U.S. Department of the Interior
Notes to Principal Financial Statements
as of September 30, 2002 and 2001

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Department of the Interior (Department or Interior) is a cabinet-level agency of the executive branch of the federal government. Created in 1849 by Congress as the Nation's principal conservation agency, Interior has responsibility for most of the Nation's publicly owned lands and natural resources. Interior's mission is: (a) to encourage and provide for the appropriate management, preservation, and operation of the Nation's public lands and natural resources for use and enjoyment both now and in the future; (b) to carry out related scientific research and investigations in support of these objectives; (c) to develop and use resources in an environmentally sound manner and provide equitable return on these resources to the American taxpayer; and (d) to carry out the trust responsibilities of the federal government with respect to American Indians and Alaska Natives.

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

B. Organization and Structure of Interior

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

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

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

The U.S. Bureau of Mines (USBM) was closed in 1996. Although it no longer exists, certain transactions and data related to USBM programs and activities are reflected in Interior's 2002 and 2001 financial statements and notes.

C. Basis of Accounting and Presentation

These financial statements have been prepared to report the financial position, net cost, custodial activities, changes in net position, budgetary resources and reconciliation of net cost to budgetary obligations of the U.S. Department of the Interior as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of Interior in accordance with generally accepted accounting principles (GAAP), Office of Management and Budget (OMB) Bulletin No. 01-09, "Form and Content of Agency Financial Statements." GAAP for federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB), which is the official standard setting body for the federal government. These financial statements present proprietary and budgetary information while other financial reports also prepared by the Department pursuant to OMB directives are used to monitor and control the Department's use of budgetary resources.

OMB financial statement reporting guidelines for FY 2002 require the presentation of comparative financial statements for some but not all of the principal financial statements. Interior has presented comparative FY 2001 financial statements for the consolidated balance sheet, consolidated statement of net cost, and the statement of custodial activity.

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

The accounting structure of federal agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is prior to the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of federal funds.

D. Fund Balance with Treasury and Cash

Interior maintains all cash accounts with the U.S. Department of the Treasury (Treasury) except for imprest fund accounts. The account, Fund Balance with Treasury, includes general, special, revolving, trust and other funds available to pay current liabilities and finance authorized purchases as well as funds restricted until future appropriations are received. Cash disbursements are processed by Treasury, and Interior's records are reconciled with those of Treasury on a regular basis.

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

The U.S. Geological Survey maintains small balances of foreign currencies used to make payments in foreign countries. Those balances are reported at the U.S. dollar equivalent using the exchange rate in effect on the last day of the reporting period.

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

E. Investments, Net

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

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

Public securities include marketable securities issued by government-sponsored entities and consist mainly of various mortgage instruments, bond and bank notes. Mortgage instruments are with the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation, the Private Export Funding Corporation, the Federal Farm Credit Banks Consolidated System, the Federal Agricultural Mortgage Corporation, and the Government National Real Estate Mortgage Investment Conduit. Bonds and bank notes are with the Federal Home Loan Bank and the Federal Judiciary.

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

The market value is estimated as the sales price of the security multiplied by the bid price as of September 30, 2002.

Note 4 provides additional information on Investments, Net.

F. Accounts and Interest Receivable, Net

Accounts and interest receivable consists of amounts owed to Interior by other federal agencies and the public. Federal accounts receivable arise generally from the provision of goods and services to other federal agencies and, with the exception of occasional billing disputes, are considered to be fully collectible. Receivables from the public generally arise either from the provision of goods and services or from the levy of fines and penalties resulting from Interior's regulatory responsibilities. An allowance for doubtful accounts is established for reporting purposes based on past experience in the collection of accounts receivable and analysis of outstanding balances.

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

G. Loans and Interest Receivable, Net

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

For loans obligated prior to October 1, 1990, principal, interest and penalties receivable are presented net of an allowance for estimated uncollectible amounts. The allowance is based on past experience, present market conditions, an analysis of outstanding balances and other direct knowledge relating to specific loans.

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

H. Inventory and Related Property

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

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

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

The Bureau of Land Management believes that 95 percent of the stockpile is recoverable; however, the amount of helium that will eventually be recovered depends on the future price of helium and the ability to control the mixing of natural gas and the stockpiled helium. Gas and storage rights for the storage of helium are recorded at historical cost because no additional purchases have been made. A depletion allowance is computed annually to record gas consumed in the processing of helium.

The Helium Privatization Act of 1996, enacted October 9, 1996, directs the privatizing of Interior's Federal Helium Refining Program. Under this law, Interior ceased the production, refining, and marketing of refined helium as of April 1, 1998. Interior is authorized to store, transport, and withdraw crude helium and maintain and operate crude helium storage facilities in existence on the date of enactment. Under the legislation, all recoverable helium will be sold.

Interior's operating materials include aircraft fuel and parts that are primarily held for use. Operating materials are valued at historical cost using the average cost method.

Note 7 provides additional information on Inventory and Related Property.

I. General Property, Plant, and Equipment, Net

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

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

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

In past years, the Department, through the Bureau of Reclamation, began the planning of and construction on various features included in 11 projects located in California, Colorado, Arizona, Washington, North Dakota, and South Dakota, for which activities have either been placed in abeyance or intended benefits have never been provided. These projects were authorized to provide various benefits, among them irrigation, fish and wildlife conservation and enhancement, recreation, municipal water supplies, and flood control. Until congressional disposition of these assets is determined, maintenance costs have been and will continue to be budgeted and expended to minimize the erosive effects of weather and time and to keep the asset ready for potential completion.

Internal Use Software. The Department implemented Statement of Federal Financial Accounting Standards (SFFAS) No. 10, Accounting for Internal Use Software during the year ended September 30, 2001. This standard provides accounting standards for internal use software utilized by each agency. Internal use software includes purchased commercial off-the-shelf software (COTS), contractor-developed software, and internally developed software using agency employees.

Internal use software is capitalized at cost if the acquisition cost is $100,000 or more. For COTS software, the capitalized costs include the amount paid to the vendor for the software; for contractor-developed software it includes the amount paid to a contractor to design, program, install, and implement the software. Capitalized costs for internally developed software include the full cost (direct and indirect) incurred during the software development stage. The estimated useful life for calculating amortization of software is 2 to 5 years using the straight-line method.

Investigations and Development. Investigations and development costs represent funds appropriated by Congress that have been expended for such activities as general engineering studies and surveys that are directly related to project construction. The Department capitalizes these costs as investigations and development after the decision is made to pursue construction or after construction authorization. The Department's accounting treatment for investigation and development costs not related to project construction, incurred prior to the decision being made to pursue construction, or incurred before construction authorization results in these costs being expensed as incurred. Once the engineering studies and surveys are complete and structural construction begins, these costs are transferred from investigations and development to Construction in Progress.

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

The vast majority of public lands presently under the management of the Department were acquired by the federal government as public domain land during the first century of the Nation's existence and is considered to be stewardship land. A portion of these lands has been reserved as national parks, wildlife refuges, and wilderness areas, while the remainder is managed for multiple use. Heritage assets are assets

with historical, cultural, or natural significance. The Department is responsible for maintaining a vast array of heritage assets, including national monuments, historic structures, archeological artifacts, and museum collections.

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

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

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

J. Liabilities

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

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

Environmental Cleanup Costs and Contingent Liabilities. The Department has responsibility to clean up its sites with environmental contamination, and it is party to various administrative proceedings, legal actions, and tort claims which may result in settlements or decisions adverse to the federal government. Interior has accrued environmental liabilities where losses are determined to be probable and the amounts can be estimated. In accordance with federal accounting guidance, the liability for future cleanup of environmental hazards is "probable" only when the government is legally responsible for creating the hazard or is otherwise related to it in such a way that it is legally liable to cleanup the contamination. Thus, expected future payments for the cleanup of environmental hazards caused by others are not recognized as liabilities by Interior. Instead, these payments arise out of Interior's sovereign responsibility to protect the health and safety of the public, and are recognized in the accounting records as remediation work is performed.

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

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

K. Revenues and Financing Sources

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

Appropriations. The vast majority of Interior's operating funds are appropriated by the Congress to the Department from the general receipts of the Treasury. These funds are made available to the Department for a specified time period, usually one fiscal year, multiple fiscal years, or indefinitely, depending upon the intended use of the funds. For example, funds for general operations are generally made available for one fiscal year; funds for long-term projects such as major construction will be available to the Department for the expected life of the project; and funds used to establish revolving fund operations are generally available indefinitely (i.e., no year funds). The Statement of Budgetary Resources presents information about the resources appropriated to the Department.

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

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

In certain cases, the prices charged by Interior are set by law or regulation, which for program and other reasons may not represent full cost (e.g., grazing fees, park entrance, and other recreation fees). Prices set for products and services offered through working capital funds are intended to recover the full costs (cost plus administrative fees) incurred by these activities.

A portion of federal royalty collections is distributed to states. These royalty collections are transferred from the custodial fund to the operating accounts of Interior and are recognized as revenue in an amount equal to payments to the states, which are reflected on the Royalties Retained line of the Consolidated Statement of Changes in Net Position.

Imputed Financing Sources. In certain instances, operating costs of the Department are paid out of funds appropriated to other federal agencies. For example, the Office of Personnel Management, by law, pays certain costs of retirement programs and certain legal judgments against Interior are paid from the Judgment Fund maintained by Treasury. When costs that are identifiable to Interior and directly attributable to Interior's operations are paid by other agencies, the Department recognizes these amounts as operating expenses

of Interior. In addition, Interior recognizes an imputed financing source on the Consolidated Statement of Changes in Net Position to indicate the funding of Department operations by other federal agencies.

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

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

Royalty-in-Kind (RIK) Program. The federal government, under the provisions of the Mineral Lands Leasing Act of 1920 and the Outer Continental Shelf Lands Act (OCSLA) of 1953, may take part or all of its oil and gas royalties in-kind (a volume of the commodity) as opposed to in value (cash). MMS may either transfer the volume of oil or gas commodity taken in kind to federal agencies for internal use or sell the commodity on the open market at fair market value to generate revenue.

Since 1998, the MMS has initiated several RIK pilot projects where the government receives oil and gas rather than cash, to determine if RIK is in the country's best interest, and if so, under what circumstances. In some cases, receiving royalties in the form of natural resources will increase the certainty of accurate royalty payments and reduce administrative costs for both industry and the government.

Aquatic Resources Trust Fund. The Department presents the Aquatic Resources Trust Fund (ARTF) in its financial statements in accordance with the requirements of Statement of Federal Financial Concepts Number 2, "Entity and Display." The source of funding for the ARTF includes excise taxes levied on the sale of fishing tackle and equipment, certain motorboat and small engine gasoline, and interest earned on invested trust funds. These funds are used to make grants available to states for support projects that restore, conserve, manage, protect, and enhance sport fish resources and coastal wetlands and projects that provide for public use and benefit from sport fish resources. The ARTF also provides funding for boating safety programs conducted by the U.S. Coast Guard and coastal wetlands initiatives conducted by the U.S. Army Corps of Engineers. The Appropriations Act of 1951 authorized amounts equal to revenues credited during the year to be used in the subsequent fiscal year. This inflow is recorded as permanent appropriations to remain available until expended.

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

L. Personnel Compensation and Benefits

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

Federal Employees Workers' Compensation Program. The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees injured on the job, to employees who have incurred work-related occupational diseases, and to beneficiaries of employees whose

deaths are attributable to job-related injuries or occupational diseases. The FECA program is administered by the U.S. Department of Labor (Labor), which pays valid claims and subsequently seeks reimbursement from Interior for these paid claims.

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

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

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

Note 14 provides additional information on the FECA liability.

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

Retirement Programs. Interior employees participate in one of two retirement programs, either the Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS), which became effective on January 1, 1987. Most Interior employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS. Employees covered by CSRS are not subject to Social Security taxes, nor are they entitled to accrue Social Security benefits for wages subject to CSRS.

For FERS employees, Interior contributes an amount equal to one percent of the employee's basic pay to the tax deferred Thrift Savings Plan and matches employee contributions up to an additional four percent

of pay. FERS employees can contribute 12 percent of their gross earnings to the plan. CSRS employees are limited to a contribution of 7 percent of their gross earnings and receive no matching contribution from Interior.

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

M. Federal Government Transactions

Interior's financial activities interact with and are dependent upon the financial activities of the centralized management functions of the federal government. These activities include public debt and cash management activities and employee retirement, life insurance, and health benefit programs. The financial statements of Interior do not contain the costs of centralized financial decisions and activities performed for the benefit of the entire government. However, expenses have been recognized for expenses incurred by other agencies on behalf of Interior, including settlement of claims and litigation paid by the Treasury's Judgment Fund and the partial funding of employee benefits by the Office of Personnel Management.

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

N. Income Taxes

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

O. Estimates

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

NOTE 2. FUND BALANCE WITH TREASURY

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

Fund Balance with Treasury by fund type as of September 30, 2002 and 2001 consists of the following:

Fund Balance with Treasury by Fund Type

(dollars in thousands)	FY 2002	FY 2001 (As Restated)
General Funds	$ 4,918,014	$ 4,624,759
Special Funds	20,332,757	19,835,540
Revolving Fund	1,117,042	806,212
Trust Fund	152,164	153,223
Other Fund Types	356,565	129,639
Total Fund Balance with Treasury by Fund Type	$ 26,876,542	$ 25,549,373

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

Status of Fund Balance with Treasury as of September 30, 2002 and 2001 consists of the following:

Status of Fund Balance with Treasury

(dollars in thousands)	FY 2002	FY 2001 (As Restated)
Unobligated		
Available	$ 3,734,487	$ 2,805,530
Unavailable	19,193,492	18,912,223
Obligated Not Yet Disbursed	3,948,563	3,831,620
Total Status of Fund Balance with Treasury	$ 26,876,542	$ 25,549,373

NOTE 3. CASH

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

Cash as of September 30, 2002 and 2001 consists of the following:

Cash

(dollars in thousands)	FY 2002	FY2001
Cash Not Yet Deposited to Treasury	$ 722	$ 736
Imprest Fund	700	692
Foreign Currency	-	45
Total Cash	$ 1,422	$ 1,473

NOTE 4. INVESTMENTS, NET

A. Investments in Treasury Securities

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

Investments as of September 30, 2002 and 2001 consist of the following:

Investments, Net

FY 2002

(dollars in thousands)	Investment Type	Par Value	Unamortized Premium/ (Discount)	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Bureau of Indian Affairs	Marketable	$ 63,638	$ -	$ 63,638	$ 63,638
Bureau of Land Management	Non-Marketable, par value	165,480	(488)	164,992	165,047
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Non-Marketable, market-based	131,110	2,854	133,964	135,945
National Resources Damage Assessment and Restoration Fund	Non-Marketable, market-based	145,443	725	146,168	146,517
Tribal Trust and Special Funds	Marketable	24,148	(14)	24,134	25,540
	Non-Marketable, market-based	63,250	(17)	63,233	62,448
Minerals Management Service - Conservation	Non-Marketable, market-based	973,557	(6,284)	967,273	967,758
Minerals Management Service - Custodial	Non-Marketable, market-based	24,644	(27)	24,617	24,619
National Park Service	Non-Marketable	65	-	65	65
Office of Surface Mining	Non-Marketable, market-based	1,895,000	-	1,895,000	1,895,000
U.S. Fish and Wildlife Service	Non-Marketable, market-based	494,568	4,224	498,792	501,692
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	Non-Marketable, market-based	1,369,234	(4,411)	1,364,823	1,386,341
Total U.S. Treasury Securities		5,350,137	(3,438)	5,346,699	5,374,610
Accrued Interest		1,644	-	1,644	-
Total Non-Public Investments		5,351,781	(3,438)	5,348,343	5,374,610
Public Securities					
Bureau of Indian Affairs	Marketable	1,192	-	1,192	1,334
Departmental Offices - Tribal Trust and Special Funds	Marketable	136,295	(591)	135,704	141,430
Total Public Securities		137,487	(591)	136,896	142,764
Accrued Interest		1,706	-	1,706	-
Total Public Investments		139,193	(591)	138,602	142,764
Total Investments		$ 5,490,974	$ (4,029)	$ 5,486,945	$ 5,517,374

FY 2001

(dollars in thousands)	Investment Type	Par Value	Unamortized Premium/ (Discount)	Investments, Net	Market Value Disclosure
U.S. Treasury Securities					
Bureau of Indian Affairs	Marketable	$ 63,562	$ -	$ 63,562	$ 63,562
Bureau of Land Management	Non-Marketable, par value	102,987	(476)	102,511	102,636
Departmental Offices					
Utah Reclamation Mitigation and Conservation Account	Non-Marketable, market-based	124,105	2,204	126,309	124,105
National Resources Damage Assessment and Restoration Fund	Non-Marketable, market-based	150,677	347	151,024	151,590
Tribal Trust and Special Funds	Marketable	55,114	62	55,176	61,604
	Non-Marketable, market-based	4,415	114	4,529	4,415
Minerals Management Service - Conservation	Non-Marketable, market-based	961,779	(12,930)	948,849	952,482
Minerals Management Service - Custodial	Non-Marketable, market-based	28,451	(41)	28,410	28,410
National Park Service	Non-Marketable	65	-	65	65
Office of Surface Mining	Non-Marketable, market-based	1,866,451	(3,063)	1,863,388	1,863,388
U.S. Fish and Wildlife Service	Non-Marketable, market-based	479,068	(737)	478,331	478,787
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	Non-Marketable, market-based	1,304,233	(10,508)	1,293,725	1,295,118
Total U.S. Treasury Securities		5,140,907	(25,028)	5,115,879	5,126,162
Accrued Interest		2,649	-	2,649	-
Total Non-Public Investments		5,143,556	(25,028)	5,118,528	5,126,162
Public Securities					
Bureau of Indian Affairs	Marketable	1,746	-	1,746	1,759
Departmental Offices - Tribal Trust and Special Funds	Marketable	134,955	(524)	134,431	134,956
Total Public Securities		136,701	(524)	136,177	136,715
Accrued Interest		460	-	460	-
Total Public Investments		137,161	(524)	136,637	136,715
Total Investments		$ 5,280,717	$ (25,552)	$ 5,255,165	$ 5,262,877

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

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

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

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

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

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

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

Custodial investments include Section 7 of the Outer Continental Shelf Lands Acts and Outer Continental Shelf bids. Section 7 of the Outer Continental Shelf Lands Act (OCSLA) allows for receipts from OCSLA leases having boundary disputes on federal securities. During FY 2000, the U.S. Supreme Court issued a Final Decree in this litigation resolving a long-standing boundary dispute with the State of Alaska, dating back to 1979. The investment was redeemed and the full balance of principal and interest was disbursed

during 2000. Part of the principal and interest was transferred to the EIRF for investment. Therefore, there were no Section 7 investments in 2001.

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

National Park Service. The National Park Service administers an endowment on behalf of the Lincoln Farm Association. Investment earnings from this endowment are used to provide for maintenance and upkeep of Abraham Lincoln's birthplace.

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

Presently, all earnings from AML investments are reinvested, providing a source of continuous funding to further enhance AML trust fund equity. There are no restrictions on federal agencies as to the use or convertibility of Treasury non-marketable securities.

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

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

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

B. Investments in Public Securities

The BIA is authorized by law to invest irrigation and power receipts in marketable U.S. Treasury and public securities. Investments in public securities consist of certificates of deposit from insured institutions, various mortgage instruments, bank notes, and bonds. Mortgage instruments are issued by the Federal National Mortgage Association (Fannie Mae) and similar government-sponsored enterprises and government corporations. Bonds and bank notes are issued by Federal Home Loan Banks, the Federal Judiciary, and the Federal Farm Credit Banks. Investments in public securities reflect investments held by the BIA's Power and Irrigation program and are recorded at cost.

As stated above, Departmental Offices now have the reporting responsibility for the Indian Trust Funds, including investments in public securities as of 1999. The Secretary of the Interior invests Tribal Trust and Special Funds in marketable and non-marketable par value or securities issued by the Federal Investment Branch of the Bureau of the Public Debt or marketable securities issued by other federal agencies and

government-sponsored entities. Investment instruments are continually reviewed for appropriateness in conjunction with current tribal needs.

NOTE 5. ACCOUNTS AND INTEREST RECEIVABLE, NET

Due From the Public, Net. Accounts receivable due to Interior from the public may arise either from the sale of products and services or from the imposition of regulatory fines and penalties. Products and services sold by Interior are diverse and include royalties on mineral leases collected by the Minerals Management Service, the sale of water and hydroelectric power by the Bureau of Reclamation, and water testing and other scientific studies conducted for state and local governments by the U.S. Geological Survey. Fines and penalties are imposed by the Office of Surface Mining, the Minerals Management Service, the Fish and Wildlife Service, and other bureaus in the enforcement of various environmental laws and regulations. Unbilled receivables reflect work performed to date on agreements and uncollected revenue for royalties due subsequent to year-end, which will be billed in the future. In general, receivables arising from the sales of products and services are paid more promptly and with fewer uncollectible accounts than those arising from fines and penalties.

FY 2002 Accounts and Interest Receivable Due from the Public

(dollars in thousands)	Unbilled	Current	Past Due Accounts 1-180 days	181-365 days	Over 1 yr	Allowance for Doubtful Accounts	FY 2002
Bureau of Indian Affairs	$ 18,700	$ 17,639	$ 10,318	$ 668	$ 5,308	$ (30,073)	$ 22,560
Bureau of Land Management	4,117	2,877	1,545	296	1,466	(1,315)	8,986
Bureau of Reclamation	7,582	10,197	1,397	4,433	2,639	(2,740)	23,508
Departmental Offices & Other	2,865	2,941	155	8	18	(4)	5,983
Minerals Management Service	374,920	17	-	2	6	-	374,945
Minerals Management Service - Custodial	596,883	160,910	254	2,977	310,874	(300,949)	770,949
National Park Service	1,114	2,468	406	1,011	883	(804)	5,078
Office of Surface Mining	-	1,560	422	218	838	(1,803)	1,235
U.S. Fish and Wildlife Service	-	4,640	809	94	594	(543)	5,594
U.S. Geological Survey	68,805	18,498	7,067	322	2,882	(12,350)	85,224
Total Accounts and Interest Receivable - Public	$ 1,074,986	$ 221,747	$ 22,373	$ 10,029	$ 325,508	$ (350,581)	$ 1,304,062

FY 2002 Allowance for Doubtful Accounts - Public

(dollars in thousands)	Beginning Balance	Additions	Reductions/ Collections	FY 2002 Ending Balance
Bureau of Indian Affairs	$ 23,212	$ 8,854	$ (1,993)	$ 30,073
Bureau of Land Management	1,237	103	(25)	1,315
Bureau of Reclamation	14,671	2,801	(14,732)	2,740
Departmental Offices & Other	3	12	(11)	4
Minerals Management Service - Custodial	270,281	30,668	-	300,949
National Park Service	1,447	443	(1,086)	804
Office of Surface Mining	1,372	2,763	(2,332)	1,803
U.S. Fish and Wildlife Service	490	53	-	543
U.S. Geological Survey	14,166	-	(1,816)	12,350
Total Allowance for Doubtful Accounts - Public	$ 326,879	$ 45,697	$ (21,995)	$ 350,581

FY 2001 Accounts and Interest Receivable Due from the Public

(dollars in thousands)	Unbilled	Current	Past Due Accounts 1-180 days	181-365 days	Over 1 yr	Allowance for Doubtful Accounts	FY 2001 (As Restated)
Bureau of Indian Affairs	$ 19,928	$ 12,151	$ 7,109	$ 460	$ 3,657	$ (23,212)	$ 20,093
Bureau of Land Management	3,796	5,129	656	275	1,576	(1,237)	10,195
Bureau of Reclamation	27,106	8,343	6,290	5,326	9,309	(14,671)	41,703
Departmental Offices & Other	3,139	3,644	276	3	111	(3)	7,170
Minerals Management Service	238,311	173	-	-	-	-	238,484
Minerals Management Service - Custodial	884,432	458,100	20,066	16,542	111,979	(270,281)	1,220,838
National Park Service	758	3,063	1,471	1,986	1,139	(1,447)	6,970
Office of Surface Mining	23,328	811	949	90	2,346	(1,372)	26,152
U.S. Fish and Wildlife Service	-	3,281	3,902	316	488	(490)	7,497
U.S. Geological Survey	63,065	12,580	9,120	1,129	3,984	(14,166)	75,712
Total Accounts and Interest Receivable - Public	$ 1,263,863	$ 507,275	$ 49,839	$ 26,127	$ 134,589	$ (326,879)	$ 1,654,814

FY 2001 Allowance for Doubtful Accounts - Public

(dollars in thousands)	Beginning Balance	Additions	Reductions	FY 2001 Ending Balance
Bureau of Indian Affairs	$ 30,613	$ -	$ (7,401)	$ 23,212
Bureau of Land Management	3,791	-	(2,554)	1,237
Bureau of Reclamation	11,007	3,664	-	14,671
Departmental Offices & Other	2	13	(12)	3
Minerals Management Service - Custodial	297,288	-	(27,007)	270,281
National Park Service	844	603	-	1,447
Office of Surface Mining	3,163	1,044	(2,835)	1,372
U.S. Fish and Wildlife Service	341	149	-	490
U.S. Geological Survey	5,718	8,448	-	14,166
Total Allowance for Doubtful Accounts - Public	$ 352,767	$ 13,921	$ (39,809)	$ 326,879

Due from Federal Agencies, Net. Accounts Receivable Due from Federal Agencies arise from the sale of products and services to other federal agencies, including the sale of maps, the performance of environmental and scientific services, and administrative and other services. These reimbursable arrangements generally reduce the duplication of effort within the federal government resulting in a lower cost of federal programs and services. Substantially, all receivables from other federal agencies are considered to be collectible, as there is no credit risk. However, an allowance for doubtful accounts is used occasionally to recognize billing disputes.

FY 2002 Accounts and Interest Receivable Due from Federal Agencies

(dollars in thousands)	Receivables	Allowance for Doubtful Accounts	FY 2002
Bureau of Indian Affairs	$ 64,756	$ -	$ 64,756
Bureau of Land Management	6,493	-	6,493
Bureau of Reclamation	329,123	-	329,123
Departmental Offices & Other	118,730	-	118,730
Minerals Management Service	97,085	-	97,085
Minerals Management Service - Custodial	379,880	-	379,880
National Park Service	13,255	-	13,255
Office of Surface Mining	17	-	17
U.S. Fish and Wildlife Service	24,212	-	24,212
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	273	-	273
U.S. Geological Survey	84,626	(5,170)	79,456
Intra-Departmental Eliminations	(482,974)	-	(482,974)
Total Accounts and Interest Receivable - Federal	$ 635,476	$ (5,170)	$ 630,306

FY 2002 Allowance for Doubtful Accounts - Federal

(dollars in thousands)	Beginning Balance	Additions	Reductions/ Collections	FY 2002 Ending Balance
Bureau of Indian Affairs	$ (7)	$ 7	$ -	0
Bureau of Reclamation	776	-	(776)	0
Departmental Offices & Other	488	-	(488)	0
U.S. Geological Survey	20	5,150	-	5,170
Total Allowance for Doubtful Accounts - Federal	$ 1,277	$ 5,157	$ (1,264)	$ 5,170

FY 2001 Accounts and Interest Receivable Due from Federal Agencies

(dollars in thousands)	Receivables	Allowance for Doubtful Accounts	FY 2001
Bureau of Indian Affairs	$ 59,313	$ 7	$ 59,320
Bureau of Land Management	7,869	-	7,869
Bureau of Reclamation	212,622	(776)	211,846
Departmental Offices and Other	49,652	(488)	49,164
Minerals Management Service	35,176	-	35,176
Minerals Management Service - Custodial	66,783	-	66,783
National Park Service	9,318	-	9,318
Office of Surface Mining	2	-	2
U.S. Fish and Wildlife Service	26,859	-	26,859
U.S. Fish and Wildlife Service - Aquatic Resources Trust Fund	6,628	-	6,628
U.S. Geological Survey	84,625	(20)	84,605
Intra-Departmental Eliminations	(304,483)	-	(304,483)
Total Accounts and Interest Receivable - Federal	$ 254,364	$ (1,277)	$ 253,087

FY 2001 Allowance for Doubtful Accounts - Federal

(dollars in thousands)	Beginning Balance	Additions	Reductions	FY 2001 Ending Balance
Bureau of Indian Affairs	$ -	$ -	$ (7)	$ (7)
Bureau of Reclamation	-	776	-	776
Departmental Offices and Other	488	-	-	488
U.S. Geological Survey	(2)	22	-	20
Total Allowance for Doubtful Accounts - Federal	$ 486	$ 798	$ (7)	$ 1,277

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

Unmatured repayment contracts are not recognized on the balance sheets until the annual amount becomes due each year, at which time a current accounts receivable and a current period exchange revenue is recorded. As of September 30, 2002 and 2001, future commitments to Reclamation under unmatured repayment contracts were $2.6 billion.

NOTE 6. LOANS AND INTEREST RECEIVABLE, NET

Direct loans and loan guarantees, made prior to FY 1992, were funded by congressional appropriation from the general or special funds. These loans, referred to as liquidating loans, are reported net of an allowance for estimated uncollectible loans or estimated loans.

Direct loans and loan guarantees, made during and after FY 1991, are accounted for in accordance with the requirements of the Credit Reform Act of 1990 and are referred to as credit reform loans. Under credit reform, loans are comprised of two components. The first component is borrowed from Treasury with repayment provisions. The second component is for the subsidized portion of the loan and is funded by congressional appropriation. The Act provides that the present value of the subsidy costs associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed. While this component is not subject to repayment, the loan program receives appropriations to fund any increases in subsidy due to interest rate fluctuations and changes in default rate estimates. In FY 1992, there were no changes in economic conditions, other risk factors, legislation, credit policies, and subsidy estimation methodologies and assumptions that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates.

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

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

Loans and Interest Receivable, Net
(in thousands)

A. Direct Loan and Loan Guarantee Program Names	FY 2002	FY 2001
Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 27,419	$ 29,540
Bureau of Indian Affairs - Direct Loans (Credit Reform)	15,094	13,348
Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	1,234	1,270
Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	2,584	2,503
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	62,944	60,873
Bureau of Reclamation - Direct Loans (Credit Reform)	87,686	80,096
Departmental Offices - Virgin Island (Pre-Credit Reform)	11,697	13,420
Departmental Offices - American Samoa Government (Credit Reform)	12,496	10,721
National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,677	5,037
Total Loans and Interest Receivable, Net	$ 225,831	$ 216,808

Direct Loans (dollars in thousands)

B. Direct Loans Obligated Prior to FY 1992:

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

	Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Foreclosed Property	Value of Assets Related to Direct Loans
	Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 31,170	$ 9,355	$ (13,106)	$ -	$ 27,419
	Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	70,229	933	(8,218)	-	62,944
	Departmental Offices - Virgin Island (Pre-Credit Reform)	11,426	271	-	-	11,697
	National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	4,677	-	-	-	4,677
FY 2002	Total	$ 117,502	$ 10,559	$ (21,324)	$ -	$ 106,737
	Bureau of Indian Affairs - Direct Liquidating Loans (Pre-Credit Reform)	$ 34,795	$ 9,399	$ (14,654)	$ -	$ 29,540
	Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	73,349	950	(13,426)	-	60,873
	Departmental Offices - Virgin Island (Pre-Credit Reform)	13,114	306	-	-	13,420
	National Park Service - Wolf Trap Foundation (Pre-Credit Reform)	5,037	-	-	-	5,037
FY 2001	Total	$ 126,295	$ 10,655	$ (28,080)	$ -	$ 108,870

C. Direct Loans Obligated After FY 1991:

	Direct Loan Programs	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 21,904	$ 4,984	$ -	$ (11,794)	$ 15,094
	Bureau of Reclamation - Direct Loans (Credit Reform)	121,921	-	-	(34,235)	87,686
	Departmental Offices - American Samoa Government (Credit Reform)	14,512	407	-	(2,423)	12,496
FY 2002	Total	$ 158,337	$ 5,391	$ -	$ (48,452)	$ 115,276
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 23,362	$ 4,453	$ -	$ (14,467)	$ 13,348
	Bureau of Reclamation - Direct Loans (Credit Reform)	117,030	-	-	(36,934)	80,096
	Departmental Offices - American Samoa Government (Credit Reform)	12,432	331	-	(2,042)	10,721
FY 2001	Total	$ 152,824	$ 4,784	$ -	$ (53,443)	$ 104,165

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

Direct Loan Programs	FY 2002	FY 2001
Bureau of Reclamation - Direct Loans	$ 12,168	$ 24,520
Departmental Offices - American Samoa Government (Credit Reform)	15,550	10,721
Total	$ 27,718	$ 35,241

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

Subsidy Expense for New Direct Loans Disbursed:

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 2,493	$ -	$ -	$ -	$ 2,493
	Departmental Offices - American Samoa Government (Credit Reform)	(32)	413	-	-	381
FY 2002	Total	$ 2,461	$ 413	$ -	$ -	$ 2,874

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 7,413	$ -	$ (10,976)	$ -	$ (3,563)
	Departmental Offices - American Samoa Government (Credit Reform)	(28)	2,070	-	-	2,042
FY 2001	Total	$ 7,385	$ 2,070	$ (10,976)	$ -	$ (1,521)

Modifications and Reestimates

	Direct Loan Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ -	$ -	$ 1,016	$ 1,016
	Bureau of Reclamation - Direct Loans (Credit Reform)	-	-	-	-
FY 2002	Total	$ -	$ -	$ 1,016	$ 1,016
	Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ -	$ -	$ 2,094	$ 2,094
	Bureau of Reclamation - Direct Loans (Credit Reform)	-	755	2,268	3,023
FY 2001	Total	$ -	$ 755	$ 4,362	$ 5,117

Total Direct Loan Subsidy Expense:

Direct Loan Programs	FY 2002	FY 2001
Bureau of Indian Affairs - Direct Loans (Credit Reform)	$ 1,016	$ 2,094
Bureau of Reclamation - Direct Loans (Credit Reform)	2,493	(540)
Departmental Offices - American Samoa Government (Credit Reform)	381	2,042
Total	$ 3,890	$ 3,596

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

Budget Subsidy Rates for Direct Loans for the Cohorts:

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

	Direct Loan Programs	Interest Differential	Defaults	Fees and Other Collections	Other	Total
	Bureau of Reclamation - Direct Loans (Credit Reform)	44.44%	0.00%	0.00%	0.00%	44.44%
	Departmental Offices - American Samoa Government (Credit Reform)	-0.21%	15.79%	0.00%	0.00%	15.58%
FY 2001	Total	44.23%	15.79%	0.00%	0.00%	60.02%

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

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

	FY 2002	FY 2001
Beginning balance of the subsidy cost allowance	$ 53,443	$ 59,256
Add: Subsidy expense for direct loans disbursed during the reporting years by component:		
(a) Interest rate differential costs	2,461	7,385
(b) Default costs (net of recoveries)	413	2,070
(c) Fees and other collections	-	(10,976)
(d) Other subsidy costs	-	-
Total of the above subsidy expense components	2,874	(1,521)
Adjustments:		
(a) Loan modification	-	-
(b) Fees received	-	-
(c) Foreclosed property acquired	-	-
(d) Loans written off	(356)	(4,700)
(e) Subsidy allowance amortization	(4,274)	(3,873)
(f) Other	(4,251)	(836)
Ending balance of the subsidy cost allowance before reestimates	47,436	48,326
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate	-	755
(b) Technical/default reestimate	1,016	4,362
Total of the above reestimate components	1,016	5,117
Ending balance of the subsidy cost allowance	$ 48,452	$ 53,443

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

Defaulted Guaranteed Loans (dollars in thousands)

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

	Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform	$ 24,435	$ 16,683	$ -	$ (39,884)	$ 1,234
FY 2002	Total	$ 24,435	$ 16,683	$ -	$ (39,884)	$ 1,234
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform	$ 26,262	$ 16,062	$ -	$ (41,054)	$ 1,270
FY 2001	Total	$ 26,262	$ 16,062	$ -	$ (41,054)	$ 1,270

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

	Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 23,820	$ 4,041	$ -	$ (25,277)	$ 2,584
FY 2002	Total	$ 23,820	$ 4,041	$ -	$ (25,277)	$ 2,584
	Bureau of Indian Affairs - Guaranteed Loans (Credit Reform)	$ 23,851	$ 2,538	$ -	$ (23,886)	$ 2,503
FY 2001	Total	$ 23,851	$ 2,538	$ -	$ (23,886)	$ 2,503

Loan Guarantees (dollars in thousands)

J. Guaranteed Loans Outstanding as of September 30, 2002:

Guaranteed Loans Outstanding

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Pre-1992	$ 15,516	$ 13,607
FY1992	7,725	6,869
FY1993	8,485	7,547
FY1994	18,719	16,779
FY1995	7,747	6,669
FY1996	11,158	9,853
FY1997	10,775	9,514
FY1998	9,648	8,276
FY1999	40,240	35,891
FY2000	46,452	41,473
FY2001	29,472	26,001
FY2002	25,471	22,299
Total	$ 231,408	$ 204,778

New Guaranteed Loans Disbursed (Current reporting year):

	Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
	Amount Paid in FY2002 for Prior Years	$ 18,927	$ 17,005
	Amount Paid in FY2002 for 2002 Guarantees	25,471	22,299
FY 2002	Total	$ 44,398	$ 39,304
	Amount Paid in FY2001 for Prior Years	$ 35,808	$ 31,123
	Amount Paid in FY2001 for 2001 Guarantees	16,045	13,946
FY 2001	Total	$ 51,853	$ 45,069

K. Liability for Loan Guarantees:

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

	Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Loan Guarantees, for Post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
FY 2002	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ -	$ (49,097)	$ (49,097)
	Total	$ -	$ (49,097)	$ (49,097)
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Pre-Credit Reform)	$ -	$ (47,975)	$ (47,975)
FY 2001	Total	$ -	$ (47,975)	$ (47,975)

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

Subsidy Expense for New Loan Guarantees:

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
FY 2002	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ 1,906	$ 2,986	$ (1,053)	$ -	$ 3,839
	Total	$ 1,906	$ 2,986	$ (1,053)	$ -	$ 3,839
FY 2001	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ 1,570	$ 3,209	$ (992)	$ -	$ 3,787
	Total	$ 1,570	$ 3,209	$ (992)	$ -	$ 3,787

Modifications and Reestimates:

	Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ -	$ -	$ (3,787)	$ (3,787)
FY 2002	Total	$ -	$ -	$ (3,787)	$ (3,787)
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ -	$ -	$ (1,370)	$ (1,370)
FY 2001	Total	$ -	$ -	$ (1,370)	$ (1,370)

Total Loan Guarantee Subsidy Expense:

Loan Guarantee Programs	FY2002	FY2001
Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	$ 52	$ 2,417
Total	$ 52	$ 2,417

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

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

	Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	2.98%	4.74%	-1.72%	0.00%	6.00%
FY 2002	Total	2.98%	4.74%	-1.72%	0.00%	6.00%
	Bureau of Indian Affairs - Guaranteed Liquidating Loans (Credit Reform)	3.53%	5.00%	-1.80%	0.00%	6.73%
FY 2001	Total	3.53%	5.00%	-1.80%	0.00%	6.73%

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

N. Schedule for Reconciling Loan Guarantee Liability Balances

	FY 2002	FY 2001
Beginning balance of the loan guarantee liability	$ 47,975	$ 23,553
Add: Subsidy expense for guaranteed loans disbursed during the reporting years by component:		
(a) Interest supplement costs	1,906	1,570
(b) Default costs (net of recoveries)	2,986	3,209
(c) Fees and other collections	(1,053)	(992)
(d) Other subsidy costs	-	-
Total of the above subsidy expense components	3,839	3,787
Adjustments:		
(a) Loan guarantee modification	-	-
(b) Fees received	1,065	921
(c) Interest supplements paid	(2,320)	(3,121)
(d) Foreclosed property and loans acquired	-	-
(e) Claim payments to lenders	-	(69)
(f) Interest accumulation on the liability balance	2,325	2,539
(g) Other (recovery, revenue, and prior period adjustments)	-	21,735
Ending balance of the loan guarantee liability before reestimates	52,884	49,345
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate	-	-
(b) Technical/default reestimate	(3,787)	(1,370)
Total of the above reestimate components	(3,787)	(1,370)
Ending balance of the loan guarantee liability	$ 49,097	$ 47,975

O. Administrative Expense:

	Direct Loan Programs		Loan Guarantee Programs	
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 309	Bureau of Indian Affairs - Guaranteed Loan Programs	$ 479
	Departmental Offices - American Samoa Government (Credit Reform)	783		
FY 2002	Total	$ 1,092		$ 479
	Bureau of Reclamation - Direct Loans (Credit Reform)	$ 216	Bureau of Indian Affairs - Guaranteed Loan Programs	$ 500
	Departmental Offices - American Samoa Government (Credit Reform)	685		
FY 2001	Total	$ 901		$ 500

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

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

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

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

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

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

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

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

NOTE 7. INVENTORY AND RELATED PROPERTY

Inventory and Related Property as of September 30, 2002 and 2001 consists of the following:

Inventory and Related Property

(dollars in thousands)	FY 2002	FY 2001 (As Restated)
Helium Stockpile Material	$ 352,879	$ 355,075
Published Maps Held for Sale	8,343	6,905
Other Inventory Held for Current Sale	1,558	1,487
Operating Materials Held for Use	309	315
Total Inventory and Related Property	$ 363,089	$ 363,782

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

General Property, Plant, and Equipment, which is presented in the following table, consist of that property which is used in operations and, with some exceptions, consumed over time.

Construction in Progress is used for the accumulation of cost of construction or major renovation of fixed assets during the construction period. Each individual bureau sets its own policy for using the Construction in Progress account; however, in general, the assets are transferred out of Construction in Progress when the project is completed.

Construction in Progress includes construction in abeyance of approximately $573 million and $566 million as of September 30, 2002 and 2001, respectively. Construction in abeyance represents projects the Bureau of Reclamation began the planning of and construction on and have either been suspended or the intended benefits never provided. Until congressional disposition of these assets is determined, maintenance costs have been and will continue to be budgeted and expended to minimize the erosive effects of weather and time and to keep the asset ready for potential completion.

Investigations and Development represent funds appropriated by the Congress that have been expended for such activities as general engineering studies and surveys that are directly related to project construction. Investigations and Development as of September 30, 2002 and 2001 was $96 million and $95 million, respectively.

Property, Plant, and Equipment categories, with corresponding accumulated depreciation, as of September 30, 2002 and 2001, are shown in the following tables.

General Property, Plant, and Equipment, Net

(dollars in thousands)	Buildings, Structures, Facilities and Land	Construction in Progress	Equipment, Vehicles, and Aircraft	Other Property and Equipment	Investigations and Development	FY 2002
Bureau of Indian Affairs	$ 2,151,772	$ 171,250	$ 211,386	$ 27,788	$ -	$ 2,562,196
Bureau of Land Management	219,013	26,278	249,257	20,129	-	514,677
Bureau of Reclamation	19,181,962	1,138,036	100,887	27,994	95,994	20,544,873
Departmental Offices & Other	38,352	127,802	53,998	8,474	-	228,626
Minerals Management Service	-	-	20,643	30,062	-	50,705
National Park Service	1,020,380	33,301	309,120	3,809	-	1,366,610
Office of Surface Mining	-	-	5,891	-	-	5,891
U.S. Fish and Wildlife Service	1,167,579	99,139	243,244	-	-	1,509,962
U.S. Geological Survey	116,320	-	473,716	12,302	-	602,338
Gross Property, Plant and Equipment	23,895,378	1,595,806	1,668,142	130,558	95,994	27,385,878
Accumulated Depreciation	(9,592,662)	-	(846,663)	(29,784)	-	(10,469,109)
Net Property, Plant, and Equipment	$ 14,302,716	$ 1,595,806	$ 821,479	$ 100,774	$ 95,994	$ 16,916,769

(dollars in thousands)	Buildings, Structures, Facilities and Land	Construction in Progress	Equipment, Vehicles, and Aircraft	Other Property and Equipment	Investigations and Development	FY 2001 (As Restated)
Bureau of Indian Affairs	$ 2,070,580	$ 150,991	$ 203,363	$ 17,124	$ -	$ 2,442,058
Bureau of Land Management	213,081	20,250	232,053	11,795	-	477,179
Bureau of Reclamation	19,015,966	1,083,637	99,879	28,400	95,271	20,323,153
Departmental Offices & Other	12,470	115,739	49,801	8,196	-	186,206
Minerals Management Service	-	-	22,031	22,219	-	44,250
National Park Service	924,465	70,695	276,333	662	-	1,272,155
Office of Surface Mining	-	-	5,722	-	-	5,722
U.S. Fish and Wildlife Service	1,114,231	85,391	216,469	-	-	1,416,091
U.S. Geological Survey	120,517	-	215,978	6,493	-	342,988
Gross Property, Plant and Equipment	23,471,310	1,526,703	1,321,629	94,889	95,271	26,509,802
Accumulated Depreciation	(9,296,134)	-	(744,375)	(24,056)	-	(10,064,565)
Net Property, Plant, and Equipment	$ 14,175,176	$ 1,526,703	$ 577,254	$ 70,833	$ 95,271	$ 16,445,237

NOTE 9. OTHER ASSETS, NET

Other Assets primarily consists of the Bureau of Reclamation (BOR) power rights of $162.2 million and $173.0 million for FY 2002 and FY 2001, respectively, which were subject to annual amortization of $10.8 million during FY 2002 and FY 2001.

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

Other Assets, as of September 30, 2002 and 2001, are shown in the following table.

Other Assets, Net

(dollars in thousands)	FY 2002	FY 2001
Bureau of Indian Affairs	$ 15,741	$ 8,778
Bureau of Reclamation	215,970	229,713
U.S. Geological Survey	2,151	5,968
Total Other Assets, Net	$ 233,862	$ 244,459

NOTE 10. STEWARDSHIP ASSETS

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

As a Nation, the United States once owned nearly two billion acres of public lands. In the course of national expansion and development, public lands were sold or deeded by the federal government to the states and their counties and municipalities, to educational institutions, to private citizens, and to businesses and corporations. Other lands were set aside as national parks, forests, wildlife refuges, and military installations.

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

NOTE 11. ASSETS ANALYSIS

Assets of the Department include entity assets (unrestricted and restricted) and non-entity assets. Unrestricted assets are those currently available for use by the Department. Restricted assets cannot be used until appropriated by Congress. Non-entity assets are currently held by but not available to the Department and will be forwarded to Treasury or other agencies at a future date.

Entity restricted assets consist of the Land and Water Conservation Fund, the Historic Preservation Fund, the portion of the Aquatic Resources Trust Fund not designated for other federal agencies, the Environmental Improvement and Restoration Fund, the Reclamation Fund, and other unavailable receipt funds.

The Land and Water Conservation Fund and the Historic Preservation Fund are administered by the National Park Service. The Land and Water Conservation Fund receives a portion of the royalties and lease payments earned by the federal government from oil and gas extracted from federal lands on the Outer Continental Shelf. This fund also receives monies from sales of federal assets by the General Services Administration and other sources.

The Historic Preservation Fund, appropriated by the Congress annually, provides matching grants to encourage private and non-federal investment in historic preservation efforts nationwide, and assists state governments, local governments, and Indian tribes with expanding and accelerating historic preservation activities nationwide. Historic Preservation Fund grants serve as a catalyst and "seed money" for preserving and protecting our nation's irreplaceable heritage for this and future generations.

The Aquatic Resources Trust Fund (ARTF) receives revenues through excise taxes levied on the sale of fishing tackle and equipment, certain motorboat and small engine gasoline, and interest earned on invested trust funds. Although funds collected and deposited in the ARTF in any one fiscal year are available for investment during the same fiscal year collected, they are not available for obligation that same year. Thus, the use of such funds collected from a prior fiscal year is restricted until the following fiscal year.

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

Interior's assets as of September 30, 2002 and 2001 are summarized into the following categories:

Assets Analysis

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Elimination of Intra Department Activity	Total Entity	Non-Entity Restricted	FY 2002
Intragovernmental Assets:						
Fund Balance with Treasury	$ 8,112,703	$ 18,487,644	$ -	$ 26,600,347	$ 276,195	$ 26,876,542
Investments, Net	3,436,990	1,298,224	-	4,735,214	613,129	5,348,343
Accounts and Interest Receivable, Net	421,031	307,969	(482,974)	246,026	384,280	630,306
Other						
Advances and Prepayments	89,411	-	(83,903)	5,508	-	5,508
Total Intragovernmental Assets	12,060,135	20,093,837	(566,877)	31,587,095	1,273,604	32,860,699
Cash	1,422	-	-	1,422	-	1,422
Investments, Net	138,602	-	-	138,602	-	138,602
Accounts and Interest Receivable, Net	129,468	9,889	-	139,357	1,164,705	1,304,062
Loans and Interest Receivable, Net	162,887	39,499	-	202,386	23,445	225,831
Inventory and Related Property	363,089	-	-	363,089	-	363,089
General Property, Plant and Equipment, Net	16,916,769	-	-	16,916,769	-	16,916,769
Other						
Advances and Prepayments	34,874	-	-	34,874	-	34,874
Other Assets, Net	233,862	-	-	233,862	-	233,862
Total Assets	$ 30,041,108	$ 20,143,225	$ (566,877)	$ 49,617,456	$ 2,461,754	$ 52,079,210

(dollars in thousands)	Entity Unrestricted	Entity Restricted	Elimination of Intra Department Activity	Total Entity	Non-Entity Restricted	FY 2001 (As Restated)
Intragovernmental Assets:						
Fund Balance with Treasury	$ 7,305,090	$ 18,110,415	$ -	$ 25,415,505	$ 133,868	$ 25,549,373
Investments, Net	3,227,455	1,312,526	-	4,539,981	578,547	5,118,528
Accounts and Interest Receivable, Net	288,947	191,157	(304,483)	175,621	77,466	253,087
Other						
Advances and Prepayments	105,346	-	(102,976)	2,370	-	2,370
Total Intragovernmental Assets	10,926,838	19,614,098	(407,459)	30,133,477	789,881	30,923,358
Cash	987	-	-	987	486	1,473
Investments, Net	136,637	-	-	136,637	-	136,637
Accounts and Interest Receivable, Net	424,039	4,107	-	428,146	1,226,668	1,654,814
Loans and Interest Receivable, Net	155,943	40,373	-	196,316	20,492	216,808
Inventory and Related Property	363,782	-	-	363,782	-	363,782
General Property, Plant and Equipment, Net	16,445,237	-	-	16,445,237	-	16,445,237
Other						
Advances and Prepayments	35,134	-	-	35,134	-	35,134
Other Assets, Net	244,459	-	-	244,459	-	244,459
Total Assets	$ 28,733,056	$ 19,658,578	$ (407,459)	$ 47,984,175	$ 2,037,527	$ 50,021,702

NOTE 12. INTRA-GOVERNMENTAL DEBT

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

Intra-governmental debt to Treasury activity for the years ended September 30, 2002 and 2001 is summarized as follows:

Intra-Governmental Debt

(dollars in thousands)	FY 2001 Beginning Balance	Net Borrowing	FY 2001 Ending Balance	Net Borrowing	FY 2002 Ending Balance
Helium Fund	$ 1,329,203	$ (10,000)	$ 1,319,203	$ (10,000)	$ 1,309,203
Credit Reform Borrowings	129,655	(4,384)	125,271	9,062	134,333
Federal Financing Bank	14,679	(1,565)	13,114	(1,687)	11,427
Total Loans Due to Treasury	$ 1,473,537	$ (15,949)	$ 1,457,588	$ (2,625)	$ 1,454,963

A. Helium Fund - Bureau of Land Management

The Helium Fund was established in the late 1950s and early 1960s to ensure that the federal government had access to a dependable supply of helium, which at that time was considered to be a critical defense commodity. Start-up capital was loaned to the helium program, with the expectation that the capital would be repaid with the proceeds of sales to other federal government users of helium. However, subsequent changes in the market price of helium and the need of government users for the commodity made the repayment of the capital, and subsequent accrued interest, impractical. Given the intra-governmental nature of the loan, unless the loan is forgiven, the funds for repayment to Treasury must come from the Treasury, either in the form of appropriations to the helium fund to repay the loan or in the form of appropriations to other government users of helium to pay the higher prices necessary to permit loan repayment.

Net Worth Debt reported in the following table reflects the amount recorded by Treasury for the net worth capital and retained earnings of the Helium Fund. It also includes any monies expended thereafter by Interior from funds provided in the Supplemental Appropriation Act of 1959 for construction of a helium plant at Keyes, Oklahoma. Additional borrowing from Treasury represents funds borrowed for the acquisition and construction of helium plants and facilities and other related purposes including the purchase of helium. These amounts were due 25 years from the date the funds were borrowed. However, as funding has not been received to repay the amounts due, the amounts could not be repaid.

Interest on borrowing is compound interest on the debts described above, at rates determined by the Secretary of the Treasury taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to investments authorized. The interest rate was determined at the time of each borrowing. With the passage of the Helium Privatization Act of 1996, no further interest is being accrued on this debt.

For the last several years, the Bureau of Land Management has paid $10,000 annually on its debt to Treasury. Sales of helium are expected to increase beginning in FY 2003 and it is anticipated that this will provide funds to substantially increase the annual repayments.

Debt from the Helium Fund

(dollars in thousands)	FY 2002	FY 2001
Principal:		
Net Worth Debt	$ 27,991	$ 37,343
Additional Borrowing from Treasury	251,650	251,650
Total Principal	279,641	288,993
Interest:		
Beginning Balance	1,030,210	1,040,210
Repayments	(648)	(10,000)
Ending Balance	1,029,562	1,030,210
Loan Due to Treasury - Helium Fund	$ 1,309,203	$ 1,319,203

B. Intra-governmental Debt to Treasury under Credit Reform

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

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

Interest is accrued daily on the outstanding principal balance of direct and assigned loans based on a 365-day year for credit reform loans. The interest rate charged on each loan is the Indian Financing Act Rate that was effective at the time the loan was made and ranges from 5.87 percent to 7.77 percent. These loans have various maturity dates from 2002 to 2026.

Bureau of Reclamation. As discussed in Note 6, Reclamation makes loans which are subject to the provisions of Credit Reform. Under the Credit Reform Act, loans consist of two components - the part borrowed from the Treasury and the appropriated part to cover the estimated subsidy. The maturity dates for these loans range from 2012 to 2047. The weighted average interest rate used to calculate interest owed to Treasury ranges from 5.85 percent to 6.86 percent.

Departmental Offices. Interest is accrued annually based on the prevailing market yield on Treasury securities of comparable maturity. The weighted average interest rate used to calculate interest owed to Treasury is 5.06 percent. The loan has a final payment date of September 30, 2027.

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

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

NOTE 13. ADVANCES AND DEFERRED REVENUE

The majority of the advances and deferred revenue received from the public represents upfront funding received from certain power customers who benefit from current and future power deliveries. The repayments are recognized as revenue incrementally as power benefits are provided. Advances and Deferred Revenue received from the public, in the amounts of $120 million and $102 million for 2002 and 2001, respectively, are included in Other Liabilities.

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

Advances and Deferred Revenue as of September 30, 2002 and 2001 are shown below:

Advances and Deferred Revenue

(dollars in thousands)	FY 2002	FY 2001 (As Restated)
Received from Federal Agencies	$ 517,064	$ 286,892
Received from the Public	119,535	102,343
Total Advances and Deferred Revenue	$ 636,599	$ 389,235

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

The Department has recorded an estimated, unfunded liability for the expected future cost for death, disability, and medical claims under the Federal Employees Compensation Act (FECA) of approximately $659 million and $663 million as of September 30, 2002 and 2001, respectively. This estimated liability is calculated by the Department of Labor using a method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. These actuarially computed projected annual benefit payments are discounted to present value using the Office of Management and Budget's economic assumptions for ten-year Treasury notes and bonds.

The Department of Labor calculated the estimated future benefit payments based on several assumptions. The interest rate assumptions utilized to discount the estimated future benefit payments to present value are 5.20 percent in year one and thereafter. The wage inflation factors (Cost of Living Adjustments) and medical inflation factors (Consumer Price Index Medical Adjustments) used in the calculation are as follows:

FECA Wage Inflation Factors

	FY 2002		FY 2001	
Fiscal Year	Cost of Living Adjustment	Consumer Price Index Medical Adjustment	Cost of Living Adjustment	Consumer Price Index Medical Adjustment
1991	5.03%	9.36%	5.03%	9.36%
1992	5.00%	7.96%	5.00%	7.96%
1993	2.83%	6.61%	2.83%	6.61%
1994	2.77%	5.27%	2.77%	5.27%
1995	2.57%	4.72%	2.57%	4.72%
1996	2.63%	3.99%	2.63%	3.99%
1997	2.77%	3.11%	2.77%	3.11%
1998	2.70%	2.77%	2.70%	2.77%
1999	1.53%	3.50%	1.53%	3.50%
2000	1.97%	3.70%	1.97%	3.70%
2001	2.93%	4.42%	2.93%	4.42%
2002	3.33%	4.44%	3.33%	4.44%
2003	1.80%	4.31%	3.00%	4.15%
2004	2.67%	4.01%	2.56%	4.09%
2005	2.40%	4.01%	2.50%	4.09%
2006 and thereafter	2.40%	4.01%	2.50%	4.09%

NOTE 15. ENVIRONMENTAL CLEANUP COSTS AND CONTINGENT LIABILITIES

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

The accrued and potential Environmental Cleanup Costs and Contingent Liabilities as of September 30, 2002 and 2001 are summarized in the categories below:

Environmental Cleanup Costs and Contingent Liabilities

			Potential Liabilities			
	Accrued Liabilities		FY 2002		FY 2001	
(dollars in thousands)	FY 2002	FY 2001	Lower	Upper	Lower	Upper
Estimated Cleanup Cost	$ 239,087	$ 268,249	$ 89,000	$ 365,000	$ 119,000	$ 297,000
Contingent Liabilities	1,022,380	480,110	1,369,000	3,662,000	1,001,000	2,121,000
Total Environmental and Contingent Liabilities	$ 1,261,467	$ 748,359	$ 1,458,000	$ 4,027,000	$ 1,120,000	$ 2,418,000

Environmental Hazards. The Department is subject to environmental laws and regulations regarding air, water, and land use, the storage and disposal of hazardous materials, and the operations and closure of facilities at which environmental contamination resulted. The major federal laws covering environmental contamination as related to Interior are the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) the Resource Conservation and Recovery Act (RCRA), OPA (Oil Pollution Act) CWA (Clean Water Act), CAA (Clean Air Act), SDWA (Safe Drinking Water Act), and AHERA (Asbestos Hazard Emergency Response Act). Responsible parties, including federal agencies, are required to cleanup releases of hazardous substances at or from facilities they own, operate, or at which they arranged for the disposal of such substances. The CWA, AHERA, and RCRA are the Acts most relevant to BIA, which has a large portion of the DOI liability.

Interior has recognized an estimated liability of $239 million and $268 million for FY 2002 and FY 2001, respectively, for sites where the Department either caused contamination or is otherwise involved in such a way that it may be legally liable for some portion of the cleanup, and the environmental cleanup liability is probable and reasonably estimable. This estimate includes the expected future cleanup costs, and for those sites where future liability is unknown, the cost of a study necessary to evaluate cleanup requirements.

Interior has an active program to find and monitor hazardous sites, secure the affected areas, and begin remediation in priority areas. However, the vast expanse of Interior lands prevents an acre-by-acre review, so the exact total number of sites and a firm statement of cleanup costs are not determinable. Once a site has been identified, it may take several years to perform an evaluation of the site and determine the potential cost of remediation. Additional time may be required to identify, and seek the involvement of, parties responsible for the contamination.

Interior's contingent liability for potential environmental cleanup of sites that are considered reasonably estimable but do not meet the requirement for accrual, may range from $89 million to $365 million. This estimate includes the expected future cleanup costs, and for those sites where future liability is unknown, the cost of a study necessary to evaluate cleanup requirements.

In addition to the limited number of cases discussed above where Interior may be involved, other hazardous conditions exist on public lands for which the Department might fund cleanup. The estimated liability excludes estimates of future sites for which Interior will voluntarily undertake remediation without legal responsibility to do so.

Indian Trust Funds. The Secretary of the Interior is entrusted with the management of the monies and lands held in trust by the federal government for Indian tribes and individuals. There have been long standing, complicated problems with Indian trust fund accounting and management. Currently, there are claims and potential claims relating to past trust fund management on both tribal accounts and Individual Indian Money (IIM) accounts. Twenty tribes have filed suits for an accounting of their tribal trust funds; in addition, a significant IIM class action lawsuit, discussed below, is pending.

Pursuant to the 1994 Reform Act, the Department presented to Congress a report that outlined proposed legislative settlement options for resolving disputed balances in tribal trust accounts in 1996. However, to date no settlement process has been established to resolve tribal trust fund account balances in dispute.

In 1996, a number of individual Indians brought a class action lawsuit against the Interior Secretary, the Assistant Secretary of Indian Affairs, and the Secretary of the Treasury, (collectively referred to as "Defendants") alleging breach of trust regarding the handling of IIM trust fund accounts. The court bifurcated the case into prospective ("fixing the system") and retrospective ("correcting the accounts") relief.

In 1999, the Court found the Defendants in contempt of court for failure to comply with an order for the production of records. Regarding prospective relief, the Court held in a December 1999 decision that the Defendants breached certain trust duties by failing to establish written policies and procedures, which are necessary to render an accurate accounting of the IIM trust, in four areas: collecting from outside sources missing information, retention of IIM trust documents, computer and business systems architecture, and staffing. The Court directed the Defendants to file a revised High-Level Implementation Plan (HLIP) for trust reform and quarterly status reports on action taken to remedy the court-identified breaches and to carry out trust reform and to initiate a historical accounting project. An appeals court affirmed this decision, indicated that the government owes IIM trust beneficiaries an accounting for all funds held in trust which are deposited or invested pursuant to a 1938 act, and confirmed that decisions about how to conduct an accounting and what accounting methods to use are properly left to the Department. The appeals

court presumed that the district court should wait to schedule the trial regarding retrospective relief "until a proper accounting can be performed, at which point it will assess the Appellants' compliance with their fiduciary obligations."

In September 2002, the Court found the Secretary and the Assistant Secretary – Indian Affairs to have engaged in litigation misconduct by failing to comply with the Court's Order of December 1999 to initiate a historical accounting project; and in civil contempt for committing certain frauds on the Court related to actions required by the Court. The Department has filed a notice of appeal to this ruling. Also pursuant to the September 2002 Order, on January 6, 2003, the Department and Plaintiffs submitted plans for a historical accounting of IIM accounts and plans for coming into compliance with the government's fiduciary obligations. These plans will be the subject of a trial scheduled for May 2003.

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

In managements' opinion, resolution of this matter will include a historical accounting of IIM accounts together with improved systems for prospective accounting. The Department has created the Office of Historical Trust Accounting to oversee the historical accounting to IIM beneficiaries. The Secretary has also directed and funded the Office of Historical Trust Accounting to provide an accounting of tribal trust fund accounts.

Other Contingent Liabilities. There are numerous claims filed against the Department and its bureaus with adjudication pending. For cases in which payment has been deemed probable and for which the amount of potential liability has been estimated, including certain judgments that have been issued against Interior and which have been appealed, $1,022 million and $480 million has been accrued in the financial statements as of September 30, 2002 and 2001, respectively. These amounts exclude contingent liabilities reported on prior year financial statements regarding cases won on appeal. Cash settlements are expected to be paid out of the Judgment Fund maintained by Treasury rather than operating resources of Interior. However, in suits brought through the Contract Disputes Act of 1978, the Department is required to reimburse the Judgment Fund from future agency appropriations.

No amounts have been accrued in the financial records for claims where the amount or probability of judgment is uncertain. Interior's potential liability for claims that do not meet the requirements for accrual are considered reasonably estimable, and where the likelihood of an unfavorable outcome is more than remote, may range from $1,369 million to $3,662 million as of September 30, 2002. Interior is the defendant in certain litigation where the damage awards being sought could amount to $1 billion or more including a situation where certain leases under federal oil and gas leases have claimed damages for breach of contract, as well as various other administrative proceedings, legal actions, environmental suits, and claims that may eventually result in payment to the plaintiff. The ultimate outcomes cannot be predicted at this time. Sufficient information is not currently available to determine if the ultimate resolution of the proceedings, actions, and claims will materially affect Interior's financial position or results of operations.

NOTE 16. LIABILITIES ANALYSIS

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

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

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

Aquatic Resource Amounts Due to Others are amounts due to the U.S. Coast Guard for boating safety programs and to the U.S. Army Corps of Engineers from coastal wetlands initiatives. These funds are also paid to states to support projects that restore sport fish resources (see Note 27, Dedicated Collections for additional information). The amounts for FY 2002 and FY 2001 are $371 million and $335 million, respectively.

Other Liabilities to Federal Agencies include receipts transferable to Treasury ($34 million and $37 million for FY 2002 and FY 2001, respectively) and other miscellaneous amounts.

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

Deferred credits represent deposits received from customers, including monies paid to the BOR for construction of facilities, monies paid to Departmental Offices for payroll services, and monies paid to BLM for the purchase of land. These deposits are classified as a liability until services are rendered or sales are consummated.

Other Liabilities to the Public consist primarily of payments due to states by the Minerals Management Service based on the Mineral Lands Leasing Act of 1920, as amended, and subsequent legislation and lease terms. These amounts were $374.9 million and $238.3 million for FY 2002 and FY 2001, respectively. Additional amounts included in other liabilities contain deferred advances from others of $119.5 million for FY 2002 and $102.3 million for FY 2001, and Office of Surface Mining Entitlement Benefits Due and Payable of $7.9 million and $43.6 million for FY 2002 and FY 2001, respectively.

Interior's liabilities covered and not covered by budgetary resources as of September 30, 2002 and 2001 are as follows:

Liabilities Analysis

(dollars in thousands)	Covered by Budgetary Resources Current	Covered by Budgetary Resources Non-Current	Not Covered by Budgetary Resources Current	Not Covered by Budgetary Resources Non-Current	FY 2002
Intragovernmental					
Accounts Payable	$ 81,962	$ -	$ -	$ -	$ 81,962
Debt	11,449	1,432,088	1,028	10,398	1,454,963
Other					
Accrued Payroll and Benefits	56,665	0	46,259	79,078	182,002
Advances and Deferred Revenue	497,478	19,586	0	0	517,064
Deferred Credits	131,164	0	15,702	1,616	148,482
Custodial Liability	0	0	835,951	0	835,951
Aquatic Resource Amounts Due to Others	0	0	0	371,122	371,122
Judgment Fund	0	0	0	148,870	148,870
Other Liabilities	0	0	40,693	53,108	93,801
Total Intragovernmental Liabilities	778,718	1,451,674	939,633	664,192	3,834,217
Public Liabilities					
Accounts Payable	825,168	0	0	0	825,168
Loan Guarantee Liability	0	49,097	0	0	49,097
Debt Held by the Public	0	0	0	0	0
Federal Employees Compensation Act Liability	0	0	0	658,501	658,501
Environmental Cleanup Costs	0	4,506	0	234,581	239,087
Other	0	0	0	0	0
Accrued Payroll and Benefits	247,858	0	14,104	295,666	557,628
Deferred Credits	7,485	0	243,850	173,561	424,896
Contingent Liabilities	0	0	575,749	446,631	1,022,380
Other Liabilities	119,555	0	481,480	22,984	624,019
Total Public Liabilities	1,200,066	53,603	1,315,183	1,831,924	4,400,776
Total Liabilities	$ 1,978,784	$ 1,505,277	$ 2,254,816	$ 2,496,116	$ 8,234,993

(dollars in thousands)	Covered by Budgetary Resources Current	Covered by Budgetary Resources Non-Current	Not Covered by Budgetary Resources Current	Not Covered by Budgetary Resources Non-Current	FY 2001 (As Restated)
Intragovernmental					
Accounts Payable	$ 79,813	$ -	$ -	$ -	$ 79,813
Debt	10,980	1,433,494	1,688	11,426	1,457,588
Other					
Accrued Payroll and Benefits	44,710	0	44,018	67,127	155,855
Advances and Deferred Revenue	260,696	26,196	0	0	286,892
Deferred Credits	1,723	0	12,451	481	14,655
Custodial Liability	0	0	1,108,753	0	1,108,753
Aquatic Resources Amounts Due to Others	0	0	0	335,416	335,416
Judgment Fund	0	0	0	91,207	91,207
Other Liabilities	855	0	51,005	47,464	99,324
Total Intragovernmental Liabilities	398,777	1,459,690	1,217,915	553,121	3,629,503
Public Liabilities					
Accounts Payable	722,219	375	0	0	722,594
Loan Guarantee Liability	0	47,975	0	0	47,975
Debt Held by the Public	306	0	0	0	306
Federal Employees Compensation Act Liability	0	0	0	663,468	663,468
Environmental Cleanup Costs	0	0	0	268,249	268,249
Other					
Accrued Payroll and Benefits	224,033	0	12,384	280,361	516,778
Deferred Credits	217	0	122,233	167,051	289,501
Contingent Liabilities	0	0	1,000	479,110	480,110
Other Liabilities	102,343	0	391,129	20,685	514,157
Total Public Liabilities	1,049,118	48,350	526,746	1,878,924	3,503,138
Total Liabilities	$ 1,447,895	$ 1,508,040	$ 1,744,661	$ 2,432,045	$ 7,132,641

NOTE 17. OPERATING LEASES

Most of the Department's facilities are rented from the General Services Administration (GSA), which charges rent that is intended to approximate commercial rental rates. The terms of the Department's rental agreements with GSA will vary according to whether the underlying assets are owned by GSA (or another federal agency) or rented by GSA from the private sector. For federally owned property, the Department generally does not execute an agreement with GSA nor is there a formal lease expiration date. Although the Department may normally vacate these properties after giving 120 to 180 days notice of its intent to vacate, in actuality, Interior will normally occupy these properties for an extended period of time with little variation from year to year. For purposes of disclosing future operating lease payments in the table below, federally owned leases are included in years 2003 through 2007.

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

All GSA leases assume a 2003 lease escalation in accordance with GSA budget estimates, normally 3 percent but ranging up to 14 percent for selected locations. An escalation of 3 percent per year is assumed for all periods after 2003.

Government vehicles and equipment rentals are included in personal property. Government vehicles are leased from GSA, frequently exceeding one year, although a definite lease period may not be specified. The estimated future operating lease payments for personal property for 2003 is based on a 3 percent increase over the 2002 actual personal property expense amount for 2002. For subsequent years up to 2007 the amounts are inflated each year at 3 percent over the previous year.

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

Future Operating Lease Payments
(in thousands)

Fiscal Year	GSA Real Property	Other Real Property	Personal Property	Total
2003	$ 221,852	$ 35,523	$ 37,001	$ 294,376
2004	212,880	38,994	37,245	289,119
2005	206,602	39,622	38,324	284,548
2006	200,172	40,695	39,443	280,310
2007	193,504	42,806	40,619	276,929
Thereafter	121,208	87,752	6,623	215,583
Total Future Lease Payments	$ 1,156,218	$ 285,392	$ 199,255	$ 1,640,865

NOTE 18. NET COST BY RESPONSIBILITY SEGMENT

During the year ended September 30, 2002, the Department revised the line item presentation of the Consolidated Statement of Net Cost to exclude Eliminations and Shared Services, which were reported in FY 2001. The dollar amounts associated with these lines have been incorporated into the remaining line items. Additionally, some FY 2001 revenues and expenses have been reclassified between programs to conform with the current year presentation.

Intra-governmental costs represent the costs incurred to generate the related intra-governmental revenue. The Department estimated intra-governmental costs as intra-governmental revenue plus an allocated portion of the retirement costs paid by OPM on behalf of the Department that the Department did not bill to intra-governmental customers.

The Department reviewed the placement of activities within the GPRA Segments reported on the Statement of Net Cost. The primary results of this review include a net increase in the Protect the Environment and Manage Natural Resources segments and a net decrease to the Shared Services and Other segments reporting in FY 2001.

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

FY 2002

(dollars in thousands)	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation
Protect the Environment and Preserve Our Nation's Natural & Cultural Resources			
Cost - Services and Goods Provided to the Public	563,548	534,469	186,378
Earned Revenue from the Public	713	87,320	51,474
Net Cost - Federal Programs and Sales to the Public	562,835	447,149	134,904
Cost - Sales to other Federal Agencies	1,266	10,800	23,160
Earned Revenue from Federal Agencies	1,254	10,523	22,759
Net Cost - Sales to other Federal Agencies	12	277	401
Net Cost	562,847	447,426	135,305
Provide Recreation for America			
Cost - Services and Goods Provided to the Public	-	93,194	35,561
Earned Revenue from the Public	-	12,838	886
Net Cost - Federal Programs and Sales to the Public	-	80,356	34,675
Cost - Sales to other Federal Agencies	-	707	-
Earned Revenue from Federal Agencies	-	689	-
Net Cost - Sales to other Federal Agencies	-	18	-
Net Cost	-	80,374	34,675
Manage Natural Resources for a Healthy Environment and a Strong Economy			
Cost - Services and Goods Provided to the Public	-	1,193,928	849,856
Earned Revenue from the Public	-	140,582	242,078
Net Cost - Federal Programs and Sales to the Public	-	1,053,346	607,778
Cost - Sales to other Federal Agencies	-	22,973	407,638
Earned Revenue from Federal Agencies	-	21,715	400,573
Net Cost - Sales to other Federal Agencies	-	1,258	7,065
Net Cost	-	1,054,604	614,843
Provide Science for a Changing World			
Cost - Services and Goods Provided to the Public	-	101,882	-
Earned Revenue from the Public	-	-	-
Net Cost - Federal Programs and Sales to the Public	-	101,882	-
Cost - Sales to other Federal Agencies	-	11,027	-
Earned Revenue from Federal Agencies	-	10,744	-
Net Cost - Sales to other Federal Agencies	-	283	-
Net Cost	-	102,165	-
Meet Our Responsibilities to American Indians and Island Communities			
Cost - Services and Goods Provided to the Public	2,258,724	-	-
Earned Revenue from the Public	110,193	-	-
Net Cost - Federal Programs and Sales to the Public	2,148,531	-	-
Cost - Sales to other Federal Agencies	163,265	-	-
Earned Revenue from Federal Agencies	161,758	-	-
Net Cost - Sales to other Federal Agencies	1,507	-	-
Net Cost	2,150,038	-	-
Other			
Cost - Services and Goods Provided to the Public	-	-	28,821
Earned Revenue from the Public	-	-	24,182
Net Cost - Federal Programs and Sales to the Public	-	-	4,639
Cost - Sales to other Federal Agencies	-	-	28,620
Earned Revenue from Federal Agencies	-	-	28,124
Net Cost - Sales to other Federal Agencies	-	-	496
Net Cost	-	-	5,135
Totals			
Cost - Services and Goods Provided to the Public	2,822,272	1,923,473	1,100,616
Earned Revenue from the Public	110,906	240,740	318,620
Net Cost - Federal Programs and Sales to the Public	2,711,366	1,682,733	781,996
Cost - Sales to other Federal Agencies	164,531	45,507	459,418
Earned Revenue from Federal Agencies	163,012	43,671	451,456
Net Cost - Sales to other Federal Agencies	1,519	1,836	7,962
Net Cost of Operations	2,712,885	1,684,569	789,958

FY 2002

Departmental Offices and Other	Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	Total
12,179	-	813,875	249,088	1,645,702	-	-	4,005,239
19,268	-	102,103	95	48,698	-	-	309,671
(7,089)	-	711,772	248,993	1,597,004	-	-	3,695,568
3,322	-	24,055	1,274	100,343	-	(44,813)	119,407
3,293	-	23,394	1,258	98,357	-	(44,813)	116,025
29	-	661	16	1,986	-	-	3,382
(7,060)	-	712,433	249,009	1,598,990	-	-	3,698,950
-							
-							
-	-	1,771,560	-	168,103	-	-	2,068,418
-	-	130,400	-	3,863	-	-	147,987
-	-	1,641,160	-	164,240	-	-	1,920,431
-	-	40,267	-	6,940	-	(13,141)	34,773
-	-	39,161	-	6,802	-	(13,141)	33,511
-	-	1,106	-	138	-	-	1,262
-	-	1,642,266	-	164,378	-	-	1,921,693
-							
-							
12,076	1,759,174	-	77,984	-	-	-	3,893,018
122	109,386	-	-	-	-	-	492,168
11,954	1,649,788	-	77,984	-	-	-	3,400,850
5,441	7,880	-	-	-	-	(24,102)	419,830
5,394	7,843	-	-	-	-	(24,102)	411,423
47	37	-	-	-	-	-	8,407
12,001	1,649,825	-	77,984	-	-	-	3,409,257
-							
-							
-	-	-	-	-	1,185,060	-	1,286,942
-	-	-	-	-	175,504	-	175,504
-	-	-	-	-	1,009,556	-	1,111,438
-	-	-	-	-	216,984	(50,402)	177,609
-	-	-	-	-	209,659	(50,402)	170,001
-	-	-	-	-	7,325	-	7,608
-	-	-	-	-	1,016,881	-	1,119,046
-							
-							
515,268	-	-	-	-	-	-	2,773,992
52,533	-	-	-	-	-	-	162,726
462,735	-	-	-	-	-	-	2,611,266
4,683	-	-	-	-	-	(8,128)	159,820
4,642	-	-	-	-	-	(8,128)	158,272
41	-	-	-	-	-	-	1,548
462,776	-	-	-	-	-	-	2,612,814
-							
-							
163,551	-	-	-	-	1,263	-	193,635
5,641	-	-	-	-	1,434	-	31,257
157,910	-	-	-	-	(171)	-	162,378
795,045	409,883	-	-	-	416	(635,231)	598,733
788,122	409,883	-	-	-	416	(635,231)	591,314
6,923	-	-	-	-	-	-	7,419
164,833	-	-	-	-	(171)	-	169,797
703,074	1,759,174	2,585,435	327,072	1,813,805	1,186,323	-	14,221,244
77,564	109,386	232,503	95	52,561	176,938	-	1,319,313
625,510	1,649,788	2,352,932	326,977	1,761,244	1,009,385	-	12,901,931
808,491	417,763	64,322	1,274	107,283	217,400	(775,817)	1,510,172
801,451	417,726	62,555	1,258	105,159	210,075	(775,817)	1,480,546
7,040	37	1,767	16	2,124	7,325	-	29,626
632,550	1,649,825	2,354,699	326,993	1,763,368	1,016,710	-	12,931,557

FY 2001
(as restated)

(dollars in thousands)	Bureau of Indian Affairs	Bureau of Land Management	Bureau of Reclamation
Protect the Environment and Preserve Our Nation's Natural & Cultural Resources			
Cost - Services and Goods Provided to the Public	446,587	468,373	166,188
Earned Revenue from the Public	834	70,601	51,650
Net Cost - Federal Programs and Sales to the Public	445,753	397,772	114,538
Cost - Sales to other Federal Agencies	852	8,481	8,169
Earned Revenue from Federal Agencies	844	8,273	8,056
Net Cost - Sales to other Federal Agencies	8	208	113
Net Cost	445,761	397,980	114,651
Provide Recreation for America			
Cost - Services and Goods Provided to the Public	-	85,059	34,701
Earned Revenue from the Public	-	10,702	1,014
Net Cost - Federal Programs and Sales to the Public	-	74,357	33,687
Cost - Sales to other Federal Agencies	-	762	-
Earned Revenue from Federal Agencies	-	743	-
Net Cost - Sales to other Federal Agencies	-	19	-
Net Cost	-	74,376	33,687
Manage Natural Resources for a Healthy Environment and a Strong Economy			
Cost - Services and Goods Provided to the Public	-	1,043,619	1,007,932
Earned Revenue from the Public	-	142,148	382,659
Net Cost - Federal Programs and Sales to the Public	-	901,471	625,273
Cost - Sales to other Federal Agencies	-	15,974	426,711
Earned Revenue from Federal Agencies	-	15,011	420,809
Net Cost - Sales to other Federal Agencies	-	963	5,902
Net Cost	-	902,434	631,175
Provide Science for a Changing World			
Cost - Services and Goods Provided to the Public	-	112,369	-
Earned Revenue from the Public	-	451	-
Net Cost - Federal Programs and Sales to the Public	-	111,918	-
Cost - Sales to other Federal Agencies	-	7,262	-
Earned Revenue from Federal Agencies	-	7,083	-
Net Cost - Sales to other Federal Agencies	-	179	-
Net Cost	-	112,097	-
Meet Our Responsibilities to American Indians and Island Communities			
Cost - Services and Goods Provided to the Public	2,162,202	-	-
Earned Revenue from the Public	99,910	-	-
Net Cost - Federal Programs and Sales to the Public	2,062,292	-	-
Cost - Sales to other Federal Agencies	141,531	-	-
Earned Revenue from Federal Agencies	140,225	-	-
Net Cost - Sales to other Federal Agencies	1,306	-	-
Net Cost	2,063,598	-	-
Other			
Cost - Services and Goods Provided to the Public	-	-	44,009
Earned Revenue from the Public	-	-	20,259
Net Cost - Federal Programs and Sales to the Public	-	-	23,750
Cost - Sales to other Federal Agencies	-	-	16,335
Earned Revenue from Federal Agencies	-	-	16,109
Net Cost - Sales to other Federal Agencies	-	-	226
Net Cost	-	-	23,976
Totals			
Cost - Services and Goods Provided to the Public	2,608,789	1,709,420	1,252,830
Earned Revenue from the Public	100,744	223,902	455,582
Net Cost - Federal Programs and Sales to the Public	2,508,045	1,485,518	797,248
Cost - Sales to other Federal Agencies	142,383	32,479	451,215
Earned Revenue from Federal Agencies	141,069	31,110	444,974
Net Cost - Sales to other Federal Agencies	1,314	1,369	6,241
Net Cost of Operations	2,509,359	1,486,887	803,489

FY 2001
(as restated)

Departmental Offices and Other	Minerals Management Service	National Park Service	Office of Surface Mining	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra Department Activity	Total
7,932	-	684,479	222,324	1,508,317	-	-	3,504,200
94,699	-	105,354	390	41,585	-	-	365,113
(86,767)	-	579,125	221,934	1,466,732	-	-	3,139,087
8,194	-	15,855	1,800	93,950	-	(51,368)	85,933
8,109	-	15,449	1,784	92,212	-	(51,368)	83,359
85	-	406	16	1,738	-	-	2,574
(86,682)	-	579,531	221,950	1,468,470	-	-	3,141,661
-	-	1,730,006	-	154,930	-	-	2,004,696
-	-	142,206	-	3,591	-	-	157,513
-	-	1,587,800	-	151,339	-	-	1,847,183
-	-	31,826	-	7,779	-	(5,977)	34,390
-	-	31,022	-	7,634	-	(5,977)	33,422
-	-	804	-	145	-	-	968
-	-	1,588,604	-	151,484	-	-	1,848,151
21,718	1,372,385	-	166,682	-	-	-	3,612,336
3,891	113,708	-	-	-	-	-	642,406
17,827	1,258,677	-	166,682	-	-	-	2,969,930
7,582	3,639	-	-	-	-	(20,728)	433,178
7,505	3,619	-	-	-	-	(20,728)	426,216
77	20	-	-	-	-	-	6,962
17,904	1,258,697	-	166,682	-	-	-	2,976,892
-	-	-	-	-	1,069,207	-	1,181,576
-	-	-	-	-	166,961	-	167,412
-	-	-	-	-	902,246	-	1,014,164
-	-	-	-	-	214,548	(47,570)	174,240
-	-	-	-	-	207,943	(47,570)	167,456
-	-	-	-	-	6,605	-	6,784
-	-	-	-	-	908,851	-	1,020,948
431,216	-	-	-	-	-	-	2,593,418
23,689	-	-	-	-	-	-	123,599
407,527	-	-	-	-	-	-	2,469,819
11,157	-	-	-	-	-	(9,785)	142,903
11,044	-	-	-	-	-	(9,785)	141,484
113	-	-	-	-	-	-	1,419
407,640	-	-	-	-	-	-	2,471,238
136,875	-	-	-	-	-	-	180,884
7,506	-	-	-	-	-	-	27,765
129,369	-	-	-	-	-	-	153,119
537,844	235,077	-	-	-	-	(462,477)	326,779
532,375	235,433	-	-	-	-	(462,477)	321,440
5,469	(356)	-	-	-	-	-	5,339
134,838	(356)	-	-	-	-	-	158,458
597,741	1,372,385	2,414,485	389,006	1,663,247	1,069,207	-	13,077,110
129,785	113,708	247,560	390	45,176	166,961	-	1,483,808
467,956	1,258,677	2,166,925	388,616	1,618,071	902,246	-	11,593,302
564,777	238,716	47,681	1,800	101,729	214,548	(597,905)	1,197,423
559,033	239,052	46,471	1,784	99,846	207,943	(597,905)	1,173,377
5,744	(336)	1,210	16	1,883	6,605	-	24,046
473,700	1,258,341	2,168,135	388,632	1,619,954	908,851	-	11,617,348

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

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

Interior's gross cost and earned revenues by Budget Subfunction Classification as of September 30, 2002 and 2001 are presented below:

Gross Cost and Earned Revenue by Budget Subfunction Classification

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2002 Net Cost
Natural Resources and Environment	$ 11,843,331	$ 2,471,106	$ 9,372,225
Transportation	278,675	-	278,675
Community and Regional Development	2,473,182	310,900	2,162,282
Education and Training	92,691	269	92,422
General Government	758,075	17,335	740,740
Other	285,462	249	285,213
Net Cost of Operations	$ 15,731,416	$ 2,799,859	$ 12,931,557

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2001 Net Cost (As Restated)
Natural Resources and Environment	$ 9,516,933	$ 2,385,433	$ 7,131,500
Transportation	254,461	-	254,461
Community and Regional Development	2,326,777	254,452	2,072,325
Education and Training	88,264	124	88,140
General Government	633,518	16,908	616,610
Other	1,454,580	268	1,454,312
Net Cost of Operations	$ 14,274,533	$ 2,657,185	$ 11,617,348

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

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

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2002 Net Cost
Natural Resources	$ 1,917,779	$ 1,320,728	$ 597,051
Transportation	6,095	-	6,095
Community and Regional Development	257,879	158,316	99,563
Education and Training	9,522	26	9,496
General Government	64,936	1,235	63,701
Other	9,733	241	9,492
Total	$ 2,265,944	$ 1,480,546	$ 785,398

(dollars in thousands)	Gross Cost	Earned Revenue	FY 2001 Net Cost (As Restated)
Natural Resources	$ 1,723,207	$ 1,031,093	$ 692,114
Transportation	3,963	-	3,963
Community and Regional Development	276,710	141,720	134,990
Education and Training	6,272	-	6,272
General Government	51,922	377	51,545
Other	6,824	187	6,637
Total	$ 2,068,898	$ 1,173,377	$ 895,521

NOTE 20. COSTS

By law, Interior, as an agency of the federal government, is dependent upon other government agencies for centralized services. Some of these services, such as tax collection and management of the public debt, are not directly identifiable to Interior and are not reflected in the Department's financial condition and results. However, in certain cases, other federal agencies incur costs that are directly identifiable to Interior operations, including payment of claims and litigation by Treasury's Judgment Fund, and the partial funding of retirement benefits by the Office of Personnel Management. In accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 4, "Managerial Cost Accounting," the Department recognizes identified costs paid for the Department by other agencies as expenses of Interior. The funding for these costs is reflected as imputed financing sources on the Statement of Changes in Net Position. Expenses paid by other agencies on behalf of Interior were $541 million and $546 million for the years ended September 30, 2002 and 2001, respectively.

The costs associated with acquiring, constructing, and renovating heritage assets were $80 million and $51 million for the years ended September 30, 2002 and 2001, respectively. The costs associated with acquiring and improving stewardship lands were $358 million and $285 million for the years ended September 30, 2002 and 2001, respectively.

21. PRIOR PERIOD ADJUSTMENTS

The Department reclassified certain amounts to conform to the current year presentation and restated certain amounts. The following table presents the changes and related explanations.

Prior Period Adjustments

	As Originally Reported	Restatements		Reclassifications	As Restated
ASSETS					
Intragovernmental Assets:					
Fund Balance with Treasury	$ 25,547,027	$ 2,346	A	$ -	$ 25,549,373
Investments, Net	5,069,265	-		49,263	5,118,528
Accounts and Interest Receivable, Net	254,340	-		(1,253)	253,087
Other					
Advances and Prepayments	2,370	-		-	2,370
Total Intragovernmental Assets	30,873,002	2,346		48,010	30,923,358
Cash	48,087	-		(46,614)	1,473
Investments, Net	136,177	-		460	136,637
Accounts and Interest Receivable, Net	1,653,217	3,453	A	(1,856)	1,654,814
Loans and Interest Receivable, Net	216,809	-		(1)	216,808
Inventory and Related Property, Net	370,551	(6,769)	B	-	363,782
General Property, Plant & Equipment, Net	16,488,166	(138,155)	C	95,226	16,445,237
Other					
Advances and Prepayments	35,134	-		-	35,134
Other Assets	244,457	-		2	244,459
Other Assets - Investigations and Development	95,227	-		(95,227)	-
TOTAL ASSETS	$ 50,160,827	$ (139,125)		$ -	$ 50,021,702
LIABILITIES					
Intragovernmental Liabilities:					
Accounts Payable	$ 415,185	$ 43	D	$ (335,415)	$ 79,813
Debt	1,457,588	-		-	1,457,588
Other					
Accrued Payroll and Benefits	155,519	336	D	-	155,855
Advances and Deferred Revenue	288,614	-		(1,722)	286,892
Deferred Credits	203,465	-		(188,810)	14,655
Custodial Liability	1,108,753	-		-	1,108,753
Aquatic Resource Amounts Due to Others	-	-		335,416	335,416
Judgment Fund	-	-		91,207	91,207
Other Liabilities	-	-		99,324	99,324
Total Intragovernmental Liabilities	3,629,124	379		-	3,629,503
Public Liabilities					
Accounts Payable	756,064	8,681	D	(42,151)	722,594
Loan Guarantee Liability	-	-		47,975	47,975
Debt Held by the Public	-	-		306	306
Federal Employees Compensation Act Liability	663,468	-		-	663,468
Environmental Cleanup Costs	-	-		268,249	268,249
Other					
Accrued Payroll and Benefits	509,380	7,398	D	-	516,778
Deferred Credits	-	4,330	A, E	285,171	289,501
Contingent Liabilities	748,359	-		(268,249)	480,110
Other Liabilities	702,865	(408)	E	(188,300)	514,157
Other Liabilities - Deferred Revenue	103,001	-		(103,001)	-
Total Public Liabilities	3,483,137	20,001		-	3,503,138
TOTAL LIABILITIES	7,112,261	20,380		-	7,132,641
Net Position					
Unexpended Appropriations	3,817,896	(157,452)	C, E, F	-	3,660,444
Cumulative Results of Operations	39,230,670	(2,053)	B, C, D, E, F	-	39,228,617
Total Net Position	43,048,566	(159,505)		-	42,889,061
TOTAL LIABILITIES AND NET POSITION	$ 50,160,827	$ (139,125)		$ -	$ 50,021,702
Cost	$ 14,247,293	$ 24,055	B, C, D, E	$ 3,185	$ 14,274,533
Earned Revenue	(2,663,057)	9,057	E, G	(3,185)	(2,657,185)
Net Cost of Operations	$ 11,584,236	$ 33,112		$ -	$ 11,617,348

Explanation of Restatements

Certain fiscal year 2001 financial statement amounts have been reclassified to conform to the fiscal year 2002 presentation. In addition, the following adjustments were made to fiscal year 2001 data:

A The Department increased the September 30, 2001, Fund Balance with Treasury and Accounts Receivable by $2 million and $3 million, respectively, offset by an increase to Deferred Credits by $5 million. The purpose of this entry was to record funds held for or due from other Federal entities related to Interior's payroll processing services. This adjustment had no effect on the FY 2001 Consolidated Statement of Net Cost.

B The Department decreased the September 30, 2001, Inventory by $7 million for costs that should have been previously expensed. FY 2001 Costs previously reported on the Consolidated Statement of Net Cost increased $7 million as a result of this adjustment.

C Property, Plant and Equipment (PP&E) as of September 30, 2001, decreased to correct for capitalized property that should be expensed when acquired as it represented stewardship land, and stewardship land improvements, non-federal physical property, and construction projects that have been cancelled. This decrease was partially offset as the Department added PP&E that was improperly recorded at a net book value of zero at the time of acquisition. As a result of these changes, the September 30, 2001 PP&E previously reported on the consolidated Balance Sheet decreased $138 million, FY 2001 Costs previously reported on the Consolidated Statement of Net Cost increased $14 million, October 1, 2000 Cumulative Results of Operations decreased by $122 million, and October 1, 2000 Unexpended Appropriations decreased $2 million. This net increase in FY 2001 costs primarily impacted the Manage Natural Resources and Protect the Environment segments.

D The Department increased the September 30, 2001, Accounts Payable and Accrued Payroll and Benefits Payable on the Consolidated Balance Sheet by $9 million and $8 million, respectively, to accrue for benefits and other expenses that should have been recorded as of September 30, 2001. This resulted in an increase in FY 2001 Costs of $7 million on the Consolidated Statement of Net Cost and a decrease of $10 million in the October 1, 2000 Cumulative Results of Operations.

E The Department completed the reconciliation of certain accounts and, as a result, decreased September 30, 2001 Deferred Credits and Other Liabilities by $1 million and $1 million, respectively. The adjustments decreased FY2001 Costs and Earned Revenue reported on the Statement of Net Costs by $4 million and $3 million, respectively. Furthermore, these adjustments increased the October 1, 2000 Unexpended Appropriations by $1 million.

F The Department reclassified $156 million of non-appropriated special and trusts funds from Unexpended Appropriations to Cumulative Results of Operations within the October 1, 2000 Net Position. This reclassification had no effect on the FY 2001 Consolidated Statement of Net Cost.

G The Department changed the treatment of $6 million of FY 2001 receipts to present these as Non-exchange Revenue on the FY 2001 Statement of Changes in Net Position rather than as Earned Revenues on the FY 2001 Statement of Net Cost. This adjustment has no effect on Net Position as of October 1, 2000.

NOTE 22. ROYALTIES RETAINED

Royalties Retained include minerals receipts transferred to the Department totaling approximately $2,541 million. These amounts include transfers to the National Park Service for the Land and Water Conservation Fund, and to the Minerals Management Service for distribution to states, and to offset costs incurred by MMS related to royalty collections and to the Bureau of Reclamation's Reclamation Fund. These amounts are exchange revenue, but are presented on the Statement of Changes in Net Position in accordance with federal accounting standards.

In prior years, the distribution of federal receipts to state governments was recorded by MMS using the same model as distributions to federal agencies (i.e., the distributions to the states were essentially recorded as a transfer to the public as Collections for Others prior to FY 2001). This activity was reported only on the Statement of Custodial Activity. The distribution is actually transferred to an MMS permanent indefinite appropriation that requires expenditure of such funds to the states. In FY 2002 and FY 2001, the Statement of Net Cost reflects the expenses for the payments to the states in the Manage Natural Resources for a Healthy Environment and a Strong Economy program in the amount of $687 million and $1,050 million, respectively.

NOTE 23. STRATEGIC PETROLEUM RESERVE

The Department collected $263 million in 2002 and $62 million in 2001 in the form of petroleum, which was transferred to the government's Strategic Petroleum Reserve managed by the U.S. Department of Energy.

NOTE 24. STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period. It is the only financial statement "exclusively" derived from the entity's budgetary general ledger in accordance with budgetary accounting rules which are incorporated into generally accepted accounting principles for the federal government. The total Budgetary Resources of $21,258 million includes new budget authority, unobligated balances at the beginning of the year and transferred in/out during the year, spending authority from offsetting collections, recoveries of prior year obligations and any adjustment to these resources. Interior's unobligated balance available at September 30, 2002 is $4,281 million, of which the Bureau of Reclamation's Reclamation Trust Funds are the only funds that are currently classified as exempt from apportionment in the amount of $47 million.

Borrowing authority included in the Budgetary Authority of $13,352 million for 2002 is $11.9 million. This Borrowing Authority is primarily related to operations of the Office of Insular Affairs and the Bureau of Reclamation. Obligations Incurred at September 30, 2002 of $16,757 million includes $4,811 million for resources obligated for undelivered orders and $1,315 million for actual and accrued accounts payable. Repayment terms come from the Federal Credit Reform Act of 1990. Financing sources include direct appropriations and the repayment of loans by lendees.

All Interior bureaus use one or more permanent no-year appropriations to finance operating costs and the purchase of property, plant, and equipment.

The National Park Service is the only bureau with Interior that has an available contract authority in the amount of $861 thousand as of the end of FY 2002.

The Department has approximately fifty permanent indefinite appropriations, which are primarily for special programs and projects, such as Minerals Revenue Sharing with the states, the Recreation Fee Demonstration Program Fund, the Sport Fish Restoration Fund, and the Federal Aid in Wildlife Restoration Fund,

as described in their authorizing legislation. These funds do not require annual appropriation action by Congress as they are subject to the authorities of the permanent law and are available indefinitely. Interior received donations from the public in the form of financial and non-financial donations. Interior received $23 million in donations in 2002.

Interior's unobligated unavailable balance of $158.1 million consists of:

Unobligated Unavailable Balance	
Unapportioned amounts unavailable for future apportionments	$56.4 million
Expired Authority	$101.7 million

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

Appropriations received on the Statement of Changes in Net Position differs from that reported on the Statement of Budgetary Resources because appropriations received reported on the Statement of Changes in net position does not include appropriated dedicated and earmarked receipts. Dedicated and earmarked receipts are accounted for as either exchange or nonexchange revenue.

As of October 1, 2002, the Department changed its method of accounting for allocation transfers in accordance with OMB Bulletin No. 01-09, "Form and Content of Agency Financial Statements." In accordance with these reporting requirements, the Department reports the budgetary activity but not the proprietary activity when Interior is the transferor of the appropriation (i.e., parent) and reports the proprietary activity but not the budgetary activity when Interior is the recipient of the transfer (i.e., child). The DOI (recipient) received external allocation transfers from the Federal Highway Trust Administration, National Forest System, Department of the Labor Job Corp Centers, and other federal entities.

As a result of the change in accounting for allocation transfers, the Department adjusted net position as of October 1, 2001, by decreasing cumulative results of operations and unexpended appropriations by approximately $3 million and $54 million, respectively. Also, due to this change in accounting principle, the unobligated and obligated ending balances from the Department's FY 2001 Statement of Budgetary Resources have been adjusted for the cumulative effect of this change in accounting in the beginning balances on the FY 2002 Statement of Budgetary Resources. The unobligated and obligated balances have an approximate net decrease of $50 million and $389 million, respectively. The Department also restated the unobligated balances by approximately $33 million because a transfer of budget authority to the Cooperative Endangered Species Conservation Fund was improperly executed in FY 2001. The changes in the obligated and unobligated balances as of October 1, 2001 are summarized as follows:

Changes in Obligated and Unobligated Balances	
Unobligated balances previously reported	$3,991,016
Cumulative effect of change in accounting principle	(50,096)
Prior Period Adjustment	(32,975)
Unobligated balances as adjusted	$3,907,945

Obligated balances previously reported	$4,931,388
Cumulative effect of change in accounting principle	(388,622)
Obligated balances as adjusted	$4,542,766

The Statement of Budgetary Resources has been prepared to coincide with the amounts shown in the President's Budget (Budget of the United States Government). The actual amounts, for FY 2002 in the President's Budget, have not been published at the time the financial statements were issued. The President's Budget with the actual FY 2002 amounts is estimated to be released in February 2003 and can be located at the OMB Web site: *www.whitehouse.gov/omb*.

The Department's obligations incurred during FY 2002 by apportionment category is shown below:

Obligations by Apportionment Category	
	in thousands
Category A	$786,966
Category B	15,881,780
Exempt from Apportionment	73,656
Total	$16,742,402

NOTE 25. STATEMENT OF FINANCING

Allocation transfers are the amount of budget authority and other resources transferred to other federal entities, internal and external to the Department, to carry out the purposes of the parent account. Interior participates as a transferor and recipient of allocation transfers.

OMB Circular A-11, "Preparation, Submission, and Execution of the Budget", requires parent accounts to report the allocation agency's transactions as part of the Statement of Budgetary Resources, while the recipient of allocation transfers reports the proprietary activity on its Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position. This process creates a reconciling difference on the Statement of Financing of $347 million for FY 2002.

The major Interior allocation transfers made internally include those from the Wildland Fire Management Account, the Central Hazardous Material Fund, Office of Special Trust Funds, Natural Resources Damage Assessment and Restoration Fund, and Bureau of Indian Construction Funds. The major Interior allocations transfers made externally include those to the U.S. Corps of Engineers, Department of Commerce, Department of Agriculture, and the Department of Transportation Federal Highway Administration. Bureaus within the Department also receive allocation transfers from the Federal Highway Trust Administration, National Forest System, Department of Labor Job Corps Centers, and other federal entities.

External to the Department of the U.S. Corps of Engineers, Department of Commerce, Department of Agriculture, and the DOT Federal Highway Administration, DOI received $340.7 million in allocation transfers from the Department of Transportation Federal Aid Highways account in FY 2002. These funds are for the construction and maintenance of roads and other transportation infrastructure on Interior and Indian lands. DOI also receives transfers from the Department of Labor Employee and Training Services account for the Job Corps program and from other federal entities.

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

NOTE 26. INDIAN TRUST FUNDS

The Department, through the Office of the Special Trustee's (OST's) Office of Trust Funds Management, maintains approximately 1,400 accounts for Tribal and Other Special Trust Funds (including the Alaska Native Escrow Fund) with combined monetary assets of approximately $2,856 million and $2,805 million as of September 30, 2002 and 2001, respectively.

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

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

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

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

The OST also maintains about 252,000 open Individual Indian Monies (IIM) accounts with a fund balance of approximately $411 million and $404 million as of September 30, 2002 and 2001, respectively.

The IIM Fund is primarily a deposit fund for individuals who have a beneficial interest in the trust funds. IIM account holders realize receipts primarily from royalties on natural resource depletion, land use agreements, and enterprises having a direct relationship to trust fund resources and investment income.

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

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

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

The statements of assets and trust fund balances and statements of changes in trust fund balances for the Tribal and Other Special Trust Funds and the IIM Trust Funds are presented at the end of this note.

Audit Results. With Office of Inspector General oversight, independent auditors audited the Tribal and Other Special Trust Funds and the IIM Trust Funds financial statements as of and for the years ended September 30, 2002 and 2001. The independent auditors' reports were qualified as a result of the following:

- The cash balances reflected in the financial statements are materially greater than balances reported by the U.S. Department of the Treasury.

- The independent auditors were unable to extend audit procedures sufficiently to satisfy themselves as to the fairness of the trust fund balances and changes in trust fund balances reflected in the financial statements as a result of inadequacies in certain Department of the Interior accounting systems.

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

Cash Differences. There are unreconciled differences of approximately $33.2 million between the total cash balances reflected by the Office of Trust Fund Management (OTFM) for Tribal and Other Special Trust Funds and IIM and the balances reported by Treasury as of September 30, 2002 and September 30, 2001. Treasury reports reflect balances less than OTFM balances.

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

Tribal and Other Special Trust Funds
Statements of Assets and Trust Fund Balances - Cash Basis
as of September 30, 2002 and 2001
(dollars in thousands)

	FY 2002	FY 2001
ASSETS		
Current Assets		
Cash and cash equivalents	$ 723,702	$ 748,467
Investments	2,132,587	2,056,550
TOTAL ASSETS	$ 2,856,289	$ 2,805,017
TRUST FUND BALANCES		
Held for Indian tribes	$ 2,633,118	$ 2,610,916
Held by Department of the Interior and considered to be U.S. Government funds	223,171	194,101
TOTAL TRUST FUND BALANCES	$ 2,856,289	$ 2,805,017

Tribal and Other Special Trust Funds
Statements of Changes in Trust Fund Balances - Cash Basis
for the years ended September 30, 2002 and 2001
(dollars in thousands)

	FY 2002	FY 2001
Receipts	$ 293,785	$ 360,435
Interest Received	139,249	169,074
Gain (Loss) on disposition of investments, Net	1,690	6,602
Disbursements	(383,452)	(467,280)
Increase in trust fund balances, net	51,272	68,831
Trust Fund Balances - Beginning of Year	2,805,017	2,736,186
Trust Fund Balances - End of Year	$ 2,856,289	$ 2,805,017

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

Individual Indian Monies Trust Funds
Statements of Assets and Trust Fund Balances - Modified Cash Basis
as of September 30, 2002 and 2001
(dollars in thousands)

	FY 2002	FY 2001
ASSETS		
Current Assets		
Cash and cash equivalents	$ 44,018	$ 44,140
Investments	362,796	354,580
Accrued interest receivable	4,531	5,420
TOTAL ASSETS	$ 411,345	$ 404,140
TRUST FUND BALANCES, held for Individual Indians	$ 411,345	$ 404,140

Individual Indian Monies Trust Funds
Statements of Changes in Trust Fund Balances - Modified Cash Basis
for the years ended September 30, 2002 and 2001
(dollars in thousands)

	FY 2002	FY 2001
Receipts	$ 168,248	$ 199,641
Interest and dividends earned	23,022	26,262
Gain (Loss) on disposition of investments, Net	83	84
Disbursements	(184,148)	(221,716)
Increase (decrease) in trust fund balances, net	7,205	4,271
Trust Fund Balances - Beginning of Year	404,140	399,869
Trust Fund Balances - End of Year	$ 411,345	$ 404,140

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

NOTE 27. DEDICATED COLLECTIONS

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

Expenditures from the AML Fund may only be made as a consequence of appropriations or other Laws. AML reclamation is accomplished primarily by states and tribes and is funded by grants. Grant funding levels are determined by Interior's annual appropriation and considers the individual state or tribe's needs, the state and federal shares, as well as emergency and special funding requirements.

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

The table below contains summarized information of the AML Fund as of and for the years ended September 30, 2002 and 2001.

Abandoned Mine Land Fund

(dollars in thousands)	FY 2002	FY 2001
Fund Balance with Treasury	$ 5,318	$ 391
Investments, Net	1,895,100	1,863,582
Accounts and Interest Receivable, Net	1,214	2,703
Total Assets	$ 1,901,632	$ 1,866,676
Liabilities:		
Accounts Payable	$ 6,644	$ 8,130
Accrued Payroll and Benefits	925	856
Total Liabilities	7,569	8,986
Total Net Position	1,894,063	1,857,690
Total Liabilities and Net Position	$ 1,901,632	$ 1,866,676
Net Position, Beginning of Fiscal Year	$ 1,857,690	$ 1,827,250
Exchange Revenue - Services Provided and Other	356	320
Non-exchange Revenue:		
AML Fee Revenue	285,580	283,949
Investment Interest and Other	36,330	90,235
Program Expenses	(195,540)	(162,219)
UMWA CBF Expenses	(90,353)	(181,845)
Net Position, End of Fiscal Year	$ 1,894,063	$ 1,857,690

In addition to the amounts cited in the previous table, the Department's financial statements include accrued unfunded benefits due and payable to the UMWA CBF in the amounts of $7,909 and $43,606 thousand for September 30, 2002 and 2001, respectively.

Aquatic Resources Trust Fund. The Aquatic Resources Trust Fund (ARTF) receives excise tax revenues, collected from manufacturers of equipment used in fishing, hunting and sport shooting, and on motorboat fuels. These funds are subsequently distributed to the FWS Sport Fish Restoration Account (SFRA), the U.S. Coast Guard Boat Safety Program, and the Army Corps of Engineers Coastal Wetlands Program. Although the ARTF is managed and maintained by Treasury (per Title 26 of the U.S. Code, Section 9602), Interior reports the ARTF as they have the preponderance of the fund activity (the SFRA received approximately 74% of the ARTF transfers for FY 2002). The table below contains summarized information of the ARTF as of and for the years ended September 30, 2002 and 2001.

Aquatic Resources Trust Fund

(dollars in thousands)	FY 2002	FY 2001
Fund Balance with Treasury	$ 20,635	$ 17,671
Investments, Net	1,364,823	1,293,724
Taxes Receivable, Net	-	6,352
Interest Receivable, Net	273	276
Total Assets	$ 1,385,731	$ 1,318,023
Payables for Invested Balances		
Fish and Wildlife Service	$ 475,631	$ 410,832
Army Corps of Engineers	304,226	265,321
Coast Guard	66,895	70,095
Total Payable for Invested Balances	846,752	746,248
Total Net Position	538,979	571,775
Total Liabilities and Net Position	$ 1,385,731	$ 1,318,023
Net Position, Beginning of Fiscal Year	$ 571,775	$ 518,831
Adjustment to Net Position, Beginning of Fiscal Year	(1,060)	-
Non-exchange Revenue - Taxes and Interest	451,245	470,874
Net Transfers	(482,981)	(417,930)
Net Position, End of Fiscal Year	$ 538,979	$ 571,775