

INDIAN AFFAIRS  
U.S. DEPARTMENT OF THE INTERIOR



ANNUAL  
PERFORMANCE  
AND  
ACCOUNTABILITY  
REPORT



Fiscal Year 2008

**Cover artwork: “DEER DANCER”**

**The artist:**

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*Mr. Rodriguez studied sculpture under Allen Houser at the Institute of American Indian Arts in Santa Fe, NM and has a Bachelor of Fine Arts Degree with Honors from the University of New Mexico.*

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# A MESSAGE FROM THE ASSISTANT SECRETARY - INDIAN AFFAIRS

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I am proud of Indian Affairs' (IA) accomplishments throughout the year and pleased to share our progress in this Fiscal Year (FY) 2008 Performance and Accountability Report (PAR). I am also pleased to report that IA received an unqualified audit opinion on its FY 2008 consolidated financial statements by the independent public accounting firm of KPMG LLP.

Few government agencies are tasked with implementing the range of programs and services for which IA is responsible, and this report provides us the opportunity to clearly articulate how the work of IA benefits the communities we serve.

While federal trust obligations lie at the heart of the Federal-Indian relationship, the scope of the United States' (U.S.) responsibilities extends beyond trust obligations to include a wide range of services delivered in concert with the principle of Indian self-determination. This report summarizes our efforts to serve Indian country in the areas of Facilities, Environmental, and Cultural Resources; Energy and Economic Development; Trust Services; Law Enforcement; Indian Services; and Education.

The American Indian and Alaska Native population is nearly 2 million<sup>1</sup> and represents one of the fastest growing minority populations in the U.S. IA's programs address serious social and economic problems, and I am especially proud of our employees and the positive impact their diverse efforts have had on the communities we serve. Their dedicated talent, creativity, and innovative spirit continues to produce tangible results for American Indians and Alaska Natives, improving the quality of life and making our communities more prosperous.

IA's performance outcome goals are defined in the Department of the Interior's (DOI or the Department) Strategic Plan under the Mission Areas of "Resource

Protection" and "Serving Communities." Based on these goals, we are committed to protecting and improving lives, resources, and property; fulfilling Indian fiduciary trust responsibilities; advancing quality communities; and protecting cultural and natural resources throughout Indian country. Several key accomplishments over the past year highlight our progress towards achieving these goals:

- >> Identifying approximately 146 IA structures listed or eligible for listing on the National Register of Historic Places.
- >> Coordinating efforts to process approximately 300,000 acres of oil and natural gas leases; if successful, the drilling associated with these leases could discover as much as 100,000,000 barrels of oil with a gross value of \$8 billion (@\$80/bbl.)
- >> Providing Child Assistance services to approximately 3,700 children who needed foster care placement or assistance due to sexual abuse or other family violence or neglect;
- >> Generating revenue from irrigation and power projects of approximately \$104 million.
- >> Working in conjunction with the Drug Enforcement Administration (DEA) and Federal Bureau of Investigation (FBI) to put IA officers in 30 task force locations to better combat drug (and specifically, methamphetamine) use in Indian country; and,
- >> Implementing the Operation Safe and Secure Schools (OSASS) Task Force, a combined effort of the Bureau of Indian Education (BIE), the Office of Justice Services (OJS), and the Office of Indian Services (OIS), to make schools and dormitories a safer, more secure learning environment.

In addition, IA reconnected to the internet this year and, for the first time, the IA PAR will be available to leadership and the public on our internet site, <http://www.doi.gov/bia/>. The inability to conduct research, communicate with outside professionals, monitor resources real time, and conduct business electronically placed IA's programs at a serious disadvantage.

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<sup>1</sup> This data was collected for the 2005 American Indian Population and Labor Force Report, the most recent data available, and is based on tribal enrollment numbers.

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Internet access will make it possible for IA to continuously improve its services by facilitating better communications between program teams, leadership, tribal representatives, and even the public.

Throughout the fiscal year, IA took several actions to address prior year audit findings and to ensure our controls are operating effectively. These actions included developing corrective action plans; tracking corrective action status using a work breakdown schedule with individual responsibilities assigned; and holding bi-weekly IA-wide meetings that were attended by multiple levels of management and program staff to review findings and the status of corrective actions. Additionally, the IA Internal Evaluation and Assessment office monitored the results of quarterly internal control reviews conducted and submitted by each IA office, including corrective action plans for any findings.

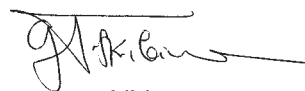
Based on these actions and this report's discussion of compliance with legal and regulatory requirements, I am assured that IA's performance and financial data is reliable and complete, and that our system of management, administrative, and financial controls is operating effectively. Further discussion of our data quality and compliance with the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act of 1996 (FFMIA) is found in the Management's Discussion and Analysis (MD&A) section of this report.

Looking forward, it is essential that we further develop our human resource capabilities to improve

recruitment, hiring, and retention within all service areas, in particular for our law enforcement community, and develop partnerships to educate and employ knowledgeable professionals. We must continue to prioritize the consolidation of fractionated ownership interests which benefits all tribal members by increasing opportunities for land use and business, and preventing the loss of land and ownership from trust status. We have to explore creative solutions to address the impact of spiraling fuel costs on providing efficient and effective Indian services. Finally, we must have sufficient and sustainable funding available to maintain IA infrastructure and protect the people, property, and resources we serve.

When we draw upon the strength of our partnerships and assets, functioning as seamlessly as possible with tribal governments, state and local leadership, and the private sector, we maximize our opportunities for success in serving Indian country.

I want to thank you for your interest in IA and its work. I hope this report enables the public to understand our progress (or the reasons for lack of progress) toward achieving strategic goals, and instills confidence that the agency is doing everything it can to improve and address performance.



George Skibine  
Acting Assistant Secretary-Indian Affairs

# PURPOSE OF THE REPORT

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The FY 2008 IA PAR provides performance and financial information that enables the Congress, the President, and the general public to assess the performance of IA relative to its mission and stewardship of the resources entrusted to it. This report satisfies the reporting requirements of:

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

## HOW THE REPORT IS ORGANIZED

### **Section I: Management's Discussion and Analysis**

The MD&A section contains highlights of IA's mission, strategic goals, and organization. This section also provides an overview of IA's representative performance measures (RPMs) and overall performance results; President's Management Agenda (PMA) initiatives; financial statements; compliance with controls, systems, laws, and regulations; and a discussion of demands, events, conditions, and trends impacting IA and Indian country.

### **Section II: Performance**

The Performance section contains an assessment of the efficiency and effectiveness of IA's programs through performance measure results. Performance results by individual measure is presented in a table that is organized by program and mission area, as outlined in the Department's FY 2007 - 2012 Strategic Plan. An assessment of IA's Program Assessment Rating Tool (PART) results is also included.

### **Section III: Financial**

The Financial section contains the Chief Financial Officer's (CFO) message, financial statements and accompanying notes, and other bureau-specific Required Supplementary Information (RSI) and Required Supplementary Stewardship Information (RSSI). Also included are the Inspector General's transmittal letter, the Independent Auditors' Report, and management's response to the Independent Auditors' Report.

### **Appendices**

The Appendices section contains a glossary of acronyms and a list of federally recognized Indian tribes.





*A hunter in his canoe waiting for the ducks to come within shooting range.*  
Courtesy of the Edward Curtis Collection.



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## OVERVIEW OF INDIAN AFFAIRS

### MISSION AND GOALS

With an FY 2008 enacted budget of approximately \$2.4 billion and 8,701 full-time equivalent employees (FTEs), IA provides services (directly or through contracts, grants, or compacts) to approximately 1.9 million American Indians and Alaska Natives who are members of 562 federally recognized tribes.

The term "Indian Affairs" is used throughout this report to refer to the offices under the Assistant Secretary-Indian Affairs (AS-IA), the Bureau of Indian Affairs (BIA), and the BIE.

The Office of the AS-IA is the primary policy setting and management oversight organization for IA functions, responsible for fulfilling U.S. trust obligations to the federally recognized American Indian tribes and Alaska Natives, and individual Indian trust beneficiaries.

The BIA is the principal bureau in the federal government responsible for the administration of federal programs for federally recognized Indian tribes, and for promoting Indian self-determination.

The mission of the BIA is:

*"...to enhance the quality of life, to promote economic opportunity, and to carry out the responsibility to protect and improve the trust assets of American Indians, Indian tribes and Alaska Natives."*

The BIE is devoted to providing quality education opportunities for American Indians and Alaska Natives.

The BIE's mission is:

*"...to provide quality education opportunities from early childhood through life in accordance with the tribes' needs for cultural and economic*

*well-being in keeping with the wide diversity of Indian tribes and Alaska Native villages as distinct cultural and governmental entities. BIE considers the whole person (spiritual, mental, physical and cultural aspects)."*

### OUR HISTORY

IA was established in 1824 and is the oldest bureau of the DOI. During the last two centuries, the U.S. Congress ratified numerous treaties and enacted dozens of laws that dealt directly with the lives and property of American Indians and Alaska Natives. Congress placed the trust responsibility for Indian matters with the BIA, but there are over a dozen federal departments and agencies that provide a range of federal assistance to American Indians and Alaska Natives.

The role of IA has changed significantly over the last three decades in response to a greater emphasis on Indian self-determination and self-governance. Almost 90% of all IA appropriations are expended at the local level, of which 62% is provided directly to tribes and tribal organizations through contracts, grants, and compacts.

Self-determination and self-governance are federal policies which recognize the right of tribes to manage their own affairs, and to exert increasing control over their own governmental operations while keeping intact their trust relationship with the federal government. Public Law (P.L.) 93-638, Indian Self-Determination and Education Assistance Act, as Amended and P.L. 100-297, Indian Education Amendments Act, provide the vehicles for tribes to initiate contracts, compacts, and grants with IA. For instance, tribal governments may choose (i.e., "self-determination") to implement contracts or grants to provide specific services or to support service delivery. Tribes receive the same level of funding to deliver the services as IA would have received to deliver them. IA and the tribes negotiate contract terms, including a scope of work, funding amount, and contract duration. IA's





role is to oversee tribal compliance with the contract or grant terms through an annual performance review and financial audit.

P.L. 93-638 also allows tribal governments to take over the delivery of all services from IA in the form of a self-governance compact. Unlike contracts, compacts do not have a scope of work or controls on funding except to comply annually with the Single Audit Act<sup>1</sup>.

Today, many of the American Indian tribes and Alaska Natives provide job training, education, and employment programs for their members while identifying and promoting long-term economic growth and social development, and managing their portions of the land held in trust for tribes and individual Indians.

## ORGANIZATION

Approximately 84% of IA employees are American Indians or Alaska Natives. The IA workforce, including the Offices of the AS-IA, the BIA, and the BIE, operates

<sup>1</sup> *A Study of Management and Administration: The Bureau of Indian Affairs*, National Academy of Public Administration, August 1999.

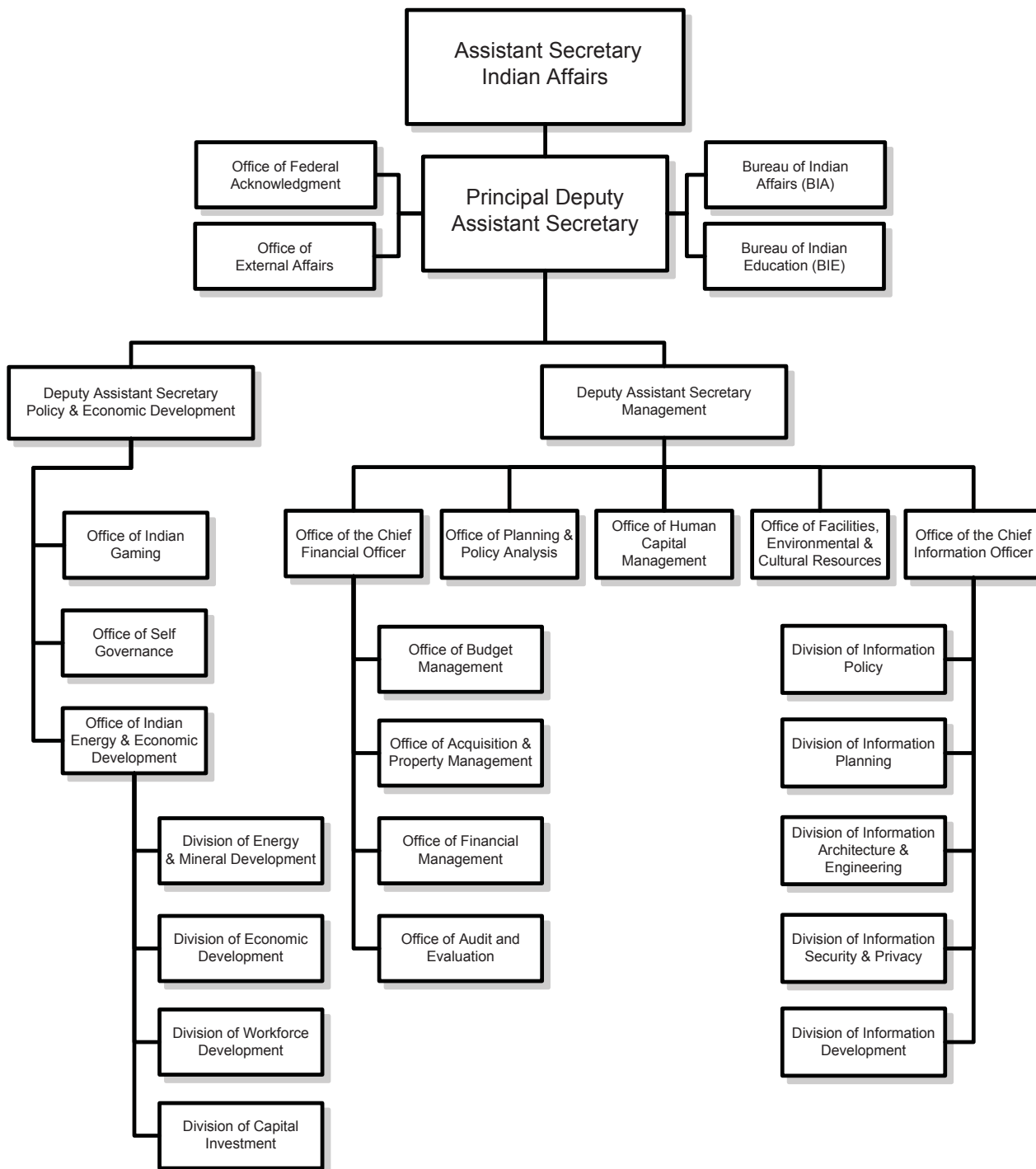
from 268 duty stations throughout the continental United States and Alaska, with the Central Office located in Washington, DC and satellite offices in Herndon and Reston, VA; Albuquerque, NM; Boise, ID; and Denver, CO.

IA's programs, covering virtually the entire range of government services other than defense, include education; human services; justice services; energy and economic development; housing; irrigation and power systems; road maintenance; realty, probate, land, and heirship records; forestry, agriculture, and range lands development; wildland fire management; water resources; and fish and wildlife management. IA employees work with tribal governments and their representatives to:

- >> Protect tribal lands and natural resources;
- >> Create the educational opportunities and necessary infrastructure to build stronger tribal communities; and
- >> Fulfill federal trust responsibilities and mandates of federal laws, Presidential Executive Orders, and federal policies.

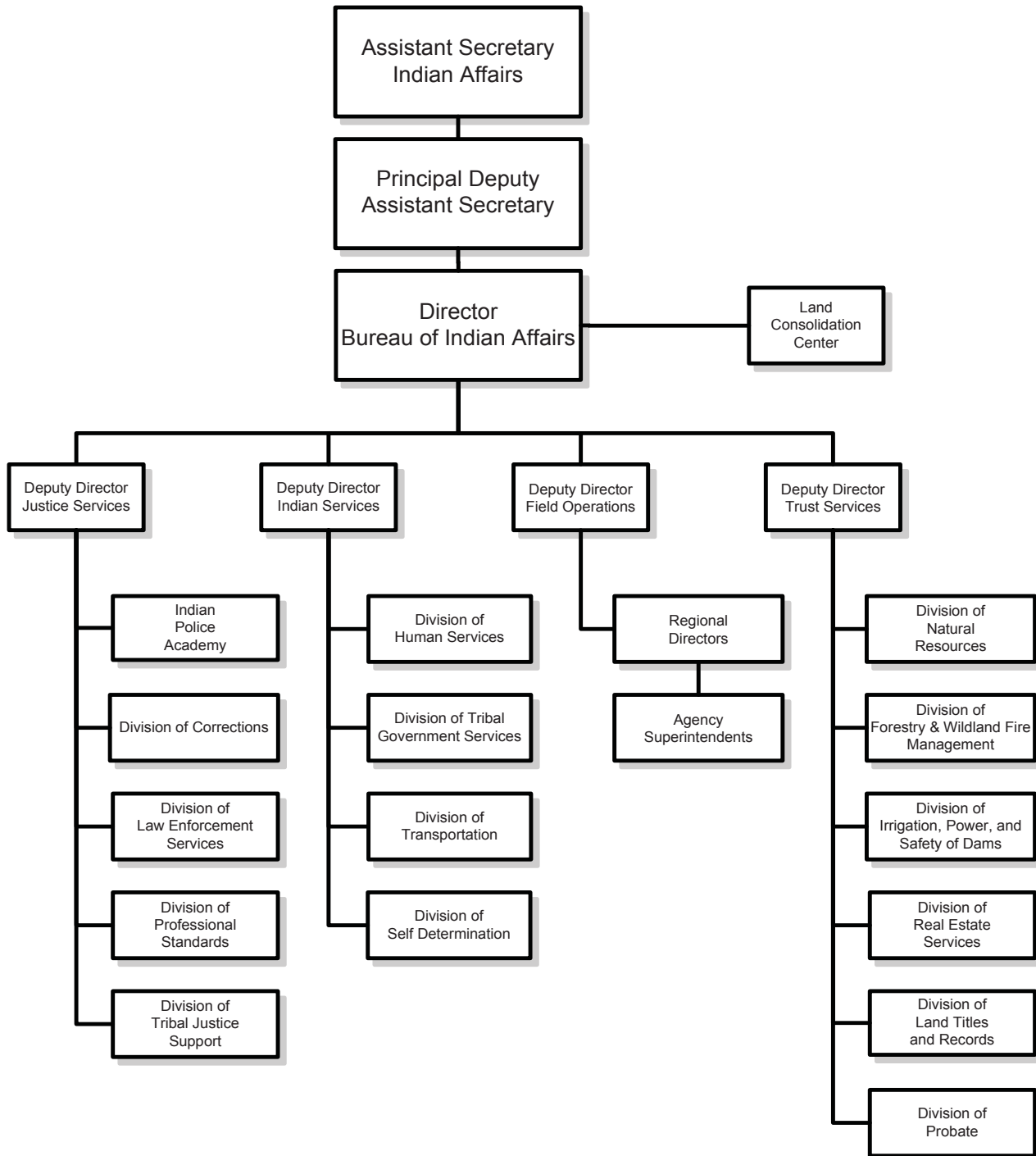


## ASSISTANT SECRETARY – INDIAN AFFAIRS



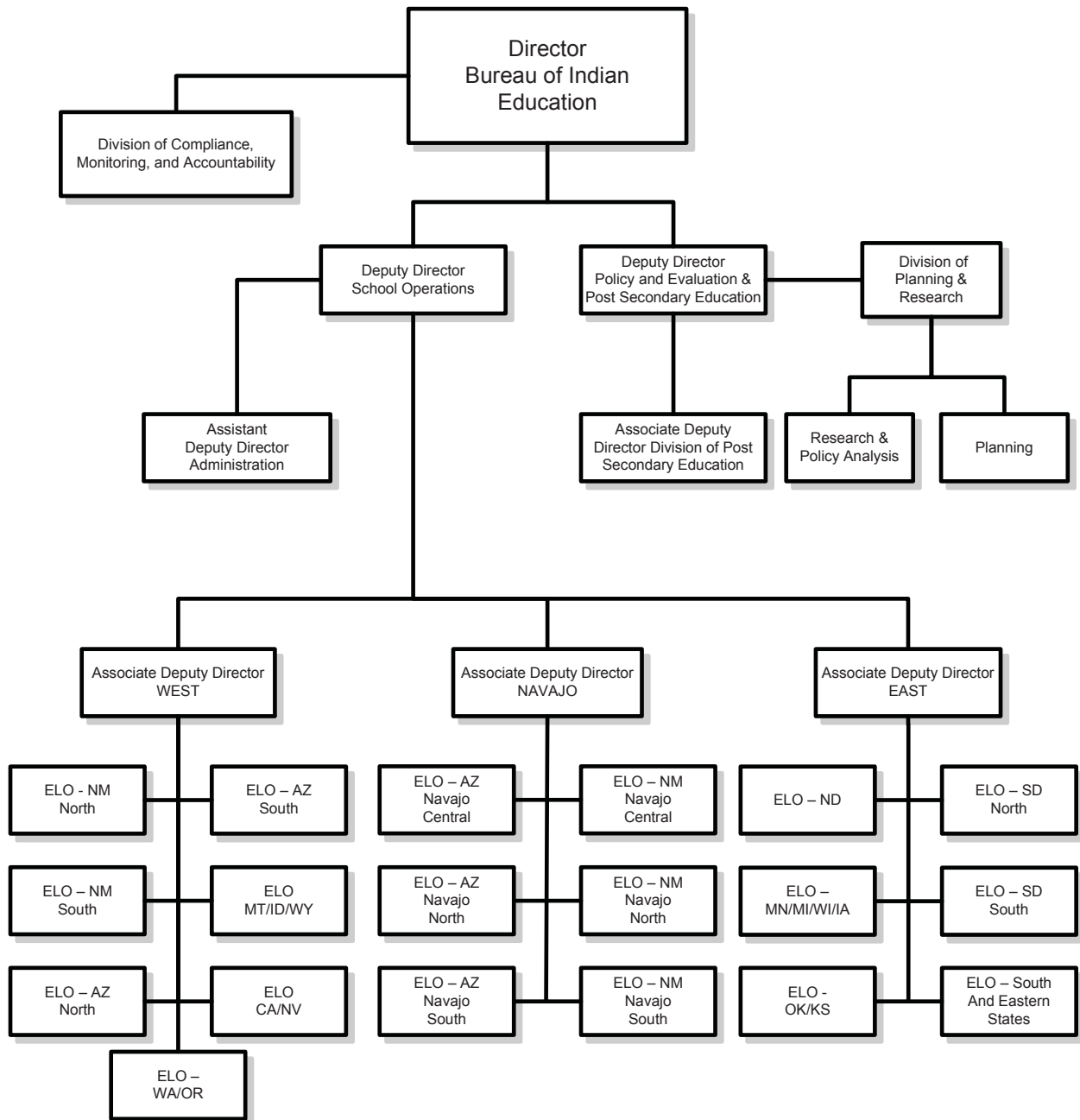


## BUREAU OF INDIAN AFFAIRS





## BUREAU OF INDIAN EDUCATION





## INTEGRATING MISSION, STRATEGIC GOALS, AND PROGRAM PERFORMANCE MANAGEMENT

Congress passed the Government Performance and Results Act (GPRA) in 1993 to improve organizational effectiveness by focusing on results. GPRA obligates federal government agencies to conduct strategic planning, performance measurement and reporting, and program evaluation.

Agencies meet these requirements through development of strategic plans, establishing goals and tracking performance, and reporting progress and results.

DOI's FY 2007–2012 Strategic Plan identifies four programmatic mission areas:

- >> Resource Protection
- >> Resource Use
- >> Recreation
- >> Serving Communities

In addition, the Department has a fifth cross-cutting mission area, Management Excellence, which facilitates the efficient and effective implementation of the four programmatic mission areas. The Management Excellence area is supported by Accountability and Modernization/Integration outcome goals and the initiatives in the PMA, which is discussed in more detail later in this section.

Each mission area has its own outcome goals and specific performance targets by which progress can be measured. An outcome goal is a statement of aim or purpose in the strategic plan that defines how an organization will carry out a major segment of its mission over a period of time. Performance targets and specific measures enable IA to track progress toward goal achievement and effectiveness. Multiple IA programs contribute to these mission areas and outcome goals through the development, tracking, and reporting of specific performance targets and measures.

IA's primary responsibilities fall within the following two mission areas and associated outcome goals:

Mission Area: *Resource Protection*

- >> Protect Cultural and Natural Heritage Resources

Mission Area: *Serving Communities*

- >> Improve Protection of Lives, Resources and Property
- >> Fulfill Indian Fiduciary Trust Responsibilities
- >> Advance Quality Communities for Tribes and Alaska Natives

In FY 2008, IA implemented the IA-Performance Management System (IA-PMS) to facilitate the electronic collection, review, certification, and reporting of targets and results by individual performance measure. This information automatically feeds into the Department's Activity-Based Cost/Management (ABC/M) system, which further enables IA to track costs by work activity. These systems facilitate IA's efforts to improve planning and decision-making by more fully integrating performance, budget, and financial information to accomplish IA's mission.

IA's costs associated with achieving these goals are discussed in the Financial Highlights section of the MD&A and in Section III: Financial.

## PROGRAMS AND KEY ACCOMPLISHMENTS

### ASSISTANT SECRETARY-INDIAN AFFAIRS

The AS-IA oversees the BIA, the BIE, the Deputy Assistant Secretary – Management (DAS-M), and the Deputy Assistant Secretary – Policy and Economic Development (DAS-PED). The Office of Facilities, Environmental and Cultural Resources (OFECR), which reports to the DAS-M, and the Office of Indian Energy and Economic Development (IEED), which reports to the DAS- PED, are two AS-IA offices which further IA's efforts to achieve several of the outcome goals in the Resource Protection and Serving Communities mission areas.

#### **Office of Facilities, Environmental and Cultural Resources (OFECR)**

**Serving Communities:** *Advance Quality Communities for Tribes and Alaska Natives, and*

**Resource Protection:** *Protect Cultural and Natural Heritage Resources*

Funded in FY 2008 enacted dollars at over \$173 million, the OFECR is responsible for IA facilities management





and construction, environmental management, safety and risk management, and cultural resources management programs. OFECR is comprised of several divisions:

- >> Division of Environmental and Cultural Resources Management (DECRM) - including Environmental Management (EM) and Cultural Resources Management (CRM)
- >> Office of Facilities Management and Construction (OFMC)
- >> Division of Safety and Risk Management (DSRM)

During FY 2008, EM focused its efforts on cleaning up sites on IA's Environmental and Disposal Liability list. Over the past four years, EM made significant progress identifying, assessing, and restoring contaminated sites caused or contributed to by IA. IA also completed 25 Environmental Management System (EMS) reviews, as compared to three that were completed in the previous five years. The number of EMS reviews completed is tracked as part of the Environmental Management PMA initiative.

CRM focused its efforts in FY 2008 on completing condition assessments at IA facilities housing museum collections, identifying approximately 146 IA structures that are listed or eligible for listing on the National Register of Historic Places. CRM also identified 45 archeological sites in good condition.

In FY 2008, OFMC began three school construction projects as scheduled: two Replacement Facilities Construction (RFC) projects, St. Stephens and Standing Rock Phase II, and one Facilities Improvement and Repair Project (FI&R) project, Standing Rock. IA received \$9,747,677 for the two RFC projects and \$89,528,701 for the FI&R project. Additionally, OFMC improved the Law Enforcement FI&R program; committing \$6,383,668 for major repair and improvements for Fort Peck Detention Center, Wind River Adult Detention Center, and Fort Totten Law Enforcement Center.

OFMC examines the condition of IA schools using the Facilities Condition Index (FCI), which identifies life safety deficiencies. In FY 2008, of the 184 schools in the inventory, only 71 schools remained in poor condition, reducing the FCI by increasing the number of schools in fair or good condition.

In FY 2008, DSRM performed 123 plan reviews, including new construction, Minor Improvement & Repair (MI&R), FI&R, fire protection systems, and building systems. DSRM issued 53 Certificates of Occupancy and conducted 30 final safety and health inspections.

Looking ahead, OFECR is focusing on completing construction projects in a timely manner as a key performance goal. In particular, timely construction or repair of school facilities and services has shown to positively impact students' performance and teachers' effectiveness. In FY 2008 OFECR/OFMC hosted a symposium focused on how the Department can become a better business partner with the construction industry to reduce costs, encourage participation in the IA program, and meet the goals of timely and cost effective construction. OFECR is evaluating the input from the symposium and developing a plan based on participants' input.

The current restructuring of IA's Safety Program, once complete, will facilitate OFECR's line authority over regional and field safety personnel. By redirecting resources and filling safety position vacancies, IA can better achieve compliance with regulations and provide a safe and healthy environment. In addition, the recent IA internet reconnect provides access to the DOI Safety Management Information System (SMIS) and the Office of Workers' Compensation Programs (OWCP) Agency Query System (AQS). Access to these systems helps to further management's accident prevention objectives, capture data and analysis for measuring lost productivity and injury/illness rates, and track data for workers' compensation cases.

#### **Office of Indian Energy and Economic Development (IEED)**

**Serving Communities:** *Advance Quality Communities for Tribes and Alaska Natives*

IEED is focused on facilitating economic opportunities for Indian country. IEED's economic development, workforce development, energy, and guaranteed loan programs help tribes confront unemployment and underemployment issues on reservations and take the next step towards economic self sufficiency. Each of the IEED divisions below has a unique role to play in meeting these objectives:



## Section 1

# MANAGEMENT'S DISCUSSION AND ANALYSIS

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- >> Division of Economic Development (DED)
- >> Division of Capital Investment (DCI)
- >> Division of Workforce Development (DWD)
- >> Division of Energy and Mineral Development (DEMD)
- >> Division of Indian Energy Policy Development

Throughout 2008, the DED facilitated numerous training efforts to educate the Indian community on economic development opportunities, planning, skills, and requirements. In March, DED co-sponsored the 22<sup>nd</sup> Annual National Reservation Economic Summit & American Indian Business Trade Fair, which had over 2,400 participants and covered topics on reservation economic planning, business management skills for tribal leaders, and workforce development. In April, DED funded the Great Plains Economic Development Conference in Sioux Falls, SD, sponsoring business enterprise formation and management training for approximately 200 participants.

DED also facilitated a partnership agreement between the Seminole Tribe of Florida and the Mashantucket Pequot to form a consortium of casino-based tribes. The consortium seeks to use its substantial purchasing power to procure products used in hospitality and gaming businesses, including food, paper, furniture, and linens, from Indian and tribally-owned businesses.

The DCI loan program's current loss rate is at 1.51%, a reduction of ten basis points since the end of the previous year. This is a very low rate for an economic development loan program and is comparable to, or better than, a bank loan portfolio. Expectations are that loss rates will remain below 2.0% until Community Development Financial Institutions (CDFIs) participation rates increase. Participation by CDFIs will allow the program to make a higher contribution to the development of small businesses.

DCI is also undergoing a restructuring, begun in 2008, to make additional budget and human resources staff available and to establish four Credit Office Service Centers (COSC) around the country. The COSCs will be responsible for educating lenders and borrowers about the benefits of investing in jobs and businesses in Indian country, and providing training and services for Indian-owned businesses. When complete, the new DCI

structure will contribute to a more effective program in terms of obligating the loan guaranty ceiling throughout the year and increasing the number of CDFIs participating in the program. DCI will also be emphasizing Credit Officer training and appropriate loan structuring to assist small business owners and ensure that losses remain in an acceptable range.

DWD is focused on implementing P.L. 102-477, the Indian Employment, Training and Related Services Demonstration program of 1992. This program allows tribes to combine education, training, employment, job placement, welfare reform, and related federal resources into one comprehensive resource to assist Indians in becoming self-sufficient. Last year<sup>2</sup>, DWD's efforts under this program included 51 grantees serving 243 federally recognized tribes and distributing \$94,169,023. Over 42,000 participants were served, as well as 10,519 children in child care. In addition, 1,396 businesses were assisted, 987 new jobs were created, and 5,095 participants were placed in jobs. DWD currently has 56 grantees serving 248 federally recognized tribes. A major goal of DWD for FY 2009 is to develop case management training for tribal staff to make more effective use of federal funds.

In FY 2008, DEMD was successful in assisting tribes to negotiate over 40 agreements utilizing the flexibility provided by the Indian Mineral Development Act (IMDA) of 1982. These agreements have a potential value to the tribes of \$4.5 billion and up to 500 jobs.

DEMD also helped numerous tribes in marketing their resources through booths at industry trade shows, and giving presentations at trade shows, conferences and forums. Contacts were established with over 400 companies who expressed interest in potential partnerships with Indian mineral owners. DEMD staff also helped coordinate efforts to process approximately 300,000 acres of oil and natural gas leases at the Fort Berthold Reservation. If successful, the drilling associated with these leases could discover as much as 100,000,000 barrels of oil with a gross value of \$8 billion (@\$80/bbl.) The Division of Indian Energy Policy Development

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<sup>2</sup> The data referenced is from FY 2007, based on annual tribal collections and reports. The FY 2008 tribal reports will not be finalized and available until after the completion of the current FY.



manages the review and evaluation of Tribal Energy Resource Agreements (TERA) that allow for enhanced self-governance of energy development on tribal trust lands.<sup>3</sup> In FY 2008, the Division finalized the regulations implementing the provisions of P.L.109-58, the Energy Policy Act of 2005, and formed a Tribal Energy Advisory Committee composed of tribal officials and federal representatives to advise on implementing related regulations and other Indian energy resource development matters. The Division is in the process of conducting an inventory of agreements for mineral aggregate development by Indian mineral owners, which will be used to propose additional recommendations to the Indian Energy and Minerals Steering Committee on mineral aggregate development regulations. The Division also developed an Interagency Agreement with the Department of Energy, Argonne National Laboratory, to develop an online environmental information clearinghouse for tribes that are interested in energy development on tribal lands.

In FY 2009, IEED plans to conduct two conferences based on the Tribal Business Structure Handbook with the objective of discussing tribal business formation successes and documenting them as case studies; offer additional training sessions in coordination with the Tuck School of Business at Dartmouth College, with the aim of reaching at least 100 Indian and tribal business owners and managers; equip and open at least two more Achievement Centers at reservation locations; and, expand an internet database of qualified Indian-owned businesses created to assist BIA contracting officers in their efforts to Buy-Indian. The Division of Indian Energy Policy will continue to educate tribes on the TERA regulations, and develop an internal coordination process within BIA and the Department for following TERA regulatory requirements.

## THE BUREAU OF INDIAN AFFAIRS

Offices under the Director of the BIA include: Trust Services, Justice Services, Indian Services, and Field Operations, each of which have regional, agency, and field/

district offices that administer Indian programs at the tribal level. IA's programs are managed primarily through the twelve BIA regions:

Alaska (Juneau, AK)  
 Northwest (Portland, OR)  
 Eastern (Nashville, TN)  
 Pacific (Sacramento, CA)  
 Eastern Oklahoma (Muskogee, OK)  
 Rocky Mountain (Billings, MT)  
 Great Plains (Aberdeen, SD)  
 Southern Plains (Anadarko, OK)  
 Midwest (Fort Snelling, MN)  
 Southwest (Albuquerque, NM)  
 Navajo (Gallup, NM)  
 Western (Phoenix, AZ)

### Office of Trust Services

**Serving Communities:** *Improve Protection of Lives, Resources, and Property and Fulfill Indian Fiduciary Trust Responsibilities*

The OTS program covers an extensive array of services for Indian country. With over \$272 million in enacted FY 2008 funds,<sup>4</sup> the six OTS divisions focused on the Serving Communities mission through management and protection of trust and restricted lands; natural resources programs (excluding energy and mineral resources, and environmental/cultural resources); real estate services; probate operations; the forestry and wildland fire program; and oversight of the Land Title Record Centers. The OTS divisions include:

- >> Division of Real Estate Services
- >> Division of Land Titles and Records
- >> Division of Probate
- >> Division of Natural Resources
- >> Forestry and Wildland Fire Management
- >> Irrigation, Power & Safety of Dams

In FY 2008, Real Estate Services (RES) focused on fiduciary trust responsibilities, improving timely transactions for beneficiaries, obtaining fair market value

<sup>3</sup> Revisions to the Departmental Manual (DM) for AS-IA, including the addition of this new division within IEED, are in the final stage of review and approval. Once the DM has been approved, the AS-IA organization chart will be updated to reflect the new division.

<sup>4</sup> Funding for Minerals and Mining and Environmental Quality were removed from this total as those funds are included in the IEED and OFECCR budgets.



through appraisals, collection of funds, and distribution (lockbox functions). As a result, RES improved the process of calculating agricultural and range acres administrative costs and lease proceeds, and published the updated procedure.

Land Titles and Records (LTRO) protects and preserves trust lands and resources through accurate processing of land title conveyance and encumbrances. LTRO conducted almost 3,000 conveyance transactions in FY 2008, and reduced the average number of days from approval to the recording and processing of a conveyance document by more than 86%.

The Division of Probate continued to make significant progress throughout the FY towards eliminating the backlog of probate cases, and expects to distribute and close all remaining eligible backlog estates by the end of FY 2009. The implementation of the ProTrac system enabled improved preparation and tracking of probate case status, and after identifying a weakness in User Security and Roles, the Division implemented functions which restrict access in accordance with each user's Security Roles. Training was provided throughout the year to probate employees on new probate and ProTrac business processes.

The Division of Natural Resources supported tribal water, agriculture, and fish and wildlife projects and programs, including agriculture grazing leases and permits, tribal water resource monitoring and development, and fish and wildlife recovery and protection projects. The program worked to ensure that program funding went to tribes in off-reservation programs to secure and enhance treaty rights for traditional hunting, gathering and fishing.

Forestry and Wildland Fire Management continued the Forest Management Planning Initiative, with the goal of achieving forest management plans on 100% of forested reservations by the year 2015. Throughout the FY, Forestry experienced quarterly increases in the number of reservations covered by plans. Although the number of reservations with plans did increase, the acreage covered by plans did not increase at the expected rate. This may be attributed to the fact that larger management plans with higher acreage usually take longer to complete than smaller plans with less acreage.

The Forestry program experienced the beginning of a projected decline in the number of professional foresters in FY 2008, and witnessed the impact of the continuing decline in the housing construction market on forestry-related products. While the program harvested a lower volume of forest products than planned, it still expects to exceed its goal for annual allowable cut offered for sale. The Forestry program continued a partnership with the U.S. Forest Service and Haskell Indian Nations University to recruit, educate, and employ Indian and Alaska Native natural resource professionals to help the program plan for compounding attrition challenges over the next five years.

The Irrigation, Power, and Safety of Dams (IPSOD) division maintains all BIA irrigation, power, and dam infrastructure at a level comparable to facilities in the non-federal sector, and ensures power and water are distributed as required. In FY 2008, the program will generate revenue from irrigation and power projects of approximately \$104 million. These revenues fund the operations and maintenance of 15 BIA-owned and operated irrigation projects and three BIA-owned and operated power projects. The irrigation portion of the program emphasizes improvement of land productivity. In this spirit, the program also completed a two year effort to update 25 Code of Federal Regulations (CFR) Part 171, which encourages farmers to focus on improvements to increase the productivity of land.

The Trust program anticipates improvements to overall efficiency and effectiveness as a result of the recent internet reconnect. Internet availability will streamline access to information, speed communications, and facilitate technology use, such as access to BIA's Dams Emergency Monitoring System (DEMS) and associated Emergency Management Monitoring website, monitoring streamflow and hydrologic information to manage water deliveries, and conducting engineering and professional research.

#### **Office of Justice Services**

**Serving Communities:** *Improve Protection of Lives, Resources, and Property and Advance Quality Communities for Tribes and Alaska Natives*

OJS received over \$228 million in FY 2008 enacted funds to provide for the safety of Indian communities by



ensuring the protection of life and property, enforcing laws, maintaining justice and order, and by confining American Indian offenders in secure and humane facilities. OJS' six primary divisions provide investigative, police, judicial, and detention services, as well as technical expertise to tribal communities that operate their own justice services programs:

- >> Division of Law Enforcement Services, including Criminal Investigations and Police Services
- >> Division of Corrections
- >> Division of Professional Standards, including Inspections and Internal Affairs
- >> Division of Drug Enforcement<sup>5</sup>
- >> Division of Tribal Justice Support (Courts)
- >> The Indian Police Academy

Of the 108 Indian country law enforcement programs that reported crime statistics in both FY 2006 and FY 2007,<sup>6</sup> 70 programs, or 65%, managed to achieve some level of reduction in their violent crime rate. While most of the law enforcement programs still maintain an overall violent crime rate several times greater than the national average, these programs are making progress toward reducing their rates of violent crime. For example, the San Carlos Apache Tribe, the recipient of High Crime/High Priority funding in both FY 2006 and FY 2007, reduced their number of violent crimes by 70% and moved from having a crime rate that was 17.4 times the national average to a crime rate 5.2 times the national average.

In an effort to improve recruitment and hiring within all service areas, OJS is implementing a Recruitment Plan that includes age waivers; awarding a contract to improve recruitment efforts at colleges and with the military to get better qualified applicants; improving and streamlining the process for background checks; and investigating the use of manpower resources from other qualified law enforcement providers. OJS filled 23 positions from

January to June, and expects this recruitment effort to produce additional qualified applicants over a one year period. OJS also reduced the average processing time for background checks, allowing the program to in-process new hires more quickly.

The Division of Corrections is implementing juvenile offender education initiatives in conjunction with BIE, to ensure that Indian children have education opportunities regardless of incarceration. Funds received from BIE were distributed to juvenile detention facilities to acquire basic needs such as books and educational supplies.

As the fight against methamphetamine and violent crime leads to more arrests, the Division of Corrections needs to be prepared to support the placement of convicted offenders in alternate locations. Since the lack of available bed space is a real problem in Indian country, the Division is working to secure placements through contracts with other facilities in order to avoid the release of offenders back into the community.

Looking ahead, the Division of Drug Enforcement is planning to place BIA drug agents in 30 task force locations across the U.S., working in conjunction with the DEA, FBI-Safe Trails Drug Task Force, and High Intensity Drug Trafficking Areas (HIDTA), to provide broader drug enforcement coverage. Several IA agents have already been selected and certificates of eligible applicants continue to be provided by Human Resources for the additional selection of candidates. By FY 2009, the program expects the Drug Enforcement Division to be fully staffed and prepared to participate in this drug enforcement partnership.

In FY 2009, OJS expects to pilot a tribal court action plan program to support improved tribal court systems. The lack of fully functioning court systems in Indian country is resulting in the release of offenders due to the inability to meet speedy trial requirements. Under this pilot, one-time funding will allow courts to implement some of the areas highlighted in prior corrective action plans to improve efficiency of the tribal court systems. In return, the courts will provide statistics on speedy trial implementation and case processing.

<sup>5</sup> Revisions to the DM for BIA, including the addition of this new division within OJS, are in the final stage of review and approval. Once the DM has been approved, the BIA organization chart will be updated to reflect the new division.

<sup>6</sup> Program indicates that the 2008 data will not be available until after the completion of the FY.





### Office of Indian Services

**Serving Communities:** *Advance Quality Communities for Tribes and Alaska Natives*

In FY 2008, OIS received more than \$539 million to support tribal governments and tribal individuals by promoting safe and quality living environments, strong communities, self-sufficiency, and individual rights while enhancing the protection of the lives, property, and well-being of American Indians and Alaska Natives. OIS is comprised of four divisions which help to achieve its mission and outcome goal of advancing quality communities:

- >> Division of Human Services
- >> Division of Tribal Government Services
- >> Division of Transportation
- >> Division of Self-Determination Services

The Division of Human Services provides critical assistance to families and individuals in Indian country. In FY 2008, the Division focused on child abuse prevention and developing a long term strategy to more effectively address child abuse issues. Key accomplishments throughout the year included:

- >> Provided Child Assistance services to approximately 3,700 children who needed foster care placement or other assistance due to sexual abuse or other family violence or neglect;
- >> Provided General Assistance to approximately 56,000 people who would otherwise not have funds to obtain food, shelter or other essentials;
- >> Repaired or replaced approximately 189 homes;
- >> Provided case management services to approximately 950 active supervised minor and adult Individual Indian Money (IIM) account holders nationwide;
- >> Provided education, outreach, and training to nearly 500 participants at the 2<sup>nd</sup> Annual National Child Welfare Conference in Billings, MT;
- >> Partnered with the OJS and the National Congress of American Indians (NCAI) to increase awareness of methamphetamine use nationwide and to distribute Meth Toolkits.

Additionally, the Division formed the national Tribal/BIA Human Services Advisory Workgroup, consisting

of tribal and federal experts in social services, to develop recommendations to IA on future human service policy and special initiatives to improve program efficiency and the lives of Indian people.

The Division of Self-Determination Services was reestablished in FY 2008 and serves as the primary contact on policy affecting the unique contractual relationship between the Secretary of the Interior and Indian tribes or tribal entities. Once fully established, the Division will address the needs and concerns of each regional Awarding Official and tribal contractor, including comprehensive training, technical assistance, and guidance.

The Division of Tribal Government Services is responsible for tribal membership rolls and Certificates of Degree of Indian Blood (CDIB), used to qualify for programs offering services to American Indians. Applications for CDIBs and Indian Preference in Employment are processed for anyone who can provide documentation that he or she descends from an American Indian or Alaska Native tribe. Currently there is a large backlog of requests for CDIBs, primarily in California and Oklahoma. The estimated number of CDIBs issued in FY 2008 to date is approximately 95,267. The Division is currently drafting regulations to provide uniform policy and procedures for issuing CDIBs at all locations, expected to reduce the number of pending requests. In FY 2009, the Division intends to establish workgroups to review existing regulations, prepare updates as required, and propose regulations for elimination.

The Division of Transportation oversees the maintenance and construction programs for the BIA roads system. There are approximately 27,000 miles of roads and 930 bridges under BIA jurisdiction. In FY 2008, the Division focused on developing policy for the roads inventory; an internet project to allow tribal transportation planners access to the Indian Reservation and Roads Program (IRR) database, and the Road Inventory Field Database System (RIFDS); training on road inventory changes; and partnering with the Federal Highway Administration (FHWA) on agreements as defined by the Safe, Accountable, Flexible, Efficient, Transportation, Equity Act: A Legacy for Users (SAFETEA-LU). The Roads program also underwent a PART review by the Office of Management and Budget (OMB), and received a score of



adequate. The program will use the recommendations from the review to define performance improvement actions in the future.

In FY 2009, OIS will continue to focus on combating methamphetamine use in Indian country. The meth problem has created not only a public safety crisis, but a rapidly increasing child protection and child welfare caseload for tribal social workers. OIS plans to hire additional social workers to combat this problem in the most critical areas, and to conduct studies to identify these locations. In addition, OIS expects to increase its number of Awarding Officials, who will be responsible for decreasing tribal audit delinquencies and increasing contract compliance.

## THE BUREAU OF INDIAN EDUCATION

**Serving Communities:** *Advance Quality Communities for Tribes and Alaska Natives*

Funded in FY 2008 enacted dollars at over \$689 million, the BIE is responsible for all IA education program activities necessary to provide quality education opportunities from early childhood throughout life, and to provide safe, secure, and healthy learning environments to all students attending BIE-funded schools.

The BIE school system serves almost 44,500 students with 184 elementary and secondary schools and dormitories located on 64 reservations in 23 states, including seven off-reservation boarding schools (ORBS). Of the 184 schools, 125 are directly controlled by tribes and tribal school boards under contracts or grants with the BIE. The BIE funds 66 residential programs for students at 52 boarding schools and at 14 peripheral dormitories, housing those students attending nearby tribal or public schools.

The BIE school system employs approximately 4,400 teachers, administrators, and support personnel. BIE also provides support to 25 tribal colleges and universities, and directly operates two post-secondary institutions: Haskell Indian Nations University (HINU) in Lawrence, KS, and the Southwestern Indian Polytechnic Institute (SIPI) in Albuquerque, NM.

In FY 2008, BIE began several initiatives to enhance education in both BIE and tribally operated schools, including:

- >> the BIE READS! Program, to increase K-3 reading proficiency in selected schools;
- >> the Math Now project to increase math instruction in BIE schools;
- >> implementation of a three-year plan to use Educational Enhancement funds to provide professional development for teachers focused on improving reading and math instruction; and,
- >> a program to develop educational leadership opportunities for principals.

With their primary federal partner, the U.S. Department of Education (ED), BIE invested in effective learning techniques and practices shown to increase student learning. These programs include: FOCUS; early childhood development through Family and Child Education (FACE); tutoring, mentoring, and intensive math and science initiatives; and Reading First, which is funded by ED. In addition, BIE continues to promote and expand its efforts to increase parental and community involvement in the education of the children. BIE held two Parental Involvement Symposiums in School Year (SY) 2007-2008, during which training was targeted to parents, school staff, school board members, Education Line Officers (ELOs), community stakeholders and dormitory staff. Parental Involvement training was also included in the BIE Special Education session in Phoenix, AZ in February as part of the "Procedural Safe Guards" training required under the Individuals with Disabilities Education Act (IDEA), and Parental Involvement will be part of the Continuous Improvement Monitoring Process (CIMP) in response to ED's Title-I monitoring that took place in SY 2007-2008.

BIE proposed several partnerships during FY 2008 including:

- >> **Argonne National Laboratory** - BIE and Argonne are working together with the Many Farms High School in Arizona to implement a curriculum in Alternative Energy. Argonne National Laboratory sent two staff members to the school in August 2008 to begin working with students and staff.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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- >> **NIKE** - The goal of this partnership is improving and enhancing the health and fitness of students and staff, and to communicate information relevant to healthy life styles.
- >> **National Aeronautics and Space Administration (NASA)** - Teachers from several tribal high schools attended a professional development activity at the NASA Goddard Space Flight Center, receiving training on curriculum integration in the areas of astronomy, heliophysics, and climate change.

BIE also implemented the OSASS Task Force, a combined effort of BIE, the OJS, and OIS to make schools and dormitories a safer and more secure learning environment. BIE invested in critical student safety and security upgrades at SIPI, and upgrades are planned for HINU. BIE also developed a joint program with the OJS to provide educational opportunities to American Indian youth detained in OJS corrections facilities. This program

provides tutoring to students while they are detained to lessen the negative impact incarceration may have on educational development.

Looking ahead, BIE is working to standardize and align goals, processes, and tools to ensure its efforts to improve are efficient and effective. To do this, BIE is promoting a tool internally called the “Learning Model” to facilitate better use of data to guide decision-making and improvement efforts. BIE also realizes it must establish a culture that promotes postsecondary education. Meeting Adequate Yearly Progress (AYP) goals is important, but academic achievement beyond high school is critical to a successful life and career. Many American Indian students aspire to attend college since the pool of jobs requiring only a high school diploma appears to diminish every year. Strengthening the link between BIE secondary schools, SIPI, and HINU will help facilitate increasing the number of American Indian students attending college.



## SUMMARY OF PERFORMANCE RESULTS AND REPRESENTATIVE PERFORMANCE MEASURES

### HOW WE PERFORMED IN FISCAL YEAR 2008

IA worked diligently throughout the FY to link resources, performance, and results, and to show the interdependencies between strategic planning, the annual budget justification process, and performance measurement and reporting.

IA reviews its measures annually, including RPMs, for planning and reporting purposes. Therefore, measures are sometimes modified or discontinued depending on their appropriateness in terms of strategic planning, budgeting, and continuous improvement actions.

Overall, IA made considerable progress in accomplishing its goals throughout the year. During FY 2008, IA used 70 active measures<sup>7</sup> to track progress in achieving outcome goals related to the two Mission Areas: "Resource Protection" and "Serving Communities."

For the most recent data available, IA met or exceeded 39 measures (or 56% of its performance goals). In cases where final (Actual) data were not available in time for publication, programs were required to provide

<sup>7</sup> In FY 2007, IA reported on 72 performance measures. In FY 2008, one new measure was added and three measures were discontinued; this leaves 70 active performance measures.

estimates of results for the remainder of the FY, as well as estimation methodologies. For complete details, see Section II: Performance.

Three IA measures were selected as RPMs for the FY, and these results are discussed in more detail in the following pages.

### PERFORMANCE DATA QUALITY

IA relies heavily on performance data to evaluate programs and services, support decision-making, and enable strategic planning. In keeping with the requirements of GPRA and the Department, performance data are used to compile quarterly performance reports that profile IA's progress toward Strategic Plan goal attainment for the year; for PART reviews; as part of the annual budget process; and in the IA and Department PARs.

It is therefore critical that data is collected, validated and verified (V&V), and reported in a timely manner. IA has implemented several V&V approaches to ensure compliance with federal requirements regarding the quality of performance data, and the Department's standards for validating and verifying data. A detailed discussion of IA's efforts regarding data V&V is presented in Section II: Performance.



## REPRESENTATIVE PERFORMANCE MEASURES

The following pages discuss the three RPMs selected to represent IA. These indicators were selected as the most appropriate and meaningful measures by which to gauge the efficiency and effectiveness of IA programs in FY

2008. Two of these measures were RPMs last year, and one measure is new for this FY. These measures are also reported in the Department’s PAR.

STRATEGIC PLAN MISSION AREA: <i>Serving Communities</i>				
DOI OUTCOME GOAL: Fulfill Indian Fiduciary Trust Responsibilities				
Representative Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual (or Estimate (e))
Percent of Estates Closed	58%	89%	90%	87%
<p><b>Results:</b> This RPM measures the program’s ability to be responsive to beneficiaries in distributing estate assets. It’s important to note that this is an annually reported measure, and the performance reporting “year” for this measure is different than that of a FY because of the requirements in 25 CFR 15 and 43 CFR 4.<sup>8</sup></p> <p>A probate occurs when an individual Indian landholder dies. A legislated process is then implemented to ensure that the right beneficiaries are identified and appropriate payments and/or transfers of titles are made. Typically an estate is not considered closed until the assets have been disbursed to the heirs or a determination is made that no trust assets existed at the time of the individual’s death. Implementing this process requires the input and cooperation of multiple IA and DOI offices, including Probate, LTRO, Office of the Special Trustee (OST), and the Office of Hearings &amp; Appeals (OHA).</p> <p>Fractionation occurs exponentially as land passes from generation to generation and more heirs inherit a continually smaller fractional share or undivided interest that is held with all the other heirs as tenants in common. Fractionation, combined with the difficulties in locating heirs and compiling estate information, resulted in a significant backlog in program workloads. By the end of FY 2005, there were approximately 33,700 Indian estates in probate, 18,100 of which were over five 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. The program expects to distribute and close all remaining eligible backlog estates by the end of FY 2009.</p> <p>The program was unable to meet its FY 2008 target due to a number of prior estates which required LTRO/Office of Trust Funds Management coordination that were not originally anticipated. The total effort required to distribute and close estates exceeded the program’s staffing and budget capacity. The program is continuing to produce reports that identify undistributed assets associated with decided cases, and 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.</p>				

<sup>8</sup> 25 CFR 15 and 43 CFR 4 state that interested parties have 60 days to challenge the distribution of estate assets. The Department cannot distribute estate assets until the appeals period has expired and any appeals have been resolved. 25 CFR 15 places a further 15 day waiting period on IA and LTRO staff to ensure that any appeals postmarked on the 60th day of the appeals period have a reasonable chance to be delivered to DOI. In addition to the waiting period, estate distributions must be coordinated across multiple offices. Since it can take 90 to 120 days from the date of the final order to complete distributions (75 days waiting period + 15-45 days to distribute), it was decided to revise the standard FY reporting period to provide time for the appeals period to expire and a reasonable time to distribute trust assets. Therefore, the eligibility of estates included in this measure begins on the first day of the fourth quarter of the prior reporting year and ends on the last day of the third quarter of the current year.





# MANAGEMENT’S DISCUSSION AND ANALYSIS

<b>STRATEGIC PLAN MISSION AREA:</b> <i>Serving Communities</i>				
<b>DOI OUTCOME GOAL:</b> Advance Quality Communities for Tribes and Alaska Natives				
Representative Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual (or Estimate (e))
Percent of BIE funded schools achieving Adequate Yearly Progress (AYP)	30%	31% <sup>9</sup>	32%	32%
<p><b>Results:</b> The No Child Left Behind Act established AYP in math and reading as the performance factor for determining success in schools nationwide, including BIE schools. BIE’s data is always reported annually and a year behind given the states’ evaluation and reporting processes. Additionally, the data is based on the SY, not the FY, as school years straddle two fiscal years. Therefore, the BIE data reported for FY 2008 is based on SY 2006–2007.</p> <p>BIE achieved its FY 2008 Target of 32% of schools achieving AYP. However, achieving Indian education goals continues to be a challenge. One of the major challenges to achieving AYP has been the lack of an overall functional management structure involving ELOs and schools. Raising AYP is a BIE priority, however. To assist schools and Line Offices in identifying deficiencies in their respective Title-I programs<sup>10</sup> 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 ED. 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. Of these 14 Focus Schools, three achieved AYP during the SY 2006–2007. Several remaining Focus Schools showed progress, but did not meet actual AYP requirements.</p> <p>The implementation of an effective management structure capable of improving academic outcomes and program administration will be ongoing in FY 2009. For example, out of the 14 Focus Schools, 8–9 schools lost principals during the school year. This turnover impacts every aspect of the education experience, including mission execution and funding, course development and approval, and hiring qualified staff.</p>				

9 This Actual was incorrectly reported as 30% in the FY 2007 PAR due to a discrepancy in the program’s reporting of the denominator and a rounding error.

10 The “Title I program” (Title I of the Elementary and Secondary Education Act) provides financial assistance through state educational agencies to local educational agencies and public schools with high numbers or percentages of poor children to help ensure that all children meet challenging state academic content and student academic achievement standards. Federal Title I funds are allocated through four formulas based primarily on census poverty estimates and the cost of education in each state.



MANAGEMENT’S DISCUSSION AND ANALYSIS

STRATEGIC PLAN MISSION AREA: <i>Serving Communities</i>				
DOI OUTCOME GOAL: Advance Quality Communities for Tribes and Alaska Natives				
Representative Performance Measure	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual (or Estimate (e))
Part 1 Violent Crime Incidents per 100,000 Indian Country Inhabitants Receiving Law Enforcement Services	492	419	492	463
<p><b>Results:</b> This RPM directly measures Part 1 violent crime as defined within the FBI’s Uniform Crime Report (UCR) manual. While the national violent crime rate as a whole had a 1.4% decrease as reported in the Department of Justice’s (DOJ) 2007 <i>Crime in the United States</i> preliminary report, the category of Nonmetropolitan Population, which consists of Indian country sheriff offices and most resembles the law enforcement operations in Indian country, had an increase of 1.8% in violent crime.<sup>11</sup> In contrast, the Indian country violent crime incident rate for FY 2007 was 419, which showed a 15% reduction in Indian country violent crime over the FY 2006 violent crime rate, but also included a 6% decrease in the level of reporting between FY 2006 and FY 2007. Since the largest decrease in reporting for FY 2007 occurred in quarters 3 and 4, and trends show the summer months usually have more crime, the majority of the reduction in crime can be attributed to the reduction in reporting. The program has continued to work to improve overall reporting rates and the timeliness of those reports. In FY 2008, the incident rate was 463, which is a 10% increase in violent crime over the FY 2007 actual reported, but also includes increased reporting. Since the number of FY 2008 incidents was actually less than the projected target of 492, the program exceeded its expected performance results.</p> <p>OJS continues to collect and analyze data to determine the best way to affect violent crime trends, and developed several intermediate measures to concentrate its efforts to impact the rate of crime increase in Indian country, including increasing the number of tribes implementing community policing programs; increasing the number of officers in the field through more aggressive recruiting; providing methamphetamine awareness training to officers and tribal communities; improving tribal courts through corrective action plans; and improving detention services and the ability to house offenders.</p>				

<sup>11</sup> According to the program, crime reporting is based on prior calendar year statistics due to the time required for data collection and reporting. The 2007 National Crime Trends data are the only current basis for FY 2008 reporting, since the 2008 Crime Trend report from the DOJ will not be available for comparison until June 2009.



## THE PRESIDENT’S MANAGEMENT AGENDA (PMA)

In FY 2002, the President implemented the PMA as a strategy for improving the management of the federal government. In FY 2008, IA reported its status and progress for nine PMA initiatives to the Department:





- >> *Strategic Management of Human Capital*
- >> *Commercial Services Management*
- >> *Improved Financial Management*
- >> *Expanded Electronic Government*
- >> *Performance Improvement Initiative*
- >> *Transportation*
- >> *Real Property Management*
- >> *Energy Management*
- >> *Environmental Stewardship*

The OMB established a “balanced scorecard” approach, which includes a set of standards by which agencies measure their success (status and progress) for each

PMA initiative. Every year, OMB presents the standards—called “Proud To Be” goals—to federal agencies for each PMA initiative. Agencies develop quarterly “Key Milestones” in alignment with the standards. IA’s PMA Initiative Leads also develop annual key milestones for their respective initiative that are used for reporting status and progress on the quarterly scorecard.

The “status” column on a scorecard illustrates the overall achievement of a standard. The “progress” column informs management of challenges or successes in achieving the standard. Each fiscal quarter, DOI consolidates the bureaus’ PMA scorecards and reports its overall PMA status and progress to OMB.

More information on PMA and each of these initiatives can be found at [www.results.gov](http://www.results.gov). The table below describes the PMA scoring criteria for status and progress.

SCORE	STATUS	PROGRESS
 (Blue)	Agency has significantly exceeded standards for success.	N/A
 (Green)	Initiative will meet all of the scorecard standards for success.	Implementation is proceeding according to “Proud to Be” milestones.
 (Yellow)	Initiative meets the standards for “yellow” but some areas could slip without management intervention.	Some slippage or missed milestones have required Initiative Lead to adjust “Proud to Be” milestones.
 (Red)	Initiative demonstrates a number of serious flaws preventing accomplishment of standards for success.	Initiative is in serious jeopardy; realizing milestones is unlikely without significant management intervention.



**MANAGEMENT’S DISCUSSION AND ANALYSIS**

Throughout FY 2008, IA made significant improvements in each of the PMA initiatives. The following table

summarizes key actions taken and future actions planned for each initiative as of the 4<sup>th</sup> quarter of FY 2008.

**IA PMA STATUS**

STRATEGIC MANAGEMENT OF HUMAN CAPITAL	
<b>STATUS</b>	<b>PROGRESS</b>
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Completed reorganizations of AS-IA, BIA, BIE, OJS, and Human Capital Management (HCM). All targets for organizational alignment and workforce planning were met.</li> <li>&gt;&gt; Created Pathways to Leadership Program and the Indian Leadership Program to meet IA needs for future leaders and enhance the skills of current supervisors and managers.</li> <li>&gt;&gt; 43 graduates (42 from Pathways and 1 Senior Executive Service Candidate Development Program) and 31 upcoming graduates (end of quarter) guarantee IA leadership succession.</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Follow-up with managers to get surveyed performance standards in compliance with all criteria.</li> <li>&gt;&gt; Update Indian Honors Program policy and Handbook.</li> </ul>

COMMERCIAL SERVICES MANAGEMENT	
<b>STATUS</b>	<b>PROGRESS</b>
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Working with HCM to fully implement the award of Most Effective Organization (MEO) proposal.</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Start of MEO study for the Navajo Regional Office road maintenance standard. Hold a pre-proposal conference and create amendment to clarify any ambiguities as a result of issues mentioned at the conference.</li> <li>&gt;&gt; Full performance of the San Carlos Irrigation Project standard study.</li> <li>&gt;&gt; Create the Performance Work Statement for the facilities construction, maintenance and management study.</li> </ul>





## MANAGEMENT’S DISCUSSION AND ANALYSIS

IMPROVED FINANCIAL MANAGEMENT	
STATUS	PROGRESS
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Tested key internal controls over financial reporting and reported results on issue log. Prepared and submitted assurance statement on financial reporting internal controls.</li> <li>&gt;&gt; Continued statistical sampling of charge cards for improved internal controls.</li> <li>&gt;&gt; Distributed monthly Construction-in-Progress (CIP) report for monitoring and timely transfer of completed projects to fixed assets by program managers.</li> <li>&gt;&gt; Distributed monthly report for BIE on available balances for advance and non-advance agreements.</li> <li>&gt;&gt; Submitted FMFIA assurance statement.</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Address findings from FY 2008 financial audit.</li> <li>&gt;&gt; Implement quarterly review of open deposit items in non-trust funds (Suspense Deposit Systems) for validity and timely transfer to OST.</li> <li>&gt;&gt; Initiate outreach activities with agency and regional personnel and OST to better coordinate SDS interrelated business processes, and to ensure financial management information is captured correctly and timely in the new Trust Asset Accounting Management System (TAAMS) Accounts Receivable module.</li> </ul>







**MANAGEMENT’S DISCUSSION AND ANALYSIS**

EXPANDED ELECTRONIC GOVERNMENT	
STATUS 	PROGRESS 
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Submitted total cost of ownership for the four systems decommissioned in FY 2007. Cost savings/cost avoidance have been created and submitted.</li> <li>&gt;&gt; Acceptable business cases developed on all major systems; overruns/shortfalls are less than 10%.</li> <li>&gt;&gt; All IA production systems have preliminary Privacy Impact Assessments (PIAs); 28 of 42 systems requiring full PIAs are complete and (if required) loaded into the electronic Capital Planning and Investment Control (eCPIC) system.</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 40 out of 42 IA production systems (95%) are operating under current ATOs (authority to operate). 24/7 DEMS is under review to determine whether it is included in a Bureau of Reclamation Certification and Accreditation (C&amp;A) boundary. Once the C&amp;A boundary is clarified, the Departmental Enterprise Architecture Repository (DEAR) will be updated to reflect the appropriate status of the system.</li> </ul>







# MANAGEMENT’S DISCUSSION AND ANALYSIS

PERFORMANCE IMPROVEMENT INITIATIVE	
STATUS 	PROGRESS 
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Of 50 PART follow-on actions, 46% (23) are considered completed by OMB.</li> <li>&gt;&gt; Integrated performance and program funding issues impacting performance targets in the FY 2010 budget submission.</li> <li>&gt;&gt; Made adjustments to performance targets in response to passback negotiations, supplements, or enacted budget within 30 days.</li> <li>&gt;&gt; Provided PART and performance management training to all regions.</li> <li>&gt;&gt; Met with programs, tribal representatives and regional offices to provide training on the IA-PMS.</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Continue to: 1) integrate, where possible, tribal performance data with current measures, 2) identify gaps in measuring performance, and 3) identify cooperative strategies for achieving improved performance management outcomes in cooperation with the Data Management Committee.</li> <li>&gt;&gt; Develop cost and performance management training for Superintendent Boot Camp in conjunction with BIA and the National Indian Programs Training Center.</li> <li>&gt;&gt; Continue to train AS-IA program staff on the budget execution modules and the Budget Execution Reporting Tool to improve accountability and budget planning.</li> </ul>





**MANAGEMENT’S DISCUSSION AND ANALYSIS**


TRANSPORTATION	
STATUS  PROGRESS 	
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Prepared accounts for fleet charge card transition of banks. Actions taken to update, close, change, and correct accounts. Addressed problems for all accounts and provided updated listing of agency/organization Program Coordinators and Approving Officials.</li> <li>&gt;&gt; Prepared supplemental IA policy to DOI’s Charge Card program to provide clarity for IA fleet charge card users.</li> <li>&gt;&gt; Screened and approved acquisitions of alternative fuel vehicles (AFVs) (flex fuel, electrical).</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Continue Fleet Management Investment Review Board (FMIRB) review of standards for vehicles. Discuss use of alternative fuel in areas where available.</li> <li>&gt;&gt; Present to the FMIRB draft changes to the Five Year Vehicle Plan.</li> </ul>

REAL PROPERTY MANAGEMENT	
STATUS  PROGRESS 	
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Completed all regional inventories; entered additions and disposals into the Fixed Asset Subsystem of record. Updated the Federal Real Property Profile (FRPP) with this information as being in progress. Files for uploading were staged, and notice sent to DOI. All IA assets for buildings, structures, and land inventoried will be reflected in a completed FRPP update.</li> <li>&gt;&gt; Five-year deferred maintenance plan completed.</li> <li>&gt;&gt; Quarterly update of ongoing major construction projects submitted.</li> <li>&gt;&gt; Exhibit 300 for ongoing major projects submitted to OMB.</li> <li>&gt;&gt; Five-year capital improvement and deferred maintenance plans completed.</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Complete FRPP update.</li> </ul>



## MANAGEMENT'S DISCUSSION AND ANALYSIS

ENERGY MANAGEMENT	
STATUS  PROGRESS 	
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Ongoing update of Facility Management Information System (FMIS) inventory to capture existing renewable energy systems (photovoltaics (PVs), ground source heat pumps (GSHPs), and solar thermal hot water).</li> <li>&gt;&gt; Implemented contract for retrocommissioning and energy/water audits for Flandreau, Fond-Du-Lac Ojibway, Nay Ah Shing and Hannaville in Midwest Region. Work began September 2008 and is expected to be completed in March 2009.</li> <li>&gt;&gt; Contractor is studying different factors and options for installation of renewable energy systems (PVs) at Chemawa. Opinion due November 2008.</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Contract installation of connecting PV renewable energy system to electrical distribution system at Seba Delkai, AZ.</li> <li>&gt;&gt; Award contract for different energy &amp; conservation measures, mechanical system upgrade and remote monitoring work at SIPI.</li> </ul>

ENVIRONMENTAL STEWARDSHIP	
STATUS  PROGRESS 	
<b>ACTIONS TAKEN</b>	<ul style="list-style-type: none"> <li>&gt;&gt; 60 appropriate facilities have EMSs in place; 25 of those 60 are certified.</li> <li>&gt;&gt; 73 Environmental Management Action Plan (EMAP) audits completed.</li> </ul>
<b>FUTURE ACTIONS</b>	<ul style="list-style-type: none"> <li>&gt;&gt; Complete Annual Interagency EMS Metrics report by December 2008.</li> <li>&gt;&gt; Review audit findings identified in FY 2008 EMAP and complete the Annual EMAP Report by December 2008.</li> </ul>



## LOOKING FORWARD

The following summaries discuss the most significant demands, events, conditions, and trends currently facing IA.

IA views these as opportunities for continuous improvement and a sustained focus on accountability and results.

### **STRATEGIC PLAN MISSION AREA:** *Serving Communities*

**OUTCOME GOAL(S):** Improve Protection of Lives, Resources, and Property and Advance Quality Communities for Tribes and Alaska Natives

#### **DEMANDS, EVENTS, CONDITIONS AND TRENDS:** Law Enforcement Services

Crime rate statistics tracked by IA reveal that the incidence of violent crime in Indian country is significantly higher than the national average. Despite the desire to protect Indian country, the FBI's increased counterterrorism workload after the tragedy of 9/11 reduced federal law enforcement assistance on Indian lands, and further limited agent resources available for remote locations.

While the Bush administration budgeted an increase for IA law enforcement in FY 2007, it was not nearly enough funding to bring law enforcement on tribal lands in line with national standards in 2008. IA law enforcement has felony jurisdiction on Indian lands and could theoretically fill the void left by the FBI, but OJS is understaffed and currently has limited law enforcement presence on Indian reservations.

In FY 2008, OJS developed a human resources plan and is aggressively hiring in an attempt to address this staffing problem. Additionally, OJS is combining resources with the DEA, FBI, tribal police departments, and state and local law enforcement agencies in a collaborative effort to combat the continuing growth of drug-related and violent crime in Indian country; to improve the effectiveness and efficiency of drug control efforts; and to coordinate resources to combat drug trafficking and its harmful consequences in critical regions of the U.S. Through the FBI's Safe Trails Drug Task Force and the HIDTA program, under the Office of National Drug Control Policy, OJS also plans to place a limited number of BIA drug agents in 30 task force locations to provide support, technical, and operational assistance to Indian country. OJS has hired 12 agents to this end, and continues to receive eligible applicants from Human Resources.

### **STRATEGIC PLAN MISSION AREA:** *Serving Communities*

**OUTCOME GOAL:** Fulfill Indian Fiduciary Trust Responsibilities

#### **DEMANDS, EVENTS, CONDITIONS AND TRENDS:** Land Management/Fractionation

Fractionation of Indian trust and restricted land stems from federal Indian policy of the 19<sup>th</sup> century, which took a tribe's reservation land base and gave "ownership" to each individual member of the tribe in a distinct area (an allotment) within that land base. This division of the land base was initially accomplished by treaty, and later by the passage of the General Allotment Act of 1887. Fractionation occurs exponentially as land passes from generation to generation and more heirs inherit a continually smaller fractional share.

Fractionation has become a serious problem for the individual owners of trust land, the tribal governments

who have jurisdiction over the land, and the federal government who has the trust responsibility of managing the land base and accounting for the income generated from activities on that land base. Numerous owners of a single land tract preclude effective land management for timber sales, leasing, or any other purpose. In addition, the federal government must track the ownership of these multiple interests, which can number into the millions for a single tract of land.

Efforts to address this complicated issue are coordinated primarily through BIA's Indian Land Consolidation



Program (ILCP). The ILCP seeks to acquire as many fractionated interests as economically feasible and to consolidate these land interests into tribal ownership. This consolidation also helps to reduce government administrative costs. The ILCP is managed by the BIA's Indian Land Consolidation Center (ILCC), but the program receives appropriated funding from OST.

The consolidation of fractionated ownership interests benefits all tribal members by promoting tribal management and self-determination, as well as economic, social, and cultural development needs, including:

- >> increasing opportunities for land use and business;
- >> creating more opportunities for land exchanges and/or partitionment with remaining owners; and,
- >> preventing the loss of land and ownership from trust status.

For example, from 1999 through June 30, 2008, the ILCP's efforts:

- >> returned to tribal ownership 387,971 interests, which is equivalent to 545,871.53 acres;
- >> facilitated 100% tribal ownership on 428 tracts and majority ownership on 7,709 tracts;
- >> paid approximately \$132 million to land owners by

- >> purchasing their fractionated interest(s), which positively impacted reservation economies; and,
- >> purchased 100% of trust inventories from 7,396 land owners. Had the program waited until the probate process was underway to acquire these interests, up to 369,800<sup>12</sup> new fractionated interests may have been created—only adding to the current fractionation problem.

Additionally, the ILCP has utilized staff reductions, the Consolidated Acquisition Center (CAC) concept, and information technology system developments, such as the TAAMS, that reduced government administrative costs by over 21% since FY 2006.

Unfortunately, the FY 2009 budget appears to have eliminated the program. The program is therefore unable to strategize on future efforts to address the fractionation problem, and is currently auditing all fractionated interests acquired in preparation for the function being eliminated. The fractionation problem will continue to be a challenge for Indian country until issues such as program funding are addressed.

<sup>12</sup> The formula is: each probate averages 5 heirs and 10 interests. Multiplying the 7396 probates avoided (by purchasing the trust inventories) times 5 heirs times 10 interests equals 369,800 interests which would have been created had ILCP not acquired 100% of the trust inventories from these 7396 individuals.

### **STRATEGIC PLAN MISSION AREA:** *Serving Communities*

**OUTCOME GOAL:** Improve Protection of Lives, Resources, and Property and Advance Quality Communities for Tribes and Alaska Natives

**DEMANDS, EVENTS, CONDITIONS AND TRENDS:** Economic Impact - Transportation

Rapidly rising energy costs are impacting many of the programs and services for which IA is responsible. Diesel prices have almost tripled in the past four years<sup>13</sup>, and programs relying more heavily on diesel to power transportation vehicles (vans and buses), utility service vehicles, fire and rescue vehicles, construction vehicles and equipment, and farm vehicles and equipment have likely faced the most immediate and substantial effects on operating budgets.

According to an American Public Transportation Association survey, as a result of rapid increases in fuel and electricity prices, an unprecedented share of agency budgets are being dedicated to fuel costs, and rising prices are contributing to reductions or cancellation of service and delays in service improvements. Adjusting budgets to account for rising fuel costs, with little room to economize in critical services such as police and fire response, means less money available for capital costs, including buildings, vehicles and equipment.

<sup>13</sup> *Impact of Rising Fuel Costs on Transit Services*, American Public Transportation Association survey, May 2008



## Section 1

# MANAGEMENT'S DISCUSSION AND ANALYSIS

For example, the IA Wildland Fire Management program works closely with other federal Wildland Fire Agencies, along with tribal, state, and rural fire districts and volunteer fire departments to provide wildland firefighting services on trust lands and on other lands as necessary, along with fuels management and technical support services on all tribal lands. The increasing cost of fuel reduces their ability to be responsive as vehicle maintenance and equipment replacement funds are used to pay for fuel.

Due to the lack of jail beds and the remoteness of Indian country, OJS must transport prisoners and juveniles long distances safely and securely to adequate facilities. Juveniles, regardless of jurisdiction (Indian country, federal, state, county, local) are difficult to house because juvenile facilities are few and far between and extraordinarily expensive. OJS is establishing transportation teams to perform long-haul transportation

of prisoners and juveniles to and from Indian country jails. The program also plans to differentiate long-haul transportation costs (including vehicles and vehicle maintenance) from jail operations so that these funds can be tracked and accounted for separately.

Increasing fuel prices have also impacted forest products. Spiraling costs for transporting forest products, combined with the declining housing and construction market, have led to the rapid decline of lumber and log markets, and the closure of many sawmills and other processing facilities. The Mescalero Apaches currently have no market at all for small merchantable logs, severely hindering their forest management program; and in the Northwest, traditionally stable tribal sawmills are having difficulties paying their bills.

Creative solutions to increasing fuel costs and resulting budget difficulties are in discussion, and new strategies are being considered for purchasing fuel.

### **STRATEGIC PLAN MISSION AREA:** *Serving Communities*

**OUTCOME GOAL:** Improve Protection of Lives, Resources, and Property and Advance Quality Communities for Tribes and Alaska Natives

**DEMANDS, EVENTS, CONDITIONS AND TRENDS:** Economic Impact - Infrastructure

IA is facing significant challenges maintaining its vast infrastructure, which includes the maintenance, repair, and/or replacement of dams, roads, bridges, school buildings, power generation facilities, and water delivery systems. Natural disasters over the past few years have resulted in construction supply shortages, especially in the areas of cement, rebar, and timber. These shortages, coupled with increasing energy costs, have led to increased material costs at a time when federal, state, and local government budgets are increasingly constrained, making infrastructure repairs more difficult and costly.

Escalating material costs and reduced funding have led to an increasingly smaller portion of the IA infrastructure being maintained or repaired, resulting in safety and liability concerns. Crumbling walls and leaky roofs in BIE school buildings, the subject of a DOI Office of Inspector General report, create poor learning environments and potentially unsafe conditions for students and staff. The report documented severe

deterioration at numerous schools such as buckling walls, crumbling foundations, and outdated electrical systems.<sup>14</sup> While BIE was able to address most of the deficiencies at the schools identified, the items that were not resolved involved significant cost. Temporary actions to mitigate critical safety and health risks were implemented for unresolved items until funding is received for permanent solutions.

Of the 131 high and significant hazard dams BIA is responsible for, the Safety of Dams program identified 54 high risk (i.e., high probability of failure and high consequence) defects on 23 dams. Construction costs and the number of dams requiring repair are increasing, but correcting the deficiencies on each dam (current policy) can only lower the risk of one or two dams a year. Currently, short term actions and temporary mitigation

<sup>14</sup> Bureau of Indian Affairs and Bureau of Indian Education: *Schools in Need of Immediate Action*, U.S. Department of the Interior Office of Inspector General, C-IN-BIA-0008-2007, May 2007.





measures are addressing these high risks, such as lowering reservoir elevation or temporary breaches, installing early warning systems, and connecting to the BIA 24/7 National Monitoring Center.

If the current situation is allowed to continue, maintenance and repair of the infrastructure are no longer options as the cost of repair eventually outweighs the cost of full replacement. Although BIE has a process for obtaining funding when costs to abate emergency situations are in excess of available budgets, failures in critical areas such as water delivery and power systems could quickly jeopardize the health and safety of local

communities, and the inability to move goods and services over roads, bridges, and highways could cripple the economy of an entire region. More importantly, infrastructure failures can result in injuries or loss of life, as well as tort claims against the government.

At this time, increased funding to balance increasing material costs and support adequate maintenance and repair of IA's infrastructure is the only foreseeable solution. To meet ever-increasing demands, sufficient and sustainable funding must be available (based on a comprehensive assessment of risk) to maintain IA infrastructure and protect the people, property, and resources we serve.

#### **STRATEGIC PLAN MISSION AREA:** *Management Excellence*

#### **OUTCOME GOAL:** Advance Modernization/Integration – Human Capital Management

#### **DEMANDS, EVENTS, CONDITIONS AND TRENDS:** Human Capital

IA continues to face the challenge of attracting and retaining a highly skilled workforce. To address this challenge, IA completed its Human Capital Workforce Plan; developed a leadership assessment tool; created a workgroup comprised of Indian Honors hires to enhance recruitment efforts; and created a database to track Honors applicants and provide detailed reports to managers. Since January 2008, the Honors Program workgroup has been giving presentations and traveling to schools around the country to meet Indian students and connect them with IA managers with vacancies.

The HCM office is currently working with the Department to integrate and institutionalize best practices in leadership, succession planning, competency development, data systems and technology, and piloted the first IA Leadership Development Program. This program is targeted at strengthening and developing leadership competencies critical for success within IA, and includes opportunities to participate in realistic simulations involving various leadership challenges encountered in the current IA environment, as well as role-playing, coaching, and feedback sessions. HCM is also developing training programs designed to foster teamwork, communication, and collaboration between management and new hires to engage and retain top talent.

In an effort to improve recruitment and hiring within OJS service areas, OJS developed a Human Resources plan which includes increasing resources to process and track OJS personnel actions; implementing age waivers; contracts to improve recruiting at colleges and with the military to obtain better qualified applicants; improving the process for background checks; and investigating the use of manpower resources from other qualified law enforcement providers.

The OTS program is addressing replacement of professional foresters and personnel in natural resources fields through a partnership with the U.S. Forest Service and HINU to recruit, educate, and employ Indian and Alaska Native natural resource professionals. This partnership, the National Center for Cooperative Education in Natural Resources (NCCE), maintains 18–22 students each year working toward bachelor or masters degrees in forestry and other natural resource fields to integrate knowledgeable professionals and maintain operational expertise for management.

Recruiting and retention of qualified irrigation project managers is also a longstanding problem for OTS, primarily due to the remote locations associated with projects. IPSOD was considering an “engineer in training” program; however, increased cost of services and greater demands on program functions created funding challenges.



## FINANCIAL HIGHLIGHTS

### ANALYSIS OF OUR FINANCIAL STATEMENTS

The IA financial statements, included in Section III: Financial of this report, received an unqualified audit opinion issued by the independent accounting firm of KPMG LLP. It is IA's responsibility to prepare these statements to provide reliable information that is useful for assessing performance and allocating resources.

The financial data presented in this report has been prepared from IA books and records in accordance with U.S. generally accepted accounting principles (GAAP).

### ASSETS—WHAT WE OWN

IA had total assets of \$3.33 billion at the end of FY 2008, an increase of 2% from the previous year's total assets of \$3.25 billion. Approximately 52% of IA's assets are contained within Property, Plant and Equipment (PP&E). There was a \$145 million increase in PP&E from FY 2007. Of the increase, approximately \$73 million was in the Structures and Facilities category, \$33 million was in the Construction in Progress, and \$37 million was in electric utility plant assets.

Fund Balance with Treasury (FBWT) comprised IA's second largest asset total at 43%. Overall, FBWT decreased by \$36 million, a slight decrease of 2% from FY 2007.

Receivables consisted of \$18 million in accounts receivables owed from other federal agencies, \$20 million in accounts receivables from the public, and \$19 million in loans receivables. Receivables decreased in FY 2008 by \$8 million (12%). Most of the decrease was related to receivables from the public, notably in the construction debt receivable.

### LIABILITIES—WHAT WE OWE

IA had total liabilities of \$747 million at the end of FY 2008, a 4% increase over the previous year's total liabilities of \$715 million.

Approximately 33% of IA's FY 2008 liabilities were for the Judgment Fund (\$130 million), contingent liabilities (\$85 million), and environmental clean-up liabilities (\$34 million). Another 23% of IA's total liabilities (\$169 million) were employment related liabilities. These included \$27 million in employee benefits, \$21 million in accrued payroll and benefits, \$99 million of Federal Employment Compensation Act (FECA) actuarial liability, and \$22 million in annual leave. The employment related liabilities showed a decrease of \$15 million (8%) from FY 2007. The decrease is largely due to the allocation of these liabilities to the child funds starting in FY 2008.

The contingent liabilities increased in FY 2008 by \$69 million (82%). The majority of the increase resulted from the settlement reached for one legal case, which amounted to \$68 million. The settlement will be paid out of Treasury's Judgment Fund.

The Environmental and Disposal Liabilities decreased by approximately \$6 million (14%) and was mostly in the Western region.

Credit reform related liabilities of \$44 million consisted of \$36 million (82%) in loan guarantee and \$8 million (18%) in Treasury borrowings to finance the loan programs. The 12% decrease from FY 2007 was largely due to the FY 2008 net downward re-estimate of \$4.2 million in the loan guarantees program.

Other Liabilities of \$215 million consisted of \$126 million (59%) of Advances and Deposit Funds, \$12 million (5%) in Resources Payable to Treasury, \$35 million (16%) in Grants Payable, and \$42 million (20%) in Other Miscellaneous liabilities. The \$25 million (10%) decrease from FY 2007 is a net result of several factors. First, there was a decrease of \$72 million in the Other Miscellaneous liabilities due to the transfer of the FY 2007 downward re-estimate to Treasury related to the credit reform programs. Second, there was an increase of approximately \$26 million in advances related to the ED reimbursable agreements. Lastly, there was an increase of approximately \$23 million in Grants Payable due to a payment file sent to Treasury at the end of the year, but Treasury did not process the payments until FY 2009.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

Federal agencies, by law, cannot disburse money unless Congress has appropriated funds. Funded liabilities are expected to be paid from funds currently available to IA, whereas unfunded liabilities will be paid from funds made available to IA in future years. Of the total liabilities, \$470 million (63%) were unfunded and

largely comprised of environmental and legal contingent liabilities, FECA actuarial liabilities, and unfunded annual leave.

Tables 1-1 and 1-2 summarize IA's assets and liabilities as of FY 2007 and FY 2008.

Table 1-1 **Assets by Type**

Type	Percent Change	FY 2008 (\$ Millions)	FY 2007 (\$ Millions)
Fund Balance with Treasury	-2.45%	\$ 1,432	\$ 1,468
Investments, Net	-9.46%	\$ 67	\$ 74
Receivables, Net	-12.31%	\$ 57	\$ 65
Advances to Others & Prepayments	-23.08%	\$ 40	\$ 52
Property, Plant, and Equipment, Net	+9.10%	\$ 1,739	\$ 1,594
Total Assets	+2.52%	\$ 3,335	\$ 3,253

Table 1-2 **Liabilities by Type**

Type	Percent Change	FY 2008 (\$ Millions)	FY 2007 (\$ Millions)
Accounts Payable	+25.00%	\$ 70	\$ 56
Credit Reform Related Liabilities	-12.00%	\$ 44	\$ 50
Employment Related Liabilities	-8.15%	\$ 169	\$ 184
Judgment Fund, Contingent and Environmental and Disposal liabilities	+34.59%	\$ 249	\$ 185
Other Liabilities	-10.42%	\$ 215	\$ 240
Total Liabilities	+4.48%	\$ 747	\$ 715



## RESULTS OF OPERATIONS

### WHAT INDIAN AFFAIRS RECEIVED

For FY 2008, IA had total budgetary resources of \$3.54 billion, an increase of 0.43% from FY 2007. Approximately 69% of the resources consisted of Appropriations Received and Direct Transfers, totaling \$2.45 billion. The appropriations were for the Operations of Indian Programs (OIP) (\$2.05 billion), Construction (\$204 million), and other programs (\$163 million). The remaining 31% of budgetary resources were from unobligated balances carried forward of \$807 million, recoveries of \$49 million, and offsetting collections of \$230 million.

IA classifies revenue as either exchange or non-exchange revenue. Exchange revenue is derived from transactions in which both parties, IA and the public or other governmental entity, receive value. They include fees collected for utilities, the IA's education and school lunch programs, construction operations, and the rental of equipment. Reimbursable agreements with ED, which offset the cost of tribal and BIE operated schools, are recognized as exchange revenue. Exchange revenue, shown on IA's Consolidated Statements of Net Cost, reduces the reported cost of operations.

Non-exchange revenue is derived from the government's sovereign right to demand payment, including fines for late payment of loans. Non-exchange revenue is recognized when a specifically identifiable, legally enforceable claim to resources arises, and to the extent that collection is probable and the amount can be reasonably estimated. These

revenues are not considered in reducing IA's operating costs and are, therefore, reported on the Consolidated Statements of Changes in Net Position.

During FY 2008, IA earned approximately \$294 million in revenues from other federal entities and \$133 million in revenue from the public, for a total of \$427 million. This represents a 20% increase from FY 2007 (\$357 million), which is from the revenues earned from ED. The increase is primarily attributed to more reimbursable work performed for ED under reimbursable agreements.

### WHAT INDIAN AFFAIRS SPENT

Net cost of operations increased by \$90 million or 4% from \$2.3 billion in FY 2007 to \$2.4 billion in FY 2008.

The majority of the budgetary resources were spent during the current year to support four Department outcome goals: Improve Protection of Lives, Resources, and Property; Fulfill Indian Fiduciary Trust Responsibilities; Advance Quality Communities for Tribes and Alaska Natives; and Protect Cultural and Natural Heritage Resources. Of the \$2.3 billion in total net cost, Advance Quality Communities for Tribes and Alaska Natives accounted for 81% (\$1.9 billion) of the total.

In FY 2008, \$2.8 billion of budgetary resources had been obligated, representing a 4.25% increase from FY 2007. Gross outlays, which reflect the actual cash disbursed against IA's obligations, totaled \$2.8 billion.

Tables 1-3 and 1-4 reflect the funds provided to IA and how these funds were used.

Table 1-3 **Where Funds Come From**

Resource	% Change	FY 2008 (\$ Millions)	FY 2007 (\$ Millions)
Unobligated Balances-Carry-forward and Recoveries	+13.38%	\$856	\$755
Appropriations and Direct Transfers	+1.91%	\$2,455	\$2,409
Offsetting Collections	-36.46%	\$230	\$362
Total Budgetary Resources	+0.43%	\$3,541	\$3,526



Table 1-4 **Where Funds Go**

Net Program Costs	% Change	FY 2008 (\$ Millions)	FY 2007 (\$ Millions)
Improve Protection of Lives, Resources and Property	+6.67%	\$32	\$30
Fulfill Indian Fiduciary Trust Responsibilities	-16.32%	\$405	\$484
Advance Quality Communities for Tribes and Alaska Natives	+9.59%	\$1,908	\$1,741
Protect Cultural and Natural Heritage Resources		1	1
Total Net Cost	+3.99%	\$2,346	\$2,256

**FINANCIAL PERFORMANCE METRICS—  
WHAT WE MEASURE**

The Debt Collection Improvement Act of 1996 requires timely referral to Treasury for collection of delinquent receivables. During FY 2008, IA referred \$2.6 million to Treasury for collection. Of the current and past debts referred to Treasury, \$1.5 million was collected in FY 2008.

IA also strived to increase the percentage of all payments (travel and vendor) made via electronic funds transfer (EFT). In FY 2008, we exceeded the DOI goal for electronic travel payments by 3% (99%) from a baseline of

96%. The percent of vendor payments made electronically also met the DOI target at 96%.

The Prompt Payment Act requires that federal agencies pay their bills on time or an interest penalty must be paid to vendors. During FY 2008, approximately 3% of invoices required interest penalties, which is 5% lower than in FY 2007; we recognize continued improvement is still needed in this area to meet the DOI target.

Table 1-5 presents a year-end summary of IA’s performance relative to DOI’s performance goals.

Table 1-5 **Indian Affairs – DOI Metrics**

Measure	Why It Is Important	FY 2008 Actual	FY 2008 Performance Goal	Target Met, Not Met, or Exceeded
Percent of the amount of Eligible Debt Referred to Treasury	Actively collecting debt improves management accountability and reduces Treasury borrowing.	99.92%	95%	Exceeded
Percent of Vendor Payments Made Electronically	Use of electronic funds transfer saves money, reduces paperwork, and improves cash management.	96%	96%	Met
Percent of Travel Payments Made Electronically	Use of electronic funds transfer saves money, reduces paperwork, and improves cash management.	99%	96%	Exceeded
Percent of Vendor Payments Made on Time	Timely payment reduces interest charges and reflects a high degree of accountability and integrity.	97%	98%	Not Met
Employee Travel Cards Delinquent Over 60 Days	Reducing outstanding travel card balances helps increase rebates to agencies.	2.59%	2%	Not Met



## STEWARDSHIP INFORMATION

The stewardship resources for which IA is accountable have been categorized into two groups: “Stewardship Assets” and “Stewardship Investments.” Stewardship Assets are property entrusted to or owned by the federal government for the long-term benefit of the nation (such as public land). The government is charged with safeguarding and maintaining these assets. IA’s Stewardship Assets consist of: Heritage Assets - Museum Property Collections; Heritage Assets - Non-Collectibles; and Stewardship Land. Stewardship Investments represent expenses charged to current operations that are expected to benefit the nation over time. IA’s Stewardship Investments consist of: Human Capital - Indian Education and Non-Federal Physical Property.

IA’s museum property collections include art work, archeological materials, historical objects, and associated records. IA’s non-collectible assets consist of one site (HINU in Lawrence, KS) designated by the Secretary as a National Historic Landmark. IA’s Stewardship Land encompasses a wide range of activities, including recreation, conservation, and functions vital to the culture and livelihood of American Indians and Alaska Natives.

IA’s investment in human capital includes Indian educational programs and Indian employment, training, and related services. The Indian Employment, Training and Related Services Act allows federally recognized tribes to use federal funding to provide employment, education, training, child care, welfare reform, and related services in Indian communities. IA’s investment in Non-Federal Physical Property includes

schools, dormitories and other infrastructures. Costs of stewardship-type resources are treated as expenses in the financial statements in the year the costs are incurred. These costs and the resulting resources are intended, however, to provide long-term benefits to the public and are described in Note 8, the RSI and the RSSI reporting to highlight their long-term benefit nature and to demonstrate accountability over them. Depending on the nature of the resources, stewardship reporting may consist of financial and non-financial data. Stewardship Assets are not required to be included in the balance sheet section of IA’s financial statements.

See Note 8, RSI and the RSSI portions of Section III for complete disclosures regarding stewardship information.

## LIMITATIONS OF THE FINANCIAL STATEMENTS

The financial statements have been prepared to report the financial position and results of operations of IA, pursuant to the requirements of 31 U.S.C. 3515 (b).

While the statements have been prepared from the books and records of IA in accordance with U.S. GAAP and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control the budgetary resources which are prepared from the same books and records.

The statements should be read with the realization that they are for a component of the U.S. government, a sovereign entity.





## MANAGEMENT CONTROLS, FINANCIAL MANAGEMENT SYSTEMS, AND COMPLIANCE WITH LAWS AND REGULATIONS

### IMPROPER PAYMENTS INFORMATION ACT

The Improper Payments Information Act of 2002 (P.L.107-300) and the National Defense Authorization Act for Fiscal Year 2002 (Subchapter VI) require federal agencies to annually identify programs and activities susceptible to improper payments, estimate the amount of improper payments, report that estimate to Congress, and to carry out a cost-effective program for identifying payment errors and recovering any amounts overpaid for contracts totaling more than \$500 million in a fiscal year. Appendix C to OMB Circular A-123 provides guidance stating that for agency programs deemed not risk-susceptible, assessments are required every three years.

The Department's annual risk assessments of programs exceeding \$100 million in annual outlays have shown that the Department is at low risk for improper payments. Therefore, the Department issued a Financial Administration Memorandum (FAM 2007-004) on April 11, 2007 stating the annual risk assessment requirement has been converted to a three-year risk assessment. The next Departmental risk assessment will be for FY 2009 and conducted every three years thereafter.

### MANAGEMENT ASSURANCES

Management assurance statements ensure that a process exists for reviewing the effectiveness and efficiency of operations and documenting that a strong system of financial management and internal control is in place. These assurances also provide a level of accountability to the public that funds, data, and records are accurate and secure, and maintained in accordance with established standards.

The following IA management assurances are provided as they relate to the following two statutes: the Federal Managers' Financial Integrity Act and the Federal Financial Management Improvement Act.

### FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT

The FMFIA of 1982 requires agencies to establish management control and financial systems that provide reasonable assurance that the integrity of federal programs and operations is protected. It also requires that the head of the agency provide an annual assurance statement on whether the agency met this requirement and whether any material weaknesses exist.

The annual assurance statement also requires management's assessment of the effectiveness of the internal controls to support effective and efficient programmatic operations, reliable financial reporting and compliance with applicable laws and regulations, and whether the financial management systems conform to financial systems requirements.

In FY 2008, IA conducted an assessment of its systems of management, accounting, and administrative controls in accordance with the requirements and guidelines prescribed by the FMFIA and OMB Circular A-123, *Management's Responsibility for Internal Control*, dated December 21, 2004. These results are highlighted on the following pages.

#### Assessment of Internal Controls

In response to FMFIA and the Department's FY 2008 Internal Control Program guidance, IA conducted several program and financial Internal Control Reviews (ICRs), evaluations, and assessments during FY 2008.

In assessing the internal management controls, IA relied on management's knowledge and experience of daily operations of its programs and systems of accounting and administrative controls, coupled with the information obtained from various internal control assessments; Office of Inspector General (OIG) and Government Accountability Office (GAO) audits; internal program evaluations and studies; and other performance plans and reports.





The assessment did not identify any new material weaknesses in FY 2008. The ProTrac system material weakness identified in FY 2007 was resolved and is considered closed. Additionally, the existence of two prior year material weaknesses, Wireless Communication and Detention Centers, did not materially impact the AS-IA's ability to provide reasonable assurance as to the effectiveness of internal control.

### **Controls over Financial Reporting**

During FY 2008, IA conducted an assessment of its effectiveness of internal control over financial reporting, which included the safeguarding of assets and compliance with applicable laws and regulations in accordance with the requirements of Appendix A of OMB Circular A-123 and the Chief Financial Officers' Council Implementation Guide dated July 31, 2005 as implemented by the Department. IA's assessment focused on specific financial reports and related financial statement line items identified by the Department as material to the Department's consolidated financial reports.

Based on the results of this evaluation, IA provided reasonable assurance that the internal controls over financial reporting for the financial reports and related line items were suitably designed and operating effectively as of June 30, 2008. No material weaknesses were found in the design or operation of the internal controls over financial reporting for these financial reports and related line items. Further, subsequent testing through September 30, 2008 did not identify any reportable changes in key financial reporting internal controls.

IA also provided reasonable assurance to the Department 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 no material weaknesses were found in the design or operation of the internal controls.

During FY 2008, IA also assessed its information technology systems and determined that they generally complied with the requirements of the FISMA, and Appendix III of OMB Circular A-130, *Management of Federal Information Resources*.

### **FEDERAL FINANCIAL MANAGEMENT IMPROVEMENT ACT**

The FFMIA of 1996 requires that agencies' financial management systems provide reliable financial data in accordance with generally accepted accounting principles and standards. Under FFMIA, financial management systems must substantially comply with the following three requirements:

- >> Federal financial management system requirements
- >> Applicable federal accounting standards
- >> U.S. Government Standard General Ledger (USSGL) at the transaction level

During FY 2008, IA evaluated its internal controls and financial management systems and concluded that it substantially complied with FFMIA requirements.



## RESOLUTION OF INTERNAL CONTROL WEAKNESSES AND NON-COMPLIANCE WITH LAWS AND REGULATIONS

The table below summarizes actions taken to resolve the material weaknesses and/or instances of noncompliance

with laws and regulations cited in the FY 2007 Independent Auditors’ Report.

### IA Corrective Actions

Material Weakness or Noncompliance	Corrective Actions	Target Correction Date
Debt Collection Improvement Act of 1996	IA took several corrective actions throughout the FY towards compliance with the Debt Collection Improvement Act (DCIA), including: 1) review of referral policy and procedures; 2) review and implementation of changes to the interest calculation process; 3) review of quarterly procedure for reviewing receivable balances and revising policy as needed; and, 4) assessment of programs’ procedures for accounts receivable review and revising policy as needed. IA plans to continue to review programs where interest is not charged and determine where changes can be implemented, and ensure that debts are referred to the Treasury in accordance with DCIA policy. To fully comply with the Act, however, a financial system change is required which should be addressed with the implementation of the Financial and Business Management System (FBMS) by FY 2012.	September 2012



*A Kutenai Indian camp at Flathead Lake in 1909.  
Courtesy of the Edward Curtis Collection.*



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## OVERVIEW

The Performance Section summarizes the results of the IA annual Performance Management program. As required under GPRA, this program defines and tracks targeted and actual program performance goals through a set of program performance measures.

This section of the IA PAR presents a comparison of these goals (or targets) to actual or estimated program data, and describes the extent to which programs met, exceeded, or did not meet these goals. Measures are organized by outcome goals as reported in the Department's FY 2007-2012 Strategic Plan. As outlined in the 2008 revisions to OMB Circular A-11, "...performance goals are considered 'met or exceeded' only when the target was reached exactly as stated or exceeded."

While the Department requires quarterly reporting for most performance measures, many IA programs collect performance data from tribes in order to accurately and completely reflect overall performance measure results. 25 CFR 900 states "...the primary goals of the 1994 amendments to the Act [Public Law 93-638, The Indian Self-Determination and Education Assistance Act of 1975 as Amended] was to minimize the reporting requirements applicable to tribal contractors and to eliminate excessive and burdensome reporting requirements. Reporting requirements other than the annual audit report are to

be negotiated..."<sup>1</sup> Therefore, while many tribes report data quarterly in response to IA requests, contracted and compacted tribes are not required to report performance related results except annually.

IA currently estimates that it has met or exceeded 56% (39 out of 70 active measures) of its performance measures during FY 2008. These numbers show a definite improvement in a number of performance areas, much of which can be traced to the following factors:

- >> Implementation of corrective actions from prior year OMB PART reviews that helped to identify program accomplishments and challenges.
- >> Implementation of the IA-PMS across all 12 IA regions, which provides an automated process for reporting and verifying performance results by measure, as well as tracking performance status relative to the target, enabling better program decision-making.
- >> Training field office staff on properly coding time spent on activities in the IA timekeeping system so that costs can be more accurately linked to performance results.

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<sup>1</sup> The intent of P.L. 93-638 is to facilitate maximum Indian participation in governing and educating Indian people; this law shifted BIA's responsibility from directly providing services to awarding and administering contracts, compacts and grants for the delivery of services by tribal governments.



## VALIDATION AND VERIFICATION OF DATA

Performance data provide managers with the necessary means to assess progress towards meeting annual and long-term goals. The analysis of the performance data coupled with cost information also enables managers to make informed business decisions in the areas of budget formulation and resource allocation.

IA programs are responsible for the timely collection, verification, and reporting of performance data. These data are used to illustrate IA's progress relative to annual performance goals, to enable program and management decision-making, and to comply with federal reporting requirements, such as the PAR and the annual budget justification process. Performance data is also used heavily in PART reviews. It is therefore incumbent upon each responsible program office to ensure their performance data is validated, verified, and reported in a timely manner. GPRA requires agencies to certify the completeness and reliability of performance data, and describe the means by which performance data is validated and verified. Additionally, OMB Circular A-11 requires that the means used must be credible to support the accuracy and reliability of the performance information that is collected and reported.

Throughout the FY, IA took several actions to ensure compliance with these requirements and the quality of our performance data. These actions included:

- >> The AS-IA issued a memorandum specifically outlining Central Program Offices' performance measurement responsibilities, requesting that programs ensure performance measures are supported by definition templates and that data collection and reporting is timely and accurate.
- >> Development and implementation of the IA-PMS to automate performance measure reporting and

data certification. Training was conducted for IA management and staff on using the system and on IA-PMS' role in facilitating compliance with GPRA and performance management requirements.

- >> Development and distribution of the GPRA & Performance Management Guidance to provide policy and process assistance regarding data collection and reporting in compliance with the GPRA as well as with DOI and IA performance management requirements.
- >> Development of guidance for modifying measures and correcting previously submitted performance data to ensure a consistent process of management review and documentation of changes/corrections; this guidance was also included in the GPRA & Performance Management Guidance.
- >> In January 2008, the BIA Director issued a memorandum outlining performance reporting requirements for the FY, including the use of the IA-PMS, the importance of validating and verifying performance data, and announcing a regional conference call schedule to review program performance data.
- >> Implementation of quarterly regional conference calls for BIA programs to discuss the process being used to collect, validate, and verify the data for each performance measure; challenges encountered in collection or reporting of the measure results; and potential issues that might prevent achieving the performance target.

IA continues its efforts to ensure the credibility of performance data in order to provide valid program results and demonstrate accountability to the Department as well as to the public.



## PERFORMANCE MEASURE RESULTS

To better communicate our performance results, the following table defines each measure; shows actual performance in fiscal years 2005, 2006, and 2007; indicates the target or goal for FY 2008 (“Fiscal Year 2008 Plan”); and shows actual performance for FY 2008.

Because IA tracks and consolidates a wide variety of data, it is not always possible to collect and report complete data in time to meet PAR publishing deadlines. In some cases, FY 2008 actual data may be estimated through the remainder of the fiscal year and is noted with an “(e)”. Each program office established appropriate methodologies for computing their estimates.

Additionally, IA reviews its measures annually for planning and reporting purposes and in some cases, measure wording, definitions and/or means of calculation

are modified, removed, or a new measure developed altogether, in consultation with and by approval of OMB and the Department.

When a measure is modified or a new measure is developed, this often requires different or new data to be collected and reported, resulting in the need to establish a baseline to measure results over time. In cases where “establish baseline” has been indicated for FY 2008 targets, we have indicated the Measure Status as “N/A”. The “Comments” field also provides an explanation of the measure results when appropriate.

Out of 73 IA measures in FY 2008, one is new and three have been discontinued by agreement with OMB and the Department. This results in 70 active measures for measuring program effectiveness this FY.

## IA INDIVIDUAL PERFORMANCE MEASURES

Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual <sup>2</sup>	FY 2008 Plan <sup>3</sup>	FY 2008 Actual (or Estimated (e)) <sup>4</sup>
<b>RESOURCE PROTECTION: Outcome Goal 3 - Protect Cultural and Natural Heritage Resources</b>						
○	Percent of collections in DOI inventory in good condition (i.e., maintained according to DOI museum property management collection standards). <b>SP AS-IA/OFECR</b>	22%	34%	50%	62%	53%
<p><b>COMMENTS:</b> The BIA Museum Property Program was unable to perform the anticipated on-site targeted assessments due to two separate audits taking place during the assessment period, which required program resources to collect and respond to requests for information. Additionally, the program was hindered by the absence of the Museum Property database, ReDiscovery, which was pulled off-line due to the Cobell lawsuit. However, 12 site assessments were conducted, and ReDiscovery is anticipated to be back online in the near future. The program plans to start assessing DOI collections earlier in the FY to ensure all assessments are completed by the end of the FY.</p>						
●	Percent of archaeological sites on DOI inventory in good condition. <b>SP AS-IA/OFECR</b>	UNK	88%	90%	90%	90%
●	Percent of historic structures on DOI inventory in good condition. <b>SP AS-IA/OFECR</b>	UNK	Establish Baseline	No Report	45%	45%

<sup>2</sup> The FY 2005, 2006 and 2007 Actuals are based on the published FY 2009 Budget Justification Goal Performance Table data (February 2008).

<sup>3</sup> The FY 2008 'Plan' (i.e., Target) is based on the published FY 2009 Budget Justification Goal Performance Table data.

<sup>4</sup> Measures that have been discontinued will show results as "N/A".

### BUREAU/OFFICE LEGEND

<b>BIA/OIS</b> = Bureau of Indian Affairs/Office of Indian Services	<b>BIA/OJS</b> = Bureau of Indian Affairs/Office of Justice Services
<b>BIA/OTS</b> = Bureau of Indian Affairs/Office of Trust Services	<b>BIE</b> = Bureau of Indian Education
<b>AS-IA/OFECR</b> = Assistant Secretary-Indian Affairs Office of Facilities, Environmental and Cultural Resources	<b>AS-IA/IEED</b> = Assistant Secretary-Indian Affairs Office of Indian Energy and Economic Development

STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
✦	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable





Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 1 - Improve Protection of Lives, Resources and Property</b>						
○	Percent of incidents/investigations closed for Part I, Part II and natural, cultural and heritage resources offenses. <b>SP (A) BIA/OJS</b>	UNK	UNK	37%	47%	32% (E)
<p><b>COMMENTS:</b> The measure template was re-stated in FY 2007 and required establishment of a new baseline. This measure is reported on annually. The primary focus for case closure is on the Part I crimes; it is the less severe crimes that are being left unresolved due to limited staff availability. It is anticipated that with increased hiring efforts, the level of closure of less serious crimes will increase, thereby enabling the program to meet this measure target. The FY 2008 results are estimated using prior year reporting and partial reporting received to date. However, this number may increase as additional reports are received. Final reporting and analysis of measure results is expected by the end of October 2008.</p>						
✱	Percent change in PART I offenses that occur on DOI lands or under DOI jurisdiction. <b>SP BIA/OJS</b>	UNK	UNK	22%	3%	-23% (E)
<p><b>COMMENTS:</b> Baseline established as a 22% reduction in Part 1 offenses. The program estimates an overall reduction of 23% for Part I crimes in FY 2008 based on prior year reporting and partial reporting received to date. However, this number may increase as additional reports are received. Final reporting of results is expected by the end of October 2008.</p>						
✱	Percent change in PART II offenses (excluding natural, cultural and heritage resource crimes) that occur on DOI lands or under DOI jurisdiction. <b>SP BIA/OJS</b>	UNK	UNK	23%	14%	13% (E)
<p><b>COMMENTS:</b> Baseline established as a 23% reduction in Part II offenses. While the program estimates FY 2008 results of 13% based on prior year reporting and partial reporting received to date, the measure status shows it as 'exceeds' by coming in under the target based on the way this measure is calculated. The increase in Part II crime is a direct result of the current focus on decreasing Part I violent crime. However, the FY 2008 results may increase as additional reports are received. Final reporting and analysis of measure results is expected by the end of October 2008.</p>						



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
✱	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable

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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 1 - Improve Protection of Lives, Resources and Property cont.</b>						
○	Percent change in natural, cultural and heritage resource crimes that occur on DOI lands or under DOI jurisdiction. <b>SP BIA/OJS</b>	UNK	UNK	79%	-5%	19% (E)
<p><b>COMMENTS:</b> Baseline established as a 79% decrease in cultural and natural resource crimes. The large decrease was primarily due to issues concerning what constituted actual cultural resource crimes. Those reporting issues were addressed in FY 2007 however, and with improved reporting, a decrease this large is not expected in FY 2008. In fact, the program estimates FY 2008 results of 19% based on prior year reporting and partial reporting received to date. The FY 2008 results may increase as additional reports are received. Final reporting and analysis of measure results is expected by the end of October 2008. A new officer has been hired to address cultural heritage crimes and the program expects the number of cases to level off in FY 2009.</p>						
★	Percentage of reported cases during the year that are closed by the end of the reporting year. <b>PART EFF BIA/OJS</b>	UNK	43%	62%	67%	81%
<p><b>COMMENTS:</b> The program exceeded the FY 2008 target due to reviews and subsequent training provided by the Division of Professional Standards to improve case management at all law enforcement agencies in Indian country.</p>						
○	Percentage of BIA field agency law enforcement programs that participate in community policing. <b>PART BIA/OJS</b>	30%	58%	65%	77%	71% (E)
<p><b>COMMENTS:</b> The program estimates FY 2008 results based on partial reporting received to date. These results may increase, however, as additional reports are received. Final reporting and analysis of measure results is expected by the end of October 2008. The program intends to work with nationally recognized Community Policing organizations in FY 2009 to initiate policing efforts within tribal communities.</p>						
○	Percent of BIA/tribal law enforcement agencies on par with recommended national ratio of staffing <b>PART BIA/OJS</b>	UNK	36%	50%	60%	59%
<p><b>COMMENTS:</b> The FY 2008 result just missed the 60% target with 108 programs that are on par with the national ratio of staffing for law enforcement programs.</p>						

STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
★	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable



Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 3 - Fulfill Indian Fiduciary Trust Responsibilities</b>						
○	Percent of total annual allowable harvest offered for sale. <b>SP and PART BIA/OTS</b>	81%	72%	84%	76%	55%
<p><b>COMMENTS:</b> The slumping U.S. housing market has resulted in the declining demand for forest products. The value of forest products has fallen in several regions of the country to a level that the costs of logging, transportation, and manufacturing exceed the value of the finished products. Due to current market conditions, the target will be adjusted for FY 2009.</p>						
N/A	Percent of annual allowable cut offered for sale. <b>PART BIA/OTS</b>	81%	72%	84%	76%	N/A
<p><b>COMMENTS:</b> In July 2008, OMB agreed to delete this measure as it is equivalent to the Strategic Plan measure above. This measure has been discontinued.</p>						
○	Percentage of annual allowable cut harvested. <b>PART BIA/OTS</b>	74%	74%	76%	78%	74%
<p><b>COMMENTS:</b> The slumping U.S. housing market has resulted in the declining demand for forest products. The value of forest products has fallen in several regions of the country to a level that the costs of logging, transportation, and manufacturing exceed the value of the finished products. Due to these current market conditions, the target will be adjusted for FY 2009.</p>						
○	Percent of total acres of agricultural and grazing land that have resource management plans completed. <b>SP and PART BIA/OTS</b>	14%	20%	25%	30%	23%
<p><b>COMMENTS:</b> During annual planning, tribes decide the purpose(s) for which land may be used. As a result, tribes may re-classify allowable use for selected acres of land. When tribes re-classify land, the change impacts the calculation of acreage for this measure (denominator). As a result, the denominator will appear differently in out years, depending upon the time a formal document, such as a budget, is prepared. In FY 2008, adverse impacts from rapidly escalating energy costs caused a reduction in the funding that the program expected to use for planning in the development of resource management plans. Funding was targeted primarily toward land management operations. Several improvement actions are planned, including finishing management plans that are near completion, exploring the idea of template management plans among tribes to achieve economic and reporting continuity, and reevaluating future targets.</p>						



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
★	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable

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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 3 - Fulfill Indian Fiduciary Trust Responsibilities cont.</b>						
★	Percent of agricultural and range acres under lease where lease proceeds exceed administrative cost of the leased acres base. <b>SP, PART and EFF BIA/OTS</b>	UNK	68,022	72%	75%	88%
<b>COMMENTS:</b> This measure was redefined for FY 2007 and therefore had to be re-baselined. The baseline was reestablished in FY 2007 as 72%, but the method of calculating administrative cost from region to region was refined in FY 2008 to improve consistency. As a result, performance was higher than originally targeted.						
○	Percent of estates closed. <b>SP PART BIA/OTS</b>	UNK	58%	89%	90%	87%
<b>COMMENTS:</b> The program was unable to meet its FY 2008 target due to the number of prior estates which required LTRO/Office of Trust Funds Management distributions that were not anticipated in FY 2008 workloads. The total effort required to distribute and close estates exceeded the program's staffing and budget. The program is continuing to produce reports that identify undistributed assets associated with decided cases, and 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.						
○	Percent of backlog cases closed during the reporting year. <b>PART BIA/OTS</b>	UNK	55%	52%	100%	53% (E)
<b>COMMENTS:</b> The measure name and definition were changed during FY 2007, causing a change in how this measure is calculated. At the end of FY 2008, there were approximately 3,000 cases remaining in the defined backlog; of these, 400 cases are under the control of BIA. It is anticipated that these cases will be completed within the first quarter of FY 2009.						
★	Percentage of dams that are rated in fair or better condition as measured by the FCI. <b>PART BIA/OTS</b>	38%	42%	38%	39%	40%
<b>COMMENTS:</b> The performance goal was set at an approximate target level, and the deviation from that level is slight.						



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
★	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable



Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 3 - Fulfill Indian Fiduciary Trust Responsibilities cont.</b>						
★	Annual percentage improvement in the mean Dam Facility Reliability Rating (cumulative). <b>PART BIA/OTS</b>	6% (61%)	3% (64%)	4% (65%)	1% (66%)	2%
<b>COMMENTS:</b> The performance goal was set at an approximate target level, and the deviation from that level is slight.						
●	Percent of final construction contracts completed during the reporting year where amounts are within 17% of the initial contract award amount. <b>PART EFF BIA/OTS</b>	100%	100%	100%	100%	100%
<b>COMMENTS:</b> Discussions with OMB and a review of OMB's PARTWeb system indicated that this measure had been deleted per the program's request in FY 2008. However, the measure reappeared in PARTWeb and OMB indicated it expects the program to create a new efficiency measure before this measure can be deleted. The program is reporting on the measure in the meantime.						
●	Percentage of irrigation projects that have been reviewed during the reporting year and found to be in compliance with regulations. <b>PART (A) BIA/OTS</b>	UNK	13%	50%	50%	50%
●	Percent of irrigation projects with identified non-compliance issues for which corrective action plans have been established. <b>PART BIA/OTS</b>	31%	31%	33%	47%	47%
●	Percent of revenue generating irrigation projects for which comprehensive condition assessments have been completed annually. <b>PART BIA/OTS</b>	7%	7%	20%	47%	47%



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
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N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable

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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 3 - Fulfill Indian Fiduciary Trust Responsibilities cont.</b>						
☀	Percentage of maintenance projects that are completed within established timeframes. <b>PART EFF BIA/OTS</b>	UNK	UNK	73%	45%	84%
<b>COMMENTS:</b> The target was exceeded due to more accurate tracking and reporting of maintenance projects through the use of Maximo, a computerized maintenance management system.						
○	Percentage of acres on forested reservations that have a forest management plan or IRMP with forest management provisions. <b>PART BIA/OTS</b>	85%	85%	85%	91%	89%
<b>COMMENTS:</b> While the measure results did not meet the target this FY, significant progress was made with the completion and approval of 15 new forest management plans covering almost 670,000 acres of forested reservations.						
○	Percentage of forested reservations covered by forest management plans. <b>PART BIA/OTS</b>	37%	42%	44%	48%	47%
<b>COMMENTS:</b> Forest management plans are a complex multi-year effort involving many partners, making it difficult to predict exact completion dates. While 15 new forest management plans were completed and approved during FY 2008, three additional approved plans were needed to meet the target.						
●	Administrative cost per thousand board feet of commercial timber under management. <b>PART EFF BIA/OTS</b>	UNK	UNK	\$1.07	\$1.06	\$1.06
N/A	Percent of Indian tribes that request assistance in the development of water quality standard and comprehensive planning for efficient utilization of their water. <b>PART BIA/OTS</b>	50%	55%	99%	65%	N/A
<b>COMMENTS:</b> In July 2008, OMB agreed to the program's request to delete this measure as the subject matter is not under the purview of IA. This measure has been discontinued.						



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
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N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable



Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 3 - Fulfill Indian Fiduciary Trust Responsibilities cont.</b>						
○	Percent of milestones completed that are necessary to advance Indian water rights negotiations to meet court and other mandatory schedules. <b>PART BIA/OTS</b>	100%	UNK	95%	100%	92%
<p><b>COMMENTS:</b> Generally, completing milestones in water rights negotiations is dependent upon factors beyond the Regional Water Programs Coordinators' control, such as studies not completed because of shortage or lateness of funds; workload of involved staff; parties involved in the negotiations are unwilling to meet; or external developments arise that impact the negotiations. In FY 2008, there were three milestones unable to be completed due to one or more of these factors.</p>						
○	Percent of milestones completed that are necessary to meet all court schedules in Indian water rights litigation cases. <b>PART BIA/OTS</b>	77%	UNK	97%	100%	97%
<p><b>COMMENTS:</b> One milestone could not be met by the end of FY 2008 due to external circumstances beyond the control of the Regional Water Programs Coordinator.</p>						
○	Percent of habitat acres in the Midwest Region that have been restored/enhanced within the reporting year. <b>PART BIA/OTS</b>	UNK	UNK	No Report	7,000 acres	6,000 acres
<p><b>COMMENTS:</b> The funds for this program, Wetlands Management, are added-on by Congress each year. The program is therefore unable to plan performance targets based on anticipated funding. This funding is competitive and the number of tribes doing this work changes every year. The tribes propose projects targeting acreage based on habitat conditions, and a tribal review group determines which projects will be funded. The performance target is then an estimate of the number of tribes and the number of acres proposed for restoration/enhancement that will receive funding. The performance goal was set at an approximate target level, and the deviation from that level is slight.</p>						



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
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N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable



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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 3 - Fulfill Indian Fiduciary Trust Responsibilities cont.</b>						
○	Average cost per hatchery fish produced. <b>PART EFF BIA/OTS</b>	3.02 cents per fish	UNK	3.1 cents per fish	3-3.5 cents per fish	3.9 cents per fish
<p><b>COMMENTS:</b> A number of fish produced in hatcheries in the Northwest had to be destroyed because they were infected with a disease, causing the cost per fish to rise and the program to miss the target this FY. Hatcheries are exploring the installation of ultra-violet scanners and other options to reduce viral exposure episodes.</p>						
✱	Percent of tribes in the Midwest Region that have restored/enhanced habitat acres by the end of the reporting year. <b>PART BIA/OTS</b>	38%	UNK	62%	53%	100%
<p><b>COMMENTS:</b> The funds for this program, Wetlands Management, are added-on by Congress each year. The program is therefore unable to plan performance targets based on anticipated funding. This funding is competitive and the number of tribes doing this work changes every year. The tribes propose projects, and a tribal review group determines which projects will be funded. The program had estimated that half of the tribes would receive funding and conduct restoration/enhancement work. In FY 2008 funding was distributed to all 23 tribes, all of which conducted restoration/enhancement projects during the year.</p>						
○	Percent of tribes that have completed resource management plans. <b>PART BIA/OTS</b>	64%	UNK	77%	79%	55%
<p><b>COMMENTS:</b> In FY 2008, escalating fuel costs reduced the funding that tribal programs had planned to use for development of resource management plans. Available funds were targeted primarily toward on-the-ground surveys and rehabilitation work to protect and enhance the tribes' resources. The program's improvement actions include prioritizing completion of resource management plans that are directed toward the most threatened habitat and species population; finishing management plans that are near completion and require minimal additional funding; and exploring consolidating management plans among tribes.</p>						



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
✱	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable



Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 3 - Fulfill Indian Fiduciary Trust Responsibilities cont.</b>						
○	Percent of title encumbrances requested during the reporting year that are completed by the end of the reporting year. <b>PART BIA/OTS</b>	UNK	UNK	89%	90%	74%
<p><b>COMMENTS:</b> The program did not meet the target due to problems with documentation submitted by agencies and regional offices to the LTRO. To improve program performance, the Acquisition and Disposal Handbook will be updated and include standard operating procedures that will be followed by all agencies and regions by the end of FY 2009. Additionally, the program plans to develop checklists for the field which list required documentation for a complete package; provide additional training on TAAMS; analyze the current title encumbrance submission process; and implement standardized business processes.</p>						
○	Percent of eligible trust land acres that are under lease for agricultural use. <b>PART BIA/OTS</b>	73%	UNK	72%	99%	52%
<p><b>COMMENTS:</b> The target was mistakenly set well above the program's performance capability. Confusion among regions and agencies surfaced during the FY on how to report on this measure. There are a variety of reasons why agricultural lands are not available for lease and, in general, determining whether allotted lands will be leased or not is outside of the program's span of control. As a result, the measure will be clarified in early FY 2009, and future performance targets for this measure will be reassessed.</p>						

STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
★	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable

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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives</b>						
○	Percent of tribal courts with unacceptable ratings that were provided with detailed corrective action plans. <b>PART BIA/OJS</b>	UNK	UNK	0%	83%	71%
<p><b>COMMENTS:</b> The program was reorganized in FY 2007, and the reviews planned for 2007 and 2008 were reduced. While only three courts received an unacceptable rating from the FY 2008 reviews, there were courts that were found unacceptable in FY 2007 that did not receive corrective action plans; this caused the number of corrective action plans issued to exceed the number of unacceptable ratings in FY 2008. Corrective action plans may not always be developed in the same year the reviews are conducted. Therefore, the definition template for this measure will be modified, and future targets reassessed.</p>						
○	Percent of tribal courts, having criminal jurisdiction and receiving federal government funding, that comply with speedy trial process requirements as promulgated by the tribal government. <b>PART BIA/OJS</b>	UNK	UNK	UNK	Establish Baseline	Baseline not Established
<p><b>COMMENTS:</b> This is a new measure for which the baseline was supposed to be established in FY 2008. The component to review the speedy trial compliance was discussed at length, and an attempt to include this item within the reviews was made. However, the Tribal Justice Committee and the review team could not agree on a measurement definition. Until this occurs, the program cannot apply the speedy trial process component to the reviews. The program will continue to work with the Tribal Justice Committee to fully define the measure to determine how best to measure success (or lack thereof) in meeting speedy trial requirements.</p>						
★	<i>Crime:</i> PART I violent crime incidents per 100,000 Indian Country inhabitants receiving law enforcement services. <b>SP and PART BIA/OJS</b>	UNK	492	419	492	463
<p><b>COMMENTS:</b> The final incident rate for FY 2008 was 463 per 100,000 inhabitants. This result is a 10% increase in incidents over the FY 2007 actual, but still exceeded performance expectations given the FY 2008 projected number of violent crime incidents. In an effort to continue this positive impact on violent crime in Indian country, the program will continue to collect and analyze data to determine the best means by which to affect violent crime trends, and will also continue its concentrated efforts on implementing community policing programs, increasing the number of officers in the field, providing methamphetamine awareness training, improving tribal courts through corrective action plans, and improving detention services.</p>						

STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
★	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable





Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives cont.</b>						
○	<i>Tribal Courts:</i> Percent of BIA-funded tribal judicial systems receiving an acceptable rating under independent tribal judicial system reviews. <b>SP and PART BIA/OJS</b>	UNK	UNK	13%	33%	22%
<p><b>COMMENTS:</b> The program was only able to conduct 17 reviews in FY 2008, 3 of which were found to be 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 reviews conducted this year using newly hired staff and carryover funding. It was determined that with current staffing levels, the program is able to successfully complete no more than 17 reviews each year regardless of funding resources; therefore, the additional reviews were not completed. The program will be adjusting its FY 2009 target to address this situation.</p>						
○	<i>Detention:</i> Percent of law enforcement facilities that are in acceptable condition as measured by the Facilities Condition Index (lower FCI number is good). <b>SP AS-IA/OFECR</b>	49%	51%	64%	71%	69%
<p><b>COMMENTS:</b> The target was 36 detention centers being rated in good or fair condition, and the actual result was 35 centers being rated in good or fair condition.</p>						
★	Eliminate 100% of excess academic space from inventory as of September 2004 (or 300,000 square feet per year). <b>PART AS-IA/OFECR</b>	310,997 sq. ft.	304,473 sq. ft.	464,699 sq. ft.	300,000 sq. ft.	314,949 sq. ft.
<p><b>COMMENTS:</b> Reporting is on actual square feet of excess space that is being eliminated annually against the September 2004 inventory of 2,224,249 sq. ft. The program was able to slightly exceed the projected target.</p>						
●	Percentage of schools with students' scores improving in reading and/or math within one year of construction or major renovation or repair. <b>PART AS-IA/OFECR</b>	UNK	UNK	50%	57%	57%



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
○	Target Not Met	PART	PART Measure/EFF = Efficiency measure
★	Target Exceeded	(A)	Only annual data reported for the measure
N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable

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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives cont.</b>						
●	Percentage of replacement schools and major improvement and repair projects constructed within 2 years of commencement of the project. <b>PART EFF AS-IA/OFECR</b>	50%	0%	53%	100%	100%
<b>COMMENTS:</b> Six additional projects were completed in Q4.						
●	Percent of BIE school facilities in acceptable condition, as measured by the Facilities Condition Index (lower FCI number is good). <b>SP and PART AS-IA/OFECR</b>	37%	35%	39%	45%	45%
<b>COMMENTS:</b> The FY 2007 PAR stated the 2007 Actual as 38%; this was due to a rounding error by the program and has since been corrected. Eight schools improved to good or fair condition by Q4, meeting the projected target.						
●	Percentage of projects started in year of appropriation (Replacement, New Facility, and Major Improvement and Repair). <b>PART EFF AS-IA/OFECR</b>	UNK	20%	29%	100%	100%
<b>COMMENTS:</b> The number of facilities targeted in FY 2008 changed due to the funding enactment; the program planned to start 3/3 projects in FY 2008, and met this target by the end of Q4.						
★	Percent of ceiling based upon appropriated funds that are obligated by the end of the fiscal year. <b>PART AS-IA/IEED</b>	UNK	UNK	99%	99%	100%
<b>COMMENTS:</b> Baseline is established at 99% as all funds must be obligated by the end of the FY (every year). The deviation from the performance goal is slight.						



STATUS CODES		MEASURE TYPE	
●	Target Met	SP	Strategic Plan Measure
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N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable



Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives cont.</b>						
*	Percent of participants that record a positive exit from the Jobs Placement and Training Program. <b>PART AS-IA/IEED</b>	UNK	UNK	98%	90%	97%
<p><b>COMMENTS:</b> The program established a lower target for FY 2008 based on numerous cash assistance recipients with several barriers to employment. The program also conducted several additional training sessions this year with the tribes to improve their reporting performance, which may be partly responsible for the high positive exit rate.</p>						
*	Percentage of participants (youths) that attain improved numeracy skills. <b>PART AS-IA/IEED</b>	27%	UNK	36%	40%	51%
<p><b>COMMENTS:</b> The program stated that its FY 2008 target was based on 2007 data and was established prior to data collection training for this measure. Since the training, the program indicates that FY 2008 data collection is more consistent and accurate, which is a result of revised instructions and a collection form. Additionally, in 2008 there was an increased flexibility afforded by P.L. 102-477 that allows tribes to be more creative and innovative in meeting their clients' needs. Continuation of this program initiative was essential to this level of success. In early October 2008, OMB agreed that the program could add 'youths' to the measure name given the data captured for this measure.</p>						
*	Percentage of participants (youths) that attain improved literacy skills. <b>PART AS-IA/IEED</b>	UNK	20%	37%	40%	53%
<p><b>COMMENTS:</b> In 2008 there was an increased flexibility afforded by P.L.102-477 that allows tribes to be more creative and innovative in meeting their clients' needs. Continuation of this program initiative was essential to this level of success. In early October 2008, OMB agreed that the program could add 'youths' to the measure name given the data captured for this measure.</p>						
*	Cost per individual receiving job placement services. <b>PART EFF AS-IA/IEED</b>	UNK	UNK	\$2,333	\$2,000	\$1,879
<p><b>COMMENTS:</b> Increased awareness through training of tribal staff and developing partnerships with training providers reduced the cost per participant to a lower than anticipated rate.</p>						



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N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable

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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives cont.</b>						
★	Cost per job achieved [Lower number is good. Cost includes transportation, tools and maintenance until first paycheck is received]. <b>PART EFF AS-IA/IEED</b>	\$2,190	\$2,117	\$2,333	\$2,000	\$1,926
<b>COMMENTS:</b> The performance goal was set at an approximate target level, and the deviation from that level is slight.						
★	Maintain loss rates on DOI guaranteed and insured loans of less than 4%. <b>PART EFF AS-IA/IEED</b>	2%	2%	2%	Less than 4%	1.49%
<b>COMMENTS:</b> Thanks to a favorable economy for most of the FY and to prudent underwriting, the program's loan loss rate for the year was substantially lower than the allowable rate.						
★	Percent of miles of road in acceptable condition based on the Service Level Index. <b>SP and PART BIA/OIS</b>	21%	17%	15%	14%	15%
<b>COMMENTS:</b> The performance goal was set at an approximate target level, and the deviation from that level is slight.						
★	Percent of bridges in acceptable condition based on the Service Level Index. <b>SP and PART BIA/OIS</b>	52%	62%	81%	44%	59%
<b>COMMENTS:</b> The methodology used to rank the bridges was modified during FY 2007 per direction from the Department. The FY 2008 target was based on anticipated budget reductions and biennial bridge inspections of BIA-owned bridges. The results of the inspections identified a larger number of bridges in acceptable condition than anticipated, however. As a result of the recent 2008 PART rating, the program is currently working on an improvement plan to improve overall efficiency and effectiveness of the program.						
○	Percentage of active supervised IIM case records reviewed in accordance with 25 CFR Part 115.427. <b>PART BIA/OIS</b>	77%	89%	96%	95%	81%
<b>COMMENTS:</b> The program was unable to meet the target due to numerous vacant positions in several regions, which resulted in those regions not completing required case reviews.						

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N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable







Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives cont.</b>						
★	Percent of Indian Child Welfare Act notices processed within 15 days of receipt. <b>PART EFF BIA/OIS</b>	UNK	UNK	68%	75%	95%
<b>COMMENTS:</b> A systematic approach for processing ICWA notices was implemented in Q4, which resulted in the program exceeding its performance target.						
○	Percent of recipients that complete the goals identified in the Individual Self-sufficiency Plans (ISP). <b>PART BIA/OIS</b>	UNK	88%	60%	82%	67%
<b>COMMENTS:</b> To ensure a consistent understanding of the measure, formal training of regional and agency staff was scheduled during FY 2008. Successful ISPs are impacted by employment and training opportunities in tribal communities and Alaska villages. Due to high unemployment and dwindling training opportunities in many tribal communities and remote villages, many clients were not able to complete the ISP goals. Additionally, many of the recipients were unable to qualify for employment and training opportunities due to other personal factors. A uniform ISP form is currently being developed for use in the field that includes components needed for an individual to successfully complete an ISP.						
★	Percent of construction schedules met within the established project timeframe. <b>PART EFF BIA/OIS</b>	UNK	65%	96%	90%	91%
<b>COMMENTS:</b> The performance goal was set at an approximate target level, and the deviation from that level is slight.						
○	Percent of funding going to actual construction or repair of housing. <b>PART EFF BIA/OIS</b>	UNK	62%	80%	75%	67%
<b>COMMENTS:</b> The National Environmental Policy Act (NEPA) requirements have greatly delayed ongoing housing projects. The program missed the target because the backlog has led managers to reprioritize projects and focus on completing prior year projects first. There is a cost associated with accomplishing this activity and supplemental funding was required. The supplemental funding will result in additional technical assistance and improve the productivity of housing construction.						



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N/A	Long-term targets or overall Measure Status are inappropriate to determine at this time	UNK	Prior year data unavailable

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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives cont.</b>						
○	Cost per mile of BIA owned roads maintained in acceptable condition. <b>PART EFF BIA/OIS</b>	UNK	UNK	\$6,514	\$6,500	\$6,750
<p><b>COMMENTS:</b> In July 2008, OMB agreed to change the measure wording to more accurately reflect the scope of BIA responsibilities in this area after conducting a PART review of the Roads program. Based on the results of the PART review, the program established a baseline of \$6,514, with FY 2007 data representing the establish baseline year. The FY 2007 Actual and FY 2008 Plan are therefore different in the FY 2008 PAR than previously reported in the FY 2009 Greenbook. The national average cost per mile of roads maintained was slightly higher than the target largely due to changes in economic conditions for required resources.</p>						
●	Percent of BIE funded schools achieving Adequate Yearly Progress (“AYP”). <b>SP (A) BIE</b>	30%	30%	31%	32%	32%
<p><b>COMMENTS:</b> The FY 2007 Actual was incorrectly reported as 30% in the FY 2007 PAR due to a discrepancy in the program’s reporting of the denominator and a rounding error.</p>						
○	Percent of teachers who are highly qualified in select subject areas. <b>SP and PART (A) BIE</b>	94%	95%	94%	96%	92%
<p><b>COMMENTS:</b> Fewer highly qualified teachers were employed by BIE schools in SY 2006-2007 than were employed the prior SY. Recruitment efforts will be increased in FY 2009.</p>						
✱	Percent of BIE schools not making AYP that improve in reading. <b>SP (A) BIE</b>	UNK	18%	41%	43%	48%
<p><b>COMMENTS:</b> The FY 2007 Actual was incorrectly reported as 20% in the FY 2007 PAR; it should have been an estimated number as BIE had not received all school report cards by the PAR reporting date. SY 2006-2007 was the second year all BIE schools used their respective state assessments. The increase in the number of schools making the adjustment to the new state assessment and improving in reading exceeded BIE projections.</p>						



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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives cont.</b>						
○	Percent of BIE schools not making AYP that improved in math. <b>SP (A) BIE</b>	UNK	23%	41%	43%	41%
<p><b>COMMENTS:</b> The FY 2007 Actual was incorrectly reported as 27% in the FY 2007 PAR; it should have been an estimated number as BIE had not received all school report cards by the PAR reporting date. SY 2006-2007 was the second year all BIE schools used their respective state assessments, which resulted in a slight decrease in the total number of schools showing improvements in math. The overall effect of all BIE schools using their respective state assessments should produce a more stable level of performance reporting beginning with SY 2007-2008.</p>						
●	Percent of students in BIE operated colleges that graduate within time frames that are consistent with colleges operating in similar socio-economic conditions. <b>PART EFF (A) BIE</b>	UNK	UNK	17%	18%	18%
N/A	Classroom activities: cost per student. <b>PART EFF (A) BIE</b>	\$5,343	\$4,285	\$7,261	N/A	N/A
<p><b>COMMENTS:</b> The measure had been discontinued beginning in FY 2008 due to an agreement reached with the program, the Department, and OMB; it was also removed from the FY 2009 Budget Justification. BIE developed a new efficiency measure to implement in FY 2009.</p>						
✱	Percent of BIE funded schools with average daily attendance rates of 92% or higher for grades K-8. <b>PART (A) BIE</b>	91%	90%	53%	55%	62%
<p><b>COMMENTS:</b> The exceeded performance target reflects improved tracking and reporting on this measure within K-8 schools across the system.</p>						
✱	Percent of 3rd grade students in Bureau funded schools that were tested at the end of the school year and were found to be reading independently. <b>PART (A) BIE</b>	41%	46%	40%	42%	43%
<p><b>COMMENTS:</b> The performance goal was set at an approximate target level and the deviation from that level is slight.</p>						



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Measure Status	Measure Name	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Plan	FY 2008 Actual (or Estimated (e))
<b>SERVING COMMUNITIES: Outcome Goal 4 - Advance Quality Communities for Tribes and Alaska Natives cont.</b>						
★	Percent of students proficient in reading at BIE funded schools. <b>PART (A) BIE</b>	47%	44%	38%	37%	38%
<p><b>COMMENTS:</b> In July 2008, OMB agreed to change the wording of this measure from 'language arts' to 'reading.' The performance goal was set at an approximate target level and the deviation from that level is slight.</p>						
★	Percent of students proficient in math at BIE funded schools. <b>PART (A) BIE</b>	35%	39%	29%	30%	32%
<p><b>COMMENTS:</b> In July 2008, OMB agreed to change the wording of this measure from 'annual percent increase..' to 'percent of..' The higher than projected increase in the number of students scoring proficient in math was the result of more BIE schools adjusting to the new state assessment process.</p>						
○	Percent increase in the number of degrees granted by BIE funded and tribally controlled Junior and Senior College/Universities. <b>PART (A) BIE</b>	UNK	39%	-12%	3%	0% (E)
<p><b>COMMENTS:</b> In July 2008, OMB agreed to change the wording of this measure from 'annual percentage increase..' to 'percent increase..' The FY 2007 actual shows a 12% decline in the number of degrees granted, which was due to a decline in total student enrollment. The BIE set the target of a 2%-3% increase each year in the number of graduates. The 3% target for FY 2008 represents a total of 1585 degrees (3%) granted (vs. the 1539 reported in FY 2007). The estimated number of degrees awarded in FY 2008 included projected degrees for six Tribal colleges that did not submit their FY 2007 Annual Report. However, this estimated calculation results in zero due to the rounding within the system. Given the recent trend of declining student enrollment, it is not anticipated that the target will be met. The colleges have been notified that they must submit the applicable reports, and they will be notified in writing of the submission date for FY 2008 Annual Reports also. Education data is always reported a year behind and is based on a SY, not a FY.</p>						
○	Percent of BIE funded schools with average daily attendance rates of 92% or higher for grades 9-12. <b>PART (A) BIE</b>	85%	85%	20%	86%	17%
<p><b>COMMENTS:</b> The FY 2007 Actual was incorrectly reported as 84% in the FY 2007 PAR; it should have been an estimated number as BIE had not received all school report cards by the PAR reporting date. The FY 2008 target was not met because the number of BIE schools reporting attendance rates for grades 9-12 decreased in SY 2006-2007.</p>						

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## PROGRAM ASSESSMENT RATING TOOL STATUS

The OMB created the PART to determine how well government programs are designed, planned, and managed, and whether results are being achieved. The PART assessment process was initiated in FY 2002 and has been underway for the past six years. To date, over 1,000 federal government programs have been assessed through the PART process (see ExpectMore.gov).

The PART questionnaire is divided into four sections: 1) Program Purpose & Design, 2) Strategic Planning, 3) Program Management, and 4) Program Results. Each section is assigned a different weight. Programs that satisfactorily answer all questions can receive a maximum score of 100%.

Section 2 is a critical component of the PART assessment. Section 2 asks if a program has established long term and annual outcome oriented goals. Although Section 2 is weighted at only 10%, if a program cannot answer 'yes' to the Section 2 questions, it is forced to answer 'no' to Section 4 questions. Section 4 questions ask if the program has achieved results, and represents 50% of a program's total score.

There are five categories of possible ratings: Effective, Moderately Effective, Adequate, Ineffective, and Results Not Demonstrated (RND). A rating of "RND" is given when programs do not have agreed-upon long and short term performance measures or lack baselines and performance data. If a program receives a rating of either "ineffective" or "RND," the program can try to improve its rating by participating in a RePART.

Once a program has been rated, it must develop an improvement plan containing follow-up actions. The status of those actions is reviewed and updated quarterly in OMB's PARTWeb system.

From FY 2002 to FY 2008, IA has undergone sixteen PART and four RePART reviews. During the past two years, three IA program ratings were improved from

"RND" to "Adequate" through the RePART process as a result of overall improved program accountability and demonstration of results.

In FY 2008, OMB RePARTed the program "Operation and Maintenance of Roads," which was formerly rated as "RND." The combined efforts of the Office of Planning and Policy Analysis (OPPA), the Department's Office of Planning and Performance Management, and OMB to improve measure definitions, data collection, and reporting consistency of the OIS' Roads Maintenance Program, resulted in a revised rating of "Adequate" for the program. Additionally, during FY 2008 the DOI's OIG conducted a preliminary review of the Realty and Trust program in preparation for a possible RePART. The results of this review are not expected until after the PAR is published, however.

IA currently has four programs that are still rated as "RND" through the PART process. These programs: Tribal Courts, Housing Improvement, Operation & Maintenance of Irrigation Projects, and Real Estate Services, have diligently worked to address the issues that initially resulted in their "RND" ratings, including establishing long and short term performance measures; baseline performance data; the capability to demonstrate performance results; and the development of ambitious performance targets based on the results of their baseline year data. The programs are also seeking options to have outside independent reviews conducted to identify areas where additional improvements in efficiency and effectiveness are still needed.

At the request of the tribes, OPPA facilitated PART training for over 400 tribal, and IA regional and agency personnel during May-June 2008 in all twelve regions. The purpose of the PART training was to emphasize the importance of maintaining good managerial principals in program management and to address what roles program personnel play in the PART process at the Central Office, regional, agency, and tribal level.

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The table below shows the IA PARTed and RePARTed programs. The program reviews are sorted by PART Year and the OMB ratings are provided in the last column.

**IA PART Status**

PROGRAM REVIEWED	PART Year	RePART Year	PURPOSE & DESIGN (20%)	STRATEGIC PLANNING (10%)	PROGRAM MGMT. (20%)	PROGRAM RESULTS (50%)	FINAL DETERMINATION FROM OMB
Indian Land Consolidation	2002		75	50	70	75	Moderately Effective
School Operations	2002		100	86	71	20	Adequate
Indian Forestry	2003		100	88	100	33	Adequate
School Construction	2002	2004 2007	80	89	75	28	Adequate
Indian Law Enforcement	2003	2007	100	88	100	20	Adequate
Tribal Courts	2003		40	25	0	0	Results Not Demonstrated
Indian Employment & Training	2004		80	100	100	53	Moderately Effective
Post-Secondary Ed – Tribal Colleges	2004		100	75	78	26	Adequate
Road Maintenance	2004	2008	80	75	86	26	Adequate
BIA Dam Safety and Dam Maintenance	2005		80	100	88	78	Moderately Effective
BIA Housing Improvement Program	2005		40	12	72	27	Results Not Demonstrated
BIA Operation & Maintenance of Irrigation Projects	2005		80	12	57	16	Results Not Demonstrated
Economic Development Loan Guarantee	2005		100	62	89	33	Adequate
Human Services	2006		100	88	86	25	Adequate
Natural Resources	2006		100	88	100	26	Adequate
Real Estate Services	2006		80	38	100	20	Results Not Demonstrated





*Zuni Pueblo in 1903. The ladders are used during the day and pulled up at night for protection.  
For special occasions, many dances are performed in the small plaza shown.  
Courtesy of the Edward Curtis Collection.*





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## A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

In FY 2008, the Independent Auditors issued the eleventh consecutive “unqualified opinion” on IA’s annual financial statements. This again represents a significant accomplishment for both the programmatic and administrative operations in the IA organization and is one which is not taken lightly. Our ongoing commitment to meet the challenge of maintaining and improving financial management integrity within IA continues to support IA’s mission related to American Indians and Alaska Natives.

During 2008, IA’s financial management organization continued to strengthen and develop its most important asset – its people. A continued emphasis was placed on developing and enhancing both technical and interpersonal skills for all Office of the Chief Financial Officer (OCFO) employees in both the central and regional offices. Internal assessments were performed as part of our OMB Circular A-123 internal control reviews, and processes were also externally reviewed as part of the annual financial audit. Partnering within the OCFO functional areas and with the programs resulted in improved communications, data integrity, and performance. Ensuring that sound internal controls are in place in all organizational processes continues to be our most critical goal.

The internet reconnect provided us with a valuable tool and one which will continue to allow us to improve our

processes and stay abreast of current issues within federal financial management which may impact IA. We successfully implemented GovTrip (eTravel) throughout IA in 2008, and are looking forward to implementing other government-wide initiatives such as electronic collections and invoicing. Access to new technology tools allows us to keep our employees more involved in IA’s planned move to the Department’s new business management information system, and to improve information sharing in general.

The ongoing improvements within IA’s financial management organization, coupled with the technology now available to us through the internet has made 2008 an exciting, yet challenging, year for us. I recognize the ongoing need to move forward and continue to strive for excellence, while not forgetting that we need to ensure we maintain the foundation which we have built. I am again confident that our employees recognize this challenge and remain committed to their part in improving the lives of American Indians and Alaska Natives.

Grayford Payne  
Chief Financial Officer – Indian Affairs



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## FINANCIAL STATEMENTS

This part of the Financial section contains our required Financial Statements and Notes to the Financial Statements.

Contents include:

- >> Consolidated Balance Sheets
- >> Consolidated Statements of Net Cost
- >> Consolidated Statements of Changes in Net Position
- >> Combined Statements of Budgetary Resources
- >> Notes to the Financial Statements



## INDIAN AFFAIRS Consolidated Balance Sheets as of September 30, 2008 and 2007 (dollars in thousands)

	FY 2008	FY 2007
<b>ASSETS</b>		
<b>Intragovernmental Assets:</b>		
Fund Balance with Treasury (Note 2)	\$ 1,431,668	\$ 1,468,149
Investments, Net (Note 3)	67,342	74,456
Accounts and Interest Receivable (Note 4)	17,959	17,871
Other:		
Advances and Prepayments	1,176	2,824
<b>Total Intragovernmental Assets</b>	<b>1,518,145</b>	<b>1,563,300</b>
Cash (Note 3)	15	236
Investments, Net (Note 3)	25	30
Accounts and Interest Receivable, Net (Note 4)	19,619	26,626
Loans and Interest Receivable, Net (Note 5)	19,382	20,635
General Property, Plant and Equipment, Net (Note 6)	1,738,756	1,593,537
Other:		
Advances and Prepayments	38,922	48,740
<b>TOTAL ASSETS (Note 7)</b>	<b>\$ 3,334,864</b>	<b>\$ 3,253,104</b>
Stewardship Assets (Note 8)		
<b>LIABILITIES</b>		
<b>Intragovernmental Liabilities:</b>		
Accounts Payable	\$ 10,533	\$ 8,767
Debt (Note 9)	7,905	8,329
Other:		
Accrued Employee Benefits	27,001	30,283
Advances and Deferred Revenue	99,421	74,388
Deposit Funds	130	186
Judgment Fund (Note 10)	129,524	129,455
Resources Payable to Treasury (Note 11)	11,896	12,743
Other Miscellaneous Liabilities	12,031	84,358
<b>Total Intragovernmental Liabilities</b>	<b>298,441</b>	<b>348,509</b>
Accounts Payable	59,659	47,450
Loan Guarantee Liability (Note 5)	36,180	41,434
Federal Employees Compensation Act Actuarial Liability	99,084	110,565
Environmental and Disposal Liabilities (Note 10, 12)	33,930	39,621
Other:		
Accrued Payroll and Benefits	20,939	16,981
Unfunded Annual Leave	21,748	25,774
Advances and Deferred Revenue	2,385	3,169
Deposit Funds	23,696	15,381
Contingent Liabilities (Note 10)	85,087	16,137
Grants Payable	35,312	11,825
Other Miscellaneous Liabilities	30,682	37,815
<b>TOTAL LIABILITIES (Note 13)</b>	<b>747,143</b>	<b>714,661</b>
Commitments and Contingencies (Note 10, 12, 14)		
<b>NET POSITION</b>		
Unexpended Appropriations - Other Funds	1,170,855	1,231,396
Cumulative Results of Operations - Earmarked Funds (Note 15)	310,716	283,793
Cumulative Results of Operations - Other Funds	1,106,150	1,023,254
<b>Total Net Position</b>	<b>2,587,721</b>	<b>2,538,443</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 3,334,864</b>	<b>\$ 3,253,104</b>

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



## INDIAN AFFAIRS Consolidated Statements of Net Cost for the fiscal years ended September 30, 2008 and 2007 (dollars in thousands)

	FY 2008	FY 2007
<b>MISSION: SERVING COMMUNITIES</b>		
<b>End Outcome Goal: Improve Protection of Lives, Resources and Property</b>		
Costs	\$ 32,259	\$ 29,896
Less: Earned Revenue	4	9
<b>Net Cost</b>	<b>32,255</b>	<b>29,887</b>
<b>End Outcome Goal: Fulfill Indian Fiduciary Trust Responsibilities</b>		
Costs	520,547	591,559
Less: Earned Revenue	115,731	107,813
<b>Net Cost</b>	<b>404,816</b>	<b>483,746</b>
<b>End Outcome Goal: Advance Quality Communities for Tribes and Alaska Natives</b>		
Costs	2,219,235	1,990,278
Less: Earned Revenue	311,730	249,272
<b>Net Cost</b>	<b>1,907,505</b>	<b>1,741,006</b>
<b>TOTAL MISSION: SERVING COMMUNITIES</b>		
Costs	2,772,041	2,611,733
Less: Earned Revenue	427,465	357,094
<b>Net Cost</b>	<b>2,344,576</b>	<b>2,254,639</b>
<b>MISSION: RESOURCE PROTECTION</b>		
<b>End Outcome Goal: Protect Cultural and Natural Heritage Resources</b>		
Costs	1,057	802
Less: Earned Revenue	-	-
<b>Net Cost</b>	<b>1,057</b>	<b>802</b>
<b>TOTAL</b>		
Costs	2,773,098	2,612,535
Less: Earned Revenue	427,465	357,094
<b>Net Cost of Operations (Note 16)</b>	<b>\$ 2,345,633</b>	<b>\$ 2,255,441</b>

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



## INDIAN AFFAIRS Consolidated Statements of Changes in Net Position for the fiscal years ended September 30, 2008 and 2007 (dollars in thousands)

	FY 2008			FY 2007		
	Earmarked (Note 15)	All Other	Consolidated	Earmarked (Note 15)	All Other	Consolidated
<b>UNEXPENDED APPROPRIATIONS</b>						
Beginning Balance	\$ -	\$ 1,231,396	\$ 1,231,396	\$ -	\$ 1,301,674	\$ 1,301,674
<b>Budgetary Financing Sources</b>						
Appropriations Received, General Funds	-	2,339,219	2,339,219	-	2,324,930	2,324,930
Appropriations Transferred In/(Out)	-	40,401	40,401	-	(18,831)	(18,831)
Appropriations-Used	-	(2,403,851)	(2,403,851)	-	(2,376,377)	(2,376,377)
Other Adjustments	-	(36,310)	(36,310)	-	-	-
<b>Net Change</b>	-	(60,541)	(60,541)	-	(70,278)	(70,278)
<b>Ending Balance - Unexpended Appropriations</b>	<b>\$ -</b>	<b>\$ 1,170,855</b>	<b>\$ 1,170,855</b>	<b>\$ -</b>	<b>\$ 1,231,396</b>	<b>\$ 1,231,396</b>
<b>CUMULATIVE RESULTS OF OPERATIONS</b>						
Beginning Balance	\$ 283,793	\$ 1,023,254	\$ 1,307,047	\$ 281,173	\$ 849,167	\$ 1,130,340
<b>Budgetary Financing Sources</b>						
Appropriations-Used	-	2,403,851	2,403,851	-	2,376,377	2,376,377
Non-Exchange Revenue	(45)	(37)	(82)	102	(134)	(32)
Transfers In/(Out) without Reimbursement	-	(8,023)	(8,023)	-	(10,584)	(10,584)
Donations and Forfeitures of Cash and Cash Equivalents	60	-	60	3,450	-	3,450
<b>Other Financing Sources</b>						
Donations and Forfeitures of Property	-	59	59	-	609	609
Transfers In/(Out) without Reimbursement	-	38	38	(108)	(72,654)	(72,762)
Imputed Financing from Costs Absorbed by Others (Note 17)	1,685	59,158	60,843	1,316	133,774	135,090
Other Non-Budgetary Financing Sources	-	(1,294)	(1,294)	-	-	-
<b>Total Financing Sources</b>	<b>1,700</b>	<b>2,453,752</b>	<b>2,455,452</b>	<b>4,760</b>	<b>2,427,388</b>	<b>2,432,148</b>
<b>Net Cost of Operations</b>	<b>25,223</b>	<b>(2,370,856)</b>	<b>(2,345,633)</b>	<b>(2,140)</b>	<b>(2,253,301)</b>	<b>(2,255,441)</b>
<b>Net Change</b>	<b>26,923</b>	<b>82,896</b>	<b>109,819</b>	<b>2,620</b>	<b>174,087</b>	<b>176,707</b>
<b>Ending Balance - Cumulative Results of Operations</b>	<b>\$ 310,716</b>	<b>\$ 1,106,150</b>	<b>\$ 1,416,866</b>	<b>\$ 283,793</b>	<b>\$ 1,023,254</b>	<b>\$ 1,307,047</b>
<b>TOTAL NET POSITION</b>	<b>\$ 310,716</b>	<b>\$ 2,277,005</b>	<b>\$ 2,587,721</b>	<b>\$ 283,793</b>	<b>\$ 2,254,650</b>	<b>\$ 2,538,443</b>

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



## INDIAN AFFAIRS Combined Statements of Budgetary Resources for the fiscal years ended September 30, 2008 and 2007 (dollars in thousands)

	Total Budgetary Accounts		Financing Accounts	
	2008	2007	2008	2007
<b>Budgetary Resources:</b>				
Unobligated balance, beginning of Fiscal Year:	\$ 807,110	\$ 643,489	\$ 101,248	\$ 108,193
Recoveries of prior year unpaid obligations	48,858	111,341	-	-
Budget Authority				
Appropriation	2,452,171	2,432,409	-	-
Borrowing Authority	-	-	1,300	-
Spending authority from offsetting collections				
Earned				
Collected	311,801	242,215	16,504	28,724
Change in receivables from Federal sources	252	8,117	61	-
Change in unfilled customer orders				
Advance received	25,128	(15,912)	-	-
Without advance from Federal sources	(106,793)	127,377	-	-
Total Budget Authority	2,682,559	2,794,206	17,865	28,724
Nonexpenditure transfers, net	40,401	(18,437)	-	-
Permanently not available	(37,680)	(4,951)	(1,785)	(21,386)
<b>Total Budgetary Resources (Note 18)</b>	<b>\$ 3,541,248</b>	<b>\$ 3,525,648</b>	<b>\$ 117,328</b>	<b>\$ 115,531</b>
<b>Status of Budgetary Resources:</b>				
Obligations incurred (Note 18):				
Direct	\$ 2,506,410	\$ 2,470,379	\$ 77,041	\$ 14,283
Reimbursable	327,745	248,159	-	-
Total Obligations incurred	2,834,155	2,718,538	77,041	14,283
Unobligated balance available (Note 18):				
Apportioned	600,812	713,912	2,798	101,248
Total Unobligated balance available	600,812	713,912	2,798	101,248
Unobligated balance not available (Note 18)	106,281	93,198	37,489	-
<b>Total Status of Budgetary Resources</b>	<b>\$ 3,541,248</b>	<b>\$ 3,525,648</b>	<b>\$ 117,328</b>	<b>\$ 115,531</b>
<b>Change in Obligated Balance:</b>				
Obligated balance, net				
Unpaid obligations, brought forward, beginning of Fiscal Year	\$ 839,849	\$ 878,559	\$ 3	\$ -
Less: Uncollected customer payments from Federal sources, brought forward, beginning of Fiscal Year	(224,029)	(88,536)	-	-
Total unpaid obligated balances, net, beginning of Fiscal Year	615,820	790,023	3	-
Obligations incurred, net	2,834,155	2,718,538	77,041	14,283
Less: Gross outlays	(2,783,504)	(2,645,906)	(76,983)	(14,280)
Less: Recoveries of prior year unpaid obligations, actual	(48,858)	(111,341)	-	-
Change in uncollected customer payments from Federal sources	106,541	(135,494)	(61)	-
Total, unpaid obligated balance, net, end of period	\$ 724,154	\$ 615,820	\$ -	\$ 3
<b>Obligated Balance, net, end of period - by component:</b>				
Unpaid obligations	\$ 841,641	\$ 839,849	\$ 61	\$ 3
Less: Uncollected customer payments from Federal sources	(117,487)	(224,029)	(61)	-
Total, unpaid obligated balance, net, end of period	\$ 724,154	\$ 615,820	\$ -	\$ 3
<b>Net Outlays:</b>				
Net Outlays				
Gross outlays	\$ 2,783,504	\$ 2,645,906	\$ 76,983	\$ 14,280
Less: Offsetting collections	(336,929)	(226,303)	(16,504)	(28,724)
Less: Distributed Offsetting receipts	(185,046)	(116,639)	-	-
Net Outlays (Receipts)	\$ 2,261,529	\$ 2,302,964	\$ 60,479	\$ (14,444)

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



## NOTES TO THE FINANCIAL STATEMENTS

September 30, 2008 and September 30, 2007

### NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Reporting Entity

IA is part of DOI. IA is primarily responsible for the administration of federal programs for federally recognized Indian tribes and for carrying out the trust responsibilities emanating from treaties, the U.S. Constitution, laws, court decisions and other agreements with American Indians and Alaska Natives.

The accompanying financial statements of IA include all appropriated funds obtained through the DOI. They do not contain trust funds, trust deposit funds, or clearing accounts that are maintained by the Office of Trust Funds Management (OTFM), a non-IA program operated by the DOI. However, IA has fiduciary responsibility and performs Trust processing for the OST for American Indians.

#### (b) Basis of Presentation

These financial statements have been prepared to report the financial position, the net cost of operations, the changes in net position and the status and availability of budgetary resources, consistent with 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 IA in accordance with U.S. GAAP using guidance issued by the Federal Accounting Standards Advisory Board (FASAB), the OMB, the DOI, and IA's accounting policies summarized in this note. These financial statements present proprietary and budgetary information, while other financial reports prepared by IA pursuant to the OMB directives, are used to monitor and control IA's use of federal budgetary resources.

In accordance with OMB Circular A-136, *Financial Reporting Requirements*, the Consolidated Balance Sheets, Consolidated Statements of Net Cost, Consolidated Statements of Changes in Net Position, and associated notes are presented on a comparative basis with the prior year. The Combined Statements of Budgetary Resources are presented on a combined rather than consolidated basis, which means that intra-entity eliminations were not made. Intra-entity transactions have been eliminated for financial statements presented on a consolidated basis

#### (c) Basis of Accounting

Financial transactions reflected in the Consolidated Balance Sheets, Consolidated Statements of Net Cost, and Consolidated Statements of Changes in Net Position are recorded on an accrual basis of accounting. Financial transactions reflected in the Combined Statements of Budgetary Resources are reported on a budgetary basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The budgetary accounting method facilitates compliance with legal requirements and mandated controls over the use of federal funds. It generally differs from the accrual basis of accounting in that obligations are recognized when new orders are placed, contracts awarded, or services received, that will require payments during the same or future period. IA's Reconciliation of Net Cost of Operations to Budget (formerly the Statement of Financing) reconciles differences between the budgetary and accrual basis of accounting. See Note 19 for further discussion.

#### (d) Revenues and Financing Sources

**APPROPRIATIONS/APPROPRIATIONS-USED:** Most of IA's operating funds are provided by the budget authority within congressional appropriations. IA receives appropriations on an annual, multi-year, and no-year basis. Upon expiration of an annual or multi-year appropriation, the obligated and unobligated balances retain their fiscal year identity. Expired unobligated balances are maintained separately within an expired account. Unobligated balances for expired





funds can be used to make adjustments to existing obligations, but are otherwise not available for any new obligations except in certain cases relating to Indian Trust management and reform activities. In such cases, unobligated balances from prior appropriations made under the same headings are available for expenditure or transfer. Annual and multi-year appropriations are canceled at the end of the fifth year after expiration. No-year appropriations do not expire. Appropriations of budget authority are recognized as used when goods and services are received, benefits provided, or grants are disbursed.

**REAPPROPRIATIONS/BALANCE TRANSFERS:** IA is authorized to transfer the balances of certain expired funds at the end of the FY in which they expire. Balances that expire for appropriations 14202100, Operation of Indian Programs, and 14202628, Guaranteed Loans – Program account, can be re-appropriated or transferred, respectively, into an unexpired appropriation 14202100.

**APPROPRIATIONS TRANSFERS - IN (OUT):** IA is provided financing through transfers from the Bureau of Land Management (BLM), DOI's Office of the Secretary, FHWA, Department of Labor (DOL), Department of Health and Human Services (HHS), and Department of Agriculture (USDA). IA also transfers funds to the Bureau of Reclamation (BOR). Intragovernmental transfers of budget authority (i.e., appropriated funds), or assets without reimbursement, are recorded at book value.

**EXCHANGE AND NON-EXCHANGE REVENUE:** IA classifies revenue as either exchange revenue or non-exchange revenue. Exchange revenue is derived from transactions in which both parties, IA and the public or other governmental entity, receive value. They include fees collected for utilities, IA's education and school lunch programs, construction operations, and the rental of equipment. Reimbursable agreements with ED, which offset the cost of tribal and IA-operated schools, are recognized as exchange revenue. Exchange revenue presented on IA's Consolidated Statements of Net Cost serves to reduce the reported cost of operations.

Non-exchange revenue is derived from the government's sovereign right to demand payment, including fines for late payment of loans. Non-exchange revenue is recognized when a specifically identifiable, legally enforceable claim to resources arises, and to the extent that collection is probable and the amount is reasonably estimable. These revenues are not considered in reducing IA's operating costs and are therefore reported on the Consolidated Statements of Changes in Net Position.

OMB Circular A-25 and the Statement of Federal Financial Accounting Standards (SFFAS) No. 4 require federal agencies to assess a burden rate (user charge) on reimbursable contracts and agreements, where agencies act in the capacity of a service provider. The burden rate allows federal agencies to recover their full cost of providing services to customers. In order to comply with these requirements, IA initiated, effective October 1, 2006, the inclusion of a burden rate on all new reimbursable contracts and agreements where it is the provider of services with the exception of: (a) Education agreements initiated through the BIE pursuant to Section 9204 of P.L.107-110 and the No Child Left Behind Act of 2001; (b) Office of Self Governance and the OIS' Division of Self-Determination Services who administer compacts, contracts, and grants awarded pursuant to P.L.93-638; (c) the Federal-Aid Highway Program: P.L.109-59, SAFETEA-LU; (d) Grants awarded to the BIE by other federal agencies or state institutions to support BIE programs; (e) Funds received by BIE from state agencies for the administration of the Food Services Program; (f) Funds received from a tribal government; (g) Intra-agency/Interagency Personnel Agreements where the sole purpose is to detail an IA employee to another federal agency, or to a state or local government agency; (h) Emergency supplemental agreements - Agreements involving emergency appropriations; (i) Wildfire Management-Fire presuppression reimbursements received under national presuppression agreements or agencies participating in presuppression work; (j) Construction agreements whereby the project is for the benefit of the tribe/school or the end unit becomes the ownership of IA at the completion of the project; (k) Indian Arts and Crafts Board (IACB); and (l) Cost shared administrative support agreements between IA and other federal agencies which include shared space and equipment.



**IMPUTED FINANCING FROM COSTS ABSORBED BY OTHERS:** In certain cases, operating costs of IA are paid for by funds appropriated to other federal entities. For example, the Office of Personnel Management (OPM) pays for pension benefits for most IA employees. Certain legal judgments against IA are paid from the Judgment Fund maintained by Treasury. The OMB limits imputed costs to be recognized by federal entities to the following: (1) employees' pension benefits; (2) health insurance, life insurance, and other benefits for retired employees; (3) other post employment benefits for retired, terminated, and inactive employees, including severance payments, training and counseling, continued health care, and unemployment and workers' compensation under FECA; and (4) losses in litigation proceedings. IA reports applicable imputed costs on the Consolidated Statements of Net Cost. See Note 17 for further discussion.

**RESCISSIONS:** Occasionally, the Congress passes legislative action to permanently cancel portions of budgetary resources.

**(e) Assets**

Assets presented on IA's Consolidated Balance Sheets include both entity and non-entity balances. Entity assets are assets that IA has authority to use in its operations. Non-entity assets are held and managed by IA, but are not available for use in its operations. Intragovernmental assets arise from transactions between IA and other federal entities.

**(f) Fund Balance with Treasury**

Fund Balance with Treasury represents un-disbursed balances remaining as of fiscal year-end from which IA is authorized to make expenditures and pay liabilities resulting from operational activity, except as restricted by law. Fund Balance with Treasury includes funds received from direct appropriations, contract authority, transfers, offsetting receipts and funds held in budget clearing accounts.

**(g) Investments, Net**

IA is authorized by law to invest irrigation and power receipts in Treasury and public securities (these consist of both marketable and overnight investments). Public securities consist of two mortgage instruments (an additional mortgage instrument matured during FY 2007). A Treasury note issued by NationBanc Montgomery matured in May of 2008. Mortgage instruments are with the Federal Home Loan Mortgage Corporation and the Government National Mortgage Association. IA invests excess operating funds for an overnight term through the U.S. Treasury Federal Investment Program. These overnight investments offer the benefit of earning interest on idle irrigation and power receipts during non-business hours. A nightly sweep transitions excess funds from IA to an interest bearing Treasury account. The funds earn interest while held by Treasury, and transition back to IA at the start of the next business morning to ensure their availability for IA use. Investments are reported on the Consolidated Balance Sheets at cost, net of amortized premiums or discounts, if any. IA intends to hold investments to maturity unless they are needed to finance claims or otherwise sustain the operations of IA.

**(h) Accounts and Interest Receivable, Net**

Accounts receivable consist of billed and unbilled amounts owed to IA by other federal agencies and the public. Unbilled receivables are amounts that have not been billed to the federal agencies and the public. Amounts due from federal agencies arise from work performed under reimbursable agreements by IA for the benefit of other federal agencies. These amounts are considered fully collectible. Accounts receivable from the public include amounts for various programs, including fees for irrigation and power services. Receivables due from the public are stated net of an allowance for estimated uncollectible amounts, which are determined by IA's ability to collect delinquent debt and an analysis of aged receivable activity.

**(i) Loans and Interest Receivable, Net**

Loans are accounted for as receivables after the funds have been disbursed. Direct loans made prior to October 1, 1991 are stated net of an allowance for estimated uncollectible amounts. Direct loans obligated on or after October 1, 1991 are stated



net of an allowance for estimated uncollectible amounts, which is equal to the present value of the subsidy costs. Interest income is recorded quarterly based on lending rates.

Credit reform legislation authorizes IA to borrow from the Treasury the amount of a direct loan disbursement, less the subsidy. In the case of the guaranteed loan financing, IA may borrow to meet default claims in excess of its cash balances expected from collections and subsidy costs. Credit subsidy costs represent the estimated long-term cost to the government of direct loans or loan guarantees calculated on a net present value basis, excluding administrative costs. The Direct and Guaranteed Loan Programs are authorized to use loan repayments to retire borrowings from the Treasury; to pay guaranteed loan default claims, interest on borrowing, and interest supplements (Guarantee Loan Program only) to participating banks; and to close pre-1992 direct loan accounts.

Note 5 provides additional information on Loans and Interest Receivable, Net.

#### **(j) Property, Plant, and Equipment, Net**

PP&E consists of land and land rights, buildings and improvements, facilities and structures, furniture and equipment, CIP, and software purchased or developed for internal use. Land easements and rights-of-way purchased for maintenance of roads on Trust property are expensed as incurred. Land easements and rights-of-way purchased for power and irrigation activities are capitalized at acquisition cost. All costs related to roads, bridges, trails, land and land rights on Trust property are expensed as incurred. There are no restrictions on the use or convertibility of PP&E.

IA capitalizes PP&E purchases with an acquisition cost in excess of \$15,000 for personal property, \$100,000 for buildings, improvements, facilities and other structures, and \$100,000 for software. Depreciation and amortization are computed using the straight-line method over the assets' useful lives or average expected useful lives, ranging from 3 to 25 years for furniture, equipment, and software. Buildings, improvements, production plants, and other structures' useful lives range from 15 to 100 years. Amortization of capitalized software begins on the date of acquisition if purchased, or when the module or component has been successfully tested if developed internally. Leasehold improvements are amortized and depreciated over the shorter of the lease occupancy term or the term of the tenant improvement allowance. Costs for construction projects are recorded as CIP until completed. IA begins to record depreciation expense once the asset has been placed in service.

IA leases the majority of its office space and vehicles from the General Services Administration (GSA). GSA rates are comparable to commercial lease rates for similar properties and vehicles.

#### **(k) Other Assets**

Other assets consist of prepayments and advances to others. Prepayments are expenditures that provide future benefits, and are often recurrent in nature, covering such items as rent, insurance, and supplies.

Advances to others are payments made in contemplation of the future performance of services, receipt of goods, incurrence of expenditures, or receipt of other assets. Advances to others consist primarily of amounts paid to tribes for future construction activities. IA records disbursements made to the tribes for the construction of IA owned assets as advances to others, with periodic adjustments made to CIP as work is performed (i.e., expenditures are incurred). All other disbursements to the tribes related to grants and contracts are recorded as expenses of IA at such time as the funds are disbursed to the tribes.

#### **(l) Liabilities**

Intragovernmental liabilities are claims against IA by other federal entities. Liabilities covered by budgetary or other resources are those liabilities for which Congress has appropriated funds or other resources (funding from receivables



and offsetting receipts). Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds or other resources. The liquidation of liabilities not covered by budgetary or other resources is dependent on future congressional appropriations or other resources. Liabilities resulting from Indian Self-Determination Contract Agreements are recognized at the time a tribe requests the disbursement. All other liabilities are recognized as goods or services are provided to IA.

**(m) Advances, Deferred Revenue, and Deposit Fund Liabilities**

IA receives an advance of funds for reimbursable work performed for other federal agencies and the public. Advances from others and deferred revenue are recognized when the funds are received. Revenue is recognized when reimbursable costs are incurred, and the “Advances from others” balance is decreased accordingly. The most significant portion of “Advances from others” is for reimbursable agreements with ED, where IA is reimbursed for the expenditures incurred related to tribal and IA-operated schools.

The Deposit Fund Liabilities balance includes the liability for funds associated with the Non-Trust Deposits and Bids for Indian Lands (14X6053) which are bids held in escrow until the winning bid is determined and Small Escrow Deposits (14X6501.020) which represent deposits for utility services.

**(n) Accrued Payroll and Benefits**

Accrued payroll and benefits represent amounts for annual leave, compensatory time, and other leave time. A significant amount of the accrual is presented as a component of liabilities not covered by budgetary resources on the Consolidated Balance Sheets, and is adjusted for changes in compensation rates and reduced for annual leave taken. Sick leave is expensed when taken.

**(o) Retirement Plans**

**CIVIL SERVICE RETIREMENT SYSTEM (CSRS) AND FEDERAL EMPLOYEES RETIREMENT SYSTEM (FERS):** Most employees of IA elect into either the CSRS or FERS defined-benefit pension plans (depending on the employee hire date). FERS went into effect on January 1, 1987. FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 could elect to either join FERS and Social Security, or remain in the CSRS.

IA is not responsible for and does not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. The OPM administers the plans, is responsible for, and reports these amounts.

**THRIFT SAVINGS PLAN (TSP):** Employees covered by CSRS and FERS are eligible to contribute to the U.S. government’s TSP, administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS-covered employees, and IA makes a mandatory contribution of one percent of basic pay. FERS-covered employees are entitled to contribute an unlimited percentage of basic pay to their TSP account, provided the percentage does not result in exceeding the IRS annual cap amount of \$15,500 for 2008. IA makes matching contributions up to four percent of basic pay. Employees covered by CSRS are also entitled to contribute up to \$15,500 to their TSP account. However, IA makes no matching contributions for CSRS-covered employees.

**FEDERAL EMPLOYEES HEALTH BENEFIT (FEHB) AND FEDERAL EMPLOYEES GROUP LIFE INSURANCE (FEGLI)**

**PROGRAMS:** As required by SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, IA recognizes an expense and imputed financing source for the annualized unfunded portion of post-retirement benefits for employees covered by these programs. The expense represents IA’s share of the current and estimated future outlays for employee health and life insurance. The imputed financing source represents the annual service cost not paid by IA. IA uses applicable cost factors as determined by OPM actuaries to compute an amount for current period reporting.



**(p) Workers' Compensation**

A liability is recorded for estimated future payments to be made for workers' compensation pursuant to the FECA. The FECA program is administered by the DOL, which initially pays valid claims and subsequently seeks reimbursement from federal agencies employing the claimants. A reimbursement to the DOL on payments made occurs approximately two years subsequent to the actual disbursement. Budgetary resources for this Intragovernmental liability are made available to IA as part of its annual appropriation from Congress in the year in which the reimbursement to the DOL takes place. Additionally, the liability estimate includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. Based on information provided by the DOL, the DOI allocates the actuarial liability to its bureaus and departmental offices based on the payment history for those entities. The estimated liability is not covered by budgetary resources and will require future funding.

**(q) Contingent Liabilities, and Environmental and Disposal Liabilities**

A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. IA recognizes a contingent liability when a past event or exchange transaction has occurred, and a future outflow or other sacrifice of resources is measurable and probable. A contingency is disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are not met, and when the chance of the future confirming event or events occurring is more than remote.

IA does not record a liability for environmental and disposal costs on non-IA owned land where IA did not cause or contribute to the contamination, without first conducting a legal review of the matter. Further, IA will not record an environmental and disposal liability for the estimated remediation or abatement of certain building materials, such as asbestos, lead-based paint, and polychlorinatedbiphenols (PCBs) unless and until the materials become friable or otherwise capable of causing contamination.

Changes in environmental and disposal cost estimates are recognized prospectively and developed in accordance with Departmental policy, which addresses systematic processes for cost estimating including third-party estimates. Changes in environmental disposal cost estimates are based on progress made in, and revision of, the disposal plans, assuming current technology, laws and regulations. A 3.946% inflation factor is applied to prior estimates.

Notes 10 and 12 provide additional information regarding other contingent liabilities and environmental and disposal liabilities.

**(r) Intragovernmental Debt**

Intragovernmental debt consists primarily of notes payable to the Treasury related to borrowings to fund the Credit Reform Loan Program. See full discussion regarding loans and the related notes payable to Treasury in Note 1 (i), Note 5 and Note 9.

**(s) Unexpended Appropriations**

Unexpended appropriations represent the net budget authority from appropriations that have not yet been used. IA recognizes appropriations received as "Unexpended Appropriations" even if a Treasury Warrant has not yet been received, or the amount has not been fully apportioned. IA reduces unexpended appropriations as expenditures are made, and also adjusts for other changes in budgetary resources, such as rescissions and transfers. The net increase or decrease in unexpended appropriations for the year is recognized by IA as a change in net position and reported on the Consolidated Statements of Changes in Net Position.



**(t) Offsetting Receipts**

Offsetting Receipts are cash collections resulting from business-type activities that are credited to the offsetting receipt accounts, and deducted from gross budget authority and outlays, rather than added to receipts. The receipts types are Intra-budgetary Receipts deducted by IA and Proprietary Receipts from the Public.

**(u) Use of Estimates**

Management has made certain estimates and assumptions in the reporting of assets, liabilities, revenues, expenses, obligations incurred, spending authority from offsetting collections, and in the footnote disclosures. Actual results could differ from these estimates. Significant estimates in the accompanying financial statements include the Accounts Payable, Loan Guarantee Liability, Environmental and Disposal Liabilities, Allowance for Doubtful Accounts, Depreciation and Amortization, Grants payable and Contingent Liabilities.

**(v) Taxes**

IA, as a federal agency, is not subject to federal, state, or local income taxes and, accordingly, no provision for income taxes has been recorded in the accompanying Financial Statements.

**(w) Reclassifications**

IA has reclassified certain FY 2007 balances in both the Financial Statements and the footnotes to be consistent with the current year presentation.

**(x) Earmarked Funds**

Earmarked funds are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes, and must be accounted for separately from IA's general revenues. The funds include Power, Irrigation, and Other.

The detailed disclosure for FY 2008 and FY 2007 is contained in Note 15.

**(y) Change in Accounting Principle / Parent/Child Reporting**

IA 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 of its authority to obligate budget authority and outlay funds to another department or federal agency. A separate fund account (allocation account) is created in the 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 subsequent 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. Only parent entities will report this financial activity in their financial statements. IA's parent entities reported activity in their financial statements in FY 2008 and FY 2007. These entities include; DOT, DOL, HHS, USDA, BLM, and the DOI Office of the Secretary (OS). Finally, IA reported financial activity as the Parent entity to the BOR in FY 2008 and FY 2007.



## NOTE 2: FUND BALANCE WITH TREASURY

IA's Fund Balance with Treasury as of September 30, 2008 and September 30, 2007 are summarized as follows:

### Fund Balance with Treasury by Fund Type

<i>(dollars in thousands)</i>	<b>FY 2008</b>	<b>FY 2007</b>
General Funds	\$ 1,341,543	\$ 1,325,777
Special Funds	19,102	18,743
Trust Funds	3,045	3,450
Other Fund Types:		
Credit-Related Funds	40,289	101,251
Deposit & Clearing and Pre-Credit Reform Accounts	27,689	18,928
<b>Total Fund Balance with Treasury by Fund Type</b>	<b>\$ 1,431,668</b>	<b>\$ 1,468,149</b>

IA maintains balances with Treasury by fund type. The fund types and purposes are described below:

**GENERAL FUNDS** – These funds consist of appropriations and other receipts not earmarked by law for a specific purpose, and the related expenditures of those funds.

**SPECIAL FUNDS** – These funds are credited with receipts from special sources that are earmarked by law for a specific purpose. When collected, these receipts are available immediately for expenditure for special programs such as Operation and Maintenance of Quarters, Indian Irrigation and Power Systems, and the Alaska Re-supply Program.

**TRUST FUNDS** – This fund accounts for the cash donation received for a specified purpose in the Education program.

#### OTHER FUND TYPES:

>> **Credit-Related Funds** - These funds account for cash flows to and from the government resulting from direct and guaranteed loan activity of IA for loans, which occurred after enactment of the Federal Credit Reform Act of 1990. The programs provide guaranteed loans to Indian tribes and organizations, individual Indians, and Alaska Natives for economic development purposes. The large decrease in the balance in this fund type is due to the transfer in FY 2008 to Treasury for the downward reestimate accrued in FY 2007.

>> **Deposit and Clearing and Pre-Credit Reform Accounts** - These include miscellaneous receipt accounts, transfer accounts, performance bonds, and deposit and clearing accounts maintained to account for receipts and disbursements awaiting proper classification.

The amounts in the Status of FBWT below differ from those presented in the Combined Statements of Budgetary Resources because of (1) budgetary resources supported by invested balances, and (2) amounts in deposit and budget clearing accounts.

The Status of FBWT as of September 30, 2008 and September 30, 2007 is summarized as follows:





**Status of Fund Balance with Treasury**

<i>(dollars in thousands)</i>	<b>FY 2008</b>	<b>FY 2007</b>
<b>Unobligated</b>		
Available	\$ 536,255	\$ 740,727
Unavailable	143,770	93,198
<b>Obligated Not Yet Disbursed</b>	724,154	615,824
Subtotal	1,404,179	1,449,749
<b>Fund Balance with Treasury Not Covered by Budgetary Resources</b>		
Clearing and Deposit Accounts	27,489	18,400
Subtotal	27,489	18,400
<b>Total Status of Fund Balance with Treasury</b>	<b>\$ 1,431,668</b>	<b>\$ 1,468,149</b>

The unobligated, unavailable fund balance represents amounts from appropriations for which the period of availability for obligation has expired.

**NOTE 3: INVESTMENTS, NET AND CASH**

Intragovernmental marketable securities consist of overnight investments with the Treasury. The overnight investments earn interest based on Treasury’s daily repo rate, which averaged 2.70% during the fiscal year ended September 30, 2008, and 5.10% during the fiscal year ended September 30, 2007.

The federal government does not set aside assets to pay future benefits or other expenditures associated with earmarked funds. The cash receipts collected from the public for an earmarked fund are deposited in the Treasury, which uses the cash for general government purposes. Treasury securities are issued to IA as evidence of its receipts.

Treasury securities provide IA with authority to draw upon the Treasury to make future benefit payments or other expenditures. When IA requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the government finances all other expenditures. For FY 2008 and FY 2007, amortization of investments was immaterial.



IA's investments, net as of September 30, 2008 and September 30, 2007 are summarized as follows:

FY 2008

<i>(dollars in thousands)</i>	<b>Cost- Net of Amortized Discount</b>	<b>Market Value Disclosure</b>
<b>U.S. Treasury Securities</b>		
Marketable	\$ 67,342	\$ 67,342
Total U.S. Treasury Securities	67,342	67,342
Accrued Interest	-	-
Total Non-Public Investments	67,342	67,342
<b>Public Securities</b>		
Marketable	25	25
Total Public Securities	25	25
Accrued Interest	-	-
Total Public Investments	25	25
	-	-
<b>Total Investments</b>	<b>\$ 67,367</b>	<b>\$ 67,367</b>

FY 2007

<i>(dollars in thousands)</i>	<b>Cost- Net of Amortized Discount</b>	<b>Market Value Disclosure</b>
<b>U.S. Treasury Securities</b>		
Marketable	\$ 74,419	\$ 74,456
Total U.S. Treasury Securities	74,419	74,456
Accrued Interest	37	-
Total Non-Public Investments	74,456	74,456
<b>Public Securities</b>		
Marketable	30	30
Total Public Securities	30	30
Accrued Interest	-	-
Total Public Investments	30	30
	-	-
<b>Total Investments</b>	<b>\$ 74,486</b>	<b>\$ 74,486</b>



**Cash**

<i>(dollars in thousands)</i>	<b>FY 2008</b>	<b>FY 2007</b>
Cash Not Yet Deposited to Treasury	\$ -	\$ 221
Imprest Fund	15	15
<b>Total Cash</b>	<b>\$ 15</b>	<b>\$ 236</b>

**NOTE 4: ACCOUNTS AND INTEREST RECEIVABLE, NET**

Accounts and Interest Receivable, Net as of September 30, 2008 and September 30, 2007, are summarized as follows:

**Accounts and Interest Receivable from the Public**

<i>(dollars in thousands)</i>	<b>FY 2008</b>	<b>FY 2007</b>
Accounts and Interest Receivable from the Public		
Current	\$ 8,287	\$ 5,537
1-180 Days Past Due	6,544	7,390
181-365 Days Past Due	6,281	753
1 to 2 Years Past Due	1,626	3,565
Over 2 Year Past Due	4,001	13,638
Total Billed Accounts and Interest Receivable - Public	26,739	30,883
Unbilled Accounts and Interest Receivable	18,852	18,819
Total Accounts and Interest Receivable - Public	45,591	49,702
Allowance for Doubtful Accounts - Public	(25,972)	(23,076)
<b>Total Accounts and Interest Receivable - Public Net of Allowance</b>	<b>\$ 19,619</b>	<b>\$ 26,626</b>

**Accounts and Interest Receivable from Federal Agencies**

<i>(dollars in thousands)</i>	<b>FY 2008</b>	<b>FY 2007</b>
Accounts and Interest Receivable from Federal Agencies		
Billed	\$ 1	\$ 1
Unbilled	17,958	17,870
<b>Total Accounts and Interest Receivable - Federal</b>	<b>\$ 17,959</b>	<b>\$ 17,871</b>

Unbilled Receivables reflect work performed to date on agreements that will be billed in the future.

**NOTE 5: LOANS AND INTEREST RECEIVABLE, NET**

Loans and loan guarantees consist of the Indian Direct Loan Program (Credit Reform), Indian Loan Guarantee Program (Credit Reform), and Liquidating Fund for Loans (Pre- Credit Reform).



Direct loan obligations and loan guarantee commitments made prior to FY 1992, and the resulting direct loans or loan guarantees, are reported using the allowance for loss method. Under this method, the nominal amount of the direct loan is reduced by an allowance for uncollectible amounts, and the liability for loan guarantees is the amount the agency estimates will more likely than not require a future cash outflow to pay default claims.

Direct loan obligations and loan guarantee commitments made beginning in FY 1992, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act of 1990 (The Act). 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 basic balance of direct and assigned loans based on a 360 day year for pre-credit 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 pre-credit reform loans, the amount of interest and late fees receivable is reduced by an allowance for uncollectible amounts. For credit reform direct loans, the interest and late fees receivable are considered in the subsidy allowance account.

FY 1995 was the final year of funding for the Indian Direct Loan Program. Although funding ended, IA continues to receive collections on direct loans made in 1995 and earlier. The Indian Loan Guarantee Program continues to receive annual funding from Congress.

Included in the financial statements is a subsidy reestimate computed at the end of each FY. The amounts included in the financial statements are not reported in the budget until the following FY. Neither the amounts in loans receivables, net, nor the value of the assets related to direct loans disclosed in this report, are the same as the proceeds that would be expected from selling these loans.

In FY 2007, IA implemented the Balances Approach Reestimate Calculator (BARC) spreadsheet tool to calculate the subsidy reestimates. This approach was implemented based on OMB's recommendation. Per OMB, BARC is a more accurate tool in that it allows agencies to calculate reestimates by comparing the actual or estimated financing account balance for each cohort at the end of the year to the present value of future cash flows, essentially matching cohort assets and liabilities. Any difference between the balance and the net present value equaled the total reestimate amount. As a result of implementing the BARC tool in FY 2007, IA's downward reestimate fluctuated significantly.

#### **A. The Direct Loan and /or Loan Guarantee Programs**

- (i) **Indian Direct Loan Program (Credit Reform)** – IA made direct loans to an eligible individual, business, or tribe during FY 1992 through FY 1995.
- (ii) **Indian Loan Guarantee Program (Credit Reform)** – IA guaranteed loans made by private lenders to an eligible individual, business, or tribe after FY 1991.
- (iii) **Liquidating Fund for Loans (Pre-Credit Reform)** – IA made direct loans and guaranteed loans made by private lenders to an eligible individual, business, or tribe prior to FY 1992.



Loans and interest receivable, net of allowance for doubtful collection, for IA's loan programs as of September 30, 2008 and September 30, 2007 consist of:

**Notes and Interest Receivable, Net**

<i>(dollars in thousands)</i>	<b>FY 2008</b>	<b>FY 2007</b>
Direct Loans Obligated Prior to FY 1992	\$ 11,596	\$ 12,113
Direct Loans Obligated After FY 1991	7,220	7,913
Defaulted Guaranteed Loans from Pre-FY 1992 Guarantees	100	102
Defaulted Guaranteed Loans from Post-FY 1991 Guarantees	466	507
<b>Total Loans</b>	<b>\$ 19,382</b>	<b>\$ 20,635</b>

An analysis of loans receivable, loan guarantees, the liability for loan guarantees, the nature and amounts of the subsidy, and administrative costs associated with the direct loans and loan guarantees is provided in the following sections.

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

*(dollars in thousands)*

Indian Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans
<b>FY 2008</b>	\$ 10,436	\$ 1,777	\$ (617)	\$ 11,596
<b>FY 2007</b>	\$ 11,323	\$ 1,713	\$ (923)	\$ 12,113

**C. Direct Loans Obligated After FY 1991:**

*(dollars in thousands)*

Indian Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans
<b>FY 2008</b>	\$ 5,520	\$ 189	\$ 1,511	\$ 7,220
<b>FY 2007</b>	\$ 6,199	\$ 180	\$ 1,534	\$ 7,913

**D. Total Amount of Direct Loans Disbursed Post-1991:**

Funding for the Indian Direct Loan Program ended in FY 1995.



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

**Reestimates**

*(dollars in thousands)*

Indian Direct Loan Program	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
<b>FY 2008</b>	\$ (527)	\$ 693	\$ 166
<b>FY 2007</b>	\$ (2,628)	\$ (566)	\$ (3,194)

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

Funding for the Indian Direct Loan Program ended in FY 1995.

**G. Schedule for Reconciling Direct Loan Subsidy Cost Allowance Balances:**

Beginning Balance, Changes, and Ending Balance (Post-1991 Direct Loans)

*(dollars in thousands)*

	<b>FY 2008</b>	<b>FY 2007</b>
<b>Beginning Balance of the Subsidy Cost Allowance</b>	\$ (1,534)	\$ 4,928
Add Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:		
(a) Interest Rate Differential Costs	-	-
(b) Default Costs (net of recoveries)	-	-
(c) Fees and Other Collections	-	-
(d) Other Subsidy Costs	-	-
<b>Total of the Above Subsidy Expense Components</b>	-	-
Adjustments:		
(a) Loan Modifications	-	-
(b) Fees Received	-	-
(c) Foreclosed Property Acquired	-	-
(d) Loans Written Off	(18)	1,009
(e) Subsidy Allowance Amortization	(805)	104
(f) Other	680	(4,381)
<b>Ending Balance of the Subsidy Cost Allowance Before Reestimates</b>	(1,677)	1,660
Add or Subtract Subsidy Reestimates by Component:		
(a) Interest Rate Reestimate	(527)	(2,628)
(b) Technical/Default Re-estimate	693	(566)
<b>Total of the Above Reestimate Components</b>	166	(3,194)
<b>Ending Balance of the Subsidy Cost Allowance</b>	\$ (1,511)	\$ (1,534)



The allowance for subsidy account reflects the unamortized credit reform subsidy for direct loans. It appears in the financing fund of the direct loan program, and is subtracted from the loans receivable on the consolidated balance sheet.

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

*(dollars in thousands)*

Liquidating Fund for Loans	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FY 2008	\$ 2,287	\$ 1,059	\$ (3,246)	\$ 100
FY 2007	\$ 2,391	\$ 1,006	\$ (3,295)	\$ 102

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

*(dollars in thousands)*

Indian Direct Loan Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FY 2008	\$ 4,103	\$ 1,102	\$ (4,739)	\$ 466
FY 2007	\$ 4,447	\$ 1,245	\$ (5,185)	\$ 507





**J. Loan Guarantees:**

**Guaranteed Loans Outstanding as of September 30, 2008**

<i>(dollars in thousands)</i>	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
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
<b>Total</b>	<b>\$ 361,393</b>	<b>\$ 321,904</b>

**New Guaranteed Loans Disbursed in FYs 2008 and 2007**

*(dollars in thousands)*

	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Amount Paid in FY 2008 for Prior Years	\$ 47,081	\$ 42,373
Amount Paid in FY 2008 for 2008 Guarantees	18,672	16,804
<b>FY 2008 Total</b>	<b>\$ 65,753</b>	<b>\$ 59,177</b>
Amount Paid in FY 2007 for Prior Years	\$ 44,193	\$ 39,774
Amount Paid in FY 2007 for 2007 Guarantees	31,891	28,702
<b>FY 2007 Total</b>	<b>\$ 76,084</b>	<b>\$ 68,476</b>



**K. Liability for Loan Guarantees:**

**Liability for Loan Guarantees (Estimated Future Default Claims for Pre-1992 Guarantees)**

(dollars in thousands)

Indian Loan Guarantee Program	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Loan Guarantees for post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
FY 2008	\$ -	\$ 36,180	\$ 36,180
FY 2007	\$ -	\$ 41,434	\$ 41,434

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

**Subsidy Expense for New Loan Guarantees**

(dollars in thousands)

Indian Loan Guarantee Program	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
FY 2008	\$ 2,186	\$ 2,976	\$ (1,183)	\$ -	\$ 3,979
FY 2007	\$ 2,622	\$ 3,016	\$ (1,370)	\$ -	\$ 4,268

**Modifications and Reestimates**

(dollars in thousands)

Indian Loan Guarantee Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
FY 2008	\$ -	\$ (773)	\$ (3,344)	\$ (4,117)
FY 2007	\$ -	\$ (31,166)	\$ (25,548)	\$ (56,714)

**Total Indian Loan Guarantee Subsidy Expense**

(dollars in thousands)

	FY 2008	FY 2007
Indian Loan Guarantee Program	\$ (138)	\$ (52,446)

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

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

(dollars in thousands)

Indian Loan Guarantee Program	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
FY 2008	3.32%	5.04%	-1.80%	0.00%	6.56%
FY 2007	3.26%	4.99%	-1.80%	0.00%	6.45%



The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees 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.

**N. Schedule for Reconciling Loan Guarantee Liability Balances:**

**Beginning Balance, Adjustments and Ending Balance**

<i>(dollars in thousands)</i>	<b>FY 2008</b>	<b>FY 2007</b>
<b>Beginning Balance of the Loan Guarantee Liability</b>	\$ 41,434	\$ 92,380
Add Subsidy Expense for Guaranteed Loans Disbursed During the Reporting Years by Component:		
(a) Interest Supplemental Costs	2,186	2,622
(b) Default Costs (net of recoveries)	2,976	3,016
(c) Fees and Other Collections	(1,183)	(1,370)
(d) Other Subsidy Costs	-	-
<b>Total of the above Subsidy Expense Components</b>	<b>3,979</b>	<b>4,268</b>
Adjustments:		
(a) Loan Guarantee Modification	-	-
(b) Fees Received	996	1,805
(c) Interest Supplements Paid	(3,559)	(4,070)
(d) Foreclosed Property and Loans Acquired	-	-
(e) Claim Payments to Lenders	(101)	(1,540)
(f) Interest Accumulation on the Liability Balance	2,039	5,861
(g) Other (recovery, revenue, and prior period adjustments)	(4,491)	(556)
<b>Ending Balance of the Loan Guarantee Liability Before Reestimates</b>	<b>40,297</b>	<b>98,148</b>
Add or Subtract Subsidy Reestimates by Component:		
(a) Interest Rate Re-estimate	(773)	(31,166)
(b) Technical/Default Re-estimate	(3,344)	(25,548)
<b>Total of the Above Reestimate Components</b>	<b>(4,117)</b>	<b>(56,714)</b>
<b>Ending Balance of the Loan Guarantee Liability</b>	<b>\$ 36,180</b>	<b>\$ 41,434</b>

The loan guarantee liability account is the financing fund for loan guarantee programs. It represents the expected present value of cash flows to and from the government from loan guarantees. The initial transaction transfers the subsidy monies from the program fund to the financing fund.



## OTHER FEDERAL CREDIT REFORM INFORMATION

### O. Administrative Expense

<i>(dollars in thousands)</i>	FY 2008	FY 2007
Indian Loan Guarantee Program	\$ 1,336	\$ 1,199

## NOTE 6: PROPERTY, PLANT, AND EQUIPMENT, NET

PP&E balances as of September 30, 2008, are summarized as follows:

<i>(dollars in thousands)</i>	Acquisition Cost	Accumulated Depreciation	Net Book Value FY 2008
Land and Land Improvements	\$ 83,313	\$ 31,447	\$ 51,866
Buildings	1,461,662	697,497	764,165
Structures and Facilities	1,100,912	626,158	474,754
Leasehold Improvements	25,420	8,504	16,916
Construction in Progress			
Construction in Progress - General	367,310	-	367,310
Construction in Progress in Abeyance	2	-	2
Equipment, Vehicles, and Aircraft	198,802	137,112	61,690
Internal Use Software:			
In Use	2,163	1,550	613
In Development	1,440	-	1,440
<b>Total Property, Plant, and Equipment</b>	<b>\$ 3,241,024</b>	<b>\$ 1,502,268</b>	<b>\$ 1,738,756</b>

PP&E balances as of September 30, 2007, are summarized as follows:

<i>(dollars in thousands)</i>	Acquisition Cost	Accumulated Depreciation	Net Book Value FY 2007
Land and Land Improvements	\$ 73,744	\$ 29,069	\$ 44,675
Buildings	1,404,855	673,558	731,297
Structures and Facilities	993,754	591,819	401,935
Leasehold Improvements	25,420	5,836	19,584
Construction in Progress - General	333,861	-	333,861
Equipment, Vehicles, and Aircraft	199,798	138,380	61,418
Internal Use Software:			
In Use	2,163	1,396	767
<b>Total Property, Plant, and Equipment</b>	<b>\$ 3,033,595</b>	<b>\$ 1,440,058</b>	<b>\$ 1,593,537</b>



Depreciation and amortization expense amounted to \$69.1 million and \$67.2 million for the fiscal years ended September 30, 2008 and September 30, 2007, respectively.

In fulfilling the Bureau's mission, IA frequently donates property to tribes. The net book value recognized as a loss on disposal of equipment related to donated property amounted to \$4.1 million and \$3.2 million for the fiscal periods ended September 30, 2008 and September 30, 2007, respectively.

## NOTE 7: ASSETS ANALYSIS

Non-entity accounts receivable include amounts that will be collected by IA in the future, but will not be available for use. The amounts will be forwarded to Treasury at a later date. Non-entity accounts receivable include accrued interest and penalties on delinquent debt, and other miscellaneous receivables.

Non-entity FBWT consists of receipts collected on behalf of the OTFM (Appropriation 14X6053, Non-Trust Deposits and Bids for Indian Land). These are primarily for real estate services where bids are held in escrow until the winning bid is determined. The amount collected on behalf of OTFM as of September 30, 2008 is \$22.6 million.

Assets, as of September 30, 2008, are summarized as follows:

(dollars in thousands)	Entity Unrestricted	Non Entity Restricted	FY 2008
Intragovernmental Assets:			
Fund Balance with Treasury	\$ 1,409,060	\$ 22,608	\$ 1,431,668
Investments, Net	67,342	-	67,342
Accounts and Interest Receivable	17,959	-	17,959
Other			
Advances and Prepayments	1,176	-	1,176
<b>Total Intragovernmental Assets</b>	<b>1,495,537</b>	<b>22,608</b>	<b>1,518,145</b>
Cash	15	-	15
Investments, Net	25	-	25
Accounts and Interest Receivable, Net	12,707	6,912	19,619
Loans and Interest Receivable, Net	19,382	-	19,382
General Property, Plant and Equipment, Net	1,738,756	-	1,738,756
Other			
Advances and Prepayments	38,922	-	38,922
Subtotal	38,922	-	38,922
<b>TOTAL ASSETS</b>	<b>\$ 3,305,344</b>	<b>\$ 29,520</b>	<b>\$ 3,334,864</b>
Stewardship Assets			



Assets, as of September 30, 2007, are summarized as follows:

(dollars in thousands)	<b>Entity Unrestricted</b>	<b>Non Entity Restricted</b>	<b>FY 2007</b>
Intragovernmental Assets:			
Fund Balance with Treasury	\$1,454,234	\$13,915	\$1,468,149
Investments, Net	74,456	-	74,456
Accounts and Interest Receivable	17,871	-	17,871
Other			
Advances and Prepayments	2,824	-	2,824
<b>Total Intragovernmental Assets</b>	<b>1,549,385</b>	<b>13,915</b>	<b>1,563,300</b>
Cash	236	-	236
Investments, Net	30	-	30
Accounts and Interest Receivable, Net	14,714	11,912	26,626
Loans and Interest Receivable, Net	20,635	-	20,635
General Property, Plant and Equipment, Net	1,593,537	-	1,593,537
Other			
Advances and Prepayments	48,740	-	48,740
Subtotal	48,740	0	48,740
<b>TOTAL ASSETS</b>	<b>\$3,227,277</b>	<b>\$25,827</b>	<b>\$3,253,104</b>
Stewardship Assets			

## NOTE 8: STEWARDSHIP ASSETS

Effective October 1, 2005, IA adopted SFFAS No. 29, *Heritage Assets and Stewardship Land*. This standard requires federal agencies to reclassify all heritage asset and stewardship land information as basic except for condition information, which is considered Required Supplementary Information.

IA manages heritage assets and stewardship land as part of its stewardship responsibilities to Indian tribes and to the American public. IA's heritage assets include museum collections and a historic structure that support IA's mission in honoring relationships with Indian tribes, and the strategic plan goals for serving Indian communities and preserving cultural and natural heritage resources. IA's museum property collections are collected and preserved to further IA's mission by documenting bureau activities, such as the history of Indian schools and celebrating government-to-government relations between the federal government and tribal governments. The collections are exhibited in Indian schools and displayed in IA's administrative offices to illustrate the history, mission and activities of IA, as well as to highlight traditional and contemporary American Indian material culture. A significant area of IA's museum collections responsibility is the management of archeological collections removed from Indian reservation lands under permits issued under the authority of the Antiquities Act of 1906, and the associated documentation. These collections are also managed in museums, universities, and other repositories, and are made available to tribes and the public through research, exhibitions, and publications that document and highlight tribal histories and traditions.

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IA’s stewardship policy for heritage assets and stewardship land is to preserve the important artistic, historic, scientific, and cultural qualities of these resources; to document and provide access; and to provide accountability, in keeping with federal laws and regulations, and DOI policies. IA’s responsibility for heritage assets has been established under several cultural resource and property management authorities, to include the Antiquities Act of 1906 (16 U.S.C. 431-433); the Reservoir Salvage Act of 1960, as amended (16 U.S.C. 469-469c); the Archaeological Resources Protection Act of 1979, as amended (16 U.S.C. 470aa-mm); Archaeological Resources Protection Act of 1979 (ARPA); Curation of Federally-Owned and Administered Archeological Collections (36 C.F.R. Part 79); the Native American Graves Protection and Repatriation Act of 1990 (NAGPRA); Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 483 (b)); Interior Property Management Directives, 410 Departmental Manual (410 DM); and Interior Property Management: Managing Museum Property, 411 Departmental Manual (411 DM), and the BIA Managing Museum Property Policy Manual (2001).

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 through 12 administrative regions whose boundaries largely follow one or more state lines. 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.

Stewardship land is reported in terms of physical units rather than cost, fair value, or other monetary value. A unit is made up of parcels or a combination of parcels of land. IA categorizes its stewardship land as multiple use. Multiple use is defined 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 multiple uses of IA’s stewardship land include one or more of the following uses: farming and grazing, fishing sites where only tribal members are provided with access to rivers for fishing, functions vital to the culture of the American Indians and Alaska Natives, conservation, and reclamation and irrigation projects.

IA’s Heritage Assets include both collectible and non-collectible assets. Collectible IA heritage assets are museum collections, which are assemblages of objects, works of art, and/or historic documents, representing archeology, art, ethnography, biology, geology, paleontology, and history, collected according to a rational scheme and maintained so they can be preserved, studied, and interpreted for public benefit. A collection includes cataloged and/or un-cataloged objects under the control of an administrative unit/location, which may have multiple facilities/spaces that house the collection. Non-collectible IA heritage assets include federal properties managed by IA that have been designated as significant cultural and historic assets and listed on the National Historic Landmarks. The following tables detail the museum collections and the non-collectible heritage assets.

**Museum Collections FY 2008**

<b>Interior Museum Collections</b>	<b>Beginning Collections</b>	<b>Additions</b>	<b>Withdrawals</b>	<b>Ending Collections</b>
Held at Interior Facilities	122		6	116
Held at Non-Interior Facilities	65			65
<b>Total</b>	187	0	6	181





Category by Type	Non-Collectible Cultural and Natural Heritage Assets - FY 2008			
	Beginning balance (units)	Additions (units)	Withdrawals (units)	2008 Ending balance (units)
National Historic Landmarks (NHL)	1	0	0	1
<b>TOTALS</b>	1	0	0	1

The RSI section of this report provides additional information concerning stewardship land and heritage assets.

## NOTE 9: INTRAGOVERNMENTAL DEBT

IA's debt to Treasury consists entirely of borrowings to finance the Credit Reform Loan programs.

IA has authority to borrow funds from the Treasury for its loan programs in accordance with the Federal Credit Reform Act of 1990 and related legislation. Interest is accrued daily on the outstanding basic 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 4.375 percent to 10.25 percent. These loans have various maturity dates from 2008 to 2034.

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 expense on prior Treasury borrowings. The balance in this account as of September 30, 2008 and September 30, 2007 was \$0 and \$1 million, 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 September 30, 2007 the balance was \$7.9 and \$8.2 million, respectively.

IA's Intragovernmental Debt Related to the Credit Reform Act of 1990, as of September 30, 2008 and September 30, 2007 is summarized below:

(dollars in thousands)	FY 2007 Beginning Balance	Borrowing/ (Repayments), Net	FY 2007 Ending Balance	Borrowing/ (Repayments), Net	FY 2008 Ending Balance
Credit Reform	\$ 29,715	\$ (21,386)	\$ 8,329	\$ (424)	\$ 7,905
<b>Total Debt Due to Treasury</b>	<b>\$ 29,715</b>	<b>\$ (21,386)</b>	<b>\$ 8,329</b>	<b>\$ (424)</b>	<b>\$ 7,905</b>



**Credit Reform**

(dollars in thousands)	<b>FY 2008</b>	<b>FY 2007</b>
Principal	\$ 8,329	\$ 29,715
Interest		
Balance, Beginning of Year	-	-
Borrowing/Repayments	(424)	(21,386)
Balance, End of Year	(424)	(21,386)
<b>Total Debt Due to Treasury</b>	<b>\$ 7,905</b>	<b>\$ 8,329</b>

**NOTE 10: CONTINGENT LIABILITIES**

IA is a party to various administrative proceedings, legal actions, environmental suits, and claims that may eventually result in the payment of substantial monetary claims to third parties, or in the unplanned reallocation of material budgetary resources to pay for the cleanup of environmentally damaged sites. Sufficient information is not currently available to determine if the ultimate resolution of these proceedings, actions, and claims will materially affect the financial position or net cost of operations of IA.

The legal claims deemed probable of loss have been enumerated and submitted to IA by the DOI SOL. IA reviews these claims and summarizes the data on a detailed Contingent Liability Report. IA forwards questions to the DOI SOL regarding cases where changes were made (i.e., estimate change, change in probability, deletions, and additions) and where no explanation for the change was evident on the legal letter. The amount of potential minimal liability has been estimated and accrued in the financial statements, including certain judgments that have been issued against IA and appealed. IA has not accrued estimated legal liabilities if the amounts or probability of loss against IA are uncertain.

The payment of any judgment against IA could be made from IA's appropriations or from Treasury's Judgment Fund. Generally, cash settlements are expected to be paid out of the Judgment Fund rather than from the operating resources of IA. IA is required, however, to reimburse the Judgment Fund for settlements or court orders on suits brought through the Contract Disputes Act of 1978 and the No Fear Act.

The potential liability for claims deemed to be probable or reasonably possible of loss is outlined in the table below. The lower value of the estimated range of probable loss has been accrued and presented as a contingent legal liability in the accompanying Consolidated Balance Sheets.

The total amount that IA is required to repay to the Judgment Fund is \$129.5 million at September 30, 2008 and September 30, 2007, and is recorded as a Judgment Fund reimbursement payable on the September 30, 2008 and September 30, 2007 Consolidated Balance Sheets.

Contingent Liabilities, and Environmental and Disposal Liabilities (see Note 12) as of September 30, 2008 and September 30, 2007 are summarized as follows:



<b>FY 2008</b>		<b>Estimated Range of Loss</b>		
<i>(dollars in thousands)</i>		Accrued Liabilities	Lower End of Range	Upper End of Range
Contingent Liabilities				
	Probable	\$ 85,087	\$ 85,087	\$ 138,017
	Reasonably Possible		7,657	60,157
Environmental and Disposal Liability				
	Probable	33,930	33,930	65,437
	Reasonably Possible		6,740	6,744

<b>FY 2007</b>		<b>Estimated Range of Loss</b>		
<i>(dollars in thousands)</i>		Accrued Liabilities	Lower End of Range	Upper End of Range
Contingent Liabilities				
	Probable	\$ 16,137	\$ 16,137	\$ 25,637
	Reasonably Possible		29,107	75,663
Environmental and Disposal Liability				
	Probable	39,621	39,621	40,970
	Reasonably Possible		6,711	6,711

IA's contingent liability significantly increased in FY 2008 due to an agreement of the parties to settle a case for \$68 million. The case was previously considered as having a reasonably possible probability of becoming a liability for IA and the amount could not be determined. In August of 2008, the amount was agreed upon by the parties and the likelihood of unfavorable outcome was changed to probable. Accordingly, IA recorded the \$68 million as a contingent liability and is reflected in the Consolidated Balance Sheets. Additionally, this increase is included in the range of contingent liabilities in the table above.

### **Indian Trust Fund Litigation**

The Secretary of DOI is entrusted with the management of the monies and lands held in Trust by the federal government for Indian tribes and individuals. There have been long-standing, complicated problems with Indian Trust accounting and management. Presently, there is significant litigation pending related to Trust management for Indian tribes and individuals.

Ninety-nine (99) tribal Trust cases are currently pending in federal district courts in Oklahoma and Washington, D.C. and in the U.S. Court of Federal Claims. The cases, which were brought by seventy-one (71) different tribes, involve claims for Trust fund and asset mismanagement, accounting, and other declaratory relief. A substantial number of the cases are stayed pending settlement negotiations or discovery. Additionally, in many of these cases, the court does not have jurisdiction to grant monetary relief.



In addition, a significant class action lawsuit has been brought on behalf of individual Indian beneficiaries of the Individual Indian Money (IIM) Trust accounts. The lawsuit alleges that the Interior and Treasury Departments have breached their Trust obligations with respect to the management of funds in the IIM accounts. The plaintiffs claim they are seeking an accounting of the IIM Trust funds and no damages.

One particular IIM Trust account case progressed in FY 2008. In the District court case, the judge ruled on August 7, 2008, that the government owed the plaintiffs \$455.6 million. The plaintiffs appealed the decision on September 9, 2008, seeking additional money payouts. The government Solicitors filed a cross appeal on September 18, 2008, indicating in its appeal that the Judge lacked jurisdiction to determine and enforce any payout. This is consistent with the limitations on the District Court’s jurisdiction.

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.

## NOTE 11: RESOURCES PAYABLE TO TREASURY

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. As of September 30, 2008 and September 30, 2007, the payable to Treasury amounted to \$11.9 million and \$12.7 million respectively. The table below shows the detailed activity for FY 2008 and FY 2007.

**Liability for Capital Transfers to the General Fund of the Treasury  
As of and for the Years Ended September 30, 2008 and September 30, 2007  
(In Thousands)**

	FY 2008	FY 2007
Beginning Balance	\$ 12,743	\$ 14,216
Costs Incurred	-519	-1,650
Collections	1,042	5,128
Repayments to Treasury	-1,370	-4,951
<b>Ending Balance</b>	<b>\$ 11,896</b>	<b>\$ 12,743</b>

## NOTE 12: ENVIRONMENTAL AND DISPOSAL LIABILITIES

IA 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 primary federal laws covering environmental response, remediation and monitoring are the Comprehensive Environmental Response, Compensation, and Liability Act, the Resource Conservation and Recovery Act, the Oil Pollution Act, the Clean Water Act, the Clean Air Act, the Safe Drinking Water Act, and the Asbestos Hazard Emergency Response Act. Responsible parties, which may include federal agencies under certain circumstances, are required to remediate releases of hazardous substances at or from facilities they own, operated, or at which they arranged for the disposal of such substances.



IA remediates many types of environmental contaminations including hazardous materials, oil spills, asbestos, lead-based paint, and landfills. IA annually compiles the estimated amount of future liability, estimated cost of preparing studies, and estimated amount of funding needed for remediation. The potential liability for remediation costs deemed probable or reasonably estimable (but do not meet the requirements for accrual), as of September 30, 2008, and September 30, 2007, is outlined in the table presented in Note 10. The lower value of the estimated range of probable loss has been accrued and presented as an environmental cleanup cost liability in the accompanying Consolidated Balance Sheets.

IA's contingent liability for potential environmental cleanup of sites that are considered reasonably possible and estimable include the expected future response costs, and, for those sites where future cleanup costs are unknown, the cost of studies necessary to evaluate cleanup requirements. Note 10 also describes contingent legal liabilities, some of which are related to environmental claims made by third parties.

### **NOTE 13: LIABILITIES ANALYSIS**

Public liabilities are claims against IA by non-federal entities. IA anticipates that the liabilities listed below will be funded from future budgetary resources when required. IA receives budgetary resources for the FECA liability, the environmental and disposal costs, and contingent liabilities when they are needed for disbursements. Current liabilities are amounts owed by IA that are due within the fiscal year following the reporting date. Non-current liabilities are amounts owed by IA and are not due to be paid within one year of the fiscal year-end. IA's decrease in "Other Miscellaneous Liabilities" in FY 2008 was due to a \$72.7 million downward reestimate accrued in FY 2007 which was transferred/paid to Treasury in FY 2008. As such, the liability was reduced in FY 2008. Per A-136, Grants Payable should be recorded under "Other Liabilities". Accordingly, IA reported Grants Payable in the tables below for FY 2008 and FY 2007. Previously, Grants payable was included in the Accounts Payable line. The increase of Grants Payable in FY 2008 was caused by a large payment file sent to Treasury at fiscal year end that was not paid until FY 2009, resulting in a higher Grants Payable balance at the end of FY 2008.

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Liabilities as of September 30, 2008 are summarized as follows:

**Total Liabilities, September 30, 2008**

(dollars in thousands)	Covered by Budgetary Resources		Not Covered by Budgetary Resources		FY 2008
	Current	Non-Current	Current	Non-Current	
<b>Intragovernmental Liabilities:</b>					
Accounts Payable	\$ 10,533	\$ -	\$ -	\$ -	\$ 10,533
Debt	-	7,905	-	-	7,905
Other:					
Accrued Employee Benefits	4,910	-	7,476	14,615	27,001
Advances and Deferred Revenue	99,421	-	-	-	99,421
Deposit Funds	-	-	-	130	130
Judgment Fund	-	-	-	129,524	129,524
Resources Payable to Treasury	-	-	-	11,896	11,896
Other Miscellaneous Liabilities	-	-	12,031	-	12,031
<b>Total Intragovernmental Liabilities</b>	<b>\$ 114,864</b>	<b>\$ 7,905</b>	<b>\$ 19,507</b>	<b>\$ 156,165</b>	<b>\$ 298,441</b>
Accounts Payable	59,659	-	-	-	59,659
Loan Guarantee Liability	-	36,180	-	-	36,180
Federal Employees Compensation Act Actuarial Liability	-	-	-	99,084	99,084
Environmental and Disposal Liabilities	-	-	-	33,930	33,930
Other:					
Accrued Payroll and Benefits	20,939	-	-	-	20,939
Unfunded Annual Leave	-	-	1,718	20,030	21,748
Advances and Deferred Revenue	2,385	-	-	-	2,385
Deposit Funds	-	-	-	23,696	23,696
Contingent Liabilities	-	-	-	85,087	85,087
Grants Payable	35,312	-	-	-	35,312
Other Miscellaneous Liabilities	-	-	2,668	28,014	30,682
<b>Total Liabilities</b>	<b>\$ 233,159</b>	<b>\$ 44,085</b>	<b>\$ 23,893</b>	<b>\$ 446,006</b>	<b>\$ 747,143</b>



Liabilities as of September 30, 2007 are summarized as follows:

**Total Liabilities, September 30, 2007**

(dollars in thousands)	Covered by Budgetary Resources		Not Covered by Budgetary Resources		FY 2007
	Current	Non-Current	Current	Non-Current	
<b>Intragovernmental Liabilities:</b>					
Accounts Payable	\$ 8,767	\$ -	\$ -	\$ -	\$ 8,767
Debt	-	8,329	-	-	8,329
Other:					
Accrued Employee Benefits	3,932	-	9,353	16,998	30,283
Advances and Deferred Revenue	74,388	-	-	-	74,388
Deposit Funds	-	-	-	186	186
Judgment Fund	-	-	-	129,455	129,455
Resources Payable to Treasury	-	-	-	12,743	12,743
Other Miscellaneous Liabilities	-	-	-	84,358	84,358
<b>Total Intragovernmental Liabilities</b>	<b>\$ 87,087</b>	<b>\$ 8,329</b>	<b>\$ 9,353</b>	<b>\$ 243,740</b>	<b>\$ 348,509</b>
Accounts Payable	47,450	-	-	-	47,450
Loan Guarantee Liability	-	41,434	-	-	41,434
Federal Employees Compensation Act Actuarial Liability	-	-	-	110,565	110,565
Environmental and Disposal Liabilities	-	-	-	39,621	39,621
Other:					
Accrued Payroll and Benefits	16,981	-	-	-	16,981
Unfunded Annual Leave	-	-	8,337	17,437	25,774
Advances and Deferred Revenue	3,169	-	-	-	3,169
Deposit Funds	-	-	-	15,381	15,381
Contingent Liabilities	-	-	-	16,137	16,137
Grants Payable	11,825	-	-	-	11,825
Other Miscellaneous Liabilities	-	-	2,667	35,148	37,815
<b>Total Liabilities</b>	<b>\$ 166,512</b>	<b>\$ 49,763</b>	<b>\$ 20,357</b>	<b>\$ 478,029</b>	<b>\$ 714,661</b>

IA acts as a custodian for Treasury when it receives interest and penalties from the beneficial users of agreements related to construction costs of power and irrigation projects. IA is required to transfer collections to the Treasury General Fund. As of September 30, 2008 and September 30, 2007, IA recorded a receivable and an offsetting payable for these agreements in the amount of \$6.4 million, and \$11.0 million, respectively. The payable balance is recorded in Other Liabilities, Intragovernmental, and the receivable is recorded in Accounts and Interest Receivable from the Public.





IA classifies receipts on behalf of the OTFM in 14X6053 (Non-Trust Deposits and Bids for Indian Lands) as non-entity liabilities. These are primarily for real estate services where bids are held in escrow until the winning bid is determined. These receipts represent a significant portion of the \$23.7 million in Deposit funds listed under the Public Liabilities section of the FY 2008 Balance sheet.

## NOTE 14: LEASES

IA has many operating leases with the GSA, primarily for office space (GSA real property) and vehicles (GSA personal property). Most of the GSA real property leases are cancelable and all of the GSA personal property leases have no stated expiration date. Per DOI guidance, IA has reported its future minimum lease payments on the GSA operating leases as follows: Five years outward for cancelable GSA real property leases (including month to month or annual leases); based on the actual lease terms for non-cancelable GSA real property leases; five years outward for GSA personal property leases.

IA also has non-GSA leases for other real property (direct real property) and personal property (direct personal property). For non-GSA leases, IA intends to replace expired leases with similar lease terms on like-kind properties. Per departmental guidance and Statement of Financial Accounting Standards (SFAS) No.13, *Accounting for Leases*, IA has reported its future minimum lease payments on direct real and personal property leases per the term of each non-cancelable lease whose initial or remaining term is one year or greater. Per DOI guidance, direct property leases having month to month or annual renewal terms are not disclosed. IA's personal property leases are all cancelable and most are one year or less (most of these are on month to month or annual terms). As such, per the aforementioned guidance, IA has not disclosed these direct personal property leases in the table below.

IA has some direct real property leases that include a specified annual escalation clause. The future minimum lease payment disclosure includes these escalations in its calculation of the payments. To account for inflation for all other leases without specified escalation clauses in the lease agreement, IA applies OMB rates published annually by DOI. The percentage for FY 2009 and beyond is 2.5%. In calculating the future minimum payments, IA applies the OMB rates to the annual rental amount for all years disclosed excluding the base/shell rental amount and any tenant improvement amount since these portions of the rental payment do not increase over the term of the lease. In the following table, "Public" equates to direct real property and "Federal" equates to GSA property.

Future estimated minimum lease payments for operating leases as of September 30, 2008 are as follows:

### Future Operating Lease Payments

(dollars in thousands)	Real Property		Personal Property	
	Federal	Public	Federal	Total
Fiscal Year				
2009	\$ 21,284	\$ 12,731	\$ 14,089	\$ 48,104
2010	21,533	12,897	14,441	48,871
2011	21,787	9,476	14,802	46,065
2012	22,045	7,980	15,172	45,197
2013	22,219	8,160	15,552	45,931
Thereafter	817	102,457		103,274
<b>Total Future Operating Lease Payments</b>	<b>\$ 109,685</b>	<b>\$ 153,701</b>	<b>\$ 74,056</b>	<b>\$ 337,442</b>



## NOTE 15: EARMARKED FUNDS

IA has certain funds that are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes and must be accounted for separately from IA's general revenues. These are Earmarked Funds. The following is a description of IA's major Earmarked Funds.

**POWER SYSTEMS – INDIAN IRRIGATION PROJECTS-** Funds are obtained through the periodic collection from power users in the three IA power projects based on statutory requirements. Collected funds are used to operate, maintain, and rehabilitate power system infrastructure on each project such as, but not limited to: power generating facilities, power substations, electrical switching stations, transmission lines, distribution lines, and deteriorated infrastructures.

**OPERATION & MAINTENANCE, INDIAN IRRIGATION SYSTEMS -** Funds are obtained through the annual collection from water users of assessments against irrigation lands in the 15 IA irrigation projects based on statutory requirements. Collected funds are used to operate, maintain, and rehabilitate irrigation infrastructure such as, but not limited to: (1) water storage reservoirs, diversion structures, pumping plants; (2) canal, pumping plants, water control structures; and (3) deteriorated infrastructure.

The tables on the following pages show the Assets, Liabilities, and Net Position for IA's Earmarked Funds as of September 30, 2008 and September 30, 2007. "Other Earmarked Funds" includes: Operation and Maintenance of Quarters, Alaska Resupply Program, Indian Water Rights and Habitat Acquisition Program, and Gifts and Donations.

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**Earmarked Funds as of September 30, 2008**

(dollars in thousands)

	Indian Power Systems	Indian Irrigation Systems	Other Earmarked Funds	FY 2008
<b>ASSETS</b>				
Fund Balance with Treasury	\$ 6,503	\$ 4,317	\$ 11,328	\$ 22,148
Investments, Net	34,729	32,638	-	67,367
Accounts Receivable, Net	5,295	2,352	695	8,342
General Property, Plant, and Equipment, Net	115,001	101,993	32	217,026
Other Assets	177	473	-	650
<b>TOTAL ASSETS</b>	<b>\$ 161,705</b>	<b>\$ 141,773</b>	<b>\$ 12,055</b>	<b>\$ 315,533</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 2,531	\$ 791	\$ 272	\$ 3,594
Other Liabilities	460	584	179	1,223
<b>TOTAL LIABILITIES</b>	<b>\$ 2,991</b>	<b>\$ 1,375</b>	<b>\$ 451</b>	<b>\$ 4,817</b>
<b>NET POSITION</b>				
Unexpended Appropriations	-	-	-	-
Cumulative Results of Operations	158,714	140,398	11,604	310,716
<b>TOTAL NET POSITION</b>	<b>158,714</b>	<b>140,398</b>	<b>11,604</b>	<b>310,716</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 161,705</b>	<b>\$ 141,773</b>	<b>\$ 12,055</b>	<b>\$ 315,533</b>
<b>COST/REVENUE</b>				
Gross Costs	\$ 44,718	\$ 34,826	\$ 9,352	\$ 88,896
Earned Revenue	(78,425)	(28,396)	(7,298)	(114,119)
<b>NET COST OF OPERATIONS</b>	<b>\$ (33,707)</b>	<b>\$ 6,430</b>	<b>\$ 2,054</b>	<b>\$ (25,223)</b>
<b>NET POSITION</b>				
Net Position, Beginning Balance	\$ 124,966	\$ 145,229	\$ 13,598	\$ 283,793
Non-Exchange Revenue and Donations	41	(86)	60	15
Other Financing sources				
Imputed Financing from Costs Absorbed by Others	-	1,685	-	1,685
Net Cost of Operations	33,707	(6,430)	(2,054)	25,223
Change in Net Position	33,748	(4,831)	(1,994)	26,923
<b>NET POSITION, ENDING BALANCE</b>	<b>\$ 158,714</b>	<b>\$ 140,398</b>	<b>\$ 11,604</b>	<b>\$ 310,716</b>



**Earmarked Funds as of September 30, 2007**

<i>(dollars in thousands)</i>	<b>Indian Power Systems</b>	<b>Other Irrigation Systems</b>	<b>Earmarked Funds</b>	<b>FY 2007</b>
<b>ASSETS</b>				
Fund Balance with Treasury	\$ 5,515	\$ 3,522	\$ 13,155	\$ 22,192
Investments, Net	43,123	31,364	-	74,487
Accounts Receivable, Net	5,458	3,706	843	10,007
General Property, Plant, and Equipment, Net	74,523	107,054	12	181,589
Other Assets	559	876	-	1,435
<b>TOTAL ASSETS</b>	<b>\$ 129,178</b>	<b>\$ 146,522</b>	<b>\$ 14,010</b>	<b>\$ 289,710</b>
<b>LIABILITIES</b>				
Accounts Payable	\$ 3,849	\$ 802	\$ 292	\$ 4,943
Other Liabilities	363	491	120	974
<b>TOTAL LIABILITIES</b>	<b>\$ 4,212</b>	<b>\$ 1,293</b>	<b>\$ 412</b>	<b>\$ 5,917</b>
<b>NET POSITION</b>				
Unexpended Appropriations	-	-	-	-
Cumulative Results of Operations	124,966	145,229	13,598	283,793
<b>TOTAL NET POSITION</b>	<b>124,966</b>	<b>145,229</b>	<b>13,598</b>	<b>283,793</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 129,178</b>	<b>\$ 146,522</b>	<b>\$ 14,010</b>	<b>\$ 289,710</b>
<b>COST/REVENUE</b>				
Gross Costs	\$ 69,743	\$ 30,241	\$ 6,837	\$ 106,821
Earned Revenue	(70,189)	(27,993)	(6,499)	(104,681)
<b>NET COST OF OPERATIONS</b>	<b>\$ (446)</b>	<b>\$ 2,248</b>	<b>\$ 338</b>	<b>\$ 2,140</b>
<b>NET POSITION</b>				
Net Position, Beginning Balance	\$ 124,721	\$ 145,960	\$ 10,492	\$ 281,173
Non-Exchange Revenue and Donations	(179)	281	3,450	3,552
Other Financing sources				
Transfers In/(Out) without Reimbursement	(22)	(80)	(6)	(108)
Imputed Financing from Costs Absorbed by Others	-	1,316	-	1,316
Net Cost of Operations	446	(2,248)	(338)	(2,140)
Change in Net Position	245	(731)	3,106	2,620
<b>NET POSITION, ENDING BALANCE</b>	<b>\$ 124,966</b>	<b>\$ 145,229</b>	<b>\$ 13,598</b>	<b>\$ 283,793</b>



## NOTE 16: NET COST OF OPERATIONS

OMB Circular No. A-136, *Financial Reporting Requirements*, requires for the footnote disclosure to the Statement of Net Cost that the intragovernmental costs and intragovernmental earned revenue be separately reported from costs with the public and earned revenue from the public, respectively. Intragovernmental costs and intragovernmental earned revenue result from exchange transactions made between IA and other federal entities. As well, the costs with the public and earned revenue from the public result from exchange transactions made between IA and the public. The classification of revenue or cost being defined as “intragovernmental” or with the public is defined on a transaction by transaction basis.

OMB Circular No. A-136 also requires the presentation of the Statement of Net Cost to align directly with the goals and outcomes identified in the strategic plan. GPRA requires federal agencies to formulate strategic plans, identify major strategic goals, and report performance and costs relating to these goals. Under GPRA, the strategic plans must be revised and updated every three years. Accordingly, the Department updated its strategic plan in FY 2007, and added a new mission area, “Resource Protection” for IA. GPRA requires that IA report net costs for the associated mission area goals. Accordingly, IA has presented the earned revenues and gross costs for FYs 2008 and 2007 by the mission area and associated goals identified in the FY 2007–FY 2012 Strategic Plan. The tables on the following pages show the costs and revenues for FY 2008 and FY 2007.



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MISSION: SERVING COMMUNITIES

	Operation of			Elimination of		Total FY 2008
	Indian Programs	Construction	Other	Intra-Bureau Activity		
<b>Improve Protection of Lives, Resources and Property</b>						
Intragovernmental Costs	\$ 5,749	\$ 22	\$ -	\$ -	\$ 5,771	
Public Costs	24,600	1,888	-	-	26,488	
Total Costs	\$ 30,349	\$ 1,910	\$ -	\$ -	\$ 32,259	
Intragovernmental Earned Revenue	-	-	-	-	-	
Public Earned Revenue	3	1	-	-	4	
Total Earned Revenue	\$ 3	\$ 1	\$ -	\$ -	\$ 4	
Net Costs	\$ 30,346	\$ 1,909	\$ -	\$ -	\$ 32,255	
<b>Fulfill Indian Fiduciary Trust Responsibilities</b>						
Intragovernmental Costs	\$ 127,732	\$ 14,136	\$ 26,341	\$ (3,814)	\$ 164,395	
Public Costs	246,208	18,037	91,907	-	356,152	
Total Costs	\$ 373,940	\$ 32,173	\$ 118,248	\$ (3,814)	\$ 520,547	
Intragovernmental Earned Revenue	1,534	-	8,783	(3,814)	6,503	
Public Earned Revenue	2,502	13	106,713	-	109,228	
Total Earned Revenue	\$ 4,036	\$ 13	\$ 115,496	\$ (3,814)	\$ 115,731	
Net Costs	\$ 369,904	\$ 32,160	\$ 2,752	\$ -	\$ 404,816	
<b>Advance Quality Communities for Tribes and Alaska Natives</b>						
Intragovernmental Costs	\$ 172,814	\$ 6,052	\$ 1,385	\$ -	\$ 180,251	
Public Costs	1,886,546	147,333	5,105	-	2,038,984	
Total Costs	\$ 2,059,360	\$ 153,385	\$ 6,490	\$ -	\$ 2,219,235	
Intragovernmental Earned Revenue	285,515	531	2,031	-	288,077	
Public Earned Revenue	13,874	7,459	2,320	-	23,653	
Total Earned Revenue	\$ 299,389	\$ 7,990	\$ 4,351	\$ -	\$ 311,730	
Net Costs	\$ 1,759,971	\$ 145,395	\$ 2,139	\$ -	\$ 1,907,505	
<b>MISSION: SERVING COMMUNITIES TOTAL</b>						
Intragovernmental Costs	\$ 306,295	\$ 20,210	\$ 27,726	\$ (3,814)	\$ 350,417	
Public Costs	2,157,354	167,258	97,012	-	2,421,624	
Total Costs	\$ 2,463,649	\$ 187,468	\$ 124,738	\$ (3,814)	\$ 2,772,041	
Intragovernmental Earned Revenue	287,049	531	10,814	(3,814)	294,580	
Public Earned Revenue	16,379	7,473	109,033	-	132,885	
Total Earned Revenue	\$ 303,428	\$ 8,004	\$ 119,847	\$ (3,814)	\$ 427,465	
Net Costs	\$ 2,160,221	\$ 179,464	\$ 4,891	\$ -	\$ 2,344,576	

MISSION: RESOURCE PROTECTION

<b>Protect Cultural and Natural Heritage Resources</b>						
Intragovernmental Costs	\$ 156	\$ -	\$ -	\$ -	\$ 156	
Public Costs	901	-	-	-	901	
Total Costs	\$ 1,057	\$ -	\$ -	\$ -	\$ 1,057	
Intragovernmental Earned Revenue	-	-	-	-	-	
Public Earned Revenue	-	-	-	-	-	
Total Earned Revenue	\$ -	\$ -	\$ -	\$ -	\$ -	
Net Costs	\$ 1,057	\$ -	\$ -	\$ -	\$ 1,057	
<b>Total</b>						
Intragovernmental Costs	\$ 306,451	\$ 20,210	\$ 27,726	\$ (3,814)	\$ 350,573	
Public Costs	2,158,255	167,258	97,012	-	2,422,525	
Total Costs	\$ 2,464,706	\$ 187,468	\$ 124,738	\$ (3,814)	\$ 2,773,098	
Intragovernmental Earned Revenue	287,049	531	10,814	(3,814)	294,580	
Public Earned Revenue	16,379	7,473	109,033	-	132,885	
Total Earned Revenue	\$ 303,428	\$ 8,004	\$ 119,847	\$ (3,814)	\$ 427,465	
Net Cost of Operations	\$ 2,161,278	\$ 179,464	\$ 4,891	\$ -	\$ 2,345,633	

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MISSION: SERVING COMMUNITIES

	Operation of			Elimination of		Total FY 2007
	Indian Programs	Construction	Other	Intra-Bureau Activity		
<b>Improve Protection of Lives, Resources and Property</b>						
Intragovernmental Costs	\$ 7,914	\$ (376)	\$ -	\$ -	\$ 7,538	
Public Costs	20,053	2,305	-	-	22,358	
Total Costs	\$ 27,967	\$ 1,929	\$ -	\$ -	\$ 29,896	
Intragovernmental Earned Revenue	-	-	-	-	-	
Public Earned Revenue	9	-	-	-	9	
Total Earned Revenue	\$ 9	\$ -	\$ -	\$ -	\$ 9	
Net Costs	\$ 27,958	\$ 1,929	\$ -	\$ -	\$ 29,887	
<b>Fulfill Indian Fiduciary Trust Responsibilities</b>						
Intragovernmental Costs	\$ 149,931	\$ 6,889	\$ 19,478	\$ (2,734)	\$ 173,564	
Public Costs	230,347	42,708	144,940	-	417,995	
Total Costs	\$ 380,278	\$ 49,597	\$ 164,418	\$ (2,734)	\$ 591,559	
Intragovernmental Earned Revenue	2,938	-	9,007	(2,734)	9,211	
Public Earned Revenue	2,040	4	96,558	-	98,602	
Total Earned Revenue	\$ 4,978	\$ 4	\$ 105,565	\$ (2,734)	\$ 107,813	
Net Costs	\$ 375,300	\$ 49,593	\$ 58,853	\$ -	\$ 483,746	
<b>Advance Quality Communities for Tribes and Alaska Natives</b>						
Intragovernmental Costs	\$ 228,193	\$ 11,061	\$ 1,975	\$ 5	\$ 241,234	
Public Costs	1,654,685	176,914	(82,555)	-	1,749,044	
Total Costs	\$ 1,882,878	\$ 187,975	\$ (80,580)	\$ 5	\$ 1,990,278	
Intragovernmental Earned Revenue	218,049	1,658	6,298	5	226,010	
Public Earned Revenue	12,625	8,886	1,751	-	23,262	
Total Earned Revenue	\$ 230,674	\$ 10,544	\$ 8,049	\$ 5	\$ 249,272	
Net Costs	\$ 1,652,204	\$ 177,431	\$ (88,629)	\$ -	\$ 1,741,006	
<b>MISSION: SERVING COMMUNITIES TOTAL</b>						
Intragovernmental Costs	\$ 386,038	\$ 17,574	\$ 21,453	\$ (2,729)	\$ 422,336	
Public Costs	1,905,085	221,927	62,385	-	2,189,397	
Total Costs	\$ 2,291,123	\$ 239,501	\$ 83,838	\$ (2,729)	\$ 2,611,733	
Intragovernmental Earned Revenue	220,987	1,658	15,305	(2,729)	235,221	
Public Earned Revenue	14,674	8,890	98,309	-	121,873	
Total Earned Revenue	\$ 235,661	\$ 10,548	\$ 113,614	\$ (2,729)	\$ 357,094	
Net Costs	\$ 2,055,462	\$ 228,953	\$ (29,776)	\$ -	\$ 2,254,639	

MISSION: RESOURCE PROTECTION

Protect Cultural and Natural Heritage Resources

Intragovernmental Costs	\$ 311	\$ -	\$ -	\$ -	\$ 311
Public Costs	491	-	-	-	491
Total Costs	\$ 802	\$ -	\$ -	\$ -	\$ 802
Intragovernmental Earned Revenue	-	-	-	-	-
Public Earned Revenue	-	-	-	-	-
Total Earned Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Net Costs	\$ 802	\$ -	\$ -	\$ -	\$ 802

Total

Intragovernmental Costs	\$ 386,349	\$ 17,574	\$ 21,453	\$ (2,729)	\$ 422,647
Public Costs	1,905,576	221,927	62,385	-	2,189,888
Total Costs	\$ 2,291,925	\$ 239,501	\$ 83,838	\$ (2,729)	\$ 2,612,535
Intragovernmental Earned Revenue	220,987	1,658	15,305	(2,729)	235,221
Public Earned Revenue	14,674	8,890	98,309	-	121,873
Total Earned Revenue	\$ 235,661	\$ 10,548	\$ 113,614	\$ (2,729)	\$ 357,094
Net Cost of Operations	\$ 2,056,264	\$ 228,953	\$ (29,776)	\$ -	\$ 2,255,441





## NOTE 17: IMPUTED FINANCING FROM COSTS ABSORBED BY OTHERS

In certain cases, operating costs of IA are paid for by funds appropriated to other federal agencies. These include payment of claims and litigation by Treasury’s Judgment Fund, and the partial funding of retirement benefits by the OPM. In accordance with SFFAS No. 4, “*Managerial Cost Accounting Standards and Concepts*”, IA recognizes identified costs paid by other federal agencies as expenses of IA. The funding for these costs is reflected as imputed financing sources on the Consolidated Statement of Changes in Net Position. Costs paid by other non-DOI agencies on behalf of IA were \$37.4 million and \$103.3 million during FY 2008 and FY 2007, respectively.

In accordance with the FASAB Interpretation No.6, *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No.4*, IA also recognizes costs paid for IA by other DOI bureaus as expenses of IA. \$23.4 million has been paid by other DOI bureaus on behalf of IA during FY 2008 and \$31.7 million in costs were paid during FY 2007.

The \$74 million decrease in imputed costs in FY 2008 was caused mostly by three events. 1) Imputed costs related to Treasury’s Judgment Fund decreased by \$59 million, primarily due to payments made for two large cases unrelated to Contract Dispute Act or No Fear Act; 2) OPM imputed costs related to retirement benefits decreased by \$6.8 million largely due to allocation to child funds (per DOI guidance); and 3) The intra-departmental imputed costs from OST decreased by \$8 million.

The table below details the imputed financing costs for FY 2008 and FY 2007.

	<b>2008</b>	<b>2007</b>
<b>OPM-</b> Employee benefits	\$ 30,060	\$ 36,889
<b>U.S. Treasury-</b> non-reimbursable claims paid by the Treasury Judgment Fund	7,334	66,457
<b>Intra-Departmental imputed costs</b>	23,449	31,744
<b>Total</b>	<b>\$ 60,843</b>	<b>\$ 135,090</b>

## NOTE 18: COMBINED STATEMENTS OF BUDGETARY RESOURCES

### Apportionment Categories of Obligations Incurred

The Combined Statements of Budgetary Resources provide 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 accounts in accordance with budgetary accounting rules that are incorporated into GAAP for the federal government. The total Budgetary Resources are \$3.66 billion and \$3.64 billion as of September 30, 2008 and September 30, 2007, respectively; which include new budget authority, unobligated balances at the beginning of the year and transfers in/out during the year, spending authority from offsetting collections, recoveries of prior year obligations, and any adjustments to these resources. IA’s Unobligated Balance Available at September 30, 2008 is \$603.6 million, and at September 30, 2007 was \$815.2 million, none of which is exempt from apportionment.

IA had \$753.4 million and \$803.3 million in budgetary resources obligated for undelivered orders at periods ending September 30, 2008 and September 30, 2007 respectively.



For the periods ended September 30, 2008 and September 30, 2007, IA incurred obligations as summarized below:

**Incurred Obligations, September 30, 2008**

(dollars in thousands)

<b>FY 2008</b>	<b>Apportioned</b>	<b>Total</b>
Direct	\$ 2,583,450	\$ 2,583,450
Reimbursable	327,746	327,746
<b>Total Obligations Incurred</b>	<b>\$ 2,911,196</b>	<b>\$ 2,911,196</b>

**Incurred Obligations, September 30, 2007**

(dollars in thousands)

<b>FY 2007</b>	<b>Apportioned</b>	<b>Total</b>
Direct	\$ 2,484,662	\$ 2,484,662
Reimbursable	248,159	248,159
<b>Total Obligations Incurred</b>	<b>\$ 2,732,821</b>	<b>\$ 2,732,821</b>

All of these obligations were by apportionment Category B, which typically distribute budgetary resources by activities, projects, objects, or a combination of these categories, as opposed to fiscal quarters or years.

**Borrowing**

IA receives borrowing authority from Treasury for its loan programs in accordance with the Federal Credit Reform Act of 1990 and related legislation. \$1.3 million in authority was granted and exercised in FY 2008 and no authority was granted or exercised in FY 2007. See Note 9 for details regarding the terms of the borrowing and authority used.

**Permanent Indefinite Appropriations**

IA has several permanent indefinite appropriations which are primarily for special projects and loan programs, such as Claims and Treaty Obligations, Indian Loan Guaranty Financing, and Insurance Fund Liquidating Account, Revolving Fund for Loans Liquidating Account, and Alaska Resupply Program.

**Appropriations Received**

Appropriations Received on the Combined Statements of Budgetary Resources (SBR) differ from those reported as Appropriations Received, General Fund on the Consolidated Statements of Changes in Net Position because the balance on the Consolidated Statements of Changes in Net Position excludes certain earmarked receipts.

**Legal Arrangements Affecting Use of Unobligated Balances**

IA's Unobligated Balance, Not Available of \$143.8 million and \$93.2 million for the periods ended September 30, 2008 and September 30, 2007, respectively, are summarized as follows:

Expired authority is not available to fund new obligations but remains available for up to five years to pay for adjustments to obligations incurred prior to expiration.



(dollars in thousands)	FY2008	FY2007
Expired Authority	\$ 106,281	\$ 93,198
Total Budgetary Accounts	106,281	93,198
Non-Budgetary Credit Program Financing Accounts	37,489	-
Unobligated Balance Unavailable	\$ 143,770	\$ 93,198

### **Explanation of Differences between the Combined Statements of Budgetary Resources and the Budget of the United States Government**

Paragraph 79(g) of SFFAS No.7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, calls for an explanation of any material differences between the information reported in the Combined Statements of Budgetary Resources (SBR) and the amounts described as ‘actual’ in the Budget of the United States government. As such, IA has reconciled the President’s FY 2009 Budget Request to the September 30, 2007 financial statements. The President’s FY 2010 Budget Request will be available in February, 2009. At that time, IA will reconcile the FY 2008 Combined SBR to the FY 2010 Budget Request.

In other words, during the budget process, IA uses the information on the SF-133 and other reports to input budgetary information into the “actual” column of the Program and Financing (P&F) Schedules contained within the President’s Budget (PB). This means that certain amounts in the SBR can be linked to the amounts in the “actual” columns of the P&F Schedule. Because guidance for preparing the SBR and the “actuals” in the PB may differ for certain line items, differences may exist between the two documents. Differences between amounts in the SBR and the “actuals” in the P&F Schedule can occur because of differences in treatment of certain items in the two documents, such as the amounts unavailable for obligation and expired accounts. For example, expired budget authority is excluded from the PB but included in the SBR. Because such differences may exist, the federal accounting standards require all agencies to explain the significant differences between the information presented in the SBR and the information described as “actual” in the PB in the Notes to the Financial Statements.

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The following chart summarizes the significant differences between IA's SBR and the PB:

(dollars in millions)

SBR Line Description	FY 2007 Amount Per President's Budget*	FY 2007 Amount Per Statement of Budgetary Resources	Total Difference	Explanation
Budgetary Resources:				
Unobligated Balance:				
Beginning of Fiscal Year	668	752	(84)	a.
Recoveries of Prior Year Unpaid Obligations	112	111	1	b.
Budget Authority:				
Spending Authority From Offsetting Collections:	388	391	(3)	a.
Nonexpenditure Transfers, net	-15	-18	3	a.
Temporarily Not Available Pursuant to Public Law	-35	0	(35)	c.
Permanently Not Available	-27	-26	(1)	b.
Status of Budgetary Resources:				
Obligations Incurred:				
Unobligated Balance - Avail/Not Avail	817	908	(91)	a.
Change in Obligated Balance:				
Obligated Balance, Net, Beginning of Fiscal Year	791	790	1	b.
Obligations Incurred	2,724	2,733	(9)	d.
Less: Recoveries of Prior Year Unpaid Obligations	-112	-111	(1)	b.
Chg in Uncoll. Customer Paymnts from Fed Sources	-136	-135	(1)	b.
Net Outlays:				
Less: Offsetting Collections	-251	-255	4	a.

\* Source: FY 2007 Actual amounts as published in the Appendix to the Budget of the United States Government, Fiscal Year 2009

- a. Difference is due to activity in expired appropriations which is included in the SBR but excluded from the President's Budget.
- b. Rounding
- c. The amount on the President's Budget column of this line represents unobligated-expiring or withdrawn funds. The same activity is excluded on the SBR for this line. Appropriation 146/72100 includes this amount and is expiring at the end of FY 07.
- d. The SBR excludes GLAC 4871 in Expired appropriations for 14202628 and 14202100. This same activity is included on the President's Budget for this line. On the SBR, GLAC 4871 is included on line 2A (Recoveries of Prior Year unpaid obligations- Actual) rather than the Obligations line.



## NOTE 19: RECONCILIATION OF BUDGETARY RESOURCES USED TO FINANCE OPERATIONS TO NET COST OF OPERATIONS

Per OMB Circular A-136, *Financial Reporting Requirements*, the Statement of Financing shall no longer be presented as a financial statement. In lieu of the Statement, a schedule reconciling proprietary and budgetary information is presented on the next page.

	FY 2008	FY 2007
<b>Resources Used to Finance Activities</b>		
Current Year Gross Obligations	\$ 2,911,196	\$ 2,732,820
<b>Budgetary Resources from Offsetting Collections</b>		
Spending Authority from Offsetting Collections		
Earned		
Collected	(328,305)	(270,939)
Change in Receivable from Federal Sources	(313)	(8,118)
Change in Unfilled Customer Orders	81,665	(111,465)
Recoveries of Prior Year Unpaid Obligations	(48,858)	(111,341)
Offsetting Receipts	(185,046)	(116,639)
<b>Other Financing Resources</b>		
Transfers In (Out) without Reimbursement	38	(72,763)
Donations (Forfeitures) of Property	59	609
Imputed Financing Sources	60,843	135,090
Other	(1,294)	0
<b>Total Resources Used to Finance Activity</b>	<b>\$ 2,489,985</b>	<b>\$ 2,177,254</b>
<b>Resources Used to Finance Items Not Part of the Net Cost of Operations</b>		
<b>Budgetary Obligations and Resources not in the Net Cost of Operations</b>		
Change in Unfilled Customer Orders	(81,665)	111,465
Change in Undelivered Orders	49,862	97,072
Current Year Capitalized Purchases	(217,404)	(195,063)
Change in Expended Authority in Loan and Trust Funds	(76,387)	(12,963)
Change in Budgetary Collections in Loan Funds	13,420	25,897
Offsetting Receipts that do not Affect Net Cost of Operations	185,046	116,639
Other Resources/Adjustments that do not Affect Net Cost of Operations	(182,362)	(175,871)
<b>Components of the Net Cost of Operations which do not Generate or Use Resources in the Reporting Period</b>		
<b>Revenues without Current Year Budgetary Effect</b>		
<b>Costs without Current Year Budgetary Effect</b>		
Depreciation and Amortization (Note 6)	69,098	67,213
Disposition of Assets	3,185	2,030
Future Funded Expenses	39,651	(110,166)
Imputed costs	60,843	135,090
Bad Debt Expense	2,735	(3,065)
Other Expenses Not Requiring Budgetary Resources	(10,374)	19,909
<b>Net Cost of Operations</b>	<b>\$ 2,345,633</b>	<b>\$ 2,255,441</b>



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## **REQUIRED SUPPLEMENTARY INFORMATION – UNAUDITED**

**(SEE AUDITORS' REPORT)**

This part of the Financial section contains our required supplementary information disclosures.

Contents Include:

- >> Deferred Maintenance
- >> Stewardship Land
- >> Heritage Assets-Non-Collectibles
- >> Heritage Assets-Museum Property
- >> Combining Statement of Budgetary Resources by Major Program



## DEFERRED MAINTENANCE

IA owns, builds, purchases and contracts services for assets such as schools, dormitories, detention facilities, police stations, office buildings, roads, bridges, dams, and irrigation systems. IA's assets include some deteriorating facilities for which repair and maintenance have not been adequately funded. Current and prior budgetary restraints require that repair and maintenance on these assets be postponed to future years.

IA defines deferred maintenance as maintenance that was not performed when it should have been, or that was scheduled but then delayed until a future period. Inadequately funded maintenance may result from reduced budgets, reallocation of maintenance funds for emergency requirements, insufficient management systems or practices, and competition for resources from other program needs.

Deterioration of facilities can adversely impact public health and safety, reduce employees' morale and productivity, and increase the need for costly major repair or early replacement of structures and equipment. 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 the end of its expected useful life.

IA program staff use the FMIS to regularly update IA's multi-phased inventory and deferred maintenance backlog. IA's current estimate for deferred maintenance includes property categories such as roads, bridges, and trails; irrigation, dams, and other water structures; buildings; and other structures. Generally, the estimates include costs for such items as: (1) construction contract administration and inspection; (2) construction materials; (3) transportation; (4) removal of existing appurtenances, (e.g., guard rails), furnishing and equipment items that are not physically attached to property, along with related storage, inventorying, and tagging; (5) fixed equipment; and/or (6) routine annual and preventive maintenance of facilities and other infrastructure. Estimates generally exclude vehicles and most other categories of operating equipment.

The OFMC prepares the estimates for buildings and other structures. The OIS Division of Transportation prepares the estimates for roads, bridges, and trails. IPSOD prepares the estimates for irrigation, dams, and other water structures.

Due to the scope, nature, and variety of the assets entrusted to IA, as well as the nature of deferred maintenance itself, exact estimates of deferred maintenance are very difficult to determine. The assessment of deferred maintenance for IA is dependent upon OFMC, Division of Transportation, and IPSOD having accurate and complete facility information. In addition, the accumulation of facility data will provide the necessary information for compliance with the federal accounting standard that requires annual reporting of deferred maintenance of fixed assets, SFFAS No. 6. IA has chosen "condition assessment" as the method to be used for determining deferred maintenance data.



**FY 2008 Bureau Deferred Maintenance Estimates**

(in thousands)

Type of Deferred Maintenance	Item(s) Covered Note (1)	Condition Category Note (2)	Estimated Range of Deferred Maintenance for 2008						
			General PP&E		Stewardship PP&E		Total		
			Low	High	Low	High	Low	High	
Financial Statement Estimated Deferred Maintenance									
Roads Bridges and Trails	A,B,C,D	G,F,P	\$ 182,126	\$ 267,832	\$ 731	\$ 1,076	\$ 182,857	\$ 268,908	
Irrigation, Dams, and Other Water Structures	A,B,C,D	G,F,P	1,417,739	2,084,910	581	854	1,418,320	2,085,764	
Buildings (e.g., Administration, Education, Housing, Historic Buildings)	A,B,C,D	G,F,P	630,600	927,353	3,788	5,571	634,388	932,924	
Other Structures (e.g., Recreation Sites, Hatcheries, etc.)		N/A	-	-	-	-	-	-	
<b>Total Indian Affairs</b>		G,F,P	\$ 2,230,465	\$ 3,280,095	\$ 5,100	\$ 7,501	\$ 2,235,565	\$ 3,287,596	

**Note (1) Category:**

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

**Note (2) Condition Assessment:**

Good - Facility/equipment condition meets established maintenance standards, operates efficiently, and has a normal life.  
 Fair - Facility/equipment condition meets minimum standards but requires additional maintenance or repair to prevent further deterioration, increase operating efficiency, and to achieve normal life expectancy.  
 Poor - Facility/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function. In some cases this includes condemned or failed facilities.  
 Based on periodic condition assessments, and indicator of condition, is the percent of facilities and items of equipment in each of the "Good," "Fair," or "Poor" categories.

**STEWARDSHIP LAND**

Stewardship land is defined as land owned by the federal government that was not acquired for or in connection with general PP&E. Excluded from the definition are the natural resources related to land. DOI does not report stewardship land in acres. Federal stewardship land is reported in terms of physical units rather than cost, fair value, or other monetary value. Beginning in FY 2008, the physical unit count for stewardship land is reported in the Notes to the financial statements. Condition of stewardship land will continue to be reported in the RSI section.





IA categorizes its stewardship land as multiple use. Multiple use is defined 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. IA’s stewardship land is managed by its 12 regions.

Land is categorized as “acceptable” when it is adequate for operating needs and the Department has not identified any improvements that are necessary to prepare and/or sustain the land for its intended use. Land is categorized as “needs intervention” when the Department has identified improvements that are necessary to prepare and/or sustain the land for its intended use. IA reports the condition of the 12 units of stewardship land as acceptable.

### HERITAGE ASSETS – NON-COLLECTIBLES

Assets are recognized as Non-Collectible Heritage Assets if they have either a Presidential, congressional, or Departmental (by the Secretary of the Interior) designation as a historic landmark. IA has classified one site, HINU in Lawrence, KS, as a National Historic Landmark designated by the Secretary. The Haskell campus consists of 300 acres and includes 47 buildings, a historic cemetery and a Medicine Wheel earthwork. The campus was designated a National Historic Landmark on July 4, 1961. Beginning in FY 2008, the physical unit count for non-collectable heritage assets is reported in the Notes to the financial statements. Condition of non-collectable heritage assets will continue to be reported in the RSI section.

#### Non-Collectible Cultural and Natural Heritage Assets - FY2008

Category by Type	Condition (%) <sup>1/</sup>			
	Good	Fair	Poor	Unknown
National Historic Landmarks	0	0	1	0
<b>Totals</b>	0	0	1	0

<sup>1/</sup>“Good” condition means a site shows no clear evidence of negative disturbance or deterioration by natural forces or human activities;

“Fair” means that a site shows clear evidence of negative disturbances or deterioration by natural forces and/or human activities;

“Poor” means that a site shows clear evidence of human activities and no corrective actions have been taken to protect and preserve the integrity of the site;

“Unknown” may mean that, due to the nature of the site, such as sites underwater, the condition cannot be determined or that, due to financial constraints, the condition of a site cannot be determined.

### HERITAGE ASSETS – MUSEUM PROPERTY

IA is responsible for significant museum property collections including art work, archeological materials, historical objects, and associated records that are managed in 181 facilities nationwide. This museum property is considered a “collectible heritage asset” valued for cultural, artistic, educational, historical, or natural significance to be preserved indefinitely.

For heritage asset reporting purposes, the Department has defined museum property reporting units as “collections.” The museum collections are defined as assemblages of objects, works of art, and/or historic documents, representing archeology, art, ethnography, biology, geology, paleontology, and history. A collection includes cataloged and/or uncataloged objects under the control of an administrative unit/location, which may have multiple facilities/spaces that house the collection. Beginning in FY 2008, the physical unit count for museum property is reported in the Notes to the financial statements. Condition of museum property will continue to be reported in the RSI section.



**Museum Collections FY 2008**

Condition of Facility Housing Collection<sup>1/</sup>

	<b>Good (Meet &gt; 70%)</b>	<b>Fair (Meet 50-70%)</b>	<b>Poor (Meet &lt; 50%)</b>	<b>Not Yet Assessed</b>
Interior Museum Collections				
Held at Interior Facilities	26	23	65	2
Held at Non-Interior Facilities	33	12	2	18
<b>Total</b>	<b>59</b>	<b>35</b>	<b>67</b>	<b>20</b>

<sup>1/</sup>“Good” condition means meeting more than 70% of standards in Departmental Manual Chapter 411, Museum Property; “Fair” means meeting 50-70% of Departmental standards; “Poor” means meeting less than 50% of Departmental Standards.

Museum collection condition is assessed based on the level of facility compliance with Departmental policy (411DM), with a rating of “Good” determined as meeting 70% of the Department’s policy requirements. Facilities are assessed using the DOI Museum Checklist, reviewing American Associations of Museums accreditation, and adopting the Army Corps of Engineers Mandatory Center of Expertise scores for compliance with 36 C.F.R Part 79, Curation of Federally-Owned and Administered Archeological Collections, which is similar to 411DM, in collaboration with other DOI bureaus.

**COMBINING STATEMENT OF BUDGETARY RESOURCES BY MAJOR PROGRAM**

IA receives funding from four direct appropriations and several permanent appropriations. The direct appropriations include:

- >> Operation of Indian Programs
- >> Construction
- >> Indian Land and Water Claim Settlements and Miscellaneous Payments to Indians
- >> Indian Guaranteed Loan Program Account.

The permanent appropriations include:

- >> Miscellaneous Permanent
- >> Quarters Operation and Maintenance
- >> White Earth Settlement Fund
- >> The appropriation for Indian Guaranty and Insurance Fund, Liquidating Account; Revolving Fund for Loans, Liquidating Account; Indian Direct Loan Program Account; and the Indian Guaranteed Loan Program Account.

The OIP and Construction appropriations are specifically designated as Major Budget Accounts. The other appropriations are combined for presentation on the Combining Schedule of Budgetary Resources by Major Program. The following describes IA’s Major Budget Accounts on OIP and Construction.

**Operation of Indian Programs**

IA is primarily funded by the OIP appropriation, which is for expenses necessary for the operation of Indian programs, as authorized by law, including the Snyder Act of November 2, 1921; the Indian Self-Determination and Education Assistance Act of 1975, as amended; the Education Amendments of 1978; and the Tribally Controlled Schools Act of 1988, as amended.



The following activities are funded by the OIP appropriation:

- >> Tribal Government
- >> Human Services
- >> Education
- >> Public Safety and Justice
- >> Community Development
- >> Resources Management
- >> Trust Services
- >> General Administration.

The activities within the OIP programmatic areas are numerous and have a wide scope of performance. They include:

- >> Provide technical assistance to tribal governments and tribal organizations to improve their ability to contract IA programs
- >> Promote Indian self-determination and allow tribes to combine various contracted programs into one agreement
- >> Support new federally acknowledged tribes and tribal governments
- >> Provide tribes with resources to foster strong and stable tribal governments and exercise their authority as sovereign nations
- >> Strengthen and stabilizes the administrative structures of tribes and tribal organizations currently contracting and/or compacting under the authority of P.L. 93-638
- >> Enable tribes to exercise their rights as sovereign nations by establishing and maintaining their own civil and criminal codes in accordance with local tribal customs and traditions
- >> Protect and preserve tribal and individual treaty rights
- >> Improve welfare systems for Indian tribes and Alaska Natives
- >> Provide resources to protect Indian children and prevent the separation of Indian families
- >> Improve the quality of life of needy Indians by eliminating substandard housing and homelessness on or near federally recognized reservation communities
- >> Allow tribes the flexibility to design human service programs that better meet the needs of their communities
- >> Provide scholarships that improve local economies
- >> Improve the success of students at each educational level by providing financial assistance for eligible students
- >> Enable students to obtain a General Equivalency Diploma (GED) or the basic skills needed to transition to a community college or job placement
- >> Provide supplementary assistance to meet the unique and specialized needs of Indian children in public school systems
- >> Provide funds for policy development, curriculum additions, and general program operations at tribal colleges and universities
- >> Provide economic growth in tribal communities through job placement and training
- >> Provide maintenance of roads and bridges
- >> Provide technical assistance to Indian tribes where land and natural resources are Trust assets
- >> Assist tribes in developing conservation and management plans to protect and preserve their natural resources on Trust land and off-reservation resources

## Section 3 FINANCIAL



- >> Manage or assist tribes with the management of their forests consistent with tribal goals
- >> Restore Indian lands infested with invasive species to productive agronomic uses
- >> Provide funds to meet tribal needs for management of fisheries, wildlife, outdoor recreation, public use, and conservation enforcement
- >> Provide access to energy and non-energy mineral leasing and ensures the responsible use of lands that are developed
- >> Provide expert geo-technical services to tribes involved in oil and gas exploration and drilling, field operations and sales, and liaison with other federal agencies, tribal governments, and individual Indian mineral owners to ensure effective communication in royalty management activities
- >> Provide overall management responsibility for the operation of Trust functions at the agency and tribal level
- >> Provide assistance to tribes and other agency personnel in various rights protection issues
- >> Improve ownership information and administer and manage all land held in Trust for the benefit of individual Indians and tribes
- >> Prepare probate cases for submission to responsible decision makers for the distribution of estates
- >> Protect and preserves Trust lands and resources
- >> Provide security personnel and other physical protection
- >> Develop policy guidelines on land acquisition requests for gaming, tribal/state compacts, per capita distribution plans, Secretarial approval of trust asset and gaming-related contracts, and Secretarial procedures for Class III gaming
- >> Provide core funding for management and administrative services
- >> Develop, implement, and review agency-level safety programs for compliance with federal laws and regulations to ensure safe and healthful workplaces
- >> Protect cultural and natural resources.

### **Construction**

IA is also funded with a Construction appropriation. This appropriation is for expenses necessary for construction, repair, improvement, and maintenance of irrigation and power systems, buildings, utilities, and other facilities, to include architectural and engineering services by contract; acquisition of lands, and interests in lands; preparation of land for farming; and for construction of the NIIP.

The Construction appropriation funds the following activities:

- >> Education construction
- >> Public safety and justice construction
- >> Resources management construction
- >> Tribal government construction
- >> Emergency response
- >> Reimbursable programs
- >> General administration.



## FY 2008 Combining Schedule of Budgetary Resources by Major Program (dollars in thousands)

	Operation of Indian Programs	Construction	Other Budgetary Accounts	Total Budgetary Accounts
<b>Budgetary Resources:</b>				
Unobligated balance, beginning of Fiscal Year:	\$ 600,853	\$ 132,540	\$ 73,717	\$ 807,110
Recoveries of prior year unpaid obligations	25,638	19,762	3,458	48,858
Budget Authority				
Appropriation	2,080,261	206,983	164,927	2,452,171
Spending authority from offsetting collections				
Earned				
Collected	301,824	8,935	1,042	311,801
Change in receivables from Federal sources	1,302	(1,050)	-	252
Change in unfilled customer orders				
Advance received	24,807	321	-	25,128
Without advance from Federal sources	(105,168)	(1,625)	-	(106,793)
Total Budget Authority	2,303,026	213,564	165,969	2,682,559
Nonexpenditure transfers, net, anticipated and actual	2,890	41,121	(3,610)	40,401
Permanently not available	(32,452)	(3,229)	(1,999)	(37,680)
<b>Total Budgetary Resources</b>	<b>\$ 2,899,955</b>	<b>\$ 403,758</b>	<b>\$ 237,535</b>	<b>\$ 3,541,248</b>
<b>Status of Budgetary Resources:</b>				
Obligations incurred:				
Direct	\$ 2,061,851	\$ 279,415	\$ 165,144	\$ 2,506,410
Reimbursable	317,634	10,111	-	327,745
Total Obligations incurred	2,379,485	289,526	165,144	2,834,155
Unobligated balance available:				
Apportioned	415,593	114,232	70,987	600,812
Total Unobligated balance available	415,593	114,232	70,987	600,812
Unobligated balance not available	104,877	-	1,404	106,281
<b>Total Status of Budgetary Resources</b>	<b>\$ 2,899,955</b>	<b>\$ 403,758</b>	<b>\$ 237,535</b>	<b>\$ 3,541,248</b>
<b>Obligated Balance:</b>				
Obligated balance, net				
Unpaid obligations, brought forward, beginning of Fiscal Year	\$ 296,598	\$ 495,630	\$ 47,621	\$ 839,849
Less: Uncollected customer payments from Federal sources, brought forward, beginning of Fiscal Year	(214,610)	(9,419)	-	(224,029)
Total unpaid obligated balances, net, beginning of Fiscal Year	81,988	486,211	47,621	615,820
Obligations incurred, net	2,379,485	289,526	165,144	2,834,155
Less: Gross outlays	(2,315,408)	(297,699)	(170,397)	(2,783,504)
Less: Recoveries of prior year unpaid obligations, actual	(25,638)	(19,762)	(3,458)	(48,858)
Change in uncollected customer payments from Federal sources	103,866	2,675	-	106,541
<b>Total unpaid obligated balance, net, end of period</b>	<b>\$ 224,293</b>	<b>\$ 460,951</b>	<b>\$ 38,910</b>	<b>\$ 724,154</b>
Obligated balance, net, end of period - by component:				
Unpaid obligations	\$ 335,037	\$ 467,694	\$ 38,910	\$ 841,641
Less: Uncollected customer payments from Federal sources,	(110,744)	(6,743)	-	(117,487)
<b>Total unpaid obligated balance, net, end of period</b>	<b>\$ 224,293</b>	<b>\$ 460,951</b>	<b>\$ 38,910</b>	<b>\$ 724,154</b>
<b>Net Outlays:</b>				
Net Outlays				
Gross outlays	\$ 2,315,408	\$ 297,699	\$ 170,397	\$ 2,783,504
Less: Offsetting collections	(326,631)	(9,256)	(1,042)	(336,929)
Less: Distributed Offsetting receipts	-	-	(185,046)	(185,046)
<b>Net Outlays (Receipts)</b>	<b>\$ 1,988,777</b>	<b>\$ 288,443</b>	<b>\$ (15,691)</b>	<b>\$ 2,261,529</b>



## FY 2007 Combining Schedule of Budgetary Resources by Major Program (dollars in thousands)

	Indian Programs	Construction	Budgetary Accounts	Budgetary Accounts
<b>Budgetary Resources:</b>				
Unobligated balance, beginning of Fiscal Year:	\$ 445,912	\$ 122,397	\$ 75,180	\$ 643,489
Recoveries of prior year unpaid obligations	9,117	99,645	2,579	111,341
Budget Authority				
Appropriation	1,988,223	271,823	172,363	2,432,409
Spending authority from offsetting collections				
Earned				
Collected	227,337	9,751	5,127	242,215
Change in receivables from Federal sources	7,341	776	-	8,117
Change in unfilled customer orders				
Advance received	(15,631)	(281)	-	(15,912)
Without advance from Federal sources	130,155	(2,778)	-	127,377
Total Budget Authority	2,337,425	279,291	177,490	2,794,206
Nonexpenditure transfers, net, anticipated and actual	334	(18,771)	-	(18,437)
Permanently not available	-	-	(4,951)	(4,951)
<b>Total Budgetary Resources</b>	<b>\$ 2,792,788</b>	<b>\$ 482,562</b>	<b>\$ 250,298</b>	<b>\$ 3,525,648</b>
<b>Status of Budgetary Resources:</b>				
Obligations incurred:				
Direct	\$ 1,954,219	\$ 339,579	\$ 176,581	\$ 2,470,379
Reimbursable	237,716	10,443	-	248,159
Total Obligations incurred	2,191,935	350,022	176,581	2,718,538
Unobligated balance available:				
Apportioned	511,744	132,540	69,628	713,912
Total Unobligated balance available	511,744	132,540	69,628	713,912
Unobligated balance not available	89,109	-	4,089	93,198
<b>Total Status of Budgetary Resources</b>	<b>\$ 2,792,788</b>	<b>\$ 482,562</b>	<b>\$ 250,298</b>	<b>\$ 3,525,648</b>
<b>Obligated Balance:</b>				
Obligated balance, net				
Unpaid obligations, brought forward, beginning of Fiscal Year	\$ 259,690	\$ 587,954	\$ 30,915	\$ 878,559
Less: Uncollected customer payments from Federal sources, brought forward, beginning of Fiscal Year	(77,115)	(11,421)	-	(88,536)
Total unpaid obligated balances, net, beginning of Fiscal Year	182,575	576,533	30,915	790,023
Obligations incurred, net	2,191,935	350,022	176,581	2,718,538
Less: Gross outlays	(2,145,909)	(342,701)	(157,296)	(2,645,906)
Less: Recoveries of prior year unpaid obligations, actual	(9,117)	(99,645)	(2,579)	(111,341)
Change in uncollected customer payments from Federal sources	(137,496)	2,002	-	(135,494)
<b>Total unpaid obligated balance, net, end of period</b>	<b>\$ 81,988</b>	<b>\$ 486,211</b>	<b>\$ 47,621</b>	<b>\$ 615,820</b>
Obligated balance, net, end of period - by component:				
Unpaid obligations	\$ 296,598	\$ 495,630	\$ 47,621	\$ 839,849
Less: Uncollected customer payments from Federal sources,	(214,610)	(9,419)	-	(224,029)
<b>Total unpaid obligated balance, net, end of period</b>	<b>\$ 81,988</b>	<b>\$ 486,211</b>	<b>\$ 47,621</b>	<b>\$ 615,820</b>
<b>Net Outlays:</b>				
Net Outlays				
Gross outlays	\$ 2,145,909	\$ 342,701	\$ 157,296	\$ 2,645,906
Less: Offsetting collections	(211,706)	(9,470)	(5,127)	(226,303)
Less: Distributed Offsetting receipts	-	-	(116,639)	(116,639)
<b>Net Outlays (Receipts)</b>	<b>\$ 1,934,203</b>	<b>\$ 333,231</b>	<b>\$ 35,530</b>	<b>\$ 2,302,964</b>



## **REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION**

**UNAUDITED (SEE AUDITORS' REPORT)**

This part of the Financial section contains our required supplementary stewardship information disclosures.

Contents Include:

- >> General Stewardship Information
- >> Human Capital
- >> Non-Federal Physical Property



## GENERAL STEWARDSHIP INFORMATION

Federal agencies are required to report on their stewardship over certain resources and responsibilities entrusted to them that cannot be measured in traditional financial reports. In FY 2008, Stewardship Investments are reflected in the RSSI reporting. Although these resources and responsibilities do not meet the criteria for assets and liabilities that are required to be reported within the financial statements, they are important to understanding both the operation and financial condition of IA at the date of the financial statements and in subsequent periods.

Stewardship resources involve substantial investment by IA for the benefit of the nation. Costs of stewardship-type resources are treated as expenses in the financial statements in the year the costs are incurred. These costs and the resultant resources are intended, however, to provide long-term benefits to the public and are included as RSSI reporting to highlight for the user their long-term benefit nature and to demonstrate accountability over them. Depending on the nature of the resources, stewardship reporting may consist of financial and non-financial data.

## HUMAN CAPITAL

### Indian Education

Taking the lead in IA in the area of education is the BIE. The BIE vision and long-range goal is to unite and promote healthy Indian communities through lifelong learning. This is implemented through its dedicated commitment to its mission, which is to provide quality education opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual and cultural aspects of the individual being served.

Since 1995, tribes have operated more schools through grants and contracts than the Indian Affairs has operated. In SY 2006–2007, 125 of the 184 schools/dorms were administered by tribes and tribal organizations, which is equivalent to 68 % of the total schools.

Through various education programs, a significant human capital investment in Indian education was made towards improving the lives of American Indians and Alaska Natives. In FY 2008, \$588.9 million was expended for Indian education programs, excluding construction and facilities maintenance, which benefit American Indians and Alaska Natives from childhood throughout adulthood.

Beginning in FY 2007, the Job Corps (477) program was no longer reported by the DOI or its bureaus due to the 2007 revisions contained in OMB Circular A-136, *Form and Content of PAR*, Revised July 2007. Monies received from DOL for this program are Parent/Child (Interior is the child) and only the parent reports on the funds.

The FY 2004 – 2008 expenses that relate to the Investment in Human Capital are detailed in the following table.

### School Operations Program

#### FY2004–2008 Investment in Human Capital

(dollars in millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
Educational Programs <sup>1/</sup>	\$ 570.2	\$ 549.0	\$ 542.0	\$ 565.1	\$ 588.9	\$ 2,815.2
Other	11.9	12.1	10.5	0.0	0.0	34.5
<b>Total</b>	<b>\$ 582.1</b>	<b>\$ 561.1</b>	<b>\$ 552.5</b>	<b>\$ 565.1</b>	<b>\$ 588.9</b>	<b>\$ 2,849.7</b>

<sup>1/</sup>Educational Programs include School Operations, Adult Education, Post Secondary Education, Scholarship Programs, and the Indian Employment, Training, and Related Services Act.





The School Operations Program consists of the Indian School Equalization Program (ISEP), transportation, 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 (WSU) in order to provide basic educational programs for Indian children in grades K through 12. This funding is for operating the Bureau-funded schools, i.e. funding for school staff, school programs, textbooks and general supplies that are used by the school to educate Indian children.

#### SIGNIFICANT OUTPUT/ACCOMPLISHMENT

Significant accomplishments in school operations include:

BIE hosted the “National Safe and Secure Schools Conference” on August 4–8, 2008 in Dallas, Texas. The conference was held to provide BIE schools and dormitories with relevant and meaningful tools to assist them in the implementation of emergency school policies and procedures. BIE provided training to Acting Associate Deputy Directors, Education Line Officers, Facilities Managers, Administrators and Teachers.

Additional BIE accomplishments in school operations are discussed in Section I: MD&A.

#### Adult Education

The Adult Education Program provides opportunities for adult Indians and Alaska Natives to obtain the GED, as well as improve employment skills and abilities, and reduce economic dependence on welfare programs. The tribes support the continuing Adult Education Program with several education programs under Tribal Priority Allocations (TPA) funding process.

#### SIGNIFICANT OUTPUT/ACCOMPLISHMENT

The Oklahoma ELO operated Adult Education Learning Centers in Wewoka, OK (Seminole), Carnegie, OK and Anadarko, OK (Kiowa), serving 32 and 172 recipients respectively. The OELO also administered 11 P.L. 93-638 adult education contracts.

#### Post-Secondary Education Programs

The Post-Secondary Education Programs are an important component in the economic development of tribal communities. The programs support the Department’s “Serving Communities” mission area by promoting growth within Indian communities. Post-secondary programs primarily consist of operating grants and supplemental funds for Tribal Colleges and Universities (TCUs). In addition, the funds support the Undergraduate and Graduate Scholarship Programs, HINU, and SIPI.

Operating funds are provided to defray expenditures for academic, educational, and administrative purposes and for the operation and maintenance of 25 TCUs; however, one TCU was not funded because it did not meet eligibility requirements. Six tribes supplement the operation of their TCUs by providing additional TPA funds for policy development, curriculum additions and general program operations.

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.

The BIE funds the operating costs of two post-secondary schools in order to prepare Indian students from all tribes for job placement in various occupations. HINU and SIPI offer their students skill certificates, and associate and bachelor degrees in a variety of studies, sciences, and technologies. Two other post-secondary institutions that provide Indian education are Navajo Technical College and United Tribes Technical College.



### SIGNIFICANT OUTPUT/ACCOMPLISHMENT

SIPI maintains an open door admissions policy, thus ensuring access to postsecondary education for Indian students. Consequently, approximately 30% of SIPI's student population is engaged in developmental education courses to prepare them for college-level work. SIPI's developmental education program is among the most successful in the state of New Mexico. Data from the 2006–2007 SY indicate that 52.88% of SIPI's developmental education students entered post-secondary certificate/degree programs.

SIPI also operates an Adult Basic Education program to address the significant high school drop-out rate among Indian students nationally. Data from the 2006–2007 SY indicate that:

- >> 44.64% of SIPI's Adult Basic Education students made significant educational level gains, ranking first among New Mexico ABE programs.
- >> The ABE post-test rate was 74.11%, ranking second among New Mexico ABE programs.

### 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 Bureau'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 (age 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. These programs support the BIE's Annual Performance Plan goal that seeks to improve the succession of students to each educational level.

### SIGNIFICANT OUTPUT/ACCOMPLISHMENT

The Oklahoma ELO administers the JOM programs for three tribes as well as 54 P.L. 93-638 contracts. The Fort Peck Assiniboine & Sioux Tribes Tribal Education Department served 1,495 students in six schools and one Headstart program. The six schools had 84 8<sup>th</sup> grade and 56 12<sup>th</sup> grade graduates.

### NON-FEDERAL PHYSICAL PROPERTY

The IA's investment in Non-Federal Physical Property includes schools, dormitories and other infrastructures.

The OFMC, in conjunction with IA, owns or provides funds for a considerable number and broad variety of buildings and other associated facilities across the nation, including buildings with historic and architectural significance. The IA construction program is a multifaceted, intricate operation that encompasses the areas of Education, Public Safety and Justice, Resource Management, and General Administration.

The education facilities serve a number of schools that provide educational opportunities for approximately 44,500 students. IA also provides funding for administrative buildings at a number of tribal locations. Other facilities include dormitories, road forestry and detention centers, numerous irrigation facilities, and significantly hazardous dams. Additionally, program sub-activities have elements that 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, IA is continually striving to correct code and standard deficiencies.



Funding for school projects is provided to the tribes through P.L.93-638 contracts or through P.L.297 grants. Once the funds are awarded, IA has the option of giving the tribe the entire amount, portioning the funds over time, or holding the funds until the tribe demonstrates they can begin the project.

Beginning in FY 2007, the IRR Program and the Indian Reservation Roads Bridge Program (IRRBP) were no longer reported by DOI or its bureaus due to the 2007 revisions contained in OMB Circular A-136, *Form and Content of PAR*, Revised July 2007. Monies received from the FHWA for this program are Parent/Child (Interior is the child) and only the parent reports on the funds.

The expenses for all Investments in Non-Federal Physical Property for FY 2004 through FY 2008 are as follows:

**Investment in Non-Federal Physical Property - September 30, 2008**

(in millions)

Category	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	TOTAL
Dams and Other Water Structures	\$ -	\$ 3.9	\$ 0.2	\$ 0.6	\$ 1.9	\$ 6.6
Roads and Bridges	213.7	96.5	108.0	-	-	418.2
Schools and Public Buildings <sup>1/</sup>	45.3	36.4	28.1	75.0	25.0	209.8
<b>Total</b>	\$ 259.0	\$ 136.8	\$ 136.3	\$ 75.6	\$ 26.9	\$ 634.6

<sup>1/</sup>In prior years, one of the categories was Dams and Other Structures and Indian Affairs had dollars that related to Other Structures. In FY 2005, a new category was created "Dams and Other Water Structures"; therefore Indian Affairs recategorized the prior year dollars into the Schools and Public Buildings since the dollars were not related to the new category.



## AUDITORS' REPORT



United States Department of the Interior  
OFFICE OF INSPECTOR GENERAL  
Washington, DC 20240

FEB 4 2009

Memorandum

To: Assistant Secretary for Indian Affairs

From: Kimberly Elmore *Robert Romanyshyn Jr*  
Assistant Inspector General for Audits, Inspections and Evaluations

Subject: Independent Auditors' Report on Indian Affairs Financial Statements for Fiscal Years 2008 and 2007 (Report No. X-IN-BIA-0013-2008)

### ***INTRODUCTION***

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This memorandum transmits the KPMG LLP (KPMG) auditors' report of the Indian Affairs (IA) financial statements for fiscal years (FYs) 2008 and 2007. The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires the Inspector General or an independent auditor, as determined by the Inspector General, to audit the Department of the Interior (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 IA 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***

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In its audit report dated January 16, 2009 (Attachment 1), KPMG issued an unqualified opinion on the IA financial statements. However, KPMG identified two significant deficiencies in internal controls over financial reporting, none of which were material weaknesses. In addition, KPMG disclosed no instances of IA's noncompliance with laws and regulations. KPMG made 15 recommendations that, if implemented, should resolve the findings.

### ***STATUS OF RECOMMENDATIONS***

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In its December 19, 2008 response (Attachment 2) to the draft report, IA partially agreed with the findings and recommendations. Further, IA stated that it was in the process of implementing 11 recommendations and disagreed with four recommendations. We will refer the four unresolved recommendations to the Assistant Secretary for Policy, Management and Budget



for resolution and the remaining 11 recommendations for tracking of implementation (see Attachment 3, "Status of Audit Report Recommendations").

## ***EVALUATION OF KPMG AUDIT PERFORMANCE***

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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 IA 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, and the conclusions expressed therein. We do not express an opinion on IA financial statements nor on KPMG's conclusions regarding 1) effectiveness of internal controls, 2) compliance with laws and regulations, or 3) substantial compliance of IA financial management systems with the Federal Financial Management Improvement Act of 1996.

## ***REPORT DISTRIBUTION***

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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 recommendations that have not been implemented. 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 IA personnel during the audit. If you have any questions regarding the report, please contact Chris Stubbs at 202-208-5659.

Attachments (3)

cc: Audit Liaison Officer, Assistant Secretary for Indian Affairs  
Director, Indian Affairs  
Chief Financial Officer, Indian Affairs  
Audit Liaison Officer, Indian Affairs  
Audit Liaison Officer, Office of Financial Management



ATTACHMENT 1



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

**Independent Auditors' Report**

Assistant Secretary for Indian Affairs and Inspector General,  
U.S. Department of the Interior:

We have audited the accompanying consolidated balance sheets of Indian Affairs (IA), a component of the U.S. Department of the Interior (Interior), as of September 30, 2008 and 2007, and the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources (hereinafter referred to as "consolidated financial statements") for the years then ended. The objective of our audits was to express an opinion on the fair presentation of these consolidated financial statements. In connection with our fiscal year 2008 audit, we also considered IA's internal controls over financial reporting and tested IA's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these consolidated financial statements.

**Summary**

As stated in our opinion on the consolidated financial statements, we concluded that IA's consolidated 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, in fiscal year 2008 IA changed its method of accounting for and reporting of heritage assets and stewardship land to adopt changes in accounting standards.

Our consideration of internal control over financial reporting resulted in the following conditions being identified as significant deficiencies:

- A. General and Application Controls over Financial Management Systems
- B. Controls over Property, Plant, and Equipment

However, neither of the significant deficiencies are believed to be material weaknesses.

The results of our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

The following sections discuss our opinion on IA's consolidated financial statements; our consideration of IA's internal controls over financial reporting; our tests of IA'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 consolidated balance sheets of Indian Affairs, a component of the U.S. Department of the Interior, as of September 30, 2008 and 2007, and the related consolidated statements of net cost and changes in net position and combined statements of budgetary resources for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of IA as of September 30, 2008 and 2007, and its net costs, changes in net position, and budgetary resources for the years then ended, in conformity with U.S. generally accepted accounting principles.





As discussed in Note 8 to the consolidated financial statements, in fiscal year 2008 IA changed its method of accounting for and reporting of heritage assets and stewardship land to adopt changes in accounting standards.

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 consolidated 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 consolidated financial statements taken as a whole. The information in the Message from the Assistant Secretary – Indian Affairs, Purpose of the Report, Section II: Performance, and Appendices, as reflected in the 2008 Annual Performance and Accountability Report, are presented for purposes of additional analysis and are not required as part of the consolidated 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 IA'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 IA's consolidated financial statements that is more than inconsequential will not be prevented or detected by IA'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 consolidated financial statements will not be prevented or detected by IA'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. However, we believe that neither of the significant deficiencies described below are material weaknesses. Exhibit I presents the status of prior year significant deficiencies.

#### **A. General and Application Controls over Financial Management Systems**

IA did not have adequate information technology controls to protect three of its financial information systems as required by OMB Circular No. A-130, *Management of Federal Information Resources*. These conditions could affect IA's ability to prevent and detect unauthorized changes to financial information, control electronic access to sensitive information, and protect its information resources.

##### *1. Entity Wide Security Planning*

IA did not complete the Certification and Accreditation (C&A) for the procurement application until the fourth quarter of fiscal year 2008.



## 2. Access Controls

IA did not consistently perform periodic recertifications of user access and segregation of duties over the procurement application. Additionally, IA did not implement audit logging or a review over changes made to user profiles for the procurement and loans management applications. Finally, IA did not review or limit users with multiple accounts and did not remove separated employees within the procurement application in a timely manner.

## 3. Change Controls

IA did not implement a mechanism, for the loans management application, to log change actions in the production environment, including direct changes to production data.

Secondly, IA did not implement change control segregation of duties for the irrigation revenue management application. Specifically, IA personnel had access to both development and production environments. Additionally, no logging or mitigating controls were in place to detect unauthorized changes, which were often coded and migrated by the same individual, to the irrigation revenue management application as the logs were not routinely generated, monitored, or reviewed. Finally, user actions, for the irrigation revenue management application, including changes made to production data through the backend database were logged; however, the changes were not reviewed or reconciled back to source documents.

## 4. System Software

IA developed informal procedures for periodic reviews of system software logs that support the loans management application, however, evidence of these reviews was not maintained. Secondly, IA did not have procedures for audit logging or reviewing access to or changes made to sensitive and critical data and files for the procurement application. Finally, for the procurement application, IA did not have procedures for logging or reviewing operating system or backend database changes, including reconciliation of changes back to source documents.

### **Recommendations**

We recommend that IA:

#### 1. Entity Wide Security Planning

- a. Ensure an approved C&A is in place, which covers the entire year.
- b. Consistently update the C&A every three years or in the event of a significant change to the system.

#### 2. Access Controls

- a. Perform periodic recertifications of user access and segregation of duties over the procurement application.
- b. Implement audit logging and a review over changes made to user profiles for the procurement and loans management applications.
- c. Limit multiple accounts for users for the procurement application.
- d. Remove separated employees in a timely manner from the procurement application.





### 3. *Change Controls*

- a. Implement a mechanism, for the loans management application, to log and review change actions in the production environment, including direct changes to production data.
- b. Implement segregation of duties between the development and production environments or implement a periodic log review procedure that would detect any unauthorized changes to the irrigation revenue management system's production environment, which would better document change management procedures.

### 4. *System Software*

- a. Document evidence of periodic reviews of systems software logs that support the loans management application.
- b. Implement audit logging and reviewing access to or changes made to sensitive and critical data and files for the procurement application.
- c. Implement audit logging and a review over changes made to the operating system and the backend database for the procurement application.
- d. Implement procedures to ensure that changes to the servers or backend database are reconciled back to source documents for the procurement application.

#### **Management's Response**

Management has prepared an official response presented as a separate attachment to this report. In summary management agreed with our findings but only agreed with recommendations 1b, 2c, 2d, 3b, and 4. We did not audit IA's response and, accordingly, we express no opinion on it.

#### **Auditors' Response to Management's Response**

As summarized above, IA did not have a C&A package covering the entire fiscal year. In addition, users were not consistently recertified in a timely manner for the procurement system and there is currently no audit logging or review of changes to the user profiles for the procurement and loans management applications. Finally, IA did not have a mechanism to log change actions in the production environment for the loans management application.

#### **B. Controls over Property, Plant, and Equipment**

##### 1. *General Property, Plant, and Equipment*

IA did not have adequate policies and procedures to capture current acquisitions of property, plant, and equipment or depreciation expense related to Mission Valley Power. Mission Valley Power (MVP) is operated by the Tribal Council of the Confederated Salish and Kootenai Tribes through a Public Law 93-638 contract where IA provides funds to the Council to operate and manage an electric utility plant. The contract, signed in 1991, stated that title to all capitalized equipment acquired using funds provided for under the contract shall be taken in the name of the United States (IA).

In 1999, IA erroneously removed the plant assets related to MVP from its general ledger and did not record any activity relating to MVP PP&E between 1999 and 2007. In FY 2008, performed an analysis and adjusted its general ledger to record approximately \$35.6 million of net MVP plant assets previously expensed.

##### 2. *Stewardship Land*



IA did not establish adequate controls over the implementation of Statement of Federal Financial Accounting Standards (SFAS) No. 29, *Heritage Assets and Stewardship Land*, because IA did not use a supportable methodology for determining the units of stewardship land to report in its consolidated financial statements.

While performing our procedures, we determined that IA used varying methods of reporting units of stewardship land. For example, in some cases, IA reported multiple deeds/parcels of land as one unit, while in other cases, IA reported multiple deeds/parcels of land as multiple units. In addition, IA had not adequately documented its policies and procedures requiring the consistent reporting of stewardship land.

As a result of our procedures, IA reassessed its reporting methodology and subsequently classified stewardship land by region, resulting in a revised beginning balance of 12 units of stewardship land, a decrease of 206 units from initially reported.

#### **Recommendations**

We recommend that IA:

##### *1. General Property, Plant, and Equipment*

- a. Improve policies and procedures over property, plant, and equipment to ensure all property acquired through PL 93-638 contracts is properly recorded in IA's general ledger.
- b. Improve policies and procedures over the annual property inventory process to ensure all property acquired through PL 93-638 contracts is included.

##### *2. Stewardship Land*

- a. Improve policies and procedures to ensure consistent reporting of stewardship land.

#### **Management's Response**

Management has prepared an official response presented as a separate attachment to this report. In summary management agreed with the findings and recommendations related to general property, plant, and equipment, but disagreed with the findings and recommendations related to stewardship land. We did not audit IA's response and, accordingly, we express no opinion on it.

#### **Auditors' Response to Management's Response**

As discussed above, IA did not use a supportable methodology for determining the units of stewardship land and as a result revised its beginning balance of stewardship land units.

#### **Compliance and Other Matters**

The results of our tests of compliance 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 no instances in which the IA's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.



\* \* \* \* \*

### Responsibilities

**Management's Responsibilities.** Management is responsible for the consolidated financial statements; establishing and maintaining effective internal control; and complying with laws, regulations, contracts, and grant agreements applicable to IA.

**Auditors' Responsibilities.** Our responsibility is to express an opinion on the fiscal year 2008 and 2007 consolidated financial statements of IA 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 consolidated 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 IA'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 consolidated financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall consolidated 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 IA's internal control over financial reporting by obtaining an understanding of IA'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 consolidated 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 IA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of IA's internal control over financial reporting.

As part of obtaining reasonable assurance about whether IA's fiscal year 2008 consolidated financial statements are free of material misstatement, we performed tests of IA'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 consolidated 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 IA. 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.

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We have also noted certain other matters involving internal control over financial reporting and its operation that we have reported to management of IA in a separate letter dated January 16, 2009.



This report is intended solely for the information and use of IA's management, 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

January 16, 2009



**Exhibit I**

**Indian Affairs**  
Status of Prior Year Findings  
September 30, 2008

<u>Reference</u>	<u>Condition</u>	<u>Status</u>
A	Controls over Environmental and Disposal Liabilities	This finding is reported in a letter to management dated January 16, 2009.
B	General and Application Controls over Financial Management Systems	This condition has been partially corrected. See finding A.
C	Controls over Charge Cards	This finding is reported in a letter to management dated January 16, 2009.
D	<i>Debt Collection Improvement Act of 1996</i>	This finding is reported in a letter to management dated January 16, 2009.





ATTACHMENT 2



United States Department of the Interior

OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20240

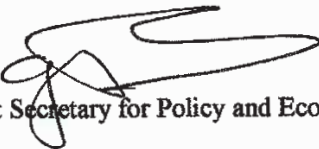


Memorandum

DEC 19 2008

To: Kimberly Elmore  
Assistant Inspector General for Audits, Evaluations, and Inspections

Jeff Norris  
KPMG, LLP

From: George T. Skibine   
Acting Deputy Assistant Secretary for Policy and Economic Development

Subject: Management's Response to the Draft Independent Auditors' Report on the Indian Affairs Financial Statements for Fiscal Years 2008 and 2007 (Assignment No. X-IN-BIA-0013-2008)

Indian Affairs (IA) has reviewed the draft audit report prepared by KPMG, LLP, and provides the following in response to the findings and recommendations. The IA is pleased that the result of the audit is an unqualified opinion on the consolidated financial statements and that no material weaknesses were identified. We appreciate the efforts of the Office of Inspector General and KPMG in the audit process and look forward to working with you to continue our marked improvement of financial management within IA.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

**Reportable Conditions Considered as Material Weaknesses**

None reported.

**Reportable Conditions Considered as Significant Deficiencies**

**A. General and Application Controls over Financial Management Systems**

Recommendation 1.a. IA disagrees as a Certification and Accreditation (C&A) package was completed for the procurement system in FY 2008. The package was scheduled to be tested in the September roll-forward testing and KPMG stated that this would be sufficient and the Notice of Findings and Recommendations (NFR) would be removed.

Recommendation 1.b. IA agrees with this recommendation and will continue to follow the process in place which updates the C&A every three years or in the event of a significant change to the system.



Recommendation 2. a. IA disagrees with this recommendation. The user recertification access and segregation of duties over the procurement system was complete on July 31, 2008. The process stated if users did not provide a signed supervisory recertification form their access was revoked until such time a recertification form was provided to the Office of Acquisition and Property Management. However, screenshots could not be provided at a point in time showing the access was revoked because once a recertification form was submitted access was restored. (i.e. user suspended 8/2/08 – no screen shot ; however user provided form 8/5/08 – access restored).

Recommendation 2.b. IA disagrees with this recommendation as these systems will be replaced with the Financial Business Management System (FBMS) and the DOI Office of Acquisitions Management has established a moratorium on any changes to financial systems. It would not be fiscally prudent for IA to invest in third party software to implement the functionality. Additionally, the current platform on which the loan system resides cannot accommodate third party software.

Recommendation 2.c.and 2.d. IA agrees with these recommendations. Indian Affairs will continue to work with HR in obtaining the most recent list of terminated and separated employees. However, it is the business owner's responsibility to revoke access to the system. IT revokes access to the active directory and works with the business owners on revoking access to the systems. All duplicate profiles have been deactivated. The OCIO/Helpdesk User Administration Team will transition the role of creating and maintaining user profiles for the procurement system to an acquisition specialist in the Office of Acquisition and Property Management.

Recommendation 3.a. IA disagrees with the recommendation because all changes to the production environment must be approved by the IA Change Control Board prior to implementation. Further, this system will be replaced with FBMS and the DOI Office of Acquisitions Management has established a moratorium on any changes to financial systems. Additionally, the current platform on which the loan system resides cannot accommodate third party software.

Recommendation 3.b. IA will work with NBC and the Division of Irrigation and Safety of Dams (irrigation programming team) to determine how to separate functions or will develop an independent review of the log activity.

Recommendation 4. a. IA agrees with this recommendation. The system administrator had unofficial procedures for checking the event logs to ensure that changes could be detected. However, the procedures were not formally documented until July 11, 2008, and are currently being followed and documentation retained.

Recommendation 4.b. c. and d. Indian Affairs agrees with the recommendations. In FY 2009, the Office of Acquisition and Property Management and the OCIO will work with NBC to transition the everyday monitoring of Interior Department Electronic Acquisition System Procurement Desktop (IDEAS-PD).



## B. Controls over Property, Plant, and Equipment

Management partially concurs. IA offers the following comments on the report findings and recommendations.

*General Property, Plant, and Equipment (PP&E).* Assets acquired with PL 93-638 funding are generally tribally owned and therefore not in IA's PP&E ledger, unless either a contract clause (like the clause in the MVP contract) or a separate request from a tribal organization stipulates that title is to be held by the United States (IA).

In 2008, IA undertook an extensive review of PP&E at all tribal organizations it conducts business with in order to ensure that all IA-titled PP&E acquired with PL 93-638 funding was in IA's PP&E ledger. The review included tribal representatives and various IA staff, including field property officers, regional property officers, awarding officials who manage various PL 93-638 grants and contracts, and other regional and central staff. The review did not disclose any additional PP&E that was not already properly recorded.

IA will continue to involve awarding officials and other regional and central staff in the annual property inventory process to ensure any future IA-titled but PL 93-638 funded assets are identified and recorded in IA's PP&E ledger.

*Heritage Assets and Stewardship Land.* IA had a supportable methodology that combined accounting for assets with reporting for stewardship land units. Each asset number assigned in the Fixed Assets Subsystem (FAS) was designated as one stewardship unit; this one fixed asset number equaling one stewardship land unit was in compliance with Statement of Federal Financial Accounting Standard (SFFAS 29), and allowed management's accountability for assets to parallel its accountability for stewardship land. However, IA understood the frustration of the auditors in dealing with varying relationships between deeds and asset numbers. After many discussions and in order to accommodate all parties, IA changed its unit count for stewardship land from asset numbers in Fixed Assets Subsystem (FAS) to regions. Either method of accounting is in compliance with SFFAS 29.





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ATTACHMENT 3

STATUS OF AUDIT REPORT RECOMMENDATIONS

<b><u>Recommendation</u></b>	<b><u>Status</u></b>	<b><u>Action Required</u></b>
A.1.a., A.2.a., A.2.b., and A.3.a.	Unresolved	Recommendations will be referred to the Assistant Secretary, Policy, Management and Budget for resolution.
A.1.b., A.2.c., A.2.d., A.3.b., A.4.a., A.4.b., A.4.c., A.4.d., B.1.a., B.1.b., and B.2.a.	Resolved; not implemented	Recommendations will be referred to the Assistant Secretary, Policy, Management and Budget for tracking of implementation.



*After a day of fishing and hunting, the Indian men canoe homeward.*  
Courtesy of the Edward Curtis Collection.



# GLOSSARY OF TERMS

ABC	Activity Based Costing	DCIA	Debt Collection Improvement Act
ABC/M	Activity Based Costing/Management	DEA	Drug Enforcement Administration
ADM	Average Daily Membership	DECRM	Division of Environmental and Cultural Resources Management
AFV	Alternative Fuel Vehicle	DED	Division of Economic Development
APTA	American Public Transportation Association	DEMD	Division of Energy and Mineral Development
AQS	Agency Query System	DEMS	Dams Emergency Monitoring System
ARPA	Archaeological Resources Protection Act of 1979	DM	Departmental Manual
AS-IA	Office of the Assistant Secretary - Indian Affairs	DOI	Department of the Interior
ATO	Authority to Operate	DOJ	Department of Justice
AYP	Adequate Yearly Progress	DOL	Department of Labor
BARC	Balances Approach Reestimate Calculator	DOT	Department of Transportation
BIA	Bureau of Indian Affairs	DSRM	Division of Safety and Risk Management
BIE	Bureau of Indian Education	DWD	Division of Workforce Development
BLM	Bureau of Land Management	eCPIC	Electronic Capital Planning & Investment Control
BOR	Bureau of Reclamation	ED	Department of Education
C&A	Certification & Accreditation	EFT	Electronic Funds Transfer
CAA	Clean Air Act	ELO	Education Line Office
CAC	Consolidated Acquisition Center	EM	Environmental Management
CAP	Corrective Action Plan	EMAP	Environmental Management Action Plan
CDFI	Community Development Financial Institutions	EMS	Environmental Management System
CDIB	Certificates of Degree of Indian Blood	ESEA	Elementary and Secondary Education Act
CFO	Chief Financial Officer	FACE	Family and Child Education
CFR	Code of Federal Regulations	FAS	Federal Acquisition System
CIMP	Continuous Improvement Monitoring Process	FASAB	Federal Accounting Standards Advisory Board
CIP	Construction-In-Progress	FBI	Federal Bureau of Investigation
COSC	Credit Office Service Centers	FBMS	Financial and Business Management System
CRM	Cultural Resources Management	FBWT	Fund Balance with Treasury
CSRS	Civil Service Retirement System	FCI	Facilities Condition Index
CWA	Clean Water Act	FECA	Federal Employees' Compensation Act
DAS	Deputy Assistant Secretary	FEGLI	Federal Employees Group Life Insurance
DAS-M	Deputy Assistant Secretary - Management	FEHB	Federal Employees Health Benefit
DAS-PED	Deputy Assistant Secretary - Policy and Economic Development	FERC	Federal Energy Regulatory Commission
DC	District of Columbia	FERS	Federal Employees Retirement System
DCI	Division of Capital Investment	FFMIA	Federal Financial Management Improvement Act



## GLOSSARY OF TERMS

FFS	Federal Financial System	IRRBP	Indian Reservation Roads Bridge Program
FHWA	Federal Highway Administration	IRS	Internal Revenue Service
FI&R	Facilities Improvement and Repair Project	ISEP	Indian School Equalization Program
FISMA	Federal Information Security Management Act	ISP	Individual Self-Sufficiency Plan
FMFIA	Federal Managers' Financial Integrity Act	IT	Information Technology
FMIRB	Fleet Management Investment Review Board	JOM	Johnson O'Malley Program
FMIS	Facility Management Information System	LEA	Local Educational Agency
FRPP	Federal Real Property Profile	LTRO	Land, Title and Records Office
FRR	Facility Reliability Rating	MD&A	Management's Discussion and Analysis
FTE	Full-Time Equivalent Employee	MEO	Most Effective Organization
FY	Fiscal Year	MI&R	Minor Improvement & Repair
GA	General Assistance	MOU	Memorandum of Understanding
GAAP	Generally Accepted Accounting Principles	NAGPRA	Native American Graves Protection and Repatriation Act of 1990
GAO	Government Accountability Office	NASA	National Aeronautics and Space Administration
GED	General Equivalency Diploma	NASIS	Native American Student Information System
GPRA	Government Performance and Results Act	NCAI	National Congress of American Indians
GSA	General Services Administration	NCCE	National Center for Cooperative Education
GSHP	Ground Source Heat Pump	NEPA	National Environmental Policy Act
HAP	Heritage Asset Partnership	NIIP	Navajo Indian Irrigation Project
HCM	Human Capital Management	OCFO	Office of the Chief Financial Officer
HHS	Department of Health and Human Services	OCIO	Office of the Chief Information Officer
HIDTA	High Intensity Drug Trafficking Areas	OFECR	Office of Facilities, Environmental, and Cultural Resources
HINU	Haskell Indian Nations University	OFM	Office of Financial Management
HR	Human Resources	OFMC	Office of Facility Management and Construction
IA	Indian Affairs	OHA	Office of Hearings and Appeals
IACB	Indian Arts and Crafts Board	OIEP	Office of Indian Education Programs
IA-PMS	Indian Affairs - Performance Management System	OIG	Office of the Inspector General
ICR	Internal Control Review	OIP	Operation of Indian Programs
ICWA	Indian Child Welfare Act	OIS	Office of Indian Services
IEED	Office of Indian Energy and Economic Development	OJS	Office of Justice Services
IIM	Individual Indian Money	OMB	Office of Management and Budget
ILCA	Indian Land Consolidation Act	OPA	Oil Pollution Act
ILCC	Indian Land Consolidation Center	OPM	Office of Personnel Management
ILCP	Indian Land Consolidation Program	OPPA	Office of Planning and Policy Analysis
IMDA	Indian Mineral Development Act	ORBS	Off-reservation Boarding Schools
IPSOD	Branch of Irrigation, Power, and Safety of Dams	OSASS	Operation Safe and Secure Schools Task Force
IRMP	Integrated Resource Management Plan		
IRR	Indian Reservation and Roads Program		



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OST	Office of the Special Trustee for American Indians	SBR	Statement of Budgetary Resources
OTFM	Office of Trust Fund Management	SDA	Special Deposit Account
OTS	Office of Trust Services	SDS	Suspense Deposit System
OWCP	Office of Workers' Compensation Programs	SDWA	Safe Drinking Water Act
P&F	Program and Financing	SEA	State Educational Agency
PAR	Performance and Accountability Report	SFAS	Statement of Financial Accounting Standards
PART	Program Assessment Rating Tool	SFFAS	Statement of Federal Financial Accounting Standards
PB	President's Budget	SIPI	Southwestern Indian Polytechnic Institute
PCBs	Polychlorinatedbiphenols	SLI	Service Level Index
PDAS	Principal Deputy Assistant Secretary	SMIS	Safety Management Information System
PIA	Privacy Impact Assessments	SOL	Office of the Solicitor
PIAP	Program Improvement and Accountability Plan	SOW	Statement of Work
PL	Public Law	SY	School Year
PMA	President's Management Agenda	TAAMS	Trust Asset Accounting Management System
PP&E	Property, Plant and Equipment	TCU	Tribal Colleges and Universities
PV	Photovoltaic	TDP	Tribal Design Program
RCRA	Resource Conservation and Recovery Act	TERA	Tribal Energy Resource Agreements
RES	Real Estate Services	TPA	Tribal Priority Allocations
RFC	Replacement Facilities Construction	TSP	Thrift Savings Plan
RIFDS	Road Inventory Field Database System	UCR	Uniform Crime Report
RND	Results Not Demonstrated	US	United States
RPM	Representative Performance Measure	USC	United States Code
RSI	Required Supplementary Information	USDA	U.S. Department of Agriculture
RSSI	Required Supplementary Stewardship Information	USSGL	U.S. Government Standard General Ledger
SAFETEA-LU	The Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users	V&V	Validation & Verification
		WSU	Weighted Student Units





*The sunset reflects on the water and creates a silhouette of the canoe and its passengers.  
Courtesy of the Edward Curtis Collection.*



# FEDERALLY RECOGNIZED TRIBES

## CONTIGUOUS 48 STATES

### A

Absentee-Shawnee Tribe of Indians of Oklahoma  
Agua Caliente Band of Cahuilla Indians of the Agua Caliente Indian Reservation, California  
Ak Chin Indian Community of the Maricopa (Ak Chin) Indian Reservation, Arizona  
Alabama-Coushatta Tribes of Texas  
Alabama-Quassarte Tribal Town, Oklahoma  
Alturas Indian Rancheria, California  
Apache Tribe of Oklahoma  
Arapahoe Tribe of the Wind River Reservation, Wyoming  
Aroostook Band of Micmac Indians of Maine  
Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, Montana  
Augustine Band of Cahuilla Indians, California

### B

Bad River Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation, Wisconsin  
Bay Mills Indian Community, Michigan  
Bear River Band of the Rohnerville Rancheria, California  
Berry Creek Rancheria of Maidu Indians of California  
Big Lagoon Rancheria, California  
Big Pine Band of Owens Valley Paiute Shoshone Indians of the Big Pine Reservation, California  
Big Sandy Rancheria of Mono Indians of California  
Big Valley Band of Pomo Indians of the Big Valley Rancheria, California  
Blackfeet Tribe of the Blackfeet Indian Reservation of Montana  
Blue Lake Rancheria, California  
Bridgeport Paiute Indian Colony of California  
Buena Vista Rancheria of Me-Wuk Indians of California  
Burns Paiute Tribe of the Burns Paiute Indian Colony of Oregon

### C

Cabazon Band of Mission Indians, California  
Cachil DeHe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria, California

Caddo Nation of Oklahoma  
Cahuilla Band of Mission Indians of the Cahuilla Reservation, California  
Cahto Indian Tribe of the Laytonville Rancheria, California  
California Valley Miwok Tribe, California  
Campo Band of Diegueno Mission Indians of the Campo Indian Reservation, California  
Capitan Grande Band of Diegueno Mission Indians of California:  
Barona Group of Capitan Grande Band of Mission Indians of the Barona Reservation, California  
Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation, California  
Catawba Indian Nation (aka Catawba Tribe of South Carolina)  
Cayuga Nation of New York  
Cedarville Rancheria, California  
Chemehuevi Indian Tribe of the Chemehuevi Reservation, California  
Cher-Ae Heights Indian Community of the Trinidad Rancheria, California  
Cherokee Nation, Oklahoma  
Cheyenne and Arapaho Tribes, Oklahoma  
Cheyenne River Sioux Tribe of the Cheyenne River Reservation, South Dakota  
Chickasaw Nation, Oklahoma  
Chicken Ranch Rancheria of Me-Wuk Indians of California  
Chippewa-Cree Indians of the Rocky Boy's Reservation, Montana  
Chitimacha Tribe of Louisiana  
Choctaw Nation of Oklahoma  
Citizen Potawatomi Nation, Oklahoma  
Cloverdale Rancheria of Pomo Indians of California  
Cocopah Tribe of Arizona  
Coeur D'Alene Tribe of the Coeur D'Alene Reservation, Idaho  
Cold Springs Rancheria of Mono Indians of California  
Colorado River Indian Tribes of the Colorado River Indian Reservation, Arizona and California



## FEDERALLY RECOGNIZED TRIBES

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Comanche Nation, Oklahoma  
 Confederated Salish & Kootenai Tribes of the Flathead Reservation, Montana  
 Confederated Tribes of the Chehalis Reservation, Washington  
 Confederated Tribes of the Colville Reservation, Washington  
 Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians of Oregon  
 Confederated Tribes of the Goshute Reservation, Nevada and Utah  
 Confederated Tribes of the Grand Ronde Community of Oregon  
 Confederated Tribes of the Siletz Reservation, Oregon  
 Confederated Tribes of the Umatilla Reservation, Oregon  
 Confederated Tribes of the Warm Springs Reservation of Oregon  
 Confederated Tribes and Bands of the Yakama Nation, Washington  
 Coquille Tribe of Oregon  
 Cortina Indian Rancheria of Wintun Indians of California  
 Coushatta Tribe of Louisiana  
 Cow Creek Band of Umpqua Indians of Oregon  
 Cowlitz Indian Tribe, Washington  
 Coyote Valley Band of Pomo Indians of California  
 Crow Tribe of Montana  
 Crow Creek Sioux Tribe of the Crow Creek Reservation, South Dakota

### D

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Death Valley Timbi-Sha Shoshone Band of California  
 Delaware Nation, Oklahoma  
 Dry Creek Rancheria of Pomo Indians of California  
 Duckwater Shoshone Tribe of the Duckwater Reservation, Nevada

### E

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Eastern Band of Cherokee Indians of North Carolina  
 Eastern Shawnee Tribe of Oklahoma  
 Elem Indian Colony of Pomo Indians of the Sulphur Bank Rancheria, California  
 Elk Valley Rancheria, California  
 Ely Shoshone Tribe of Nevada  
 Enterprise Rancheria of Maidu Indians of California  
 Ewiaapaayp Band of Kumeyaay Indians, California

### F

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Federated Indians of Graton Rancheria, California  
 Flandreau Santee Sioux Tribe of South Dakota  
 Forest County Potawatomi Community of Wisconsin  
 Potawatomi Indians, Wisconsin  
 Fort Belknap Indian Community of the Fort Belknap Reservation of Montana  
 Fort Bidwell Indian Community of the Fort Bidwell Reservation of California  
 Fort Independence Indian Community of Paiute Indians of the Fort Independence Reservation, California  
 Fort McDermitt Paiute and Shoshone Tribes of the Fort McDermitt Indian Reservation, Nevada and Oregon  
 Fort McDowell Yavapai Nation, Arizona  
 Fort Mojave Indian Tribe of Arizona, California & Nevada  
 Fort Sill Apache Tribe of Oklahoma

### G

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Gila River Indian Community of the Gila River Indian Reservation, Arizona  
 Grand Traverse Band of Ottawa and Chippewa Indians, Michigan  
 Greenville Rancheria of Maidu Indians of California  
 Grindstone Indian Rancheria of Wintun-Wailaki Indians of California  
 Guidiville Rancheria of California

### H

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Habematolel Pomo of Upper Lake, California  
 Hannahville Indian Community, Michigan  
 Havasupai Tribe of the Havasupai Reservation, Arizona  
 Ho-Chunk Nation of Wisconsin  
 Hoh Indian Tribe of the Hoh Indian Reservation, Washington  
 Hoopa Valley Tribe, California  
 Hopi Tribe of Arizona  
 Hopland Band of Pomo Indians of the Hopland Rancheria, California  
 Houlton Band of Maliseet Indians of Maine  
 Hualapai Indian Tribe of the Hualapai Indian Reservation, Arizona



**I**

Inaja Band of Diegueno Mission Indians of the Inaja and Cosmit Reservation, California  
Ione Band of Miwok Indians of California  
Iowa Tribe of Kansas and Nebraska  
Iowa Tribe of Oklahoma

**J**

Jackson Rancheria of Me-Wuk Indians of California  
Jamestown S'Klallam Tribe of Washington  
Jamul Indian Village of California  
Jena Band of Choctaw Indians, Louisiana  
Jicarilla Apache Nation, New Mexico

**K**

Kaibab Band of Paiute Indians of the Kaibab Indian Reservation, Arizona  
Kalispel Indian Community of the Kalispel Reservation, Washington  
Karuk Tribe of California  
Kashia Band of Pomo Indians of the Stewarts Point Rancheria, California  
Kaw Nation, Oklahoma  
Keweenaw Bay Indian Community, Michigan  
Kialegee Tribal Town, Oklahoma  
Kickapoo Tribe of Indians of the Kickapoo Reservation in Kansas  
Kickapoo Tribe of Oklahoma  
Kickapoo Traditional Tribe of Texas  
Kiowa Indian Tribe of Oklahoma  
Klamath Tribes, Oregon  
Kootenai Tribe of Idaho

**L**

La Jolla Band of Luiseno Mission Indians of the La Jolla Reservation, California  
La Posta Band of Diegueno Mission Indians of the La Posta Indian Reservation, California  
Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin  
Lac du Flambeau Band of Lake Superior Chippewa Indians of the Lac du Flambeau Reservation of Wisconsin  
Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan

Las Vegas Tribe of Paiute Indians of the Las Vegas Indian Colony, Nevada  
Little River Band of Ottawa Indians, Michigan  
Little Traverse Bay Bands of Odawa Indians, Michigan  
Lower Lake Rancheria, California  
Los Coyotes Band of Cahuilla & Cupeno Indians of the Los Coyotes Reservation, California  
Lovelock Paiute Tribe of the Lovelock Indian Colony, Nevada  
Lower Brule Sioux Tribe of the Lower Brule Reservation, South Dakota  
Lower Elwha Tribal Community of the Lower Elwha Reservation, Washington  
Lower Sioux Indian Community in the State of Minnesota  
Lummi Tribe of the Lummi Reservation, Washington  
Lytton Rancheria of California

**M**

Makah Indian Tribe of the Makah Indian Reservation, Washington  
Manchester Band of Pomo Indians of the Manchester-Point Arena Rancheria, California  
Manzanita Band of Diegueno Mission Indians of the Manzanita Reservation, California  
Mashantucket Pequot Tribe of Connecticut  
Mashpee Wampanoag Tribe, Massachusetts  
Match-e-be-nash-she-wish Band of Pottawatomi Indians of Michigan  
Mechoopda Indian Tribe of Chico Rancheria, California  
Menominee Indian Tribe of Wisconsin  
Mesa Grande Band of Diegueno Mission Indians of the Mesa Grande Reservation, California  
Mescalero Apache Tribe of the Mescalero Reservation, New Mexico  
Miami Tribe of Oklahoma  
Miccosukee Tribe of Indians of Florida  
Middletown Rancheria of Pomo Indians of California  
Minnesota Chippewa Tribe, Minnesota (Six component reservations):  
Bois Forte Band (Nett Lake); Fond du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band  
Mississippi Band of Choctaw Indians, Mississippi  
Moapa Band of Paiute Indians of the Moapa River Indian Reservation, Nevada  
Modoc Tribe of Oklahoma  
Mohegan Indian Tribe of Connecticut



## FEDERALLY RECOGNIZED TRIBES

Mooretown Rancheria of Maidu Indians of California  
 Morongo Band of Cahuilla Mission Indians of the  
 Morongo Reservation, California  
 Muckleshoot Indian Tribe of the Muckleshoot  
 Reservation, Washington  
 Muscogee (Creek) Nation, Oklahoma

### N

Narragansett Indian Tribe of Rhode Island  
 Navajo Nation of Arizona, New Mexico & Utah  
 Nez Perce Tribe, Idaho  
 Nisqually Indian Tribe of the Nisqually Reservation,  
 Washington  
 Nooksack Indian Tribe of Washington  
 Northern Cheyenne Tribe of the Northern Cheyenne  
 Indian Reservation, Montana  
 Northfork Rancheria of Mono Indians of California  
 Northwestern Band of Shoshoni Nation of Utah  
 (Washakie)  
 Nottawaseppi Huron Band of the Potawatomi,  
 Michigan

### O

Oglala Sioux Tribe of the Pine Ridge Reservation,  
 South Dakota  
 Ohkay Owingeh, New Mexico  
 Omaha Tribe of Nebraska  
 Oneida Nation of New York  
 Oneida Tribe of Indians of Wisconsin  
 Onondaga Nation of New York  
 Osage Nation, Oklahoma  
 Ottawa Tribe of Oklahoma  
 Otoe-Missouria Tribe of Indians, Oklahoma

### P

Paiute Indian Tribe of Utah:  
 Cedar City Band of Paiutes; Kanosh Band of Paiutes;  
 Koosharem Band of Paiutes; Indian Peaks Band of  
 Paiutes; and Shivwits Band of Paiutes  
 Paiute-Shoshone Indians of the Bishop Community of the  
 Bishop Colony, California  
 Paiute-Shoshone Tribe of the Fallon Reservation and  
 Colony, Nevada  
 Paiute-Shoshone Indians of the Lone Pine Community  
 of the Lone Pine Reservation, California

Pala Band of Luiseno Mission Indians of the Pala  
 Reservation, California  
 Pascua Yaqui Tribe of Arizona  
 Paskenta Band of Nomlaki Indians of California  
 Passamaquoddy Tribe of Maine  
 Pauma Band of Luiseno Mission Indians of the  
 Pauma & Yuima Reservation, California  
 Pawnee Nation of Oklahoma  
 Pechanga Band of Luiseno Mission Indians of the  
 Pechanga Reservation, California  
 Penobscot Tribe of Maine  
 Peoria Tribe of Indians of Oklahoma  
 Picayune Rancheria of Chukchansi Indians of California  
 Pinoleville Pomo Nation, California  
 Pit River Tribe, California (includes XL Ranch, Big Bend,  
 Likely, Lookout, Montgomery Creek and Roaring  
 Creek Rancherias)  
 Poarch Band of Creek Indians of Alabama  
 Pokagon Band of Potawatomi Indians, Michigan and  
 Indiana  
 Ponca Tribe of Indians of Oklahoma  
 Ponca Tribe of Nebraska  
 Port Gamble Indian Community of the Port Gamble  
 Reservation, Washington  
 Potter Valley Tribe, California  
 Prairie Band of Potawatomi Nation, Kansas  
 Prairie Island Indian Community in the State of Minnesota  
 Pueblo of Acoma, New Mexico  
 Pueblo of Cochiti, New Mexico  
 Pueblo of Jemez, New Mexico  
 Pueblo of Isleta, New Mexico  
 Pueblo of Laguna, New Mexico  
 Pueblo of Nambe, New Mexico  
 Pueblo of Picuris, New Mexico  
 Pueblo of Pojoaque, New Mexico  
 Pueblo of San Felipe, New Mexico  
 Pueblo of San Ildefonso, New Mexico  
 Pueblo of Sandia, New Mexico  
 Pueblo of Santa Ana, New Mexico  
 Pueblo of Santa Clara, New Mexico  
 Pueblo of Santo Domingo, New Mexico  
 Pueblo of Taos, New Mexico  
 Pueblo of Tesuque, New Mexico  
 Pueblo of Zia, New Mexico  
 Puyallup Tribe of the Puyallup Reservation, Washington  
 Pyramid Lake Paiute Tribe of the Pyramid Lake  
 Reservation, Nevada

**Q**

Quapaw Tribe of Indians, Oklahoma  
Quartz Valley Indian Community of the Quartz Valley  
Reservation of California  
Quechan Tribe of the Fort Yuma Indian Reservation,  
California & Arizona  
Quileute Tribe of the Quileute Reservation, Washington  
Quinault Tribe of the Quinault Reservation, Washington

**R**

Ramona Band or Village of Cahuilla Mission Indians of  
California  
Red Cliff Band of Lake Superior Chippewa Indians of  
Wisconsin  
Red Lake Band of Chippewa Indians, Minnesota  
Redding Rancheria, California  
Redwood Valley Rancheria of Pomo Indians of California  
Reno-Sparks Indian Colony, Nevada  
Resighini Rancheria, California  
Rincon Band of Luiseno Mission Indians of the Rincon  
Reservation, California  
Robinson Rancheria of Pomo Indians of California  
Rosebud Sioux Tribe of the Rosebud Indian Reservation,  
South Dakota  
Round Valley Indian Tribes of the Round Valley  
Reservation, California  
Rumsey Indian Rancheria of Wintun Indians of California

**S**

Sac & Fox Tribe of the Mississippi in Iowa  
Sac & Fox Nation of Missouri in Kansas and Nebraska  
Sac & Fox Nation, Oklahoma  
Saginaw Chippewa Indian Tribe of Michigan  
St. Croix Chippewa Indians of Wisconsin  
Saint Regis Mohawk Tribe, New York  
Salt River Pima-Maricopa Indian Community of the Salt  
River Reservation, Arizona  
Samish Indian Tribe, Washington  
San Carlos Apache Tribe of the San Carlos Reservation,  
Arizona  
San Juan Southern Paiute Tribe of Arizona  
San Manuel Band of Serrano Mission Indians of the  
San Manuel Reservation, California  
San Pasqual Band of Diegueno Mission Indians of  
California

Santa Rosa Indian Community of the Santa Rosa  
Rancheria, California  
Santa Rosa Band of Cahuilla Indians, California  
Santa Ynez Band of Chumash Mission Indians of the  
Santa Ynez Reservation, California  
Santa Ysabel Band of Diegueno Mission Indians of the  
Santa Ysabel Reservation, California  
Santee Sioux Nation, Nebraska  
Sauk-Suiattle Indian Tribe of Washington  
Sault Ste. Marie Tribe of Chippewa Indians of Michigan  
Scotts Valley Band of Pomo Indians of California  
Seminole Nation of Oklahoma  
Seminole Tribe of Florida (Dania, Big Cypress, Brighton,  
Hollywood & Tampa Reservations)  
Seneca Nation of New York  
Seneca-Cayuga Tribe of Oklahoma  
Shakopee Mdewakanton Sioux Community of Minnesota  
Shawnee Tribe, Oklahoma  
Sherwood Valley Rancheria of Pomo Indians of California  
Shingle Springs Band of Miwok Indians, Shingle Springs  
Rancheria (Verona Tract), California  
Shoalwater Bay Tribe of the Shoalwater Bay Indian  
Reservation, Washington  
Shoshone Tribe of the Wind River Reservation, Wyoming  
Shoshone-Bannock Tribes of the Fort Hall Reservation  
of Idaho  
Shoshone-Paiute Tribes of the Duck Valley Reservation,  
Nevada  
Sisseton-Wahpeton Oyate of the Lake Traverse  
Reservation, South Dakota  
Skokomish Indian Tribe of the Skokomish Reservation,  
Washington  
Skull Valley Band of Goshute Indians of Utah  
Smith River Rancheria, California  
Snoqualmie Tribe, Washington  
Soboba Band of Luiseno Indians, California  
Sokaogon Chippewa Community, Wisconsin  
Southern Ute Indian Tribe of the Southern Ute  
Reservation, Colorado  
Spirit Lake Tribe, North Dakota  
Spokane Tribe of the Spokane Reservation, Washington  
Squaxin Island Tribe of the Squaxin Island Reservation,  
Washington  
Standing Rock Sioux Tribe of North & South Dakota  
Stockbridge Munsee Community, Wisconsin  
Stillaguamish Tribe of Washington  
Summit Lake Paiute Tribe of Nevada



## FEDERALLY RECOGNIZED TRIBES

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Suquamish Indian Tribe of the Port Madison Reservation,  
Washington  
Susanville Indian Rancheria, California  
Swinomish Indians of the Swinomish Reservation,  
Washington  
Sycuan Band of the Kumeyaay Nation

### T

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Table Mountain Rancheria of California  
Te-Moak Tribe of Western Shoshone Indians of Nevada  
(Four constituent bands: Battle Mountain Band; Elko  
Band; South Fork Band and Wells Band)  
Thlopthlocco Tribal Town, Oklahoma  
Three Affiliated Tribes of the Fort Berthold Reservation,  
North Dakota  
Tohono O'odham Nation of Arizona  
Tonawanda Band of Seneca Indians of New York  
Tonkawa Tribe of Indians of Oklahoma  
Tonto Apache Tribe of Arizona  
Torres Martinez Desert Cahuilla Indians, California  
Tule River Indian Tribe of the Tule River Reservation,  
California  
Tulalip Tribes of the Tulalip Reservation, Washington  
Tunica-Biloxi Indian Tribe of Louisiana  
Tuolumne Band of Me-Wuk Indians of the Tuolumne  
Rancheria of California  
Turtle Mountain Band of Chippewa Indians of North  
Dakota  
Tuscarora Nation of New York  
Twenty-Nine Palms Band of Mission Indians of California

### U

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United Auburn Indian Community of the Auburn  
Rancheria of California  
United Keetoowah Band of Cherokee Indians in  
Oklahoma  
Upper Sioux Community, Minnesota  
Upper Skagit Indian Tribe of Washington

Ute Indian Tribe of the Uintah & Ouray Reservation, Utah  
Ute Mountain Tribe of the Ute Mountain Reservation,  
Colorado, New Mexico & Utah  
Utuh Gwaitu Paiute Tribe of the Benton Paiute  
Reservation, California

### W

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Walker River Paiute Tribe of the Walker River  
Reservation, Nevada  
Wampanoag Tribe of Gay Head (Aquinnah) of  
Massachusetts  
Washoe Tribe of Nevada & California (Carson Colony,  
Dresslerville Colony, Woodfords Community,  
Stewart Community, & Washoe Ranches)  
White Mountain Apache Tribe of the Fort Apache  
Reservation, Arizona  
Wichita and Affiliated Tribes (Wichita, Keechi, Waco &  
Tawakonie), Oklahoma  
Winnebago Tribe of Nebraska  
Winnemucca Indian Colony of Nevada  
Wiyot Tribe, California  
Wyandotte Nation, Oklahoma

### Y

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Yankton Sioux Tribe of South Dakota  
Yavapai-Apache Nation of the Camp Verde Indian  
Reservation, Arizona  
Yavapai-Prescott Tribe of the Yavapai Reservation,  
Arizona  
Yerington Paiute Tribe of the Yerington Colony &  
Campbell Ranch, Nevada  
Yomba Shoshone Tribe of the Yomba Reservation, Nevada  
Ysleta Del Sur Pueblo of Texas  
Yurok Tribe of the Yurok Reservation, California

### Z

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Zuni Tribe of the Zuni Reservation, New Mexico



## ALASKA

Native Village of Afognak  
Agdaagux Tribe of King Cove  
Native Village of Akhiok  
Akiachak Native Community  
Akiak Native Community  
Native Village of Akutan  
Village of Alakanuk  
Alatna Village  
Native Village of Aleknagik  
Algaaciq Native Village (St. Mary's)  
Allakaket Village  
Native Village of Ambler  
Village of Anaktuvuk Pass  
Yupit of Andreafski  
Angoon Community Association  
Village of Aniak  
Anvik Village  
Arctic Village (See Native Village of Venetie Tribal Government)  
Asa'carsarmiut Tribe  
Native Village of Atka  
Village of Atmautluak  
Atqasuk Village (Atkasook)  
Native Village of Barrow Inupiat Traditional Government  
Beaver Village  
Native Village of Belkofski  
Village of Bill Moore's Slough  
Birch Creek Tribe  
Native Village of Brevig Mission  
Native Village of Buckland  
Native Village of Cantwell  
Native Village of Chenega (aka Chanega)  
Chalkyitsik Village  
Cheesh-Na Tribe  
Village of Chefornek  
Chevak Native Village  
Chickaloon Native Village  
Chignik Bay Tribal Council  
Native Village of Chignik Lagoon  
Chignik Lake Village  
Chilkat Indian Village (Klukwan)  
Chilkoot Indian Association (Haines)  
Chinik Eskimo Community (Golovin)  
Native Village of Chitina  
Native Village of Chuathbaluk (Russian Mission, Kuskokwim)  
Chuloonawick Native Village  
Circle Native Community  
Village of Clarks Point  
Native Village of Council  
Craig Community Association  
Village of Crooked Creek  
Curyung Tribal Council  
Native Village of Deering  
Native Village of Diomedea (aka Inalik)  
Village of Dot Lake  
Douglas Indian Association  
Native Village of Eagle  
Native Village of Eek  
Egegik Village  
Eklutna Native Village  
Native Village of Ekuk  
Ekwok Village  
Native Village of Elim  
Emmonak Village  
Evansville Village (aka Bettles Field)  
Native Village of Eyak (Cordova)  
Native Village of False Pass  
Native Village of Fort Yukon  
Native Village of Gakona  
Galena Village (aka Loudon Village)  
Native Village of Gambell  
Native Village of Georgetown  
Native Village of Goodnews Bay  
Organized Village of Grayling (aka Holikachuk)  
Gulkana Village  
Native Village of Hamilton  
Healy Lake Village  
Holy Cross Village  
Hoonah Indian Association  
Native Village of Hooper Bay  
Hughes Village  
Huslia Village  
Hydaburg Cooperative Association  
Igiugig Village  
Village of Iliamna  
Inupiat Community of the Arctic Slope  
Iqurmuit Traditional Council



## FEDERALLY RECOGNIZED TRIBES

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Ivanoff Bay Village	Native Village of Napakiak
Kaguyak Village	Native Village of Napaskiak
Organized Village of Kake	Native Village of Nelson Lagoon
Kaktovik Village (aka Barter Island)	Nenana Native Association
Village of Kalskag	New Koliganek Village Council
Village of Kaltag	New Stuyahok Village
Native Village of Kanatak	Newhalen Village
Native Village of Karluk	Newtok Village
Organized Village of Kasaan	Native Village of Nightmute
Kasigluk Traditional Elders Council	Nikolai Village
Kenaitze Indian Tribe	Native Village of Nikolski
Ketchikan Indian Corporation	Ninilchik Village
Native Village of Kiana	Native Village of Noatak
King Island Native Community	Nome Eskimo Community
King Salmon Tribe	Nondalton Village
Native Village of Kipnuk	Noorvik Native Community
Native Village of Kivalina	Northway Village
Klawock Cooperative Association	Native Village of Nuiqsut (aka Nooiksut)
Native Village of Kluti Kaah (aka Copper Center)	Nulato Village
Knik Tribe	Nunakauyarmiut Tribe
Native Village of Kobuk	Native Village of Nunam Iqua
Kokhanok Village	Native Village of Nunapitchuk
Native Village of Kongiganak	Village of Ohogamiut
Village of Kotlik	Village of Old Harbor
Native Village of Kotzebue	Orutsararmuit Native Village (aka Bethel)
Native Village of Koyuk	Oscarville Traditional Village
Koyukuk Native Village	Native Village of Ouzinkie
Organized Village of Kwethluk	Native Village of Paimiut
Native Village of Kwigillingok	Pauloff Harbor Village
Native Village of Kwinhagak (aka Quinhagak)	Pedro Bay Village
Native Village of Larsen Bay	Native Village of Perryville
Levelock Village	Petersburg Indian Association
Lesnoi Village (aka Woody Island)	Native Village of Pilot Point
Lime Village	Pilot Station Traditional Village
Village of Lower Kalskag	Native Village of Pitka's Point
Manley Hot Springs Village	Platinum Traditional Village
Manokotak Village	Native Village of Point Hope
Native Village of Marshall (aka Fortuna Ledge)	Native Village of Point Lay
Native Village of Mary's Igloo	Native Village of Port Graham
McGrath Native Village	Native Village of Port Heiden
Native Village of Mekoryuk	Native Village of Port Lions
Mentasta Traditional Council	Portage Creek Village (aka Ohgsenakale)
Metlakatla Indian Community, Annette Island Reserve	Pribilof Islands Aleut Communities of St. Paul &
Native Village of Minto	St. George Islands
Naknek Native Village	Qagan Tayagungin Tribe of Sand Point Village
Native Village of Nanwalek (aka English Bay)	Qawalangin Tribe of Unalaska
Native Village of Napaimute	Rampart Village



Village of Red Devil  
Native Village of Ruby  
Saint George Island (See Pribilof Islands Aleut Communities of St. Paul & St. George Islands)  
Native Village of Saint Michael  
Saint Paul Island (See Pribilof Islands Aleut Communities of St. Paul & St. George Islands)  
Village of Salamatoff  
Native Village of Savoonga  
Organized Village of Saxman  
Native Village of Scammon Bay  
Native Village of Selawik  
Seldovia Village Tribe  
Shageluk Native Village  
Native Village of Shaktoolik  
Native Village of Shishmaref  
Native Village of Shungnak  
Sitka Tribe of Alaska  
Skagway Village  
Village of Sleetmute  
Village of Solomon  
South Naknek Village  
Stebbins Community Association  
Native Village of Stevens  
Village of Stony River  
Sun'aq Tribe of Kodiak  
Takotna Village  
Native Village of Tanacross  
Native Village of Tanana  
Native Village of Tatitlek  
Native Village of Tazlina  
Telida Village  
Native Village of Teller  
Native Village of Tetlin  
Central Council of the Tlingit & Haida Indian Tribes  
Traditional Village of Togiak  
Tuluksak Native Community  
Native Village of Tuntutuliak  
Native Village of Tununak  
Twin Hills Village  
Native Village of Tyonek  
Ugashik Village  
Umkumiute Native Village  
Native Village of Unalakleet  
Native Village of Unga  
Village of Venetie (See Native Village of Venetie Tribal Government)  
Native Village of Venetie Tribal Government (Arctic Village and Village of Venetie)  
Village of Wainwright  
Native Village of Wales  
Native Village of White Mountain  
Wrangell Cooperative Association  
Yakutat Tlingit Tribe

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## FEEDBACK

The FY 2008 IA PAR was issued by IA's Office of Planning and Policy Analysis. If you have suggestions, comments, or questions, please contact us at:

**U.S. Department of the Interior**

Director, Office of Planning and Policy Analysis - Indian Affairs  
2051 Mercator Drive  
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703-390-6577





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