U.S. DEPARTMENT OF THE INTERIOR

AGENCY FINANCIAL REPORT 2019

Bureau of Land Management

Bureau of Ocean Energy Management

Bureau of Reclamation

Bureau of Safety and Environmental Enforcement

Indian Affairs

National Park Service

Office of the Secretary

Office of Surface Mining Reclamation and Enforcement

U.S. Fish and Wildlife Service

U.S. Geological Survey

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https://www.doi.gov/pfm/afr

Photo: Tami Heilemann, DOI

I have determined that the Department of the Interior's (Department) internal controls are effective, with the exception of two material weaknesses: (1) controls over financial reporting and (2) management of grants, cooperative agreements, and Tribal awards.

The Department received its 23rd consecutive unmodified audit. However, there is one material weakness related to controls over financial reporting and one operational material weakness over the management of grants, cooperative agreements, and Tribal awards. The Department will resolve those issues in fiscal year 2020, and we are setting up a governance board to facilitate resolution.

Sincerely,

David L. Bernhardt
Secretary of the Interior
November 15, 2019

About This Report

The U.S. Department of the Interior's (DOI) 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. The AFR consists of the following sections:

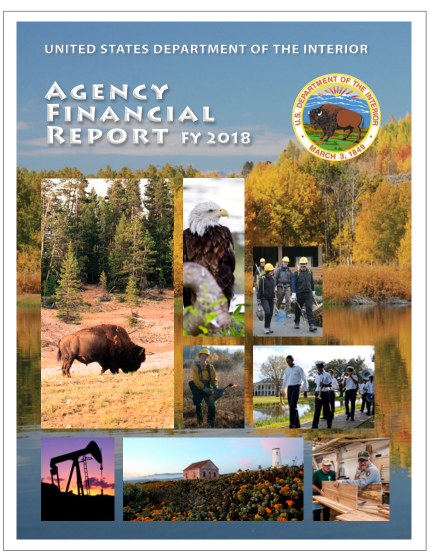
- Section 1: Management's Discussion and Analysis includes an overview of DOI's history, mission and organizational structure, as well as analysis of performance goals and results; systems, internal controls, and legal compliance; and financial statements.
- Section 2: Financial Information includes the financial statements and accompanying notes to the financial statements, required supplementary information and supplementary stewardship 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 footprint, and civil monetary penalties.

The DOI produces an AFR rather than the alternative Performance and Accountability Report. A Summary of Performance and Financial Information is also produced that summarizes AFR information in a brief, user-friendly, format. The AFR and Summary of Performance and Financial Information may be viewed online at ***https://www.doi.gov/pfm/afr***. The annual performance report with detailed performance information will be included in the Fiscal Year (FY) 2020/2021 Annual Performance Plan & FY 2019 Report to be transmitted with the release of the FY 2021 Congressional Budget Justification and can be viewed online at ***https://www.doi.gov/performance/performance-reports.***

Certificate of Excellence in Accountability Reporting

The DOI earned a Certificate of Excellence in Accountability Reporting (CEAR©) award for the FY 2018 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 U.S. Office of Management and Budget (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 seventeenth year. The DOI is fully committed to excellence in financial reporting and providing a comprehensive understanding of DOI's fiscal and programmatic accomplishments.



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 DOI, and its mission began to evolve as some of these functions moved to other agencies and DOI acquired new responsibilities.

President Roosevelt and Gifford Pinchot.

Following President Theodore Roosevelt's conservation summit and the awakening of 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. In 1905, management of the Federal forests changed from DOI to the United States Forest Service within the Department of Agriculture. Its Chief, Gifford Pinchot, introduced better forestry methods.

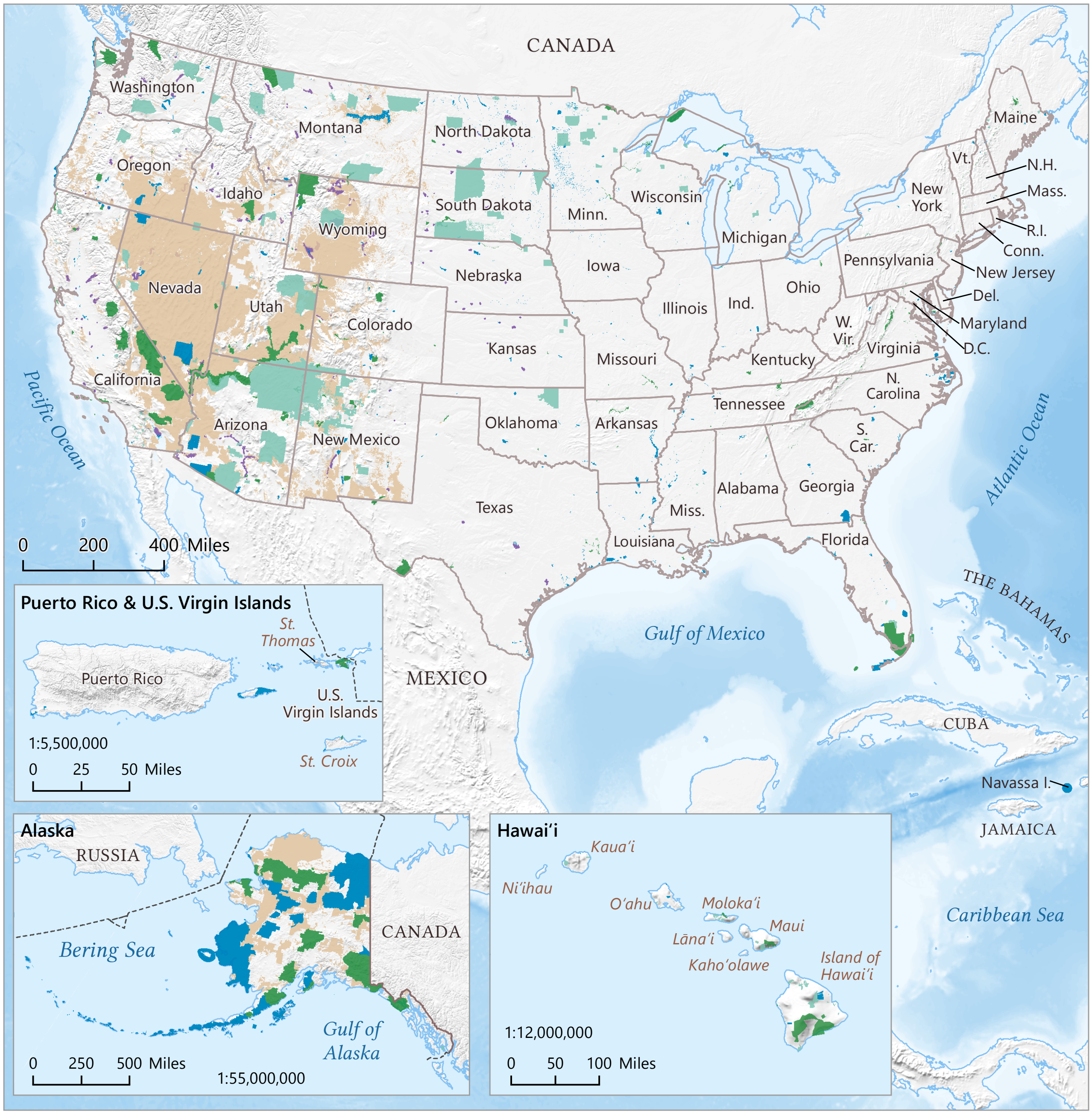
Pinchot sought to turn public land policy from one that disposed of resources to private parties, to one that maintained Federal ownership and management of public land. During the 1960s and 1970s, DOI's authorizing statutes shifted to put more emphasis on the preservation, management, and use of public lands and natural and cultural resources.

Today, 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 Outer Continental Shelf (OCS). The Department 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 573 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 DOI's 66,007 dedicated and skilled employees.

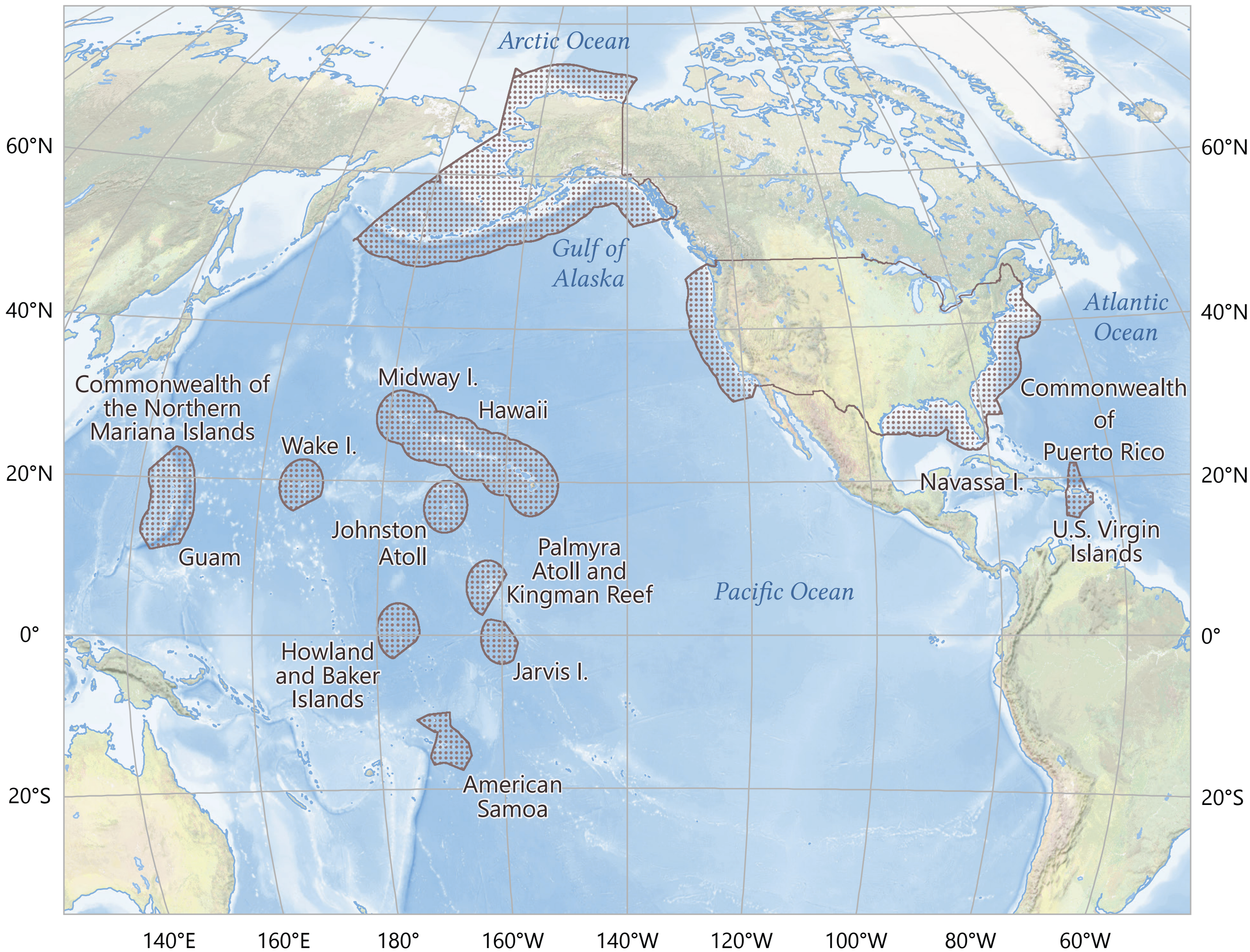
Over 500,000 volunteers annually contribute their time in support of bureau and office missions, bringing unique local knowledge to park operations, assisting in recovery from natural disasters, and participating in environmental education, among other activities.

Surface Lands Managed by The Department of the Interior



Tribal Land/Native American Reservation | Bureau of Land Management | National Park Service | U.S. Fish and Wildlife Service | Bureau of Reclamation

United States Continental Shelf Boundary Areas



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.

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;
  - Policy and environmental management;
  - Natural resource damage assessment and restoration;
  - Wildland fire management; and
  - Native Hawaiian relations.
- Office of Civil Rights
- Office of Inspector General (OIG)
- Office of the Special Trustee for American Indians (OST)
- Office of Natural Resources Revenue (ONRR)
- Office of Chief Information Officer (OCIO)

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 surface 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; and
  - 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 OCS.
- Administers over 2,500 active fluid mineral leases on over 13 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 for 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 (BOR)

- 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)[1]

- Fulfills Indian trust responsibilities.
- Promotes self-determination on behalf of 573 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 183 elementary and secondary schools and dormitories, providing educational services to 44,735 students in 23 states.
- Supports 33 community colleges, universities, post-secondary schools, and technical colleges.

[1] IA includes the Bureau of Indian Affairs (BIA) and the Bureau of Indian Education (BIE).

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 419 natural, cultural, historical, and recreational sites for the benefit and enjoyment of the American people.
- Manages and protects historic and prehistoric structures, of designated wilderness, and a wide range of museum collections and cultural and natural landscapes.
- Provides outdoor recreation to 318 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*.

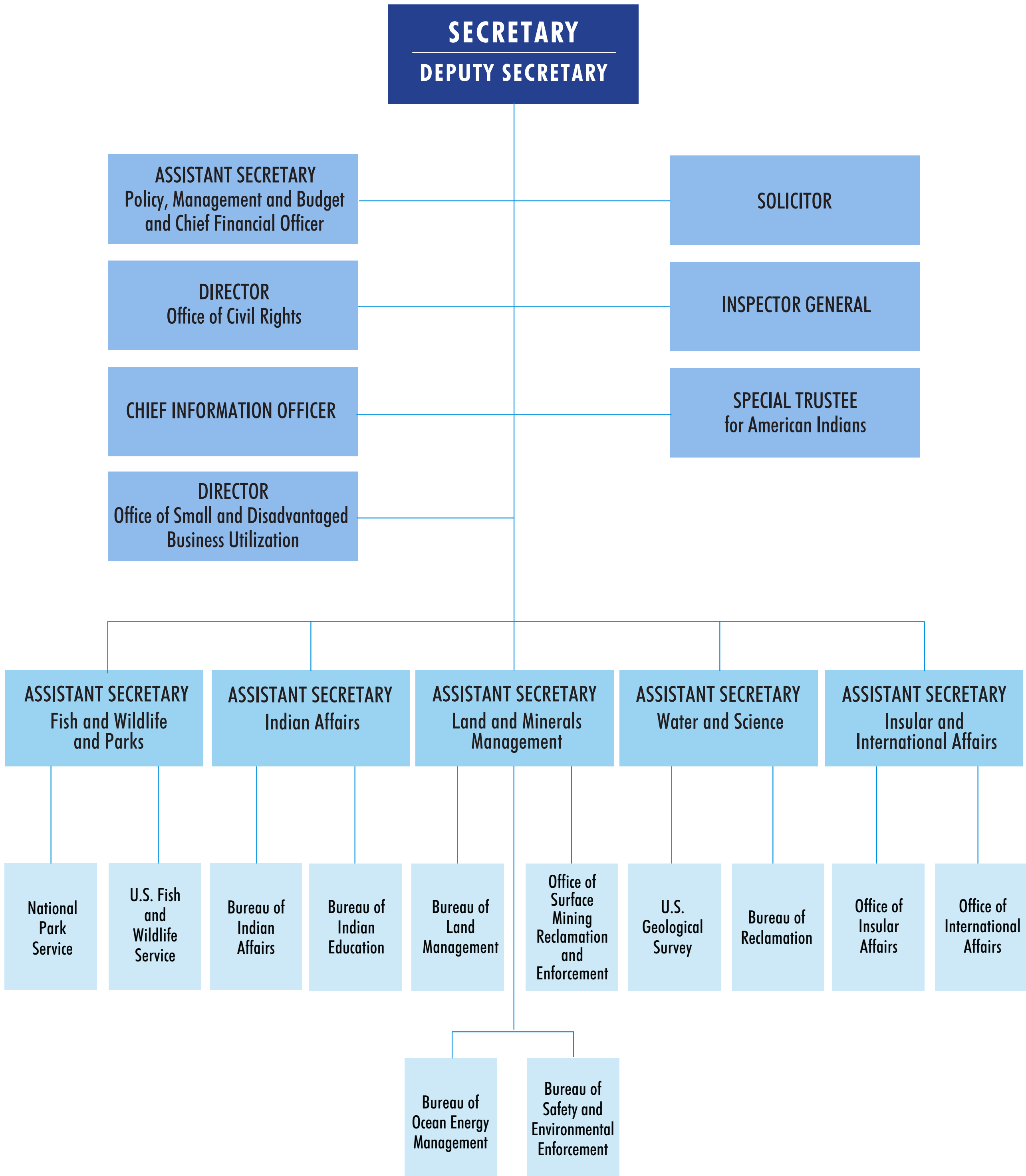
U.S. Fish and Wildlife Service (FWS)

- 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 fisheries 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 wetland 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



The *Government Performance and Results Act 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 the Secretary of the Interior's priorities:

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 2019 results. An updated, more complete and in-depth performance assessment will appear in DOI's FY 2020/2021 Annual Performance Plan & FY 2019 Report (***https://www.doi.gov/performance/performance-reports***), which is planned to be released with the President's FY 2021 Congressional Budget Justification in February 2020.

CONSERVING OUR LAND AND WATER

The DOI ensures that America's natural endowment–the lands and waters of the United States–is 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, science, technology and engineering, efficient decision making processes, robust partnerships, and improved land use planning to ensure balanced stewardship and use of the public lands and resources, including wildlife and fish species. Key indicators of 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 West.

In protecting DOI-managed lands and waters and safeguarding the wildlife and plant inhabitants, the key performance indicator, acres in "desired condition," is used to gauge DOI's progress in ensuring the quality of natural resources, including uplands, wetlands, streams, and shorelines. Natural resource management success is dependent upon a number of factors, some of which are not under the direct control of DOI, including the original condition of the asset, the amount of resources that can be applied, the cooperation of nature in supporting the performed treatments, and the time for treatments to take root and adequately mature. As seen in the following table, performance has been increasing while the total acres assessed increases. Newly added monuments in FWS and NPS were assessed in FY 2017 and FY 2018, adding to the total inventory and the metric results.

Percent of DOI acres that have achieved desired conditions where condition is known and as specified in management plans						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
BLM, FWS, NPS	78%	78%	83%	92%	90%	90%
Acres in desired condition	360,116,825	361,651,952	472,556,098	1,060,738,238	1,061,461,256	1,060,151,545
Total Acres Assessed	461,325,882	462,520,691	572,940,348	1,156,277,363	1,185,116,953	1,183,580,602

Success in recovery of threatened and endangered species often requires long timeframes to achieve results and often shows little annual change. It is critical that recovery plans are written and published in a timely manner using the best available science to lay a pathway for DOI and other partners to follow as they try to manage species that are affected by natural and human-induced pressures including loss of habitat, predation, and other factors. Treatments of habitat or adjustments to species management actions may require several years to take effect, assuming the solution can be implemented, and the factors making the situation worse do not escalate faster than treatment can be applied. As shown in the following table, a quarter of threatened and endangered species listed at least 2.5 years do not yet have a completed recovery plan. The lack of a finalized recovery plan may hinder decision-making regarding habitat.

Percent of threatened or endangered species listed for 2.5 years or more with a final recovery plan						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
FWS	81%	78%	76%	75%	74%	74%
Number of threatened and endangered species with a final recovery plan	1,112	1,124	1,129	1,128	1,144	1,145
Number of threatened and endangered species listed for 2.5 years or more	1,379	1,449	1,479	1,496	1,553	1,553

The DOI plays a significant role in managing water resources in the western states including collection, storage, and distribution. Water distribution depends on the condition of facilities that manage and distribute the water, leading DOI to use the percentage of facilities earning a "good" facility reliability rating as the key performance indicator for this goal. As shown below, performance challenges from this measure result from an aging infrastructure, ongoing droughts, and increasing workforce and materials costs. Many of the minor water infrastructure problems have been repaired or replaced. More extensive or expensive repairs or replacements may reduce the rate at which facilities are brought into good condition.

Percent of water infrastructure in good condition as measured by the facility reliability rating						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
BOR	79%	81%	80%	81%	75%	75%
Number of facilities in good condition	272	279	272	277	257	257
Total number of facilities in service	344	344	342	342	343	343

GENERATING REVENUE AND UTILIZING OUR NATURAL RESOURCES

The DOI provides access and manages resources on public lands and the OCS. Related resources include oil, gas, coal, timber, grazing, and non-energy mineral resources. Key performance indicators track the processing of leases and permits to drill for oil and gas resources, and for grazing.

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, and DOI will continue to facilitate increased development of both offshore and onshore conventional and renewable U.S. energy resources while ensuring safety and reliability through efficient permitting, appropriate standards, assessment and oversight, and a fair return for the American public. Completing lease sales and issuing permits to drill are indicative of DOI's role in providing access to energy resources on the OCS and public lands, respectively, and are the key performance indicators for oil and gas resource development. The goal is to promote and approve a growing number of applications. As seen in the following table, progress has been steady onshore.

Percent of pending fluid minerals Applications for Permits to Drill (APDs) which are processed						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
BLM	57%	57%	57%	68%	73%	57%
Number of pending APD's processed	4,913	3,093	3,322	4,527	4,800	4,217
Number of pending APD's	8,596	5,477	5,826	6,658	6,554	7,639

Percent of offshore lease sale processes completed pursuant to the Secretary's Five Year Oil and Gas Program						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
BOEM	100%	100%	100%	100%	100%	100%
Number of lease sale processes completed	2	3	3	2	2	2
Number of lease sale processes proposed	2	3	3	2	2	2

Granting non-energy mineral leases, and access for grazing and timber, show level or decreasing trends in permits approved due to significant growth in legal challenges and demand for additional environmental assessments prior to approving access. As approval of these permits becomes more complicated, processing costs increase, affecting the overall level of performance. As the most notable and wide-spread of these non-energy commodities, processing grazing permits and leases, displayed in the following table, is used as the key indicator representing the type of performance for these efforts. Unexpected turnover in personnel and additional restrictions placed on sage grouse habitat has reduced the number of grazing permits and leases processed.

Percent of grazing permits and leases processed as planned consistent with applicable resource management plans						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
BLM	18%	13%	13%	16%	10%	13%
Number of permits and leases processed	1,213	862	917	1,157	1,100	1,250
Number of permit and lease applications	6,900	6,800	6,800	7,400	10,500	9,600

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. Americans can hunt and fish on public lands managed by DOI as part of its multiple-use policy that also includes hiking, camping, climbing, boating, wildlife viewing, and other outdoor pursuits.

The DOI's visitor programs strive to meet high standards for recreation, education, and awareness of the natural world, historic events, and cultural resources at parks, refuges, and other DOI lands. The key performance indicator used for this goal, visitor satisfaction, is measured through visitor surveys. Performance continues to be fairly steady even with increased visitation and use. Despite the challenge of keeping up with the rising costs of operations, maintenance, and restoration of aging facilities, on or near target performance continues to be met each year, as reflected in the following table.

Percent of visitors satisfied with the quality of their experience						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
BLM, FWS, NPS	95%	95%	93%	94%	94%	95%

FULFILLING OUR TRUST AND INSULAR RESPONSIBILITIES

The DOI upholds the Federal Government's unique trust responsibilities by fostering government-to government 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 the three Freely Associated States: the Federated States of Micronesia, Republic of the Marshall Islands, and Republic of Palau. 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 reflects DOI's ability to properly record funds received, disbursed, invested, and held in trust for Tribal and individual Indian beneficiaries, providing centralized accounting services for trust fund management activities. In many cases, Tribes and individual Indians use these trust funds to improve the quality of life for Indians who live on or near reservations. With the emphasis placed on trust management activities, performance remains consistently high.

Percent of financial information initially processed accurately in trust beneficiary accounts						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
OST	99.99%	99.99%	99.99%	100.00%	99.00%	100%
Total information processed accurately	10,723,816	10,261,456	10,673,067	11,073,004	9,900,000	11,036,423
Total information to be processed	10,724,403	10,262,924	10,673,871	11,073,333	10,000,000	11,036,789

The DOI assists Indian Nations in developing capacity to attain economic self-sufficiency on reservations 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 is average gains in earnings for job placement program participants. As displayed in the following table, performance of the program remains fairly consistent.

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						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
BIA	$10.20	$9.69	$9.54	$8.76	$9.50	$11.05
Gain in earnings by program participants	$24,330	$31,861	$34,172	$24,339	$32,300	$17,260
Number of program participants	2,385	3,288	3,582	2,777	3,400	1,562

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

For insular areas, availability of clean water serves as 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.

Percent of community water systems that receive health-based violation notices from the Environmental Protection Agency						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
OIA	13%	8%	11%	8%	10%	9%
Number of community water systems with health based violations	19	11	14	11	13	12
Number of community water systems	147	131	132	139	132	139

PROTECTING OUR PEOPLE AND THE BORDER

Wildland fires potentially endanger lives and property. The Office of Wildland Fire (OWF) coordinates programs and funding across four bureaus (BLM, FWS, NPS, and BIA) that manage wildland fire programs to implement the National Cohesive Wildland Fire Management Strategy, a science-based collaborative approach to mitigating wildfire risk. The DOI, in partnership with the USFS, is committed to the inclusive principles of providing safe and effective response to wildfires, promoting fire- adapted communities, and creating fire-resilient landscapes. The DOI strives to achieve a science-based and technically effective wildland fire management program that is integrated with natural resource programs. As displayed in the following table, the performance of maintaining DOI-managed lands in accordance with fire management objectives remains steady.

Percent of DOI-managed landscape areas that are in a desired condition as a result of fire management objectives						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
OWF	36%	36%	36%	36%	34%	38%
Number of acres in desired condition as a result of fire management objectives	161,982,762	160,224,280	159,635,707	160,717,749	151,728,572	169,192,838
Number of DOI-managed acres	447,806,489	447,806,489	447,806,489	447,806,489	447,806,489	447,806,489

The USGS helps protect public safety, public health, and property by effectively delivering natural hazards and 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, which reduce the loss of life and property. The key performance indicator displays increasing performance through 2018 in providing natural hazard assessments for very high and high threat regions. The reduction in 2019 is due to lack of resources.

Percent completion of targeted natural hazard assessments of very high and high threat regions of the Nation (index)						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
USGS	4%	5%	7%	7%	4%	3%

MODERNIZING OUR ORGANIZATION AND INFRASTRUCTURE FOR THE NEXT 100 YEARS

Real property assets are integral to the success of DOI's mission. The DOI's real property inventory includes approximately 42,000 buildings and 79,000 structures across six major land-holding bureaus, with a replacement value exceeding $300 billion. The DOI manages the full life-cycle requirements of nearly every type of constructed asset found, including visitor centers, dams, schools, health clinics, power generating facilities, housing, hotels, fire stations, campgrounds, roads, water and wastewater treatment plants, offices, and more. Many of these assets have historic or cultural significance that not only support 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 will 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.

Percent of priority assets in acceptable condition (i.e., meet investment objective)						
	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Target	2019 Preliminary
DOI-wide	N/A	N/A	80.6%	84.3%	84.5%	84.1%

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 2019, the Office of Financial Management (PFM) conducted comprehensive site visits and provided oversight with regard to risk assessments, internal control reviews, and progress in implementing audit recommendations. The DOI's FY 2019 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 2019 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 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 1-1

FMFIA Material Weakness
as of September 30, 2019

Description	Corrective Actions	FY 2019 Progress	Target Date to Complete	Status
Office: Office of Financial Management Controls over Financial Reporting The PFM needs to improve its controls over financial reporting by augmenting current resources and increasing its ability to assess and respond to financial reporting risks at the enterprise level.	The DOI will: 1) Perform an assessment of employee resources in PFM and the bureaus, to ensure that personnel with appropriate skills are in key positions and have authority to implement new policies to strengthen internal controls. 2) Perform a thorough risk assessment at the financial statement assertion level to identify process level risks, and assess the effectiveness of key process level controls to respond to the risks at the Department level. 3) Implement key monitoring controls to ensure control effectiveness throughout the financial reporting process. 4) Implement training for program and finance personnel to ensure the correct application of accounting principles when capturing accounting events. 5) Develop robust policies and procedures to increase oversight, review, and accountability of accounting events to ensure the successful implementation of an effective internal control environment.	This is a newly identified material weakness.	FY 2020	Ongoing

FIGURE 1-1 (CONTINUED)

FMFIA Material Weakness as of September 30, 2019				
Description	**Corrective Actions**	**FY 2019 Progress**	**Target Date to Complete**	**Status**
Office: Office of Grants Management 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 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.	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 October 2020 for all discretionary award programs. 2) 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. 3) Established the Office of Grants Management (PGM). 4) Rescinded several outdated Department-wide financial assistance policies and finalized new policy that delegates oversight authority for the financial assistance function to PGM. 5) Finalized Department-wide policy defining standard award terms and conditions for financial assistance. 6) Drafted Department-wide policies: • Prohibiting the use of miscellaneous obligations for financial assistance; • Establishing internal controls for financial assistance policy; and • Enhancing requirements for post-award monitoring of financial assistance actions that involve land purchases. 7) Published the Financial Assistance Interior Regulation. 8) Established the P.L. 93-638 Working Group to: • Foster collaborative efforts to streamline the administration of Title I and Title IV awards; • Provide advisement on developing training policy that provides minimum standards for bureaus other than IA; and • Identify solutions for addressing audit-related concerns. 9) Developed a Department-wide financial assistance management review tool and drafted policy that establishes Department-wide 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 draft policy is currently under review. All bureaus and offices will use this tool in FY 2020.	FY 2020	Ongoing

At the beginning of FY 2019, 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. Several corrective actions have been taken by the Office of Acquisition and Property Management (PAM) and PGM, and additional actions are planned to continue to address these issues. During FY 2019, DOI identified a financial reporting material weakness: Controls over Financial Reporting. Working with the bureaus, PFM has drafted a corrective action plan to address the root cause of these issues, including a more forward-focused, enterprise approach to the control program and resource redistribution. For more information on the status of corrective actions, please see Figure 1-1 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 2019 ASSURANCE STATEMENT

The Department of the Interior's (Department) management is responsible for managing risks and maintaining effective internal control to meet the objective of Sections 2 and 4 of the Federal Managers' Financial Integrity Act. The Department conducted its assessment of risk and internal control in accordance with Office of Management and Budget Circular No. A-123, Management's Responsibility for Enterprise Risk Management and Internal Control. The Department received its 23rd consecutive unmodified audit. However, there is one material weakness related to controls over financial reporting and one operational material weakness over the management of grants, cooperative agreements, and Tribal awards. Based on the results of the assessment, the Department can provide reasonable assurance that internal control over operations, reporting, and compliance were operating effectively as of September 30, 2019, with the exception of two material weaknesses: (1) controls over financial reporting and (2) management of grants, cooperative agreements, and tribal awards, identified in Figure 1-1.

David L. Bernhardt
Secretary of the Interior
November 15, 2019

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 2019, 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 2019 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 2019, 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, 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 2019, DOI achieved an implementation rate of 89 percent.

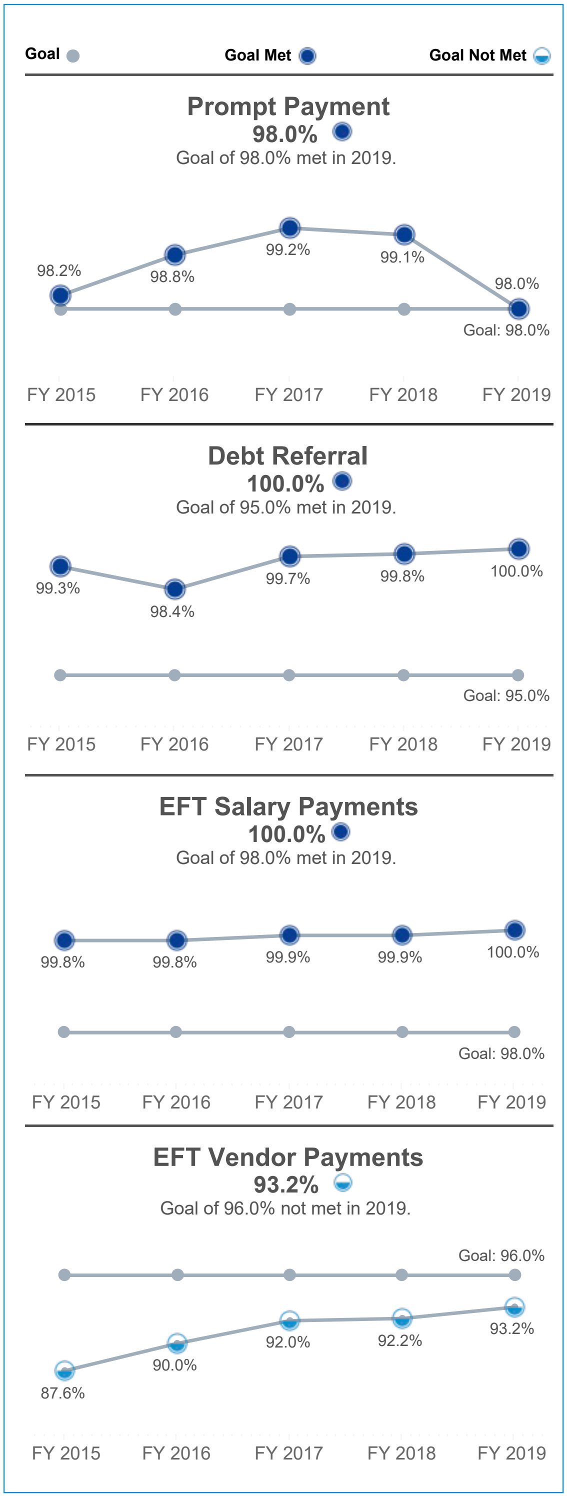
Results of Financial Statement Audit

As required by GMRA, DOI prepares financial statements. These financial statements have been audited by KPMG LLP, an independent public accounting firm. In FY 2019, 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 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/highrisklist/overview*.**

FIGURE 1-2



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* (PPA), the *Debt Collection Improvement Act* (DCIA), and the criteria for Electronic Funds Transfers (EFT). See Figure 1-2.

Prompt Pay, Debt Collection, and Electronic Funds Transfer

In FY 2019, DOI met its performance goal for PPA and exceeded its performance goal for DCIA but did not meet its performance goal for vendor payments made by EFT. 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 the U.S. Department of the Treasury (Treasury) for collection. 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 2019, DOI exceeded its performance goal for EFT salary payments. The shortfall of the EFT vendor payments performance goal has been carried over from previous years and continues to be attributed to a high volume of transactions that DOI has for tort claims, legal settlements, financial assistance, social service payments to individual Indians, and realty payments that are consistently being processed with EFT waiver requests or non-EFT mechanisms. A large number of the waivers were converted from legacy financial systems. Those waivers were given a two-year grace period and expired prior to FY 2019. A system change has been developed to automatically block vendor records with expired waivers so that vendors are required to re-submit their requests. Requiring resubmission for waiver requests should effectively reduce the number of vendors who receive checks.

However, transitioning to the use of electronic payment methods requires time for vendors located in remote communities to make the appropriate adjustments to their financial processes. Logistical issues, such as the remote proximity of vendors to banks and the lack of transportation in isolated communities, are reflected in the EFT vendor payment shortfall. Nonetheless, the EFT vendor payment performance metric rose a full percentage point over the past year, a trend that is expected to continue going forward.

Information Management and Technology

In March 2019, a new Chief Information Officer (CIO) joined DOI to lead and manage the DOIs Information Management and Technology (IMT) resources.

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

- Organizational Alignment and Modernization;
- Cybersecurity and Privacy;
- Information Technology (IT) Infrastructure;
- Commodity IT Shared Services; and
- Enterprise Wide Optimization.

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 2019 Accomplishments

- Utilized input from an independent third party to develop a high-level enterprise plan for standardized common IMT services across DOI's mission functions and regions.
- Implemented end user support improvements to provide standardization across the existing DOI end user support models that will address DOI's future integration of end user support standard tools.
- In partnership with the DOI's Chief Human Capital Officer, participated in a pilot program sponsored by the Office of Personnel Management (OPM) and U.S. Digital Services (USDS) to integrate and improve the process for reviewing and qualifying applicants for IT positions. DOI was one of two agencies approved for the pilot program that promised to improve the ability to identify qualified candidates for job announcements. The DOI formed a cadre of IT subject matter experts across various bureaus and offices, identified a pool of hiring actions, and partnered with the NPS ACIO and HR representatives to complete the pilot, which resulted in hiring 13 system administrators.
- Expanded cloud capabilities with a new contract task order for an enterprise-level Case Management System.
- Released the first ever *DOI Records Management Program Strategic Plan* and implemented key records management capabilities that include an authoritative, comprehensive litigation hold list used for records preservation and automatically places email records on hold. The litigation hold capabilities support over 400 active holds that apply to over 7,000 custodians DOI-wide. Additionally, the electronic record-keeping system will improve migration to electronic records across the DOI, resulting in lower costs for record storage and ensure consistent records retrieval for Freedom of Information Act requests, Congressional Oversight, and litigation.
- Collaborated with the IMTLT and other DOI stakeholders to develop and implement a standard IMT Service model. The model identified candidate IMT services and systems for consolidation and standardization. For example, DOI transitioned IT support used services from the Solicitor to the OCIO standard IT support model that needed 12 versus the former 50 servers.
- Implemented the Department of Homeland Security (DHS) Continuous Diagnostics and Mitigation (CDM) Phase 1 and Phase 2 functions, including developing customized metrics to improve evaluation of multibillion dollar contracts, completed Phase 2 credential management and established the Enterprise Vulnerability Scanning Service.
- Participated with the CIO Council and Council of the Inspectors General on Integrity and Efficiency to make significant improvements in the *Federal Information Security Modernization Act of 2004* (FISMA) Maturity Measurement Model.

- Implemented 21 (100 percent of) audit recommendations scheduled for implementation and provided Departmental independent reviews of 53 (additional 32) audit recommendation implementation evidence in accordance with OMB Circular A-50, *Audit Follow Up*.
- Chartered and launched DOI's first Data Governance Board through the Chief Data Officer working collaboratively with the new Chief Evaluation Officer and Chief Statistician.
- Awarded and initiated transition to a new email and collaboration Government Community Cloud service based on Microsoft Office 365 to modernize the collaboration infrastructure and provide enhanced tools to DOI employees.

Future Planned Activities

- Build and empower a workforce that effectively serves the DOI's critical missions and looks beyond technology tools to data analysis and management.
- Reduce the time and level of effort required by technical hiring managers by implementing actions initiated under the OPM and USDS hiring pilot, which will improve cross-bureau confidence in the qualifications and capabilities of our technical workforce.
- Continue implementing IT workforce planning activities including developing competency and staffing requirements and using special hiring authorities for critical positions.
- Continue to operationalize DOI's use of the CDM solutions by fully deploying the next generation dashboard; begin deployment of the Phase 2 Identity and Access Management capabilities; and begin the CDM Network Access Control capabilities.
- Continue to implement the *Foundations to Evidence Based Decision Making Act* by completing a DOI Data Strategy that will align data management activities with Departmental priorities as well as identify those goals and objectives needed to execute the Federal Data Strategy (FDS) and effectively use data to support the DOI learning agenda and evaluation priorities. The DOI Data inventory will be updated to improve completeness of data holdings across the bureaus and offices and better support the *Open Government Data Act* with machine ready datasets.
- Continue to actively engage OMB and cross Federal working groups developing and executing the FDS and complete actions identified in FDS action plan to help transition the Department to a more data driven organization.
- Update and issue the Comprehensive *DOI Information Resources Management Strategic Plan* that provides overarching vision and strategic priorities for the Department.
- Begin implementing processes designed to enhance control and oversight of IMT resources to enable data driven decision-making and increase IT spending accountability. Processes relate specifically to IT planning and governance, IT budgeting and financial management, IT acquisition, and IT asset management.
- Incrementally refine the DOI Hosting and Data Center Optimization Strategy by improving FITARA scorecard covering data center optimization plans and goals through collaboration with OMB; preparing primary data centers for intake of services; establishing centralized business operations broker for hosting services; updating bureau and office multi-year commitments for consolidation; and managing the USGS enterprise cloud contract for Virtual Data Center capacity for DOI data support.
- Update a data center consolidation implementation plan based on DOI hosting strategy with ACIO input that drives closure of non-enduring data centers.
- Strengthen application rationalization processes to support data center consolidation and shared services migration to improve the effectiveness and efficiency of IT services.
- Expand the enterprise cloud offering by establishing a DOI-wide Virtual Data Center capability.
- Improve Cloud performance by working to implement Trusted Internet Connection 3.0.
- Implement *DOI Records Management Program Strategic Plan* that lays out the strategy for moving DOI to 100 percent electronic records in future years.

- Mature the Technology Business Management (TBM) Program including budgeting and adopting more of the TBM Taxonomy for ultimate adoption by FY 2022.
- Continue to implement, administer and monitor the Controlled Unclassified Information program for DOI's lines of business as well as all authorized holders within the 10 bureaus and offices across DOI as required by 32 CFR Part 2002.

Financial Management Systems Improvement Strategy

The DOI's goal is to continue improvements in financial transaction processing, analysis, and reporting, and to enhance financial management through an effective partnership of program, information system, financial, acquisition, and other business managers. The DOI's major financial management system improvement was the implementation of the Financial and Business Management System (FBMS), which was deployed in phases starting in 2006 and culminating in 2013. The DOI relies on the integration of financial and business management information in FBMS to support program and financial managers.

The integrated nature of business processes including property, charge card, travel, and others, 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. They 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.

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 2019 Accomplishments

The FBMS is used by all bureaus within DOI. The 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 2019, the BIO implemented several system improvements. Some of the key accomplishments in FY 2019 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.
- Implemented system-wide upgrades to strengthen the cybersecurity posture and reduce risk.

- Implemented improved user help functionality providing the users with the ability to access all available training material for the specific transaction they are in.
- Provided users the ability to link to specific information that is directly pertinent to them through new and improved user functionality. This allows users to have a one-stop shop for financial and business related information.
- Implemented business and system changes required for important internal control improvements such as processing of space lease obligations and continued adjustment as required to support the DATA Act, including completing data submissions on time.
- Implemented replacement functionality for the new government-wide charge card contractor; this included setting up new interfaces with the card provider and closing out all actions with the old provider.
- Provided improved capability for users to group programs together that have different funding identifiers.
- Implemented a travel mobile application that users can access via their government furnished mobile phones.

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 customer service gaps, improve usability, and increase the speed, reliability, and flexibility of the FBMS infrastructure. Key future planned activities include financial assistance improvements, implementation of robotics process automation, artificial intelligence, and the implementation of automated records management processes.

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 the majority of transactions and enabled several ease of use improvements. The next upgrade will be a major change for FBMS and our users when we implement SAP's S/4 HANA which provides major changes to the look and feel of the system as well as back-end table structure changes and increased functionality such as machine learning, improved user interface and, help functionality.

Building on the successful completion and acceptance of DOI's financial systems roadmap, DOI has initiated business and systems roadmaps in several areas complementary to FBMS. The goal of each of these roadmaps is to create a plan to support the kinds of benefits being realized from FBMS, such as common business and data standards; modern and unified platforms; transparent reporting using modern analytical tools; increased automated controls and information security; and support for Government-wide initiatives.

The biggest driver for improved business processes in FY 2020 will be adjusting systems to further accommodate the 12 Interior regions. This new approach will simplify business processes within and across bureaus. These simplifications will also lead to improved data quality and reporting and will be supported by changes within FBMS.

The DOI received, for the 23rd 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 NPS and may not be used in NPS operations. Therefore, the balances, inflows, and outflows of these concessioner Special Accounts are not recognized in the financial information of NPS. The concessioners reported that these Special Accounts balances totaled approximately $11.0 million (unaudited) and $10.1 million (unaudited), as of September 30, 2019 and 2018, respectively.

Overview of Financial Position: 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 2019 and FY 2018 as presented in the following table.

DOI Assets *(line items summarized) (dollars in thousands)*	FY 2019	FY 2018	Increase/ (Decrease)	% Change
Fund Balance with Treasury	$ 60,785,350	$ 58,214,776	$ 2,570,574	4.4%
Investments, Net	9,884,781	9,636,154	248,627	2.6%
General PP&E, Inventory, and Related Property, Net	21,989,531	21,532,182	457,349	2.1%
Accounts, Loans and Interest Receivable, Net & Other	9,512,090	9,896,101	(384,011)	-3.9%
Assets	**$102,171,752**	**$99,279,213**	**2,892,539**	**2.9%**

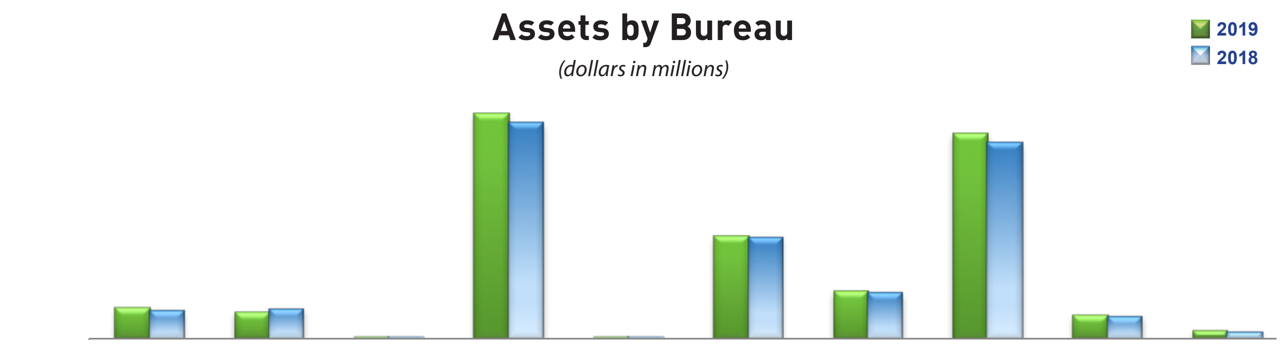
The DOI is authorized to use Fund Balance with Treasury (FBwT) to pay liabilities resulting from operational activity and consists of funds received from direct appropriations, transfers, offsetting receipts, recoveries, and funds held in budget clearing accounts. Property, Plant and Equipment (PP&E) 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 42,000 buildings and 79,000 structures, with a replacement value of more than $300 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 and Required Supplementary Stewardship Information.

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, 2019, and 2018, amounts not yet earned under BOR's unmatured repayment contracts were $2 billion (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.



	IA	BLM	BOEM	BOR	BSEE	DO	FWS	NPS	OSMRE	USGS
FY 2019	$4,783	$4,075	$178	$35,101	$208	$15,968	$7,439	$31,967	$3,644	$1,274
FY 2018	$4,451	$4,760	$167	$33,703	$196	$15,896	$7,152	$30,585	$3,549	$1,157

Analysis of Liabilities

DOI liabilities for and by bureau for FY 2019 and FY 2018, respectively, are shown in the table and chart below.

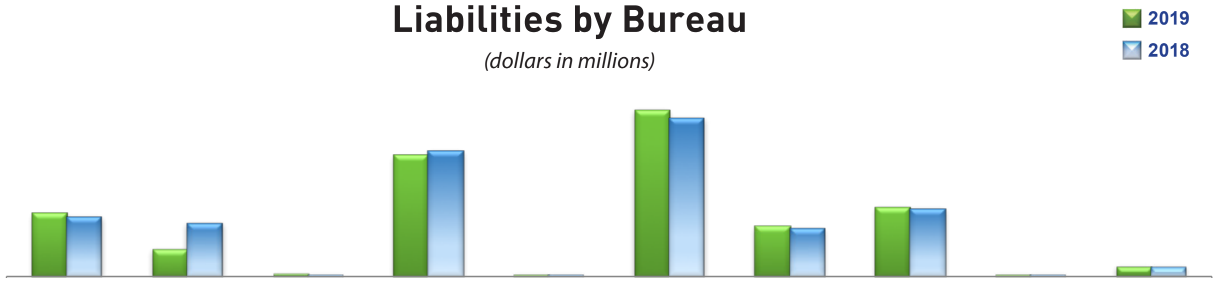
DOI Liabilities *(line items summarized) (dollars in thousands)*	FY 2019	FY 2018	Increase/ (Decrease)	% Change
Accounts & Grants Payable	$ 2,146,837	$ 2,134,382	$ 12,455	0.6%
Federal Employee & Veterans Benefits	1,312,567	1,381,729	(69,162)	-5.0%
Trust Land Consolidation Program	264,995	454,278	(189,283)	-41.7%
Environmental, Disposal, & Contingent	1,095,814	943,658	152,156	16.1%
Custodial Liability, Payments Due to States	2,116,852	1,709,670	407,182	23.8%
Advances & Deferred Revenue	1,342,715	2,370,937	(1,028,222)	-43.4%
Liability for Capital Transfers to the General Fund	1,513,004	1,552,900	(39,896)	-2.6%
Judgment Fund Liability	1,222,076	1,221,373	703	0.1%
Other, Debt, Loan Guarantees	1,812,487	1,619,083	193,404	11.9%
Liabilities	**$ 12,827,347**	**$ 13,388,010**	**$ (560,663)**	**-4.2%**

The FY 2019 decrease in liabilities is primarily attributable to the adjudication of the BLM Oil and Gas Royalty sale that occurred at the end of FY 2018. The sale has been processed and the associated custodial disbursements have been recorded by ONRR.

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.

Liabilities by Bureau

(dollars in millions)



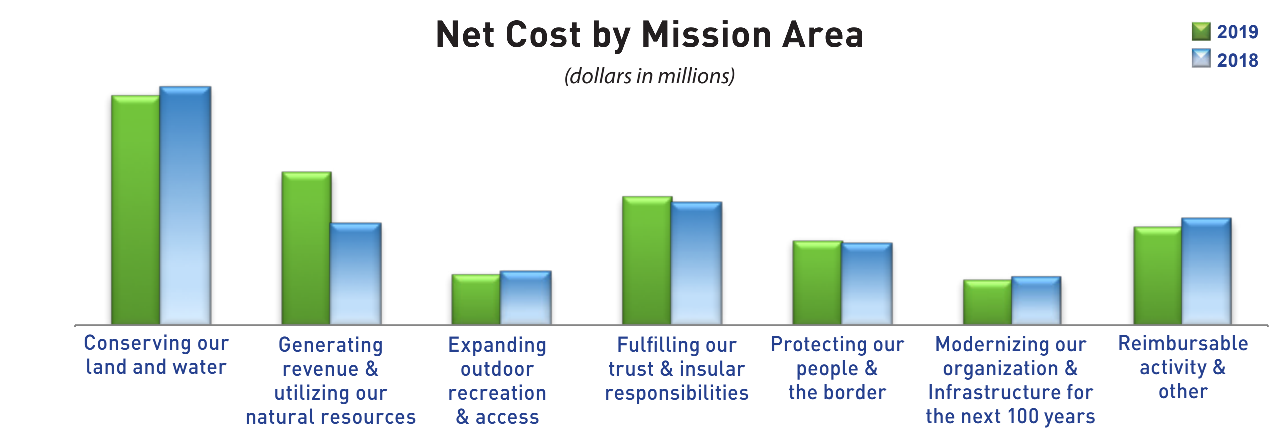
	IA	BLM	BOEM	BOR	BSEE	DO	FWS	NPS	OSMRE	USGS
FY 2019	$1,980	$802	$65	$3,628	$39	$4,911	$1,488	$2,058	$34	$287
FY 2018	$1,792	$1,592	$23	$3,765	$25	$4,758	$1,435	$2,026	$35	$273

Analysis of Net Costs

DOI Net Cost *(summarized by Bureau) (dollars in thousands)*	FY 2019	FY 2018	Increase/ (Decrease)	% Change
Indian Affairs	$ 3,387,601	$ 3,078,592	$ 309,009	10.0%
Bureau of Land Management	1,711,337	1,523,282	188,055	12.3%
Bureau of Ocean Energy Management	166,355	103,075	63,280	61.4%
Bureau of Reclamation	869,539	898,192	(28,653)	-3.2%
Bureau of Safety and Environmental Enforcement	145,611	133,957	11,654	8.7%
Departmental Offices	4,677,727	3,905,879	771,848	19.8%
National Park Service	2,994,029	3,181,557	(187,528)	-5.9%
Office of Surface Mining Reclamation and Enforcement	674,407	781,656	(107,249)	-13.7%
U.S. Fish and Wildlife Service - Check Fund	2,972,755	3,102,173	(129,418)	-4.2%
U.S. Geological Survey	1,230,666	1,193,546	37,120	3.1%
Eliminations	(27,687)	(31,018)	3,331	-10.7%
Net Costs - by Bureau	**$ 18,802,340**	**$ 17,870,891**	**$ 931,449**	**5.2%**

As presented in the table above and the chart on the next page, 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 2019 was attributable to higher oil and gas production volumes and increased oil and gas lease sales.



	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 2019	$5,453	$3,603	$1,209	$3,084	$2,022	$1,088	$2,343
FY 2018	$5,664	$2,415	$1,261	$2,896	$1,968	$1,148	$2,519

Analysis of Net Cost – Economic Contributions

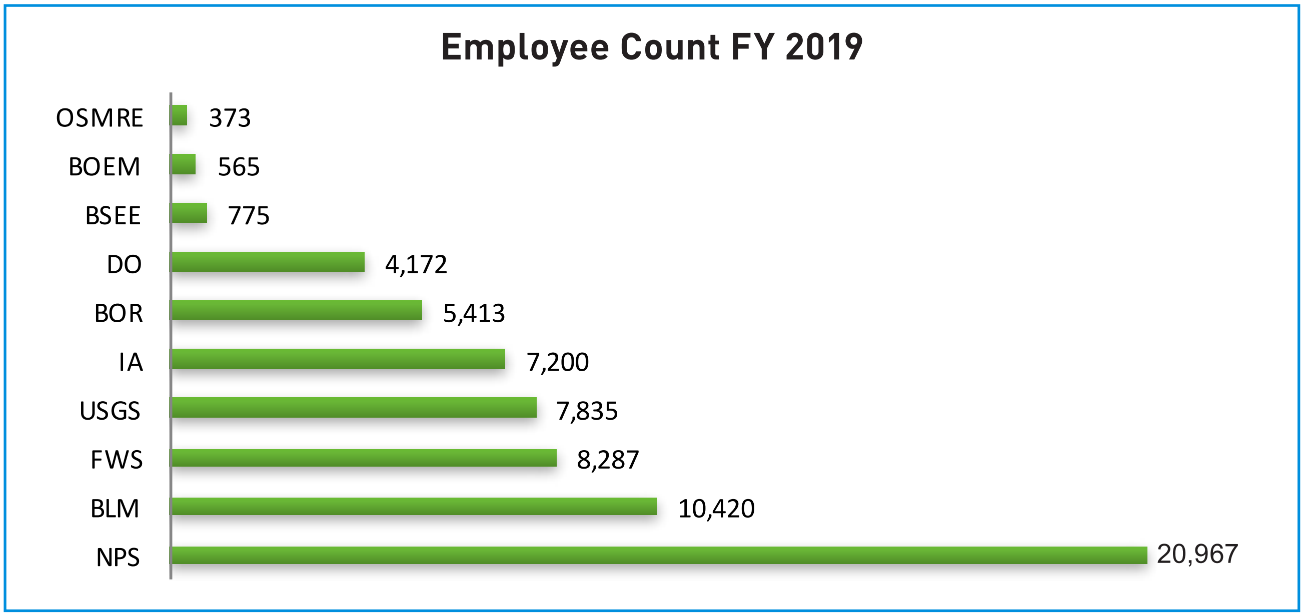
According to DOI's most recent economic report, DOI plays a substantial role in the U.S. economy, supporting an estimated 1.8 million jobs, providing approximately $183 billion in contributions to GDP and $315 billion in economic activity. The DOI's economic contributions arise as the Department carries 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. The DOI management 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, providing roughly a quarter of the Nation's domestic supplies of oil and natural gas. These oil and gas 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://www.doi.gov/sites/doi.gov/files/uploads/fy-2018-econ-report-final-9-30-19-v2.pdf.***

- **Fossil Fuel Energy:** Oil, gas, and coal produced from DOI-managed lands provided contributions to GDP of approximately $92 billion, estimated economic output contribution of $150 billion, and an estimated 643,000 jobs.
- **Renewable Energy:** Hydropower, wind and solar power projects on DOI lands were estimated to contribute $3.8 billion in economic output and support over 15,000 jobs.
- **Recreation:** Americans and foreign visitors made an estimated 486 million visits to DOI-managed lands. These visits supported approximately 452,000 jobs, contributions to GDP provided by visitors to DOI sites was estimated to be $33.4 billion, and economic output was estimated to be $58.1 billion.
- **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 $34.5 billion in contributions to GDP, about $63.4 billion in economic output, and supported an estimated 466,000 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 $8.2 billion in contributions to GDP, economic contributions of $12.75 billion, and supported employment of about 97,600 jobs.
- **Timber:** Sawtimber harvested on Tribal lands and DOI-managed lands supported about $0.3 billion in contributions to GDP, $0.8 billion in economic output, and approximately 3,000 jobs. The DOI forestry lands provide various other products including biomass, fuel wood, poles, and posts in addition to sawtimber.

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 employs 66,007 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 52,150 full-time permanent staff and 13,857 part-time and seasonal staff.



Employee Count - Total 66,007
(All employees regardless of work schedule or type of appointment)

Work Schedule Information	Full Time Permanent	Other[1]	Total
IA	4,129	3,071	7,200
BLM	8,834	1,586	10,420
BOEM	555	10	565
BOR	5,213	200	5,413
BSEE	766	9	775
DO	3,935	237	4,172
FWS	7,308	979	8,287
NPS	14,909	6,058	20,967
OSMRE	370	3	373
USGS	6,131	1,704	7,835
Total Employees by Bureau	**52,150**	**13,857**	**66,007**

[1]Other includes Part-Time and Seasonal Employees

Total Payroll & Benefits		*(dollars in thousands)*
IA	$	682,980
BLM		1,091,093
BOEM		87,525
BOR		679,681
BSEE		117,758
DO		652,169
FWS		991,530
NPS		1,850,351
OSMRE		52,891
USGS		934,790
Total	**$**	**7,140,768**

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.

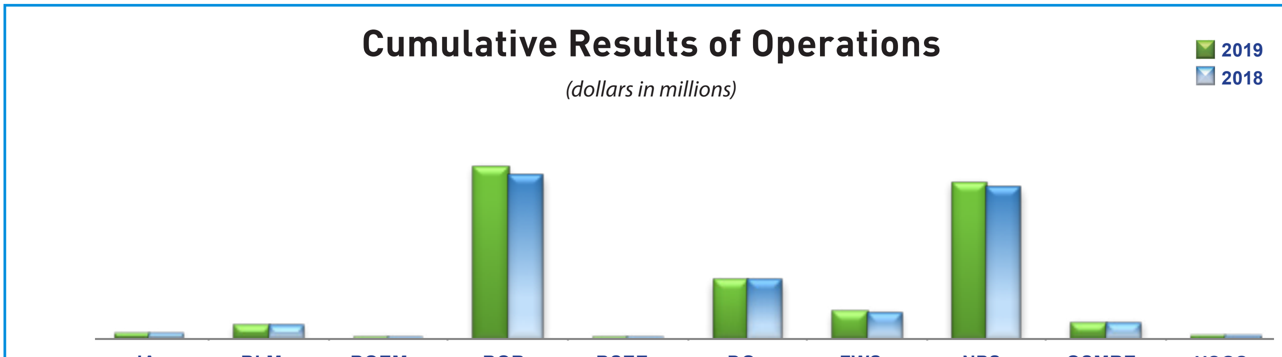
Summary information regarding these expenses is provided in the table below. An in-depth discussion is provided in Section 2: Financial Information. See Required Supplementary Information.

Stewardship Investments *(dollars in thousands)*	FY 2019	FY 2018	Increase/ (Decrease)	% Change
Non-Federal Physical Property	$ 223,000	$ 291,000	(68,000)	-23.4%
Research and Development	$ 1,029,000	1,235,000	(206,000)	-16.7%
Human Capital	$ 931,000	$ 889,000	42,000	4.7%

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.

Net Position *(dollars in thousands)*	FY 2019	FY 2018	Increase/ (Decrease)	% Change
Unexpended Appropriations	9,337,895	$ 8,167,008	1,170,887	14.3%
Cumulative Results of Operations	80,006,510	77,724,195	2,282,315	2.9%
Net Position	**$ 89,344,405**	**$ 85,891,203**	**$ 3,453,202**	**4.0%**



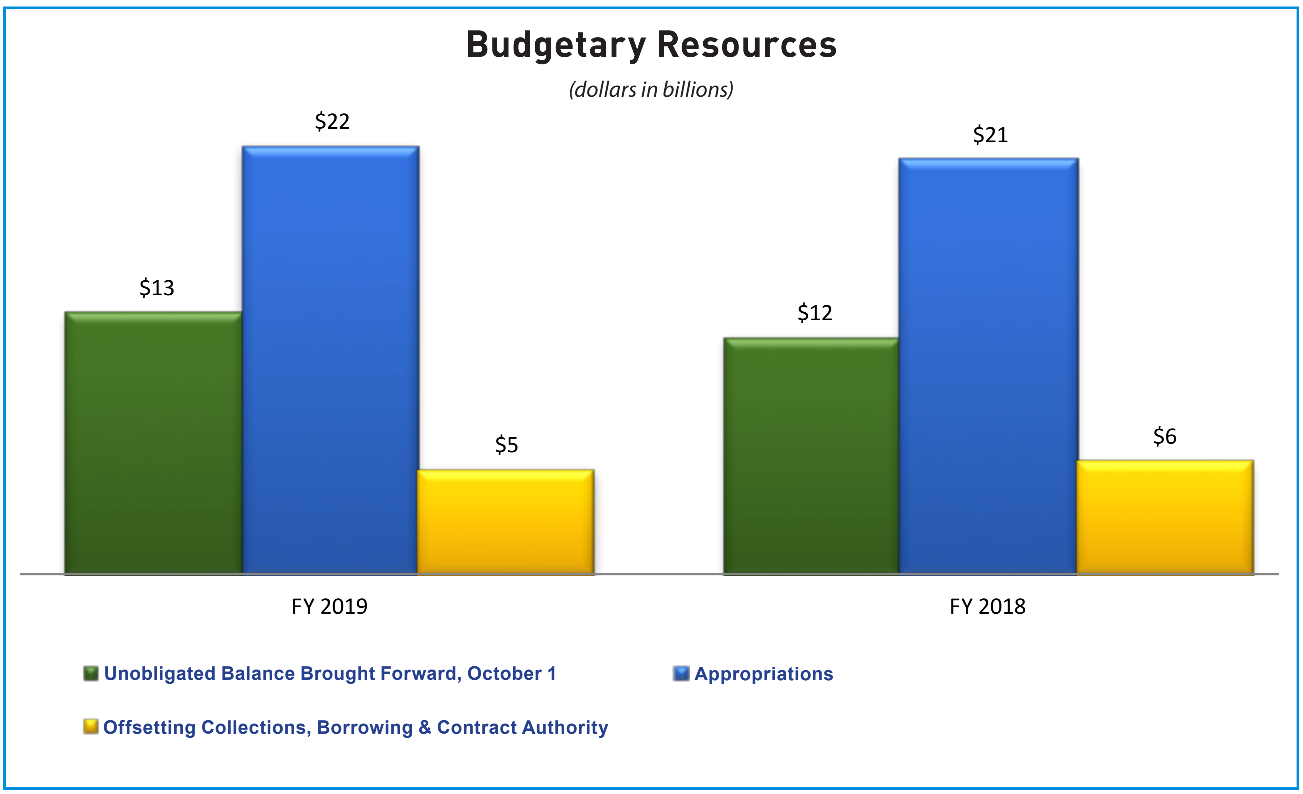
	IA	BLM	BOEM	BOR	BSEE	DO	FWS	NPS	OSMRE	USGS
FY 2019	$744	$2,339	$73	$30,620	$136	$10,301	$4,705	$27,918	$2,731	$440
FY 2018	$865	$2,292	$118	$29,145	$150	$10,394	$4,594	$26,958	$2,746	$462

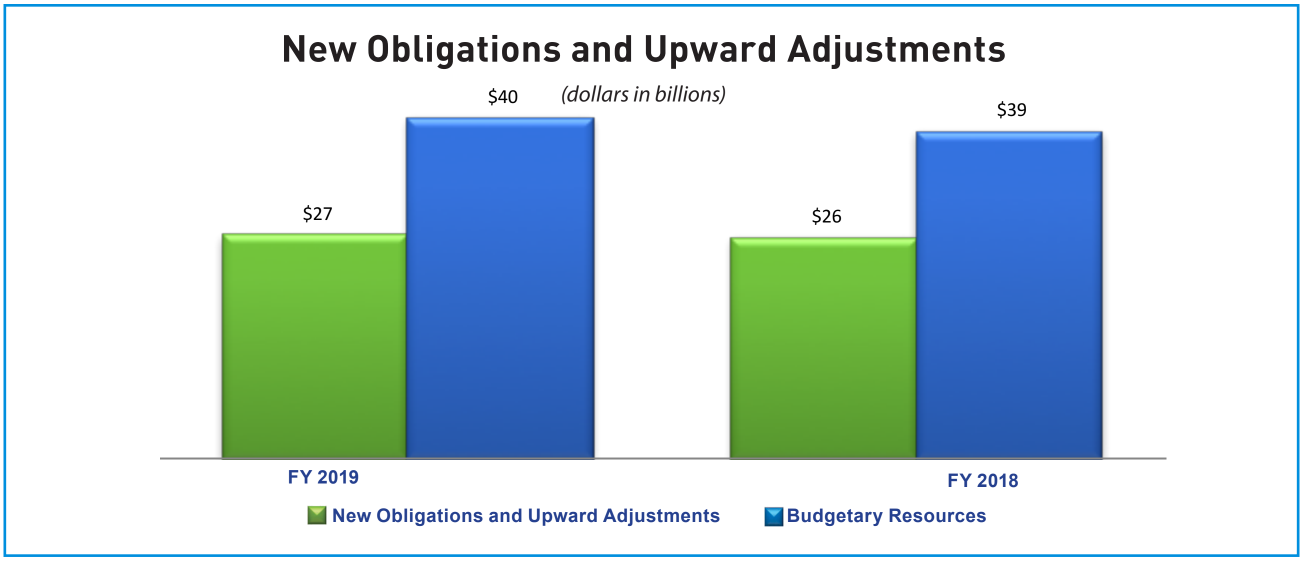
Analysis of Budgetary Resources

Key Budgetary Measures *(dollars in thousands)*	FY 2019	FY 2018	Increase/ (Decrease)	% Change
Unobligated Balance Brought Forward, October 1	$ 13,330,283	$ 12,036,721	$ 1,293,562	10.7%
Appropriations (discretionary and mandatory)	21,840,117	21,149,680	690,437	3.3%
Offsetting Collections, Borrowing & Contract Authority	5,306,046	5,726,152	(420,106)	-7.3%
Total Budgetary Resources	**$ 40,476,446**	**$ 38,912,553**	**$ 1,563,893**	**4.0%**
New Obligations & Upward Adjustments	26,567,350	26,247,833	319,517	1.2%
Apportioned, Unexpired	13,694,443	12,416,944	1,277,499	10.3%
Unapportioned, Unexpired & Expired, Unobligated Balance, End of Year	214,653	247,776	(33,123)	-13.4%
Status of Budgetary Resources	**$ 40,476,446**	**$ 38,912,553**	**$ 1,563,893**	**4.0%**

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.

FY 2019 budgetary resources remained relatively stable. The increase in the unobligated balance brought forward is primarily attributable to disaster relief supplemental funding received at the end of FY 2018. The increase in apportioned, unexpired resources is attributable to increased construction funding and additional disaster relief funding received in FY 2019.

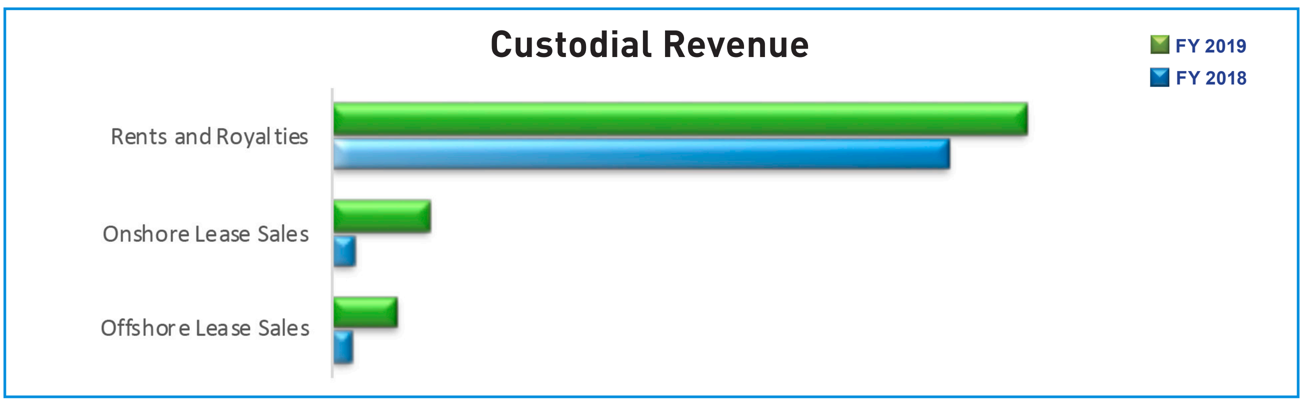




Analysis of Custodial Activity

Custodial Activity (dollars in thousands)	FY 2019	FY 2018	Increase/ (Decrease)	% Change
Rents and Royalties	$ 8,885,891	$ 7,896,319	$ 989,572	12.5%
Onshore Lease Sales	1,230,267	278,027	952,240	342.5%
Offshore Lease Sales	831,525	244,228	587,297	240.5%
Total Custodial Revenue	**$ 10,947,683**	**$ 8,418,574**	**$ 2,529,109**	**30.0%**

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 and 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 2019 increase in custodial activity is attributable to higher production volumes in both oil and natural gas, adjudication and recognition of the New Mexico lease sale that was recorded by the BLM in FY 2018, and increased bonus values for renewable energy leases issued on the Outer Continental Shelf.



Limitations of Financial Statements

Management prepares the accompanying financial statements to report the financial position and results of operations for DOI pursuant to the requirements of Chapter 31 of the U.S.C. Section 3515(b). While these statements have been prepared from the records of DOI in accordance with GAAP and formats prescribed in OMB Circular No. A-136, *Financial Reporting Requirements*, these statements are in addition to the financial reports used to monitor and control the budgetary resources that are prepared from the same records. These statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity.

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. 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.

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 Outer Continental Shelf;
- 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*; and
- Modifying our business practices and processes to eliminate unnecessary steps and duplicative reviews, while maintaining rigorous environmental standards.

As we advance through FYs 2020-2022, we are committed to maintaining the core functions of our mission and prioritize our activities to cost-effectively carry out these missions on behalf of the American people.

The goals of our senior executives are to provide leadership in achieving the priorities of the Secretary. Moving forward, DOI Senior Executive Leadership is expected to 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 missions and goals that guide our leadership, management, and workforce are addressed in the paragraphs below.

- **Conserving 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 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 utilize 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, best science, and 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 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 assumed an expanded role in the operation of Native American programs through Public Law 93-638, *Indian Self-Determination and Education Assistance Act*, contracting. Tribes contract with the Federal Government to operate programs serving their Tribal members and other eligible persons.

  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 but 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 to protect life and property.

- **Modernizing our organization and infrastructure for the next 100 years** – The DOI has a proud history spanning 169 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 Interior regions applicable to all of our bureaus except for BIA, OST, and BIE. How these three entities may ultimately relate to the new regions is the subject of ongoing conversations with the Tribes. The Interior 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 teams of career bureau senior executives so that better and more timely decisions are made by our leaders who are literally closer to the people and resources affected by the decision.

  We established the 12 Interior regions late in FY 2018, refined this concept throughout FY 2019, and are addressing remaining administrative and information technology system details in FY 2019. Our continuing focus 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.

  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 will focus on robust partnerships, improved land use planning to ensure balanced stewardship, and prudent use of the public lands.

- **Improvements to management and oversight of financial assistance and Tribal awards** - 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. We are implementing in FY 2020 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 HHS. 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.

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

Memorandum

NOV 15 2019

To: Secretary Bernhardt

From: Mark L. Greenblatt
Inspector General

Subject: Independent Auditors' Report on the U.S. Department of the Interior's Financial Statements for Fiscal Years 2019 and 2018
Report No. 2019-FIN-032

This memorandum transmits the KPMG LLP auditors' report of the U.S. Department of the Interior's (DOI) financial statements for fiscal years (FYs) 2019 and 2018. 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 ended September 30, 2019, and 2018. 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's *Financial Audit Manual*.

In its audit, KPMG reported the following:

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

Office of Inspector General | Washington, DC

- No instances in which the DOI's financial management systems did not substantially comply 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 report and related documentation and inquired of its representatives. Our review, unlike 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 15, 2019, 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 our recommendations; and recommendations that have not been implemented. We will include the information in the attached report in our next semiannual report.

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, 2019 and 2018, and the related consolidated statements of net cost, consolidated statements of changes in net position, combined statements of budgetary resources and statements of custodial activity 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 audit 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, 2019 and 2018, 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.

KPMG

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, Required Supplementary Information, and Required Supplementary Stewardship 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 is 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, 2019, we considered the Department's internal control over financial reporting (internal control) to determine the audit 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, and D 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, 2019 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 determination of financial statement amounts. 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 and presented as a separate attachment dated November 15, 2019 titled *Response to Independent Auditors' Report*. 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 15, 2019

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 2019, we noted several deficiencies in the areas of financial reporting, construction in progress, general information technology controls, and entity level controls that highlighted the need for improved financial management and reporting review at the Department.

MATERIAL WEAKNESS

A. Controls over Financial Reporting

Conditions

The Department did not consistently or effectively perform review controls over the preparation of Bureaus' financial information and the Department's financial statements and related note disclosures. As a result, we identified the following errors during our review of the Bureaus' financial information and the Department's third quarter and fiscal year-end financial statements disclosures:

Misclassification of costs in the Statement of Net Cost. Changes to the mapping of program costs to the appropriate major program financial statement line items, which are based on a bureau's major activities and programs, were not communicated to the Department by a bureau resulting in a misclassification of costs within the major programs presented on the Statement of Net Cost and the related notes of $23.8 million;

Misclassification of Status of Funds in the Fund Balance with Treasury Note Disclosure. The invested amount of $203 million was incorrectly classified as Unobligated, Unavailable and should have been classified as Unobligated, Available within the note;

Environmental Liabilities Note Disclosure. Unsupported changes to the Environmental and Disposal Liabilities database resulted in an overstatement to the reasonably possible range of Environmental and Disposal Liabilities of $300 million and of $1.3 billion, to the lower and upper ranges respectively as of September 30, 2019;

Misclassification of Liabilities Not Covered by Budgetary Resourses Note Disclosures. Liability accounts of $495 million were incorrectly classified as Liabilities Covered by Budgetary Resources and should have been classified as Liabilities Not Requiring Budgetary Resources within the note; and

Stewardship Property Plant and Equipment Note Disclosure. Changes to the reported stewardship property, plant and equipment balances, through reported additions and withdrawals, were unsupported and untimely within the various tables of the note disclosure.

As a result of our observations in the areas noted above, the Department made multiple corrections to its third quarter and fiscal year-end financial statements and related note disclosures for a combined amount of approximately $2 billion. Collectively, we considered these deficiencies to be a material weakness in internal control.

Exhibit I

Criteria

- Government Accountability Office (GAO) Standards for Internal Control in the Federal Government (Green Book) Principle 4, 10, 11, 12, 14, 16, 17 – *Demonstrate Commitment to Competence, Design Control Activities, Design Activities for the Information Systems, Implement Control Activities, Communicate Internally, Perform Monitoring Controls, Evaluate Issues and Remediate Deficiencies*
- Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*
- Statement of Federal Financial Accounting Standards 4: *Managerial Cost Accounting Standards and Concepts*
- Department of the Interior Financial Management Memorandum (FMM) 2019-012, *FY 2019 Requirements for the Consolidated Audit*
- OMB Circular No. A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control, Section IV, Assessing Internal Control.*
- Federal Financial Accounting and Auditing Technical Release Number 2: *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government*

Cause and Effect

Existing controls for review and monitoring of the financial statement preparation process were not operating effectively to timely prevent or detect and correct a material misstatement of the Department's financial statements. Contributing to this deficiency were the following main causes:

- The Department lacked a sufficient number of personnel resources to assist in the preparation and review of the consolidated financial statements and related note disclosures.
- Lack of accountability of some bureau personnel preparing and reviewing financial information submitted to the Department during the preparation of the financial statements and related note disclosures.
- The Department did not provide appropriate training for new personnel who performed the associated control activities.
- The Department did not provide sufficient guidance and effective communication channels, between the Department and the bureaus, to ensure appropriate policies and procedures were being implemented and changes to reporting details were being reported.

Without the proper monitoring controls operating effectively, the Department is exposed to an increased risk that significant 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 bureaus enhance internal control over financial reporting as follows:

1 Increase the number of personnel resources assisting in the preparation and review of the consolidated financial statements and related disclosures.

2 Provide training to personnel who are preparing and reviewing financial reporting information submitted to the Department to ensure figures are complete, accurate and in compliance with accounting standards.

Exhibit I

3 Reinforce the importance of monitoring controls and enforce accountability at the bureau level to ensure that controls over financial reporting are effective. In addition, enhance variance analysis of financial statements and required disclosures, to an appropriate level of precision, to timely identify matters that may, in the aggregate, be material to the consolidated financial statements.

4 Enhance process documentation of procedures performed over financial reporting data in conjunction with designing and implementing controls over changes to database listings, crosswalk templates and system configurations and enhancing communication channels between the bureaus and the Department.

SIGNIFICANT DEFICIENCIES

B. Controls over Construction in Progress

During fiscal year 2019, the Department initiated implementation of corrective action plans to address long-standing internal control weaknesses and strengthen 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 fiscal year 2020.

Condition

The Department reported $2.2 billion as CIP, as of September 30, 2019. Controls were not operating effectively to ensure that completed CIP projects were monitored and transferred to property, plant, and equipment (PP&E) in a timely manner. Specifically we noted approximately $62.9 million of completed projects were not transferred from CIP into the associated completed PP&E account in a timely manner.

Criteria

- GAO Standards for Internal Control in the Federal Government (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.*
- Bureau of Reclamation (BOR) Temporary Reclamation Manual Release 92 (TRMR-92), *Assets Under Construction.*

Cause and Effect

Project Managers did not perform a sufficient and timely review over common costs (e.g. costs applicable to multiple project features) incurred for CIP projects. Upon review in fiscal year 2019, the project managers and regional accountants determined a portion of common costs should have been allocated to project features that were completed and transferred to PP&E in prior fiscal years, and thus, represented an untimely transfer. As a result, prior year CIP balances were overstated, completed PP&E balances were understated, and there was a misclassification within the PP&E note disclosure. Additionally, accumulated depreciation and the related depreciation expense was understated in the current and prior year. If left un-remediated, these conditions present an increased risk that errors in PP&E will not be prevented, or detected and corrected, by the Departments' management in the normal course of performing their assigned functions.

Exhibit I

Recommendations:

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

1 Reinforce current policies and procedure to ensure that all project managers and property accountants are trained and properly supervised on matters affecting the presentation on the financial statements, including adhering to accounting policies and procedures, as appropriate, and performing key internal control functions in support of financial reporting.

2 Enhance the quarterly CIP analysis control to include evaluating common CIP costs to ensure costs are appropriately recorded as CIP or, if applicable to completed plant, are transferred out of CIP.

3 Enhance regional and corporate accounting oversight processes to mitigate the risk of untimely transfer of CIP.

4 Perform an assessment and update Department-wide PP&E policies and procedures, as applicable, over the timely transfer of CIP costs to ensure consistent monitoring of assets under construction and assignment of responsibilities.

C. General Information Technology Controls

Conditions

During fiscal year 2019, we noted several deficiencies related to Information Technology (IT) controls that are summarized as follows:

1 Monitoring of Third Party Providers

The Department contracted with a third-party IT contractor (service organization) to perform certain operational processes such as the hosting of the financial management system (application) as well as provide certain control activities related to configuration management of its operating system.

The Department has designed and implemented a process to evaluate System and Organization Controls (SOC) reports of relevant service organizations to ensure the Department understands the controls each service organization designed, implemented, and operates for the assigned operational process and how the service organization's internal control system impacts the Department's internal control system.

In the absence of a timely-issued SOC report, the Department did not design and implement alternative monitoring procedures and controls over service organizations to enable the Department to obtain reasonable assurance that the Department's internal control system operated effectively throughout the entire audit period.

2 Access Controls - Operating System

Access controls are designed to limit or detect access to computer programs, data, equipment, and facilities to protect these resources from unauthorized modification, disclosure, loss, or impairment. Such controls include logical and physical security controls. The Department had not adequately documented and consistently implemented certain control activities, in the operating system layer, related to system account access and segregation of duties.

Criteria

- GAO Standards for Internal Control in the Federal Government (Green Book) Principles 3, 6, 9, 11 and 16 – Establish Structure, Responsibility, and Authority; Define Objectives and Risk Tolerances;

Exhibit I

Identify, Analyze and Respond to Change; Design Activities for the Information System; 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
- Department of the Interior Office of the Chief Information Officer (OCIO) Security Control Standard – System and Service Acquisition, section SA-9 External Information System Services

Cause and Effect

The Department did not perform a thorough risk assessment to capture significant changes to the control environment at the service organization and to evaluate the potential impact of not having formally-defined and implemented processes for the operating system controls. Inadequate monitoring of internal controls in place at service organizations and inadequately documented internal control activities, increases the risk that IT controls critical to financial reporting may be deficient, and such deficiencies may not be fully understood or responded to, leading to an increased risk to financial data integrity.

Recommendations

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

1 Establish communications with relevant service organizations to understand the SOC Reports including planned scope, release date, reporting period and any other topics relevant to support reliance on these reports for monitoring purposes and understand how the service organization's internal control system impacts the Department's internal control system. If a service organization will not issue a report that provides adequate coverage, the Department should develop and perform alternative monitoring procedures over the internal controls relevant to the service organization to ensure they are designed, implemented and operating effectively throughout the financial statement reporting period.

2 Formally document and implement IT controls, including updating policies and procedures which cover each IT layer, that ensure compliance with the Department's IT Security Control Standards.

D. Entity-Level Controls

Management is continually seeking ways to improve accountability in achieving an entity's mission. A key factor in improving accountability in achieving an entity's mission is to implement an effective internal control system. 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 Department needs to address weaknesses in its entity-wide control environment as we have observed four entity-wide control environment conditions through our procedures that have a pervasive influence on the effectiveness of controls. These common themes, which contributed to the deficiencies noted above, are described as follows:

- Personnel - Personnel help management design, implement, and operate an internal control system and are responsible for reporting issues noted in the entity's operations, reporting, or compliance objective. Specifically, insufficient succession and contingency planning to address the need to replace competent personnel and respond to sudden personnel changes compromised the internal

Exhibit I

control system. For example, due to the lack of resources to perform the relevant control activities, including management reviews, errors were noted within the preparation of the financial statements and related disclosures.

- Training - Enable individuals to develop competencies appropriate for key roles, reinforce standards of conduct, and tailor training based on the needs of the role. Specifically, the Department and bureaus lacked appropriate and sufficient training to ensure that personnel understand standard operating procedures and the underlying accounting literature for accounts such as Construction in Process common costs and the classification of Environmental and Disposal Liabilities.
- Risk Assessment - Assesses the risks facing the entity as it seeks to achieve its objectives. This assessment provides the basis for developing appropriate risk responses. Specifically, inadequate risk assessment throughout the Department, including bureaus, prevented the proper identification and analysis of risks facing the Department and from designing appropriate risk responses. For example, the Department did not identify the risk that the SOC report did not cover the appropriate period to obtain reasonable assurance that the relevant controls activities, delegated to this service provider, operated effectively throughout the entire audit period.
- Monitoring - Activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews. Specifically, insufficient monitoring prevented the Department from monitoring the internal control system as a part of the normal course of operations, including regular management and supervisory activities, comparisons, reconciliations and other routine actions. For example, we noted the unsupported changes to the Environmental and Disposal Liabilities estimate ranges and incomplete mapping of cost to the Statement of Net Cost missions were not identified at the bureau level and were not reviewed or analyzed, by the Department, before being provided as audit evidence.

Criteria

- GAO Standards for Internal Control in the Federal Government (Green Book) Principles 4, 7 and 16 – Demonstrate Commitment to Competence; Identify, Analyze and Respond to Risk; and Perform Monitoring Activities, respectively.

Recommendations

We recommend management implement the following recommendations to improve the effectiveness of entity-level controls:

1 Personnel – Perform an assessment of employee resources in the Office of Financial Management and the bureaus to ensure an appropriate complement of resources are in place to manage accounting and reporting matters as they arise and through the normal course of business. Additionally, the Department should perform a full analysis of the Financial Reporting process, including the communication reporting lines between bureaus and the Department, to identify inefficiencies that could be eliminated and to find areas which would be conducive for automation.

2 Training – Regional and operations personnel should be trained and properly supervised on financial management matters that affect the financial statements, including adhering to accounting policies and procedures, as appropriate and performing key internal control functions in support of financial reporting.

3 Risk Assessment – Improve the risk assessment process at the financial statement assertion level and at the process level to ensure the Department is appropriately capturing significant changes in the control environment and subsequently responding to those risks at both the Bureau and Department level.

Exhibit I

4 Monitoring – 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.

United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

Memorandum

NOV 15 2019

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

From: Susan Combs, Assistant Secretary for Policy, Management and Budget (PMB)

Subject: Management's Response to Independent Auditors' Report for Fiscal Year (FY) 2019 (Assignment No. 2019-FIN-032)

The Department of the Interior (DOI) reviewed the Auditors' Report prepared by KPMG LLP. We are pleased that the results of the audit are an unmodified opinion on DOI's Consolidated Financial Statements. The DOI appreciates the recommendations from the auditors, and we look forward to working with you to continue improving financial management in our Agency. Our response to the one material weakness and three significant deficiencies follows.

INTERNAL CONTROL OVER FINANCIAL REPORTING

A. Controls over Financial Reporting

Management concurs. In the FY 2020, we will do an assessment in the Office of Financial Management (PFM) to determine the number of personnel resources deemed necessary for the preparation and review of the consolidated financial statements and related disclosures. In addition, we will focus efforts on assessing and implementing any necessary enhancements over DOI's review and monitoring of the financial statement preparation process, including creating and updating relevant policies and standard operating procedures and providing training to bureau personnel responsible for the preparation and review of financial reporting information.

B. Controls over Construction in Progress

Management concurs. In FY 2019, DOI strengthened policies and procedures to aggregate and analyze property, plant, and equipment activities on a Department-wide basis. In FY 2020, we will enhance existing policies, procedures, and controls over construction in progress.

C. General Information Technology Controls

Management concurs. In FY 2020, we will develop alternative monitoring procedures to ensure that service organizations and effective internal controls are implemented and operating throughout the financial statement reporting period. We will work to formally document and implement IT controls, including updated policies and procedures that comply with the department's IT Security Control Standards.

D. Entity-Level Controls

Management concurs. The four entity level controls responses are below, in FY 2020:

- We will assess PFM to determine the number of personnel necessary to ensure an appropriate compliment of resources needed to manage accounting, reporting, and oversight matters. We will also analyze the financial reporting process across the department to identify inefficiencies and find areas for automation.
- Financial Management training for both regional and headquarters will commence in the second quarter of FY 2020 with ongoing training occurring throughout the fiscal year.
- The PFM will work within its role to ensure that a risk management approach addressing the financial statement assertions is developed and implemented department-wide.
- We will assess the financial reporting and policy processes across the department to develop key monitoring controls. This will increase oversight and accountability.

In closing, I would like to thank your office for contributing to a strong internal control environment within DOI. 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.

Consolidated Balance Sheet
as of September 30, 2019 and 2018

(dollars in thousands)	FY 2019	FY 2018
ASSETS (Note 8)		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	$ 60,785,350	$ 58,214,776
Investments, Net (Note 3)	9,884,781	9,587,617
Accounts and Interest Receivable	1,619,268	1,554,225
Other	12,993	3,577
Total Intragovernmental Assets	**$ 72,302,392**	**$ 69,360,195**
Cash	399	414
Investments, Net (Note 3)	-	48,537
Accounts and Interest Receivable, Net (Note 4)	7,643,237	8,110,988
Loans and Interest Receivable, Net (Note 5)	49,725	53,624
Inventory and Related Property (Note 6)	47,940	50,202
General Property, Plant, and Equipment, Net (Note 7)	21,941,591	21,481,980
Other	186,468	173,273
TOTAL ASSETS	**$ 102,171,752**	**$ 99,279,213**
Stewardship PP&E (Note 9)		
LIABILITIES (Note 14)		
Intragovernmental Liabilities:		
Accounts Payable	$ 701,854	$ 650,353
Debt (Note 10)	41,767	56,937
Other:		
Liability for Capital Transfers to the General Fund (Note 11)	1,513,004	1,552,900
Advances and Deferred Revenue	363,374	475,556
Custodial Liability	1,124,658	1,018,891
Judgment Fund Liability	1,222,076	1,221,373
Other Miscellaneous Liabilities	501,497	413,703
Total Intragovernmental Liabilities	**$ 5,468,230**	**$ 5,389,713**
Accounts Payable	1,017,830	1,030,799
Loan Guarantee Liability (Note 5)	133,379	30,808
Federal Employee and Veteran Benefits (Note 12)	1,312,567	1,381,729
Environmental and Disposal Liabilities (Note 13)	920,885	869,870
Other:		
Contingent Liabilities (Note 13)	174,929	73,788
Trust Land Consolidation Program Liability	264,995	454,278
Advances and Deferred Revenue	979,341	1,895,381
Payments Due to States	992,194	690,779
Grants Payable	427,153	453,230
Other Miscellaneous Liabilities	1,135,844	1,117,635
TOTAL LIABILITIES	**$ 12,827,347**	**$ 13,388,010**
Commitments and Contingencies (Notes 13 and 15)		
NET POSITION (NOTE 16)		
Unexpended Appropriations - Funds from Dedicated Collections (Note 16)	1,227,732	1,036,621
Unexpended Appropriations - All Other Funds	8,110,163	7,130,387
Cumulative Results of Operations - Funds from Dedicated Collections (Note 16)	73,708,275	76,267,990
Cumulative Results of Operations - All Other Funds	6,298,235	1,456,205
TOTAL NET POSITION	**$ 89,344,405**	**$ 85,891,203**
TOTAL LIABILITIES AND NET POSITION	**$ 102,171,752**	**$ 99,279,213**

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

Consolidated Statement of Net Cost
for the years ended September 30, 2019 and 2018

(dollars in thousands)	FY 2019	FY 2018
Conserving Our Land and Water		
Gross Costs	$ 6,595,139	$ 6,846,353
Less: Earned Revenue	1,141,614	1,182,400
Net Cost	5,453,525	5,663,953
Generating Revenue & Utilizing Our Natural Resources		
Gross Costs	4,036,843	3,139,789
Less: Earned Revenue	434,083	725,185
Net Cost	3,602,760	2,414,604
Expanding Outdoor Recreation and Access		
Gross Costs	1,732,323	1,769,247
Less: Earned Revenue	523,523	508,644
Net Cost	1,208,800	1,260,603
Fulfilling Our Trust & Insular Responsibilities		
Gross Costs	3,428,933	3,200,278
Less: Earned Revenue	345,368	303,838
Net Cost	3,083,565	2,896,440
Protecting Our People and the Border		
Gross Costs	2,243,373	2,225,291
Less: Earned Revenue	221,372	257,136
Net Cost	2,022,001	1,968,155
Modernizing Our Organization & Infrastructure for the Next 100 Years		
Gross Costs	1,236,170	1,300,579
Less: Earned Revenue	147,908	152,642
Net Cost	1,088,262	1,147,937
Reimbursable Activity and Other		
Gross Costs	4,378,471	4,662,926
Less: Earned Revenue	2,035,044	2,143,727
Net Cost	2,343,427	2,519,199
TOTAL		
Gross Costs	23,651,252	23,144,463
Less: Earned Revenue	4,848,912	5,273,572
Net Cost of Operations (Notes 17 and 19)	**$ 18,802,340**	**$ 17,870,891**

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

Consolidated Statement of Changes in Net Position

for the years ended September 30, 2019 and 2018

	FY 2019				FY 2018			
(dollars in thousands)	Combined Funds from Dedicated Collections (Note 16)	Combined All Other	Eliminations	Consolidated	Combined Funds from Dedicated Collections (Note 16)	Combined All Other	Eliminations	Consolidated
UNEXPENDED APPROPRIATIONS								
Beginning Balance	$ 1,036,701	$ 7,130,584	$ (277)	$ 8,167,008	$ 913,074	$ 5,729,956	$ (277)	$ 6,642,753
BUDGETARY FINANCING SOURCES								
Appropriations Received, General Funds	488,104	13,953,474	-	14,441,578	392,922	14,389,709	-	14,782,631
Appropriations Transferred In/(Out)	-	74,819	-	74,819	-	34,519	-	34,519
Appropriations - Used	(296,003)	(12,960,737)	-	(13,256,740)	(269,295)	(12,929,056)	-	(13,198,351)
Other Adjustments	(990)	(87,780)	-	(88,770)	-	(94,544)	-	(94,544)
Net Change	191,111	979,776	-	1,170,887	123,627	1,400,628	-	1,524,255
Ending Balance - Unexpended Appropriations	$ 1,227,812	$ 8,110,360	$ (277)	$ 9,337,895	$ 1,036,701	$ 7,130,584	$ (277)	$ 8,167,008
CUMULATIVE RESULTS OF OPERATIONS								
Beginning Balance	$ 73,395,888	$ 4,328,030	$ 277	$ 77,724,195	$ 71,601,495	$ 4,441,801	$ 277	$ 76,043,573
Budgetary Financing Sources								
Appropriations - Used	296,003	12,960,737	-	13,256,740	269,295	12,929,056	-	13,198,351
Royalties Retained	5,678,853	-	-	5,678,853	4,284,291	-	-	4,284,291
Non-Exchange Revenue	1,112,422	165,645	-	1,278,067	1,130,986	58,306	-	1,189,292
Transfers In/(Out) without Reimbursement	442,994	47,420	137,060	627,474	405,502	31,372	122,333	559,207
Donations and Forfeitures of Cash and Cash Equivalents	61,642	-	-	61,642	52,040	-	-	52,040
OTHER FINANCING SOURCES								
Donations and Forfeitures of Property	8,578	8,904	-	17,482	28,255	12,556	-	40,811
Transfers In/Out without Reimbursement	(44,997)	183,361	(137,060)	1,304	(97,287)	219,507	(122,333)	(113)
Imputed Financing from Costs Absorbed by Others	75,557	469,300	(27,687)	517,170	73,123	458,117	(31,019)	500,221
Other Non-Budgetary Financing Sources/(Uses)	56,634	(410,711)	-	(354,077)	10,050	(282,637)	-	(272,587)
Total Financing Sources	7,687,686	13,424,656	(27,687)	21,084,655	6,156,255	13,426,277	(31,019)	19,551,513
Net Cost of Operations	(5,281,307)	(13,548,720)	27,687	(18,802,340)	(4,361,862)	(13,540,048)	31,019	(17,870,891)
Net Change	2,406,379	(124,064)	-	2,282,315	1,794,393	(113,771)	-	1,680,622
Ending Balance - Cumulative Results of Operations	75,802,267	4,203,966	277	80,006,510	$ 73,395,888	$ 4,328,030	$ 277	$ 77,724,195
TOTAL NET POSITION	**$ 77,030,079**	**$ 12,314,326**	**$ -**	**$ 89,344,405**	**$ 74,432,589**	**$11,458,614**	**$ -**	**$ 85,891,203**

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

Combined Statement of Budgetary Resources

for the years ended September 30, 2019 and 2018

(dollars in thousands)	Budgetary Accounts FY 2019	Non-Budgetary Credit Program Financing Accounts FY 2019	Budgetary Accounts FY 2018	Non-Budgetary Credit Program Financing Accounts FY 2018
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net	$ 13,285,627	$ 44,656	$ 11,986,507	$ 50,214
Appropriations (discretionary and mandatory)	21,840,117	-	21,149,680	-
Borrowing Authority (discretionary and mandatory)	-	172	-	18,043
Contract Authority (discretionary and mandatory)	28,140	-	28,020	-
Spending Authority from Offsetting Collections (discretionary and mandatory)	5,254,872	22,862	5,658,494	21,595
Total Budgetary Resources	**$ 40,408,756**	**$ 67,690**	**$ 38,822,701**	**$ 89,852**
Status of Budgetary Resources:				
New Obligations and Upward Adjustments	$ 26,557,874	$ 9,476	$ 26,202,637	$ 45,196
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts	13,636,229	58,214	12,372,288	44,656
Unapportioned, Unexpired Accounts	12,305	-	20,720	-
Unexpired, Unobligated Balance, End of Year	13,648,534	58,214	12,393,008	44,656
Expired, Unobligated Balance, End of Year	202,348	-	227,056	-
Unobligated Balance, End of Year	13,850,882	58,214	12,620,064	44,656
Total Budgetary Resources	**$ 40,408,756**	**$ 67,690**	**$ 38,822,701**	**$ 89,852**
Outlays, Net:				
Outlays, Net (total) (discretionary and mandatory)	19,903,615	(27,594)	19,400,724	22,075
Distributed Offsetting Receipts (-)	(5,998,558)	-	(6,230,864)	-
Agency Outlays, Net (discretionary and mandatory)	**$13,905,057**	**$ (27,594)**	**$ 13,169,860**	**$ 22,075**

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

Statement of Custodial Activity
for the years ended September 30, 2019 and 2018

(dollars in thousands)	FY 2019	FY 2018
Revenues on Behalf of the Federal Government		
Mineral Lease Revenue		
Rents and Royalties	$ 8,885,891	$ 7,896,319
Onshore Lease Sales	1,230,267	278,027
Offshore Lease Sales	831,525	244,228
Total Revenue	**$ 10,947,683**	**$ 8,418,574**
Disposition of Revenue		
Distribution to Department of the Interior		
Departmental Offices	2,642,838	1,803,240
National Park Service Conservation Funds	1,157,754	1,120,245
Bureau of Reclamation	1,759,495	1,226,088
Bureau of Ocean Energy Management	47,455	50,194
Bureau of Safety and Environmental Enforcement	62,601	66,682
Bureau of Land Management	6,191	(21,768)
Fish and Wildlife Service	2,068	1,365
Distribution to Other Federal Agencies		
General Fund of the Treasury	4,904,041	3,510,314
Department of Agriculture	177,039	151,857
Distribution to Indian Tribes and Agencies	-	11
Distribution to States and Others	10,538	16,205
Change in Untransferred Revenue	177,663	494,141
Total Disposition of Revenue	**$ 10,947,683**	**$ 8,418,574**
Net Custodial Activity	**$ -**	**$ -**

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

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

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.

B. Organization and Structure of DOI

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

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

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 and 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 and 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 and 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 and 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 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; 48,000 for mature marijuana plants; and 6,000 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 2019, The BLM law enforcement programs reported seizures of 591,000 mature marijuana plants. These seizures were a result of a joint task force investigation in Riverside, California. The majority of plants were destroyed, with the exception of court required representative samples. The DOI bureau law enforcement did not report significant property seizures in FY 2018. The DOI bureau law enforcement programs did not report significant forfeited property in FY 2019 or FY 2018.

Note 6 provides more information on inventory and related property.

I. General Property, Plant, and 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* (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 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 is authorized to retain a portion of the custodial rental income collected to fund operating costs. 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).

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, using a method that considers historical benefit payment patterns, wage inflation factors, medical inflation factors, and other variables. The DOI recognizes an unfunded liability to the public for these estimated future payments.

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 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 and 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 is effective for 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, 2019 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 2019 and FY 2018, $53 and $36 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, 2019 and 2018, consists of the following:

(dollars in thousands)	FY 2019	FY 2018
Unobligated		
Available	$ 7,310,304	$ 6,343,868
Unavailable	868,278	822,921
Obligated Not Yet Disbursed	9,894,174	9,297,880
Total Budgetary Fund Balance with Treasury	$ 18,072,756	$ 16,464,669
Non-budgetary Fund Balance with Treasury		
Clearing, Deposit, and Unavailable General Fund Receipt Accounts	$ 1,378,323	$ 1,939,750
Unavailable Special Receipt Accounts	41,334,271	39,810,357
Total Non-budgetary Fund Balance with Treasury	42,712,594	$ 41,750,107
Total Fund Balance with Treasury Status	$ 60,785,350	$ 58,214,776

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.

Public securities include marketable securities issued by government-sponsored entities and consist of mortgage backed securities, where cost approximates fair value. The DOI's public securities matured in January 2019.

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 U.S. 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, 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
Public Securities				
Marketable	-	-	-	-
Total Investments	$ 9,873,984	$ 10,797	$ 9,884,781	$ 9,981,413

Investments as of September 30, 2018, consist of the following:

(dollars in thousands)	Cost	Net Amortized (Premium)/ Discount	Investments, Net	Market Value Disclosure
U.S. Treasury Securities				
Marketable	$ 208,982	$ 377	$ 209,359	$ 209,360
Nonmarketable, market-based	9,350,649	7,290	9,357,939	9,285,662
Total U.S. Treasury Securities	9,559,631	7,667	9,567,298	9,495,022
Accrued Interest	20,319	-	20,319	-
Total Federal Investments	$ 9,579,950	$ 7,667	$ 9,587,617	$ 9,495,022
Public Securities				
Marketable	40,905	7,632	48,537	48,607
Total Investments	$ 9,620,855	$ 15,299	$ 9,636,154	$ 9,543,629

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

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, 2019, DOI has recorded over $6.1 billion in accounts receivable and approximately $174 million in interest receivable. 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 2019, 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 $132K 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, 2019 and 2018:

(dollars in thousands)	FY 2019	FY 2018
Accounts and Interest Receivable from the Public		
Accounts and Interest Receivable from Public agencies	$ 7,742,001	$ 8,182,874
Allowance for Doubtful Accounts	(98,764)	(71,886)
Total Accounts and Interest Receivable from the Public, Net	$ 7,643,237	$ 8,110,988

NOTE 5. DIRECT LOANS AND LOAN GUARANTEES

A. Direct Loan and Loan Guarantee Program Names: (dollars in thousands)	FY 2019	FY 2018
Indian Affairs - Direct Loans (Pre-Credit Reform)	$ 536	$ 610
Indian Affairs - Direct Loans (Credit Reform)	1,510	2,306
Indian Affairs - Guaranteed Loans (Pre-Credit Reform)	-	208
Indian Affairs - Guaranteed Loans (Credit Reform)	3,340	3,604
Bureau of Reclamation - Direct Loans (Pre-Credit Reform)	7,257	8,131
Bureau of Reclamation - Direct Loans (Credit Reform)	28,858	30,144
Departmental Offices - American Samoa Government (Credit Reform)	8,224	8,621
Total Loans and Interest Receivable, Net	$ 49,725	$ 53,624

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 *Federal Credit Reform Act* (FCRA), and a Liquidating Fund for loans made prior to 1992.

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

Bureau of Reclamation. The BOR operates loan programs that provide Federal assistance to non-Federal organizations for constructing or improving water resource projects in the western states. The BOR 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, 2019 and 2018, 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	$ 692	$ 23	$ (179)	$ 536
Bureau of Reclamation	14,512	-	(7,255)	7,257
FY 2019 Total	$ 15,204	$ 23	$ (7,434)	$ 7,793
Indian Affairs	$ 778	$ 35	$ (203)	610
Bureau of Reclamation	15,386	-	(7,255)	8,131
FY 2018 Total	$ 16,164	$ 35	$ (7,458)	$ 8,741

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	$ 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
Indian Affairs	$ 382	$ 20	$ 1,904	$ 2,306
Bureau of Reclamation	32,533	-	(2,389)	30,144
Departmental Offices - American Samoa Government	9,879	-	(1,258)	8,621
FY 2018 Total	$ 42,794	$ 20	$ (1,743)	$ 41,071

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 2019 or in FY 2018 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	$ (83)	$ 754	$ 671
Bureau of Reclamation	-	254	254
FY 2019 Total	$ (83)	$ 1,008	$ 925
Indian Affairs	$ (273)	$ 710	$ 437
Bureau of Reclamation	-	59	59
FY 2018 Total	$ (273)	$ 769	$ 496

Total Direct Loan Subsidy Expense	**FY 2019**	**FY 2018**
Direct Loan Programs (Credit Reform)		
Indian Affairs	$ 671	$ 437
Bureau of Reclamation	254	59
Total	$ 925	$ 496

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 2019**	**FY 2018**
Beginning balance of the subsidy cost allowance	$ 1,743	$ 637
Adjustments:		
(a) Subsidy allowance amortization	(655)	(597)
(b) Other	(19)	1,207
Ending balance of the subsidy cost allowance before reestimates	1,069	1,247
Add or subtract subsidy reestimates by component:		
(a) Interest rate reestimate	(83)	(273)
(b) Technical/default reestimate	1,008	769
Total of the above reestimate components	925	496
Ending balance of the subsidy cost allowance	$ 1,994	$ 1,743

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

Table F. Defaulted Guaranteed Loans Receivable from Pre-1992 Guarantees

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

Loan guarantee information, as of September 30, 2019 and 2018 is summarized as follows:

F. Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): *(dollars in thousands)*

Guaranteed Loans (Pre-Credit Reform)	Defaulted Guarantee. Loans Receivable, Gross	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans, Receivable, Net
FY 2019	$ -	$ -	$ -
FY 2018	$ 278	$ (70)	$ 208

Table G. 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.

G. 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 2019	$ 31,758	$ 3,273	$ (31,691)	$ 3,340
FY 2018	$ 34,742	$ 2,586	$ (33,724)	$ 3,604

Table H. Guaranteed Loans Outstanding

The following table details the outstanding principal for loan guarantees as of September 30, 2019 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 2019 and FY 2018 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).

H. Guaranteed Loans Outstanding as of September 30, 2019: *(dollars in thousands)*

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
FY 1992-2017	$ 472,690	$ 425,320
FY 2018	63,154	55,721
FY 2019	29,329	26,396
Total	$ 565,173	$ 507,437
New Guaranteed Loans Disbursed (Current reporting year):		
Amount Paid in Current FY for Prior Years	$ 70,661	$ 63,595
Amount Paid in Current FY for Current FY Guarantees	53,366	48,030
FY 2019 Total	$ 124,027	$ 111,625
Amount Paid in Prior FY for Prior Years	44,939	40,445
Amount Paid in Prior FY for Prior FY Guarantees	41,262	37,136
FY 2018 Total	$ 86,201	$ 77,581

Table I. Liability for Loan Guarantees

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

I. Liability for Loan Guarantees:		*(dollars in thousands)*
Guaranteed Loans (Pre-Credit Reform)	**Liabilities for Loan Guarantees, for Post-1991 Guarantees, Present Value**	**Total Liabilities for Loan Guarantees**
Liability for Loan Guarantees:		
FY 2019	$ 133,379	$ 133,379
FY 2018	$ 30,808	$ 30,808

Table J. 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.

J. 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 2019	$ 4,549	$ 5,141	$ (2,281)	$ 7,409
FY 2018	$ 3,219	$ 3,861	$ (1,556)	$ 5,524

Guaranteed Loans (Credit Reform)	Interest Rate Reestimates	Technical Reestimates	Total
Modifications and Reestimates:			
FY 2019	$ (822)	$ 11,816	$ 10,994
FY 2018	$ (2,447)	$ 8,904	$ 6,457

Total Loan Guarantee Program Subsidy Expense	FY 2019	FY 2018
Indian Affairs	$ 18,403	$ 11,981

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

The following subsidy rates are applicable only to new loan guarantees issued in FY 2019 and FY 2018.

K. 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 2019	3.5%	3.7%	-1.8%	0.0%	5.3%
FY 2018	3.7%	4.6%	-1.8%	0.0%	6.5%

Table L. 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.

L. Schedule for Reconciling Loan Guarantee Liability Balances: *(dollars in thousands)*				
		FY 2019		FY 2018
Beginning balance of the loan guarantee liability	$	30,808	$	40,993
Add. Subsidy expense for guaranteed loans disbursed during the reporting years by component:				
(a) Interest supplement costs		4,549		3,219
(b) Default costs (net of recoveries)		5,141		3,861
(c) Fees and other collections		(2,281)		(1,556)
Total of the above subsidy expense components	$	7,409	$	5,524
Adjustments:				
(a) Fees received	$	1,096	$	3,114
(b) Interest ss paidupplement		(552)		(3,657)
(c) Claim payments to lenders		(66)		(30,490)
(d) Interest accumulation on the liability balance		4,304		2,783
(e) Other (recovery, revenue, and re-estimates)		79,386		6,084
Ending balance of the loan guarantee liability before reestimates	$	122,385	$	24,351
Add or subtract subsidy reestimates by component:				
(a) Interest rate reestimate		(822)		(2,447)
(b) Technical/default reestimate		11,816		8,904
Total of the above reestimate components	$	10,994	$	6,457
Ending balance of the loan guarantee liability	$	133,379	$	30,808

Loan Guarantee Administrative Expenses

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

M. Administrative Expense: *(dollars in thousands)*					
Direct Loans (Credit Reform)			Guaranteed Loans Programs		
FY 2019	$	-	**FY 2019**	$	1,257
FY 2018	$	1	**FY 2018**	$	1,187

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, 2019 and 2018, consist of the following:

(dollars in thousands)		FY 2019		FY 2018
Inventory				
Published Maps and Other Inventory Held for Current Sale	$	9,445	$	9,535
Gas and Storage Rights held for Current Sale		782		790
Operating Materials				
Working Capital Fund: Inventory Held for Use		124		155
Operational Land Imager. Inventory Held for Use		1,574		1,574
Airplane Parts and Fuel Held for Use		2,137		2,010
Stockpile Materials				
Recoverable Below-Ground Crude Helium Held in Reserve		33,878		36,138
Total Inventory and Related Property	$	47,940	$	50,202

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 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

The PP&E categories with corresponding acquisition cost and accumulated depreciation as of September 30, 2018, are shown in the following table:

(dollars in thousands)	Acquisition Cost	Accumulated Depreciation	Net Book Value
Land and Land Improvements	$ 2,453,578	$ (208,715)	$ 2,244,863
Buildings	5,694,485	(2,573,737)	3,120,748
Structures and Facilities	25,163,798	(12,562,544)	12,601,254
Leasehold Improvements	61,263	(40,870)	20,393
Construction in Progress			
Construction in Progress - General	2,021,772	-	2,021,772
Construction in Progress in Abeyance	292,835	-	292,835
Equipment, Vehicles, and Aircraft	3,109,274	(1,993,296)	1,115,978
Internal Use Software			
In Use	578,271	(548,490)	29,781
In Development	34,356	-	34,356
Total Property, Plant, and Equipment	$ 39,409,632	$ (17,927,652)	$ 21,481,980

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 ONRR custodial royalty 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, 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
Investments, Net	-	-	-
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

The DOI's assets as of September 30, 2018, are summarized into the following categories:

(dollars in thousands)	Entity	Non-Entity	FY 2018
ASSETS: Intragovernmental Assets			
Fund Balance with Treasury	$ 56,376,694	$ 1,838,082	$ 58,214,776
Investments, Net	9,546,204	41,413	9,587,617
Accounts and Interest Receivable	948,970	605,255	1,554,225
Advances and Prepayments	3,577	-	3,577
Total Intragovernmental Assets	$ 66,875,445	$ 2,484,750	$ 69,360,195
Cash	414	-	414
Investments, Net	48,537	-	48,537
Accounts and Interest Receivable, Net	6,916,025	1,194,963	8,110,988
Loans and Interest Receivable, Net	53,624	-	53,624
Inventory and Related Property	50,202	-	50,202
General Property, Plant, and Equipment, Net	21,481,980	-	21,481,980
Advances and Prepayments	163,023	-	163,023
Other Miscellaneous Assets	10,250	-	10,250
TOTAL ASSETS	$ 95,599,500	$ 3,679,713	$ 99,279,213

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 2019 and FY 2018, the costs associated with acquiring, constructing, and renovating heritage assets were $234 million and $232 million, respectively, and the costs associated with acquiring and improving stewardship lands were $165 million and $159 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 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 by 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 includes: domestic livestock grazing; fish and wildlife development and utilization; mineral exploration and production; rights-of-way; outdoor recreation; and/or timber production.

Bureau of Reclamation

Federal Water and Related Projects. The BOR 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 the fish, wildlife, and plants that depend on these lands for habitat. These lands are protected in perpetuity for as long as they remain in the NWR System. 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.

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

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 BOR project assets such as dams, power plants, roads, pipelines, aqueducts, operation and maintenance of buildings, and visitor centers.

Primary Land Management Categories		As of 9/30/2017	Increase	Decrease	As of 9/30/2018	Increase	Decrease	As of 9/30/2019
IA	Regional Offices	12	-	-	12	-	-	12
BLM	Geographic Management Areas	127	-	-	127	-	-	127
BOR	Federal Water and Related Projects	135	-	-	135	-	-	135
FWS	National Wildlife Refuges	566	1	-	567	-	-	567
FWS	Coordination Areas	50	-	-	50	-	-	50
FWS	Wetland Management Districts	38	-	-	38	-	-	38
FWS	National Fish Hatcheries	68	-	-	68	-	1	67
FWS	Fish Technology Centers	5	-		5	-	-	5
FWS	Associated Fish Facilities	15	-	1	14	1	-	15
NPS	Park Units	406	-	-	406	3	1	408
OS	Commission Lands	1	-	-	1	-	-	1
Total Number of Units		1,423	1	1	1,423	4	2	1,425

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 fisheries.

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, BOR, FWS, BLM, and NPS.

National Historic Sites. Usually, a national historic site contains a single historical feature that was directly associated with its subject. Derived from the *Historic Sites Act of 1935*, some historic sites were established by Secretaries of 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.

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 BOR, FWS, NPS, and BLM.

National Parks. Generally, national parks are large natural places that encompass a wide variety of attributes, sometimes including significant historic assets. Hunting, mining, and consumptive activities are not authorized. National 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 benefit of fish, wildlife, and plants that depend on these lands for habitat benefit over both the short and long term. These lands are protected for as long as they remain in the NWR System. National Wildlife Refuges are managed by FWS.

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 9/30/2017	Increase	Decrease	As of 9/30/2018	Increase	Decrease	As of 9/30/2019
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	-	-	17	1	-	18
National Historic Landmarks (NHL)	222	-	-	222	3	1	224
National Historic Sites	78	-	1	77	1	2	76
National Historic Trails	13	-	-	13	-	-	13
National Historical Parks	51	1	-	52	5	-	57
National Lakeshores	4	-	-	4	-	1	3
National Memorials	30	-	1	29	1	-	30
National Military Parks	9	-	-	9	-	-	9
National Monuments	121	-	-	121	4	6	119
National Natural Landmarks (NNL)	116	-	-	116	-	1	115
National Parks	59	1	-	60	1	-	61
National Parkways	4	-	-	4	-	-	4
National Preserves	19	-	-	19	-	-	19
National Recreation Areas	20	-	-	20	1	-	21
National Recreation Trails	112	1	-	113	1	-	114
National Reserves	2	-	-	2	-	-	2
National Rivers	5	-	-	5	-	-	5
National Scenic Areas	-	-	-	-	1	-	1
National Scenic Trails	8	-	-	8	-	-	8
National Seashores	10	-	-	10	-	-	10
National Wild and Scenic Rivers	92	-	-	92	3	-	95
National Wildlife Refuges	566	1	-	567	-	-	567
Outstanding Natural Areas	3	-	-	3	-	-	3
International Historic Site	1	-	-	1	-	-	1
Wilderness Areas	361	-	-	361	36	-	397
Research Natural Area	1	-	-	1	-	-	1
Archaeological Protection Areas	2	-	-	2	-	-	2
Special Areas	5	-	-	5	-	-	5
Other	11	-	-	11	-	-	11
Total	1,961	4	2	1,963	58	11	2,010

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 9/30/2017	Increase	Decrease	As of 9/30/2018	Increase	Decrease	As of 9/30/2019
Total	7	-	-	7	-	-	7

Interior Museum Collections	As of 9/30/2017	Increase	Decrease	As of 9/30/2018	Increase	Decrease	As of 9/30/2019
Held at Interior Facilities	557	9	1	565	38	8	595
Held at Non-Interior Facilities	451	8	9	450	16	47	419
Total	1,008	17	10	1,015	54	55	1,014

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, BOR, 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, 2019 and 2018, is summarized as follows:

(dollars in thousands)	FY 2018 Beginning Balance	Borrowing / (Repayments), Net	FY 2018 Ending Balance	Borrowing / (Repayments), Net	FY 2019 Ending Balance
Credit Reform Borrowings	$ 42,661	$ 14,276	$ 56,937	(15,170)	41,767

NOTE 11. LIABILITY FOR CAPITAL TRANSFERS TO THE GENERAL FUND

The DOI records an intragovernmental liability for BOR 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 2019 and FY 2018 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, 2018 and 2019, are summarized in the table below:

(dollars in thousands)	FY 2019	FY 2018
Beginning Balance	$ 1,552,900	$ 1,583,629
Costs Incurred	59,922	66,386
Collections	(94,869)	(91,779)
Repayments to Treasury	(4,949)	(5,336)
Ending Balance	$ 1,513,004	$ 1,552,900

NOTE 12. FEDERAL EMPLOYEE AND VETERAN BENEFITS

Federal Employee and Veteran Benefits as of September 30, 2019 and 2018, consists of the following:

(dollars in thousands)	FY 2019	FY 2018
Federal Employee and Veteran Benefits		
U.S. Park Police Pension Actuarial Liability	$ 589,967	$ 585,879
U.S. Park Police Pension Current Liability	39,733	36,221
Federal Employees Compensation Actuarial Liability	682,867	759,629
Total Federal Employee and Veteran Benefits	$ 1,312,567	$ 1,381,729

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 2.9 percent in FY 2019 and 3.0 percent in FY 2018 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 Retirement Plans Experience Committee (RPEC) and based on data collected from public pension systems.

Additionally, the USPP Pension Plan inflation rates of 1.1 percent in FY 2019 and 1.3 percent in FY 2018 differed from the 1.6 percent in FY 2019 and FY2018 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 2019	FY 2018
Interest Rate	2.90	3.00
Inflationary Rate	1.10	1.30
Projected Salary Increase	1.10	1.30

USPP Pension Plan Liability *(dollars in thousands)*	FY 2019	FY 2018
Beginning Balance	$ 622,100	$ 640,500
Pension Expenses		
Interest on liability	18,100	19,900
Actuarial (gains) or losses from experience	8,633	4,221
Actuarial (gains) or losses from assumption changes	20,600	(6,300)
Total Pension Expenses	47,333	17,821
Less Benefit Payments	(39,733)	(36,221)
Ending Balance	$ 629,700	$ 622,100

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, 2019 and 2018, are summarized in the table below:

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

FY 2018: Contingent Liabilities (dollars in thousands)	Accrued Liabilities	Estimated Range of Loss	
		Lower End of Range	Upper End of Range
Contingent Liabilities			
Probable	$ 73,788	$ 73,788	$ 123,864
Reasonably Possible	$ -	$ 188,114	$ 4,338,384

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, 2019 and 2018, are summarized in the tables below:

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		

FY 2018: Environmental & Disposal Liabilities *(dollars in thousands)*	**Accrued Liabilities**	**Estimated Range of Loss**	
		Lower End of Range	**Upper End of Range**
Environmental Remediation Liability			
Probable	$ 316,152	$ 316,152	$ 4,196,136
Reasonably Possible	-	$ 76,516	$ 286,715
Asbestos Related Cleanup Liability	553,718		
Total Environmental & Disposal Liability	$ 869,870		

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, 2019 and 2018 are as follows:

Liabilities Not Covered by Budgetary Resources *(dollars in thousands)*	FY 2019	FY 2018
Intragovernmental Liabilities:		
Other Intragovernmental Liabilities	$ 1,478,690	$ 1,522,375
Total Intragovernmental Liabilities	$ 1,478,690	$ 1,522,375
Public Liabilities:		
Federal Employee and Veteran Benefits	$ 1,272,834	$ 1,345,508
Environmental and Disposal Liabilities	920,885	869,870
Other Public Liabilities	1,686,122	1,279,476
Total Public Liabilities	3,879,841	3,494,854
Total Liabilities Not Covered by Budgetary Resources	5,358,531	5,017,229
Total Liabilities Not Requiring Budgetary Resources	3,587,480	4,295,509
Total Liabilities Covered by Budgetary Resources	3,881,336	4,075,272
Total Liabilities	**$ 12,827,347**	**$ 13,388,010**

The DOI's Current and non-current liabilities as of September 30, 2019 and 2018 are provided in the tables below:

(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

(dollars in thousands)	Current	Non-Current	FY 2018
Other Liabilities			
Other Intragovernmental Liabilities:			
Liability for Capital Transfers to the General Fund	$ 63,898	$ 1,489,002	$ 1,552,900
Advances and Deferred Revenue	475,429	127	475,556
Custodial Liability	995,653	23,238	1,018,891
Judgment Fund Liability	-	1,221,373	1,221,373
Accrued Employee Benefits	70,848	23,306	94,154
Unfunded FECA Liability	46,779	70,169	116,948
Miscellaneous Other Intragovernmental Liabilities	56,570	146,031	202,601
Total Other Intragovernmental Liabilities	$ 1,709,177	$ 2,973,246	$ 4,682,423
Other Public Liabilities:			
Contingent Liabilities	$ -	$ 73,788	$ 73,788
Trust Land Consolidation Program Liability	113,570	340,708	454,278
Advances and Deferred Revenue	1,733,077	162,304	1,895,381
Payments due to States	684,927	5,852	690,779
Grants Payable	453,230	-	453,230
Accrued Payroll and Benefits	223,778	-	223,778
Unfunded Annual Leave	35,291	373,645	408,936
Natural Disaster Liability	56,664	273,629	330,293
Miscellaneous Other Public Liabilities	9,792	144,836	154,628
Total Other Public Liabilities	$ 3,310,329	$ 1,374,762	$ 4,685,091

NOTE 15. LEASES

Operating Leases

Most of DOI's facilities are obtained through the General Services Administration (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 1.90 percent for FY 2020 and after is applied. The inflationary factor is applied against the actual FY 2019 rental expense.

The aggregate of DOI's future minimum lease payments for non-cancellable Federal and non-Federal operating leases are presented in the following table.

Future payments due under non-cancellable operating leases as of September 30, 2019, consist of the following.

Future Operating Leases (dollars in thousands)	Real Property		Totals
	Federal	Non-Federal	
FY 2020	$ 38,128	$ 23,139	$ 61,267
FY 2021	36,403	22,438	58,841
FY 2022	33,060	21,333	54,393
FY 2023	28,166	18,688	46,854
FY 2024	24,572	14,077	38,649
Thereafter	205,992	26,364	232,356
Total Future Operating Lease Payments	**$ 366,321**	**$ 126,039**	**$ 492,360**

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 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* (NHPA), royalties from OCS oil and gas leases are transferred from ONRR to NPS. Each year, amounts from HPF are transferred via warrants to bureaus within DOI and to USFS. 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 BOR'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 BOR'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 BOR'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 BOR 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 BOR'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 BOR 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 BOR 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, BOR 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* (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 US 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 tables.

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

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 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
- 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

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
ASSETS					
Fund Balance with Treasury	$ 22,111,811	$ 3,611,882	$ 14,800,516	$ 2,298,127	$ 36,318
Investments, Net	-	-	-	-	357,655
Accounts Receivable, Net	-	-	276,158	32,709	302
General Property, Plant, and Equipment, Net	-	-	-	8,972,905	2,591,719
Other Assets	-	-	-	13,602	73,661
TOTAL ASSETS	$ 22,111,811	$ 3,611,882	$ 15,076,674	$ 11,317,343	$ 3,059,655
LIABILITIES					
Accounts Payable	$ -	$ 56	$ -	$ 92,008	$ 5,302
Other Liabilities	-	24,448	1,365	1,883,146	22,374
TOTAL LIABILITIES	$ -	$ 24,504	$ 1,365	$ 1,975,154	$ 27,676
NET POSITION					
Unexpended Appropriations	$ -	$ 50,000	$ -	$ 231,435	$ 163,831
Cumulative Results of Operations	22,111,811	3,537,378	15,075,309	9,110,754	2,868,148
TOTAL NET POSITION	22,111,811	3,587,378	15,075,309	9,342,189	3,031,979
TOTAL LIABILITIES AND NET POSITION	$ 22,111,811	$ 3,611,882	$ 15,076,674	$ 11,317,343	$ 3,059,655
NET COST OF OPERATIONS					
Gross Costs	$ -	$ 69,493	$ (2,401)	$ 1,194,635	$ 285,234
Earned Revenue	(4)	-	(244,190)	(200,565)	(254,936)
TOTAL NET COST OF OPERATIONS	$ (4)	$ 69,493	$ (246,591)	$ 994,070	$ 30,298
NET POSITION					
UNEXPENDED APPROPRIATIONS					
Beginning Balance	$ -	$ -	$ -	$ 160,528	$ 164,294
Budgetary Financing Sources					
Appropriations Received	-	50,000	-	302,313	-
Appropriations Transferred	-	-	-	(94,344)	5,551
Other Adjustments	-	-	-	(990)	-
CUMULATIVE RESULTS OF OPERATIONS					
Beginning Balance	$ 21,591,743	$ 3,456,871	$ 14,197,679	$ 8,503,173	$ 2,958,729
Budgetary Financing Sources					
Royalties Retained	1,029,991	150,000	1,753,575	-	-
Non-Exchange Revenue	-	-	8,726	-	-
Transfers without Reimbursement	(509,927)	-	(1,131,270)	1,343,450	-
Donations and Forfeitures (Cash)	-	-	-	-	-
Other Financing Sources					
Donations and Forfeitures (Property)	-	-	-	8,152	-
Transfers without Reimbursement	-	-	-	(5,752)	(66,297)
Imputed Financing	-	-	8	63,072	-
Other	-	-	-	56,657	-
Net Cost of Operations	4	(69,493)	246,591	(994,070)	(30,298)
NET POSITION, ENDING BALANCE	$ 22,111,811	$ 3,587,378	$ 15,075,309	$ 9,342,189	$ 3,031,979

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
$ 491,126	$ 368,671	$ 33,977	$ 102,447	$ 60,834	$ 7,100	$ 4,258,469	$ 48,181,278
-	2,675,803	921,774	2,017,222	-	1,518,773	2,012,177	9,503,404
700	4,681	1	12,306	1,346,620	-	6,740,064	8,413,541
2,678,880	1,458	82,941	-	-	-	766,473	15,094,376
498	-	-	-	-	-	35,883	123,644
$ 3,171,204	$ 3,050,613	$ 1,038,693	$ 2,131,975	$ 1,407,454	$ 1,525,873	$ 13,813,066	$ 81,316,243
$ 19,919	$ 629	$ 1,514	$ 623	$ 653,626	$ -	$ 59,015	$ 832,692
225,241	18,865	33,237	72,454	36,407	-	1,135,935	3,453,472
$ 245,160	$ 19,494	$ 34,751	$ 73,077	$ 690,033	$ -	$ 1,194,950	$ 4,286,164
$ 222,819	$ 353,389	$ -	$ -	$ -	$ -	$ 206,338	$ 1,227,812
2,703,225	2,677,730	1,003,942	2,058,898	717,421	1,525,873	12,411,778	75,802,267
2,926,044	3,031,119	1,003,942	2,058,898	717,421	1,525,873	12,618,116	77,030,079
$ 3,171,204	$ 3,050,613	$ 1,038,693	$ 2,131,975	$ 1,407,454	$ 1,525,873	$ 13,813,066	$ 81,316,243
$ 134,131	$ 277,746	$ 36,671	$ 752,166	$ 424,009	$ -	$ 4,156,188	$ 7,327,872
(109,311)	(90)	(83,783)	-	-	-	(1,153,686)	(2,046,565)
$ 24,820	$ 277,656	$ (47,112)	$ 752,166	$ 424,009	$ -	$ 3,002,502	$ 5,281,307
$ 227,182	$ 278,739	$ -	$ -	$ -	$ -	$ 205,958	$ 1,036,701
-	115,000	-	-	-	-	20,791	488,104
88,793	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(990)
$ 2,633,370	$ 2,698,885	$ 956,830	$ 2,134,035	$ 662,312	$ 1,497,520	$ 12,104,741	$ 73,395,888
-	-	-	-	-	-	2,745,287	5,678,853
158	212,482	-	677,029	-	35,373	178,654	1,112,422
(6,302)	-	-	-	479,118	(7,020)	274,945	442,994
-	-	-	-	-	-	61,642	61,642
13	-	-	-	-	-	413	8,578
-	(4)	-	-	-	-	27,056	(44,997)
7,650	3,673	-	-	-	-	1,154	75,557
-	-	-	-	-	-	(23)	56,634
(24,820)	(277,656)	47,112	(752,166)	(424,009)	-	(3,002,502)	(5,281,307)
$ 2,926,044	$ 3,031,119	$ 1,003,942	$ 2,058,898	$ 717,421	$ 1,525,873	$ 12,618,116	$ 77,030,079

The DOI's funds from dedicated collections as of and for the year ended September 30, 2018, 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
ASSETS					
Fund Balance with Treasury	$ 21,591,743	$ 3,473,263	$ 13,908,930	$ 2,017,356	$ 1,910
Investments, Net	-	-	-	-	423,454
Accounts Receivable, Net	-	-	290,215	27,544	260
General Property, Plant, and Equipment, Net	-	-	-	8,689,713	2,625,319
Other Assets	-	-	-	23,196	97,824
TOTAL ASSETS	$ 21,591,743	$ 3,473,263	$ 14,199,145	$ 10,757,809	$ 3,148,767
LIABILITIES					
Accounts Payable	$ -	$ 108	$ 17	$ 88,718	$ 3,862
Other Liabilities	-	16,284	1,449	2,005,390	21,882
TOTAL LIABILITIES	$ -	$ 16,392	$ 1,466	$ 2,094,108	$ 25,744
NET POSITION					
Unexpended Appropriations	$ -	$ -	$ -	$ 160,528	$ 164,294
Cumulative Results of Operations	21,591,743	3,456,871	14,197,679	8,503,173	2,958,729
TOTAL NET POSITION	21,591,743	3,456,871	14,197,679	8,663,701	3,123,023
TOTAL LIABILITIES AND NET POSITION	$ 21,591,743	$ 3,473,263	$ 14,199,145	$ 10,757,809	$ 3,148,767
NET COST OF OPERATIONS					
Gross Costs	$ -	$ 63,097	$ (4,148)	$ 1,330,366	$ 241,691
Earned Revenue	-	-	(317,526)	(189,645)	(237,899)
TOTAL NET COST OF OPERATIONS	$ -	$ 63,097	$ (321,674)	$ 1,140,721	$ 3,792
NET POSITION					
UNEXPENDED APPROPRIATIONS					
Beginning Balance	$ -	$ -	$ -	$ 136,659	$ 164,404
Budgetary Financing Sources					
Appropriations Received	-	-	-	249,197	-
Appropriations Transferred	-	-	-	(74,290)	5,551
Other Adjustments	-	-	-	-	-
CUMULATIVE RESULTS OF OPERATIONS					
Beginning Balance	$ 21,108,290	$ 3,369,968	$ 13,653,648	$ 8,167,192	$ 2,956,865
Budgetary Financing Sources					
Royalties Retained	976,403	150,000	1,290,166	-	-
Non-Exchange Revenue	-	-	1,926	-	-
Transfers without Reimbursement	(492,950)	-	(1,069,741)	1,263,931	-
Donations and Forfeitures (Cash)	-	-	-	-	-
Other Financing Sources					
Donations and Forfeitures (Property)	-	-	-	19,331	-
Transfers without Reimbursement	-	-	3	(25,576)	(5)
Imputed Financing	-	-	3	57,928	-
Other	-	-	-	10,050	-
Net Cost of Operations	-	(63,097)	321,674	(1,140,721)	(3,792)
NET POSITION, ENDING BALANCE	$ 21,591,743	$ 3,456,871	$ 14,197,679	$ 8,663,701	$ 3,123,023

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 2018 Combined Dedicated Collections
$ 515,965	$ 293,347	$ 27,692	$ 118,702	$ 62,422	$ 7,025	$ 3,665,222	$ 45,683,577
-	2,699,293	848,253	2,098,634	-	1,490,495	1,746,628	9,306,757
398	3,101	1	-	1,245,138	-	7,081,283	8,647,940
2,599,991	1,025	88,205	-	-	-	674,939	14,679,192
303	-	-	-	-	-	40,286	161,609
$ 3,116,657	$ 2,996,766	$ 964,151	$ 2,217,336	$ 1,307,560	$ 1,497,520	$ 13,208,358	$ 78,479,075
$ 16,562	$ 238	$ 995	$ 655	$ 605,390	$ -	$ 76,602	$ 793,147
239,543	18,904	6,326	82,646	39,858	-	821,057	3,253,339
$ 256,105	$ 19,142	$ 7,321	$ 83,301	$ 645,248	$ -	$ 897,659	$ 4,046,486
$ 227,182	$ 278,739	$ -	$ -	$ -	$ -	$ 205,958	$ 1,036,701
2,633,370	2,698,885	956,830	2,134,035	662,312	1,497,520	12,104,741	73,395,888
2,860,552	2,977,624	956,830	2,134,035	662,312	1,497,520	12,310,699	74,432,589
$ 3,116,657	$ 2,996,766	$ 964,151	$ 2,217,336	$ 1,307,560	$ 1,497,520	$ 13,208,358	$ 78,479,075
$ 155,199	$ 291,475	$ 35,605	$ 751,760	$ 423,573	$ -	$ 3,297,234	$ 6,585,852
(146,911)	(17)	(163,435)	-	-	-	(1,168,557)	(2,223,990)
$ 8,288	$ 291,458	$ (127,830)	$ 751,760	$ 423,573	$ -	$ 2,128,677	$ 4,361,862
$ 234,171	$ 185,252	$ -	$ -	$ -	$ -	$ 192,588	$ 913,074
-	115,000	-	-	-	-	28,725	392,922
68,739	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
$ 2,555,957	$ 2,760,141	$ 829,269	$ 2,178,271	$ 664,254	$ 1,462,359	$ 11,895,281	$ 71,601,495
-	-	-	-	-	-	1,867,722	4,284,291
-	204,931	-	707,524	-	35,161	181,444	1,130,986
(6,535)	-	-	-	421,631	-	289,166	405,502
-	-	-	-	-	-	52,040	52,040
8,586	-	-	-	-	-	338	28,255
(2,531)	(13)	(269)	-	-	-	(68,896)	(97,287)
10,453	3,771	-	-	-	-	968	73,123
-	-	-	-	-	-	-	10,050
(8,288)	(291,458)	127,830	(751,760)	(423,573)	-	(2,128,677)	(4,361,862)
$ 2,860,552	$ 2,977,624	$ 956,830	$ 2,134,035	$ 662,312	$ 1,497,520	$ 12,310,699	$ 74,432,589

Total Dedicated Collections.

FY 2019 and FY 2018 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 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

FY 2018 *Consolidating Net Position* *(dollars in thousands)*	Combined	Consolidating Eliminations	Consolidated
Unexpended Appropriations -Dedicated Collections	$ 1,036,701	$ (80)	$ 1,036,621
Unexpended Appropriations -Other Funds	7,130,584	(197)	7,130,387
Cumulative Results of Operations -Dedicated Collections	73,395,888	2,872,102	76,267,990
Cumulative Results of Operations -Other Funds	4,328,030	(2,871,825)	1,456,205
Total Net Position	$ 85,891,203	$ -	$ 85,891,203

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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, 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
Conserving Our Land and Water					
Total Costs	$ 242,634	$ 659,018	$ 1,224,140	$ 187,106	$ -
Total Earned Revenue	114,084	182,115	570,514	3,511	-
Net Costs	$ 128,550	$ 476,903	$ 653,626	183,595	$ -
Generating Revenue & Utilizing Our Natural Resources					
Total Costs	$ 64,904	$ 406,719	$ 449,254	$ 2,871,059	$ 185,848
Total Earned Revenue	86	173,417	331,994	586	19,493
Net Costs	$ 64,818	$ 233,302	$ 117,260	$ 2,870,473	$ 166,355
Expanding Outdoor Recreation Areas					
Total Costs	$ -	$ 115,761	$ 24,100	$ -	$ -
Total Earned Revenue	-	30,668	37	-	-
Net Costs	$ -	$ 85,093	$ 24,063	$ -	$ -
Fulfilling Our Trust & Insular Responsibilities					
Total Costs	$ 2,730,759	$ -	$ -	$ 782,394	$ -
Total Earned Revenue	317,066	-	-	36,458	-
Net Costs	$ 2,413,693	$ -	$ -	$ 745,936	$ -
Protecting Our People and the Border					
Total Costs	$ 652,756	$ 1,031,344	$ 48,684	$ 16,926	$ -
Total Earned Revenue	3,836	296,199	501	-	-
Net Costs	$ 648,920	$ 735,145	$ 48,183	$ 16,926	$ -
Modernizing Our Organization & Infrastructure for the Next 100 Years					
Total Costs	$ 131,914	$ 253,441	$ 1,385	$ -	$ -
Total Earned Revenue	294	72,584	-	-	-
Net Costs	$ 131,620	$ 180,857	$ 1,385	$ -	$ -
Reimbursable Activity and Other					
Total Costs	$ -	$ -	$ 612,840	$ 3,061,433	$ -
Total Earned Revenue	-	(37)	587,818	2,200,636	-
Net Costs	$ -	$ 37	$ 25,022	$ 860,797	$ -
Total					
Total Costs	$ 3,822,967	$ 2,466,283	$ 2,360,403	$ 6,918,918	$ 185,848
Total Earned Revenue	435,366	754,946	1,490,864	2,241,191	19,493
Net Cost of Operations	$ 3,387,601	$ 1,711,337	$ 869,539	$ 4,677,727	$ 166,355

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
$ -	$ 963,781	$ 401,199	$ 2,979,037	$ 520,522	$ (582,298)	$ 6,595,139
-	97,397	192	272,998	65,444	(164,641)	1,141,614
$ -	$ 866,384	$ 401,007	$ 2,706,039	$ 455,078	$ (417,657)	$ 5,453,525
$ 212,855	$ 18,232	$ -	$ -	$ 75,046	$ (247,074)	$ 4,036,843
67,210	-	-	-	1,173	(159,876)	434,083
$ 145,645	$ 18,232	$ -	$ -	$ 73,873	$ (87,198)	$ 3,602,760
$ -	$ 1,373,316	$ -	$ 291,024	$ -	$ (71,878)	$ 1,732,323
-	489,728	-	24,308	-	(21,218)	523,523
$ -	$ 883,588	$ -	$ 266,716	$ -	$ (50,660)	$ 1,208,800
$ -	$ 13,405	$ -	$ -	$ -	$ (97,625)	$ 3,428,933
-	-	-	-	-	(8,156)	345,368
$ -	$ 13,405	$ -	$ -	$ -	$ (89,469)	$ 3,083,565
$ -	$ 598,333	$ -	$ -	$ 247,594	$ (352,264)	$ 2,243,373
-	10,660	-	-	9,505	(99,329)	221,372
$ -	$ 587,673	$ -	$ -	$ 238,089	$ (252,935)	$ 2,022,001
$ -	$ 719,377	$ -	$ -	$ 209,646	$ (79,593)	$ 1,236,170
-	94,630	-	-	5,945	(25,545)	147,908
$ -	$ 624,747	$ -	$ -	$ 203,701	$ (54,048)	$ 1,088,262
$ 44,225	$ -	$ 273,465	$ -	$ 794,014	$ (407,506)	$ 4,378,471
44,259	-	65	-	534,089	(1,331,786)	2,035,044
$ (34)	$ -	$ 273,400	$ -	$ 259,925	$ 924,280	$ 2,343,427
$ 257,080	$ 3,686,444	$ 674,664	$ 3,270,061	$ 1,846,822	(1,838,238)	$ 23,651,252
111,469	692,415	257	297,306	616,156	(1,810,551)	4,848,912
$ 145,611	$ 2,994,029	$ 674,407	$ 2,972,755	$ 1,230,666	$ (27,687)	$ 18,802,340

Costs and exchange revenue by responsibility segment for the year ended September 30, 2018, 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
Conserving Our Land and Water					
Total Costs	$ 227,799	$ 621,759	$ 1,371,925	$ 105,074	$ -
Total Earned Revenue	109,337	170,942	610,139	2,475	-
Net Costs	$ 118,462	$ 450,817	$ 761,786	$ 102,599	$ -
Generating Revenue & Utilizing Our Natural Resources					
Total Costs	$ 52,015	$ 374,427	$ 427,605	$ 2,035,432	$ 185,186
Total Earned Revenue	123	239,636	354,879	762	82,111
Net Costs	$ 51,892	$ 134,791	$ 72,726	$ 2,034,670	$ 103,075
Expanding Outdoor Recreation Areas					
Total Costs	$ -	$ 105,110	$ 27,502	$ -	$ -
Total Earned Revenue	-	28,797	145	-	-
Net Costs	$ -	$ 76,313	$ 27,357	$ -	$ -
Fulfilling Our Trust & Insular Responsibilities					
Total Costs	$ 2,392,418	$ -	$ -	$ 898,754	$ -
Total Earned Revenue	275,107	-	-	36,328	-
Net Costs	$ 2,117,311	$ -	$ -	$ 862,426	$ -
Protecting Our People and the Border					
Total Costs	$ 662,567	$ 986,430	$ -	$ 14,854	$ -
Total Earned Revenue	3,820	276,225	-	-	-
Net Costs	$ 658,747	$ 710,205	$ -	$ 14,854	$ -
Modernizing Our Organization & Infrastructure for the Next 100 Years					
Total Costs	$ 132,402	$ 220,125	$ 1,104	$ -	$ -
Total Earned Revenue	222	68,969	-	-	-
Net Costs	$ 132,180	$ 151,156	$ 1,104	$ -	$ -
Reimbursable Activity and Other					
Total Costs	$ -	$ -	$ 584,429	$ 3,341,241	$ -
Total Earned Revenue	-	-	549,210	2,449,911	-
Net Costs	$ -	$ -	$ 35,219	$ 891,330	$ -
Total					
Total Costs	$ 3,467,201	$ 2,307,851	$ 2,412,565	$ 6,395,355	$ 185,186
Total Earned Revenue	388,609	784,569	1,514,373	2,489,476	82,111
Net Cost of Operations	$ 3,078,592	$ 1,523,282	$ 898,192	$ 3,905,879	$ 103,075

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 2018
$ -	$ 1,041,907	$ 440,514	$ 3,089,071	$ 505,473	$ (557,169)	$ 6,846,353
-	86,740	17	264,820	64,364	(126,434)	1,182,400
$ -	$ 955,167	$ 440,497	$ 2,824,251	$ 441,109	$ (430,735)	$ 5,663,953
$ 202,054	$ -	$ -	$ -	$ 73,634	$ (210,564)	$ 3,139,789
71,281	-	-	-	1,214	(24,821)	725,185
$ 130,773	$ -	$ -	$ -	$ 72,420	$ (185,743)	$ 2,414,604
$ -	$ 1,394,043	$ -	$ 301,543	$ -	$ (58,951)	$ 1,769,247
-	471,497	-	23,621	-	(15,416)	508,644
$ -	$ 922,546	$ -	$ 277,922	$ -	$ (43,535)	$ 1,260,603
$ -	$ -	$ -	$ -	$ -	$ (90,894)	$ 3,200,278
-	-	-	-	-	(7,597)	303,838
$ -	$ -	$ -	$ -	$ -	$ (83,297)	$ 2,896,440
$ -	$ 597,142	$ -	$ -	$ 237,341	$ (273,043)	$ 2,225,291
-	9,538	-	-	9,737	(42,184)	257,136
$ -	$ 587,604	$ -	$ -	$ 227,604	$ (230,859)	$ 1,968,155
$ -	$ 805,123	$ -	$ -	$ 204,404	$ (62,579)	$ 1,300,579
-	88,883	-	-	5,690	(11,122)	152,642
$ -	$ 716,240	$ -	$ -	$ 198,714	$ (51,457)	$ 1,147,937
$ 47,499	$ -	$ 341,177	$ -	$ 776,046	$ (427,466)	$ 4,662,926
44,315	-	18	-	522,347	(1,422,074)	2,143,727
$ 3,184	$ -	$ 341,159	$ -	$ 253,699	$ 994,608	$ 2,519,199
$ 249,553	$ 3,838,215	$ 781,691	$ 3,390,614	$ 1,796,898	$ (1,680,666)	$ 23,144,463
115,596	656,658	35	288,441	603,352	(1,649,648)	5,273,572
$ 133,957	$ 3,181,557	$ 781,656	$ 3,102,173	$ 1,193,546	$ (31,018)	$ 17,870,891

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, 2019 and 2018

	FY 2019		FY 2018	
(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	$ 12,620,064	$ 44,656	$ 10,683,292	$ 50,214
Recoveries of Prior year Unpaid Obligations	842,002	-	1,448,340	-
Other Changes in Unobligated Balance	(176,439)	-	(145,125)	-
Current Year Unobligated Balance from Prior Year Budget Authority, Net	$ 13,285,627	$ 44,656	$ 11,986,507	$ 50,214

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, 2019 and 2018.

Undelivered Orders

(dollars in thousands)	FY 2019	FY 2018
Undelivered Orders		
Federal:		
Paid	$ 43,860	$ 27,957
Unpaid	1,291,155	1,158,748
Total Undelivered Orders, Federal	$ 1,335,015	$ 1,186,705
Non-Federal:		
Paid	$ 175,729	$ 162,017
Unpaid	9,212,345	8,916,903
Total Undelivered Orders, Non-Federal	9,388,074	9,078,920
Total Undelivered Orders	$ 10,723,089	$ 10,265,625

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 BOR, 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 BOR 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, 2019, and 2018, are disclosed in the table below.

Legal Arrangements Affecting Use of Unobligated Balances		
(dollars in thousands)	**FY 2019**	**FY 2018**
Unapportioned amounts unavailable for future apportionments	$ 12,305	$ 20,720
Expired Authority	202,348	227,056
Unapportioned	$ 214,653	$ 247,776

Available Borrowing/Contract Authority, End of the Period. The DOI did not have any available budgetary borrowing for the years ended September 30, 2019 and 2018. 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 2019, DOI exercised $172 thousand in new borrowing authority, with repayments of $15.3 million. In FY 2018, DOI exercised $18.0 million in new borrowing authority, with repayments of $3.8 million.

For the years ended September 30, 2019 and 2018, DOI had $28.1 million and 28.0 million, respectively, 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 2019 has not been published at the time these financial statements were prepared. The FY 2020 Budget of the United States Government with the actual FY 2018 amounts was released in March 2019. The FY 2021 Budget of the United States Government will include the FY 2019 actual amounts, and is estimated to be released in February 2020. The Budget of the United States Government is available on the OMB website.

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 2018 Combined Statement of Budgetary Resources	$ 38,913	$ 26,248	$ 6,231	$ 19,423
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	246	138	98	138
National Park Service Concessionaire activity included in the Budget of the U.S. Government that is excluded from the SBR	26	14	12	13
Expired resources included in the SBR that are excluded from the Budget of the U.S. Government	(236)	(9)	-	-
Other activity	(1)	5	-	3
Subtotal	$ 35	$ 148	$ 110	$ 154
Budget of the U.S. Government	**$ 38,948**	**$ 26,396**	**$ 6,341**	**$ 19,577**

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 2018 differences are explained in the Reconciliation of the Statement of Budgetary Resources to the Budget of the United States Government table above.

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.

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 sections. In FY 2019, DOI did not have any activity to report for this section; therefore, it is not included in the following schedule.

For FY 2019, the first year of DOI implementation, the following schedule is not required to be comparative.

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 2019**	**FY 2018**
Fiduciary Net Assets, Beginning	$ 5,379,876	$ 5,225,573
Contributions	1,626,485	1,496,087
Investment Earnings	146,739	134,101
Gain (Loss) on Disposition of Investments, Net	23,285	563
Administrative and Other Expenses	(276)	(12)
Disbursements to and on Behalf of Beneficiaries	(1,473,662)	(1,476,436)
Increase/(Decrease) Net Assets	322,571	154,303
Fiduciary Net Assets, End	**$ 5,702,447**	**$ 5,379,876**

Fiduciary Net Assets	**Fiduciary Funds**	
(dollars in thousands)	**FY 2019**	**FY 2018**
Cash and Cash Equivalents	$ 960,848	$ 611,485
Investments		
Investments in Treasury Securities	5,543	72,991
Investments in Non-Treasury Securities	4,545,538	4,462,737
Accrued Interest Receivable	31,185	32,237
Other Income Receivable	159,622	200,715
Less: Accounts Payable	(289)	(289)
Total Fiduciary Net Assets	**$ 5,702,447**	**$ 5,379,876**

Schedule of Changes in Non-Valued Fiduciary Assets[1]	**Fiduciary Assets**	
Regions	**FY 2019**	**FY 2018**
Beginning Quantity	12	12
Additions	-	-
Dispositions	-	-
Net Increase/Decrease	-	-
Ending Quantity	**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, 2019, and 2018. 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

The DOI implemented SFFAS 47, *Reporting Entity* in FY 2018. This standard defines the 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 as a result of SFFAS 47 implementation. Consolidation accounts reported in FY 2018 are consistent with accounts reported in FY 2019. The DOI does not have additional disclosure entities resulting from this implementation. 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. In FY 2019, DOI had expenses of $51 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 $37 million in FY 2018 (the FY 2019 data is not available at the time of publishing this AFR). In FY 2019, DOI had expenses of $10 million with NPF to support parks programs.

NOTE 22. 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 Department of 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 2018 FR can be found here: ***https://www.fiscal.treasury.gov/reports-statements/*** and a copy of the 2019 FR will be posted to this site as soon as it is released.

FY 2019 Department of the Interior Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
ASSETS			**ASSETS**
Intragovernmental Assets:			**Intragovernmental Assets:**
Fund Balance with Treasury	$ 60,785,350	$ 60,785,350	Fund Balance with Treasury
Investments, Net	9,884,781	9,865,279	Federal Investments
		19,502	Interest Receivable - Investments
Total Investments, Net	9,884,781	9,884,781	Total Reclassified Investments, Net
Accounts and Interest Receivable	1,619,268	227,828	Accounts Receivable
		12,306	Asset for Agency's Custodial and Non-entity Liabilities - Other Than the General Fund of the U.S. Government.
		1,379,134	Transfers Receivable
Total Accounts and Interest Receivable	1,619,268	1,619,268	Total Reclassified Accounts and Interest Receivable
Other	12,993	12,993	Advances to Others and Prepayments
Total Intragovernmental Assets	**$ 72,302,392**	**$ 72,302,392**	**Total Intragovernmental Assets**
Cash	399	399	Cash and Other Monetary Assets
Accounts and Interest Receivable, Net	7,643,237	7,643,237	Accounts and Taxes Receivable, Net
Loans and Interest Receivable, Net	49,725	49,725	Loans Receivable, Net
Inventory and Related Property	47,940	47,940	Inventories and Related Property, Net
General Property, Plant, and Equipment, Net	21,941,591	21,941,591	Property, Plant, and Equipment, Net
Other	186,468	186,468	Other Assets
Total Assets	**$ 102,171,752**	**$ 102,171,752**	**Total Assets**
LIABILITIES			**LIABILITIES**
Intragovernmental Liabilities:			**Intragovernmental Liabilities:**
Accounts Payable	$ 701,854	$ 48,437	Accounts Payable (1 of 3)
		653,417	Transfers Payable
Total Accounts Payable	701,854	701,854	Total Reclassified Accounts Payable
Debt	41,767	41,767	Loans Payable
Other - Liability for Capital Transfers to the General Fund	1,513,004	1,513,004	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets (1 of 3)

continued

FY 2019 Department of the Interior Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Other - Advances and Deferred Revenue	363,374	363,728	Advances from Others and Deferred Credits
		(354)	Other Liabilities (Without Reciprocals) (1 of 2)
Total Advances and Deferred Revenue	363,374	363,374	Total Reclassified Advances and Deferred Revenue
Other - Custodial Liability	1,124,658	1,124,658	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets (2 of 3)
Other - Judgment Fund Liability	1,222,076	1,222,076	Accounts Payable (2 of 3)
Other - Miscellaneous Liabilities	501,497	174,502	Benefit Program Contributions Payable
		179,759	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets (3 of 3)
		39,467	Other Liabilities (Without Reciprocals) (2 of 2)
		107,769	Accounts Payable (3 of 3)
Total Miscellaneous Liabilities	501,497	501,497	Total Reclassified Miscellaneous Liabilities
Total Intragovernmental Liabilities	**$ 5,468,230**	**$ 5,468,230**	**Total Intragovernmental Liabilities**
Accounts Payable	1,017,830	1,017,830	Accounts Payable
Loan Guarantee Liability	133,379	133,379	Loan Guarantee Liabilities
Federal Employee and Veteran Benefits	1,312,567	1,312,567	Federal Employee and Veteran Benefits Payable (1 of 2)
Environmental and Disposal Liabilities	920,885	920,885	Environmental and Disposal Liabilities
Other - Contingent Liabilities	174,929	174,929	Other Liabilities (1 of 6)
Other - Trust Land Consolidation Program Liability	264,995	264,995	Other Liabilities (2 of 6)
Other - Advances and Deferred Revenue	979,341	979,341	Other Liabilities (3 of 6)
Other - Payments Due to States	992,194	992,194	Other Liabilities (4 of 6)
Other - Grants Payable	427,153	427,153	Other Liabilities (5 of 6)
Other - Miscellaneous Liabilities	1,135,844	1,128,791	Other Liabilities (6 of 6)
		7,053	Federal Employee and Veteran Benefits Payable (2 of 2)
Total Miscellaneous Liabilities	1,135,844	1,135,844	Total Reclassified Miscellaneous Liabilities
Total Liabilities	**$ 12,827,347**	**$ 12,827,347**	**Total Liabilities**
NET POSITION			**NET POSITION**
Unexpended Appropriations - Funds from Dedicated Collections	1,227,732	1,227,732	(Net Position - Funds from Dedicated Collections (1 of 2)
Unexpended Appropriations - All Other Funds	8,110,163	8,110,163	Net Position - Funds Other Than Those From Dedicated Collections (1 of 2)
Cumulative Results of Operations - Funds from Dedicated Collections	73,708,275	73,708,275	Net Position - Funds from Dedicated Collections (2 of 2)
Cumulative Results of Operations - All Other Funds	6,298,235	6,298,235	Net Position - Funds Other Than Those From Dedicated Collections (2 of 2)
Total Net Position	$ 89,344,405	$ 89,344,405	Total Net Position
Total Liabilities and Net Position	**$ 102,171,752**	**$ 102,171,752**	**Total Liabilities and Net Position**

FY 2019 Department of the Interior Statement of Net Cost		Line Items Used to Prepare FY 2019 Government-wide Statement of Net Cost	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Gross Costs	$ 23,651,252	$ 20,665,337	Non-Federal Gross Cost
		20,600	Gains/Losses from Changes in Actuarial Assumptions
		1,228,901	Benefit Program Costs
		517,170	Imputed Costs
		853,491	Buy/Sell Cost
		1,495	Purchase of Assets
		(1,495)	Purchase of Assets Offset
		2,677	Borrowing and Other Interest Expense
		363,076	Other Expenses
Total Gross Costs	**$ 23,651,252**	**$ 23,651,252**	
Earned Revenues	$ 4,848,912	$ 2,627,535	Non-Federal Earned Revenue
		2,174,691	Buy/Sell Revenue
		43,980	Federal Securities Interest Revenue Including Associated Gains and Losses (exchange)
		1,497	Borrowing and Other Interest Revenue (exchange)
		1,209	Collections Transferred in to a TAS Other Than the General Fund of the U.S. Government
Total Earned Revenue	**$ 4,848,912**	**$ 4,848,912**	
Net Cost of Operations	**$18,802,340**	**$ 18,802,340**	**Net Cost of Operations**

FY 2019 Department of the Interior Statement of Changes in Net Position		Line Items Used to Prepare FY 2019 Government-wide Statement of Operations and Changes in Net Position	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS			**UNEXPENDED APPROPRIATIONS**
Beginning Balance	**$ 8,167,008**	**$ 8,167,008**	**Net Position, Beginning of Period (1 of 2)**
Appropriations Received, General Funds	14,441,578	14,441,578	Appropriations Received As Adjusted (1 of 2)
Appropriations Transferred In/(Out)	74,819	76,346	Non-expenditure Transfers-In of Unexpended Appropriations and Financing Sources (1 of 2)
		(1,527)	Non-expenditure Transfers-Out of Unexpended Appropriations and Financing Sources (1 of 2)
Total Appropriations Transferred In/(Out)	74,819	74,819	Total Reclassified Appropriations Transferred In/(Out)
Appropriations Used	(13,256,740)	(13,256,740)	Appropriations Used
Other Adjustments	(88,770)	(88,770)	Appropriations Received As Adjusted (2 of 2)
Net Change	1,170,887	1,170,887	Net Change
Ending Balance - Unexpended Appropriations	**$ 9,337,895**	**$ 9,337,895**	**Net Position, End of Period (1 of 2)**
CUMULATIVE RESULTS OF OPERATIONS			**CUMULATIVE RESULTS OF OPERATIONS**
Beginning Balance	**$ 77,724,195**	**$ 77,724,195**	**Net Position, Beginning of Period (2 of 2)**
Appropriations Used	13,256,740	13,256,740	Appropriations Expended
Royalties Retained	5,678,853	(10,538)	Other Taxes and Receipts (1 of 5)
		10,876,269	Miscellaneous Earned Revenues
		(177,039)	Collections Transferred to a TAS Other Than the General Fund of the U.S. Government
		(5,110,839)	Non-entity Collections Transferred to the General Fund of the U.S. Government (1 of 2)
		101,000	Accrual for Non-entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government (1 of 2)
Total Royalties Retained	5,678,853	5,678,853	Total Reclassified Royalties Retained
Non-Exchange Revenue	1,278,067	(108,735)	Other Taxes and Receipts (2 of 5)
		182,175	Federal Securities Interest Revenue Including Associated Gains/Losses (Non-exchange)
		1,191,970	Collections Transferred Into a TAS Other Than the General Fund of the U.S. Government - Nonexchange (2 of 2)
		12,306	Accruals for entity amounts to be collected in a TAS other than the General Fund of the U.S. Government - Nonexchange
		27	Borrowings and Other Interest Revenue - Nonexchange (1 of 2)
		48	Other Budgetary Financing Sources
		276	Other Non-Budgetary Financing Sources
Total Non-Exchange Revenue	1,278,067	1,278,067	Total Reclassified Non-Exchange Revenue
Transfers In/(Out) without Reimbursement - Budgetary	627,474	71,707	Appropriation of Unavailable Special or Trust Fund Receipts Transfers-In
		(136,554)	Appropriation of Unavailable Special or Trust Fund Receipts Transfers-Out
		711,027	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources (2 of 2)

continued

FY 2019 Department of the Interior Statement of Changes in Net Position		Line Items Used to Prepare FY 2019 Government-wide Statement of Operations and Changes in Net Position	
		(250,476)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources (2 of 2)
		231,770	Expenditure transfers-in of financing sources
Total Transfers In/(Out) without Reimbursement - Budgetary	627,474	627,474	Total Reclassified Transfers In/(Out) without Reimbursement - Budgetary
Donations and Forfeitures of Cash and Cash Equivalents	61,642	61,642	Other Taxes and Receipts (3 of 5)
Donations and Forfeitures of Property	17,482	17,482	Other Taxes and Receipts (4 of 5)
Transfers In/(Out) without Reimbursement	1,304	1,431	Transfers-In Without Reimbursement
		(127)	Transfers-Out Without Reimbursement
Total Transfers In/(Out) without Reimbursement	1,304	1,304	Total Reclassified Transfers In/(Out) without Reimbursement
Imputed Financing from Costs Absorbed by Others	517,170	517,170	Imputed Financing Sources
Other Non-Budgetary Financing Sources/(Uses)	(354,077)	(8,502)	Other Taxes and Receipts (5 of 5)
		(3)	Borrowings and Other Interest Revenue - Non-Exchange (2 of 2)
		(273,616)	Non-entity Collections Transferred to the General Fund of the U.S. Government (2 of 2)
		(71,956)	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)	(354,077)	(354,077)	Total Reclassified Other Non-Budgetary Financing Sources/(Uses)
Total Financing Sources	21,084,655	21,084,655	**Total Financing Sources**
Net Cost of Operations	(18,802,340)	(18,802,340)	**Net Cost of Operations**
Net Change	2,282,315	2,282,315	**Net Change**
Ending Balance - Cumulative Results of Operations	**$ 80,006,510**	**$ 80,006,510**	**Net Position, End of Period (2 of 2)**
Total Net Position	**$ 89,344,405**	**$ 89,344,405**	**Total Net Position**

FY 2019 Department of the Interior Statement of Custodial Activity		Line Items Used to Prepare FY 2019 Government-wide Statement of Operations and Changes in Net Position and Statement of Net Cost.	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Revenues on Behalf of the Federal Government	$ 10,947,683	$ 10,837,627	Statement of Operations and Changes in Net Position - Miscellaneous Earned Revenues
		110,056	Statement of Net Cost - Non-Federal Earned Revenue
Total Revenues	$ 10,947,683	$ 10,947,683	
Disposition of Revenue	10,947,683	10,538	Statement of Operations and Changes in Net Position - Other Taxes and Receipts
		5,855,442	[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
		71,865	[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
		5,110,838	Statement of Operations and Changes in Net Position - Non-entity Collections Transferred to the General Fund of the U.S. Government
		(101,000)	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
Total Disposition of Revenue	$ 10,947,683	$ 10,947,683	
Net Custodial Activity	**$ -**	**$ -**	

[1]Amounts reported in Line Items to Prepare the FY 2019 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.

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, 2019 *(dollars in thousands)*	Interior Franchise Fund	Working Capital Fund	Water and Related Resources	National Park Service	Management of Land and Resources
Budgetary Resources:					
Unobligated Balance from Prior Year Budget Authority, Net	$ 295,876	$ 306,799	$ 1,202,606	$ 206,049	$ 254,869
Appropriations (discretionary and mandatory)	-	55,735	1,351,098	2,502,338	1,201,773
Borrowing Authority (discretionary and mandatory)	-	-	-	-	-
Contract Authority (discretionary and mandatory)	-	-	-	-	-
Spending Authority from Offsetting Collections (discretionary and mandatory)	995,565	889,531	339,906	37,819	65,705
Total Budgetary Resources	$ 1,291,441	$ 1,252,065	$ 2,893,610	$ 2,746,206	$ 1,522,347
Status of Budgetary Resources:					
New Obligations and Upward Adjustments	$ 1,165,376	$ 990,765	$ 1,591,383	$ 2,500,801	$ 1,281,037
Unobligated Balance, End of Year					
Apportioned, Unexpired Accounts	126,065	258,863	1,302,227	153,930	240,828
Unapportioned, Unexpired Accounts	-	2,437	-	-	482
Unexpired, Unobligated Balance, End of Year	126,065	261,300	1,302,227	153,930	241,310
Unexpired, Unobligated Balance, End of Year	-	-	-	91,475	-
Unobligated Balance, End of Year (Total)	126,065	261,300	1,302,227	245,405	241,310
Total Budgetary Resources	$ 1,291,441	$ 1,252,065	$ 2,893,610	$ 2,746,206	$ 1,522,347
Outlays, Net:					
Outlays, Net (discretionary and mandatory)	$ 53,226	$ 22,091	$ 1,070,154	$ 2,395,701	$ 1,104,361
Distributed Offsetting Receipts	-	-	(1,010)	-	-
Agency outlays, net (discretionary and mandatory)	$ 53,226	$ 22,091	$ 1,069,144	$ 2,395,701	$ 1,104,361

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
$ 110,419	$ 908,693	$ 421,854	$ 1,008	$ 838,201	$ 728,284	$ 1,536,525	$ 6,474,444	$ 13,285,627
989,060	206,032	1,292,078	2,151,728	2,414,577	1,259,145	574,868	7,841,685	21,840,117
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	28,140	28,140
58,872	277	309,603	-	284,021	582,247	-	1,691,326	5,254,872
$ 1,158,351	$ 1,115,002	$ 2,023,535	$ 2,152,736	$ 3,536,799	$ 2,569,676	$ 2,111,393	$ 16,035,595	$ 40,408,756
$ 1,062,919	$ 112,189	$ 1,596,263	$ 2,151,728	$ 2,779,026	$ 1,765,387	$ 194,508	$ 9,366,492	$ 26,557,874
95,432	1,002,813	408,635	1,008	728,674	792,810	1,916,885	6,608,059	13,636,229
-	-	-	-	-	1,266	-	8,120	12,305
95,432	1,002,813	408,635	1,008	728,674	794,076	1,916,885	6,616,179	13,648,534
-	-	18,637	-	29,099	10,213	-	52,924	202,348
95,432	1,002,813	427,272	1,008	757,773	804,289	1,916,885	6,669,103	13,850,882
$ 1,158,351	$ 1,115,002	$ 2,023,535	$ 2,152,736	$ 3,536,799	$ 2,569,676	$ 2,111,393	$ 16,035,595	$ 40,408,756
$ 990,649	$ 101,329	$ 1,255,741	$ 2,151,728	$ 2,493,296	$ 1,145,250	$ 186,588	$ 6,933,501	$ 19,903,615
-	(208,826)	-	(2,186,925)	-	(49)	(570,573)	(3,031,175)	(5,998,558)
$ 990,649	$ (107,497)	$ 1,255,741	$ (35,197)	$ 2,493,296	$ 1,145,201	$ (383,985)	$ 3,902,326	$ 13,905,057

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.

The following is DOI's DM&R as of September 30, 2019:

Deferred Maintenance and Repairs as of September 30, 2019		
PP&E Category *(dollars in thousands)*	**Beginning DM&R Balance**	**Ending DM&R Balance**
General PP&E	$ 9,811,899	$ 9,797,529
Heritage Assets	5,755,151	7,029,736
Stewardship Land	428,684	504,292
Total	$ 15,995,734	$ 17,331,557

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. Generally DOI considers assets with an FCI near 0.15 to be in acceptable 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.

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 BOR's assets have been transferred to non-Federal operating entities to perform and fund operations and maintenance through user fees. The BOR 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 DM&R and capital improvement 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, 2019, is $19.7 million. This estimate is comprised of approximately $6.1 million in audit and compliance management, approximately $9.1 million state and Tribal audit, and approximately $4.5 million in civil penalties.

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

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.

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

- The BOEM manages access to and 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 makes a decision as to 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. Mineral ownership may be divided jointly by more than one Federal jurisdictional agency, may be fragmented, or in some cases 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 is completed, BLM and BOEM determine whether bids can be accepted and a lease issued. The BLM must adjudicate all protests to any onshore parcels with winning bids, prior to lease issuance. 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

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 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**

Schedule of Estimated Federal Oil and Gas Petroleum Royalties from Proved Reserves
Asset Present Value as of September 30, 2018
(in thousands)

Offshore[1]	Gulf of Mexico	Pacific[2]				Total
Oil and Lease Condensate	$ 20,649,617	$ 287,063				$ 20,936,680
Natural Gas, Wet After Lease Separation	1,880,689	4,609				1,885,298
Total Offshore	**$ 22,530,306**	**$ 291,672**				**$ 22,821,978**

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	$ 47	$ 2,291,078	$ 5,250,759	$ 3,507,544	$ 500,997	$ 11,550,425
Natural Gas, Wet After Lease Separation	1,250	308,950	2,769,877	8,027,228	170,756	11,278,061
Total Onshore	**$ 1,297**	**$ 2,600,028**	**$ 8,020,636**	**$ 11,534,772**	**$ 671,753**	**$ 22,828,486**

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

Total Offshore and Onshore 2018	
Total Oil and Lease Condensate	$ 32,487,105
Total Natural Gas, Wet After Lease Separation	13,163,359
Total Offshore and Onshore	**$ 45,650,464**

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

Program webpage (***http://www.boem.gov/resource-evaluation-program***).

The previous tables present the estimated present value of future Federal royalty receipts on estimated proved reserves as of September 30, 2019, and September 30, 2018. 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 2017, 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 2019 Annual Energy Outlook (AEO2019), and effective royalty rates. The OMB price estimates are 11-year estimates prepared for the mid-session review of Administration's FY 2020 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 percent per year for gas in the offshore estimates. For the onshore estimates, prices are projected forward based upon where OMB's Henry Hub (for natural gas) and West Texas Intermediate (or WTI, for oil) benchmark prices lie during its 11-year forecast with respect to the AEO2019 reference and low oil price case scenarios, as a ratio those price projections beyond the 11-year OMB timeframe. For example, the OMB price forecast ends in FY 2029 and OMB prices were on average 50 percent between the AEO2019 reference and low oil prices, with a greater weight given to later fiscal years before averaging. If the AEO2019 reference and low oil price cases projected a WTI price of $65 and $55 per barrel, respectively, the onshore forecast would project a price of $55 + [.50*($65-$55)] = $60 per barrel.

For 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, data was used for the most recently completed fiscal year (FY 2018) with updated ONRR sales year data as of March 1, 2019. Assuming that 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 3 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 2018), 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. Using the 1-year rather than 3-year average, for instance, captures more recent movements in oil production from the Bakken in Montana and North Dakota–which has relatively lower effective royalty rates due to higher allowances, to portions of the Permian in southeastern New Mexico, which have higher effective rates and lower allowances by comparison. 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 also 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. These rates averaged a combined 2.87% for trading dates in FY 2019. The OMB rates used for offshore are 11-year estimates prepared for the mid-season review of the Administration's FY 2020 budget. The rates begin at 2.98 percent for FY 2019 and rise to 3.86 percent for FY 2025-FY 2029. The rates were assumed to remain at 3.86 percent beyond FY 2029, 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, 2019 and 2018
(in thousands)

	FY 2019	FY 2018
Other Federal Bureaus and agencies		
Department of the Treasury	$ 35,148,929	$ 24,039,524
Interior - Reclamation Fund	13,289,947	8,227,017
Other Federal Bureaus and agencies	2,683,275	1,651,764
States and Others	17,772,090	11,732,159
Total Estimated Petroleum Royalties to be Distributed to Others	**$ 68,894,241**	**$ 45,650,464**

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 2019 and FY 2018
(in thousands)

	FY 2019			FY 2018		
(dollars in thousands)	Federal Offshore	Federal Onshore	Total	Federal Offshore	Federal Onshore	Total
Royalties from Oil & Lease Condensate	$ 4,567,534	$ 1,971,329	$ 6,538,863	$ 3,887,985	$ 1,487,342	$ 5,375,327
Accrual Adjustment - Oil & Lease Condensate	(37,034)	(24,660)	(61,694)	209,244	79,347	288,591
Royalties from Natural Gas	424,115	991,353	1,415,468	347,864	907,019	1,254,883
Accrual Adjustment - Natural Gas	2,963	(559)	2,404	18,583	48,669	67,252
Subtotal	$ 4,957,578	$ 2,937,463	$ 7,895,041	$ 4,463,676	$ 2,522,377	$ 6,986,053
Rent	$ 86,184	$ 20,135	$ 106,319	$ 94,301	$ 35,202	$ 129,503
Bonus Bid	426,426	1,193,037	1,619,463	235,612	277,692	513,304
Subtotal	$ 512,610	$ 1,213,172	$ 1,725,782	$ 329,913	$ 312,894	$ 642,807
Total	**$ 5,470,188**	**$ 4,150,635**	**$ 9,620,823**	**$ 4,793,589**	**$ 2,835,271**	**$ 7,628,860**

The above table of revenue reported by category presents royalty revenue reported to DOI in fiscal years 2019 and 2018 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 2019 and FY 2018
(in thousands)

Oil and Lease Condensate (Bbl)

Federal Offshore	FY 2019 Quantity	FY 2019 Average Purchase Price ($)[1]	FY 2019 Average Royalty Rate (%)	FY 2018 Quantity	FY 2018 Average Purchase Price ($)[1]	FY 2018 Average Royalty Rate (%)
Gulf of Mexico[2]	4,504,093	$ 62.67	13.10%	3,454,487	$ 65.44	12.94%
Pacific (including Alaska Federal OCS)	71,925	59.74	18.35%	36,856	62.36	14.94%
Subtotal Federal Offshore	4,576,018			3,491,343		
Federal Onshore						
East Coast (PADD 1)	-	$ -	-	10	$ 56.66	12.50%
Midwest (PADD 2)	566,306	54.23	11.93%	500,717	62.15	11.89%
Gulf Coast (PADD 3)	1,672,789	51.46	12.91%	1,000,686	59.37	12.39%
Rocky Mountain (PADD 4)	828,977	51.79	12.23%	756,253	59.10	12.11%
West Coast (PADD 5)	123,624	63.41	12.23%	103,305	65.98	12.21%
Subtotal Federal Onshore	3,191,696			2,360,971		
Total	**7,767.714**			**5,852,314**		

Natural Gas, Wet After Lease Separation (Mcf)

Federal Offshore	FY 2019 Quantity	FY 2019 Average Purchase Price ($)[1]	FY 2019 Average Royalty Rate (%)	FY 2018 Quantity	FY 2018 Average Purchase Price ($)[1]	FY 2018 Average Royalty Rate (%)
Gulf of Mexico[2]	5,392,887	$ 3.21	11.78%	5,357,617	$ 3.50	11.89%
Pacific (including Alaska Federal OCS)	20,404	4.16	14.64%	12,725	4.02	13.00%
Subtotal Federal Offshore	5,413,291			5,370,342		
Federal Onshore						
East Coast (PADD 1)	5,563	$ 2.72	12.62%	4,160	$ 2.84	12.61%
Midwest (PADD 2)	1,076,917	3.10	11.44%	876,038	3.82	11.05%
Gulf Coast (PADD 3)	12,332,345	2.51	10.62%	9,067,823	3.13	10.86%
Rocky Mountain (PADD 4)	30,705,303	3.09	10.47%	27,567,695	2.82	10.15%
West Coast (PADD 5)	472,178	4.99	12.32%	313,004	4.94	12.38%
Subtotal Federal Onshore	44,592,306			37,828,720		
Total	**50,005,597**			**43,199,062**		

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 2019 and FY 2018. 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 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.

[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 612,995 Mbbl of proved oil reserves and 622,828 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 $4,177,541,073.

Federal Regional Oil and Gas Information
FY 2019 and FY 2018
(in thousands)

Oil and Lease Condensate Information - Offshore

	FY 2019				FY 2018			
	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	538,433	$ 34,446,167	$ 4,514,223	$ 947,859	480,340	$ 29,814,721	$ 3,840,423	$ 976,356
Pacific	4,791	291,246	53,311	-	5,672	334,905	47,562	-
Total	**543,224**	**$ 34,737,413**	**$ 4,567,534**	**$ 947,859**	**486,012**	**$ 30,149,626**	**$ 3,887,985**	**$ 976,356**

Natural Gas Information - Offshore

	FY 2019				FY 2018			
	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	997,784	$ 3,556,827	$ 422,595	$ 41,005	855,880	$ 2,978,578	$ 346,673	$ 91,960
Pacific	1,888	10,484	1,520	-	2,467	$9,689	$1,191	-
Total	**999,672**	**$ 3,567,311**	**$ 424,115**	**$ 41,005**	**858,347**	**$ 2,988,267**	**$ 347,864**	**$ 91,960**

Oil and Lease Condensate Information - Onshore

	FY 2019				FY 2018			
	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)	-	$ -	$ -	$ -	1	$ 72	$ 9	$ -
Midwest (PADD 2)	45,158	2,535,565	300,879	-	27,989	1,668,977	196,238	-
Gulf Coast (PADD 3)	165,801	8,722,105	1,119,488	-	112,190	6,325,332	782,195	-
Rocky Mountain (PADD 4)	67,449	3,636,792	445,203	-	60,310	3,347,797	405,365	-
West Coast (PADD 5)	13,348	861,343	105,759	-	13,536	$ 847,835	$ 103,535	-
Total	**291,756**	**$ 15,755,805**	**$ 1,971,329**	**$ -**	**214,026**	**$ 12,190,013**	**$ 1,487,342**	**$ -**

Natural Gas Information - Onshore

	FY 2019				FY 2018			
	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)	269	$ 824	$ 103	$ -	313	$ 904	$ 114	$ -
Midwest (PADD 2)	99,977	339,947	38,798	-	85,237	316,090	34,974	-
Gulf Coast (PADD 3)	1,207,687	3,571,706	379,175	-	1,086,778	3,449,406	367,237	-
Rocky Mountain (PADD 4)	1,654,486	5,309,442	561,008	-	1,733,297	5,053,128	491,746	-
West Coast (PADD 5)	20,290	99,625	12,269	-	20,965	104,430	12,948	-
Total	**2,982,709**	**$ 9,321,544**	**$ 991,353**	**$ -**	**2,926,590**	**$ 8,923,958**	**$ 907,019**	**$ -**

Federal Regional Oil and Gas Information (Continued)
(in thousands)

Oil and Lease Condensate Information - Offshore and Onshore

	FY 2019				FY 2018			
	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	834,980	$ 50,493,218	$ 6,538,863	$ 947,859	700,038	$ 42,339,639	$ 5,375,327	$ 976,356

Natural Gas Information - Offshore and Onshore

	FY 2019				FY 2018			
	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	3,982,381	$ 12,888,855	$ 1,415,468	$ 41,005	3,784,937	$ 11,912,225	$ 1,254,883	$ 91,960

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 2019 and FY 2018.

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.

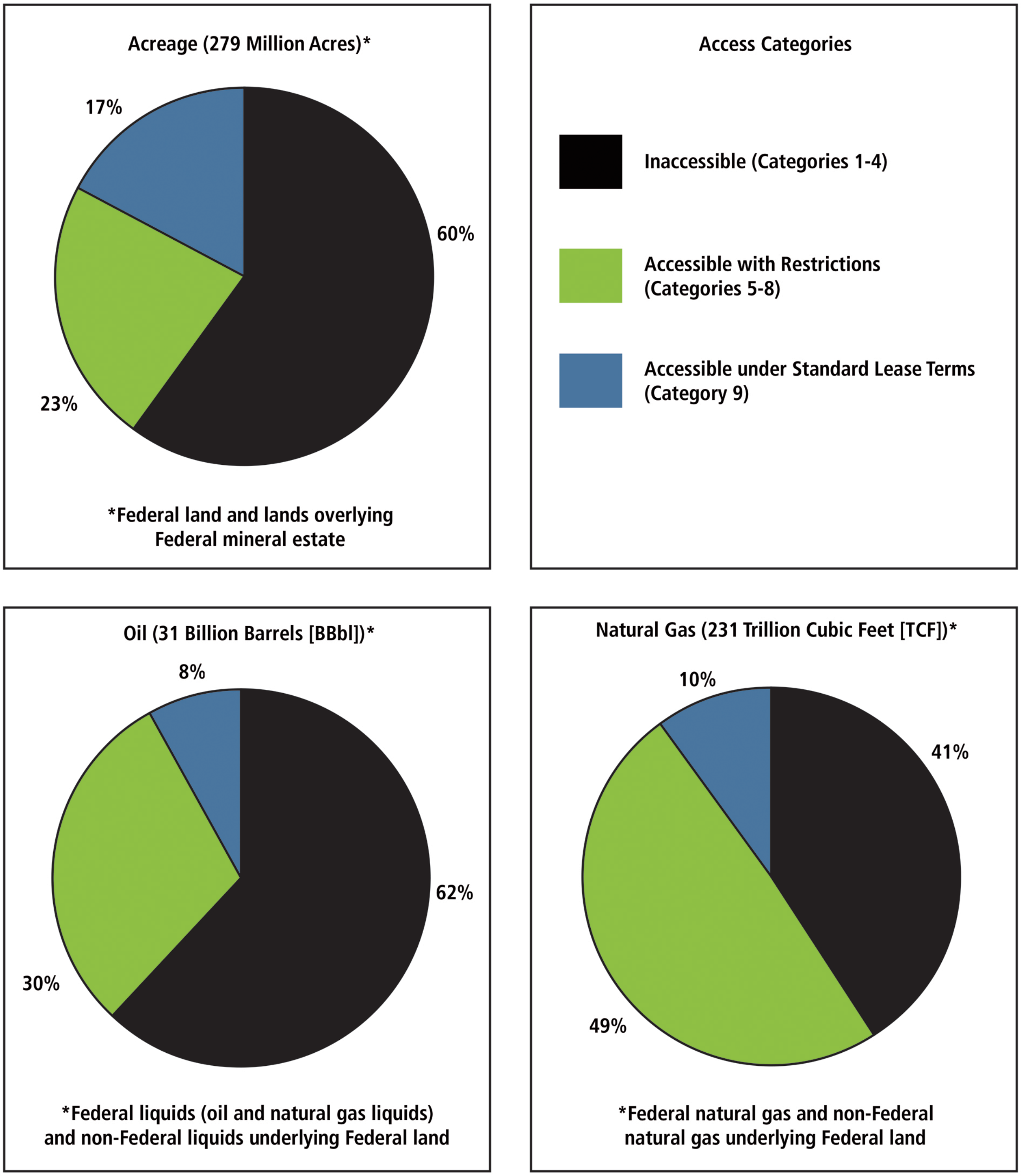
Royalty relief is the reduction, modification, or elimination of any royalty payment due, to promote development, increase production, or encourage production of marginal resources on certain leases or categories of leases. The value for royalty relief is based upon amounts reported to ONRR in accordance 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

Based on BOEM's 2016a National Assessment of Undiscovered Oil and Gas Resources of the Nation's OCS, the remaining resource endowment of the Federal OCS, adjusted for cumulative production through September 2019, is estimated at 173 billion barrels of oil equivalent (BBOE). Of these resources,14 percent (24 BBOE) are discovered resources under lease in OCS areas currently available for leasing and/or development. The remaining 86 percent (149 BBOE) are Undiscovered Technically Recoverable Resources (UTRR) defined as oil and gas that may be produced as a consequence of natural pressure, artificial lift, pressure maintenance, or other secondary recovery methods, but without any consideration of economic viability. The UTRR are primarily located outside of known fields. For more information, visit: ***https://www.boem.gov/2016a-National-Assessment-Fact-Sheet/***.

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. EPCA required the Secretary of the Interior, in consultation with the Secretaries of Agriculture and Energy, to provide the inventory to Congress. The Secretary of the Interior designated the BLM to lead the effort. That inventory, now referred to as EPCA Phase I, was published in 2003. Phase II was published in 2006. The most recent inventory—from EPCA Phase III, published in 2008—supersedes both of these. The graphics on the following page depict some of the report's key findings:



The entire report is available at ***https://www.blm.gov/sites/blm.gov/files/EPCA_III_Inventory_Onshore_Federal_Oil_Gas.pdf***.

These UTRR values have changed, often significantly, for each of the individual USGS Assessment Units (AUs) that were combined and then had their Federal shares estimated as part of the EPCA Phase III. However, a national-level estimate of Federal onshore UTRR has not been completed in more recent years to provide an update to the figures noted above. In addition, numerous legislative, administrative, and regulatory changes take place each year that provide a constantly evolving picture of what portion of the estimated Federal onshore UTRR are actually accessible to production.

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 2018, coal resources accounted for 27.4 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 sate land owners, 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.

The *Mineral Leasing Act*, as amended by the *Federal Coal Leasing Amendments Act of 1976* (FCLAA), requires that coal be leased competitively and that the government must receive a FMV for land leased for coal development. However, there are two exceptions to this requirement: (1) preference right lease applications where a lease may be issued on a noncompetitive basis to owners of pre-FCLAA prospecting permits that have established a reasonable prospect of developing a successful coal mine; and (2) modifications of existing leases where contiguous lands of as much as 960 acres are added noncompetitively to an existing lease at FMV. Competitive coal leasing can either be (1) regional leasing where DOI and BLM select tracts within a coal region for competitive sale or; (2) leasing by application where the public applies to lease a particular tract of coal for competitive sale.

Once BLM accepts an application for lease, it begins an Environmental Analysis or Environmental Impact Statement. The BLM provides the analysis or statement for public comment and consults with other appropriate Federal agencies, states, and Tribal governments. A presale-FMV of the coal is then prepared by BLM which is used to evaluate the bids received during the competitive lease sale. The minimum acceptable bid must be at least $100 per acre. The winning bidder is required to reimburse BLM for all processing costs incurred.

Once a lease is in place, Federal coal leasing laws and lease terms determine the Federal Government's share of production from coal leasing operations. Through royalty revenue collection and fund disbursement, ONRR achieves optimal value by ensuring that revenues from Federal coal leases are efficiently, effectively, and accurately collected, accounted for, and disbursed to recipients, including states and Treasury. The ONRR also performs revenue compliance activities to ensure the Federal Government has received 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.

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**

Schedule of Estimated Federal Coal Royalties Asset Present Value as of September 30, 2018 (in thousands)					
	Powder River Basin[1]	Colorado	Utah	All Other[2]	Total
Total Coal	**$ 6,748,860**	**$ 775,021**	**$ 336,663**	**$ 923,241**	**$ 8,783,785**

[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, 2019 and September 30, 2018. 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, 2019 and 2018 (in thousands)		
	FY 2019	FY 2018
Other Federal Bureaus and agencies		
Department of the Treasury	$ 979,800	$ 966,216
Interior - Reclamation Fund	3,562,909	3,513,514
States and Others	**4,364,563**	**4,304,055**
Total Estimated Coal Royalties to be Distributed to Others	**$ 8,907,272**	**$ 8,783,785**

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 2019 and FY 2018 (in thousands)		
	Coal Totals FY 2019	Coal Totals FY 2018
Coal Royalties	$ 501,426	$ 493,987
Accrual Adjustment - Coal Royalties	(16,679)	(5,897)
Subtotal	**$ 484,747**	**$ 488,090**
Rent	1,105	1,220
Bonus Bid	12,326	33
Subtotal	$ 13,431	$ 1,253
Totals	**$ 498,178**	**$ 489,343**

The above table of revenue reported by category represents royalty revenue reported to ONRR in FY 2019 and FY 2018 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 2019 and FY 2018 *(in thousands)*						
	FY 2019			FY 2018		
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]	5,201,581	$ 11.71	12.43%	5,475,660	$ 12.15	12.41%
Colorado	415,843	35.58	5.87%	435,008	36.25	5.94%
Utah	192,500	36.00	5.85%	172,389	31.97	5.86%
All Other[2]	414,931	$ 42.99	7.75%	416,246	$ 40.01	7.57%
Total Federal	**6,224,855**			**6,499,303**		

[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 2019 and FY 2018. 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 2019 and FY 2018 *(in thousands)*						
	FY 2019			FY 2018		
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]	272,740	$ 3,212,175	$ 399,173	271,154	$ 3,295,012	$ 408,876
Colorado	9,407	452,236	26,622	10,424	516,519	20,783
Utah	13,596	576,180	31,570	12,582	487,040	29,261
All Other[2]	13,075	568,357	44,061	11,788	464,741	35,067
Total Federal	**308,818**	**$ 4,808,948**	**$ 501,426**	**305,948**	**$ 4,763,312**	**$ 493,987**

[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 2019 and FY 2018.

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 2019, the BLM, in collaboration with the ONRR, estimated the remaining recoverable coal reserves on currently authorized Federal coal leases to be approximately 6.2 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, 2019, the estimated net present value of future royalties from trona from the Green River Basin is $796 million.

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, 2019, the estimated net present value of future royalties from potash (including the muriates of potash and langbeinite phosphate) is $158 million.

Research and Development:

Investment in Research and Development						(dollars in thousands)
Category	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**Total**
Basic Research	$ 99,000	$ 99,000	$ 91,000	$ 92,000	$ 116,000	$ 497,000
Applied Research	890,000	937,000	949,000	939,000	751,000	4,466,000
Developmental Research	145,000	174,000	188,000	204,000	162,000	873,000
Total	$ 1,134,000	$ 1,210,000	$ 1,228,000	$ 1,235,000	$ 1,029,000	$ 5,836,000

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.

The following are highlights of some of the research and development projects and their accomplishments:

The Technology Assessment Program (TAP)

The BSEE, through TAP, promotes the evaluation of emerging technologies, ranging from the drilling of oil and gas exploration wells in search of new reserves to the removal of platforms and related infrastructure once production operations have ceased, to assure approved permits continue to promote safe operations. The following is an example of the active ongoing TAP research projects:

Fatigue of Sea Ice Alaska Project. The overall goal of the research is to better predict fracture of the ice cover on the Arctic Ocean and of attendant effects on the safety of ships and offshore structures used in the exploration and harvesting of oil and gas from beneath the ocean. Through this research a systematic series of experiments will be conducted to characterize and understand the fatigue of deformation. The experiments are being performed in Dartmouth's Ice Research Laboratory and will measure the effects of stress and strain amplitude, rate of cycling, temperature, and salinity on the fatigue life of saline ice. The results will be useful in predicting conditions under which the ice cover self-destructs.

The Oil Spill Preparedness Program

Through this research, BSEE implements comprehensive, short- and long-term research projects dedicated to improving oil spill response options for offshore environments, including the Arctic and deep water. The research includes: enhancing decision-making tools and strategies; improving the effectiveness of chemical dispersant use; advancing technologies for mechanical recovery of oil; advancing the burn tactics for spilled crude oil (referred to as in situ burning); and improving remote sensing capabilities for detecting and monitoring oil spills.

Fisheries Program

Working with FWS, the USGS established an operational ESA pre-listing species science team to conduct multi-species status assessments. These assessments will increase FWS's technical capacity and help them be more efficient with the review of species on the 7-year work plan, leading to more expedient decisions.

Land Change Science Program

The USGS released the National Land Cover Database (NLCD) 2016 for the conterminous U.S., the most comprehensive land cover database that the USGS has ever produced. NLCD 2016 contains 28 different land cover products characterizing land cover change, urban imperviousness change, tree canopy change, and shrub and grassland areas in the Western U.S.

Energy Resources Program

The USGS continued technical and outreach activity in support of Secretarial Order 3352, *National Petroleum Reserve, a multi-agency efforts to update resource assessments for the Alaska North Slope* (ANS). Activity included conducting seasonal fieldwork on the North Slope of Alaska, publishing several major papers in technical journals, conducting core workshops for industry, and participating in interviews with local media.

Mineral Resources Program

The USGS has collaborated the Association of American State Geologists to implement the Earth Mapping Resources Initiative (Earth MRI), a program of geologic, geophysical and topographic mapping to better inform the nation about its critical minerals potential. The FY 2019 focal areas were established and the USGS is actively entering into contracts with contractors and state geological surveys for data acquisition.

Earthquake Hazards Program

More than 70 seismic stations were built and began sending data to the ShakeAlert system. Public alerting began in January 2019 using the ShakeAlertLA app developed under a Technology Assistance Agreement with the City of Los Angeles (more than 800,000 downloads). Public alerting via cell phones throughout California will begin October 17 over the Wireless Emergency Alert system and the MyShake app developed by UC Berkeley with support from the State of California.

Water Availability and Use Science Program

The USGS is now providing daily estimates in all small (HUC-12) watersheds nationally for two additional water budget components: soil moisture and recharge. By 2022, nine components of the water budget will be published to support delivery of a National Water Census describing water availability in the Nation.

National Geospatial Program

At the end of FY 2019, National Hydrologic Dataset (NHD) Plus High Resolution was available for almost 80 percent of the Nation.

Marine Minerals Program

The BOEM's research and development investment supports development of a National Offshore Sand Inventory and Marine Minerals Information System that is a central data repository of marine mineral data. The BOEM also invests in sediment resource evaluation efforts through cooperative agreements with coastal states to identify potential sand resource areas for use in beach nourishment and coastal restoration projects.

Engineering Design Standards for the Offshore Wind Energy Industry Program

BOEM continues the multiyear effort in association with the American Wind Energy Association and the National Renewable Energy Laboratory to develop engineering design standards for the offshore wind energy industry that are unique to the U.S. offshore environmental conditions. Research efforts that began in FY 2019 and continue into FY 2020 include model testing of cyclic axial loading on piles for jacket foundations, cyclic loading of suction bucket foundations in undrained sands, the potential for radar interference from offshore wind facilities, better understanding of the actual power offtake potential of a large offshore wind farm considering wake effects, turbine spacing, and the status of floating offshore wind energy development technology, etc.

Investment in Human Capital

Investment in Human Capital *(dollars in thousands)*						
Category	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**Total**
Educational Programs	$ 807,000	$ 818,000	$ 855,000	$ 889,000	$ 931,000	$ 4,300,000

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 funded 183 schools that serve on average 44,735 academic students per year of which 8,354 students were counted with disabilities. Some 4,863 students reside in boarding school residences and 1,240 students reside in peripheral dormitories. On average, the graduation rate is 66.15 percent overall and 65.99 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 22,137 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; and to strengthen family-school-community connections. This program serves, on average, 2,135 children and their 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 335 students and the Science Post Graduate Scholarship Program funds approximately 143 students.

Through BIE's focus on improving teachers' skills, teachers from various schools completed 376 Nation Board Certification components, with 41 individuals recognized as being National Board Certified teachers during the reporting period.

Investment in Non-Federal Physical Property

Investment in Non-Federal Physical Property *(dollars in thousands)*						
Category	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**Total**
Dams and Other Water Structures	$ 172,000	$ 163,000	$ 190,000	$ 210,000	$ 98,000	$ 833,000
Land	60,000	59,000	54,000	43,000	48,000	264,000
Roads and Bridges	3,000	1,000	1,000	1,000	4,000	10,000
Schools and Public Buildings	41,000	40,000	42,000	17,000	47,000	187,000
Ranges	9,000	4,000	7,000	18,000	18,000	56,000
Not Classified	19,000	39,000	24,000	2,000	8,000	92,000
Total	**$ 304,000**	**$ 306,000**	**$ 318,000**	**$ 291,000**	**$ 223,000**	**$ 1,442,000**

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.

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 for Fiscal Year 2019

Report No.: 2019-ER-052 November 2019

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

Memorandum

NOV 15 2019

To: Secretary Bernhardt

From: Mark L. 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 2019*
Report No. 2019-ER-052

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 2019.

Each challenge area connects to the DOI's mission and strategic plan, and reflects continuing vulnerabilities and emerging issues. We met with key DOI officials to gain their perspectives on the challenge areas and progress made under each.

If you have any questions, please do not hesitate to call me at 202-208-5745.

cc: Todd Willens, Chief of Staff, U.S. Department of the Interior
Katharine MacGregor, Deputy Chief of Staff, U.S. Department of the Interior, Exercising the Authority of the Deputy Secretary
Susan Combs, Assistant Secretary for Policy, Management and Budget
Scott Cameron, Principal Deputy Assistant Secretary for Policy, Management and Budget
Tonya Johnson, Deputy CFO and Director, Office of Financial Management
Allen Lawrence, Division Chief, Internal Control and Audit Follow-Up, Office of Financial Management

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Introduction and Approach

In accordance with the Reports Consolidation Act of 2000, the Office of Inspector General (OIG) is reporting what it has 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.*

Each challenge area connects to the DOI's mission and strategic plan, and reflects continuing vulnerabilities and emerging issues.

We identified the top management and performance challenges for fiscal year (FY) 2019 as:

- Financial management
- Workplace culture and human capital
- Responsibility to American Indians
- Energy management
- Information technology (IT) security
- Water programs

These six challenge areas are not presented in order of priority. We have streamlined the presentation in this year's report to improve clarity and give key information greater prominence. For each challenge area we have noted the related DOI mission area(s) or cross-cutting principle(s) from the *DOI Strategic Plan for Fiscal Years 2018 – 2022* (see Appendix 1 for the full crosswalk).

In addition, some issues span multiple challenge areas, serving as a reminder of the complex nature of the DOI's mission. These issues are woven through the report rather than being standalone sections. For example, management of natural resources is characterized by the struggle to balance the demand for greater use of these resources with the need to conserve and protect them for the benefit of future generations. Climate change affects land use, water resources, wildlife and their habitats, and the frequency and severity of natural disasters. Another cross-cutting issue is public safety, which is an aspect of many DOI responsibilities, including public land management, infrastructure and facilities maintenance, and disaster response.

This report is based on specific OIG and U.S. Government Accountability Office (GAO) reviews and other reports, as well as our general knowledge of the DOI's programs and operations (see Appendix 2 for a list of relevant OIG reports for each challenge area). We met with key DOI officials to gain their perspectives on the challenge areas and progress made under each. Our analysis generally considers the accomplishments that the DOI reported as of September 30, 2019.

Topics in this report are also found in the GAO's 2019 list of Federal programs and operations at high risk for waste, fraud, abuse, and mismanagement or in need of broad-based transformation (its "High-Risk List," updated every 2 years; see http://www.gao.gov/highrisk/overview).

Financial Management

The DOI manages significant financial assets, including contracts, financial assistance awards (grants and cooperative agreements), as well as property and other resources. In FY 2019 the DOI awarded approximately $4.5 billion in new contracts and $6.3 billion in new grants.

Aligns with these elements of the DOI strategic plan:

- Mission Area 5: Protecting Our People and the Border
- Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years
- Cross-Cutting Principle: Improving Infrastructure

Key Challenges

Acquisition and Financial Assistance

We continue to identify high-risk issues regarding pre-award processes, award oversight, and post-award monitoring. In FY 2019, we audited 2 contracts and 14 financial assistance awards and questioned more than $1.5 million, for such reasons as inadequate oversight, failing to follow regulations, and lack of support. With challenges in hiring and retaining staff who are trained to award and manage contracts and financial assistance awards, bureaus run the risk of inconsistently applying regulations and providing inadequate award oversight.

Bureau of Indian Affairs (BIA) tribal contracts awarded under Public Law No. 93-638 in particular require staff with specialized training and experience, beyond the procurement training sufficient at other bureaus. In our review of these contracts, we have found instances where tribes did not have staff trained to manage Federal agreements and accounting records. In one case, we questioned a tribe's entire claim of $150,000 for FYs 2015 and 2016 due to the lack of any supporting documentation. In another case, we questioned $1.23 million in costs due to unreported expenditures and misapplied indirect costs that occurred because the tribe did not properly staff key positions or account for expenditures.

The DOI's Plans and Progress: The DOI plans to review and implement modifications to its procurement and acquisition practices to ensure adherence by bureaus. In addition, the DOI reported that an overhaul of grants management is underway to provide transparency and streamline processes. The BIA plans to continue to provide administrative support for tribes and track tribal contracts.

Disaster Preparedness and Response

Over the last 7 years, the DOI has received supplemental funding for disaster response three times. In our review of associated financial awards, we found issues with inadequate oversight. These awards are riskier than normal because they are awarded quickly and often without competition, and have a higher purchase threshold than other acquisitions.

In FY 2019, the DOI received $328 million in disaster relief funding following Hurricanes Florence, Lane, and Michael; Typhoons Yutu and Mangkhut; and other disasters such as wildfires, earthquakes, and volcanic eruptions. As of September 30, 2019, the DOI has obligated only $23.9 million of that amount.

In an ongoing collaboration with other OIGs on a Council of Inspectors General on Integrity and Efficiency (CIGIE) cross-cutting initiative, we inspected disaster supplemental appropriations provided under the Bipartisan Budget Act of 2018 ($516 million). We found that the National Park Service (NPS) and the U.S. Fish and Wildlife Service (FWS) have been slow in expending supplemental disaster funds.

The DOI's Plans and Progress: The NPS and the FWS have plans to train employees to improve contract administration during disasters. In addition, the FWS informed us that 92 percent of the hurricane portion of its disaster funding has been obligated (the first step in expending funds).

Infrastructure Challenges

The DOI manages an asset portfolio worth more than $300 billion that includes infrastructure such as roads, bridges, trails, water systems, laboratories, employee housing, visitor centers, schools, campgrounds, and drinking fountains. As of the end of FY 2018, the DOI's total deferred maintenance backlog was $16.4 billion. The NPS has the largest share of total deferred maintenance, at $11.9 billion. In part because maintenance funding has not kept up with need, many aging facilities and other structures require repair and restoration to mitigate risks to public health and safety.

In the FY 2019 budget request, the NPS asked for $805 million to address its deferred maintenance backlog, but it received only $136 million in that year's appropriation for maintenance, repair, or rehabilitation projects for constructed assets (see Figure 1).

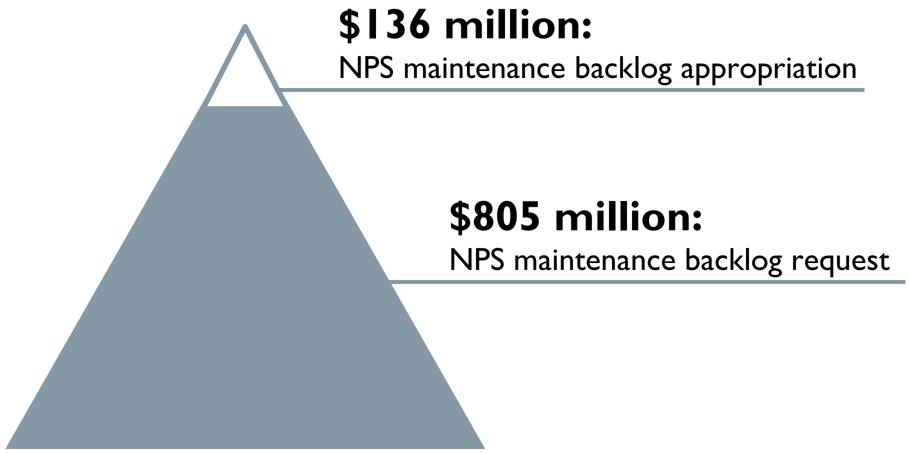

Figure 1. Maintenance funding requested by the NPS compared with funding received in FY 2019 appropriation.

The DOI's Plans and Progress: The DOI's FY 2020 budget request includes more than $1.5 billion to support infrastructure maintenance and construction, including $639.8 million for the NPS.

Complementing this request is the Administration's legislative proposal to establish a Public Lands Infrastructure Fund ($6.5 billion over 5 years) to address the deferred maintenance backlog. Within the DOI, the fund would be available for infrastructure needs in national parks, national wildlife refuges, and Bureau of Indian Education (BIE) schools, and on lands managed by the Bureau of Land Management (BLM).

Management of Partnership Agreements

The DOI needs to improve oversight, reporting, and policies over the use of donations from its philanthropic partners to help accomplish its wide-ranging mission and prevent fraud, waste, and abuse.

For example, in a March 2019 evaluation, we found that the NPS misused donations from philanthropic partners at 26 of 30 parks visited. The NPS did not oversee the use of donations, compile or report total donations, have an accurate directory of philanthropic partners, or have policy for the use of superintendent's funds (funds given to park superintendents for miscellaneous expenses). In an ongoing audit, we have found that the FWS performs minimal oversight of the financial operations of partnerships with certain non-Federal entities (known as friends organizations) and frequently cannot account for donations or expenditures.

The DOI's Plans and Progress: The NPS has revised and implemented policy to clarify oversight and permitted use of donations from philanthropic partners. The NPS is also working with the philanthropic partner community to identify the most effective ways to capture more detailed data in its partner web portal.

Workplace Culture and Human Capital

Many factors affect workplace culture, including agency values such as integrity and transparency, leadership behavior, and employee perceptions. In addition, the management of human capital impacts the DOI's ability to execute its mission efficiently.

Aligns with these elements of the DOI strategic plan:

- Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years
- Cross-Cutting Principle: Effective and Accountable Leadership
- Cross-Cutting Principle: Restoring Trust

Key Challenges

Ethics

Promoting and maintaining a culture of ethics is key to employee morale, productivity, and trust. Explaining his commitment to transform the DOI ethics program, Secretary Bernhardt noted that our investigations over the years have highlighted a culture "that did not embrace necessary ethical standards, which erodes the public's faith in our work." A 2016 OIG investigation that found widespread sexual misconduct at the Grand Canyon led to other investigations that raised an alarm about the prevalence of such misconduct across the DOI. Complaints reported to the OIG included allegations of sexual harassment, sexual assault, and retaliation. Since 2016, we have opened 22 sexual harassment investigations and numerous other misconduct investigations. In one recent case, we found that a manager made inappropriate and unwelcome sexual comments to a subordinate after being counseled for similar misconduct in 2013 and 2016.

We have also seen complaints concerning potential violations of impartiality. Our ethics investigations in FY 2019 uncovered cases of steering contracts to preferred vendors, prohibited fundraising activities, improper influence in hiring decisions, and participation in outside business ventures.

In a July 2018 report, the GAO outlined the indirect costs that agencies incur when employee misconduct goes unaddressed—including corrosive effects on other employees' morale, higher employee turnover, reduced productivity, and lower employee commitment to their work or agency. The Merit Systems Protection Board has also noted in its reporting on sexual harassment that "there is no corner of the Government wherein the Nation can afford to tolerate conduct that diminishes productivity [and] erodes morale."

The DOI's Plans and Progress: The DOI has taken steps to change the culture. In April 2018, the DOI established a comprehensive anti-harassment program by issuing the *Prevention and Elimination of Harassing Conduct* personnel bulletin, and in February 2019, the DOI created a Workplace Culture Transformation Advisory Council to advance comprehensive culture change. The DOI has taken disciplinary action against 35 subjects as a result of OIG investigations and agency referrals. Sixteen of those 35 employees are no longer in Government service because they were removed, they resigned, or they retired while under investigation.

In August 2019, Secretarial Order No. 3375 was issued to improve the departmental ethics program by restructuring and realigning ethics personnel roles, as well as clarifying roles and responsibilities. The DOI also has increased the number of full-time career ethics professionals. The number of ethics program staff hired since 2017 is almost double the number hired between 2009 and 2016. As of August 2019, there were 55 ethics staff, more than double the 21 ethics staff in 2017.

The DOI has taken steps to address sexual harassment and provide a safe work environment by conducting surveys, issuing policy, conducting investigations into sexual harassment allegations, requiring training, establishing an advisory hotline, and developing a tracking system.

Human Capital Management

The GAO included strategic human capital management on its High-Risk List for 2019, noting that agencies need to take action to address mission-critical skills gaps within their own workforces and that these skills gaps contributed to 16 other high-risk areas on its list.

Agencies have taken longer to recruit and onboard workers in each of the past 5 years. Governmentwide, the average time to hire in FY 2017 was 106 days, exceeding the 80-day goal set by the U.S. Office of Personnel Management (OPM). As a DOI-specific example, in FY 2019, the average time to complete Phase 1 of the hiring process for 42 IT management positions was 283 days, compared to the OPM's target of 8 days for this phase. The DOI loses qualified candidates or operates with vacancies due to these long hiring timelines, which directly impacts the mission. Secretary Bernhardt identified that timely hiring was particularly difficult for seasonal hiring, such as for firefighters brought on during peak fire season.

The DOI's Plans and Progress: The DOI has standardized position descriptions for multiple occupational series to create consistency across bureaus on the types of duties being executed at the same grade level.

In FY 2019, the DOI conducted its first enterprise-level human resources (HR) assessment of HR operations, which evaluated the DOI's current capacity to perform these operations and defined alternatives to make future operations more efficient and effective. The DOI also reported to us that it is partnering with the U.S. Digital Service (USDS) to create an innovative direct-hire process for IT professionals.

Responsibility to American Indians

Aligns with these elements of the DOI strategic plan:

- Mission Area 4: Fulfilling Our Trust and Insular Responsibilities
- Cross-Cutting Principle: Respect for Tribal Sovereignty

Through the BIA and the BIE, the DOI provides services to 573 federally recognized tribes with a population of about 1.9 million American Indians and Alaska Natives. The DOI also has responsibilities for the protection of 56 million surface acres of Indian trust land and provides education services to 41,051 students in 183 Indian Country schools and dormitories.

Improving Federal management of programs that serve tribes and their members has been on the GAO's High-Risk List since 2017.

Key Challenges

Management of Indian Country Schools

On its High-Risk List for 2019, the GAO noted poor conditions at BIE school facilities and weak oversight of school spending. This area has been on the GAO's High-Risk List since 2017. As of December 2018, 12 GAO recommendations related to Indian Country schools remained open.

The BIE continues to struggle with hiring and retaining staff. About 50 percent of BIE positions remain unfilled. The GAO has recommended that the BIE conduct strategic workforce planning and determine how best to align its human capital program with its mission and programmatic goals to better support administration and oversight of Indian Country schools.

In a February 2018 evaluation report, we found that the BIE was not ensuring that required background checks for personnel who work with children at Indian schools were being reinvestigated on schedule, leaving students vulnerable to contact with individuals who would be determined to be unfit for the position based on a completed background check. In a September 2016 evaluation report, we found major facility deficiencies and health and safety concerns at Indian Country schools, including the presence of asbestos, radon, and mold, electrical issues, and damaged and deteriorated roofs.

The DOI's Plans and Progress: The BIE reported that it completed 100 percent of the 2018 – 2019 school year school facility safety inspections on time, for the third consecutive year. In addition, the BIE noted that it has been able to successfully implement 100 percent of all school facility abatement plans on time this year.

The BIE has established a contract with the Interior Business Center (IBC) to conduct all backlogged reinvestigations.

Fractionation of Indian Lands

The DOI continues to face challenges associated with consolidating fractionated land across Indian Country within the funding and time limits established for the Land Buy-Back Program, set to expire in 2022. The Program buys fractional interests from willing owners and restores consolidated land to tribal trust ownership. Due to land passing to numerous heirs over multiple generations, many tracts of land now have hundreds and even thousands of individual owners. Divided ownership makes it difficult, if not impossible, to use the land for any beneficial purpose.

As of August 2019, 85 percent of Program funds have been spent (see Figure 2), and the total number of purchasable fractional interests was reduced by only 27 percent from 2013 to 2019. Without significant attention and resources beyond 2022, the growth of fractional interests will begin to outpace reduction efforts.

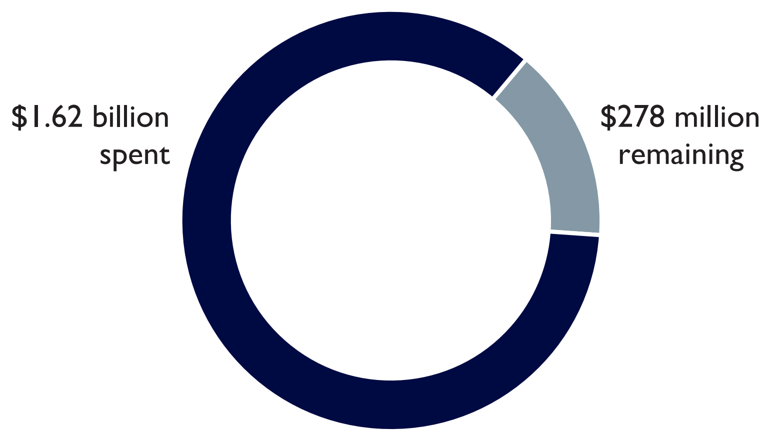

Figure 2. Funding remaining for the Land Buy-Back Program, as of August 2019.

The DOI's Plans and Progress: The DOI has purchased more than 874,000 fractional interests, placing more than 2.5 million equivalent acres into trust for tribal nations. As one recent example, the DOI entered into an agreement with the Navajo Nation in June 2019 to support land consolidation and subsequently made more than $140 million in purchase offers to more than 18,000 owners of fractional land interests in the Navajo Nation.

Impact of Climate Effects on American Indian and Alaska Native Tribes

Since 2013, the GAO has included the management of climate change on its High-Risk List, specifically citing insufficient coordination among Federal agencies and with other stakeholders, such as State and local governments. Effects from a changing climate are projected to be especially severe for many tribes, potentially affecting tribal lands, housing, and infrastructure, as well as access to traditional foods and adequate water.

These issues are particularly acute in Alaska Native communities, which make up 40 percent of federally recognized tribes. The rapid pace of rising temperatures, melting sea ice and glaciers, and thawing permafrost in Alaska are a significant threat to critical infrastructure and traditional livelihoods. The GAO identified 14 Alaska Native villages as particularly threatened based on information from Federal, State, and regional stakeholders. (At the DOI these stakeholders included the BLM, the FWS, and the NPS.) According to a U.S. Army Corps of Engineers assessment, the estimated cost for relocating 3 of the 14 coastal villages will be between $80 million and $200 million for each tribe.

The DOI's Plans and Progress: In April 2019, the BIA announced funding for federally recognized tribes and Alaska Native communities to support (1) tribal adaptation and resilience to extreme events and harmful environmental trends, (2) capacity building to build this resilience, and (3) ocean and coastal management planning.

The DOI reported in its *2019 – 2020 Annual Performance Plan* that it plans to assess the impact of climate effects on American Indian and Alaska Native tribes by measuring the percentage of tribal water projects completed in support of water management and planning.

Energy Management

Aligns with this element of the DOI strategic plan:

- Mission Area 2: Generating Revenue and Utilizing Our Natural Resources

As the steward of Federal energy resources including oil, gas, coal, hydropower, and renewable energy resources, the DOI is tasked with balancing conservation and energy production. The DOI manages lands, subsurface rights, and offshore areas that produce approximately 19 percent of the Nation's energy (see below snapshot of responsibilities by bureau). In 2018, Federal energy leases continued to increase in number, resulting in more than $8.9 billion in revenues. The DOI faces a complex environment as it ensures development in a safe, efficient, and sustainable manner.

Management of Federal oil and gas resources has been on the GAO's High-Risk List since 2011.

BIA	BLM	BOEM	BOR	BSEE	ONRR	OSMRE
Oversees leasing of tribal and Indian land for energy development	Administers onshore energy and subsurface minerals on certain public lands	Oversees offshore oil, gas, and wind development	Second largest producer of hydroelectric power in the United States	Charged with improving safety and ensuring environmental protection offshore	Collects revenue from energy production and development	Works with States and tribes to oversee coal mining operations

Key Challenges

Barriers to Expanding Energy Development

The DOI continues to experience backlogs in applications for permits to drill. For onshore energy development, the BLM has identified a backlog of 2,298 pending applications as of September 2018, the most recent data available.

In addition, shifting guidance on the implementation of National Environmental Policy Act (NEPA) requirements and ongoing court challenges also leave the DOI and industry unclear on how to proceed. Secretarial Order No. 3355, issued in 2017, tasks the DOI with improving the processing times for NEPA reviews. Bureaus are, however, continuing to experience difficulties completing timely environmental reviews.

Offshore renewable energy development is also challenged by slow progress in federally managed waters, as opposed to State waters, as policies, guidance, and identifying potential environmental impacts have hampered project development despite industry interest. While States have made commitments to a significant increase in wind power generation along the east coast, the Bureau of Ocean Energy Management (BOEM) has only two pending lease sales slated for 2020.

Unclear regulatory roles between the DOI and other Federal agencies have also resulted in increased administrative difficulties for the expansion of offshore renewable energy.

The DOI's Plans and Progress: In 2017, the DOI reported that it had identified activities that burdened domestic energy production. Included in this review were several secretarial orders meant to reduce administrative hardships. Since 2017, the DOI has rolled back several regulations for oil and gas that it determined were restricting industry activity.

Tribal Energy Development and Management

Indian Country energy resources hold significant potential for development but tend to be underdeveloped relative to surrounding non-Indian resources (see Figure 3 for breakdown of energy revenues). Reviews for both NEPA and the National Historic Preservation Act (NHPA), as well as complex royalty and ownership considerations, remain unique hurdles to mineral development on tribal and allotted lands.

The DOI continues to struggle to strike the appropriate balance between cultural preservation and energy development. As one example, the BLM deferred the sale of oil and gas leases after tribal groups opposed the auction of land for oil and gas development within 10 miles of the Chaco Culture National Historical Park in New Mexico. The NHPA allows tribes the right to consult on Federal projects that might affect historic Native sites, but tribes have said the BLM excluded them from drilling decisions for Sand Creek, a 156-well oil and gas project.

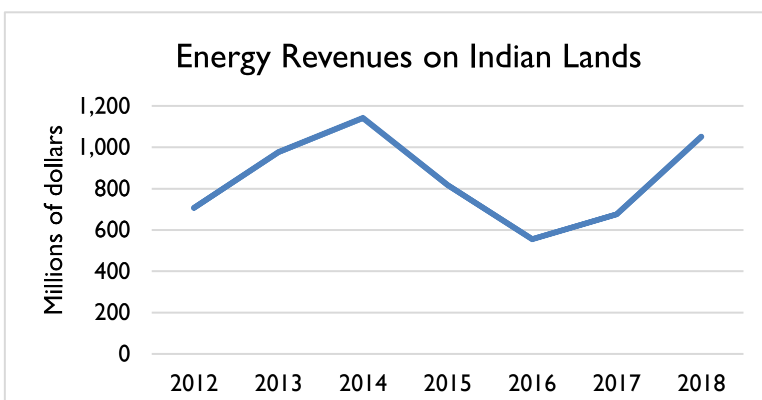

Figure 3. Revenues from Indian Country energy resources, FYs 2012 – 2018

The DOI's Plans and Progress: The BIA reported that changes meant to streamline and standardize the administrative review process across the BIA, the BLM, the Office of Natural Resources Revenue (ONRR), and the Office of the Special Trustee for American Indians (OST) are underway and will be incorporated in a December 2019 update to the standard operating procedures handbook.

The BIA also reported that it has implemented a comprehensive workforce plan meant to increase national recruitment efforts and address local staffing issues at the Indian Energy Service Center (IESC), a multi-agency collaboration between the BIA, the BLM, ONRR, and the OST to expedite Indian oil and gas activities. The BIA also said that the IESC has provided the BIA support for NEPA reviews on tribal projects and will continue to expand this service in FY 2020.

Energy- and Mineral-Related Liabilities

When companies responsible for maintaining platforms and pipelines declare bankruptcy or abandon these structures, the responsibility for decommissioning energy production equipment can fall to the Federal Government.

In May 2017 testimony before the Subcommittee on Energy and Mineral Resources, Committee on Natural Resources, House of Representatives, the GAO indicated that BOEM waived bond requirements, which are in place to ensure availability of sufficient funds to cover the proper decommissioning of wells and facilities, for $33 billion in decommission liabilities in the Gulf of Mexico Region. These waived bond requirements leave the Federal Government open to the risk of becoming responsible for those liabilities in cases of bankruptcy or abandonment. The risk of bankruptcies and abandonments, and thus the liabilities facing the DOI, is especially acute during periods when the price of oil and gas drops significantly. The GAO has also identified that the existing financial risk framework for decommissioning is not adequate to address existing and potential liabilities.

The Bureau of Safety and Environmental Enforcement (BSEE) has not yet implemented decommissioning policies and procedures at the national level. Decommissioning of offshore facilities and pipelines in particular remains a significant problem. According to the BSEE website, approximately 3,700 active platforms exist in the Outer Continental Shelf (OCS); and a BSEE internal control review estimated that one out of every three structures in the Gulf of Mexico alone was classified as idle. Oil and gas companies have averaged more than 130 platform removals per year over the past decade (exceeding the number of new installations), but with more than 40 percent of offshore facilities over 25 years old and in sight of their designed service life, significant liabilities loom.

The challenge of unfunded reclamation is not limited to offshore areas. In 2014, the NPS identified more than 37,000 abandoned mine sites just in the park system, and the BLM continues to hold inventories of more than 50,000 abandoned mine sites across all Federal lands.

The DOI's Plans and Progress: In December 2018, BSEE issued updated *Idle Iron Decommissioning Guidance for Wells and Platforms* (NTL No. 2018-G03) to provide clarification and guidance to help ensure that idle infrastructure on active leases is decommissioned in a timely manner. In addition, BSEE has been collecting actual decommissioning expenditure data from OCS operators since 2016 to analyze these data to change BSEE algorithms used to estimate decommissioning costs and ultimately to assist BOEM in ensuring the proper financial assurance is in place.

Mineral Valuation and Royalty Payments

The DOI has faced challenges verifying the accuracy of royalty revenues (payments on the sale of oil and gas extracted from leased Federal lands and waters), which are a significant source of revenue for the Federal Government. Each month, oil and gas companies self-report data to ONRR on the amount of oil and gas they produced and sold, the value of this production, and the amount of royalties that they owe to the Federal Government.

ONRR is responsible for verifying royalties through its compliance program, which includes ensuring that the royalty revenues are accurately reported and paid. However, in May 2019, the GAO found that because ONRR's compliance goals do not address accuracy they may not align with the office's mission to collect, account for, and verify royalty payments and other statutory requirements. Specifically, ONRR revised its annual compliance goals multiple times, during FYs 2010 through 2017, generally shifting from goals focused on ensuring the accuracy of royalty payments to those focused on the efficiency of the program.

As the result of an OIG investigation, in 2019 one gas marketer agreed to pay $3.575 million to resolve allegations that it caused reduced mineral royalty payments to the Government by issuing producers false transaction statements that underreported the volume and value of natural gas purchased. In addition, the DOI settled at least three cases in 2018 related to underreported valuation and reduced royalty payments, which resulted in over $800,000 in payments to the Federal Government.

The DOI's Plans and Progress: In October 2017, ONRR separated its audit and compliance management groups to assist in better targeting companies for similar compliance issues. The office also introduced a new auditor training curriculum in April 2018, which auditors are expected to complete within 2 years of their hire dates.

Safety and Enforcement	Offshore management challenges include demands on inspectors, and BSEE has struggled to implement strategic initiatives to improve offshore oversight of oil platforms. Our reviews indicate that BSEE has made limited progress addressing longstanding deficiencies in its environmental compliance and enforcement capabilities. **The DOI's Plans and Progress:** In 2018, BSEE released Bureau Interim Directive No. 2018-033G, establishing a risk-based inspection program for the Gulf of Mexico Region. The directive addresses ongoing concerns about risk assessment, resource allocation, and unclear inspection protocols that we and the GAO have previously identified. To date, BSEE has conducted a total of four Performance-Based Risk Inspections, which take place at multiple facilities after trend analysis has identified a risk associated with a widely used procedure or equipment, and five Facility-Based Risk Inspections, which focus on low-probability, high-consequence risk at a single production facility.

IT Security

Aligns with this element of the DOI strategic plan:

- Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years

The DOI relies on complex, interconnected IT systems to carry out its daily operations. The DOI spends about $1.2 billion annually on IT systems to support bureau operations and programs.

The DOI continues to struggle to implement an enterprise IT security program that balances compliance, cost, and risk while enabling bureaus to meet their diverse missions.

Key Challenges

Anticipated Late Adoption of Minimum Security Standards

The National Institute of Standards and Technology (NIST) develops the minimum security standards for Federal information systems. NIST has prepared a new version of the standards and anticipates publishing it after review by the U.S. Office of Management and Budget (OMB). NIST will require agency compliance within 1 year from the issue date.

The DOI has indicated that once the new standards are issued, it will take at least 18 months to fully implement them, which would fail to meet NIST's 1-year compliance requirement.

The DOI's Plans and Progress: Although the DOI noted that adoption of revised security standards is an area of concern in its *2019 – 2020 Annual Performance Plan,* it did not include a performance measure for this issue.

Delayed Implementation of CDM Phase 1

After 7 years, the DOI has not fully implemented Phase 1 of the Continuous Diagnostics and Mitigation (CDM) program, a cybersecurity approach to fortifying networks that began in 2012. We previously found that for all four CDM Phase 1 controls the bureaus either failed to implement the control or the control was implemented incompletely or ineffectively.

In response to our 2016 evaluation of the CDM program, the DOI's Office of the Chief Information Officer (OCIO) indicated that the DOI and the U.S. Department of Homeland Security (DHS) would complete CDM Phase 1 tools implementation later in 2017 and achieve steady-state operations between 2018 and 2019. During the FY 2019 Federal Information Security Management Act (FISMA) audit, however, KPMG auditors sampled information systems distributed across 11 DOI bureaus and offices and reported to the DOI that CDM Phase 1 tools were not implemented on the selected system at the Bureau of Reclamation (BOR), which is a high-value asset.

In an in-progress evaluation of select CDM program controls for protecting the DOI's high-value IT assets, we have found recurring issues that include incomplete hardware inventories, the inability to establish and implement approved software lists, and challenges with vulnerability and configuration management.

The DOI's Plans and Progress: The DOI is working with the DHS to address gaps in its CDM implementation.

Vulnerabilities in Wireless Computer Networks

The DOI's failure to consistently isolate its wireless networks from bureau internal or wired computer networks greatly magnifies the potential adverse effects of a security breach to a DOI wireless network. The DOI has conducted NIST-required annual independent assessments of its IT security program, but the assessments did not include an evaluation of wireless network security.

We recently found (in an in-progress evaluation) that the DOI did not maintain a complete and accurate inventory of its wireless networks and did not meet NIST's minimum requirements to operate secure wireless networks. We also found vulnerable authentication mechanisms that allowed us to collect user IDs and passwords in clear text and use them to access network resources.

The DOI's Plans and Progress: In response to our findings, the BOR shut down its enterprise wireless network until strong authentication mechanisms could be properly implemented. We retested the BOR network and found that the vulnerability had been remediated. The OCIO has instructed all bureaus to inspect their wireless networks for vulnerable authentication mechanisms and to implement strong authentication mechanisms if needed.

The NPS indicated that all its regions are in the process of updating their wireless inventories and certifying that their installations are compliant with configuration standards, known as the Security Technical Implementation Guide (STIG). The OCIO has started the process of updating the DOI STIG to include our recommendations for strong authentication.

Management of IT Acquisitions	In a January 2018 report, the GAO found that the DOI did not properly identify almost 50 percent, or $292 million, of its IT contract obligations in FY 2016. The OMB's Federal Information Technology Acquisition Reform Act (FITARA) implementation guidance requires CIO review and approval of all IT acquisitions. By not reviewing and approving these contracts, the CIO cannot provide needed direction and oversight of IT acquisitions. **The DOI's Plans and Progress:** In 2018, the DOI issued two policies that require CIO review and approval of IT acquisitions. The GAO noted that until these policies are fully implemented, the CIO may not know about all IT obligations and will not have the ability to provide effective oversight. The DOI received a B grade in implementing agency CIO authority enhancements on the June 2019 FITARA 8.0 Scorecard (scorecards are issued jointly by the House Oversight and Reform Committee and the GAO every 6 months to assess agencies' FITARA implementation).

Water Programs

As the largest wholesaler of water in the country, the BOR must reconcile competing demands among and within agricultural, municipal, industrial, tribal, rural, ecological, power-generating, and recreational uses of water. Water managers face significant challenges in meeting current and future water demands.

Aligns with these elements of the DOI strategic plan:

- Mission Area 1: Conserving Our Land and Water
- Mission Area 2: Generating Revenue and Utilizing Our Natural Resources

Key Challenges

Water Scarcity and Management

The BOR manages multiple factors that affect water management and use, both short- and long-term, including funding, infrastructure, conservation, and partnerships. The BOR operates 53 hydroelectric power plants that account for 15 percent of the hydroelectric capacity and generation in the United States.

The BOR noted last year that it continues to struggle to receive fair value for its hydroelectric power generation and has acknowledged that its power generation prices do not reflect the true value of that power for maintaining the stability of the Western power grid, particularly within California's Central Valley Project, which supplies water to 3 million acres of farmland (a third of all farmland in the State) and drinking water to more than 2.5 million people, as well as meeting the electricity needs of 416,000 customers. Valuation is made more complicated because pricing can fluctuate due to drought and alternative-power market prices.

The DOI's Plans and Progress: Regarding issues associated with the Central Valley Project, the DOI reported to us that it has created a project management plan to address customer concerns. The DOI also reported that the BOR's hydroelectric power plants exceeded the target for facility availability during peak electricity demand periods by being available 81 percent of the time for the 17 Western States served. In addition, the facilities met the FY 2019 condition rating and incremental hydropower capability targets.

Investment in Water Infrastructure

The BOR invests in water infrastructure in Western States through financial assistance awards such as grants and cooperative agreements via its WaterSMART (Sustain and Manage America's Resources for Tomorrow) programs. The BOR estimates that major rehabilitation and replacement requirements for its buildings and structures will cost several billion dollars. According to the BOR, infrastructure obligations cannot be met in a timely manner without exploring alternative financing opportunities within and outside the DOI, such as loan guarantee programs and public-private partnerships.

In addition, the GAO has reported that water infrastructure issues disproportionately affect Indian Country. The BIA has had long-term staffing shortages that affect its ability to implement Indian water rights settlements, train BIA and tribal staff, and put in place succession plans for long-term staffing.

The DOI's Plans and Progress: In FY 2018, the BOR provided funding for projects that will enable additional water savings of 51,178 acre-feet. (One acre-foot, or 325,851 gallons of water, supplies enough water for a family of four for 1 year.) Cumulatively, projects funded from FYs 2010 to 2018 have enabled 1,233,777 acre-feet of water conservation capacity, exceeding the DOI's goal of 1,226,491 acre-feet for that timeframe.

Despite staffing shortages, the BIA reported that it met its FY 2019 Government Performance and Results Act water management planning and predevelopment program goals.

Dam Safety

To ensure the safety of the dams managed by the BOR, investment is needed for evaluation, monitoring, rehabilitation, and replacement. The BOR has to manage risks associated with (1) facility age and (2) hazard classification. First, more than 85 percent of the BOR's 492 dams are more than 50 years old and were built before the advanced design and construction practices used today. Second, 363 dams are classified (by the Federal Emergency Management Agency) as high- or significant-hazard dams, which means that mis-operation or failure may cause loss of life or other significant impacts.

In addition, the BOR has identified 17 facilities that require modifications to reduce risk to nearby communities, at a cost of approximately $1.5 billion. Further, the BOR estimates an additional 6 to 10 dams will require safety improvements within the next 3 to 4 years, but it has not yet developed a cost estimate for the safety modifications for these dams.

The DOI's Plans and Progress: The DOI reported in 2019 that it exceeded its performance target of 73 percent of water infrastructure in good condition, with 81 percent of its high- or significant-hazard dams in good condition in 2018 (the most recent year for which data are available), as measured by the BOR's Facility Reliability Rating system.

Conclusion

The challenges identified in this report are potential barriers to departmental efforts to promote efficiency and effectiveness in DOI management and operations. The challenges do not exist in isolation; their effects often spill across many program areas. We describe the challenges and progress under each to help inform the DOI's improvement efforts in the coming fiscal year.

We remain committed to focusing audit and investigative resources on the issues related to these challenges to ensure greater accountability, promote efficiency and economy in operations, and provide effective oversight of the activities that embody the DOI's mission.

Appendix 1: Crosswalk to DOI Strategic Plan

The table below provides a crosswalk of how the challenge areas align with the *DOI Strategic Plan for Fiscal Years 2018 – 2022* and its accompanying cross-cutting principles.

Challenge Area	Corresponding Mission Area or Principle
Financial Management	• Mission Area 5: Protecting Our People and the Border • Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years • Cross-Cutting Principle: Improving Infrastructure
Workplace Culture and Human Capital	• Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years • Cross-Cutting Principle: Effective and Accountable Leadership • Cross-Cutting Principle: Restoring Trust
Responsibility to American Indians	• Mission Area 4: Fulfilling Our Trust and Insular Responsibilities • Cross-Cutting Principle: Respect for Tribal Sovereignty
Energy Management	• Mission Area 2: Generating Revenue and Utilizing Our Natural Resources
IT Security	• Mission Area 6: Modernizing Our Organization and Infrastructure for the Next 100 Years
Water Programs	• Mission Area 1: Conserving Our Land and Water • Mission Area 2: Generating Revenue and Utilizing Our Natural Resources

Appendix 2: Related OIG Publications

This list presents Office of Inspector General (OIG) work related to top management challenges facing the U.S. Department of the Interior for fiscal year 2019. Reports can be viewed at www.doioig.gov.

Financial Management

Report No. 2017-WR-037, *The National Park Service Misused Philanthropic Partner Donations,* issued March 2019.

Report No. 2017-FIN-053, *The Chicago Horticultural Society Should Improve Its Financial Management System to Receive Federal Funds,* issued March 2019.

Report No. 2017-FIN-039, *Audit of the Bureau of Indian Affairs' Agreement No. A12AV01171 With the Crow Tribe on the Methamphetamine Initiative Program,* issued December 2018.

Report No. 2017-WR-037-A, *Financial, Ethical, and Exclusive Use Concerns About the NPS' Agreement With the Wolf Trap Foundation for the Performing Arts,* issued September 2018.

Report No. 2017-FIN-032, *Audit of Grant No. P13AF00113 Between the National Park Service and the Connecticut Department of Economic and Community Development,* issued January 2018.

Workplace Culture and Human Capital

Report No. 2018-WR-006, *Opportunities Exist To Improve the U.S. Department of the Interior's Efforts To Address Sexual Harassment,* issued July 2019.

Report No. 18-1136, *Summary of Investigation: BLM Supervisor Violated Federal Law and Ethics Regulations for Outside Employment,* issued July 2019.

Report No. 16-0895, *Summary of Investigation: Former NPS Contract Specialist Violated Ethics Regulations,* issued February 2019.

Report No. 18-1069, *Summary of Investigation: USGS Manager Admitted To Inappropriate Comments To Subordinate,* issued February 2019.

Report No. 18-0649, *Investigative Report of Violation of Ethics Regulations by Office of the Secretary Official,* issued February 2019.

Report No. 18-0436, *Summary of Investigation: FWS Manager Violated Federal Regulations and FWS Policies,* issued January 2019.

Report No. 18-0284, *Summary of Investigation: Wrongful Suspension of an IBC Employee's Security Clearance,* issued December 2018.

Report No. 17-0074, *Investigative Report of Misconduct Allegations at Haskell Indian Nations University,* issued November 2018.

Report No. 17-0013, *Summary of Investigation: Alleged Violations of Prohibited Personnel Practices and Favoritism by BSEE Management,* issued December 2018.

Report No. 16-0879, *Investigative Report of Allegations of Conflict of Interest at Gettysburg National Military Park,* issued November 2018.

Report No. 17-0030, *Summary of Investigation: BSEE Managers Inappropriately Influenced Procurement Process,* issued October 2018.

Report No. 18-0565, *Summary of Investigation: BLM Manager Engaged in Sexual Misconduct,* issued September 2018.

Report No. 18-0706, *Summary of Investigation: Alleged Scientific Integrity Violations Related to National Park Service Report,* issued July 2018.

Responsibility to American Indians

Report No. 2017-WR-024, *The Bureau of Indian Education Is Not Ensuring That Background Checks at Indian Education Facilities Are Complete*, issued February 2018.

Report No. C-EV-BIE-0023-2014, *Condition of Indian School Facilities*, issued September 2016.

Energy Management

Report No. 18-0605, *Summary of Investigation: Investigation Uncovers Unpaid Federal Royalties,* issued April 2019.

Report No. 2016-EAU-063, *Closeout Memorandum – The Bureau of Safety and Environmental Enforcement's Decommissioning Program,* issued March 2019.

Report No. OI-OG-15-0608-I, *Management Advisory: BSEE Office's Best Practice Suggested for BSEE-Wide Application,* issued March 2019.

Report No. 17-0069, *Summary of Investigation: Oil and Gas Production Company Underpaid Royalties Owed to the Government,* issued February 2019.

Report No. 15-0608, *Summary of Investigation: Offshore Platform Operator Did Not Inspect Platforms As Required,* issued November 2018.

Report No. 2017-EAU-043, *BSEE Has Opportunities To Help Industry Improve Oil Spill Preparedness,* issued October 2018.

Report No. 2018-EAU-022, *Verification Review of Recommendations 48, 49, 50, and 53 for the Report Titled "A New Horizon: Looking to the Future of the Bureau of Ocean Energy Management, Regulation and Enforcement (Report No. CR-EV-MMS-0015-2010),"* issued October 2018.

Report No. 13-0199, *Summary of Investigation: Great Western Drilling Underpaid Federal Royalties,* issued August 2018.

IT Security

Report No. 2016-ITA-021, *Information Technology Security Weaknesses at a Core Data Center Could Expose Sensitive Data,* issued February 2017.

Report No. ISD-IN-MOA-0004-2014-I, *U.S. Department of the Interior's Continuous Diagnostics and Mitigation Program Not Yet Capable of Providing Complete Information for Enterprise Risk Determinations,* issued October 2016.

Water Programs

Report No. 2017-WR-029, *Potential Opportunity for Revenue in the Conveyance of Non-Project Water,* issued January 2018.

Report No. 2016-WR-040, *The Bureau of Reclamation Was Not Transparent in Its Financial Participation in the Bay Delta Conservation Plan,* issued September 2017.

Report Fraud, Waste, and Mismanagement

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.

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Washington Metro Area:	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 2019 financial statement audit are summarized in Figure 3-1. As shown in the table, DOI achieved an unmodified audit opinion for DOI's consolidated financial statements.

FIGURE 3-1

Summary of Financial Statement Audit					
FY 2019					
Audit Opinion	Unmodified				
Restatement	No				
Material Weaknesses	**Beginning Balance**	**New**	**Resolved**	**Consolidated**	**Ending Balance**
Total Material Weaknesses	0	1	0	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 2019, 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 2019 Assurance Statement was modified, as indicated in Figure 3-2, 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 3-2

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	0	1	0	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 3-2 (CONTINUED)

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

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 January 10, 2013, the President signed into law the *Improper Payments Elimination and Recovery Improvement Act of 2012* (IPERIA). The IPERIA enhances the Administration's efforts to combat improper payments by reinforcing the *Improper Payments Elimination and Recovery Act of 2010* (IPERA). The IPERA amends the *Improper Payments Information Act of 2002* by expanding the requirements of all agencies to periodically perform risk assessments of its programs and activities and identify those programs and activities that are susceptible to significant improper payments.

Payment Reporting

The *Bipartisan Budget Act of 2018* applies improper payment reporting to "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*, all programs and activities expending more than $10,000,000 in any one fiscal year shall be deemed to be "susceptible to significant improper payments" for purposes of the *Improper Payments Information Act of 2002.* These programs are to report an improper payment estimate starting with the FY 2019 reporting period in accordance with Appendix C, *Requirements for Payment Integrity Improvement,* for sampling and estimation plan requirements. The *Hurricane Sandy Disaster Relief Act* Program is the only other DOI program that is considered high risk for significant improper payments. In FY 2016, DOI statistically projected an improper payment amount of $565 thousand or 0.41 percent. In FY 2017, DOI, with concurrence obtained from the OIG, requested relief from OMB reporting requirements for the *Hurricane Sandy Disaster Relief Act* Program due to the low estimated improper payment error rate. The OMB approved the DOI's waiver request and as a result, several reporting sections under Payment Integrity do not apply to DOI for that program in FY 2019 and are excluded accordingly. In FY 2018, the OIG determined that DOI was fully compliant with IPERIA.

For more detailed information on improper payments and additional DOI information regarding improper payments that is not included in the FY 2019 AFR, please refer to PaymentAccuracy.gov at: ***https://paymentaccuracy.gov***.

Recapture of Improper Payments Reporting

The DOI conducted payment recapture audits in FY 2014 for payments made in FYs 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 in FY 2019. The DOI will continue complying with IPERIA 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 2019, the DOI had $23.52 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 $10.53 million or 0.04 percent in overpayments and recovered $8.43 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 2019.

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 IPERIA by supporting agency efforts to prevent improper payments. The DOI utilizes the DNP portal to check data sources such as the Death Master File and the System for Award Management Exclusion Records to determine if improper payments were made. All matches received by DOI have been adjudicated and deemed proper. As such, DOI has not used the DNP Initiative to reduce improper payments 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 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 a number of pre and post-travel voucher audits. The audits are designed to identify incorrect payment amounts, unauthorized claims, and internal controls over the payment process.

Risk Assessments

Appendix C requires agencies to review all programs and activities to determine the risk of making significant improper payments and to perform more in-depth assessments to determine whether those programs meet the criteria for "significant erroneous payments." Utilizing both a quantitative and qualitative risk factor analysis, DOI conducted full risk assessments in FY 2016, in which 89 programs totaling $22 billion were assessed. The DOI determined that none of the programs and activities were susceptible to significant improper payments. In FY 2018, the DOI revised the risk assessment approach based on audit recommendations from the OIG and launched a new online tool to determine the susceptibility of programs to make improper payments utilizing only qualitative risk factors. The DOI utilized the new online tool to conduct risk assessments totaling $137 million for seven programs that were new or had experienced a significant increase in expenditures in the current fiscal year. The DOI determined that none of the seven programs assessed were susceptible to significant improper payments. Due to the DOI's historical low risk with improper payments, the DOI continues to conduct comprehensive risk assessments on a three year cycle.

In FY 2019, DOI performed 93 comprehensive risk assessments totaling $23.3 billion for DOI programs and activities. Based on the risk assessments conducted, DOI determined that none of these programs and activities were susceptible to significant improper payments. The alternative time period assessed covered fourth quarter FY 2018 and the first three quarters of FY 2019. The DOI elected an alternative time period in order to complete the assessment for the publication of the AFR. The susceptibility of programs and activities to make improper payments was determined using qualitative risk analysis. An average of the qualitative factors yields the program's overall risk score as high, medium, or low. The DOI evaluated the following nine risk factors in performing the risk assessment 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. In addition, DOI considered the results of reviews under the *Single Audit Amendments Act of 1996*, the CFO Act, GAO reviews, and audit reviews by DOI OIG when making its assessment.

FY 2019 DOI Programs Assessed for Risk of Improper Payments

- Abandoned Mine Reclamation Fund
- BIA Federal Aid-Highways (Liquidation of Contract Authorization)
- BIA Wildland Fire
- BIA, BIE Contract Support Costs
- BLM Land Acquisition
- BLM Management of Land and Resources
- BLM Recreation Enhancement Fee Program
- BLM Southern Nevada Public Land Management
- BLM Wildfire Management
- BLM Working Capital Fund
- BOR Central Utah Project Completion Account
- BOR Policy and Administration
- BOR Working Capital Fund
- California Bay-Delta Restoration
- Central Valley Project Restoration Fund
- Childcare Entitlement to States, HHS
- Colorado River Dam Fund, Boulder Canyon Project
- Concessioner Improvement Accounts
- Contributions from Annuity Benefits
- Cooperative Endangered Species Conservation Fund
- DO Administrative Operations
- DO Land and Water Conservation Fund
- DO National Indian Gaming Commission, Gaming Activity Fees
- DO Wildland Fire Management
- DO Working Capital Fund
- Emergency Relief
- Federal Aid to Wildlife Restoration
- FWS Construction Program
- FWS Cooperative Endangered Species Conservation Fund from LWCF
- FWS Federal Aid-Highways (Liquidation of Contract Authorization)
- FWS Land Acquisition
- FWS Natural Resource Damage Assessment Program
- FWS Wildland Fire Management
- Helium Fund
- Historic Preservation Fund - Special
- IA Construction Program
- Indian Guaranteed Loan Program Account
- Indian Land and Water Claim Settlements
- Indian Land Consolidation
- Insular Affairs Operations – Assistance to Territories
- Insular Affairs Operations – Compact of Free Association
- Insular Affairs Operations – Payments to U.S. Territories
- Interior Franchise Fund, Departmental Management
- Land Acquisition and State Assistance
- Land and Resource Management Trust Funds
- Land Buy Back
- Lower Colorado River Basin Development Fund
- Migratory Bird Conservation Account
- National Recreation and Preservation

- National Wildlife Refuge Fund
- National Wildlife Refuge Fund
- North American Wetlands Conservation Fund
- NPS Construction Program
- NPS Donations
- NPS Federal Aid-Highways (Liquidation of Contract Authorization)
- NPS Hurricane Sandy Supplemental
- NPS Recreation Enhancement Fee Program
- NPS Wildfire Management
- Office of Inspector General Operations
- Office of the Solicitor Operations
- Office of the Special Trustee for American Indians Operations
- Offshore Safety and Environmental Enforcement
- Oil Spill Research
- ONRR Operations
- Operation and Maintenance of Quarters
- Operation and Maintenance, Indian Irrigation System
- Operation of Indian Programs
- Operations of the National Park System
- Oregon and California Grant Lands
- OS Natural Resource Damage Assessment and Restoration Fund
- OSMRE Regulation and Technology
- Park Concessions Franchise Fees
- Payments in Lieu of Coal Fee Receipts
- Payments in Lieu of Taxes
- Payments to Counties Oregon and California Grant Lands
- Payments to State and County from Clark County, Land Sales
- Payments to States for the Child Care and Development Block Grant
- Permit Processing Fund
- Power Systems, Indian Irrigation Projects
- Resource Management
- Royalty Offshore
- Service Charges, Deposits and Forfeitures
- Sport Fish Restoration Account
- State and Tribal Wildlife Grants
- Supplement Payments to United Mine Workers of America
- Temporary Assistance for Needy Families
- Training and Employment Services, Employment and Training Administration
- Transportation Systems Fund
- Upper Colorado River Basin Fund
- USGS all programs
- USGS Working Capital Fund
- Utah Reclamation Mitigation and Conservation Account
- Water and Related Resources

On June 30, 2016, Congress enacted the *Fraud Reduction and Data Analytics Act of 2015* (FRDAA).The FRDAA requires agencies to 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 the FRDAA, 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 AntiFraud 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 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 serves as an early warning tool to identify and resolve issues. The DOI will evaluate the outcomes of its entity level fraud risk assessment and adapt activities to counter any deficiencies noted with a particular focus on improved outcomes.

The DOI adopted OMB's Reduce the Footprint (RtF) directive, detailed in OMB Memorandum M-17-08, *Amending OMB Memorandum M-12-12, Promoting Efficient Spending to Support Agency Operations*. The directive mandates that Executive agencies move aggressively to dispose of excess properties held by the Federal Government and make more efficient use of the Government's real estate assets. More specifically, agencies are to reduce the square footage of agency-controlled office and warehouse space from FY 2015 levels in an effort to improve utilization and control spending associated with real property.

The DOI issued an RtF policy to bureaus and offices requiring actions and controls similar to those identified by OMB. The policy required development of real property efficiency plans with structured components that are used to identify and promote strategies within and across bureaus and offices, evaluate compliance, and provide a framework for dialog between the DOI Senior Real Property Officer, Bureau Senior Asset Management Officers and bureau and office CFOs.

The DOI 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 DOI will continue communicating and emphasizing the impacts of such rent increases on bureau mission delivery. The DOI will achieve these objectives through consolidations, co-locations, and returning unneeded space to GSA.

Figure 3-3 illustrates the total FY 2018 square footage associated with DOI office and warehouse assets compared to the FY 2015 RtF baseline (as assigned by GSA), and the annual operating costs as reported in the most recent Federal Real Property Profile submittal for owned and direct-leased facilities that are subject to the RtF policy.

FIGURE 3-3

Reduce the Footprint Policy Baseline Comparison

	FY 2015 Baseline	FY 2018	Change (FY 2015 Baseline - FY 2018)
Square Footage (SF in millions)	38.51	37.45	1.06

Reporting of Operations and Maintenance Costs - Owned and Direct Lease Buildings[1]

	FY 2015 Reported Cost	FY 2018	Change (FY 2015 Baseline - FY 2018)
Operation and Maintenance Costs ($ in thousands)	$138,069	$142,258	$- 4,189

[1]This data does not include costs for GSA Occupancy Agreements totaling more than $275 million.

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 2019, DOI performed annual inflationary adjustments of CMP utilizing a cost-of living adjustment multiplier of 1.02522, in accordance with OMB Memorandum M-19-04, *Implementation of Penalty Inflation Adjustments for 2019, Pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015.* Figure 3-4 lists the FY 2019 CMP inflation adjustments published in the Federal Register subject to the Act and OMB guidance.

FIGURE 3-4

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	2019	$10,519	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$13,291	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$52,596	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$25,246	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$1,329	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$1,096	Bureau of Land Management	84 FR 22379 (May 17, 2019) https://www.federalregister.gov/documents/2019/05/17/2019-10149/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	2019	$10,967	Bureau of Land Management	84 FR 22379 (May 17, 2019) https://www.federalregister.gov/documents/2019/05/17/2019-10149/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	2019	$1,096	Bureau of Land Management	84 FR 22379 (May 17, 2019) https://www.federalregister.gov/documents/2019/05/17/2019-10149/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	2019	$21,933	Bureau of Land Management	84 FR 22379 (May 17, 2019) https://www.federalregister.gov/documents/2019/05/17/2019-10149/onshore-oil-and-gas-operations-annual-civil-penalties-inflation-adjustments

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	2019	$54,833	Bureau of Land Management	84 FR 22379 (May 17, 2019) https://www.federalregister.gov/documents/2019/05/17/2019-10149/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	2019	$1,251	Office of Natural Resources Revenue	84 FR 8416 (March 8, 2019) https://www.federalregister.gov/documents/2019/03/08/2019-04239/inflation-adjustments-to-civil-monetary-penalty-rates-for-calendar-year-2019
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	2019	$12,519	Office of Natural Resources Revenue	84 FR 8416 (March 8, 2019) https://www.federalregister.gov/documents/2019/03/08/2019-04239/inflation-adjustments-to-civil-monetary-penalty-rates-for-calendar-year-2019
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	2019	$25,037	Office of Natural Resources Revenue	84 FR 8416 (March 8, 2019) https://www.federalregister.gov/documents/2019/03/08/2019-04239/inflation-adjustments-to-civil-monetary-penalty-rates-for-calendar-year-2019
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	2019	$62,595	Office of Natural Resources Revenue	84 FR 8416 (March 8, 2019) https://www.federalregister.gov/documents/2019/03/08/2019-04239/inflation-adjustments-to-civil-monetary-penalty-rates-for-calendar-year-2019
Indian Gaming Regulatory Act 25 U.S.C. 2713(a); 25 CFR 575.4	Per violation	1988	2019	$52,596	National Indian Gaming Commission	84 FR 6967 (March 1, 2019) https://www.federalregister.gov/documents/2019/03/01/2019-03475/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	2019	$26,582	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$664	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-inflation-adjustments-for-civil-monetary-penalties
Marine Mammal Protection Act of 1972 16 U.S.C. 1375; 50 CFR 11.33	Any violation	1972	2019	$26,582	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$6,834	National Park Service	84 FR 6975 (March 1, 2019) https://www.federalregister.gov/documents/2019/03/01/2019-03659/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	2018	$1,368	National Park Service	84 FR 6975 (March 1, 2019) https://www.federalregister.gov/documents/2019/03/01/2019-03659/civil-penalties-inflation-adjustments

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	2019	$47,357	Bureau of Ocean Energy Management	84 FR 11222 (March 26, 2019) https://www.federalregister.gov/documents/2019/03/26/2019-05577/oil-and-gas-and-sulfur-operations-in-the-outer-continental-shelf-civilpenalties-inflation
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	2019	$44,675	Bureau of Ocean Energy Management	84 FR 11222 (March 26, 2019) https://www.federalregister.gov/documents/2019/03/26/2019-05577/oil-and-gas-and-sulfur-operations-in-the-outer-continental-shelf-civil-penalties-inflation
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	2019	$44,675	Bureau of Safety and Environmental Enforcement	84 FR 10989 (March 25, 2019) https://www.federalregister.gov/documents/2019/03/25/2019-05671/oil-and-gas-and-sulfur-operationson-the-outer-continental-shelf-civilpenalty-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	2019	$16,915	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-inflationadjustments-for-civil-monetarypenalties
Recreational Hunting Safety Act of 1994 16 U.S.C. 5202(b); 50 CFR 11.33	(2) Any other violation	1994	2019	$8,457	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$18,504	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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 to maximum penalty based upon points assigned under 30 CFR 723.13	1977	2019	$67 - $16,815	Office of Surface Mining Reclamation and Enforcement	84 FR 10670 (March 22, 2019) https://www.federalregister.gov/documents/2019/03/22/2019-05507/civil-monetary-penalty-inflationadjustments
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	2019	$2,522	Office of Surface Mining Reclamation and Enforcement	84 FR 10670 (March 22, 2019) https://www.federalregister.gov/documents/2019/03/22/2019-05507/civil-monetary-penalty-inflation-adjustments
Surface Mining Control and Reclamation Act of 1977 30 U.S.C. 1268(a); 30 CFR 724.14(b)	Individual civil penalties	1977	2019	$16,815	Office of Surface Mining Reclamation and Enforcement	84 FR 10670 (March 22, 2019) https://www.federalregister.gov/documents/2019/03/22/2019-05507/civil-monetary-penalty-inflation-adjustments
Surface Mining Control and Reclamation Act of 1977 30 U.S.C. 1268(a); 30 CFR 845.14	Minimum to maximum penalty based upon points assigned under 30 CFR 845.13	1977	2019	$67 - $16,815	Office of Surface Mining Reclamation and Enforcement	84 FR 10670 (March 22, 2019) https://www.federalregister.gov/documents/2019/03/22/2019-05507/civil-monetary-penalty-inflation-adjustments
Surface Mining Control and Reclamation Act of 1977 30 U.S.C. 1268(a); 30 CFR 845.15(b)	Assessment of separate violations for each day	1977	2019	$2,522	Office of Surface Mining Reclamation and Enforcement	84 FR 10670 (March 22, 2019) https://www.federalregister.gov/documents/2019/03/22/2019-05507/civil-monetary-penalty-inflation-adjustments

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 846.14(b)	Individual civil penalties	1977	2019	$16,815	Office of Surface Mining Reclamation and Enforcement	84 FR 10670 (March 22, 2019) https://www.federalregister.gov/documents/2019/03/22/2019-05507/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	2019	$44,585	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$21,400	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-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	2019	$892	U.S. Fish and Wildlife Service	84 FR 15525 (April 16, 2019) https://www.federalregister.gov/documents/2019/04/16/2019-07578/civil-penalties-2019-inflation-adjustments-for-civil-monetary-penalties

ACIO	Associate Chief Information Officers
AFR	Agency Financial Report
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
BOR	Bureau of Reclamation
BSEE	Bureau of Safety and Environmental Enforcement
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
CMP	Civil Monetary Penalties
CSRS	Civil Service Retirement System
DATA Act	*Digital Accountability and Transparency Act of 2014*
DCIA	*Debt Collection Improvement Act*
DHS	Department of Homeland Security
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
EFT	Electronic Funds Transfer
EIA	Energy Information Administration
EIRF	Environmental Improvement and Restoration Fund
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*
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*
FISMA	*Federal Information Security Modernization Act of 2004*
FITARA	*Federal Information Technology and Acquisition Reform Act*
FLPMA	*Federal Land Policy and Management Act*
FMFIA	*Federal Managers' Financial Integrity Act*
FMV	Fair Market Value
FOGRMA	*Federal Oil and Gas Royalty Management Act of 1982*
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
GMRA	*Government Management Reform Act of 1994*
GPRA	*Government Performance and Results Act of 1993*
GSA	General Services Administration
HHS	Department of Health and Human Services
HPF	Historic Preservation Fund
IA	Indian Affairs
IIM	Individual Indian Monies
IMT	Information Management and Technology
IMTLT	IMT Leadership Team
IPERA	*Improper Payments Elimination and Recovery Act of 2012*
IPERIA	*Improper Payments Elimination and Recovery Improvement Act of 2012*
IT	Information Technology
LCRBDF	Lower Colorado River Basin Development Fund
LWCF	Land and Water Conservation Fund
M&I	Municipal and Industrial
Mcf	One Thousand Cubic Feet
MLA	*Mineral Leasing Act for Acquired Lands of 1947*
NEPA	*National Environmental Policy Act*
NFWF	National Fish and Wildlife Foundation
NPF	National Park Foundation
NPS	National Park Service
NWR	National Wildlife Refuge
OCIO	Office of the Chief Information Officer
OCS	Outer Continental Shelf
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	Office of Acquisition and Property Management
PFM	Office of Financial Management
PGM	Office of Grants Management
PI/LSI	Possessory Interest or Leasehold Surrender Interest
PPA	*Prompt Payment Act of 2002*
PP&E	Property, Plant, and Equipment
P. L.	Public Law
RtF	Reduce the Footprint
SBR	Statement of Budgetary Resources
SFFAS	Statement of Federal Financial Accounting Standard
SFRBTF	Sport Fish Restoration and Boating Trust Fund
SMCRA	*Surface Mining Control and Reclamation Act of 1977*
SNPLMA	*Southern Nevada Public Land Management Act*

TAP	Technology Assessment Program
TBM	Technology Business Management
TLCP	Trust Land Consolidation Program
Treasury	U.S. Department of the Treasury
USCG	U.S. Coast Guard
USDA	U.S. Department of Agriculture
USDS	U.S. Digital Services
USFS	U.S. Forest Service
USGS	U.S. Geological Survey
USPP	United States Park Police
UTRR	Undiscovered Technically Recoverable Resources
WMD	Wetland Management District

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