	35% (E)		
	Performance Explanation	Goal Met or Exceeded. Estimated Data.						
	Data Source	PAM - Federal Real Property Profile						

Program Evaluations

Program evaluations are an important tool in analyzing the effectiveness and efficiency of Interior's programs, and in evaluating whether the programs are meeting their intended objectives. Interior's programs are evaluated through a variety of means, including performance audits, the Program Assessment Rating Tool (PART), financial audits, management control reviews, and external reviews from Congress, the Office of Management and Budget (OMB), the General Accountability Office (GAO), the Office of the Inspector General (OIG), and other organizations, such as the National Academy of Public Administration (NAPA) and the National Academy of Sciences (NAS). Interior uses self-assessments to verify that performance information and measurement systems are accurate and support the Department's strategic direction and goals. Data collection and reporting processes are further reviewed and improved through the use of customer and internal surveys.

Examples of some of the program evaluations conducted for each Interior bureau during FY 2008 follow in Figure 2-12. Figure 2-13 lists all PARTS conducted from 2002 through 2008.

FIGURE 2-12

Program Evaluations

Bureau	Title of Program	Strategic Plan Mission Area	Purpose of Program Evaluation	Actions Taken/Planned in Response to Evaluation	For Copy Contact
BIA	Indian Services Road Maintenance RePART	Serving Communities	Re-assessment was conducted to review the program's effectiveness and efficiency; specifically whether progress had been made since the program was PART'd in 2004 and received a rating of "Results Not Demonstrated." The re-assessment resulted in an improved rating of "Adequate."	Improvement actions include: establishing clear responsibilities within the Indian Reservation Roads (IRR) system; improving coordination with partners to avoid redundancy of effort; reassess the law regarding funding for maintenance of the IRR system; and preparing an annual report on the collection and use of relevant data.	www.ExpectMore.gov
BIE	Evaluation Of Controls To Prevent Violence At Bureau Of Indian Education Operated Education Facilities (OIG Report: NM-EV-BIE-0001-2008)	Serving Communities	To ensure that BIE was taking necessary precautions to protect Indian children at BIE operated education facilities.	The report contained three recommendations to improve controls to prevent schools violence, including preparing and implementing action plans to evaluate the safety, security and emergency preparedness at each education facility, and correct identified weaknesses. The Department's response was pending.	www.doiog.gov
BIE	Bureau of Indian Education Background Investigations (OIG Report: IN-BIA-0005-2007)	Serving Communities	To determine if required background checks were conducted for employees/other individuals who have regular contact with children at Indian education facilities.	The Department concurred with all five recommendations and took immediate actions. While three recommendations have not been fully implemented, the OIG considers all five recommendations resolved.	www.doiog.gov
BIE	BIE Schools: Improving Interior's Assistance Would Help Some Tribal Groups Implement Academic Accountability Systems (GAO Report: GAO-08-679)	Serving Communities	To determine the extent of: BIE schools' adoption of BIE's AYP definition; tribal groups' pursuit of alternatives and their reasons as well as reasons other tribal groups have not done so; and federal assistance to tribal groups developing alternatives.	The report contained several recommendations aimed at increasing assistance, guidance, training, and communication for tribal groups in their implementation of the provision for developing alternatives. The Department agreed with GAO's recommendations and is working to implement them.	www.gao.gov
BOR	Human Resources Programs (Accountability Reviews Reclamation-wide)	Management Excellence	The purpose of this evaluation is to analyze the efficiency, effectiveness, and results of each Human Resources Office's (HRO) programs and procedures. During FY 2008, two regional accountability reviews were conducted.	Corrective action plans are currently being developed to address recommendations to improve internal control processes and to use best practices identified during the reviews. Based on the findings in the FY 2007/FY 2008 Accountability Reviews, training was offered to assist HR professionals in utilizing the automated hiring management system. For both reviews, corrective actions are also planned to ensure official college transcripts are filed in the Employee's Official Personnel Files (OPFs) and to have the HROs review all OPFs to determine compliance with the Personnel Recordkeeping Guidance. Corrective action is also planned to ensure proper supporting documentation is on file for the Student programs.	Debbie Clark, 303-445-2785

Program Evaluations

Bureau	Title of Program	Strategic Plan Mission Area	Purpose of Program Evaluation	Actions Taken/Planned in Response to Evaluation	For Copy Contact
BOR	Property Management Compliance Assessment	Management Excellence	The objective of Property Performance Management Survey (PPMS) evaluation is to use random sampling techniques to verify the accuracy of the data reported quarter's management, real and personal property inventories.	There were 13 findings with 16 recommendations from the review. Recommendations included revising inventory process to ensure accuracy of information; training new receiving official; establishing a Board of Survey; and developing and implementing quarter's policy. The MP Region's Corrective Action Plan was provided on April 4, 2008. At this time all Corrective Actions have been completed.	Elizabeth Harrison, 303-445-2783
BOR	Acquisition and Assistance Management Program	Management Excellence	The purpose of the evaluation is to conduct 1) comprehensive reviews of Acquisition and Assistance Management Program in the Regional Offices to ensure that acquisition, financial assistance, and the purchase business line are in compliance with the applicable laws and regulations and 2) determine if the program can improve management areas relating to organizational alignment and leadership, policies and procedures, human capital and knowledge and information management. During FY 2008, Reviews were completed at the Pacific Northwest (PN), and Upper Colorado (UC) regions.	Each AAMR addresses elements unique to the regional office. Regional offices are in the process of preparing corrective actions to address management issues identified. In addition, Reclamation is using the observations made to identify systemic issues throughout Reclamation that require review and/or revision to existing processes and/or policies.	Elizabeth Harrison, 303-445-2783
BOR	Water Management Program-Dam Safety Program	Resource Use	The purpose of the Dam Safety Program evaluations are to assess the overall effectiveness of the basic components of the Dam Safety Program (monitoring and surveillance; periodic reviews; and actions to reduce risk) and technical and administrative practices.	The Annual Dam Safety Assessment Report was signed by the Commissioner on July 22, 2008. The report states that decision documents are prepared annually to formally respond to Dam Safety recommendations. The report also disclosed that in FY 2007, 68 decision documents to respond to recommendations were prepared. This resulted in a 13 percent decrease in the number of incomplete Safety Of Dams recommendations (from 341 to 298), even though 53 new recommendations were added. Four correction action plans for improving program performance were also developed. Three of corrective action plans have been fully implemented. These three corrective action plans specifically identified opportunities to further enhance project beneficiary involvement, to integrate performance results into budget requests; and to do a better job tracking performance target accomplishments. The other corrective action plan was prepared to address recommendations in the National Research Council's SOD Program report. The corrective actions to implement the recommendations from the National Research Council's report are still being implemented.	Brian Becker, 303-445-2776
BOR	Federal Real Property Profile (FRPP) Asset Management Verification and Validation Plan	Management Excellence	The purpose of the evaluation is to ensure that Reclamation have efficient and effective processes and controls in-place to verify and validate the integrity (accuracy, completeness, and consistency) of the FRPP data as required by the Executive Order 13327, and Real Property and Financial Management Policy, dated April 30, 2003.	Reclamation identified four short term corrective action items and five long term corrective action items in response to the evaluation. One of these actions included developing an improved sampling process.	Kenneth Maxey, 303-445-2727

Bureau	Title of Program	Strategic Plan Mission Area	Purpose of Program Evaluation	Actions Taken/Planned in Response to Evaluation	For Copy Contact
BOR	Hydropower	Resource Use	The purpose of the evaluation is to assess the effectiveness of Power O&M Program (PRO&M) and practices to determine Reclamation's Powerplants are operating effectively and efficiently per requirements of the PRO&M D&S FAC 04-01.	In 2007, three Comprehensive Facility Reviews (CFRs) and five Periodic Facility Reviews (PFRs) were performed. This resulted in 2 Category 1, 52 Category 2, and 56 Category 3 recommendations. The number of recommendations listed is expected to increase when all the PFR's are published by the respective regions. In FY 2008, CFRs were conducted for Flaming Gorge/Fontenelle Powerplants; Mt. Elbert Powerplant; Hoover Powerplant; and Big Horn Basin. PFR's for Elephant Butte, Green Springs and Hungry Horse were also conducted. The review reports (with recommendations on deficiencies, if any) are scheduled to be published in FY 2009.	Erin Foraker, 303-445-3635
BOR	Water Management Program-Value Engineering/Value Study	Resource Use	Value Engineering studies are conducted to ensure Reclamation's design and construction activities contain realistic budgets, identify cost savings and cost avoidance opportunities; identify and remove non essential capital and operating costs, and improves and maintain optimum quality of program and acquisition functions as required by OMB Circular A-131; Departmental Manual Part 369 (369 DM 1); and P.L 104-106.	In FY 2007, the Value Engineering Program identified cost savings (\$8M) and cost avoidance (\$2M) actions associated with 46 contracts. This resulted in return on investment of \$9.51 for every \$1 invested in Value Program.	Norman Hyndman, 303-445-3251
FWS	Division of the National Fish Hatchery System	Resource Protection, Resource Use	FY2008 Assurance Statement on Internal Control over Fish Health of Coldwater Fishes Distributed by the National Fish Hatchery System	Review was completed on August 21, 2008. Program provides reasonable assurance that internal controls over NFHS-reared and distributed coldwater fish were effective as of August 2008.	Dr. Stuart C. Leon, Chief, DNFHS, Stuart_Leon@fws.gov, 703-358-2189
FWS	Division of Engineering	Resource Protection, Recreation, Serving Communities	Independent Evaluation by Director-appointed Team to recommend a most efficient method for delivery of engineering and construction services within the FWS and to manage the dam, bridge and seismic safety programs and the environmental compliance programs.	Recommendations were finalized in September 2008 and will be presented to senior management in early FY09. Recommendations will be implemented upon receipt of the Director's approval.	Paul Rauch, Chief, Division of Engineering, paul_rauch@fws.gov, 703-358-1912.
FWS	National Wildlife Refuge System	Resource Protection, Recreation, Serving Communities, Management Excellence	Independent Evaluation by Management Systems International	A final report with recommendations was released in June 2008. A variety of recommendations will be implemented by NWRS divisions over the coming year.	Jim Kurth, Acting Assistant Director, National Wildlife Refuge System, jim_kurth@fws.gov, 202-208-5333
FWS	National Wildlife Refuge System	Resource Protection, Recreation, Serving Communities, Management Excellence	GAO Report on Refuge Funding Trends	A draft GAO report on funding trends is currently under review. Recommendations will be analyzed when report is final.	Jim Kurth, Acting Assistant Director, National Wildlife Refuge System, jim_kurth@fws.gov, 202-208-5333
FWS	National Wildlife Refuge System	Resource Protection, Recreation, Serving Communities, Management Excellence	FY08 Internal Control Review of Law Enforcement Branch	Review was completed in July 2008. Action taken include, modifying database and implementing new inventory controls.	Jim Kurth, Acting Assistant Director, National Wildlife Refuge System, jim_kurth@fws.gov, 202-208-5333
FWS	National Wildlife Refuge System	Resource Protection, Recreation, Serving Communities, Management Excellence	FY08 Alternative Internal Control Review of Fire Branch	Final report was issued in August 2008. No weaknesses were found in the design or operation of internal controls.	Jim Kurth, Acting Assistant Director, National Wildlife Refuge System, jim_kurth@fws.gov, 202-208-5333

Program Evaluations

Bureau	Title of Program	Strategic Plan Mission Area	Purpose of Program Evaluation	Actions Taken/Planned in Response to Evaluation	For Copy Contact
FWS	International Affairs, Division of Management Authority	Resource Protection, Resource Use	FY 2008 Annual Assurance Statement on Internal Control	Review was completed August 21, 2008. No significant deficiencies or material weaknesses were identified.	Holly Robinson, holly_robinson@fws.gov, 703-358-2261
FWS	International Affairs	Resource Protection, Resource Use	FY2008 Annual Assurance Statement on Internal Control over Financial Reporting	Review was completed by July 16, 2008. Program provides reasonable assurance that internal controls over financial reporting were operating effectively as of June 30, 2008.	Holly Robinson, holly_robinson@fws.gov, 703-358-2261
FWS	Endangered Species	Resource Protection, Resource Use	Program Assessment Rating Tool, Program Evaluation	DOI/OIG report was issued in June 2008. The Service is addressing the 15 suggestions.	Bryan Arroyo, Assistant Director, Endangered Species, Bryan_Arroyo@fws.gov, 202-208-4646
FWS	Coastal Program	Resource Protection	FY 2008 Department of Interior Internal Control Review (ICR) as required under OMB Circular A-123	Completed August 21, 2008, concluding that the program has adequate controls in place to minimize program risks associated with program business processes.	Tamara McCandless, Tamara_McCandless@FWS.gov 1-703-358-2011
FWS	Partners for Fish and Wildlife Program	Resource Protection	FY 2008 Department of Interior Internal Control Review (ICR) as required under OMB Circular A-123	Completed August 21, 2008, concluding that the program has adequate controls in place to minimize program risks associated with program business processes.	Tamara McCandless, Tamara_McCandless@FWS.gov 1-703-358-2011
FWS	Division of Fish and Wildlife Management and Habitat Restoration – Branch of Invasive Species	Resource Protection	FY 2008 Department of Interior Internal Control Review (ICR) as required under OMB Circular A-123	Review was completed on August 21, 2008. Program provides reasonable assurance that internal controls over Aquatic Invasive Species were effective as of August 2008.	Hannibal Bolton, Chief, DFWMHR, Hannibal_Bolton@fws.gov, 703-358-2027
FWS	Division of Fish and Wildlife Management and Habitat Restoration – Management Assistance	Resource Protection	FY 2008 Department of Interior Internal Control Review (ICR) as required under OMB Circular A-123	Review was completed on August 21, 2008. Program provides reasonable assurance that internal controls over Management Assistance were effective as of August 2008.	Hannibal Bolton, Chief, DFWMHR, Hannibal_Bolton@fws.gov, 703-358-2027
FWS	Migratory Birds	Resource Protection, Recreation, Serving Communities, Management Excellence	PART Re-assessment 2008	Re-assessment was completed in June 2008. MB score improved from "Results Not Demonstrated" to "Moderately effective." New performance measures and improvement plan were developed for next PART re-assessment.	Paul Schmidt, Assistant Director, Migratory Bird Program, paul_r_schmidt@fws.gov, 202-208-1050
FWS	Migratory Birds	Resource Protection, Recreation, Serving Communities, Management Excellence	Independent Program Evaluation by Wildlife Management Institute	Preliminary report received on 9/04/08. We are currently reviewing and plan to provide comments by end of October, with expected final report by end of calendar year.	Jerome E. Ford, Deputy Assistant Director, Migratory Bird Program, jerome_ford@fws.gov, 703-358-2583
MMS	Royalty-In-Kind Contracting and Related Processes	Resource Use	The objective of this review was not to duplicate the work performed by other ongoing external reviews, but to internally assess the effectiveness and efficiency of the royalty-in-kind contracting and related processes, and assist the royalty-in-kind management in establishing thorough procedures and sound management controls.	This review identified 11 control weaknesses with 21 required corrective actions. No material weaknesses were identified. The MMS plans to take corrective actions during FY 2009 to resolve the identified control weaknesses.	Charles Norfleet, 202-208-3973, charles.norfleet2@mms.gov

Bureau	Title of Program	Strategic Plan Mission Area	Purpose of Program Evaluation	Actions Taken/Planned in Response to Evaluation	For Copy Contact
MMS	Policies and Procedures for Environmental Mitigation on Outer Continental Shelf Permitted Activities	Resource Use	The goal of this review was to assess internal procedures and processes to determine if guidance, processes, and procedures are sufficiently documented, applied, and evaluated to ensure that the appropriately conditioned activities are conducted in a manner that does not cause undue or serious harm or damage to the human, marine, or coastal environments.	This review identified six control weaknesses with seven required corrective actions. No material weaknesses were identified. The MMS plans to take corrective actions during FY 2009 to resolve the identified control weaknesses.	Charles Norfleet, 202-208-3973, charles.norfleet2@mms.gov
MMS	Policies and Procedures for Ensuring	Resource Use	The goal of this review was to assess whether the MMS is appropriately applying policies, processes, procedures, and internal controls to ensure that lease revenues are collected, allocated, and disbursed timely and accurately.	This review identified six control weaknesses with eight required corrective actions. No material weaknesses were identified. The MMS plans to take corrective actions during FY 2009 to resolve the identified control weaknesses.	Charles Norfleet, 202-208-3973, charles.norfleet2@mms.gov
MMS	Mineral Revenues: Data Management Problems and Reliance on Self-Reported Data for Compliance Efforts Put MMS Royalty Collections at Risk (GAO-08-893R)	Resource Use	The objectives were to determine: whether Interior has adequate assurances that federal oil and gas are measured accurately; whether MMS's royalty information technology system and royalty collection and verification processes provide sufficient assurance that all royalties are being collected; and the extent to which MMS's compliance efforts provide an adequate check on industry's self-reported data.	The GAO made seven recommendations; four recommendations relate to information technology systems in support of MRM. The MMS will begin to implement the GAO's recommendations in FY 2009 and continue through FY 2011.	Charles Norfleet, 202-208-3973, charles.norfleet2@mms.gov
MMS	Minerals Management Service Royalty-In-Kind Oil Sales Process (C-EV-MMS-0001-2008)	Resource Use	The objectives were to evaluate controls to ensure the effectiveness and fairness of the royalty-in-kind oil sales process.	The OIG made six recommendations. MMS will implement the recommendations in FY2009.	Charles Norfleet, 202-208-3973, charles.norfleet2@mms.gov
MMS	Oil and Gas Royalties: The Federal System for Collecting Oil and Gas Revenues Needs Comprehensive Reassessment (GAO-08-691)	Resource Use	The objectives were to: evaluate government take on federal oil and gas leases; evaluate how the absence of flexibility has led to forgone revenues; and assess what Interior has done to monitor federal oil and gas fiscal system.	The GAO made two recommendations with which DOI did not fully concur. However, MMS has work underway that will provide the outside review recommended by GAO and continues to evaluate oil and gas fiscal systems.	Charles Norfleet, 202-208-3973, charles.norfleet2@mms.gov
NPS	Cultural Resource Stewardship	Resource Protection	To assess the adequacy of cultural resource management planning and the monitoring and protection of cultural resources.	No significant deficiencies were noted. Cultural resource plans are being prepared/updated where they are absent/out of date.	Jack Blickley 703-487-9071 Jack_Blickley@nps.gov
NPS	Emergency Services	Serving Communities	To evaluate if emergency operations plans are current, mutual aid agreements with local agencies are in place, and emergency operations personnel are properly trained.	No significant deficiencies were noted. Training shortfalls are being addressed.	Jack Blickley 703-487-9071 Jack_Blickley@nps.gov
NPS	Protection	Serving Communities	To determine if Park law enforcement operations meet DOI and NPS policies, the law enforcement needs assessment is current, mutual aid agreements with local law enforcement agencies are in place, and staffing is adequate and appropriately trained and equipped.	No significant deficiencies were noted. Mutual aid agreements will be updated. Law enforcement staffing shortages will be considered a funding priority.	Jack Blickley 703-487-9071 Jack_Blickley@nps.gov
NPS	Facility Maintenance	Management Excellence	The Program Assessment Rating Tool (PART) was developed to assess and improve program performance reviewing the program purpose and design; performance measurement, evaluations, and strategic planning; program management; and program results.	Program was rated Moderately Effective. Actions to improve the program include 1) Develop a system to monitor obligation balances 2) Develop procedures to alignment funding with the project formulation process and 3) Conduct an independent program evaluation for the National Park Service Life Cycle Asset Management Program	Joel Lynch 202-273-3656 Joel_Lynch@nps.gov

Program Evaluations

Bureau	Title of Program	Strategic Plan Mission Area	Purpose of Program Evaluation	Actions Taken/Planned in Response to Evaluation	For Copy Contact
OSM	Fee Compliance	Resource Protection	This AICR was conducted to determine if OSM has adequate management controls on the reclamation fee account management process to include the controls surrounding the addition of new accounts (permits), the management of current account status, and the closing accounts.	No Material weaknesses identified.	Sean Spillance, Chief, Fee Accounting and Collection, spillance@osmre.gov, 303-236-0330 x278
OSM	Indian Lands Program	Resource Use	This ICR was conducted to determine whether the Indian land regulatory program has in place adequate management controls to prevent fraud, waste and misuse of resources.	No material weaknesses identified.	Richard Holbrook, Chief, Program Support Division, rholbrook@osmre.gov, 303-293-5030
OSM	Technical Innovation and Professional Services	Resource Protection and Resource Use	This ICR was conducted to determine whether the TIPS program has in place adequate management controls to prevent fraud, waste, and misuse of resources, and to confirm that a strong management control system is in place.	No material weaknesses identified. Improvements were recommended and are being implemented.	Louis Hamm, Chief, TIPS Training and Technology Transfer, lhamm@osmre.gov, 303-293-5061
OSM	Records Management	Management Excellence	This AICR was conducted to examine the controls in place to ensure compliance with the Federal Records Act, as amended, which requires all Federal agencies to make and preserve records containing adequate and proper documents of the organization, functions, policies, decisions, procedures, and essential transactions of the agency.	No material weaknesses identified. Improvements were recommended and are being implemented.	Roy Morrison, Chief Information Officer, rmorrison@osmre.gov, 202-208-2810
OST	Records Management Assessments	Serving Indian Communities	Conduct site assessments and evaluate record management programs to ensure that OST offices have effective records management programs which comply with federal laws and regulations.	Respond to recommendations in the reports by reviewing, updating, and taking follow-up action on corrective action plans	Elizabeth Wells, Office of Trust Review and Audit, (505) 816-1286
OST	FISMA	Serving Indian Communities	In order to ensure that the information technology systems are Certified and Accredited using the NIST guidance set forth by the Department, systems should be C & A'd on a three year cycle as long as no major changes have taken place	1. OST System accreditation was maintained throughout 2008. FDCC settings were deployed and procedures implemented to continuously monitor the compliance state. 2. TFAS accreditation expired on May 30, 2008. An IATO was issued on May 31, 2008 to bridge the gap between the time the system contract expired and the new contract was awarded. TFAS is anticipated to have a full ATO by September 30, 2008.	Mr. J Lente, BITSMT, (505) 816-1153
OST	Risk Management	Serving Communities	A-123 Appendix testing	Tested internal controls	Margaret Williams, (505) 816-1052
OST	Risk Management	Serving Communities	Federal Managers Financial Integrity Act	Corrective action plans were developed as necessary	John Constable, (505) 816-1088
OST	Deputy Special Trustee	Serving Communities	Conduct site assessments at program offices to assist with trust related issues. Issues vary from encoding documents into the Trust Asset and Accounting Management System, researching trust land ownership, analyzing trust fund distributions, and analyzing processes for effectiveness.	During FY2008, assessments were conducted and assistance provided at various BIA Land Titles and Records Offices, Agency offices and the Farmington Indian Minerals Office.	John White, (505) 816-1328
OST	Reengineering	Serving Communities	Review Trust Beneficiary Call Center operations.	Reviewed and assessed call center operations to determine if process reengineering was necessary.	Joel Smith, (505) 816-1368
OST	Trust Services	Serving Communities	Processes were reviewed for risk levels and proper controls relating to FMFIA and OMB Circular A-123 requirements for programs and financial reporting, respectively.	No material weaknesses identified. All other findings are being addressed.	Rob Winter, OTRR, (505) 816-1142
OST	Updates to the OST Investment Policy	Serving Communities	The current OST Investment Policy (effective: 4/1/05) should be updated to reflect management of accounts by investment objective and to incorporate the charter of the Portfolio Review Committee.	Revised draft OST Investment Policy and Portfolio Review Committee charter were completed in FY08 and submitted to SOL for comment; implementation planned for FY09.	Chuck Evans, OTFM, (505) 816-1100

Bureau	Title of Program	Strategic Plan Mission Area	Purpose of Program Evaluation	Actions Taken/Planned in Response to Evaluation	For Copy Contact
OST	Improved Control Log Software for DTFA	Serving Communities	During FY07 a program was initiated to develop specifications for improved Control Log software for DTFA for improved management information and metrics on flow rates, error rates and batch status for Field Ops and DTFA. Improved error tracking was seen as critical to provide timely feedback to reduce errors going forward.	During FY07 and FY08 system specifications were developed for improved software to control the flow of batch processing at OST; a contract was let during FY07 and testing of the new software was underway at the end of FY08. During FY09 the new software is expected to be completed and implemented.	Joseph Gosline, DTFA, (505) 816-1181
OST	Lockbox Receipting	Serving Communities	An evaluation of certain intensely manual reactive controls regarding the receipt and forwarding of payments from an agency to the trust lockbox has determined that risk levels without these controls are at an acceptable level.	Procedures have been revised, with potential savings of hundreds of thousands of dollars across IA and OST	Rob Winter, OTRR, (505) 816-1142
USGS	Volcano Hazard	Serving Communities	<ul style="list-style-type: none"> Review response of the Volcano Hazards Program (VHP), to the 2000 National Research Council (NRC) review (Fink et al., 2000). Review degree to which VHP met the goals of its previous 5-year plan. Evaluate the soundness of the current 5-year plan. Provide input on the National Volcano Early Warning System (NVEWS) (Ewert et al., 2005). 	The American Association for the Advancement of Science panel found that the VHP did an adequate job of responding to the previous review and meeting its previous five-year-plan goals. The panel strongly praised NVEWS, and had approximately 15 recommendations toward improving the initiative and other aspects of the VHP, including suggestions for the next five-year plan. The VHP has begun action on these recommendations, including better and more real-time web-based information dissemination, requests for projects with more of an international component, and development of agreements with more state and academic partners.	William Burton, (703) 648- 6904
USGS	Mineral Resources	Resource Use	To determine the importance to the U.S. economy of information on production and consumption of nonfuel mineral commodities.	The National Research Council (NRC) report, Minerals, Critical Minerals, and the U.S. Economy released in October 2007, concludes that minerals are indeed critical to the U.S. economy and suggested a new methodology for determining the extent to which any particular mineral is critical at any time, called a criticality matrix. USGS is working with members of the NRC panel to improve understanding of their proposed method and seek advice on specifics of application of their findings to the revision of the National Mineral Resource assessment, scheduled to begin in 2012. The primary use of this tool is expected to be in identifying priority commodities for both minerals information and research and assessment studies. This prioritization process will maximize the likelihood that the updated National Mineral Resource assessment is an unbiased, efficient, and cost-effective source for information required by decision-makers to ensure supply of critical mineral materials to meet the Nation's civilian and defense needs.	Kate Johnson, (703) 648-6110

FIGURE 2-13

Summary of PARTs and Ratings (FY 2002 - 2008)

Summary of PARTs and Ratings (parenthetic ratings are RePARTs)	BY 2004	BY 2005	BY 2006	BY 2007	BY 2008	BY 2009	BY 2010
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
IA							
Indian Land Consolidation	Mod. Eff.						
K-12 School Operations	Adequate						
K-12 School Construction	RND		(RND)			(Adequate)	
Forestry Management		Adequate					
Law Enforcement		RND				(Adequate)	
Tribal Courts		RND					
Job Placement and Training			Mod. Eff.				
Tribal Colleges			Adequate				
Operation and Maintenance of Roads			RND				(Adequate)
Economic Development Guaranteed Loans				Adequate			
Housing Improvement				RND			
Dam Safety and Dam Maintenance				Mod. Eff.			
Operation and Maintenance of Irrigation Projects				RND			
Human Resources					Adequate		
Natural Resources					Adequate		
Real Estate Trust Services					RND		
BLM							
Wildlife Habitat Restoration	Mod. Eff.						
Energy & Minerals Mgmt		Adequate					
Recreation Management		Adequate					
Realty and Ownership Management			Adequate				
Southern Nevada Land Sales			RND				
Mining Law Administration				RND			
Resource Management					Adequate		
BOR							
Hydropower	Mod. Eff.	(Effective)					
Rural Water Supply Projects	RND						
Water Reuse and Recycling	Mod. Eff.						
Science and Technology (S&T) Program		Effective					
Water Management Project Planning and Construction			RND			(Mod.Eff.)	

Summary of PARTs and Ratings (parenthetic ratings are RePARTs)	BY 2004	BY 2005	BY 2006	BY 2007	BY 2008	BY 2009	BY 2010
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
Recreation and Concessions			Adequate				
Water Management Operations and Management				Adequate			
Safety of Dams Program				Effective			
Site Security				Mod. Eff.			
CALFED					Adequate		
CVPIA					Adequate		
Water Management & Environmental Mitigation						Adequate	
FWS							
National Wildlife Refuge System		RND				(Adequate)	
Migratory Bird Management & Conservation			RND				(Mod.Eff.)
Endangered Species				RND			
Wildlife & Sport Restoration				RND			
Fisheries					Effective		
Habitat Conservation					Adequate		
MMS							
Outer Continental Shelf Environmental Studies	Mod. Eff.						
Minerals Revenue Management		RND				(Mod.Eff.)	
Outer Continental Shelf Minerals Evaluation and Leasing			Mod. Eff.				
Outer Continental Shelf Minerals Regulation and Compliance				Effective			
NPS							
Natural Resource Stewardship	Mod. Eff.						
Facility Management	RND	(Adequate)					(Mod.Eff.)
Land and Water Conservation Fund State Grants		RND					
National Historic Preservation		Mod. Eff.					
Cultural Resource Stewardship			Adequate				
Technical Assistance				Adequate			
Heritage Partnership				RND			
Visitor Services				Mod. Eff.			
Concessions Management				Adequate			
Park Police					Adequate		
Concessions Management				Adequate			
Park Police					Adequate		

Program Evaluations

Summary of PARTs and Ratings (parenthetic ratings are RePARTs)	BY 2004	BY 2005	BY 2006	BY 2007	BY 2008	BY 2009	BY 2010
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
OSM							
State-managed Abandoned Coal Mine Land Reclamation	RND					(Mod.Eff.)	
State-managed Regulation of Surface Coal Mining		RND			(Effective)		
Federal-managed Regulation of Surface Coal Mining			RND		(Effective)		
USGS							
Geographic Research, Investigations, and Remote Sensing	RND		(Effective)				
Geologic Hazards Assessments		Mod Eff.					
Mineral Resource Assessments		Mod Eff.					
Energy Resource Assessments		Mod Eff.					
Water Information Collection and Dissemination			Mod Eff.				
Water Resources Research			Mod Eff.				
National Cooperative Geological Mapping				Mod. Eff.			
Biological Research and Monitoring				Mod. Eff.			
Biological Information Management and Delivery				Mod. Eff.			
Coastal and Marine Geology					Mod. Eff.		
DOI							
Wildland Fire Management	RND			(RND)			
Central Utah Project				Adequate			

Programs are rated: **Results Not Demonstrated (RND)** **Ineffective** **Adequate**
 Moderately Effective (Mod. Eff.) **Effective**

Interior program managers have developed action plans in response to OMB's recommendations regarding the PARTed programs. These action plans were first implemented early in FY 2003 for programs assessed in FY 2002. Although periodic progress reports have been provided to OMB, Interior program managers and executives are actively tracking progress toward implementing recommendations to improve their programs. Interior used its own web based management system until June 2008 to track and monitor its

progress. We then worked with OMB to transfer this functionality to OMB's PARTWeb system, thereby providing this important tracking and monitoring function to every Agency across the Federal Government. In addition, Interior conducted formal progress reviews with each Bureau on a quarterly basis. These combined efforts demonstrate a commitment to excellence and will drive continuous improvement of Interior's programs to deliver transparent and accountable results to the American people.

PART 3

Financial Section

Message from the Chief Financial Officer

In FY 2008, the Department of the Interior continued its journey towards management excellence, established clear performance metrics, and increased the levels of accountability. Details on our journey towards management excellence are captured in the Department's FY 2008 Performance and Accountability Report.

The PAR provides a comprehensive snapshot of the Department's most important financial and performance information. It is also our principal publication and report to Congress and the American people. This report details program leadership and stewardship of the resources and public funds entrusted to us.

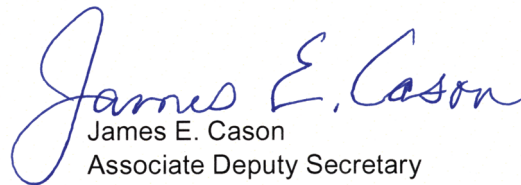
I am pleased to report that for the 12th consecutive year we have received an unqualified ("clean") opinion on the Department's consolidated financial statements from our auditors. This is the best possible audit result and affirms our commitment to financial reporting excellence. Along with this opinion, the Department had other noteworthy accomplishments in FY 2008. The Department:



- ◆ Received the prestigious Association of Government Accountants' Certificate of Excellence in Accountability Reporting. This marks the 7th consecutive year that the Department has been recognized for quality reporting.
- ◆ Met or exceeded 71 percent of the 205 performance outcome measures from our GPRA Strategic Plan. This is the third year we have reported on our performance against these measures. In FY 2007, we met or exceeded 79 percent of our measures; in FY 2006, we met or exceeded 67 percent of our measures.
- ◆ Continued to use Representative Performance Measures that will be utilized each year to document the progress made by Interior in achieving mission goals.
- ◆ Continued the implementation of the Department's Financial and Business Management System, which is now the financial system of record for three bureaus. Additionally, two bureaus have converted their acquisition functions to FBMS.
- ◆ Implemented improved accountability of the large quantity of heritage assets under Departmental stewardship in compliance with a more stringent accounting standard regarding these assets.
- ◆ Increased the emphasis on collaboration throughout our finance, budget, and performance communities.
- ◆ Improved the internal relationship with the inspector general and the independent auditor through open lines of communication, timely responses, and thorough followup to issues of concern.
- ◆ Continued progress in areas targeted by the President's Management Agenda. Efforts to improve our status for Human Capital, Commercial Services, Performance Improvement, E-Government, and Real Property have moved us from red to yellow, making Interior one of only six agencies who are not red for status or progress on any of the six scorecards.

- ◆ Exceeded our annual performance goal of implementing 85 percent of GAO and OIG audit recommendations scheduled for completion in this fiscal year. For FY 2008, Interior achieved an actual implementation rate of 91 percent.
- ◆ Documented and tested the Department's internal control over financial reporting and issued a qualified statement of assurance related to their effectiveness.
- ◆ Continued to improve our Intragovernmental Reconciliation process to ensure accurate reporting of business activity with our Federal trading partners. This is an integral element of the Combined Financial Report of the United States.

Our journey towards management excellence requires the focused, ongoing commitment and creativity of Interior's dedicated employees. During FY 2009, mission, metrics, and management will continue to be the foundation on which we achieve results. We plan to strengthen this foundation and our mission by establishing clear goals, achieving performance measures, and aligning our workforce to effectively achieve those goals.



James E. Cason
Associate Deputy Secretary
and Chief Financial Officer
November 15, 2008

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	\$ -	\$ -

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

Notes to Principal Financial Statements

For the years ended
September 30, 2008
and 2007

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Department of the 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 protects and manages the Nation's natural resources and cultural heritage; provides scientific and other information about those resources; and honors its trust responsibilities or special commitments to American Indians, Alaska Natives, and affiliated island communities.

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), and Custodial Funds. 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 the Special Trustee for American Indians on behalf of Native American Tribes and individuals. Interior prepares financial statements for these Tribal and Other Trust Funds and Individual Indian Monies under separate review. 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 23, Indian Trust Funds. 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

Interior is composed of the following eight operating Bureaus and Departmental Offices:

- ◆ National Park Service (NPS)
(includes the Land and Water Conservation Fund and Historic Preservation Fund)
- ◆ U.S. Fish and Wildlife Service (FWS)
- ◆ Bureau of Land Management (BLM)

- ◆ Bureau of Reclamation (BOR)
- ◆ Office of Surface Mining and Reclamation Enforcement (OSM)
- ◆ Minerals Management Service (MMS) (includes the Environmental Improvement and Restoration Fund)
- ◆ U.S. Geological Survey (USGS)
- ◆ Indian Affairs (IA)
- ◆ Departmental Offices (DO)

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

The U.S. Bureau of Mines (BOM) was closed in 1996. Although it no longer exists, certain transactions and data related to BOM programs and activities are reflected in Interior's FY 2008 and FY 2007 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, and budgetary resources of 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) and Office of Management and Budget (OMB) Circular No. A-136, "Financial Reporting Requirements." GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board, which is the official standard-setting body for the Federal Government. These financial statements present proprietary and budgetary information. Interior, pursuant to OMB directives, prepares additional financial reports that are used to monitor and control Interior's use of budgetary resources. OMB financial statement reporting guidelines require the presentation of comparative financial statements for all of the principal financial statements. Interior has presented comparative FY 2008 financial statements for the Balance Sheet, Statement of Net Cost, Statement of Changes in Net

Position, Statement of Budgetary Resources, and Statement of Custodial Activity.

In 2007, Interior's BLM had a change to the methodology for allocating costs to Mission Goals for Recreation and Serving Communities. The change in methodology was approved during the latter part of the 4th quarter at the bureau level and resulted in a reclassification of \$660 thousand between the two cost categories. Recreation costs were decreased and Serving Communities costs were increased; total costs remain unchanged. However, the reclassification was not made at the consolidated level as the amount was considered immaterial and there were time constraints regarding the publication of the FY 2007 Performance and Accountability Report. Due to the change in methodology, Interior's FY 2007 Consolidated Statement of Net Cost was reclassified in FY 2008 and will vary from the FY 2007 Statement published in the FY 2007 PAR. Certain prior year amounts have been reclassified to conform to FY 2008 financial statement presentations.

Throughout the financial statements and notes, certain assets, liabilities, earned revenue, and costs have been classified as *intragovernmental* which is defined as exchange transactions made between two reporting entities within the Federal Government.

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 except for imprest fund accounts. Treasury processes cash receipts and disbursements on behalf of Interior and Interior's accounting records are reconciled with those of Treasury on a regular basis.

The 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 following describes the type of funds Interior maintains: (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.

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 nonmarketable par value or nonmarketable, 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 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, bonds, and bank notes. Interior generally invests in mortgage instruments issued by the Federal National Mortgage Association, Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation.

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 by multiplying the total number of shares by the market price on the last day of the fiscal year.

Investments are exposed to various risks such as interest rate, market, and credit risks. Such risks, and the resulting investment security values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that changes in the value of investments will occur in the near term and that such changes could materially affect the market values of investments reported.

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.

G. Loans and Interest Receivable, Net

Intragovernmental Loans. Interior has a restricted, unavailable receipt fund entitled Interior Reclamation Fund into which a substantial portion of 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 Interior'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 of the Department of Energy (DOE). Western recovers the capital investments, associated interest, and operating and maintenance costs through future power rates, and subsequently remits amounts to the Reclamation Fund.

The Bonneville Power Administration (BPA), also a component of DOE, is responsible for the transmission and marketing of hydropower generated at Reclamation facilities located in the Pacific Northwest region. Unlike Western, BPA does not receive appropriations from the Reclamation Fund, but they legislatively assumed the repayment obligation for the appropriations used to construct Reclamation's hydropower generation facilities.

The amounts transferred to Western and BPA are recorded as receivables at the time of the transfer as Western and BPA are required to repay Interior. Interior reduces the receivables at the time payments are received from Western and BPA.

Loans with the Public. Loans are accounted for as receivables after the funds have been disbursed. For loans obligated on or after the effective date of the Credit Reform Act, October 1, 1991, 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 reestimated annually.

For loans obligated prior to October 1, 1991, principal, interest, and penalties receivable are presented net of an allowance for estimated uncollectible amounts. The allowance is based on past experience, present market conditions, an analysis of outstanding balances, and other direct knowledge relating to specific loans.

Loans are exposed to various risks such as interest rate and credit risks. Such risks, and the resulting loans, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that changes in the collectibility of loans will occur in the near term and that such changes could affect the collectibility of loans reported.

H. Inventory and Related Property, Net

Interior's inventory and related property is primarily composed of published maps; gas and storage rights; operating supplies for the Working Capital Fund; airplane parts and fuel; and recoverable, below-ground, crude helium. These inventories were categorized based on Interior's major activities and the services Interior provides to the Federal Government and the public. There are no restrictions on these inventories.

The USGS maintains maps and map products that are located at several Earth Science Information Centers across the United States. All inventory products and materials are valued at historical cost, using a method of averaging actual costs to produce like-kind scale maps within the same fiscal year. The USGS estimates an allowance for excess, spoiled, and obsolete map inventory to arrive at a new realizable value, based on inventory turnover and current stock levels.

The BLM maintains a helium stockpile inventory which is stored in a partially depleted natural gas reservoir. The inventory is valued at cost and the volume of helium is accounted for on a perpetual basis. Annually, the volume is verified by collecting reservoir data and using generally accepted petroleum engineering principles to calculate the volume. The values shown for stockpile helium are net of the estimated unrecoverable amount, so no allowance is required. Gas and storage rights for the storage of helium are recorded at historical cost.

Under the Helium Privatization Act of 1996, Interior is authorized to store, transport, and withdraw crude helium and maintain and operate crude helium storage facilities that were in existence when the Helium Privatization Act was enacted. Interior also has the authority to sell crude stockpile helium until January 1, 2015, at which time the helium reserves will be sold.

Aircraft fuel and parts are held in inventory as operating materials to be consumed and are valued at historical cost, based on the moving average cost method. The value of this inventory is adjusted based on the results of periodic physical inventories.

Interior's Working Capital Fund maintains an inventory of operating materials that will be consumed during future operations and is stated at historical cost using the weighted average cost method. These operating materials are maintained for sign construction, employee uniforms, and Interior's standard forms functions.

I. General Property, Plant, and Equipment, Net

General Purpose Property, Plant, and Equipment. General purpose property, plant, and equipment (PP&E) consists of buildings, structures, and facilities used for general operations, power, irrigation, fish protection, wildlife enhancement, and recreation; land and land improvements acquired for general operating purposes; equipment, vehicles, and aircraft; construction in progress; capital leases; leasehold improvements; and internal use software.

All general purpose PP&E are capitalized at acquisition cost and depreciated using the straight-line amortization method over the assigned useful lives of the property. Buildings, structures, and facilities are depreciated over a useful life from 10 to 80 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 depreciated over useful lives generally ranging from 2 to 50 years. Capital leases and leasehold improvements are amortized over the life of the lease. For land, buildings, structures, land improvements, leasehold improvements, and facilities purchased prior to October 1, 2003, capitalization thresholds were established by the individual bureaus and generally ranged from \$50,000 to \$500,000. For these same items purchased subsequent to September 30, 2003, Interior has established a capitalization threshold of \$100,000 with the exception of dams and certain related property, which are fully capitalized. An administrative site may contain more than one building, structure, or facility, but it is always bounded by a defined perimeter or an established boundary. For equipment, vehicles and aircraft, and capital

leases of other personal property, Interior has established a capitalization threshold of \$15,000. There are no restrictions on the use or convertibility of Interior's general purpose PP&E.

In accordance with the implementation guidance for Statement of Federal Financial Accounting Standard (SFFAS) 6, *Accounting for Property, Plant, and Equipment*, Interior recorded certain general PP&E 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 (CIP) 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.

CIP also includes projects in abeyance. In past years, Interior began construction on 12 projects located in California, Colorado, Arizona, Washington, North Dakota, and South Dakota, for which activities were 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 time and weather and to keep the asset ready for completion.

Internal Use Software. Internal use software includes purchased commercial off-the-shelf (COTS) software, 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 2 to 10 years for calculating amortization of software using the straight-line method.

Stewardship Assets. Stewardship assets consist of public domain land and heritage assets such as national monuments and historic sites that have been entrusted to Interior to be maintained in perpetuity for the benefit of current and future generations.

The majority of public lands, presently under the management of Interior, were acquired by the Federal Government during the first century of the Nation's existence and are considered 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. Interior is also responsible for maintaining a variety of cultural and natural heritage assets, which include national monuments, historic structures, and library and museum collections.

The stewardship land and heritage assets managed by Interior are considered priceless and irreplaceable. As such, Interior assigns no financial value to them and the PP&E capitalized and reported on the Balance Sheet excludes these assets. Note 10, Stewardship Assets, provides additional information concerning stewardship land and heritage assets. The Required Supplementary Information Section provides information on the condition of stewardship land and heritage assets.

J. Advances and Prepayment

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and recognized as expenditures/operating expenses when the related goods and services are received.

K. 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. No liability can be paid by Interior absent an appropriation of funds by the U.S. Congress. Liabilities for which an appropriation has not been enacted are, therefore, disclosed as liabilities not covered by budgetary resources, or unfunded liabilities. The liquidation of liabilities not covered by

budgetary or other resources is dependent on future congressional appropriations or other funding. 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 and Disposal Liabilities

Interior has responsibility to remediate 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 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 Interior 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 Interior 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.

Changes in cleanup cost estimates are developed in accordance with departmental policy, which addresses systematic processes for cost estimating and places added emphasis on development and retention of supporting documentation. Changes in cleanup cost estimates are based on progress made in and revision of the cleanup plans, assuming current technology, laws, and regulations.

Contingent Liabilities. *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.

L. 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 most financing sources is dependent upon congressional appropriation.

Appropriations. Congress appropriates the majority of Interior's operating funds from the general receipts of the Treasury. These funds are made available to Interior 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 Interior until expended; and funds used to establish revolving fund operations are generally available indefinitely (i.e., no year funds). The majority of operating funds for Interior are available for either multiple years or until expended. Appropriations are reflected as financing source entitled, "Appropriations Used" on the Statement of Changes in Net Position once goods and services have been received. The Statement of Budgetary Resources presents information about the resources appropriated to Interior.

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 Interior and the other party receive value, including park entrance fees; map sales; land 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 Statement of Net Cost and serve to offset the costs of these goods and services.

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 Statement of Changes in Net Position.

With minor exceptions, all receipts of revenues by Federal agencies are processed through the Treasury's central accounting system. Regardless of whether they derive from exchange or non-exchange transactions, all receipts that are not designated by congressional appropriation for immediate departmental use are deposited in the general or special funds of the Treasury. Amounts not retained for use by Interior are reported as transfers to other Government agencies on Interior's 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 SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounts*, Interior reports these State amounts as "Royalties Retained," an other budgetary financing source on the Statement of Changes in Net Position, rather than on the Statement of Net Cost, because MMS incurred minimal costs in earning this revenue.

Custodial Revenue. Interior's Minerals Revenue Management (MRM), administered by the MMS, collects royalties, rents, bonuses, and other receipts for Federal and Indian oil, gas, and mineral leases. MRM distributes the proceeds in accordance with legislated allocation formulas to U.S. Treasury

accounts, other Federal agencies, States, the Office of the Special Trustee for American Indians, and IA for further distribution to Indian Tribes and Individual Indian mineral owners. MMS is authorized to retain a portion of the custodial rental income collected by the MRM Program to fund operating costs. BLM collects and remits to MMS first year bonuses and rents for on-shore mineral leases. Interior records custodial revenue based on accounts reported by producers. Custodial revenue is reported when the government has a legal claim to the revenue. The royalty accrual, included in accounts receivable, represents royalties on September production of oil and gas leases that Interior subsequently receives payment for in October and November. The royalty accrual is estimated based on an analysis of the last 12 months of royalty activity and recent events. Interior does not record a liability for potential overpayments and refunds until requested by the payor or until Interior completes a compliance audit and determines the refundable amount. This is in accordance with the Federal Oil and Gas Royalty Management Act of 1982 (P.L. 97-451, 96 Stat. 2447, 30 U.S.C. 1701).

Royalty-in-Kind (RIK). Interior, under the provisions of the Mineral Lands Leasing Act of 1920 and the Outer Continental Shelf Lands Act of 1953, may take part or all of its oil and gas in RIK (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 RIK as mineral lease revenue on the Statement of Custodial Activity.

Interior assisted the Administration's initiative to fill the Strategic Petroleum Reserve. Interior transferred to DOE royalty oil received-in-kind from Federal leases in the Gulf of Mexico. Interior determines the value of the commodity transferred using the fair market value on the date of transfer. Interior reports these transfers as mineral lease revenue distributed to DOE on the Statement of Custodial Activity.

Imputed Financing Sources. In certain instances, operating costs of Interior 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, Interior 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 Interior operations by other Federal agencies.

Advances and Deferred Revenue. Advances and deferred revenue from the public represents funding received from certain water and power customers who benefit from current and future power deliveries. The payments are recognized as revenue incrementally as water and power benefits are provided.

Advances and deferred revenue received from Federal agencies primarily represent cash advances to the Interior Franchise Fund (IFF), National Business Center (NBC), BLM, and MMS. IFF and NBC provide shared administrative services and commonly provide products to Federal agencies. BLM and MMS intragovernmental and public advances and deferred revenue represent liabilities to perform services or deliver goods to customers that have remitted payment in advance of receiving goods and services.

M. 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 that were 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 liability is recognized for these amounts, as employees do not vest in these benefits.

Federal Employees Workers' Compensation Program (FECA). 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 Department of Labor (DOL), 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 DOL but not yet reimbursed by Interior. Interior reimburses DOL for the amount of the actual claims as funds are appropriated for this purpose. There is generally a 2 to 3 year lag between payment by DOL and reimbursement by Interior. As a result, Interior recognizes a liability for the actual claims paid by DOL 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. DOL 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. Interior recognizes an unfunded liability to DOL for these estimated future payments. The projected annual benefit payments are discounted to present value using OMB'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 used to recognize the timing of benefit payments as 13 payments per year instead of one lump sum payment per year.

DOL 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.

Federal Employees Group Life Insurance Program (FEGLI). Most Interior 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 Interior 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. 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 Interior's contributions to the basic life coverage are fully allocated by OPM to the preretirement portion of coverage, Interior has recognized the entire service cost of the postretirement portion of basic life coverage as an imputed cost and imputed financing source.

Retirement Programs. Interior employees participate in one of three retirement programs: (1) the Civil Service Retirement System (CSRS); (2) the Federal Employees Retirement System (FERS), which became effective on January 1, 1987; or (3) the United States Park Police (USPP) Pension Plan. The majority of 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 employees participating in FERS, Interior contributes an amount equal to 1 percent of the employee's basic pay to the tax deferred Thrift Savings Plan and matches employee contributions up to an additional 4 percent of pay. Employees participating in CSRS receive no matching contribution from Interior. During FY 2008, employees could contribute as much as \$15,500 of their gross earnings to the plan.

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 participants. Interior has recognized an imputed cost and imputed financing source for the difference between the estimated service cost and the

contributions made by Interior and covered CSRS employees.

Police Officers hired on or before December 31, 1985, by the NPS participate in the USPP Pension Plan, which is administered by the District of Columbia. Each in-service member contributes 7 percent of his/her gross earnings. The normal retirement benefit is 2.5 percent for each year of service up to 20 with an additional 3 percent for each year beyond 20, but no more than an aggregate of 80 percent. Retirement is permitted after 20 years of service, but mandatory by the age of 60. Annual benefits paid from the USPP Pension Plan are funded on a pay-as-you-go basis through a permanent indefinite appropriation from the Treasury's General Fund.

Interior reports the USPP pension liability and associated expense in accordance with OMB guidance. An actuary estimates Interior's future cost to provide benefits to current and future retirees using economic assumptions and historical cost information. The estimate is adjusted by the time value of money and the probability of having to pay benefits due to assumed decrements for mortality, morbidity, and terminations.

The actuarial liabilities are measured during the fiscal year, with a *roll-forward* or projection to the end of the year, in accordance with Interpretation of Federal Financial Accounting Standards Interpretation 3, *Measurement Date for Pension and Retirement Health Care Liabilities*. The roll-forward considers all major factors that affect the measurement that occurred during the reporting year, including any raises, cost-of-living allowances, and material changes in the number of participants.

N. 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 Treasury's Judgment Fund and the partial funding of employee benefits by OPM.

Transactions and balances among Interior's entities have been eliminated from the Balance Sheet, the Statement of Net Cost, and the Statement of Changes in Net Position. As provided for by OMB Circular No. A-136, the Statement of Budgetary Resources is presented on a combined basis, therefore, intradepartmental transactions and balances have not been eliminated from this statement. Intradepartmental transactions have been eliminated within the Statement of Custodial Activity. In order to present all custodial activity, the distributions to the Department's entities have not been eliminated on the Statement of Custodial Activity and the Statement of Changes in Net Position. The distributions, however, are reported separately on the Statement of Custodial Activity.

O. Possessory Interest and Leasehold Surrender Interest (PI/LSI)

Interior has contracts with organizations that manage and operate hotels, lodges, restaurants, gift shops, and other concession operations at various parks. In accordance with legislation and the contracts, some of these concessionaires have a possessory interest or leasehold surrender interest in certain real property construction or improvements that the concessionaire pays for and Interior approves.

A concessionaire's interest may be extinguished provided the concessionaire is compensated for the PI/LSI in accordance with concession laws and contracts. At the end of the contract period, PI/LSI amounts are negotiated and either incorporated into new contracts or extinguished through payment. Payment for this interest has been made by a subsequent concessionaire in most situations.

Interior does not report the assets used by concessioners in its financial statements because the concessioners control the benefits of the assets and have the responsibilities of the risks and maintenance of the assets. In addition, Interior does not report a PI/LSI liability at the time a concessioner receives PI/LSI because an event of financial consequence has not occurred. However, Interior does record a liability at the time that Interior decides to discontinue a concession operation or take possession of the assets.

Interior has concession agreements which contain provisions that provide for the establishment of escrow-type accounts to be used to develop, improve, and maintain visitor facilities. The concessioner periodically deposits a percentage of gross revenue in the account as provided in the concessioner agreement. These *Special Account* funds are maintained in separate interest-bearing bank accounts for the concessioners, are not assets of Interior, and may not be used in Interior operations. Therefore, the balances, inflows, and outflows of these concessioner Special Accounts are not recognized in the financial statements.

P. Liability for Capital Transfer to the General Fund of the Treasury

Interior receives appropriations from Treasury's General Fund to construct, operate, and maintain various multipurpose projects. Many of the projects have reimbursable components, for which Interior is required to recover the capital investment and operating costs through user fees, mainly the sale of water and power. These recoveries are deposited in Treasury's General Fund.

Interior records a liability for appropriations determined to be recoverable from project beneficiaries. The liability is decreased when reimbursements are received from Interior's customers and subsequently transferred to Treasury's General Fund.

For additional information, see Note 27, Liability for Capital Transfer to the General Fund of the Treasury.

Q. Earmarked Funds

Earmarked funds are financed by specifically identified revenues and other financing sources. These funds are required by statute to be used for designated activities or purposes and must be accounted for separately from the Federal Government's General Fund.

The Federal Government does not set aside assets to pay future expenditures associated with earmarked funds. The cash generated from earmarked funds is used by the U.S. Treasury for general Government purposes. Treasury securities are issued to the earmarked fund as evidence of earmarked receipts. These securities are an asset to the earmarked fund and are presented as

Investments in the table accompanying Note 24, Earmarked. Treasury securities are a liability of the U.S. Treasury and are eliminated in the consolidation of the U.S. Governmentwide financial statements. Treasury will finance any future redemption of the securities by an earmarked fund in the same manner that all other Government expenditures are financed.

R. Allocation Transfers

Interior is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and a receiving (child) entity. Allocation transfers are legal delegations by one Department to obligate budget authority and outlay funds to another Department. A separate fund (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account and subsequently obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity. All financial activity related to these allocation transfers is reported in the financial statements of the parent entity from which the underlying legislative authority, appropriations, and budget apportionments are derived. Interior allocated funds, as a parent, to the Department of Agriculture, the Department of Transportation, and the Corps of Engineers. Interior receives allocation transfers, as the child, from the Department of Agriculture, the Department of Health and Human Services, the Department of Labor, the Department of Transportation, the Environmental Protection Agency, the General Services Administration, and the U.S. Agency for International Development.

S. 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.

T. Estimates

Interior has made certain estimates and assumptions related 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 Interior to draw down funds from Treasury for expenses and liabilities.

Fund Balance with Treasury by fund type as of September 30, 2008 and 2007, consists of the following:

(dollars in thousands)	FY 2008	FY 2007
General Funds	\$ 6,481,932	\$ 5,455,504
Special Funds	29,615,226	27,352,216
Revolving Funds	1,196,900	1,426,978
Trust Funds	184,544	172,974
Other Fund Types	454,362	368,999
Total Fund Balance with Treasury by Fund Type	\$ 37,932,964	\$ 34,776,671

General Funds. These funds consist of expenditure accounts used to record financial transactions arising from congressional appropriations, as well as receipt accounts.

Special Funds. These accounts are credited with receipts from special sources that are earmarked by law for a specific purpose. These receipts are available for expenditure for special programs, such as providing housing for employees on field assignments; Land and Water Conservation and Historic Preservation Fund activities; sales of public lands, timber, and mineral leases; cleanup associated with the Exxon Valdez oil spill; and operating science and cooperative programs.

Revolving Funds. These funds account for cash flows to and from the Government resulting from helium operations, IFF, Interior Working Capital Fund, and other bureau working capital funds. The revolving funds are restricted to the purposes set forth in the legislation that established the funds and related investment plans and do not fund normal operating expenses of Interior.

Trust Funds. These funds are used for the acceptance and administration of funds contributed from public and private sources and programs and in cooperation with other Federal and State agencies or private donors, and other activities such as maintaining the Boyhood Home of Abraham Lincoln; trust fund construction; highway maintenance and construction; and managing the Land and Resource Management trust fund and the Alaska Townsite Trustee fund.

Other Fund Types. These include miscellaneous receipt accounts, transfer accounts, performance bonds, deposit and clearing accounts maintained to account for receipts, and disbursements awaiting proper classification.

The Status of the Fund Balance with Treasury 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 balance also includes amounts appropriated in prior fiscal years, which are not

Status of Fund Balance with Treasury as of September 30, 2008 and 2007, consists of the following:

(dollars in thousands)	FY 2008	FY 2007
Unobligated		
Available	\$ 4,519,599	\$ 3,567,620
Unavailable	225,145	157,329
Obligated Not Yet Disbursed	5,942,533	6,032,685
Subtotal	10,687,277	9,757,634
Fund Balance with Treasury Not Covered by Budgetary Resources		
Unavailable Receipt Accounts	26,835,521	24,824,285
Clearing and Deposit Accounts	410,166	194,752
Subtotal	27,245,687	25,019,037
Total Status of Fund Balance with Treasury	\$ 37,932,964	\$ 34,776,671

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. 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 Interior for use unless appropriated by Congress.

Obligated and unobligated balances reported for the status of fund balance with Treasury do not agree with obligated and unobligated balances reported in the Combined Statement of Budgetary Resources because the budgetary balances are supported by amounts other than fund balance with Treasury, such as investments in Treasury securities.

NOTE 3. CASH

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

Cash as of September 30, 2008 and 2007, consists of the following:

(dollars in thousands)	FY 2008	FY 2007
Cash Not Yet Deposited to Treasury	\$ -	\$ 221
Imprest Fund	474	535
Total Cash	\$ 474	\$ 756

NOTE 4. INVESTMENTS, NET

A. Investments in Treasury Securities

The IA, BLM, BOR, DO, MMS, NPS, OSM, and FWS invest funds in securities on behalf of various Interior programs.

Indian Affairs. IA invests irrigation and power receipts in Treasury and public securities until the funds are required for project operations. Federal investments are purchased under the Treasury Overnighter Program and in marketable Treasury bills and notes. IA's investments in public securities are discussed more fully below.

Bureau of Land Management. BLM is authorized to invest in special nonmarketable par value and market-based book entry Treasury securities. These securities include Treasury bills, notes, bonds, and one-day certificates that may be purchased and sold as necessary to meet operating needs and legislated requirements. BLM invests in these Treasury securities pursuant to authorizing

legislation for two accounts: (1) the proceeds of certain land sales authorized by the Southern Nevada Public Land Management Act, enacted in October 1998; and (2) the proceeds of certain land sales authorized by the Lincoln County Land Act, enacted in October 2000. 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 was transferred to MMS in FY 2008.

Bureau of Reclamation. BOR has investment authority in the Lower Colorado River Basin Development Fund and the San Gabriel Basin Restoration Fund, both of which are classified as earmarked funds. Investments consist of the cost of nonmarketable, market-based securities purchased through the Federal Investment Branch of the Bureau of the Public Debt and interest earned. The market value of these securities is equal to the cost.

Notes to Principal Financial Statements

Investments as of September 30, 2008, consist of the following:

(dollars in thousands)	Investment Type	Cost	Net Amortized (Premium)/Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Indian Affairs	Marketable	\$ 67,342	\$ -	\$ 67,342	\$ 67,342
Bureau of Land Management	Nonmarketable, market-based	1,924,692	9,004	1,933,696	1,933,696
Bureau of Reclamation	Nonmarketable, market-based	450,369	-	450,369	450,369
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Nonmarketable, market-based	177,805	(993)	176,812	178,184
Natural Resource Damage Assessment and Restoration Fund	Nonmarketable, market-based	239,703	(116)	239,587	239,929
Tribal Trust and Special Funds	Nonmarketable, market-based	46,648	-	46,648	46,648
	Marketable	57,333	(1,059)	56,274	57,922
Minerals Management Service - Restricted	Nonmarketable, market-based	1,145,124	(16,297)	1,128,827	1,189,348
Minerals Management Service - Custodial	Nonmarketable, market-based	141,478	(634)	140,844	140,934
National Park Service	Nonmarketable, market-based	1,455	(18)	1,437	1,455
Office of Surface Mining	Nonmarketable, market-based	2,427,849	1,057	2,428,906	2,505,373
U.S. Fish and Wildlife Service	Nonmarketable, market-based	656,587	(6,717)	649,870	661,264
Total U.S. Treasury Securities		7,336,385	(15,773)	7,320,612	7,472,464
Accrued Interest		24,486	-	24,486	-
Total Non-Public Investments		7,360,871	(15,773)	7,345,098	7,472,464
Public Securities					
Indian Affairs	Marketable	25	-	25	25
Departmental Offices - Tribal Trust and Special Funds	Marketable	199,213	45	199,258	199,612
Total Public Securities		199,238	45	199,283	199,637
Accrued Interest		2,230	-	2,230	-
Total Public Investments		201,468	45	201,513	199,637
Total Investments		\$ 7,562,339	\$ (15,728)	\$ 7,546,611	\$ 7,672,101

Departmental Offices. DO invest funds that are contributed to the Utah Reclamation Mitigation and Conservation Account by the Utah Reclamation Mitigation and Conservation Commission in nonmarketable, market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt. DO invests funds for the Natural Resource Damage Assessment and Restoration Fund, in nonmarketable, market-based securities issued by Treasury. Funds are invested in both long and short-term securities, depending upon the program's needs for the funds.

DO invests a portion of Tribal Trust and Special Funds in marketable and nonmarketable, 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. Investments consist of nonmarketable, market-based Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms. 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 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 OCS bid amounts from the apparent high bidders for all OCS lease sales. Should any of othe apparent

Investments as of September 30, 2007, consist of the following:

(dollars in thousands)	Investment Type	Cost	Net Amortized (Premium)/Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Indian Affairs	Marketable	\$ 74,419	\$ -	\$ 74,419	\$ 74,456
Bureau of Land Management	Nonmarketable, market-based	2,180,860	28,308	2,209,168	2,212,961
Bureau of Reclamation	Nonmarketable, market-based	401,370	-	401,370	401,459
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Nonmarketable, market-based	170,116	16	170,132	170,517
Natural Resource Damage Assessment and Restoration Fund	Nonmarketable, market-based	236,113	505	236,618	236,710
Tribal Trust and Special Funds	Nonmarketable, market-based	77,050	-	77,050	77,050
	Marketable	53,428	(798)	52,630	52,841
Minerals Management Service - Restricted	Nonmarketable, market-based	1,104,241	(12,561)	1,091,680	1,094,377
Minerals Management Service - Custodial	Nonmarketable, market-based	48,881	45	48,926	48,932
National Park Service	Nonmarketable, market-based	1,455	(10)	1,445	1,455
Office of Surface Mining	Nonmarketable, market-based	2,362,172	821	2,362,993	2,355,161
U.S. Fish and Wildlife Service	Nonmarketable, market-based	573,667	(179)	573,488	575,290
Total U.S. Treasury Securities		7,283,772	16,147	7,299,919	7,301,209
Accrued Interest		22,626	-	22,626	-
Total Non-Public Investments		7,306,398	16,147	7,322,545	7,301,209
Public Securities					
Indian Affairs	Marketable	30	-	30	30
Departmental Offices - Tribal Trust and Special Funds	Marketable	161,400	19	161,419	162,082
Total Public Securities		161,430	19	161,449	162,112
Accrued Interest		1,905	-	1,905	-
Total Public Investments		163,335	19	163,354	162,112
Total Investments		\$ 7,469,733	\$ 16,166	\$ 7,485,899	\$ 7,463,321

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 Treasury when the bids are accepted.

Beginning in FY 2008, MMS assumed responsibility from BLM for investments and related activity associated with mineral revenues derived from the National Petroleum Reserve – Alaska (NPRA), attributable to the Kuukpik Withdrawal Area (KWA) in accordance with Public Law 106-291. The KWA is an area designated as available for selection by the Kuukpik village corporation under the Alaska Native Claims Settlement Act. The Kuukpik village corporation has the option to select certain leases in this area and derive mineral revenue from them. Presently, 100 percent of rents, bonuses, and potential royalties are required to be invested until such time as the Kuukpik village corporation makes their selections and conveyance is finalized.

National Park Service. The monies generated from the sale of the National Law Enforcement Officers Memorial Silver Dollar established the National Law Enforcement Officers Memorial Maintenance Fund and have been invested in a nonmarketable, market-based, interest bearing security.

Office of Surface Mining and Reclamation Enforcement. OSM is authorized to invest available Abandoned Mine Land (AML) funds in nonmarketable, market-based securities issued by the Federal Investment Branch of the Bureau of the Public Debt. OSM has authority to invest AML trust funds in Treasury bills, notes, bonds, and one-day certificates. The AML investment interest is transferred to the United Mine Workers of America Health Care Plans to provide a portion of the health and death benefits for eligible coal miners and their dependents.

U.S. Fish and Wildlife Service

FWS has investments in nonmarketable, 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 and the Multi-National Species Conservation Fund.

B. Investments in Public Securities

IA is authorized by law to invest irrigation and power receipts in marketable Treasury and public securities. Investments in public securities consist

of two mortgage instruments issued by the Federal Home Loan Mortgage Corporation and the Federal National Mortgage Association. Investments in public securities reflect investments held by IA's Power and Irrigation program and are recorded at cost.

DO 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 MMS, from which royalties are then collected; the sale of water by BOR; water testing and other scientific studies conducted for State and local governments by the USGS; remittance of fees from park concessioners are collected by the NPS; and fees for irrigation and power services collected by IA. Fines and penalties are imposed by OSM, MMS, FWS, 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.

Recovery of Reimbursable Capital Costs.

BOR 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 allocation to the construction of reimbursable irrigation and M&I water facilities. Also, power-marketing agencies enter into agreements with power users to recover capital investment costs allocated to power, on BOR's

Accounts and Interest Receivable from the Public consists of the following as of September 30, 2008 and 2007:

(dollars in thousands)	FY 2008	FY 2007
Accounts and Interest Receivable from the Public		
Current	\$ 668,851	\$ 396,353
1 - 180 Days Past Due	49,240	62,816
181 - 365 Days Past Due	13,682	9,813
1 to 2 Years Past Due	36,906	171,337
Over 2 Years Past Due	231,113	79,281
Total Billed Accounts and Interest Receivable - Public	999,792	719,600
Unbilled Accounts and Interest Receivable	1,550,660	1,537,990
Total Accounts and Interest Receivable - Public	2,550,452	2,257,590
Allowance for Doubtful Accounts - Public	(970,147)	(310,573)
Total Accounts and Interest Receivable - Public, Net	\$ 1,580,305	\$ 1,947,017

behalf. Costs associated with multipurpose plants are allocated to the various purposes 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 recognized on the Balance Sheet when the annual repayment amount is earned, at which time current accounts receivable and current period exchange revenue is recorded. As of September 30, 2008 and 2007, amounts not yet earned under unmaturing repayment contracts were \$2.7 and \$2.8 billion, respectively.

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 entities consist of the following as of September 30, 2008 and 2007.

(dollars in thousands)	FY 2008		FY 2007	
Accounts and Interest Receivable from Federal Agencies				
Billed	\$	1,217,258	\$	1,111,057
Unbilled		486,575		310,822
Total Accounts and Interest Receivable - Federal	\$	1,703,833	\$	1,421,879

NOTE 6. INTRAGOVERNMENTAL LOANS AND INTEREST RECEIVABLE, NET

Intragovernmental Loans and Interest Receivable, as of September 30, 2008 and 2007, are summarized as follows.

(dollars in thousands)	FY 2008		FY 2007	
Principal	\$	6,810,664	\$	6,599,293
Interest		2,350,871		2,192,969
Cumulative Repayments		(6,075,917)		(5,943,259)
Allowance for Non-Reimbursable Costs		(21,702)		(21,702)
Intragovernmental Loans and Interest Receivable, Net	\$	3,063,916	\$	2,827,301

Interest rates vary by project and pertinent legislation, and range from 4.9 percent to 7.4 percent for FY 2008 and 4.9 percent to 7.6 percent for FY 2007. Repayment terms are generally over a period not to exceed 50 years from the time revenue producing assets are placed in service.

NOTE 7. LOANS AND INTEREST RECEIVABLE, NET

Direct loans and loan guarantees made prior to FY 1992 were funded by congressional appropriation from general or special funds. These loans, referred to as liquidating loans, are reported net of an allowance for estimated uncollectible loans. Net loans receivable or the value of the assets related to direct loans, is not necessarily equal to the proceeds that could be expected from selling these loans.

Direct loans and loan guarantees made after FY 1991 are accounted for in accordance with the requirements of the Federal Credit Reform Act (FCRA) 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. FCRA 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. 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. There have been 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 reestimates.

Included in the financial statements is a subsidy reestimate 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.

IA and BOR administer loan programs while the DO and NPS 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.

The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to direct loans or guarantees for loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loans or guarantees for 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 reestimates.

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

Interest is accrued daily on the outstanding principal balance of direct and assigned loans based on a 360-day year for precredit reform loans and 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. Interest is accrued on current and delinquent loans. Late fees accrue if a payment is received 15 days after its due date. For precredit reform loans, the amount of interest and late fees receivable is reduced by an allowance for uncollectible accounts. For credit reform direct loans, the interest and late fees receivable are considered in the subsidy allowance account.

Bureau of Reclamation. 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, the Rural Development and Policy Act of 1980, and the Rehabilitation and Betterment Act.

Other loans consist primarily of drought relief and repayment loans. The other loans receivable balances represent amounts due to BOR, net of an allowance for estimated uncollectible loan balances. The allowance is determined by management for loan balances where collectibility is considered to be uncertain based on various factors, including age, past experience, present market and economic 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.

The subsidy expense reported for FY 2008 includes a modification and technical reestimates. In FY 2007, the Ft. McDowell Yavapi Nation repayment obligation was cancelled in accordance with the Fort McDowell Indian Community Water Rights Settlement Revision Act of 2006 (Public Law 109-373). In FY 2008, appropriations for this cancellation were received and the associated loan receivable was written off. The subsidy re-estimate appropriation received in FY 2008 resulted in a net increase to the subsidy cost allowance of \$2.3 million for the quarter ended September 30, 2008, due to minor changes in the calculation this fiscal year. In FY 2007, OMB issued a new credit subsidy calculator that considers borrower performance in conjunction with historical loan financing account re-estimates, cash, and borrowing balances to arrive at the total technical re-estimate. This change in methodology combined with the FY 2007 Ft. McDowell loan forgiveness resulted in a net upward re-estimate, with a corresponding net increase to the subsidy cost allowance of \$23.3 million for the year ended September 30, 2007. In FY 2008 and 2007 there were no other changes in economic conditions, other risk factors, legislation, credit policies, and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates. For FY 2008 and 2007, there were no additional loan appropriations; therefore, there is no budget subsidy rate.

Departmental Offices. DO has two loans, one precredit reform loan to the U.S. Virgin Islands and one postcredit reform loan to the American Samoa Government (ASG).

In 1977, a loan was extended to the Virgin Islands from the Federal Financing Bank (FFB). This loan was considered a pre-Credit Reform loan. The loan receivable from the Virgin Islands has an offsetting liability to the FFB. Principal and interest payments are due in January and July of each year. Interest is based on the amortization schedule for the loan with the FFB. The interest is accrued each year-end based upon the period of July through September. In July 2008, the loan was paid in full.

In 2001, a loan was extended to the ASG. The total has been approved for \$18.6 million and made available to the ASG bearing interest at a rate equal to the Treasury cost of borrowing for obligations of similar duration. The proceeds of the loan were used by the ASG for debt reduction and fiscal reform. In FY 2005, Interior reserved the full loan amount based on a reassessment of the loan's collectability.

National Park Service. The NPS has a single noninterest bearing loan with the Wolf Trap Foundation for the Performing Arts with an original loan principal totaling \$8.5 million. The loan principal is to be repaid to the NPS within 25 years from June 1, 1991. The loan principal is repaid in equal annual installments of approximately \$360,000. 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 2008 and 2007, 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 Interior in consultation with the Wolf Trap Foundation for the maintenance of structures, facilities, and equipment of the park.

Notes to Principal Financial Statements

Outstanding loan balances, as of September 30, 2008 and 2007, are summarized as follows.

(dollars in thousands)

A. Direct Loan and Loan Guarantee Program Names:	FY 2008		FY 2007	
Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	\$	11,596	\$	12,113
Indian Affairs - Direct Loans (Credit Reform)		7,220		7,913
Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)		100		102
Indian Affairs - Guaranteed Loans (Credit Reform)		466		507
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)		41,964		47,301
Bureau of Reclamation - Direct Loans (Credit Reform)		51,331		55,628
Departmental Offices - Virgin Island (Pre-Credit Reform)		-		843
Departmental Offices - American Samoa Government (Credit Reform)		-		-
National Park Service - Wolf Trap Foundation (Pre-Credit Reform)		2,518		2,878
Total Loans and Interest Receivable, Net	\$	115,195	\$	127,285

(dollars in thousands)

Direct Loans

B. Direct Loans Obligated Prior to FY 1992:

Direct Loan Programs	Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method):					Value of Assets Related to Direct Loans, Net
	Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Foreclosed Property		
Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	\$ 10,436	\$ 1,777	\$ (617)	\$ -	\$ -	\$ 11,596
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	49,146	73	(7,255)	-	-	41,964
Departmental Offices - Virgin Island (Pre-Credit Reform)	-	-	-	-	-	-
National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	2,518	-	-	-	-	2,518
FY 2008 Total	\$ 62,100	\$ 1,850	\$ (7,872)	\$ -	\$ -	\$ 56,078
Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	\$ 11,323	\$ 1,713	\$ (923)	\$ -	\$ -	\$ 12,113
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	54,481	75	(7,255)	-	-	47,301
Departmental Offices - Virgin Island (Pre-Credit Reform)	794	49	-	-	-	843
National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	2,878	-	-	-	-	2,878
FY 2007 Total	\$ 69,476	\$ 1,837	\$ (8,178)	\$ -	\$ -	\$ 63,135

(dollars in thousands)

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
Indian Affairs - Direct Loans (Credit Reform)	\$ 5,520	\$ 189	\$ -	\$ 1,511	\$ 7,220
Bureau of Reclamation - Direct Loans (Credit Reform)	77,351	-	-	(26,020)	51,331
Departmental Offices - American Samoa Government (Credit Reform)	16,422	254	-	(16,676)	-
FY 2008 Total	\$ 99,293	\$ 443	\$ -	\$ (41,185)	\$ 58,551
Indian Affairs - Direct Loans (Credit Reform)	\$ 6,200	\$ 180	\$ -	\$ 1,533	\$ 7,913
Bureau of Reclamation - Direct Loans (Credit Reform)	94,139	-	-	(38,511)	55,628
Departmental Offices - American Samoa Government (Credit Reform)	17,317	945	-	(18,262)	-
FY 2007 Total	\$ 117,656	\$ 1,125	\$ -	\$ (55,240)	\$ 63,541

(dollars in thousands)

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

Direct Loan Programs	FY 2008	FY 2007
Bureau of Reclamation - Direct Loans (Credit Reform)	\$ -	\$ 9,213
Departmental Offices - American Samoa Government (Credit Reform)	-	-
Total	\$ -	\$ 9,213

Notes to Principal Financial Statements

(dollars in thousands)

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)	\$ -	\$ -	\$ -	\$ (1)	(1)	
Departmental Offices - American Samoa Government (Credit Reform)	-	-	-	-	-	
FY 2008 Total	\$ -	\$ -	\$ -	\$ (1)	(1)	

Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total	
Bureau of Reclamation - Direct Loans (Credit Reform)	\$ -	\$ -	\$ -	\$ (713)	(713)	
Departmental Offices - American Samoa Government (Credit Reform)	-	-	-	-	-	
FY 2007 Total	\$ -	\$ -	\$ -	\$ (713)	(713)	

Modifications and Reestimates						
Direct Loan Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates		
Indian Affairs - Direct Loans (Credit Reform)	\$ -	\$ (527)	\$ 693	166		
Bureau of Reclamation - Direct Loans (Credit Reform)	-	-	949	949		
Departmental Offices - American Samoa Government (Credit Reform)	-	-	-	-		
FY 2008 Total	\$ -	\$ (527)	\$ 1,642	\$ 1,115		

Indian Affairs - Direct Loans (Credit Reform)	\$ -	\$ (2,628)	\$ (566)	(3,194)		
Bureau of Reclamation - Direct Loans (Credit Reform)	4,404	-	23,330	27,734		
Departmental Offices - American Samoa Government (Credit Reform)	2,177	-	-	2,177		
FY 2007 Total	\$ 6,581	\$ (2,628)	\$ 22,764	\$ 26,717		

Total Direct Loan Subsidy Expense:

Direct Loan Programs	FY 2008	FY 2007
Indian Affairs - Direct Loans (Credit Reform)	\$ 167	\$ (3,194)
Bureau of Reclamation - Direct Loans (Credit Reform)	948	27,021
Departmental Offices - American Samoa Government (Credit Reform)	-	2,177
Total	\$ 1,115	\$ 26,004

(dollars in thousands)

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)	0.0%	0.0%	0.0%	0.0%	0.0%
Departmental Offices - American Samoa Government (Credit Reform)	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2008 Total	0.0%	0.0%	0.0%	0.0%	0.0%

Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
Bureau of Reclamation - Direct Loans (Credit Reform)	0.0%	0.0%	0.0%	0.0%	0.0%
Departmental Offices - American Samoa Government (Credit Reform)	0.0%	0.0%	0.0%	0.0%	0.0%
FY 2007 Total	0.0%	0.0%	0.0%	0.0%	0.0%

(dollars in thousands)

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

	FY 2008	FY 2007
Beginning balance of the subsidy cost allowance	\$ 55,239	\$ 30,557
Add: Subsidy expense for direct loans disbursed during the reporting years by component:		
(a) Interest rate differential costs	-	-
(b) Other subsidy costs	(1)	(713)
Total of the above subsidy expense components	(1)	(713)
Adjustments:		
(a) Loan modification	1,113	6,581
(d) Loans written off	(13,002)	1,009
(e) Subsidy allowance amortization	(3,960)	2,049
(f) Other	678	(4,379)
Ending balance of the subsidy cost allowance before reestimates	40,067	35,104
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate	(527)	(2,628)
(b) Technical/default reestimate	1,642	22,764
Total of the above reestimate components	1,115	20,136
Ending balance of the subsidy cost allowance	\$ 41,182	\$ 55,240

Notes to Principal Financial Statements

(dollars in thousands)

Defaulted Guaranteed Loans

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
Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	\$ 2,287	\$ 1,059	\$ -	\$ (3,246)	\$ 100
FY 2008 Total	\$ 2,287	\$ 1,059	\$ -	\$ (3,246)	\$ 100

Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	\$ 2,391	\$ 1,006	\$ -	\$ (3,295)	\$ 102
FY 2007 Total	\$ 2,391	\$ 1,006	\$ -	\$ (3,295)	\$ 102

(dollars in thousands)

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)	Asset Values Related to Defaulted Guaranteed Loans Rec., Net
Indian Affairs - Guaranteed Loans (Credit Reform)	\$ 4,103	\$ 1,102	\$ -	\$ (4,739)	\$ 466
FY 2008 Total	\$ 4,103	\$ 1,102	\$ -	\$ (4,739)	\$ 466

Indian Affairs - Guaranteed Loans (Credit Reform)	\$ 4,447	\$ 1,245	\$ -	\$ (5,185)	\$ 507
FY 2007 Total	\$ 4,447	\$ 1,245	\$ -	\$ (5,185)	\$ 507

(dollars in thousands)

Loan Guarantees

J. Guaranteed Loans Outstanding as of September 30, 2008:

Guaranteed Loans Outstanding		Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Loan Guarantee Programs			
Pre-1992		\$ 263	\$ 229
FY 1992		566	504
FY 1993		64	51
FY 1994		6,443	5,796
FY 1995		75	60
FY 1996		-	-
FY 1997		4,123	3,710
FY 1998		3,430	3,087
FY 1999		11,221	10,076
FY 2000		32,823	29,534
FY 2001		5,683	4,843
FY 2002		14,587	13,111
FY 2003		27,200	24,431
FY 2004		55,520	49,789
FY 2005		29,336	26,171
FY 2006		91,451	81,507
FY 2007		60,893	53,231
FY 2008		17,715	15,774
Total		\$ 361,393	\$ 321,904

New Guaranteed Loans Disbursed:

New Guaranteed Loans Disbursed:		Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Loan Guarantee Programs			
	Amount Paid in FY 2008 for Prior Years	\$ 47,081	\$ 42,373
	Amount Paid in FY 2008 for 2008 Guarantees	18,672	16,804
FY 2008	Total	65,753	59,177
	Amount Paid in FY 2007 for Prior Years	44,193	39,774
	Amount Paid in FY 2007 for 2007 Guarantees	31,891	28,702
FY 2007	Total	\$ 76,084	\$ 68,476

Notes to Principal Financial Statements

(dollars in thousands)

K. Liability for Loan 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
Liability for Loan Guarantees (Estimated Future Default Claims for pre-1992 guarantees):				
Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)				
	\$	-	\$ 36,180	\$ 36,180
FY 2008	Total	\$ -	\$ 36,180	\$ 36,180
Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)				
	\$	-	\$ 41,434	\$ 41,434
FY 2007	Total	\$ -	\$ 41,434	\$ 41,434

(dollars in thousands)

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

Loan Guarantee Programs		Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Subsidy Expense for New Loan Guarantees:						
Indian Affairs - Guaranteed Loans (Credit Reform)						
	\$	2,186	\$ 2,976	\$ (1,183)	-	\$ 3,979
FY 2008	Total	\$ 2,186	\$ 2,976	\$ (1,183)	-	\$ 3,979
Indian Affairs - Guaranteed Loans (Credit Reform)						
	\$	2,622	\$ 3,016	\$ (1,370)	-	\$ 4,268
FY 2007	Total	\$ 2,622	\$ 3,016	\$ (1,370)	-	\$ 4,268

Modifications and Reestimates:

Loan Guarantee Programs		Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Indian Affairs - Guaranteed Loans (Credit Reform)					
	\$	-	\$ (773)	\$ (3,344)	\$ (4,117)
FY 2008	Total	\$ -	\$ (773)	\$ (3,344)	\$ (4,117)
Indian Affairs - Guaranteed Loans (Credit Reform)					
	\$	-	\$ (31,166)	\$ (25,547)	\$ (56,713)
FY 2007	Total	\$ -	\$ (31,166)	\$ (25,547)	\$ (56,713)

Total Loan Guarantee Subsidy Expense:

Loan Guarantee Programs		FY 2008	FY 2007
Indian Affairs - Guaranteed Loans (Credit Reform)			
	\$	(138)	\$ (52,445)
Total	\$	(138)	\$ (52,445)

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

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
	Indian Affairs - Guaranteed Loans (Credit Reform)	3.0%	5.0%	-2.0%	0.0%	6.0%
FY 2008	Total	3.0%	5.0%	-2.0%	0.0%	6.0%
	Indian Affairs - Guaranteed Loans (Credit Reform)	3.0%	5.0%	-2.0%	0.0%	6.0%
FY 2007	Total	3.0%	5.0%	-2.0%	0.0%	6.0%

(dollars in thousands)

N. Schedule for Reconciling Loan Guarantee Liability Balances

	FY 2008	FY 2007
Beginning balance of the loan guarantee liability	\$ 41,434	\$ 92,380
Add: Subsidy expense for guaranteed loans disbursed during the reporting years by component:		
(a) Interest supplement costs	2,186	2,621
(b) Default costs (net of recoveries)	2,976	3,016
(c) Fees and other collections	(1,183)	(1,370)
Total of the above subsidy expense components	3,979	4,267
Adjustments:		
(a) Loan guarantee modification	-	-
(b) Fees received	996	1,805
(c) Interest supplements paid	(3,559)	(4,070)
(d) Claim payments to lenders	(101)	(1,540)
(e) Interest accumulation on the liability balance	2,039	5,861
(f) Other (recovery, revenue, and prior period adjustments)	(4,490)	(556)
Ending balance of the loan guarantee liability before reestimates	40,298	98,147
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate	(773)	(31,166)
(b) Technical/default reestimate	(3,344)	(25,547)
Total of the above reestimate components	(4,117)	(56,713)
Ending balance of the loan guarantee liability	\$ 36,181	\$ 41,434

(dollars in thousands)

O. Administrative Expense:

	Direct Loan Programs	Loan Guarantee Programs
	Bureau of Reclamation - Direct Loans (Credit Reform)	Indian Affairs - Guaranteed Loan Programs
FY 2008	\$ 56	\$ 1,336
	Total	Total
	\$ 56	\$ 1,336
	Bureau of Reclamation - Direct Loans (Credit Reform)	Indian Affairs - Guaranteed Loan Programs
FY 2007	\$ 76	\$ 1,199
	Total	Total
	\$ 76	\$ 1,199

NOTE 8. INVENTORY AND RELATED PROPERTY, NET

Inventory and Related Property as of September 30, 2008 and 2007, consist of the following:

(dollars in thousands)	FY 2008	FY 2007
Inventory		
Published Maps Held for Current/Future Sale	\$ 7,770	\$ 7,379
Gas and Storage Rights held for Current / Future Sales	890	907
Operating Materials		
Working Capital Fund: Inventory, Held for Use	2,372	1,010
Airplane Parts and Fuel, Held for Use	1,097	1,006
Stockpile Materials		
Recoverable Below-Ground Crude Helium Held in Reserve	7,235	7,235
Recoverable Below-Ground Crude Helium Held for Sale	224,568	244,765
Total Inventory and Related Property	243,932	262,302
Allowance for Obsolescence	(7,285)	(6,889)
Inventory and Related Property, Net	\$ 236,647	\$ 255,413

NOTE 9. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

Property, Plant, and Equipment (PP&E) consists of that property which is used in operations and, with some exceptions, consumed over time.

PP&E categories with corresponding accumulated depreciation as of September 30, 2008, are shown in the following table.

FY 2008 (dollars in thousands)	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land and Land Improvements	\$ 2,104,991	\$ 81,216	\$ 2,023,775
Buildings	3,342,038	1,379,386	1,962,652
Structures and Facilities	20,259,351	9,591,410	10,667,941
Leasehold Improvements	64,263	26,061	38,202
Construction in Progress			
Construction in Progress - General	2,101,182	-	2,101,182
Construction in Progress in Abeyance	575,036	-	575,036
Equipment, Vehicles, and Aircraft	1,863,754	1,165,183	698,571
Assets Under Capital Lease	46,973	12,758	34,215
Internal Use Software:			
In Use	180,532	106,377	74,155
In Development	131,179	-	131,179
Total Property, Plant, and Equipment	\$ 30,669,299	\$ 12,362,391	\$ 18,306,908

PP&E categories with corresponding accumulated depreciation as of September 30, 2007, are shown in the following table.

FY 2007 (dollars in thousands)	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land and Land Improvements	\$ 2,090,597	\$ 74,817	\$ 2,015,780
Buildings	3,156,022	1,301,107	1,854,915
Structures and Facilities	20,015,177	9,359,854	10,655,323
Leasehold Improvements	70,016	22,613	47,403
Construction in Progress			
Construction in Progress - General	1,949,212	-	1,949,212
Construction in Progress in Abeyance	571,639	-	571,639
Equipment, Vehicles, and Aircraft	1,792,378	1,135,334	657,044
Assets Under Capital Lease	30,367	6,994	23,373
Internal Use Software:			
In Use	156,837	88,444	68,393
In Development	87,716	-	87,716
Total Property, Plant, and Equipment	\$ 29,919,961	\$ 11,989,163	\$ 17,930,798

NOTE 10. STEWARDSHIP ASSETS

Interior's mission is to protect and manage the Nation's natural resources and cultural heritage. To ensure that these resources are preserved and sustained for the benefit and enjoyment of future generations, Congress has enacted legislation to assist in asset management.

Effective October 1, 2007, Interior adopted the provisions of SFFAS No. 29, *Heritage Assets and Stewardship Land*, that Interior had not adopted in prior years. Under such provisions, Interior presented heritage asset and stewardship land unit disclosures in the notes to the financial statements rather than as Required Supplementary Information. In accordance with such provisions, Interior did not present comparative 2007 heritage asset and stewardship land disclosures.

The predominant laws governing the management of stewardship land are the NPS Organic Act (16 U.S.C. 1-4) and the Federal Land Policy and Management Act (FLPMA) of 1976 (43 U.S.C. 1701 et seq., Public Law 94-579, Sec. 103 (e)). However, there are many other significant laws that provide additional guidance on various aspects of stewardship land. Combined, these laws direct the management of the land for the benefit of present and future generations.

One of the most significant laws, FLPMA, created the concept of multiple use. Management of public lands and their resources are used in a combination

that best meets the present and future needs of the American people.

The preservation and management of heritage assets located on Federal lands or preserved in Federal and Nonfederal facilities is guided chiefly by the Antiquities Act of 1906 (16 U.S.C. 431-433), the Archaeological Resources Protection Act of 1979, as amended (16 U.S.C. 470aa-mm), Curation of Federally-Owned and Administered Archeological Collections (36 C.F.R Part 79), the Native American Graves Protection and Repatriation Act of 1990, the National Historic Preservation Act (16 U.S.C. 468-468d), and Executive Order 13287 "Preserve America." These laws, however, are a sample of the many laws and regulations put in place that govern the preservation and management of stewardship assets.

Through these laws and regulations, Interior strives to preserve and manage stewardship land and heritage assets so that their value is preserved intelligently and that they are thoughtfully integrated into the needs of the surrounding communities. The cited legislation is implemented through Interior policy and guidance, whereby continuous program management evaluations and technical reviews ensure compliance.

The Required Supplementary Information section of this report provides additional information on the condition of stewardship land and heritage assets.

Stewardship Lands

Interior-administered stewardship lands encompass a wide range of activities, including recreation, conservation, and functions vital to the health of the economy of the American people. These include National Parks, National Wildlife Refuges, Public Lands, and many other lands of national and historical significance.

Each bureau within Interior that administers stewardship lands serves to preserve, conserve, protect, and interpret how best to manage the Nation's natural, cultural, and recreational resources. Some of these stewardship lands have been designated as multiple-use, which Congress defines as management of both the land and the use of the land in a combination that will best meet the present and future needs of the American people. The resources and uses embraced by the multiple use concept include mineral development; natural, scenic, scientific, and historical values; outdoor recreation; livestock grazing; timber management; watersheds; and wildlife and fish habitat.

In general, units are added through Presidential, Congressional, or Secretarial action; an authorization by the President, Congress, or the Secretary is also required to remove units from Interior stewardship lands. The IA is in a unique position in that the land managed is Tribal/Reservation land that has been administratively designated to IA for a specific purpose that will

benefit the Tribe. The land or land rights could be withdrawn/returned to the Tribe based on the terms of the initial agreement or subsequent agreements. Although the structures constructed on these lands may be considered operational in nature, the land on which these structures reside are managed in a stewardship manner to provide services to the Tribe/Reservation. However, boundaries of individual units may be expanded or altered by fee title purchase, transfer of jurisdiction, gift, or withdrawal from the public domain. The change in boundaries of individual units occurs to enhance the purpose for which the unit exists.

Bureau Stewardship Lands

Indian Affairs

Regional Offices. Land owned by IA generally consists of parcels located within the boundaries of Indian reservations which have been temporarily withdrawn for administrative uses. Therefore, classifying this land as Stewardship Land is consistent with SFFAS No. 29, *Heritage Assets and Stewardship Land*, in that heritage assets, including stewardship land, are to be held for the general welfare of the nation and are intended to be preserved and protected. IA has stewardship responsibility for the multiple-use management of lands held for the benefit of American Indians and Alaska Natives. IA manages its stewardship land by 12 administrative regional offices whose boundaries largely follow one or more state lines.

Primary Land Management Categories	As of October 1, 2007	Increase	Decrease	As of September 30, 2008
IA - Regional Offices	12	-	-	12
BLM - Geographic Management Areas	126	14	6	134
BOR - Federal Water and Related Projects	145	-	3	142
FWS - National Wildlife Refuges	548	-	-	548
FWS - Coordination Areas	50	-	1	49
FWS - Wetland Management Districts	37	-	-	37
FWS - National Fish Hatcheries	67	-	-	67
FWS - Fish Health Centers	9	-	-	9
FWS - Fish Technology Centers	8	-	-	8
FWS - Associated Fish Facilities	19	-	-	19
NPS - Park Units	377	1	-	378
OS - Commission Land	1	-	-	1
Total Number of Units	1,399	15	10	1,404

Two exceptions are the Navajo region, which includes parts of Arizona, Utah and New Mexico, and the Eastern Oklahoma region, which includes the eastern section of Oklahoma.

Bureau of Land Management

Geographic Management Areas. The BLM reports its stewardship land by 12 “administrative” states whose boundaries largely follow one or more political state lines; the administrative States are further divided into 126 administrative management areas. Specific land use plans are developed and implemented for each of these administrative management areas to manage the land’s resources for both present and future periods.

The BLM is guided by principles of multiple use. Multiple uses include: domestic livestock grazing, fish and wildlife development and utilization, mineral exploration and production, rights-of-way, outdoor recreation, or timber production.

Bureau of Reclamation

Federal Water and Related Projects. This land is used for Federal water and related projects that have been authorized and funded by Congress. These projects include dams, reservoirs, canals, laterals, and various other types of water related properties. The lands for these projects were acquired or withdrawn from the public domain to construct, operate, and maintain the projects. Recreational activities such as fishing, boating, camping, etc., are authorized on these withdrawn lands.

Fish and Wildlife Service

Lands are acquired through a variety of methods, including withdrawal from the public domain, fee title purchase, transfer of jurisdiction, donation, or gift. The FWS purchases land through two primary sources of funding: the Migratory Bird Conservation Fund and the Land and Water Conservation Fund. The FWS lands are managed and used in accordance with the explicit purpose of the statutes that authorize acquisition or designation and that direct use and management of the land.

National Wildlife Refuges (NWR). NWR land is used for the fish, wildlife, and plants that depend on these lands for habitat. These lands are protected in perpetuity for as long as they remain in the NWR System. NWR land is managed to maintain their natural state, to mitigate adverse effects of actions

previously conducted by others, or to enhance existing conditions to improve benefits to fish, wildlife, and plant resources.

Coordination Areas. Coordination Area land is used as a wildlife management area that is made available to a State by cooperative agreement between the FWS and a State agency having control over wildlife resources.

Wetland Management Districts. Wetland Management Districts are important components of the NWR System. They differ from refuges, which frequently consist of a single contiguous parcel of land, in that they are generally scattered, small parcels of land. The primary use is to conserve waterfowl nesting and rearing habitats. Wetland Management Districts consist of Waterfowl Production Areas, Wetland Easements, or Grassland Easements.

National Fish Hatcheries. National Fish Hatchery land is used to rear various aquatic species in accordance with specific species management plans for the purpose of recovery, restoration, mitigation, or other special conservation effort and may include the release or transfer of, or the provision of refuge for, the species propagated.

Fish Health Centers. This land is used, in cooperation with federal, state, and tribal fishery managers, to identify and control fish pathogens and diseases, particularly in wild stocks. These facilities focus on providing core diagnostic, monitoring, and technical assistance services that are essential for maintaining healthy fish populations and reducing impacts of fish disease.

Fish Technology Centers. This land is used to house applied research centers that provide leadership in science-based management of trust aquatic resources through the development of new concepts, strategies, and techniques to solve problems in hatchery operations and aquatic resource conservation.

Associated Fish Facilities. These land units are owned by the Federal government, but operated by some other entity (state agency, tribal conservation unit, etc.). The FWS usually has limited management or oversight responsibility for these land units.

National Park Service

Park Units. National Park units are used and managed in accordance with the statutes authorizing their establishment or directing their use and management. The NPS conducts various activities to preserve and protect land resources and to mitigate the effects of activities conducted previously on or near parks that adversely affect the natural state of the land.

Office of the Secretary/Departmental Offices Utah Reclamation Mitigation and Conservation Commission. This land is used for fish and wildlife habitat and recreation to replace or offset the loss in Utah of fish and wildlife resources and related recreational opportunities caused by the acquisition, construction, and operation of BOR project assets such as dams, power plants, roads, pipelines, aqueducts, operation and maintenance buildings, and visitor centers.

Heritage Assets

Interior is steward for a large, varied, and scientifically important body of heritage assets, both non-collectible and collectible in nature.

Non-Collectible Heritage Assets

Non-collectible heritage assets include historic sites, historic and prehistoric structures, cultural landscapes, and many other resources. Some stewardship land assets are also considered to be non-collectible heritage assets, such as national parks and fish and wildlife refuges. In addition, subsets of lands within the National Park System may have additional heritage asset designations such as wilderness areas, wild and scenic rivers, trails, national battlefields, and national recreation areas. Heritage assets are added or withdrawn through Presidential, Congressional, or Secretarial designation.

Descriptions of the 31 types of non-collectible heritage assets are:

Cooperative Management and Protection Areas. The BLM manages one congressionally designated cooperative management and protection area, the Steens Mountain Cooperative Management and Protection Area, located in southeastern Oregon. Cooperative and innovative management projects are maintained and enhanced by the BLM, private landowners, tribes, and other public interest groups.

Headwaters Forest Reserve. The Headwaters Forest Reserve, located in central Humboldt County, California, was acquired from private owners by the BLM and the State of California. While title is held by BLM, this area is co-managed by the BLM

and the State of California to protect the stands of old-growth redwoods that provide habitat for a threatened seabird, the marbled murrelet, as well as the headwaters that serve as a habitat for the threatened Coho salmon and other fisheries.

Lake Todatonten Special Management Area. The U.S. Congress authorized the creation of the Lake Todatonten Special Management Area located in the interior of Alaska. Lake Todatonten, the central feature of this special management area, is particularly important to waterfowl which use the area for migration, staging, molting, and nesting. The lake and its surrounding hills are also home to moose, bear, and other furbearers and are managed by the BLM.

National Battlefields. A national battlefield is an area of land on which a single historic battle or multiple historic battles took place during varying lengths of time. This general title includes national battlefields, national battlefield parks, national battlefield sites, and national military parks.

National Conservation Areas. Congress designates national conservation areas so that present and future generations of Americans can benefit from the conservation, protection, enhancement, use, and management of these areas and enjoy their natural, recreational, cultural, wildlife, aquatic, archeological, paleontological, historical, educational, and/or scientific resources and values. National Conservation Areas are managed by BLM.

Non-Collectible Heritage Asset Categories	As of October 1, 2007	Increase	Decrease	As of September 30, 2008
Cooperative Management and Protection Areas	1	-	-	1
Headwaters Forest Reserve	1	-	-	1
Lake Todatonten Special Management Area	1	-	-	1
National Battlefield Parks	3	-	-	3
National Battlefield Sites	1	-	-	1
National Battlefields	11	-	-	11
National Conservation Areas	13	-	-	13
National Historic Landmarks (NHL)	202	-	-	202
National Historic Sites	79	1	-	80
National Historic Trails	10	-	-	10
National Historical Parks	42	-	-	42
National Lakeshores	4	-	-	4
National Memorials	28	-	-	28
National Military Parks	9	-	-	9
National Monuments	91	-	1	90
National Natural Landmarks (NNL)	108	-	-	108
National Parks	58	-	-	58
National Parkways	4	-	-	4
National Preserves	18	-	-	18
National Recreation Areas	19	-	-	19
National Recreation Trails	89	6	-	95
National Reserves	2	-	-	2
National Rivers	5	-	-	5
National Scenic Trails	6	-	-	6
National Seashores	10	-	-	10
National Wild and Scenic Rivers	60	-	-	60
National Wildlife Refuges	548	-	-	548
Outstanding Natural Area	1	2	-	3
International Historic Sites	1	-	-	1
Wilderness Areas	321	-	-	321
Other	11	-	-	11
Total	1,757	9	1	1,765

National Historic Landmarks. The Historic Sites Act of 1935 authorizes the Secretary of the Interior to designate National Historic Landmarks as the Federal Government's official recognition of the national significance of historic properties. These landmarks possess exceptional value or quality in illustrating or interpreting the heritage of the United States in history, architecture, archeology, technology, and culture. They also possess a high degree of integrity of location, design, setting, materials, workmanship, feeling, and association. National Historic Landmarks are managed by IA, BOR, FWS, BLM, and NPS.

National Historic Sites. Usually, a national historic site contains a single historical feature that was directly associated with its subject. Derived from the Historic Sites Act of 1935, some historic sites were established by Secretaries of the Interior; but most have been authorized by acts of Congress.

National Historic Trails. See National Trails System.

National Historical Parks. This designation generally applies to historic parks that extend beyond single properties or buildings.

National Lakeshores. A national lakeshore is a protected area of lakeshore that is maintained to preserve a significant portion of the diminishing shoreline of the Great Lakes for the benefit, inspiration, education, recreational use, and enjoyment of the public. Although National Lakeshores can be established on any natural freshwater lake, the existing four are all located on the Great Lakes. National Lakeshores closely parallel National Seashores in character and use.

National Memorials. A national memorial is commemorative of a historic person or episode; it need not occupy a site historically connected with its subject.

National Monuments. National monuments are normally designated by Congress to protect historic landmarks, historic and prehistoric structures, or other objects of historic or scientific interest on the public lands. The Antiquities Act of 1906 authorized the President to declare by public proclamation landmarks, structures, and other objects of historic or scientific interest situated on lands owned or controlled by the Government to be national monuments. National Monuments are managed by BLM, FWS, and NPS.

National Natural Landmarks. National Natural Landmarks are designated by the Secretary of the Interior. To qualify as a national natural landmark, the area must contain an outstanding representative example(s) of the Nation's natural heritage, including terrestrial communities, aquatic communities, landforms, geological features, habitats of native plant and animal species, or fossil evidence of the development of life on earth and must be located within the boundaries of the United States, its Territories, or on the Continental Shelf. National Natural Landmarks are managed by Reclamation, FWS, NPS, and BLM.

National Parks. Generally, national parks are large natural places that encompass a wide variety of attributes, sometimes including significant historic assets. Hunting, mining, and consumptive activities are not authorized.

National Parkways. The title parkway refers to a roadway and the parkland paralleling the roadway. All were intended for scenic motoring along a protected corridor and often connect cultural sites.

National Preserves. National preserves are areas having characteristics associated with national parks but in which Congress has permitted continued public hunting, trapping, oil/gas exploration, and extraction.

National Recreation Areas. A national recreation area is an area designated by Congress to assure the conservation and protection of natural, scenic, historic, pastoral, and fish and wildlife values and to provide for the enhancement of recreational values. National Recreation Areas are generally centered on large reservoirs and emphasize water-based recreation with some located near major population centers.

National Recreation Trails. See National Trails System.

National Reserves. National Reserves are similar to national preserves; except that management may be transferred to local or state authorities.

National Rivers. There are several variations to this category: National River and Recreation Area, National Scenic River, Wild River, etc. These rivers possess remarkable scenic, recreational, geologic, fish and wildlife, historic, cultural or other similar values, shall be preserved in free-flowing condition, and that they and their immediate environments shall be protected for the benefit and enjoyment of present and future generations.

National Scenic Trails. See National Trails System.

National Seashores. A National Seashore preserves shoreline areas and off-shore islands with natural and recreational significance with the dual goal of protecting precious, ecologically fragile land, while allowing the public to enjoy a unique resource. The national seashores are located on the Atlantic, Pacific, and Gulf coasts of the United States.

National Trails System. Since the passage of the National Trail System Act in 1968, BLM and NPS have assumed responsibility over several national historic, recreation, or scenic trails designated by Congress. Designations include National Historic Trails, National Scenic Trails, and National Recreation Trails.

National Wild and Scenic Rivers. Rivers designated in the National Wild and Scenic Rivers System are classified in one of three categories (wild, scenic, and recreational), depending on the extent of development and accessibility along each section. In addition to being free flowing, these rivers and their immediate environments must possess at least one outstanding remarkable value—scenic, recreational, geologic, fish and wildlife, historic, cultural, or other similar values.

National Wildlife Refuges (NWR) NWR land is utilized to benefit the fish, wildlife, and plants that depend on these lands for habitat benefit over both the short and long term. These lands are protected for as long as they remain in the NWR System.

Outstanding Natural Area. An outstanding natural area consists of protected lands to preserve exceptional, rare, or unusual natural characteristics and to provide for the protection or enhancement of natural, educational, or scientific values. These areas are protected by allowing physical and biological processes to operate, usually without direct human intervention. BLM manages one such area, the Yaquina Head Outstanding Natural Area, located in Newport, Oregon.

International Historic Site. These are relevant to the respective countries' histories. The lone International Historic Site, Saint Croix International Historic Site, is relevant to both U.S. and Canadian history and is managed by the NPS.

Wilderness Areas. Wilderness Areas are defined as a place where the earth and its community of life are untrammled by man, where man himself is a visitor and does not remain. These areas are open to the public for purposes of recreational, scenic, scientific, educational, conservatorial, and historical use. Generally a wilderness area is greater than 5,000 acres and appears to have been affected primarily by the forces of nature, with human development substantially unnoticeable. Wilderness areas provide outstanding opportunities for solitude or primitive and unconfined types of recreation. Wilderness areas are managed by BLM, NPS, and FWS.

Other. This category includes those park units that cannot be readily included in any of the standard categories. Examples include: Catocin Mountain Park, Maryland; Constitution Gardens, District of Columbia; National Capital Parks located in the District of Columbia, Maryland, and Virginia; the White House; the National Mall; and Wolf Trap National Park for the Performing Arts located in Virginia.

Collectible Heritage Assets

The Department is steward of a large, unique, and diversified collection of library holdings and museum collections. Museum collections are held in both Federal and non-Federal facilities.

	As of October 1, 2007	Increase	Decrease	As of September 30, 2008
Library Collections	7	-	-	7

Library Collections

Library collections are added when designated by the Secretary, Congress, or the President. A library collection may be withdrawn if it is later managed as part of a museum collection, if legislation is amended, and/or if the park unit is withdrawn.

Departmental Offices. DOI manages the Interior Library. This library was created by Secretarial Order and the collections represent a national resource in the disciplines vital to the missions of the Department. The collection covers Native American culture and history, American history, National Parks, geology, nature, wildlife management, public lands management, and law. In addition, the Library's collection of online databases and access to other electronic information sources enable Departmental personnel and other researchers to access needed information from their computers. Departmental policy dictates that copies of all publications produced by or for its bureaus and offices will be deposited in the Library collection.

U.S. Geological Survey. USGS library holdings, collected during more than a century of providing library services, are an invaluable legacy to the Nation. The Secretarial Order that founded the USGS decreed that copies of reports published by the USGS should be given to the library in exchange for publications of State and national geological surveys and societies. The USGS's four library collections provide scientific information needed by Interior researchers, as well as researchers of other government agencies, universities, and professional communities. Besides providing resources for USGS scientific investigations, the library collections provide access to geographical, technical, and historical literature in paper and electronic formats for the general public and the industry. These libraries are housed in Reston, Virginia; Menlo Park, California; Denver, Colorado; and Flagstaff, Arizona.

National Park Service. The NPS reports those libraries that are specifically designated as libraries in the park's establishing legislation and are not managed as part of the park's museum collection.

Museum Collections	As of October 1, 2007	Increase	Decrease	As of September 30, 2008
Held at Interior Bureau Facilities	600	3	8	595
Held at Non-Interior Bureau Facilities	482	1	3	480
Total	1,082	4	11	1,075

Museum Collections

Department of the Interior museum collections are intimately associated with the lands and cultural and natural resources for which Interior bureaus share stewardship responsibilities. Disciplines represented include art, ethnography, archeology, documents, history, biology, paleontology, and geology.

Collections are organized by location for the purposes of physical accountability. Each bureau has the authority to add or remove an individual museum collection unit based on their own discretion. No further approval is required for additions and deletions of a museum collection outside of the bureau .

Museum collections are housed in both Federal and nonfederal institutions in an effort to maximize accessibility to the public while reducing costs to the American public and our bureaus. Museum

collections managed by Interior are important both for their intrinsic value and for their usefulness that supports Interior's mission of managing Federal land, cultural resources, and natural resources.

NOTE 11. ASSETS ANALYSIS

Assets of Interior include entity assets (unrestricted and restricted) and nonentity assets. Unrestricted assets are those available for use by Interior. Restricted assets, as defined by Interior, are certain large unavailable receipt funds that are only available for Interior use when appropriated by Congress. Nonentity assets are currently held by but not available to Interior 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 Environmental Improvement and Restoration Fund, the Reclamation Fund, and other unavailable receipt funds. See Note 24, Earmarked Funds, for additional information on some of these funds.

Nonentity assets, restricted by nature, consist of MMS's custodial royalty activity, a portion of the Sport Fish Restoration and Boating 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, 2008, are summarized into the following categories:

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Non Entity Restricted	FY 2008
Intragovernmental Assets:				
Fund Balance with Treasury	\$ 10,936,133	\$ 26,485,878	\$ 510,953	\$ 37,932,964
Investments, Net	5,719,851	1,484,169	141,078	7,345,098
Accounts and Interest Receivable	837,912	815	865,106	1,703,833
Loans and Interest Receivable, Net	-	3,063,916	-	3,063,916
Other				
Advances and Prepayments	556	-	-	556
Total Intragovernmental Assets	17,494,452	31,034,778	1,517,137	50,046,367
Cash	474	-	-	474
Investments, Net	201,513	-	-	201,513
Accounts and Interest Receivable, Net	196,178	4,078	1,380,049	1,580,305
Loans and Interest Receivable, Net	115,195	-	-	115,195
Inventory and Related Property, Net	236,647	-	-	236,647
General Property, Plant, and Equipment, Net	18,306,908	-	-	18,306,908
Other				
Advances and Prepayments	94,355	-	-	94,355
Net Power Rights	97,503	-	-	97,503
Subtotal	191,858	-	-	191,858
TOTAL ASSETS	\$ 36,743,225	\$ 31,038,856	\$ 2,897,186	\$ 70,679,267

Notes to Principal Financial Statements

Interior's assets as of September 30, 2007, are summarized into the following categories:

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Non Entity Restricted	FY 2007
Intragovernmental Assets:				
Fund Balance with Treasury	\$ 9,979,040	\$ 24,502,019	\$ 295,612	\$ 34,776,671
Investments, Net	5,812,382	1,419,391	90,772	7,322,545
Accounts and Interest Receivable	761,304	1,022	659,553	1,421,879
Loans and Interest Receivable, Net	-	2,827,301	-	2,827,301
Other				
Advances and Prepayments	529	-	-	529
Total Intragovernmental Assets	16,553,255	28,749,733	1,045,937	46,348,925
Cash	756	-	-	756
Investments, Net	163,354	-	-	163,354
Accounts and Interest Receivable, Net	177,925	4,414	1,764,678	1,947,017
Loans and Interest Receivable, Net	127,285	-	-	127,285
Inventory and Related Property, Net	255,413	-	-	255,413
General Property, Plant, and Equipment, Net	17,930,798	-	-	17,930,798
Other				
Advances and Prepayments	101,654	-	-	101,654
Net Power Rights	108,318	-	-	108,318
Subtotal	209,972	-	-	209,972
TOTAL ASSETS	\$ 35,418,758	\$ 28,754,147	\$ 2,810,615	\$ 66,983,520

NOTE 12: INTRAGOVERNMENTAL DEBT

Intragovernmental debt to Treasury activity as of September 30, 2008 and 2007, is summarized as follows:

(dollars in thousands)	FY 2007 Beginning Balance	Borrowing / (Repayments), Net	FY 2007 Ending Balance	Borrowing / (Repayments), Net	FY 2008 Ending Balance
Helium Fund	\$ 914,204	\$ (150,000)	\$ 764,204	\$ (120,000)	\$ 644,204
Credit Reform Borrowings	139,129	(46,120)	93,009	(22,104)	70,905
Federal Financing Bank	3,239	(2,445)	794	(794)	-
Total Debt Due to Treasury	\$ 1,056,572	\$ (198,565)	\$ 858,007	\$ (142,898)	\$ 715,109

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.

The principal 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. Furthermore, the principal balance, which includes borrowings 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, Interior 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, Interior will repay Treasury amounts depending on annual revenues collected. The repayments will continue until the debt is repaid or until the stockpile crude helium sales cease. At that time the repayment plan will be revised.

Debt related to the Helium Fund as of September 30, 2008 and 2007, is summarized as follows:

(dollars in thousands)	FY 2008		FY 2007	
Principal	\$	251,651	\$	251,651
Interest				
Balance, Beginning of Year		512,553		662,553
Repayments		(120,000)		(150,000)
Balance, End of Year		392,553		512,553
Total Debt Due to Treasury	\$	644,204	\$	764,204

B. Intragovernmental Debt to Treasury under Credit Reform

IA, BOR, and DO (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.

Indian Affairs

The Credit Reform Act authorizes IA 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 4.38 percent to 10.25 percent. These loans have various maturity dates from 2008 to 2034.

Bureau of Reclamation

As discussed in Note 7, Loans and Interest Receivable, BOR establishes 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 5.42 to 7.59 percent for FY 2008 and 3.63 to 7.59 percent for FY 2007.

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 5.53 percent. The repayment date for this loan is September 30, 2027.

C. Intragovernmental Debt to Treasury - Federal Financing Bank

Departmental Offices (Office of Insular Affairs) has borrowed funds from Treasury in accordance with the Federal Financing Bank Act of 1973. 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.

NOTE 13. FEDERAL EMPLOYEE AND VETERAN BENEFITS PAYABLE

Federal Employee and Veteran Benefits Payable as of September 30, 2008 and 2007, consisted of the following:

(dollars in thousands)	FY 2008	FY 2007
Federal Employee and Veteran Benefits Payable		
U.S. Park Police Pension Actuarial Liability	\$ 665,782	\$ 671,179
U.S. Park Police Pension Current Liability	36,318	33,121
Federal Employees Compensation Actuarial Liability	681,123	659,333
Total Federal Employee and Veteran Benefits Payable	\$ 1,383,223	\$ 1,363,633

U.S. Park Police Pension Plan.

In estimating the U.S. Park Police (USPP) Pension Plan liability and associated expense, the NPS's actuary applies economic assumptions to historical cost information to estimate the government's future cost to provide benefits to current and future retirees. The estimate is adjusted by the time

value of money and the probability of having to pay benefits due to assumed decrements for mortality, morbidity, and terminations. The following table presents the significant economic assumptions used to estimate the USPP Pension Plan liability and associated expenses and the change in the USPP Pension Plan Liability.

Economic Assumptions Used Expressed In Percentages	FY 2008	FY 2007
Interest Rate	6.25	6.25
Inflationary Rate	3.50	3.50
Projected Salary Increase	4.25	4.25

(dollars in thousands) USPP Pension Plan Expense	FY 2008	FY 2007
Normal Costs	\$ 200	\$ 200
Interest	42,800	43,100
Assumption Changes at Beginning of Year	(8,882)	(14,479)
Total Pension Expenses	\$ 34,118	\$ 28,821

(dollars in thousands) USPP Pension Plan Liability	FY 2008	FY 2007
Beginning Balance	\$ 704,300	\$ 708,600
Total Pension Expense	34,118	28,821
Less Benefit Payments	(36,318)	(33,121)
Ending Balance	\$ 702,100	\$ 704,300

NOTE 14. CONTINGENT LIABILITIES AND ENVIRONMENTAL AND DISPOSAL LIABILITIES

Interior is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the Federal Government and has responsibility to remediate sites with environmental contamination. Interior has accrued liabilities where losses are determined to be probable and the amounts can be estimated. Interior has disclosed contingent liabilities

where the conditions for liability recognition are not met but the likelihood of unfavorable outcome is more than remote.

The accrued and potential Contingent Liabilities and Environmental and Disposal Liabilities as of September 30, 2008 and 2007, are summarized in the categories below.

FY 2008		Estimated Range of Loss	
(dollars in thousands)	Accrued Liabilities	Lower End	Upper End
Contingent Liabilities			
Probable	\$ 1,188,548	\$ 422,548	\$ 2,102,179
Reasonably Possible		174,286	3,015,471
Environmental and Disposal Liabilities			
Probable	155,548	155,548	375,374
Reasonably Possible		66,746	221,064
FY 2007		Estimated Range of Loss	
(dollars in thousands)	Accrued Liabilities	Lower End of Range	Upper End of Range
Contingent Liabilities			
Probable	\$ 354,678	\$ 354,678	\$ 2,077,491
Reasonably Possible		292,462	3,023,145
Environmental and Disposal Liabilities			
Probable	147,514	147,514	355,142
Reasonably Possible		74,085	209,281

General Contingent Liabilities

General Contingent Liabilities consist of numerous lawsuits and claims filed against Interior which are awaiting adjudication. These liabilities typically relate to Federal Tort Claims Act administrative and judicial claims, contract related actions, tribal and Indian trust-related matters, personnel and employment-related matters, and various land and resource related claims and adjudications. Most of the cash settlements are expected to be paid out of the Judgment Fund, which is maintained by Treasury, rather than the operating resources of Interior. In suits brought through the Contract Disputes Act of 1978 and awards under Federal antidiscrimination and whistleblower protection acts, Interior is required to reimburse the Judgment Fund from future agency appropriations.

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.

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. These matters arise in the course of carrying out Interior programs and operations, including interaction with tribes and individual Indians, interaction with trust territory in the Pacific Islands, operation of wildlife refuges, law enforcement of Interior-managed land, general management activities on Interior land, resource related claims, and operations of reclamation projects. 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.

Additional pending litigation relates to the Secretary of Interior's management of the monies and lands held in trust by the Federal Government for Indian tribes and individuals. Certain parties for whom OST

holds assets in trust have filed a class action lawsuit for an accounting of the individuals' trust funds, which includes a claim for \$58 billion filed in March of 2008. The lawsuit has led to a ruling requiring the U.S. Government to pay the IIM account beneficiaries approximately \$456 million. However, the Plaintiffs and the U.S. Government have filed appeal actions and neither OST nor the Office of the Solicitor for Interior can presently determine the outcome of these appeal actions nor the total amount, responsibility, and funding source of the potential liability. Therefore, no probable estimate or range of loss can be made at this time regarding any financial liability that may result from judgment or settlement of the tribal trust cases or IIM Trust Fund litigation.

Environmental and Disposal Liability

Interior 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, Resource Conservation and Recovery Act, Oil Pollution Act, Clean Water Act, Clean Air Act, Safe Drinking Water Act, and Asbestos Hazard Emergency Response Act. Responsible parties, which may include Federal

agencies under certain circumstances, are required to remove releases of hazardous substances from facilities they own, operate, or at which they arranged for the disposal of such substances. There are no material changes in total estimated cleanup costs that are due to changes in law and technology. Estimated environmental and disposal liabilities include expected future cleanup costs, and for those sites where future liability is unknown, the cost of studies necessary to evaluate response 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., nonfriable asbestos), are not subject to cleanup under applicable law. The current policy is that unless and until the materials become friable or otherwise capable of causing contamination, the costs for monitoring or other management of these materials are not to be accrued as environmental cleanup. Currently, any cost for remediation or abatement would only accrue if the material becomes friable or is otherwise released into the environment. Under normal circumstances, remediation or abatement is limited to situations such as the remodeling or demolition of a building containing such materials. Costs would then be reported in the same manner as any other environmental liability.

NOTE 15. 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.

Interior's liabilities covered and not covered by budgetary resources as of September 30, 2008, are as follows:

(dollars in thousands)	Covered by Budgetary Resources		Not Covered by Budgetary Resources		FY 2008
	Current	Non-Current	Current	Non-Current	
Intragovernmental Liabilities:					
Accounts Payable	\$ 50,224	\$ -	\$ -	\$ 561,401	\$ 611,625
Debt	50,000	665,109	-	-	715,109
Other					
Liability for Capital Transfers to the General Fund of the Treasury	-	-	44,607	2,005,859	2,050,466
Advances and Deferred Revenue	542,126	-	109	368	542,603
Custodial Liability	-	-	538,933	143,016	681,949
Other Liabilities					
Accrued Employee Benefits	51,041	-	28,025	39,480	118,546
Judgment Fund	-	-	-	192,580	192,580
Unfunded FECA Liability	-	-	29,703	56,709	86,412
Other Miscellaneous Liabilities	120	-	154,563	6,982	161,665
Total Other Liabilities	51,161	-	212,291	295,751	559,203
Total Other Intragovernmental Liabilities	593,287	-	795,940	2,444,994	3,834,221
Total Intragovernmental Liabilities	693,511	665,109	795,940	3,006,395	5,160,955
Public Liabilities:					
Accounts Payable	889,467	70,741	-	-	960,208
Loan Guarantee Liability	-	36,180	-	-	36,180
Federal Employee and Veterans' Benefits					
U.S. Park Police Pension Actuarial Liability	-	-	-	665,782	665,782
U.S. Park Police Pension Current Liability	36,318	-	-	-	36,318
FECA Actuarial Liability	-	-	-	681,123	681,123
Total Federal Employee Veterans' Benefits	36,318	-	-	1,346,905	1,383,223
Environmental and Disposal Liabilities	-	-	510	155,038	155,548
Other					
Contingent Liabilities	-	-	-	1,188,548	1,188,548
Advances and Deferred Revenue	375,188	-	392,983	292,455	1,060,626
Payments Due to States	-	-	494,877	137,407	632,284
Grants Payable	292,228	-	-	-	292,228
Other Liabilities					
Accrued Payroll and Benefits	235,277	-	-	-	235,277
Unfunded Annual Leave	-	-	50,953	328,777	379,730
Capital Leases	5,385	924	-	21,748	28,057
Custodial Liability	-	-	25,126	-	25,126
Secure Rural Schools Act Payable	-	-	92,083	-	92,083
Storm Damage	42,369	78,685	-	-	121,054
Other Miscellaneous Liabilities	968	2,307	19,468	53,775	76,518
Total Other Liabilities	283,999	81,916	187,630	404,300	957,845
Total Other Public Liabilities	951,415	81,916	1,075,490	2,022,710	4,131,531
Total Public Liabilities	1,877,200	188,837	1,076,000	3,524,653	6,666,690
Total Liabilities	\$ 2,570,711	\$ 853,946	\$ 1,871,940	\$ 6,531,048	\$ 11,827,645

Notes to Principal Financial Statements

Interior's liabilities covered and not covered by budgetary resources as of September 30, 2007, are as follows:

(dollars in thousands)	Covered by Budgetary Resources		Not Covered by Budgetary Resources		FY 2007
	Current	Non-Current	Current	Non-Current	
Intragovernmental Liabilities:					
Accounts Payable	\$ 62,745	\$ -	\$ -	\$ 528,035	\$ 590,780
Debt	50,000	807,164	49	794	858,007
Other					
Liability for Capital Transfers to the General Fund of the Treasury	-	-	44,467	1,973,114	2,017,581
Advances and Deferred Revenue	793,018	-	979	352	794,349
Custodial Liability	-	-	670,752	149,232	819,984
Other Liabilities					
Accrued Employee Benefits	41,996	-	24,784	35,462	102,242
Judgment Fund	-	-	-	192,276	192,276
Unfunded FECA Liability	-	-	35,792	58,636	94,428
Other Miscellaneous Liabilities	434	-	110,574	96,211	207,219
Total Other Liabilities	42,430	-	171,150	382,585	596,165
Total Other Intragovernmental Liabilities	835,448	-	887,348	2,505,283	4,228,079
Total Intragovernmental Liabilities	948,193	807,164	887,397	3,034,112	5,676,866
Public Liabilities:					
Accounts Payable	712,168	72,884	-	-	785,052
Loan Guarantee Liability	-	41,434	-	-	41,434
Federal Employee and Veterans' Benefits					
U.S. Park Police Pension Actuarial Liability	-	-	-	671,179	671,179
U.S. Park Police Pension Current Liability	33,121	-	-	-	33,121
FECA Actuarial Liability	-	-	6,186	653,147	659,333
Total Federal Employee Veterans' Benefits	33,121	-	6,186	1,324,326	1,363,633
Environmental and Disposal Liabilities	-	-	-	147,514	147,514
Other					
Contingent Liabilities	-	-	-	354,678	354,678
Advances and Deferred Revenue	205,028	-	237,362	298,868	741,258
Payments Due to States	-	-	490,275	149,232	639,507
Grants Payable	291,896	-	-	-	291,896
Other Liabilities					
Accrued Payroll and Benefits	196,762	-	-	-	196,762
Unfunded Annual Leave	-	-	52,558	302,648	355,206
Capital Leases	2,606	273	12	22,709	25,600
Custodial Liability	-	-	17,703	-	17,703
Secure Rural Schools Act Payable	-	-	110,213	-	110,213
Storm Damage	38,327	71,183	-	-	109,510
Other Miscellaneous Liabilities	18,760	1,688	26,514	75,120	122,082
Total Other Liabilities	256,455	73,144	207,000	400,477	937,076
Total Other Public Liabilities	753,379	73,144	934,637	1,203,255	2,964,415
Total Public Liabilities	1,498,668	187,462	940,823	2,675,095	5,302,048
Total Liabilities	\$ 2,446,861	\$ 994,626	\$ 1,828,220	\$ 5,709,207	\$ 10,978,914

NOTE 16. ROYALTIES RETAINED

Royalties Retained include mineral receipts transferred to Interior totaling \$5,804 and \$4,440 million for periods ended September 30, 2008 and 2007, respectively. These amounts include transfers to the Land and Water Conservation Fund, to MMS for distribution to States and the Coastal Impact Assistance Program (grant program), and to offset

costs incurred by MMS related to royalty collections and the Reclamation Fund. These amounts are presented on the Statement of Changes in Net Position in accordance with Federal accounting standards and are considered other sources of budgetary financing.

NOTE 17. LEASES

Capital Leases

Interior's capital leases are with the public and consist of a 20-year lease for the Western Archeological and Conservation Center in Tucson, Arizona, and 3-year leases for copiers. The aggregate of Interior's future minimum lease payments for capital leases are presented in the table below.

Capital leases as of September 30, 2008 and 2007, consist of the following:

(dollars in thousands)	FY 2008		FY 2007	
Real Property	\$	28,000	\$	28,000
Personal Property		18,973		2,367
Accumulated Amortization		(12,758)		(6,994)

(dollars in thousands)	Real Property		Personal Property		Total
Fiscal Year					
2009	\$	2,172	\$	3,574	\$ 5,746
2010		2,172		1,127	3,299
2011		2,172		-	2,172
2012		2,172		-	2,172
2013		2,253		-	2,253
Thereafter		23,031		-	23,031
Total Future Capital Lease Payments		33,972		4,701	38,673
Less: Imputed Interest		10,051		565	10,616
Less: Executory Costs		-		-	-
FY 2008 Net Capital Lease Liability		23,921		4,136	28,057
FY 2007 Net Capital Lease Liability	\$	24,795	\$	805	\$ 25,600

Operating Leases

Most of Interior's facilities are obtained through the General Services Administration (GSA), which charges an amount that approximates commercial rental rates. The terms of Interior's 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, Interior either periodically executes an agreement with GSA or enters into cancelable agreements, some of which

do not have a formal expiration date. Interior can vacate these properties after giving 120 to 180 days notice of the intent to vacate. However, Interior normally occupies these properties for an extended period of time with little variation from year to year.

Interior also leases personal property from GSA and other entities. The terms for GSA personal property agreements frequently exceed one year, although a definite period is not always specified.

Notes to Principal Financial Statements

For real and personal property, future payments are calculated based on the terms of the agreement or if the agreement is silent, an annual inflationary factor of 2.4 percent for FY 2008 and 2.5 percent for FY 2009 and beyond. The inflationary factors are applied against the actual 2008 rental expense. For agreements that have an indefinite period of

performance, future payments are calculated only for 5 years.

The aggregate of Interior's future minimum lease payments for operating leases are presented in the following table.

Operating leases as of September 30, 2008 consist of the following:

Future Operating Lease Payments

(dollars in thousands)		Real Property		Personal Property		Total
Fiscal Year	Federal	Public	Federal	Public		
2009	\$ 256,099	\$ 64,694	\$ 64,422	\$ 3,208	\$ 388,423	
2010	246,689	59,891	66,035	2,675	375,290	
2011	237,087	52,138	67,685	2,645	359,555	
2012	202,411	45,353	69,378	2,677	319,819	
2013	171,980	37,454	71,112	2,705	283,251	
Thereafter	181,074	398,825	-	2	579,901	
Total Future Operating Lease Payments	\$ 1,295,340	\$ 658,355	\$ 338,632	\$ 13,912	\$ 2,306,239	

NOTE 18. 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 Interior'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 OPM. In accordance with SFFAS 4, "Managerial Cost Accounting," Interior recognizes identified costs paid for Interior by other agencies as expenses of Interior. The funding for these costs is reflected as imputed financing sources on the Statement of Changes

in Net Position. Costs paid by other agencies on behalf of Interior were \$472 million and \$550 million during FY 2008 and FY 2007, respectively. Interior's imputed costs that were recognized in the financial statements but eliminated for consolidation purposes were \$79 million and \$94 million during FY 2008 and FY 2007, respectively.

During FY 2008 and FY 2007, the costs associated with acquiring, constructing, and renovating heritage assets were \$190 million and \$134 million, respectively. The costs associated with acquiring and improving stewardship lands were \$189 million and \$132 million during FY 2008 and FY 2007, respectively.

NOTE 19. STRATEGIC PETROLEUM RESERVE

During FY 2008 and FY 2007, Interior transferred to the DOE approximately 16.2 and 4.3 million barrels of oil, respectively, drawn from Federal leases within the Gulf of Mexico. The purpose of these transfers was to refill selected Strategic Petroleum Reserve (SPR) locations in accordance with transfer arrangements of RIK crude oil to the DOE. The transferred oil is reflected as mineral lease revenue and a distribution of revenue to the DOE on the Statement of Custodial Activity. The new SPR fill initiative began in July 2007 and ended in June 2008.

The value of oil transferred in FY 2008 and FY 2007 was approximately \$1,600 and \$306 million, respectively. The value of the oil was based on actual volumes reported on pipeline statements applied to commodity prices at on-shore market centers, less actual monthly value differences between offshore and onshore market centers that were bid by the successful bidders on the RIK volumes.

NOTE 20. INTRAGOVERNMENTAL COSTS AND EXCHANGE REVENUE BY RESPONSIBILITY SEGMENT

The tables on the following pages present Interior's earned revenues for sales of goods and services to Federal agencies and the public, gross costs associated with Federal agencies and the public, and net cost of operations by program and by bureau.

Responsibility Segment Presentation.

OMB Circular No. A-136, "Financial Reporting Requirements," requires that the presentation of the Statement of Net Cost align directly with the goals and outcomes identified in the Strategic Plan. Accordingly, Interior presented the earned revenue and gross costs by Mission Goals from Interior's Strategic Plan.

The primary Mission Goals are: Resource Protection, Resource Use, Recreation, and Serving Communities. Management Excellence costs are part of mission area goal costs. Reimbursable costs are comprised of services provided to other Federal agencies not part of Interior's core mission. These Mission Goals are supported by 17 Department level end outcome goals identified in Interior's FY 2007 Strategic Plan.

Notes to Principal Financial Statements

Intragovernmental costs and exchange revenue by responsibility segment for the year ended September 30, 2008, consists of the following:

(dollars in thousands)	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other	Minerals Management Service
Resource Protection					
Intragovernmental Costs	\$ 156	\$ 116,506	\$ 23,764	\$ 18,206	\$ 4,129
Public Costs	901	454,010	37,653	134,891	27,872
Total Costs	1,057	570,516	61,417	153,097	32,001
Intragovernmental Earned Revenue	-	75,029	7,597	7,056	-
Public Earned Revenue	-	50,392	46,803	4,227	-
Total Earned Revenue	-	125,421	54,400	11,283	-
Net Costs	\$ 1,057	\$ 445,095	\$ 7,017	\$ 141,814	\$ 32,001
Resource Use					
Intragovernmental Costs	\$ -	\$ 75,800	\$ 479,879	\$ 1,325	\$ 97,274
Public Costs	-	260,322	1,043,739	10,083	3,468,028
Total Costs	-	336,122	1,523,618	11,408	3,565,302
Intragovernmental Earned Revenue	-	1,826	249,281	-	-
Public Earned Revenue	-	315,466	603,666	4	173,540
Total Earned Revenue	-	317,292	852,947	4	173,540
Net Costs	\$ -	\$ 18,830	\$ 670,671	\$ 11,404	\$ 3,391,762
Recreation					
Intragovernmental Costs	\$ -	\$ 29,557	\$ 13,214	\$ -	\$ -
Public Costs	-	183,589	24,114	-	-
Total Costs	-	213,146	37,328	-	-
Intragovernmental Earned Revenue	-	7,828	5,714	-	-
Public Earned Revenue	-	23,525	18,966	-	-
Total Earned Revenue	-	31,353	24,680	-	-
Net Costs	\$ -	\$ 181,793	\$ 12,648	\$ -	\$ -
Serving Communities					
Intragovernmental Costs	\$ 354,231	\$ 401,563	\$ -	\$ 118,650	\$ -
Public Costs	2,421,624	1,191,393	-	900,517	-
Total Costs	2,775,855	1,592,956	-	1,019,167	-
Intragovernmental Earned Revenue	298,394	103,723	-	20,234	-
Public Earned Revenue	132,885	27,443	-	22,805	-
Total Earned Revenue	431,279	131,166	-	43,039	-
Net Costs	\$ 2,344,576	\$ 1,461,790	\$ -	\$ 976,128	\$ -
Reimbursable Activity and Other					
Intragovernmental Costs	\$ -	\$ -	\$ 228,912	\$ 558,553	\$ 1,080
Public Costs	-	-	297,644	1,749,864	7,558
Total Costs	-	-	526,556	2,308,417	8,638
Intragovernmental Earned Revenue	-	-	409,314	2,113,322	8,336
Public Earned Revenue	-	-	80,980	6,236	1,083
Total Earned Revenue	-	-	490,294	2,119,558	9,419
Net Costs	\$ -	\$ -	\$ 36,262	\$ 188,859	\$ (781)
Total					
Intragovernmental Costs	\$ 354,387	\$ 623,426	\$ 745,769	\$ 696,734	\$ 102,483
Public Costs	2,422,525	2,089,314	1,403,150	2,795,355	3,503,458
Total Costs	2,776,912	2,712,740	2,148,919	3,492,089	3,605,941
Intragovernmental Earned Revenue	298,394	188,406	671,906	2,140,612	8,336
Public Earned Revenue	132,885	416,826	750,415	33,272	174,623
Total Earned Revenue	431,279	605,232	1,422,321	2,173,884	182,959
Net Cost of Operations	\$ 2,345,633	\$ 2,107,508	\$ 726,598	\$ 1,318,205	\$ 3,422,982

Notes to Principal Financial Statements

National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra-Department Activity	FY 2008
\$ 237,211	\$ 9,371	\$ 274,361	\$ 340,428	\$ (247,497)	\$ 776,635
778,115	179,142	1,212,049	972,869	-	3,797,502
1,015,326	188,513	1,486,410	1,313,297	(247,497)	4,574,137
22,692	256	82,376	268,599	(169,687)	293,918
109,508	4,444	70,651	213,828	-	499,853
132,200	4,700	153,027	482,427	(169,687)	793,771
\$ 883,126	\$ 183,813	\$ 1,333,383	\$ 830,870	\$ (77,810)	\$ 3,780,366
\$ -	\$ 18,203	\$ 5,031	\$ 31,676	\$ (364,532)	\$ 344,656
-	99,379	13,780	74,811	-	4,970,142
-	117,582	18,811	106,487	(364,532)	5,314,798
-	227	1,364	8,555	(14,849)	246,404
-	168	586	1,334	-	1,094,764
-	395	1,950	9,889	(14,849)	1,341,168
\$ -	\$ 117,187	\$ 16,861	\$ 96,598	\$ (349,683)	\$ 3,973,630
\$ 469,531	\$ -	\$ 34,438	\$ -	\$ (105,469)	\$ 441,271
1,458,807	-	845,927	-	-	2,512,437
1,928,338	-	880,365	-	(105,469)	2,953,708
44,914	-	10,040	-	(10,215)	58,281
216,757	-	3,700	-	-	262,948
261,671	-	13,740	-	(10,215)	321,229
\$ 1,666,667	\$ -	\$ 866,625	\$ -	\$ (95,254)	\$ 2,632,479
\$ -	\$ 386	\$ 33,512	\$ 27,430	\$ (371,557)	\$ 564,215
-	14,482	99,377	104,628	-	4,732,021
-	14,868	132,889	132,058	(371,557)	5,296,236
-	4	4,518	9,546	(106,040)	330,379
-	15	2,620	2,276	-	188,044
-	19	7,138	11,822	(106,040)	518,423
\$ -	\$ 14,849	\$ 125,751	\$ 120,236	\$ (265,517)	\$ 4,777,813
\$ -	\$ -	\$ -	\$ -	\$ (554,925)	\$ 233,620
-	148,061	-	-	-	2,203,127
-	148,061	-	-	(554,925)	2,436,747
-	-	-	-	(1,263,985)	1,266,987
-	-	-	-	-	88,299
-	-	-	-	(1,263,985)	1,355,286
\$ -	\$ 148,061	\$ -	\$ -	\$ 709,060	\$ 1,081,461
\$ 706,742	\$ 27,960	\$ 347,342	\$ 399,534	\$ (1,643,980)	\$ 2,360,397
2,236,922	441,064	2,171,133	1,152,308	-	18,215,229
2,943,664	469,024	2,518,475	1,551,842	(1,643,980)	20,575,626
67,606	487	98,298	286,700	(1,564,776)	2,195,969
326,265	4,627	77,557	217,438	-	2,133,908
393,871	5,114	175,855	504,138	(1,564,776)	4,329,877
\$ 2,549,793	\$ 463,910	\$ 2,342,620	\$ 1,047,704	\$ (79,204)	\$ 16,245,749

Notes to Principal Financial Statements

Intragovernmental costs and exchange revenue by responsibility segment for the year ended September 30, 2007, consists of the following:

(dollars in thousands)	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other	Minerals Management Service
Resource Protection					
Intragovernmental Costs	\$ 311	\$ 116,219	\$ 24,268	\$ 17,506	\$ 240
Public Costs	491	384,543	43,232	56,974	931
Total Costs	802	500,762	67,500	74,480	1,171
Intragovernmental Earned Revenue	-	\$ 125,761	6,592	7,764	-
Public Earned Revenue	-	63,520	42,366	1,033	-
Total Earned Revenue	-	189,281	48,958	8,797	-
Net Costs	\$ 802	\$ 311,481	\$ 18,542	\$ 65,683	\$ 1,171
Resource Use					
Intragovernmental Costs	\$ -	\$ 80,410	\$ 417,105	\$ 1,936	\$ 97,833
Public Costs	-	236,884	925,449	5,896	1,756,180
Total Costs	-	317,294	1,342,554	7,832	1,854,013
Intragovernmental Earned Revenue	-	1,380	244,342	-	-
Public Earned Revenue	-	303,160	569,244	-	181,995
Total Earned Revenue	-	304,540	813,586	-	181,995
Net Costs	\$ -	\$ 12,754	\$ 528,968	\$ 7,832	\$ 1,672,018
Recreation					
Intragovernmental Costs	\$ -	\$ 31,989	\$ 11,497	\$ -	\$ -
Public Costs	-	177,829	24,149	-	-
Total Costs	-	209,818	35,646	-	-
Intragovernmental Earned Revenue	-	4,181	4,399	-	-
Public Earned Revenue	-	23,909	19,566	-	-
Total Earned Revenue	-	28,090	23,965	-	-
Net Costs	\$ -	\$ 181,728	\$ 11,681	\$ -	\$ -
Serving Communities					
Intragovernmental Costs	\$ 425,065	\$ 383,552	\$ -	\$ 144,127	\$ -
Public Costs	2,189,397	1,282,314	-	814,035	-
Total Costs	2,614,462	1,665,866	-	958,162	-
Intragovernmental Earned Revenue	237,950	88,604	-	18,202	-
Public Earned Revenue	121,873	35,751	-	20,757	-
Total Earned Revenue	359,823	124,355	-	38,959	-
Net Costs	\$ 2,254,639	\$ 1,541,511	\$ -	\$ 919,203	\$ -
Reimbursable Activity and Other					
Intragovernmental Costs	\$ -	\$ -	\$ 216,655	\$ 345,612	\$ 1,753
Public Costs	-	-	275,409	2,113,977	9,132
Total Costs	-	-	492,064	2,459,589	10,885
Intragovernmental Earned Revenue	-	-	379,377	2,322,443	10,661
Public Earned Revenue	-	-	45,880	3,793	640
Total Earned Revenue	-	-	425,257	2,326,236	11,301
Net Costs	\$ -	\$ -	\$ 66,807	\$ 133,353	\$ (416)
Total					
Intragovernmental Costs	\$ 425,376	\$ 612,170	\$ 669,525	\$ 509,181	\$ 99,826
Public Costs	2,189,888	2,081,570	1,268,239	2,990,882	1,766,243
Total Costs	2,615,264	2,693,740	1,937,764	3,500,063	1,866,069
Intragovernmental Earned Revenue	237,950	219,926	634,710	2,348,409	10,661
Public Earned Revenue	121,873	426,340	677,056	25,583	182,635
Total Earned Revenue	359,823	646,266	1,311,766	2,373,992	193,296
Net Cost of Operations	\$ 2,255,441	\$ 2,047,474	\$ 625,998	\$ 1,126,071	\$ 1,672,773

Notes to Principal Financial Statements

National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra- Department Activity	FY 2007
\$ 208,268	\$ 18,695	\$ 274,591	\$ 352,779	\$ (232,959)	\$ 779,918
660,634	195,963	1,202,945	932,927	-	3,478,640
868,902	214,658	1,477,536	1,285,706	(232,959)	4,258,558
16,478	370	80,865	263,052	(164,081)	336,801
75,044	1,184	73,779	199,695	-	456,621
91,522	1,554	154,644	462,747	(164,081)	793,422
\$ 777,380	\$ 213,104	\$ 1,322,892	\$ 822,959	\$ (68,878)	\$ 3,465,136
\$ -	\$ 13,273	\$ 2,536	\$ 30,599	\$ (298,392)	\$ 345,300
-	90,633	6,433	71,640	-	3,093,115
-	103,906	8,969	102,239	(298,392)	3,438,415
-	766	154	7,926	(15,960)	238,608
-	42	25	1,042	-	1,055,508
-	808	179	8,968	(15,960)	1,294,116
\$ -	\$ 103,098	\$ 8,790	\$ 93,271	\$ (282,432)	\$ 2,144,299
\$ 449,843	\$ -	\$ 40,534	\$ -	\$ (75,285)	\$ 458,578
1,496,994	-	636,485	-	-	2,335,457
1,946,837	-	677,019	-	(75,285)	2,794,035
45,413	-	9,677	-	(14,350)	49,320
242,121	-	3,771	-	-	289,367
287,534	-	13,448	-	(14,350)	338,687
\$ 1,659,303	\$ -	\$ 663,571	\$ -	\$ (60,935)	\$ 2,455,348
\$ -	\$ 3	\$ 24,665	\$ 29,317	\$ (391,168)	\$ 615,561
-	10,130	81,595	98,741	-	4,476,212
-	10,133	106,260	128,058	(391,168)	5,091,773
-	-	4,555	8,991	(86,654)	271,648
-	-	3,324	1,238	-	182,943
-	-	7,879	10,229	(86,654)	454,591
\$ -	\$ 10,133	\$ 98,381	\$ 117,829	\$ (304,514)	\$ 4,637,182
\$ -	\$ -	\$ -	\$ -	\$ (450,052)	\$ 113,968
-	114,329	-	-	-	2,512,847
-	114,329	-	-	(450,052)	2,626,815
-	-	-	-	(1,072,700)	1,639,781
-	-	-	-	-	50,313
-	-	-	-	(1,072,700)	1,690,094
\$ -	\$ 114,329	\$ -	\$ -	\$ 622,648	\$ 936,721
\$ 658,111	\$ 31,971	\$ 342,326	\$ 412,695	\$ (1,447,856)	\$ 2,313,325
2,157,628	411,055	1,927,458	1,103,308	-	15,896,271
2,815,739	443,026	2,269,784	1,516,003	(1,447,856)	18,209,596
61,891	1,136	95,251	279,969	(1,353,745)	2,536,158
317,165	1,226	80,899	201,975	-	2,034,752
379,056	2,362	176,150	481,944	(1,353,745)	4,570,910
\$ 2,436,683	\$ 440,664	\$ 2,093,634	\$ 1,034,059	\$ (94,111)	\$ 13,638,686

NOTE 21. STATEMENT OF BUDGETARY RESOURCES

The 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 GAAP for the Federal Government. The total Budgetary Resources of \$29,044,008 thousand and \$26,798,562 thousand as of September 30, 2008 and 2007, respectively, include 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 balances available as of September 30, 2008 and 2007, were \$6,897,515 thousand and \$5,678,042 thousand, respectively. In addition, Interior's undelivered orders as of September 30, 2008 and 2007, were \$7,577,202 thousand and \$7,661,210 thousand, respectively.

Apportionment of Obligations Incurred

The following table contains only Category B apportionments since Interior does not receive Category A. Category B apportionments typically

distribute budgetary resources by activities, projects, objects or a combination of these categories.

Interior's obligations incurred for the year ended September 30, 2008 and 2007, are as follows:

(dollars in thousands) FY 2008	Apportioned	Exempt from Apportionment	Total
Obligations Incurred:			
Direct	\$ 17,102,482	\$ 78,432	\$ 17,180,914
Reimbursable	4,739,241	-	4,739,241
Total Obligations Incurred	\$ 21,841,723	\$ 78,432	\$ 21,920,155

(dollars in thousands) FY 2007	Apportioned	Exempt from Apportionment	Total
Obligations Incurred:			
Direct	\$ 16,391,071	\$ 92,847	\$ 16,483,918
Reimbursable	4,478,735	-	4,478,735
Total Obligations Incurred	\$ 20,869,806	\$ 92,847	\$ 20,962,653

BOR Trust Funds and Colorado River Dam Fund - Boulder Canyon Project are the only funds classified as exempt from apportionment.

Repayment Requirements, Financing Sources for Repayment, and other Terms of Borrowing Authority Used.

BOR's borrowing authority is provided under the Credit Reform Act of 1990 (see Note 7, Loans and Interest Receivable). 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 the debt 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.

IA receives borrowing authority from Treasury for its loan programs in accordance with the 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 reestimates, or the interest on prior Treasury borrowings. The balance in this account as of September 30, 2008 and 2007 was \$0 and \$100 thousand, respectively. IA'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, 2008 and 2007, were \$7,905 and \$8,229 thousand, respectively.

In 2001, the Bureau of the Public Debt extended a loan to the DO for the purpose of operating a direct loan to the ASG. 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.

Permanent Indefinite Appropriations

Permanent indefinite appropriations are appropriations given to Interior through public laws which authorize the retention of certain receipts. These appropriations do not specify amounts, but are dependent upon the amount of receipts collected. All Interior bureaus use one or more permanent no-year appropriations to finance operating costs

and purchase PP&E. Interior has approximately 70 permanent indefinite appropriations. Most of these appropriations are used for special environmental programs and to carry out obligations of the Secretary of Interior.

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 do not include appropriated dedicated and earmarked receipts. Dedicated and earmarked receipts are accounted for as either exchange or nonexchange revenue.

Legal Arrangements Affecting Use of Unobligated Balances. Interior's unobligated unavailable balances as of September 30, 2008 and 2007, are disclosed in the table below.

(dollars in thousands)	FY 2008	FY 2007
Unapportioned amounts unavailable for future apportionments	\$ 372	\$ 543
Expired Authority	188,477	157,324
Total Budgetary Accounts	188,849	157,867
Non-Budgetary Credit Program Financing Accounts	37,489	-
Unobligated Balance Unavailable	\$ 226,338	\$ 157,867

Unobligated balances, whose period of availability has expired, are not available to fund new obligations, but are available to pay for adjustments to obligations incurred prior to expiration. For a fixed appropriation account, the balance can be carried forward for 5 fiscal years after the period of availability ends. At the end of the 5th 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 2 consecutive years.

The appropriation law, Public Law 109-54, is the major source of funding for the BLM's operating programs and directs that a definite sum of the BLM's wildland firefighting authority be applied to the

construction of fire facilities. These authorizations also direct how BLM must treat other assets it may acquire as a result of executing its operating programs. Also, IA receives contract authority from Department of Transportation's Highway Trust Fund for the maintenance and construction of roads and bridges on IA 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 programs. These authorizations also direct how Interior must treat other assets it may acquire as a result of executing operating programs. Since both specific and general authorizations are integral components of all legislation, Interior does not view them as restrictions or legal encumbrances on available funding.

Notes to Principal Financial Statements

Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government.

The 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 President's Budget with the actual FY 2007 amounts was released in February 2008, and the President's Budget with the FY 2008 amounts is estimated to be released in February 2009. Both can be located at the OMB website <<http://www.whitehouse.gov/omb>>.

As such, the actual amounts for FY 2008 in the President's Budget have not been published at the time these financial statements were prepared.

Budgetary resources and the status of those resources presented in the Statement of Budgetary Resources for the period ended September 30, 2007, differ from the amounts presented as 2007 Actuals in the President's FY 2009 Budget. Differences are presented and labeled on the following table.

(dollars in millions)	FY 2007 Amount per President's Budget *		FY 2007 Amount per Statement of Budgetary Resources		Difference	Explanation
Budgetary Resources:						
Unobligated Balance Beginning of Fiscal Year	\$	6,190	\$	6,295	\$ (105)	A
Recoveries of Prior Year Unpaid Obligations		466		504	(38)	A
Appropriations Received		16,041		16,406	(365)	B,D
Borrowing Authority		1		1	-	
Contract Authority		-		-	-	
Spending Authority From Offsetting Collections		4,426		4,349	77	A,B
Nonexpenditure Transfers, net		(180)		(672)	492	A,C
Temporarily Not Available Pursuant to Public Law		(50)		-	(50)	A,D
Permanently Not Available		(62)		(84)	22	A,D
Total Budgetary Resources	\$	24,869	\$	26,799	\$ (1,930)	A,B,C,D,F
Status of Budgetary Resources:						
Obligations Incurred	\$	21,054	\$	20,963	\$ 91	B
Unobligated Balance - Available/Not Available		5,739		5,836	(97)	A,B
Total Status of Budgetary Resources	\$	24,869	\$	26,799	\$ (1,930)	A,B,F
Change in Obligated Balance:						
Obligated Balance, Net, Beginning of Fiscal Year	\$	7,728	\$	7,727	\$ 1	A,
Obligations Incurred		21,054		20,963	91	B
Less: Gross Outlays		(20,327)		(20,209)	(118)	B,D
Obligated Balance Transferred, Net		-		-	-	
Less: Recoveries of Prior Year Unpaid Obligations		(466)		(504)	38	A
Chg in Uncoll. Customer Payments from Fed Sources		30		30	-	
Obligated Balance, Net, End of Fiscal Year	\$	8,010	\$	8,006	\$ 4	A,B,D
Net Outlays:						
Gross Outlays	\$	20,327	\$	20,209	\$ 118	B,D
Less: Offsetting Collections		(4,202)		(4,378)	176	A,B
Less: Offsetting Receipts		(5,494)		(5,769)	275	E

* Source: Fiscal Year 2007 Actual amounts as published in the Appendix to the Budget of the United States Government, Fiscal Year 2009

A. Expired Accounts

Differences relate to expired accounts being included in the Statement of Budgetary Resources, but not in the President's Budget.

B. Departmental Offices

Differences are primarily due to Interior including pass through appropriations and payments to Tribal Trust and Special Trust Fund Accounts [14215265 and 14218030] in the Statement of Budgetary Resources that were not included in

the President's Budget. Additional differences relate to changes in child accounts received after the Statement of Budgetary Resources was published and adjustments to the Working Capital Fund for obligations that were included in the President's Budget and not in the Statement of Budgetary Resources.

C. Fish and Wildlife Service

Differences are primarily due to a change in accounting principle. As a result of the new accounting principle, the Sport Fish Restoration and Boating Trust Fund payable (\$488 million) was adjusted in the Appropriations realized and transfer line items of the Statement of Budgetary Resources. The adjustment does not impact the President's Budget.

D. National Park Service

Differences are primarily due to the Concession Improvement Account that is included in the President's Budget, but not in the Statement of Budgetary Resources.

E. Offsetting Receipts

Differences relate to receipts reported in the Statement of Budgetary Resources, but not in the President's Budget. The difference could only be reported at a high level because the President's Budget does not include details.

F. Total Budgetary Resources

The President's Budget did not include a "total budgetary resources available for obligations" line for the following funds: Mineral Leasing; National Forest Fund, Leases of Lands Acquired for Flood Control, Navigation, and Allied Purpose; and Oil Spill Research which were included in the Statement of Budgetary Resources.

NOTE 22. RECONCILIATION OF NET COST OF OPERATIONS TO BUDGET

As required by SFFAS No. 7, *Accounting for Revenue and Other Financial Sources*, Interior has reconciled the Net Cost of Operations (reported in the Statement of Net Cost), to the current year obligations, reported on the Statement of Budgetary Resources.

The below schedule illustrates this reconciliation by listing the inherent differences in timing and recognition between the accrual proprietary accounting method used to calculate net cost, and the budgetary accounting method used to calculate budgetary resources and obligations.

Change in Unfunded Liabilities. This note 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 15, Liabilities Analysis. Differences are primarily the result of certain Treasury requirements related to changes in various liabilities. 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 this note.

Notes to Principal Financial Statements

The reconciliation of net cost of operations to budgetary accounts for the period ended September 30, 2008 and 2007, are as follows:

	<u>2008</u>	<u>2007</u>
Current Year Gross Obligations	\$ 21,920,155	\$ 20,962,653
Budgetary Resources from Offsetting Collections		
Spending Authority from Offsetting Collections		
Earned		
Collected	\$ (4,718,669)	\$ (4,879,917)
Change in Receivable from Federal Sources	(71,128)	52,531
Change in Unfilled Customer Orders	(519,004)	478,836
Recoveries of Prior Year Unpaid Obligations	(488,802)	(504,265)
Offsetting Receipts	(6,924,469)	(5,769,483)
Other Financing Resources		
Transfers In (Out) without Reimbursement	(57,458)	(65,622)
Donations (Forfeitures) of Property	17,814	7,951
Imputed Financing Sources	551,294	644,297
Other	(117,564)	(26)
Total Resources Used to Finance Activity	<u>\$ 9,592,169</u>	<u>\$ 10,926,955</u>
Resources Used to Finance Items Not Part of the Net Cost of Operations		
Budgetary Obligations and Resources not in the Net Cost of Operations		
Change in Unfilled Customer Orders	\$ 519,002	\$ (478,836)
Change in Undelivered Orders	90,594	(289,813)
Current Year Capitalized Purchases	(891,420)	(916,224)
Deferred Revenue	3,342	1,244
Change in Expended Authority in Loan and Trust Funds	(188,762)	(106,983)
Change in Budgetary Collections in Loan Funds	45,568	73,787
Offsetting Receipts that do not Affect Net Cost of Operations	6,924,469	5,769,484
Other Resources/Adjustments that do not Affect Net Cost of Operations	\$ (1,165,560)	\$ (1,478,932)
Components of the Net Cost of Operations which do not Generate or Use Resources in the Reporting Period		
Revenues without Current Year Budgetary Effect		
Change in Receivables Not in the Budget	\$ (433,138)	\$ (351,363)
Other Financing Sources Not in the Budget	(224)	(1,873)
Costs without Current Year Budgetary Effect		
Depreciation and Amortization	\$ 481,178	\$ 476,926
Disposition of Assets	17,159	20,587
Change in Future Funded Expenses	781,389	(457,677)
Imputed costs	538,190	633,419
Bad Debt Expense	102,992	(2,138)
Change in Other Expenses Not Requiring Budgetary Resources	(171,198)	(179,877)
Net Cost of Operations	<u>\$ 16,245,749</u>	<u>\$ 13,638,686</u>

NOTE 23. INDIAN TRUST FUNDS

Interior, through the Office of the Special Trustee (OST) for American Indians, maintains approximately 2,700 accounts for Tribal and Other Trust Funds (including the Alaska Native Escrow Fund) with combined monetary assets of approximately \$3,003 million and \$2,881 million as of September 30, 2008 and 2007, respectively.

The balances that have accumulated in the Tribal and Other Trust Funds have resulted from judgment awards, settlement 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 Interior for future transfer to a tribe upon satisfaction of certain conditions or where the corpus of the fund is nonexpendable (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 Interior's financial statements.

OST also maintains about 378,000 open Individual Indian Monies accounts with a fund balance of approximately \$444 million and \$424 million as of September 30, 2008 and 2007, respectively.

IIM Trust Funds are primarily funds on deposit for individual Indians with a beneficial interest in those funds. IIM account holders realize receipts primarily from settlement of claims, land-use agreements; royalties on natural resource depletion; other proceeds derived directly from trust resources, receipt of 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 Interior.

Financial Statements and Basis of Accounting. The Tribal and Other Trust Fund Statement of Assets and Trust Fund Balances and Statement of Changes in Trust Fund Balances were prepared using a cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. The cash basis of accounting differs from GAAP in that receivables and payables are not accrued 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 Funds Statement of Assets and Trust Fund Balances and Statement 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 accrued 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 September 30, 2008 and 2007. 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 reflected in the financial statements due to issues with certain Interior trust-related systems and processes, which provide required trust financial information to OST;

Notes to Principal Financial Statements

- ◆ Regarding the Tribal and Other Trust Funds, certain parties for whom OST holds monetary assets in trust do not agree with the trust fund balances reflected by OST and have requested an accounting of their funds. Some of these parties have filed lawsuits against the U.S. Government; and
- ◆ Regarding the IIM Trust Funds, certain parties for whom OST holds monetary assets in trust have filed a class action lawsuit for an accounting of the individuals' trust funds, which may or may not lead to claims against the U.S. Government.

For more information, see Note 14, Contingent Liabilities and Environmental and Disposal Liabilities.

IIM Trust Funds statements of assets and trust fund balances and statements of changes in trust fund balances prepared using a modified cash basis of accounting as of and for the year ended September 30, 2008 and 2007, are as follows:

Individual Indian Monies Trust Funds
Statement of Assets and Trust Fund Balances - Modified Cash Basis
As of September 30, 2008 and 2007

(dollars in thousands)	FY 2008	FY 2007
ASSETS		
Cash and cash equivalents	\$ 49,320	\$ 48,325
Investments	391,792	372,592
Accrued interest receivable	3,077	2,780
TOTAL ASSETS	\$ 444,189	\$ 423,697
TRUST FUND BALANCES, held for Individual Indians	\$ 444,189	\$ 423,697

Individual Indian Monies Trust Funds
Statement of Changes in Trust Fund Balances - Modified Cash Basis
For the Fiscal Years Ended September 30, 2008 and 2007

(dollars in thousands)	FY 2008	FY 2007
Receipts	\$ 437,911	\$ 303,677
Interest earned on invested funds	21,602	20,806
Gain (Loss) on disposition of investments, Net	255	459
Disbursements	(439,276)	(319,519)
Increase (decrease) in trust fund balances, net	20,492	5,423
Trust Fund Balances - Beginning of Year	423,697	418,274
Trust Fund Balances - End of Year	\$ 444,189	\$ 423,697

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

Tribal and Other Trust Funds statements of assets and trust fund balances and statements of changes in trust fund balances prepared using a cash basis of accounting as of and for the year ended September 30, 2008 and 2007, are as follows:

Tribal and Other Trust Funds
Statement of Assets and Trust Fund Balances - Cash Basis
as of September 30, 2008 and 2007

(dollars in thousands)	FY 2008	FY 2007
ASSETS		
Cash and cash equivalents	\$ 519,436	\$ 602,502
Investments	2,483,736	2,278,157
TOTAL ASSETS	\$ 3,003,172	\$ 2,880,659
TRUST FUND BALANCES		
Held for Indian tribes	\$ 2,703,275	\$ 2,590,799
Held by Department of the Interior and considered to be U.S. Government funds	299,897	289,860
TOTAL TRUST FUND BALANCES	\$ 3,003,172	\$ 2,880,659

Tribal and Other Trust Funds
Statement of Changes in Trust Fund Balances - Cash Basis
For the Fiscal Years Ended September 30, 2008 and 2007

(dollars in thousands)	FY 2008	FY 2007
Receipts	\$ 371,170	\$ 339,159
Interest and dividends Received	133,097	139,315
Gain (Loss) on disposition of investments, Net	1,578	604
Disbursements	(383,332)	(519,645)
Increase (Decrease) in trust fund balances, net	122,513	(40,567)
Trust Fund Balances - Beginning of Year	2,880,659	2,921,226
Trust Fund Balances - End of Year	\$ 3,003,172	\$ 2,880,659

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

NOTE 24. EARMARKED FUNDS

Earmarked funds are specifically identified revenues and other financing sources required by statute to be used for designated activities, benefits, or purposes that must be accounted for separately from the Government's general revenues.

Interior's significant earmarked funds are as follows:

The Land and Water Conservation Fund (LWCF). The 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.

Annually, amounts from OCS oil deposits are transferred from MMS to NPS under Public Law 89-665. Each year, amounts from the LWCF are warranted to some of the bureaus within Interior and the rest to the Department of Agriculture's Forest Service. These funds are considered inflows of resources to the government and are reported as a restricted asset.

The Historic Preservation Fund (HPF). 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. HPF grants serve as a catalyst and "seed money" to preserve and protect our Nation's irreplaceable heritage for current and future generations.

Annually, under Public Law 89-665, royalties from OCS oil deposits are transferred from MMS to the NPS. Each year, amounts from the HPF are transferred via warrants to Bureaus within Interior and to the Department of Agriculture's Forest Service. These funds are considered inflows of resources to the government and are reported as a restricted asset.

Reclamation Fund. The Reclamation Fund was established by the Reclamation Act of 1902 (32 Statute [Stat.] 388). It 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 material 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 to other Federal agencies pursuant to congressional appropriation acts to invest and reinvest in the reclamation of arid lands in the Western United States. Costs associated with multipurpose plants are allocated to the various purposes, principally; power, irrigation, M&I water, fish and wildlife enhancement, recreation, and flood control. Generally, only those costs associated with power, irrigation, and M&I water are reimbursable. Costs associated with purposes such as fish and wildlife enhancement, recreation, and flood control generally are nonreimbursable. Capital investment costs are recovered over a 40-year period, but may extend to 50 years or more, if authorized by the Congress. The funds are considered inflows of resources to the government.

Water and Related Resources Fund. The Water and Related Resources Fund receives most of its funding from appropriations derived from the Reclamation Fund. These funds are used for Reclamation's central mission of delivering water and generating hydropower in the Western United States. Costs associated with multipurpose structures and facilities are allocated to various purposes. Generally, only those costs associated with power, irrigation, and M&I water are reimbursable. Costs associated with purposes such as fish and wildlife enhancement, recreation, and flood control can be nonreimbursable. Capital investment costs are recovered over a 40-year period but may extend to 50 years or more, if authorized by Congress. Recovered capital investment costs and revenue generated from these activities are returned to the Reclamation Fund. The funds are considered intragovernmental flows.

Lower Colorado River Basin Fund. The Lower Colorado River Basin Fund receives funding from multiple sources for specific purposes as provided under Public Law 90-537 and amended by Public Law 108-451. Funding sources include appropriations, and Federal revenue from the Central Arizona Project, Federal revenues from the Boulder Canyon and the Parker-Davis Project, the Western Area Power Administration, Federal revenue from the Northwest-Pacific Southwest intertie in the States of Nevada and Arizona, and revenues earned from investing in Treasury securities. Funding sources may be retained and are available without further appropriation. The Fund provides for irrigation development and management activities within the Lower Colorado River Basin including operation, maintenance, replacements, and emergency expenditures for facilities of the Colorado River storage project and participating projects. The funds are considered inflows of resources to the government.

Upper Colorado River Basin Fund. The Upper Colorado River Basin Fund receives funding from appropriations, water users, and the Western Area Power Administration. Funding sources may be retained and are available without further appropriation. Public Law 90-537 provides that appropriations and revenues collected in connection with the operation of the Colorado River storage project shall be available for operations, maintenance, replacements, and emergency expenditures for facilities of the Colorado River storage project and participating projects. The funds are considered inflows of resources to the government.

Abandoned Mine Land Fund. Public Law 95-87 requires that all operators of coal mining operations pay a reclamation fee on every ton of coal produced. The fees through September 30, 2008, are 31.5 cents per ton of surface mined coal, 13.5 cents per ton of coal mined underground, and 9 cents per ton on lignite. On December 20, 2006, the Surface Mining Control and Reclamation Act Amendments of 2006 became law as part of the Tax Relief and Health Care Act of 2006 (Public Law 109-432). This law extends the statutory fee rates through September 30, 2021, and eliminates the requirement that Interior establish fee rates thereafter based upon amounts transferred to the United Mine Workers of America Combined Benefit Fund. The

new law reduces existing fee rates by 10 percent for FY 2008 through 2012, and another 10 percent for FY 2013 through 2021.

The fees are deposited in the AML Reclamation Fund, which is used primarily to fund abandoned mine land reclamation projects. Under authority of Public Law 101-509, Interior invests AML funds in U.S. Treasury Securities. The funds are considered inflows of resources to the government.

Southern Nevada Public Land Management Fund (SNPLMF). The Southern Nevada Public Land Management Act, enacted in October 1998, authorizes BLM to sell public land tracts that are interspersed with or adjacent to private land in the Las Vegas Valley. BLM is authorized to deposit 85 percent of the proceeds in the SNPLMF while 10 percent of the proceeds go to the Southern Nevada Water Authority and 5 percent goes to the State of Nevada's Education Fund. The revenues generated from the land sales are required to be used by BLM and other government entities to acquire environmentally sensitive lands and build or maintain trails, day-use areas, campgrounds, etc., to benefit public land visitors. The funds are considered inflows of resources to the government.

Environmental Improvement and Restoration Fund. The EIRF was created from a distribution of the Alaska Escrow Fund in which half of the principal is invested in Treasury Securities. Monies from the EIRF are invested and earn interest until further congressional action. Congress permanently appropriates 20 percent of prior fiscal year interest earned by the EIRF to the Department of Commerce for marine research activities. The remaining 80 percent earns interest and can be appropriated by Congress to other agencies, as provided by the law. Assets are not available to Interior unless appropriated by Congress. The funds are considered inflows of resources to the government.

Other Earmarked Funds. Interior is responsible for the management of numerous earmarked funds with a variety of purposes. Funds presented on an individual basis represent the majority of Interior's net position attributable to earmarked funds. All other earmarked funds have been aggregated in accordance with SFFAS 27, *Identifying and Reporting Earmarked Funds*, and are presented in the following tables.

Bureau of Indian Affairs

Power Systems - Indian Irrigation Projects
Operation & Maintenance,
Indian Irrigation Systems
Operation and Maintenance of Quarters
Alaska Resupply Program
Indian Water Rights and
Habitat Acquisition Program
Gifts and Donations

Bureau of Land Management

Helium Fund
Federal Land Transaction Facilitation Act
Naval Oil Shale Petroleum Restoration
Lincoln County Land Act
MLA, Oil & Gas Pipeline Rights-of-Way
Service Charges, Deposits, Forfeitures
Exp – Road Maintenance Deposits
Land Acquisition
Payments to Alaska, Oil & Gas Leases,
National Petroleum Reserve
Operation & Maintenance of Quarters
Fee Collection Support, Public Lands
Payments to Nevada, Clark County Lands
Range Improvements
Ecosystem Health & Recovery
NRDA 3rd Party Collections
Timber Pipeline Restoration Fund
Recreation Fees Demo Site
Deschutes County Land Transaction
Secure Rural Schools &
Community Self-Determination Act
Stewardship Contract Prod Sale
Permit Processing Fund Mineral Lease
Geothermal Steam Act Imp Fund
Naval Petroleum Res #2 Lease
Payment Proceeds, Water, MLA 1920
Payments to Counties,
Oregon & California Grant Lands

Payments to Coos Bay & Douglas Counties
Land & Resources Management Trust Fund
Highway Trust Fund
Trustee Fund, Alaska Town sites

Bureau of Reclamation

Colorado River Dam Fund –
Boulder Canyon Project
San Gabriel Restoration Fund
Central Valley Project Restoration Fund
Reclamation Trust Funds
Klamath – Water and Energy
North Platte Project – Facility Operations
North Platte – Farmers Irrigation District –
Facility Operations
Reclamation Recreation,
Entrance and Use Fees
Reclamation Fund General
Administration Expenses
Quarters Operation and Maintenance

U. S. Geological Survey

Quarters Fund
Natural Resource Damage Assessment
and Restoration Fund
(Note: This is only in USGS for FY 07)
Contributed Fund

Office of Surface Mining

Regulation and Technology, Civil Penalties
Bond Forfeitures

Minerals Management Service

Payments to States from receipts under Mineral
Leasing, Public and Acquired Military Lands
Payments to Alaska from Oil and Gas Leases,
National Petroleum Reserve
Payment to Oklahoma, Royalties
Payments to States, National Forest Fund
Payments to States, Flood Control Act of 1954

State's Share from certain
Gulf of Mexico Leases
Coastal Impact Assistance Program
Geothermal Lease Revenues,
Payments to Counties

Departmental Offices

National Resource Damage Assessment
and Restoration Fund
Utah Reclamation Mitigation and
Conservation Account
Priority Land Acquisitions
Priority Land Acquisitions and Land Exchanges
Land and Water Conservation Fund,
from Land and Water Conservation Fund,
Rent Receipts Outer Continental Shelf Lands,
National Park Service
Indian Arts and Craft
Hazardous Substance Response Trust Fund
National Indian Gaming Commission
Everglades Restoration
Take Pride in America Gifts and Bequests

Fish & Wildlife Service

Cooperative Endangered Species
Conservation Fund
Wildlife Conservation and Appreciation Fund
Land Acquisition
Federal Aid to Wildlife Restoration
Operation and Maintenance of Quarters
National Wildlife Refuge Fund
Proceeds from Sales, Water Resource
Development Projects
Migratory Bird Conservation Account
Cooperative Endangered Species Conservation
Fund
Wildlife Conservation and Appreciation Fund
Lahontan Valley and Pyramid Lake Fish
and Wildlife Fund
North American Wetlands Conservation Fund
Recreation Fee Enhancement Program

State and Tribal Wildlife Grants
North American Wetlands Conservation Fund,
from Land and Water Conservation Fund
Cooperative Endangered Species Conservation
Fund, from Land and Water Conservation Fund
Federal Infrastructure Improvement,
from Land and Water Conservation Fund
Private Stewardship Grants
Landowner Incentive Program
Community Partnership Enhancement
Sport Fish Restoration and Boating Trust Fund
(Note: This is only in FWS for FY07)
Sport Fish Restoration Account
Contributed Funds

National Parks Service

Gulf of Mexico Energy Security Act (GOMESA)
Centennial Challenge
Land Acquisitions and State Assistance
Operation and Maintenance of Quarters
Fee Demonstration Program
National Park Passport Program
Park Concessioner's Franchise Fees
Donations
Federal Highways Administration
National Law Enforcement Memorial
Delaware Water Gap Route 209 Operations
Park Buildings and Maintenance
National Park Service Transportation Systems
Natural Resource Damage and Restoration
National Maritime Heritage
Filming and Photos Public Lands
Glacier Bay Cruise and Boat Fees
Education Expenses for the Children of
Employees of Yellowstone National Park
Tax Losses on Lands Surrounding
Grand Teton National Park
Birthplace of Abraham Lincoln
Federal Highways Construction

Notes to Principal Financial Statements

Interior's earmarked funds as of and for the year ended September 30, 2008, consist of the following:

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Reclamation Fund	Water and Related Resources Fund
ASSETS				
Fund Balance with Treasury	\$ 16,023,784	\$ 2,767,090	\$ 7,816,347	\$ 1,091,175
Investments, Net	-	-	-	-
Accounts Receivable, Net	-	-	500,983	28,299
Loans Receivable, Net	-	-	3,063,916	-
General Property, Plant, and Equipment, Net	-	-	-	7,344,209
Other Assets	-	269	-	38,602
TOTAL ASSETS	\$ 16,023,784	\$ 2,767,359	\$ 11,381,246	\$ 8,502,285
LIABILITIES				
Accounts Payable	-	3	-	86,621
Debt	-	-	-	-
Other Liabilities	-	4	37	2,252,242
TOTAL LIABILITIES	-	7	37	2,338,863
NET POSITION				
Unexpended Appropriations	-	-	-	201,965
Cumulative Results of Operations	16,023,784	2,767,352	11,381,209	5,961,457
TOTAL NET POSITION	16,023,784	2,767,352	11,381,209	6,163,422
TOTAL LIABILITIES AND NET POSITION	\$ 16,023,784	\$ 2,767,359	\$ 11,381,246	\$ 8,502,285
COST/REVENUE				
Gross Costs	-	67,027	(1,244)	1,234,418
Earned Revenue	-	-	(349,937)	(255,475)
NET COST OF OPERATIONS	\$ -	\$ 67,027	\$ (351,181)	\$ 978,943
NET POSITION				
Net Position, Beginning Balance	15,372,152	2,684,722	9,918,473	6,040,047
Appropriations Received/Transferred and Other Adjustments	-	-	-	94,009
Royalties Retained	906,687	152,032	1,940,820	-
Non-Exchange Revenue and Donations	-	-	(22)	826
Other Financing Sources	-	-	-	-
Transfers In/(Out) without Reimbursement	(255,055)	-	(816,843)	907,414
Imputed Financing from Costs Absorbed by Others	-	-	135	100,069
Other	-	(2,375)	(12,535)	-
Net Cost of Operations	-	(67,027)	351,181	(978,943)
Change in Net Position	651,632	82,630	1,462,736	123,375
NET POSITION, ENDING BALANCE	\$ 16,023,784	\$ 2,767,352	\$ 11,381,209	\$ 6,163,422

Notes to Principal Financial Statements

Lower Colorado River Basin Fund	Upper Colorado River Basin Fund	Abandoned Mine Land Fund	Southern Nevada Public Land Mgmt. Fund	Environmental Improvement & Restoration Fund	Other Earmarked Funds	FY 2008
\$ 13,485	\$ 165,055	\$ 11,099	\$ 164,784	\$ -	\$ 3,096,910	\$ 31,149,729
445,710	-	2,437,237	1,885,871	1,135,342	1,196,348	7,100,508
12,928	305	21,389	5	-	1,852,008	2,415,917
-	-	-	-	-	-	3,063,916
2,961,751	2,381,686	-	29,846	-	661,722	13,379,214
102,545	479	-	73	-	236,793	378,761
\$ 3,536,419	\$ 2,547,525	\$ 2,469,725	\$ 2,080,579	\$ 1,135,342	\$ 7,043,781	\$ 57,488,045
14,266	76,751	327	37,199	-	577,930	793,097
-	-	-	-	-	644,204	644,204
4,697	205,259	5,137	17,143	-	1,036,470	3,520,989
18,963	282,010	5,464	54,342	-	2,258,604	4,958,290
11,757	28,498	-	-	-	173,995	416,215
3,505,699	2,237,017	2,464,261	2,026,237	1,135,342	4,611,182	52,113,540
3,517,456	2,265,515	2,464,261	2,026,237	1,135,342	4,785,177	52,529,755
\$ 3,536,419	\$ 2,547,525	\$ 2,469,725	\$ 2,080,579	\$ 1,135,342	\$ 7,043,781	\$ 57,488,045
181,892	144,928	262,678	224,328	-	4,636,189	6,750,216
(195,277)	(81,557)	(4,603)	(84,529)	-	(831,548)	(1,802,926)
\$ (13,385)	\$ 63,371	\$ 258,075	\$ 139,799	\$ -	\$ 3,804,641	\$ 4,947,290
3,475,040	2,254,533	2,353,551	2,168,925	1,097,830	4,118,330	49,483,603
26,893	59,908	-	-	-	299,915	480,725
-	-	-	-	-	2,796,909	5,796,448
2,566	(1)	369,850	-	37,512	594,078	1,004,809
-	-	-	-	-	-	-
(428)	(3,958)	(1,065)	(3,468)	-	765,884	592,481
-	18,404	-	411	-	14,733	133,752
-	-	-	168	-	(31)	(14,773)
13,385	(63,371)	(258,075)	(139,799)	-	(3,804,641)	(4,947,290)
42,416	10,982	110,710	(142,688)	37,512	666,847	3,046,152
\$ 3,517,456	\$ 2,265,515	\$ 2,464,261	\$ 2,026,237	\$ 1,135,342	\$ 4,785,177	\$ 52,529,755

Notes to Principal Financial Statements

Interior's earmarked funds as of and for the year ended September 30, 2007, consist of the following:

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Reclamation Fund	Water and Related Resources Fund
ASSETS				
Fund Balance with Treasury	\$ 15,372,152	\$ 2,684,312	\$ 6,567,639	\$ 763,270
Investments, Net	-	-	-	-
Accounts Receivable, Net	-	-	523,586	22,530
Loans Receivable, Net	-	-	2,827,301	-
General Property, Plant, and Equipment, Net	-	-	-	7,373,681
Other Assets	-	416	-	22,238
TOTAL ASSETS	\$ 15,372,152	\$ 2,684,728	\$ 9,918,526	\$ 8,181,719
LIABILITIES				
Accounts Payable	-	3	-	75,501
Debt	-	-	-	-
Other Liabilities	-	3	53	2,066,171
TOTAL LIABILITIES	-	6	53	2,141,672
NET POSITION				
Unexpended Appropriations	-	-	-	206,521
Cumulative Results of Operations	15,372,152	2,684,722	9,918,473	5,833,526
TOTAL NET POSITION	15,372,152	2,684,722	9,918,473	6,040,047
TOTAL LIABILITIES AND NET POSITION	\$ 15,372,152	\$ 2,684,728	\$ 9,918,526	\$ 8,181,719
COST/REVENUE				
Gross Costs	-	62,792	1,057	1,042,109
Earned Revenue	-	-	(335,383)	(185,605)
NET COST OF OPERATIONS	\$ -	\$ 62,792	\$ (334,326)	\$ 856,504
NET POSITION				
Net Position, Beginning Balance	14,836,220	2,597,823	8,993,132	5,947,569
Appropriations Received/Transferred and Other Adjustments	-	-	-	109,090
Royalties Retained	902,079	151,723	1,326,070	-
Non-Exchange Revenue and Donations	-	-	9,600	67
Other Financing sources	-	-	-	-
Transfers In/(Out) without Reimbursement	(366,147)	-	(733,278)	733,162
Imputed Financing from Costs Absorbed by Others	-	-	112	106,663
Other	-	(2,032)	(11,489)	-
Net Cost of Operations	-	(62,792)	334,326	(856,504)
Change in Net Position	535,932	86,899	925,341	92,478
NET POSITION, ENDING BALANCE	\$ 15,372,152	\$ 2,684,722	\$ 9,918,473	\$ 6,040,047

Notes to Principal Financial Statements

Lower Colorado River Basin Fund	Upper Colorado River Basin Fund	Abandoned Mine Land Fund	Southern Nevada Public Land Mgmt. Fund	Environmental Improvement & Restoration Fund	Other Earmarked Funds	FY 2007
\$ 3,305	\$ 152,356	\$ 512	\$ 126,645	\$ 1	\$ 2,761,345	\$ 28,431,537
391,391	-	2,371,561	2,120,657	1,097,829	1,120,138	7,101,576
10,551	355	2,411	1	-	1,790,977	2,350,411
-	-	-	-	-	-	2,827,301
2,972,426	2,398,884	2	14,984	-	569,897	13,329,874
115,910	30	-	20	-	259,004	397,618
\$ 3,493,583	\$ 2,551,625	\$ 2,374,486	\$ 2,262,307	\$ 1,097,830	\$ 6,501,361	\$ 54,438,317
16,061	84,537	547	48,132	-	552,786	777,567
-	-	-	-	-	764,204	764,204
2,482	212,555	20,388	45,250	-	1,066,041	3,412,943
18,543	297,092	20,935	93,382	-	2,383,031	4,954,714
11,313	8,458	-	-	-	109,253	335,545
3,463,727	2,246,075	2,353,551	2,168,925	1,097,830	4,009,077	49,148,058
3,475,040	2,254,533	2,353,551	2,168,925	1,097,830	4,118,330	49,483,603
\$ 3,493,583	\$ 2,551,625	\$ 2,374,486	\$ 2,262,307	\$ 1,097,830	\$ 6,501,361	\$ 54,438,317
176,790	96,168	327,356	246,704	-	3,726,911	5,679,887
(176,928)	(86,331)	(1,441)	(147,788)	-	(823,529)	(1,757,005)
\$ (138)	\$ 9,837	\$ 325,915	\$ 98,916	\$ -	\$ 2,903,382	\$ 3,922,882
3,448,683	2,188,772	2,269,877	2,304,538	1,062,797	3,491,018	47,140,429
26,999	70,467	-	-	-	196,022	402,578
-	-	-	-	-	2,055,948	4,435,820
-	1	411,542	-	35,033	476,170	932,413
(780)	(2,363)	(1,953)	(37,054)	-	790,789	382,376
-	7,493	-	357	-	13,433	128,058
-	-	-	-	-	(1,668)	(15,189)
138	(9,837)	(325,915)	(98,916)	-	(2,903,382)	(3,922,882)
26,357	65,761	83,674	(135,613)	35,033	627,312	2,343,174
\$ 3,475,040	\$ 2,254,533	\$ 2,353,551	\$ 2,168,925	\$ 1,097,830	\$ 4,118,330	\$ 49,483,603

NOTE 25. DEDICATED COLLECTIONS

Dedicated Collections as of and for the year ended September 30, 2008 and 2007, consist of the following:

(dollars in thousands)	FY 2008		FY 2007	
ASSETS				
Fund Balance with Treasury	\$	(34)	\$	(34)
Investments, Net		305,025		293,551
TOTAL ASSETS	\$	304,991	\$	293,517
TOTAL LIABILITIES				
		-		-
NET POSITION		304,991		293,517
TOTAL LIABILITIES AND NET POSITION	\$	304,991	\$	293,517
CHANGE IN NET POSITION				
Net Position, Beginning Balance	\$	293,517	\$	287,621
Cumulative Results of Operations:				
Non-exchange Revenue		16,977		16,327
Transfers In/(Out) without Reimbursement		7,500		7,500
Exchange Revenue		165		(2)
Program Costs		(13,168)		(17,929)
NET POSITION, ENDING BALANCE	\$	304,991	\$	293,517

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 OST for American Indians was created to improve the accountability and management of Indian funds held in trust by the Federal Government. 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 awards, settlement of claims, land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, and investment income.

NOTE 26. ROYALTY CREDITS REDEEMED

Section 383 of the Energy Policy Act of 2005 grants lessees royalty relief until a Congressionally designated amount, plus interest, is recovered from Federal offshore royalty payments. This relief was granted to compensate for the competitive oil and gas drainage of the West Delta field in Louisiana that occurred in the late 1980's. The royalty credits redeemed in FY 2008 and FY 2007 were \$16,464 thousand and \$14,390 thousand, respectively.

Redeemed amounts are treated as paid for purposes of satisfying the royalty obligations of the lessee. The repayment obligation is recorded as an unfunded liability in Interior's financial records. Credits redeemed under this provision are recorded as a cost to the Federal Government, for which a custodial distribution of cash to the U.S. Treasury does not occur.

On December 20, 2006, the President signed legislation that included the Gulf of Mexico Energy Security Act (GOMESA). One portion of the GOMESA provides for the exchange of existing leases in a

moratorium area for bonus or royalty credits that may only be used in the Gulf of Mexico. The credits are limited to amounts previously paid for bonus and rent on the leases to be relinquished, estimated at 72 leases totaling approximately \$51.4 million.

Because lessees may choose not to relinquish their leases under this credit provision, the probability of redemption is uncertain. When MRM receives the request and determines that all documentation is complete, the credit will be approved and available for redemption, and the liability will be confirmed. Accordingly, the liability for the GOMESA credit obligation will be recorded for the amount approved and unpaid as of the reporting date, based upon the status of each credit request. The liability will be adjusted as new credits are approved and existing credits are redeemed.

For FY 2008, no credits have been requested. The redemption of the credits and liquidation of the liability will not affect the financial position or net cost of operations of MMS.

NOTE 27. LIABILITY FOR CAPITAL TRANSFER TO THE GENERAL FUND OF THE TREASURY

Bureau of Reclamation. Reclamation records an intragovernmental liability for appropriations determined to be recoverable from project beneficiaries and decreases the liability when payments are received from these beneficiaries and, subsequently, transferred to Treasury's General Fund. Interest is accumulated on this liability pursuant to authorizing project legislation or administrative policy. Interest rates used during FY 2008 and 2007 ranged from 2.63 to 9.84, respectively. Repayment is generally over a period not to exceed 50 years from the time revenue producing assets are placed in service. Repayment to Treasury's General Fund is dependent upon actual water and power (through Western Area Power Administration) delivered to customers; as such, there is no structured repayment schedule.

Historically, Reclamation received appropriations for the disbursement of loans prior to the enactment of Credit Reform. This legislation requires collections of balances for loans obligated prior to FY 1992 be transferred to Treasury's General Fund on an annual basis. Reclamation has recorded an intragovernmental liability for the net pre-Credit Reform loans receivable balance and total current year collections in the direct loan liquidating account. This liability is reduced when the collections for a given fiscal year are transferred to Treasury's General Fund.

Departmental Offices. The DO receive appropriations from Treasury's General Fund to construct, operate, and maintain various multipurpose projects. Many of the projects have reimbursable components for which the DO are required to recover the capital investment and operation and maintenance costs through user fees, namely the sale of water and power. These recoveries are deposited in Treasury's General Fund.

This liability is increased when funds are received and meet the requirement for repayment. It is decreased when reimbursements are received from customers and such funds are transferred to Treasury's General Fund. Interest is accumulated on this liability pursuant to authorizing project legislation or administrative policy. Interest rates used during FY 2008 ranged from 3.2 percent to 8.5 percent. Repayment is generally over a period not to exceed 50 years from the time revenue producing assets are placed in service.

Indian Affairs. For IA, resources payable to Treasury represents IA's liquidating fund assets (cash and loans receivable, net of an allowance) less any liabilities that may be held as working capital. Loans made in 1991 and before (pre-credit reform direct loans and assigned loan guarantees) are accounted for in liquidating funds. These funds collect loan payments and pay any related expenses or default claims. At the end of each year, any unobligated cash on hand is transferred to Treasury.

(In Thousands)	FY 2008	FY 2007
Beginning Balance	\$ 2,017,581	\$ 2,094,147
Costs Incurred and Adjustments	9,303	(79,222)
Collections	37,865	17,180
Repayments to Treasury	(14,283)	(14,524)
Ending Balance	\$ 2,050,466	\$ 2,017,581

Required Supplementary Information

(Unaudited,
See Accompanying
Auditors' Report)

This section includes the Combining Statement of Budgetary Resources by major budget account (Budgetary Accounts), deferred maintenance information, and heritage asset and stewardship land condition information.

**Combining Statement of Budgetary Resources
for the fiscal year ended September 30, 2008**
(dollars in thousands)

	Interior Franchise Fund	Working Capital Fund	Water and Related Resources	National Park Service Operations	Management of Land and Resources
Budgetary Resources:					
Unobligated balance, beginning of Fiscal Year:	\$ 119,208	\$ 99,232	\$ 208,344	\$ 71,126	\$ 44,926
Recoveries of prior year unpaid obligations	-	15,662	31,801	19,071	27,841
Budget Authority					
Appropriation	-	40,727	946,129	2,001,809	870,911
Spending authority from offsetting collections					
Earned					
Collected	741,080	1,267,842	258,481	19,757	139,630
Change in receivables from Federal sources	51,175	1,712	6,911	(95)	(14,997)
Change in unfilled customer orders					
Advance received	(217,378)	(65,026)	179,753	-	-
Without advance from Federal sources	173,899	57,459	(2,471)	-	151,727
Total Budget Authority	748,776	1,302,714	1,388,803	2,021,471	1,147,271
Nonexpenditure transfers, net, anticipated and actual	-	-	85,246	244	(60)
Temporarily not available pursuant to Public Law	-	-	-	-	-
Permanently not available	-	(635)	-	(40,242)	(13,532)
Total Budgetary Resources	\$ 867,984	\$ 1,416,973	\$ 1,714,194	\$ 2,071,670	\$ 1,206,446
Status of Budgetary Resources:					
Obligations incurred:					
Direct	\$ -	\$ (7,383)	\$ 907,332	\$ 1,965,411	\$ 927,958
Reimbursable	795,303	1,306,061	256,622	18,724	100,658
Total Obligations incurred	795,303	1,298,678	1,163,954	1,984,135	1,028,616
Unobligated balance available:					
Apportioned	72,681	118,295	550,185	55,407	177,830
Exempt from apportionment	-	-	48	69	-
Total Unobligated balance available	72,681	118,295	550,233	55,476	177,830
Unobligated balance not available	-	-	7	32,059	-
Total Status of Budgetary Resources	\$ 867,984	\$ 1,416,973	\$ 1,714,194	\$ 2,071,670	\$ 1,206,446
Obligated Balance:					
Obligated balance, net					
Unpaid obligations, brought forward, beginning of Fiscal Year	\$ 622,942	\$ 433,472	\$ 635,189	\$ 418,343	\$ 276,607
Less: Uncollected customer payments from Federal sources, brought forward, beginning of Fiscal Year	(70,919)	(160,382)	(75,929)	(382)	(39,746)
Total unpaid obligated balances, net, beginning of Fiscal Year	552,023	273,090	559,260	417,961	236,861
Obligations incurred, net	795,303	1,298,678	1,163,954	1,984,135	1,028,616
Less: Gross outlays	(776,237)	(1,280,038)	(1,145,736)	(1,936,869)	(984,958)
Less: Recoveries of prior year unpaid obligations, actual	-	(15,662)	(31,801)	(19,071)	(27,841)
Change in uncollected customer payments from Federal sources	(225,074)	(59,171)	(4,440)	95	(136,730)
Total unpaid obligated balance, net, end of period	\$ 346,015	\$ 216,897	\$ 541,237	\$ 446,251	\$ 115,948
Obligated balance, net, end of period (by component):					
Unpaid obligations	\$ 642,008	\$ 436,450	\$ 621,606	\$ 446,538	\$ 292,424
Less: Uncollected customer payments from Federal sources	(295,993)	(219,553)	(80,369)	(287)	(176,476)
Total unpaid obligated balance, net, end of period	\$ 346,015	\$ 216,897	\$ 541,237	\$ 446,251	\$ 115,948
Net Outlays:					
Net Outlays					
Gross outlays	\$ 776,237	\$ 1,280,038	\$ 1,145,736	\$ 1,936,869	\$ 984,958
Less: Offsetting collections	(523,702)	(1,202,816)	(438,235)	(19,757)	(139,630)
Less: Distributed Offsetting receipts	-	-	(256)	-	-
Net Outlays(Receipts)	\$ 252,535	\$ 77,222	\$ 707,245	\$ 1,917,112	\$ 845,328

Combining Statement of Budgetary Resources
for the fiscal year ended September 30, 2008

(dollars in thousands)

Wildland Fire Management	Bureau of Land Management Permanent Operations Funds	Fish and Wildlife Resource Management	Minerals Leasing and Associated Payments	Operation of Indian Programs	Survey, Investigation and Research	Other Budgetary Accounts	Total Budgetary Accounts
\$ 54,827	\$ 1,054,135	\$ 89,160	\$ -	\$ 600,853	\$ 50,625	\$ 3,331,987	\$ 5,724,423
26,022	33,903	20,224	-	25,638	5,772	282,868	488,802
1,204,878	199,340	1,099,772	2,456,778	2,080,261	1,022,430	5,736,851	17,659,886
27,818	-	153,880	-	301,824	443,348	1,320,447	4,674,107
3,156	-	3,210	-	1,302	12,304	6,389	71,067
(254)	-	2,371	-	24,807	312	6,188	(69,227)
1,010	-	65,959	-	(105,168)	262,558	(16,742)	588,231
1,236,608	199,340	1,325,192	2,456,778	2,303,026	1,740,952	7,053,133	22,924,064
(111,397)	(21)	5,800	-	2,890	5,100	(13,330)	(25,528)
-	-	-	-	-	-	(2,643)	(2,643)
(12,806)	-	(17,949)	-	(32,452)	(23,170)	(59,538)	(200,324)
\$ 1,193,254	\$ 1,287,357	\$ 1,422,427	\$ 2,456,778	\$ 2,899,955	\$ 1,779,279	\$ 10,592,477	\$ 28,908,794
\$ 945,319	\$ 298,373	\$ 1,129,770	\$ 2,456,778	\$ 2,061,851	\$ 989,399	\$ 5,414,112	\$ 17,088,920
27,067	-	140,949	-	317,634	459,230	1,316,993	4,739,241
972,386	298,373	1,270,719	2,456,778	2,379,485	1,448,629	6,731,105	21,828,161
220,868	988,984	145,324	-	415,593	314,827	3,791,108	6,851,102
-	-	-	-	-	-	40,565	40,682
220,868	988,984	145,324	-	415,593	314,827	3,831,673	6,891,784
-	-	6,384	-	104,877	15,823	29,699	188,849
\$ 1,193,254	\$ 1,287,357	\$ 1,422,427	\$ 2,456,778	\$ 2,899,955	\$ 1,779,279	\$ 10,592,477	\$ 28,908,794
\$ 286,907	\$ 1,385,490	\$ 347,451	\$ -	\$ 296,599	\$ 298,931	\$ 4,091,418	\$ 9,093,349
(6,780)	-	(59,266)	-	(214,610)	(162,137)	(297,326)	(1,087,477)
280,127	1,385,490	288,185	-	81,989	136,794	3,794,092	8,005,872
972,386	298,373	1,270,719	2,456,778	2,379,485	1,448,629	6,731,105	21,828,161
(974,519)	(346,842)	(1,212,391)	(2,456,778)	(2,315,408)	(1,436,750)	(6,342,713)	(21,209,239)
(26,022)	(33,903)	(20,224)	-	(25,638)	(5,772)	(282,868)	(488,802)
(4,166)	-	(69,169)	-	103,866	(274,862)	10,353	(659,298)
\$ 247,806	\$ 1,303,118	\$ 257,120	\$ -	\$ 224,294	\$ (131,961)	\$ 3,909,969	\$ 7,476,694
\$ 258,751	\$ 1,303,118	\$ 385,556	\$ -	\$ 335,038	\$ 305,037	\$ 4,196,943	\$ 9,223,469
(10,945)	-	(128,436)	-	(110,744)	(436,998)	(286,974)	(1,746,775)
\$ 247,806	\$ 1,303,118	\$ 257,120	\$ -	\$ 224,294	\$ (131,961)	\$ 3,909,969	\$ 7,476,694
\$ 974,519	\$ 346,842	\$ 1,212,391	\$ 2,456,778	\$ 2,315,408	\$ 1,436,750	\$ 6,342,713	\$ 21,209,239
(27,564)	-	(156,250)	-	(326,631)	(443,660)	(1,326,636)	(4,604,881)
-	(185,938)	-	(2,456,778)	-	-	(4,281,497)	(6,924,469)
\$ 946,955	\$ 160,904	\$ 1,056,141	\$ -	\$ 1,988,777	\$ 993,090	\$ 734,580	\$ 9,679,889

**Combining Statement of Budgetary Resources
for the fiscal year ended September 30, 2007**
(dollars in thousands)

	Interior Franchise Fund	Working Capital Fund	Water and Related Resources	National Park Service Operations	Management of Land and Resources
Budgetary Resources:					
Unobligated balance, beginning of Fiscal Year:	\$ 503,964	\$ 127,608	\$ 185,402	\$ 65,327	\$ 41,176
Recoveries of prior year unpaid obligations	-	6,574	15,185	8,382	22,063
Budget Authority					
Appropriation	-	270	901,309	1,767,667	866,911
Collected	1,086,985	1,235,009	198,671	19,587	85,988
Change in receivables from Federal sources	15,395	(56,535)	6,084	32	6,322
Change in unfilled customer orders					
Advance received	(445,534)	(69,233)	33,442	-	(34)
Without advance from Federal sources	(30,511)	(128,769)	27,051	-	1,563
Total Budget Authority	626,335	980,742	1,166,557	1,787,286	960,750
Nonexpenditure transfers, net, anticipated and actual	-	8	(92,916)	(4,266)	-
Temporarily not available pursuant to Public Law	-	-	-	-	-
Permanently not available	-	-	-	(6,138)	-
Total Budgetary Resources	\$ 1,130,299	\$ 1,114,932	\$ 1,274,228	\$ 1,850,591	\$ 1,023,989
Status of Budgetary Resources:					
Obligations incurred:					
Direct	\$ -	\$ 334	\$ 828,916	\$ 1,759,879	\$ 921,933
Reimbursable	1,011,091	1,015,366	236,968	19,586	57,130
Total Obligations incurred	1,011,091	1,015,700	1,065,884	1,779,465	979,063
Unobligated balance available:					
Apportioned	119,208	99,232	208,289	53,684	44,926
Exempt from apportionment	-	-	48	(120)	-
Total Unobligated balance available	119,208	99,232	208,337	53,564	44,926
Unobligated balance not available	-	-	7	17,562	-
Total Status of Budgetary Resources	\$ 1,130,299	\$ 1,114,932	\$ 1,274,228	\$ 1,850,591	\$ 1,023,989
Obligated Balance:					
Obligated balance, net					
Unpaid obligations, brought forward, beginning of Fiscal Year	\$ 812,820	\$ 598,592	\$ 588,221	\$ 369,376	\$ 237,860
Less: Uncollected customer payments from Federal sources, brought forward, beginning of Fiscal Year	(86,036)	(345,685)	(42,796)	(350)	(31,861)
Total unpaid obligated balances, net, beginning of Fiscal Year	726,784	252,907	545,425	369,026	205,999
Obligations incurred, net	1,011,091	1,015,700	1,065,884	1,779,465	979,063
Less: Gross outlays	(1,200,968)	(1,174,247)	(1,003,729)	(1,722,116)	(918,253)
Less: Recoveries of prior year unpaid obligations, actual	-	(6,574)	(15,185)	(8,382)	(22,063)
Change in uncollected customer payments from Federal sources	15,116	185,304	(33,135)	(32)	(7,885)
Total unpaid obligated balance, net, end of period	\$ 552,023	\$ 273,090	\$ 559,260	\$ 417,961	\$ 236,861
Obligated balance, net, end of period (by component):					
Unpaid obligations	622,942	433,472	635,189	418,343	276,607
Less: Uncollected customer payments from Federal sources,	(70,919)	(160,382)	(75,929)	(382)	(39,746)
Total unpaid obligated balance, net, end of period	\$ 552,023	\$ 273,090	\$ 559,260	\$ 417,961	\$ 236,861
Net Outlays:					
Net Outlays					
Gross outlays	1,200,968	1,174,247	1,003,729	1,722,116	918,253
Less: Offsetting collections	(641,451)	(1,165,776)	(232,113)	(19,587)	(85,954)
Less: Distributed Offsetting receipts	-	-	(434)	-	-
Net Outlays(Receipts)	\$ 559,517	\$ 8,471	\$ 771,182	\$ 1,702,529	\$ 832,299

**Combining Statement of Budgetary Resources
for the fiscal year ended September 30, 2007**
(dollars in thousands)

Wildland Fire Management	Bureau of Land Management Operations	Fish and Wildlife Resource Management	Minerals Leasing and Associated Payments	Operation of Indian Programs	Survey, Investigation and Research	Other Budgetary Accounts	FY 2007 Budgetary Accounts	Total
\$ 153,277	\$ 1,560,396	\$ 76,008	\$ -	\$ 445,913	\$ 50,313	\$ 2,976,601	\$ 6,185,985	
20,548	59,421	24,030	-	9,117	7,018	331,293	503,631	
853,355	219,630	1,021,368	1,880,900	1,988,222	988,049	5,918,090	16,405,771	
22,482	-	162,591	-	227,337	452,161	1,313,950	4,804,761	
(864)	-	(8,186)	-	7,341	(17,224)	(4,896)	(52,531)	
(145)	-	3,675	-	(15,631)	(2,007)	(6,151)	(501,618)	
(1,507)	-	(7,405)	-	130,155	(2,015)	34,220	22,782	
873,321	219,630	1,172,043	1,880,900	2,337,424	1,418,964	7,255,213	20,679,165	
18,282	40	-	-	334	6,159	(599,304)	(671,663)	
-	-	-	-	-	-	-	-	
-	-	(602)	-	-	(6,669)	(23,486)	(36,895)	
<u>\$ 1,065,428</u>	<u>\$ 1,839,487</u>	<u>\$ 1,271,479</u>	<u>\$ 1,880,900</u>	<u>\$ 2,792,788</u>	<u>\$ 1,475,785</u>	<u>\$ 9,940,317</u>	<u>\$ 26,660,223</u>	
\$ 995,251	\$ 785,352	\$ 1,049,974	\$ 1,880,900	\$ 1,954,219	\$ 995,825	\$ 5,284,482	\$ 16,457,065	
15,350	-	132,345	-	237,716	429,335	1,323,848	4,478,735	
1,010,601	785,352	1,182,319	1,880,900	2,191,935	1,425,160	6,608,330	20,935,800	
54,827	1,054,135	84,447	-	511,744	29,900	3,239,437	5,499,829	
-	-	-	-	-	-	66,799	66,727	
54,827	1,054,135	84,447	-	511,744	29,900	3,306,236	5,566,556	
-	-	4,713	-	89,109	20,725	25,751	157,867	
<u>\$ 1,065,428</u>	<u>\$ 1,839,487</u>	<u>\$ 1,271,479</u>	<u>\$ 1,880,900</u>	<u>\$ 2,792,788</u>	<u>\$ 1,475,785</u>	<u>\$ 9,940,317</u>	<u>\$ 26,660,223</u>	
\$ 275,233	\$ 940,824	\$ 339,747	\$ -	\$ 259,690	\$ 290,376	\$ 4,127,186	\$ 8,839,925	
(9,152)	-	(74,857)	-	(77,114)	(181,375)	(268,001)	(1,117,227)	
266,081	940,824	264,890	-	182,576	109,001	3,859,185	7,722,698	
1,010,601	785,352	1,182,319	1,880,900	2,191,935	1,425,160	6,608,330	20,935,800	
(978,378)	(281,265)	(1,150,585)	(1,880,900)	(2,145,909)	(1,409,588)	(6,312,806)	(20,178,744)	
(20,548)	(59,421)	(24,030)	-	(9,117)	(7,018)	(331,293)	(503,631)	
2,371	-	15,591	-	(137,496)	19,239	(29,324)	29,749	
<u>\$ 280,127</u>	<u>\$ 1,385,490</u>	<u>\$ 288,185</u>	<u>\$ -</u>	<u>\$ 81,989</u>	<u>\$ 136,794</u>	<u>\$ 3,794,092</u>	<u>\$ 8,005,872</u>	
286,907	1,385,490	347,451	-	296,599	298,931	4,091,418	9,093,349	
(6,780)	-	(59,266)	-	(214,610)	(162,137)	(297,326)	(1,087,477)	
<u>\$ 280,127</u>	<u>\$ 1,385,490</u>	<u>\$ 288,185</u>	<u>\$ -</u>	<u>\$ 81,989</u>	<u>\$ 136,794</u>	<u>\$ 3,794,092</u>	<u>\$ 8,005,872</u>	
978,378	281,265	1,150,585	1,880,900	2,145,909	1,409,588	6,312,806	20,178,744	
(22,337)	-	(166,266)	-	(211,706)	(450,154)	(1,307,800)	(4,303,144)	
-	(213,686)	-	(1,880,900)	-	-	(3,674,463)	(5,769,483)	
<u>\$ 956,041</u>	<u>\$ 67,579</u>	<u>\$ 984,319</u>	<u>\$ -</u>	<u>\$ 1,934,203</u>	<u>\$ 959,434</u>	<u>\$ 1,330,543</u>	<u>\$ 10,106,117</u>	

Deferred Maintenance

The U.S. Department of the Interior owns, builds, purchases, and contracts services for assets such as schools, office buildings, roads, bridges, dams, irrigation systems, and reservoirs. These assets are used to support the Interior's mission. Deferred maintenance is defined as routine maintenance not performed when it should have been or when it was scheduled and which, therefore, was put off or delayed for a future period. This definition aligns to SFFAS No. 6, *Accounting for Property, Plant, and Equipment*.

Deferred maintenance can have an adverse affect on Interior's ability to carry out its mission. For example, a lack of maintenance on windows, heating, ventilation, and air conditioning systems, or other components of a constructed asset, typically results in increased energy costs. Excess energy usage needlessly expends limited resources.

Similarly, deteriorated offices, laboratories, and schools result in an inefficient and unprofessional working environment and a poor learning environment that negatively impacts morale, the ability to attract and retain talented employees, and to educate Native American students and visitors to Interior's facilities. In addition, since one mission of Interior bureaus is to maintain facilities for recreational use by the public, assets that pose a health and safety threat cannot be made available for public use until repairs can be made. Undue wear on facilities may not be immediately noticeable to users, but inadequate maintenance can require that a facility be replaced or undergo major reconstruction before reaching the end of its expected useful life.

The SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, SFFAS No. 14, *Amendments to Deferred Maintenance Reporting Amending SFFAS No. 6, Accounting for Property, Plant, and Equipment and SFFAS No. 8, Supplementary Stewardship Reporting*, and SFFAS No. 29, *Stewardship Land and Heritage Assets*, require annual disclosure of the estimated cost to remedy accumulated deferred maintenance on Interior PP&E. Both General PP&E and Stewardship PP&E are included.

Planning to Reduce Deferred Maintenance

Interior has a 5-Year planning process that provides a framework for improved planning and management of maintenance and construction programs and better defines accumulated deferred maintenance funding needs. Interior's 5-Year Plan is updated annually to reflect a 5-year picture of the bureaus' deferred maintenance and capital improvement needs. The annual update presents the opportunity for bureaus to adjust their project priorities based on newly identified needs or previously identified needs that have become critical during the past year. It focuses on projects that eliminate deferred maintenance or restore constructed assets that are mission critical or mission dependent and are in poor condition, and that are a critical element in the implementation of the Interior Asset Management Plan, Bureau Asset Management Plans, and Site-Specific Asset Business Plans.

The most current guidance on updating the 5-Year Plan is contained in Attachment G of the Interior Annual Budget Guidance. Maintenance and repair projects, including those that wholly or partly address deferred maintenance, are prioritized within each bureau by using a standard project ranking formula contained in Attachment G. The Department does not directly prioritize assets for funding. Rather, it provides the ranking formula and other narrative guidance in Attachment G to assist bureaus' prioritization efforts and to focus available resources.

In preparing the plan, the bureaus follow uniform criteria established by the Department for critical health and safety and resource protection projects. These criteria also facilitate a thorough review and provide consistent information to management for prioritization decisions.

Critical Deferred Maintenance

Categories of deferred maintenance for analytic purposes include:

- (a) Critical Health and Safety Deferred Maintenance—poses a serious threat to public or employee safety or health;
- (b) Critical Resource Protection Deferred Maintenance—poses a serious threat to natural or cultural resources;

FY 2008 Deferred Maintenance Estimates (in thousands)						
Type of Deferred Maintenance	General PP&E		Stewardship PP&E		Total	
	Low	High	Low	High	Low	High
Financial Statement Estimated Deferred Maintenance						
Roads Bridges and Trails	\$ 5,444,574	\$ 8,008,237	\$ 964,207	\$ 1,363,407	\$6,408,781	\$9,371,644
Irrigation, Dams, and Other Water Structures	2,033,930	3,056,283	361,941	538,186	\$2,395,871	\$3,594,469
Buildings (e.g., Administration, Education, Housing, Historic Buildings)	1,693,349	2,471,720	684,837	1,007,113	\$2,378,186	\$3,478,833
Other Structures (e.g., Recreation sites, Hatcheries, etc.)	1,831,630	2,669,143	174,371	256,427	\$2,006,001	\$2,925,570
Total	\$11,003,483	\$16,205,383	\$2,185,356	\$3,165,133	\$13,188,839	\$19,370,516

- (c) Critical Mission Deferred Maintenance—poses a serious threat to a bureau’s ability to carry out its assigned mission; and,
- (d) Other Deferred Maintenance Need—improves public or employee safety, health, or accessibility; completes unmet programmatic needs and mandated programs; protects natural or cultural resources; or, improves a bureau’s ability to carry out its assigned mission.

Critical Deferred Maintenance is the work prioritized in the 5-Year Plans for the BLM, USGS, FWS, NPS, BOR, and IA. Interior prioritizes deferred maintenance through these 5-year plans.

Estimated Deferred Maintenance

The bureaus’ Facilities Maintenance Management Systems (FMMS) track the inventory of identified deferred maintenance. Bureaus are using performance measures to help managers to improve the condition of assets. The FMMS and performance measures contribute to determining the costs associated with improving the condition of constructed assets and the overall deferred maintenance backlog amounts.

Due to the scope, nature, and variety of the assets entrusted to Interior, as well as the nature of deferred maintenance itself, exact estimates of deferred maintenance are very difficult to determine. Interior has calculated estimates of deferred maintenance based on data from a variety of systems, procedures, and data sources. Interior acknowledges that to date the reliability of these sources as a basis for deferred

maintenance estimates may vary from bureau to bureau. However, the Interior’s “Guidance on Deferred Maintenance, Current Replacement Value and Facility Condition Index in Life-Cycle Cost Management” is currently being updated with more detailed standard guidance for calculating deferred maintenance costs. This guidance will help ensure that a consistent estimating methodology is used across Interior.

Condition Assessment Surveys

Interior has implemented a cyclic/recurring condition assessment process to monitor the condition of buildings and other facilities at least once every 5 years. The maintenance needs of Interior’s real property assets are identified primarily through the annual and comprehensive condition assessment processes required by the Department of all bureaus.

Interior uses Condition Assessment Surveys to determine deferred maintenance for each class of assets. A condition assessment survey is the periodic inspection of real property to determine its current condition and to provide a cost estimate for necessary repairs. Annual condition assessments are performed on all constructed assets with a current replacement value of \$5,000 or more and are performed by field operating unit staff. Comprehensive condition assessments are performed on all constructed assets with a current replacement value of \$50,000 or more once every 5 years. Comprehensive assessments are usually performed under contract; the contract includes an inspection of the facility and all component systems, a summary of deficiencies found, and a recalculation of the current replacement value.

Required Supplementary Information

Interior's current estimate for deferred maintenance includes the following real property categories: nonheritage and heritage buildings and structures including multiuse assets, road assets, dams, water distribution systems, and power assets, etc. The estimate generally excludes fleet vehicles and most other categories of operating equipment, since ongoing maintenance is performed on these assets and such assets would be disposed of before they resulted in a critical deferred maintenance condition.

Deferred Maintenance Estimate

Interior does not break out deferred maintenance from total maintenance spending for both annual budgets and actual amounts expended in program execution. The information contained in the Interior budget is a combined value for the amount of funds budgeted for deferred maintenance and sustainment funding. Additionally, some portion of the amount budgeted for construction funds is used to eliminate deferred maintenance. Consequently, the Interior's current approach for estimating the total amount needed to correct deferred maintenance for PP&E ranges from approximately \$13.2 billion to \$19.4 billion.

The methodology used to calculate and report deferred maintenance data has been modified from that used in previous fiscal years. All bureaus now estimate deferred maintenance and report deferred maintenance summary data to an accuracy

level of minus 15 percent to plus 25 percent. This methodology revision was directed by Departmental management with input from the OMB to ensure deferred maintenance estimating and reporting accuracy and consistency is maintained among Interior's bureaus.

MMS/MRM Compliance Assessments and Pre-assessment Work in Process

Management's best estimate of additional revenues that may potentially be collected from compliance assessments and pre-assessment work in process as of September 30, 2008, is \$45.2 million. This estimate is comprised of approximately \$6.7 million in Royalty in Kind (RIK) imbalance pre-assessment work in process, and approximately \$38.5 million in Compliance Asset Management (CAM) compliance assessments and pre-assessment work in process.

The amounts disclosed are subject to significant variability upon final resolution of the compliance work, due to numerous factors such as the receipt of additional third party documentation including volume revisions from pipeline or gas plant statements, pricing changes from purchaser statements, revised transportation invoices, interim imbalance statements with retroactive adjustments, ongoing reconciliations, and other information subsequently received.

Primary Land Management Categories	As of September 30, 2008	Condition	
		Acceptable	Needs Intervention
IA - Regional Offices	12	100%	
BLM - Geographic Management Areas	134	100%	
BOR - Federal Water and Related Projects	142	100%	
FWS - National Wildlife Refuges	548	99%	1%
FWS - Coordination Areas	49	100%	
FWS - Wetland Management Districts	37	100%	
FWS - National Fish Hatcheries	67	100%	
FWS - Fish Health Centers	9	100%	
FWS - Fish Technology Centers	8	100%	
FWS - Associated Fish Facilities	19	100%	
NPS - Park Units	378	100%	
OS - Commision Land	1	100%	
Total Number of Units	1,404	100%	0%

Condition of Stewardship Lands

Land is defined as the solid part of the surface of the earth and excludes natural resources (that is, depletable resources and renewable resources) related to the land. Based on this definition, stewardship land is considered to be in acceptable condition unless an environmental contamination or liability is identified and the land cannot be used for its intended purpose(s). Information regarding the financial liabilities identified as probable or reasonably possible and that potentially affect the condition of Stewardship Land are located in Note 14, "Contingent Liabilities and Environmental and Disposal Liabilities."

Condition of Heritage Assets

Noncollectible Heritage Assets

The condition of land based noncollectible heritage assets is based on the condition of the land, as described above. The condition of structure based noncollectible heritage assets is based on the requirements described in the deferred maintenance section. The condition of Interior's noncollectible heritage assets are shown in the following table.

Primary Non-Collectible Heritage Asset Categories	As of September 30, 2008	Condition Expressed as a Percentage				
		Land Based		Structurally Based		
		Acceptable	Needs Intervention	Acceptable	Unacceptable	Unknown
Cooperative Management and Protection Areas	1	100%				
Headwaters Forest Reserve	1	100%				
Lake Totatonten Special Management Area	1	100%				
National Battlefield Parks	3			100%		
National Battlefield Sites	1	100%				
National Battlefields	11	100%		100%		
National Conservation Areas	13	100%				
National Historic Landmarks (NHL)	202	0%		86%	9%	5%
National Historic Sites	80	100%		99%	1%	
National Historic Trails	10	100%				
National Historical Parks	42	100%		97%	3%	
National Lakeshores	4			100%		
National Memorials	28	100%		100%		
National Military Parks	9	100%		100%		
National Monuments	90	100%		94%	6%	
National Natural Landmarks (NNL)	108	100%				
National Parks	58	100%		98%	2%	
National Parkways	4	100%		100%		
National Preserves	18	100%		94%	6%	
National Recreation Areas	19	100%		100%		
National Recreation Trails	95	100%		100%		
National Reserves	2	100%		100%		
National Rivers	5	100%		100%		
National Scenic Trails	6	100%				
National Seashores	10			100%		
National Wild and Scenic Rivers	60	100%		100%		
National Wildlife Refuges	548	99%	1%			
Outstanding Natural Area	3	100%				
International Historic Sites	1			100%		
Wilderness Areas	321	100%				
Other	11	100%		100%		
Total	1,765	100%	0%	94%	4%	2%

Collectible Heritage Assets

Library Collections

Condition assessment standards were developed in FY 2007 for Interior libraries. These standards are in agreement with national standards (The National Information Standards Organization publication on the *Environmental Guidelines for the Storage of Paper Records*) and are based on temperature and humidity, exposure to light, gaseous contaminants, and particulates. Library facilities must meet the

requirements of at least two of the four components to be considered in good or fair condition. As with the museum collections, the goal of safeguarding is to preserve the items in library collections for as long as possible and to manage their condition in accordance with the intended use and not to unduly hasten their deterioration.

Interior Library Collections	As of September 30, 2008	Condition of Library Collections		
		Good	Fair	Poor
Library Collections	7		86%	14%

Museum Collections

Facilities housing Department museum collections must meet specific environmental, security, fire protection, housekeeping, physical examination, and conservation treatment, storage, and exhibit space standards, as described in Chapter 3 of Departmental Manual Section 411. These standards require facilities that house collections to maintain their stewardship responsibilities by adhering to best practices as defined by industry standards.

The primary focus within museum collections is preservation. Great attention is given to stabilizing objects in the condition in which they were received and preventing further deterioration. Museum objects are generally expected to be preserved indefinitely. The goal of safeguarding is to preserve the heritage asset for as long as possible and to manage the condition in accordance with the intended use and not to unduly hasten their deterioration.

Interior Museum Collections	As of September 30, 2008	Condition of Museum Collections			
		Good	Fair	Poor	Unknown
Held at Interior Bureau Facilities	595	43%	33%	23%	1%
Held at Non-Interior Bureau Facilities	480	51%	27%	6%	16%
Total	1,075	46%	30%	16%	8%

Required Supplementary Stewardship Information

(Unaudited,
See Accompanying
Auditors' Report)

Stewardship Investments

Investment in Research and Development provides reliable, credible, objective, and unbiased scientific results to improve the basic understanding of natural resources and to inform land and resource management decisions across the Nation. These research and development activities encompass examinations of geological structures, mineral resources, and products within and outside the national domain. Earth science research and information are used to save lives and property, safeguard human health, enhance the economic vitality of the Nation and its people, assess resources, characterize environments, and predict the impact of contamination. This information aids in solving critical societal problems through research, investigation, and the application of state-of-the-art geographic and cartographic methods.

Interior's research and development activities are presented in the following three major categories.

Basic research. A study to gain knowledge or understanding of the fundamental aspects of specific phenomena or observable facts without specific applications and products in mind.

Applied research. A systemic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met.

Developmental Research. The systematic use of knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

Highlights of Research and Development at Interior Bureaus

U.S. Geological Survey (USGS). The USGS is the earth and natural science research bureau of the Department and the only integrated natural science bureau in the Federal Government. By combining biology, geology, hydrology, and geography in one agency, the USGS is uniquely positioned to provide science information and conduct scientific research that ensures an integrated approach to advance scientific knowledge. USGS research and

Investment in Research and Development

(in millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
Basic Research	\$ 71	\$ 79	\$ 72	\$ 63	\$ 65	\$ 350
Applied Research	842	756	699	728	746	3,771
Developmental	78	80	82	76	74	390
TOTAL	\$ 991	\$ 915	\$ 853	\$ 867	\$ 885	\$ 4,511

data products support the Department’s resource and land management needs and provide the science needed by other Federal, State, tribal, and local governmental agencies to guide planning, management, and regulatory programs.

The National Atlas Delivers the World. The USGS staff of The National Atlas of the United States of America® has compiled new, more detailed sets of basic digital cartographic data covering America. These new frameworks (fundamental map information) serve as the basis of an innovative suite of geospatial information products that promote national self-awareness and greater geographic understanding through <nationalatlas.gov>. All of this new data directly facilitates national, continental, even worldwide investigations and specifically supports all aspects of the USGS Science Strategy.

The USGS has bilateral agreements in place with Mexico’s National Institute of Statistics, Geography, and Informatics and with the Atlas of Canada to collaboratively produce an atlas of North America. The initial data offerings were compiled and documented at a scale of 1:10,000,000. Completion of these new frameworks enables the creation of a new continental dataset of much greater detail. In 1996, the United States made a commitment to support the international global map effort, wherein each nation would produce digital cartographic frameworks using a single, shared set of specifications, also at 1:1,000,000 scale. The National Atlas of the United States® assumed responsibility for this endeavor in 2007 and delivered all new data in 2008.

Maui County Invasive Pest Early Detection Project Goes Public. The Hawaiian Islands are in the midst of an attack of invasive species that threaten the State’s unique plants and animals, costs millions in agricultural and tourism losses, as

well as pose a threat to human health. As part of a comprehensive statewide plan to address invasive pest issues, the early detection of new infestations of known invasive plants and animals before they become established is considered a critical step to preventing costly long-term management problems. A new tool <<http://pbin.nbii.gov/reportapest/maui/>> has been introduced to help support countywide teams of individuals to search for new invaders.

The online tool and supporting Web site allows the public and other collaborators to learn about the most threatening, incipient pests to be on the alert for, to submit reports of pests found, and to have those findings assessed and passed on to the appropriate agency for rapid response.

Achieving Efficiencies in Seismic Monitoring. To improve the efficiency and performance of the California Integrated Seismic Network (a regional network within the Advanced National Seismic System), the network has begun shifting away from data transmission using older, more costly Internet-based technologies to transmission using commercial cellular-phone networks. To improve the performance of the network, monitoring equipment is also being modernized at network sites. In particular, newly available instrumentation allows more data processing to be done more quickly at individual network sites, and for data to be transmitted more quickly to central processing sites. This new instrumentation will improve the overall performance of the network, and solve formerly significant logistical barriers to the development of effective early warning systems. The USGS upgraded and added stations close to active strands of the Southern San Andreas Fault System in order to improve delivery of ShakeMap (a product of the USGS Earthquake Hazards Program) to rapidly growing urban areas, obtain crucial data on groundshaking, and lay groundwork for a prototype early warning system.

Minerals Management Service. The MMS manages the energy and mineral resources on 1.76 billion acres of the OCS to ensure that exploration, development, and production activities are conducted in a manner that conserves natural resources, provides for the safety of offshore workers, provides a fair return to the public for the rights conveyed, and assures protection of the environment. Numerous laws, particularly the National Environmental Policy Act, provide the basis for environmental assessment and study of impacts associated with OCS related activities. The OCS Lands Act mandates the conduct of environmental studies needed for the assessment and management of potential environmental impacts on the human, marine, and coastal environments affected by oil, natural gas, or other mineral development. The Oil Pollution Act of 1990 sets down specific areas of research to improve not only the technologies for preventing oil pollution, but also the response to accidental spills. Inherent in this effort is improvement of our understanding of the fate, transport, and effects of oil when spilled. MMS research supports the prediction of potential environmental impacts and aids in the development of mitigating measures to ensure safe, pollution-free operations. The Environmental Studies Program provides environmental and socioeconomic information to support decisionmaking for all phases of the OCS minerals management program. The Technology Assessment and Research program pursues engineering studies focusing on operational safety, pollution prevention, and effective spill response.

The MMS completed a six year study of the effects of air guns used in seismic surveys on sperm whales in the Gulf of Mexico (GOM). Although listed as endangered, worldwide sperm whale populations are increasing and ultimate regulatory determinations on possible effects at a population level will depend on an understanding of the role of sperm whales relative to the worldwide population. Until this study, how sperm whales react to seismic operations and other manmade noise was mostly conjecture. This study was intended to address this concern and provide information necessary for informed Section 7 consultations and Marine Mammal Protection Act take authorizations associated with geophysical activities in the

GOM. The results of the study are being used to establish procedures for allowing continued seismic operations while being protective of this endangered species.

The study was a cooperative effort including support from the Office of Naval Research, Naval Research Laboratory, Industry Coalition, the National Science Foundation, and the National Fish and Wildlife Foundation. Sperm whales are an endangered species and occur in areas subject to deepwater oil and gas exploration and development (the Mississippi River delta area), and also areas planned for future activity (deep water areas at 700 meter depths and greater). While other effects are of concern, the effects of noise were undocumented until this study and, unlike a potential event such as an oil spill, represent the results of normal industry activities. This study obtained a detailed characterization of GOM sperm whales in terms of sex and age distribution in industry-active areas, genetic profiles, habitat use, and seasonal movement patterns. The normal behavior of whales were studied and then compared to that observed when seismic vessels are operating in the study areas. Additional controlled exposure experiments (CEEs) measured sperm whale response to a typical air-gun array.

Ambient noise measurements and physical oceanographic data were collected to allow a detailed habitat characterization – mapping of both physical oceanographic features and ambient underwater noise levels were correlated to sightings of sperm whales and other cetaceans. Acoustic monitoring was conducted to determine whale vocalization patterns and the ambient noise environment of the whales. Several methods were employed including towed hydrophones, near-bottom acoustic recording devices (EARS), near-surface spar buoys, and digital tags (D-tags) attached to sperm whales that will record short-term (< 15-hours) acoustic events in addition to whale orientation and water depth. The D-tags provided data on whale vocalizations, external received sound levels, and swimming behavior. Design and fabrication of the EARS were done in cooperation with ongoing Navy research with additional industry funding support. In addition to D-tags, methods to profile sperm whale dives using passive acoustic

monitoring were developed. For longer-term analysis of dive times and whale movement, satellite tags (S-tags) were tested in FY 2001 and were deployed in FY 2002-05. Using these different study methods, whale vocalizations, dive profiles, and surface movement were characterized and then compared to data when seismic boats are active in the area and/or during CEE's. The FY 2002-03 field seasons included controlled air-gun experiments using seismic vessels provided by the seismic industry. The responses of the whales to the seismic surveys were recorded and the information was used to establish operating procedures such as ramp-up of the sound producing equipment and mandatory shut down should whales or other cetaceans be spotted within 500 meters of the vessel. Thus far, 14 peer-reviewed scientific publications were generated during this study with many more expected.

Bureau of Reclamation. Reclamation invests in applied research programs to aid in the water and energy management challenges facing the arid Western States. Programs focus on the improvement of water management. The information obtained through these programs provides water management solutions and techniques that yield future benefits to the Nation. Research and Development activities support Reclamation's outcome goal to deliver water consistent with applicable State and Federal law, in an environmentally responsible and cost-efficient manner.

Departmental Offices - Central Utah Project Completion Act. In order to provide for the completion of the Central Utah Project, Public Law 102-575 was enacted on October 30, 1992. Funds authorized pursuant to this Act are appropriated annually to the Secretary of the Interior, and such appropriations are made immediately available in their entirety to the Central Utah Water Conservancy District. Two examples of Research and Development are a Feasibility Study and development by the Utah Division of Water Resources in coordination with the Jordan Valley Water Conservancy District to allow ground water recharge, management, and the conjunctive use of surface water resources with ground water resources in Salt Lake, Utah, Davis, Wasatch,

and Weber Counties in the State of Utah, and The District conducted a hydrologic study of the Provo River Basin and a feasibility study of direct delivery of Colorado River Basin water from the Strawberry Reservoir or elsewhere in the Strawberry Collection System to the Provo River Basin.

Departmental Offices - Utah Reclamation Mitigation and Conservation Commission.

The Commission invests in research calculated to determine the means by which mitigation measures or programs could be achieved (applied) or to determine the best method or design for an identified mitigation measure (developmental). In FY 2008, the Commission's research continued to be focused primarily on the Sage Grouse (a Northern American bird threatened by loss and deterioration of sage-steppe grassland habitat and predation) and the June Sucker (a fish occurring naturally only in Utah Lake and the Provo River and that is federally listed as endangered).

Bureau of Land Management. The primary objective of the BLM's research and development program is to make better use of new data, information, and knowledge to improve the management of the Nation's lands and resources. The BLM's research and development program focuses on working with partners to identify scientific information needs and then communicating those needs to research agencies, universities, and other non-Governmental organizations.

National Park Service. Through appropriations for natural resource stewardship, the NPS performs a wide range of mission-oriented research in support of its natural and cultural resource stewardship responsibilities. This work constitutes applied research focusing on park-based needs for scientific and scholarly information related to park management.

The Natural Resource Preservation Program answers specific questions with immediate application for natural resource management within the NPS, and at present, primarily involves the conduct and acquisition of research related to physical science investigations. These funds are relied on by parks for the highest priority individual projects. The Cultural Resource Preservation

Investment in Human Capital
(in millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
Educational Programs 1/	\$ 570	\$ 549	\$ 542	\$ 565	\$ 589	\$ 2,815
Job Corps Program	57	53	52	-	-	162
Other	12	12	11	-	-	35
TOTAL	\$ 639	\$ 614	\$ 605	\$ 565	\$ 589	\$ 3,012

1/ Educational Programs of Indian Affairs' School Operations, Adult Education Post-Secondary Education, and Other Educational Programs

Program provides funding for comparable cultural resource research and resource management projects in the fields of archeology, ethnography, historical architecture, history, and museum collections. The outlays and expenditure levels for research vary each year in response to the needs and priorities identified by the parks.

A Cultural Landscape Report is being prepared for the Little Rock Central High School National Historic Site. This report covering the school, streetscape, and surrounding neighborhood will assist with preserving and interpreting the story of the 1957 desegregation crisis and implementing the park's recently completed General Management Plan. It will be a catalyst for discussions with the local community and the Little Rock School District that owns the Central High School building and the surrounding campus to encourage preservation of the grounds in front of the school and to maintain the ambience of the 1957 Park Street landscape.

The NPS is part of a multi-agency, collaborative study that includes the National Oceanic and Atmospheric Administration), the USGS, and the Alaska Department of Fish and Game, seeking to understand the causes of a major decline in the harbor seal population in Alaska. Since 1992 the harbor seal population at Glacier Bay National Park and Preserve has declined by an estimated 70%. The timeliness of this study also coincides with recent analyses showing that the park's harbor seal population is genetically distinct from other seals in Alaska, indicating that the harbor seal population in Glacier Bay may become a candidate for federal listing as a threatened or endangered species.

Investment in Human Capital

Investment in human capital refers to education and training programs financed by the Federal Government for the benefit of the public; investment in human capital does not include education and training expenses for Federal employees. The Department plays a vital role in providing quality educational opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual, and cultural aspects of the people served.

Job Corps programs are no longer reported by the Department of the Interior due to the 2007 revisions contained in OMB Circular A-136, *Financial Reporting Requirements*, Revised July 2007. Monies received from the Department of Labor for this program are Parent/Child allocation transfers (Interior is the child) and only the parent reports on the funds. The Job Corp funding received for the 477 program (previously reported in the "Other" category) was also a Parent/Child allocation transfer (Interior is the child) and is no longer reported.

Indian Affairs Education Programs

Within Indian Affairs, the Bureau of Indian Education (BIE) takes the lead in the area of education. The BIE vision and long-range goal is to unite and promote healthy Indian communities through lifelong learning. This goal is implemented through the commitment to provide quality educational opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual and cultural aspects of the individual being served.

School Operations

The School Operations Program consists of the Indian School Equalization Program (ISEP), transportation, Family and Child Education (FACE), and administrative cost funds. The ISEP provides formula-based funding for IA-operated, grant, and contract elementary and secondary schools. Funds are distributed using the ISEP formula, which considers Weighted Student Units in order to provide basic educational programs for Indian children in grades K through 12. This funding is for operating the IA funded schools, i.e. funding for school staff, school programs, textbooks, and general supplies that are used by the school to educate Indian children.

Adult Education Programs

The Adult Education Program provides opportunities for adult Indians and Alaska Natives to obtain the General Equivalency Diploma. It also provides basic skills for transition to community college or job placement. In addition, this program specifically provides educational opportunities for American Indians and Alaska Natives to improve their employment skills and abilities while enhancing the local economy and their economic competitiveness on reservations. It also reduces their economic dependence on welfare programs. In sum, the tribes support the continuing Adult Education Program with several education programs under the Tribal Priority Allocations (TPA) funding process.

Postsecondary Education Programs

The Post-Secondary Education Programs are an important component in the economic development of tribal communities. The programs support the Department's goal on "Improving Communities" by promoting growth within Indian communities. Post secondary programs primarily consist of operating grants and supplemental funds for Tribal Colleges and Universities. In addition, the funds support the Undergraduate and Graduate Scholarship Programs, Haskell Indian Nations University in Lawrence, Kansas, and Southwestern Indian Polytechnic Institute, in Albuquerque, New Mexico. Two other post-secondary institutions that provide Indian education are Navajo Technical College and United Tribes Technical College

The Undergraduate and Graduate Scholarship Program is administered by the BIE and by tribes under self-determination contracts, grants, or self-governance compacts. The Undergraduate Scholarship Program provides financial assistance for eligible American Indian and Alaska Native students attending accredited post-secondary institutions. Each scholarship award is based on the student's certified financial aid requirements for Title IV Federal Assistance, such as the Pell Grant.

Other Education Programs

Other TPA programs that benefit Indian communities include the Tribal Design Program (TDP) and Johnson O'Malley (JOM) Program. TDPs allow tribes to design services to meet the needs of their local communities and support the goals outlined in the IA's Annual Performance Plan. Several tribes use this program to upgrade and improve tribal employee skills in the use of computer technology.

The JOM Program provides supplemental financial assistance to meet the unique and specialized education needs of eligible Indian students (Ages 3 through Grade 12) attending public schools. JOM is the only BIE program that provides for the culturally-related and supplementary academic needs of Indian children attending public schools.

Investment in Non-Federal Physical Property

The Department of the Interior provides a long-term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal Government for the purchase, construction, or major renovation of physical property owned by State and local governments and Insular Areas, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets. Property may include major additions, alterations, and replacements to fixed assets; the purchase of major equipment; and/or, the purchase or improvement of other physical assets.

Several programs are no longer reported by the Department of the Interior due to 2007 revisions contained in OMB Circular A-136, *Form and Content of PAR*, Revised July 2007. Monies received from the Department of Education and Department of Transportation for this program are Parent/Child (Interior is the child) and only the parent reports the funds.

In 2008, the FWS adjusted its methodology for collecting the non-Federal physical property information. A change in grant reporting requirements did not include the detailed information previously reported. To ensure uniformity in reporting, the amounts for FY 2004, 2005, 2006, and 2007 have been revised to conform with the new methodology.

Indian Affairs. IA's investment in non-Federal physical property includes schools, dormitories, and other infrastructures.

The Office of Facility Management and Construction, in conjunction with the IA, owns or provides funds for a considerable number and variety of buildings and other associated facilities across the Nation, including buildings with historic and architectural significance. The IA's construction program is a multifaceted, intricate operation that encompasses the areas of Education, Public Safety and Justice, Resource Management, and General Administration.

Education facilities serve a number of schools that provide educational opportunities for approximately 44,500 students. The IA also provides funding for administrative buildings at a number of tribal locations. Facilities benefitting from this program include dormitories, roads, forestry, detention centers, numerous irrigation facilities, and dams requiring repair to alleviate hazardous conditions. Additionally, program subactivities include minor improvements, repair and replacement, portable classrooms, emergency repairs, demolition and reduction of excess space, environmental projects, telecommunication improvements and repair, seismic safety, and emergency management systems. Finally, the IA is continually striving to correct building code and standard deficiencies when identified.

Bureau of Reclamation. Reclamation's investments in non-Federal physical property provide assistance through a variety of measures, all related to water and other water structures. Reclamation incurs expenses for specific programs to provide for the construction or improvement of structures and facilities used in State and local irrigation projects and water quality improvement projects.

Fish and Wildlife Service. FWS's investments in non-Federal physical property include major additions, alterations, or replacements; the purchase of major equipment; and the purchase or improvements of other physical assets for purposes of enhancing fish and wildlife management in States. The investments may also be used for land restoration, species protection, recreational hunting and boating improvements, and habitat loss prevention.

National Park Service. Congress may appropriate funds annually to the NPS for work on non-NPS facilities that is done by individuals who are not NPS employees. These funds are referred to as "Pass Through" appropriations because the role of the NPS is limited primarily to preparing an agreement that allows the funds to be obligated and certifying and processing subsequent payments for the work. More than 90 percent of the funds are obligated within the year they are appropriated. Once obligated, fund expenditure is entirely dependent on the party receiving the funds. Only cash assets are associated with these projects.

The National Park Service awards a variety of grants to state and local governments to facilitate public recreation opportunities and to promote the preservation and conservation of the nation's cultural, historic, pre-historic, and archeological resources. Only cash assets are associated with these projects, although NPS does maintain responsibility for assuming that recreation project areas remain in public use for perpetuity. A description of several major grant programs follows as related specifically to non-federal physical property investments.

Investment in Non-Federal Physical Property
(in millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
Dams & Other Water Structures	\$ 224	\$ 278	\$ 342	\$ 281	\$ 446	\$ 1,571
Land	95	97	115	165	128	600
Roads and Bridges	218	99	111	4	2	434
Schools and Public Buildings	100	89	94	114	66	463
Ranges	0	1	1	2	2	6
Not Classified	1	15	19	10	23	68
Total	\$ 638	\$ 579	\$ 682	\$ 576	\$ 667	\$ 3,142

Departmental Offices - The Office of Insular Affairs. The Office of Insular Affairs (OIA) is a small office which carries out the Secretary's responsibilities for U.S.-affiliated insular areas. These include the territories of Guam, American Samoa, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands, as well as the three freely associated states: the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau. OIA will achieve its mission by improving the financial management practices of insular governments, increasing economic development, and increasing Federal responsiveness to the unique needs of island communities. OIA hopes to increase the resources available to the insular area governments while promoting economic self-sufficiency. The total OIA budget for fiscal year 2009 is \$401.6 million, of which all but \$50.2 million is mandatory funding.

In prior years the Supplementary Stewardship Information identified certain funds expended in the Freely Associated States. However, in recent years it has been determined that these funds, which are provided to the freely associated states by the United States Government as authorized under the Compacts of Free Association, are investments to non-U.S. governments and the properties are not owned by the U.S. states, its territories or local governments.

Departmental Offices - Central Utah Project Completion Act. The Central Utah Project Completion Act expressly authorized the Utah Reclamation Mitigation & Conservation Commission to invest in fish and wildlife habitat improvements on non-Federal properties because the Federal reclamation projects in Utah affected fish and wildlife resources beyond the boundaries of the Reclamation projects, and opportunities to mitigate on Federal lands are often limited.

Minerals Management Service. The Energy Policy Act (Public Law 109-58) was signed into law by President Bush on August 8, 2005. Section 384 of the Act establishes the Coastal Impact Assistance Program (CIAP), a grant program that authorizes fund distribution to OCS oil and gas producing states to mitigate the impacts of OCS oil and gas activities. Funds are derived from OCS revenue receipts.

The CIAP authorizes the Secretary of the Interior, as delegated to the MMS, to distribute to producing States and Coastal Political Subdivisions (CPS's) \$250 million for each of the fiscal years 2007 through 2010. Qualified OCS revenues will be shared among 6 producing States (Alabama, Alaska, California, Louisiana, Mississippi, and Texas) and 67 eligible CPS's within those States, based upon allocation formulas prescribed by the Act. In order to receive CIAP funds, States are required to submit a coastal impact assistance plan that MMS must approve prior to disbursing any funds (Section 1356a(c)(2)(A)). All funds will be disbursed through a grant process.

Other Supplementary Information

(See Auditors' Report)

Other Supplementary Information includes the Consolidating Balance Sheet and the Consolidating Statement of Changes in Net Position.

Special Account Funds. NPS has concession agreements which contain provisions that provide for the establishment of escrow type accounts to be used to develop, improve, and maintain visitor facilities. The concessioner periodically deposits a percentage of gross revenue in the account as provided in the concessioner agreement. These "special account" funds are maintained in separate interest-bearing bank accounts for the concessioners, are not assets of the NPS, and may not be used in NPS operations. Therefore, the balances, inflows, and outflows of these concessioner special accounts are not recognized in the consolidated financial statements of the NPS. The concessioners reported that these special accounts balances totaled approximately \$41.9 million and \$42.8 million (unaudited), as of September 30, 2008 and 2007, respectively.

**Consolidating Balance Sheet
as of September 30, 2008
(dollars in thousands)**

	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
ASSETS				
Intragovernmental Assets:				
Fund Balance with Treasury	\$ 1,431,668	\$ 1,898,063	\$ 9,389,053	\$ 1,387,183
Investments, Net	67,342	1,933,696	450,369	521,518
Accounts and Interest Receivable	17,959	8,851	511,138	137,092
Loans and Interest Receivable, Net	-	-	3,063,916	-
Other	1,176	6,389	955	1,469
Total Intragovernmental Assets	1,518,145	3,846,999	13,415,431	2,047,262
Cash	15	36	-	-
Investments, Net	25	-	-	201,488
Accounts and Interest Receivable, Net	19,619	20,468	40,208	19,745
Loans and Interest Receivable, Net	19,382	-	93,295	-
Inventory and Related Property, Net	-	235,065	-	1,097
General Property, Plant, and Equipment, Net	1,738,756	526,626	12,969,921	549,775
Other	38,922	2,924	134,135	9,110
TOTAL ASSETS	\$ 3,334,864	\$ 4,632,118	\$ 26,652,990	\$ 2,828,477
Stewardship Assets				
LIABILITIES				
Intragovernmental Liabilities:				
Accounts Payable	\$ 10,533	\$ 60,154	\$ 17,473	\$ 14,491
Debt	7,905	644,204	51,628	11,372
Other				
Resources Payable to Treasury	11,896	-	1,784,273	254,297
Advances and Deferred Revenue	99,551	6,698	5,366	442,263
Custodial Liability	-	114,084	-	-
Other Liabilities	168,556	186,396	80,604	8,916
Total Intragovernmental Liabilities	298,441	1,011,536	1,939,344	731,339
Accounts Payable	59,659	44,567	170,297	397,300
Loan Guarantee Liability	36,180	-	-	-
Federal Employee and Veteran Benefits	99,084	120,949	87,223	17,532
Environmental and Disposal Liabilities	33,930	1,482	53,565	-
Other				
Contingent Liabilities	85,087	1,498	962	1
Advances and Deferred Revenue	26,081	231,498	623,277	17,290
Payments Due to States	-	-	-	-
Grants Payable	35,312	34,281	19,456	10,838
Other Liabilities	73,369	203,378	53,732	47,616
TOTAL LIABILITIES	\$ 747,143	\$ 1,649,189	\$ 2,947,856	\$ 1,221,916
Commitments and Contingencies				
Net Position				
Unexpended Appropriations - Earmarked Funds	-	189	246,887	(8,346)
Unexpended Appropriations - Other Funds	1,170,855	665,330	62,934	431,275
Cumulative Results of Operations - Earmarked Funds	310,716	1,940,028	23,323,415	487,264
Cumulative Results of Operations - Other Funds	1,106,150	377,382	71,898	696,368
Total Net Position	2,587,721	2,982,929	23,705,134	1,606,561
TOTAL LIABILITIES AND NET POSITION	\$ 3,334,864	\$ 4,632,118	\$ 26,652,990	\$ 2,828,477

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

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	FY 2008 Total
\$ 707,454	\$ 20,958,066	\$ 235,040	\$ 1,615,605	\$ 310,832	\$ -	\$ 37,932,964
1,276,420	1,446	2,437,237	657,070	-	-	7,345,098
414,658	34,255	10	1,224,609	51,009	(695,748)	1,703,833
-	-	-	-	-	-	3,063,916
-	1,245	-	835	2,586	(14,099)	556
2,398,532	20,995,012	2,672,287	3,498,119	364,427	(709,847)	50,046,367
-	391	-	32	-	-	474
-	-	-	-	-	-	201,513
1,366,653	8,131	21,464	12,831	71,186	-	1,580,305
-	2,518	-	-	-	-	115,195
-	-	-	-	485	-	236,647
17,659	1,365,547	4,661	1,005,064	128,899	-	18,306,908
-	6,511	-	220	36	-	191,858
\$ 3,782,844	\$ 22,378,110	\$ 2,698,412	\$ 4,516,266	\$ 565,033	\$ (709,847)	\$ 70,679,267
\$ 4,679	\$ 15,927	\$ 82	\$ 564,797	\$ 5,052	\$ (81,563)	\$ 611,625
-	-	-	-	-	-	715,109
-	-	-	-	-	-	2,050,466
-	1,285	3	749	1,713	(15,025)	542,603
1,168,945	-	-	-	-	(601,080)	681,949
3,161	70,813	1,476	23,616	27,844	(12,179)	559,203
1,176,785	88,025	1,561	589,162	34,609	(709,847)	5,160,955
16,119	202,305	498	29,056	40,407	-	960,208
-	-	-	-	-	-	36,180
9,429	945,736	3,495	63,995	35,780	-	1,383,223
-	39,724	-	26,337	510	-	155,548
1,100,000	1,000	-	-	-	-	1,188,548
124,390	11,566	1,137	18,150	7,237	-	1,060,626
632,284	-	-	-	-	-	632,284
5,287	90,872	8,796	66,946	20,440	-	292,228
60,981	191,516	6,742	201,073	119,438	-	957,845
\$ 3,125,275	\$ 1,570,744	\$ 22,229	\$ 994,719	\$ 258,421	\$ (709,847)	\$ 11,827,645
-	24,396	-	153,089	-	-	416,215
19,607	851,639	215,515	505,460	205,447	-	4,128,062
1,626,954	19,887,335	2,465,201	2,070,044	2,583	-	52,113,540
(988,992)	43,996	(4,533)	792,954	98,582	-	2,193,805
657,569	20,807,366	2,676,183	3,521,547	306,612	-	58,851,622
\$ 3,782,844	\$ 22,378,110	\$ 2,698,412	\$ 4,516,266	\$ 565,033	\$ (709,847)	\$ 70,679,267

**Consolidating Balance Sheet
as of September 30, 2007**
(dollars in thousands)

	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
ASSETS				
Intragovernmental Assets:				
Fund Balance with Treasury	\$ 1,468,149	\$ 1,454,783	\$ 7,813,695	\$ 1,515,625
Investments, Net	74,456	2,209,168	401,459	537,879
Accounts and Interest Receivable	17,871	21,197	531,324	82,646
Loans and Interest Receivable, Net	-	-	2,827,301	-
Other	2,824	3,225	1,598	2,570
Total Intragovernmental Assets	\$ 1,563,300	\$ 3,688,373	\$ 11,575,377	\$ 2,138,720
Cash	\$ 236	\$ 55	\$ -	\$ -
Investments, Net	30	-	-	163,324
Accounts and Interest Receivable, Net	26,626	24,707	34,077	27,671
Loans and Interest Receivable, Net	20,635	-	102,929	843
Inventory and Related Property, Net	-	253,918	-	1,006
General Property, Plant, and Equipment, Net	1,593,537	479,284	13,012,013	455,524
Other	48,740	5,609	136,866	9,221
TOTAL ASSETS	\$ 3,253,104	\$ 4,451,946	\$ 24,861,262	\$ 2,796,309
Stewardship Assets				
LIABILITIES				
Intragovernmental Liabilities:				
Accounts Payable	\$ 8,767	\$ 79,483	\$ 16,571	\$ 17,376
Debt	8,329	764,204	73,259	12,215
Other	-	-	-	-
Resources Payable to Treasury	12,743	-	1,778,687	226,151
Advances and Deferred Revenue	74,574	6,308	7,299	721,122
Custodial Liability	-	32,260	-	-
Other Liabilities	244,096	151,588	82,188	7,146
Total Intragovernmental Liabilities	\$ 348,509	\$ 1,033,843	\$ 1,958,004	\$ 984,010
Accounts Payable	\$ 47,450	\$ 39,664	\$ 179,484	\$ 243,350
Loan Guarantee Liability	41,434	-	-	-
Federal Employee and Veteran Benefits	110,564	92,378	85,990	15,466
Environmental and Disposal Liabilities	39,621	1,357	51,597	-
Other	-	-	-	-
Contingent Liabilities	16,137	1,033	962	-
Advances and Deferred Revenue	18,551	154,813	475,105	10,493
Payments Due to States	-	-	-	-
Grants Payable	11,825	56,944	26,991	11,007
Other Liabilities	80,570	207,396	51,006	54,562
TOTAL LIABILITIES	\$ 714,661	\$ 1,587,428	\$ 2,829,139	\$ 1,318,888
Commitments and Contingencies	-	-	-	-
Net Position				
Unexpended Appropriations - Earmarked Funds	\$ -	\$ 8,310	\$ 236,373	\$ 897
Unexpended Appropriations - Other Funds	1,231,396	546,147	65,518	423,703
Cumulative Results of Operations - Earmarked Funds	283,793	1,897,567	21,684,429	480,076
Cumulative Results of Operations - Other Funds	1,023,254	412,494	45,803	572,745
Total Net Position	2,538,443	2,864,518	22,032,123	1,477,421
TOTAL LIABILITIES AND NET POSITION	\$ 3,253,104	\$ 4,451,946	\$ 24,861,262	\$ 2,796,309

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

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	FY 2007 Total
\$ 422,838	\$ 20,193,214	\$ 47,993	\$ 1,565,645	\$ 294,729	\$ -	\$ 34,776,671
1,146,755	1,456	2,371,561	579,811	-	-	7,322,545
236,202	23,945	569	1,120,411	45,390	(657,676)	1,421,879
-	-	-	-	-	-	2,827,301
12	1,372	-	1,212	2,713	(14,997)	529
\$ 1,805,807	\$ 20,219,987	\$ 2,420,123	\$ 3,267,079	\$ 342,832	\$ (672,673)	\$ 46,348,925
\$ -	\$ 431	\$ -	\$ 34	\$ -	\$ -	\$ 756
-	-	-	-	-	-	163,354
1,741,091	15,139	2,516	10,506	64,684	-	1,947,017
-	2,878	-	-	-	-	127,285
-	-	-	-	489	-	255,413
20,851	1,233,661	4,092	999,796	132,040	-	17,930,798
-	9,249	-	200	87	-	209,972
\$ 3,567,749	\$ 21,481,345	\$ 2,426,731	\$ 4,277,615	\$ 540,132	\$ (672,673)	\$ 66,983,520
\$ 5,524	\$ 24,389	\$ 86	\$ 531,768	\$ 6,400	\$ (99,584)	\$ 590,780
-	-	-	-	-	-	858,007
-	-	-	-	-	-	-
-	-	-	-	-	-	2,017,581
2	2,226	16	396	2,062	(19,656)	794,349
1,323,574	-	-	-	-	(535,850)	819,984
3,245	69,828	1,487	22,016	32,154	(17,583)	596,165
\$ 1,332,345	\$ 96,443	\$ 1,589	\$ 554,180	\$ 40,616	\$ (672,673)	\$ 5,676,866
\$ 14,738	\$ 196,993	\$ 613	\$ 22,995	\$ 39,765	\$ -	\$ 785,052
-	-	-	-	-	-	41,434
8,855	947,928	3,319	63,489	35,644	-	1,363,633
-	33,295	-	21,536	108	-	147,514
-	-	-	-	-	-	-
334,000	2,336	150	60	-	-	354,678
47,704	9,011	1,106	15,388	9,087	-	741,258
639,507	-	-	-	-	-	639,507
3,618	94,459	10,643	56,215	20,194	-	291,896
66,898	176,938	16,061	177,079	106,566	-	937,076
\$ 2,447,665	\$ 1,557,403	\$ 33,481	\$ 910,942	\$ 251,980	\$ (672,673)	\$ 10,978,914
-	-	-	-	-	-	-
\$ -	\$ 2,511	\$ -	\$ 87,454	\$ -	\$ -	\$ 335,545
18,052	851,562	43,739	401,361	192,712	-	3,774,190
1,351,124	19,091,584	2,354,608	2,002,411	2,466	-	49,148,058
(249,092)	(21,715)	(5,097)	875,447	92,974	-	2,746,813
1,120,084	19,923,942	2,393,250	3,366,673	288,152	-	56,004,606
\$ 3,567,749	\$ 21,481,345	\$ 2,426,731	\$ 4,277,615	\$ 540,132	\$ (672,673)	\$ 66,983,520

Consolidating Statement of Changes in Net Position
for the year ended September 30, 2008
(dollars in thousands)

	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
UNEXPENDED APPROPRIATIONS				
Beginning Balance				
Earmarked Funds	\$ -	\$ 8,310	\$ 236,373	\$ 897
All Other Funds	1,231,396	546,147	65,518	423,702
Budgetary Financing Sources				
Appropriations Received	-	111,486	183,763	-
Earmarked Funds	2,339,219	2,196,908	59,355	1,286,134
All Other Funds				
Appropriations Transferred In/(Out)				
Earmarked Funds	-	-	-	976
All Other Funds	40,401	(108,872)	-	(1,925)
Appropriations-Used				
Earmarked Funds	-	(119,662)	(173,249)	(1,873)
All Other Funds	(2,403,851)	(1,940,448)	(61,939)	(1,265,288)
Other Adjustments				
Earmarked Funds	-	55	-	(8,346)
All Other Funds	(36,310)	(28,405)	-	(11,348)
Net Change				
Earmarked Funds	-	(8,121)	10,514	(9,243)
All Other Funds	(60,541)	119,183	(2,584)	7,573
Ending Balance				
Earmarked Funds	-	189	246,887	(8,346)
All Other Funds	1,170,855	665,330	62,934	431,275
Ending Balance All Funds - Unexpended Appropriations	\$ 1,170,855	\$ 665,519	\$ 309,821	\$ 422,929

Consolidating Statement of Changes in Net Position
for the year ended September 30, 2008
(dollars in thousands)

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	FY 2008 Total
\$ -	\$ 2,511	\$ -	\$ 87,454	\$ -	\$ -	\$ 335,545
18,053	851,563	43,739	401,361	192,711	-	3,774,190
-	25,000	-	170,018	-	-	490,267
157,202	2,331,239	373,979	1,235,162	1,022,430	-	11,001,628
-	-	-	-	-	-	976
-	81,265	-	10,273	5,100	-	26,242
-	(2,724)	-	(102,547)	-	-	(400,055)
(153,024)	(2,366,759)	(198,592)	(1,122,445)	(991,625)	-	(10,503,971)
-	(391)	-	(1,836)	-	-	(10,518)
(2,624)	(45,669)	(3,611)	(18,891)	(23,169)	-	(170,027)
-	21,885	-	65,635	-	-	80,670
1,554	76	171,776	104,099	12,736	-	353,872
-	24,396	-	153,089	-	-	416,215
19,607	851,639	215,515	505,460	205,447	-	4,128,062
<u>\$ 19,607</u>	<u>\$ 876,035</u>	<u>\$ 215,515</u>	<u>\$ 658,549</u>	<u>\$ 205,447</u>	<u>\$ -</u>	<u>\$ 4,544,277</u>

Consolidating Statement of Changes in Net Position - Continued
for the year ended September 30, 2008
(dollars in thousands)

	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
CUMULATIVE RESULTS OF OPERATIONS				
Beginning Balance				
Earmarked Funds	\$ 283,793	\$ 1,897,567	\$ 21,684,429	\$ 480,076
All Other Funds	1,023,254	412,494	45,803	572,745
Budgetary Financing Sources				
Appropriations-Used				
Earmarked Funds	-	119,662	173,249	1,873
All Other Funds	2,403,851	1,940,448	61,939	1,265,288
Royalties Retained				
Earmarked Funds	-	59,706	1,940,820	-
All Other Funds	-	7,193	-	-
Non-Exchange Revenue				
Earmarked Funds	(45)	5	(23)	132,443
All Other Funds	(37)	29	5	19,160
Transfers In/(Out) without Reimbursement				
Earmarked Funds	-	20,069	186,957	314
All Other Funds	(8,023)	(37,517)	(1,188)	(20,646)
Donations and Forfeitures of Cash and Cash Equivalents				
Earmarked Funds	60	-	-	4
All Other Funds	-	-	-	-
Other Budgetary Financing Sources				
Earmarked Funds	-	-	(12,535)	(224)
All Other Funds	-	-	1,113	-
Other Adjustments				
Earmarked Funds	-	114	-	-
All Other Funds	-	243	-	(2)
Other Financing Sources				
Donations and Forfeitures of Property				
Earmarked Funds	-	-	3,393	-
All Other Funds	60	-	-	12,660
Transfers In/(Out) without Reimbursement				
Earmarked Funds	-	49,150	(47,457)	83
All Other Funds	37	(54,897)	8,102	1,633
Imputed Financing from Costs Absorbed by Others				
Earmarked Funds	1,685	7,078	118,619	1,016
All Other Funds	59,158	77,544	49	33,243
Other Non - Budgetary Financing Sources				
Earmarked Funds	-	-	-	-
All Other Funds	(1,294)	(73,970)	(41,364)	2,171
Total Financing Sources	2,455,452	2,114,857	2,391,679	1,449,016
Net Cost of Operations				
Earmarked Funds	25,223	(213,323)	(724,037)	(128,321)
All Other Funds	(2,370,856)	(1,894,185)	(2,561)	(1,189,884)
Net Change				
Earmarked Funds	26,923	42,461	1,638,986	7,188
All Other Funds	82,896	(35,112)	26,095	123,623
Ending Balance				
Earmarked Funds	310,716	1,940,028	23,323,415	487,264
All Other Funds	1,106,150	377,382	71,898	696,368
Ending Balance All Funds - Cumulative Results of Operations	\$ 1,416,866	\$ 2,317,410	\$ 23,395,313	\$ 1,183,632

Consolidating Statement of Changes in Net Position - Continued
for the year ended September 30, 2008
(dollars in thousands)

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	FY 2008 Total
\$ 1,351,123 (249,092)	\$ 19,091,584 (21,715)	\$ 2,354,608 (5,097)	\$ 2,002,412 875,447	\$ 2,466 92,974	\$ -	\$ 49,148,058 2,746,813
-	2,724	-	102,547	-	-	400,055
153,024	2,366,759	198,592	1,122,445	991,625	-	10,503,971
2,732,983	1,060,192	-	2,747	-	-	5,796,448
-	-	-	-	-	-	7,193
37,513	-	369,935	396,383	-	-	936,211
-	63	3	1,477	158	-	20,858
6,303	(189,378)	-	627,302	(5)	-	651,562
-	17,285	-	22,893	263	-	(26,933)
-	57,524	-	5,000	2,617	-	65,205
-	-	-	-	-	-	-
-	(2,128)	-	-	-	-	(14,887)
-	7	-	-	-	-	1,120
-	-	-	-	-	-	114
-	-	-	-	-	-	241
-	-	-	-	-	-	3,393
-	31	-	-	1,670	-	14,421
-	(1,204)	(1,065)	(58,551)	(37)	-	(59,081)
-	(2,849)	1,586	47,807	204	-	1,623
-	-	-	5,354	-	-	133,752
29,694	102,229	6,072	52,619	56,934	(79,204)	338,338
-	-	-	-	-	-	-
(604)	-	(56)	(264)	-	-	(115,381)
2,958,913	3,411,255	575,067	2,327,759	1,053,429	(79,204)	18,658,223
(2,500,968)	(131,979)	(258,277)	(1,013,150)	(2,458)	-	(4,947,290)
(922,014)	(2,417,814)	(205,633)	(1,329,470)	(1,045,246)	79,204	(11,298,459)
275,831	795,751	110,593	67,632	117	-	2,965,482
(739,900)	65,711	564	(82,493)	5,608	-	(553,008)
1,626,954	19,887,335	2,465,201	2,070,044	2,583	-	52,113,540
(988,992)	43,996	(4,533)	792,954	98,582	-	2,193,805
\$ 637,962	\$ 19,931,331	\$ 2,460,668	\$ 2,862,998	\$ 101,165	\$ -	\$ 54,307,345

Consolidating Statement of Changes in Net Position
for the fiscal year ended September 30, 2007
(dollars in thousands)

	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
UNEXPENDED APPROPRIATIONS				
Beginning Balance				
Earmarked Funds	\$ -	\$ 6,268	\$ 249,501	\$ 3,741
All Other Funds	1,301,674	591,880	67,644	452,219
Budgetary Financing Sources				
Appropriations Received				
Earmarked Funds	-	105,682	206,557	-
All Other Funds	2,324,930	1,841,007	41,373	1,121,647
Appropriations Transferred In/(Out)				
Earmarked Funds	-	-	-	945
All Other Funds	(18,831)	29,697	-	(1,731)
Appropriations-Used				
Earmarked Funds	-	(103,640)	(219,685)	(3,776)
All Other Funds	(2,376,377)	(1,916,437)	(43,499)	(1,140,226)
Other Adjustments				
Earmarked Funds	-	-	-	(13)
All Other Funds	-	-	-	(8,206)
Net Change				
Earmarked Funds	-	2,042	(13,128)	(2,844)
All Other Funds	(70,278)	(45,733)	(2,126)	(28,516)
Ending Balance				
Earmarked Funds	-	8,310	236,373	897
All Other Funds	1,231,396	546,147	65,518	423,703
Ending Balance All Funds - Unexpended Appropriations	\$ 1,231,396	\$ 554,457	\$ 301,891	\$ 424,600

Consolidating Statement of Changes in Net Position
for the fiscal year ended September 30, 2007
(dollars in thousands)

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	FY 2007 Total
\$ -	\$ (1,285)	\$ -	\$ 80,977	\$ -	\$ -	\$ 339,202
24,768	851,443	39,828	394,631	192,658	-	3,916,745
-	-	-	85,611	-	-	397,850
152,612	2,247,383	109,099	1,091,214	988,050	-	9,917,315
-	-	-	-	-	-	945
-	(4,830)	-	(1,773)	-	-	2,532
-	-	-	(79,134)	-	-	(406,235)
(158,892)	(2,235,017)	(103,133)	(1,082,110)	(981,327)	-	(10,037,018)
-	3,796	-	-	-	-	3,783
(436)	(7,417)	(2,055)	(601)	(6,669)	-	(25,384)
-	3,796	-	6,477	-	-	(3,657)
(6,716)	119	3,911	6,730	54	-	(142,555)
-	2,511	-	87,454	-	-	335,545
18,052	851,562	43,739	401,361	192,712	-	3,774,190
\$ 18,052	\$ 854,073	\$ 43,739	\$ 488,815	\$ 192,712	\$ -	\$ 4,109,735

Consolidating Statement of Changes in Net Position - Continued
for the fiscal year ended September 30, 2007
(dollars in thousands)

	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other
CUMULATIVE RESULTS OF OPERATIONS				
Beginning Balance				
Earmarked Funds	\$ 281,173	\$ 1,893,723	\$ 20,550,090	\$ 474,563
All Other Funds	849,167	368,387	41,073	434,478
Budgetary Financing Sources				
Appropriations-Used				
Earmarked Funds	-	103,640	219,685	3,776
All Other Funds	2,376,377	1,916,437	43,499	1,140,226
Royalties Retained				
Earmarked Funds	-	71,187	1,326,070	-
All Other Funds	-	4,367	-	-
Non-Exchange Revenue				
Earmarked Funds	102	10	9,602	68,487
All Other Funds	(134)	83	5	17,690
Transfers In/(Out) without Reimbursement				
Earmarked Funds	-	10,629	54,170	(5,427)
All Other Funds	(10,584)	(100,414)	(1,464)	16,572
Donations and Forfeitures of Cash and Cash Equivalents				
Earmarked Funds	3,450	-	-	103
All Other Funds	-	-	-	-
Other Budgetary Financing Sources				
Earmarked Funds	-	755	(11,489)	(1,873)
All Other Funds	-	-	-	-
Other Adjustments				
Earmarked Funds	-	-	-	(718)
All Other Funds	-	-	-	(51)
Other Financing Sources				
Donations and Forfeitures of Property				
Earmarked Funds	-	-	68	-
All Other Funds	609	-	-	5,045
Transfers In/(Out) without Reimbursement				
Earmarked Funds	(108)	12,762	(1,098)	(316)
All Other Funds	(72,655)	(6,812)	11,733	99
Imputed Financing from Costs Absorbed by Others				
Earmarked Funds	1,316	6,859	114,267	986
All Other Funds	133,775	75,921	18	25,253
Other Non - Budgetary Financing Sources				
Earmarked Funds	-	-	-	-
All Other Funds	-	-	-	-
Total Financing Sources	2,432,148	2,095,424	1,765,066	1,269,852
Net Cost of Operations				
Earmarked Funds	(2,140)	(201,998)	(576,936)	(59,505)
All Other Funds	(2,253,301)	(1,845,475)	(49,061)	(1,066,567)
Net Change				
Earmarked Funds	2,620	3,844	1,134,339	5,513
All Other Funds	174,087	44,107	4,730	138,267
Ending Balance				
Earmarked Funds	283,793	1,897,567	21,684,429	480,076
All Other Funds	1,023,254	412,494	45,803	572,745
Ending Balance All Funds - Cumulative Results of Operations	\$ 1,307,047	\$ 2,310,061	\$ 21,730,232	\$ 1,052,821

Consolidating Statement of Changes in Net Position - Continued
for the fiscal year ended September 30, 2007
(dollars in thousands)

Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	FY 2007 Total
\$ 1,067,265 (502,125)	\$ 18,431,304 (94,899)	\$ 2,270,955 (6,581)	\$ 1,829,606 863,581	\$ 2,548 68,669	\$ - -	\$ 46,801,227 2,021,750
-	-	-	79,134	-	-	406,235
158,892	2,235,017	103,133	1,082,110	981,327	-	10,037,018
1,981,590	1,055,188	-	1,785	-	-	4,435,820
-	-	-	-	-	-	4,367
35,034	-	411,719	371,686	-	-	896,640
-	(56)	5	1,630	20	-	19,243
6,903	(300,918)	190	669,957	(3)	-	435,501
-	32,680	(190)	19,936	6,382	-	(37,082)
-	27,230	-	2,213	2,709	-	35,705
-	-	-	-	-	-	-
-	(1,864)	-	-	-	-	(14,471)
-	292	-	-	-	-	292
-	-	-	-	-	-	(718)
-	1	-	-	-	-	(50)
-	-	-	-	-	-	68
-	821	-	-	1,408	-	7,883
-	(195)	(2,143)	(62,027)	-	-	(53,125)
22	(509)	1,362	54,168	95	-	(12,497)
-	-	-	4,630	-	-	128,058
27,640	122,460	11,752	53,082	66,346	(94,112)	422,135
-	-	-	-	-	-	-
(416)	-	(26)	-	-	-	(442)
2,209,665	3,170,147	525,802	2,278,304	1,058,284	(94,112)	16,710,580
(1,739,668)	(119,161)	(326,113)	(894,573)	(2,788)	-	(3,922,882)
66,895	(2,317,522)	(114,552)	(1,199,060)	(1,031,273)	94,112	(9,715,804)
283,859	660,280	83,653	172,805	(82)	-	2,346,831
253,033	73,184	1,484	11,866	24,305	-	725,063
1,351,124	19,091,584	2,354,608	2,002,411	2,466	-	49,148,058
(249,092)	(21,715)	(5,097)	875,447	92,974	-	2,746,813
\$ 1,102,032	\$ 19,069,869	\$ 2,349,511	\$ 2,877,858	\$ 95,440	\$ -	\$ 51,894,871

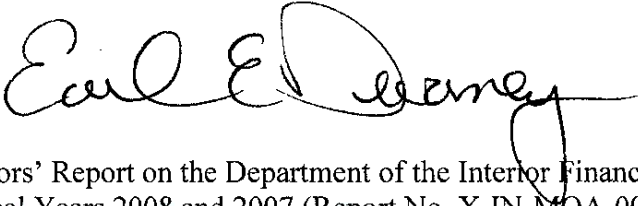


United States Department of the Interior
OFFICE OF INSPECTOR GENERAL
Washington, DC 20240

NOV 15 2008

Memorandum

To: Secretary

From: Earl E. Devaney
Inspector General 

Subject: Independent Auditors' Report on the Department of the Interior Financial Statements for Fiscal Years 2008 and 2007 (Report No. X-IN-MOA-0011-2008)

INTRODUCTION

This memorandum transmits the KPMG LLP (KPMG) auditors' report of the Department of the Interior (DOI) financial statements for fiscal years (FYs) 2008 and 2007. The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires the DOI Inspector General or an independent auditor, as determined by the Inspector General, to audit the DOI financial statements.

Under a contract issued by DOI and monitored by the Office of Inspector General (OIG), KPMG, an independent public accounting firm, performed an audit of the DOI FY2008 and FY2007 financial statements. The contract required that the audit be performed in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States and Office of Management and Budget Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements."

RESULTS OF INDEPENDENT AUDIT

In its audit report dated November 15, 2008, KPMG issued an unqualified opinion on the DOI financial statements. However, KPMG identified six significant deficiencies in internal controls over financial reporting, of which one was considered a material weakness. In addition, KPMG identified two instances where DOI did not comply with laws and regulations, specifically, the Single Audit Act Amendments of 1996 and with the Federal Financial Management Improvement Act of 1996 (FFMIA).

KPMG has also audited the financial statements for Indian Affairs, Bureau of Reclamation, Departmental Offices, National Park Service, and the U.S. Geological Survey. In addition, KPMG performed certain auditing procedures at the Bureau of Land Management, U.S. Fish and Wildlife Service, Minerals Management Service and Office of Surface Mining, Reclamation and Enforcement to support the DOI consolidated financial statement audit.

EVALUATION OF KPMG AUDIT PERFORMANCE

To ensure the quality of the audit work performed, the OIG:

- reviewed KPMG's approach and planning of the audit;
- evaluated the qualifications and independence of the auditors;
- monitored the progress of the audit at key points;
- coordinated periodic meetings with DOI management to discuss audit progress, findings, and recommendations;
- reviewed and accepted KPMG's audit report; and
- performed other procedures we deemed necessary.

KPMG is responsible for the attached auditors' report dated November 15, 2008, and the conclusions expressed therein. We do not express an opinion on DOI financial statements nor on KPMG's conclusions regarding 1) effectiveness of internal controls, 2) compliance with laws and regulations, or 3) substantial compliance of DOI financial management systems with the Federal Financial Management Improvement Act of 1996.

REPORT DISTRIBUTION

The legislation, as amended, creating the OIG requires semiannual reporting to the Congress on all audit reports issued, actions taken to implement audit recommendations, and unimplemented recommendations. Therefore, we will include the information in the attachment in our next semiannual report. The distribution of the report is not restricted, and copies are available for public inspection.

We appreciate the cooperation and assistance of DOI personnel during the audit. If you have any questions regarding the report, please contact me at 202-208-5745.

Attachments

cc: Chief Financial Officer
 Chief Information Officer
 Director, Office of Financial Management
 Associate Director, Office of Financial Management
 Focus Group Leader, Internal Control and Audit Follow-up, Office of Financial Management
 Audit Liaison Officer, Office of Financial Management



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

Secretary and Inspector General,
U.S. Department of the Interior:

We have audited the accompanying balance sheets of the U.S. Department of the Interior (Interior) as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended (hereinafter referred to as financial statements). The objective of our audits was to express an opinion on the fair presentation of these financial statements. In connection with our fiscal year 2008 audit, we also considered Interior's internal controls over financial reporting and tested Interior's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these financial statements.

Summary

As stated in our opinion on the financial statements, we concluded that Interior's financial statements as of and for the years ended September 30, 2008 and 2007, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles. As discussed in our opinion, Interior changed its method of accounting for and reporting of heritage assets and stewardship land to adopt changes in accounting standards in fiscal year 2008.

Our consideration of internal control over financial reporting resulted in the following conditions being identified as significant deficiencies:

Significant Deficiency Considered to be a Material Weakness

- A. Controls over Unfilled Customer Orders

Other Significant Deficiencies

- B. General and Application Controls over Financial Management Systems
- C. Controls over Property
- D. Controls over Undelivered Orders
- E. Grant Monitoring Controls
- F. Controls over Indian Trust Funds

The results of our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, and Office of Management and Budget (OMB) Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

- G. *Single Audit Act Amendments of 1996*
- H. *Federal Financial Management Improvement Act of 1996*



The following sections discuss our opinion on Interior's financial statements; our consideration of Interior's internal controls over financial reporting; our tests of Interior's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements; and management's and our responsibilities.

Opinion on the Financial Statements

We have audited the accompanying balance sheets of the U.S. Department of the Interior as of September 30, 2008 and 2007, and the related statements of net cost, changes in net position, budgetary resources, and custodial activity for the years then ended.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of the Interior as of September 30, 2008 and 2007, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 10 to the financial statements, Interior changed its method of accounting for and reporting of heritage assets and stewardship land to adopt changes in accounting standards in fiscal year 2008.

The information in the Management's Discussion and Analysis, Required Supplementary Information, and Required Supplementary Stewardship Information sections is not a required part of the financial statements, but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The consolidating information in the Other Supplementary Information section is presented for purposes of additional analysis of the financial statements rather than to present the financial position and changes in net position of Interior's components individually. The consolidating information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole. The Introduction, Performance Data and Analysis, and Other Accompanying Information sections and the special account funds in the Other Supplementary Information section are presented for purposes of additional analysis and are not required as part of the financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

Internal Control Over Financial Reporting

Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Interior's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Interior's financial statements that is more than inconsequential will not be prevented or detected by Interior's internal control. A material weakness is a significant deficiency, or



combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Interior's internal control.

In our fiscal year 2008 audit, we consider the deficiencies, described below, to be significant deficiencies in internal control over financial reporting. We consider significant deficiency A to be a material weakness. Exhibit I presents the status of prior year significant deficiencies.

A. Controls over Unfilled Customer Orders

Interior reported \$5.2 billion of budgetary resources received from customer orders with other federal entities and public organizations in fiscal year 2008. Interior needs to improve controls to ensure customer orders are promptly recorded, properly classified, and accounted for, in order to prepare timely and reliable reports. Interior did not record the entire unfilled customer order when the order was received or incorrectly removed unfilled customer orders at the end of each fiscal year that were recorded again in the following fiscal year because of accounting system limitations and the components not fully understanding the accounting standards. These actions resulted in Interior understating budgetary resources by over \$467 million in fiscal year 2008. In addition, Interior did not effectively review outstanding unfilled customer orders because Interior should have removed approximately \$43 million of unfilled customer orders that had expired. As a result of our observations, Interior analyzed and adjusted its unfilled customer orders.

Recommendations

We recommend that Interior implement the following recommendations to improve controls over its unfilled customer order balances:

1. Develop and communicate accounting policies and procedures for unfilled customer orders.
2. Provide training to personnel on accounting for unfilled customer orders.
3. Record the entire amount of the unfilled customer order when the order is received.
4. Monitor and close out unfilled customer orders when the order expires or funding is no longer available for obligation.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

B. General and Application Controls over Financial Management Systems

Interior did not have adequate information technology controls to protect its financial management systems as required by OMB Circular No. A-130, *Management of Federal Information Resources*. These conditions could affect Interior's ability to prevent and detect unauthorized changes to financial information, control electronic access to sensitive information, and protect its information resources. Although Interior has improved its application and general controls, Interior needs to continue improving the security and general controls over its financial information systems, as discussed below.

1. Entity-wide Security Program and Planning

An entity-wide security program, including security policies and a related implementation plan, is the foundation of an entity's security control structure. Interior had not certified and accredited four financial applications and had not certified and accredited another application until the end of the year. In addition, Interior did not fully document or perform certain procedures to support two of its certification and accreditation reports.



2. *Access Controls and Segregation of Responsibilities*

Access controls protect computer resources from unauthorized modification, disclosure, and loss; however, Interior did not fully establish controls to prevent and detect unauthorized access. Interior did not formally document and approve policies and procedures regarding access controls, segregation of system roles and responsibilities, reviews and segregation of duties, or facility access controls. Interior granted excessive access to and did not effectively segregate system administrator responsibilities for one application. Interior also did not establish appropriate system parameter settings for password expiration and automatic log off in accordance with its policies for two applications.

Interior did not periodically review segregation of responsibilities to ensure conflicting access rights are not granted for certain applications. Additionally, Interior did not configure three applications to ensure segregation of duties. Interior also did not consistently recertify user access, document reviews of user access, segregate responsibilities for reviewing access profile changes, prepare and maintain access forms, complete rule of behavior forms, complete background investigations, maintain vulnerability scan results, minimize duplicate accounts, prepare exit clearance forms, or remove separated users. Additionally, Interior did not establish controls over contractor access to applications, background investigations, and security training. Furthermore, Interior did not configure certain applications to capture changes to accounts, changes to security profiles, and transactions on security and audit logs. Finally, Interior did not consistently review security and audit logs, document that log reviews were completed, or maintain logs.

3. *System Software Controls*

System software controls protect computer resources from unauthorized modification, disclosure, and loss. Interior did not document approval of administrator access for one system, allowed shared administrator access for one system, and allowed approvers to share identifications to approve system software changes for one system. In addition, Interior had not developed procedures for limiting access to one system, fully developed procedures for capturing and reviewing changes for three systems, or fully implemented procedures to detect unauthorized changes to system software for two systems. Furthermore, Interior did not consistently segregate responsibilities over the review of security violations or consistently document reviews and resolutions of security violations. Finally, Interior did not have vendor support or implement security upgrades for several systems.

4. *Software Development and Change Controls*

Software development and change controls ensure that only authorized programs and modifications are implemented. Interior did not have formal system development and change management procedures or the capability to generate a list of changes for one application. In addition, Interior did not use library management software to control software changes or fully segregate software development and change responsibilities for three applications. Finally, Interior did not log changes or review changes implemented for one system.

5. *Service Continuity*

Service continuity plans protect information resources, minimize the risk of unplanned interruptions, and recover critical operations should interruptions occur. Interior did not have finalized, approved and tested contingency plans for three applications. In addition, Interior did not update one contingency plan for significant changes to the operating environment or include recovery goals in the contingency plan. Interior also did not have a comprehensive plan to train all essential employees on emergency responsibilities outlined within the critical system and application contingency plans. Additionally, Interior did not establish disaster recovery sites for two applications. Furthermore, Interior did not develop backup and off-site storage procedures for three applications. Finally, Interior did not use a backup tape log, secure backup tapes, or maintain backup tape testing results for one application.



Recommendations

We recommend that Interior continue to improve the security and general controls over its financial information systems to ensure adequate security and protection of the information systems as follows:

1. Certify and accredit its facilities timely and fully document its certifications and accreditations.
2. Develop and finalize access control policies, restrict access, configure systems for password expirations, review segregation of responsibilities, review and approve user access, maintain access documentation, prepare rule of behavior and exit clearance forms, complete background investigations, maintain vulnerability scan results, control contractor access, and configure, review, and maintain security and audit logs.
3. Document approval of administrator access, limit administrator access, assign unique identifications to administrators, develop access and change procedures, segregate responsibilities over the review of security violations, document reviews and resolutions of security violations, secure vendor support, and implement security upgrades for system software.
4. Finalize system development and change management procedures, use library management software to control software changes, configure systems to capture changes, fully segregate responsibilities for software development and changes, and log and review changes.
5. Finalize, approve and test contingency plans and related training plans, establish disaster recover sites, develop backup and off-site storage procedures, use backup tape logs, secure back up tapes, and maintain backup testing results.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

C. Controls over Property

Interior needs to improve controls over accounting for property, plant, and equipment, to ensure that transactions are promptly recorded and properly classified and accounted for, to prepare timely and reliable financial reports. We noted control deficiencies in the following areas:

1. *General Property, Plant and Equipment*

Interior did not consistently record property additions, disposals, and transfers when they occurred and capitalized costs that should have been expensed. Interior had not properly established property projects in the accounting system and did not consistently communicate across one component, resulting in a net \$176 million overstatement of property balances. In addition, Interior had not completed or reviewed cost structures in the accounting system for 4 of 45 cost structures tested. Interior also did not record \$36 million of property at the time of purchase because Interior did not realize that it owned the property. Interior did not perform effective periodic inventory procedures because 7 of the 158 inventory items tested at one component did not exist. Finally, Interior did not record property additions and disposals when they occurred for 27 of the 224 transactions tested at three components. As a result of our observations, Interior analyzed and adjusted its property balances.

2. *Heritage Assets and Stewardship Land*

In fiscal year 2008, Interior adopted the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards (SFFAS) No. 29, *Heritage Assets and Stewardship Land*. Interior did not consistently establish controls over the implementation of SFFAS No. 29, *Heritage Assets and Stewardship Land*, because Interior had reported heritage asset and stewardship land units that did not meet the accounting criteria, did not exist, were previously transferred to other entities, or were owned by other entities. In addition, Interior did not report heritage asset and stewardship land units that met the accounting criteria for reporting. These actions resulted in Interior incorrectly



reporting 485 units or 20% of the beginning balances at five of its components. As a result of our observations, Interior analyzed and adjusted the heritage assets and stewardship land beginning balances.

Recommendations

We recommend that Interior implement the following recommendations to improve controls over property:

1. Establish controls to ensure that Interior records property additions, disposals, and transfers when the transaction occurs.
2. Implement procedures requiring supervisory review of cost structures to ensure that the cost structures are properly entered into the accounting system.
3. Enhance periodic inventory procedures, including semi-annual certifications and other procedures that document completeness and accuracy.
4. Continue to train personnel on recording property transactions and conducting inventories.
5. Implement additional controls, such as requiring supervisory reviews and evaluations of accounting standard implementations, to ensure consistent implementation of new accounting standards.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

D. Controls over Undelivered Orders

Interior obligates its budgetary resources by placing orders with other federal entities and public organizations and reduces the order balances as goods and services are received. Interior policies require components to review and certify undelivered orders quarterly and to de-obligate invalid obligations. Although Interior has improved compliance with its policies, Interior needs to continue improving the effectiveness of the review and certification procedures because three Interior components incorrectly certified 23 of the 364 undelivered orders tested. In addition, Interior prepared inaccurate undelivered order certifications at one component. Interior did not record recoveries of undelivered orders timely for 98 of the 291 items tested at four components. Interior also did not consistently maintain documentation or modify the period of performance for expired orders in a timely manner. Finally, Interior did not implement sufficient obligation controls at one component because Interior incorrectly recorded \$5 million in obligations for future annual leave causing one fund to have obligations in excess of available budgetary resources. As a result of our observations, Interior analyzed and adjusted its undelivered orders.

Recommendations

We recommend that Interior implement the following recommendations to improve controls over its undelivered orders:

1. Provide training to program and finance personnel on certifying and closing out undelivered orders.
2. Improve the effectiveness of the review and certifications of undelivered orders.
3. Monitor and close out as appropriate undelivered orders with minimal to no activity during the past three months, on at least a quarterly basis.
4. Modify expired orders either before the order expires or within 30 days of expiring.
5. Improve and maintain documentation to support its undelivered orders.
6. Implement controls to prevent over-obligating.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.



E. Grant Monitoring Controls

Interior is required to monitor its grantees in accordance with the *Single Audit Act Amendments of 1996*, and the related OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (OMB Circular No. A-133). Interior needs to improve controls over grant monitoring. Interior did not have a complete listing of grant awards or grantees to ensure that it monitored grantees, obtained single audit reports, and issued management decisions on audit findings for one Interior component. Interior also did not consistently document its review and approval of grant system reconciliations. In addition, Interior did not obtain or follow up on past due financial status or performance reports for 35 of the 148 grantees tested at three components. Further, Interior did not obtain single audit reports within nine months of the grantee's fiscal year-end for 3 of 59 grantees tested at one component. Interior also did not issue management decisions on audit findings within six months after receipt of single audit reports or ensure that the grantees completed appropriate and timely corrective action on such findings for 14 of the 66 grantees tested at two components. Finally, Interior identified 55 grantees as having audit findings related to its grant programs when these grantees did not.

Recommendations

We recommend that Interior perform the following to improve its grant monitoring process:

1. Maintain a complete and accurate listing of grantees to enable monitoring of grantees, receipt of single audit reports, and issuance of management decisions on findings.
2. Document review and approval of grant system reconciliations.
3. Follow up on financial status, performance, and single audit reports not received and consider the need to limit future grant awards until these reports are received.
4. Issue management decisions on audit findings within six months after receipt of single audit reports and verify that grantees take appropriate and timely corrective action.
5. Provide training on identifying audit findings related to Interior's programs.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit Interior's response and, accordingly, we express no opinion on it.

F. Controls over Indian Trust Funds

The United States Congress has designated the Secretary of the Interior as the trustee delegate with responsibility for the financial and non-financial resources held in trust on behalf of American Indian Tribes (Tribal Trust Funds), individual Indians, and other trust funds (hereafter collectively referred to as the Indian Trust Funds). The Secretary carries out this fiduciary responsibility through the Office of the Special Trustee for American Indians (OST), Indian Affairs (IA), other Interior bureaus, and agreements with American Indian Tribes.

The Indian Trust Funds' balances include two categories: (1) Trust Funds that are held by Interior because the corpus of specific accounts is non-expendable or the funds that are held for future transfer to Indian Tribes upon satisfaction of certain conditions and thus are reflected in Interior's financial statements; (2) Trust Funds for Indian Tribes and individual Indians that are considered non-Federal accounts and thus are not reflected in Interior's financial statements but are disclosed in a note to Interior's financial statements, in accordance with the accounting standards.

Interior has invested a significant amount of resources to improve controls over Indian Trust Funds; however, we noted that Interior needs to continue its efforts to resolve historical differences and to improve



procedures and internal controls for entering and maintaining trust fund information, including recording receivables, to ensure that the Indian Trust Funds' activity and balances are recorded properly and timely, including:

1. *Trust Fund Balances*

The financial information systems and internal control procedures used in the processing of Indian Trust Fund transactions have suffered historically from a variety of system and procedural internal control weaknesses. In addition, Interior is burdened with the ongoing impact of decades of accumulated discrepancies in the accounting records. Furthermore, certain Indian Trust Fund beneficiaries do not agree with the trust fund balances and/or have requested an accounting of the Indian Trust Funds. However, Interior has invested a significant amount of resources identifying historical records, isolating and working to resolve historical differences, and preparing an accounting of the Indian Trust Fund balances and will continue with this historical accounting effort.

2. *Individual Indian Monies Subsidiary Ledger*

The control account for Individual Indian Monies (IIM) account holders represents the aggregate net balance of trust funds held on behalf of IIM account holders, house accounts, and suspense accounts as reflected in the detailed subsidiary ledger of IIM accounts (subsidiary ledger). The control account balance has historically not agreed to the sum of the balances from the subsidiary ledger, and it cannot be determined which balance, if either, is correct. The amount invested for IIM is based on the IIM control account balance. Consequently, the balance of funds invested for IIM account holders may not be correct, which in turn would affect interest earnings. As of September 30, 2008, the aggregate sum of all balances included in the subsidiary ledger exceeded the control account by approximately \$6 million. In prior years, management adjusted the subsidiary ledger eliminating the negative account balances totaling approximately \$44 million (of which approximately \$113,000 was attributed to individual Indian accounts); however, we were unable to conclude on the propriety of such adjustment.

3. *Special Deposit Accounts*

As of September 30, 2008 and 2007, there were approximately 11,000 and 13,000 special deposit accounts, respectively, reflected in the IIM subsidiary ledger with balances totaling approximately \$31 million and \$33 million, respectively. In accordance with Title 25 of the Code of Federal Regulations and as directed by IA, historically OST recorded receipts into special deposit accounts within the IIM subsidiary ledger when the recipient trust fund account was unknown at the time of receipt. When IA determines the appropriate trust fund account(s), OST transfers the amount from the special deposit account(s) to the designated trust fund account(s) in accordance with IA instructions. Beginning in fiscal year 2003, the Office of Historical Trust Accounting (OHTA) began working with OST and IA to distribute funds in special deposit accounts that were opened on or before December 31, 2002. At September 30, 2008 and 2007, the number of special deposit accounts represents historical balances that continue to require resolution and OHTA management is actively pursuing the resolution of these accounts.

4. *Undistributed Interest and Unusual Balances*

OST and/or IA have not been able to determine the proper recipients of undistributed interest related to IIM Trust Fund accounts of approximately \$3.9 million and \$3.8 million as of September 30, 2008 and 2007, respectively. Furthermore, there were Tribal Trust Funds accounts with negative cash balances totaling approximately \$721,000 as of September 30, 2008 and September 30, 2007, which continue to require resolution.



5. *Entering and Maintaining Trust Fund Information*

The regional and agency offices of IA perform a critical role in the initial input and subsequent changes to the Indian Trust Funds' information disclosed by Interior. We noted weaknesses in the following areas:

a. *Distribution of Funds to OST*

IA did not consistently transfer funds to OST within 24 hours of receipt for 4 of the 103 IIM receipts tested. In addition, IA did not use the fastest means possible in forwarding these items to the lockbox in accordance with its policies. Finally, IA did not provide OST with disbursement requests in a timely manner for 2 of 89 Tribal disbursements tested.

b. *Accounts Receivable*

IA fully implemented an accounts receivable system as of May 31, 2008; however, management was unable to confirm that all historical balances had been entered into the accounting system and has identified controls over the accounting system that need to be improved. This increases the risk that amounts due to Indian Trust Funds are not identified and ultimately collected.

c. *Probate Backlog*

Although IA made progress in reducing the backlog, IA indicated that it had probate orders that had not been prepared, adjudicated, recorded, and/or encoded. This increases the potential for untimely distributions of income to the account holders of the Indian Trust Funds.

d. *Supervised and Restricted Accounts*

IA revised their internal guidance requiring a report of all active supervised and restricted accounts prior to IA performing annual reviews of supervised and restricted accounts. Although IA has revised its procedures, the current procedures do not ensure that IA completed reviews of supervised and restricted accounts within one year. This increases the potential for some active accounts to not be reviewed within one year of becoming active. In addition, IA reports of active accounts did not identify individuals with active accounts who no longer physically reside in their "home agency," resulting in the potential for some active accounts to not be reviewed on an annual basis.

Recommendation

We recommend that Interior develop and implement procedures and internal controls to address the deficiencies in controls related to Indian Trust Funds.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management disagreed with the findings because management believes that its efforts to address internal control deficiencies in the Indian Trust Funds are substantially complete and that the auditors' report did not contain findings suggesting current operational control deficiencies. We did not audit Interior's response and, accordingly, we express no opinion on it.

Auditors' Response to Management's Response

As summarized above, we identified control deficiencies in the current year that adversely affect Interior's ability to initiate, authorize, record, process, and report Indian Trust Fund data reliably. Therefore, we continue to believe that the control deficiencies identified constitute a significant deficiency.



Compliance and Other Matters

The results of certain of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA), disclosed an instance of noncompliance or other matters that is required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, and is described below.

G. *Single Audit Act Amendments of 1996*

As discussed in the Internal Control over Financial Reporting section of this report, Interior did not perform adequate monitoring of grantees in accordance with the *Single Audit Act Amendments of 1996* and the related OMB Circular No. A-133. Interior needs to ensure that it obtains financial status, performance, and single audit reports, and issues management decisions on audit findings in a timely manner.

Recommendation

We recommend that in fiscal year 2009, Interior obtain financial status, performance, and single audit reports, and issue management decisions on audit findings in accordance with the requirements of the *Single Audit Act Amendments of 1996* and the related OMB Circular No. A-133.

Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendation. We did not audit Interior's response and, accordingly, we express no opinion on it.

The results of our other tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in FFMIA, disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our tests of FFMIA disclosed an instance, described below, where Interior's financial management systems did not substantially comply with applicable Federal accounting standards. The results of our tests of FFMIA disclosed no instances in which Interior's financial management systems did not substantially comply with the Federal financial management systems requirements or the United States Government Standard General Ledger at the transaction level.

H. *Federal Financial Management Improvement Act of 1996*

Interior is required to prepare its financial statements in accordance with Federal accounting standards. As discussed in the Internal Control over Financial Reporting section of this report, we identified one material weakness related to controls over unfilled customer orders that affected Interior's ability to prepare its financial statements in accordance with Federal accounting standards. As a result of these conditions, Interior's financial management systems do not substantially comply with applicable Federal accounting standards.

Recommendation

We recommend that in fiscal year 2009, Interior improve its procedures and internal controls to ensure that the financial statements are prepared in accordance with the Federal accounting standards.



Management Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management disagreed with the findings. We did not audit Interior's response and, accordingly, we express no opinion on it.

Auditors' Response to Management's Response

As summarized above, we identified a material weakness that affected Interior's ability to prepare its financial statements in accordance with Federal accounting standards. Therefore, we continue to believe that Interior's financial management systems do not substantially comply with applicable Federal accounting standards.

* * * * *

We noted certain additional matters that we will report to management of Interior in a separate letter.

Responsibilities

Management's Responsibilities. Management is responsible for the financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, contracts, and grant agreements applicable to Interior.

Auditors' Responsibilities. Our responsibility is to express an opinion on the fiscal year 2008 and 2007 financial statements of the U.S. Department of the Interior based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Bulletin No. 07-04. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Interior's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2008 audit, we considered Interior's internal control over financial reporting by obtaining an understanding of Interior's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to express an opinion on the effectiveness of Interior's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Interior's internal control over financial reporting.



As part of obtaining reasonable assurance about whether Interior's fiscal year 2008 financial statements are free of material misstatement, we performed tests of Interior's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including the provisions referred to in Section 803(a) of FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to Interior. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of Interior's management, Interior's Office of Inspector General, OMB, the U.S. Government Accountability Office, and the U.S. Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

November 15, 2008

U.S DEPARTMENT OF THE INTERIOR

Status of Prior Year Findings

September 30, 2008

FY2007 Ref	Fiscal Year 2007 Condition	Status of Fiscal Year 2007 Findings
A	General and Application Controls over Financial Management Systems	This condition has not been corrected and is repeated in fiscal year 2008. See finding B.
B	Controls over Accruals	This condition has been corrected.
C	Controls over Undelivered Orders	This condition has not been corrected and is repeated in fiscal year 2008. See finding D.
D	Financial Reporting Controls	This condition has been corrected.
E	Controls over Charge Cards	This condition has been corrected.
F	Controls over Grants	This condition has not been corrected and is repeated in fiscal year 2008. See finding E.
G	Controls over the Indian Trust Funds	This condition has not been corrected and is repeated in fiscal year 2008. See finding F.
H	Single Audit Act Amendments of 1996	This condition has not been corrected and is repeated in fiscal year 2008. See finding G.



THE ASSOCIATE DEPUTY SECRETARY OF THE INTERIOR
WASHINGTON

NOV 10 2008

Memorandum

To: Earl E. Devaney
Inspector General

KPMG LLP
2001 M Street, NW
Washington, D.C. 20036

From: James E. Cason 
Assistant Deputy Secretary and Chief Financial Officer

Subject: Management's Response to Independent Auditors' Report for Fiscal Year 2008
(Assignment No. X-IN-MOA-0011-2008)

The Department has reviewed the draft report prepared by KPMG LLP and provides its response to the findings and recommendations. We are pleased that the result of the audit is an unqualified opinion on the Department Consolidated Financial Statements. The Department appreciates the recognition noted in several findings and recommendations of the improvement and progress achieved during FY 2008. We appreciate the value of the audit process and look forward to working with you to continue our marked improvement of financial management in the Department of the Interior.

I. Reportable Conditions that are considered to be Material Weaknesses

A. Controls over Unfilled Customer Orders

Management concurs. Interior agrees that the open unobligated amounts for unfilled customer orders at the close of the fiscal year were incorrectly removed. Although system limitations did contribute to this treatment, we feel that our components believed that the actions taken were part of a conservative management control process on estimated budget authority. Once identified, Interior took immediate action to analyze and correct these balances and believes that this issue is resolved. Management will work with all components to improve controls and procedures to ensure a standard and consistent accounting treatment for all customer orders.

II. Reportable Conditions that are considered to be Significant Deficiencies

B. General and Application Controls over Financial Management Systems

Management concurs. During FY 2008 Interior continued to improve its policies/guidance and will continue to enhance application and general controls over financial management systems during FY 2009. Although compliance with policies and guidance needs improvement, actual physical testing of the financial systems has demonstrated positive results. Interior is constantly striving to implement improvements and strengthen the related programmatic aspects of the IT security program (including awareness training) and will continue to review all aspects of the IT program for refinement, as appropriate.

C. Controls over Property

Management concurs.

1. **General Property, Plant and Equipment.** Interior management recognizes the need to continuously evaluate and improve the methodology utilized for all facets of project and property recognition. These improvements will include the controls over individual projects, communication with internal and external stakeholders, consistent cost structures, as well as the periodic inventory and certification control procedures.
2. **Heritage Assets and Stewardship Land.** Interior agrees that the implementation related to the Federal Accounting Standards Advisory Board's Statement of Federal Financial Accounting Standards (SFFAS) No. 29, *Heritage Assets and Stewardship Land* created challenges due to the complex ownership surrounding Interior's stewardship responsibilities and the century plus time period spanning their acquisition. However, Interior will continue to strengthen and improve all aspects of reporting in this area.

D. Controls over Undelivered Orders

Management concurs. Interior agrees that continuing to improve the quarterly review and certification of the undelivered orders (UDO) balances must be sustained. Both Interior and the components will work to improve the effectiveness of the review and certification process. Interior agrees that documentation modifying orders that had expired or that were extended can be improved and completed in a timely manner. This is a complex process that impacts many areas and functional disciplines across Interior. Management is committed to bringing each component together to address these concerns in an integrated and consistent basis.

E. Grant Monitoring Controls

Management concurs. Interior will continue to work with the components to ensure that all necessary reports are obtained and that management decisions on audit findings are issued in a timely and compliant manner. Management will continue to improve the procedures in place to determine if any modifications would yield a more timely and effective treatment.

F. Controls over the Indian Trust Funds

Management does not concur. Upon careful consideration of the significant corrective action progress, procedures, and internal controls that have been implemented, we continue to believe that the efforts to address the deficiencies in controls related to Indian Trust Funds are substantially complete and provide for reliable information. This position is based on the results of extensive internal controls testing which revealed that controls are in place and operating effectively; therefore, there is no adverse impact on the current financial internal control environment. We believe that there is a high degree of accuracy in the Trust Fund account balances, that the accounting and asset management resource systems are reliable, and that monies are being properly and timely accounted for.

The concerns regarding historical differences do not imply that a current control deficiency exists. Current system design and operations allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. Therefore, these four historical differences do not fit the description of a current control deficiency and should not continue as a barrier to recognition of the improved control environment. The auditors' report did not contain findings suggesting current operational control deficiencies.

G. Single Audit Act Amendments of 1996

Management concurs. During FY 2009 Interior will work to obtain Single Audit, Financial Status, Grant Performance, and Annual Reports in a timely manner. Enhancements will continue to be made to the business process for complying with the Single Audit Act.

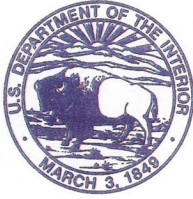
H. Federal Financial Management Improvement Act of 1996

Management does not concur. Interior does not agree with the finding as it relates to applicable Federal accounting standards.

In closing, aggressive correction action plans will be established for each of these findings which will be monitored/tracked through completion. The Department is committed to improving these and all other elements of financial management.

PART 4

**Other
Accompanying
Information**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, DC 20240

SEP 29 2008

Memorandum

To: Dirk Kempthorne
Secretary

From: Earl E. Devaney
Inspector General

Subject: Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the Department of the Interior

In accordance with the Reports Consolidation Act of 2000, we are submitting what we have determined to be the most significant management and performance challenges facing the Department of the Interior to be included in the Department's Performance and Accountability Report for fiscal year 2008. The challenges listed reflect what the Office of Inspector General considers to be significant impediments to the Department's efforts to promote economy, efficiency, and effectiveness in its bureaus' management and operations.

The top challenges are as follows:

- Financial Management
- Information Technology
- Health, Safety, and Emergency Management
- Maintenance of Facilities
- Responsibility to Indians and Insular Areas
- Resource Protection and Restoration
- Revenue Collections
- Procurement, Contracts, and Grants

These issues are important to the Department's mission, involve large expenditures, require significant management improvements, or involve significant fiduciary relationships. We believe the Department could enhance and improve its overall operational effectiveness and efficiency by developing strategies to identify and correct deficiencies, especially in activities that cut across bureau and program lines.

Attachment

Office of Inspector General Update of the Top Management Challenges for the Department of the Interior

1. Financial Management

Sound financial management is critical to providing accurate financial information, managing for results, and ensuring operational integrity. The independent public accounting firm of KPMG LLP, under contract with the Office of Inspector General (OIG), rendered an unqualified opinion on the consolidated financial statements of the Department of the Interior (Department) for fiscal year 2007. However, KPMG identified seven significant deficiencies in internal controls over financial reporting. In addition, KPMG identified one instance where the Department did not comply with laws and regulations, specifically the Single Audit Act Amendments of 1996.

The Department has several initiatives aimed at improving financial management, including the Financial and Business Management System (FBMS) and Performance and Budget Integration. Although these initiatives should upgrade financial management in the future, they are placing increased demands on already stretched financial resources.

Financial and Business Management System

The implementation of the FBMS continues to be a top priority for the Department. FBMS will replace a variety of outdated, stand-alone, mainframe-based systems that are costly to operate and difficult to secure. The current systems do not provide timely financial and performance information, and they do not fully comply with financial system standards. FBMS will replace 27 acquisition systems/instances, 16 finance systems/instances, 43 vendor databases, and 80 property systems.

The Department began implementing FBMS in fiscal year 2005. The original plan was to have the system fully implemented by the end of fiscal year 2008. However, on September 29, 2005, the Department severed its business relationship with BearingPoint, the original FBMS systems integrator. The Department then re-competed and awarded a new contract to IBM Global Services on February 28, 2006. The Department revised the full implementation date from fiscal year 2008 to fiscal year 2012. Based on funding delays in multiple years, an additional deployment year will be required to complete the full implementation.

The Minerals Management Service (MMS) and the Office of Surface Mining Reclamation and Enforcement (OSM) experienced operational problems with the initial deployment of the FBMS core financials module in 2006. However, the system was stabilized, and both bureaus are in their second year of core financials operations. The FBMS acquisition module was deployed to MMS and OSM in 2007 with few operational problems. The FBMS Program is currently working on this fall's deployment to the Bureau of Land Management (BLM) that will include (1) Financial Assistance, (2) Core Financials, (3) Acquisition, (4) Personal Property and Fleet, (5) eGov Travel, (6) eCommerce modules, and (7) the Enterprise Management Information System.

In prior years, the project had received funds from the Department franchise fund. These funds will not be available during the next fiscal year. However, the 2009 budget includes \$83.4 million for FBMS deployment, an increase of \$33.3 million over the 2008 enacted level. Delays in funding due to the likely continuing resolution in 2009 will delay the next deployment to

the U.S. Geological Survey (USGS), and it may extend the FBMS full deployment date beyond fiscal year 2013. The uncertainty of the 2009 budget is a government-wide challenge. The FBMS Program continues to work closely with the Office of Management and Budget (OMB) and the Department's appropriations staff, and support for FBMS remains strong.

Budget and Performance Integration

Better budget and performance integration is essential to results-oriented management and efficient allocation of scarce resources among competing needs. The variety and number of programs within the Department makes budget and performance integration particularly difficult.

OMB has assessed 70 Department programs, reflecting approximately \$10 billion in annual budget authority. Of these, only eight programs were rated "Effective," and OMB was unable to determine whether several programs, reflecting approximately one-quarter of the assessed spending, were performing satisfactorily due to the lack of reliable performance information. OMB has designated about one in five Department programs as "Results Not Demonstrated." Progress has been made, as shown in the following table, but the Department needs to continue to focus on developing useful performance measures.

2002 to 2008	Programs	FY'08 (\$M)	% Programs	% Budget
Effective	8	597	11%	6%
Moderately Effective	24	3,560	34%	34%
Adequate	25	3,482	36%	33%
Ineffective	0	0	0%	0%
Results Not Demonstrated	13	2,818	19%	27%
	<u>70</u>	<u>10,457</u>	<u>100%</u>	<u>100%</u>

Department of the Interior Response to Office of Inspector General Major Management Challenges - FY 2008

The Department of the Interior is dedicated to sound financial management and is upgrading its financial management environment through the deployment of the Financial and Business Management System, expansion of internal control review activities and continued advances in the integration of budget and performance.

Financial and Business Management System

Despite the challenges of delays in the schedule and the 2009 continuing resolution, the implementation of FBMS continues to be a top priority for the Department. With deployment of the system to BLM in 2008, the Department will be able to demonstrate the effectiveness of operating an

integrated business system across multiple bureaus of varying sizes, and with lessons learned, facilitate deployment to the remaining bureaus and offices.

Budget and Performance Integration

With the OIG's assistance, the bureaus were successful in moving two previously rated Results Not Demonstrated (RND) PARTs to Adequate and Moderately Effective. A third PART increased its rating this year from Adequate to Moderately Effective. Through collaboration with OMB, 4 PARTs have been consolidated and one has been reassigned, reducing the number of RND's to 10. Of the 10 remaining RND PARTs, many have performance measures under review at OMB.

2. Information Technology Security

As we reported in our 2007 statement summarizing the Department's major management and performance challenges, the Department continues to strive toward a comprehensive Information Technology (IT) Security Program which complies with the Federal Information Security Management Act (FISMA). However, continued non-compliance with several key elements of federal information policy has left the Department struggling to meet information security and privacy mandates. The decentralized and fragmented organizational structure of the IT program has left the Department with limited ability to assure the protection of its sensitive data.

In 2007, we made more than 125 recommendations to improve IT security. In 2008, we reviewed progress in implementing those recommendations at BLM, the Bureau of Reclamation (BOR), the Office of the Secretary, the National Business Center (NBC), USGS, and MMS. Our reviews revealed little substantive progress in implementing many corrective actions. Our 2008 Protection of Sensitive Information evaluations conducted at BOR, the U.S. Fish and Wildlife Service (FWS), the National Park Service (NPS), NBC, USGS, and MMS revealed that many areas of the Department remain vulnerable to rudimentary and unsophisticated attacks that result in loss of data, compromise of sensitive information, and theft of equipment.

The Enterprise Services Network infrastructure continues to provide solid perimeter security for the Department's network. However, lack of control within individual applications and systems undermines the Department's efforts to secure its data. For example, the Department recently implemented a new monitoring capability at its Internet gateways. The monitoring, while still immature, routinely detects sensitive information, including personally identifiable information, flowing freely across the network in clear, readable format. As we reported in our 2007 statement summarizing the Department's major management and performance challenges, the Department still has not fully implemented continuous monitoring and system testing, which is an essential part of the federal Certification and Accreditation guidance.

Management of the Department's Information Technology program, in particular its Information Security Program, is fragmented and highly decentralized. As such, there is loss of authority and accountability. For example, FISMA also requires the Department Chief Financial Officer (CIO) "be delegated the authority to ensure compliance with FISMA." At the Department, Secretarial Order 3244 delegated most authority to bureau CIOs. Moreover, authority to oversee the IT program was delegated to an "IT Management Council" by a memorandum issued by the Secretary. The Department CIO does not even have the authority to approve/disapprove of information systems being connected to the network. Bureau and office directors or CIOs routinely authorize systems to operate without the Department CIO's approval. Until the Department fundamentally changes its approach to managing its IT program, it is unlikely to Department will achieve and sustain meaningful improvements in information security.

Interior is committed to IT security and compliance with FISMA. While Interior acknowledges that additional efforts to improve IT security are necessary, Interior did make significant progress in FY 2008 to improve and strengthen its overall security posture, including the following actions:

- ▶ The IT Security Policy Handbook aligning Departmental policies with the National Institute of Standards and Technology Special Publication 800-53 families of controls has been completed.

- ▶ The technical testing of candidate solutions to meet OMB's requirement for the protection of sensitive agency information, including personally identifiable information, to encrypt all mobile/portable/remote computers and devices that process, store, house, or access such information has been completed.
- ▶ The Cyber Security Assessment and Management (CSAM) solution provided by the Department of Justice (DOJ), a Shared Services Center (SSC) provider under the OMB's Information Systems Security Line of Business (ISSLoB), has been implemented. Interior's bureaus/offices began to fully utilize this new FISMA automated reporting solution, significantly improving the agency-wide Plan of Action and Milestones (POA&M) process, which has enabled Interior to more efficiently and effectively track, manage, and prioritize corrective actions for identified weaknesses.
- ▶ A risk assessment utilizing a data loss monitoring solution to better understand the scope of potential risks has been completed.
- ▶ A comprehensive IT Security Defense-in-Depth Strategic Plan that includes approximately 40 recommendations to address risks associated with insider threats to Interior's information and information systems has been completed.
- ▶ A Program Management Office (PMO) has been established to manage the implementation of multiple integrated security initiatives to meet OMB mandates. These initiatives include data encryption, two-factor authentication and Trusted Internet Connections.
- ▶ The Information Technology Security Team composed of the Department's Chief Information Security Officer and senior security officers is establishing both general and specific tenets of Interior's information security program.
- ▶ Intra-departmental working groups are working to address specific information security issues, including IT Security Training, Hardware Acquisition, IT Security Policies, and Encryption.

3. Health, Safety, and Emergency Management

Annually, the Department has over 500 million visits to national parks and monuments, BLM recreational sites, FWS wildlife refuges, and BOR recreational sites. The Department must protect hundreds of millions of visitors, employees, and volunteers, thousands of facilities, and millions of acres of property from both internal and external threats. The physical isolation of some Department lands and facilities increases their vulnerability to threats and inhibits the Department's response time. The Department's Office of Law Enforcement, Security, and Emergency Management continues to struggle with its implementation of centralized policy and effective oversight of bureau law enforcement, security, and emergency management programs. Also, the U.S. Park Police (USPP) continues to struggle with the competing missions of protecting national icons and monuments and functioning as an urban police department at the same time and with the same resources.

We found that, although the Department and its bureaus have made progress in addressing health and safety issues associated with infrastructure, much work remains to be done. For example, the Department does not know if all health and safety issues have been identified because condition assessments and safety inspections of facilities have not been completed. Many health and safety hazards place employees and the public at risk. We found numerous weaknesses in the health and safety program managed at Department headquarters and the individual field office level. For example, we issued two separate flash reports on the following serious health and safety hazards:

- Severe deterioration exists at Bureau of Indian Education's elementary and secondary schools. This deterioration ranged from minor deficiencies such as leaking roofs to major deficiencies, including structural weaknesses, outdated electrical systems, and inadequate fire detection and suppression systems.
- At the Jackson National Fish Hatchery in Wyoming, FWS and USGS employees worked for almost 7 years in two buildings that were previously condemned and closed to the public.

The Secretary of the Interior acted quickly to direct appropriate officials to address the problems after receiving each report. However, three recommendations remain unresolved because agency officials did not submit corrective action plans with target dates for completion. The target dates have passed for the other two recommendations and we have not been informed whether the proposed corrective actions were completed.

We also concluded that BLM and NPS have been putting the public's health and safety at risk by not addressing hazards posed by abandoned mines on their lands. Although NPS has been more effective at protecting the public, there are still many more sites that need to be mitigated. Mines located on BLM and NPS lands, primarily in the western states of California, Arizona, and Nevada, have dangerous physical safety and serious environmental hazards. We identified abandoned mines where members of the public had been killed, injured, or exposed to dangerous environmental contaminants. Growth of the population and use of off-road vehicles in the West will increase the likelihood of additional deaths or injuries.

We found that USPP has failed to establish a comprehensive security program for the protection of national icons and monuments. USPP lacks adequate staffing and formal training for those responsible for protecting national icons. Many USPP officers have not met minimum firearm qualification standards with their duty weapons. Also, USPP did not take immediate action to replace ballistic vests containing Zylon, a material determined to be noncompliant with federal standards. Finally, USPP officers in Washington, D.C. do not have enough vehicles for them to properly patrol and respond to calls for service.

The Department is actively implementing recommendations made by the Inspector General in previous evaluations of law enforcement and the U.S. Park Police and building effective programs to ensure the protection, health, and safety of employees, visitors, residents, and resources. Interior continues to improve on addressing issues raised in the OIG's April 2006 progress report on implementation of 25 Secretarial law enforcement reforms. Enhancements in FY 2008 include:

- ▶ Developing partnerships with external organizations to enhance coordination on border security (environmental and law enforcement), intelligence/information sharing, and secure communications.
- ▶ Collaborating with bureaus to establish reporting requirements on officer safety issues, policy development, incident reporting, and program oversight.
- ▶ Executing a policy compliance program for national critical infrastructure, including National Monuments/Icons and dams.
- ▶ Enhancing emergency management planning, response, and recovery capability through the establishment of the Office of Emergency Management and the initiation of design and construction of an Interior Operations Center with 24/7 capability to maintain situational awareness of activities that could potentially affect Interior

Interior has taken steps to improve management of the U.S. Park Police through establishing a Management Oversight Team and Command Management Team consisting of veteran United States Park Police (USPP), National Park Service, and Interior officials with senior-level experience in law enforcement to assume full responsibility for the day-to-day operations of the USPP. The teams have accomplished key objectives, including:

- ▶ Improving icon protection measures at the National Mall by adding 60 officers (through restructuring), increasing horse-mounted units, adjusting patrol boundaries to increase focus on the Mall, and developing uniform security training curriculum for personnel assigned to icon protection.
- ▶ Establishing administrative protocols to track qualifications and safety equipment and ensuring officers have needed equipment by replacing 60% of their vehicle fleet.

In response to the OIG's flash reports, Interior also took immediate action to vacate or close unsafe buildings being used by NPS, BIA, FWS, and USGS employees. The Department immediately undertook a series of facilities reviews to assess the ability of bureaus to identify deficiencies and report and remediate health and safety issues. The Department requested, received, and reviewed the inventory of health and safety issues in each bureau that met the category 1, 2, and 3 Risk Assessment Code (RAC) criteria. Based on this information, bureaus were asked to address these issues immediately and to incorporate lower priority RAC projects within their five-year plans. The Department will modify its five-year planning guidance to incorporate the RAC criteria and ranking to ensure highest priority health and safety issues are addressed in maintenance and construction programs.

Senior leaders in the Department, including representatives of the Office of Health and Safety, the Office of Acquisition and Property Management, and the Office of Budget, met one-on-one with each bureau to understand the mechanisms and systems in place to evaluate, identify, and track the correction of health and safety problems. In follow-up to these meetings, the Department will be working with bureaus to implement improvements.

The Secretary was briefed and met with Congressional members to discuss the need for a dedicated source of funding for abandoned mine remediation. BLM can assure that active mine sites are operating with the appropriate protections. With an extensive number of projects on public lands that accumulated over the last 100 years, BLM is prioritizing its work to protect local communities and undertake the needed work.

In partnership with bureaus and offices, the Department formed 8 workgroups, led by subject matter experts, to address specific project areas and outputs, including: Abatement, Budget, Organizational Structures, Safety Management Information System (SMIS), Strategic Plan, Training, and Awards. The workgroups are defining actions to be undertaken to improve health and safety management throughout the Department. For example:

- ▶ The SMIS workgroup has sponsored and received a comprehensive review of the SMIS system by PriceWaterhouseCoopers, which will serve as a blueprint for critical system improvements as recommended in the IG report. These improvements will be considered as part of the 2010 budget.

4. Maintenance of Facilities

The Department owns, builds, purchases, and contracts services for assets such as roads, bridges, schools, office buildings, dams, irrigation systems, and reservoirs. Repair and maintenance of some of these assets have been postponed until future years due to budgetary constraints. The Department refers to these unfunded repair and maintenance needs as deferred maintenance.

According to the February 2007 Government Accountability Office (GAO) report, “Major Management Challenges, Department of the Interior,” while the Department has made progress addressing prior recommendations to improve information on the deferred maintenance needs of NPS facilities and BIA schools, its maintenance backlog continues to grow substantially. It is not clear how the Department will secure needed funding to reduce this daunting backlog to a manageable level.

The deferred maintenance backlog is a continuing challenge for the Department. According to the fiscal year 2008 “Annual Report on Performance and Accountability,” exact estimates of deferred maintenance costs are difficult to determine due to the scope, nature, and variety of assets entrusted to the Department, as well as the nature of deferred maintenance itself. The methodology used to calculate and report deferred maintenance data has been modified from that used in previous fiscal years. Departmental management, with input from the Office of Management and Budget, directed the methodology revision to ensure deferred maintenance estimating and reporting accuracy and consistency is maintained among the Department’s bureaus. Consequently, the Department’s current approach estimates that the total amount needed to correct deferred maintenance for Property, Plant, and Equipment ranges from approximately \$12.6 billion to \$17.8 billion.

The Department’s inventory of maintenance needs demonstrates the ongoing challenge of managing a large, dispersed collection of assets and keeping them in useable condition within a constrained budget. In light of this challenge, the Department is utilizing tools, including the Federal Real Property Profile, the five-year planning process, and condition assessments to establish priorities among competing needs to ensure that we address the most important maintenance and construction projects. In addition, the Department is working with the bureaus to develop a single, consistent facilities management application that will interface with the Financial and Business Management System.

During FY 2008, in collaboration with the Asset Management Partnership and the Heritage Asset Partnership, Interior significantly revised policies for an enhanced, standard Department-wide methodology for determining deferred maintenance, the current replacement value, and the condition of constructed heritage and non-heritage assets through the application of a Facility Condition Index. This methodology relies on industry standards in estimating the cost of repairing identified deficiencies. The bureaus are now implementing this policy, which will contribute to improved accuracy of Department-wide deferred maintenance data.

5. Responsibility to Indians and Insular Areas

Management problems persist in programs for Indians and island communities. The Department manages relationships with 562 Indian tribes, has trust responsibilities for 52.7 million acres of land belonging to Indian tribes and individuals, and provides education services to approximately 46,000 Indian children in 184 schools and dormitories. The Department also has various responsibilities to seven island communities — four territories and three sovereign island nations.

Tribal entities’ financial compliance with funding agreements should be ensured through the single audit process; however, 36 (47 percent) of the 77 single audit reports reviewed by the OIG for tribal entities (including tribal governments, tribal schools, and tribal associations) submitted delinquent single audit reports during fiscal year 2008.

Crime on Indian lands continues to be a major issue. The Indian Affairs Office of Justice Services worked with 124 Bureau of Indian Education schools and nine Education Line Offices to complete “Meth Awareness” training to advance the Safe Indian Communities Initiative. Also, approximately 5,000 Indian Affairs employees received Methamphetamine Community Awareness Training.

Considering the amount of school violence reported in the news, we wanted to ensure that the Bureau of Indian Education was taking necessary precautions to protect Indian children at federal education facilities. We found that education facilities are unprotected and underserved. As a result, the Bureau of Indian Education is dangerously unprepared to prevent violence and ensure the safety of students and staff. In addition, OIG investigations in Indian country have resulted in numerous convictions, mostly for crimes against tribes or tribal entities, including the following cases.

- Seven school board members and employees of one school were sentenced in U.S. District Court for their involvement in the theft of approximately \$665,000 in federal funds.
- An office manager was sentenced for embezzlement from an Indian tribal organization. Her sentence included 3 months of imprisonment, 3 months of home confinement via electronic monitoring device, \$36,000 in restitution, and mandatory participation in the Alcohol and Gambling Anonymous Programs.
- A former payroll supervisor was charged and sentenced for embezzlement, as well as aiding and abetting charges. Also, a former tribal finance committee coordinator was convicted of both embezzlement and aiding and abetting charges. Both were sentenced to 60 months of probation and payment of restitution in excess of \$20,000 each.
- A former transitional director for Special Education, a flooring contractor, and an excavation contractor were indicted for mail fraud, money laundering, and bribery in relation to an OIG investigation that initially focused on funds allocated to finance the construction of new dormitory and kitchen facilities. The investigation was expanded to other construction contracts when investigators discovered that these individuals extended payments on the initial contract past the completion of the project. The contractor paid tens of thousands of dollars in bribes and kickbacks and received hundreds of thousands of dollars in overpayments for the work completed for the project.

Located in the Federated States of Micronesia (FSM), Pohnpei State is the largest and most populous of the four islands comprising this region. Supplies and property accountability are critical on an island. Our evaluation identified the absence of an effective property accountability process to ensure that supplies and property are properly used and protected from fraud and mismanagement. Serious deficiencies existed in accounting for medical and educational supplies and also for state-owned equipment. Pohnpei State Hospital, for example, failed to manage its drugs properly, particularly drugs identified as controlled substances under the Controlled Substances Act. Such drugs have a high potential for abuse. Our evaluation found either shortages or overages, ranging from 5 to 4,667 units, for all 14 controlled substances listed in the hospital pharmacy’s logbook. We also found excessive quantities of expired controlled substances, as well as multiple, unorganized drawers of prescription orders with no system to track receipts, issuances, on-hand balances, or reorders. Educational supplies also went untracked.

Principals at six of the seven elementary schools in Pohnpei said their schools had not received requested supplies for the previous or current school years. This necessitated them seeking donations from parents, teachers, and the community, and making do with what they had. We also confirmed that significant deficiencies in accounting for state-owned equipment, which were identified in a 1999 report by Pohnpei's Public Auditor's Office, had not yet been corrected. A September 2006 inventory, conducted at our request, revealed that approximately 45 percent of property items, valued at about \$750,000, could not be found.

Kosrae State, also part of FSM, needs to improve its property accountability process. We found that supplies and equipment purchased with health and education grant funds, totaling 65 percent of the \$6.5 million in financial assistance provided to Kosrae State by the Office of Insular Affairs, were not safeguarded or even used for authorized purposes. For example, the Kosrae State Hospital did not account for, protect, or ensure the proper use of medical supplies and pharmaceuticals, including narcotics identified as controlled substances under the Controlled Substances Act because of their high potential for abuse. We found significant variances in 3 of the 12 controlled substances stocked by the hospital.

Similarly, Kosrae's Department of Education could not confirm that educational supplies, such as textbooks and printers, were received and distributed to schools and used for educational purposes. Equipment and personal property purchased with grant funds were likewise inadequately accounted for and not protected from unauthorized use, theft, or loss. Although Kosrae enacted financial management regulations to improve its recordkeeping, property identification, and inventory, it was not following them. The most recent inventory was completed in 2003. Our sampling of 223 of the 283 items held by the Department of Education in 2006 revealed that 125 items, valued at nearly \$470,000, could not be found.

Continuing a decades-long practice of administrative nonfeasance, the Bureau of Internal Revenue and the Department of Finance, the two primary agencies responsible for collecting tax revenues in the U.S. Virgin Islands, ignored their charge to collect delinquent taxes and focused instead on accounting for receipts. Specifically, the bureau did not assess taxpayers in a timely manner, meet its collection timelines, identify non-filers, or effectively use its collection officers. In fact, collection officers said their efforts could be characterized more as "correcting" errors than as "collecting" delinquent taxes. At the Department of Finance, antiquated recordkeeping practices, combined with minimal collection efforts, allowed property owners to forego paying property taxes without consequence. The result of these practices was a systematic breakdown in the collection of delinquent taxes and a cumulative total of uncollected tax revenues for the past 10 years of more than \$250 million. Of this amount, \$128 million may never be recovered because of the age of the debt. Also contributing to the breakdown in delinquent tax collection were two other issues of grave concern. The first issue involved practices that circumvented legislation enacted to prevent tax evasion by ensuring that business licenses were not issued to applicants with delinquent taxes. However, the Department of Licensing and Consumer Affairs issued business licenses to applicants who did not have clearance letters. Also, the Bureau of Internal Revenue issued clearance letters when delinquent taxes were owed, thereby rendering the tax evasion legislation ineffective. The second issue was the flagrant abuse of position by a former director of the bureau who issued favorable tax clearance letters to taxpayers, falsely stating that they were current in filing and paying their taxes. For example, we found 31 favorable tax clearance letters issued to a businessperson who had evaded filing and paying taxes for 7 years, eventually accumulating a balance of \$1.75 million in taxes owed.

The Department continues to demonstrate its longstanding commitment to fulfilling its responsibilities to American Indians and island communities, demonstrating effective management processes and instituting reforms and controls. The Department acknowledges that continued focus and improvements are necessary.

Issues in Indian Country

IA has continued the policy, consistent with the Indian Self-Determination and Educational Assistance Act, of placing tribal entities (to include tribally controlled schools) on sanctions when single audit reports are not submitted in a timely manner. The Bureau of Indian Affairs, Office of Indian Services, Division of Self-Determination was established in FY 2008 to assist regional and agency awarding officials in monitoring grants and contracts, to provide technical assistance, and reduce the backlog of contract close-outs.

IA has taken strong action to reduce crime on Indian lands with an increase of \$23.7 million for the Secretary's Safe Indian Communities Initiative. Community policing initiatives are underway to actively work with community and tribal leaders to sponsor community events, develop crime fighting strategies, establish community watch practices, conduct outreach on drug education and prevention, increase patrol in high crime areas, and foster safe community practices.

Operation Pine Ridge Peacekeeper was initiated in August 2008 to respond to the violence that erupted between public safety officials and tribal leaders on the Pine Ridge Indian Reservation in South Dakota. Interior deployed agents and police to the Pine Ridge Reservation. This operation received positive feedback from community members and continues while an assessment is made on the capacity of the tribal police operation to reassume full policing responsibilities on the reservation. Similar operations were conducted in North Dakota and are planned in the southwest.

Indian Affairs has also remediated the specific problems identified by the OIG in reports on education and detention facilities.

Responsibility to Insular Communities

The Department's Office of Insular Affairs (OIA) is assisting the island governments to improve financial management and accountability over the use of public funds and the administration of all Federal grant programs. OIA's partnership with multi-agency groups such as the Region IX Federal Regional Council's Outer Pacific Committee and the Interagency Group on Insular Areas is helping to achieve goals.

OIA continues to provide oversight and monitoring to help bring the island governments and grant recipients into compliance with the Single Audit Act. Although delinquent audits were a problem in the past, as of FY 2006, each of the island areas has been in compliance with the requirement for annual audits. Moreover, both Pohnpei and Kosrae received unqualified audit opinions for FY 2007. For Pohnpei, this marks the third consecutive year of receipt of an unqualified opinion.

With processes in place to help ensure the timely completion of annual audits, island areas are now able to concentrate on resolving long-standing systemic problems such as accounting for property. Corrective actions undertaken by the island areas include the implementation of procedures to properly account for property. Resolving these challenges is made more complex as different Federal criteria are applicable to territories and freely associated states. For example, the Controlled Substances Act does not apply to the Federated States of Micronesia (FSM).

OIA also takes action to help the government overcome challenges, providing technical expertise and funding for equipment and infrastructure. OIA closely monitors reports/reviews completed by both the OIG and the Government Accountability Office (GAO), including those that are specific to the island governments. These reports are used by OIA to initiate work with island officials and to target its limited discretionary grant funds.

Regarding the OIG report on the operations of the U.S. Virgin Islands Bureau of Internal Revenue, the Governor concurred with the OIG recommendations, developed and implemented a

corrective action plan, and requested assistance from the IRS. OIA is involved with the corrective actions undertaken and funded the travel of the

IRS staff to the U.S. Virgin Islands to assist the Governor. OIA will, as resources are available, continue to assist in the Governor's efforts.

6. Resource Protection and Restoration

The Department's resource managers face the challenging task of balancing competing interests for the use of the nation's natural resources. Federal lands account for approximately 30 percent of energy produced in the United States. The Department has jurisdiction over 1.76 billion acres of the Outer Continental Shelf, manages about one-fifth of the land area of the United States, and administers 700 million acres of subsurface mineral estate throughout the nation. In addition, the Department protects thousands of wetlands, aquatic parcels, and native plant and animal species, including more than 1,300 with special status under the Endangered Species Act.

Experts generally view collaborative resource management that involves public and private stakeholders in natural resource decisions as an effective approach for managing natural resources. Several benefits can result from using collaborative resource management, including reduced conflict and litigation and improved natural resource conditions, according to the experts. The GAO reported that federal land and resource management agencies – BLM, FWS, NPS, and the Department of Agriculture's Forest Service – face key challenges to participating in collaborative resource management efforts. For example, the agencies face challenges in determining whether to participate in a collaborative effort, measuring participation and monitoring results, and sharing agency and group experiences. As a part of the interagency Cooperative Conservation initiative led by the Council on Environmental Quality, the federal government has made progress in addressing these challenges. Yet, additional opportunities exist to develop and disseminate tools, examples, and guidance that further address the challenges, as well as to better structure and direct the initiative to achieve the vision of Cooperative Conservation, which involves a number of actions by multiple agencies over the long term. Failure to pursue such opportunities and to create a long-term plan to achieve the vision may limit the effectiveness of the federal government's initiative and collaborative efforts.

In recent years, GAO has recommended a number of actions federal wildland fire agencies should take to better diagnose the extent of the nation's wildland fire problems and develop a strategic approach for addressing them. Currently, federal agencies lack key long- and short-term management strategies for using program funds effectively. The agencies have taken some steps to respond to GAO's recommendations but have not completed other needed steps. Specifically, the agencies should do the following:

- ***Recommit to developing a cohesive strategy that identifies options and associated funding to reduce fuels and address wildland fire problems.*** Such a strategy would assist Congress and the agencies in making informed decisions about effective and affordable long-term approaches to addressing the nation's wildland fire problems. As of January 2008, the agencies had not developed such a strategy and, in fact, had retreated from earlier commitments to do so.
- ***Establish clear goals and a strategy to help contain wildland fire costs.*** Although the agencies have continued to implement individual cost-containment steps, they still have not developed clear goals or a strategy for achieving them.

- Continue to improve their processes for allocating fuel reduction funds and selecting fuel reduction projects.* Specifically, GAO recommended that the agencies use a more systematic allocation process, improve the information they use to make allocation decisions, and clarify the relative importance of the various factors they consider when allocating funds. The agencies are currently taking steps to implement these improvements, although none have yet been completed.

The Department of the Interior recognizes the value of collaborative resource management and continues to promote cooperative conservation as affirmed through the President's 2004 Executive Order. A 2008 GAO Report affirmed the value of collaborative approaches to conservation and resource management and acknowledged progress of DOI in implementing policies to build partnership and collaboration capacity.

The Department is joining the Departments of Agriculture, Commerce, Defense, and the Environmental Protection Agency along with the Council on Environmental Quality in signing a Memorandum of Understanding (MOU) to create a more permanent structure for interagency cooperation. The MOU creates the Partnership for Cooperative Conservation, which will develop a long-term plan, coordinate priorities and actions, conduct periodic conferences, and disseminate guidance and tools to support collaborative efforts, as recommended by GAO.

The Department is committed to improving the Wildland Fire program in partnership with the Forest Service, States, and local communities.

We continue to work closely with the Office of Management and Budget and Congress to resolve funding issues related to the significant growth in suppression expenditures and this was a focus for the activities of the Fire Policy Council this year. The Department is implementing decision support tools (LANDFIRE and FPA) needed to develop a cohesive strategy. In 2008, LANDFIRE will be implemented for the lower 48 states, and in 2009 FPA will be used for interagency fire budget development. Interior has also: established goals to help contain wildland fire suppression costs employing a risk-based suppression approach that matches suppression effort with the potential threat to human values; worked to deploy the Wildland Fire Decision Support System; and continued to accountability through large fire cost containment reviews. Finally, the Department is increasingly using a decision support program to provide the allocation of hazardous fuels reduction, after piloting this approach in 2007. Interior is also working jointly with the U.S. Forest Service to develop and implement risk informed hazardous fuels allocation processes that not only address consistent criteria, but that also recognize the different legislated missions of each agency

7. Revenue Collections

Mineral lease revenues collected by the Department on behalf of the U.S. Government were approximately \$10.9 billion in fiscal year 2007; through June 30, 2008, the Department has collected \$19.2 billion. The increase is largely due to the market increase in oil and gas, but in January 2007, the Department raised the royalty rate for new leases in deep water to 16.7 percent to increase the revenues that the federal government collects from oil and gas companies on behalf of American taxpayers. In selecting the 16.7 percent royalty rate for deep-water leases, the Administration attempted to balance competing goals of providing an appropriate return to the Treasury and taxpayers while ensuring sustained Outer Continental Shelf energy development. The new rate represents a meaningful increase (33 percent) from the previous standard deepwater royalty rate of 12.5 percent, which had been one of the lowest government royalty rates in the world.

GAO reported that the Department lacks adequate assurance that it is receiving full compensation for oil and gas produced from federal lands and waters because BLM and MMS' Offshore Minerals Management (OMM) are not fully conducting production inspections as required by law and agency policies – and because MMS' financial management systems are inadequate and lack key internal controls. Officials at BLM told GAO that only 8 of the 23 field offices in five key states completed their required production inspections in fiscal year 2007. Similarly, officials at OMM told GAO that they completed about half of the required production inspections in calendar year 2007 in the Gulf of Mexico. In addition, MMS' financial management system lacks an automated process for routinely and systematically reconciling production data with royalty payments. MMS' compliance efforts do not consistently examine third-party source documents to verify whether self-reported industry royalty-in-value payment data are complete and accurate, putting full collection of royalties at risk.

Over the past 2 years, the OIG has been profoundly involved in numerous MMS royalty issues. Given the amount of work we have been doing in the royalties arena, it might be reasonable to conclude that we drew on a corps of subject-matter experts familiar with the intricacies and nuances of royalty management. Rather, we grew our so-called “experts” from scratch and on the run. We recognized almost immediately that the OIG would need to develop a royalty oversight unit and build an expertise for the long term. In December, the Congress passed the Omnibus Spending Bill for Fiscal Year 2008. Accompanying the bill was report language that instructed the OIG to develop a permanent capability to oversee the MMS royalty function. The OIG is in the process of doing just that. In the near term, we created the Denver-based Royalty Initiatives Group. In the longer term, we intend to develop the capacity to oversee all minerals-related activities managed by the Department from initial leasing of federal and Indian lands to the final termination of those leases, which includes the management of those leases and the collection of royalty payments. Ultimately, we would like to expand our oversight coverage beyond MMS to the energy and minerals programs at the BLM and BIA, including oil, gas, and solid minerals.

The Royalty Initiatives Group completed its first evaluation in May 2008 on MMS' Royalty-in-Kind (RIK) oil sales program and then initiated an audit of MMS' process for verifying oil volumes delivered as RIK, including, most importantly, oil destined for the Strategic Petroleum Reserve. The Royalty Initiatives Group is currently responding to a congressional request to determine why oil and gas leases are not always in production. Eventually, this unit will also verify that the recommendations we have made, and those issued by the Royalty Policy Committee, have been appropriately implemented.

In the RIK oil sales report, we reported that RIK modified oil sale contracts without clear criteria and that the integrity of the RIK oil sales process was undermined by poor business practices, resulting in RIK's business operations falling short in two critical areas – fairness and effectiveness. Specifically, the RIK program allowed bids to be revised, even on award day. RIK was inconsistent in awarding bids using factors such as spreading bids to more companies rather than awarding to the highest bidder, and RIK personnel had inappropriate relationships with oil industry representatives that could compromise their objectivity.

Finally, three OIG investigative reports were recently released that reported on the inappropriate relationships between RIK and the oil industry representatives. In summary, the reports stated the following:

Our investigation revealed a relatively small group of individuals wholly lacking in acceptance of or adherence to government ethical standards; management that through passive neglect, at best, or purposeful ignorance, at worst, was blind to easily discernible

misconduct; and a program that had aggressive goals and admirable ideals, but was launched without the necessary internal controls in place to ensure conformity with one of its most important principles: 'Maintain the highest ethical and professional standards.'

Secretary Kempthorne, Assistant Secretary Steve Allred and MMS Director Randal Luthi have been both receptive and responsive to the findings and recommendations contained in these reports and, in particular, took swift action in response to the misconduct exposed in these most recent reports.

The Department is committed to being an effective steward of mineral leasing programs, ensuring that revenues are effectively collected and accounted for, to ensuring adequate risk management, and to an ethical culture. The Department will continue to work with GAO, OIG and others to identify and implement improvements in these areas.

In its final report regarding data accuracy, GAO noted that MMS's royalty information technology system and processes continue to improve and that MMS also continues to strengthen its compliance efforts. MMS and BLM are implementing GAO recommendations regarding production. For example:

- ▶ BLM has increased Inspection and Enforcement staff to meet the increasing inspections required on Federal and Indian fluid mineral leases. Before a Petroleum Engineering Technician (PET) is allowed to independently conduct inspections, the PET must complete and pass an 18-month classroom instruction program and on-the-job training.
- ▶ The Department established a Production Coordination Committee to ensure ongoing coordination and collaboration of MMS, BLM, and Assistant Secretary for Indian Affairs Office regarding mineral production and royalty issues.
- ▶ MMS and BLM are updating policy documents and internal monitoring procedures to ensure that the thousands of meter inspections conducted each year are completely and accurately entered into the inspection database. Data entry procedures have been established to facilitate retrieval of meter inspection data

and verification of compliance with laws and policies. MMS is revising policy guidance to link inspection frequency policies with production thresholds and past inspection results.

MMS has implemented a risk-based compliance strategy as recommended by the OIG and currently performs a comparison of production and sales reports. MMS assesses interest when the Government is underpaid royalties. MMS also reviews third-party documentation for Outer Continental Shelf leases. When production and royalty reports are not submitted by the same company, MMS uses third-party documentation to verify the volume. MMS has also developed a risk-based tool to identify higher risk properties and operators.

MMS is working closely with the OIG and the Department of Justice in identifying potential false claims in the mineral industry. In addition to the annual financial statement audit and other external reviews, MMS undergoes an independent peer review of its audit function every three years, as required by GAO's Generally Accepted Government Auditing Standards. In September 2008, the MMS audit function received a "clean opinion" for the period January 1, 2005, through May 31, 2008. The MMS Minerals Revenue Management (MRM) program augments external reviews with an aggressive internal review function. During FY 2008, MMS performed three Alternative Internal Control Reviews of MRM business processes and seven Internal Quality Control Reviews of MRM, State, and Tribal audits. These reviews resulted in 88 recommendations, of which 34 have been implemented.

MMS agrees that for RIK oil sale contracts issued between 2001 and 2006—the period reviewed by the OIG—some of the documentation was not complete. New internal control procedures for the RIK oil sale process have been implemented. In September 2008, the OIG informed MMS that they had examined a number of contract modifications issued since 2007 and found that this situation "... appears to have been corrected, as the current files contained adequate supporting documentation."

A total of 27 recommendations made by the Royalty Policy Committee have been implemented and an additional 70 are in the process of being implemented; 88 percent were either done or underway. Actions have been taken to respond to the issues identified in the most recent OIG report on the RIK. The Department has enhanced its ethics program and oversight capacity by establishing an Attorney Advisor position in Denver where the RIK Program operates.

8. Procurement, Contracts, and Grants

Procurement, contracts, and grants have historically been areas subject to fraud and waste government-wide; managing them is a continuing challenge. The Department spends substantial resources each year in contracting for goods and services and in providing federal assistance to states and tribal organizations. The Department awards approximately \$4.5 billion in contracts and awards over \$2 billion each year in funding for grants, cooperative agreements, Indian self-determination contracts, and self-governance compacts to state, local, and insular area governments; Indian tribes; colleges and universities; and other nonprofit organizations.

Procurement and Contracts

Recent audits at the Department and other federal agencies highlighted concerns with interagency procurement services performed through fee-for-service organizations.

Interagency contracting is a tool that, when effective, can help agencies to streamline the acquisition process and increase cost efficiency. The Department has two acquisition centers that assist other government agencies. These are GovWorks and the Acquisition Services Division, Southwest Branch, both of which are under the NBC. We performed a second audit of these two centers to determine whether the purchases made on behalf of the Department of Defense conformed to applicable laws and regulations and complied with Department of Defense procurement requirements. Overall, we found that the Southwest Branch has made significant improvements since our first audit issued in January 2007. However, GovWorks did not comply in full with legal requirements, the Federal Acquisition Regulations, or Department of Defense supplemental policies.

A culture within the Department values expediency in contracting over and above protecting both the best interest of the public and the accountability, integrity, and transparency necessary for Department acquisition practices. Although federal procurement policy envisions a very limited use of sole-source contracting, the Department's preference toward this practice circumvents competition and raises questions as to whether procurement dollars are being used appropriately. We noted examples in which material modifications to competed contracts were, in effect, de-facto sole-source contracts; written justifications for sole-source contracts were inadequate or nonexistent; fair-value pricing for sole-source awards was not established; and small businesses were not given opportunities to compete.

Grants Management

Audits of FWS grants awarded to 15 state agencies, the U.S. Virgin Islands, and Guam revealed a potential savings of \$2,067,847. The grants are awarded under the Wildlife and Sport Fish Restoration Program. The grants finance up to 75 percent of state-sponsored projects, such as developing sites for boating access and acquiring and managing natural habitats. Examples of potential savings include \$1,381,957 in unsupported costs, unauthorized costs, and inappropriately charged payments for employee leave in California; \$293,377 in unsupported in-kind contributions in Iowa; and \$60,000 in unallowable payments in the U.S. Virgin Islands.

We also identified other conditions that need attention, including the following:

- Nine audits identified grantees that earned program income using grant funds but did not account for it in an appropriate manner, including \$846,283 in unreported program income in Tennessee.
- Nine audits found grantees lacked adequate control over personal property, and seven of the audits found inadequate control over real property.
- Four of the audits identified deficiencies in the accounting for indirect costs incurred under the grants.
- Four of the audits identified deficiencies in the reporting of in-kind contributions.

FWS is working with the audited entities to resolve the questioned costs and other matters identified in the audits.

We issued two management letters to FWS with suggestions on improving its overall management of the program. We suggested that they clarify the rules on which hunting and fishing licenses states may count in their annual license certifications. In response, FWS revised the Code of Federal Regulations provisions pertaining to license certification. We also suggested that FWS provide additional clarification on how states should report barter transactions that they enter into under the grants. We have not yet heard from FWS on how it will address this matter.

The Department is challenged by a geographically dispersed and complex set of programs that rely on procurement and financial assistance, including cooperative agreements and grants. Interior is striving to improve the transparency, accountability and integrity of these programs and processes. This includes the implementation of improvements recommended by the OIG. Also, Interior requested funding to reestablish a suspension and debarment program to protect the government from contractors and grantees who engage in fraud or other improper business practices, and are awaiting the outcome of the appropriations process.

Procurement and Contracts

The National Business Center's Acquisition Division, AQD, (formerly GovWorks) has made considerable progress toward compliant contracting. As noted above, AQD-Sierra Vista has been granted a "green" rating by the Department of Defense due to their significant improvements. AQD-Herndon has a robust corrective action plan that includes implementation of new policies, clearly defined work instructions, and layered management oversight. While many improvements have been identified by the OIG, a few deficiencies remain. Nonetheless, the Department of Defense has lifted the restrictions

previously imposed on AQD-Herndon in recognition of their progress.

Competition has long been, and remains, a vital tool by which contracting officers can maximize the return on purchases. The Department's percentage of competed actions has decreased in recent years as companies merged together, the mix of supplies and services swung in favor of services, appropriations have been delayed late into the fiscal year, and other management initiatives took precedence. Interior has started to revitalize its focus on competition by instituting tighter controls on contract modifications, increasing the role of the Bureau competition advocates, and re-establishing an annual competition goal.

Increasing the professionalism of the acquisition workforce has been a focus across the government, with expanded requirements for education and training. Within the Department, over 600 employees have been certified as meeting the stringent requirements of the Federal Acquisition Certification – Contracting program. Certification is a pre-requisite for being appointed as a Contracting Officer at Interior. This more knowledgeable workforce will return benefits to the Department and the taxpayer through better quality goods and services, better pricing and greater process transparency.

The Department has strongly emphasized the importance of data accuracy and transparency for reporting both procurement and financial assistance transactions. Although there will continue to be room for improvement, the Department has

strengthened the procedures that bureaus must follow for validating and verifying the accuracy and completeness of their procurement and financial assistance data.

Grants Management

The Department consistently stresses the importance of regulatory compliance, controls over the management of these essential business processes, and collaboration within and outside the Department to ensure accomplishment of Interior's mission. Policies in the areas of contracting and financial assistance contribute to this by addressing the many challenges involved in the prevention of fraud and waste. The Department has focused on improving communication and collaboration with the bureau financial assistance community. Working with DOI University, the Department began delivering formal financial assistance training to bureau staff in FY 2008. Improving the skills of the financial assistance workforce will yield improvements in better return for assistance agreements and greater process transparency to taxpayers. Interior is also continuing to standardize business processes, including greater use of Grants.gov, and expanding use of the financial assistance module of the Financial and Business Management System.

The Wildlife and Sport Fish Restoration program is in the process of modifying 50 CFR to include barter transactions in the Regulation. Completion is expected in July 2009. Additionally, FWS has revised its appropriate manual chapter to reflect recommended changes in the items mentioned by the OIG.

Improper Payments Information Act of 2002 Reporting Details

The IPIA requires Federal agencies to carry out a cost-effective program for identifying payment errors and recovering amounts overpaid. An improper (or erroneous) payment includes any payment that should not have been made, or that was made in an incorrect amount under statutory, contractual, administrative, or other legally-applicable requirement. Incorrect amounts include overpayments; underpayments (including inappropriate denials of payment or service); any payment made to an ineligible recipient or for an ineligible service; duplicate payments; payments for services not received; and payments that do not account for credit for applicable discounts.

To implement IPIA, OMB requires agencies to review all programs (meeting OMB's definition of program) to determine the risk susceptibility of making improper payments and to perform more in-depth assessments for those programs meeting OMB's criteria for "significant erroneous payments". The threshold for significant erroneous payments is erroneous payments exceeding both 2.5% of program payments and \$10 million annually. For all programs meeting the criteria, agencies are required to quantify the amount of erroneous payments using a statistically valid method with a 90% confidence level.

Summary of Risk Assessments and Payment Audits Performed During FY 2008

Based on a series of internal control review techniques, Interior determined that none of its programs is risk-susceptible for making significant improper payments at or above the threshold levels set by OMB. These reviews were conducted in addition to audits under the Single Audit Act Amendments of 1996, the CFO Act of 1990, GAO reviews, and reviews by Interior's OIG. Different techniques were used to arrive at this determination: (1) risk assessments of internal controls related to payments for all programs performed as part of the assessment of internal control over financial reporting; and (2) prepayment and post-payment audits and recoveries.

Risk Assessments. Appendix C to OMB Circular A-123 states that annual risk assessments are required for all agency programs where the level of risk is unknown until the risk level is determined and baseline estimates are established. It also states that for agency programs deemed not risk-susceptible, risk assessments are required every three years unless the programs experience a significant change in legislation and/or significant increases in funding level. Programs experiencing significant changes must undergo a risk assessment during the next annual cycle.

Interior conducts annual risk assessments of programs susceptible to erroneous payments. The FY 2008 review of programs with significant changes in funding and not previously baselined

FIGURE 4-1

FY 2008 Recovery Auditing Report								
Agency	Amount Subject to Review for FY08 Reporting	Actual Amount Reviewed and Reported CY	Amount Identified for Recovery CY	Amount Recovered CY	Amount Identified for Recovery PYs	Amount Recovered PYs	Cumulative Amount Identified for Recovery (CY+PYs)	Cumulative Amount Recovered (CY+PYs)
DOI Total	\$5,217,434,895	\$5,217,434,895	\$480,073	\$470,218	\$1,312,168	\$1,167,272	\$1,792,241	\$1,637,490

KEY: CY Current Fiscal Year 2008
 PYs Prior Fiscal Years 2005 - 2007

resulted in low risk ratings. The Department has reported four consecutive years of low error rates for improper payments and continues to address this requirement.

Prepayment Audit of Government Bills of Lading. Interior has been conducting prepayment audits of freight bills via GBL for a number of years. This effort is required by the Travel and Transportation Reform Act of 1998. Efforts have continued with Interior's bureaus to ensure that all freight bills receive prepayment audits. During FY 2008, prepayment audit contractors identified \$565,956.00 in savings over 1,870 GBLs reviewed with an audit base of \$9.7million; this amounts to approximately 0.6% in savings to the Government.

Recovery Audits. The Department coordinated the hiring of an independent recovery audit contractor in May 2003 to be used by all bureaus to conduct a vendor statement review, disbursement audit, and contract compliance audit to ensure compliance with IPPIA. The audit base during FY 2008 for Interior was \$5.2 billion through September 30, 2008. Figure 4-1 summarizes the results of the Department's recovery audit activities.

Since the percentage of erroneous payments is less than 0.01%, the Department considers that there are adequate controls in place, including information systems and infrastructure, to minimize the occurrence of erroneous payments to vendors.

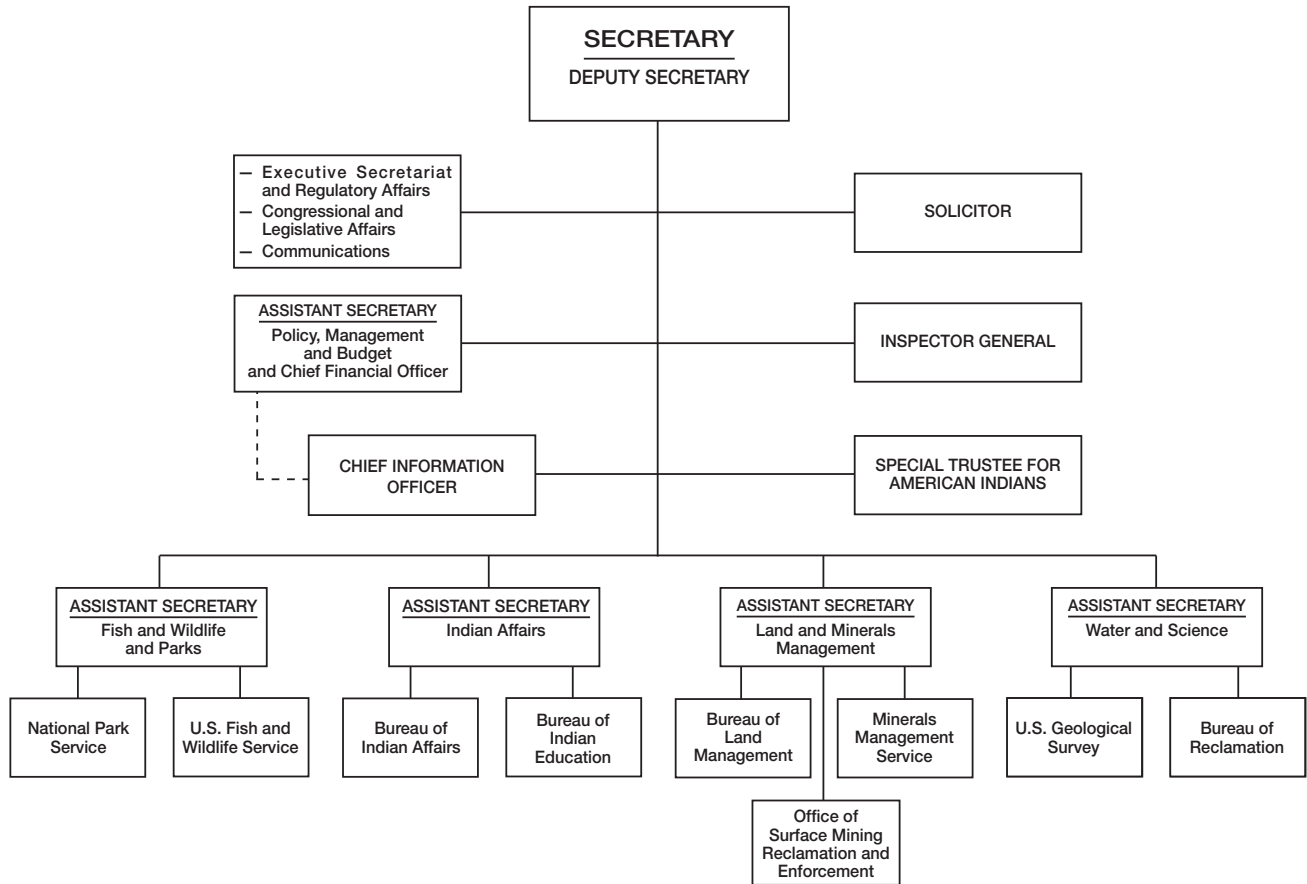
FY 2009 Planned Activities

During FY 2009, the Department will take the following actions to minimize the risk of improper payments:

- ◆ Continue using contractor assistance to perform prepayment audits of GBLs and recovery audits.
- ◆ Review bureau recovery audit reports to determine if any bureau experienced significant increases in improper payment percentages from FY 2008 and implement corrective action plans, as required.
- ◆ Review programs exceeding \$100 million in annual outlays to determine if there have been any significant changes in legislation and/or significant increases in funding levels affecting these programs. These changes would precipitate a risk assessment of those programs for improper payments.
- ◆ Schedule programs for risk assessment in FY 2009 based on the FY 2008 annual review of changes to program risk assessment posture, as part of the Department's 3 year risk assessment plan.

FIGURE 4-3

U.S. Department of the Interior



12/07

Glossary of Acronyms

A&R	Agriculture and Range	CFEDS	Certified Federal Surveyors Program
ABC/M	Activity Based Cost/Management	CFO	Chief Financial Officer
Act	American Indian Trust Fund Management Act	CIAP	Coastal Impact Assistance Program
ADMS	Accessibility Data Management System	CIO	Chief Information Officer
AFMSS	Automated Fluid Mineral Support System	CIRS	Case Incident Reporting System
AML	Abandoned Mine Land	COTS	Commercial Off-the-Shelf Software
ANCS	Automated National Catalog System	CPS	Coastal Political Subdivision
APD	Applications for Permits to Drill	CRV	Current Replacement Value
API	Asset Priority Index	CSAM	Cyber Security Assessment and Management
ARRI	Appalachian Regional Reforestation Initiative	CSRS	Civil Service Retirement System
ASG	American Samoa Government	CTMP	Comprehensive Trust Management Plan
ASV	Accidental Severity Values	CVPIA	Central Valley Project Improvement Act
AYP	Adequate Yearly Progress	D-tags	digital tags
BIA	Bureau of Indian Affairs	DCIA	Debt Collection Improvement Act
BIE	Bureau of Indian Education	DCMA	Division of Contract Management and Administration
BLM	Bureau of Land Management	DEAR	Department Enterprise Architecture Repository
BMP	Best Management Practices	DO	Departmental Offices
BOM	Bureau of Mines	DOE	Department of Energy
BOR	Bureau of Reclamation	DOI	Department of the Interior
BPA	Bonneville Power Administration	DOL	Department of Labor
BRM	Business Reference Model	DOT	Department of Transportation
C&A	Certification and Accreditation	EA	Enterprise Architecture
CAA	Clean Air Act	EAD	Enterprise Architecture Division
CALFED	California-Federal Bay-Delta Program	EAMMF	Enterprise Architecture Management Maturity Framework
CAM	Compliance and Asset Management	EARS	near-bottom acoustic recording device
CC	Cooperation Conservation	ECL	Environment Cleanup Liability
CEE	Controlled Exposure Experiment	EEO	Equal Employment Opportunity
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act	EFT	Electronic Funds Transfer

EHP	Earthquake Hazards Program	FMCIP	Financial Management Career Intern Program
EIRF	Environmental Improvement and Restoration Fund	FMFIA	Federal Managers' Financial Integrity Act
ELA	Enterprise License Agreements	FMMS	Facility Maintenance Management System
EMDS	Ecosystem Management Decision Support	FMSS	Facility Management Software System
EPA	Environmental Protection Agency	FPPDSNG	Federal Procurement Desktop System - Next Generation
EPMP	Enterprise Project Management Portal	FPPS	Federal Personnel and Payroll System
ESA	Endangered Species Act	FRPP	Federal Real Property Profile
ETS	Enterprise Transition Strategy	FRR	Facilities Reliability Rating
EUSS	end user systems and support	FSGT	Financial Statement Guidance Team
FACE	Family and Child Education	FTE	Full-Time Equivalent
FAIMS	Federal Aid Information Management System	FTM	Fiduciary Trust Model
FAMS	Facility Asset Management System	FWS	Fish and Wildlife Service
FASAB	Federal Accounting Standards Advisory Board	FY	Fiscal Year
FBMS	Financial and Business Management System	GAAP	Generally Accepted Accounting Principles
FCI	Facility Condition Index	GAO	Government Accountability Office
FCRA	Federal Credit Reform Act	GDP	Gross Domestic Product
FDCC	Federal Desktop Core Configuration	GMRA	Government Management Reform Act
FEA	Federal Enterprise Architecture	GOM	Gulf of Mexico
FECA	Federal Employees Compensation Act	GOMESA	Gulf of Mexico Energy Security Act
FEGLI	Federal Employees Group Life Insurance	GPRA	Government Performance and Results Act
FERS	Federal Employees Retirement System	GSA	General Services Administration
FFB	Federal Financing Bank	HLI	Healthy Lands Initiative
FFMIA	Federal Financial Management Improvement Act	HVAC	Heating, Ventilation and Air Conditioning
FIPS	Federal Information Processing Standards	I-READ	Interior Readiness
FISMA	Federal Information Security Management Act	IA	Indian Affairs
FLPMA	Federal Land Policy and Management Act	ICR	Internal Control Review
		IEA	Integrated Enterprise Architecture

Glossary of Acronyms

IFF	Interior Franchise Fund	NFP	National Fire Plan
IIM	Individual Indian Monies	NFPORS	National Fire Plan Operations and Reporting System
ILCO	Indian Land Consolidation Office	NISC	National Invasive Species Council
IMARS	Incident Management Analysis Reporting System	NIST	National Institute of Standards and Technology
ISEP	Indian School Equalization Program	NPRA	National Petroleum Reserve - Alaska
ISIT	Internal Security Improvement Team	NPS	National Park Service
IT	Information Technology	NWFP	Northwest Forest Plan
ITILoB	Information Technology Infrastructure Line of Business	NWR	National Wildlife Refuge
ITMC	Information Technology Management Council	O&C	Oregon and California
JFP	Joint Federal Project	O&M	Operations and Maintenance
JOM	Johnson O'Malley Program	OCIO	Office of the Chief Information Officer
KWA	Kuukpick Withdrawal Area	OCS	Outer Continental Shelf
LCTS	Local Collaborative Time Study	ODR	Open Date Replication
LEMIS	Law Enforcement Management Information System	OES	Office of Emergency Services
LPD	Lost Production Days	OHA	Office of Hearings and Appeals
LWCF	Land and Water Conservation Fund	OHTA	Office of Historical Trust Accounting
M&I	Municipal and Industrial	OIA	Office of Insular Affairs
MAR	Monthly Activity Report	OIG	Office of the Inspector General
MCA	Management Cost Accounting	OMB	Office of Management and Budget
MD&A	Management's Discussion and Analysis	OMM	Offshore Minerals Management
MIS	Management Information System	OPM	Office of Personnel Management
MMS	Minerals Management Service	OPPA	Online Privacy Protection Act
MRM	Minerals Revenue Management	OSM	Office of Surface Mining and Reclamation
MRM	Minerals Revenue Management Support System	OST	Office of the Special Trustee for American Indians
MSSS	Mainframe & Servers Services and Support	OWFC	Office of Wildland Fire Coordination
MTTR	Mean Time to Repair	PAM	Office of Acquisition and Property Management
NBC	National Business Center	PAR	Performance and Accountability Report
NCP	National Checklist Program	PART	Program Assessment Rating Tool
		PFM	Office of Financial Management

PI/LSI	Possessory Interest or Leasehold Surrender Interest	SMIS	Safety Management Information System
PLMS	Privacy Loss Mitigation Strategy	SNPLMA	Southern Nevada Public Land Management Act
PMA	President’s Management Agenda	SOH	Safety and Occupational Health
PMB	Policy, Management and Budget	SP	Special Publication
PMDS	Performance Management Data System	SPITS	Service’s Permit Issuance and Tracking System
PMO	Project Management Office	SPR	Strategic Petroleum Reserve
POA&M	Plan of Actions and Milestones	STIG	Security Technical Implementation Guide
PO&M	Power Operations and Maintenance	STORET	Storage and Retrieval
PPA	Prompt Payment Act	SY	School Year
PP&E	Property, Plant, and Equipment		
PTT	Performance Tracking Tool		
		TAAMS	Trust Asset and Accounting Management System
RAPP	Refuge Annual Performance Planning	TDP	Tribal Design Program
RAS	Range Administration System	TFAS	Trust Fund Accounting system
RBST	Role-Based Security Training	TFR	Trust Funds Receivable
RIK	Royalty-in-Kind	TIMS	Technical Information Management System
RIPS	Rangeland Improvement Project Summary	TSIS	Timber Sale Information System
RMIS	Recreation Management Information System	TSS	telecommunications systems and support
RPM	Representative Performance Measure		
		USGS	U.S. Geological Survey
S-tags	satellite tags	USPP	United States Park Police
SAA	Single Audit Act of 1996	USSGL	United States Government Standard General Ledger
SAR	Significant Activity Report		
SACAT	Standard Accounting Classification Advisory Team	V&V	verification and validation
SCID	Stewardship Contracting Information Database	VHP	Volcano Hazards Program
SEMS	Safety and Environmental Management System		
SFFAS	Statement of Federal Financial Accounting Standard	WASL	Washington Assessment of Student Learning
SGS	Singing Ground Survey	WAU	Whereabouts Unknown
SMCRA	Surface Mining Control and Reclamation Act	WFMI	Wildland Fire Management Information
		WIT	Workforce Improvement Team
		WUI	Wildlife-Urban Interface

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