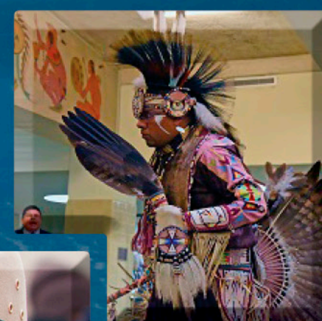
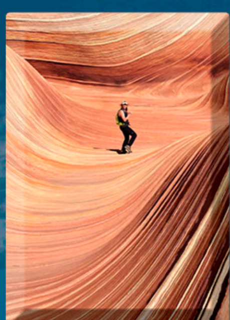
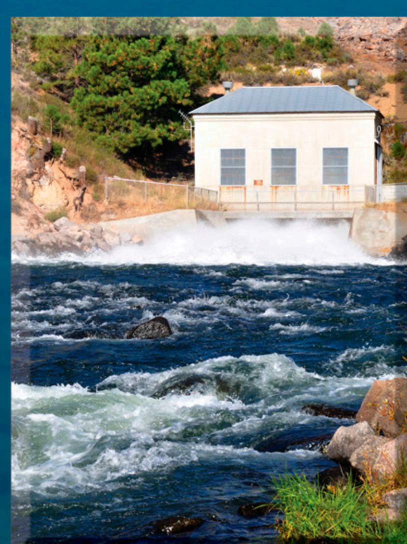
U.S. DEPARTMENT OF THE INTERIOR

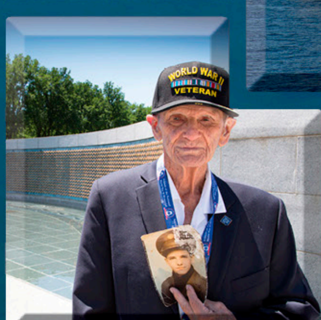
Agency Financial Report 2020





U.S. DEPARTMENT OF THE INTERIOR

Agency Financial Report 2020

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Photo: Tami Heilemann, DOI

I am providing the Department's Agency Financial Report for Fiscal Year 2020. In addition to providing key financial and performance information, this report demonstrates the Department's commitment to transparency in the use of American taxpayer dollars and to addressing material weaknesses in compliance with relevant laws and regulations.

The Department received its 24th consecutive unmodified audit opinion. However, we received one material weakness related to controls over financial reporting:

> On August 27, 2020, the Office of Management and Budget (OMB) issued *OMB Circular A-136 Financial Reporting Requirements dated August 27, 2020: II.3.8.44. Note 44: Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process.* The late issuance of OMB A-136 requirements, coupled with a limitation in the accounting configuration, forced the Department to rely heavily on extensive manual processes to comply with some of the new OMB disclosure requirements, which led to the Material Weakness. We are currently working on the update to the financial system to remediate this Material Weakness by September 30, 2021.

In addition, there are two material weaknesses under the *Federal Managers Financial Integrity Act of 1982* (FMFIA):

> (1) Controls over financial reporting as described immediately above; and
> (2) Management of grants, cooperative agreements, and tribal awards. DOI evaluated the FY 2020 internal controls targeted assessment reports for financial assistance submitted by Indian Affairs (IA) and the Bureau for Indian Education (BIE) relating to Tribal awards made under P.L.93-638. This corrective action plan to remediate this Material Weakness will be completed in December 2020.

David L. Bernhardt
Secretary of the Interior
November 16, 2020

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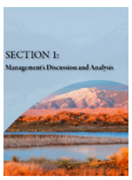
SECTION 1:

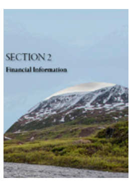
Management's Discussion and Analysis

About This Report

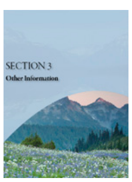
The U.S. Department of the Interior's (DOI or Department) Agency Financial Report (AFR) provides performance and financial information that enables the President, Congress, and the public to assess the performance of DOI relative to its mission and stewardship of the resources entrusted to it for the reporting period October 1, 2019, through September 30, 2020. We prepared this report in accordance with the requirements of Office of Management and Budget (OMB) *Circular A-136, Financial Reporting Requirements*. This document consists of three primary sections and supplemental appendices. The AFR consists of the following sections:



Section 1: Management's Discussion and Analysis includes an overview of DOI's history, mission and organizational structure, as well as analysis of performance goals and results; systems, internal controls, and legal compliance; and financial statements.



Section 2: Financial Information includes the financial statements and accompanying notes to the financial statements, required supplementary information, and the report from the independent auditors.



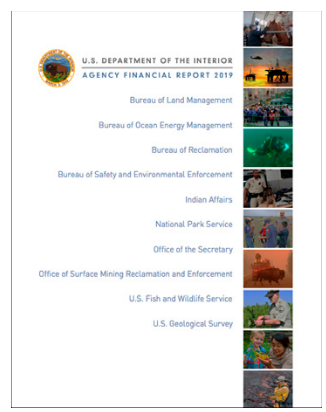
Section 3: Other Information includes the Inspector General's report on major management and performance challenges: a summary of financial statement audit and management assurances; and reports on payment integrity, fraud reduction, real property, civil monetary penalties, and grants programs.

The DOI produces an AFR rather than the alternative Performance and Accountability Report (PAR). The PAR is the process of compiling and documenting factors that quantify an institution's profitability, efficiency and adherence to budget, comparing actual results against original target. The AFR may be viewed online at ***https://www.doi.gov/pfm/afr***.

Certificate of Excellence in Accountability Reporting

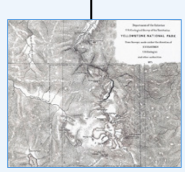
The DOI earned a Certificate of Excellence in Accountability Reporting (CEAR©) award for the FY 2019 AFR. The Association of Government Accountants CEAR© Program has been helping Federal agencies produce high-quality AFRs and Performance and Accountability Reports since 1997. The program was established in conjunction with the Chief Financial Officers Council and the OMB to improve financial and program accountability by streamlining reporting and improving the effectiveness of such reports.

The DOI is honored to have received this prestigious award for the eighteenth year. The DOI is fully committed to excellence in financial reporting and providing a comprehensive understanding of DOI's fiscal and programmatic accomplishments.

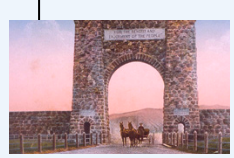


THE DOI TIMELINE

1849
Congress created the Department of the Interior



1869
Interior began its geological survey of the western Territories with the Hayden expedition



1872
Congress established Yellowstone as the first National Park

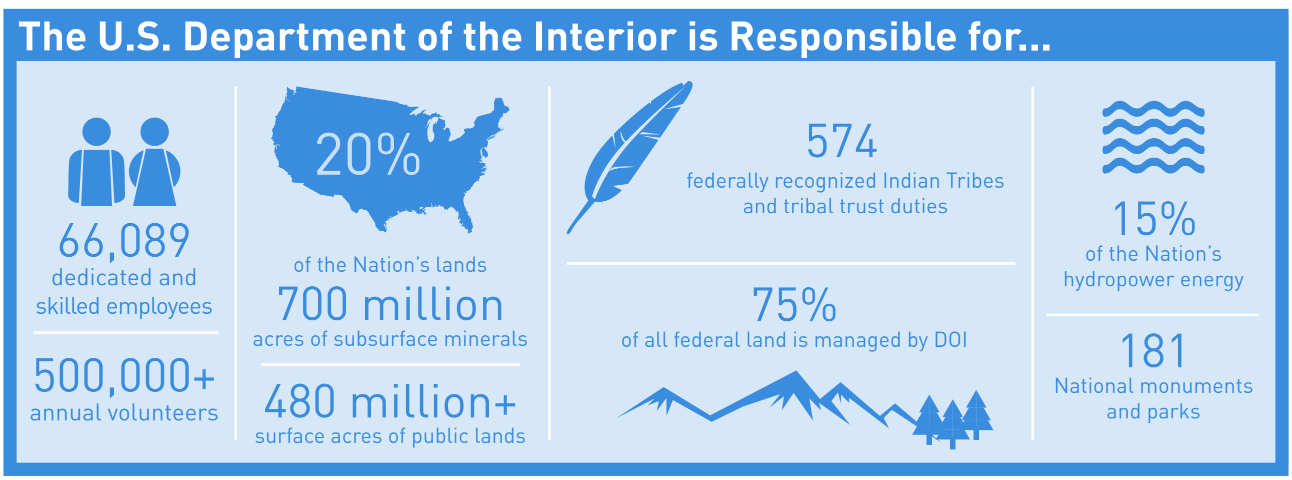
1879
U.S. Geological Survey (USGS) created

History

The DOI was established in 1849 and was charged with managing a wide variety of programs, which included overseeing Indian affairs, exploring the western wilderness, directing the District of Columbia jail, constructing the National Capital's water system, managing hospitals and universities, improving historic western emigrant routes, marking boundaries, issuing patents, conducting the census, and researching the geological resources of the United States. As the country matured during the last half of the 19th century, so did the DOI, and its mission began to evolve as some of these functions moved to other agencies and the DOI acquired new responsibilities.

One such function was established through the *Forest Reserve Act of 1891*, which authorized the President to designate public lands as "forest reserves". By the fall of 1893, during President Benjamin Harrison's presidency, 17 forest reserves containing 18 million acres had been created. His successor, President Grover Cleveland, added 2 forest reserves totaling 5 million acres; however, he did not add any more forest reserves for over four years, until Congress was willing to pass legislation to allow for the management of the public forests. Following the establishment of the *National Forest Commission of 1896,* coupled with the conservation movement at the beginning of the 20th century, there was an increasing urgency and expanding congressional mandate to protect and more effectively manage the Nation's natural resources. Gifford Pinchot, one of the first employees of the DOI's General Land Office (GLO), was hired as a special forestry agent to make further investigations of the forest reserves and recommend ways to manage them. Through his leadership, the DOI was able to politically appoint superintendents in each State that had forest reserves, forest reserve supervisors, and forest rangers to patrol the reserves. In 1905, the United States Forest Service was created and named Pinchot the first agency chief. As chief, Pinchot was in charge of managing the forest reserves "for the greatest good of the greatest number in the long run". In support of this directive, Congress changed the jurisdiction of the reserves from the GLO in the DOI to the new Division of Forestry within the U.S. Department of Agriculture (USDA).

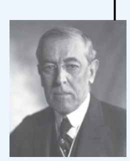
During the 20th century, the DOI's authorizing statutes shifted to put more emphasis on the preservation, management, and use of public lands and natural and cultural resources. Today, the DOI manages the Nation's public lands and minerals, including managing more than 480 million surface acres of public lands, 700 million acres of subsurface minerals, and 1.7 billion acres of the



1902
Reclamation Service, later renamed Bureau of Reclamation (USBR) created

1903
President Roosevelt established the first National Wildlife Refuge at Pelican Island, Florida

1910
The Bureau of Mines was established



1916
President Wilson signed legislation creating The National Park Service (NPS)

1920
The Mineral Leasing Act established the government's right to rental payments and royalties on oil, gas, and minerals production

History (continued)

Outer Continental Shelf (OCS). The DOI is the steward of 20 percent of the Nation's lands, including national parks, national wildlife refuges, and the public lands. It manages resources providing approximately 20 percent of the Nation's energy; delivers and manages water in the 17 western states and supplies 15 percent of the Nation's hydropower energy; and upholds Federal trust responsibilities to 574 federally recognized Indian Tribes, Alaska Native communities, and insular areas. The DOI also partners with states to manage wildlife, promote healthy forests and suppress fire, manage energy resource development (oil, gas, coal, hydro, geothermal, wind, and solar) on its lands and offshore areas, promote outdoor recreation (including hunting, fishing, bird watching, boating, hiking, and biking), and provide mapping, geological, hydrological, and biological science for the Nation.

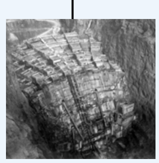
The DOI's programs encompassed in this report cover a broad spectrum of activities performed by the bureaus and offices and are captured in the following presentation of each entity's unique mission and set of responsibilities. The DOI's mission is carried out by the bureaus and offices and the DOI's 66,089 dedicated and skilled employees. Historically, over 500,000 volunteers annually contribute their time in support of bureau and office missions, bringing unique local knowledge to park operations, assisting in recovery from natural disasters, and participating in environmental education, among other activities.

FIGURE 1

12 Unified Interior Regions

1934
The first Migratory Bird Hunting Stamp was issued.

The *Indian Reorganization Act* was enacted, forming tribal governments and affirming the Secretary's trust responsibilities.



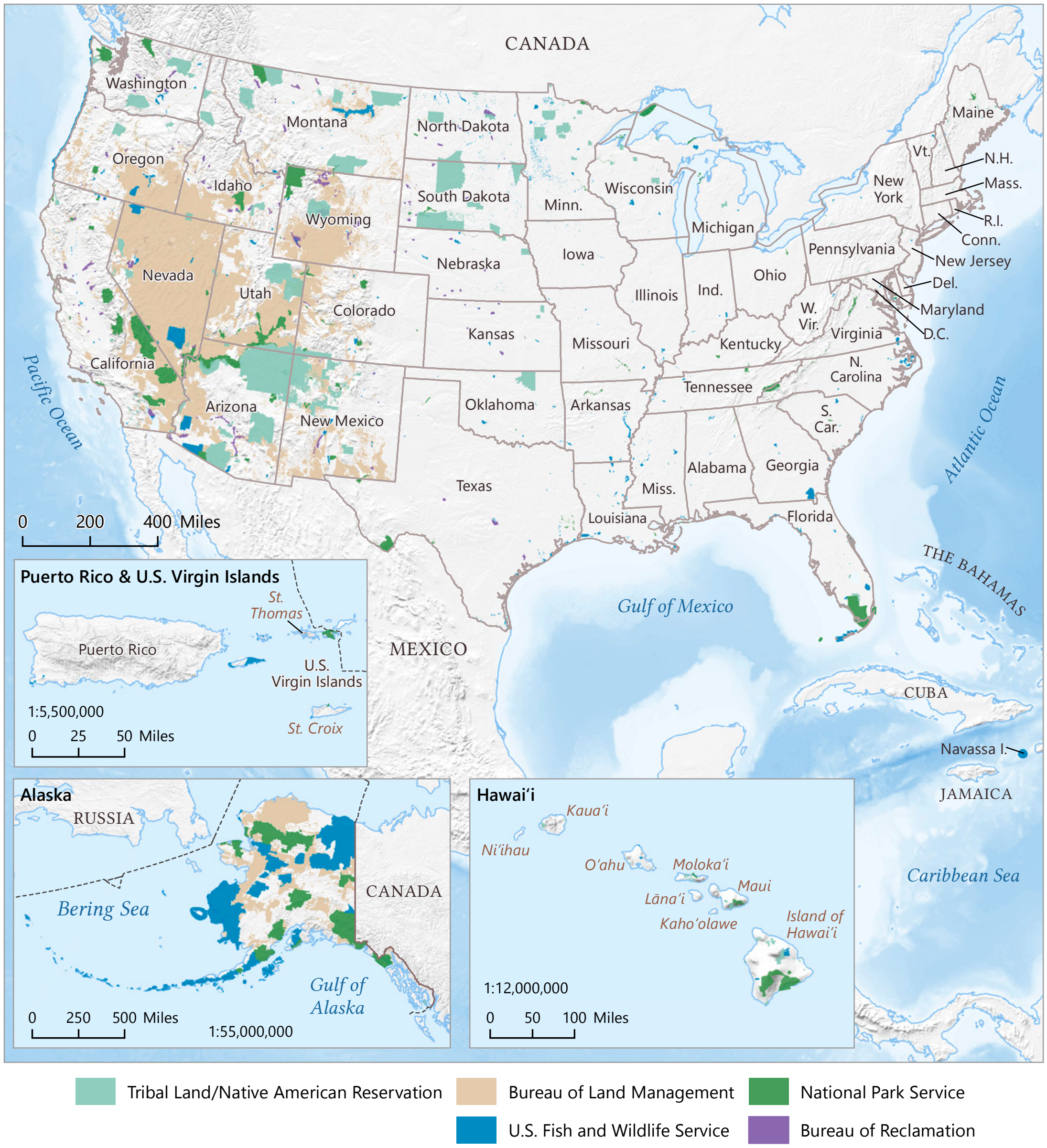
1935
Bureau of Reclamation completed construction of Hoover Dam

1940
U.S. Fish & Wildlife Service (FWS) created

1946
Bureau of Land Management (BLM) created

1950-1951
The DOI assumed jurisdiction over Guam, American Samoa, and the Trust Territory of the Pacific Islands

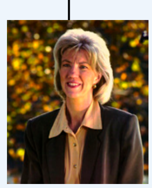
FIGURE 2



Surface Lands Managed by The Department of the Interior

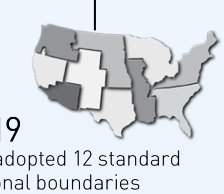
1982
Minerals Management Service (MMS) created

1996
The DOI science and technology functions were consolidated in the U.S. Geological Survey (USGS)



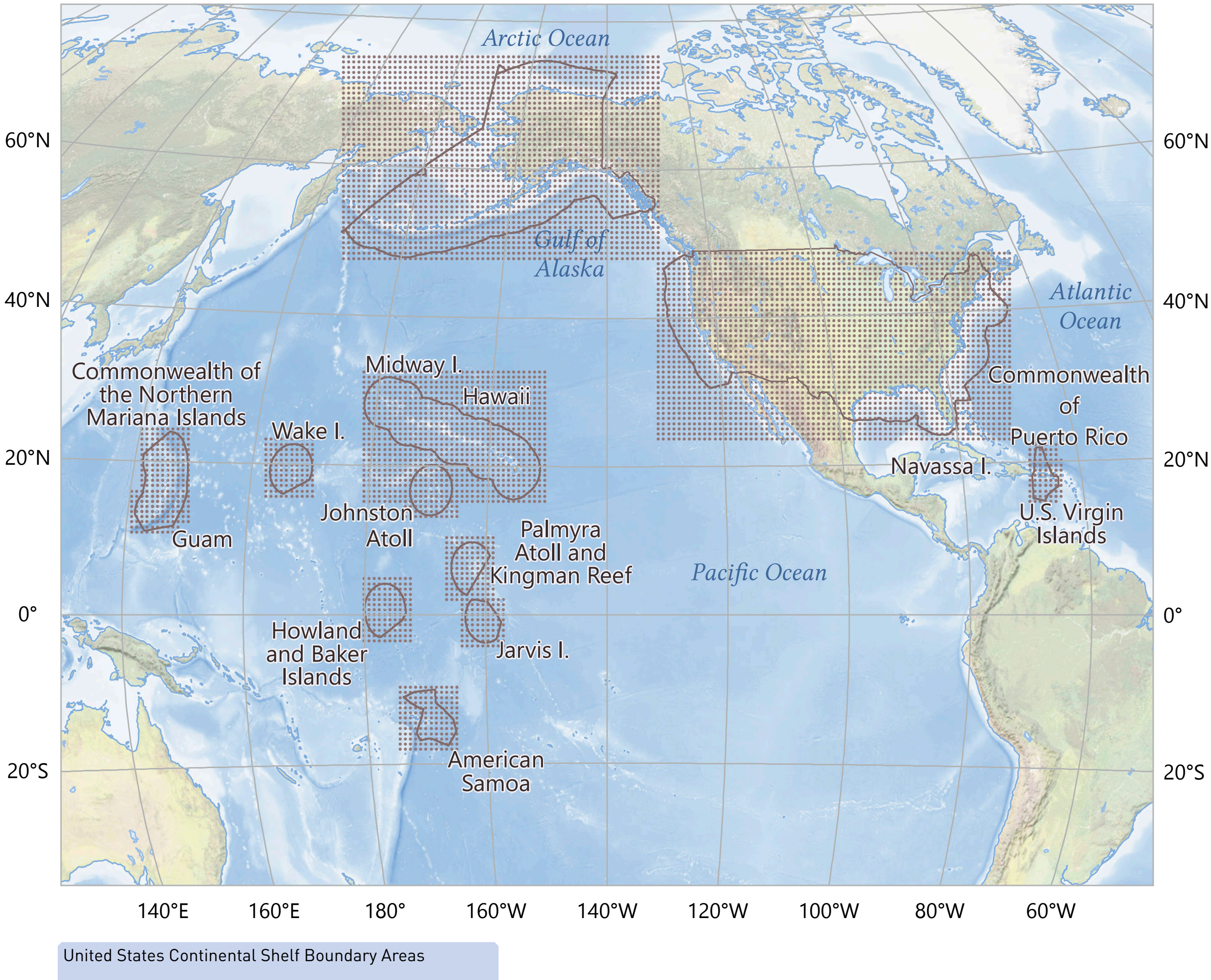
2001
Gale Norton became the first woman to serve as Secretary of the Interior

2011
MMS divided into Bureau of Ocean Energy Management, Bureau of Safety and Environmental Enforcement and Office of Natural Resources Revenue



2019
DOI adopted 12 standard regional boundaries

FIGURE 3



Mission

The DOI conserves and manages the Nation's natural resources and cultural heritage for the benefit and enjoyment of the American people; provides scientific and other information about natural resources and natural hazards to address societal challenges and create opportunities for the American people; and honors the Nation's trust responsibilities or special commitments to American Indians, Alaska Natives, and affiliated island communities to help them prosper. The DOI manages 20 percent of America's land. These public lands are some of the Nation's greatest treasures, and the American people should have the opportunity to experience these treasures.

Secretarial Priorities

Our diverse mission plays a crucial role in enriching the lives of all Americans and promoting economic growth across America. To effectively execute this mission, the Secretary developed ten priorities:

- Enhancing the visitor experience at our National Parks and public lands by better meeting our infrastructure and maintenance needs;
- Delegating greater authority and accountability closer to the front line in our organization and modernizing the Department to better meet the needs of today and tomorrow;

- Working to ensure meaningful consultation and self-determination for Tribes, Alaska Native communities, and our territories;
- Building a meaningful conservation stewardship legacy by expanding public access for sport and recreation opportunities on public lands;
- Collaborating with states to protect and improve the North American Wildlife Conservation Model, while continuing the move toward shared conservation stewardship;
- Modifying or eliminating unneeded and unnecessary regulations;
- Administering the appropriate development of all forms of energy on our Federal lands and the OCS;
- Ensuring that actions taken by the Department and its Bureaus reflect the development and promotion of a culture of ethical compliance and a workplace free of harassment;
- Implementing the *John D. Dingell, Jr. Conservation, Management, and Recreation Act of 2019*; and
- Modifying our business practices and processes to eliminate unnecessary steps and duplicative reviews, while maintaining rigorous environmental standards.

As we advance through FYs 2021-2022, we are committed to maintaining the core functions of our mission and prioritizing our activities to cost-effectively carry out these missions on behalf of the American people.

Park Police Officers at Lincoln Memorial (DOI)

Bureau and Office Summary

Each DOI bureau or office has discrete responsibilities that are derived from their legislative authorities.

Departmental Offices (DO)

- Immediate Office of the Secretary, Deputy Secretary, and Assistant Secretaries
- Office of the Solicitor
- Policy, Management and Budget provides leadership and support for the following:
  - Budget, finance, acquisition and grants;
  - Public safety, resource protection, and emergency services;
  - Human capital and diversity;
  - Administrative services;
  - Natural resource damage assessment and restoration;
  - Policy and environmental management;
  - Wildland fire management.
- Office of Civil Rights (OCR)
- Office of Inspector General (OIG)
- Office of Natural Resources Revenue (ONRR)
- Office of Chief Information Officer (OCIO)
- Office of the Special Trustee for American Indians (OST)

Bureau of Land Management (BLM)

- Manages public lands for the benefit of all Americans under the dual framework of multiple use and sustained yield on nearly 250 million surfaces acres, as well as 700 million acres of subsurface mineral estate. Priorities include:
  - Making full use of the Nation's domestic energy and resources, including conventional and renewable energy resources.
  - Serving American families by providing outdoor recreation opportunities that are key to the Nation's heritage and its economy.
  - Managing working landscapes to support sustainable livestock grazing operations and timber and biomass production.
  - Developing and maintaining strong partnerships with state, local, and private stakeholders in shared conservation stewardship.

Bureau of Ocean Energy Management (BOEM)

- Manages access to renewable and conventional energy and mineral resources in the Outer Continental Shelf (OCS).
- Administers almost 2,400 active fluid mineral leases on 12.7 million OCS acres.
- Oversees 3 percent of the natural gas and 16 percent of the oil produced domestically.
- Oversees lease and grant issuance for offshore renewable energy projects.
- Manages leasing for marine mineral resources, such as sand, to facilitate beach replenishment and coastal nourishment projects.

Bureau of Safety and Environmental Enforcement (BSEE)

- Fosters secure and reliable energy production from the 1.7 billion acres in the OCS to secure America's energy future.
- Conducts inspections, permitting, incident and equipment failure analysis, oil spill preparedness, and enforcement programs aimed at promoting a culture of safety and reducing risk to those who work offshore.
- Supports the technical expertise to engage opportunities and to meet challenges to tap the full potential of OCS energy resources.

Bureau of Reclamation (USBR)

- Manages, develops, and protects water and related resources in an environmentally and economically sound manner in the interest of the American public.
- Largest wholesale supplier of water in the Nation.
- Manages 492 dams and 338 reservoirs.
- Delivers water to one in every five Western farmers and over 31 million people.
- America's second largest producer of hydroelectric power.

Indian Affairs (IA)

- IA includes the Bureau of Indian Affairs (BIA), and the Bureau of Indian Education (BIE).
- Fulfills Indian trust responsibilities.
- Promotes self-determination on behalf of 574 federally recognized Indian Tribes.
- Funds self-determination compacts and contracts to support all Federal programs including education, law enforcement, and social service programs that are delivered by Tribal Nations.
- Supports 169 elementary and secondary schools and 14 dormitories, providing educational services to 43,556 students in 23 states.
- Supports 33 community colleges, universities, post-secondary schools, and technical colleges.

Office of Surface Mining Reclamation and Enforcement (OSMRE)

- Protects the environment during coal mining through Federal programs, grants to states and Tribes, and oversight activities.
- Ensures the land is reclaimed afterwards.
- Mitigates the effects of past mining by pursuing reclamation of abandoned coal mine lands.

National Park Service (NPS)

- Maintains and manages a system of 421 natural, cultural, historical, and recreational sites for the benefit and enjoyment of the American people.
- Manages and protects historic and prehistoric structures, designated wilderness, and a wide range of museum collections and cultural and natural landscapes.
- Provides outdoor recreation to 327.5 million visitors at National Park units.
- Provides technical assistance and support to state, Tribal, and local natural and cultural resource sites and programs and fulfills responsibilities under the *National Historic Preservation Act of 1966*.

U.S. Fish and Wildlife Service (FWS)

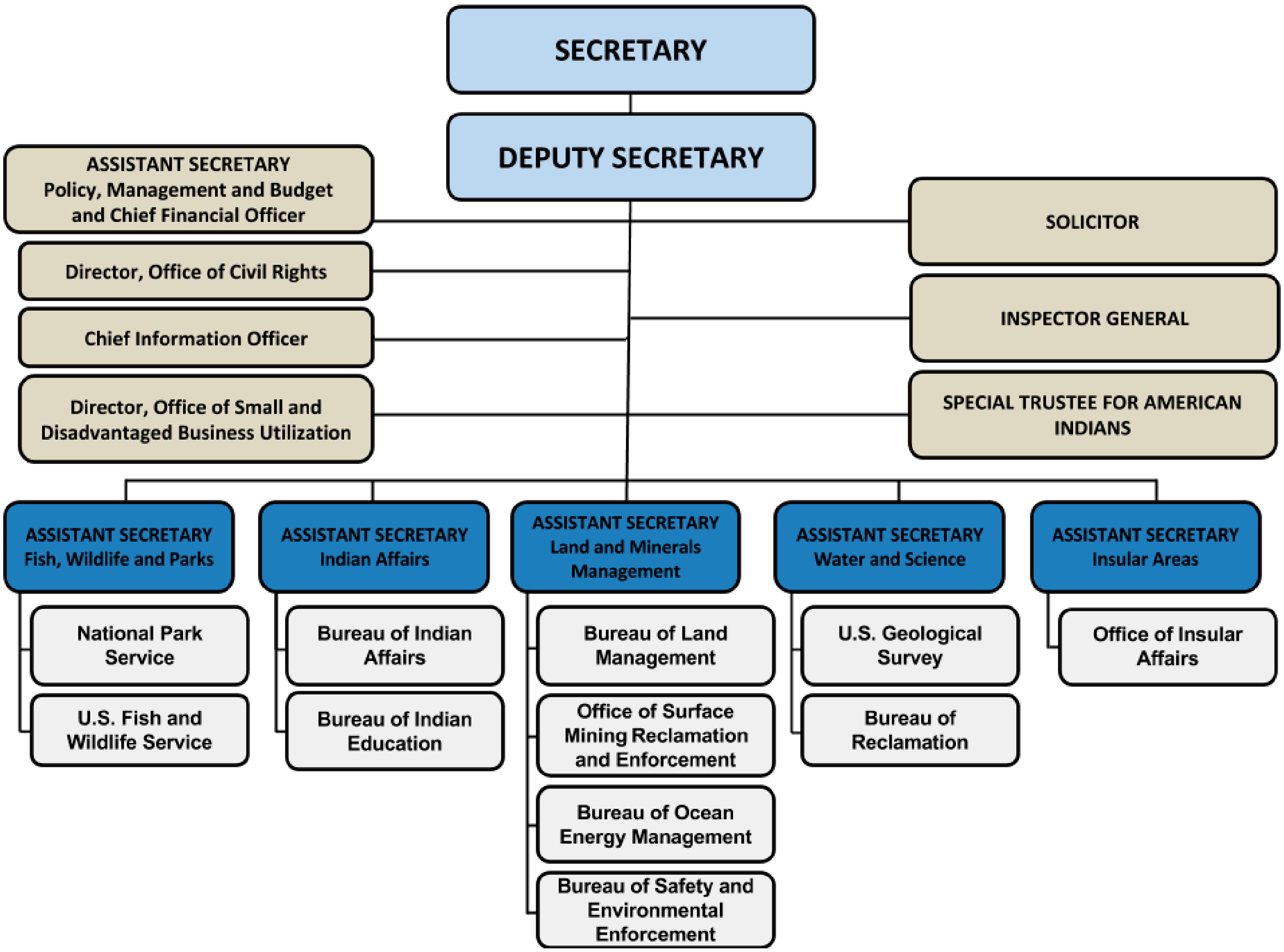
- Manages the lands and waters of the 855 million-acre National Wildlife Refuge System, primarily for the benefit of fish and wildlife.
- Manages 87 fish hatcheries and other related facilities for endangered species recovery and to restore native fish populations.
- Protects and conserves:
  - Migratory birds;
  - Threatened and endangered species; and
  - Certain marine mammals.
- Hosts about 50 million visitors annually at more than 567 refuges and 38 wetlands management districts located in all 50 states.

U.S. Geological Survey (USGS)

- Produces information to increase understanding of natural hazards such as earthquakes, volcanoes, and landslides.
- Conducts research and delivers assessments on oil, gas, and alternative energy potential, production, consumption, and environmental effects.
- Conducts reliable scientific research in land resources, mineral assessments, environmental health, and water resources to inform effective decision making and planning.
- Provides science information that supports natural resource decisions.
- Produces topographic, geologic, hydrographic, and biogeographic data and maps.

Organizational Chart

FIGURE 4



The *GPRA Modernization Act of 2010* requires a strategic performance framework that is structured to improve focus on agency priorities with measurable outcomes that support data-driven decision making. The framework is representative of a hierarchy that flows top-down, from Strategic Goals to annual performance measures. The DOI tracks performance based on the integrated FY 2018-2022 Strategic Plan, which defines the goals, strategies, and performance measures under the following mission areas reflecting priorities of the Secretary.

https://www.doi.gov/sites/doi.gov/files/uploads/fy2018-2022-strategic-plan.pdf

FIGURE 5

FY 2018-2022 STRATEGIC PLAN FRAMEWORK

Conserving Our Land And Water	Generating Revenue and Utilizing Our Natural Resources	Expanding Outdoor Recreation and Access	Fulfilling Our Trust and Insular Responsibilities	Protecting Our People and the Border	Modernizing Our Organization and Infrastructure for the Next 100 Years
Utilize science in land, water, species and habitat management supporting decisions and activities	Ensure energy and economic security for America	Expand hunting, fishing, and other recreation on DOI lands and waters	Support Tribal self determination, self governance, and sovereignty	Ensure emergency preparedness and DOI law enforcement staffing addresses public safety risks	Align DOI organizational structure and workforce to improve partnership engagement and mission delivery
Manage DOI water storage and delivery to resolve conflicts and expand capacity	Ensure access to mineral resources	Enhance public satisfaction at DOI sites	Fulfill fiduciary trust	Support securing our southern continental US border	Reduce administrative and regulatory burden
Foster partnerships to achieve balanced stewardship and use of public lands	Ensure public receives fair market value for resources; and recover costs where appropriate		Strengthen economic and health capacities in the US Territories and fulfill US compact obligations to the freely associated states	Manage wildland fire to reduce risk and improve ecosystem and community resilience	Prioritize DOI infrastructure needs and reduce deferred maintenance backlog
Inform land use planning processes especially for public use and access	Focus timber programs on "healthy forests" lifecycle			Provide science to safeguard communities against natural hazards	
	Manage grazing resources				

The following performance summary uses key indicators, selected from the Strategic Plan, to gauge trends in performance, including preliminary estimates of FY 2020 results. An updated, more complete and in-depth performance assessment will appear in DOI's FY 2021/2022 Annual Performance Plan & FY 2020 Report, which is planned to be released with the President's FY 2022 Congressional Budget Justification in February 2021.

CONSERVING OUR LAND AND WATER

The DOI ensures that America's natural endowments—the lands and waters of the United States—are conserved for the benefit, use, and enjoyment of current and future generations. The DOI's Bureaus use the best available science, modern natural resource management techniques, technology and engineering, and partnerships to inform decisions on the use of land and water resources. These practices help enable balanced stewardship and use of the public lands and resources, including protection and habitat restoration for wildlife and fish species. Key indicators of the DOI's performance in "Conserving Our Land and Water" include land and water condition, species condition (e.g., migratory birds), and capability to deliver water in the western U.S.

In protecting the DOI-managed lands and waters and safeguarding the habitats of threatened wildlife and plants, the key performance indicator (Figure 6), acres in "desired condition," is used to gauge the DOI's progress in maintaining or restoring the quality of these natural environments, including uplands, wetlands, streams, and shorelines. Over the past several years, the DOI has been successful in applying resource management practices and achieving desired condition of lands and waters under the Department's stewardship. Performance is also keeping pace with increasing acreage now managed by the DOI.

FIGURE 6

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

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of acres in desired condition	78%	83%	92%	90%	92%	92%	✓
Acres in desired condition	361,651,952	472,556,098	1,060,738,238	1,060,151,545	1,059,640,592	1,059,948,561	
Total Acres Assessed	462,520,691	572,940,348	1,156,277,363	1,183,580,602	1,157,008,367	1,157,130,755	

Met = ✓ Not Met = ✕

BLM, FWS, and NPS contribute to this performance measure.

Threatened and endangered plant and animal species are affected by natural and human-induced pressures including loss of habitat, predation, and other factors. Success in recovery of these species often requires long timeframes to achieve results and often shows little annual change. Treatments of habitat or adjustments to species management actions may require several years to take effect, especially when adverse factors escalate faster than treatment can be applied. The DOI uses scientific information to guide development of dynamic recovery plans. These plans are critical as they provide a roadmap of actions and guide decisions that can be applied by both the DOI and other stakeholders working with these species and in affected areas. As shown in the following table (Figure 7), the DOI and its partners have not yet finalized and published a recovery plan for a quarter of threatened and endangered species on the threatened or endangered list for at least 2.5 years

FIGURE 7

Percent of threatened or endangered species listed for 2.5 years or more with a final recovery plan

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of threatened or endangered species listed for 2.5 years or more with a final recovery plan	78%	76%	75%	74%	73%	72%	✕
Number of threatened and endangered species with a final recovery plan	1,124	1,129	1,128	1,144	1,150	1,141	
Number of threatened and endangered species listed for 2.5 years or more	1,449	1,479	1,496	1,553	1,575	1,575	

Met = ✓ Not Met = ✕

FWS contributes to this performance measure.

Federally threatened piping plover at Parker River National Wildlife Refuge in Massachusetts. (FWS)

What Is the Difference Between Endangered and Threatened?

The Federal Endangered Species Act of 1973 (Act) describes two categories of declining species of plants and animals that need the Act's protections – endangered species and threatened species – and provides these definitions:

ENDANGERED - any species that is in danger of extinction throughout all or a significant portion of its range;
THREATENED - any species that is likely to become an endangered species within the foreseeable future throughout all or a significant portion of its range.

IN SIMPLE TERMS

Endangered species are at the brink of extinction now.
Threatened species are likely to be at the brink in the near future.

CONSERVING OUR LAND & WATER (Continued)

The DOI plays a significant role in managing water resources in the western states, with activities ranging from collection to storage to distribution. Water distribution depends on the condition of facilities that manage and distribute the water. As such, the DOI assesses water distribution facility reliability as an indicator of being able to achieve this goal. The percentage of facilities earning a "good" rating represents a significant challenge to the DOI (Figure 8). In recent years, many of the minor water infrastructure problems have been repaired or replaced. The remaining issues require extensive and expensive repairs or replacements. Requirements may be addressed in part through the *Great American Outdoors Act* infrastructure and facility maintenance initiatives in FY 2021 and beyond.

FIGURE 8

Percent of water infrastructure in good condition as measured by the facility reliability rating

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of facilities in good condition	81%	80%	81%	85%	75%	79%	✓
Number of facilities in good condition	279	272	277	297	257	272	
Total number of facilities in service	344	342	342	343	344	344	

Met = ✓ Not Met = ✗

USBR contributes to this performance measure.

Grand Coulee Dam, USBR

Bureau of Reclamation Water Management Facts

- Manages, develops, and protects water and related resources in an environmentally and economically sound manner in the interest of the American public.
- Is the nation's largest wholesale water supplier, operating 338 reservoirs with a total storage capacity of 140 million acre-feet (an acre-foot, 325,851 gallons of water, supplies enough water for a family of four for one year).
- Provides 1 out of 5 (or 140,000) Western farmers with irrigation water for 10 million farmland acres that produce 60 percent of the nation's vegetables and one quarter of its fresh fruit and nut crops.
- Is the second largest producer of hydropower in the United States and operates 53 hydroelectric powerplants that annually produced, on average, 40 billion kilowatt-hours for the last 10 years.
- Delivers 10 trillion gallons of water to more than 31 million people each year.
- Manages, with partners, 246 recreation sites that have 90 million visits annually.
- Reclamation's management and recreation activities contribute $63.9 billion in economic output, and support about 456,219 jobs.

GENERATING REVENUE AND UTILIZING OUR NATURAL RESOURCES

The DOI provides access and manages resources on public lands and the Outer Continental Shelf (OCS). Related resources include oil, gas, coal, timber, grazing, and non-energy mineral resources. Key performance indicators track the processing of leases (Figure 10) and permits for grazing and for drilling for oil and gas resources (Figure 9).

The DOI is committed to achieving and maintaining American energy security through responsible productivity of the public lands for the multiple use and economic benefit of present and future generations. Oil, gas, coal, and renewable energy form the cornerstones of our Nation's energy base. The DOI will continue to facilitate increased development of both offshore and onshore conventional and renewable U.S. energy resources while ensuring safety and reliability. The DOI's strategies include efficient permitting of an increasing number of applications, establishing appropriate safety standards, active assessment and oversight, and ensuring a fair return for the American public. Completing lease sales and issuing permits to drill are key performance indicators for oil and gas resource development. As seen in the following table, progress has been steady onshore.

FIGURE 9

Percent of pending fluid minerals Applications for Permits to Drill (APDs) which are processed

	FY2016 Actual	FY2017 Actual	FY2018 Actual	2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of pending APD's processed	57%	57%	68%	57%	67%	52%	✕
Number of pending APD's processed	3,093	3,322	4,527	4,217	5,000	4,948	
Number of pending APD's	5,477	5,826	6,658	7,369	7,465	9,435	

Met = ✓ Not Met = ✕

BLM contributes to this performance measure.


Pine Forest Range Wilderness, Nevada. (BLM)

FIGURE 10

Percent of offshore lease sale processes completed pursuant to the Secretary's Five Year Oil and Gas Program

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of lease sale completion	100%	100%	100%	100%	100%	50%	✗
Number of lease sale processes completed	3	3	2	2	2	1	
Number of lease sale processes proposed	3	3	2	2	2	2	

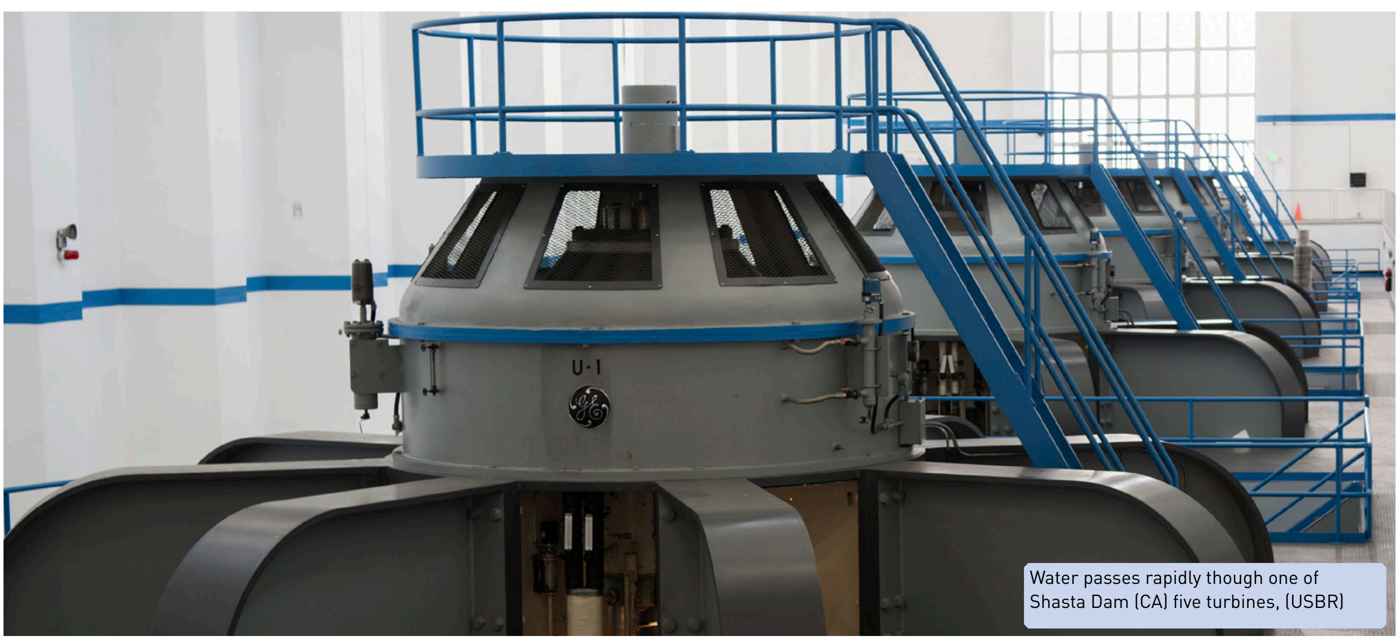
Met = ✓ Not Met = ✗

BOEM contributes to this performance measure.

Bureau of Ocean Energy Management Oil and Gas Overview

Offshore Oil Rig, BOEM

BOEM is responsible for the development of the National OCS Oil and Gas Leasing Program (National OCS Program), which establishes a five-year schedule of oil and gas lease sales in federal waters. The schedule includes the size, timing, and location of potential oil and gas leasing activity as precisely as possible. The process begins with a Request for Information and culminates with the approval of a National OCS Program, with multiple drafts and opportunities to comment in between.



Water passes rapidly though one of Shasta Dam (CA) five turbines, (USBR)

GENERATING REVENUE AND UTILIZING OUR NATURAL RESOURCES (Continued)

The DOI also grants non-energy related mineral leases and provides access for grazing and timber harvest. Performance data indicates relatively-level trends in approving permits. Increasing legal challenges and requirements for environmental impact assessment are major barriers to approvals. As approval of these permits becomes more complicated, processing costs increase. This, in turn, affects the DOI's performance in issuing permits. As the most notable and widespread of these non-energy commodities, processing grazing permits and leases is used as a performance key indicator (Figure 11). The FY 2020 performance impact of Coronavirus Disease 2019 (COVID-19) on permit processing has not yet been assessed.

FIGURE 11

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

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of permits and leases processed	13%	13%	16%	13%	13%	11%	✕
Number of permits and leases processed	862	917	1,157	1,250	1,500	1,105	
Number of permit and lease applications	6,800	6,800	7,400	9,600	11,600	10,250	

Met = ✓ Not Met = ✕

BLM contributes to this performance measure.

EXPANDING OUTDOOR RECREATION AND ACCESS

Outdoor recreation is integral to a healthy lifestyle for millions of Americans. Visitors to DOI's public lands and waters take advantage of the physical, mental, and social benefits that outdoor recreational experiences provide. The DOI's multiple use policy allows Americans to hike, camp, climb, boat, view wildlife, hunt, fish, and pursue other outdoor activities.

The DOI provides visitor programs at parks, refuges, and other DOI lands. Both the DOI and the public have high standards for programs enabling recreation, education, and awareness of the natural world, historic events, and cultural resources. The key performance indicator used for this goal, visitor satisfaction, is measured through visitor surveys (Figure 12). Effects of the COVID-19 pandemic on park visitation, alternative experiences (e.g., online programming), and visitor satisfaction are being assessed. Future work also includes assessing visitor satisfaction related to improvements that will be made in response to the *Great American Outdoors Act*, signed in FY 2020.

DOI has greatly expanded hunting and fishing opportunities across national wildlife refuges and national fish hatcheries (OS)

FIGURE 12

Percent of visitors satisfied with the quality of their experience							
	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of visitor satisfaction	95%	93%	94%	94%	94%	94%	✓

Met = ✓ Not Met = ✕

BLM, FWS, and NPS contribute to this performance measure.

Entrance gate employee hands visitors information about Glacier National Park

NPS Visitor Experience (visitation highlights)

- More than 328 million recreation visits
- More than 1.4 billion recreation visitor hours
- More than 13.9 million overnight stays (recreation and non-recreation)
- Three parks had more than 10 million recreation visits: Golden Gate National Recreation Area, Blue Ridge Parkway, and Great Smoky Mountains National Park
- 11 parks had more than 5 million recreation visits
- 80 parks had more than 1 million recreation visits (21 percent of reporting parks)
- 25 national parks had more than 1 million recreation visits (40 percent of National Parks)
- 50 percent of total recreation visits occurred in 27 parks (7 percent of all parks in the National Park System)

FULFILLING OUR TRUST AND INSULAR RESPONSIBILITIES

The DOI upholds the Nation's unique trust responsibilities by fostering relationships between the Federal Government and federally recognized Tribes, and by providing services to individual American Indians and Alaskan Natives. The U.S. also has important relationships with the affiliated insular areas including the Territories of American Samoa, Guam, the U.S. Virgin Islands, and the Commonwealth of the Northern Mariana Islands. The DOI administers and oversees Federal assistance to three freely associated states: the Federated States of Micronesia, the Republic of the Marshall Islands, and the Republic of Palau.

Many Tribes and individual Indians use Federal trust funds to improve the quality of life for Indians who live on or near reservations. The DOI provides centralized accounting services for trust fund management activities. The DOI's performance indicators track accuracy of processing Indian trust beneficiaries' accounts, providing job training and placement, and providing safe water in insular areas. The following key indicator (Figure 13) reflects the DOI's ability to properly record funds (i.e., receipt, disbursement, investment) held in trust for Tribal and individual Indian beneficiaries. Performance in trust management activities remains consistently high. The FY 2020 performance impact of COVID-19 on trust beneficiary accounts has not yet been assessed.

FIGURE 13

Percent of financial information initially processed accurately in trust beneficiary accounts	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of information processed accurately	99.99%	99.99%	100.00%	100%	99%	99.98%	✓
Total information processed accurately	10,261,456	10,673,067	11,073,004	11,036,423	9,900,000	11,191,370	
Total information to be processed	10,262,924	10,673,871	11,073,333	11,036,789	10,000,000	11,193,805	

Met = ✓ Not Met = ✗

OST contributes to this performance measure.

The DOI assists Indian Nations on reservations to develop their capacity to attain economic self-sufficiency and to enhance their quality of life. One critical path is economic development and job creation. The BIA coordinates development of comprehensive Tribal programs with the Departments of Labor and Health and Human Services. The DOI offers programs and financial services that encourage startups and help position Indian businesses and individuals to compete in today's economy. The key performance indicator (Figure 14) is average earning gains for participants in the DOI job placement programs. Performance has remained consistent, though COVID-19 and FY 2020 wildfire impact on the Indian workforce must still be assessed.

FIGURE 14

Total average gain in earnings of participants that obtain unsubsidized employment through Job Placement Training programs for tribes submitting Public Law (P.L.) 102-477[1] related reports	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Average gain in earnings by program participants	$9.69	$9.54	$8.76	$11.05	$9.50	$10.00	✓
Gain in earnings by program participants	$31,861	$34,172	$24,339	$17,260	$34,200	$20,670	
Number of program participants	3,288	3,582	2,777	1,562	3,600	2,067	

Met = ✓ Not Met = ✗

[1]P.L. 102-477 is the *Indian Employment, Training and Related Services Demonstration Act of 1992.*

BIA contributes to this performance measure

One of 3,800 contract educators employed by BIE across 23 states.

Indian Affairs Facts

- Bureau of Indian Affairs (BIA) is the oldest agency of the United States Department of the Interior. Established in 1824, it is responsible for the administration and management of 55 million surface acres and 57 million acres of subsurface minerals estates held in trust by the United States for American Indian, Indian tribes, and Alaska Natives.
- Bureau of Indian Education (BIE) provides education services to approximately 43,556 Indian students.

FULFILLING OUR TRUST AND INSULAR RESPONSIBILITIES (continued)

For insular areas, availability of clean water serves is a key indicator of quality of life and this performance assessment goal is indicated by water system violation notices. The Office of Insular Affairs (OIA) will continue monitoring water system violation trends in insular areas (Figure 15).

FIGURE 15

Percent of community water systems that receive health-based violation notices from the Environmental Protection Agency

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of community water systems with health based violations	8%	11%	8%	9%	10%	8%	✓
Number of community water systems with health based violations	11	14	11	12	13	11	
Number of community water systems	131	132	139	139	132	139	

Met = ✓ Not Met = ✗

OIA contributes to this performance measure.

BIA along with partnering Agencies, launched the Presidential Task Force on Missing and Murdered American Indians & Alaska Natives (BIA)

PROTECTING OUR PEOPLE AND THE BORDER

Wildland fires endanger lives and property. Office of Wildland Fire (OWF) coordinates programs and funding across four Bureaus (BLM, FWS, NPS, and BIA) that implement the National Cohesive Wildland Fire Management Strategy, a science-based collaborative approach to mitigating wildfire risk.

The DOI, in partnership with the U.S. Forest Service, provides safe and effective response to wildfires, promotes fire- adapted communities, and creates fire-resilient landscapes that are integrated with natural resource programs. The key performance indicator reflects the percentage of DOI-managed lands that align with fire management strategy (Figure 16). Impacts from wide-spread fires in FY 2020 have yet to be assessed.

FIGURE 16

Percent of DOI-managed landscape areas that are in a desired condition as a result of fire management objectives							
	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent of DOI-managed landscape areas that are in a desired condition as a result of fire management objectives	36%	36%	36%	38%	38%	40%	✓
Number of acres in desired condition as a result of fire management objectives	160,224,280	159,635,707	160,717,749	151,728,572	171,239,633	179,379,405	
Number of DOI-managed acres	447,806,489	447,806,489	447,806,489	447,806,489	447,806,489	447,806,489	

Met = ✓ Not Met = ✗

OWF contributes to this performance measure.

Firefighters manage a prescribed fire for a Joint Fire Science research project at Zion National Park. (NPS)

The USGS helps protect public safety, public health, and property by effectively delivering natural hazards warnings and communication on environmental health science. The Nation's emergency managers and public officials use USGS science to inform citizens of the potential risks these hazards pose to natural systems and the environment; improve preparation and response activities; and protect the health of the public. The key performance indicator displays improving performance through FY 2018 in providing natural hazard assessments for very high and high threat regions (Figure 17). The reduction in FY 2019 is due to lack of resources. Impacts from FY 2020 wildfires has yet to be assessed.

FIGURE 17

Percent completion of targeted natural hazard assessments of very high and high threat regions of the Nation (index)							
	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
Percent completion of targeted natural hazard assessments of very high and high threat regions of the Nation (index)	5%	7%	7%	3%	3%	3%	✓

Met = ✓ Not Met = ✗

USGS contributes to this performance measure.

MODERNIZING OUR ORGANIZATION AND INFRASTRUCTURE FOR THE NEXT 100 YEARS

Managing diverse Federal property assets is central to the success of the DOI's mission. The DOI's real property inventory includes approximately 42,733 buildings and 80,974 structures across six major land-holding Bureaus, with a replacement value exceeding $311 billion. The DOI manages the full life cycle requirements of nearly every type of constructed asset, including visitor centers, hotels, campgrounds, housing, schools, offices, fire stations, and health clinics. Assets also include infrastructure systems such as dams, power generating facilities, roads, water and wastewater treatment plants, and more. Many of these assets have historic or cultural significance that not only support the DOI's mission, but also are important to our Nation's heritage.

A significant factor affecting a sustainable portfolio of constructed assets is aging infrastructure. Many assets already exceed original design life, and this trend of aging infrastructure continues to threaten mission delivery. The DOI continues to address deferred maintenance/repair needs with priority given to those assets that support critical mission activities. The key performance indicator to be used, percent of priority assets in acceptable condition (i.e., meet investment objective), is relatively new (Figure 18). New performance targets will be developed as the DOI implements the *Great American Outdoors Act.*

FIGURE 18

Percent of priority assets in acceptable condition (i.e., meet investment objective)

	FY2016 Actual	FY2017 Actual	FY2018 Actual	FY2019 Actual	FY2020 Target	FY2020 Actual	Target Met / Not Met
DOI-wide	N/A	80.6%	84.3%	84.1%	84.5%	83.5%	✗

Met = ✓ Not Met = ✗

The Office of Acquisition and Property Management contributes to this performance measure.

Interior Personnel inspects Black Canyon Dam improvements (USBR)

This section of the report provides the required information on DOI's management assurances and compliance with the *Federal Managers' Financial Integrity Act of 1982* (FMFIA); the *Federal Financial Management Improvement Act of 1996* (FFMIA); and the *Inspector General Act of 1978*, as amended.

In addition, this section includes summaries of DOI's financial management activities and improvement initiatives regarding:

- Results of financial statement audit;
- Major management and performance challenges facing DOI;
- Compliance with other key legal and regulatory requirements; and
- Financial management systems.

Management Assurances

The FMFIA requires agencies to assess the effectiveness of internal controls and provide an annual statement of assurance regarding internal accounting and administrative controls, including controls in program, operational, and administrative areas as well as accounting and financial reporting.

During FY 2020, the Office of Financial Management (PFM) designed and implemented a risk-based approach to evaluate and report about the operating effectiveness of internal control. Provided oversight with regard to risk assessments, internal control reviews, and progress in implementing audit recommendations. The DOI's FY 2020 annual assurance statement is included in this report. The basis for the assurance statement conclusions follows.

Federal Managers' Financial Integrity Act of 1982

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

- Federal managers are effectively managing risks which could arise from activities and operations;
- Resources are used in accordance with the mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Timely, accurate, and reliable data is maintained and used for decision making at all levels.

The DOI's internal control program is designed to ensure full compliance with the goals, objectives, and requirements of FMFIA and the following OMB Circulars:

- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control, including Appendix A, Management of Reporting and Data Integrity Risk; Appendix B, A Risk Management Framework for Government Charge Card Programs; Appendix C, Requirements for Payment Integrity Improvement; Appendix, D Compliance with the Federal Financial Management Improvement Act of 1996*; and
- OMB Circular No. A-130, *Managing Federal Information as a Strategic Resource.*

Internal Control Assessments

The DOI conducts annual assessments of the effectiveness of management, administrative, and accounting system controls in accordance with FMFIA and OMB guidelines. The conclusions in the Secretary's FY 2020 annual FMFIA assurance statement are based on the results of numerous internal control reviews that bureaus and offices conduct, including assessment of internal control over reporting. The DOI also considered the results of OIG audits, Government Accountability Office (GAO) audits, and the financial statement audit conducted by the independent public accounting firm, KPMG LLP. In addition, many of the DOI's internal control reviews and related accountability and integrity program activities focused on areas identified as major management and performance challenges.

FMFIA Material Weaknesses

The OMB Circular No. A-123 requires that each agency identify and report on material weaknesses affecting the agency. The DOI has adopted OMB guidelines for material weakness designations and recognizes the importance of correcting material weaknesses in a timely manner. The DOI financial staff and senior program officials continuously monitor corrective action progress of all material weaknesses.

FIGURE 19

FMFIA Material Weakness

as of September 30, 2020

Description	Corrective Actions	FY 2020 Progress	Target Date to Complete	Status
Office: Office of Grants Management (PGM) The DOI Management of Grants, Cooperative Agreements, and Tribal Awards Program. The DOI must improve management and oversight of financial assistance and Tribal awards made under P.L. 93-638.	The DOI will: 1) Enhance policies and training on requirements and limitations for monitoring and oversight of P.L. 93-638 Tribal awards. 2) Implement additional controls to improve Department-wide compliance with Government- wide and DOI policies for risk assessments, management, and monitoring of financial assistance and Tribal awards. 3) Require Indian Affairs (IA) and other affected Bureaus to continue to work with the Tribes to enforce the requirements under the audit requirements under 2 Code of Federal Regulation (CFR) Part 200 Subpart F.	DOI evaluated the FY 2020 internal controls targeted assessment reports for financial assistance submitted by the IA and the Bureau for Indian Education (BIE). No existing material weaknesses for the financial assistance function or for the Tribal awards made under P.L. 93.638 were reported by IA, BIE, or any other DOI bureau that would support maintaining this material weakness originally declared in FY 2014. Therefore, PGM considers this material weakness resolved. The following activities listed below, however, are ongoing and will be completed by December 31, 2020: 1) Implemented the DOI Financial Assistance Improvement Project in collaboration with the Business Integration Office (BIO) to replace the current grants management system with GrantSolutions, a shared grants management system provided by the Department of Health and Human Services (HHS). A phased deployment approach is scheduled for completion by November 30, 2020 for all discretionary award programs. 2) DOI explored the feasibility of creating a separate end-to-end system within GrantSolutions to accommodate the specific needs of Tribal awards made under P.L. 93-638, and other types of tribal awards with unique statutory requirements. DOI has decided not to pursue creating a new end-to-end system for these awards. Instead, DOI will make updates to the existing FBMS PRISM system to better accommodate the administration of these awards. 3) DOI has included key stakeholders from the bureaus that administer P.L. 93-638 Tribal awards on the DOI Internal Controls for Financial Assistance Working Group to streamline their internal controls assessment and reporting activities. 4) DOI completed the following policy actions: • Drafted internal controls for financial assistance policy. The draft policy is still under development. • PGM Policy (POL) 0004 FA Certifications and Appointment. The policy requires a documented appointment for all individuals who award financial assistance actions and was issued on May 11, 2020. • PGM Policy Advisory Note (PAN) 0003 Approved DOI Certification for Financial Assistance Training Equivalencies/ Crosswalk for U.S. Fish and Wildlife Service (FWS) and the National Park Service (NPS). The policy was issued on October 21, 2019. • PGM PAN 0004 Adoption of the GrantSolutions. The PAN identifies GrantSolutions as the operating management system for administering discretionary financial assistance across the Department and was issued on May 18, 2020. • PGM PAN 0005 Administrative Relief for Recipients and Applicants of Federal Assistance Directly Impacted by the Novel Coronavirus COVID-19. Provided guidance to bureaus and offices on the administrative relief made available to recipients through a series of OMB memorandums. The policy was issued on March 20, 2020. • PGM PAN 0006 Department of the Interior partial waiver of 505 DM 2. The PAN provides a Department-wide waiver to all bureaus and offices for the 505 DM 2.14A (1) requirement to post notices of intent to fund single source awards of $25,000 or more. The policy was issued on May 18, 2020. 5) DOI continues to work on finalizing the Department-wide financial assistance management review (FAMR) tool and draft policy that will provide department-wide guidance and standards for internal controls and conducting targeted internal control reviews at the bureau level and defines department-level oversight for the financial assistance function. The project was delayed due to frequent leadership changes.	Corrective Action #1: November 30, 2020 Corrective Action #2: Completed Corrective Action #3: December 31, 2020	Ongoing

FIGURE 20

FMFIA Material Weakness (Continued)

as of September 30, 2020

Description	Corrective Actions	FY 2020 Progress	Target Date to Complete	Status
Office: Office of Financial Management (PFM) Controls over Financial Reporting The PFM needs to improve its internal control over the preparation and compilation of its financial statements disclosures to appropriately (a) prevent or (b) detect and correct misclassification errors.	The DOI will: 1) Perform a root-cause analysis to determine and understand the root of the deficiency; 2) Analyze changes in standards, laws and regulations, and appropriately respond to ensure effective steps and controls over financial reporting are implemented and documented in a timely manner; 3) Implement appropriate modifications to the financial systems; 4) Ensure all data attributes are captured in the financial systems to comply with OMB, Treasury and other regulatory guidance; 5) Ensure the validity and completeness of data attributes input at the bureau level through guidance issued to the bureaus as well as through implementation of controls at the bureau over the completeness and accuracy of the data attributes; and 6) Perform proper monitoring procedures to ensure that Department-wide controls over financial reporting are effective.	This is a newly identified material weakness.	FY 2021- FY 2022	Ongoing

At the beginning of FY 2020, DOI had one Department-level FMFIA non-financial material weakness pending correction carried forward from the previous year: Management of Grants, Cooperative Agreements, and Tribal Awards. The PGM implemented several corrective actions plans (CAP) that included complete closure of CAP #2; CAP #1 and CAP #3 will be completed in FY 2021. During FY 2020, DOI identified a new internal control over financial reporting (ICOFR) material weakness that relates to preparing and compiling financial statement footnotes. Working with the bureaus, PFM drafted a CAP to address the root cause of these issues, including a more strategic, enterprise-wide approach to the internal control program. For more information on the status of corrective actions, please see Figure 19 and Figure 20 on the previous pages. The DOI will report a material weakness as corrected or downgraded when the following occurs:

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

The DOI's Summary of Financial Statement Audit and Management Assurances is presented in Section 3, Other Information, of this report.

FY 2020 ASSURANCE STATEMENT

The Department of the Interior's (DOI) management is responsible for managing risks and maintaining effective internal control to meet the objectives of Sections 2 and 4 of the *Federal Managers' Financial Integrity Act of 1982* (FMFIA). The Department conducted its assessment of risk and internal control in accordance with the Office of Management and Budget (OMB) Circular No. A-123 , *Management's Responsibility for Enterprise Risk Management and Internal Control.* The Department received its 24th consecutive unmodified audit opinion. Based on the results of the assessment, DOI can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2020, except for two Section 2 material weaknesses as follows:

1. **Controls over financial reporting.** On August 27, 2020, the Office of Management and Budget (OMB) issued *OMB Circular A-136 Financial Reporting Requirements dated August 27, 2020: II.3.8.44. Note 44: Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process.* The late issuance of OMB A-136 requirements, coupled with a limitation in the accounting configuration, forced the Department to rely heavily on extensive manual processes to comply with some of the new OMB disclosure requirements, which led to the Material Weakness. We are currently working on the update to the financial system to remediate this Material Weakness by September 30, 2021.
2. **Management of grants, cooperative agreements, and tribal awards**. DOI evaluated the FY 2020 internal controls targeted assessment reports for financial assistance submitted by Indian Affairs (IA) and the Bureau for Indian Education (BIE) relating to Tribal awards made under P.L.93-638. The corrective action plan to remediate this Material Weakness will be completed in December 2020.

Our financial management systems conformed to the objectives of FMFIA, Section 4 and component requirements under the *Federal Financial Management Improvement Act 1996* (FFMIA).

David L. Bernhardt
Secretary of the Interior
November 16, 2020

U.S. Geological Survey Hawaiian Volcano Observatory scientist (USGS)

Management of Reporting and Data Integrity Risk

The OMB Circular No. A-123, Appendix A, updated in June 2018, includes requirements for agencies to manage risk in relation to achievement of reporting objectives. The Circular includes a requirement for agencies to develop a data quality plan to achieve the objectives of the *Digital Accountability and Transparency Act of 2014* (DATA Act). The Plan must be reviewed and assessed annually beginning in FY 2019.

In FY 2020, DOI completed its annual assessment of the effectiveness of internal control over reporting. Deficiencies were found in some reporting processes, but compensating controls and corrective actions tended to offset these deficiencies. The DOI can reasonably provide assurance over the safeguarding of assets from waste, loss and mismanagement, as well as compliance with laws and regulations pertaining to reporting. See FY 2020 Assurance Statement.

The DOI policy makers and program managers continuously seek ways to achieve missions, meet program goals, enhance operational processes, and implement innovative technological solutions. The OMB requirement to assess control over reporting has strengthened the accountability of DOI managers regarding internal control and has improved the quality and reliability of DOI's financial information and other data reporting, notwithstanding current challenges.

Federal Financial Management Improvement Act of 1996

The FFMIA builds upon and complements the *Chief Financial Officer's Act of 1990* (CFO Act), *Government Performance and Results Act of 1993* (GPRA), amended by the *GPRA Modernization Act of 2010*, and the *Government Management Reform Act of 1994* (GMRA). The FFMIA requires that Federal agencies substantially comply with: (1) applicable accounting standards; (2) the U.S. Standard General Ledger at the transaction level; and (3) Federal financial management system requirements that support full disclosure of Federal financial data, including the cost of Federal programs and activities.

Federal agencies are required to address compliance with the requirements of FFMIA in the management representations made to the financial statement auditor. If an agency is not in compliance with the requirements of FFMIA, the agency head is required to establish a remediation plan to achieve substantial compliance. With regard to DOI's financial management systems, no lack of substantial compliance was identified.

Inspector General Act of 1978, as amended

The DOI has instituted a comprehensive audit follow-up program to ensure that audit recommendations are implemented in a timely and cost-effective manner and that disallowed costs and other funds due from contractors and grantees are collected or offset. In FY 2020, DOI monitored a substantial number of new OIG, GAO, and *Single Audit Act* audit reports. Audit follow-up actions include analyzing referred audit reports; advising grantors of single audit findings; tracking, reviewing, and validating program and financial audit recommendations; developing mutually acceptable and timely resolution of disputed audit findings and recommendations; overseeing the implementation, documentation, and closure of audit recommendations; and monitoring the recovery of disallowed costs. The OIG Semiannual Report to Congress provides additional information about OIG activities and the results of their audits at: ***https://www.doioig.gov/reports***.

To further underscore the importance of timely implementation of OIG and GAO audit recommendations, the DOI has a performance goal of implementing at least 85 percent of all GAO and OIG recommendations where implementation was scheduled to occur during the current year or in previous years by August 1 of each year. The DOI set its performance goal at 85 percent to allow for impacts, challenges, or unforeseeable delays when initial corrective action plans were developed; some corrective actions can span multiple years. In FY 2020, DOI achieved an implementation rate of 89 percent.

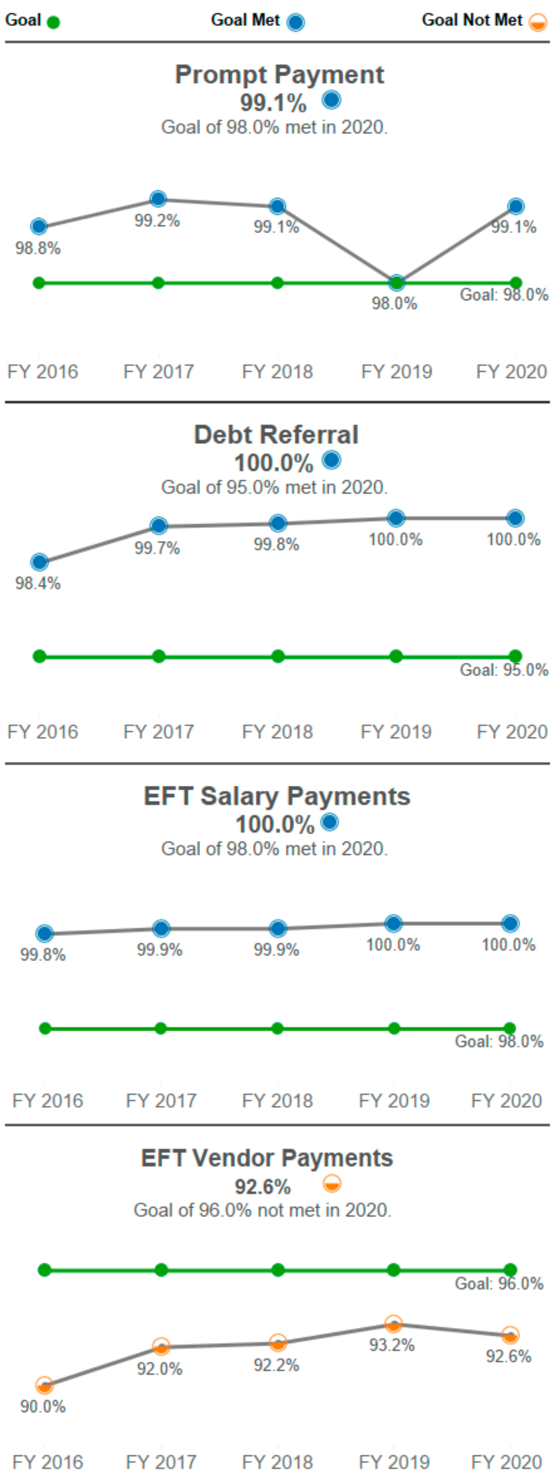
Results of Financial Statement Audit

As required by GMRA, the DOI prepares financial statements. These financial statements have been audited by KPMG LLP, an independent public accounting firm. In FY 2020, KPMG LLP reported one material weakness, Controls over Financial Reporting, as a result of the financial statement audit.

Major Management and Performance Challenges Confronting The Department of the Interior

The OIG and the GAO annually advise Congress on what are considered to be the major management and performance challenges facing the DOI. A summary of these challenges identified by OIG and GAO are presented in Section 3: Other Information, of this report. See GAO's High-Risk List at ***https://www.gao.gov/highrisk/overview.***

FIGURE 21



Compliance with Other Key Legal and Regulatory Requirements

The DOI is required to comply with several other legal and regulatory financial requirements, including the *Prompt Payment Act of 2002* (PPA), the *Debt Collection Improvement Act* (DCIA), and the criteria for Electronic Funds Transfers (EFT). See Figure 21.

Prompt Pay, Debt Collection, and Electronic Funds Transfer

The PPA requires that eligible payments be made within 30 days of receipt of invoice; otherwise, the Federal Government is required to pay interest. The DCIA requires any non-tax debt owed to the United States that has been delinquent for a period of over 120 days be referred to Treasury. In FY 2020, DOI exceeded its PPA performance goal of 98% and its DCIA debt referral performance goal of 95%.

The EFT provision of the DCIA mandates all recipients of Federal vendor payments and salary payments receive their payments electronically, except for tax refunds. In FY 2020, the DOI exceeded its 98% performance goal for EFT salary payments but did not meet its performance goal for vendor payments. The shortfall of the EFT vendor payments performance goal of 96% has been carried over from previous years and continues to be attributed to a high volume of transactions that the DOI has for tort claims, legal settlements, financial assistance, social service payments to individual Indians, and realty payments that are processed with non-EFT mechanisms. Logistical issues, such as the remote proximity of vendors to banks and the lack of transportation in isolated communities are contributing factors to the EFT vendor payment shortfall. The DOI continues to strive to meet the goal of EFT vendor payments by increasing the use of various electronic payment methods that could be utilized for the payments of tort claims, legal settlements, financial assistance, social service payments and realty payments.

Information Management and Technology

The CIO leads the Information Management and Technology (IMT) Leadership Team (IMTLT) comprised of Deputy CIOs and bureau and office Associate CIOs (ACIOs). Through this cross-bureau governance body, the CIO drives strategy, alignment, and accountability for IMT.

The *DOI Information Resources Management (IRM) Strategic Plan 2020-2025* identifies six strategic goals:

- Responsible Stewardship of the Information Technology (IT) Landscape;
- A Skilled IRM Workforce;
- Customer-centric IT Services;
- Effective Enterprise Portfolio Management;

- Data as a Strategic Asset for Public and Organizational Use; and
- Seamless Integration of Cyber Security and Privacy.

The OCIO works closely with the Senior Procurement Executive to issue policies as needed to control all enterprise-level IMT acquisitions and is a member of the Acquisition Program Advisory Council, which reviews all major acquisitions.

FY 2020 Accomplishments

- Implemented seamless network access across numerous bureau offices in Anchorage, Boise, and Sacramento (including those for BLM, USBR, FWS, NPS, OS, and USGS), covering more than 3,200 on-site users. These changes allow any DOI employee or contractor visiting these buildings to connect to those office networks without having to call the help desk or ask for on-site assistance first.
- Completed high-level design draft to inform development effort for the IT Storefront Initiative, which once implemented will simplify and streamline IT equipment ordering processes.
- Developed a high-level bureau and office deployment schedule for implementing a Single Customer Support System (SCSS). This sets out a path to consolidate six existing systems and enable cross-bureau IT support.
- Increased the capacity of the Virtual Private Network (VPN) during the COVID-19 emergency by ensuring high-performance and continuity of access to secure applications for over 60,000 users. Prior to COVID-19, VPN usage averaged around 4,000-5,000 connections each day. During the surge in mid-March, VPN usage increased to 60,000 connections each day.
- Enabled DOI Bureaus and Offices to continue DOI Access Card management and new staff on-boarding activities throughout the COVID-19 emergency. Automated COVID on-boarding workflows in DOIAcess were coded and deployed in one week which facilitated the on-boarding of 132 personnel. Additionally, 1,043 personnel have used the Remote Certificate Update procedures to keep their DOI Access Cards active without having to leave their own home; and over 1,000 people have maintained secure access to networks and applications using the Alternate Multifactor Authentication Service in cases where their DOI Access Cards expired or were lost.
- Awarded DOI's Enterprise Infrastructure Solutions (EIS) data networking fair opportunity in December 2019 and began the transition to the new contract with a new service provider. In late 2020, OCIO awarded the voice task order. These awards support the transition to EIS, one of the federal government's highest priority telecommunications initiatives.
- Completed migration from Google Apps for Government to Microsoft 365 U.S. Government Community Services (GCC). Included migration of 85,000 user mailboxes containing 458 terabytes (TB) of email, 71 TB of shared drive data, 2,241 sites, and 28,500 mobile devices.
- Finalized and issued a comprehensive DOI IRM *Strategic Plan 2020 - 2025*, providing overarching IRM vision and strategic priorities for the Department.
- Streamlined Federal Cloud Hosting Services (FCHS) mandatory use contract oversight to include a structure that provides portfolio oversight over all cloud acquisitions. This included establishing a Technical Review Board that looks at security, privacy, records, portfolio, and technology for all cloud waiver requirements and improving customer satisfaction by improving processing time.
- Improved transparency of IT capital planning and management by launching a new IT Portfolio Management Community of Practice (PfM CoP), including representation from Department and Bureau-level IT, budget, finance, acquisition, human resources, and the Solicitor's Office. Results included an Investment Visualization Dashboard that provides a singular and comprehensive view of DOI's IT portfolio data and artifacts. The dashboard has enabled improved data-driven decision making, portfolio oversight and reporting, and facilitating the discussions and actions for planning and aligning IT funds to the highest priority mission needs.
- Collaborated with GSA working group to develop a standard Technology Business Management (TBM) services layer for the federal government. TBM is an IT management framework that implements a standard way to categorize IT costs, technologies, resources, applications and services. The OCIO's work with GSA will form the foundation for better IT investment reporting, common comparisons of IT spending across the government, and improve insight into alignment between the IT function and the mission/business objectives.
- Established quarterly IT portfolio reviews including processes, documentation, and facilitation methodology. The reviews provided OCIO, executive-level bureau leadership, and the Department's Office of Budget the opportunity to review and conduct oversight on IT resource plans as they progressed throughout the year from the strategic planning phase through the Departmental Budget preparation.
- Launched a new OCIO desk officer cadre to improve Department-level visibility into bureau and office IT portfolios and to assist and guide bureaus and offices with IT portfolio management (PfM CoP) requirements.
- Launched Departmental outreach and monitoring of new IRM-related laws, regulations, and policies. Provided regular tracking to ensure that OCIO, bureaus, and offices are aware and compliant with impending IRM requirements imposed by statute, regulation, or executive order.
- Streamlined the quarterly Data Center Optimization Initiative (DCOI) metrics collection process while improving OCIO's ability to analyze physical data center inventory and monitor progress of DCOI goals.
- Established the DOI Data Strategy that aligns and supports *OPEN Government Data Act* and the Federal Data Strategy

(FDS) by strengthening data governance, developing and delivering Findable, Accessible, Interoperable, and Reusable (FAIR) data assets, and strengthening the workforce's data competencies.

- Established the draft DOI Departmental Manual, 378 DM1, Data Resource Management that builds data governance structure, defines roles and responsibilities for data resource management.
- Developed DOI comprehensive data inventory model enabling analysists to quickly find and use data to inform decisions. The inventory will support durable decisions that make a positive impact on DOI mission objectives. The inventory meets a statutory requirement while improving security and privacy.
- Led the implementation of the *Geospatial Data Act* across the Department while improving cross bureau geospatial operations leveraging the shared services provided by the GeoPlatform.
- Refocused the GeoPlatform development and operations to meet new statutory requirements without increasing costs.
- Began the records management transition to Microsoft 365 by leveraging its records management capabilities, including search of electronic records for *Freedom of Information Act* (FOIA) requests and testing other records management capabilities.
- Issued OCIO Directive 2020-003, "Digital Signature Policy" in March 2020, establishing standards and guidelines for signing electronic documents with digital signatures. Digital signatures provide authenticity and integrity protection, which are key in ensuring that DOI creates, retains, and manage all records in electronic format.
- Implemented 18 (100 percent of) audit recommendations scheduled for implementation and provided Departmental independent reviews of 39 (additional 21) audit recommendation implementation evidence in accordance with OMB Circular A-50, *Audit Follow Up*.
- Launched the DOI Workforce Data Literacy Assessment. The assessment results will inform strategies to strengthen DOI's workforce skills needed to leverage data in the 21st century.
- Delivered the Social Security number document inventory to Congress in accordance with the *Social Security Number Fraud Prevention Act of 2017.* Drafted a direct final rule to implement the provisions of the Act and collaborated with bureaus and offices to develop the Department-wide labor cost estimate for the annual report in accordance with Secretary's Order 3380.
- Delivered the Senior Agency Official for Privacy (SAOP) annual report in accordance with the *Federal Information Security Modernization Act of 2014* (FISMA) and OMB policy that included privacy program metrics, the DOI Privacy Program Plan, DOI Privacy Program Changes, DOI Privacy Continuous Monitoring Strategy, DOI Privacy Breach Response Plan, DOI Privacy Program Website URL, and DOI Annual Update on Efforts to Reduce the Use of Social Security Numbers.
- Implemented OMB Memorandum M-17-12, *Preparing for and Responding to a Breach of Personally Identifiable Information.* OCIO conducted an agency-wide data call for bureau and office inventories for 206 information systems, grant management systems, point of sale systems, consolidated number of records maintained on individuals, and developed tables and metrics on status of systems, privacy training, and *Federal Information Technology Acquisition Reform Act* implementation of privacy requirements.

Mill Springs Battlefield National Monument in Nancy, Kentucky, designated the 421st unit of the National Park System (NPS)

- Advanced DOI's privacy compliance posture by collaborating with Departmental and bureau/office officials to review and approve 174 privacy compliance artifacts (34 PIAs, 60 FIPS 199 forms, 80 privacy plans). Approved and published 8 Privacy Act notices in the Federal Register; processed 16 additional notices for Departmental surname and delivered 7 of these notices for Departmental offices. Developed a privacy metric for the FY20 OCIO Organization Assessment to improve privacy risk management compliance and provided end of year narratives for completion status for each bureau and office.
- Completed multiple Department of Homeland Security (DHS) Binding Operational Directives (BOD) (*Removal of Kaspersky-Branded Products* BOD-17-01, *Enhance Email and Web Security* BOD-18-01, *Securing High Value Assets* BOD-18-02, *Vulnerability Remediation Requirements for InternetAccessible Systems* BOD-19-02) and two Emergency Directives (Mitigate Windows Vulnerabilities from January 2020 Patch Tuesday ED 20-02, *Mitigate Windows DNS Server Remote Code Execution Vulnerability from July 2020 Patch Tuesday* ED-20-03, *Mitigate Netlogon Elevation of Privilege Vulnerability from August 2020 Patch TuesdayED*-20-04) on time and with no identified deficiencies. DHS Cybersecurity & Infrastructure Security Agency (CISA) identified DOI as one of the top five agencies in completing DHS BODs and EDs.
- Developed and tested first quantitative risk analysis model for DOI High Value Asset (HVA) program to ensure on-going compliance with CISA BOD-18-02 and OMB M-19-03.
- Initiated and completed actions to meet the Executive Order on Addressing the Threat Posed by TikTok; which prohibits all Departments from using TikTok. TikTok is a video sharing application provided by the Chinese company ByteDance. In addition, actions to satisfy Executive Order on Addressing the Threat Posed by WeChat were successfully completed. WeChat is a messaging, social media, and electronic payment application owned by the Chinese company Tencent Holdings.

Future Planned Activities

- Continue implementing the Seamless Access Initiative across bureau offices, allowing any DOI employee or contractor visiting DOI offices to connect to those office networks without having to call the help desk or ask for on-site assistance first. OCIO plans to complete implementation at all large multi-site locations by the end of 2021.
- Continue implementing the IT Storefront Initiative, which will simplify purchasing and reduce costs for desktops, laptops, and tablets, while also standardizing inventory to make IT repairs easier and faster.
- Continue implementing the Single Customer Support System (SCSS) initiative, which will provide a single customer support system and standard processes for simpler and efficient IT help desk and desktop services throughout all DOI locations, giving a more consistent level of IT support to all employees.
- Continue to operationalize DOI's use of the Continuous Diagnostics & Mitigation (CDM) Program solutions by fully deploying the next generation dashboard; begin deployment of the Phase 2 Identity and Access Management capabilities; and develop a Privilege Access Management (PAM^2) pilot to examine Network Access Control solutions. In 2022, CDM PAM^2 should complete testing to transition to production capability.
- Design and perform an initial implementation of an Enterprise-level Security Incident and Event Management (SIEM), Security Orchestration Automation and Response (SOAR), User Behavior Analytics (UBA) solutions based on DOI's specified requirements.
- Evaluate, design, and implement a replacement for the Cyber Security Assets and Management (CSAM) tool that operates as the repository for FISMA data, and system risk management data.
- Implement Supply Chain Risk Management (SCRM), in order to address supply chain threats and make risk-based IT supply chain decision to secure DOI mission systems.
- Continue to transition DOI's IT network from the GSA Networx contract to the Enterprise Infrastructure Solutions (EIS) contract. This new contract will provide cost savings, improve DOI's ability to incorporate emerging technologies, and provide greater flexibility to address unique agency needs. OCIO is currently working on a pilot for new technology that will enable better network access to field offices and is on track to meet the target date of May 31, 2023 to close out data-related activities on the GSA Networx contract.
- Consolidate and relocate the OCIO Denver data center to a BIA data center in Albuquerque, NM. This will provide cost savings through greater energy efficiency, lower rental costs, as well as comply with DOI and OMB strategies for consolidating data centers.
- Strengthen application rationalization processes to support data center consolidation and shared services migration to improve the effectiveness and efficiency of IT services.
- Continue to implement robust IT portfolio management capability across DOI, including analytics, strategic planning, and data quality and assurance activities. This will enable data driven decision-making and increase IT spending accountability.
- Strengthen DOI Data governance and management by establishing bureau associate Chief Data Officers.
- Continue implementing the Department's Master Data Inventory to improve discovery and use of DOI data assets.
- Implement a revised Departmental Open Data Program informed by external partner needs.

Interior employee demonstrates the effects of underwater pressure to students. (BOEM)

- Execute an open code service to comply with the *Open Government Data Act*.
- Identify and update DOI data inventory to improve completeness of data holdings across the bureaus and offices, enable data-driven decision making, and better support the *Open Government Data Act* with machine-ready datasets.
- Collaborate with other DOI bureaus and offices to develop Artificial Intelligence/Robotic Process Automation (AI/RPA) pilot and production solutions.
- Continue work with bureaus and offices to drive Internet Protocol Version 6 (IPv6) implementations. As of August 2020, DOI's deployment of IPv6 includes components of the network and Trusted Internet Connection (TIC) services. DOI is already exceeding OMB's IPv6 deployment benchmark for 2023, which is 20% of the IP enabled assets on DOI's network.
- Award the sole source contract for the email & Enterprise Records and Document Management System (eERDMS) and continued the transition to Microsoft 365 for as many records management capabilities as possible.
- Ensure that by December 31, 2022, DOI electronically manages all records to the fullest extent possible for eventual transfer and accessioning by the National Archives and Records Administration in an electronic format, consistent with OMB Memorandum M-19-21.
- Address several IT workforce planning objectives including the development of a workforce planning process and governance structure, and a competency and staffing needs assessment based on existing competency models. Upon completion of this work, OCIO intends to conduct a competency and needs gap assessment.

Financial Management Systems Improvement Strategy

The DOI's goal is to continue improvements in financial transaction processing, analysis, and reporting to enhance financial management through an effective partnership of program, information system, financial, acquisition, budget and financial assistance. The integrated nature of business processes working in conjunction with the financial system, strengthens internal controls and transparency. The DOI views the adoption of a single, integrated financial system as encompassing four interrelated elements that drive business process, improvements, and financial integrity. These elements are: (1) improvement of internal controls; (2) elimination of redundant data entry; (3) enabling end-to-end transaction processing; and (4) standardization of data for improved information quality. The DOI consolidated these integrated business process through the implementation of the Financial and Business Management System (FBMS) which has been used by DOI since 2013. The DOI relies upon the integration of financial and business management information in FBMS to support program and financial managers and continuously collaborate across DOI to improve these business processes.

Financial Systems Modernization

The FBMS is an operational, integrated suite of software applications that enables DOI to manage a variety of business functions to include core financials, budget execution, acquisition, personal property, fleet management, real property, travel financial data, financial assistance, and enterprise management information and reporting.

The FBMS enables DOI to meet the following business management goals:

- Modernized business operations;
- Standardized and integrated processes;
- Improved security and internal controls;
- Improved cost information;
- Improved tracking and auditing capabilities;
- Reduced double entry of data in multiple systems and manual paper processing;
- Improved DOI-wide and bureau-specific reporting capabilities;
- Increased data consistency, integrity, and transparency; and
- Retirement of aged, stove-piped, unsupported, and costly legacy systems.

FY 2020 Accomplishments

The Business Integration Office (BIO) provides continual improvements, operations and maintenance support to FBMS and its users. The FBMS has approximately 12,000 users with over 4,500 of them using FBMS on an average business day. The BIO manages FBMS hosting through a cloud service provider and works with OCIO to provide help desk support. In FY 2020, the BIO implemented several system improvements to include:

- Continued a multi-phase effort to migrate to the next generation of technology; in-memory computing. This phase of improvements provided improved performance for transactional data. It also provided for improved report presentation for data analysis. New enhancements included creating HANA Views, which simplify and accelerate reporting. Examples of new HANA Views include Purchase Request (PR) Status, Fleet Utilization, Headquarters/Field Fund Status, Special Ledger Trail Balance and Special Ledger Detail;
- Implemented system-wide upgrades to strengthen the cybersecurity posture and reduce risk;
- Implemented Robotic Process Automation (RPA or bots) to improve contract closeout processes for simplified acquisitions with up to $10,000 remaining balance;
- Implemented a new Payment in Lieu of Taxes (PILT) submission portal;
- Implemented improved financial assistance management for three bureaus and will have all bureaus implemented by the first quarter of FY21;
- Added multiple improved dashboards for travel management, including Lodging Expenses over Per Diem, Excessive Mileage, Air Travel and Paid to Traveler data and;
- Implemented monthly submission of *DATA Act* data.

Future Planned Activities

Future plans include the optimization of the existing FBMS functional footprint and leveraging the investment to support modular development opportunities to increase management efficiency, effectiveness, transparency, and accountability. The DOI is also focusing on system improvements to address financial management concerns, such as journal voucher use and management, customer service gaps, improve usability, and increase the speed, reliability, and flexibility of the FBMS infrastructure. Key future planned activities include continued financial assistance improvements, enhanced implementation of robotics process automation, artificial intelligence, and the implementation of automated records management processes.

DOI's implementation plan for Government Invoicing (G-Invoicing) is estimated to be completed by October 1, 2022. Our implementation approach will include extensive system development efforts to enable our FBMS, a SAP Enterprise Resource Planning (ERP) based system, to interface directly with G-Invoicing to the greatest extent possible, thus minimizing the need for dual entry by our end-users and eliminating the potential for reconciliation differences between FBMS and G-Invoicing.

The BIO is leading a change in computing technology through the implementation of in-memory computing. The first phase, which went live in early FY 2017, added the SAP HANA™ Accelerator. The second phase, in FY 2018, moved the data warehouse to HANA™. This update improved system performance and provided timely access to system data to support analysis and visualization of DOI financial information. In FY 2019, we implemented Suite on HANA which increased speed across most transactions and enabled several ease of use improvements. The next upgrade, which includes SAP's S/4 HANA implementation, will be a major change for FBMS and our users because it will incorporate changes to the look and feel of the system. These changes will include back-end table structure changes and increased functionality such as machine learning, improved user interface and, help functionality. Additionally, the implementation of S/4 HANA will provide the opportunity for DOI to reexamine the business processes that will be updated because of this technology and those requiring updates due to changing policies and business practices driven by the policy offices.

Reintroducing endangered fishers, Mount Rainier National Park (NPS)

The DOI received, for the 24th consecutive year, an unmodified audit opinion on its financial statements. The statements were audited by the independent accounting firm KPMG LLP. Information provided on the financial statements, the opinion presented as a result of the independent audit, and other disclosures and information provided in this report provide assurance to the public that the information is accurate, reliable, and useful for decision-making. The financial statements and financial data presented in this report have been prepared from DOI's accounting records in conformity with Generally Accepted Accounting Principles (GAAP) and standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

Financial statement preparation supports DOI's goal of strong financial management and provides accurate and reliable information that is useful for assessing financial performance and allocating resources. The DOI management is responsible for the integrity and objectivity of the financial information presented in the financial statements. Integrity of the information is supported by DOI's internal control program. The discussion also includes significant qualitative financial management information of interest.

Special Account Funds

The NPS has concession agreements which contain provisions that provide for the establishment of escrow type accounts to be used to develop, improve, and maintain visitor facilities. The concessioner periodically deposits a percentage of gross revenue in the account as provided in the concessioner agreement. These "Special Account" funds are maintained in separate interest-bearing bank accounts for the concessioners, are not assets of the National Park Service and may not be used in NPS operations. Therefore, the balances, inflows, and outflows of these concessioner Special Accounts are not recognized in the financial information of the NPS. The concessioners reported that these Special Accounts balances totaled approximately $11.7 million (unaudited) and $11 million (unaudited), as of September 30, 2020 and 2019, respectively.

The Balance Sheet

The Balance Sheet provides a snapshot of DOI's financial position at a fixed point in time. The fiscal year-end Balance Sheet displays amounts of future economic benefits owned or available for use (assets), amounts owed (liabilities) and the residual amounts (net position) at the end of the fiscal year.

Analysis of Assets

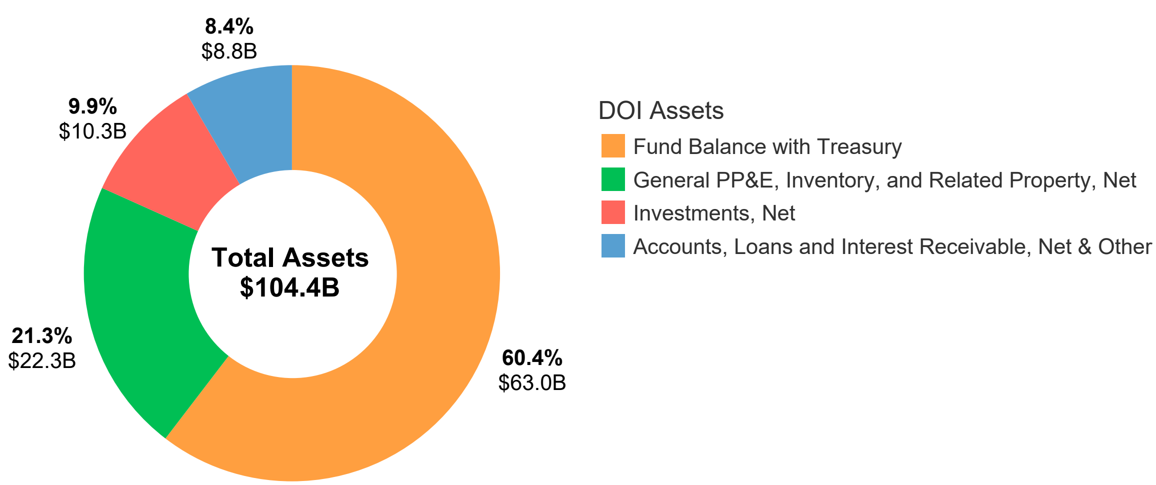
DOI assets remained relatively stable between FY 2020 and FY 2019 as presented in the following table.

FIGURE 22

DOI Assets *(line items summarized) (dollars in thousands)*	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Fund Balance with Treasury	$ 63,066,415	$ 60,785,350	$ 2,281,065	3.8%
Investments, Net	10,271,620	9,884,781	386,839	3.9%
General PP&E, Inventory, and Related Property, Net	22,267,847	21,989,531	278,316	1.3%
Accounts, Loans and Interest Receivable, Net & Other	8,803,351	9,512,090	(708,739)	-7.5%
Assets	**$ 104,409,233**	**$ 102,171,752**	**$ 2,237,481**	**2.2%**

FIGURE 23

DOI Assets by Type (FY 2020)



The DOI is authorized to use Fund Balance with Treasury (FBwT) to pay liabilities resulting from operational activity and consists of funds received from direct appropriations, transfers, offsetting receipts, recoveries, and funds held in budget clearing accounts. Property, Plant and Equipment (PP&E) is primarily composed of land, structures, and facilities which are used for general operations, power, wildlife enhancement, and recreation.

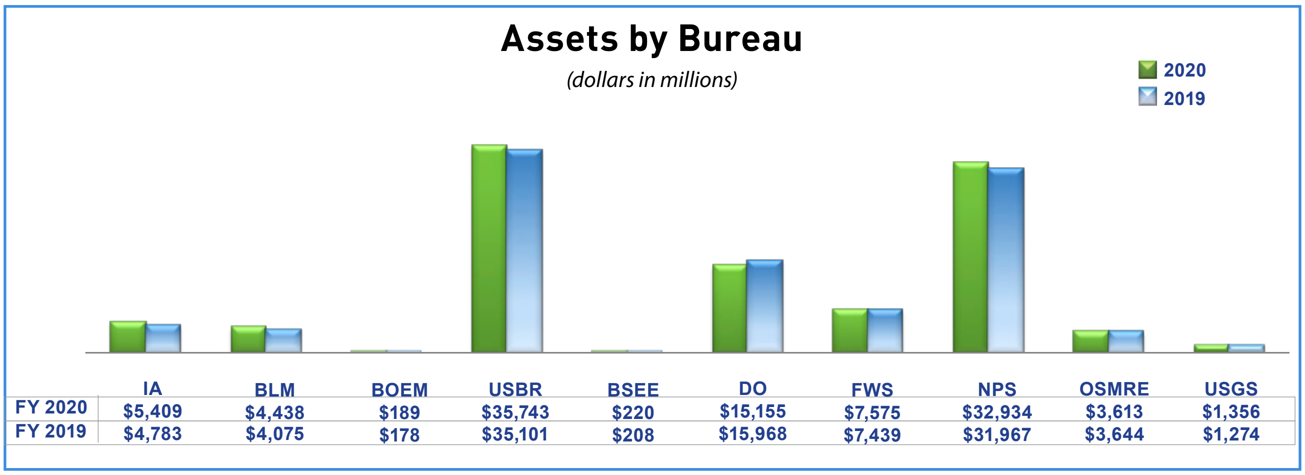
The DOI real property portfolio contains more than 42,733 buildings and 80,974 structures, with a replacement value of more than $311 billion, as well as nearly every type of asset found in a local community. Many of these assets have historic or cultural significance that not only support DOI's mission but are important to our Nation's heritage.

The DOI's reported values for PP&E exclude stewardship PP&E in accordance with accounting standards. Stewardship PP&E benefits the Nation as a whole and is considered priceless. It is not possible to assign an identifiable value to these assets. An in-depth discussion of stewardship PP&E is presented in Section 2: Financial Information. See Notes to the Financial Statements.

The BOR enters into long-term repayment and water service contracts with non-Federal entities that allow use of irrigation and municipal and industrial water facilities in exchange for annual payments that are used to repay a portion of the Federal investment. Unmatured repayment contracts are not recognized on the Balance Sheet as a receivable until the annual payment amount is earned. As of September 30, 2020, and 2019, amounts not yet earned under BOR's unmatured repayment contracts were $1.9 billion and $2.0 billion, respectively (unaudited).

Comparative assets by bureau are displayed in the graph below. The sum of assets by bureau is not equal to DOI consolidated total assets as intra-departmental eliminations are excluded from the chart presentation.

FIGURE 24



Analysis of Liabilities

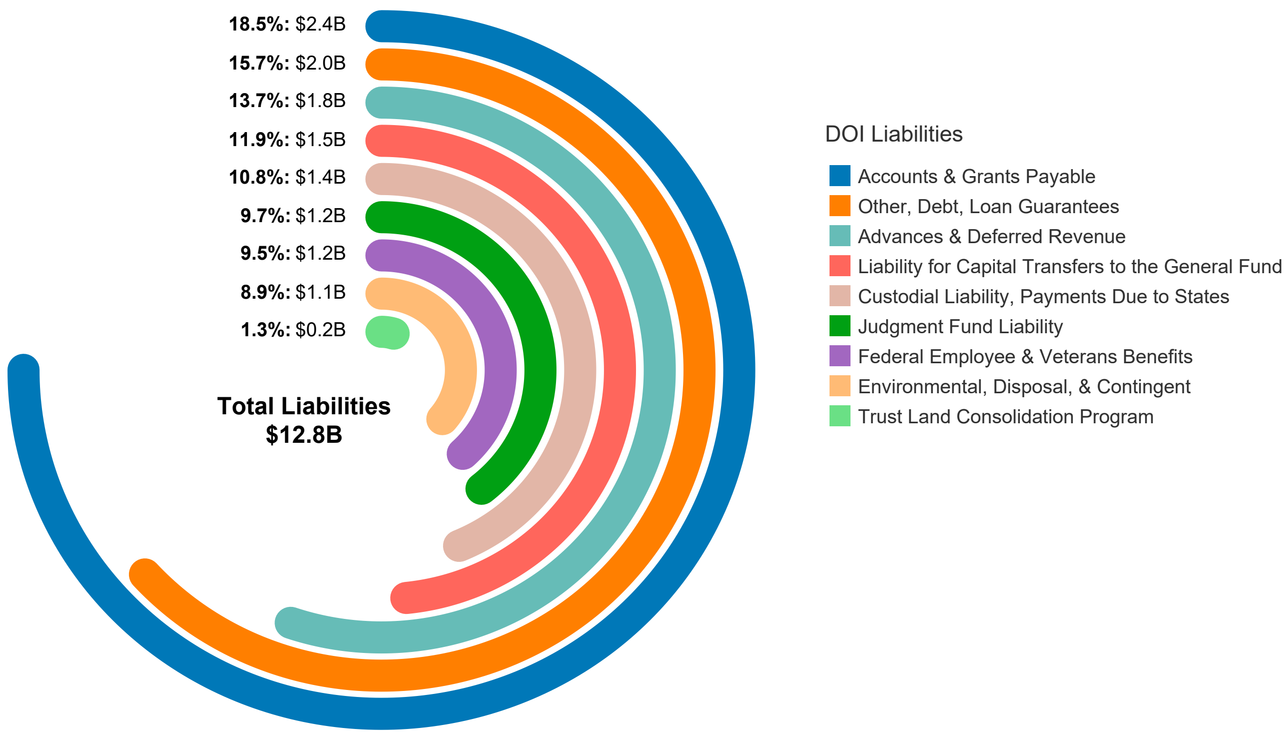
DOI liabilities for and by bureau for FY 2020 and FY 2019, respectively, are shown in the table and chart below.

FIGURE 25

DOI Liabilities *(line items summarized) (dollars in thousands)*	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Accounts & Grants Payable	$ 2,370,467	$ 2,146,837	$ 223,630	10.4%
Federal Employee & Veterans Benefits	1,209,624	1,312,567	-102,943	-7.8%
Trust Land Consolidation Program	165,501	264,995	-99,494	-37.5%
Environmental, Disposal, & Contingent	1,142,615	1,095,814	46,801	4.3%
Custodial Liability, Payments Due to States	1,385,967	2,116,852	-730,885	-34.5%
Advances & Deferred Revenue	1,753,376	1,342,715	410,661	30.6%
Liability for Capital Transfers to the General Fund	1,527,832	1,513,004	14,828	1.0%
Judgment Fund Liability	1,240,356	1,222,076	18,280	1.5%
Other, Debt, Loan Guarantees	2,006,879	1,812,487	194,392	10.7%
Liabilities	**$ 12,802,617**	**$ 12,827,347**	**$ -24,730**	**-0.2%**

FIGURE 26

DOI Liabilities by Type (FY 2020)



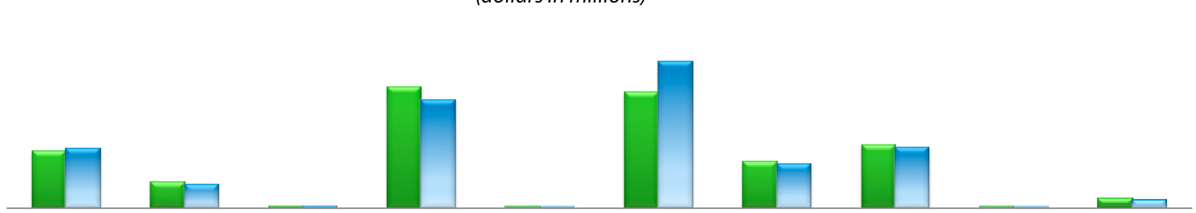
The FY 2020 decrease in liabilities is primarily attributable to the reduction in oil and gas prices since March, in comparison to FY 2019. The decrease was offset by new advances and deferred revenue related to work to be performed for other government agencies, as well as a large advance for water service contracts with public entities.

Comparative liabilities by bureau are displayed in the graph below. The sum of bureau liabilities is not equal to DOI consolidated total liabilities as intradepartmental eliminations are excluded from the graph presented.

FIGURE 27

Liabilities by Bureau

(dollars in millions)



	IA	BLM	BOEM	USBR	BSEE	DO	FWS	NPS	OSMRE	USGS
FY 2020	$1,902	$874	$63	$4,066	$34	$4,017	$1,548	$2,140	$42	$339
FY 2019	$1,980	$802	$65	$3,628	$39	$4,911	$1,488	$2,058	$34	$287

Analysis of Net Costs

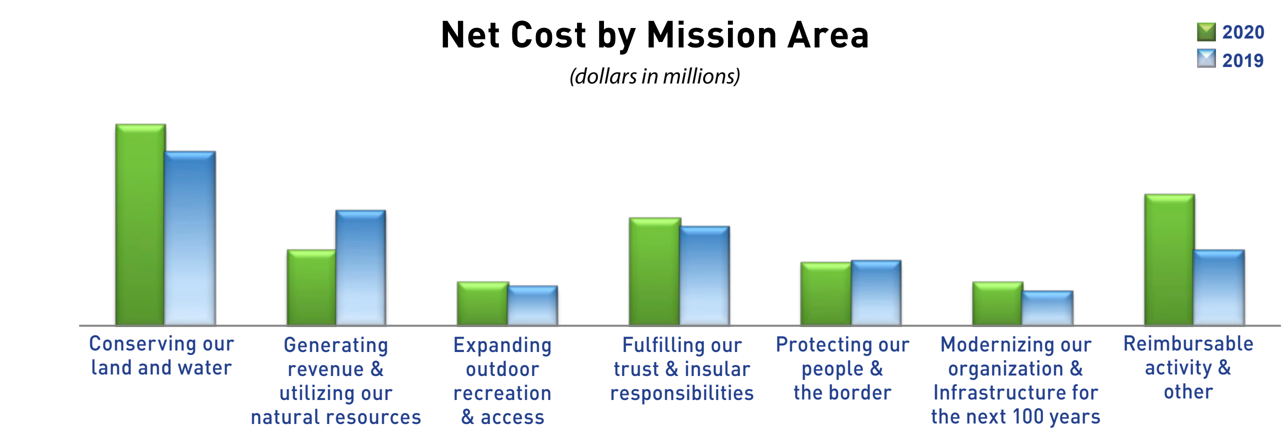
FIGURE 28

DOI Net Cost (summarized by Bureau) (dollars in thousands)	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Indian Affairs	$ 3,737,682	$ 3,387,601	$ 350,081	10.3%
Bureau of Land Management	1,593,116	1,711,337	(118,221)	-6.9%
Bureau of Ocean Energy Management	137,670	166,355	(28,685)	-17.2%
Bureau of Reclamation	1,390,569	869,539	521,030	59.9%
Bureau of Safety and Environmental Enforcement	136,684	145,611	(8,927)	-6.1%
Departmental Offices	3,749,883	4,677,727	(927,844)	-19.8%
National Park Service	3,337,858	2,994,029	343,829	11.5%
Office of Surface Mining Reclamation and Enforcement	2,389,147	674,407	1,714,740	254.3%
U.S. Fish and Wildlife Service	3,067,849	2,972,755	95,094	3.2%
U.S. Geological Survey	1,304,963	1,230,666	74,297	6.0%
Eliminations	(33,899)	(27,687)	(6,212)	22.4%
Net Costs - by Bureau	**$ 20,811,522**	**$ 18,802,340**	**$ 2,009,182**	**10.7%**

As presented in the table above and the chart below, the Consolidated Statement of Net Cost includes DOI's six Mission Areas: Conserving Our Land and Water; Generating Revenue and Utilizing Our Natural Resources; Expanding Outdoor Recreation and Access; Fulfilling Our Trust and Insular Responsibilities; Protecting Our People and the Border; and Modernizing Our Organization and Infrastructure for the Next 100 Years. The Statement of Net Cost also includes Reimbursable Activity and Other, which predominately represents the intragovernmental acquisition of goods and services through the DOI Working Capital Fund and Franchise Fund.

The DOI net costs primarily represent services provided to the public. The increase in net cost in FY 2020 was attributable to Congress passing the *Bipartisan American Miners Act* on December 20, 2019 that requires OSMRE to transfer funds to the United Mine Workers of America (UMWA) 1974 Pension Plans, which was not previously covered by OSMRE.

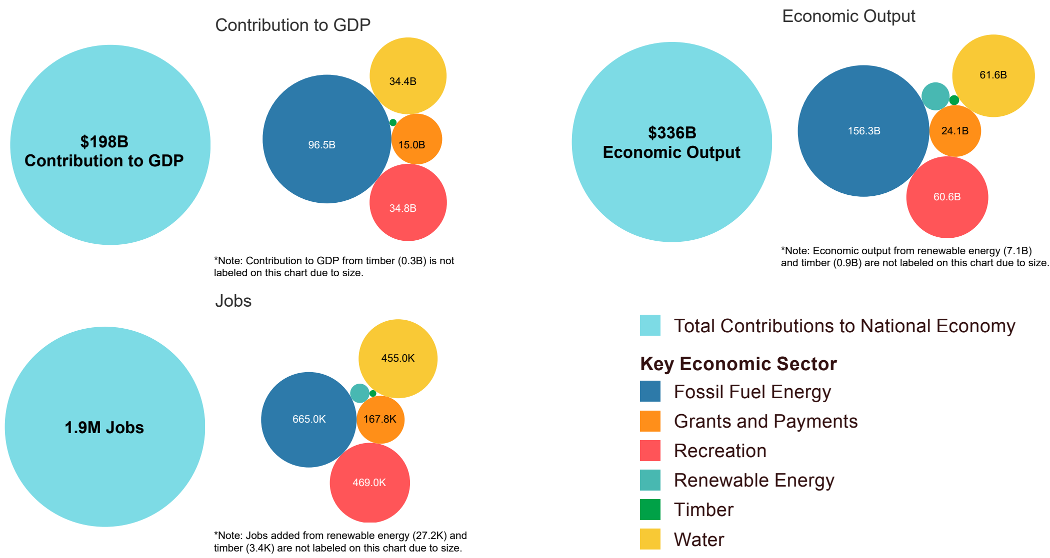
FIGURE 29



	Conserving our land and water	Generating revenue & utilizing our natural resources	Expanding outdoor recreation & access	Fulfilling our trust & insular responsibilities	Protecting our people & the border	Modernizing our organization & Infrastructure for the next 100 years	Reimbursable activity & other
FY 2020	$6,287	$2,393	$1,344	$3,343	$1,975	$1,347	$4,122
FY 2019	$5,453	$3,603	$1,209	$3,084	$2,022	$1,088	$2,343

FIGURE 30

DOI Economic Contributions (FY 2019)



Analysis of Net Cost – Economic Contributions

According to the DOI's FY 2019 Economic Contributions Report, DOI plays a key role in the U.S. economy, supporting an estimated 1.9 million jobs, and $336 billion in economic output and approximately $198 billion in contributions to the Nation's GDP. The DOI's economic contributions arise as the Department carries out its unique mission, managing Federal lands and waters and making investments that conserve and restore natural landscapes and the cultural heritage of the Nation. Management of these resources also facilitates private sector activities that result in economic contributions. For example, DOI grants access to public lands and offshore areas for conventional and renewable energy development, which produced nearly one-fifth of the Nation's energy in FY 2019. These leasing activities allow the private sector to invest, creating economic output and employment. Similarly, the recreation opportunities provided by DOI's lands and waters promote visitor spending, which contributes to local and regional economies.

Highlights of DOI's economic contributions to key economic sectors are detailed below. The complete detail supporting DOI total economic contributions is available at:

https://doi.sciencebase.gov/doidv/files/2019/pdf/Econ%20Report%202019_FINAL.pdf

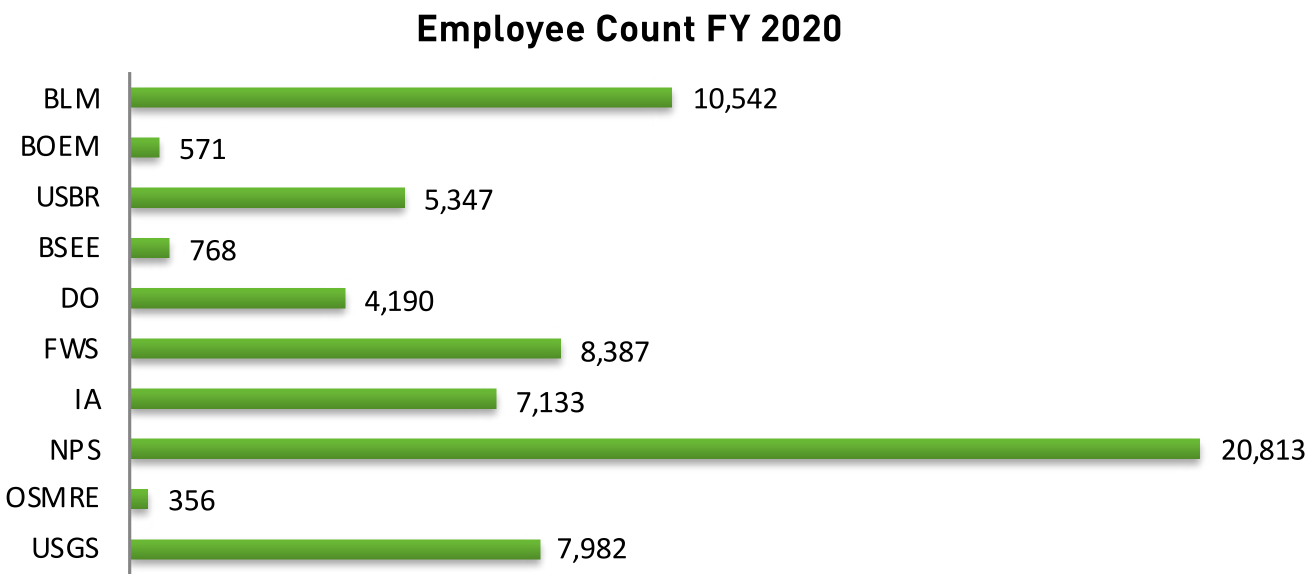
- **Fossil Fuel Energy**: Oil, gas, and coal produced from DOI-managed lands provided contributions to GDP of approximately $96.5 billion, estimated economic output contribution of $156.3 billion, and an estimated 665,000 jobs.
- **Renewable Energy:** Hydropower, wind and solar power projects on DOI lands were estimated to contribute $7.1 billion in economic output and support over 27,200 jobs.
- **Recreation:** In FY 2019 there were an estimated 501 million visits to DOI-managed lands. For FY 2019, visitation to Interior sites supported an estimated $34.8 billion in value added, $60.6 billion in economic output, and about 469,000 jobs.
- **Water:** The DOI stores and delivers water for irrigation, municipal and industrial (M&I), and other uses. The value of water varies widely according to location, type of use, and climatic conditions. The DOI irrigation and M&I water activities are associated with $34.4 billion in contributions to GDP, about $61.6 billion in economic output, and supported an estimated 455,000 jobs. The DOI also delivers water to support in-stream flows, wildlife refuges, and other uses that are difficult to value fully and not typically reflected in economic contribution estimates.
- **Grants and Payments:** The DOI administers numerous grants and payment programs. This financial support helps improve the natural environment, build infrastructure, and provide public and social services. Grant and payment programs administered by DOI provided $15 billion in contributions to GDP, economic output of $24.1 billion, and supported employment of about 167,800 jobs.
- **Timber:** Sawtimber harvested on Tribal lands and DOI-managed lands supported about $0.3 billion in contributions to GDP, $0.9 billion in economic output, and approximately 3,400 jobs. The DOI forestry lands provide various other products including biomass, fuel wood, poles, and posts in addition to sawtimber.

Economic Contributions factors not presented in Figure 30 are located on pages 6-8 of the Economic Contributions Report

Analysis of Net Cost – DOI Workforce

As shown in the chart and table below, DOI workforce costs include $7 billion in payroll and benefit costs for employees executing DOI's mission and programs. The DOI employed 66,089 people in approximately 2,400 locations with offices across the United States, Puerto Rico, U.S. territories, and Freely Associated States. The total DOI employees count includes 51,956 full-time permanent staff and 14,133 part-time and seasonal staff.

FIGURE 31



Employee Count - Total 66,089
(All employees regardless of work schedule or type of appointment)

FIGURE 32

Work Schedule Information	Full Time Permanent	Other[1]	Total
BLM	8,825	1,717	10,542
BOEM	562	9	571
USBR	5,180	167	5,347
BSEE	755	13	768
DO	3,143	1,047	4,190
FWS	7,457	930	8,387
IA	4,186	2,947	7,133
NPS	15,244	5,569	20,813
OSMRE	352	4	356
USGS	6,252	1,730	7,982
Total Employees by Bureau	**51,956**	**14,133**	**66,089**

[1]Other includes Part-Time and Seasonal Employees

FIGURE 33

Total Payroll & Benefits	(dollars in thousands)
BLM	$ 1,101,221
BOEM	89,401
USBR	677,860
BSEE	117,140
DO	657,348
FWS	990,494
IA	663,918
NPS	1,833,196
OSMRE	51,091
USGS	934,860
Total	**$ 7,116,529**

Analysis of Net Cost - Stewardship Investments

The DOI net cost includes expenses incurred that are expected to benefit the Nation over time. These expenses are qualitatively material and worthy of highlighting as they represent expenses charged to current operations.

Research and Development:

FIGURE 34

Investments in Research & Development *(dollars in thousands)*

Category	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Basic Research	$ 131,258	$ 116,077	$ 15,181	13.1%
Applied Research	861,675	751,117	110,557	14.7%
Developmental Research	182,601	162,428	20,173	12.4%
Total	**$1,175,534**	**$ 1,029,623**	**$ 145,911**	**14.2%**

Investment in Research and Development provides reliable, credible, objective, and unbiased scientific results to improve the basic understanding of natural resources and to inform land and resource management decisions across the Nation. These research and development activities encompass examinations of geological structures, mineral resources, and products within and outside the national domain. Earth science research and information are used to save lives and property, safeguard human health, enhance the economic vitality of the Nation and its people, assess resources, characterize environments, and predict the impact of contamination. This information aids in solving critical societal problems through research, investigation, and the application of state-of-the-art geographic and cartographic methods.

The DOI's research and development activities are presented in the following three major categories:

- **Basic Research**. A study to gain knowledge or understanding of the fundamental aspects of specific phenomena or observable facts without specific applications and products in mind.
- **Applied Research**. A systemic study to gain knowledge or understanding necessary for determining the means by which a recognized and specific need may be met.
- **Developmental Research.** The systematic use of knowledge and understanding gained from research for the production of useful materials, devices, systems, or methods, including the design and development of prototypes and processes.

Human Capital:

FIGURE 35

Investments in Human Capital *(dollars in thousands)*

Category	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Educational Programs	$ 886,911	$ 930,763	$ (43,852)	-4.7%

Investment in human capital refers to education and training programs financed by the Federal Government for the benefit of the public; investment in human capital does not include education and training expenses for Federal employees. The DOI plays a vital role in providing quality educational opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual and cultural aspects of the people served.

Education Programs

The BIE strives to provide quality education opportunities from early childhood through life in accordance with a tribe's need for cultural and economic well-being. The School Operations Program provides basic education for Indian children in grades K-12 including funding for school staff, textbooks and general supplies at (BIE) operated and BIE funded schools.

The BIE funded 183 schools that serve on average 43,556 academic students per year of which 8,326 students were counted with disabilities. Some 4,728 students reside in boarding school residences and 898 students reside in peripheral dormitories. On average the graduation rate is 61.50 percent; 70.55 percent for students with disabilities.

The Post-Secondary Education Programs support grants and supplemental funds for 29 tribal colleges and universities, 2 BIE operated universities: Haskell and Southwest Polytechnic Institute (SIPI), and 2 technical schools. The 33 colleges and universities serve on average 23,003 students and issue an average of 2,400 degrees and certificates each year.

The goals of the Early Child and Family Development Program is to support parents/primary caregivers in their role as their child's first and most influential teacher; to increase family literacy; to strengthen family-school-community connections. This program serves on average 1,852 students and families.

The Adult Education Program provides opportunities for adult Indians and Alaska Natives to obtain the General Equivalency Diploma (GED) or improve their employment skills and abilities. The vision and long-range goal is to unite and promote healthy Indian communities through lifelong learning. This goal is implemented through the commitment to provide quality educational opportunities throughout life.

Additional programs such as the Special Higher Education Scholarship Program funded an average of 282 students and the Science Post Graduate Scholarship Program funds approximately 148 students.

Through BIE's focus on improving teachers' skills, teachers from various schools completed 71 Nation Board Certification components, with about 56 individuals recognized as being National Board Certified teachers during the reporting period.

Interior employee with volunteer planting trees as part of the Trillion Trees Initiative (OSMRE)

Non-Federal Physical Property

FIGURE 36

Investment in Non-Federal Physical Property

(dollars in thousands)

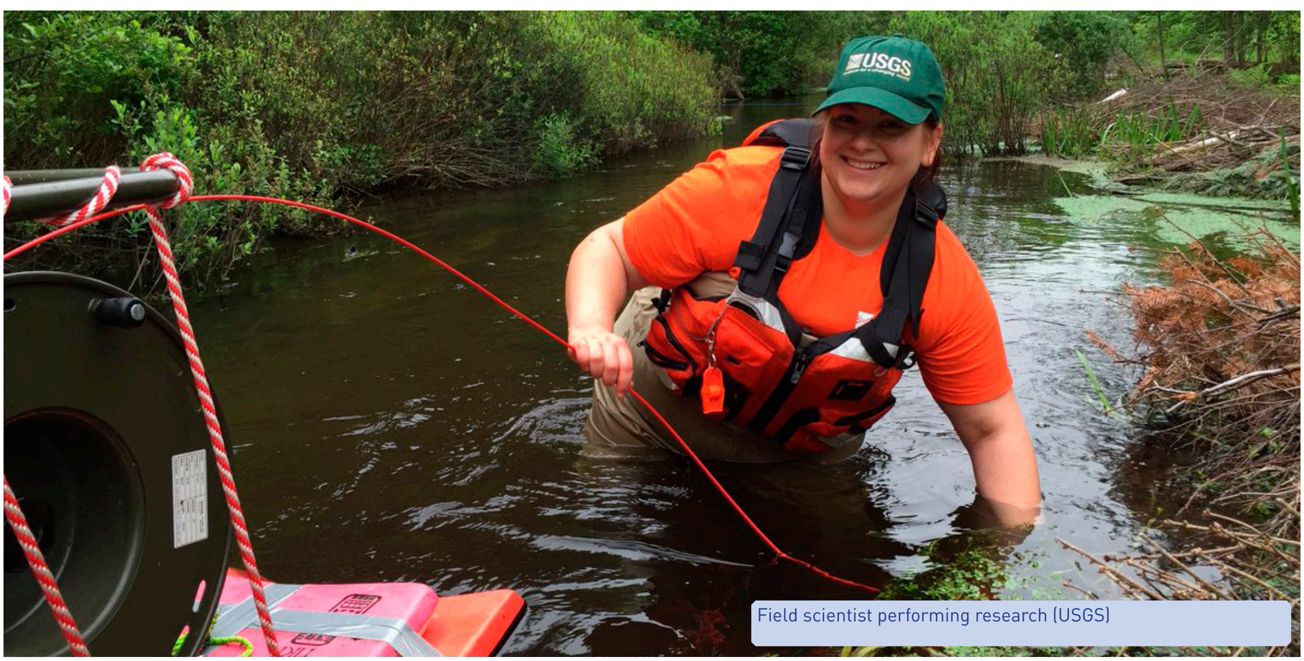
Category	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Dams and Other Water Structures	$ 303,165	$ 98,120	$ 205,045	209.0%
Land	71,667	47,729	23,938	50.2%
Roads and Bridges	568	3,853	(3,285)	-85.3%
Schools and Public Buildings	169,522	47,351	122,171	258.0%
Ranges	9,822	18,496	(8,674)	-46.9%
Not Classified	3,561	8,185	(4,624)	-56.5%
Total	**$ 558,305**	**$ 223,734**	**$ 334,571**	**149.5%**

The DOI provides a long term benefit to the public by maintaining its commitment to investing in non-Federal physical property. Non-Federal physical property refers to expenses incurred by the Federal Government for the purchase, construction, or major renovation of physical property owned by state and local governments and Insular Areas, including major additions, alterations, and replacements; the purchase of major equipment; and the purchase or improvement of other physical assets.

The DOI's investment in non-Federal physical property is multifaceted and includes a varied assortment of structures, facilities, and equipment. Investment in these assets results in improved Tribal educational facilities; irrigation infrastructure and water quality improvement projects; species protection and habitat loss prevention programs; recreational activities; and wildlife management.

The Office of Facility Management and Construction provides funds for buildings with historic and architectural significance. The Utah Reclamation Mitigation & Conservation Commission invests in habitat improvements for fish and wildlife on non-Federal properties to mitigate the impact of reclamation projects in Utah on wildlife resources beyond the boundaries of those projects.

The increase in investment in non-Federal physical property is primarily due to investments in tribal schools and increased construction expenditures.



Field scientist performing research (USGS)

Basinwide Salinity Control Program projects in Colorado and Wyoming are designed to help prevent over 23,000 tons of salt per year from entering Colorado River (USBR)

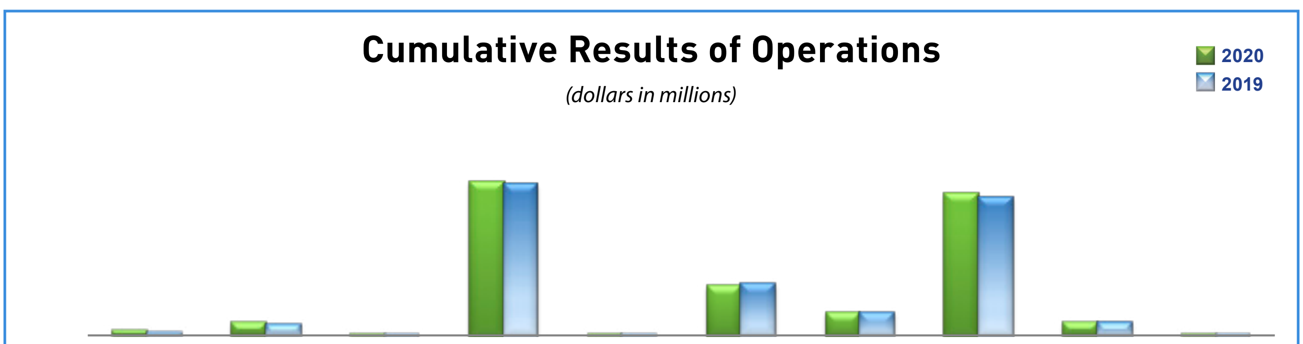
Analysis of Net Position

The Net Position of DOI includes Unexpended Appropriations and Cumulative Results of Operations. These two components are displayed on the Statement of Changes in Net Position to provide information regarding the nature of changes to the Net Position of DOI as a whole. Cumulative Results of Operation by bureau is summarized in the chart and tables below. The increase in unexpended appropriations is attributable to the increase in appropriations received related to the *Bipartisan American Miners Act of 2019* and the *Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020.*

FIGURE 37

Net Position *(dollars in thousands)*	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Unexpended Appropriations	$ 10,494,432	$ 9,337,895	$ 1,156,537	12.4%
Cumulative Results of Operations	81,112,184	80,006,510	1,105,674	1.4%
Net Position	**$ 91,606,616**	**$ 89,344,405**	**$ 2,262,211**	**2.5%**

FIGURE 38



	IA	BLM	BOEM	USBR	BSEE	DO	FWS	NPS	OSMRE	USGS
FY 2020	$1,005	$2,559	$67	$30,914	$136	$9,949	$4,746	$28,666	$2,660	$410
FY 2019	$744	$2,339	$73	$30,620	$136	$10,301	$4,705	$27,918	$2,731	$440

Analysis of Budgetary Resources

FIGURE 39

Key Budgetary Measures *(dollars in thousands)*	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Unobligated Balance Brought Forward, October 1	$ 14,485,090	$ 13,330,283	$ 1,154,807	8.7%
Appropriations (discretionary and mandatory)	24,502,514	21,840,117	2,662,397	12.2%
Offsetting Collections, Borrowing & Contract Authority	5,438,350	5,306,046	132,304	2.5%
Total Budgetary Resources	**$ 44,425,954**	**$ 40,476,446**	**$ 3,949,508**	**9.8%**
New Obligations & Upward Adjustments	29,162,852	26,567,350	2,595,502	9.8%
Apportioned, Unexpired	14,974,450	13,694,443	1,280,007	9.3%
Unapportioned, Unexpired & Expired, Unobligated Balance, End of Year	288,652	214,653	73,999	34.5%
Status of Budgetary Resources	**$ 44,425,954**	**$ 40,476,446**	**$ 3,949,508**	**9.8%**

The table above provides an overview of the status of budgetary resources. The DOI receives funding from general government funds administered by Treasury and appropriated for DOI's use by Congress. The DOI also receives a portion of DOI's resources from Special and Trust Funds, such as Conservation Funds (the Land and Water Conservation Fund and Historic Preservation Fund), the Reclamation Fund, and the Aquatic Resources Trust Fund. These funds are administered in accordance with applicable laws and regulations.

The increase in appropriations is primarily attributable to additional United Mine Workers of America (UMWA) supplement funding and *CARES Act* appropriations received in FY 2020, as a result of the COVID-19 pandemic. The increase in obligations and upward adjustments is primarily attributable to United Mine Workers of America (UMWA) transfer activity and *CARES Act* obligations and expenditures.

FIGURE 40

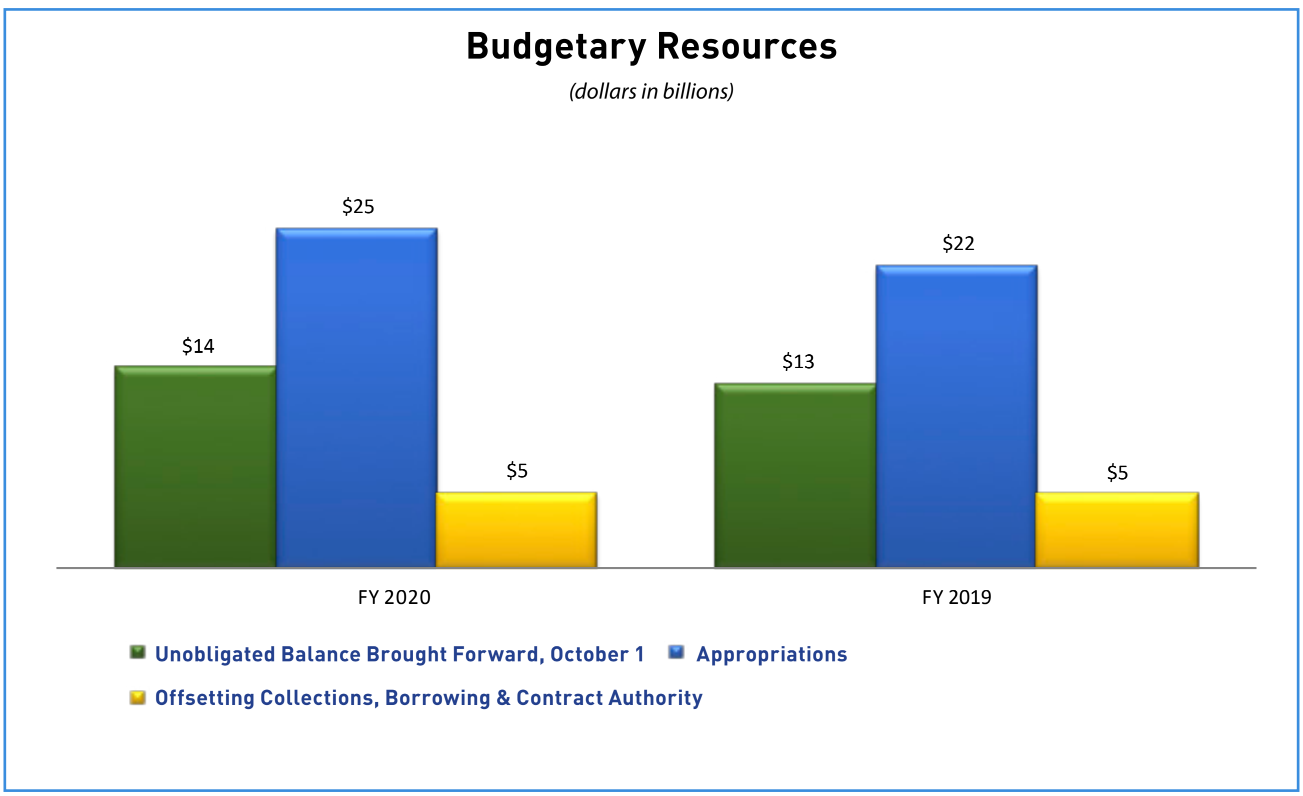
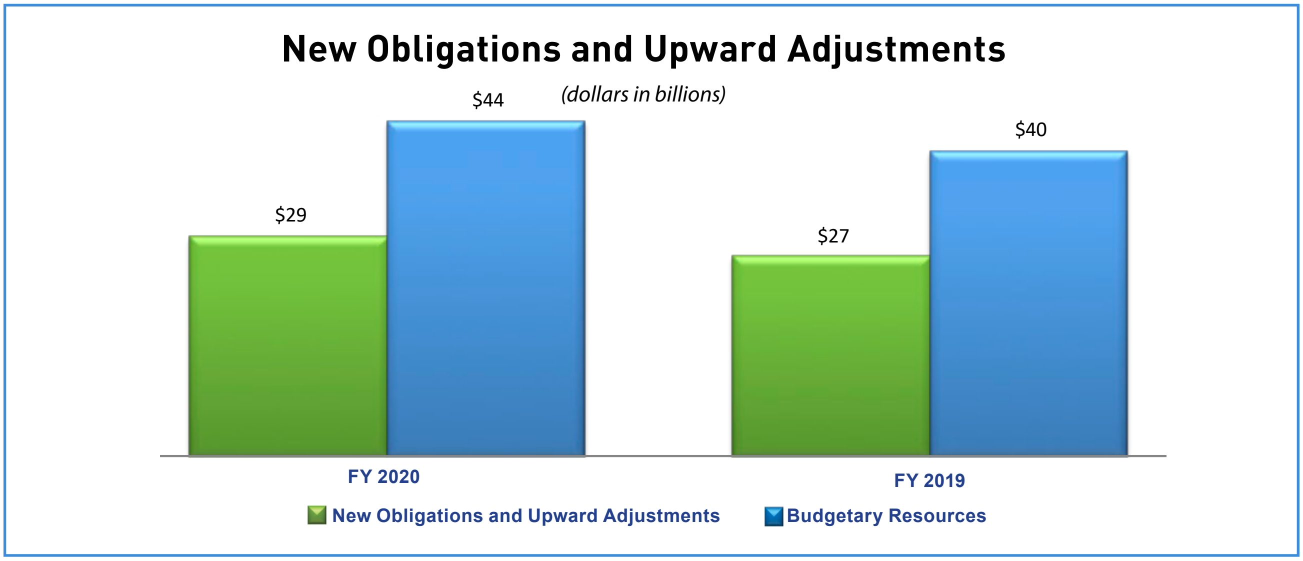


FIGURE 41



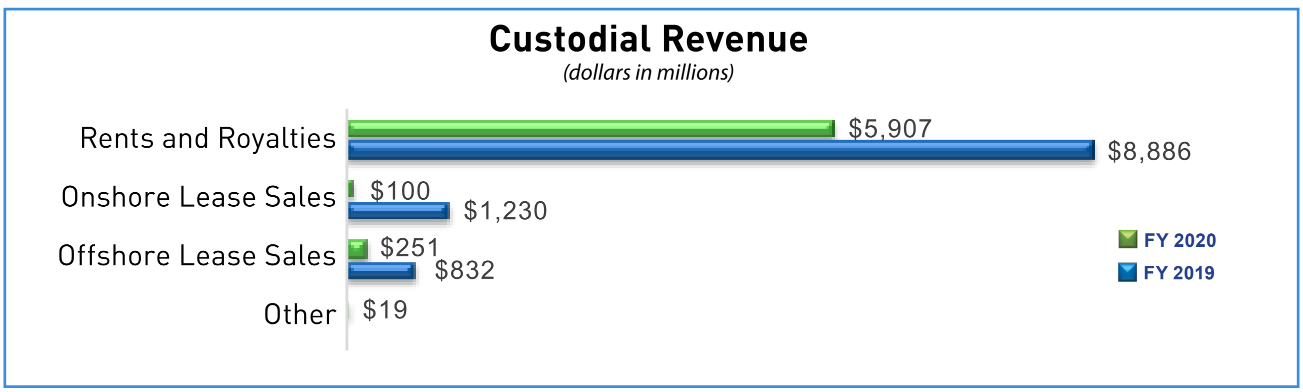
Analysis of Custodial Activity

FIGURE 42

Custodial Activity *(dollars in thousands)*	FY 2020	FY 2019	Increase/ (Decrease)	% Change
Rents and Royalties	$ 5,907,280	$ 8,885,891	$ (2,978,611)	-33.5%
Onshore Lease Sales	100,102	1,230,267	(1,130,165)	-91.9%
Offshore Lease Sales	251,380	831,525	(580,145)	-69.8%
Other	19,011	-	19,011	100%
Total Custodial Revenue	**$ 6,277,773**	**$ 10,947,683**	**$ (4,669,910)**	**-42.7%**

The DOI custodial activity, as shown in the table above and the chart below, primarily includes mineral leasing revenue collected by DOI resulting from OCS, onshore oil, gas, and mineral sales and royalties. This activity is considered to be revenue of the Federal Government as a whole and is therefore excluded from DOI's Statement of Net Cost. The FY 2020 decrease in custodial activity is attributable to lower oil and gas prices and the decrease of onshore oil, gas and coal lease sales.

FIGURE 43



Limitations of Financial Statements

The principal financial statements are prepared to report the financial position, financial condition, and results of operations, pursuant to the requirements of 31 U.S.C. § 3515(b). The statements are prepared from records of Federal entities in accordance with Federal generally accepted accounting principles (GAAP) and the formats prescribed by OMB. Reports used to monitor and control budgetary resources are prepared from the same records. Users of the statements are advised that the statements are for a component of the U.S. Government.

COVID-19 Summary

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act; P.L. 116-136) was signed into law. Division B of the Act provided the U.S. Department of the Interior $909.7M, which includes direct appropriations of $756 million to support the needs of DOI programs, bureaus, Indian Country, and Insular Affairs. The additional $153.7M was transferred from the Department of Education (DoED) to the Bureau of Indian Education (BIE) as provided in Section 18001 of P.L. 116-136. All funds provided are available until September 30, 2021.

The table below summarizes resource availability and obligations incurred through September 30, 2020.

FIGURE 44

(dollars in millions)	Resources Received	Obligations Incurred	Obligations Balance
Bureau of Indian Affairs			
Operations of Indian Programs	$ 453,000	$ 420,174	$ 32,826
Bureau of Indian Education			
Operation of Indian Education Programs	69,000	60,063	8,937
Operations of Indian Education Programs (Transfer from Education)	153,750	121,321	32,429
Bureau of Reclamation			
Policy & Administration	8,100	1,689	6,411
Water and Related Resources	12,000	5,079	6,921
Departmental Offices			
Central Utah Project	500	28	472
Office of the Inspector General	1,000	623	377
Office of Insular Affairs	55,000	42,628	12,372
Office of the Secretary	144,480	2,066	142,414
BLM *Allocation from Office of the Secretary*	3,753	1,388	2,365
FWS *Allocation from Office of the Secretary*	3,585	1,332	2,253
NPS *Allocation from Office of the Secretary*	5,317	1,858	3,459
Office of Wildland Fire Allocation from Office of the Secretary	265	241	24
Total	**$ 909,750**	**$ 658,490**	**$ 251,260**

As the DOI moves forward, Senior Executive Leaders will ensure cost-effective operations and quality service to the public, facilitate organizational cooperation and conflict resolution, ensure the workplace environment is conducive to employee productivity and safety, and hold individuals accountable for actions that violate our policies and requirements. The following are missions and goals that guide our leadership, management, and workforce:

- **Conserving our land and water** – The DOI is promoting collaborative conservation processes to redesign and improve its processes in ways that can best meet the varied uses of public lands. These improved processes will engage our state and local government partners, enhance inter-bureau coordination, and improve communication with our stakeholders. Taken as a whole, these efforts will result in better decisions more attuned to local conditions.

  Our Bureaus/Offices will use the best available scientific data, tools, techniques, and analyses provided by our researchers, our non-Federal Government partners, and the public to maintain and restore lands and waters and ensure that habitats support healthy fish and wildlife populations.

  We will use science to enhance public safety and identify best practices to manage land and water resources. We will improve land use planning processes and revise and streamline the environmental and regulatory review process to incorporate industry innovation, use the best science, and employ best practices to improve reliability, safety, and environmental stewardship. Collaborative conversation encourages state and Federal partnerships to enhance water conservation, storage, and distribution systems to expand capacity and foster relationships with conservation organizations advocating for balanced stewardship and use of public lands.

- **Generating revenue and utilizing our natural resources** – We are modernizing policies and leveraging science and technology to achieve energy security, promote responsible development of our Nation's vast energy resources, and expand production of both offshore and onshore conventional and renewable United States energy resources, consistent with the America First Energy Plan, and the Executive Order 13783, *Promoting Energy Independence and Economic Growth.*

  Utilizing our natural resources, we ensure American energy is available to meet our national security and economic development needs; ensure access to mineral resources, especially the critical and rare earth minerals needed for scientific, technological, or defense applications; refocus timber programs to embrace active forest management to promote healthy forests; reduce the risk of catastrophic wildfire; and responsibly manage the range.

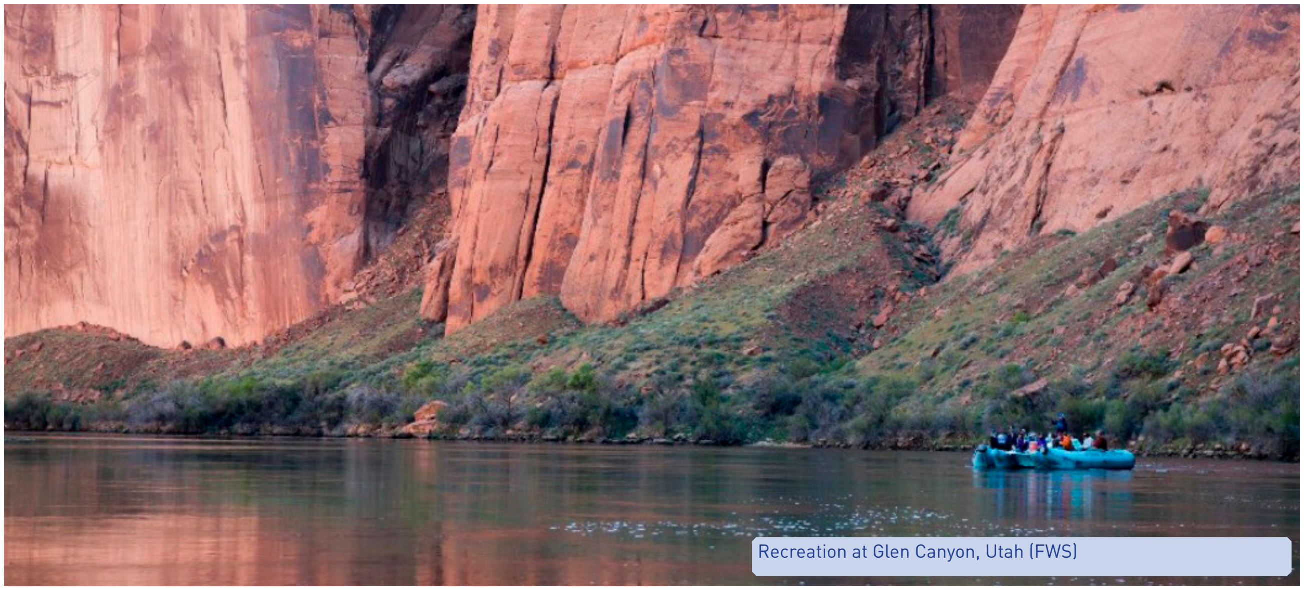
  Generating additional revenues to support DOI and National priorities, we ensure the public receives fair value for natural resources produced on Federal lands; fees or costs levied for our services are reasonable and designed to achieve cost recovery; and we consider the impact of our decisions on economic development and job creation.

- **Expanding outdoor recreation and access** – Secretarial Order 3356, *Hunting, Fishing, Recreational Shooting, and Wildlife Conservation Opportunities and Coordination with States, Tribes, and Territories*, was implemented in September, 2017. It promotes and expands hunting and fishing, enhances conservation stewardship, improves wildlife management, and increases outdoor recreation opportunities for all Americans. In addition, Secretarial Order 3356 gave greater priority to recruiting and retaining sportsmen and sportswomen conservationists, with an emphasis on engaging youth, veterans, minorities, and underserved communities that traditionally have low participation in outdoor recreation activities.

  There are 376 National Wildlife Refuges and wetland management districts open to hunting and 311 refuges and wetland management districts open to fishing. As practiced on refuges, hunting and fishing do not pose a threat to wildlife populations, and in some instances, are absolutely necessary for sound wildlife management. The harvesting of fish and wildlife on refuges is carefully regulated to ensure an appropriate balance between population levels and habitat quality. The FWS's National Fish Hatcheries continue to be a valuable tool in managing fisheries providing recreation opportunities to America's 36 million anglers who spend $46 billion annually in pursuit of their favored pastime.

- **Fulfilling our trust and insular responsibilities** – The DOI is strengthening the Nation-to-Nation relationship between the Federal Government and Tribal Nations because self-determination, sovereignty, self-government, and self-reliance are the tools that will enable Tribal Nations to shape their own destiny. Tribes have also benefitted through Public Law 93-638, *Indian Self-Determination and Education Assistance Act of 1975,* which authorized the Secretary of the Interior, the Secretary of Health and Human Services, and other select Government agencies to enter into contracts with, and make grants directly to, federally-recognized Indian tribes. Tribes contract with the Federal Government to operate programs serving their Tribal members and other eligible persons. Such contract examples include:

  - The Tribal Trust Asset Appraisal Services is responsible for appraisals, or value assessments as an important element to the many different types of trust land use agreements. Some of the transactions that require appraisals include commercial, industrial, recreational, and other leases; rights-of-way permits; land sales and land exchanges; grazing and range permits; and assessment of trespass damages. Tribes, or a consortium of tribes, can administer their own appraisal services through an agreement negotiated with DOI's Office of the Special Trustee for American Indians (OST).



Recreation at Glen Canyon, Utah (FWS)

- The Beneficiary Processes Program manages the accounts held in trust by the United States. OST is responsible for financial trust services such as collection of income, accurate accounting, disbursal of funds, and maintenance of current beneficiary information. These roles are managed by OST's Office of Trust Funds Management. Tribes, or a consortium of tribes, can contract or compact to assume a portion of the administration of Individual Indian Money financial trust services through an agreement negotiated with OST.

The DOI is responsible for reviewing, processing, and carrying out trust responsibilities to Native Americans in an efficient and accurate manner. In fulfilling fiduciary trust responsibilities, DOI provides timely and accurate management of Indian trust ownership information to beneficiaries and ensures adherence to Indian law and litigation settlements.

Restoring trust with local communities means being a better neighbor with those closest to our resources by improving dialogue and relationships with persons and entities bordering our lands and improving the lines of communication with governors, state natural resource agencies, regional water authorities, county governments, Tribes, and local citizens. Finishing the relocation of many people in BLM's headquarters to various locations in the West will go a long way to improve communications with our stakeholders.

Ensuring sovereignty means we support Tribal self-determination, self-governance, and sovereignty. We also pursue and reinforce mutual interests between the U.S. and the freely associated states and territories.

- **Protecting our people and the border** – We place a high priority on safety, security, and preparedness, and will uphold our responsibilities for protecting lives, natural and cultural resources, and property through a wide variety of program areas, including law enforcement, health and safety, security, and emergency management. We emphasize achieving public and visitor compliance with applicable laws and regulations by educating people on voluntary compliance while taking measured enforcement actions as necessary.

The Administration continues to emphasize achieving a more secure Southern border. As such, our law enforcement officers work in partnership with the U.S. Customs and Border Patrol, Immigration and Customs Enforcement, Drug Enforcement Agency, and Tribal, state and local governments to address the inflow of illegal immigration, gun and drug trafficking, and to mitigate the environmental impacts on our lands associated with these activities. In addition, OWF shares wildfire management responsibilities with Mexico along our southern border.

- **Modernizing our organization and infrastructure for the next 100 Years** – The DOI has a proud history spanning 171 years of exemplary service to the American people. To prepare for the next 100 years, the Secretary is modernizing the way we do business to better manage America's natural resources.

We have therefore established 12 DOI regions applicable to all our Bureaus except for BIA and BIE. How these two entities may ultimately relate to the new regions is the subject of ongoing conversations with the Tribes. DOI regions provide the framework for DOI's next 100 years of service. The new regions each now enjoy the presence of a Field Special Assistant, appointed by the Secretary, to improve inter-bureau coordination at the regional level and work with a regional team of career Bureau Senior Executives so that better and more timely decisions are made by our leaders who are closer to the people and resources affected by the decision.

After the 12 DOI regions were established in FY 2018, we refined this concept throughout FY 2019, and continued to address administrative and information technology system details in FY 2020. Our continuing focus in FY 2021 and beyond is on improving overall efficiency and effectiveness, internal communications, customer service, and stakeholder engagement. Shared administrative services continues to be a useful strategy to stretch our budgets to deliver the greatest mission value.

The DOI is aggressively addressing the challenges Bureaus face regarding the management of grants, cooperative agreements, and Tribal awards. We are pursuing new regulatory and policy initiatives to achieve strong internal controls. In FY 2020, we began to implement a robust new technology that will improve transparency and accountability to ensure that Federal financial assistance programs are properly executed and managed. The software, called GrantSolutions, is an interagency solution provided by the Department of Health and Human Services. It will provide beginning-to-end grants management that greatly improves our ability to understand how our financial assistance programs relate to our mission, achieve Congressional goals, and reduce administrative burden.

Modernizing our DOI infrastructure is a priority that aligns perfectly with the President's broader initiative to modernize U.S. infrastructure. We will remove impediments to infrastructure development and facilitate infrastructure projects needed to serve the American public.

Through thoughtful stewardship, DOI will ensure that America's natural treasures – the lands and waters of the United States – are conserved for the benefit, use, and enjoyment of current and future generations. The DOI is committed to using the best modern natural resource management techniques, science, technology and engineering, and efficient decision-making processes. The Bureaus/Offices will focus on developing robust partnerships, improving land use planning to ensure balanced stewardship, and practicing prudent use of the public lands.


Apache performers, Great Sand Dunes National Park, Colorado (NPS)

SECTION 2

Financial Information

Scott J. Cameron
Acting Assistant Secretary for Policy, Management and Budget

We are pleased to present the (FY) 2020 Department of the Interior (DOI, the Department) Agency Financial Report. DOI's mission is vast in both economic and physical terms, and we embrace the fact that sound financial management is a cornerstone of effective and efficient stewardship over the resources for which we are responsible. Only with effective financial management can DOI ensure it accomplishes its mission and goals and ensure the American public that we are effectively utilizing the resources we are provided.

Tonya R. Johnson
Deputy Chief Financial Officer

In April 2020, Scott J. Cameron assumed the role of Acting Assistant Secretary for Policy, Management and Budget. Mr. Cameron has a degree in biology from Dartmouth College, and an MBA from Cornell University. He is an elected Fellow of the National Academy of Public Administration. Scott has 41 years of experience working inside and around the federal government and worked on the Transition Team for President Trump as part of the Landing Team and then the Beachhead Team for the Department of the Interior. He subsequently served as the Department of the Interior's Acting Assistant Secretary for Water and Science.

Tonya R. Johnson is currently the Deputy Chief Financial Officer (DCFO) and Director of the Office of Financial Management (PFM) for the Department of the Interior. As the DCFO and Director of PFM she serves as a primary advisor to the Assistant Secretary for Policy, Management and Budget, and the Deputy Assistant Secretary (Budget, Finance, Grants & Acquisition). Ms. Johnson holds a Master of Accountancy with a concentration in Forensic Accounting from Strayer University; MBA from the University of Maryland; a Bachelor of Science in Accounting, a former Norfolk State University Spartan and is a graduate of the John F. Kennedy School of Government, Harvard University Senior Fellows.

The following highlights some of our major accomplishments during the FY 2020 period:

- Implemented a new Financial Management Policy Portal (FMPP). This web-based portal was created to enhance access and collaboration in the development of new and updated DOI financial management policies, including Financial Management Memorandums (FMM), Financial Management Handbooks, and Procedural Guidances. The FMPP provides DOI Stakeholders with an online resource to initiate, draft, edit, and locate DOI financial management policies.
- Launched our innovative internal control activities to advance fraud awareness and data analytics within and across the Department to successfully prevent, detect, and respond to fraud. In December 2020, all financial office users will be required to take the electronic annual fraud training.
- Supported the Government-wide initiative on Robotic Process Automation (RPA), a business process automation technology that automates manual tasks that arc largely rules based, structured and repetitive using

software robots. DOI created and launched a robot known as BOB "the Closer" to address our year end de-obligations. BOB "the Closer" drafted 1,256 de-obligation actions. The Contracting Officers acted upon 307 of them, de-obligating nearly $300K.

- Redefined and established a partnership within the Department to advance the achievement of the Department's Risk Management and Internal control strategies for reporting and compliance risks related to U.S. Government Accountability Office audits.
- Closed and implemented 188 of 215 recommendations received from the Office of the Inspector General (OIG) and Government Accountability Office (GAO). These audit recommendation closures represent 87 percent of FY 2020 total OIG and GAO recommendations.
- Implemented a new Grants software - GrantsSolutions. This migration increases the standardization of business processes across all non-Indian Self Determination and Education Assistance financial assistance programs, increasing data quality and transparency into the award and post award actions for over $1B in FY20 awards from U.S. Fish and Wildlife Service, Bureau of Ocean Energy Management and Bureau of Safety and Environmental Enforcement and to eventually $4B annually when all bureaus are migrated in FY21.

Our success continues to be recognized through the Association of Government Accountants (AGA) awarding DOI our 18th Certificate of Excellence in Accountability Reporting (CEAR) for our FY 2019 Agency Financial Report.

We are proud of our hard-working employees' accomplishments at DOI. We remain steadfast and committed to making greater financial management improvements. Our accomplishments during FY2020 have resulted in a cultural transformation across DOI. At every level, we are committed to be a proactive, cost-effective organization that is transparent and accountable for the programs we deliver. Ultimately, our efforts will result in setting the highest achievable standard of excellence in managing taxpayers' dollars.

Scott J. Cameron

Acting Assistant Secretary for Policy,
Management and Budget

November 16, 2020

Tonya R. Johnson

Deputy Chief Financial Officer and
Director, Office of Financial Management

November 16, 2020

OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

NOV 16 2020

Memorandum

To: Secretary Bernhardt

From: Mark Lee Greenblatt
Inspector General

Subject: Independent Auditors' Report on the U.S. Department of the Interior's Financial Statements for Fiscal Years 2020 and 2019
Report No. 2020-FIN-028

This memorandum transmits the KPMG LLP (KPMG) auditors' report of the U.S. Department of the Interior's (DOI) financial statements for fiscal years (FYs) 2020 and 2019. The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires the DOI Inspector General, or an independent external auditor as determined by the Inspector General, to audit the DOI's financial statements.

Under a contract issued by the DOI and monitored by the Office of Inspector General, KPMG, an independent public accounting firm, audited the DOI's financial statements for the FYs that ended September 30, 2020 and 2019. The contract required that the audit be performed in accordance with U.S. generally accepted government auditing standards, Office of Management and Budget audit guidance, and the Government Accountability Office/Council of the Inspectors General on Integrity and Efficiency *Financial Audit Manual*.

In its audit, KPMG reported:

- The financial statements were fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles
- One material weakness and four significant deficiencies in internal controls over financial reporting:
  - *Material Weakness*
    1. Controls over financial reporting
  - *Significant Deficiencies*
    1. Controls over construction in progress
    2. Controls over journal entries

3. General information technology controls

4. Entity-level controls

- No instances in which the DOI's financial management systems did not comply substantially with the requirements of the Federal Financial Management Improvement Act of 1996 (FFMIA)

- No reportable noncompliance with provisions of laws tested or other matters

In connection with the contract, we reviewed KPMG's reports and related documentation and inquired of its representatives. Our review, as differentiated from an audit of the financial statements in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, opinions on the DOI's financial statements, conclusions about the effectiveness of internal control over financial reporting, or conclusions on whether the DOI's financial management systems substantially complied with the three FFMIA requirements or whether the DOI complied with laws and other matters. KPMG is responsible for the attached auditors' report dated November 16, 2020, and the conclusions expressed therein. Our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, inspection, and evaluation reports issued; actions taken to implement the recommendations; and recommendations that have not been implemented.

We appreciate the courtesies and cooperation extended to KPMG and our staff during this audit. If you have any questions regarding this report, please contact me at 202-208-5745.

Attachment

KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Auditors' Report

Secretary and Inspector General
U.S. Department of the Interior:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. Department of the Interior (the Department), which comprise the consolidated balance sheets as of September 30, 2020 and 2019, and the related consolidated statements of net cost, changes in net position, and custodial activity, and combined statements of budgetary resources for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, in accordance with the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and in accordance with Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the U.S. Department of the Interior as of September 30, 2020 and 2019, and its net costs, changes in net position, budgetary resources, and custodial activity for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Interactive Data

Management has elected to reference to information on websites or other forms of interactive data outside the Agency Financial Report to provide additional information for the users of its financial statements. Such information is not a required part of the basic consolidated financial statements or supplementary information required by the Federal Accounting Standards Advisory Board. The information on these websites or the other interactive data has not been subjected to any of our auditing procedures, and accordingly we do not express an opinion or provide any assurance on it.

Required Supplementary Information

U.S. generally accepted accounting principles require that the information in the Management's Discussion and Analysis and Required Supplementary Information sections be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Federal Accounting Standards Advisory Board who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audits of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The *Introduction, Office of Inspector General's Transmittal, Other Information,* and *We Would Like to Hear From You* sections are presented for purposes of additional analysis and are not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements as of and for the year ended September 30, 2020, we considered the Department's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Department's internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying Exhibit I, we did identify certain deficiencies in internal control that we consider to be a material weakness and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Exhibit I as item A to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Exhibit I as items B, C, D and E to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Department's consolidated financial statements as of and for the year ended September 30, 2020 are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

We also performed tests of its compliance with certain provisions referred to in Section 803(a) of the *Federal Financial Management Improvement Act of 1996* (FFMIA). Providing an opinion on compliance with FFMIA was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances in which the Department's financial management systems did not substantially comply with the (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Department's Responses to Findings

The Department's responses to the findings identified in our audit are described as a separate attachment titled *Management's Response to Independent Auditors' Report for Fiscal Year (FY) 2020 (Assignment No. 2020-FIN-028)*. The Department's responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the responses.

Purpose of the Other Reporting Required by Government Auditing Standards

The purpose of the communication described in the Other Reporting Required by *Government Auditing Standards* section is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Department's internal control or compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Washington, D.C.
November 16, 2020

Exhibit I

Internal control is a dynamic process used by management to achieve its objectives and an effective internal control system helps an entity adapt to shifting environments, evolving demands, changing risks, and new priorities. As programs change and entities strive to improve operational processes and implement new technology, management must identify the potential risks that would prevent them from achieving their objectives and continually evaluate its internal control system so that it is effective and updated when necessary. As such, management is expected to perform ongoing monitoring activities as part of the normal course of operations to ensure the controls are continuing to operate to mitigate the identified risks.

During fiscal year (FY) 2020, the Department initiated the implementation of corrective action plans to address internal control weaknesses and strengthen internal control. Although the Department made some progress in certain financial management and reporting areas, deficiencies remain in certain areas of financial reporting, construction in progress, journal entries, general information technology controls, and entity level controls that highlighted the need for improved financial management and reporting review at the Department. Additional remediation efforts are scheduled to continue in FY 2021.

MATERIAL WEAKNESS

A. Controls over Financial Reporting

Conditions

The Department's controls over the preparation and compilation of its financial statement disclosures were not designed, implemented or operating effectively to appropriately prevent, or detect and correct misclassification errors in certain financial statement disclosures. The Department needs to strengthen controls surrounding the implementation of new disclosure requirements issued by the Office of Management and Budget (OMB). Specifically, the following controls were not designed, implemented or operating effectively:

- The configuration of the financial reporting module in the financial management system was not initially designed to ensure the Department had all the data attributes needed to respond to new OMB disclosure requirements;
- Controls over validity and completeness of certain data attributes, input at the bureau level into the financial management system, were not operating effectively; and
- Review controls over the preparation of the Department's financial statements and related disclosures were not operating effectively.

These control weaknesses resulted in a misclassification error of approximately $2.35 billion in the allocation of eliminations included in the *Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process* note disclosure.

As a result of our observations, the Department made the necessary corrections to its year-end financial statement to ensure the disclosure noted above was presented fairly, in all material respects, and in accordance with all applicable OMB requirements. We consider these deficiencies to be a material weakness in internal control.

Criteria

- Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book) Principle 9, 12, 16, 17 – *Identify, Analyze, and Respond to Change; Implement Control Activities; Perform Monitoring Activities; and Evaluate Issues and Remediate Deficiencies*.
- OMB Circular No. A-136, *Financial Reporting Requirements*

Cause and Effect

In FY 2020, OMB issued new reporting disclosure requirements, which became effective late in the fiscal year. The lack of appropriate risk assessment procedures in place to timely identify, analyze, and respond to significant changes to OMB Circular No. A-136 *Financial Reporting Requirement* coupled with a limitation in the financial management system configuration forced the Department to heavily rely on extensive manual processes to comply with some of the new OMB disclosure requirements. This took a significant level of effort and inevitably resulted in misclassification error to the *Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process* note disclosure that were not detected during internal control reviews.

Without financial reporting controls designed, implemented and operating effectively, the Department is exposed to an increased risk that material misstatements in its financial statements and related note disclosures would be neither prevented nor detected and corrected, in a timely manner.

Recommendations

We recommend that the Department and the bureaus enhance internal control over financial reporting as follows:

1. Strengthen the process for analyzing changes in accounting standards, financial reporting requirements, laws and regulations, and appropriately respond to ensure effective steps and controls over financial reporting are implemented and documented in a timely manner.
2. Based on analysis of the changes in accounting standards; financial reporting requirements; laws and regulations, implement modifications to the financial management and reporting systems, as appropriate.
3. Bureaus should develop and implement controls to ensure all data attributes needed to comply with OMB, Treasury and other regulatory guidance are accurately captured in the financial management system.
4. Bureaus should develop and implement monitoring controls to ensure the validity, accuracy and completeness of relevant data attributes to comply with OMB, Treasury and other regulatory guidance.
5. Perform proper monitoring procedures to ensure that Department-wide controls over financial reporting are effective.
6. Strengthen review controls over financial disclosure packages.

SIGNIFICANT DEFICIENCIES

B. Controls over Construction in Progress

During fiscal year 2020, the Department continued implementing corrective action plans to address long-standing internal control weaknesses by strengthening internal controls over Construction in Progress (CIP). Although the Department made progress, an internal control deficiency remains in certain areas of accounting and reporting of CIP, as outlined below. The Department indicated that additional remediation is scheduled to continue in FY 2021.

Condition

The Department reported $2.5 billion as CIP, as of September 30, 2020. Controls were not properly designed, implemented or operating effectively to ensure that completed CIP projects were transferred to property, plant, and equipment (PP&E) in a timely manner. Specifically, we noted approximately $14.5 million of completed projects were not transferred from CIP into the associated completed PP&E account in a timely manner.

Exhibit I

Criteria

- GAO Green Book Principle 4 and 10 – *Demonstrate Commitment to Competence and Design Control Activities.*
- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control, Section IV, Assessing Internal Control.*
- Reclamation Manual Directives and Standards FIN 07-24, *Assets Under Construction.*

Cause and Effect

Bureaus within the Department often construct assets on behalf of another bureau and, upon completion, transfer the asset to the bureau who will retain the asset's title. Existing accounting processes and procedures rely on timely acceptance by the receiving bureau. When common operational acceptance delays occured, the Department did not have accounting processes and procedures in place to properly account for the transfer of completed and operable assets from CIP to PP&E, which resulted in presentation errors in the consolidated financial statements. Additionally, Project Managers (PMs) were not held accountable to accurately report on the status of construction projects and, as such, were not providing consistent and timely updates as to a project's status. If left un-remediated, these conditions continue to present an increased risk that errors in PP&E will not be prevented, or detected and corrected, by the Department's management in the normal course of performing their assigned functions.

Recommendations:

We continue to recommend that the Department and bureaus enhance internal control over general property, plant, and equipment as follows:

1. Develop procedures for circumstances where bureaus are unable to transfer a completed asset due to delays in acceptance.
2. Develop a resolution process for any completed asset transfer disputes between bureaus to ensure key data elements of the PP&E note disclosure are complete and accurate.
3. Develop and implement oversight processes to ensure that PMs are adequately documenting the status of construction projects and are adhering to accounting policies and procedures.
4. Improve training and supervision for all PMs and property accountants on matters affecting the financial statements, including adhering to accounting policies and procedures.
5. Improve quarterly communication within the Department when transfer scenarios involving completed assets impact the PP&E note disclosure.

C. Controls over Journal Entries

Conditions

To support financial reporting operational requirements across all bureaus, the Department established an internal control framework over the review, aggregation and posting of journal entries. This framework consists of a combination of configuration controls embedded in the Department's financial management reporting system and a Department-wide policy for dealing with manual journal entry policies to ensure the proper level of segregation of duties. Although the Department established the framework noted above, controls over the design of the Department-wide policy over manual journal entries still need to be strengthened. Specifically, we noted the following weaknesses in the design and implementation of the Department-wide policy over manual journal entries:

- The policy did not describe the Department-wide risks that need to be addressed by each bureau;
- The policy delegated the responsibility to each bureau to determine which transactions are manual in nature. As a result, each bureau defined manual journal entries differently; and
- Bureaus did not apply the appropriate segregation of duties requirements outlined in the Department's policy in a consistent manner.

Criteria

- GAO Green Book Principles 10, 13, 16 and 17 – Design Control Activities; Use Quality Information; Perform Monitoring Activities; and Evaluate Issues and Remediate Deficiencies, respectively.

Cause and Effect

The Department had not fully completed and documented a comprehensive risk assessment surrounding different types of journal entries, the completeness and accuracy of manual journal entries, and bureau requirements for addressing identified risks. To ensure that the risk assessment referred to above is comprehensive, the Department planned for certain system configuration changes to its financial management system; however, these changes were not planned to be completed until fiscal year 2021. Insufficiently designed, implemented and operated journal entry policies increase the risk that manual entries are not be appropriately prepared, reviewed, approved and/or recorded within the Department's financial management system.

Recommendations

We recommend that the Department enhance internal controls over manual journal entries as follows:

1. Perform a root cause analysis to determine how deficiencies in the manual journal entry process occurred and perform proper monitoring procedures to fully implement the corrective action plans developed and ensure issues are fully remediated within six months of the issuance of the final auditor's report.
2. Complete documentation surrounding the risk assessment over the system document types and to help determine which document types are manual entries versus automated transactions.
3. Within the financial management reporting system, correct areas where automated entries and manual entries are not configured properly and/or overlap.
4. Enable system segregation of duty capabilities for all identified manual journal entries and implement system configuration changes timely.
5. Develop formal communication of the Department's risk assessment over journal entries and requirements for bureaus to address the risks identified.
6. Issue an updated journal entry policy standardizing the manual journal entry process across the entire Department.

We recommend that bureaus enhance internal controls over manual journal entries as follows:

1. Provide sufficient training and resources to employees involved in the manual journal entry control process.
2. Implement more robust processes for tracking and properly documenting the preparation and posting of manual journal entries that align with the Department's journal entry policy to ensure segregation of duties are completed in the correct order and in a timely manner.
3. Implement and enforce a more detailed periodic review over manual journal entry logs.

Exhibit I

D. General Information Technology Controls

Effective controls over access to programs and system data are implemented to prevent unauthorized users from performing tasks not assigned to them and to log and monitor unscrupulous, unauthorized, or inappropriate activity that could compromise the confidentiality, integrity, and availability of the data residing in information systems.

In FY 2020, we continued to note weaknesses in information technology (IT) controls designed to protect the Department's financial management systems, as required by OMB Circular No. A-130 (Revised), *Management of Federal Information Resources*. Although the Department made progress in certain areas relating to IT controls over financial management systems, deficiencies remain in IT controls over access to programs and data.

Conditions

The Department did not properly address previously identified system control deficiencies to ensure they were remediated in FY 2020. Specifically, the Department did not adequately document and properly implement key control activities in the operating system layer related to system account access and segregation of duties. Additionally, terminated users' system access privileges were not consistently disabled and/or removed prior to the off-boarded employees' last day at the Department.

Furthermore, the Department was unable to provide sufficient audit documentation to support the performance of control activities over the review of system application security audit logs and operating system patch testing.

Criteria

- GAO Green Book Principles 3, 5, 6, 10, 11, 14 and 16 – Establish Structure, Responsibility, and Authority; Enforce Accountability; Define Objectives and Risk Tolerances; Design Control Activities; Design Activities for the Information System; Communicate Internally; and Perform Monitoring Activities, respectively.
- Department of the Interior *Security Control Standard, Audit and Accountability*, version 4.1 (September 2016)
- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, provides specific requirements for assessing and reporting on controls in the federal government

Cause and Effect

The Department did not properly communicate protocols to accurately delineate responsibilities and ensure control activities, such as the periodic review for conflicts with segregation of duties and least privilege review, were appropriately performed. Furthermore, Department policies and procedures requiring timely removal of terminated users from the Department's network and financial system access were not routinely followed. The Department also did not design a process with a sufficient audit trail to document the reviews of security audit log. Additionally, while the Department developed corrective action plans to address prior year control findings, the plans were not adequately designed to fully remediate deficiencies. Inadequately designed, implemented, and documented system controls increase the risk of inappropriate access to system infrastructure and financial data integrity.

Recommendations

We recommend that the Department increase its emphasis on formally developing and maintaining effective IT controls to reduce the risks posed to the integrity of the Department's financial information. Specifically, the Department should:

1. Perform a root-cause analysis to determine why certain prior year control deficiency conditions were overlooked during the corrective action plan development process to remediate prior year control findings.
2. Sufficiently document IT control activities to clearly articulate roles and responsibilities of control owners.
3. Review and strengthen the process documentation to ensure operating system access controls are properly designed and ensure such documentation addresses how controls mitigate related risks.
4. Enforce policies and the timeline by which a terminated user's access is removed, including collection of Personal Identity Verification (PIV) and/or laptop collection and removal of access within the system.
5. Revise and implement procedures to generate and retain appropriate documentation to support the consistent performance of control activities and maintain an appropriate audit trail.
6. Formalize communications across the Department and implement adequate monitoring procedures to ensure that control responsibilities are discharged properly and consistently. Monitoring procedures should also verify that control activity documentation is created and properly retained.

E. Entity-Level Controls

Conditions

The control environment sets the tone of an organization by influencing the control consciousness of its personnel. It is also the foundation for all components of internal control, providing discipline and structure. The GAO *Standards of Internal Control for Federal Government* state that an effective internal control system requires each of its five components, including control environment; risk assessment; control activities; information and communications; and monitoring to be effectively designed, implemented, and operating together in an integrated manner.

During fiscal year 2020, the Department worked on implementing corrective action plans to address internal control weaknesses and strengthen its entity level controls. Although the Department made progress, the Department needs to continue to address deficiencies in its entity-wide control environment components of Risk Assessment and Monitoring. As we reported in the previous fiscal year, we continued to observe entity-wide control environment conditions, which contributed to the deficiencies noted above, as follows:

- The Department did not appropriately identify, analyze, and respond to significant changes in applicable financial reporting requirements which impacted its' internal control system and resulted in significant misstatements as outlined in our finding A above (Risk Assessment).
- The Department operated with several outdated policies and procedures related to financial reporting and accounting operations (Risk Assessment).
- The Department failed to monitor key controls to ensure effectiveness throughout the financial reporting process including reviews of journal vouchers, property, plant, and equipment (PP&E), and general information technology (IT) controls as outlined in our findings B, C and D above (Monitoring).
- The Department continued to experience repeat control deficiencies, highlighting the need to strengthen controls over the preparation and evaluation of corrective action plans to ensure the successful evaluation and remediation of control deficiencies (Monitoring).
- Controls over the planning and execution of Department-wide monitoring control program and processes needed to be strengthen (Monitoring).

Exhibit I

Criteria

- GAO Green Book Principles 7, 9, 16 and 17- *Identify, Analyze, and Respond to Risks*; *Identify, Analyze, and Respond to Change; Perform Monitoring Activities; and Evaluate Issues and Remediate Deficiencies,* respectively.

Recommendations

We continue to recommend that the Department perform an assessment of its entity level controls, and improve controls over risk assessment and monitoring as follows:

1. Timely update Department policies, procedures and guidance to effectively address changes to standards, laws and regulations.
2. Implement key monitoring controls to ensure control effectiveness throughout the financial reporting process and develop robust policies and procedures to increase oversight, review, and accountability of accounting events at the bureau level to ensure the successful implementation of an effective internal control environment.
3. Continually monitor and reevaluate whether corrective action plans applied were effective. The Department should consider whether implementing financial auditors' recommendations is enough to close a corrective action plans, or if there is a need to employ additional remedies to fix a control deficiency. As such, the Department should perform an independent root cause analysis during the corrective action plans development process to gain an in-depth understanding of what caused the control deficiency and to ensure corrective actions are complete and will fully remediate the issues. Furthermore, require CAPs to assist in tracking, evaluating, and correcting internal control findings and recommendations from all audits and reviews (i.e., from the OIG, GAO or their own internal control monitoring framework).
4. Perform an evaluation of the Department's entity level controls and determine if each of the GAO Green Book components and principles have been addressed by the entity level controls that have been put in place by the Department.

United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

Memorandum

To: Mr. Mark Lee Greenblatt
Inspector General
U.S. Department of the Interior
Office of 1nspector General
1849 C Street, NW
Washington, DC 20240

From: Scott J. Cameron,
Acting Assistant Secretary for Policy, Management and Budget (PMB)

Scott J. Cameron

Digitally signed by SCOTT CAMERON
Date: 2020.11.10 16:34:38 -05'00'

Tonya R. Johnson
Deputy Chief Financial Officer (DCFO) and
Director, Office of Financial Management (PFM)

TONYA JOHNSON

Digitally signed by TONYA JOHNSON
Date: 2020.11.10 16:31:30 -05'00'

Subject: Management's Response to Independent Auditors' Report for Fiscal Year (FY) 2020 (Assignment No. 2020-FIN-028)

The Department of the Interior (DOI) reviewed the Auditor's Report prepared by KPMG LLP. We are proud of the Department's success in achieving an unmodified audit opinion for our FY 2020 consolidated financial statements.

For FY 2020, the Department received a material weakness related to the Office of Management and Budget (OMB) A-136, Financial Reporting Requirements, Note 44. We also acknowledge four significant deficiencies. We agree with your recommendations and will focus on necessary corrective actions to address each of the issues.

In closing, we would like to thank your office for providing critical information needed for the DOI to improve and sustain a strong internal control environment. We are committed to the continuous improvement of our financial management activities, and your efforts are directly in support of that commitment.

The DOI's financial statements have been prepared to report the financial position, results of operations, net position, budgetary resources, and custodial activity of DOI pursuant to the requirements of the *CFO Act*, GMRA, and OMB Circular No. A-136. The statements have been prepared in accordance with GAAP as outlined by FASAB.

The responsibility for the integrity of the financial information included in these statements rests with DOI's management. The audit of DOI's principal financial statements was performed by an independent certified public accounting firm selected by DOI's OIG. The auditors' report, issued by the independent certified public accounting firm, is included in Section 2, Financial Information, of this report.

A brief description of the nature of each required financial statement is listed below.

Consolidated Balance Sheet

The Balance Sheet presents amounts of current and future economic benefits owned or managed by DOI (assets), amounts owed by DOI (liabilities), and residual amounts which comprise the difference (net position).

Consolidated Statement of Net Cost

The Statement of Net Cost presents the net cost of operations by mission area as defined in the DOI Strategic Plan applicable to the current reporting period.

Consolidated Statement of Changes in Net Position

The Statement of Changes in Net Position reports the change in net position during the reporting period, which results from changes to Unexpended Appropriations and Cumulative Results of Operations.

Combined Statement of Budgetary Resources

The Statement of Budgetary Resources provides information about how budgetary resources were made available and their status at the end of the period. It is the only financial statement derived entirely from the budgetary general ledger accounts.

Statement of Custodial Activity

The Statement of Custodial Activity identifies revenues collected by DOI on behalf of others. Custodial Revenue is comprised of royalties, rents, bonuses, and other receipts for Federal oil, gas, and mineral leases. Proceeds are distributed to the General Fund of the Treasury, Federal agencies, states, and coastal political subdivisions.

Testing offshore drilling safety equipment. (BSEE)

FIGURE 45

Consolidated Balance Sheet
as of September 30, 2020 and 2019

(dollars in thousands)	FY 2020		FY 2019	
ASSETS (Note 8)				
Intragovernmental Assets:				
Fund Balance with Treasury (Note 2)	$	63,066,415	$	60,785,350
Investments, Net (Note 3)		10,271,620		9,884,781
Accounts and Interest Receivable		1,660,217		1,619,268
Other		21,187		12,993
Total Intragovernmental Assets	**$**	**75,019,439**	**$**	**72,302,392**
Cash		372		399
Accounts and Interest Receivable, Net (Note 4)		6,859,431		7,643,237
Loans and Interest Receivable, Net (Note 5)		43,620		49,725
Inventory and Related Property (Note 6)		43,079		47,940
General Property, Plant, and Equipment, Net (Note 7)		22,224,768		21,941,591
Other		218,524		186,468
TOTAL ASSETS	**$**	**104,409,233**	**$**	**102,171,752**
Stewardship PP&E (Note 9)				
LIABILITIES (Note 14)				
Intragovernmental Liabilities:				
Accounts Payable	$	702,418	$	701,854
Debt (Note 10)		37,163		41,767
Other:				
Liability for Capital Transfers to the General Fund (Note 11)		1,527,832		1,513,004
Advances and Deferred Revenue		558,837		363,374
Custodial Liability		674,387		1,124,658
Judgment Fund Liability		1,240,356		1,222,076
Other Miscellaneous Liabilities		547,618		501,497
Total Intragovernmental Liabilities	**$**	**5,288,611**	**$**	**5,468,230**
Accounts Payable		1,141,922		1,017,830
Loan Guarantee Liability (Note 5)		63,881		133,379
Federal Employee and Veteran Benefits (Note 12)		1,209,624		1,312,567
Environmental and Disposal Liabilities (Note 13)		988,111		920,885
Other:				
Contingent Liabilities (Note 13)		154,504		174,929
Trust Land Consolidation Program Liability		165,501		264,995
Advances and Deferred Revenue		1,194,539		979,341
Payments Due to States		711,580		992,194
Grants Payable		526,127		427,153
Other Miscellaneous Liabilities		1,358,217		1,135,844
TOTAL LIABILITIES	**$**	**12,802,617**	**$**	**12,827,347**
Commitments and Contingencies (Notes 13 and 15)				
NET POSITION (NOTE 16)				
Unexpended Appropriations - Funds from Dedicated Collections (Note 16)		1,199,276		1,227,732
Unexpended Appropriations - All Other Funds		9,295,156		8,110,163
Cumulative Results of Operations - Funds from Dedicated Collections (Note 16)		71,736,459		73,708,275
Cumulative Results of Operations - All Other Funds		9,375,725		6,298,235
TOTAL NET POSITION	**$**	**91,606,616**	**$**	**89,344,405**
TOTAL LIABILITIES AND NET POSITION	**$**	**104,409,233**	**$**	**102,171,752**

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

FIGURE 46

Consolidated Statement of Net Cost
for the years ended September 30, 2020 and 2019

(dollars in thousands)	FY 2020	FY 2019
Conserving Our Land and Water		
Gross Costs	$ 7,320,142	$ 6,595,139
Less: Earned Revenue	1,033,569	1,141,614
Net Cost	6,286,573	5,453,525
Generating Revenue & Utilizing Our Natural Resources		
Gross Costs	3,041,800	4,036,843
Less: Earned Revenue	648,370	434,083
Net Cost	2,393,430	3,602,760
Expanding Outdoor Recreation and Access		
Gross Costs	1,755,568	1,732,323
Less: Earned Revenue	411,376	523,523
Net Cost	1,344,192	1,208,800
Fulfilling Our Trust & Insular Responsibilities		
Gross Costs	3,696,702	3,428,933
Less: Earned Revenue	353,355	345,368
Net Cost	3,343,347	3,083,565
Protecting Our People and the Border		
Gross Costs	2,131,175	2,243,373
Less: Earned Revenue	156,524	221,372
Net Cost	1,974,651	2,022,001
Modernizing Our Organization & Infrastructure for the Next 100 Years		
Gross Costs	1,484,642	1,236,170
Less: Earned Revenue	137,314	147,908
Net Cost	1,347,328	1,088,262
Reimbursable Activity and Other		
Gross Costs	6,025,608	4,378,471
Less: Earned Revenue	1,903,607	2,035,044
Net Cost	4,122,001	2,343,427
TOTAL		
Gross Costs	25,455,637	23,651,252
Less: Earned Revenue	4,644,115	4,848,912
Net Cost of Operations (Notes 17 and 19)	**$ 20,811,522**	**$ 18,802,340**

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

FIGURE 47

Consolidated Statement of Changes in Net Position

for the years ended September 30, 2020 and 2019

(dollars in thousands)	FY 2020 Combined Funds from Dedicated Collections (Note 16)	FY 2020 Combined All Other	FY 2020 Eliminations	FY 2020 Consolidated	FY 2019 Combined Funds from Dedicated Collections (Note 16)	FY 2019 Combined All Other	FY 2019 Eliminations	FY 2019 Consolidated
UNEXPENDED APPROPRIATIONS								
Beginning Balance	$ 1,227,812	$ 8,110,360	$ (277)	$ 9,337,895	$ 1,036,701	$ 7,130,584	$ (277)	$ 8,167,008
BUDGETARY FINANCING SOURCES								
Appropriations Received, General Funds	402,777	16,869,390	-	17,272,167	488,104	13,953,474	-	14,441,578
Appropriations Transferred In/(Out)	(500)	198,868	-	198,368	-	74,819	-	74,819
Appropriations - Used	(431,233)	(15,778,022)	-	(16,209,255)	(296,003)	(12,960,737)	-	(13,256,740)
Other Adjustments	-	(104,743)	-	(104,743)	(990)	(87,780)	-	(88,770)
Net Change	(28,956)	1,185,493	-	1,156,537	191,111	979,776	-	1,170,887
Ending Balance - Unexpended Appropriations	$ 1,198,856	$ 9,295,853	$ (277)	$ 10,494,432	$ 1,227,812	$ 8,110,360	$ (277)	$ 9,337,895
CUMULATIVE RESULTS OF OPERATIONS								
Beginning Balance	$ 75,802,267	$ 4,203,966	$ 277	$ 80,006,510	$ 73,395,888	$ 4,328,030	$ 277	$ 77,724,195
Budgetary Financing Sources								
Appropriations - Used	431,233	15,778,022	-	16,209,255	296,003	12,960,737	-	13,256,740
Royalties Retained	3,627,075	-	-	3,627,075	5,678,853	-	-	5,678,853
Non-Exchange Revenue	1,104,556	43,784	-	1,148,340	1,112,422	165,645	-	1,278,067
Transfers In/(Out) without Reimbursement	497,678	38,273	68,912	604,863	442,994	47,420	137,060	627,474
Donations and Forfeitures of Cash and Cash Equivalents	53,978	-	-	53,978	61,642	-	-	61,642
Other Budgetary Financing Sources/(Uses)	4	-	-	4	-	-	-	-
OTHER FINANCING SOURCES								
Donations and Forfeitures of Property	42,319	32,628	-	74,947	8,578	8,904	-	17,482
Transfers In/Out without Reimbursement	(65,485)	134,240	(68,912)	(157)	(44,997)	183,361	(137,060)	1,304
Imputed Financing from Costs Absorbed by Others	73,389	497,745	(33,899)	537,235	75,557	469,300	(27,687)	517,170
Other Non-Budgetary Financing Sources/(Uses)	1,100	(339,444)	-	(338,344)	56,634	(410,711)	-	(354,077)
Total Financing Sources	5,765,847	16,185,248	(33,899)	21,917,196	7,687,686	13,424,656	(27,687)	21,084,655
Net Cost of Operations	(4,753,981)	(16,091,440)	33,899	(20,811,522)	(5,281,307)	(13,548,720)	27,687	(18,802,340)
Net Change	1,011,866	93,808	-	1,105,674	2,406,379	(124,064)	-	2,282,315
Ending Balance - Cumulative Results of Operations	76,814,133	4,297,774	277	81,112,184	75,802,267	4,203,966	277	80,006,510
TOTAL NET POSITION	**$ 78,012,989**	**$ 13,593,627**	**$ -**	**$ 91,606,616**	**$ 77,030,079**	**$ 12,314,326**	**$ -**	**$ 89,344,405**

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

FIGURE 48

Combined Statement of Budgetary Resources

for the years ended September 30, 2020 and 2019

(dollars in thousands)	Budgetary Accounts FY 2020	Non-Budgetary Credit Program Financing Accounts FY 2020	Budgetary Accounts FY 2019	Non-Budgetary Credit Program Financing Accounts FY 2019
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net	$ 14,426,876	$ 58,214	$ 13,285,627	$ 44,656
Appropriations (discretionary and mandatory)	24,502,514	-	21,840,117	-
Borrowing Authority (discretionary and mandatory)	-	176	-	172
Contract Authority (discretionary and mandatory)	-	-	28,140	-
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,393,665	44,509	5,254,872	22,862
Total Budgetary Resources	**$ 44,323,055**	**$ 102,899**	**$ 40,408,756**	**$ 67,690**
Status of Budgetary Resources:				
New Obligations and Upward Adjustments	$ 29,155,907	$ 6,945	$ 26,557,874	$ 9,476
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts	14,878,496	95,954	13,636,229	58,214
Unapportioned, Unexpired Accounts	87,248	-	12,305	-
Unexpired, Unobligated Balance, End of Year	14,965,744	95,954	13,648,534	58,214
Expired, Unobligated Balance, End of Year	201,404	-	202,348	-
Unobligated Balance, End of Year	15,167,148	95,954	13,850,882	58,214
Total Budgetary Resources	**$ 44,323,055**	**$ 102,899**	**$ 40,408,756**	**$ 67,690**
Outlays, Net:				
Outlays, Net (total) (discretionary and mandatory)	21,730,741	-	19,903,615	-
Distributed Offsetting Receipts (-)	(5,220,508)	-	(5,998,558)	-
Agency Outlays, Net (discretionary and mandatory)	**$ 16,510,233**	**$ -**	**$ 13,905,057**	**$ -**
Disbursements, Net (mandatory)	**$ -**	**$ (41,324)**	**$ -**	**$ (27,594)**

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

FIGURE 49

Statement of Custodial Activity

for the years ended September 30, 2020 and 2019

(dollars in thousands)	FY 2020		FY 2019	
Revenues on Behalf of the Federal Government				
Mineral Lease Revenue				
Rents and Royalties	$	5,907,280	$	8,885,891
Onshore Lease Sales		100,102		1,230,267
Offshore Lease Sales		251,380		831,525
Other		19,011		-
Total Revenue	**$**	**$6,277,773**	**$**	**10,947,683**
Disposition of Revenue				
Distribution to Department of the Interior				
Departmental Offices		1,647,192		2,642,838
National Park Service Conservation Funds		1,144,939		1,157,754
Bureau of Reclamation		1,050,298		1,759,495
Bureau of Ocean Energy Management		43,583		47,455
Bureau of Safety and Environmental Enforcement		50,237		62,601
Bureau of Land Management		8,505		6,191
Fish and Wildlife Service		2,452		2,068
Distribution to Other Federal Agencies				
General Fund of the Treasury		2,878,426		4,904,041
Army Corps of Engineers		556		-
Department of Agriculture		105,776		177,039
Distribution to States and Others		5,883		10,538
Change in Untransferred Revenue		(660,074)		177,663
Total Disposition of Revenue	**$**	**6,277,773**	**$**	**10,947,683**
Net Custodial Activity	**$**	**-**	**$**	**-**

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The DOI 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. The DOI conserves and manages the Nation's natural resources and cultural heritage for the benefit and enjoyment of the American people, provides scientific and other information about natural resources and natural hazards to address societal challenges and create opportunities for the American people, and honors the Nation's trust responsibilities or special commitments to American Indians, Alaska Natives, and affiliated island communities to help them prosper.

The accompanying financial statements include all Federal funds under DOI's control or which are a component of the reporting entity. A summary of fiduciary activities managed by DOI is included in Note 20. Fiduciary Assets are not assets of DOI and are not recognized on the balance sheet. 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 DOI.

The DOI is a component of the U.S. Government. For this reason, some of the assts and liabilities reported by DOI may be eliminated for Government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity. These financial statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity.

B. Organization and Structure of DOI

The DOI is composed of the following operating bureaus and the departmental offices:

- Bureau of Land Management (BLM)
- Bureau of Ocean Energy Management (BOEM)
- Bureau of Reclamation (USBR)
- Bureau of Safety and Environmental Enforcement (BSEE)
- Departmental Offices (DO)
- Indian Affairs (IA), includes Bureau of Indian Affairs (BIA) and Bureau of Indian Education (BIE)
- National Park Service (NPS)
- Office of Surface Mining Reclamation and Enforcement (OSMRE)
- U.S. Geological Survey (USGS)
- U.S. Fish and Wildlife Service (FWS)

C. Basis of Accounting and Presentation

These financial statements have been prepared to report the financial position, net cost, changes in net position, budgetary resources, and custodial activities of DOI as required by the *CFO Act* and *GMRA*. These financial statements have been prepared from the books and records of DOI in accordance with GAAP and OMB Circular No. A-136. The GAAP for Federal entities are the standards prescribed by FASAB, which is the designated standard-setting body for the Federal Government.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

These financial statements present proprietary and budgetary information. The DOI, pursuant to OMB directives, prepares additional financial reports that are used to monitor and control DOI's use of budgetary resources.

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

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

D. Fund Balance with Treasury & Cash

The DOI maintains all cash accounts with Treasury except for imprest fund accounts. The Treasury processes cash receipts and disbursements on behalf of DOI, and DOI's accounting records are reconciled with those of Treasury on a monthly basis.

Further details on Fund Balance with Treasury are contained in Note 2.

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

E. Investments, Net

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

The market value is estimated by multiplying the par value of each security by the market price on the last day of the fiscal year.

Note 3 provides investment details.

F. Accounts & Interest Receivable, Net

Accounts Receivable due from Federal agencies. Intragovernmental receivables are primarily 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. Intragovernmental receivables are generally considered to be fully collectible as there is no credit risk.

Accounts Receivable due from the Public. Receivables due from the public generally arise from either the provision of goods and services or from the levy of fines and penalties resulting from DOI's regulatory responsibilities. An allowance for doubtful accounts is established for reporting purposes based on past experience in the collection of these receivables and analysis of outstanding balances.

Note 4 contains additional information regarding accounts receivable due from the public.

G. Loans & Interest Receivable, Net

Loans with the Public. Loans are accounted for as receivables after the funds have been disbursed. For loans obligated on or after the effective date of the *Credit Reform Act*, October 1, 1991, the loan principal is presented net of the estimated Federal loan subsidy. 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.

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

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

See Note 5 for additional information on loans and interest receivable.

H. Inventory & Related Property

Inventory. The DOI's inventories are categorized based on DOI's major activities and the services DOI provides to the Federal Government and the public.

The USGS maintains Operational Land Imager operating materials, as well as maps and map products that are located at several Earth Science Information Centers across the United States. All inventory products and materials are valued at historical cost or approximated historical cost. Historical cost is approximated when necessary using a method of averaging actual costs to produce like-kind scale maps within the same fiscal year.

The BLM maintains a helium stockpile inventory which is stored in a partially depleted natural gas reservoir. The inventory is valued at historical cost and the volume of helium is accounted for on a perpetual basis. Annually, the volume is verified by collecting reservoir data and using generally accepted petroleum engineering principles to calculate the volume. The values shown for stockpile helium are net of the estimated unrecoverable amount. Gas and storage rights for the storage of helium are recorded at historical cost.

The BLM will dispose of all Federal Helium System Assets, including reserve helium, by September 30, 2021 in accordance with the *Helium Stewardship Act of 2013*. The BLM will continue to deliver the private helium balance until the disposal. At this time the remaining government balance is available only to Federal users through the in-kind program.

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

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

Seized and Forfeited Property. The DOI Law Enforcement Programs may obtain seized or forfeited property in the course of operations. Bureau law enforcement programs provide an annual certification of significant seized and forfeited property that is disclosed when activity is above established DOI thresholds. The following thresholds are applicable to each bureau for reporting non-valued property: six thousand kilograms for narcotics; 48 thousand for mature marijuana plants; and six thousand in the applicable unit of measurement for wildlife/wildlife parts, artifacts or non-valued firearms. Seized non-valued property is not considered an asset of the DOI and is not reported as such in the DOI's financial statements.

In FY 2020, the DOI law enforcement programs reported seizures of 618 thousand mature marijuana plants, mostly as a result of a joint task force investigation in Riverside, California. In FY 2019, the DOI law enforcement programs reported seizures of 591 thousand mature marijuana plants as a result of the same task force investigation. The majority of the plants were destroyed, with the exception of court required representative samples. The DOI law enforcement programs did not report significant forfeited property in either FY 2020 or 2019.

Note 6 provides more information on inventory and related property.

I. General Property, Plant, & Equipment, Net

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

All general purpose PP&E is capitalized at acquisition cost and depreciated using the straight-line method over the estimated useful lives of the property. Buildings, structures, and facilities are depreciated over a useful life from 10 to 80 years, with the exception of dams and certain related property, which are depreciated over useful lives of up to 100 years. Equipment, vehicles, and aircraft are depreciated over useful lives generally ranging from 2 to 50 years. Leasehold improvements are amortized over the shorter of the estimated useful life or the life of the lease.

For land, buildings, structures, land improvements, leasehold improvements, and facilities, DOI has established a capitalization threshold of $100 thousand with the exception of dams and certain related property, which are fully capitalized.

For equipment, vehicles, aircraft, and capital leases of other personal property, beginning October 1, 2018, DOI increased its capitalization threshold from $15 thousand to $25 thousand. Bureaus and offices have the option to use a lower threshold. There are no restrictions on the use or convertibility of DOI general purpose PP&E.

In accordance with the standards, DOI recorded certain general PP&E acquired on or before September 30, 1996, at its estimated net book value (i.e., gross cost less accumulated depreciation) or its estimated gross cost. The DOI estimated these costs and net book values based on available historic supporting documents, current replacement cost deflated to date of acquisition, and/or the cost of similar assets at the time of acquisition.

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

The CIP also includes construction in abeyance. Construction in abeyance represents construction activities that have been identified as suspended or terminated and classified as temporarily suspended by management because of financial, technical, legal, political or other reasons with a reasonable expectation that construction activity or return of service utility can be completed in the future. Costs for activities such as continuing low-level maintenance to sustain the asset in a recoverable status or until re-utilization efforts are exhausted, may accrue while in temporary suspension.

Internal Use Software. Internal use software includes purchased commercial off-the-shelf software, contractor-developed software, and software that was internally developed by agency employees. Internal use software is capitalized at cost and amortized over a useful life of five years, if the acquisition cost is $100 thousand or more.

Impairment. The DOI identifies potential impairment to general PP&E through the periodic asset condition assessment processes, as part of response actions for disasters, or through other facilities management activities. The DOI considers the impact of the decline in service utility on its operations when determining if the decline is significant and treats the decline as permanent when management has no reasonable expectation that the lost utility will be replaced or restored. If these two factors are present, DOI will measure the impairment loss using a method that reasonably reflects the diminished service utility.

General property, plant and equipment values are presented in Note 7.

J. Stewardship PP&E

Stewardship PP&E consists of public domain land, Indian trust land, and heritage assets, such as national monuments and historic sites, which have been entrusted to DOI to be maintained in perpetuity for the benefit of current and future generations.

The majority of public lands presently under the management of DOI were acquired by the Federal Government during the first century of the Nation's existence and are considered stewardship land. A portion of these lands has been reserved as national parks, wildlife refuges, and wilderness areas, while the remainder is managed for multiple uses. The DOI is also responsible for maintaining a variety of cultural and natural heritage assets, which include national monuments, historic structures, and library and museum collections.

The stewardship land and heritage assets managed by DOI are considered priceless and irreplaceable. As such, DOI assigns no financial value to them and the PP&E capitalized and reported on the Balance Sheet excludes these assets.

Note 9 provides additional information concerning stewardship land and heritage assets.

Multi-Use Heritage Assets. Some heritage assets have been designated as multi-use heritage assets. These assets have both operating and heritage characteristics, however, in a multi-use heritage asset, the predominant use of the asset is in government operations. Predominant use is defined as more than 50 percent of the entire building, structure, or land being used in government operations. For financial reporting purposes, multi-use heritage assets are included in DOI General PP&E balances.

K. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by DOI as the result of a transaction or event that has already occurred.

Intragovernmental Liabilities.
Accounts Payable. Accounts payable are amounts primarily owed for goods and services received but not yet paid. The DOI estimates certain accounts payable balances based on either the past history of payments in the current periods that relate to prior periods, a percentage of undelivered orders, or a current assessment of services/products received but not paid.

Debt. The DOI has borrowed funds from Treasury in accordance with the *Federal Credit Reform Act of 1990* (FCRA) to fund loans under various loan programs.

See Note 5 for additional information on loans and Note 10 for additional information on debt.

Other Intragovernmental Liabilities.
Liability for Capital Transfers to the General Fund. The DOI records an intragovernmental liability for appropriations determined to be recoverable from project beneficiaries when funds are received and they meet the requirement for repayment.

See Note 11 for additional information on liability for capital transfers to the General Fund.

Advances and Deferred Revenue. Advances and deferred revenue consists of monies received for goods and services that have not yet been provided or rendered by DOI. This amount also includes the balances of customer deposit accounts held by DOI.

Custodial Liability. The custodial liability represents amounts collected by DOI on behalf of others that have not yet been distributed. The collections are comprised of royalties, rents, bonuses, and other receipts for Federal oil, gas, and mineral leases. Proceeds are distributed to the General Fund of the Treasury, Federal agencies, states, and coastal political subdivisions.

Judgment Fund Liability. Most legal judgments against DOI are paid from the Judgment Fund maintained by Treasury. The DOI is required to repay Treasury only for Judgment Fund payments made pursuant to (1) the *Contract Disputes Act* and (2) the *Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002* (No FEAR Act). The balance of this liability is not covered by budgetary resources, pending future appropriations to DOI.

Other Miscellaneous Intragovernmental Liabilities.
Accrued Employee Benefits. This liability represents accrued benefits and payroll tax expense payable to other Government agencies. It also includes the employer portion of unfunded unemployment compensation due to the Department of Labor (DOL).

Unfunded FECA Liability. The unfunded *Federal Employees' Compensation Act* (FECA) liability is the amount billed to DOI by DOL for FECA payments made on behalf of DOI.

Public Liabilities.
Federal Employee and Veteran Benefits. The Federal employee and veteran benefits consists of the liability owed under the U.S. Park Police (USPP) Pension Plan, as well as the FECA actuarial liability. The FECA actuarial liability represents the liability for future workers' compensation benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved cases. This liability is determined by DOL annually as of September 30.

See Note 12 for additional information regarding the Federal employee and veteran benefits liability.

Environmental and Disposal Liabilities.
The DOI's environmental and disposal liabilities include an environmental remediation liability and an asbestos related cleanup liability.

The DOI has accrued an environmental remediation liability when cleanup costs are determined to be probable and the amounts can be estimated. Such liabilities are probable when the government is responsible for creating the hazard or is otherwise legally liable to clean up the contamination. Changes in environmental remediation liability cleanup cost estimates are recorded based on progress made and revision of the cleanup plans, assuming current technology, laws, and regulations.

When DOI is not legally liable but the likelihood of incurring costs for the cleanup is reasonably possible, the range of the cleanup costs is disclosed.

Asbestos is categorized as either friable or non- friable. Friable asbestos poses an immediate health threat and DOI reports the related liability as an environmental remediation liability. Non-friable asbestos does not pose an immediate health threat and DOI reports the liability for the costs to contain and dispose of non-friable asbestos during repair, renovation, demolition, or other disturbance of the property as an Asbestos Cleanup Liability. The DOI estimates the asbestos cleanup liability using a cost model developed from existing asbestos surveys.

Note 13 has additional information on environmental and disposal liabilities.

Other Public Liabilities.
Contingent Liabilities. Contingent liabilities are liabilities where the existence or amount of the liability cannot be determined with certainty pending the outcome of future events. The DOI's contingent liabilities primarily relate to legal actions. The DOI recognizes contingent liabilities when the liability is probable and reasonably estimable. The DOI discloses contingent liabilities in the notes to the financial statements when the conditions for liability recognition are not met and when the outcome of future events is more than remote. In some cases, once losses are certain, payments may be made from the Judgment Fund maintained by Treasury rather than from amounts appropriated to DOI. The DOI will record an intragovernmental liability and expense in the instances where DOI is responsible for reimbursement to the Judgment Fund, pursuant to the *Contract Disputes Act* or the *No FEAR Act.* Congressional appropriations are often required for reimbursement.

Note 13 has additional information on contingent liabilities.

Trust Land Consolidation Program. The Trust Land Consolidation Program (TLCP) was established in FY 2013 as part of the *Claims Resolution Act of 2010*, which resolved a class action lawsuit regarding the U.S. Government's trust management and accounting of Native American trust accounts and resources. The Program designates DOI with the responsibility to use the Trust Land Consolidation Fund within a 10-year period to acquire fractional interest in trust or restricted land that individuals are willing to sell to DOI. A liability for the settlement amount was initially recorded and is drawn down through the execution of the program.

Payments Due to States. Payments to states represents custodial royalty, rent, bonus, or other revenue that has been collected or accrued that is due to the states but not yet disbursed.

Grants Payable. Grants payable are amounts owed to grantees but not yet paid. The DOI estimates certain grants payable balances based on either the past history of payments in the current periods that relate to prior periods or a percentage of undelivered orders.

Other Miscellaneous Public Liabilities.
Accrued Payroll and Benefits. Accrued payroll and benefits represents salaries and benefits earned by employees but not yet paid. It also represents amounts of DOI's portion of payroll benefit contributions such as DOI's contribution to the Thrift Savings Plan.

Unfunded Annual Leave. Amounts associated with the payment of annual leave are accrued while leave is being earned by employees. Each year the balance is adjusted to reflect current pay rates. To the extent that current or prior year appropriations are not available to finance annual leave, future financing sources will be used.

L. Revenues and Financing Sources

Exchange and Non-Exchange Revenue. The DOI classifies revenues as either exchange revenue or non-exchange revenue.

Exchange revenues are those transactions in which DOI provides goods and services to another party for a price. These revenues are presented on the Statement of Net Cost and serve to offset the costs of these goods and services.

In certain cases, the prices charged for goods and services by DOI 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 (actual cost, plus administrative fees) incurred by these activities.

Non-exchange revenues result from donations to the Government and from the Government's sovereign right to demand payment, including taxes, fines for violation of environmental laws, and abandoned mine land duties charged per ton of coal mined. These revenues are not considered to reduce the cost of DOI's operations and are reported on the Statement of Changes in Net Position.

The DOI transfers a portion of royalty collections from the custodial fund to the operating funds for distribution to certain states. The DOI reports these state amounts as Royalties Retained on the Statement of Changes in Net Position rather than on the Statement of Net Cost.

Appropriations. Congress appropriates the majority of DOI's operating funds from the general receipts of the Treasury. These funds are made available to DOI for a specified time period (one or more fiscal years) or until expended. Appropriations are reflected as a Budgetary Financing Source on the Statement of Changes in Net Position.

Custodial Revenue. The Office of Natural Resources Revenue (ONRR), a component of DO, collects royalties, rents, bonuses, and other receipts for Federal oil, gas, and mineral leases. The ONRR distributes the proceeds in accordance with legislated allocation formulas to Treasury accounts, other Federal agencies, states, and coastal political subdivisions. The DOI records custodial revenue based on accounts reported by producers. Custodial revenue is reported when the government has a legal claim to the revenue.

The royalty accrual, included in accounts receivable, represents royalties on September production of oil and gas leases for which DOI subsequently receives payment in October and November. The DOI does not record a liability for potential overpayments and refunds until requested by the payor or until DOI completes a compliance audit and determines the refundable amount. This is in accordance with the *Federal Oil and Gas Royalty Management Act of 1982* (FOGRMA).

The USGS sells America the Beautiful - National Parks & Federal Recreational Land passes, Northwest Park passes, and assorted maps. While USGS retains a portion of these fees to offset collection costs, most of the revenue is distributed to other DOI bureaus, the Department of Agriculture, and the United States Army Corps of Engineers.

Imputed Financing Sources. The DOI receives goods and services from other Federal entities at no cost or at a cost less than the full cost to the providing entity. Consistent with accounting standards, certain costs of the providing entity that are not fully reimbursed by DOI are recognized as imputed costs in the Statement of Net Cost and are offset by imputed financing sources in the Statement of Changes in Net Position. The DOI imputed costs and financing sources include employee benefits administered by the Office of Personnel Management, claims settled by the Treasury Judgment Fund, and business-type activities when applicable. Unreimbursed costs other than those identified in this paragraph are not included in DOI's financial statements.

M. Personnel Compensation and Benefits

Annual and Sick Leave Program. Annual leave is accrued as it is earned by employees and is included in personnel compensation and benefit costs.

An unfunded liability is recognized for earned but unused annual leave since, from a budgetary standpoint, this annual leave will be paid from future appropriations when the leave is used by employees rather than from amounts that were appropriated to DOI as of the date of the financial statements. The amount accrued is based upon current pay rates of the employees. Sick leave and other types of leave are expensed when used and no liability is recognized for these amounts, as employees do not vest in these benefits.

Federal Employees Workers' Compensation Program. The FECA program 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 DOL, which pays valid claims and subsequently seeks reimbursement from DOI for these paid claims.

The FECA liability consists of two components. The first component is based on actual claims paid by DOL but not yet reimbursed by DOI. The DOI reimburses DOL for the amount of the actual claims as funds are appropriated for this purpose. There is generally a 2 to 3 year lag between payment by DOL and reimbursement by DOI. As a result, DOI recognizes a liability for the actual claims paid by DOL and to be reimbursed by DOI.

The second component is the actuarial liability that is estimated for future benefit payments as a result of past events. This liability includes death, disability, medical, and miscellaneous costs. The DOL determines this component annually, as of September 30. The DOI recognizes an unfunded liability to the public for these estimated future payments.

In FY 2020, the methodology for billable projected liabilities was revised by DOL to include, among other things: (1) an algorithmic model that relies on individual case characteristics and benefit payments (the FECA Case Reserve Model) and (2) incurred but not reported claims were estimated using the patterns of incurred benefit liabilities in addition to those of payments. The FY 2019 methodology used a traditional paid loss development method with the FECA Case Reserve Model run concurrently to, among other things, test the validity of the FECA Case Reserve Model.

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

Retirement Programs. The DOI's employees participate in one of the following three retirement programs: (1) Federal Employees' Retirement System (FERS), (2) Civil Service Retirement System (CSRS), or (3) the USPP Pension Plan.

The OPM is responsible for reporting assets, accumulated plan benefits, and unfunded liabilities, if any, applicable to CSRS participants and FERS employees Government-wide, including DOI participants. The DOI has recognized an imputed cost and imputed financing source for the difference between the sum of actual CSRS and FERS participant withholdings and agency contributions, less the estimated OPM service cost.

- ***FERS.*** Employees hired after December 31, 1983, are covered by FERS. The FERS is a three-tiered plan consisting of Social Security, a basic FERS annuity, and the Thrift Savings Plan. Employees under FERS are covered by full Social Security taxes. Employees may contribute a portion of their pay to the Thrift Savings Plan, subject to the annual maximum limit set by the Internal Revenue Service. These contributions are tax-deferred. The Government contributes 1 percent of pay and matches a portion of the employee's contributions. The maximum Government contribution is 5 percent of pay. The Thrift Savings Plan is administered by the Federal Retirement Thrift Investment Board.

  The third tier of FERS is the basic annuity. The basic FERS annuity is based on the employee's length of service and the "high-3" average pay. For most employees, the formula for computing the annual annuity is 1 percent of average pay for each year of creditable service. Employees are required to contribute to this annuity plan. The contribution rate required by an employee to this plan is dependent upon the date of initial hire. Employees first hired on or after January 1, 2014, are covered by FERS-FRAE (Further Revised Annuity Employees) and must contribute 4.4

percent of gross pay to the plan. Employees first hired between January 1 and December 31, 2013, are covered by FERS-RAE (Revised Annuity Plan) and must contribute 3.1 percent of gross pay to the plan. Employees hired prior to January 1, 2013, and after December 31, 1983, are covered by FERS and must contribute .8 percent of gross pay to the plan.

- ***CSRS.*** The CSRS is a defined benefit, contributory retirement system. Employees share in the expense of the annuities to which they become entitled. Employees hired prior to January 1, 1984, could elect to either join FERS and Social Security or remain in CSRS. The CSRS benefits are based on the employee's "high- 3" average pay and the years of service. The CSRS covered employees contribute 7, 7 1/2 or 8 percent of pay to CSRS and, while they generally pay no Social Security retirement, survivor and disability tax, they must pay the Medicare tax (currently 1.45 percent of pay). The DOI matches the employee's CSRS contributions. Employees may contribute up to 5 percent of pay to the Thrift Savings Plan. There is no Government contribution.
- ***USPP Pension Plan.*** Police officers hired by NPS on or before December 31, 1985, participate in the USPP Pension Plan, which is administered by the District of Columbia. Each in-service member contributes 7 percent of his/her gross earnings. The normal retirement benefit is 2.5 percent for each year of service up to 20, with an additional 3 percent for each year beyond 20, but no more than an aggregate of 80 percent. Retirement is permitted after 20 years of service, but mandatory by the age of 60. Annual benefits paid from the USPP Pension Plan are funded on a pay-as-you-go basis through a permanent indefinite appropriation from Treasury's General Fund. Police officers hired by NPS after December 31, 1985, are covered under the provisions for law enforcement officers under CSRS or FERS.

The DOI reports the USPP pension liability and associated expense in accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 33, *Pensions, Other Retirement Benefits, and Other Post-employment Benefits: Reporting the Gains and Losses from Changes in Assumptions and Selecting Discount Rates and Valuation Dates.* The DOI estimates the future cost to provide benefits to current and future retirees using economic assumptions and historical cost information. The estimate is adjusted by the time value of money and the probability of having to pay benefits due to assumed decrements for mortality, and terminations.

The actuarial liabilities are measured during the fiscal year using discount rate assumptions and on the valuation date in accordance with SFFAS No. 33, with roll-forward or projection adjustments for the effects of changes during the year in major factors such as pay increases, cost of living adjustments, and material changes in the number of participants.

N. Federal Government Transactions

The DOI'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 DOI do not contain the costs of centralized financial decisions and activities performed for the benefit of the entire government. However, imputed costs have been recognized when they are incurred by other agencies on behalf of DOI, including settlement of claims and litigation paid by Treasury's Judgment Fund and the partial funding of employee benefits by OPM.

Transactions and balances among DOI's entities have been eliminated from the Balance Sheet, the Statement of Net Cost, and the Statement of Changes in Net Position. As provided for by OMB Circular No. A-136, the Statement of Budgetary Resources is presented on a combined basis; therefore, intradepartmental transactions and balances have not been eliminated from this statement. In order to provide for a comprehensive accounting of custodial activity, the distribution of custodial revenues to DOI entities has not been eliminated from the Statement of Custodial Activity.

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

The DOI has contracts with organizations that manage and operate hotels, lodges, restaurants, gift shops, and other concession operations at various parks. In accordance with legislation and the contracts, some of these concessioners have a possessory interest or leasehold surrender interest in certain real property construction or improvements that the concessioner pays for and DOI approves.

A concessioner's interest may be extinguished provided the concessioner is compensated for the PI/LSI in accordance with concession laws and contracts. At the end of the contract period, PI/LSI amounts are negotiated and either incorporated into new contracts or extinguished through payment. Payment for this interest has been made by a subsequent concessioner in most situations.

The DOI does not report the assets used by concessioners in its financial statements because the concessioners control the benefits of the assets and have the responsibilities of the risks and maintenance of the assets. In addition, DOI does not report a PI/ LSI liability at the time a concessioner receives PI/LSI because an event of financial consequence has not occurred. However, DOI does record a liability at the time that DOI decides to discontinue a concession operation or take possession of the assets.

The DOI has concession agreements which contain provisions that provide for the establishment of escrow-type accounts to be used to develop, improve, and maintain visitor facilities. The concessioner periodically deposits a percentage of gross revenue in the account as provided in the concessioner agreement. These special account funds maintained in separate interest-bearing bank accounts owned by the concessioners are not assets of DOI, and may not be used in DOI operations. Therefore, the balances, inflows, and outflows of these concessioner special accounts are not recognized in the financial statements.

P. Allocation Transfers

The DOI is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and a receiving (child) entity. Allocation transfers are legal delegations by one department to obligate budget authority and outlay funds to another department. A separate fund (allocation account) is created by Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account and subsequently obligations and outlays incurred by the child entity are charged to this allocation account as the child entities execute the delegated activity on behalf of the parent entity. All financial activity related to these allocation transfers is reported in the financial statements of the parent entity from which the underlying legislative authority, appropriations, and budget apportionments are derived.

The DOI allocated funds, as a parent, to the U.S. Department of Agriculture (USDA), the Department of Transportation (DOT), and the Army Corps of Engineers. The DOI receives allocation transfers, as the child, from USDA, the Department of Health and Human Services, DOL, DOT, the Army Corps of Engineers, and the U.S. Agency for International Development.

Q. Income Taxes

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

R. Estimates

The DOI has made certain estimates and assumptions related to the reporting of assets, liabilities, revenues, expenses, and the associated note disclosures. Actual results could differ from these estimates.

S. Fiduciary Activities

Fiduciary activities are the collection or receipt, and the management, protection, accounting, investment, and disposition by the Federal Government of cash or other assets in which non-Federal individuals or entities have an ownership interest the Federal Government must uphold. Fiduciary balances and activities are excluded from DOI's financial statements.

Note 20, Fiduciary Activities, provides additional information.

T. Public Private Partnerships

SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, defines public-private partnerships as "risk-sharing arrangements or transactions with expected lives greater than five years between public and private sector entities" and was effective beginning in FY 2019. The DOI performed an extensive assessment of agreements with the public and reviewed the terms of the agreements against risk sharing and other criteria for financial statement disclosure as provided in the standard. The DOI determined that as of September 30, 2020 there are no public-private partnerships that meet the criteria for disclosure.

U. Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

NOTE 2. FUND BALANCE WITH TREASURY

Treasury performs cash management activities for all Federal agencies. The net activity represents FBwT. The FBwT represents the right of DOI to draw down funds from Treasury for expenses and liabilities.

The status of the Fund Balance with Treasury may be classified as unobligated available, unobligated unavailable, or obligated. Unobligated funds, depending on budget authority, are generally available for new obligations in current operations. The unavailable balance also includes amounts appropriated in prior fiscal years, which are not available to fund new obligations. The obligated but not yet disbursed balance represents amounts designated for payment of goods and services ordered but not yet received; or goods and services received, but for which payment has not yet been made. The clearing, deposit, and unavailable General Fund receipt accounts balance primarily consists of oil, gas, and solid mineral royalty, rent, and bonus payments from the public for leases on Federal lands that are awaiting distribution. The balance also includes payroll withholdings to be distributed, as well as other collections awaiting classification. The unavailable special receipt accounts include the Land and Water Conservation Fund and the Reclamation Fund, which are not available to DOI for use unless appropriated by Congress.

Obligated and unobligated balances reported for the status of Fund Balance with Treasury do not agree with obligated and unobligated balances reported in the Combined Statement of Budgetary Resources. The budgetary balances are also supported by amounts other than Fund Balance with Treasury, such as investments in Treasury securities.

The Fund Balances with Treasury are reconciled on a monthly basis to the balances in the general ledger. Differences are related to temporary timing differences between submission to Treasury and recognition in the general ledger.

In FY 2020 and FY 2019, $58 and $53 million, respectively, of unused funds from expired appropriations were returned to Treasury as of September 30. Such balances are excluded from the amount reported as Fund Balance with Treasury in accordance with Treasury guidelines.

Additional discussion of Fund Balance with Treasury is presented in Note 1(D).

Status of Fund Balance with Treasury as of September 30, 2020 and 2019, consists of the following:

(dollars in thousands)	FY 2020	FY 2019
Unobligated		
Available	$ 8,989,941	$ 7,310,304
Unavailable	724,307	868,278
Obligated Not Yet Disbursed	10,534,279	9,894,174
Total Budgetary Fund Balance with Treasury	$ 20,248,527	$ 18,072,756
Non-budgetary Fund Balance with Treasury		
Clearing, Deposit, and Unavailable General Fund Receipt Accounts	$ 1,124,972	$ 1,378,323
Unavailable Special Receipt Accounts	41,692,916	41,334,271
Total Non-budgetary Fund Balance with Treasury	$ 42,817,888	$ 42,712,594
Total Fund Balance with Treasury Status	**$ 63,066,415**	**$ 60,785,350**

NOTE 3. INVESTMENTS, NET

The DOI invests funds in Federal Government and public securities on behalf of various DOI programs and for amounts held in certain escrow accounts. The Federal Government securities include marketable Treasury securities and/or nonmarketable, market-based securities issued by the Federal Investment Branch of the Bureau of the Fiscal Service. Nonmarketable, market-based securities are Treasury securities that are not traded on any securities exchange but mirror the prices of marketable securities with similar terms.

Investments are purchased using various sources of funding such as funds from dedicated collections and appropriated monies received from the General Fund of the Treasury that have specific legislative authority. The Federal Government does not set aside assets to pay future expenditures associated with funds from dedicated collections. The cash generated from funds from dedicated collections is used by the Treasury for general government purposes. Treasury securities are issued to funds from dedicated collections as evidence of designated receipts and provide the funds from dedicated collections with the authority to draw upon Treasury for future authorized expenditures. These securities are an asset to the funds from dedicated collections and are presented as investments in the table accompanying Note 16, Funds from Dedicated Collections.

Treasury securities are a liability of the Treasury and are eliminated in the consolidation of the U.S. Government-wide financial statements. Treasury will finance any future redemption of the securities by a fund from dedicated collections in the same manner that all other government expenditures are financed.

Additional information regarding investments can be found in Note 1(E).

Investments as of September 30, 2020, consist of the following:

(dollars in thousands)	Cost	Net Amortized (Premium)/ Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities				
Marketable	$ 333,221	$ 111	$ 333,332	$ 333,373
Nonmarketable, market-based	9,917,371	5,044	9,922,415	10,161,088
Total U.S. Treasury Securities	10,250,592	5,155	10,255,747	10,494,461
Accrued Interest	15,873	-	15,873	-
Total Federal Investments	**$ 10,266,465**	**$ 5,155**	**$ 10,271,620**	**$ 10,494,461**

Investments as of September 30, 2019, consist of the following:

(dollars in thousands)	Cost	Net Amortized (Premium)/ Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities				
Marketable	$ 272,706	$ 328	$ 273,034	$ 273,076
Nonmarketable, market-based	9,581,776	10,469	9,592,245	9,708,337
Total U.S. Treasury Securities	9,854,482	10,797	9,865,279	9,981,413
Accrued Interest	19,502	-	19,502	-
Total Federal Investments	**$ 9,873,984**	**$ 10,797**	**$ 9,884,781**	**$ 9,981,413**

NOTE 4. ACCOUNTS AND INTEREST RECEIVABLE, NET

Due From the Public, Net. Accounts receivable due to DOI 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 DOI are diverse and include mineral leases, from which royalties are then collected; the sale of water; water testing and other scientific studies conducted for state and local governments; remittance of fees from park concessioners collected by NPS; and fees for irrigation and power services collected by IA. Fines and penalties are imposed in the enforcement of various environmental laws and regulations.

Recovery of Reimbursable Capital Costs. The USBR enters into long-term repayment contracts and water service contracts with non-Federal (public) water users that allow the use of irrigation and M&I water facilities in exchange for annual payments to repay a portion of the Federal investment allocation to the construction of reimbursable irrigation and M&I water facilities.

Unmatured repayment contracts are recognized on the Balance Sheet when the annual repayment amount is earned, at which time current accounts receivable and current period exchange revenue are recorded.

Deepwater Horizon Consent Decree. On April 4, 2016, a Federal court in New Orleans, LA entered a Consent Decree regarding case No. 10-4536, United States of America v. BP Exploration & Production Inc. (BPXP), et al. This case resolved civil claims against BP entities arising from the April 20, 2010, Macondo well blowout and the massive oil spill that followed in the Gulf of Mexico. Under the Consent Decree, BP was ordered to pay a civil penalty, claims under the *False Claims Act*, lost royalties, and amounts for natural resource damages and associated assessment costs. Annual payments from BP to DOI will continue through year 2031. As of September 30, 2020, DOI has recorded over $5.4 Billion in accounts receivable and approximately $218 million in interest receivables. Management considers these receivables to be fully collectible.

Criminal Restitution. Accounts and Interest Receivable from the Public, Net include amounts related to criminal restitution owed to the government. In FY 2020, Accounts and Interest Receivable from the Public, Net included $2.4M of gross receivables related to criminal restitution orders monitored by DOI entities, of which $167K was determined to be collectable.

See Note 1(F) for additional discussion regarding accounts receivable.

Accounts and Interest Receivable from the Public consist of the following as of September 30, 2020 and 2019:

(dollars in thousands)	**FY 2020**	**FY 2019**
Accounts and Interest Receivable from the Public		
Accounts and Interest Receivable from Public agencies	$ 7,015,601	$ 7,742,001
Allowance for Doubtful Accounts	(156,170)	(98,764)
Total Accounts and Interest Receivable from the Public, Net	**$ 6,859,431**	**$ 7,643,237**

NOTE 5. DIRECT LOANS AND LOAN GUARANTEES

A. Direct Loan and Loan Guarantee Program Names: (dollars in thousands)	FY 2020	FY 2019
Indian Affairs - Direct Loans (Pre-Credit Reform)	$ 478	$ 536
Indian Affairs - Direct Loans (Credit Reform)	969	1,510
Indian Affairs - Guaranteed Loans (Credit Reform)	97	3,340
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	6,495	7,257
Bureau of Reclamation - Direct Loans (Credit Reform)	27,739	28,858
Departmental Offices - American Samoa Government (Credit Reform)	7,842	8,224
Total Loans and Interest Receivable, Net	**$ 43,620**	**$ 49,725**

Indian Affairs. The IA provides guaranteed loans to Indian Tribes and organizations, Indian individuals, and Alaska Natives for economic development purposes. The IA loan program includes the Indian Direct Loan Program (which ceased providing loans in 1995), the Indian Loan Guarantee Program under the FCRA.

Interest is accrued daily on the outstanding principal balance of direct and assigned loans based on a 360-day year for pre-credit reform loans and a 365-day year for credit reform loans. The interest rate charged on each loan is the *Indian Financing Act* rate that was effective at the time the loan was made or a rate determined and approved by the Acting Division of Capital Investment Chief. Interest is accrued on current and delinquent loans.

Bureau of Reclamation. The USBR operates loan programs that provide Federal assistance to non-Federal organizations for constructing or improving water resource projects in the western states. The USBR loan programs are authorized under the *Small Reclamation Projects Act of 1956, the Distribution System Loans Act,* the *Rural Development and Policy Act of 1980*, and the *Rehabilitation and Betterment Act*. Direct loans (Pre-Credit and FCRA) consist primarily of drought relief and repayment loans.

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. The DO has one credit reform loan to the American Samoa Government (ASG). In 2001, a loan was extended to ASG. The total was approved for $18.6 million and made available to ASG bearing interest at a rate equal to the Treasury cost of borrowing for obligations of similar duration. The proceeds of the loan were used by ASG for debt reduction and fiscal reform. This loan, including all principal and accrued interest, is due on April 15, 2027.

Outstanding loan balances, as of September 30, 2020 and 2019, are summarized as follows:

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

Direct Loan Programs (Pre-Credit Reform)	Loans Receivable Gross	Interest Receivable	Allowance For Loan Losses	Direct Loans, Net
Indian Affairs	$ 611	$ 26	$ (159)	$ 478
Bureau of Reclamation	13,750	-	(7,255)	6,495
FY 2020 Total	**$ 14,361**	**$ 26**	**$ (7,414)**	**$ 6,973**
Indian Affairs	$ 692	$ 23	$ (179)	$ 536
Bureau of Reclamation	14,512	-	(7,255)	7,257
FY 2019 Total	**$ 15,204**	**$ 23**	**$ (7,434)**	**$ 7,793**

Direct loans and loan guarantees made after FY 1991 are accounted for in accordance with FCRA. The FCRA prescribes the presentation of loans receivable and loan guarantees at the net present value of the expected future cash flows. This is accomplished by netting the subsidy against loans receivable gross or against loan guarantees payable gross. The tables that follow provide a breakdown of the components supporting the Loans Receivable, Net and Loan Guarantee Payable, Net as presented on the Balance Sheet. The asset and liability are jointly disclosed due to the common requirements under FCRA. Loans receivable gross is representative of the outstanding principal distributed to the recipient. This principal is funded with amounts that DOI borrows from the Treasury with interest. As the customer makes payments against the loan, these repayments are applied against the Treasury borrowings and associated interest, resulting in a reduction to the amount DOI owes to Treasury (Note 10, Debt).

C. Direct Loans Obligated After FY 1991: *(dollars in thousands)*

Direct Loan Programs (Credit Reform)	Loans Receivable Gross	Interest Receivable	Allowance for Subsidy Cost	Value of Assets Related to Direct Loans
Indian Affairs	$ 242	$ 12	$ 715	$ 969
Bureau of Reclamation	29,081	-	(1,342)	27,739
Departmental Offices - American Samoa Government	9,068	-	(1,226)	7,842
FY 2020 Total	**$ 38,391**	**$ 12**	**$ (1,853)**	**$ 36,550**
Indian Affairs	$ 302	$ 18	$ 1,190	$ 1,510
Bureau of Reclamation	30,809	-	(1,951)	28,858
Departmental Offices - American Samoa Government	9,457	-	(1,233)	8,224
FY 2019 Total	**$ 40,568**	**$ 18**	**$ (1,994)**	**$ 38,592**

Table D. Subsidy Expenses for Direct Loans by Program and Component

The subsidy expense represents the cost of the loan to the Federal Government. The current and prior year subsidy expense is disclosed in the tables below. This amount includes the cost of new loans disbursed in the current year plus the cost of changes to the subsidy resulting from the annual re-estimate and/or modification process.

- ***Subsidy Modifications.*** A modification occurs when the basic assumptions used in the original cash flow document change. Modifications are also calculated using OMB credit subsidy calculator. Modifications could be triggered by the number of years for repayment or an increase to a fixed interest rate charged to the recipient. The re-estimated or modified subsidy rate is then automatically appropriated in the following fiscal year in accordance with FCRA.
- ***Subsidy Re-estimates.*** Re-estimates are calculated annually for loans and loan guarantees using historical, current, and projected cash flows. The cash flow documentation is submitted into the standard OMB credit subsidy calculator to arrive at the re-estimated subsidy rate (Factors that this calculator considers are detailed in Note 1.G). There are 2 types of re-estimates, an interest rate re-estimate and a technical re-estimate. Interest rate re-estimates are the result of a reduction to projected interest costs associated with the loans and guarantees over the repayment period. Technical re-estimates are the result of a change to projected cash flows associated with the loans.
- ***Subsidy Rates.*** The FCRA requires that the cash flows associated with like loans and guarantees are monitored by cohort year. The cohort year is the year in which the loans are initially disbursed or the guarantees are initially made. Loans and guarantees within a like cohort share similar characteristics that enable them to be assigned a like net present value subsidy rate. These rates cannot be applied to the loans or guarantees to yield the subsidy expense. The DOI did not disburse any new direct loans in FY 2020 or in FY 2019 and therefore does not have any subsidy rates or administrative expenses to disclose.

D. Subsidy Expense for Direct Loans by Program and Component:			*(dollars in thousands)*
Modifications and Re-estimates	**Interest Rate Re-estimates**	**Technical Re-estimates**	**Total Re-estimates**
Direct Loan Programs (Credit Reform)			
Indian Affairs	$ (152)	$ 730	$ 578
Bureau of Reclamation	-	(27)	(27)
FY 2020 Total	**$ (152)**	**$ 703**	**$ 551**
Indian Affairs	$ (83)	$ 754	$ 671
Bureau of Reclamation	-	254	254
FY 2019 Total	**$ (83)**	**$ 1,008**	**$ 925**

Total Direct Loan Subsidy Expense	**FY 2020**	**FY 2019**
Direct Loan Programs (Credit Reform)		
Indian Affairs	$ 578	$ 671
Bureau of Reclamation	(27)	254
Total	**$ 551**	**$ 925**

Table E. Schedule for Reconciling Direct Loan Subsidy Cost Allowance Balances

The subsidy cost allowance is a cumulative amount that represents the difference between expected repayments from the loan recipient and the cost of borrowing the principal from Treasury. This subsidy allowance is adjusted annually by recording a subsidy expense that is funded with appropriations. Adjustments can be made due to re-estimates or modifications. There were no other changes in economic conditions, other risk factors, legislation, or credit policies that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates.

E. Schedule for Reconciling Direct Loan Subsidy Cost Allowance Balances (Post-1991 Direct Loans): *(dollars in thousands)*	**FY 2020**	**FY 2019**
Beginning balance of the subsidy cost allowance	$ 1,994	$ 1,743
Adjustments:		
(a) Subsidy allowance amortization	(490)	(655)
(b) Other	(202)	(19)
Ending balance of the subsidy cost allowance before reestimates	1,302	1,069
Add or subtract total subsidy reestimates as shown in Schedule D	551	925
Ending balance of the subsidy cost allowance	**$ 1,853**	**$ 1,994**

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

Table F. Defaulted Guaranteed Loans Receivable from Post-1991 Guarantees

The DOI recognizes loans receivable for defaulted loans that were guaranteed. Loans assumed after FCRA are accounted for using the present value method to arrive at the net receivable or value of assets related to defaulted guaranteed loans receivable, net.

F. Defaulted Guaranteed Loans from Post-1991 Guarantees (Present Value Method):				*(dollars in thousands)*
Guaranteed Loans (Credit Reform)	**Defaulted Guarantee. Loans Receivable, Gross**	**Interest Receivable**	**Allowance for Subsidy Cost (Present Value)**	**Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net**
FY 2020	$ 933	$ 79	$ (915)	$ 97
FY 2019	$ 31,758	$ 3,273	$ (31,691)	$ 3,340

Table G. Guaranteed Loans Outstanding

The following table details the outstanding principal for loan guarantees as of September 30, 2020 by cohort year. The amount guaranteed is a portion of the outstanding principal and is separately displayed. The New Guaranteed Loans Disbursed presented as of FY 2020 and FY 2019 represent principal disbursements and guarantees for prior FY cohorts and the current FY cohort (see the subsidy rates paragraph above Table D for the definition of cohort).

G. Guaranteed Loans Outstanding as of September 30, 2020:		*(dollars in thousands)*
Loan Guarantee Programs	**Outstanding Principal of Guaranteed Loans, Face Value**	**Amount of Outstanding Principal Guaranteed**
FY 1992 - 2018	$ 536,695	$ 482,927
FY 2019	61,025	54,923
FY 2020	53,837	48,453
Total	**$ 651,557**	**$ 586,303**
New Guaranteed Loans Disbursed (Current reporting year):		
Amount Paid in Current FY for Prior Years	$ 28,480	$ 25,632
Amount Paid in Current FY for Current FY Guarantees	59,704	53,734
FY 2020 Total	$ 88,184	$ 79,366
Amount Paid in Prior FY for Prior Years	70,661	63,595
Amount Paid in Prior FY for Prior FY Guarantees	53,366	48,030
FY 2019 Total	**$ 124,027**	**$ 111,625**

Table H. Liability for Loan Guarantees

Present value of cash outflows projected for outstanding guarantees is detailed below.

H. Liability for Loan Guarantees:	(dollars in thousands)
Guaranteed Loans (Pre-Credit Reform)	**Liabilities for Loan Guarantees, for Post-1991 Guarantees, Present Value**
Liability for Loan Guarantees:	
FY 2020	$ 63,881
FY 2019	$ 133,379

Table I. Subsidy Expense for Loan Guarantees by Program and Component

The subsidy expense for guaranteed loans is the sum of interest supplements and defaults, offset by fees and other collections. The total loan guarantee program subsidy expense is the sum of the new loan guarantees and the modifications and re-estimates. There were no other changes in economic conditions, other risk factors, legislation, or credit policies that have had a significant and measurable effect on subsidy rates, subsidy expense, and subsidy re-estimates.

I. Subsidy Expense for Loan Guarantees by Program and Component:				(dollars in thousands)
Guaranteed Loans (Credit Reform)	**Interest Supplements**	**Defaults**	**Fees and Other Collections**	**Total**
Subsidy Expense for New Loan Guarantees:				
FY 2020	$ 2,876	$ 3,481	$ (1,513)	$ 4,844
FY 2019	$ 4,549	$ 5,141	$ (2,281)	$ 7,409

Guaranteed Loans (Credit Reform)	**Interest Rate Reestimates**	**Technical Reestimates**	**Total**
Modifications and Reestimates:			
FY 2020	$ 1,229	$ 29,692	$ 30,921
FY 2019	$ (822)	$ 11,816	$ 10,994

Total Loan Guarantee Program Subsidy Expense	**FY 2020**	**FY 2019**
Indian Affairs	$ 35,765	$ 18,403

Table J. Subsidy Rate for Loan Guarantees by Program and Component

The following subsidy rates are applicable only to new loan guarantees issued in FY 2020 and FY 2019.

J. Subsidy Rates for Loan Guarantees by Program and Component:					
Guaranteed Loans (Credit Reform)	**Interest Supplements**	**Defaults**	**Fees and Other Collections**	**Other**	**Total**
Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts:					
FY 2020	3.3%	4.0%	-1.8%	0.0%	5.5%
FY 2019	3.5%	3.7%	-1.8%	0.0%	5.3%

Table K. Schedule for Reconciling Loan Guarantee Liability Balances

The following table provides a roll forward of the loan guarantee liability for the current and prior fiscal years.

K. Schedule for Reconciling Loan Guarantee Liability Balances: *(dollars in thousands)*		
	FY 2020	**FY 2019**
Beginning balance of the loan guarantee liability	$ 133,379	$ 30,808
Add. Subsidy expense for guaranteed loans disbursed during the reporting years as shown in Schedule I	$ 4,844	$ 7,409
Adjustments:		
(a) Fees received	$ 2,912	$ 1,096
(b) Interest supplements paid	(501)	(552)
(c) Claim payments to lenders	(160)	(66)
(d) Interest accumulation on the liability balance	1,550	4,304
(e) Other (recovery, revenue, and re-estimates)	(109,064)	79,386
Ending balance of the loan guarantee liability before reestimates	$ 32,960	$ 122,385
Add or subtract total subsidy reestimates as shown in Schedule I	$ 30,921	$ 10,994
Ending balance of the loan guarantee liability	**$ 63,881**	**$ 133,379**

Table L. Loan Guarantee Administrative Expenses

The DOI incurred salary and other administrative expenses in managing the direct and guaranteed loans programs.

L. Administrative Expense:			*(dollars in thousands)*		
Direct Loans (Credit Reform)			**Guaranteed Loans Programs**		
FY 2020	$	-	**FY 2020**	$	1,230
FY 2019	$	-	**FY 2019**	$	1,257

Note 1(G) contains additional information on loans and interest receivable.

NOTE 6. INVENTORY AND RELATED PROPERTY

Inventory and Related Property as of September 30, 2020 and 2019, consist of the following:

(dollars in thousands)	FY 2020	FY 2019
Inventory		
Published Maps and Other Inventory Held for Current Sale	$ 8,796	$ 9,445
Gas and Storage Rights held for Current Sale	776	782
Operating Materials		
Working Capital Fund: Inventory Held for Use	105	124
Operational Land Imager. Inventory Held for Use	1,369	1,574
Airplane Parts and Fuel Held for Use	2,059	2,137
Stockpile Materials		
Recoverable Below-Ground Crude Helium Held in Reserve	29,974	33,878
Total Inventory and Related Property	**$ 43,079**	**$ 47,940**

Valuation methods and other information regarding inventory and related property are presented in Note 1(H).

NOTE 7. GENERAL PROPERTY, PLANT, AND EQUIPMENT, NET

The following table displays current year general PP&E acquisitions, dispositions, and depreciation/amortization.

General PP&E Rollforward Report (dollars in thousands)	September 30,2020 PP&E (Net)
Balance, Beginning of Year	$ 21,941,591
Capitalized Acquisitions	1,172,470
Dispositions	(119,767)
Depreciation / Amortization	(769,526)
Balance, End of Year	**$ 22,224,768**

The PP&E categories with corresponding acquisition cost and accumulated depreciation as of September 30, 2020, are shown in the following table:

(dollars in thousands)	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land and Land Improvements	$ 2,488,430	$ (239,284)	$ 2,249,146
Buildings	5,924,809	(2,836,412)	3,088,397
Structures and Facilities	26,218,530	(13,328,386)	12,890,144
Leasehold Improvements	75,720	(46,780)	28,940
Construction in Progress			
Construction in Progress - General	2,512,184	-	2,512,184
Construction in Progress in Abeyance	317,951	-	317,951
Equipment, Vehicles, and Aircraft	3,224,027	(2,191,090)	1,032,937
Internal Use Software			
In Use	579,337	(558,071)	21,266
In Development	83,803	-	83,803
Total Property, Plant, and Equipment	**$ 41,424,791**	**$ (19,200,023)**	**$ 22,224,768**

The PP&E categories with corresponding acquisition cost and accumulated depreciation as of September 30, 2019, are shown in the following table:

(dollars in thousands)	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land and Land Improvements	$ 2,483,209	$ (223,694)	$ 2,259,515
Buildings	5,772,875	(2,701,618)	3,071,257
Structures and Facilities	25,921,259	(12,942,888)	12,978,371
Leasehold Improvements	64,433	(43,443)	20,990
Construction in Progress			
Construction in Progress - General	2,160,114	-	2,160,114
Construction in Progress in Abeyance	292,889	-	292,889
Equipment, Vehicles, and Aircraft	3,173,034	(2,085,153)	1,087,881
Internal Use Software			
In Use	580,956	(557,794)	23,162
In Development	47,412	-	47,412
Total Property, Plant, and Equipment	**$ 40,496,181**	**$ (18,554,590)**	**$ 21,941,591**

Capitalization criteria and other information regarding general property, plant, and equipment are discussed in Note 1(I).

NOTE 8. ASSETS ANALYSIS

Assets of DOI include entity assets and non-entity assets. Non-entity assets are currently held by but not available to DOI and will be forwarded to Treasury or other agencies at a future date.

Non-entity assets, restricted by nature, consist of DOI's custodial activity, a portion of the Sport Fish Restoration and Boating Trust Fund that is held for others, Conservation Funds (Land and Water Conservation Fund, Historic Preservation Fund, and Environmental Improvement and Restoration Fund), amounts in deposit, miscellaneous receipts, special receipts, and budget clearing accounts held for others.

The DOI's assets as of September 30, 2020, are summarized into the following categories:

(dollars in thousands)	Entity	Non-Entity	FY 2020
ASSETS: Intragovernmental Assets			
Fund Balance with Treasury	$ 62,100,643	$ 965,772	$ 63,066,415
Investments, Net	10,265,340	6,280	10,271,620
Accounts and Interest Receivable	1,014,750	645,467	1,660,217
Advances and Prepayments	21,187	-	21,187
Total Intragovernmental Assets	$ 73,401,920	$ 1,617,519	$ 75,019,439
Cash	372	-	372
Accounts and Interest Receivable, Net	6,100,825	758,606	6,859,431
Loans and Interest Receivable, Net	43,620	-	43,620
Inventory and Related Property	43,079	-	43,079
General Property, Plant, and Equipment, Net	22,224,768	-	22,224,768
Advances and Prepayments	208,282	-	208,282
Other Miscellaneous Assets	10,242	-	10,242
TOTAL ASSETS	**$ 102,033,108**	**$ 2,376,125**	**$ 104,409,233**

The DOI's assets as of September 30, 2019, are summarized into the following categories:

(dollars in thousands)	Entity	Non-Entity	FY 2019
ASSETS: Intragovernmental Assets			
Fund Balance with Treasury	$ 59,563,843	$ 1,221,507	$ 60,785,350
Investments, Net	9,848,973	35,808	9,884,781
Accounts and Interest Receivable	965,851	653,417	1,619,268
Advances and Prepayments	12,993	-	12,993
Total Intragovernmental Assets	$ 70,391,660	$ 1,910,732	$ 72,302,392
Cash	399	-	399
Accounts and Interest Receivable, Net	6,494,153	1,149,084	7,643,237
Loans and Interest Receivable, Net	49,725	-	49,725
Inventory and Related Property	47,940	-	47,940
General Property, Plant, and Equipment, Net	21,941,591	-	21,941,591
Advances and Prepayments	176,430	-	176,430
Other Miscellaneous Assets	10,038	-	10,038
TOTAL ASSETS	**$ 99,111,936**	**$ 3,059,816**	**$ 102,171,752**

NOTE 9. STEWARDSHIP PP&E

The DOI's mission is to protect and manage the Nation's natural resources and cultural heritage. To ensure that these resources are preserved and sustained for the benefit and enjoyment of future generations, Congress has enacted legislation to assist in asset management.

The predominant laws governing the management of stewardship land are the *National Park Service Organic Act of 1916,* the *National Wildlife Refuge System Improvement Act,* and the *Federal Land Policy and Management Act of 1976* (FLPMA). However, there are many other significant laws that provide additional guidance on various aspects of stewardship land. Combined, these laws direct the management of land and waters for the benefit of present and future generations.

The FLPMA created the concept of multiple-use, which Congress defines as management of both the land and the use of the land in a combination that will best meet the present and future needs of the American people. The resources and uses embraced by the multiple-use concept include mineral development; natural, scenic, scientific, and historical values; outdoor recreation; livestock grazing; timber management; watersheds; and wildlife and fish habitat.

The preservation and management of heritage assets located on Federal lands or preserved in Federal and non-Federal facilities is guided chiefly by the *Antiquities Act of 1906;* the *Archaeological Resources Protection Act of 1979, as amended; Curation of Federally-Owned and Administered Archeological Collections; the Native American Graves Protection and Repatriation Act of 1990; the National Historic Preservation Act of 1966*; and Executive Order 13287, *Preserve America.*

Through these laws and regulations, DOI strives to preserve and manage stewardship land and heritage assets so that their value is preserved intelligently and that they are thoughtfully integrated into the needs of the surrounding communities. The cited legislation is implemented through DOI policy and guidance, whereby continuous program management evaluations and technical reviews ensure compliance.

During FY 2020 and FY 2019, the costs associated with acquiring, constructing, and renovating heritage assets were $301 million and $234 million, respectively, and the costs associated with acquiring and improving stewardship lands were $167 million and $165 million, respectively.

STEWARDSHIP LAND

The DOI-administered stewardship lands encompass a wide range of activities, including recreation; conservation; resource extraction such as mining and oil and gas leasing; wilderness protection; and other functions vital to the health of the economy and of the American people. These include national parks, national wildlife refuges, public lands, and many other lands of national and historical significance.

The *Wilderness Act of 1964* established the National Wilderness Preservation System to ensure that future generations can continue to experience wild and natural places. This system currently includes more than 109 million acres, of which 67 percent is managed by DOI.

Each bureau within DOI that administers stewardship lands serves to preserve, conserve, protect, and interpret how best to manage the Nation's natural, cultural, and recreational resources. Some of these stewardship lands have been designated as multiple-use.

In general, units of stewardship land are added or deleted through Presidential, Congressional, or Secretarial action. However, boundaries of individual units may be expanded or altered by fee title purchase, transfer of jurisdiction, gift, or withdrawal from the public domain. The change in boundaries of individual units occurs to enhance the purpose for which the unit exists.

BUREAU STEWARDSHIP LANDS

Indian Affairs

The IA is in a unique position in that the land managed is Tribal/reservation land that has been administratively designated to IA for a specific purpose that will benefit American Indians and Alaska Natives. The land or land rights could be withdrawn/returned to the Tribe based on the terms of an initial agreement or subsequent agreements. Although the structures constructed on these lands may be considered operational in nature, the lands on which these structures reside are managed in a stewardship manner to provide services to the Tribe/reservation.

Regional Offices. Land owned by IA generally consists of parcels located within the boundaries of Indian reservations which have been temporarily withdrawn for administrative uses and are held for the welfare of the Indian Nation to be preserved and protected. The IA has stewardship responsibility for the multiple use management of lands held for the benefit of American Indians and Alaska Natives. The IA manages its stewardship land through 12 administrative regional offices whose boundaries largely follow one or more state lines. Two exceptions that do not follow state lines are the Navajo region, which includes parts of Arizona, Utah, and New Mexico; and the Eastern Oklahoma region, which includes the eastern section of Oklahoma.

Bureau of Land Management

Geographic Management Areas. The BLM reports its stewardship land by geographic management areas. Specific land use plans are developed and implemented for each of these geographic management areas to manage the land's resources for both present and future periods.

The BLM is guided by principles of multiple use. Multiple uses include: domestic livestock grazing; fish and wildlife development and utilization; mineral exploration and production; rights-of-way; outdoor recreation; and timber production.

Bureau of Reclamation

Federal Water and Related Projects. The USBR stewardship land is used for Federal water and related projects that have been authorized and funded by Congress. These projects include dams, reservoirs, canals, laterals, and various other types of water related properties. The lands for these projects were withdrawn from the public domain to construct, operate, and maintain the projects. Recreational activities such as fishing, boating and camping, may be authorized on these withdrawn lands.

U.S. Fish and Wildlife Service

Lands are acquired through a variety of methods, including withdrawal from the public domain, fee title purchase, transfer of jurisdiction, donation, or gift. The FWS purchases land through two primary sources of funding: the Migratory Bird Conservation Fund and the Land and Water Conservation Fund. The FWS lands are managed and used in accordance with the explicit purpose of the statutes that authorize acquisition or designation and that direct use and management of the land.

National Wildlife Refuges (NWR). The NWR land is used for fish, wildlife, plants, and related recreations. These lands are protected in perpetuity for as long as they remain in the NWR System. The NWR lands are managed to maintain their natural state, to mitigate adverse effects of actions previously conducted by others, or to enhance existing conditions to improve benefits to fish, wildlife, plant resources, and associated recreations.

Coordination Areas. Coordination Area land is used as a wildlife management area that is made available to a state by cooperative agreement between FWS and a state agency having control over wildlife resources.

Wetland Management Districts (WMD). The WMDs are important components of the NWR System. They differ from refuges, which frequently consist of a single contiguous parcel of land, in that they are generally scattered, small parcels of land. The primary use is to conserve waterfowl nesting and rearing habitats. The WMDs consist of waterfowl production areas, wetland easements, or grassland easements.

National Fish Hatcheries. National Fish Hatcheries. National Fish Hatchery land is used to rear various aquatic species in accordance with specific species management plans for the purpose of recovery, restoration, mitigation, or other special conservation or recreation effort and may include the release, transfer, or provision of refuge for the species propagated.

Fish Technology Centers. This land is used to house applied research centers that provide leadership in science-based management of trust aquatic resources through the development of new concepts, strategies, and techniques to solve problems in hatchery operations and aquatic resource conservation.

Associated Fish Facilities. These land units are owned by the Federal Government, but operated by some other entity (state agency, Tribal conservation unit, etc.) The FWS usually has limited management or oversight responsibility for these land units.

National Park Service

Park Units. The NPS conducts various activities to protect and preserve unimpaired resources and values of the National Park System, while providing for public use and enjoyment, in accordance with statutes authorizing the National Park System Units' (Park Units') establishment or directing their use and management. Park Units are created by an act of Congress, except that National Monuments also may be added by Presidential proclamation. An act of Congress is required to withdraw a Park Unit from the National Park System.

Primary Land Management Categories		As of 9/30/2018	Additions	Withdrawals	As of 9/30/2019	Additions	Withdrawals	As of 9/30/2020
IA	Regional Offices	12	-	-	12	-	-	12
BLM	Geographic Management Areas	127	-	-	127	-	-	127
USBR	Federal Water and Related Projects	135	-	-	135	-	-	135
FWS	National Wildlife Refuges	567	-	-	567	1	-	568
FWS	Wetland Management Districts	38	-	-	38	-	-	38
FWS	Coordination Areas	50	-	-	50	-	-	50
FWS	National Fish Hatcheries	68	-	1	67	-	-	67
FWS	Fish Technology Centers	5	-	-	5	-	-	5
FWS	Associated Fish Facilities	14	1	-	15	-	-	15
NPS	Park Units	406	3	1	408	2	-	410
OS	Commission Lands	1	-	-	1	-	-	1
Total Number of Units		**1,423**	**4**	**2**	**1,425**	**3**	**-**	**1,428**

Office of the Secretary

Utah Reclamation Mitigation and Conservation Commission Lands. This land is used for fish and wildlife habitat and recreation to replace or offset the loss in Utah of fish and wildlife resources and related recreational opportunities caused by the acquisition, construction, and operation of USBR project assets such as dams, power plants, roads, pipelines, aqueducts, operation and maintenance of buildings, and visitor centers.

HERITAGE ASSETS

The DOI is a steward of a large, varied, and scientifically important body of heritage assets, both non-collectible and collectible in nature.

Some of the heritage assets have been designated as multiple-use, which Congress defines as management of both the land and the use of the land in a combination that will best meet the present and future needs of the American people. The resources and uses embraced by the multiple-use concept include mineral development; natural, scenic, scientific, and historical values; outdoor recreation; livestock grazing; timber management; watersheds; and, wildlife and fish habitat.

NON-COLLECTIBLE HERITAGE ASSETS

Non-collectible heritage assets include historic buildings, structures, and sites; prehistoric structures and sites (better known as archeological sites); cultural landscapes; and other resources. Some stewardship land assets are also included in non-collectible heritage assets, such as national parks and national wildlife refuges. In addition, subsets of lands within the National Park System may have additional heritage asset designations, such as wilderness areas and national natural landmarks. Heritage assets are added or withdrawn through Presidential, Congressional, or Secretarial designation.

Descriptions of the types of non-collectible heritage assets are:

Cooperative Management and Protection Areas. The BLM manages one Congressionally designated cooperative management and protection area, the Steens Mountain Cooperative Management and Protection Area, located in southeastern Oregon. Cooperative and innovative management projects are maintained and enhanced by BLM, private landowners, Tribes, and other public interest groups.

Headwaters Forest Reserve. The Headwaters Forest Reserve, located in central Humboldt County, California, was acquired from private owners by BLM and the State of California. While title is held by BLM, this area is co-managed by BLM and the State of California to protect the stands of old-growth redwoods that provide habitat for a threatened seabird, the marbled murrelet, as well as the headwaters that serve as a habitat for the threatened Coho salmon and other fish populations.

Lake Todatonten Special Management Area. Congress authorized the creation of the Lake Todatonten Special Management Area located in the interior of Alaska. Lake Todatonten, the central feature of this special management area, is particularly important to waterfowl which use the area for migration, staging, molting, and nesting. The lake and its surrounding hills are also home to moose, bear, and other furbearers, and are managed by BLM.

National Battlefields. A national battlefield is an area of land on which a single historic battle or multiple historic battles took place during varying lengths of time. This general title includes national battlefields, national battlefield parks, national battlefield sites, and national military parks. National Battlefields are managed by NPS.

National Conservation Areas. Congress designates national conservation areas so that present and future generations of Americans can benefit from the conservation, protection, enhancement, use, and management of these areas and enjoy their natural, recreational, cultural, wildlife, aquatic, archeological, paleontological, historical, educational, and/or scientific resources and values. National conservation areas are managed by BLM.

National Historic Landmarks. *The Historic Sites Act of 1935* authorizes the Secretary of DOI to designate national historic landmarks as the Federal Government's official recognition of the national significance of historic properties. These landmarks possess exceptional value or quality in illustrating or interpreting the heritage of the United States in history, architecture, archeology, technology, and culture. They also possess a high degree of integrity of location, design, setting, materials, workmanship, feeling, and association. The National Historic Landmark program is administered by NPS. National historic landmarks are managed by IA, USBR, FWS, BLM, and NPS.

National Historic Sites. Usually, a national historic site contains a single historical feature that was directly associated with its subject. Derived from the *Historic Sites Act of 1935*, some historic sites were established by Secretaries of DOI; but most have been authorized by acts of Congress. National Historic Sites are managed by NPS.

National Historic Trails. Since the passage of the *National Trails System Act in 1968*, BLM, FWS and NPS have assumed responsibility over several national historic, recreation, or scenic trails designated by Congress. Designations include National Historic Trail, National Scenic Trail, Trail Systems, and National Recreation Trail. National Historic Trails and Trail Systems are managed by BLM.

National Historical Parks. This designation generally applies to historic parks that extend beyond single properties or buildings. National Historical Parks are managed by NPS.

National Lakeshores. A national lakeshore is a protected area of lakeshore that is maintained to preserve a significant portion of the diminishing shoreline for the benefit, inspiration, education, recreational use, and enjoyment of the public. Although national lakeshores can be established on any natural freshwater lake, the existing four are all located on the Great Lakes. National lakeshores closely parallel national seashores in character and use. National Lakeshores are managed by NPS.

National Memorials. A national memorial is commemorative of a historic person or episode; it need not occupy a site historically connected with its subject. National Memorials are managed by NPS and FWS.

National Military Parks. See National Battlefields section.

National Monuments. National monuments are normally designated by Congress to protect historic landmarks, historic and prehistoric structures, or other objects of historic or scientific interest on the public lands. The *Antiquities Act of 1906* authorized the President to declare by public proclamation landmarks, structures, and other objects of historic or scientific interest situated on lands owned or controlled by the government to be national monuments. National monuments are managed by BLM, FWS, and NPS.

National Natural Landmarks. National natural landmarks are designated by the Secretary of the Interior. To qualify as a national natural landmark, the area must contain an outstanding representative example of the Nation's natural heritage, including terrestrial communities, aquatic communities, landforms, geological features, habitats of native plant and animal species, or fossil evidence of the development of life on earth and must be located within the boundaries of the United States, its Territories, or on the Continental Shelf. The National Natural Landmark program is administered by NPS. Within DOI, national natural landmarks are managed by USBR, FWS, NPS, and BLM.

National Parks. Generally, national parks are large natural places that encompass a wide variety of attributes, sometimes including significant historic assets. Hunting, mining, and consumptive activities are generally not authorized. National Parks are managed by NPS.

National Parkways. The title "parkway" refers to a roadway and the parkland paralleling the roadway. All were intended for scenic motoring along a protected corridor and often connect cultural sites. National Parkways are managed by NPS.

National Preserves. National preserves are areas having characteristics associated with national parks but in which Congress has permitted continued public hunting, trapping, oil/gas exploration, and extraction. National Preserves are managed by NPS.

National Recreation Areas. A national recreation area is an area designated by Congress to both assure the conservation and protection of natural, scenic, historic, pastoral, and fish and wildlife values and to provide for the enhancement of recreational values. National recreation areas are generally centered on large reservoirs and emphasize water-based recreation with some located near major population centers. National Recreation Areas are managed by BLM and NPS.

National Recreation Trails. See National Historic Trail section. Trail Systems are reported under National Recreation Trails. National Recreation Trails are managed by BLM and FWS, and Trail Systems are managed by BLM.

National Reserves. National reserves are similar to national preserves, except that management may be transferred to local or state authorities. National Reserves are managed by NPS.

National Rivers. There are several variations to this category. National river and recreation area, national scenic river, wild river, etc. These rivers possess remarkable scenic, recreational, geologic, fish and wildlife, historic, cultural, or other similar values and shall be preserved in a free-flowing condition – that they and their immediate environments shall be protected for the benefit and enjoyment of present and future generations. National Rivers are managed by NPS.

National Scenic Areas The purpose of the National Scenic Area is to conserve, protect, and enhance, for the benefit, use, and enjoyment of present and future generations, the nationally significant scenic, cultural, geological, educational, biological, historical, recreational, cinematographic, and scientific resources of the Scenic Area. National Scenic Areas are managed by BLM in accordance with the *Federal Land Policy and Management Act of 1976.*

National Scenic Trails. See National Historic Trail section. National Scenic Trails are managed by BLM and NPS.

National Seashores. A national seashore preserves shoreline areas as well as offshore islands with natural and recreational significance with the dual goal of protecting precious, ecologically fragile land, while allowing the public to enjoy a unique resource. The national seashores are located on the Atlantic, Pacific, and Gulf coasts of the United States. National Seashores are managed by NPS.

National Wild and Scenic Rivers. Rivers designated in the National Wild and Scenic Rivers System are classified in one of three categories (wild, scenic, and recreational), depending on the extent of development and accessibility along each section. In addition to being free flowing, these rivers and their immediate environments must possess at least one outstanding remarkable value—scenic, recreational, geologic, fish and wildlife, historic, cultural, or other similar values. National Wild and Scenic Rivers are managed by BLM, FWS, and NPS.

National Wildlife Refuges. The NWR land is used for the fish, wildlife, and plants and recreations. These lands are protected in perpetuity for as long as they remain in the NWR System. The NWR lands are managed to maintain their natural state, to mitigate adverse effects of actions previously conducted by others, or to enhance existing conditions to improve benefits to fish, wildlife, and plant resources and associated recreations.

Threatened and endangered plant and animal species are affected by natural and human-induced pressures including loss of habitat, predation, invasive species, and other factors.

Outstanding Natural Area. An outstanding natural area consists of protected lands to preserve exceptional, rare, or unusual natural characteristics and to provide for the protection or enhancement of natural, educational, or scientific values. These areas are protected by allowing physical and biological processes to operate, usually without direct human intervention. The BLM manages three such areas.

International Historic Site. The international historic site, Saint Croix International Historic Site, is relevant to both U.S. and Canadian history and is managed by NPS.

Wilderness Areas. Wilderness areas are defined as a place where the earth and its community of life are untrammeled by man, where man himself is a visitor and does not remain. These areas are open to the public for purposes of recreational, scenic, scientific, educational, conservatorial, and historical use. Generally, a wilderness area is greater than 5,000 acres and appears to have been affected primarily by the forces of nature, with human development substantially unnoticeable. Wilderness areas provide outstanding opportunities for solitude or primitive and unconfined types of recreation. Wilderness areas are managed by BLM, NPS, and FWS.

Research Natural Area. The BLM manages Fossil Forest Research Natural Area, which was designated by Congress to conserve and protect natural values and to provide scientific knowledge, education, and interpretation for more than 2,000 acres of land and resources in New Mexico.

Archaeological Protection Areas. The BLM manages two Congressionally-designated Archeological Protection Areas in New Mexico. Galisteo Basin is the location for many well-preserved prehistoric and historic archeological resources of Native American and Spanish colonial cultures. Chaco Culture is an area of archeological significance for the Chacoan Anasazi Indian culture.

Special Areas. The BLM manages five Secretarially-designated Special Areas in Alaska. The Utukok River Uplands contains critical habitat for caribou. Teshekpuk Lake and its watershed are an important habitat for a large number of ducks, geese, and swans. Colville River provides critical nesting habitat for the arctic peregrine falcon. Kasegaluk Lagoon was designated as a Special Area where special precautions are necessary to control activities which would disrupt resource values. Peard Bay is an area of Western Alaska which provides protections for numerous subsistence species including caribou herds, tens of thousands of birds, and lake and costal fish habitat.

Other. This category includes those park units that cannot be readily included in any of the standard categories. Examples include Catoctin Mountain Park, Maryland; Constitution Gardens, District of Columbia; National Capital Parks in the District of Columbia, Maryland, and Virginia; the White House; the National Mall; and Wolf Trap National Park for the Performing Arts, Virginia.

Non-Collectible Heritage Asset Categories	As of 9/30/2018	Additions	Withdrawals	As of 9/30/2019	Additions	Withdrawals	As of 9/30/2020
Cooperative Management and Protection Area	1	-	-	1	-	-	1
Headwaters Forest Reserve	1	-	-	1	-	-	1
Lake Todatonten Special Management Area	1	-	-	1	-	-	1
National Battlefield Parks	4	-	-	4	-	-	4
National Battlefield Site	1	-	-	1	-	-	1
National Battlefields	11	-	-	11	-	-	11
National Conservation/ Conservation Areas	17	1	-	18	-	-	18
National Historic Landmarks (NHL)	222	3	1	224	7	-	231
National Historic Sites	77	1	2	76	-	-	76
National Historic Trails	13	-	-	13	-	-	13
National Historical Parks	52	5	-	57	-	-	57
National Lakeshores	4	-	1	3	-	-	3
National Memorials	29	1	-	30	3	-	33
National Military Parks	9	-	-	9	-	-	9
National Monuments	121	4	6	119	1	1	119
National Natural Landmarks (NNL)	116	-	1	115	-	-	115
National Parks	60	1	-	61	1	-	62
National Parkways	4	-	-	4	-	-	4
National Preserves	19	-	-	19	-	-	19
National Recreation Areas	20	1	-	21	-	-	21
National Recreation Trails	113	1	-	114	1	-	115
National Reserves	2	-	-	2	-	-	2
National Rivers	5	-	-	5	-	-	5
National Scenic Areas	-	1	-	1	-	-	1
National Scenic Trails	8	-	-	8	-	-	8
National Seashores	10	-	-	10	-	-	10
National Wild and Scenic Rivers	92	3	-	95	10	-	105
National Wildlife Refuges	567	-	-	567	1	-	568
Outstanding Natural Areas	3	-	-	3	-	-	3
International Historic Site	1	-	-	1	-	-	1
Wilderness Areas	361	36	-	397	1	-	398
Research Natural Area	1	-	-	1	-	-	1
Archaeological Protection Areas	2	-	-	2	-	-	2
Special Areas	5	-	-	5	-	-	5
Other	11	-	-	11	-	-	11
Total	**1,963**	**58**	**11**	**2,010**	**25**	**1**	**2,034**

COLLECTIBLE HERITAGE ASSETS

The DOI is a steward of a large, unique, and diversified collection of library holdings and museum collections.

Library Collections

Library collections are added when designated by the Secretary, Congress, or the President. A library collection may be withdrawn if it is later managed as part of a museum collection, if legislation is amended, and/or if the park unit is withdrawn.

Departmental Offices. The DO manages the DOI Library. This library was created by Secretarial Order and the collections represent a national resource in the disciplines vital to the missions of DOI. The collection covers Native American culture and history, American history, national parks, geology, nature, wildlife management, public lands management, and law. In addition, the library's collection of online databases and access to other electronic information sources enable DOI personnel and other researchers to access needed information from their computers. The DOI policy dictates that copies of all publications produced by or for its bureaus and offices will be deposited in the library collection.

U.S. Geological Survey. The USGS library holdings, collected during more than a century of providing library services, are an invaluable legacy to the Nation. The Secretarial Order that founded USGS decreed that copies of reports published by USGS should be given to the library in exchange for publications of state and national geological surveys and societies. The USGS's four library collections provide scientific information needed by DOI researchers, as well as researchers of other Government agencies, universities, and professional communities. Besides providing resources for USGS scientific investigations, the library collections provide access to geographical, technical, and historical literature in paper and electronic formats for the general public and the industry. These libraries are housed in Reston, Virginia; Menlo Park, California; Denver, Colorado; and, Flagstaff, Arizona.

National Park Service. The NPS reports two libraries that are specifically designated as libraries in NPS establishing legislation and are not managed as part of the park's museum collection.

Library Collections	As of 9/30/2018	Additions	Withdrawals	As of 9/30/2019	Additions	Withdrawals	As of 9/30/2020
Departmental Library	1	-	-	1	-	-	1
National Park Service Library	2	-	-	2	-	-	2
U.S. Geological Survey Library	4	-	-	4	-	1	3
Total	**7**	**-**	**-**	**7**	**-**	**1**	**6**

Interior Museum Collections	As of 9/30/2018	Additions	Withdrawals	As of 9/30/2019	Additions	Withdrawals	As of 9/30/2020
Held at Interior Facilities	565	38	8	595	10	5	600
Held at Non-Interior Facilities	450	16	47	419	6	16	409
Total	**1,015**	**54**	**55**	**1,014**	**16**	**21**	**1,009**

Museum Collections

The DOI's museum property is intimately associated with the lands and cultural and natural resources for which DOI bureaus and offices have significant stewardship responsibilities. The DOI manages millions of museum objects in the disciplines of art, ethnography, archeology, archives, history, biology, paleontology, and geology.

Museum collections are organized by location for the purposes of physical accountability. Each bureau has the authority to add or remove an individual museum collection unit, which is done for various reasons such as recovery of new collections from bureau lands, discovery of previously unknown collections held in non-DOI facilities, and collections consolidation.

Museum collections are housed in both DOI and non-DOI facilities in an effort to maximize awareness of and accessibility to the collections by the public and DOI bureau employees. The DOI museum collections are important for their intrinsic scientific, cultural, and artistic values, their usefulness in supporting DOI's mission of managing DOI land, cultural resources, and natural resources, and their research potential to study current issues such as climate change, biodiversity, and health. Housing museum collections in non-DOI facilities also allows for cost effective care by professionals in those facilities, which are often non-Federal.

NOTE 10. DEBT

Intragovernmental Debt to Treasury under Credit Reform

As discussed in Note 5, Loans and Interest Receivable, IA, USBR, and DO's OIA have borrowed funds from Treasury in accordance with FCRA to fund loans under various loan programs.

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 5.42 percent. The repayment date for this loan is September 30, 2027.

Indian Affairs

Maturity dates for the amounts borrowed from Treasury range from 2023-2040. Interest rates for these securities range from 1.51 percent to 7.46 percent.

Bureau of Reclamation

The maturity dates for these loans range from 2028 to 2043. Financing accounts must earn and pay interest at the same rate used to discount the credit subsidy cash flows for each cohort. A disbursement-weighted average discount rate is used for FY 1992-2000 cohort years and ranges from 5.81 percent to 7.39 percent. A single effective rate is used for FY 2001-2002 cohort years and ranges from 5.42 percent to 5.59 percent.

Intragovernmental Debt to Treasury activity as of September 30, 2020 and 2019, is summarized as follows:

(dollars in thousands)	FY 2019 Beginning Balance	Borrowing / (Repayments), Net	FY 2019 Ending Balance	Borrowing / (Repayments), Net	FY 2020 Ending Balance
Credit Reform Borrowings	$ 56,937	$ (15,170)	$ 41,767	$ (4,604)	$ 37,163

NOTE 11. LIABILITY FOR CAPITAL TRANSFERS TO THE GENERAL FUND

The DOI records an intragovernmental liability for USBR and DO appropriations determined to be recoverable from project beneficiaries when funds are received and they meet the requirement for repayment. The DOI decreases the liability when payments are received from these beneficiaries and subsequently, transfers it to Treasury's General Fund. Interest is accumulated on this liability pursuant to authorizing project legislation or administrative policy. Interest rates used during FY 2020 and FY 2019 ranged from 2.63 percent to 10.87 percent. Repayment is generally over a period not to exceed 50 years from the time revenue producing assets are placed in service. Repayment to Treasury's General Fund is dependent upon actual water and power delivered to customers (through the Western Area Power Administration); as such, there is no structured repayment schedule.

Costs incurred, collections and repayment activity as of September 30, 2020 and 2019, are summarized in the table below:

(dollars in thousands)	FY 2020	FY 2019
Beginning Balance	$ 1,513,004	$ 1,552,900
Costs Incurred	118,590	59,922
Collections	(97,371)	(94,869)
Repayments to Treasury	(6,391)	(4,949)
Ending Balance	**$ 1,527,832**	**$ 1,513,004**

NOTE 12. FEDERAL EMPLOYEE AND VETERAN BENEFITS

Federal Employee and Veteran Benefits as of September 30, 2020 and 2019, consists of the following:

(dollars in thousands)	FY 2020	FY 2019
Federal Employee and Veteran Benefits		
U.S. Park Police Pension Actuarial Liability	$ 594,288	$ 589,967
U.S. Park Police Pension Current Liability	40,312	39,733
Federal Employees Compensation Actuarial Liability	575,024	682,867
Total Federal Employee and Veteran Benefits	**$ 1,209,624**	**$ 1,312,567**

U.S. Park Police Pension Plan. In estimating the USPP Pension Plan liability and associated expense, NPS's actuary applies economic assumptions to historical cost information to estimate the Government's future cost to provide benefits to current and future retirees. The estimate is adjusted by the time value of money and the probability of having to pay benefits due to assumed decrements for mortality, and terminations.

The following table represents the significant economic assumptions used to estimate the USPP Plan liability and the changes in the USPP Pension Plan liability balances. The USPP Pension Plan discount rates of 2.7 percent in FY 2020 and 2.9 percent in FY 2019 match the rates established by OPM for the CSRS plan, which has similar demographic characteristics and keeps NPS consistent in its reporting. The NPS used the PUB2010 Safety Above Median Mortality Table, released in January 2019, by the Society of Actuaries' (SOA's) Retirement Plans Experience Committee (RPEC) and based on data collected from public pension systems. The longevity scale for this mortality table was updated from MP-2018 to MP-2019 for FY 2020.

Additionally, the USPP Pension Plan inflation rates of 1.2 percent in FY 2020 and 1.1 percent in FY 2019 differed from the 1.7 percent in FY 2020 and 1.6 percent in FY2019 used by OPM for the CSRS plan. The USPP Pension inflation rate is a computational shortcut where future inflation is assumed equal to future salary increases. The plan's cost of living adjustment is based on increases in basic pay, not general inflation. Therefore, the inflation rate has been set to match the 10-year average of the Federal General Schedule of Salary Increases.

See Note 1(K) for additional information on Federal Employee and Veteran Benefits.

Economic Assumptions Used (expressed in percentages)	FY 2020	FY 2019
Interest Rate	2.7	2.9
Inflationary Rate	1.2	1.1
Projected Salary Increase	1.2	1.1

USPP Pension Plan Liability (dollars in thousands)	FY 2020	FY 2019
Beginning Balance	$ 629,700	$ 622,100
Pension Expenses		
Interest on liability	17,700	18,100
Actuarial (gains) or losses from experience	11,712	8,633
Actuarial (gains) or losses from assumption changes	15,800	20,600
Total Pension Expenses	45,212	47,333
Less Benefit Payments	(40,312)	(39,733)
Ending Balance	**$ 634,600**	**$ 629,700**

NOTE 13. CONTINGENT LIABILITIES AND ENVIRONMENTAL AND DISPOSAL LIABILITIES

The DOI is party to various administrative proceedings, legal actions, and tort claims which may results in settlements or decisions adverse to the Federal Government and has the responsibility to remediate sites with environmental contamination.

Contingent Liabilities

General Contingent Liabilities consist of numerous lawsuits and claims filed against DOI which are awaiting adjudication. These liabilities typically relate to *Federal Tort Claims Act* administrative and judicial claims, contract-related actions, Tribal and Indian trust-related matters, personnel and employment-related matters, and various land and resource related claims and adjudications. Most of the cash settlements are expected to be paid out of the Judgment Fund, which is maintained by Treasury, rather than the operating resources of DOI. In suits brought through the *Contract Disputes Act of 1978* and awards under *Federal Antidiscrimination and Whistleblower Protection Acts,* DOI is required to reimburse the Judgment Fund from future agency appropriations.

No amounts have been accrued in the financial records for claims where the amount of potential loss cannot be estimated or the likelihood of an unfavorable outcome is less than probable. Matters for which the likelihood of an unfavorable outcome is less than probable but more than remote involve a wide variety of allegations and claims. These matters arise in the course of carrying out DOI programs and operations, including interaction with the Tribes and individual Indians, interaction with trust territory in the Pacific Islands, operation of wildlife refuges, law enforcement of DOI-managed land, general management activities on DOI land, resource related claims, and operations of reclamation projects. The ultimate outcomes in these matters cannot be predicted at this time. Sufficient information is not currently available to determine if the ultimate resolution of the proceedings, actions, and claims will materially affect DOI's financial position or results of operations.

The accrued and potential Contingent Liabilities as of September 30, 2020 and 2019, are summarized in the table below:

FY 2020: Contingent Liabilities (dollars in thousands)	Accrued Liabilities	Estimated Range of Loss	
		Lower End of Range	Upper End of Range
Contingent Liabilities			
Probable	$ 154,504	$ 154,504	$ 228,605
Reasonably Possible	$ -	$ 836,041	$ 3,082,625

FY 2019: Contingent Liabilities (dollars in thousands)	Accrued Liabilities	Estimated Range of Loss	
		Lower End of Range	Upper End of Range
Contingent Liabilities			
Probable	$ 174,929	$ 174,929	$ 217,071
Reasonably Possible	$ -	$ 830,852	$ 3,170,092

Environmental and Disposal Liabilities

Environmental and Disposal Liabilities include estimated cleanup costs related to remediation as well as cleanup costs related to friable and nonfriable asbestos in accordance with FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs.*

The DOI is subject to environmental laws and regulations regarding air, water, and land use, the storage and disposal of hazardous materials, and the operations and closure of facilities at which environmental contamination may be present. The major Federal laws covering environmental response, cleanup, and monitoring include: *Comprehensive Environmental Response, Compensation, and Liability Act; Resource Conservation and Recovery Act; Oil Pollution Act; Clean Water Act; Clean Air Act; Safe Drinking Water Act;* and *Asbestos Hazard Emergency Response Act.* Under these laws responsible parties, which may include Federal agencies under certain circumstances, are required to remove releases of hazardous substances from facilities they own, operate, or at which they arranged for the disposal of such substances. The DOI estimates its environmental remediation liability for future costs of studies necessary to evaluate response requirements, monitoring, and cleanup of hazardous substances. Changes in environmental remediation liability cleanup cost estimates are based on progress made and revision of the cleanup plans.

Certain DOI facilities may include asbestos-containing material in the construction or later renovation. These materials, while in an undisturbed or encapsulated state (i.e., nonfriable asbestos) are not subject to cleanup under applicable law. The DOI's policy is that unless and until the material becomes friable or otherwise capable of causing contamination, the costs for monitoring, management and removal of these materials are to be disclosed as Asbestos Related Cleanup Liability.

See Note 1(K) for additional information on contingent liabilities and environmental and disposal liabilities.

The accrued and potential Environmental and Disposal Liabilities as of September 30, 2020 and 2019, are summarized in the tables below:

FY 2020: Environmental & Disposal Liabilities *(dollars in thousands)*	Accrued Liabilities	Estimated Range of Loss	
		Lower End of Range	Upper End of Range
Environmental Remediation Liability			
Probable	$ 374,761	$ 374,761	$ 4,372,626
Reasonably Possible	-	$ 176,634	$ 233,234
Asbestos Related Cleanup Liability	613,350		
Total Environmental & Disposal Liability	**$ 988,111**		

FY 2019: Environmental & Disposal Liabilities *(dollars in thousands)*	Accrued Liabilities	Estimated Range of Loss	
		Lower End of Range	Upper End of Range
Environmental Remediation Liability			
Probable	$ 333,668	$ 333,668	$ 4,280,736
Reasonably Possible	-	$ 76,603	$ 289,281
Asbestos Related Cleanup Liability	587,217		
Total Environmental & Disposal Liability	**$ 920,885**		

NOTE 14. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES AND OTHER LIABILITIES

Liabilities covered by budgetary resources are funded liabilities to be liquidated 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. Liabilities not requiring budgetary resources are liabilities that have not in the past required and will not in the future require the use of budgetary resources. Current liabilities are expected to be liquidated within one year from the reporting date, while non-current liabilities are not expected to be liquidated within one year.

The DOI's liabilities not covered by budgetary resources as of September 30, 2020 and 2019 are as follows:

Liabilities Not Covered by Budgetary Resources *(dollars in thousands)*	FY 2020	FY 2019
Intragovernmental Liabilities:		
Other Intragovernmental Liabilities	$ 1,493,622	$ 1,478,690
Total Intragovernmental Liabilities	**$ 1,493,622**	**$ 1,478,690**
Public Liabilities:		
Federal Employee and Veteran Benefits	$ 1,169,312	$ 1,272,834
Environmental and Disposal Liabilities	988,111	920,885
Other Public Liabilities	1,435,786	1,686,122
Total Public Liabilities	**3,593,209**	**3,879,841**
Total Liabilities Not Covered by Budgetary Resources	**5,086,831**	**5,358,531**
Total Liabilities Not Requiring Budgetary Resources	**3,363,661**	**3,587,480**
Total Liabilities Covered by Budgetary Resources	**4,352,125**	**3,881,336**
Total Liabilities	**$ 12,802,617**	**$ 12,827,347**

The DOI's Current and Non-Current Other Liabilities as of September 30, 2020 and 2019 are provided in the tables below:

(dollars in thousands)	Current	Non-Current	FY 2020
Other Liabilities			
Other Intragovernmental Liabilities:			
Liability for Capital Transfers to the General Fund	$ 65,579	$ 1,462,253	$ 1,527,832
Advances and Deferred Revenue	299,814	259,023	558,837
Custodial Liability	662,490	11,897	674,387
Judgment Fund Liability	-	1,240,356	1,240,356
Accrued Employee Benefits	99,890	30,867	130,757
Unfunded FECA Liability	42,997	64,495	107,492
Miscellaneous Other Intragovernmental Liabilities	212,404	96,965	309,369
Total Other Intragovernmental Liabilities	$ 1,383,174	$ 3,165,856	$ 4,549,030
Other Public Liabilities:			
Contingent Liabilities	$ -	$ 154,504	$ 154,504
Trust Land Consolidation Program Liability	82,751	82,750	165,501
Advances and Deferred Revenue	749,136	445,403	1,194,539
Payments due to States	707,701	3,879	711,580
Grants Payable	526,127	-	526,127
Accrued Payroll and Benefits	288,312	-	288,312
Unfunded Annual Leave	45,518	441,829	487,347
Natural Disaster Liability	86,702	369,551	456,253
Miscellaneous Other Public Liabilities	42,887	83,418	126,305
Total Other Public Liabilities	**$ 2,529,134**	**$ 1,581,334**	**$ $4,110,468**

(dollars in thousands)	Current	Non-Current	FY 2019
Other Liabilities			
Other Intragovernmental Liabilities:			
Liability for Capital Transfers to the General Fund	$ 68,949	$ 1,444,055	$ 1,513,004
Advances and Deferred Revenue	218,263	145,111	363,374
Custodial Liability	1,105,198	19,460	1,124,658
Judgment Fund Liability	-	1,222,076	1,222,076
Accrued Employee Benefits	73,451	26,498	99,949
Unfunded FECA Liability	45,608	68,412	114,020
Miscellaneous Other Intragovernmental Liabilities	181,682	105,846	287,528
Total Other Intragovernmental Liabilities	$ 1,693,151	$ 3,031,458	$ 4,724,609
Other Public Liabilities:			
Contingent Liabilities	$ -	$ 174,929	$ 174,929
Trust Land Consolidation Program Liability	88,332	176,663	264,995
Advances and Deferred Revenue	797,499	181,842	979,341
Payments due to States	985,423	6,771	992,194
Grants Payable	427,153	-	427,153
Accrued Payroll and Benefits	240,110	-	240,110
Unfunded Annual Leave	36,840	378,488	415,328
Natural Disaster Liability	59,342	269,354	328,696
Miscellaneous Other Public Liabilities	6,084	145,626	151,710
Total Other Public Liabilities	**$ 2,640,783**	**$ 1,333,673**	**$ 3,974,456**

NOTE 15. LEASES

OPERATING LEASES

Most of DOI's facilities are obtained through the GSA, which charges an amount that approximates commercial rental rates. The terms of DOI's agreements with GSA 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, DOI either periodically executes an agreement with GSA or enters into cancellable agreements, some of which do not have a formal expiration date. DOI can vacate these properties after giving 120 to 180 days notice of the intent to vacate. For non-Federally owned property, the leases may be cancellable or non-cancellable depending on the terms of the leases.

For non-cancellable Federal and non-Federal operating leases, future payments are calculated based on the terms of the agreement or an annual inflationary factor of 2.00 percent for FY 2021 and after is applied. The inflationary factor is applied against the actual FY 2020 rental expense.

Future payments due under non-cancellable operating leases as of September 30, 2020, consist of the following.

Future Operating Leases *(dollars in thousands)*	Real Property		Totals
	Federal	Non-Federal	
FY 2021	$ 40,921	$ 23,005	$ 63,926
FY 2022	39,106	22,141	61,247
FY 2023	34,192	19,711	53,903
FY 2024	30,707	14,925	45,632
FY 2025	29,406	11,594	41,000
Thereafter	205,011	16,630	221,641
Total Future Operating Lease Payments	**$ 379,343**	**$ 108,006**	**$ 487,349**

NOTE 16. FUNDS FROM DEDICATED COLLECTIONS

Funds from dedicated collections are financed by specifically identified revenues and other financing sources, provided to the government by non-Federal sources, required by statute to be used for designated activities, benefits, or purposes that must be accounted for separately from the Government's general revenues.

The DOI's significant funds from dedicated collections are:

The Land and Water Conservation Fund (LWCF). The LWCF was enacted by the *Land and Water Conservation Fund Act of 1965* (P. L. 88-578) to create and maintain a nationwide legacy of high quality recreation areas and facilities. The *LWCF Act* established a funding source for both Federal acquisition of authorized national park, conservation, and recreation areas, as well as grants to state and local governments to help them acquire, develop, and improve outdoor recreation areas.

Each year, amounts from the LWCF are warranted to some of the bureaus within DOI and the rest to the U.S. Forest Service (USFS). These funds are considered inflows of resources to the Government and are reported as a restricted asset.

The Historic Preservation Fund (HPF). The HPF provides matching grants to encourage private and non-Federal investment in historic preservation efforts nationwide, and assists state and local governments and Indian Tribes with expanding and accelerating historic preservation activities nationwide. The HPF grants serve as a catalyst and "seed money" to preserve and protect the Nation's irreplaceable heritage for current and future generations.

Annually, under the *National Historic Preservation Act of 1966* (NHPA), royalties from OCS oil and gas leases are transferred from ONRR to NPS. Each year, amounts from HPF are transferred via warrant to NPS. These funds are considered inflows of resources to the Government.

Reclamation Fund. The Reclamation Fund was established by the *National Reclamation Act of 1902* (32 Stat. 388). It is a restricted, unavailable receipt fund into which a portion of USBR's revenues (mostly repayment of capital investment costs, associated interest, and operation and maintenance reimbursements from water and power users) and receipts from other Federal agencies (primarily revenues from certain Federal mineral royalties from ONRR and hydropower transmission collected by the Western Area Power Administration) are deposited. No expenditures are made directly from the Reclamation Fund; however, funds are transferred from the Reclamation Fund into USBR's appropriated expenditure funds or to other Federal agencies pursuant to Congressional appropriation acts to invest and reinvest in the reclamation of arid lands in the western states. The funds are considered inflows of resources to the Government.

Some of USBR's projects are funded from the General Fund of the Treasury and are required to be repaid to the General Fund. Whether some or all of a project's costs are subject to cost recovery and how and when repayment is due to USBR and subsequently to the General Fund is determined based upon either the language in the authorizing legislation or the language in other Reclamation law, as amended.

Water and Related Resources Fund & Recovery Act. The Water and Related Resources Fund receives most of its funding from appropriations derived from the Reclamation Fund. These funds are used for USBR's central mission of delivering water and generating hydropower in the western United States.

Costs associated with multipurpose plants are allocated to the various purposes, principally: power, irrigation, M&I water, fish and wildlife enhancement, recreation, and flood control. Generally, only those costs associated with power, irrigation, and M&I water are reimbursable. Costs associated with purposes such as fish and wildlife enhancement, recreation, and flood control generally are nonreimbursable. Capital investment costs are recovered over a 40-year period, but may extend to 50 years or more, if authorized by the Congress. The funds are considered inflows of resources to the Government.

The *American Recovery and Reinvestment Act of 2009* (ARRA) (P.L. 111-5) provided funding to USBR for activities that would normally be financed under the Water and Related Resources Fund. The majority of these funds were provided by appropriations derived from the Reclamation Fund in accordance with P. L. 111-5. This fund was used to meet the criteria set out in ARRA that included preserving and creating jobs and investing in infrastructure. The USBR programs under ARRA provided for meeting future water supply needs, infrastructure reliability and safety, environmental and ecosystem restoration, the Secretary's Water Conservation initiative, emergency drought relief, and green buildings. Those efforts contributed to the long-term sustainability of water and natural resources. In 2015, USBR returned the unused funds. The funds are considered inflows of resources to the Government.

Lower Colorado River Basin Development Fund (LCRBDF). The LCRBDF receives funding from multiple sources for specific purposes as provided under LCRBDF. Funding sources include: appropriations and Federal revenue from the Central Arizona Project; Federal revenues from the Boulder Canyon Project and the Parker-Davis Project; the Western Area Power Administration; Federal revenue from the Northwest-Pacific Southwest intertie in the States of Nevada and Arizona; and revenues earned from investing in Treasury securities. Funding sources may be retained and are available without further appropriation. The LCRBDF provides for irrigation development and management activities within the Lower Colorado River Basin including operation, maintenance, replacements, and emergency expenditures for facilities of the Colorado River storage project and participating projects. The funds are considered inflows of resources to the Government.

Upper Colorado River Basin Fund. The Upper Colorado River Basin Fund receives funding from appropriations, water users, and the Western Area Power Administration. Funding sources may be retained and are available without further appropriation. The *Colorado River Basin Project Act* provides appropriations and revenues collected in connection with the operation of the Colorado River storage project for operations, maintenance, replacements, and emergency expenditures for facilities of the Colorado River storage project and participating projects. The funds are considered inflows of resources to the Government.

Abandoned Mine Reclamation Fund. The *Surface Mining Control and Reclamation Act of 1977* (SMCRA) (P.L. 95-87), enacted in August 1977, requires that all operators of coal mining operations pay a reclamation fee on every ton of coal produced. The SMCRA Amendments of 2006, which were enacted as part of the *Tax Relief and Health Care Act of 2006* (P.L. 109-432), extended the statutory reclamation fee through September 30, 2021. The fees are deposited in the Abandoned Mine Reclamation Fund, which is used primarily to fund projects for the reclamation and restoration of land and water resources adversely affected by past coal mining. Under the authority of P.L. 95-87, OSMRE invests the funds in U.S. Treasury Securities. Beginning in fiscal year 2007, in accordance with provisions of the SMCRA Amendments of 2006 (P.L. 109-432), the interest earned by the fund is transferred to the United Mine Workers of America Combined Benefit Fund. The funds are considered inflows of resources to the Government.

Southern Nevada Public Land Management. The *Southern Nevada Public Land Management Act of 1998* (SNPLMA), enacted in October 1998, authorizes BLM to sell public land tracts that are interspersed with or adjacent to private land in the Las Vegas Valley. The BLM is authorized to deposit the proceeds as follows: 85 percent in the SNPLMA; 10 percent to the Southern Nevada Water Authority; and 5 percent to the State of Nevada's Education Fund. The revenue generated by SNPLMA is used for the acquisition of environmentally sensitive land in the State of Nevada, capital improvement projects at designated sites in Nevada, Lake Tahoe Restoration projects and conservation initiatives on Federal lands. In addition, funds are provided to local entities for the development of multi-species habitat conservation plans and parks, trails and natural areas in Clark County. The funds are considered inflows of resources to the Government.

Federal Aid in Wildlife Restoration Fund (the Pittman-Robertson Wildlife Restoration Act). Federal Aid in Wildlife Restoration receives funding from excise taxes on sporting firearms, handguns, ammunition, and archery equipment. It provides Federal assistance to the 50 states, Puerto Rico, Guam, the U.S. Virgin Islands, the Northern Mariana Islands, and American Samoa for projects to restore, enhance, and manage wildlife resources, and to conduct state hunter education programs. The Act authorizes receipts for permanent indefinite appropriations to FWS for use in the fiscal year following collection. Funds not used by the states after two years revert to FWS for carrying out the provisions of the *Migratory Bird Conservation Act*. The funds are considered inflows of resources to the Government.

Sport Fish Restoration and Boating Trust Fund (SFRBTF). The DOI's component of the SFRBTF (previously referred to as Aquatic Resources Trust Fund) receives funding from excise tax receipts collected from manufacturers of equipment used in fishing, hunting, and sport shooting, and on motorboat fuels. SFRBTF provides funding to three components: DOI's Sport Fish Restoration Account; the U.S. Coast Guard's Boat Safety Program; and the U.S. Army Corps of Engineers' Coastal Wetlands Program. The SFRBTF encompasses the programs of these three components. The funds are considered inflows of resources to the Government.

Environmental Improvement and Restoration Fund (EIRF). The EIRF was created from one-half of the principal and one-half of the interest from the Alaska Escrow Fund. The remaining one-half principal and one-half interest were deposited into the General Fund of the U.S. Treasury. Monies from the EIRF are invested in Treasury Securities and earn interest. Congress permanently appropriates and ONRR transfers 20 percent of prior fiscal year interest earned by EIRF to the Department of Commerce for marine research activities. The remaining 80 percent earns interest and can be appropriated by Congress to other agencies, as provided by the law. Assets are not available to DOI unless appropriated by Congress. The funds are considered inflows of resources to the Government.

Other Funds from Dedicated Collections. The DOI is responsible for the management of numerous funds from dedicated collections with a variety of purposes. Funds presented on an individual basis represent the majority of DOI's net position attributable to funds from dedicated collections. All other funds from dedicated collections have been aggregated in accordance with *SFFAS No. 43, Funds from Dedicated Collections: Amending SFFAS No. 27, Identifying and Reporting Earmarked Funds*, and are presented in the following list.

Indian Affairs

- Operation & Maintenance of Quarters
- Natural Resource Damage Assessment and Restoration Fund - Exxon Valdez Restoration
- Operation & Maintenance - Indian Irrigation Projects
- Alaska Resupply Program
- Indian Water Rights and Habitat Acquisition Program
- Power Revenues, Indian Irrigation Projects
- Gifts & Donations

Bureau of Land Management

- Helium Fund
- Payments to States from Grazing Receipts, etc., Public Lands Outside Grazing Districts
- Receipts from Grazing, etc., Public Lands Outside Grazing Districts
- Service Charges, Deposits and Forfeitures
- Road Maintenance Deposits

- Payments to States from Grazing Receipts, etc., Public Lands Within Grazing Districts
- Receipts from Grazing, etc., Public Lands Within Grazing Districts
- Land Acquisition
- Receipts from Grazing, etc., Public Lands Within Grazing Districts, Miscellaneous
- Operation & Maintenance of Quarters
- Receipts from Sale of Public Lands, Clark County, Nevada
- Payments to State and county from Clark County, Nevada Land Sales
- Grazing Fees for Range Improvements, *Taylor Grazing Act*
- Range Improvements
- Payments to States (Proceeds of Sales)
- Sale of Public Land and Materials, 5% Fund to States
- Forest Ecosystem Health and Recovery
- Timber Sales Pipeline Restoration Fund
- Federal Land Disposal Account
- Sale of Natural Gas and Oil Shale, 1n3
- Use of Receipts from Mineral Leasing Activities on Certain Naval Oil Shale Reserves
- White Pine County Special Account
- Recreational Enhancement Fee Program, Bureau of Land Management
- *Lincoln County Land Act*
- White River Oil Shale Mine, Utah Sales
- Title II Projects on Federal Lands
- Stewardship Contracting Product Sale
- Washington County, Utah Land Acquisition Account
- Owyhee Land Acquisition Account
- Carson City Special Account
- Silver Saddle Endowment Account
- State Share, Carson City Land Sales
- Oil and Gas Permit Processing Fee - 15%
- Permit Processing Fund Mineral Leases
- Geothermal Steam Implementation Fund
- Naval Petroleum Reserve Numbered 2 Lease Revenue Account
- Payment from Proceeds, Sale of Water, *Mineral Leasing Act of 1920*
- Ojito Land Acquisition
- Sale of Public Land and Materials
- Oregon and California Land - Grant Fund
- Payments to Counties, Oregon and California Grant Lands
- Payments to Counties, National Grasslands
- Coos Bay Wagon Road Grant Fund
- Payments to Coos Bay & Douglas Counties, Oregon, from Receipts, Coos Bay Wagon Road Grant Lands
- Donations for Cadastral Surveys and Conveyance of Omitted Lands
- Gifts for Conservation Practices, Acquisition, and Protection
- Land and Resources Management Trust Fund

Bureau of Reclamation

- North Platte Project-Facility Operations
- North Platte - Farmers Irrigation District - Facility Operations
- Administration Expenses
- Klamath - Water and Energy
- Operation and Maintenance of Quarters
- Central Valley Project Restoration Fund
- Natural Resource Damage Assessment and Restoration Fund
- Water and Related Resources Reclamation Fund
- San Gabriel Restoration Fund
- San Joaquin River Restoration Fund
- Reclamation Water Settlement Fund
- Colorado River Dam Fund - Boulder Canyon Project
- Reclamation Trust Funds
- Recreation Enhancement Fee Program
- Blackfeet Water Settlement Implementation Fund
- Water Storage Enhancement Receipts

Bureau of Safety and Environmental Enforcement

- Oil Spill Research

Office of Surface Mining Reclamation and Enforcement

- Regulation and Technology, Civil Penalties

Departmental Offices

- Indian Arts and Craft Receipts
- Natural Resource Damage Assessment and Restoration Fund
- Everglades Restoration Account
- Departmental Management Land and Water Conservation
- Take Pride in America. Gifts and Bequests
- National Indian Gaming Commission
- *State Share Mineral Leasing Act*
- Payments to Alaska from Oil and Gas Leases, National Petroleum Reserve
- Payments to Oklahoma Red River, Royalties
- Corp of Engineers On Shore State Share
- Payments to States, National Forest Fund
- *Gulf of Mexico Energy Security Act* (GOMESA) State Share
- Geothermal Lease Revenues, Payments to Counties

Fish and Wildlife Service

- Cooperative Endangered Species Conservation Fund, from Land and Water Conservation Fund
- Land Acquisition

- Operation and Maintenance of Quarters
- National Wildlife Refuge Fund
- Proceeds From Sales, Water Resource Development Projects
- Migratory Bird Conservation Account
- Lahontan Valley and Pyramid Lake Fish and Wildlife Fund
- Natural Resource Damage Assessment and Restoration Fund
- Recreational Fee Enhancement Program
- Private Stewardship Grants
- Landowner Incentive Program
- Community Partnership Enhancement
- Coastal Impact Assistance Program
- Contributed Funds
- Federal Land Transactions
- Filming and Photography Fee Program
- North American Wetlands Conservation Fund, from Land and Water
- Exotic Bird Conservation Fund
- Energy Permit Processing Improvement

National Park Service

- Centennial Challenge Fund
- Land Acquisitions and State Assistance
- Operation and Maintenance of Quarters
- Delaware Water Gap Route 209 Operations
- Recreational Fee Enhancement Program
- Park Building, Lease, and Maintenance
- National Park Service Transportation Trust Fund
- Natural Resource Damage Assessment Restoration Fund
- National Maritime Heritage
- Filming and Photography Fee Program
- National Park Passport Program
- Glacier Bay Cruise and Boat Fees
- Parks Concession Franchise Fees
- Land and Water Conservation Fund, *Gulf of Mexico Energy Security Act*
- Grand Teton National Park
- Donations
- Birthplace of Abraham Lincoln
- Federal Highways Construction Trust Fund
- Educational Expenses, Children of Employees, Yellowstone National Park

U. S. Geological Survey

- Operation & Maintenance of Quarters
- Natural Resource Damage Assessment and Restoration Fund
- Contributed Funds

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The DOI's funds from dedicated collections as of and for the year ended September 30, 2020, consist of the following:

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Reclamation Fund	Water and Related Resources and Recovery Act	Lower Colorado River Basin Fund	Upper Colorado River Basin Fund	Abandoned Mine Land Fund	Southern Nevada Public Land Mgmt Fund	Federal Aid in Wildlife Restoration	Sport Fish Restoration & Boating Trust Fund	Environmental Improvement & Restoration Fund	Other Funds from Dedicated Collections	FY 2020 Combined Dedicated Collections
ASSETS													
Intragovernmental Assets:													
Fund Balance with Treasury	$ 22,481,994	$ 3,690,250	$ 14,763,443	$ 2,577,073	$ 1,910	$ 436,113	$ 433,498	$ 45,310	$ 47,277	$ 66,354	$ 6,927	$ 4,656,568	$ 49,206,717
Investments, Net	-	-	-	-	322,572	-	2,633,084	1,013,185	2,063,650	-	1,546,233	2,286,334	9,865,058
Accounts and Interest Receivable	-	-	183,493	24,847	3,705	166	-	-	6,955	1,369,374	-	304,014	1,892,554
Other Assets	-	-	-	22	-	-	-	-	-	-	-	1,628	1,650
Total Intragovernmental Assets:	**$ 22,481,994**	**$ 3,690,250**	**$ 14,946,936**	**$ 2,601,942**	**$ 328,187**	**$ 436,279**	**$ 3,066,582**	**$ 1,058,495**	**$ 2,117,882**	**$ 1,435,728**	**$ 1,553,160**	**$ 7,248,544**	**$ 60,965,979**
Accounts and Interest Receivable, Net	-	-	11,928	1,534	37,035	858	2,698	-	-	-	-	5,889,034	5,943,087
General Property, Plant, and Equipment, Net	-	-	-	9,167,473	2,471,947	2,769,764	1,266	79,026	-	-	-	859,877	15,349,353
Other Assets	-	-	-	14,020	77,111	2,703	-	-	-	7	-	33,427	127,268
TOTAL ASSETS	**$ 22,481,994**	**$ 3,690,250**	**$ 14,958,864**	**$ 11,784,969**	**$ 2,914,280**	**$ 3,209,604**	**$ 3,070,546**	**$ 1,137,521**	**$ 2,117,882**	**$ 1,435,735**	**$ 1,553,160**	**$ 14,030,882**	**$ 82,385,687**
LIABILITIES													
Intragovernmental Liabilities:													
Accounts Payable	$ -	$ -	$ -	$ 30,566	$ 988	$ 8,093	$ 156	$ 42	$ -	$ 645,467	$ -	$ 6,351	$ 691,663
Other Liabilities	-	-	-	1,275,479	62	43,893	807	94	91	77	-	3,427	1,323,930
Total Intragovernmental Liabilities	**$ -**	**$ -**	**$ -**	**$ 1,306,045**	**$ 1,050**	**$ 51,986**	**$ 963**	**$ 136**	**$ 91**	**$ 645,544**	**$ -**	**$ 9,778**	**$ 2,015,593**
Accounts Payable	-	87	-	98,200	6,657	10,896	245	911	705	(66)	-	63,378	181,013
Other Liabilities	-	26,895	53,849	754,823	21,290	182,567	23,665	6,470	68,108	37,497	-	1,000,928	2,176,092
TOTAL LIABILITIES	**$ -**	**$ 26,982**	**$ 53,849**	**$ 2,159,068**	**$ 28,997**	**$ 245,449**	**$ 24,873**	**$ 7,517**	**$ 68,904**	**$ 682,975**	**$ -**	**$ 1,074,084**	**$ 4,372,698**
NET POSITION													
Unexpended Appropriations	$ -	$ 43,676	$ -	$ 166,937	$ 162,222	$ 147,812	$ 413,852	$ -	$ -	$ -	$ -	$ 264,357	$ 1,198,856
Cumulative Results of Operations	22,481,994	3,619,592	14,905,015	9,458,964	2,723,061	2,816,343	2,631,821	1,130,004	2,048,978	752,760	1,553,160	12,692,441	76,814,133
TOTAL NET POSITION	**22,481,994**	**3,663,268**	**14,905,015**	**9,625,901**	**2,885,283**	**2,964,155**	**3,045,673**	**1,130,004**	**2,048,978**	**752,760**	**1,553,160**	**12,956,798**	**78,012,989**
TOTAL LIABILITIES AND NET POSITION	**$ 22,481,994**	**$ 3,690,250**	**$ 14,958,864**	**$ 11,784,969**	**$ 2,914,280**	**$ 3,209,604**	**$ 3,070,546**	**$ 1,137,521**	**$ 2,117,882**	**$ 1,435,735**	**$ 1,553,160**	**$ 14,030,882**	**$ 82,385,687**
NET COST OF OPERATIONS													
Gross Costs	$ -	$ 74,110	$ 728	$ 1,589,403	$ 186,081	$ 198,263	$ 269,636	$ 54,896	$ 746,604	$ 422,067	$ -	$ 3,074,410	$ 6,616,198
Earned Revenue	-	-	(187,434)	(193,840)	(123,280)	(137,296)	(118)	(180,958)	-	-	-	(1,039,291)	(1,862,217)
TOTAL NET COST OF OPERATIONS	**$ -**	**$ 74,110**	**$ (186,706)**	**$ 1,395,563**	**$ 62,801**	**$ 60,967**	**$ 269,518**	**$ (126,062)**	**$ 746,604**	**$ 422,067**	**$ -**	**$ 2,035,119**	**$ 4,753,981**
CHANGES IN NET POSITION													
UNEXPENDED APPROPRIATIONS													
Beginning Balance	$ -	$ 50,000	$ -	$ 231,435	$ 163,831	$ 222,819	$ 353,389	$ -	$ -	$ -	$ -	$ 206,338	$ 1,227,812
Budgetary Financing Sources													
Appropriations Received, General Funds	-	-	-	260,965	-	-	115,000	-	-	-	-	26,812	402,777
Appropriations Transferred In/(Out)	-	-	-	(119,455)	5,023	69,932	-	-	-	-	-	44,000	(500)
Appropriations-Used	-	(6,324)	-	(206,008)	(6,632)	(144,939)	(54,537)	-	-	-	-	(12,793)	(431,233)
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Change	**-**	**(6,324)**	**-**	**(64,498)**	**(1,609)**	**(75,007)**	**60,463**	**-**	**-**	**-**	**-**	**58,019**	**(28,956)**
Ending Balance - Unexpended Appropriations	**$ -**	**$ 43,676**	**$ -**	**$ 166,937**	**$ 162,222**	**$ 147,812**	**$ 413,852**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 264,357**	**$ 1,198,856**

The DOI's funds from dedicated collections as of and for the year ended September 30, 2020 (Continued)

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Reclamation Fund	Water and Related Resources and Recovery Act	Lower Colorado River Basin Fund	Upper Colorado River Basin Fund	Abandoned Mine Land Fund	Southern Nevada Public Land Mgmt Fund	Federal Aid in Wildlife Restoration	Sport Fish Restoration & Boating Trust Fund	Environmental Improvement & Restoration Fund	Other Funds from Dedicated Collections	FY 2020 Combined Dedicated Collections
CUMULATIVE RESULTS OF OPERATIONS													
Beginning Balance	$ 22,111,811	$ 3,537,378	$ 15,075,309	$ 9,110,754	$ 2,868,148	$ 2,703,225	$ 2,677,730	$ 1,003,942	$ 2,058,898	$ 717,421	$ 1,525,873	$ 12,411,778	$ 75,802,267
Budgetary Financing Sources													
Appropriations-Used	-	6,324	-	206,008	6,631	144,939	54,537	-	-	-	-	12,794	431,233
Royalties Retained	979,728	150,000	847,908	-	-	-	-	-	-	-	-	1,649,439	3,627,075
Non-Exchange Revenue	3,184	-	7,296	-	-	207	166,174	-	736,680	-	34,382	156,633	1,104,556
Transfers In/(Out) without Reimbursement	(612,729)	-	(1,212,358)	1,441,850	-	13,970	-	-	-	457,406	(7,095)	416,634	497,678
Donations and Forfeitures of Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-	53,978	53,978
Other Budgetary Financing Sources/ (Uses)	-	-	-	-	-	-	-	-	4	-	-	-	4
Other Financing Sources													
Donations and Forfeitures of Property	-	-	-	35,965	-	5,669	-	-	-	-	-	685	42,319
Transfers In/(Out) without Reimbursement	-	-	-	(1,219)	(88,917)	-	5	-	-	-	-	24,646	(65,485)
Imputed Financing from Costs Absorbed by Others	-	-	154	60,063	-	9,300	2,893	-	-	-	-	979	73,389
Other Non-Budgetary Financing Sources/ (Uses)	-	-	-	1,106	-	-	-	-	-	-	-	(6)	1,100
Total Financing Sources	**370,183**	**156,324**	**(357,000)**	**1,743,773**	**(82,286)**	**174,085**	**223,609**	**-**	**736,684**	**457,406**	**27,287**	**2,315,782**	**5,765,847**
Net Cost of Operations	**-**	**(74,110)**	**186,706**	**(1,395,563)**	**(62,801)**	**(60,967)**	**(269,518)**	**126,062**	**(746,604)**	**(422,067)**	**-**	**(2,035,119)**	**(4,753,981)**
Net Change	**370,183**	**82,214**	**(170,294)**	**348,210**	**(145,087)**	**113,118**	**(45,909)**	**126,062**	**(9,920)**	**35,339**	**27,287**	**280,663**	**1,011,866**
Ending Balance - Cumulative Results of Operations	**22,481,994**	**3,619,592**	**14,905,015**	**9,458,964**	**2,723,061**	**2,816,343**	**2,631,821**	**1,130,004**	**2,048,978**	**752,760**	**1,553,160**	**12,692,441**	**76,814,133**
TOTAL NET POSITION	**$ 22,481,994**	**$ 3,663,268**	**$ 14,905,015**	**$ 9,625,901**	**$ 2,885,283**	**$ 2,964,155**	**$ 3,045,673**	**$ 1,130,004**	**$ 2,048,978**	**$ 752,760**	**$ 1,553,160**	**$ 12,956,798**	**$ 78,012,989**

The DOI's funds from dedicated collections as of and for the year ended September 30, 2019, consist of the following:

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Reclamation Fund	Water and Related Resources and Recovery Act	Lower Colorado River Basin Fund	Upper Colorado River Basin Fund	Abandoned Mine Land Fund	Southern Nevada Public Land Mgmt Fund	Federal Aid in Wildlife Restoration	Sport Fish Restoration & Boating Trust Fund	Environmental Improvement & Restoration Fund	Other Funds from Dedicated Collections	FY 2019 Combined Dedicated Collections
ASSETS													
Intragovernmental Assets:													
Fund Balance with Treasury	$ 22,111,811	$ 3,611,882	$ 14,800,516	$ 2,298,127	$ 36,318	$ 491,126	$ 368,671	$ 33,977	$ 102,447	$ 60,834	$ 7,100	$ 4,258,469	$ 48,181,278
Investments, Net	-	-	-	-	357,655	-	2,675,803	921,774	2,017,222	-	1,518,773	2,012,177	9,503,404
Accounts and Interest Receivable	-	-	265,699	30,884	-	-	-	-	12,306	1,346,618	-	415,652	2,071,159
Other Assets	-	-	-	35	-	-	-	-	-	-	-	(19)	16
Total Intragovernmental Assets:	**$ 22,111,811**	**$ 3,611,882**	**$ 15,066,215**	**$ 2,329,046**	**$ 393,973**	**$ 491,126**	**$ 3,044,474**	**$ 955,751**	**$ 2,131,975**	**$ 1,407,452**	**$ 1,525,873**	**$ 6,686,279**	**$ 59,755,857**
Accounts and Interest Receivable, Net	-	-	10,459	1,825	302	700	4,681	1	-	2	-	6,324,412	6,342,382
General Property, Plant, and Equipment, Net	-	-	-	8,972,905	2,591,719	2,678,880	1,458	82,941	-	-	-	766,473	15,094,376
Other Assets	-	-	-	13,567	73,661	498	-	-	-	-	-	35,902	123,628
TOTAL ASSETS	**$ 22,111,811**	**$ 3,611,882**	**$ 15,076,674**	**$ 11,317,343**	**$ 3,059,655**	**$ 3,171,204**	**$ 3,050,613**	**$ 1,038,693**	**$ 2,131,975**	**$ 1,407,454**	**$ 1,525,873**	**$ 13,813,066**	**$ 81,316,243**
LIABILITIES													
Intragovernmental Liabilities:													
Accounts Payable	$ -	$ -	$ -	$ 24,763	$ 711	$ 8,664	$ 284	$ 30	$ -	$ 653,416	$ -	$ 5,099	$ 692,967
Other Liabilities	-	-	-	1,280,946	39	43,792	777	47	64	66	-	2,928	1,328,659
Total Intragovernmental Liabilities	**$ -**	**$ -**	**$ -**	**$ 1,305,709**	**$ 750**	**$ 52,456**	**$ 1,061**	**$ 77**	**$ 64**	**$ 653,482**	**$ -**	**$ 8,027**	**$ 2,021,626**
Accounts Payable	-	56	-	67,245	4,591	11,255	345	1,484	623	210	-	53,916	139,725
Other Liabilities	-	24,448	1,365	602,200	22,335	181,449	18,088	33,190	72,390	36,341	-	1,133,007	2,124,813
TOTAL LIABILITIES	**$ -**	**$ 24,504**	**$ 1,365**	**$ 1,975,154**	**$ 27,676**	**$ 245,160**	**$ 19,494**	**$ 34,751**	**$ 73,077**	**$ 690,033**	**$ -**	**$ 1,194,950**	**$ 4,286,164**
NET POSITION													
Unexpended Appropriations	$ -	$ 50,000	$ -	$ 231,435	$ 163,831	$ 222,819	$ 353,389	$ -	$ -	$ -	$ -	$ 206,338	$ 1,227,812
Cumulative Results of Operations	22,111,811	3,537,378	15,075,309	9,110,754	2,868,148	2,703,225	2,677,730	1,003,942	2,058,898	717,421	1,525,873	12,411,778	75,802,267
TOTAL NET POSITION	**22,111,811**	**3,587,378**	**15,075,309**	**9,342,189**	**3,031,979**	**2,926,044**	**3,031,119**	**1,003,942**	**2,058,898**	**717,421**	**1,525,873**	**12,618,116**	**77,030,079**
TOTAL LIABILITIES AND NET POSITION	**$ 22,111,811**	**$ 3,611,882**	**$ 15,076,674**	**$ 11,317,343**	**$ 3,059,655**	**$ 3,171,204**	**$ 3,050,613**	**$ 1,038,693**	**$ 2,131,975**	**$ 1,407,454**	**$ 1,525,873**	**$ 13,813,066**	**$ 81,316,243**
NET COST OF OPERATIONS													
Gross Costs	$ -	$ 69,493	$ (2,401)	$ 1,194,635	$ 285,234	$ 134,131	$ 277,746	$ 36,671	$ 752,166	$ 424,009	$ -	$ 4,156,188	$ 7,327,872
Earned Revenue	(4)	-	(244,190)	(200,565)	(254,936)	(109,311)	(90)	(83,783)	-	-	-	(1,153,686)	(2,046,565)
TOTAL NET COST OF OPERATIONS	**$ (4)**	**$ 69,493**	**$ (246,591)**	**$ 994,070**	**$ 30,298**	**$ 24,820**	**$ 277,656**	**$ (47,112)**	**$ 752,166**	**$ 424,009**	**$ -**	**$ 3,002,502**	**$ 5,281,307**
CHANGES IN NET POSITION													
UNEXPENDED APPROPRIATIONS													
Beginning Balance	$ -	$ -	$ -	$ 160,528	$ 164,294	$ 227,182	$ 278,739	$ -	$ -	$ -	$ -	$ 205,958	$ 1,036,701
Budgetary Financing Sources													
Appropriations Received, General Funds	-	50,000	-	302,313	-	-	115,000	-	-	-	-	20,791	488,104
Appropriations Transferred In/(Out)	-	-	-	(94,344)	5,551	88,793	-	-	-	-	-	-	-
Appropriations-Used	-	-	-	(136,072)	(6,014)	(93,156)	(40,350)	-	-	-	-	(20,411)	(296,003)
Other Adjustments	-	-	-	(990)	-	-	-	-	-	-	-	-	(990)
Net Change	**-**	**50,000**	**-**	**70,907**	**(463)**	**(4,363)**	**74,650**	**-**	**-**	**-**	**-**	**380**	**191,111**
Ending Balance - Unexpended Appropriations	**$ -**	**$ 50,000**	**$ -**	**$ 231,435**	**$ 163,831**	**$ 222,819**	**$ 353,389**	**$ -**	**$ -**	**$ -**	**$ -**	**$ 206,338**	**$ 1,227,812**

The DOI's funds from dedicated collections as of and for the year ended September 30, 2019 (Continued)

(dollars in thousands)	Land and Water Conservation Fund	Historic Preservation Fund	Reclamation Fund	Water and Related Resources and Recovery Act	Lower Colorado River Basin Fund	Upper Colorado River Basin Fund	Abandoned Mine Land Fund	Southern Nevada Public Land Mgmt Fund	Federal Aid in Wildlife Restoration	Sport Fish Restoration & Boating Trust Fund	Environmental Improvement & Restoration Fund	Other Funds from Dedicated Collections	FY 2019 Combined Dedicated Collections
CUMULATIVE RESULTS OF OPERATIONS													
Beginning Balance	$ 21,591,743	$ 3,456,871	$ 14,197,679	$ 8,503,173	$ 2,958,729	$ 2,633,370	$ 2,698,885	$ 956,830	$ 2,134,035	$ 662,312	$ 1,497,520	$ 12,104,741	$ 73,395,888
Budgetary Financing Sources													
Appropriations-Used	-	-	-	136,072	6,014	93,156	40,350	-	-	-	-	20,411	296,003
Royalties Retained	1,029,991	150,000	1,753,575	-	-	-	-	-	-	-	-	2,745,287	5,678,853
Non-Exchange Revenue	-	-	8,726	-	-	158	212,482	-	677,029	-	35,373	178,654	1,112,422
Transfers In/(Out) without Reimbursement	(509,927)	-	(1,131,270)	1,343,450	-	(6,302)	-	-	-	479,118	(7,020)	274,945	442,994
Donations and Forfeitures of Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-	-	61,642	61,642
Other Financing Sources													
Donations and Forfeitures of Property	-	-	-	8,152	-	13	-	-	-	-	-	413	8,578
Transfers In/(Out) without Reimbursement	-	-	-	(5,752)	(66,297)	-	(4)	-	-	-	-	27,056	(44,997)
Imputed Financing from Costs Absorbed by Others	-	-	8	63,072	-	7,650	3,673	-	-	-	-	1,154	75,557
Other Non-Budgetary Financing Sources/ (Uses)	-	-	-	56,657	-	-	-	-	-	-	-	(23)	56,634
Total Financing Sources	**520,064**	**150,000**	**631,039**	**1,601,651**	**(60,283)**	**94,675**	**256,501**	**-**	**677,029**	**479,118**	**28,353**	**3,309,539**	**7,687,686**
Net Cost of Operations	**4**	**(69,493)**	**246,591**	**(994,070)**	**(30,298)**	**(24,820)**	**(277,656)**	**47,112**	**(752,166)**	**(424,009)**	**-**	**(3,002,502)**	**(5,281,307)**
Net Change	**520,068**	**80,507**	**877,630**	**607,581**	**(90,581)**	**69,855**	**(21,155)**	**47,112**	**(75,137)**	**55,109**	**28,353**	**307,037**	**2,406,379**
Ending Balance - Cumulative Results of Operations	**22,111,811**	**3,537,378**	**15,075,309**	**9,110,754**	**2,868,148**	**2,703,225**	**2,677,730**	**1,003,942**	**2,058,898**	**717,421**	**1,525,873**	**12,411,778**	**75,802,267**
TOTAL NET POSITION	**$ 22,111,811**	**$ 3,587,378**	**$ 15,075,309**	**$ 9,342,189**	**$ 3,031,979**	**$ 2,926,044**	**$ 3,031,119**	**$ 1,003,942**	**$ 2,058,898**	**$ 717,421**	**$ 1,525,873**	**$ 12,618,116**	**$ 77,030,079**

Total Dedicated Collections.

FY 2020 and FY 2019 funds from dedicated collections are presented on a combined basis. The tables below summarize the elimination of intradepartmental activity between dedicated collection funds and all other fund types to arrive at the consolidated net position totals as presented on the balance sheet.

FY 2020 ***Consolidating Net Position*** *(dollars in thousands)*	Combined	Consolidating Eliminations	Consolidated
Unexpended Appropriations -Dedicated Collections	$ 1,198,856	$ 420	$ 1,199,276
Unexpended Appropriations -Other Funds	9,295,853	(697)	9,295,156
Cumulative Results of Operations -Dedicated Collections	76,814,133	(5,077,674)	71,736,459
Cumulative Results of Operations -Other Funds	4,297,774	5,077,951	9,375,725
Total Net Position	**$ 91,606,616**	**$ -**	**$ 91,606,616**

FY 2019 ***Consolidating Net Position*** *(dollars in thousands)*	Combined	Consolidating Eliminations	Consolidated
Unexpended Appropriations -Dedicated Collections	$ 1,227,812	$ (80)	$ 1,227,732
Unexpended Appropriations -Other Funds	8,110,360	(197)	8,110,163
Cumulative Results of Operations -Dedicated Collections	75,802,267	(2,093,992)	73,708,275
Cumulative Results of Operations -Other Funds	4,203,966	2,094,269	6,298,235
Total Net Position	**$ 89,344,405**	**$ -**	**$ 89,344,405**

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NOTE 17. COSTS AND EXCHANGE REVENUE BY RESPONSIBILITY SEGMENT

The Net Cost of Operations aligns with the mission areas identified in the DOI Strategic Plan. The following tables present the Statement of Net Cost by bureau and mission areas (Responsibility Segments).

Costs and exchange revenue by responsibility segment for the year ended September 30, 2020, consists of the following.

(dollars in thousands)	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other	Bureau of Ocean Energy Management	Bureau of Safety and Environmental Enforcement	National Park Service	Office of Surface Mining Reclamation & Enforcement	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra-Department Activity	FY 2020
Conserving Our Land and Water												
Total Costs	$ 262,077	$ 699,766	$ 1,537,953	$ 429,007	$ -	$ -	$ 1,005,793	$ 392,242	$ 3,060,583	$ 554,252	$ (621,531)	$ 7,320,142
Total Earned Revenue	114,047	272,303	408,292	3,364	-	-	79,577	198	266,430	55,206	(165,848)	1,033,569
Net Costs	$ 148,030	$ 427,463	$ 1,129,661	$ 425,643	$ -	$ -	$ 926,216	$ 392,044	$ 2,794,153	$ 499,046	$ (455,683)	$ 6,286,573
Generating Revenue & Utilizing Our Natural Resources												
Total Costs	$ 55,603	$ 703,615	$ 445,545	$ 1,664,290	$ 184,084	$ 191,934	$ 18,130	$ -	$ -	$ 86,905	$ (308,306)	$ 3,041,800
Total Earned Revenue	116	478,647	279,890	1,161	46,414	54,518	-	-	-	5	(212,381)	648,370
Net Costs	$ 55,487	$ 224,968	$ 165,655	$ 1,663,129	$ 137,670	$ 137,416	$ 18,130	$ -	$ -	$ 86,900	$ (95,925)	$ 2,393,430
Expanding Outdoor Recreation Areas												
Total Costs	$ -	$ 124,709	$ 23,151	$ -	$ -	$ -	$ 1,388,781	$ -	$ 297,541	$ -	$ (78,614)	$ 1,755,568
Total Earned Revenue	-	49,101	3,562	-	-	-	374,476	-	23,845	-	(39,608)	411,376
Net Costs	$ -	$ 75,608	$ 19,589	$ -	$ -	$ -	$ 1,014,305	$ -	$ 273,696	$ -	$ (39,006)	$ 1,344,192
Fulfilling Our Trust & Insular Responsibilities												
Total Costs	$ 2,957,005	$ -	$ -	$ 824,840	$ -	$ -	$ 15,541	$ -	$ -	$ -	$ (100,684)	$ 3,696,702
Total Earned Revenue	326,200	-	-	38,840	-	-	-	-	-	-	(11,685)	353,355
Net Costs	$ 2,630,805	$ -	$ -	$ 786,000	$ -	$ -	$ 15,541	$ -	$ -	$ -	$ (88,999)	$ 3,343,347
Protecting Our People and the Border												
Total Costs	$ 666,430	$ 834,548	$ 63,361	$ 18,664	$ -	$ -	$ 631,063	$ -	$ -	$ 246,990	$ (329,881)	$ 2,131,175
Total Earned Revenue	17,285	160,544	343	4	-	-	9,855	-	-	12,112	(43,619)	156,524
Net Costs	$ 649,145	$ 674,004	$ 63,018	$ 18,660	$ -	$ -	$ 621,208	$ -	$ -	$ 234,878	$ (286,262)	$ 1,974,651
Modernizing Our Organization & Infrastructure for the Next 100 Years												
Total Costs	$ 254,425	$ 290,967	$ 937	$ -	$ -	$ -	$ 800,672	$ -	$ -	$ 230,660	$ (93,019)	$ 1,484,642
Total Earned Revenue	210	99,894	-	-	-	-	58,214	-	-	5,804	(26,808)	137,314
Net Costs	$ 254,215	$ 191,073	$ 937	$ -	$ -	$ -	$ 742,458	$ -	$ -	$ 224,856	$ (66,211)	$ 1,347,328
Reimbursable Activity and Other												
Total Costs	$ -	$ -	$ 656,469	$ 2,958,678	$ -	$ 42,952	$ -	$ 1,997,111	$ -	$ 808,509	$ (438,111)	$ 6,025,608
Total Earned Revenue	-	-	644,760	2,102,227	-	43,684	-	8	-	549,226	(1,436,298)	1,903,607
Net Costs	$ -	$ -	$ 11,709	$ 856,451	$ -	$ (732)	$ -	$ 1,997,103	$ -	$ 259,283	$ 998,187	$ 4,122,001
Total												
Total Costs	$ 4,195,540	$ 2,653,605	$ 2,727,416	$ 5,895,479	$ 184,084	$ 234,886	$ 3,859,980	$ 2,389,353	$ 3,358,124	$ 1,927,316	$ (1,970,146)	$ 25,455,637
Total Earned Revenue	457,858	1,060,489	1,336,847	2,145,596	46,414	98,202	522,122	206	290,275	622,353	(1,936,247)	4,644,115
Net Cost of Operations	**$ 3,737,682**	**$ 1,593,116**	**$ 1,390,569**	**$ 3,749,883**	**$ 137,670**	**$ 136,684**	**$ 3,337,858**	**$ 2,389,147**	**$ 3,067,849**	**$ 1,304,963**	**$ (33,899)**	**$ 20,811,522**

Costs and exchange revenue by responsibility segment for the year ended September 30, 2019, consists of the following.

(dollars in thousands)	Indian Affairs	Bureau of Land Management	Bureau of Reclamation	Departmental Offices and Other	Bureau of Ocean Energy Management	Bureau of Safety and Environmental Enforcement	National Park Service	Office of Surface Mining Reclamation & Enforcement	U.S. Fish and Wildlife Service	U.S. Geological Survey	Elimination of Intra-Department Activity	FY 2019
Conserving Our Land and Water												
Total Costs	$ 242,634	$ 659,018	$ 1,224,140	$ 187,106	$ -	$ -	$ 963,781	$ 401,199	$ 2,979,037	$ 520,522	$ (582,298)	$ 6,595,139
Total Earned Revenue	114,084	182,115	570,514	3,511	-	-	97,397	192	272,998	65,444	(164,641)	1,141,614
Net Costs	$ 128,550	$ 476,903	$ 653,626	183,595	$ -	$ -	$ 866,384	$ 401,007	$ 2,706,039	$ 455,078	$ (417,657)	$ 5,453,525
Generating Revenue & Utilizing Our Natural Resources												
Total Costs	$ 64,904	$ 406,719	$ 449,254	$ 2,871,059	$ 185,848	$ 212,855	$ 18,232	$ -	$ -	$ 75,046	$ (247,074)	$ 4,036,843
Total Earned Revenue	86	173,417	331,994	586	19,493	67,210	-	-	-	1,173	(159,876)	434,083
Net Costs	$ 64,818	$ 233,302	$ 117,260	$ 2,870,473	$ 166,355	$ 145,645	$ 18,232	$ -	$ -	$ 73,873	$ (87,198)	$ 3,602,760
Expanding Outdoor Recreation Areas												
Total Costs	$ -	$ 115,761	$ 24,100	$ -	$ -	$ -	$ 1,373,316	$ -	$ 291,024	$ -	$ (71,878)	$ 1,732,323
Total Earned Revenue	-	30,668	37	-	-	-	489,728	-	24,308	-	(21,218)	523,523
Net Costs	$ -	$ 85,093	$ 24,063	$ -	$ -	$ -	$ 883,588	$ -	$ 266,716	$ -	$ (50,660)	$ 1,208,800
Fulfilling Our Trust & Insular Responsibilities												
Total Costs	$ 2,730,759	$ -	$ -	$ 782,394	$ -	$ -	$ 13,405	$ -	$ -	$ -	$ (97,625)	$ 3,428,933
Total Earned Revenue	317,066	-	-	36,458	-	-	-	-	-	-	(8,156)	345,368
Net Costs	$ 2,413,693	$ -	$ -	$ 745,936	$ -	$ -	$ 13,405	$ -	$ -	$ -	$ (89,469)	$ 3,083,565
Protecting Our People and the Border												
Total Costs	$ 652,756	$ 1,031,344	$ 48,684	$ 16,926	$ -	$ -	$ 598,333	$ -	$ -	$ 247,594	$ (352,264)	$ 2,243,373
Total Earned Revenue	3,836	296,199	501	-	-	-	10,660	-	-	9,505	(99,329)	221,372
Net Costs	$ 648,920	$ 735,145	$ 48,183	$ 16,926	$ -	$ -	$ 587,673	$ -	$ -	$ 238,089	$ (252,935)	$ 2,022,001
Modernizing Our Organization & Infrastructure for the Next 100 Years												
Total Costs	$ 131,914	$ 253,441	$ 1,385	$ -	$ -	$ -	$ 719,377	$ -	$ -	$ 209,646	$ (79,593)	$ 1,236,170
Total Earned Revenue	294	72,584	-	-	-	-	94,630	-	-	5,945	(25,545)	147,908
Net Costs	$ 131,620	$ 180,857	$ 1,385	$ -	$ -	$ -	$ 624,747	$ -	$ -	$ 203,701	$ (54,048)	$ 1,088,262
Reimbursable Activity and Other												
Total Costs	$ -	$ -	$ 612,840	$ 3,061,433	$ -	$ 44,225	$ -	$ 273,465	$ -	$ 794,014	$ (407,506)	$ 4,378,471
Total Earned Revenue	-	(37)	587,818	2,200,636	-	44,259	-	65	-	534,089	(1,331,786)	2,035,044
Net Costs	$ -	$ 37	$ 25,022	$ 860,797	$ -	$ (34)	$ -	$ 273,400	$ -	$ 259,925	$ 924,280	$ 2,343,427
Total												
Total Costs	$ 3,822,967	$ 2,466,283	$ 2,360,403	$ 6,918,918	$ 185,848	$ 257,080	$ 3,686,444	$ 674,664	$ 3,270,061	$ 1,846,822	(1,838,238)	$ 23,651,252
Total Earned Revenue	435,366	754,946	1,490,864	2,241,191	19,493	111,469	692,415	257	297,306	616,156	(1,810,551)	4,848,912
Net Cost of Operations	**$ 3,387,601**	**$ 1,711,337**	**$ 869,539**	**$ 4,677,727**	**$ 166,355**	**$ 145,611**	**$ 2,994,029**	**$ 674,407**	**$ 2,972,755**	**$ 1,230,666**	**$ (27,687)**	**$ 18,802,340**

NOTE 18. STATEMENT OF BUDGETARY RESOURCES

The Statement of Budgetary Resources provides information about how budgetary resources were made available as well as their status at the end of the period.

The Unobligated balance from prior year budget authority, net amount does not tie to the prior year's Unobligated balance, end of year amount due to adjustments. The adjustments mainly consist of recoveries of prior year obligated balances, cancelled authority, and allocation transfers of prior year balances. The following table displays a reconciliation between the prior year's unobligated balance, end of year amount to the current year's unobligated balance from prior year budget authority, net amount.

Reconciliation of Prior Year Ending Unobligated Balance to Current Year Beginning Balance for the years ended September 30, 2020 and 2019

	FY 2020		FY 2019	
(dollars in thousands)	Budgetary Accounts	Non-Budgetary Credit Program Financing Accounts	Budgetary Accounts	Non-Budgetary Credit Program Financing Accounts
Prior Year Unobligated Balance, End of Year	$ 13,850,882	$ 58,214	$ 12,620,064	$ 44,656
Recoveries of Prior year Unpaid Obligations	746,731	-	842,002	-
Other Changes in Unobligated Balance	(170,737)	-	(176,439)	-
Current Year Unobligated Balance from Prior Year Budget Authority, Net	**$ 14,426,876**	**$ 58,214**	**$ 13,285,627**	**$ 44,656**

Budgetary Resources Obligated for Undelivered Orders. The following table displays the amounts of Federal, non-Federal, paid, and unpaid budgetary resources obligated for undelivered orders for the years ended September 30, 2020 and 2019.

Undelivered Orders

(dollars in thousands)	FY 2020	FY 2019
Undelivered Orders		
Federal:		
Paid	$ 75,062	$ 43,860
Unpaid	1,357,067	1,291,155
Total Undelivered Orders, Federal	$ 1,432,129	$ 1,335,015
Non-Federal:		
Paid	$ 195,931	$ 175,729
Unpaid	9,997,473	9,212,345
Total Undelivered Orders, Non-Federal	10,193,404	9,388,074
Total Undelivered Orders	**$ 11,625,533**	**$ 10,723,089**

Repayment Requirements, Financing Sources for Repayment, and other Terms of Borrowing Authority Used.

The DOI has permanent indefinite borrowing authority for direct and guarantee loan programs in accordance with the *Credit Reform Act of 1990* and related legislation. The USBR, IA, and DO are authorized to borrow the unsubsidized portion of direct loan and loan guarantee default disbursements from the Bureau of the Fiscal Service.

Borrowings are repaid upon collection of the loan or default from the public. The repayment term associated with USBR direct loans are not more than 40 years from the date when the principal benefits of the projects first became available. The IA's direct loan program ended in 1995. Borrowings arising from direct loans made between 1992 and 1995 are still outstanding.

These borrowings are being repaid as scheduled. The DO has one direct loan outstanding to ASG that is due to be paid in full September 30, 2027.

Permanent Indefinite Appropriations. Permanent indefinite appropriations are appropriations given to DOI through public laws which authorize the retention of certain receipts. These appropriations do not specify amounts, but are dependent upon the amount of receipts collected. All DOI bureaus use one or more permanent no-year appropriations to finance operating costs and purchase PP&E. The DOI has approximately 100 permanent indefinite appropriations. Most of these appropriations are used for special environmental programs and to carry out obligations of the Secretary of the Interior.

Appropriations Received. Appropriations reported on the Statement of Budgetary Resources will not necessarily agree with Appropriations Received as reported on the Statement of Changes in Net Position. This is due to differences in budgetary and proprietary accounting concepts and reporting requirements. Some receipts are recorded as appropriations on the Statement of Budgetary Resources, but are recognized as exchange or non-exchange revenue and reported on the Statement of Changes in Net Position in accordance with SFFAS No. 7.

Legal Arrangements Affecting Use of Unobligated Balances. Unobligated balances, whose period of availability has expired (i.e., expired authority), are not available to fund new obligations, but are available to pay for adjustments to new obligations and upward adjustments prior to expiration. The DOI's unapportioned balances as of September 30, 2020, and 2019, are disclosed in the table below.

Legal Arrangements Affecting Use of Unobligated Balances

(dollars in thousands)	FY 2020	FY 2019
Unapportioned amounts unavailable for future apportionments	$ 87,248	$ 12,305
Expired Authority	201,404	202,348
Unapportioned	**$ 288,652**	**$ 214,653**

Available Borrowing/Contract Authority, End of the Period. The DOI did not have any available budgetary borrowing for the years ended September 30, 2020 and 2019. The DOI does have permanent indefinite borrowing authority for the execution of direct loan and loan guarantee programs in accordance with the *Credit Reform Act of 1990.* The amount borrowed will fluctuate dependent upon the actual performance of the borrower as compared to the projected performance and the applicable Treasury interest rate. In FY 2020, DOI exercised $176 thousand in new borrowing authority, with repayments of $4.8 million. In FY 2019, DOI exercised $172 thousand in new borrowing authority, with repayments of $15.3 million.

For the year ended September 30, 2020, DOI had no available contract authority. For the year ended September 30, 2019, DOI had $28.1 million in available contract authority related to Land Acquisition and State Assistance.

Explanation of Differences between the Combined Statement of Budgetary Resources and the Budget of the United States Government. The Statement of Budgetary Resources has been prepared to coincide with the amounts shown in the Budget of the United States Government. The Budget of the United States Government containing the actual amounts for FY 2020 has not been published at the time these financial statements were prepared. The Budget of the United States actual FY 2019 amounts was released in March 2020. The FY 2022 Budget of the United States Government will include the FY 2020 actual amounts, and is estimated to be released in February 2021. The Budget of the United States Government is available on the OMB website.

There are legitimate reasons for differences between balances reported in the Statement of Budgetary Resources and the actual balances reported in the Budget of the United States Government. The FY 2019 differences are explained in the Reconciliation of the Statement of Budgetary Resources to the Budget of the United States Government table on the folloing page.

Reconciliation of the Statement of Budgetary Resources to the Budget of the United States Government				
(dollars in millions)	**Budgetary Resources**	**Obligations Incurred**	**Distributed Offsetting Receipts***	**Net Outlays**
FY 2019 Combined Statement of Budgetary Resources	$ 40,476	$ 26,567	$ 5,999	$ 19,876
Office of the Special Trustee for American Indians Fiduciary activity included in the Budget of the U.S. Government that is excluded from the SBR	256	152	145	152
National Park Service Concessionaire activity included in the Budget of the U.S. Government that is excluded from the SBR	20	9	10	9
Expired resources included in the SBR that are excluded from the Budget of the U.S. Government	(219)	(17)	-	-
Other activity	2	(3)	-	(2)
Subtotal	$ 59	$ 141	$ 155	$ 159
Budget of the U.S. Government	**$ 40,535**	**$ 26,708**	**$ 6,154**	**$ 20,035**

NOTE 19. RECONCILIATION OF NET COST TO NET OUTLAYS

As required by SFFAS No. 7, amended by SFFAS No. 53, *Budget and Accrual Reconciliation*, DOI has reconciled the net cost of operations, reported in the Statement of Net Cost, to the net outlays, reported on the Statement of Budgetary Resources.

In FY 2020, OMB Circular A-136 published updated guidance to exclude financing account activity. Outlays related to this activity are presented as Disbursements in the Statement of Budgetary Resources as Non-Budgetary Credit Program Financing Accounts. DOI's FY 2019 related disbursements were approximately $27M. DOI has updated the FY 2020 Reconciliation of Net Cost to Outlays to conform to the updated guidance published by OMB.

Financial (proprietary) and budgetary accounting information differ. Proprietary accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the Federal deficit.

The reconciliation of net cost of operations, presented on an accrual basis, and net outlays, presented on a budgetary basis, provides a visual depiction of the relationship between proprietary and budgetary accounting.

The reconciliation below begins with net cost of operations and is adjusted by the following three sections to reconcile to net outlays.

- The Components of Net Cost Not Part of Net Outlays section accounts for proprietary net cost transactions that did not result in budgetary net outlays during the current fiscal year. This includes depreciation, changes to assets and liabilities, transfers, and imputed financing that did not affect current year net outlays.
- The Components of Net Outlays Not Part of Net Cost section accounts for budgetary net outlays that did not result in proprietary net cost transactions for the current fiscal year. This includes acquisition of capital assets and collections that did not affect current year net cost.
- The Other Temporary Timing Differences section accounts for other differences between budgetary and proprietary reporting that amount to temporary timing differences and are not captured in the prior section. DOI did not have any activity to report for this section in FY 2020 or in FY 2019; therefore it is not included in the following schedules.

The reconciliation of net cost of operations to budgetary accounts for the year ended September 30, 2020, is presented below

(dollars in thousands)	Intra-Governmental FY 2020	Public FY 2020	Total FY 2020
Net Cost	**$ 982,113**	**$ 19,829,409**	**$ 20,811,522**
Components of Net Cost Not Part of Net Outlays			
Property, Plant and Equipment Depreciation	$ -	$ (769,624)	$ (769,624)
Property, Plant and Equipment Disposal and Re-valuation	-	(110,447)	(110,447)
Other	(1)	30,367	30,366
Increase/(Decrease) in Assets not affecting Net Outlays			
Accounts Receivable	(144,341)	(380,299)	(524,640)
Loans Receivable	-	(820)	(820)
Other Assets	19,043	31,853	50,896
Investments	(31,766)	-	(31,766)
(Increase)/Decrease in Liabilities not affecting Net Outlays			
Accounts Payable	(229,243)	(161,069)	(390,312)
Salary and Benefits	(18,632)	(48,780)	(67,412)
Environmental and Disposal Liabilities	-	(67,226)	(67,226)
Other Liabilities	14,005	45,604	59,609
Other Financing Sources not affecting Net Outlays			
Federal Employee Retirement Benefit and Imputed Costs Paid by Office of Personnel Management	(421,342)	-	(421,342)
Transfers (in)/out without Reimbursement	(214,333)	-	(214,333)
Other Imputed Financing	(115,893)	-	(115,893)
Total Components of Net Cost Not Part of Net Outlays	**$ (1,142,503)**	**$ (1,430,441)**	**$ (2,572,944)**
Components of Net Outlays that are Not Part of Net Cost			
Acquisition of Capital Assets	$ 1,776	$ 1,158,834	$ 1,160,610
Acquisition of Inventory	-	11,871	11,871
Non-Exchange Revenue and Other	(286,703)	(2,614,123)	(2,900,826)
Total Components of Net Outlays that are Not Part of Net Cost	**$ (284,927)**	**$ (1,443,418)**	**$ (1,728,345)**
Net Outlays (Calculated)	**$ (445,317)**	**$ 16,955,550**	**$ 16,510,233**

The reconciliation of net cost of operations to budgetary accounts for the year ended September 30, 2019, is presented below

(dollars in thousands)	Intra-Governmental FY 2019	Public FY 2019	Total FY 2019
Net Cost	**$ 743,939**	**$ 18,058,401**	**$ 18,802,340**
Components of Net Cost Not Part of Net Outlays			
Property, Plant and Equipment Depreciation	$ -	$ (751,027)	$ (751,027)
Property, Plant and Equipment Disposal and Re-valuation	-	(21,071)	(21,071)
Other	(3,772)	42,795	39,023
Increase/(Decrease) in Assets not affecting Net Outlays			
Accounts Receivable	(117,448)	(353,877)	(471,325)
Loans Receivable	-	(3,899)	(3,899)
Other Assets	9,417	13,405	22,822
Investments	19,844	(48,537)	(28,693)
(Increase)/Decrease in Liabilities not affecting Net Outlays			
Accounts Payable	108,306	35,067	143,373
Salary and Benefits	(5,870)	(27,147)	(33,017)
Loan Guarantee Liability	-	(102,571)	(102,571)
Environmental and Disposal Liabilities	-	(51,015)	(51,015)
Custodial Liability	(105,767)	-	(105,767)
Other Liabilities	(27,180)	820,498	793,318
Other Financing Sources not affecting Net Outlays			
Federal Employee Retirement Benefit and Imputed Costs Paid by Office of Personnel Management	(481,711)	-	(481,711)
Transfers (in)/out without Reimbursement	(368,637)	-	(368,637)
Other Imputed Financing	(35,460)	-	(35,460)
Total Components of Net Cost Not Part of Net Outlays	$ (1,008,278)	$ (447,379)	$ (1,455,657)
Components of Net Outlays that are Not Part of Net Cost			
Acquisition of Capital Assets	$ 52,118	$ 1,176,882	$ 1,229,000
Acquisition of Inventory	-	14,260	14,260
Non-Exchange Revenue and Other	35,758	(4,748,238)	(4,712,480)
Total Components of Net Outlays that are Not Part of Net Cost	$ 87,876	$ (3,557,096)	$ (3,469,220)
Net Outlays (Calculated)	**$ (176,463)**	**$ 14,053,926**	**$ 13,877,463**

NOTE 20. FIDUCIARY ACTIVITIES

Fiduciary activities are the collection or receipt, and the subsequent management, protection, accounting, investment and disposition by the Federal Government of cash or other assets in which non-Federal individuals or entities have an ownership interest that the Federal Government must uphold. Fiduciary cash and other assets are not assets of the Federal Government and are not recognized on the financial statements.

The DOI maintains accounts for Tribal and Other Trust Funds (including the Alaska Native Escrow Fund) and Individual Indian Monies (IIM) Trust Funds in accordance with the *American Indian Trust Fund Management Reform Act of 1994*. The fiduciary balances that have accumulated in these funds have resulted from land use agreements, royalties on natural resource depletion, other proceeds derived directly from trust resources, judgment awards, settlements of claims, and investment income. These funds are maintained by OST and ONRR, both components of DO, and IA for the benefit of individual Native Americans as well as for designated Indian Tribes. Transactions between these funds have not been fully eliminated.

Schedule of Fiduciary Activity	Fiduciary Funds	
(dollars in thousands)	FY 2020	FY 2019
Fiduciary Net Assets, Beginning	$ 5,702,447	$ 5,379,876
Contributions	1,527,248	1,626,485
Investment Earnings	130,749	146,739
Gain (Loss) on Disposition of Investments, Net	6,777	23,285
Administrative and Other Expenses	(1)	(276)
Disbursements to and on Behalf of Beneficiaries	(1,457,441)	(1,473,662)
Increase/(Decrease) Net Assets	207,332	322,571
Fiduciary Net Assets, End	**$ 5,909,779**	**$ 5,702,447**

Fiduciary Net Assets	Fiduciary Funds	
(dollars in thousands)	FY 2020	FY 2019
Cash and Cash Equivalents	$ 1,135,699	$ 960,848
Investments		
Investments in Treasury Securities	5,605	5,543
Investments in Non-Treasury Securities	4,611,675	4,545,538
Accrued Interest Receivable	26,775	31,185
Other Income Receivable	130,314	159,622
Less: Accounts Payable	(289)	(289)
Total Fiduciary Net Assets	**$ 5,909,779**	**$ 5,702,447**

Non-Valued Fiduciary Assets[1]	Fiduciary Assets	
Regions	FY 2020	FY 2019
Non-Valued Fiduciary Assets	12	12

[1]Non-valued fiduciary assets are reported in terms of units. The unit is defined as the number of regions in this context, similar to how the units were defined for stewardship land. The DOI manages its land held in trust through twelve administrative regions.

Separately Issued Financial Statements

The DOI issues separately available financial statements for (1) Tribal and Other Trust Funds, and (2) IIM Trust Funds.

The separately issued Tribal and Other Trust Funds Financial Statements were prepared using a cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. The cash basis of accounting differs from GAAP in that receivables and payables are not accrued and investment premiums and discounts are not amortized or accreted. Receipts are recorded when received, disbursements are recorded when paid, and investments are stated at historical cost.

The separately issued IIM Trust Funds Financial Statements were prepared using a modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. The modified cash basis of accounting differs from GAAP in that receivables and payables are not accrued, with the exception of interest earned on invested funds (including discount accretion and premium amortization). Receipts are recorded when received with the exception of interest, and disbursements are recorded when paid. Interest is recorded when earned, including accretion/amortization of investment discounts and premiums. Investments are stated at amortized cost.

Audit Results. With OIG oversight, independent auditors audited the Tribal and Other Trust Funds and the IIM Trust Funds financial statements as of September 30, 2020, and 2019. The independent auditors indicated that the financial statements were prepared on the cash or modified cash basis of accounting, which is a comprehensive basis of accounting other than GAAP. In addition, the independent auditors' report on the Tribal and Other Trust Funds was qualified as it was not practicable for the independent auditors to extend audit procedures sufficiently to satisfy themselves as to the fairness of the trust fund balances due to the effects of certain parties for whom DOI holds assets in trust do not agree with balances recorded by DOI and/or have requested an accounting of their trust funds. Some of these parties have filed claims against the U. S. Government. The IIM Trust Funds received an unmodified opinion from the auditors.

For more information, see separately issued auditors' report and financial statements on OST's website.

NOTE 21. RELATED PARTIES

SFFAS 47, *Reporting Entity* standard defines Federal Reporting entity as inclusive of the consolidation entity, disclosure entities, and related parties.

The DOI consolidation entity includes accounts administratively assigned by the OMB to DOI in the Budget of the U.S. Government. The DOI consolidation entity did not change between fiscal years 2019 and 2020. Likewise, Consolidation accounts reported in FY 2019 are consistent with accounts reported in FY 2020. Disclosure entities are similar to consolidation entities; however, they have a greater degree of autonomy with the Federal Government than a consolidation entity. The DOI has identified two related parties in the National Fish and Wildlife Foundation (NFWF), and the National Park Foundation (NPF). These organizations provide benefits to the mission of DOI in the form of expanded partnerships and public outreach.

The NFWF is an independent, incorporated 501(c)3 non-profit corporation that was established by Congress in 1984 to conserve fish, wildlife and plant species through innovative partnerships with Federal Agencies, corporations, foundations and nonprofit organizations in order to generate new resources for conservation. The founding legislation requires that the Secretary of DOI approve board membership for NFWF. For period ending September 30, 2020, DOI had expenses of $57.7 million with the NFWF to support conservation focused programs.

The NPF is an independent, incorporated 501(c)3 non-profit corporation that was established by Congress in 1967 to generate private support and build strategic partnerships that will protect and enhance America's National Parks for present and future generations. The Secretary of the Interior (Chair) and NPS Director (Secretary) serve as ex-officio members of NPF board of directors. The program expenses in support of the parks paid by NPF were around $42 million in FY 2019 (the FY 2020 data is not available at the time of publishing this AFR). For period ending September 30, 2020, DOI had expenses of $15.4 million with NPF to support parks programs.

NOTE 22 . COVID-19 ACTIVITY

On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act; P.L. 116-136) was signed into law. Division B (Emergency Discretionary Appropriations) of the Act provided the DOI $909.7 million, which included direct appropriations of $756.0 million to support the needs of DOI programs, Bureaus, Indian Country, and Insular Affairs. The additional $153.7 million was transferred from the Department of Education (DoED) to the Bureau of Indian Education (BIE) as provided in Section 18001 of P.L. 116-136. All funds provided are available until September 30, 2021.

As of September 30, 2020, DOI obligated approximately $658.5 million of the total $909.7 million in resources available, leaving approximately $251.2 million to carry over into FY 2021. The majority of the funds received were available to BIA and BIE for operations of Indian programs and Indian education programs.

NOTE 23. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS

To prepare the Financial Report of the U.S. Government (FR), the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the DOI financial statements and the DOI reclassified line items prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items. A copy of the 2019 FR can be found here: ***https://www.fiscal.treasury.gov/reports-statements/*** and a copy of the 2020 FR will be posted to this site as soon as it is released.

FY 2020 Department of the Interior Balance Sheet		Line Items Used to Prepare FY 2020 Government-wide Balance Sheet					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
ASSETS							**ASSETS**
Intragovernmental Assets:							**Intragovernmental Assets:**
Fund Balance with Treasury	63,066,415	49,206,717	-	13,859,698	-	63,066,415	Fund Balance with Treasury
Investments, Net	10,271,620	9,850,545	-	405,203	-	10,255,748	Federal Investments
		14,513	-	1,359	-	15,872	Interest Receivable - Investments
Total Investments, Net	10,271,620	9,865,058	-	406,562	-	10,271,620	Total Reclassified Investments, Net
Accounts and Interest Receivable	1,660,217	493,786	-	-	(471,502)	22,284	Asset for Agency's Custodial and Non-entity Liabilities - Other Than the General Fund of the U.S. Government.
		7,706	624	270,263	(35,323)	243,270	Accounts Receivable, Net
		1,391,062	-	3,601	-	1,394,663	Transfers Receivable
		-	-	1,151,663	(1,151,663)	-	Accounts Receivable, Capital Transfers
Total Accounts and Interest Receivable	1,660,217	1,892,554	624	1,425,527	(1,658,488)	1,660,217	Total Reclassified Accounts and Interest Receivable
Other	21,187	1,650	(1,628)	23,020	(1,855)	21,187	Advances to Others and Prepayments
Total Intragovernmental Assets	**$ 75,019,439**	**$ 60,965,979**	**$ (1,004)**	**$ 15,714,807**	**$ (1,660,343)**	**$ 75,019,439**	**Total Intragovernmental Assets**
Cash	372	-	-	372	-	372	Cash and Other Monetary Assets
Accounts and Interest Receivable, Net	6,859,431	5,943,087	-	916,344	-	6,859,431	Accounts and Taxes Receivable, Net
Loans and Interest Receivable, Net	43,620		-	43,620	-	43,620	Loans Receivable, Net
Inventory and Related Property	43,079	30,750	-	12,329	-	43,079	Inventories and Related Property, Net
General Property, Plant, and Equipment, Net	22,224,768	15,349,353	-	6,875,415	-	22,224,768	Property, Plant, and Equipment, Net
Other	218,524	96,517	-	122,007	-	218,524	Other Assets

continued

FY 2020 Department of the Interior Balance Sheet		Line Items Used to Prepare FY 2020 Government-wide Balance Sheet					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Total Assets	**$ 104,409,233**	**$ 82,385,686**	**$ (1,004)**	**$ 23,684,894**	**$ (1,660,343)**	**$ 104,409,233**	**Total Assets**
LIABILITIES							**LIABILITIES**
Accounts Payable	702,418	46,196	(4,123)	43,361	(28,483)	56,951	Accounts Payable (1 of 3)
		645,467	-	-	-	645,467	Transfers Payable
Total Accounts Payable	702,418	691,663	(4,123)	43,361	(28,483)	702,418	Total Reclassified Accounts Payable
Debt	37,163	-	-	37,163	-	37,163	Loans Payable
Other - Liability for Capital Transfers to the General Fund	1,527,832	-	-	1,527,832	-	1,527,832	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets (1 of 3)
Other - Advances and Deferred Revenue	558,837	3,710	(1,659)	554,537	(1,854)	554,734	Advances from Others and Deferred Credits
		-	-	4,103	-	4,103	Other Liabilities (Without Reciprocals) (1 of 2)
Total Advances and Deferred Revenue	558,837	3,710	(1,659)	558,640	(1,854)	558,837	Total Reclassified Advances and Deferred Revenue
Other - Custodial Liability	674,387	-	-	674,326		674,326	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets (2 of 3)
	-	-	-	471,563	(471,502)	61	Liability to Agency Other than the General Fund of the U.S. Government for custodial and Other Non-Entity Assets
Total Custodial Liability	674,387	-	-	1,145,889	(471,502)	674,387	Total Reclassified Custodial Liability
Other - Judgment Fund Liability	1,240,356	47,950	-	1,192,406	-	1,240,356	Accounts Payable (2 of 3)
Other - Miscellaneous Liabilities	547,618	16,723		174,911	-	191,634	Benefit Program Contributions Payable
		-	-	210,596	-	210,596	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets (3 of 3)
		5,110	-	41,504	-	46,614	Other Liabilities (Without Reciprocals) (2 of 2)
		98,774	-	-	-	98,774	Accounts Payable (3 of 3)
		1,151,663	-	-	(1,151,663)	-	Accounts Payable, Capital Transfers
Total Miscellaneous Liabilities	547,618	1,272,270	-	427,011	(1,151,663)	547,618	Total Reclassified Miscellaneous Liabilities
Total Intragovernmental Liabilities	**$ 5,288,611**	**$ 2,015,593**	**$ (5,782)**	**$ 4,932,302**	**$ (1,653,502)**	**$ 5,288,611**	**Total Intragovernmental Liabilities**
Accounts Payable	1,141,922	181,013	-	960,909	-	1,141,922	Accounts Payable
Loan Guarantee Liability	63,881		-	63,881	-	63,881	Loan Guarantee Liabilities
Federal Employee and Veteran Benefits	1,209,624	62,542	-	1,147,082	-	1,209,624	Federal Employee and Veteran Benefits Payable (1 of 2)
Environmental and Disposal Liabilities	988,111	119,147	-	868,964	-	988,111	Environmental and Disposal Liabilities

continued

FY 2020 Department of the Interior Balance Sheet		Line Items Used to Prepare FY 2020 Government-wide Balance Sheet					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Other - Contingent Liabilities	154,504	42,000	-	112,504	-	154,504	Other Liabilities (1 of 6)
Other - Trust Land Consolidation Program Liability	165,501		-	165,501	-	165,501	Other Liabilities (2 of 6)
Other - Advances and Deferred Revenue	1,194,539	827,323	-	367,216	-	1,194,539	Other Liabilities (3 of 6)
Other - Payments Due to States	711,580	711,580	-		-	711,580	Other Liabilities (4 of 6)
Other - Grants Payable	526,127	288,526	-	237,601	-	526,127	Other Liabilities (5 of 6)
Other - Miscellaneous Liabilities	1,358,217	73,665		788,501		862,166	Other Liabilities (6 of 6)
		51,309	-	444,742	-	496,051	Federal Employee and Veteran Benefits Payable (2 of 2)
Total Miscellaneous Liabilities	1,358,217	124,974	-	1,233,243	-	1,358,217	Total Reclassified Miscellaneous Liabilities
Total Liabilities	**$ 12,802,617**	**$ 4,372,698**	**$ (5,782)**	**$ 10,089,203**	**$ (1,653,502)**	**$ 12,802,617**	**Total Liabilities**
NET POSITION							
Unexpended Appropriations - Funds from Dedicated Collections	1,199,276	1,198,856	-	-	420	1,199,276	Unexpended Appropriations - Funds from Dedicated Collections
Unexpended Appropriations - All Other Funds	9,295,156	-	-	9,295,853	(697)	9,295,156	Unexpended Appropriations - Funds Other Than Those From Dedicated Collections
Cumulative Results of Operations - Funds from Dedicated Collections	71,736,459	76,814,133	83,723	-	(5,161,397)	71,736,459	Cumulative Results of Operations - Funds from Dedicated Collections
Cumulative Results of Operations - All Other Funds	9,375,725	-	-	4,260,352	5,115,373	9,375,725	Cumulative Results of Operations - Funds Other Than Those From Dedicated Collections
Total Net Position	91,606,616	78,012,989	83,723	13,556,205	(46,301)	91,606,616	Total Net Position
Total Liabilities and Net Position	**$104,409,233**	**$ 82,385,687**	**$ 77,941**	**$ 23,645,408**	**$ (1,699,803)**	**$ 104,409,233**	**Total Liabilities and Net Position**

FY 2020 Department of the Interior Consolidated Statement of Net Cost		Line Items Used to Prepare FY 2020 Government-wide Statement of Net Cost					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Gross Costs	$ 25,455,637	$ 5,663,149	$ -	$ 16,526,155	$ -	$ 22,189,304	Non-Federal Gross Cost
		-	-	15,800	-	15,800	Gains/Losses from Changes in Actuarial Assumpions
		123,636	-	1,278,501	-	1,402,137	Benefit program costs
		73,389	(31,371)	494,834	383	537,235	Imputed Costs
		715,912	(118,795)	811,738	(474,663)	934,192	Buy/Sell Cost
		-	(18)	1,776	18	1,776	Purchase of Assets
		-	18	(1,776)	(18)	(1,776)	Purchase of assets offset
		391	-	2,403	(391)	2,403	Borrowing and other interset expense
		39,721	-	334,845	-	374,566	Other expenses (without reciprocals)
Total Gross Cost	**$ 25,455,637**	**$ 6,616,198**	**$ (150,166)**	**$ 19,464,276**	**$ (474,671)**	**$ 25,455,637**	**Total Reclassified Gross Cost**
Earned Revenues	4,644,115	1,544,034	-	831,656	-	2,375,690	Non-Federal Earned Revenue
		67,260	(34,724)	2,518,097	(522,576)	2,028,057	Buy/Sell Revenue
		18,734	-	5,766	-	24,500	Federal securities interest revenue including associated gains and losses (exchange)
		-	-	2,580	(391)	2,189	Borrowing and other interest revenue (exchange)
		-	-	(18,766)	16,324	(2,442)	Custodial Collections Transferred to a TAS Other Than the General Fund of the U.S. Government - Exchange
		216,840	-	502	(16,324)	201,018	Collections Transferred in to a TAS Other Than the General Fund of the U.S. Government
		-	-	(246)	186	(60)	Accrual for Agency Amounts to be collected in TAS Other Than the General Fund of the U.S. Government - Exchange
		15,349	-	-	(186)	15,163	Accrual for Agency Amounts to be collected in TAS Other Than the General Fund of the U.S. Government - Exchange
Total Earned Revenues	**$ 4,644,115**	**$ 1,862,217**	**$ (34,724)**	**$ 3,339,589**	**$ (522,967)**	**$ 4,644,115**	**Total Reclassified Earned Revenues**
Total Net Cost of Operations	**$ 20,811,522**	**$ 4,753,981**	**$ (115,442)**	**$ 16,124,687**	**$ 48,296**	**$ 20,811,522**	**Total Reclassified Net Cost of Operations**

FY 2020 Department of the Interior Statement of Changes in Net Position		Line Items Used to Prepare FY 2020 Government-wide Statement of Operations and Changes in Net Position					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS							**UNEXPENDED APPROPRIATIONS**
Beginning Balance	**$ 9,337,895**	**$ 1,227,812**	**$ -**	**$ 8,110,360**	**$ (277)**	**$ 9,337,895**	**Net Position, Beginning of Period (1 of 2)**
Appropriations Received, General Funds	17,272,167	402,777	-	16,869,390	-	17,272,167	Appropriations Received As Adjusted (1 of 2)
Appropriations Transferred In/(Out)	198,368	-	-	205,330	(500)	204,830	Non-expenditure Transfers-In of Unexpended Appropriations and Financing Sources (1 of 2)
		(500)	-	(6,462)	500	(6,462)	Non-expenditure Transfers-Out of Unexpended Appropriations and Financing Sources (1 of 2)
Total Appropriations Transferred In/(Out)	198,368	(500)	-	198,868	-	198,368	Total Reclassified Appropriations Transferred In/(Out)
Appropriations Used	(16,209,255)	(431,233)	-	(15,778,022)	-	(16,209,255)	Appropriations Used
Other Adjustments	(104,743)	-	-	(104,743)	-	(104,743)	Appropriations Received As Adjusted (2 of 2)
Net Change	1,156,537	(28,956)	-	1,185,493	-	1,156,537	Net Change
Ending Balance - Unexpended Appropriations	**$ 10,494,432**	**$ 1,198,856**	**$ -**	**$ 9,295,853**	**$ (277)**	**$ 10,494,432**	**Net Position, End of Period (1 of 2)**
CUMULATIVE RESULTS OF OPERATIONS							**CUMULATIVE RESULTS OF OPERATIONS**
Beginning Balance	**$ 80,006,510**	**$ 75,802,267**	**$ -**	**$ 4,203,966**	**$ 277**	**$ 80,006,510**	**Net Position, Beginning of Period (2 of 2)**
Appropriations Used	16,209,255	431,233	-	15,778,022	-	16,209,255	Appropriations Expended
Royalties Retained	3,627,075	-	-	(5,883)	-	(5,883)	Other Taxes and Receipts (1 of 5)
		-	-	6,164,942	-	6,164,942	Miscellaneous Earned Revenues
		-	-	(3,940,954)	3,837,063	(103,891)	Collections Transferred to a TAS Other Than the General Fund of the U.S. Government
		3,837,063	-	-	(3,837,063)	-	Collections transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (Part 1 of 2)
		(209,988)	-	-	209,988	-	Accruals for entity amounts to be collected in a TAS other than the General Fund of the U.S. Government - Nonexchange (Part 1 of 2)
		-	-	(2,702,364)	-	(2,702,364)	Non-entity collections transferred to the General Fund of the U.S. Government (1 of 2)
		-	-	209,988	(209,988)	-	Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government
		-	-	274,271	-	274,271	Accrual for Non-entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government (1 of 2)

continued

FY 2020 Department of the Interior Statement of Changes in Net Position		Line Items Used to Prepare FY 2020 Government-wide Statement of Operations and Changes in Net Position					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Total Royalties Retained	3,627,075	3,627,075	-	-	-	3,627,075	Total Reclassified Royalties Retained
Non-Exchange Revenue	1,148,340	(291,108)	-	42,026	-	(249,082)	Other Taxes and Receipts (2 of 5)
		137,533	-	188	-	137,721	Federal Securities Interest Revenue Including Associated Gains/Losses (Non-exchange) (1 of 2)
		1,263,316	0	911	0	1,264,227	Collections transferred into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (2 of 2)
		(5,185)	0	0	0	(5,185)	Accruals for entity amounts to be collected in a TAS other than the General Fund of the U.S. Government - Nonexchange (Part 2 of 2)
		-	-	26	-	26	Borrowings and Other Interest Revenue - Nonexchange (1 of 2)
		-	-	366	-	366	Other Budgetary Financing Sources
		-	-	267	-	267	Other Non-Budgetary Financing Sources
Total Non-Exchange Revenue	1,148,340	1,104,556	-	43,784	-	1,148,340	Total Reclassified Non-Exchange Revenue
Transfers In/(Out) without Reimbursement - Budgetary	604,863	2,213,795	(2,102,815)	-	-	110,980	Appropriation of Unavailable Special or Trust Fund Receipts Transfers-In
		(2,245,703)	2,102,815	-	-	(142,888)	Appropriation of Unavailable Special or Trust Fund Receipts Transfers-Out
		2,827,092	(2,130,150)	11,774	(11,274)	697,442	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources (2 of 2)
		(2,407,667)	2,130,150	(3,500)	11,274	(269,743)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources (2 of 2)
		178,165	-	30,907	-	209,072	Expenditure transfers-in of financing sources
		(68,004)	5,243	-	62,761	-	Non-expenditure transfers-out of financing sources - capital transfers
Total Transfers In/(Out) without Reimbursement - Budgetary	604,863	497,678	5,243	39,181	62,761	604,863	Total Reclassified Transfers In/(Out) without Reimbursement - Budgetary
Donations and Forfeitures of Cash and Cash Equivalents	53,978	53,978	-	-	-	53,978	Other Taxes and Receipts (3 of 5)
Other Budgetary Financing Sources/ Uses	4	4	-	-	-	4	Federal Securities Interest Revenue Including Associated Gains/Losses (Non-exchange) (2 of 2)

continued

FY 2020 Department of the Interior Statement of Changes in Net Position		Line Items Used to Prepare FY 2020 Government-wide Statement of Operations and Changes in Net Position					
Financial Statement Line	**Amounts**	**Dedicated Collections Combined**	**Dedicated Collections Eliminations**	**All Other Amounts (with Eliminations)**	**Eliminations Between Dedicated and All Other**	**Total**	**Reclassified Financial Statement Line**
Donations and Forfeitures of Property	74,947	42,319		32,628		74,947	Other Taxes and Receipts (4 of 5)
Transfers In/(Out) without Reimbursement	(157)	24,636	(89,351)	70,327	(4,670)	942	Transfers-In Without Reimbursement
		(95,278)	88,917	(1,106)	6,368	(1,099)	Transfers-Out Without Reimbursement
		5,157	(5,157)	62,847	(62,847)	-	Non-expenditure transfer-in of financing sources - capital transfers
Total Transfers In/(Out) without Reimbursement	(157)	(65,485)	(5,591)	132,068	(61,149)	(157)	Total Reclassified Transfers In/(Out) without Reimbursement
Imputed Financing from Costs Absorbed by Others	537,235	73,389	(31,371)	494,834	383	537,235	Imputed Financing Sources
Other Non-Budgetary Financing Sources/(Uses)	(338,344)	(5)		(5,855)		(5,860)	Other Taxes and Receipts (5 of 5)
		-	-	(244,128)	-	(244,128)	Non-entity Collections Transferred to the General Fund of the U.S. Government (2 of 2)
		1,105	-	(89,461)	-	(88,356)	Accrual for Non-entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government (2 of 2)
Total Other Non-Budgetary Financing Sources/(Uses)	(338,344)	1,100	0	(339,444)	0	(338,344)	Total Reclassified Other Non-Budgetary Financing Sources/(Uses)
Total Financing Sources	21,917,196	5,765,847	(31,719)	16,181,073	1,995	21,917,196	**Total Financing Sources**
Net Cost of Operations	(20,811,522)	(4,753,981)	115,442	(16,124,687)	(48,296)	(20,811,522)	**Net Cost of Operations**
Net Change	1,105,674	1,011,866	83,723	56,386	(46,301)	1,105,674	**Net Change**
Ending Balance - Cumulative Results of Operations	**$ 81,112,184**	**$ 76,814,133**	**$ 83,723**	**$ 4,260,352**	**$ (46,024)**	**$ 81,112,184**	**Net Position, End of Period (2 of 2)**
Total Net Position	**$ 91,606,616**	**$ 78,012,989**	**$ 83,723**	**$ 13,556,205**	**$ (46,301)**	**$ 91,606,616**	**Total Net Position**

FY 2020 Department of the Interior Statement of Custodial Activity		Line Items Used to Prepare FY 2020 Government-wide Statement of Change in Net Position and Statement of Net Cost	
Financial Statement Line	**Amounts**	**All Other Amounts (with Eliminations)**	**Government-wide Financial Report Reclassified Line Titles**
Revenues on Behalf of the Federal Government	$ 6,277,773	$ 6,164,942	Statement of Operations and Changes in Net Position - Miscellaneous Earned Revenues
		112,831	Statement of Net Cost - Non-Federal Earned Revenue
Total Revenues	$ 6,277,773	$ 6,277,773	
Disposition of Revenue	6,277,773	5,883	Statement of Operations and Changes in Net Position - Other Taxes and Receipts
		3,940,954	[1]Statement of Operations and Changes in Net Position - Custodial Collections Transferred to a Treasury Account Symbol Other Than the General Fund of the U.S. Government
		(209,988)	[1]Statement of Operations and Changes in Net Position - Accrual of Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Nonexchange
		2,702,364	Statement of Operations and Changes in Net Position - Non-entity Collections Transferred to the General Fund of the U.S. Government
		(274,271)	Statement of Operations and Changes in Net Position - Accrual for Non-entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
		246	Statement of Net Cost - Accrual of Custodial Collections Yet to be Transferred to a TAS Other Than the General Fund of the U.S. Government - Exchange
		112,585	Statement of Net Cost - Custodial Collections Transferred to a TAS Other Than the General Fund of the U.S. Government - Exchange
Total Disposition of Revenue	$ 6,277,773	$ 6,277,773	
Net Custodial Activity	**$ -**	**$ -**	

[1]Amounts reported in Line Items to Prepare the FY 2020 statements have been adjusted to include custodial collections that were distributed to other DOI bureaus due to materiality of the activity. Treasury excludes intradepartmental activity in their presentation of the FR.

Unaudited, See Accompanying Auditor's Report

This section includes the Combining Statement of Budgetary Resources by major budget account (Budgetary Accounts), deferred maintenance and repair information, custodial activity compliance assessments and pre-assessment work in process. The DOI Required Supplementary Information includes the disclosures required by SFFAS No. 38, *Accounting for Federal Oil and Gas Resources*. The SFFAS No. 38 disclosure includes the Federal Government's estimated petroleum royalties from the production of Federal oil and gas proved reserves reported in a schedule of estimated Federal oil and gas petroleum royalties and a schedule of estimated Federal oil and gas petroleum royalties to be distributed to others.

Combining Statement of Budgetary Resources for the Year Ended September 30, 2020 *(dollars in thousands)*	Interior Franchise Fund	Working Capital Fund	Water and Related Resources	National Park Service	Management of Land and Resources	Wildland Fire Management	BLM Permanent Operations Funds	Fish and Wildlife Resource Management	Mineral Leasing and Associated Payments	Operation of Indian Programs	Survey, Investigation and Research	Natural Resource Damage Assessment	Other Budgetary Accounts	Total Budgetary Accounts
Budgetary Resources:														
Unobligated Balance from Prior Year Budget Authority, Net	$ 189,401	$ 318,509	$1,333,182	$ 239,546	$ 289,937	$ 131,661	$ 1,004,459	$ 441,439	$ 1,008	$ 784,393	$ 817,888	$ 1,863,745	$ 7,011,708	$ 14,426,876
Appropriations (discretionary and mandatory)	-	55,735	1,440,765	2,570,519	1,218,015	1,070,467	274,788	1,368,289	1,399,278	2,079,227	1,271,060	543,827	11,210,544	24,502,514
Spending Authority from Offsetting Collections (discretionary and mandatory)	1,215,925	897,447	322,637	29,655	72,968	109,136	-	266,848	-	116,815	538,154	-	1,824,080	5,393,665
Total Budgetary Resources	**$1,405,326**	**$ 1,271,691**	**$3,096,584**	**$2,839,720**	**$ 1,580,920**	**$ 1,311,264**	**$ 1,279,247**	**$ 2,076,576**	**$ 1,400,286**	**$ 2,980,435**	**$ 2,627,102**	**$ 2,407,572**	**$ 20,046,332**	**$ 44,323,055**
Status of Budgetary Resources:														
New Obligations and Upward Adjustments	$1,294,744	$ 1,050,296	$1,643,520	$2,596,762	$ 1,353,159	$ 1,188,791	$ 139,761	$ 1,673,679	$ 1,398,729	$ 2,578,605	$ 1,801,325	$ 398,804	$ 12,037,732	$ 29,155,907
Unobligated Balance, End of Year														
Apportioned, Unexpired Accounts	110,582	221,395	1,453,064	156,090	227,726	122,473	1,139,486	385,776	1,557	373,566	812,778	2,008,768	7,865,235	14,878,496
Unapportioned, Unexpired Accounts	-	-	-	-	35	-	-	-	-	-	1,479	-	85,734	87,248
Unexpired, Unobligated Balance, End of Year	110,582	221,395	1,453,064	156,090	227,761	122,473	1,139,486	385,776	1,557	373,566	814,257	2,008,768	7,950,969	14,965,744
Unexpired, Unobligated Balance, End of Year	-	-	-	86,868	-	-	-	17,121	-	28,264	11,520	-	57,631	201,404
Unobligated Balance, End of Year (Total)	**$ 110,582**	**$ 221,395**	**$1,453,064**	**242,958**	**$ 227,761**	**$ 122,473**	**$ 1,139,486**	**$ 402,897**	**$ 1,557**	**$ 401,830**	**$ 825,777**	**$ 2,008,768**	**$ 8,008,600**	**$ 15,167,148**
Total Budgetary Resources	**$1,405,326**	**$ 1,271,691**	**$3,096,584**	**$2,839,720**	**$ 1,580,920**	**$ 1,311,264**	**$ 1,279,247**	**$ 2,076,576**	**$ 1,400,286**	**$ 2,980,435**	**$ 2,627,102**	**$ 2,407,572**	**$ 20,046,332**	**$ 44,323,055**
Outlays, Net:														
Outlays, Net (discretionary and mandatory)	$ (138,633)	$ 48,407	$1,127,545	$2,480,294	$ 1,168,883	$ 986,721	$ 121,798	$ 1,298,287	$ 1,398,729	$ 2,251,407	$ 1,190,572	$ 332,519	$ 9,464,212	$ 21,730,741
Distributed Offsetting Receipts	-	-	(158,748)	-	-	-	(278,722)	-	(1,342,920)	-	(103)	(540,383)	(2,899,632)	(5,220,508)
Agency outlays, net (discretionary and mandatory)	**$(138,633)**	**$ 48,407**	**$ 968,797**	**$2,480,294**	**$ 1,168,883**	**$ 986,721**	**$ (156,924)**	**$ 1,298,287**	**$ 55,809**	**$ 2,251,407**	**$ 1,190,469**	**$ (207,864)**	**$ 6,564,580**	**$ 16,510,233**

Deferred Maintenance and Repairs

The DOI owns and manages real property assets such as schools, office buildings, roads, bridges, dams, irrigation systems, and reservoirs to support its mission. The maintenance and repairs needs of these assets are identified primarily through the condition assessment process. Maintenance and repairs that were not performed when they should have been or were scheduled and delayed for a future period are considered deferred maintenance and repairs (DM&R). Broad methodologies for estimating and reporting DM&R are defined by DOI and implemented across bureaus with real property portfolios.

A condition assessment is the periodic inspection of real property to determine its current condition, validate inventory data, and identify and provide a cost estimate for necessary maintenance and repairs. The overall condition of the asset is determined by the Facility Condition Index (FCI), which is the ratio of the DM&R to the Current Replacement Value. Assets with an FCI closer to zero are considered to be in good condition while those with an FCI closer to 1.0 are considered to be in poor condition. However, the FCI is only one indicator of the overall health of the asset. Professional judgment regarding the severity of the maintenance and repairs play a critical role in managing DM&R. Due to the location, age, and variety of the assets entrusted to DOI, as well as the nature of DM&R itself, precise cost estimates for DM&R cannot be determined prior to developing the final design and specifications for the repairs. Until that time, estimates are conceptual in nature.

The following is DOI's DM&R as of September 30, 2020:

Deferred Maintenance and Repairs as of September 30, 2020				
PP&E Category *(dollars in thousands)*	**Beginning DM&R Balance**		**Ending DM&R Balance**	
General PP&E	$	9,797,529	$	13,738,855
Heritage Assets		7,029,736		7,781,836
Stewardship Land		504,292		537,193
Total	**$**	**17,331,557**	**$**	**22,057,884**

Current DOI policy requires that comprehensive condition assessments be performed on all constructed assets with a current replacement value of $50,000 or more at least once every 5 years, regardless of whether the asset is capitalized, non-capitalized, or fully depreciated. Assets with replacement values less than $50,000 are also assessed for inventory updates, general maintenance needs, and overall condition. Certain asset types, such as public bridges, require more frequent assessments due to statutory requirements protecting public safety. Additionally, the operations and maintenance responsibility of some of USBR's assets have been transferred to non-Federal operating entities to perform and fund operations and maintenance through user fees. The USBR does not report DM&R on these transferred assets.

The DOI has a five-year capital planning process that provides a framework for improved planning and management of maintenance, repair, and construction programs. The DOI's guidance for the five-year plan provides a corporate methodology for implementing investment priorities across the diverse portfolio of capital assets. The methodology is executed through an annual process in which bureaus analyze, prioritize, and select capital investment projects that best support bureau missions, DOI goals and objectives, and the Administration's emphasis areas. Bureau five-year plans are updated annually to reflect the most current five-year picture of DOI's priority maintenance and capital investment projects. In preparing the plan, DOI utilizes uniform prioritization criteria to drive consistency and to ensure that the projects are prioritized appropriately. These criteria are reviewed annually for alignment with strategic plans, OMB guidance, recent laws, and Executive Orders.

The DOI presents DM&R as beginning and ending balances by categories of PP&E in accordance with *SFFAS No. 42, Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32.* Categories of PP&E include general PP&E, Heritage Assets, and Stewardship Land per SFFAS No. 6, *Accounting for Property, Plant, and Equipment. The SFFAS No. 29, Heritage Assets and Stewardship Land,* defines "land" as the solid part of the surface of the earth. The DOI does not perform periodic or recurring maintenance and repairs on stewardship land. However, there are improvements to stewardship land that are specifically constructed to support and further the stewardship mission of the bureaus such as protection, preservation, or maintenance of natural or cultural resources. The DOI presents DM&R related to these improvements to stewardship land in the Stewardship Land category.

Custodial Activity, Compliance Assessments and Pre-assessment Work in Process

Management's best estimate of additional custodial revenues that may potentially be collected from compliance assessments and pre-assessment work in process as of September 30, 2020 is $36.0 million. This estimate is comprised of approximately $1.6 million in audit and compliance management, approximately $31.8 million state and Tribal audit, and approximately $2.6 million in civil penalties.

The amounts disclosed are subject to significant variability upon final resolution of the compliance work. This variability is due to numerous factors such as the receipt of additional third party documentation which includes volume revisions from pipeline or gas plant statements, pricing changes from purchaser statements, revised transportation invoices, interim imbalance statements with retroactive adjustments, ongoing reconciliations, and other information subsequently received.

Oil and Gas Petroleum Royalties

Management of Federal Oil and Gas Resources

The DOI is responsible for managing the Nation's oil and natural gas resources and the mineral revenues on Federal lands, both onshore and on the OCS. This management process can be broken down into six essential analysis components: pre-leasing; post-leasing and pre-production; production and post-production; revenue collection; fund disbursement; and compliance as discussed below in the Stewardship Policies for Federal Oil and Gas Resources section.

Within DOI, four primary bureaus and offices perform these essential management functions:

- The BOEM manages access to and the exploration and development of the Nation's offshore resources. It seeks to appropriately balance economic development, energy independence, and environmental protection through oil and gas leasing exploration and development activities, providing access for renewable energy development, and appropriate environmental reviews and studies to ensure that these activities are in the Nation's best interest.
- The BLM is entrusted with managing 13 percent of the Nation's surface land and roughly one-third of its mineral resources, including the onshore energy and mineral resources that generate the highest revenue values of any uses of the public lands.
- The ONRR is responsible for the management and collection of revenues associated with Federal offshore and onshore mineral leases issued under the *Mineral Leasing Act of 1920* (MLA) and the *Outer Continental Shelf Lands Act of 1953* (OCSLA). The ONRR achieves optimal value by ensuring that all natural resource revenues are efficiently and accurately collected and disbursed to recipients in a timely manner and by performing audit and revenue compliance activities; all in accordance with the FOGRMA and CFR Parts 1201-1290.
- The BSEE works to ensure the safe and environmentally sustainable exploration, development, and production of America's offshore energy resources through regulatory oversight and enforcement. The BSEE pursues this objective through a program of efficient permitting, appropriate standards and regulations, effective compliance monitoring and enforcement, technical assessments, inspections, and incident investigations.

Stewardship Policies for Federal Oil and Gas Resources

The DOI's responsibilities as stewards of Federal oil and gas resources begin when BLM and BOEM conduct pre-leasing analysis activities, which include the assessment of oil and gas resources that may be offered for lease. For onshore resources, even before an expression of interest by industry, the procedure to determine whether oil and gas leasing is compatible with other uses of the land begins with a Land Use Planning Process.

Following the pre-leasing assessment, BLM and BOEM develop plans for offering those resources to developers. Once BLM decides which onshore parcels to offer for lease, those parcels are posted publicly prior to quarterly competitive lease sales. All onshore parcels are evaluated for resource conflicts. Since some form of onshore oil and gas leasing has been in effect since the 1920's, the process of determining mineral ownership is more complex than in the OCS. In some cases, mineral ownership may be divided jointly by more than one Federal jurisdictional agency, may be fragmented, or deeds may have shared ownership. In the case of oil and gas development overall, this planning process is designed to consider both the environmental and economic concerns of the Nation by providing opportunities for input from the public, the private sector, states, and Congress. The BLM and BOEM conduct public planning processes for each individual lease sale.

Once a lease sale is completed, BLM and BOEM determine whether bids can be accepted and a lease issued. Prior to lease issuance, the BLM must adjudicate all protests to any onshore parcels with winning bids. When a lease is assigned to a winning bidder, BLM and BOEM begin post-leasing and pre-production activities. These activities include a permitting and approval process for exploration, development, and production plans proposed by the lease operators. The BSEE is responsible for reviewing offshore facility and well permits, deep-water operating plans, pipeline applications, production and development applications, and platform applications. The BLM staff performs onshore inspections and BSEE staff performs offshore inspections to confirm that activities are conducted in an environmentally and physically safe manner. Similar inspections also occur during the production and post-production activities to help ensure the Federal Government is receiving accurate royalties from production and facilities are decommissioned in a manner that protects the environment.

Before a lease sale is held, BLM and BOEM set lease terms that determine the Federal Government's share of the value of production from onshore and offshore operations, respectively, subject to provisions of Federal oil and gas leasing laws, including MLA, FOGRMA, or the OCSLA. Through royalty revenue collection and fund disbursement, ONRR achieves optimal value by ensuring that all revenues from Federal oil and gas leases are efficiently, effectively, and accurately collected, accounted for, and disbursed to states and counties, other Federal component entities, and Treasury, in accordance with relevant statutory authorities. The ONRR also performs revenue compliance activities to ensure the Federal Government has received fair market value (FMV) and that companies comply with applicable laws, regulations, and lease terms.

Through this mineral asset management process, DOI serves as the leading mineral asset manager for the Federal Government, the states, and the American people. Additional information regarding Federal natural resources, including oil and gas, can be found on many of DOI's websites. Additional information can be found at USGS's National Minerals Information Center ***(https://www.usgs.gov/centers/nmic)***, BLM's Energy and Minerals webpage ***(https://www.blm.gov/programs/energy-and-minerals)***, and BOEM's Resource Evaluation Program webpage ***(http://www.boem.gov/resource-evaluation-program).***

Schedule of Estimated Federal Oil and Gas Petroleum Royalties from Proved Reserves
Asset Present Value as of September 30, 2020
(in thousands)

Offshore[1]	Gulf of Mexico	Pacific[2]				Total
Oil and Lease Condensate	$ 30,197,274	$ 1,790,603				$ 31,987,877
Natural Gas, Wet After Lease Separation	2,089,383	86,751				2,176,134
Total Offshore	**$ 32,286,657**	**$ 1,877,354**				**$ 34,164,011**

Onshore	East Coast (PADD 1)	Midwest (PADD 2)	Gulf Coast (PADD 3)	Rocky Mountain (PADD 4)	West Coast (PADD 5)	Total
Oil and Lease Condensate	$ 91	$ 3,158,300	$ 10,587,352	$ 4,628,318	$ 788,566	$ 19,162,627
Natural Gas, Wet After Lease Separation	1,947	652,125	6,088,810	10,251,068	$275,249	17,269,199
Total Onshore	**$ 2,038**	**$ 3,810,425**	**$ 16,676,162**	**$ 14,879,386**	**$ 1,063,815**	**$ 36,431,826**

[1]Offshore royalties include OCSLA Section 8(g) royalties
[2]Pacific royalties include royalties from Alaska Federal OCS proved reserves.

Total Offshore and Onshore 2020	
Total Oil and Lease Condensate	$ 51,150,504
Total Natural Gas, Wet After Lease Separation	19,445,333
Total Offshore and Onshore	$ 70,595,837

Schedule of Estimated Federal Oil and Gas Petroleum Royalties from Proved Reserves
Asset Present Value as of September 30, 2019
(in thousands)

Offshore[1]	Gulf of Mexico	Pacific[2]				Total
Oil and Lease Condensate	$ 29,737,107	$ 537,173				$ 30,274,280
Natural Gas, Wet After Lease Separation	2,202,855	8,036				2,210,891
Total Offshore	**$ 31,939,962**	**$ 545,209**				**$ 32,485,171**

Onshore	East Coast (PADD 1)	Midwest (PADD 2)	Gulf Coast (PADD 3)	Rocky Mountain (PADD 4)	West Coast (PADD 5)	Total
Oil and Lease Condensate	$ -	$ 3,386,204	$ 9,631,477	$ 4,855,146	$ 847,516	$ 18,720,343
Natural Gas, Wet After Lease Separation	2,205	653,092	5,825,346	10,852,044	356,040	17,688,727
Total Onshore	**$ 2,205**	**$ 4,039,296**	**$ 15,456,823**	**$ 15,707,190**	**$ 1,203,556**	**$ 36,409,070**

[1]Offshore royalties include OCSLA Section 8(g) royalties
[2]Pacific royalties include royalties from Alaska Federal OCS proved reserves

Total Offshore and Onshore 2019	
Total Oil and Lease Condensate	$ 48,994,623
Total Natural Gas, Wet After Lease Separation	19,899,618
Total Offshore and Onshore	**$ 68,894,241**

Onshore Regions are reported consistent with EIA Petroleum Administration for Defense Districts (PADD):
Note: The underlined states have oil/condensate and/or gas production on Federal lands.

PAD District 1 (East Coast) is composed of the following three subdistricts:

- Subdistrict 1A (New England): Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont

- Subdistrict 1B (Central Atlantic): Delaware, District of Columbia, Maryland, New Jersey, New York, Pennsylvania

- Subdistrict 1C (Lower Atlantic): Florida, Georgia, North Carolina, South Carolina, Virginia, West Virginia

PAD District 2 (Midwest): Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, Ohio, Oklahoma, Tennessee, Wisconsin

PAD District 3 (Gulf Coast): Alabama, Arkansas, Louisiana, Mississippi, New Mexico, Texas

PAD District 4 (Rocky Mountain): Colorado, Idaho, Montana, Utah, Wyoming

PAD District 5 (West Coast): Alaska, Arizona, California, Hawaii, Nevada, Oregon, Washington

The previous tables present the estimated present value of future Federal royalty receipts on estimated proved reserves as of September 30, 2020, and September 30, 2019. Inputs to these estimates were measured as of this effective date or were extrapolated to this effective date. The Federal Government's estimated petroleum royalties have as their basis the Department of Energy's (DOE) Energy Information Administration (EIA) estimates of proved reserves. The DOE EIA proved reserves estimates are published annually, covering all offshore and onshore Federal areas. The DOE EIA provides such estimates directly for Federal offshore areas and are adjusted to extract the Federal subset of onshore proved reserves. Key to these adjustments is the assumption that the Federal portion of each state's onshore proved reserves corresponds to the fraction of production from Federal lands, as compared to total production from the state for calendar year 2018, the most recent published DOE EIA proved reserves report. The Federal proved reserves are then further adjusted to correspond with the effective date. The DOE EIA reserves estimates are effective a full 21 months prior to the effective date of this disclosure. Over this 21-month period, reserves values change with subtractions from production and additions through disclosures. Adjustments were made for each region by assuming that reserves are changing at a constant rate relative to production, and 3- year historical averages of these relationships were applied to interim production to adjust the reserves to this effective date. Production of the reserves was projected over time to simulate schedules of when the oil and natural gas would be estimated to be produced. Each region has characteristics that create unique assumptions that affect these projections. For example, in a developing region, production rates may be low in comparison to abundant proved reserves, indicating that rates will continue to build for a time before beginning their natural decline.

Future royalties were then estimated from these production streams by applying future price estimates by OMB, production growth estimates from the EIA's 2020 Annual Energy Outlook (AEO2020), and effective royalty rates. The OMB price estimates are 11-year estimates prepared for the Administration's FY 2021 budget. These OMB estimates are for nominal prices and are based on futures contract averages and expected inflation. Beyond the 11-year OMB forecasts, the prices in the projections are assumed to continue at the constant rates established in the last years of the OMB forecast. Those growth rates are 2 percent per year for oil and 4.5 percent per year for gas in the offshore estimates. For the onshore estimates, the BLM used the relationship between the OMB's forecasts and the EIA's price forecasts (reference and low oil price case scenarios in the AEO2020) during the 11-year window to forecast prices for the remaining period.

Offshore gas price projections were calculated for each region based on the proportion of gas-related revenue received over the last 3 years from wet gas royalties, dry gas royalties, and natural gas liquids royalties. For onshore gas price projections, data was used for the most recently completed fiscal year (FY 2019) with updated ONRR sales year data as of March 1, 2020. Assuming these 3-year offshore or 1-year onshore average proportional relationships continue, gas prices were adjusted to account for the proportional relative values of each of these gas-related products. The 1-year period for onshore was chosen for the greater relative importance of ongoing recent structural changes with the advent of horizontal and directional drilling on multi-well pads with hydraulic fracturing and other enhanced recovery processes that lead to an ever-evolving understanding of the nature and location of oil and gas production on the Federal mineral estate. This includes more recent movements of gas production from Federal lands between wells producing drier gas streams with relatively low liquids content, and wetter gas streams with relatively high liquids content. This method is assumed to capture the value of royalties from the three gas related products from the single wet gas production stream, reported together as 'Natural Gas, Wet After Lease Separation' to most accurately reflect the actual wellhead volumes or unprocessed gas at the lease.

Effective royalty rates are also unique for each region and are based on the assumption that the royalty relationships established in the prior 3-year average will remain for offshore, or 1- year average for onshore. As with the dry gas, wet gas, and natural gas liquids relationships for the onshore projections discussed above, the effective royalty rates for both oil and gas were chosen from the most recent full fiscal year of updated ONRR sales year data (FY 2019), to place greater emphasis on the most recent shifts in oil and gas production between plays with different effective rates due to each play's greater or lesser degree of allowances for transportation and processing costs. Effective royalty rates were calculated by dividing each offshore region's last 3 years' royalty values by the sales values resulting in the fraction of sales value actually received as royalties (while using the last 1 year for onshore). This method automatically accounts for transportation allowances and allowable deductions on regional bases that reduce the nominal royalty rates to the effective rates, and implicitly converts the market-based prices from OMB to First Purchase Prices for oil and Wellhead Prices for gas.

The present value of these royalties was then estimated by discounting the revenue stream back to the effective date at the public discount rate assumed to be equal to the OMB's estimates of future 30-Year Treasury Bill rates for offshore, and a weighted average of the U.S. Treasury yield curve[1] from trading dates for the most recently completed fiscal year for onshore. For onshore, the discount rate used was 2.58 percent. The OMB rates used for offshore are 11-year estimates prepared for the Administration's FY 2021 budget. The rates begin at 2.38 percent for FY 2020 and rise to 3.34 percent for FY 2028 -FY 2030. The rates were assumed to remain at 3.34 percent beyond FY 2030, as regional production estimates vary in amount by year and may last longer or shorter than the 30-year maturity period. The 30-year Treasury Bill rates were chosen because this maturity life most closely approximates the productive lives of the offshore proved reserves estimates, and therefore, the Government's "cost of capital" for investments with this length of maturity.

[1]Comprised of 1-month, 2-month, 3-month, 6-month, 1-year, 2-year, 3-year, 5-year, 7-year, 10-year, 20-year, and 30-year U.S. Treasury yields, listed on ***https://www.treasury.gov/resource-center/data-chart-center/interest-rates/pages/textview.aspx?data=yield.***

Schedule of Estimated Federal Oil and Gas Petroleum Royalties to be Distributed to Others as of September 30, 2020 and 2019 *(in thousands)*	FY 2020	FY 2019
Other Federal Bureaus and agencies		
Department of the Treasury	$ 34,682,904	$ 35,148,929
Interior - Reclamation Fund	12,642,700	13,289,947
Other Federal Bureaus and agencies	2,054,234	2,683,275
States and Others	21,215,999	17,772,090
Total Estimated Petroleum Royalties to be Distributed to Others	**$ 70,595,837**	**$ 68,894,241**

The above table presents an estimate of Federal oil and gas petroleum royalties to be distributed to others, based upon a historical percentage of distributions of royalties to others over the preceding twelve months.

Revenue Reported by Category FY 2020 and FY 2019
(in thousands)

	FY 2020			FY 2019		
(dollars in thousands)	Federal Offshore	Federal Onshore	Total	Federal Offshore	Federal Onshore	Total
Royalties from Oil & Lease Condensate	$ 3,332,193	$ 1,710,572	$ 5,042,765	$ 4,567,534	$ 1,971,329	$ 6,538,863
Accrual Adjustment - Oil & Lease Condensate	(152,970)	(164,926)	(317,896)	(37,034)	(24,660)	(61,694)
Royalties from Natural Gas	211,140	626,153	837,293	424,115	991,353	1,415,468
Accrual Adjustment - Natural Gas	(18,256)	(45,655)	(63,911)	2,963	(559)	2,404
Subtotal	$ 3,372,107	$ 2,126,144	$ 5,498,251	$ 4,957,578	$ 2,937,463	$ 7,895,041
Rent	$ 89,880	$ 20,971	$ 11,851	$ 86,184	$ 20,135	$ 106,319
Bonus Bid	251,380	95,605	346,985	426,426	1,193,037	1,619,463
Subtotal	$ 341,260	$ 116,576	$ 457,836	$ 512,610	$ 1,213,172	$ 1,725,782
Total	**$ 3,713,367**	**$ 2,242,720**	**$ 5,956,087**	**$ 5,470,188**	**$ 4,150,635**	**$ 9,620,823**

The above table of revenue reported by category presents royalty revenue reported to DOI in fiscal years 2020 and 2019 for oil and lease condensate, and for natural gas, as well as rent revenue and bonus bid revenue by offshore and onshore leases. The revenue accrual adjustments represent activity for current month production for which reporting of volumes and categories occurs in the months following production; and for royalty payments that have been received but have not been matched with related royalty reports, and therefore are not yet associated to volumes or categories.. Amounts include oil and gas revenue only, and do not include revenue in the financial statements for other commodities.

Rent is defined as annual payments, normally a fixed dollar per acre, required to preserve the rights to a lease while the lease is not in production. A rent schedule is established at the time a lease is issued. Bonus Bid is defined as cash consideration paid to the United States by the successful bidder for a mineral lease, awarded through a competitive bidding process. The payment is made in addition to the rent and royalty obligations specified in the lease.

Estimated Petroleum Royalties (Proved Reserves)
End of FY 2020 and FY 2019
(in thousands)

Oil and Lease Condensate (Bbl)						
	FY 2020			FY 2019		
Federal Offshore	**Quantity**	**Average Purchase Price ($)[1]**	**Average Royalty Rate (%)**	**Quantity**	**Average Purchase Price ($)[1]**	**Average Royalty Rate (%)**
Gulf of Mexico[2]	4,878,488	$ 42.83	12.73%	4,504,093	$ 62.67	13.10%
Pacific (including Alaska Federal OCS)	248,415	41.09	17.52%	71,925	59.74	18.35%
Subtotal Federal Offshore	5,126,904			4,576,018		
Federal Onshore						
East Coast (PADD 1)	16	$ 54.76	12.50%	-	$ -	-
Midwest (PADD 2)	561,085	39.10	11.05%	566,306	54.23	11.93%
Gulf Coast (PADD 3)	1,944,116	41.10	12.57%	1,672,789	51.46	12.91%
Rocky Mountain (PADD 4)	832,215	38.36	11.98%	828,977	51.79	12.23%
West Coast (PADD 5)	123,840	45.05	11.77%	123,624	63.41	12.23%
Subtotal Federal Onshore	3,461,271			3,191,696		
Total	**8,588,175**			**7,767.714**		

Natural Gas, Wet After Lease Separation (Mcf)						
	FY 2020			FY 2019		
Federal Offshore	**Quantity**	**Average Purchase Price ($)[1]**	**Average Royalty Rate (%)**	**Quantity**	**Average Purchase Price ($)[1]**	**Average Royalty Rate (%)**
Gulf of Mexico[2]	5,714,738	$ 2.15	10.78%	5,392,887	$ 3.21	11.78%
Pacific (including Alaska Federal OCS)	220,205	3.04	13.06%	20,404	4.16	14.64%
Subtotal Federal Offshore	5,934,943			5,413,291		
Federal Onshore						
East Coast (PADD 1)	5,783	$ 1.91	12.56%	5,563	$ 2.72	12.62%
Midwest (PADD 2)	1,071,048	1.93	9.70%	1,076,917	3.10	11.44%
Gulf Coast (PADD 3)	13,733,426	1.82	9.97%	12,332,345	2.51	10.62%
Rocky Mountain (PADD 4)	30,263,520	2.20	9.82%	30,705,303	3.09	10.47%
West Coast (PADD 5)	414,499	4.65	12.24%	472,178	4.99	12.32%
Subtotal Federal Onshore	45,488,276			44,592,306		
Total	**51,423,219**			**50,005,597**		

The tables above provide the estimated quantity, regional average price, and regional average royalty rate by category of estimated Federal proved reserves at the end of FY 2020. The prices and royalty rates are based upon historical averages, include estimates, exclude prior period adjustments, and are affected by such factors as accounting adjustments and transportation allowances, resulting in effective royalty rates. Prices are valued at the lease rather than at the market center, and differ from those used to compute the asset estimated present values, which are forecasted and discounted based upon OMB economic assumptions.

[1] Average Purchase Price ($) represents the average of the regional average, and is generally defined for oil as the First Purchase Price which is the actual amount paid by the first purchaser of crude oil as it leaves the lease on which it was produced. For natural gas it is generally defined as the Wellhead Price which is the value of the purchased natural gas at the mouth of the well for unprocessed gas or for processed gas an imputed wellhead price based on the residue gas and natural gas liquid volumes and values.

[2] Gulf of Mexico Proved Reserves are royalty bearing volumes. In the Gulf of Mexico, an additional ***598,469*** Mbbl of proved oil reserves and ***534,781*** MMcf of proved gas reserves are not reflected in these totals as they are estimated to be producible royalty free under various royalty relief provisions. The net present value of the royalty value of the royalty free proved reserves volumes in the Federal Gulf of Mexico is estimated to be **$3,855,487,676.**

Federal Regional Oil and Gas Information
FY 2020 and FY 2019
(in thousands)

Oil and Lease Condensate Information - Offshore

Location	FY 2020				FY 2019			
	Sales Volume (Bbl)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)	Sales Volume (Bbl)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)
Gulf of Mexico	555,245	$ 25,908,506	$ 3,291,191	$ 600,144	538,433	$ 34,446,167	$ 4,514,223	$ 947,859
Pacific	5,288	234,284	41,002	n/a	4,791	291,246	53,311	-
Total	**560,533**	**$ 26,142,790**	**$ 3,332,193**	**$ 600,144**	**543,224**	**$ 34,737,413**	**$ 4,567,534**	**$ 947,859**

Natural Gas Information - Offshore

Location	FY 2020				FY 2019			
	Sales Volume (Mcf)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)	Sales Volume (Mcf)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)
Gulf of Mexico	940,989	$ 2,096,436	$ 210,241	$ 39,637	997,784	$ 3,556,827	$ 422,595	$ 41,005
Pacific	1,710	$ 6,362	$ 899	n/a	1,888	$ 10,484	$ 1,520	-
Total	**942,699**	**$ 2,102,798**	**$ 211,140**	**$ 39,637**	**999,672**	**$ 3,567,311**	**$ 424,115**	**$ 41,005**

Oil and Lease Condensate Information - Onshore

Location	FY 2020				FY 2019			
	Sales Volume (Bbl)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)	Sales Volume (Bbl)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)
East Coast (PADD 1)	0.1	$ 6	$ 1	$ -	-	$ -	$ -	$ -
Midwest (PADD 2)	34,805	1,532,981	178,881	-	45,158	2,535,565	300,879	-
Gulf Coast (PADD 3)	194,427	9,109,067	1,097,494	-	165,801	8,722,105	1,119,488	-
Rocky Mountain (PADD 4)	69,836	2,960,354	356,925	-	67,449	3,636,792	445,203	-
West Coast (PADD 5)	13,413	644,379	77,271	-	13,348	861,343	105,759	-
Total	**312,481**	**$ 14,246,787**	**$ 1,710,572**	**$ -**	**291,756**	**$ 15,755,805**	**$ 1,971,329**	**$ -**

Natural Gas Information - Onshore

Location	FY 2020				FY 2019			
	Sales Volume (Mcf)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)	Sales Volume (Mcf)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)
East Coast (PADD 1)	306	$ 653	$ 82	$ -	269	$ 824	$ 103	$ -
Midwest (PADD 2)	171,235	347,713	28,235	-	99,977	339,947	38,798	-
Gulf Coast (PADD 3)	1,362,677	2,601,117	250,235	-	1,207,687	3,571,706	379,175	-
Rocky Mountain (PADD 4)	1,455,698	3,376,875	338,099	-	1,654,486	5,309,442	561,008	-
West Coast (PADD 5)	17,990	78,055	9,502	-	20,290	99,625	12,269	-
Total	**3,007,906**	**$ 6,404,413**	**$ 626,153**	**$ -**	**2,982,709**	**$ 9,321,544**	**$ 991,353**	**$ -**

Federal Regional Oil and Gas Information (Continued)
(in thousands)

Oil and Lease Condensate Information - Offshore and Onshore

	FY 2020				FY 2019			
	Sales Volume (Bbl)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)	Sales Volume (Bbl)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)
Total	873,014	$ 40,389,577	$ 5,042,765	$ 600,144	834,980	$ 50,493,218	$ 6,538,863	$ 947,859

Natural Gas Information - Offshore and Onshore

	FY 2020				FY 2019			
	Sales Volume (Mcf)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)	Sales Volume (Mcf)	Sales Value ($)	Royalty Revenue Earned ($)	Estimated Value for Royalty Relief ($)
Total	3,950,605	$ 8,507,211	$ 837,293	$ 39,637	3,982,381	$ 12,888,855	$ 1,415,468	$ 41,005

The above tables of Federal regional oil and gas sales information reflect reported sales volume, sales value, royalty revenue, and estimated value for royalty relief for FY 2020 and FY 2019.

Sales volume represents the quantity of a mineral commodity sold during the reporting period. Sales value represents the dollar value of the mineral commodity sold during the reporting period. Royalty revenue earned represents a stated share or percentage of the value of the mineral commodity produced.

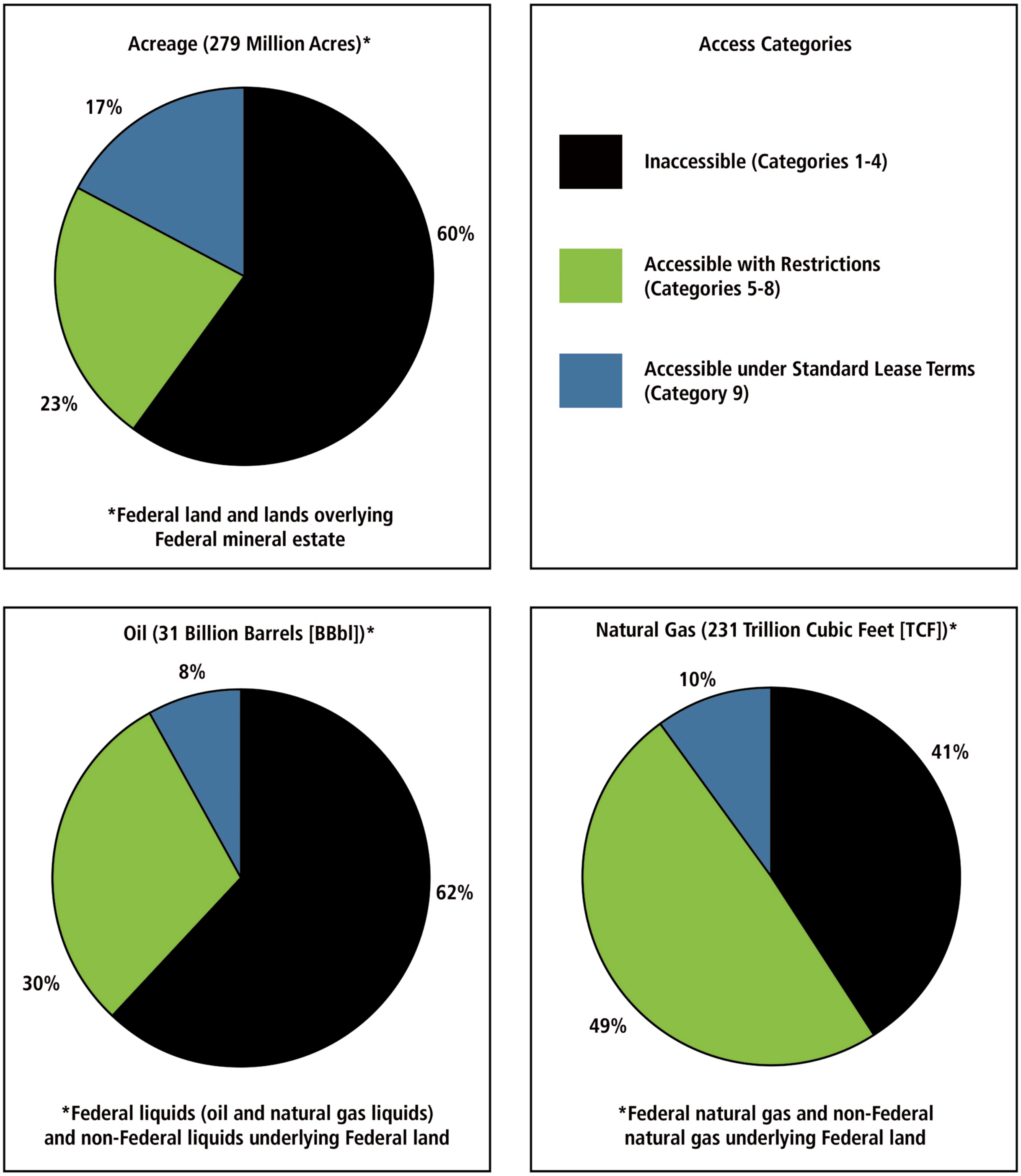
Royalty relief is the reduction, modification, or elimination of any royalty payment due, to promote development, increase production, or encourage production of marginal resources on certain leases or categories of leases. The value for royalty relief is based upon amounts reported to ONRR in accordance with royalty reporting requirements, less estimated transportation costs.

The sales volume, sales value, royalty revenue earned, and the value for royalty relief are presented on a regional basis,and include adjustments and estimates. The information is presented on a regional basis to provide users of the financial statements with the regional variances in oil and gas activity for decision making purposes, and to reflect the estimated amount of royalty relief granted in the fiscal year.

Other Significant Federal Oil and Gas Resources

For information on Undiscovered Oil and Gas Resources on the Nation's OCS, visit: ***https://www.boem.gov/oil-gas-energy/resource-evaluation/resource-assessment-program***

Section 604 of the *Energy Policy and Conservation Act of 2000* (EPCA), as amended by Section 364 of the *Energy Policy Act of 2005*, required an inventory of all onshore Federal lands to identify (1) the United States Geological Survey estimates of the oil and gas resources underlying these lands; and (2) the extent and nature of any restrictions or impediments to the development of the resources. The graphics on the following page depict some of the report's key findings:



The inventory was completed in 2008 and the entire report is available at
https://www.blm.gov/sites/blm.gov/files/EPCA_III_Inventory_Onshore_Federal_Oil_Gas.pdf.

Coal Royalties

Management of Federal Coal Resources

The DOI is responsible for managing the Nation's coal resources and revenues on Federal lands. The BLM Federal coal leases contribute a large share of total domestic coal production and consumption. In FY 2019, coal resources accounted for 23.5 percent of the Nation's electricity generation with Federal lands supplying approximately 41 percent of all U.S. coal production.

The ONRR is responsible for the management and collection of revenues associated with Federal coal leases. The ONRR achieves optimal value by ensuring that all natural resource revenues are efficiently and accurately collected and disbursed to recipients in a timely manner and by performing audit and revenue compliance activities.

Stewardship Policies for Federal Coal Resources

The MLA, as amended, and the *Mineral Leasing Act for Acquired Lands of 1947,* as amended, gives DOI the responsibility for coal leasing on approximately 700 million acres of Federal mineral estate which includes 570 million acres where coal development is allowed. The surface estate of these lands may be under the control of BLM, USFS, private or state landowners, or other Federal agencies. The DOI receives coal leasing revenues from a bonus paid at the time the lease is issued, an annual rent payment of $3.00 per acre, and royalties paid on the value of the coal after it has been mined. The royalty rate for surface-mining methods is 12 ½ percent or 8 percent for underground mining, and BLM can approve reduced royalty rates based on maximum economic recovery. Regulations that govern BLM's coal leasing program are contained in Title 43, Groups 3000 and 3400 of the Code of Federal Regulations.

Public lands are available for coal leasing after the lands have been evaluated through a multiple-use planning process. The land use planning process encompasses four steps: identification of coal with potential for development; determination if the lands are suitable for coal development; consideration of multiple use conflicts; and surface owner consultation. Leasing Federal coal resources is prohibited on some public lands, such as national parks, national wildlife refuges, or military reservations. For more details about coal leasing, visit the following BLM website: ***https://www.blm.gov/programs/energy-and-minerals/coal***.

Through this mineral asset management process, DOI serves as the leading mineral asset manager for the Federal Government.

Coal continues to be a large source of energy in the United States (BLM)

Schedule of Estimated Federal Coal Royalties Asset Present Value as of September 30, 2020 *(in thousands)*										
	Powder River Basin[1]		Colorado		Utah		All Other[2]		Total	
Total Coal	**$**	**6,216,539**	**$**	**642,444**	**$**	**264,456**	**$**	**766,667**	**$**	**7,890,106**

Schedule of Estimated Federal Coal Royalties Asset Present Value as of September 30, 2019 *(in thousands)*										
	Powder River Basin[1]		Colorado		Utah		All Other[2]		Total	
Total Coal	**$**	**6,629,018**	**$**	**757,858**	**$**	**408,906**	**$**	**1,111,490**	**$**	**8,907,272**

[1]Contains Federal Leases in Wyoming and Montana

[2]Contains Federal Leases in Wyoming and Montana not located in the Powder River Basin and all leases from the States of Alabama, Kentucky, Oklahoma, New Mexico, North Dakota, Washington, and West Virginia

The above tables present the estimated present value of future Federal royalty receipts on estimated recoverable reserves as of September 30, 2020 and September 30, 2019. The Federal Government's estimated coal royalties have as their basis BLM's estimates of recoverable reserves. The Federal recoverable reserves are then further adjusted to correspond with the effective date of the analysis and then are projected over time to simulate a schedule of when the reserves would be produced. Future royalties are then calculated by applying future price estimates and effective royalty rates, adjusted for transportation allowances and other allowable deductions. The present value of these royalties are then determined by discounting the revenue stream back to the effective date at a public discount rate assumed to be equal to OMB's estimates of future 30-Year Treasury Bill rates. The 30-year rate was chosen because this maturity life most closely approximates the productive lives of the recoverable reserves estimates.

Schedule of Estimated Federal Coal Royalties to be Distributed to Others as of September 30, 2020 and 2019 *(in thousands)*				
	FY 2020		FY 2019	
Other Federal Bureaus and agencies				
Department of the Treasury	$	867,912	$	979,800
Interior - Reclamation Fund		3,156,042		3,562,909
States and Others		3,866,152		4,364,563
Total Estimated Coal Royalties to be Distributed to Others	**$**	**7,890,106**	**$**	**8,907,272**

The above table presents an estimate of Federal coal royalties to be distributed to others, based on the percentage of distributions of coal royalties to others over the preceding 12 months.

Revenue Reported by Category FY 2020 and FY 2019 *(in thousands)*				
	Coal Totals FY 2020		Coal Totals FY 2019	
Coal Royalties	$	353,567	$	501,426
Accrual Adjustment - Coal Royalties		($5,167)		(16,679)
Subtotal	**$**	**348,400**	**$**	**484,747**
Rent		1,041		1,105
Bonus Bid		3,442		12,326
Subtotal	$	4,483	$	13,431
Totals	**$**	**352,883**	**$**	**498,178**

The above table of revenue reported by category represents royalty revenue reported to ONRR in FY 2020 and FY 2019 for coal, as well as rent revenue and bonus bid revenue. The revenue accrual adjustments represent activity with no associated reported volumes, such as manual accruals, and include estimates.

Estimated Coal Royalties (Recoverable Reserves) End of FY 2020 and FY 2019 *(in thousands)*						
	FY 2020			FY 2019		
Area	Quantity (in tons)	Average Purchase Price ($) per ton	Average Royalty Rate (%)	Quantity (in tons)	Average Purchase Price ($) per ton	Average Royalty Rate (%)
Other Federal Bureaus and agencies						
Powder River Basin[1]	5,105,285	$ 11.45	11.90%	5,201,581	$ 11.71	12.43%
Colorado	392,699	34.75	5.35%	415,843	35.58	5.87%
Utah	163,834	32.19	4.75%	192,500	36.00	5.85%
All Other[2]	395,382	$ 36.87	6.65%	414,931	$ 42.99	7.75%
Total Federal	**6,057,200**			**6,224,855**		

[1]Contains Federal Leases in Wyoming and Montana
[2]Contains Federal Leases in Wyoming and Montana not located in the Powder River Basin and all leases from the States of Alabama, Kentucky, Oklahoma, New Mexico, North Dakota, Washington, and West Virginia

The table above provides the estimated quantity, average price, and average royalty rate by category of estimated Federal coal recoverable reserves at the end of FY 2020 and FY 2019. The prices and royalty rates are based on the average of the most recent 12 sales month's revenue collection activity, include estimates, exclude prior period adjustments, and are affected by such factors as accounting adjustments and transportation and processing allowances, resulting in effective royalty rates. Prices are valued at the lease rather than at the market center, and differ from those used to compute the asset estimated present values, which are forecasted and discounted based upon OMB economic assumptions.

Federal Area Coal Information FY 2020 and FY 2019 *(in thousands)*						
	FY 2020			FY 2019		
Area	Sales Volume (in tons)	Sales Value ($)	Royalty Revenue Earned ($)	Sales Volume (in tons)	Sales Value ($)	Royalty Revenue Earned ($)
Other Federal Bureaus and agencies						
Powder River Basin[1]	219,264	$ 2,610,884	$ 311,776	272,740	$ 3,212,175	$ 399,173
Colorado	9,622	413,444	6,074	9,407	452,236	26,622
Utah	11,649	436,214	14,853	13,596	576,180	31,570
All Other[2]	10,785	396,689	20,864	13,075	568,357	44,061
Total Federal	**251,320**	**$ 3,857,231**	**$ 353,567**	**308,818**	**$ 4,808,948**	**$ 501,426**

[1]Contains Federal Leases in Wyoming and Montana
[2]Contains Federal Leases in Wyoming and Montana not located in the Powder River Basin and all leases from the States of Alabama, Kentucky, Oklahoma, New Mexico, North Dakota, Washington, and West Virginia

The above table of Federal coal sales information reflects reported sales volume, sales value, and royalty revenue for FY 2020 and FY 2019.

Sales volume represents the quantity of a mineral commodity sold during the reporting period. Sales value represents the dollar value of the mineral commodity sold during the reporting period. Royalty revenue earned represents a stated share or percentage of the value of the mineral commodity produced. The sales volume, sales value, and royalty revenue earned are presented on an area basis, and include adjustments and estimates. The information is presented on an area basis to provide users of the financial statements with area variances in coal activity for decision making purposes.

Other Significant Federal Coal Resources

In 2020, the BLM, in collaboration with the ONRR, estimated the remaining recoverable coal reserves on currently authorized Federal coal leases to be approximately 6.1 billion tons of coal. The recoverable coal reserves include all coal that is economically recoverable within areas that are suitable for mining. The recoverable coal reserves do not include coal that is within areas classified as being unsuitable for mining (such as under interstate highways, within alluvial valley floors, or within areas that are determined to be critical habitat for listed threatened or endangered plant or animal species), areas that are not economically minable, or coal that is required to not be mined in order to safeguard the life and safety of the miners.

Other Natural Resources

The DOI has other natural resources which are under Federal lease whereby the lessee is required to pay royalties on the sale of the natural resource. These natural resources include soda ash, potash (including muriates of potash and langbeinite phosphate), lead concentrate, copper concentrate, and zinc concentrate. Of these, soda ash and potash have the largest estimated present value of future royalties.

Soda ash is obtained from trona and sodium carbonate-rich brines. The world's largest deposit of trona is in the Green River Basin in Wyoming. There are smaller deposits of sodium carbonate mineral in California and Colorado. Underground room and pillar mining, using continuous miner machines, is the primary method of mining Wyoming trona ore. As of September 30, 2020, the estimated net present value of future royalties from trona from the Green River Basin is $1.2 billion.

Potash is an alkaline potassium compound, especially potassium carbonate or hydroxide. Most of the mining of potash takes place in southeastern New Mexico. Underground room and pillar mining using continuous miner machines is the primary method of mining potash ore. As of September 30, 2020, the estimated net present value of future royalties from potash (including the muriates of potash and langbeinite phosphate is $159 million.

Surface mine, Powder River Basin, Wyoming (BLM)

SECTION 3

Other Information

Unaudited, See Accompanying Auditor's Report

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Department of the Interior, FY 2020

In recognition of Secretarial Order No. 3380, we are providing estimated costs associated with certain work products. Applying a formula involving prior salary and benefit expenses, we estimate the cost of preparing this report to be $51,000.

Report No.: 2020-ER-043 November 2020

OFFICE OF
INSPECTOR GENERAL
U.S.DEPARTMENT OF THE INTERIOR

NOV 1 2 2020

Memorandum

To: David Bernhardt
Secretary of the Interior

From: Mark Lee Greenblatt
Inspector General

Subject: Final Report – *Inspector General's Statement Summarizing the Major Management and Performance Challenges Facing the U.S. Department of the Interior, FY 2020*
Report No. 2020-ER-043

In accordance with the Reports Consolidation Act of 2000, we are submitting what we have determined to be the most significant management and performance challenges facing the U.S. Department of the Interior (DOI), for inclusion in the DOI's *Agency Financial Report* for fiscal year 2020.

We have focused this report on the DOI's response to the COVID-19 pandemic and the implementation of the Great American Outdoors Act. Many of the challenges highlighted under these two main topics connect to issues we have identified in previous management challenges reports.

If you have any questions, please do not hesitate to contact our office at 202-208-5745.

cc: Todd Willens, Chief of Staff, U.S. Department of the Interior
Katharine MacGregor, Acting Deputy Secretary, U.S. Department of the Interior
James Cason, Associate Deputy Secretary, U.S. Department of the Interior
Scott Cameron, Acting Assistant Secretary for Policy, Management and Budget
Richard Cardinale, Director, Office of Executive Secretariat
Preston Heard, Deputy Director, Office of Executive Secretariat
Tonya Johnson, Deputy Chief Financial Officer and Director, Office of Financial Management
Chadrick Minnifield, Director, Internal Control and Audit Follow-Up, Office of Financial Management

Contents

Introduction and Approach

In accordance with the Reports Consolidation Act of 2000, we are reporting what we have determined to be the most significant management and performance challenges facing the U.S. Department of the Interior (DOI). By statute, this report is required to be included in the DOI's *Agency Financial Report.*

Given the broad effects of the COVID-19 pandemic on not only the DOI but the United States as a whole during this fiscal year, we have modified our approach for this year's report to feature a detailed analysis of the DOI's pandemic response. We emphasize particularly the pandemic's cascading effect on the DOI's multiple mission areas and functions, as well as the fact that it has led directly to large and unanticipated expenditures. The pandemic may moreover exacerbate ongoing issues we have identified in previous management challenges reports, which are summarized in the chart below.

Previously Identified Challenge Areas Noted in This Report

These longstanding challenges are ongoing and interwoven with this report's focused analysis of the pandemic response and the Great American Outdoors Act.

Financial Management	The DOI manages significant financial assets, including contracts and financial assistance awards, as well as property and other resources.
Public Safety and Disaster Response	The DOI is responsible for the safety of more than 70,000 employees, as well as members of the public who visit or live near 500+ million acres of DOI-managed lands.
Responsibility to American Indians	The DOI provides services to 574 federally recognized tribes with a population of about 1.9 million American Indians and Alaska Natives. The DOI also has trust responsibilities for mineral resources on 56 million surface acres and 57 million subsurface acres of tribal land.
Energy Management	The DOI manages lands, subsurface rights, and offshore areas that produce approximately 18 percent of the Nation's energy.
IT Security	The DOI relies on complex, interconnected IT systems to carry out its daily operations.
Workplace Culture and Human Capital	Many factors affect workplace culture, including agency values, leadership behavior, and employee perceptions. The management of human capital affects the DOI's ability to execute its mission efficiently.
Water Programs	As the largest wholesaler of water in the country, the DOI must reconcile competing demands on its water resources.

We are not suggesting that the previously identified challenges have been resolved, but, under the circumstances, we believe that they should be viewed in light of the pandemic.

In addition to our focus on the unique challenges presented by the pandemic, this report identifies an emerging issue—namely, the implementation of the Great American Outdoors Act—and the DOI's progress in preparing for and addressing this challenge.

This report is primarily based on Office of Inspector General (OIG) and U.S. Government Accountability Office (GAO) reviews (including the GAO's High-Risk List[1]), as well as our general knowledge of the DOI's programs and operations. We link to the OIG reports related to the challenge areas throughout the report—a full list of reports cited is included in the appendix. Additional reports can be viewed on our website. Our analysis generally considers the DOI's challenges and progress as of September 30, 2020, unless otherwise noted.

Challenge Spotlight: COVID-19 Pandemic Response

The DOI was directly affected by the COVID-19 pandemic, which was declared a national emergency in March 2020. While many of the challenges highlighted below are longstanding, they are all exacerbated by the pandemic, which presents its own unique issues. Below, we summarize these challenges and discuss the DOI's plans and progress as it continues to respond to the pandemic.

Managing Emergency Spending

Related Challenge Areas:

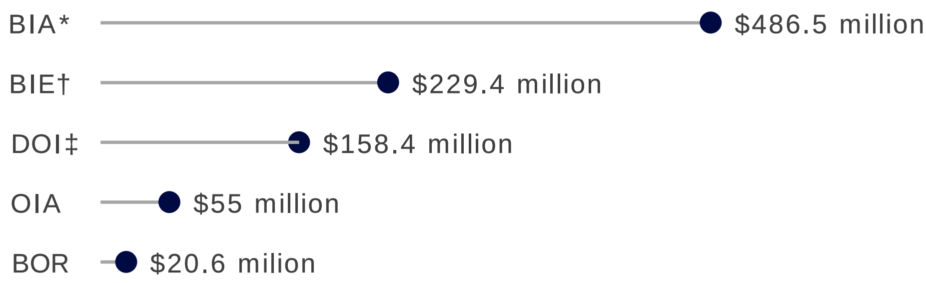
- Financial Management
- Public Safety and Disaster Response
- Responsibility to American Indians

In March 2020, the U.S. Congress enacted the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which provided the DOI with $949.9 million as of September 30, 2020. This includes direct apportionments of $756 million to support the needs of DOI programs, bureaus, Indian Country, and the Insular Areas. It also includes transfers of $160.4 million from the U.S. Department of Education to the Bureau of Indian Education (BIE) and $33.5 million from the U.S. Department of Health and Human Services to the Bureau of Indian Affairs (BIA). In May, we published a report describing our overall approach to CARES Act oversight.[2]

With past disasters, we have found that emergency supplemental funding presents a heightened risk of misuse and vulnerability to fraud. We anticipate that pandemic relief will present similar risks, as experience suggests that when recipients face a crisis and receive multiple sources of substantial funding, accountability mechanisms and safeguards may become ineffective because of time and resource constraints. To highlight these concerns, we issued a flash report presenting lessons learned from our prior work that the DOI should consider when spending CARES Act funding.[3]

In April, we began issuing monthly status reports that presented the DOI's progress in spending CARES Act funds through the end of the fiscal year (reports for April, May, June, July, August, and September).[4] Figure 1 on the next page shows the DOI components receiving the most CARES Act funding.

Figure 1: DOI Components Receiving the Most CARES Act Funds



* Includes $33.5 million transferred from the U.S. Department of Health and Human Services.
† Includes $160.4 million transferred from the U.S. Department of Education.
‡ The operations amount includes $1 million for our office for oversight activities.

Abbreviations: BOR = Bureau of Reclamation, OIA = Office of Insular Affairs

As of September 30, 2020, grants and financial assistance awards made up approximately 95 percent of the more than 700 awards from DOI CARES Act funds. We noted in an October flash report that our past work has found that grant awards can present substantial risks.[5] Moreover, awards made as part of emergency response are particularly risky because they are awarded quickly (often without competition) and have a higher purchase threshold than other acquisitions. In addition, each emergency situation presents its own distinct challenges and has the potential to grow rapidly in size, scope, or complexity. In an August flash report, we identified key actions for the DOI to consider implementing to mitigate the increased risks of fraud and abuse due to increased purchase card thresholds and the fluid nature of disasters and emergency situations.[6] As we noted, the DOI must carefully evaluate, manage, and monitor CARES Act funds to ensure that they are used for their intended purposes and that expenditures maximize the benefits to all recipients, the Federal Government, and the public.

Emergency spending challenges span all DOI activities but particularly apply to funds flowing to vulnerable populations with a need for immediate assistance that also have a history of fraud, abuse, and mismanagement of Federal funding. Our September *BIA Funding Snapshot* outlined the BIA's allotted CARES Act funds and formula for distribution to tribal governments, as well as key internal controls proven to mitigate fraudulent activity.[7] Most (75 percent) of the CARES Act funding available to the DOI through fiscal year (FY) 2020 is directed toward Indian Country, where single audits[*] and our own audit work regarding tribes have identified numerous and significant problems—such as improper payments to related parties,[8] general financial mismanagement, unallowable commingling of Federal funds with tribal funds, and flawed reporting systems[9]—that leave federally funded programs and operations susceptible to fraud, waste, mismanagement, and abuse. We issued a flash report in June that provided the DOI, the BIA, and the BIE with lessons to consider as they spend CARES Act funds in Indian

[*] A single audit is required if an outside entity expends more than $750,000 in Federal funds in a fiscal year. It is intended to ensure the recipient is complying with the requirements for uses of the money.

Country.[10] In another June flash report, we found that Office of Insular Affairs provided clear processes and guidance to the Insular Area governments and took prompt action in its allocation of CARES Act funds.[11]

Ensuring Health and Safety

Related Challenge Areas:

- Public Safety and Disaster Response
- Responsibility to American Indians
- Energy Management
- Workplace Culture and Human Capital

In an effort to protect the health and safety of its workforce during the COVID-19 pandemic, the DOI initially followed its *2007 Pandemic Influenza Plan.* As the situation continued to evolve, the DOI wrote and implemented new guidance and extended telework and other flexibilities. The DOI also established an information portal for employees to obtain health guidance from the U.S. Centers for Disease Control and Prevention (CDC); human resources, operational, and employee safety policies; and tools employees and managers could use to help assess risk and determine appropriate actions to prevent or mitigate the spread of COVID-19.

The DOI's complex mission and diverse functions complicate the implementation of staffing flexibilities—most notably, some work simply cannot be performed remotely. As a result, the DOI and its bureaus made decisions about site openings and employee telework on a case-by-case basis while considering employee health and safety. For example, in early May, most of the national parks remained partially or entirely closed, with approximately 6,800 employees—about 40 percent of the National Park Service (NPS) workforce—continuing to perform mission-critical functions onsite, while remaining employees were encouraged to telework. As another example, DOI law enforcement officers such as special agents and tribal police have continued to perform their mission-critical public safety functions throughout the pandemic.

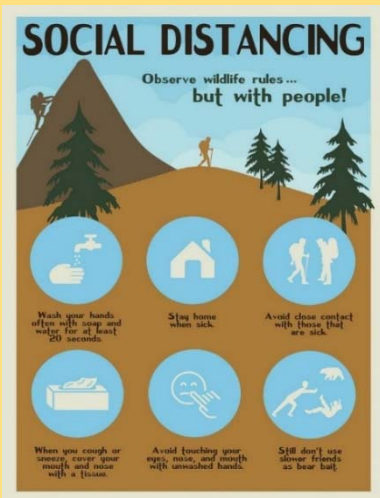
> On March 22, 2020, the DOI implemented maximum telework and other leave and HR flexibilities. Even though not all DOI functions are conducive to telework, the DOI saw employee telework increase from 19 percent in February to a peak of 74 percent in April—an increase of more than 30,000 employees.

Below we highlight the DOI's health and safety challenges, plans, and progress related to public lands, wildfire response, Indian Country schools, BIA detention centers, offshore drilling inspections, and the DOI workplace.

Public Lands

DOI bureaus, for example the Bureau of Land Management (BLM), the U.S. Fish and Wildlife Service (FWS), and the NPS, modified operations at recreation sites, wildlife refuges, national parks, and other public lands in an effort to slow the spread of COVID-19 and protect DOI employees and the public. The modifications ranged from partial to full closures and included reduced services (closed visitor centers and bathrooms) and suspended entrance fee collection at some sites. In a June flash report, we found that the NPS issued guidance on reopening parks and operations on May 28, 2020, providing a framework for local and regional managers to make decisions on operations in consultation with NPS leadership, the newly created field special assistants, and DOI executives.[12] The NPS guidance also outlined considerations for resuming operations, such as State guidance, CDC recommendations, and mitigation strategies (social distancing, off-peak visitation, and limited group sizes). Subsequently, many national parks began to reopen in phases. Phased operations are likely to continue, as the NPS noted in its guidance that pandemic scenarios are anticipated to persist into FY 2021. In addition, many BLM offices and FWS refuges have restricted in-person access to visitor centers and other public areas but allowed visitors access to trails and open spaces.

NPS Operational Adjustments To Promote Health and Safety



Source: NPS.

The NPS made significant changes to its normal operations to promote the safety of its visitors, employees, volunteers, and partners.

These operational changes included closing most park buildings, facilities, and restrooms, and, in some cases, entire parks. Some outdoor recreational spaces remained open where local public health guidance allowed.

Internal NPS guidance directed parks to follow the most stringent public health guidance provided by Federal, State, and local officials when making decisions related to park operations.

The BLM, the FWS, and the NPS must balance public access with the risk to employees and the public. Even with the pandemic, tourist activity continued at national parks and recreation sites, as visitors turned to outdoor activities in lieu of other types of travel. Yellowstone National Park—typically one of the NPS' most visited sites—saw a 21 percent increase in visits from September 2019 to September 2020. Yellowstone was closed to visitors from March to May 2020; four employees tested positive for COVID-19 from May to August, and an additional 16 employees tested positive in September.

Wildfire Response

Multiple DOI bureaus—the BIA, the BLM, the NPS, and the FWS—deploy firefighters every year to support wildfire response. This requires significant collaboration across a wide range of Federal agencies, States, tribes, local land managers, and other stakeholders. Fire camps can include a large number of personnel living together and working collectively to respond to a wildfire, often in remote areas. As of September 18, 2020, nearly 1,800 DOI employees were deployed in response to major fires across the western United States.

Wildland Fire Efforts To Ensure Firefighter Health and Safety

The Office of Wildland Fire and DOI bureaus work with interagency partners—including the U.S. Forest Service, the Federal Emergency Management Agency, the U.S. Fire Administration, the Natural Resources Conservation Service, the U.S. Department of Defense, and the National Weather Service—in an effort to fulfill their firefighting missions by:

- Monitoring developments and refining plans for hiring and training firefighters
- Protecting firefighters to mitigate against the spread of COVID-19
- Preparing for outbreaks during incidents
- Adapting wildfire response plans
- Continuing work to reduce wildfire risk

Source: BLM.

This year has marked the worst fire season in the West in at least 70 years. The National Interagency Fire Center reported 78 active large fires and nearly 4 million acres burned across the West, including more than 1.5 million acres of DOI and tribal lands nationally (see Figure 2 on the next page). In September 2020, 44 large fires burned in California, Oregon, Washington, and Colorado.

Figure 2: Map of Active Wildfires as of September 22, 2020

Key: Red symbols indicate active fires, and purple and yellow symbols are DOI fire stations that have been closed or curtailed.

Source: DOI ArcGIS Online.

In a July flash report, we outlined the CARES Act funds the DOI allocated to its bureaus through its Wildland Fire Management Program.[13] More recently, as of September 30, the DOI has approved $11.6 million in CARES Act funding intended to support firefighter health and safety, including facilities needed to maintain social distancing and quarantine protocol; personal protective equipment (PPE), such as masks, gloves, sanitizers, and thermometers; additional human resources for operations and program management; and cleaning and sanitation of facilities and vehicles. Medical and public health experts from the DOI, the U.S. Department of Agriculture's U.S. Forest Service, the CDC, and State public health offices formed a special interagency team to review and synthesize COVID-19 guidelines developed by the Fire Management Board for wildfire operations. The team directed firefighters to follow CDC recommendations that identify extra precautions—such as using screening programs, disinfectants, quarantine periods, and PPE when appropriate—to protect firefighters and other personnel at fire camps from COVID-19. According to the CDC, research suggests exposure to smoke could increase the risk and severity of respiratory infections like COVID-19. With that increased risk and above-average fire activity, even the additional protection measures may not meet the health and safety needs of wildland fire employees.

Indian Country Schools

> Since 2017, the GAO's High-Risk List has included safety and health problems at BIE school facilities and weak oversight of school spending, problems that may be exacerbated during a pandemic.

The BIE provides education services to about 46,000 students in 183 Indian Country schools and dormitories. We have previously identified challenges the BIE faces in providing high-quality education to its students due, in part, to poor facilities and limited access to broadband internet. For example, in a 2018 investigation, we found that the tribally controlled Pine Hill School had been operating without fully functioning fire alarm and fire suppression systems since 2005.[14] In an upcoming report, we plan to assess Pine Hill's progress in addressing longstanding issues identified in our previous reports. The BIE faces increased infrastructure and technology challenges and economic impacts due to the pandemic. As we noted in a July flash report, the CARES Act funds the BIE received are intended to provide assistance for Indian Country schools and, in particular, enable them to modify facilities and improve technology to meet health and safety requirements.[15] As of September 30, 2020, the BIE had obligated more than $180 million to support K – 12 schools and tribal colleges and universities. The BIE faces challenges in ensuring that proper internal controls are in place to monitor and track these CARES Act funds. The BIE has stated that it intends to address these challenges by assigning financial analysts to monitor each bureau-operated or tribally controlled school it oversees, evaluating school spending plans, and centrally tracking spending.

BIA Detention Centers

> The CARES Act provided the BIA with $2.2 million for personal protective equipment and $7.9 million for COVID-19 related costs for its detention and corrections program.

The BIA operates or funds detention centers in Indian Country. The problems we have previously reported, such as inmate overcrowding, understaffing, and issues with facility safety and maintenance, have been further exacerbated by the pandemic.[16] The BIA now faces additional challenges such as monitoring the health of staff and inmates, managing any COVID-19 outbreaks, implementing tribal court decisions on early release or home confinement for nonviolent offenders, and implementing the CDC guidelines for social distancing and cleaning at detention facilities. During fieldwork for a forthcoming report, the BIA told us it developed COVID-19 screening tools for facilities to use before booking inmates or allowing entry by visitors, contractors, medical staff, and legal representatives. In addition, the BIA developed a decision tree for facilities to use to determine an inmate's risk for COVID-19. The BIA also told us that it distributed guidance and PPE to Indian Country detention facilities. We plan to further outline these findings in an upcoming flash report.

Offshore Drilling Inspections

The Bureau of Safety and Environmental Enforcement's (BSEE's) Safety Inspection Program performs safety and environmental inspections of offshore oil and gas production operations. Annually, BSEE conducts more than 20,000 inspections at more than 2,300 facilities. Considering the COVID-19 exposure risks for personnel conducting offshore inspections and the potential impact on safety, BSEE has faced significant challenges in completing its routine inspections; however, as of June 2020, BSEE reported that no inspections had been delayed beyond the annual statutory requirement. In a recent flash report, we found that BSEE had implemented mitigating measures—such as completing screening procedures, providing PPE, and conducting remote monitoring—to protect its inspectors from the transmission of COVID-19.[17] BSEE informed us that it developed, communicated, and updated COVID-19 guidance for all personnel involved with offshore inspections and worked closely with operators to stay informed about any virus outbreaks that occurred offshore.

DOI Workplace

The DOI's 70,000 employees, as well as numerous contractors, will be affected by the DOI's decisions and eventual return to Federal work sites. DOI bureaus may face particular logistical challenges balancing efforts to return to work sites with efforts to combat the spread of coronavirus.

Example Signage for Return to Workplace

Source: General Services Administration.

In its recent *Return to Workplace Strategy Book*, the General Services Administration set forth several workplace modifications and procedures Federal agencies, including the DOI, may need to implement.[18] These modifications may include:

- Planning and implementing physical alterations to workplaces (adding signs, closing areas, installing barriers, changing traffic patterns) to maintain physical distance
- Providing PPE and cleaning supplies
- Monitoring employee health and communicating the appropriate response if staff show symptoms
- Completing additional cleaning and deep cleaning when needed

As the DOI considers plans for returning personnel to work, it will continue to face challenges in ensuring a safe environment and healthy workforce. As part of the process to plan for a safe and effective return to onsite operations, the DOI told us it may evaluate whether to expand or make permanent some remote work, and if so, whether to reduce office space and renegotiate leases to reflect a smaller footprint. Additionally, the DOI may need to alter contingency plans for continuity of operations, establish new protocols for operations (e.g., for travel and meetings with constituents or other agencies and for communicating updates), and develop a plan to manage workloads if employees cannot return to work.

Accomplishing DOI Functions and Operations

Related Challenge Areas:

- IT Security
- Workplace Culture and Human Capital
- Public Safety and Disaster Response
- Energy Management
- Water Programs

The DOI has faced challenges in continuing to fulfill its mission during the COVID-19 pandemic. In a July report, we identified the following three pandemic-related challenges the DOI may face: (1) providing expedient assistance to vulnerable populations while ensuring the money reaches intended recipients for intended purposes, (2) balancing public and employee safety with access to public lands, and (3) guarding against increasing cybersecurity threats.[19] Bureaus and programs must continue their critical work, despite disruptions in operations, potential work-life balance challenges, barriers to effective collaboration, strained resources, and staff or skill shortages. The DOI has used collaborative meetings among leadership, field special assistants, and regional field committees in an effort to coordinate and share information across bureaus.

As the DOI continues to address the consequences of the pandemic, new decisions or challenges may emerge from the changes made in operations, technology, and staffing levels. The DOI may also need to address how to carry out its mission in a changed world. For example, as summarized previously, the DOI has acknowledged that it may have to make decisions on whether and how to expand or make permanent some remote work and whether or how to fill positions that may no longer need to be tied to a physical location.

Below we highlight the DOI's programmatic and operational challenges, plans, and progress related to information technology (IT), hiring employees, law enforcement, workplace culture, revenues from oil and gas production, and water and power management.

Information Technology

> The DOI spends approximately $1.2 billion annually on IT systems to support bureau operations and programs.

The DOI relies on complex, interconnected IT systems to carry out its daily operations. When offices began implementing the U.S. Office of Management and Budget's March 2020 guidance on maximum telework flexibilities, there were increased demands on IT staff and systems to ensure DOI networks could support the number of employees working remotely and provide reliable, stable ways to communicate and access critical applications and data. The Office of the Chief Information Officer (OCIO) stated that the DOI's recent migration to Microsoft Office 365 and corresponding increased capabilities, such as the Teams application, helped maintain connectivity for DOI staff while maximizing telework. In addition, the OCIO coordinated with contracting officers and the vendor to increase virtual private network licenses to ensure that teleworking employees could access DOI networks.

An increase in remote access to IT systems increases the risk of security breaches of remotely stored and transmitted data. In previous management challenges reports, we have identified deficiencies in IT security, incident response, continuous monitoring, and acquisitions. In a recent evaluation, we reported that the DOI did not have secure wireless networks, did not require regular testing of network security, and published contradictory, outdated, and incomplete guidance for wireless networks.[20] Potential security breaches of the wireless network infrastructure could have a severe adverse effect on DOI operations, assets, or individuals. All of these IT challenges are exacerbated by the increased demands on IT resources and staff during the pandemic. We made 14 recommendations to help the DOI address these issues. The DOI stated that resources were recently approved for sustaining OCIO risk management activities associated with improving WiFi security.

The BIE Faces Technology Challenges in Indian Country Schools

Source: Shutterstock.

While the BIE reopened some of its schools for in-person classes on September 16, 2020, other tribal communities have decided that students will not attend school in person in the 2020 – 2021 school year. Consequently, the BIE faces particular challenges in providing virtual learning and ensuring that each student has the needed IT equipment and internet access.

In addition, some tribal communities have limited cellular service, which hinders the effectiveness of wireless hot spots for at-home learners. Due to restrictions on in-person classes and technology challenges, Native American students may be at risk of falling behind in their school curriculum.

In 2019, the BIE launched a project intended to help keep students connected to learning: its WiFi Bus project uses internet-enabled buses in an effort to help students stay connected while traveling (in some cases, over 200 miles roundtrip per day). This program is also intended to benefit students once schools resume in-person instruction.

Hiring New Employees

Hiring employees during a pandemic poses many challenges because of traditional reliance on in-person interactions, particularly for interviewing, vetting, onboarding, and training new hires.

The DOI implemented temporary procedures and used technology in an effort to promote continuity of hiring while protecting DOI employees and candidates from potential exposure to COVID-19. For example, the new procedures limited recruitment and hiring to mission-critical positions until routine processes can be reestablished. In addition, the DOI's procedures allowed delay or deferral of required onboarding processes—fingerprinting, obtaining DOI access cards, and completing some medical examinations—to meet urgent and mission-critical needs. Hiring officials also used technology to complete new-hire paperwork, orient new employees (including administering their oaths of office), and ensure that all delayed and deferred onboarding steps are ultimately completed and recruited employees have been properly vetted. Although the DOI was challenged to adapt its hiring procedures, hiring officials told us that the DOI did not experience a significant decline in hiring in FY 2020 and was able to continue onboarding new employees during the pandemic (shown in Figure 3).

Figure 3: DOI Hiring by Fiscal Year

Law Enforcement

The DOI's law enforcement responsibilities include resource protection, visitor safety, special event management, and crowd control across jurisdictions. For example, each year the U.S. Park Police works to ensure public safety and protect national cultural assets during hundreds of First Amendment demonstrations on Federal lands, including the National Mall. The DOI's law enforcement responsibilities continue to grow. In May 2018, the DOI and the U.S. Border Patrol established long-term operations and staffing plans to increase the presence of DOI law enforcement officers on DOI-managed lands along the United States border with Mexico. In addition, a June 2020 executive order potentially expanded the DOI's law enforcement mission. As a result of these various missions, the DOI is developing policy to clarify law enforcement priorities.

The DOI has stated that the pandemic has increased the demands on its law enforcement officers, who perform essential duties related to law enforcement, investigation, security, and emergency response. The Federal Law Enforcement Training Center halted in-person training from March to June 2020, which delayed required training for new officers and renewal of certifications for current law enforcement officers. In addition, given their direct interface with the public, officers face challenges in fulfilling their duties while following proper precautions to prevent the spread of COVID-19, including carrying and using PPE as necessary.

Workplace Culture

Since 2017, we have stated that promoting and maintaining a culture of ethics has been a challenge for the DOI. Our work has found instances of unethical[21] and unwelcome[22] behavior, misconduct,[23] and other actions that negatively affect the DOI workplace. In April 2020, the DOI sent a memo to employees acknowledging the changed work environment. This memo noted the range of hardships that employees might face due to the pandemic and specifically highlighted rules for the following topics: official time and DOI resources, partisan political activities, gifts, outside employment, and conflicts of interest and impartiality.

In response to our reports on unethical behavior and other misconduct over several years, the DOI has taken some steps to promote a safe and ethical work environment. The DOI refreshed the Departmental Ethics Office website in April 2020 to provide employees with immediate access to Federal ethics laws and rules, forms, guidance, and contact information for ethics officials. A recent U.S. Office of Government Ethics review found that the number of full-time ethics officials at the DOI increased from 21 in April 2018 to 65 as of July 2020.[24] The same report closed all remaining recommendations from a 2016 review and did not make any new recommendations for improvement.[25]

> In April 2020, the DOI launched a mobile application—the DOI Ethics App—to provide employees easy access to Federal ethics laws and rules, guidance, and contact information for ethics officials.

Managing Revenues From Oil and Gas Production

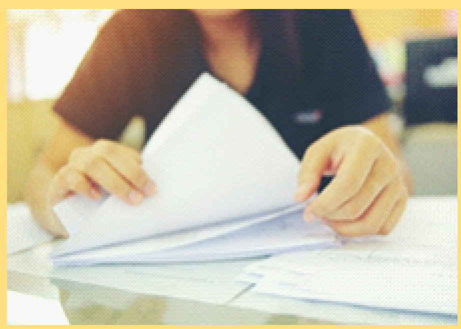
Royalty revenues from oil and gas production on Federal lands and waters are disbursed to States, certain Federal programs, and the U.S. Treasury. For example, offshore oil and gas revenues provide most or all of the funding for several Federal land conservation and restoration programs, including the Land and Water Conservation Fund, the Historic Preservation Fund, and the newly established National Parks and Public Land Legacy Restoration Fund.

The economic impact of the pandemic has significantly affected energy and mineral prices, production, and consumption. As a result, the DOI has received an unprecedented number of applications for temporary royalty relief, which is a reduction or halt of the royalties companies pay for oil and gas production on Federal lands and waters. The BLM processes applications for royalty relief for onshore oil and gas leases, while BSEE processes applications for royalty relief for offshore production.

Unprecedented Number of Applications for Temporary Royalty Relief

As of September 2020, the BLM reported that it had processed 1,698 applications for royalty relief, 581 of which were approved for a period of 60 days.

In late July 2020, the BLM stated that, because States were beginning to reopen, it would no longer consider COVID-19 as a factor when deciding to approve or deny royalty relief applications, and all the approved applications have since expired.



Source: Shutterstock.

As of September 2020, BSEE reported that it had received 213 applications for special-case royalty relief (an option for situations, such as national emergencies, that do not qualify for BSEE's other established relief programs). Of these, 69 were approved with terms developed on a case-by-case basis. In recent years BSEE received few applications for special-case royalty relief; for example, between FY 2004 and FY 2019, BSEE received a total of 13 special-case applications, 9 of which were approved.

In granting royalty relief, the BLM and BSEE must balance the potential effects of increased production when the oil market is saturated and prices are declining against the consequences that may occur if companies abandon their production sites located on Federal lands because they can no longer afford to continue operating. For example, although lessees and operators are responsible for decommissioning offshore assets, BSEE is often left to find alternative funding to conduct the expensive decommissioning for those operators that declare bankruptcy or otherwise abandon their interests. We have previously noted BSEE's need to implement a bureauwide decommissioning policy.[26]

In a recent report, the GAO found that BLM State offices interpreted guidance on relief decisions differently and made inconsistent decisions about approving applications for relief.[27] Specifically, some State offices approved applications when companies could not prove that royalty relief would enable them to operate profitably, while others did not approve such applications.

Offshore oil and gas royalties collected from April to August 2020 were well below those collected in that timeframe in previous years:

2016	$1.05 billion
2017	$1.27 billion
2018	$1.97 billion
2019	$2.11 billion
2020	**$915 million**

In FY 2019, leasable minerals and geothermal resources on Federal lands resulted in total disbursements of $4.71 billion. These royalties are based on rates that vary depending on the type of production, but, before the pandemic, these rates were typically 12.5 percent to 18.75 percent. In FY 2020, some rates were lowered as part of the royalty relief implemented, with some companies paying as little as 0.5 percent. Royalty revenues through August 2020 have decreased 25 percent from FY 2019. Given the decrease in these revenues stemming from the pandemic, stakeholders have expressed concern about whether FY 2020 revenues will be sufficient to fund the Federal and State programs that rely on them.

Water and Power Management

The Bureau of Reclamation's (BOR's) mission to provide water and generate power is essential to the American people. During the pandemic, the BOR faces challenges in fulfilling its mission without interrupted or diminished service. The BOR told us it established alternative work schedules, hygiene controls, physical distancing practices, and hazard analysis processes in an effort to provide safe, consistent personnel coverage at field facilities while minimizing the risk of spreading COVID-19. The BOR reported that there have been no reductions in the delivery of water or production of power across its 17-State service area during the pandemic. In addition, the BOR participated in the COVID-19 Tiger Team of the Edison Electric Institute's Electricity Subsector Coordinating Council, a coordination forum for Federal and private utilities, which shared strategies, status information, and lessons learned.

Emerging Challenge: Implementation of the Great American Outdoors Act

The DOI oversees approximately 20 percent of the land in the United States, which serves nearly 500 million visitors per year. The Great American Outdoors Act became law in August 2020. It is intended to help address the backlog of deferred maintenance (i.e., maintenance that has been postponed rather than performed as needed) at national parks, other public lands, and Indian Country schools. It is also intended to permanently fund the Land and Water Conservation Fund (LWCF) to support conservation of lands and waters and provide recreation opportunities.

Related Challenge Areas:

- Financial Management
- Responsibility to American Indians
- Energy Management
- Water Programs

The Act designates funds for maintenance and conservation projects, specifically:

- $9.5 billion over the next 5 years for deferred maintenance needs via the new National Parks and Public Land Legacy Restoration Fund (85 percent distributed to the NPS, the FWS, the BLM, and the BIE and 15 percent to the U.S. Department of Agriculture's U.S. Forest Service)

- $900 million in mandatory spending per year to preserve and create public lands via the LWCF

National Parks and Public Land Legacy Restoration Fund

The Act distributes the National Parks and Public Land Legacy Restoration Fund appropriations for priority deferred maintenance projects among DOI bureaus: 70 percent will go to the NPS, and the FWS, the BLM, and the BIE will each receive 5 percent. Figure 5 illustrates the bureaus' deferred maintenance backlog amounts as of FY 2018.

Figure 5: DOI Deferred Maintenance Backlog Amounts as of FY 2018

The DOI will face challenges in effectively and promptly deploying the funding provided by the Great American Outdoors Act to address the deferred maintenance backlog. The Act requires agencies to use the funding for priority deferred maintenance projects and annually submit to Congress a list of projects to be funded, including a detailed description and the estimated costs for each project. To carry out the Act and prioritize the DOI's deferred maintenance backlog, the DOI established a task force on August 11, 2020, which was directed to develop a strategy, compile a list of priority projects, and identify best practices to maximize implementation of the Act. The task force has also been directed to coordinate processes with other Federal agencies and tribes. The DOI reported that the task force has begun to identify and establish metrics to allow for monitoring of the program.

> Many aging facilities and other structures require repair and restoration to mitigate risks to public health and safety. Over the years, maintenance funding has not kept up with need, and Congress has questioned whether funds have been used efficiently.[28]

Annual fund amounts may vary because the Act provides that 50 percent of all Federal energy revenues—up to $1.9 billion—will be deposited into the fund each year. Because the revenues are provided primarily through offshore oil and gas production, the reduction in revenues due to the pandemic (discussed above) may affect the funding available in FY 2021.

The NPS Deferred Maintenance Backlog

The NPS' deferred maintenance backlog is the largest among Federal land management agencies. The NPS has stated that nearly 42,000 of its 76,000 assets require repairs.

As shown in Figure 5, for FY 2018 (the most recent year available) the NPS' maintenance backlog was estimated at nearly $12 billion. More than half of that amount is for transportation-related maintenance, such as for roads, tunnels, and parking areas. The rest of the backlog is associated with other facilities, such as housing, buildings, campgrounds, and trails.

Source: NPS.

Over the decade between FY 2009 and FY 2018, the NPS backlog was reduced by only $0.368 billion after adjusting for inflation.

Land and Water Conservation Fund

Before enactment of the Great American Outdoors Act, nearly all annual appropriations for the LWCF were considered discretionary and were typically in amounts under $900 million. The LWCF was authorized to accrue $900 million annually, primarily from oil and gas leasing fees, but the money could not be spent unless appropriated by Congress. Over the last 10 years, appropriations for the fund were half that amount or less, resulting in an unappropriated balance of approximately $22 billion through FY 2019, which is to remain credited to the fund until appropriated or otherwise reduced by new laws.

The fund generally supports three main purposes: (1) land acquisitions, (2) grant programs for the States, and (3) other Federal programs with natural resource-related purposes. Previous reports from both our office and the GAO have found that the DOI does not have an adequate process to track information on lands acquired using grant funds and the LWCF. For example, a 2019 GAO report found that the BLM could not identify all lands acquired using the LWCF because the BLM did not properly code some of the information entered in its data system.[29] In addition, in a 2017 evaluation, we reported that the DOI is unable to identify how much grant money has been used to purchase land, how much land has been purchased, and whether that land is being used for its intended purpose because it does not centrally track this information.[30] In the report, we recommended that the DOI standardize the tracking of grants awarded for land purchases to ensure consistency across bureaus and develop guidance to inform awarding agencies and grantees of their responsibilities under 2 C.F.R. § 200.329. In January 2020, the DOI informed us that it had implemented these recommendations by adding requirements to 2 C.F.R. part 1402 and drafting a new policy outlining requirements for land purchased through financial assistance awards.

With permanent funding, the DOI may find long-term project planning easier, as it will have greater certainty surrounding the annual spending process. However, the DOI will continue to face challenges in properly collecting information on and overseeing the use of the funds.

Appendix: Publications Cited

The following endnotes identify the Office of Inspector General (OIG) work and other agency reports cited in this report, in order of appearance.

1. U.S. Government Accountability Office, Report No. GAO-19-157SP, *High-Risk Series: Substantial Efforts Needed to Achieve Greater Progress on High-Risk Areas*, issued March 6, 2019

2. *DOI OIG CARES Act Oversight Plan*, issued May 2020

3. Report No. 2020-FIN-037, *Lessons Learned for CARES Act Awards*, issued May 2020

4. Report No. 2020-FIN-036, *Where's the Money? DOI Use of CARES Act Funds as of April 28, 2020,* issued May 2020

   Report No. 2020-FIN-046, *Where's the Money? DOI Use of CARES Act Funds as of May 31, 2020,* issued June 2020

   Report No. 2020-FIN-052, *Where's the Money? DOI Use of CARES Act Funds as of June 30*, *2020,* issued July 2020

   Report No. 2020-FIN-059, *Where's the Money? DOI Use of CARES Act Funds as of July 31*, 2020, issued August 2020

   Report No. 2020-FIN-068, *Where's the Money? DOI Use of CARES Act Funds as of August 31*, 2020, issued September 2020

   Report No. 2020-FIN-072, *Where's the Money? DOI Use of CARES Act Funds as of September 30*, 2020, issued October 2020

5. Report No. 2020-ER-057, *Lessons Learned From Oversight of the Coastal Impact Assistance Program Grants*, issued October 2020

6. Report No. 2020-FIN-055, *Lessons Learned for Purchase Card Use*, issued August 2020

7. Report No. 2020-FIN-051, *Bureau of Indian Affairs Funding Snapshot*, issued September 2020

8. Report No. 2015-ER-069-A, *Audit of Contract Nos. A13AV00621 and A12AV00769/A15AV00265 Between the Bureau of Indian Affairs and the Lower Brule Sioux Tribe*, issued December 2016

9. Report No. 2017-FIN-042, *The Wind River Tribes Misapplied Federal Funds for the Tribal Transportation Program,* issued July 2018

10. Report No. 2020-FIN-045, *Lessons Learned for Indian Country*, issued June 2020

11. Report No. 2020-WR-041, *The Office of Insular Affairs Took Appropriate Action With CARES Act Funds*, issued June 2020

12. Report No. 2020-CR-039, *The National Park Service's Coronavirus Response Operating Plans*, issued June 2020

13. Report No. 2020-ER-042, *CARES Act Funds for DOI's Wildland Fire Management Program as of June 19, 2020*, issued July 2020

14. Report No. OI-CO-15-0246-I, *Failure to Maintain Fire Alarms at Pine Hill Schools,* issued June 2018

15. Report No. 2020-FIN-050, *Bureau of Indian Education Snapshot*, issued July 2020

16. Report No. 2015-WR-012, *Bureau of Indian Affairs Funded and/or Operated Detention Programs*, issued February 2016

17. Report No. 2020-CR-047, *The Bureau of Safety and Environmental Enforcement's Safety Inspection Program COVID-19 Response*, issued September 2020

18. General Services Administration, *Return to Workplace Strategy Book* (version 2.0), issued September 9, 2020

19. *U.S. Department of the Interior Top Management Challenges – Pandemic Response*, issued July 2020

20. Report No. 2018-ITA-020, *Evil Twins, Eavesdropping, and Password Cracking: How the OIG Successfully Attacked the DOI's Wireless Networks*, issued September 2020

21. Report No. 14-0579, *Building Management Employee Misused Charge Card and Participated in Bid Rigging*, issued September 2020

22. Report No. 19-0884, *Alleged Misconduct by Senior Official*, issued September 2020

23. Report No. 19-0228, *Sexual Misconduct by an NPS Employee,* issued September 2020

24. U.S. Office of Government Ethics, Report No. 20-41, *Ethics Program Review: U.S Department of the Interior*, issued August 27, 2020

25. U.S. Office of Government Ethics, Report No. 16-43, *Ethics Program Review: U.S. Department of the Interior,* issued June 2016

26. Assignment No. 2016-EAU-063, *The Bureau of Safety and Environmental Enforcement's Decommissioning Program*, issued March 2019

27. U.S. Government Accountability Office, Report No. GAO-21-169T, *Federal Oil and Gas Revenue: Actions Needed to Improve BLM's Royalty Relief Policy,* issued October 6, 2020

28. Congressional Research Service, Report No. R43997, *Deferred Maintenance of Federal Land Management Agencies FY2009-FY2018: Estimates and Issues*, updated April 30, 2019

29. U.S. Government Accountability Office, Report No. GAO-19-346, *Land and Water Conservation Fund: Variety of Programs Supported, but Improvements in Data Collection Needed at BLM*, issued May 31, 2019

30. Report No. 2016-ER-016, *Evaluation of DOI's Tracking of Data for Land Purchases Made With Grant Funds*, issued September 2017

<u>Report Fraud, Waste, and Mismanagement</u>

Fraud, waste, and mismanagement in Government concern everyone: Office of Inspector General staff, departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to departmental or Insular Area programs and operations. You can report allegations to us in several ways.

By Internet:	www.doioig.gov	
By Phone:	24-Hour Toll Free: Washington Metro Area:	800-424-5081 202-208-5300
By Fax:	703-487-5402	
By Mail:	U.S. Department of the Interior Office of Inspector General Mail Stop 4428 MIB 1849 C Street, NW. Washington, DC 20240	

Results of Financial Statement Audit

As required by the CFO Act and GMRA, DOI prepares consolidated financial statements. These financial statements have been audited by KPMG LLP, an independent public accounting firm, since FY 2001. The results of the FY 2020 financial statement audit are summarized in Figure 50. As shown in the table, DOI achieved an unmodified audit opinion for DOI's consolidated financial statements.

FIGURE 50

Summary of Financial Statement Audit					
FY 2020					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	1	1	1	0	1

Management Assurances

The FMFIA requires agencies to provide an annual statement of assurance regarding internal accounting and administrative controls, including program, operational, and administrative areas as well as financial management and reporting. During FY 2020, PFM conducted comprehensive site visits and otherwise provided oversight with regard to risk assessments, internal control reviews, and progress in implementing audit recommendations. The DOI's FY 2020 Assurance Statement was modified, as indicated in Figure 51, due to a financial reporting material weakness related to Controls over Financial Reporting and an operational weakness over the Management of Grants, Cooperative Agreements, and Tribal Awards.

FIGURE 51

Summary of Management Assurances						
Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)						
Statement of Assurance	Modified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	1	1	1	0	0	1

Effectiveness of Internal Control over Operations (FMFIA § 2)						
Statement of Assurance	Modified					
Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Management of Grants, Cooperative Agreements, and Tribal Awards	1	0	0	0	0	1
Total Material Weaknesses	1	0	0	0	0	1

FIGURE 52

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

FIGURE 53

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)		
	Agency	Auditor
1. Federal Financial Management System Requirements	No Lack of Compliance Noted	No Lack of Compliance Noted
2. Applicable Federal Accounting Standards	No Lack of Compliance Noted	No Lack of Compliance Noted
3. U.S. Standard General Ledger at the Transaction Level	No Lack of Compliance Noted	No Lack of Compliance Noted

On March 2, 2020, the President signed into law the *Payment Integrity Information Act of 2019*, Public Law 116-117 (PIIA). The PIIA enhances efforts to combat improper payments by consolidating prior improper payment legislation and reinforcing the payment reporting requirements of the Federal Government. The PIIA repeals and replaces the *Improper Payments Information Act of 2002* (IPIA), the *Improper Payments Elimination and Recovery Act of 2010* (IPERA), the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA), and the *Fraud Reduction and Data Analytics Act of 2015* (FRDAA).

Risk Assessments

Appendix C of OMB Circular A-123 (Appendix C) requires agencies to review all programs and activities for the risk of improper payment by performing assessments to determine whether those programs are "susceptible to significant improper payments." Due to the DOI's historic low risk of improper payments, the DOI conducts comprehensive risk assessments on a three-year cycle of all agency programs with payments $10 million or greater during the assessment period. With OMB approval, DOI utilizes an alternative assessment period from Quarter 4 of the prior fiscal year through Quarter 3 of the current fiscal year. In FY 2018, based upon OIG audit recommendations, the DOI launched a new online tool to assess the susceptibility of programs to significant improper payments utilizing a qualitative risk analysis. DOI utilizes the following nine factors to assess improper payment risk including: (1) newness of the program to the agency; (2) program complexity with respect to determining correct payment amounts; (3) volume of payments made annually; (4) payment decision authority, (i.e., whether payment eligibility decisions are made outside of the agency); (5) recent changes in program funding, authorities, practices or procedures; (6) the level, experience, and quality of training for personnel responsible for making program eligibility determinations or certifying payments are accurate; (7) inherent risks due to the nature of agency programs or operations; (8) audit report findings that may hinder accurate payment certification; and (9) quality of internal controls. An average of the qualitative factors yields the program's overall score as either high, medium, or low risk of susceptibility to significant improper payments. In addition, DOI considers the results of reviews under the *Single Audit Amendments Act of 1996*, the *CFO Act*, GAO reviews, and OIG audit reviews when making its assessment.

In FY 2019, DOI performed the agency's most recent comprehensive risk assessment of 93 programs totaling $23.3 billion in expenditures, with none determined to be of high risk for significant improper payments. In FY 2020, DOI performed an out of cycle risk assessment of three "new" programs totaling $192.18 million in payments for the alternative assessment period of Quarter 4 of FY 2019 through Quarter 3 of FY 2020. This year's out-of- cycle risk assessments found none of the three programs of high risk for significant improper payments.

FY 2020 DOI Programs Assessed for Risk of Improper Payments

- **Centennial Challenge, NPS**
- **Multinational Species Conservation Fund, USFWS**
- **Operation of Indian Education Programs, IA**

Sampling and Estimation

Pursuant to Appendix C, all DOI programs and activities determined to be susceptible to significant improper payments are required to design and implement appropriate statistical sampling and estimation methods to produce statistically valid improper payment estimates. The DOI employs a testing methodology using statistical sampling to estimate the amount and percentage of improper payments based on the prior year's program expenditures. In developing the sampling and estimation plan, DOI consults with a certified statistician to ensure its testing methodology will produce statistically valid improper payment estimates.

Prior to FY 2019, the *Hurricane Sandy Disaster Relief Act* was the only DOI program identified as being susceptible to significant improper payments pursuant to the legislation and OMB Memorandum M-13-07. In FY 2016, DOI performed statistical sampling of the FY 2015 Hurricane Sandy program expenditures and projected an improper payment rate of $565 thousand or 0.41% out of a total $137 million in program payments. Due to the tested program's low estimated improper payment rate, with OIG concurrence, DOI requested and was granted relief from OMB reporting requirements including further sampling and estimation. As a result, testing and other reporting sections under Payment Integrity do not apply to DOI for the *Hurricane Sandy Relief Act* program and are excluded accordingly.

In FY 2020, the *Bipartisan Budget Act of 2018* initiated a new improper payment reporting requirement for DOI programs funded under the "emergency supplemental appropriations to respond to and recover from recent hurricanes, wildfires, and other disasters." As described in OMB M-18-14, *Implementation of Internal Controls and Grant Expenditures for the Disaster-Related Appropriations* (DRA), all programs and activities expending more than $10 million in any one fiscal year shall be deemed to be "susceptible to significant improper payments." Beginning in FY 2020, the DOI began testing and reporting an improper payment estimate based on the DRA program's funded FY 2019 activities.

DOI identified two bureau programs that received FY 2019 DRA payments greater than $10 million, including the NPS Construction program with 7,563 payments in the amount of $14.89 million; and the USGS Core Science Systems program with 1,094 payments in the amount of $12.55 million. The FY 2019 DRA program combined for a total count of 8,657 payments in the amount of $27.44 million. DOI pulled the FY 2019 DRA outlay population in FBMS and selected payments for testing through statistical sampling. For NPS Construction testing, a total of 227 payment samples were selected in the amount of $8.85 million. For USGS, a total of 124 payment samples were selected in the amount of $11.85 million. DOI prepared separate test scripts for NPS and USGS organized, that included the samples to be tested by payment type. Upon NPS and USGS testing completion, the results were validated by the DOI Internal Controls program. NPS Construction testing determined an improper payment error rate of 0.12%, based upon one excepted payment. The USGS Core Science Systems testing determined an improper payment error rate of 0.00%, with no excepted payments.

The FY 2019 DRA testing resulted in an overall improper payment error rate of 0.07% with a statistically estimated $.0185 million in improper payments against total program outlays of $27.44 million. These results were achieved with a precision rate of 1.58% with a 95% confidence level. DOI identified just one excepted payment in the total program sample that was associated with a travel voucher. While this item was a valid expense with supporting documentation, the amount was charged improperly to a DRA account. The excepted charge was corrected at no monetary loss to the government. Based on the sample results, DOI allocated the estimated improper rate and amount to the root cause category "Administrative or Process Error Made by Federal Agency" as described in Appendix C and reported on ***https://paymentaccuracy.gov.***

Based on DOI's comprehensive and out-of-cycle risk assessments, no other programs or activities are determined to be susceptible to significant improper payments requiring sampling and estimation this fiscal year. In FY 2020, the OIG determined that DOI was fully compliant for our FY 2019 Payment Integrity reporting requirements. For more detailed information on DOI's improper payment test results, risk assessments, and additional information regarding payment integrity, please refer to PaymentAccuracy.gov at: ***https://paymentaccuracy.gov***

Recapture of Improper Payments Reporting

In FY 2014, the DOI conducted payment recapture audits for payments made in fiscal years 2010-2012 that resulted in a recapture rate of 0.0004 percent. Based on the low rate of improper payments, DOI concluded that the cost of executing a payment recapture audit program outweighed the benefits of finding and recovering erroneous payments. The staff resources needed to conduct the program, sustain the contract, and oversee vendor payments were a significant drain on limited agency resources with minimal benefits to the government. In April 2014, OMB was notified that DOI discontinued the payment recapture audit program. The DOI continues to have a low improper payment rate and circumstances have not changed within our programs to make a payment recapture audit cost effective. As such, DOI did not perform recapture audits for improper payments this fiscal year. The DOI will continue complying with PIIA through the OMB Circular A-123 process as a more cost effective and efficient use of agency resources to identify, reduce, and recover improper payments.

In FY 2020, the DOI had $25.85 billion in outlays for all programs or activities that expend over $1 million or more annually. For efforts conducted outside of payment recapture audits, DOI identified $14.22 million or .05% in overpayments and recovered $6.85 million. The sources used to identify the overpayments and recovered amounts were primarily from self-reported data gathered from internal control reviews. The DOI will continue its efforts to recapture the remaining amounts in FY 2021.

Agency Improvement of Payment Accuracy with the Do Not Pay Initiative

Executive Order 13250, *Reducing Improper Payments and Eliminating Waste in Federal Programs* and OMB Memorandum M-12-11, *Reducing Improper Payments through the "Do Not Pay List"*, require agencies to utilize certain Federal databases to verify eligibility of potential Federal contractors and propriety of payments to existing contractors. The Treasury established the Do Not Pay (DNP) Initiative to help Federal agencies comply with PIIA by supporting agency efforts to prevent improper payments. The DOI utilizes the DNP portal to check data sources such as the Death Master File, the Department of State Death Data File and the American Info Source Obituary and Probate Files to determine if improper payments were made. For FY 2020, two matches for the same individual were deemed improper and action has been taken to rectify further payments to this individual. All other matches received by DOI have been adjudicated and deemed proper. DOI will continue to utilize the DNP Initiative to reduce improper payments and/or improper awards.

Other Efforts

The following are other efforts that DOI undertakes to identify and recover improper payments agency-wide:

- **Prepayment Audit of Government Bills of Lading (GBL)**. The DOI conducts prepayment audits of freight bills via GBL. This effort is required by the *Travel and Transportation Reform Act of 1998*. Efforts continue with DOI's bureaus and offices to ensure that all freight bills undergo prepayment audits.
- **Invoice Payment Reviews.** The DOI conducts various pre- and post- payment reviews of vendor invoices across the bureaus. The reviews are the responsibility of the bureaus and are used to identify inaccurate payments and determine the effectiveness of internal controls over the payment process.
- **Travel Voucher Audits.** The DOI conducts pre- and post- travel voucher audits. The audits are designed to identify incorrect payment amounts, unauthorized claims, and internal controls over the payment process.

On March 2, 2020, the PIIA repealed and replaced the *Fraud Reduction and Data Analytics Act of 2015* (FRDAA). However, pursuant to Section 3357 of the PIIA, the guidelines required to be established under section 3(a) of the of 2015 continue to be in effect; including the requirement that agencies conduct an evaluation of fraud risks; use a risk-based approach to design and implement financial and administrative control activities to mitigate identified fraud risks; collect and analyze data from reporting mechanisms on detected fraud to monitor fraud trends and continuously improve fraud detection through the use of data analytics; and use the results of monitoring, evaluation, audits, and investigations to improve fraud prevention, detection, and response.

To implement these guidelines, DOI is following key principles within GAO's Special Publication, *A Framework for Managing Fraud Risks in Federal Programs*: commitment to combating fraud; conducting fraud risk assessments to determine a fraud risk profile; implementing control activities to mitigate assessed fraud risks; and evaluation of outcomes to improve fraud risk management. Moreover, DOI is evaluating key concepts and implementation strategies outlined in the U.S. Chief Financial Officers Council's Anti-Fraud Playbook. The DOI's strategy leverages existing activities with planned enhancements to effectively manage and reduce fraud:

- The DOI uses FBMS, a consolidated, standardized financial and business management system that provides DOI with the ability to view transactions across all organizational units, see trends and anomalies, as well as monitor risk and metrics DOI-wide. In addition, transaction processing is more standardized, and automated controls are enhanced (i.e., required purchasing approvals, segregation of duties, etc.). This integrated financial system provides a solid foundation for DOI's fraud risk program.

- The DOI assesses the "tone-at-the-top" to measure leadership's commitment to program integrity, ethical values, and combatting fraud. The Entity Level assessment tool, which includes the Green Book's assessment of fraud risk principles, is completed annually by senior leadership in bureaus and offices. The DOI evaluated this process for opportunities to align the tool for improved fraud management.

- Management evaluated the current organization structure to manage fraud and implemented enhancements such as reiterating travel and charge card policies within DOI and emphasizing the standards of ethical conduct for all employees to ensure proper use of taxpayer dollars.

- Fraud risk training was provided to the bureaus' and offices' internal control coordinators and to their program managers in conjunction with the OIG to enhance skills to prevent, detect, and respond to fraud as well as promote a commitment to fraud prevention and detection throughout DOI.

- The DOI components modified risk assessments conducted by their programs to include specific questions pertaining to fraud risk.

- Under DOI's existing A-123 programmatic and administrative control program, bureaus and offices assess program risks to determine the level of inherent risk, including fraud risk, for all DOI programs; evaluate whether internal controls mitigate those risks to acceptable levels; and conduct risk-based internal control reviews to determine whether controls are operating as intended.

- The DOI's audit follow-up program tracks corrective action plans to address internally identified deficiencies and external auditor recommendations. The DOI holds senior management accountable for resolving audit recommendations by including a critical element for audit recommendation closure in Senior Executive Service performance plans. Any significant fraud risk deficiencies identified in the fraud risk profile will be formally tracked and reported in the audit follow-up program.

- As mentioned above, DOI's current A-123 programmatic and administrative control program includes strategic risk responses for testing the design and operating effectiveness of controls.

- Monitoring activities which serve as an early warning tool to identify and resolve issues. The DOI evaluates the outcomes of its entity level fraud risk assessment and adapts activities to counter any deficiencies noted with a particular focus on improved outcomes.

The Department's real property inventory includes approximately 42,000 buildings and 80,000 structures with a replacement value of more than $300 billion. The Department manages the full life-cycle requirements of nearly every type of constructed asset, including visitor centers, dams, schools, power generating facilities, housing, hotels, fire stations, campgrounds, roads, water and wastewater treatment plants, offices, and others. Many of these assets have historic or cultural significance that not only support the Department's mission but are also important to our Nation's heritage. A significant factor impacting a financially sustainable portfolio of constructed assets is aging infrastructure. Aside from historic assets, many assets already exceed their original design life, and this trend continues to increase investment demands. The Department must maintain, repair, recapitalize or dispose of these aging assets or risk increased financial liability in the future.

The Department also continues to place emphasis on mitigating the impacts of escalating rental costs for direct leases and GSA-provided space, and redirecting savings toward maintenance of owned facilities, which is underfunded when compared to industry standards. The Department will continue communicating and emphasizing the impacts of such rent increases on Bureau mission delivery, and will achieve these objectives through consolidations, co-locations, and returning unneeded space to GSA.

Details associated with the Department's real property portfolio are available at the GSA website linked below.

https://www.gsa.gov/policy-regulations/policy/real-property-policy/asset-management/federal-real-property-profile-frpp/federal-real-property-public-data-set

Derby Dam, Nevada (USBR)

The Federal Civil Penalties Inflation Adjustment Act of 1990, as amended by the *Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015* (collectively "the Act"), requires agencies to make regular and consistent inflationary adjustments of civil monetary penalties (CMP) to maintain their deterrent effect. For FY 2020, DOI performed annual inflationary adjustments of CMP utilizing a cost-of living adjustment multiplier of 1.01764, in accordance with *OMB Memorandum M-20-05, Implementation of Penalty Inflation Adjustments for 2020, Pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015*. Figure 49 lists the FY 2020 CMP inflation adjustments published in the Federal Register subject to the Act and OMB guidance.

FIGURE 54

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
African Elephant Conservation Act - 16 U.S.C. 4224(b); 50 CFR 11.33	Any violation	1988	2020	$10,705	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Bald and Golden Eagle Protection Act - 16 U.S.C. 668(b); 50 CFR 11.33	Any violation	1940	2020	$13,525	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Endangered Species Act of 1973 - 16 U.S.C. 1540(a)(1); 50 CFR 11.33	(1) Knowing violation of section 1538	1973	2020	$53,524	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Endangered Species Act of 1973 - 16 U.S.C. 1540(a)(1); 50 CFR 11.33	(2) Other knowing violation	1973	2020	$25,691	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Endangered Species Act of 1973 - 16 U.S.C. 1540(a)(1); 50 CFR 11.33	(3) Any other violation	1973	2020	$1,352	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(a); 43 CFR 3163.2(b)(1)	Failure to comply	1983	2020	$1,115	Bureau of Land Management	"85 FR 10617 (February 25, 2020) *https://www.federalregister.gov/documents/2020/02/25/2020-03134/onshore-oil-and-gas-operations-annual-civil-penalties-inflation-adjustments"*
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(b); 43 CFR 3163.2(b)(2)	If corrective action is not taken	1983	2020	$11,160	Bureau of Land Management	"85 FR 10617 (February 25, 2020) *https://www.federalregister.gov/documents/2020/02/25/2020-03134/onshore-oil-and-gas-operations-annual-civil-penalties-inflation-adjustments"*
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(a); 43 CFR 3163.2(d)	If transporter fails to permit inspection for documentation	1983	2020	$1,115	Bureau of Land Management	"85 FR 10617 (February 25, 2020) *https://www.federalregister.gov/documents/2020/02/25/2020-03134/onshore-oil-and-gas-operations-annual-civil-penalties-inflation-adjustments"*
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(c); 43 CFR 3163.2(e)	Failure to permit inspection, failure to notify	1983	2020	$22,320	Bureau of Land Management	"85 FR 10617 (February 25, 2020) *https://www.federalregister.gov/documents/2020/02/25/2020-03134/onshore-oil-and-gas-operations-annual-civil-penalties-inflation-adjustments"*

continued

FIGURE 54

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(d); 43 CFR 3163.2(f)	False or inaccurate documents; unlawful transfer or purchase	1983	2020	$55,800	Bureau of Land Management	"85 FR 10617 (February 25, 2020) *https://www.federalregister.gov/documents/2020/02/25/2020-03134/onshore-oil-and-gas-operations-annual-civil-penalties-inflation-adjustments"*
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(a)(2); 30 CFR 1241.52(a)(2)	Per day for each violation not corrected	1983	2020	$1,273	Office of Natural Resources Revenue	"85 FR 7221 (February 7, 2020) *https://www.federalregister.gov/documents/2020/02/07/2020-01724/inflation-adjustments-to-civil-monetary-penalty-rates-for-calendar-year-2020"*
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(b); 30 CFR 1241.52(b)	Per day for each violation not corrected	1983	2020	$12,740	Office of Natural Resources Revenue	"85 FR 7221 (February 7, 2020) *https://www.federalregister.gov/documents/2020/02/07/2020-01724/inflation-adjustments-to-civil-monetary-penalty-rates-for-calendar-year-2020"*
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(c)(3); 30 CFR 1241.60(b)(1)	Per violation for each day that the violation continues	1983	2020	$25,479	Office of Natural Resources Revenue	"85 FR 7221 (February 7, 2020) *https://www.federalregister.gov/documents/2020/02/07/2020-01724/inflation-adjustments-to-civil-monetary-penalty-rates-for-calendar-year-2020"*
Federal Oil & Gas Royalty Management Act of 1982 - 30 U.S.C. 1719(d)(3); 30 CFR 1241.60(b)(2)	Per violation for each day that the violation continues	1983	2020	$63,699	Office of Natural Resources Revenue	"85 FR 7221 (February 7, 2020) *https://www.federalregister.gov/documents/2020/02/07/2020-01724/inflation-adjustments-to-civil-monetary-penalty-rates-for-calendar-year-2020"*
Indian Gaming Regulatory Act - 25 U.S.C. 2713(a); 25 CFR 575.4	Per violation	1988	2020	$53,524	National Indian Gaming Commission	"85 FR 8395 (February 14, 2020) *https://www.federalregister.gov/documents/2020/02/14/2020-01167/annual-adjustment-of-civil-monetary-penalty-to-reflect-inflation "*
Lacey Act as amended 1981 - 16 U.S.C. 3373(a)(1); 50 CFR 11.33	(1) Violations referred to in 16 U.S.C. 3373(a)(1)	1981	2020	$27,051	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Lacey Act as amended 1981 - 16 U.S.C. 3373(a)(2); 50 CFR 11.33	(2) Violations referred to in 16 U.S.C. 3373(a)(2)	1981	2020	$676	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Marine Mammal Protection Act of 1972 - 16 U.S.C. 1375; 50 CFR 11.33	Any violation	1972	2020	$27,051	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Native American Graves Protection and Repatriation Act - 25 U.S.C. 3007; 43 CFR 10.12(g)(2)	Failure of museum to comply	1990	2020	$6,955	National Park Service	"85 FR 8189 (February 13, 2020) *https://www.federalregister.gov/documents/2020/02/13/2020-01946/civil-penalties-inflation-adjustments"*
Native American Graves Protection and Repatriation Act - 25 U.S.C. 3007; 43 CFR 10.12(g)(3)	Continued failure to comply per day	1990	2020	$1,392	National Park Service	"85 FR 8189 (February 13, 2020) *https://www.federalregister.gov/documents/2020/02/13/2020-01946/civil-penalties-inflation-adjustments"*

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FIGURE 54

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
Oil Pollution Act of 1990 - 33 U.S.C. 2716(a); 30 CFR 553.51(a)	Failure to comply per day per violation	1990	2020	$48,192	Bureau of Ocean Energy Management	"85 FR 7218 (February 7, 2020) *https://www.federalregister.gov/documents/2020/02/07/2020-02059/2020-civil-penalties-inflation-adjustments-for-oil-gas-and-sulfur-operations-in-the-outer"*
Outer Continental Shelf Lands Act of 1953 - 43 U.S.C. 1350(b)(1); 30 CFR 550.1403	Failure to comply per day per violation	2006	2020	$45,463	Bureau of Ocean Energy Management	"85 FR 7218 (February 7, 2020) *https://www.federalregister.gov/documents/2020/02/07/2020-02059/2020-civil-penalties-inflation-adjustments-for-oil-gas-and-sulfur-operations-in-the-outer"*
Outer Continental Shelf Lands Act of 1953 - 43 U.S.C. 1350(b)(1); 30 CFR 250.1403	Failure to comply per-day, per-violation	2006	2020	$45,463	Bureau of Safety and Environmental Enforcement	"85 FR 12733 (March 4, 2020) *https://www.federalregister.gov/documents/2020/03/04/2020-03694/oil-and-gas-and-sulfur-operations-on-the-outer-continental-shelf-civil-penalty-inflation-adjustment"*
Recreational Hunting Safety Act of 1994 - 16 U.S.C. 5202(b); 50 CFR 11.33	(1) Violation involving use of force or violence or threatened use of force or violence	1994	2020	$17,213	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Recreational Hunting Safety Act of 1994 - 16 U.S.C. 5202(b); 50 CFR 11.33	(2) Any other violation	1994	2020	$8,606	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Rhinoceros and Tiger Conservation Act of 1998 - 16 U.S.C. 5305a(b)(2); 50 CFR 11.33	Any violation	1998	2020	$18,830	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Surface Mining Control and Reclamation Act of 1977 - 30 U.S.C. 1268(a); 30 CFR 723.14	Minimum penalty based upon one point assigned under 30 CFR 723.14.	1977	2020	$68	Office of Surface Mining Reclamation and Enforcement	"85 FR 20830 (April 15, 2020) *https://www.federalregister.gov/documents/2020/04/15/2020-07390/civil-monetary-penalty-inflation-adjustments"*
Surface Mining Control and Reclamation Act of 1977 - 30 U.S.C. 1268(a); 30 CFR 723.14	Maximum penalty based upon up to 70 points assigned under 30 CFR 723.14.	1977	2020	$17,112	Office of Surface Mining Reclamation and Enforcement	"85 FR 20830 (April 15, 2020) *https://www.federalregister.gov/documents/2020/04/15/2020-07390/civil-monetary-penalty-inflation-adjustments"*
Surface Mining Control and Reclamation Act of 1977 - 30 U.S.C. 1268(a); 30 CFR 723.15(b)	Assessment of separate violations for each day	1977	2020	$2,566	Office of Surface Mining Reclamation and Enforcement	"85 FR 20830 (April 15, 2020) *https://www.federalregister.gov/documents/2020/04/15/2020-07390/civil-monetary-penalty-inflation-adjustments"*
Surface Mining Control and Reclamation Act of 1977 - 30 U.S.C. 1268; 30 CFR 724.14(b)	Individual civil penalties	1977	2020	$17,112	Office of Surface Mining Reclamation and Enforcement	"85 FR 20830 (April 15, 2020) *https://www.federalregister.gov/documents/2020/04/15/2020-07390/civil-monetary-penalty-inflation-adjustments"*
Surface Mining Control and Reclamation Act of 1977 - 30 U.S.C. 1268(a); 30 CFR 845.14	Minimum penalty based upon one point assigned under 30 CFR 845.14.	1977	2020	$68	Office of Surface Mining Reclamation and Enforcement	"85 FR 20830 (April 15, 2020) *https://www.federalregister.gov/documents/2020/04/15/2020-07390/civil-monetary-penalty-inflation-adjustments"*

continued

FIGURE 54

Statutory Authority	Penalty Name and Description	Year Enacted	Latest Year of Adjustment (via Statute or Regulation)	Current Penalty (Dollar Amount or Range)	Bureau Name	Location for Penalty Update Details
Surface Mining Control and Reclamation Act of 1977 - 30 U.S.C. 1268(a); 30 CFR 845.14	Maximum penalty based upon up to 70 points assigned under 30 CFR 845.14	1977	2020	$17,112	Office of Surface Mining Reclamation and Enforcement	"85 FR 20830 (April 15, 2020) *https://www.federalregister.gov/documents/2020/04/15/2020-07390/civil-monetary-penalty-inflation-adjustments"*
Surface Mining Control and Reclamation Act of 1977 - 30 CFR 845.15(b)	Assessment of separate violations for each day	1977	2020	$2,566	Office of Surface Mining Reclamation and Enforcement	"85 FR 20830 (April 15, 2020) *https://www.federalregister.gov/documents/2020/04/15/2020-07390/civil-monetary-penalty-inflation-adjustments"*
Surface Mining Control and Reclamation Act of 1977 - 30 U.S.C. 1268; 30 CFR 846.14(b)	Individual civil penalties	1977	2020	$17,112	Office of Surface Mining Reclamation and Enforcement	"85 FR 20830 (April 15, 2020) *https://www.federalregister.gov/documents/2020/04/15/2020-07390/civil-monetary-penalty-inflation-adjustments"*
Wild Bird Conservation Act of 1992 - 16 U.S.C. 4912(a)(1); 50 CFR 11.33	(1) Violation of section 4910(a)(1), section 4910(a)(2), or any permit issued under section 4911	1992	2020	$45,371	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Wild Bird Conservation Act of 1992 - 16 U.S.C. 4912(a)(1); 50 CFR 11.33	(2) Violation of section 4910(a)(3)	1992	2020	$21,777	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*
Wild Bird Conservation Act of 1992 - 16 U.S.C. 4912(a)(1); 50 CFR 11.33	(3) Any other violation	1992	2020	$908	US Fish & Wildlife Service	"85 FR 10310 (February 24, 2020) *https://www.federalregister.gov/documents/2020/02/24/2020-03232/civil-penalties-2020-inflation-adjustments-for-civil-monetary-penalties"*

The following table identifies the total number of grant programs and cooperative agreements for which closeouts have not occurred, but for which the period of performance has elapsed by two or more years prior to September 30, 2020. A comparative table is not included in the FY2020 AFR because this information was not reported in the prior year's AFR. A comparative report and narrative will be provided in the FY2021 AFR.

FIGURE 55

Grants/Cooperative Agreements			
Category	**2 - 3 Years**	**3 - 5 Years**	**More than 5 Years**
Number of Grants/Cooperative Agreements with Zero Dollar Balances	201	134	1
Number of Grants/Cooperative Agreements with Undisbursed Balances	50	15	0
Total Amount of Undisbursed Balances	$1,962,723.00	$2,702,034.00	$0.00

ACIO	Associate Chief Information Officers
AFR	Agency Financial Report
AI/RPA	Artificial Intelligence/Robotic Process Automation
APD	Applications for Permits to Drill
ARRA	*American Recovery and Reinvestment Act of 2009*
ASG	American Samoa Government
Bbl	Oil Barrel
BBOE	Billion Barrels of Oil Equivalent
BIA	Bureau of Indian Affairs
BIE	Bureau of Indian Education
BIO	Business Integration Office
BLM	Bureau of Land Management
BOEM	Bureau of Ocean Energy Management
BSEE	Bureau of Safety and Environmental Enforcement
CARES Act	*Coronavirus Aid, Relief, and Economic Security Act*
CDM	Continuous Diagnostics and Mitigation
CEAR	Certificate of Excellence in Accountability Reporting
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CIO	Chief Information Officer
CIP	Construction in Progress
CISA	Cybersecurity & Infrastructure Security Agency
COVID -19	Coronavirus Disease 2019
CMP	Civil Monetary Penalties
CSAM	Cyber Security Assets and Management
CSRS	Civil Service Retirement System
CY	Calendar Year
DATA Act	*Digital Accountability and Transparency Act of 2014*
DCIA	*Debt Collection Improvement Act of 1996*
DCOI	Data Center Optimization Initiative
DHS	Department of Homeland Security
DM	Departmental Manual
DM&R	Deferred Maintenance and Repairs
DNP	Do Not Pay
DO	Departmental Offices
DOE	Department of Energy
DOI	Department of the Interior
DOL	Department of Labor
DOT	Department of Transportation
eERDMS	Enterprise Records and Document Management System
FT	Electronic Funds Transfer
EIA	Energy Information Administration
EIS	Enterprise Infrastructure Solutions
EIRF	Environmental Improvement and Restoration Fund
EPCA	*Energy Policy and Conservation Act of 2000*
FASAB	Federal Accounting Standards Advisory Board
FBMS	Financial and Business Management System
FBwT	Fund Balance with Treasury
FCI	Facility Condition Index
FCLAA	*Federal Coal Leasing Amendments Act of 1976*
FCRA	*Federal Credit Reform Act of 1990*
FDS	Federal Data Strategy
FECA	*Federal Employees Compensation Act*
FEGLI	Federal Employees' Group Life Insurance
FERS	Federal Employees Retirement System
FFMIA	*Federal Financial Management Improvement Act of 1996*
FISMA	*Federal Information Security Modernization Act of 2004*

FITARA	*Federal Information Technology and Acquisition Reform Act*
FLPMA	*Federal Land Policy and Management Act of 1976*
FMFIA	*Federal Managers' Financial Integrity Act of 1982*
FMV	Fair Market Value
FOGRMA	*Federal Oil and Gas Royalty Management Act of 1982*
FOIA	*Freedom of Information Act*
FR	Financial Report of the U.S. Government
FRDAA	*Fraud Reduction and Data Analytics Act of 2015*
FWS	U.S. Fish and Wildlife Service
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GBL	Government Bill of Lading
GDP	Gross Domestic Product
GLO	General Land Office
GMRA	*Government Management Reform Act of 1994*
GPRA	*Government Performance and Results Act of 1993*
GSA	General Services Administration
GTAS	Governmentwide Treasury Account Symbol Adjusted Trial Balance System
HANA	High-performance Analytic Appliance
HHS	Department of Health and Human Services
HPF	Historic Preservation Fund
HVA	High Value Asset
IA	Indian Affairs
IIM	Individual Indian Monies
IMT	Information Management and Technology
IMTLT	IMT Leadership Team
IPERA	*Improper Payments Elimination and Recovery Act of 2010*
IPERIA	*Improper Payments Elimination and Recovery Improvement Act of 2012*
IPIA	*Improper Payments Information Act of 2002*
IPv6	Internet Protocol Version 6
IT	Information Technology
LCRBDF	Lower Colorado River Basin Development Fund
LWCF	Land and Water Conservation Fund
M&I	Municipal and Industrial
Mbbl	One Thousand Barrels
MMcf	One Thousand Cubic Feet
MLA	*Mineral Leasing Act of 1920*
NEPA	*National Environmental Policy Act*
NFWF	National Fish and Wildlife Foundation
NHPF	*National Historic Preservation Act of 1966*
NPF	National Park Foundation
NPS	National Park Service
NWR	National Wildlife Refuge
OCIO	Office of the Chief Information Officer
OCS	Outer Continental Shelf
OCSLA	*Outer Continental Shelf Lands Act of 1953*
OIA	Office of Insular Affairs
OIG	Office of Inspector General
OMB	Office of Management and Budget
ONRR	Office of Natural Resources Revenue
OPM	Office of Personnel Management
OS	Office of the Secretary
OSMRE	Office of Surface Mining Reclamation and Enforcement

OST	Office of the Special Trustee for American Indians
OWF	Office of Wildland Fire
PADD	Petroleum Administration for Defense Districts
PAM[1]	Office of Acquisition and Property Management
PAM[2]	Privilege Access Management
PAR	Performance Accountability Report
PfM CoP	IT Portfolio Management Community of Practice
PFM	Office of Financial Management
PGM	Office of Grants Management
PI/LSI	Possessory Interest to Leasehold Surrender Interest
PIIA	*Payment Integrity Information Act of 2019*
PPA	*Prompt Payment Act of 2002*
PP&E	Property, Plant, and Equipment
P. L.	Public Law
PR	Purchase Request
RPA	Robotic Process Automation
RPEC	Retirement Plans Experience Committee
SAOP	Senior Agency Official for Privacy
SBR	Statement of Budgetary Resources
SCRM	Supply Chain Risk Management
SCSS	Single Customer Support System
SFFAS	Statement of Federal Financial Accounting Standard
SFRBTF	Sport Fish Restoration and Boating Trust Fund
SIEM	Security Incident and Event Management
SMCRA	*Surface Mining Control and Reclamation Act of 1977*
SNPLMA	*Southern Nevada Public Land Management Act of 1998*
SOA	Society of Actuaries
SOAR	Security Orchestration Automation and Response
TAP	Technology Assessment Program
TB	terabytes
TBM	Technology Business Management
TLCP	Trust Land Consolidation Program
Treasury	U.S. Department of the Treasury
UBA	User Behavior Analytics
USCG	U.S. Coast Guard
USBR	Bureau of Reclamation
USDA	U.S. Department of Agriculture
USDS	U.S. Digital Services
USFS	U.S. Forest Service
USGS	U.S. Geological Survey
USPP	U.S. Park Police
UTRR	Undiscovered Technically Recoverable Resources
UMWA	United Mine Workers of America
WMD	Wetland Management District

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Thank You!

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