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# Annual Report

Bureau of Land Management



U.S. DEPARTMENT OF THE INTERIOR

*America's Open Space*



## Foreword

*“We do not inherit this land from our ancestors; we borrow it from our children.” – Haida Indian saying*

THE BUREAU OF LAND MANAGEMENT (BLM) MANAGES MORE FEDERAL LANDS THAN ANY OTHER AGENCY: 264 MILLION ACRES OF PUBLIC LANDS AND THEIR MYRIAD RESOURCES, PLUS A TOTAL OF 700 MILLION ACRES OF SUBSURFACE MINERAL ESTATE. MOST OF THESE LANDS ARE LOCATED IN THE WESTERN UNITED STATES AND ALASKA.

The Bureau's workforce comprises almost 9,000 employees located at 185 headquarters, national center, and field offices. In managing our Nation's vast public land holdings, these BLM employees perform many tasks: resource inventory, land use planning, environmental impact assessment, land surveying, road construction, fish and wildlife habitat restoration, and resource condition monitoring, to name just a few.

Managing open space is a key part of BLM's mission. Open space has been central to the American West's history. Today, it remains essential to the character of the cultural and physical landscape, as well as the quality of life and lifestyle cherished by Westerners and visitors alike. BLM's new National Landscape Conservation System will enable public land visitors to experience and enjoy the solitude and splendor of the Bureau's National Monuments, National Conservation Areas, and other undeveloped landscapes.

Special places abound on America's public lands. They include millions of acres of open rangelands; wilderness

and recreation areas with spectacular scenery and opportunities for solitude; geological formations containing the oil, gas, and coal resources needed to sustain our economic well-being; nearly 117,000 miles of fishable streams; high forested slopes; alpine tundra; majestic canyons; and rugged badlands. In today's fast-paced society, every acre of public land is special in some way.

These vast resources—the open spaces and special places—on America's public lands are an asset belonging to all of us. As we in the BLM carry out our complex multiple-use, conservation-and-development mission, we are working hard to ensure the health, productivity, and open space characteristics of all public lands under our stewardship.

We invite you to read our 2000 Annual Report and see what we have accomplished. Take a moment to reflect on the wealth of resources and opportunities offered by our Nation's public lands . . . and this year, think about planning a visit to your public lands!

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## Mission Statement

It is the mission of the Bureau of Land Management to sustain the health, diversity, and productivity of the public lands for the use and enjoyment of present and future generations.

## Guiding Principles

To achieve its mission, the Bureau of Land Management follows these principles:

- I. Manage natural resources for multiple-use and long-term value, recognizing that the mix of permitted and allowable uses will vary from area to area and over time.
- II. Recognize the critical role the public lands play in providing open space and in preserving our Nation's cultural and natural heritage.
- III. Focus on customers and be responsive to customer needs, either meeting them or explaining why they cannot be met.
- IV. Understand the condition and use of the public lands and how they have changed over time, using the best available science and information.
- V. Understand the social and economic context in which we manage the public lands, including the impact of changing environmental, social, and economic conditions on land users and local communities.
- VI. Work in partnership with others, recognizing the importance of a shared, long term vision of how the landscape and its use will evolve over time, a shared commitment of financial and human resources to achieve that vision, and a shared understanding of how progress will be monitored and management adjustments will be made in response to new information.
- VII. Provide efficient work processes and effective service delivery systems.
- VIII. Make sound business decisions, understanding cost and revenue flows and avoiding unanticipated long-term liabilities.
- IX. Provide broad public access to information we have on the condition and use of the public lands, our management and business practices, and how people's day to-day lives are affected by our Nation's public lands and resources.
- X. Be an adaptive organization, building on existing efforts, preserving and using the "corporate memory," and maintaining options.

# Director's Letter

It's my pleasure to present the Bureau of Land Management's 2000 Annual Report. This publication gives you specific information about what our agency has accomplished throughout the fiscal year.

While our agency is small, our responsibilities are tremendous. This year's accomplishments reflect the BLM's increasingly complex and demanding workload. Our mandate—to manage the public lands and their vast array of resources in a way that benefits both today's and future generations—guides our day-to-day work. As much of the areas around public lands change and grow, we work hard to adapt to new demands and expectations while staying true to our multiple-use mission.

The public's demand over the last several years for conservation and use of public lands has increased our need to improve and update our land use planning system to ensure sustainable resource decisions that can better accommodate this demand. This has been, and will continue to be, a primary focus for us.

One of the biggest challenges we faced this year was responding to our Nation's unusually long and widespread wildfire season. More than seven million acres of public land burned in thousands of wildland fires this past summer. Almost 30,000 firefighters and support personnel helped manage or suppress fires in 16 states, costing taxpayers more than \$1 billion. Nearly all BLM employees were affected in their jobs as well, whether serving as front-line firefighters or making up vital work at the field level as others were called to the firelines. As tremendous as the challenge of this wildfire season was, the bigger challenge lies before us as we work with other Federal agencies, tribal, local, and state governments, and the private sector to restore and rehabilitate both the land and communities affected by the wildfires.

We also undertook an important new initiative this year to help address the public's desire for open space with the formation of the National Landscape Conservation System. The system—unique among Federal agencies—incorporates more than 800 areas encompassing over 39 million acres already under the BLM's jurisdiction. The system includes special lands designated by Congress or the President such as National Monuments and National Conservation Areas. Under the system, traditional uses will continue in these special areas while future generations will be assured that some of the country's last, great open spaces will remain so.

In addition, the BLM accomplished a wide range of other activities on behalf of the American public. Among the highlights:

- The BLM managed a myriad of commercial activities on the public lands such as oil and gas leasing, grazing, timber production, and coal leasing, resulting in a fiscal year 2000 market value of production of \$13.7 billion. The direct and indirect economic impact of all commercial activities amounted to \$29.2 billion. States share in a large portion of the revenues collected.
- The Bureau continued to manage for the explosive growth in recreation on public lands in fiscal year 2000. Part of this effort included management of the Recreation Fee Demonstration program, under which public land visitors are charged a fee to use campgrounds, day-use areas, and other developed sites. All of the money collected is returned to the site of collection and used to maintain or enhance the fee site itself, directly benefitting those who pay for and use the site. This program started with 10 projects in 1997 collecting \$419,000. In 2000, the BLM has 100 projects, with a total of \$6.5 million being collected from fee demonstration sites.
- The BLM's commitment to ensuring healthy landscapes continues throughout the public land areas. For example, during fiscal year 2000, the Bureau implemented the Great Basin Restoration Initiative on 75 million acres in the Great Basin region to promote plant community diversity and structure in order to make them more resilient to disturbance and invasive species over the long-term. This initiative is an effort to reverse the effects of disastrous wildfires and the conversion of 25 million acres of BLM lands in the Great Basin to highly flammable exotic annual grasses.

I hope you find this year's Annual Report informative and useful. We are always interested in your input; please take advantage of the comment card in the back of this document to share your thoughts and feelings.



Sylvia Baca, Acting Director of the Bureau of Land Management



# Message from the Chief Financial Officer

The Bureau of Land Management is pleased to issue its 2000 Annual Report on Accountability. The report integrates performance results, audited financial statements, and financial reports to better meet the information needs of Congress and the public.

The Bureau manages approximately 264 million acres of public lands and 700 million acres of mineral estate underlying both Federal and privately owned lands. Our land management responsibilities are broad, varied, and growing increasingly complex. The rapid population growth occurring in many western states and the demands imposed by new public land users are creating unique and difficult challenges for both program and business management in the Bureau.

Restoring and maintaining the health, diversity, and productivity of our Nation's public lands is the core of BLM's mission. Successfully accomplishing this requires strong internal business and support service functions. As we progress in the information age, we are continually challenged to provide timely and accurate information and quality business services to support our changing program needs. It is therefore important that the business tools provided to our employees add value in accomplishing the work.

Recently, new authorities to buy and sell lands (e.g., the Southern Nevada Public Land Management Act), recover costs, and charge fees continued to increase the complexities of managing and accounting for our financial resources. Demands also increased for public land resources and stewardship responsibilities. Competing user interests and cumulative natural resource impacts added to the challenge of managing our public lands.

All of this brings to the forefront the rising importance of a sound business operation to manage and control resources and to assure that we use our resources as efficiently as possible. Reliance on the integrity of our financial management systems, processes, and data continues to grow in importance as business information becomes increasingly critical to informed decision making. The use of contractors to augment our resources and to acquire critical expertise requires skilled contract managers and creative acquisition tools. The adoption of commercial business practices and the movement towards greater electronic transactions presents new challenges for

integrating our product and service delivery with our business operations. We envision continued expansion of E-Government well into the future and recognize its implications for and impacts on our business practices as well as our use of financial information.

I am particularly proud of the progress we realized this past year in improving business operations. Some of our more notable accomplishments include an unqualified audit opinion on our financial statements for 2000—the sixth consecutive year we have achieved a clean opinion—and the successful completion of Y2K assurances, which we accomplished through sound planning and collaborative efforts across the Bureau. In addition, we continued to increase our E-Government activities in 2000, expanding our acquisition of goods and services electronically using the Internet and the Interior Department Electronic Acquisition System. We also deployed a new Collection and Billing System that automates the collection and recording of more than \$250 million from numerous sources.

We enhanced the performance capability of our Management Information System and made significant improvements to the performance measure and workload measure modules of the system. Another important accomplishment was the implementation of a Cost Management System that is fully integrated with the accounting system and that meets all of the requirements of the Managerial Cost Accounting standard. As a result, the Bureau now has the information to determine not only its cost of doing business and the cost of what it produces, but also the efficiency with which goods and services are provided.

I would be remiss if I did not acknowledge the commitment and efforts of the many employees who pulled together in a variety of ways to respond to the challenges of this precedent-setting fire season. Resource specialists, office staff, supervisors, and managers made extraordinary contributions on the front lines at fires across the American West, while others worked behind the scenes to provide essential fiscal and administrative services to support fire operations involving over 90,000 fires nationwide and costing more than \$1 billion overall.

I hope you find this report useful and interesting. The Bureau of Land Management has made significant advances this past year, and we believe that we are well prepared to address the financial, business, and resource management challenges that the future will certainly bring.



Robert Doyle, Chief Financial Officer for the Bureau of Land Management



# The National Landscape Conservation System

The Bureau's new National Landscape Conservation System (NLCS) was established to protect some of our Nation's most remarkable and rugged landscapes. The NLCS—which includes the Bureau's National Monuments, Congressionally designated National Conservation Areas, and other areas designated for important scientific and ecological characteristics—will help ensure that future generations can enjoy some of America's last, great open spaces.

NLCS lands will enable the public to experience the solitude and splendor of vast, undeveloped landscapes, providing numerous opportunities for exploration and discovery. By creating the NLCS, the BLM hopes to raise the profile of these areas in the fast-growing and fast-changing American West.

The NLCS currently includes a total of 818 units encompassing more than 39 million acres, which represents almost 15 percent of BLM's 264-million-acre land base. National Monuments, National Conservation Areas, wilderness areas, wilderness study areas, Wild and Scenic Rivers, National Scenic Trails, and National Historic Trails are all included under the umbrella of the NLCS. Also embraced is the 7,400-acre Headwaters

Forest Reserve in California; this magnificent landscape is home to a majestic forest of towering redwoods.

Management of BLM's National Landscape Management System will focus on conservation, but multiple use activities such as grazing and hunting will still be provided for if they are consistent with the overall purpose of each area. There will be opportunities for public visits, but there will be no major facilities located within NLCS areas. Instead, visitor services and facilities will be located in adjacent communities or at the periphery of the units themselves. This will not only help preserve the character of NLCS areas, but will also provide opportunities for economic development for local rural Western communities.

The National Landscape Conservation System gives the BLM an opportunity to set the standard for protecting landscapes, to apply evolving scientific knowledge to public land management, to meet rapidly evolving public demands and expectations, and to bring all people together to live in harmony with the land. The Bureau can now be an exemplar of the Department of the Interior's motto: Guardians of the Past, Stewards of the Future.



*Rocks and islands within the California Coastal National Monument north of Bodega Bay.*

# Management's Discussion and Analysis

## *BLM's Mission and Organizational Structure*

### BLM'S MISSION AND HISTORY

THE BUREAU OF LAND MANAGEMENT'S MISSION IS TO SUSTAIN THE HEALTH, DIVERSITY, AND PRODUCTIVITY OF THE NATION'S PUBLIC LANDS FOR THE USE AND ENJOYMENT OF PRESENT AND FUTURE GENERATIONS.

The Bureau manages 264 million acres of public lands—about one-eighth of the land area of the United States—and a total of approximately 700 million acres of subsurface mineral estate underlying both Federal surface ownerships and privately owned lands. Of this 700 million acres of mineral estate, about 165 million acres have been withdrawn from mineral entry, leasing, and sale, except for valid existing rights.

The BLM is in a unique position to manage and protect our Nation's priceless natural and cultural legacy. We administer some of the most ecologically and culturally diverse and scientifically important lands in Federal ownership. Among our many varied responsibilities on public lands, we are stewards for:

- Recreation opportunities
- Commercial activities
- Wildlife habitat
- Transportation systems (roads, trails, and bridges)
- Paleontological localities and archaeological and historical sites, including museum collections derived from those areas
- Wild free-roaming horses and burros
- Wilderness and wilderness study areas

- Wild and Scenic Rivers
- Rare, vulnerable, and representative habitats, plant communities, and ecosystems
- Interpretative activities to meet scientific and educational needs
- Public land survey system plats and field notes

The BLM came into being in 1946, when the Grazing Service was merged with the General Land Office to form the Bureau of Land Management within the Department of the Interior. When the BLM was initially created, there were over 2,000 unrelated and often conflicting laws for managing the public lands. The Bureau had no unified legislative mandate until Congress enacted the Federal Land Policy and Management Act of 1976 (FLPMA).

In FLPMA, Congress recognized the value of the remaining public lands by declaring that these lands would remain in public ownership. Congress also gave us the term "multiple use" management, defined as "management of the public lands and their various resource values so that they are utilized in the combination that will best meet the present and future needs of the American people."

Increasingly, we have had to address the needs of a growing and changing West. Ten of the twelve western states with significant proportions of BLM-managed



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lands have among the fastest rates of population growth in the United States.

Public lands are increasingly viewed from the perspective of the recreational opportunities they offer, their cultural resources, and—in an increasingly urban world—their vast open spaces. The more traditional land uses—grazing, timber production, and energy and mineral extraction—also remain important, especially to the economic and social well-being of many Western communities.

Many diverse partners—the general public, various constituent groups, and other agencies and levels of government—have been eager to join with us in collaborative decision making and on-the-ground projects. These cooperative efforts continue to greatly benefit the public lands and everyone who relies on them.

One of our greatest challenges today is to develop more effective land management practices, while becoming more efficient at the same time. We and our partners have already taken significant steps to reduce administrative costs, streamline work processes, focus on customer service, and improve our accountability to the American people.

As we cross the threshold to a new century, we look forward to continuing our service to the public while strengthening our partnerships with all who use or care about the public lands. Working together, we can maintain the legacy of America's public lands—vast open landscapes and abundant natural resources—for present and future generations to use and enjoy.

## *Performance Goals and Results*

### IMPLEMENTING THE GOVERNMENT PERFORMANCE AND RESULTS ACT IN THE BLM

THE GOVERNMENT PERFORMANCE AND RESULTS ACT REQUIRES FEDERAL AGENCIES TO SET PRIORITIES AND GOALS, DETERMINE STRATEGIES FOR REACHING THOSE GOALS, MEASURE PERFORMANCE, AND REPORT ON PROGRESS EACH YEAR. USING PROCEDURES SET FORTH IN THE ACT, THE BLM DEVELOPED AND PUBLISHED ITS FIRST BUREAUWIDE STRATEGIC PLAN IN 1997. WE SUBSEQUENTLY REFINED THIS STRATEGIC PLAN AS PART OF THE PROCESS OF PREPARING SUCCEEDING YEARS' ANNUAL PERFORMANCE PLANS.

In fiscal year 1998, we began implementing the Government Performance and Results Act throughout the BLM. Using our 1997 Strategic Plan, we utilized input from our field offices to establish long-term performance targets, along with annual goals and targets that are documented in the Bureau's Annual Performance Plans.

The Government Performance and Results Act requires agencies to revise their 5-year strategic plans at least every 3 years. Accordingly, we began the process of revising our Strategic Plan in 1999, simplifying the structure and refining the goals. We completed this major revision and published our Strategic Plan for 2001-2005 in late fiscal year 2000. This new plan presents three goal categories and 33 long-term goals (instead of the five categories and 43 goals in the 1997 plan) and is more closely linked to field operations and budget allocations.

In February 2000, the BLM sent forward its 2001 Annual Performance Plan/1999 Annual Performance Report to the President and Congress. This document set forth

the goals and performance measures we used to assess our progress, as well as actual performance levels achieved in recent years.

In addition to the Annual Performance Report noted above, we publish this Annual Report, as required by the Chief Financial Officers Act of 1990, following the conclusion of the fiscal year to:

- Present our financial statements and notes, plus an overview of the information presented;
- Provide a management's discussion and analysis of performance goals and results, systems and controls in place to ensure legal compliance, and future effects of current risks and uncertainties;
- Present our "Stewardship Assets" report, in which we describe how we have met our stewardship responsibilities for public lands/resources, natural heritage assets, museum collections, and paleontological and cultural heritage properties; and

- Discuss deferred maintenance issues for BLM's buildings, roads, bridges, recreation facilities, and other infrastructure assets.

The "Overview of Performance Goals and Results" narrative presented later in this section serves as a general overview and discussion of BLM's performance goals and results for fiscal year 2000. The Bureau's 2002 Annual Performance Plan/2000 Annual Performance Report, scheduled for release in 2001, presents much more detailed and specific information on performance goals and results.

Evaluations to assess performance are an important aspect of complying with the Government Performance and Results Act. Responding to this need, we are implementing a new approach to conducting evaluations for our offices and programs.

Based on preventing problems rather than detecting them after the fact, the new system uses two interlocking components: local self-assessment and national validation. Best performance practices will be benchmarked and shared with others, resulting in productivity and efficiency gains over time and ensuring that American taxpayers are receiving the best value for their money.

## OVERVIEW OF PERFORMANCE GOALS AND RESULTS

The Bureau has arrayed its mission goals and internal objectives under three overall goal categories:

- Serve current and future publics.
- Restore and maintain the health of the land.
- Improve organizational effectiveness.

The following paragraphs present selected performance information for BLM's mission goals and highlight some important performance indicators.

*Table 1: Summary of Recreation Accomplishments*

FY 2000 Annual Goal	Target	Actual
Percentage of Special Recreation Management Areas' physical facilities in good or fair condition	80%	84%
Percentage of recreation users satisfied with the quality of their recreation experience on the public lands	93%	94%
Percentage of recreation users satisfied with BLM's interpretation and environmental education in Special Recreation Management Areas	84%	76%

## Provide Opportunities for Environmentally Responsible Recreation

Studies indicate that over 90 percent of the population in the United States participates in some form of outdoor recreation. These studies also reveal that the demand for outdoor recreation will continue to expand as our Nation's population increases. Over the past few years, reported visitation to BLM public lands and waters has increased steadily, rising to over 54 million visits per year.

BLM-administered public lands and waters provide visitors with a vast array of recreational opportunities. These include hunting, fishing, camping, hiking, boating, hang gliding, off-highway vehicle driving, mountain biking, birding, and visiting natural and cultural heritage sites. In FY 2000, the highest participation (as recorded in millions of participants) was reported in the following activities: camping (11.5); driving for pleasure (10.5); hiking, backpacking, and walking (9.3); viewing public lands (7.8); hunting (6.0); fishing (5.9); viewing wildlife (4.9); picnicking (4.7); non-motorized boating (4.5), and photography (4.3). Approximately 45 percent of the visitor days on public lands were recorded in developed sites and areas, while the remainder were recorded in dispersed use areas where the visitor is not supported by developed recreation and visitor use facilities.

The BLM's focus is on providing quality wildland recreation opportunities and adventures that encourage visitors' freedom while emphasizing the need to act responsibly. The public has the freedom to pursue unstructured recreation opportunities, but people are asked to respect other visitors and local cultures, and to practice stewardship principles and ethics while using and enjoying public lands and waters.

Table 1 presents a summary of significant recreation accomplishments as measured against fiscal year 2000 annual performance goals.

The BLM is a major supporter and sponsor of the Leave No Trace Program, which is one of the Bureau's educational tools. The Leave No Trace principles enhance visitors' awareness and experience on the public lands and waters while encouraging people to minimize adverse environmental impacts. In fiscal year 2000, the 127 BLM Masters of Leave No Trace throughout the Bureau trained over 289,000 users of America's public lands in the principles of Leave No Trace.

Training included presentations to Girl and Boy Scouts, school classes at all levels from kindergarten to university, off-highway vehicle (OHV) listening meetings, the Association of Partners for Public Lands, recreation permittees (including big game, river and horse outfitters and guides), outdoor survival schools, OHV recreationists, gem and mineral clubs, youth summits, wilderness workshops, hunter hospitality centers, horse user groups, state and county fairs, environmental expos, foot races, the National Recreation Park Association Congress, the National Trails Conference, Lewis and Clark initiatives, tour companies, state agency staffs, mountain and trail clubs, birders, cavers, ski areas, sporting goods stores, colleges, boaters, campers, and hunter safety classes.

The BLM supports and uses the Tread Lightly program to provide land use ethics education to motorized recreationists. Initiation of a Tread Lightly outdoor ethic supplemental education module for use by 64,000 hunter education instructors across the country has been one of the Bureau's primary emphases during the year. This module, developed in conjunction with Tread Lightly, Inc., Federal partners, and Michigan State University, will reach 740,000 youth and adults each year beginning in 2001.

The BLM has also worked closely with Tread Lightly, Inc., to facilitate a recreation dialogue series. This series brings together conservationists, the recreation industry, user groups, and Federal and state agencies to determine ways to effectively administer OHV-related recreation activities.

The BLM was given an opportunity to be a member of Jeep's Advertising Review Committee to review Jeep's print and television advertising proposed for release during the year 2000. This helps ensure that Jeep's advertisements are sensitive to the need to encourage proper use and respect for public lands.

The Tread Lightly message was conveyed by BLM at the National Off Highway Vehicle Conservation Council (NOHVCC) Workshop, the Congress on Recreation

Resources, the Shooting Hunting Outdoor Trade Show, National Trails Day events, "Camp Jeep," and the National Trails Conference.

Tread Lightly has also become an integral part of BLM's OHV Strategy planning effort. The Bureau helped bring other Federal and private partners into the Tread Lightly initiatives. There has never been a greater need for the Tread Lightly message, and the BLM continues to be a major player.

The BLM participated in the planning and management of the 15th National Trails Symposium held in Redding, California, from September 20-24, 2000. Approximately 800 participants attended this conference, which showcased many BLM trail efforts, including the Lewis and Clark Bicentennial, the Great Divide National Scenic Trail, and the newly developed Sacramento River Rail-Trail in Redding.

The Bureau is continuing to participate in the Recreation Fee Demonstration program, under which public land visitors are charged a fee to use campgrounds, day use areas, and other developed sites. All of the money collected is returned to the site of collection and used to maintain or enhance the fee site itself, directly benefitting those who pay for and use the site. This program expanded from 10 projects in 1997 collecting \$419,000, to 95 fee projects in 1999 collecting \$5.2 million. The program continued to grow to the maximum of 100 projects in fiscal year 2000, with a total of \$6.5 million being collected from fee demonstration sites.

Fee demonstration projects are now in place all across the Bureau. Examples include:

- New restrooms installed on Lake Havasu in response to increased visitor use by the recreational boating public at boat-access-only shoreline camps. Through the combination of the fee demonstration program and deferred maintenance project funding, 50 leaking and deteriorating fiberglass outhouses (built in the 1970s) and three Clivis-Multrum vaults have been removed to make way for newly constructed block wall restrooms. To date, six new restrooms have been built that serve 14 camps scattered along the lake shoreline; these facilities also serve recreational boaters traveling by. In FY 2001-2002, an additional 40 restrooms will be constructed on Lake Havasu, using both fee demonstration program and deferred maintenance project funding; these will serve over 100 additional lake camps.

- Weekend shuttle service provided by California's Eagle Lake Field Office using recreation fees, in partnership with the Lassen Rural Transit Authority. Shuttle bus service is provided on scheduled weekends throughout the use season along the Bizz Johnson National Recreation Trail in northeastern California. This is a completely new service, never before offered in Lassen County, to provide mountain bike and hiking access to the regionally significant rail-trail.
- Improved facilities at Montana's Holter Lake, using 70 percent of fee collections, in response to public input and direct requests. Notable project accomplishments included upgrading and adding new water and electrical services, expanding day-use parking lots, installing accessible pathways, adding new picnic tables and grills, and planting additional shade trees.

The BLM recreation program also participated in National Public Lands Day (NPLD) 2000 projects, which drew approximately 6,000 volunteers to 50 BLM sites across the Nation. Each year, NPLD events promote environmental awareness and ethical outdoor behavior, as well as enhancing BLM recreation sites by providing needed maintenance and improvements. NPLD 2000 volunteers built trails, transformed sites into universally accessible areas, renewed buildings, and made numerous other contributions to recreation on the public lands. Leave No Trace (LNT), a national sponsor of NPLD, donated educational materials and other items and provided no-cost LNT training to NPLD site coordinators.

In BLM's interpretive programs, there is a concerted effort to involve local community groups, Tribes, and other agencies in our interpretive planning. An inter-agency team is planning, designing, and constructing a new Coldfoot visitor center in Alaska. Additionally, the BLM, in conjunction with the Wyoming Audubon Society and other partners, designed and helped build new interpretive overlooks near Casper, Wyoming. Involvement by local Tribes, community groups, and interagency teams is also helping BLM complete the interpretive plan for BLM's Grand Staircase-Escalante National Monument.

The Bureau's interpretive efforts continue to use innovative techniques to reach diverse and dispersed recreation users. CD-ROMs have been developed to tell the fire ecology story. And the Oregon Trails Interpretive Center completed the Pioneer Gold Mine Stamp Mill, a three-story building with gold processing machinery

from the early days of mining in the Blue Mountains of northeastern Oregon.

The Yaquina Head Lighthouse provides a glimpse into Oregon's colorful maritime history. At Oregon's Yaquina Head Outstanding Natural Area, BLM staff provided environmental education opportunities to over 218,000 visitors (accounting for over 49,000 visitor days of use), including free environmental education programs for school children. The Yaquina Head Interpretive Center used films, interpretive displays, and staff presentations to help visitors learn about the natural and cultural history of the headland. A total of 295,000 visitors (accounting for about 200,000 visitor days of use) were accommodated at Yaquina Head Outstanding Natural Area in fiscal year 2000.

### **Provide Opportunities for Environmentally Responsible Commercial Activities**

The public lands provide myriad opportunities for commercial activities. Commercially valuable natural resources include energy and mineral commodities, forest products, grazing forage, and special uses such as rights-of-way for pipelines and transmission lines. The BLM recognizes the Nation's need for a domestic source of minerals, food, timber, and fiber from the public lands.

In recent years, the on-shore Federal mineral lands have produced an average of 34 percent of the Nation's coal, 10 percent of its natural gas, and 5 percent of its oil. These lands also produce a large portion of the Nation's fertilizer minerals, mineral materials, gold, silver, and other metals.



*Nearly ninety percent of the Nation's lead production comes from underground mines in the Viburnum Trend mining district in southeast Missouri. BLM-Eastern States administers the Federal leases that underlie U.S. Forest Service land in Missouri's Mark Twain National Forest where, in addition to lead, substantial quantities of zinc, copper, silver, cadmium, and cobalt are also mined.*

As of the end of FY 2000, there were nearly 50,000 oil and gas leases, 291 geothermal leases, 300 coal leases, 494 other solid leasable mineral leases, and about 236,000 mining claims in effect. The "other solid leasable minerals" category includes combined hydrocarbons, phosphate, sodium, potassium, gilsonite, hardrock, asphalt, and sand and gravel.

Among these energy and mineral leases on the public lands, over 20,000 oil and gas leases, 51 geothermal leases, and 135 coal leases were in producing status. Public lands also provided 12 million cubic yards of sand and gravel and other mineral materials during the year. Over the past few years, the number of active mining claims has been declining. Overall, the BLM exceeded its workload performance target for its FY 2000 annual goal related to Energy and Minerals on Federal Lands.

Timber production and livestock grazing are also important uses of the public lands. Livestock grazing on the public lands is central to the livelihood and culture of many local communities. A significant portion of the

cattle and sheep produced in the West graze on public rangeland. Among all the commodities, livestock grazing has the highest indirect effect as dollars recirculate through local communities, resulting in an economic multiplier effect of 4.3. The BLM provided 10 million animal unit months (AUMs) of grazing in fiscal year 2000.

Other commercial uses include rights-of-way and other permits and leases. Right-of-way actions are processed and grants issued to companies so they can use public lands for roads, pipelines, transmission lines, and communication sites. Many of these provide for the basic infrastructure of society, meeting the needs of local cities and towns. During fiscal year 2000, a total of 3,153 right-of-way actions were processed, resulting in 2,940 grants being issued.

As Table 2 shows, the estimated FY 2000 market value of production occurring on the public lands was \$13.7 billion, 99 percent of which was derived from energy and minerals. The direct and indirect economic impact of all commercial activities amounted to \$29.2 billion.

Table 2: Commercial Activities Summary

Public/Federal Land Commercial Activity	Value FY 2000 (millions \$)	Output Impact FY 2000 (millions \$)	BLM Revenue Generated FY 2000 (millions \$)
Oil and Gas <sup>1</sup> , Geothermal, & Helium <sup>2</sup>	8,616	15,853	1,164
Coal Leasable Mineral	3,027	7,870	379
Other Leasable <sup>3</sup> and Salable Minerals	911	2,368	49
Locatable Minerals <sup>4</sup>	986	2,563	24
Grazing	93	398	14
Timber <sup>1</sup>	21	71	14
Realty	20	47	11
<b>Total</b>	<b>13,674</b>	<b>29,170</b>	<b>1,655</b>

**Note:** Table does not include the economic value of commercial and non-commercial recreation activities on the public lands. Recreation is discussed in the previous section.

Special Notes for 2000 table:

<sup>1</sup> Oil and gas revenue went up significantly due to high oil prices. A decrease in timber sales occurred because only 54% of the FY 2000 annual performance target was achieved.

<sup>2</sup> Starting in FY 1999, dollars from geothermal, CO<sub>2</sub>, and helium were added to oil and gas. Previously, geothermal and CO<sub>2</sub> were included with other leasable minerals.

<sup>3</sup> "Other Leasable" refers to leasable minerals other than oil and gas, geothermal, and coal.

<sup>4</sup> The BLM does not collect locatable minerals production data. The production value was extrapolated from the 1995 estimate and adjusted for production patented out of the Federal mineral lands in subsequent years. The total value of production decreased significantly in FY 2000.

## GEOTHERMAL ENERGY

Geothermal energy is the natural heat of the earth. It has potential economic significance where the heat is concentrated into restricted volumes similar to the concentration of oil into a petroleum reservoir. Geothermal energy is extracted in a manner similar to oil and gas development.

The geothermal resource (heat plus water) is a relatively clean energy source. It can be a renewable resource if properly developed and carefully managed. The two major types of geothermal systems are hot-water systems and vapor-dominated (dry-steam) systems.

Depending upon the reservoir temperature, the developed geothermal resource can provide for indirect and/or direct uses. Electrical generation, a primary use of geothermal energy to date, is an indirect use, while space and greenhouse heating is one example

of its many direct uses. These indirect and direct uses can be accomplished by sequentially reusing the energy resource. The power plant in the accompanying photograph converts extracted geothermal energy into electricity to meet a variety of human needs.



*Caithness Power, Inc., geothermal power plant in Dixie Valley, Nevada.*

Of the total of nearly \$1.7 billion in annual revenues derived from BLM-managed lands and mineral resources, energy and minerals generated over \$1.6 billion from mineral royalties, rents, bonuses, sales, and fees. States share in a large portion of the revenues collected.

### Preserve Natural and Cultural Heritage Resources

The public lands contain exceptional geologic formations; rare and vulnerable plant and animal communities; wild free-roaming horse and burro herds; wilderness areas and wild and scenic rivers; and innumerable paleontological, archaeological, and historical sites. These resources are scientifically, ecologically, educationally, and recreationally important, representing a significant part of our Nation's natural and cultural heritage.

BLM-administered public lands encompass an estimated 4 to 4.5 million potential archaeological and historical

properties. These sites range from 12,000-year-old mammoth kill sites associated with Paleo-Indian hunters to World War II and Cold War military sites.

Day-to-day management activities continue for 138 wilderness areas encompassing almost 5.3 million acres, 618 wilderness study areas encompassing 18 million acres, 35 National Wild and Scenic Rivers comprising 1 million acres and over 2,000 river miles, 200 Herd Management Areas (for wild free-roaming horses and burros) totaling over 36 million acres, 43 National Natural Landmarks encompassing almost 600,000 acres, and numerous other special management areas.

The Bureau managed a total of seven National Monuments in FY 2000, six of which were newly created during the fiscal year, and nine Congressionally designated National Conservation Areas. Tables 3 and 4 show acreages and locations for these areas.

*Table 3: BLM-Managed National Monuments*

National Monument	Location	Size in Acres
Agua Fria	Arizona	71,100
Grand Canyon-Parashant	Arizona	807,241
Ironwood Forest	Arizona	129,022
California Coastal	California	1,000 (along 840 miles of coast)
Canyons of the Ancients	Colorado	163,852
Cascade-Siskiyou	Oregon	52,947
Grand Staircase-Escalante	Utah	1,870,800

Table 4: BLM-Managed National Conservation Areas

National Conservation Area	Location	Size in Acres
Steese	Alaska	1,194,923
San Pedro Riparian	Arizona	56,400
Gila Box Riparian	Arizona	22,047
California Desert	California	9,500,000
King Range	California	57,288
Gunnison Gorge	Colorado	57,725
Snake River Birds of Prey	Idaho	484,873
Red Rock Canyon	Nevada	196,890
El Malpais	New Mexico	226,000

These National Monuments and National Conservation Areas, along with wilderness and wilderness study areas, national wild and scenic rivers, national historic/scenic trails, and the Headwaters Forest Reserve in California, make up BLM's new National Landscape Conservation System.

In fiscal year 2000, the Bureau continued its efforts to protect our Nation's cultural heritage by inventorying 515,865 acres for cultural resources, recording 7,581 properties, and issuing or continuing in effect a total of 562 study or management permits (excluding permits for paleontological collecting). To date, the Bureau has inventoried a total of 14,416,221 acres and recorded 235,574 cultural resource properties. Of these, 263 are listed on the National Register of Historic Places, with 22 listed as National Historic Landmarks, helping assure that these properties will be protected and preserved for future generations.

Noteworthy cultural heritage accomplishments occurred in the following specific areas:

- The BLM continued helping western State Historic Preservation Offices (SHPOs) automate their cultural resources inventories. Most states can now provide BLM with GIS maps showing the distribution of recorded cultural resources. The next step is ensuring connectivity between the states and the BLM field offices, and that work is underway.
- As a result of implementing the national Programmatic Agreement with the Advisory Council on Historic Preservation and the National Conference of State Historic Preservation Officers — which relieves the Council and SHPOs from most day-to-day compliance review — the delay associated with the historic preservation compliance process has been reduced by an estimated 75 to 95 percent. BLM's

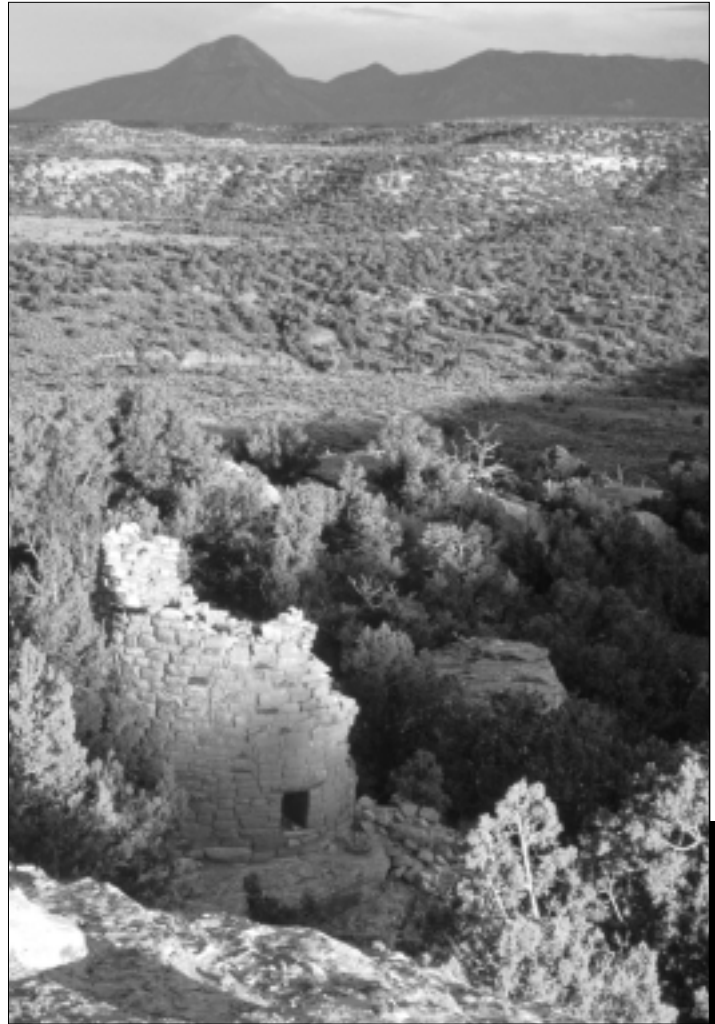
managers can approve land- and resource-use applications much more quickly, without unproductive downtime or increased risk to historic properties. Relief from thousands of routine reviews each year also means that the SHPOs can devote more time to BLM-SHPO collaborations that advance the state of the preservation art.

- The Anasazi Heritage Center in southwestern Colorado hosted 33,744 visitors. At the close of fiscal year 2000, collections were estimated to consist of approximately 3 million specimens. For more detailed information, please refer to the Museum Collections section of the Stewardship Assets report later in this document.
- In fiscal year 2000, the BLM continued the *Museum Partnership Program* to support the scientific and educational use of museum collections originating from the public lands, providing \$38,600 in funding for four external museum projects. For more detailed information on the specific museums supported, please refer to the Museum Collections section of the Stewardship Assets report.
- To date, the BLM has published 23 *Federal Register* Native American Graves Protection and Repatriation Act (NAGPRA) "Notices of Inventory Completion," one "Notice of Intent to Repatriate," and 10 newspaper "Notices of Custody Determination." These notices resulted in identifying thousands of individual human remains and associated funerary objects which have been repatriated to the affiliated tribes, enabling the Bureau to honor its obligation to return human remains and funerary objects to Indian tribes.
- In fiscal year 2000, the BLM received one of the highly competitive *Save America's Treasures* grants in the amount of \$75,000. *Save America's Treasures*



is a public/private partnership between the White House Millennium Council and the National Trust for Historic Preservation; all *Save America's Treasures* grants must be matched dollar for dollar by non-Federal partners. The \$75,000 will be used by BLM to preserve and study perishable prehistoric materials from the Feather Cave Complex in New Mexico; this collection consists of miniature and full-size bows and arrows, feathers, wooden balls, sandals, bone and stone beads, and basketry fragments. The collection provides incomparable data for research into the origins and development of indigenous traditional practices in the Americas.

- The BLM also continued its work on four *Save America's Treasures* grants that it received in fiscal year 1999 to restore the Empire Ranch in Arizona, stabilize and protect Fort Egbert National Historic Landmark in Alaska, study and stabilize several mining sites in the San Juan Mining District in southwest Colorado, and restore and curate collections from southwest Colorado.
- In fiscal year 2000, BLM's *Heritage Education Program* continued to promote its preservation message through several initiatives. In fiscal year 2000, *Project Archaeology* trained over 200 teachers in 25 workshops. These teachers will in turn deliver the preservation message to more than 6,000 new students. BLM's *Project Archaeology* partners spent almost \$85,000 delivering programs in 19 states. *Project Archaeology* state student handbooks were published for Colorado and Alabama. BLM cultural heritage staff members from all states reached out to the public through school presentations and Eisenhower Teacher Institutes. New Mexico began heritage education outreach via the Internet and sent an exhibit to the Museo de las Culturas del Norte in Casas Grandes, Mexico.
- Several highly significant paleontological studies were undertaken on the public lands in FY 2000, including the recovery of over 100 specimens from the Peterson Quarry in New Mexico by BLM permittees and volunteers and the removal of a complete duckbilled dinosaur *Parasaurolophus* in Utah by the Museum of Northern Arizona. The Peterson Quarry yielded bones from an animal like *Tyrannosaurus*, and the only skull and lower jaws of a sauropod (a giant plant-eater) found to date in New Mexico. The *Parasaurolophus* will be the centerpiece of the Grand Staircase-Escalante National Monument's planned visitor center.



*Painted Hand is an Ancestral Puebloan tower in the Canyons of the Ancients National Mounment. Photo by Bill Proud © 2000.*

- A *Seismosaurus* from public lands in New Mexico, one of the longest dinosaurs known to exist, is headed for an exhibit in Japan, a loan that will enable BLM to obtain a "free" cast of the dinosaur for display at the New Mexico Museum of Natural History.
- BLM's cultural heritage staff prepared a "Strategic Paper on BLM Cultural Resources At Risk," highlighting the reasons why BLM's "grand, open-air museum" and the millions of archaeological and historic resources in this museum are threatened. Several measures were recommended to address the risks to our cultural resources, notably the development of a recognition and award program to acknowledge excellent staff and managerial work and development of an "Opportunities Book" to highlight protection needs for priority cultural resources.

## Reduce Threats to Public Health, Safety, and Property

In fiscal year 2000, the Bureau of Land Management addressed a wide range of public land situations posing risks to public land users. BLM-owned facilities represent a substantial public investment in roads, bridges, dams, administrative sites, campgrounds, and firefighting stations. Maintaining these facilities in a safe condition and operating them in compliance with all safety, health, and environmental requirements is a key Strategic Plan goal.

Historic and documented public land uses such as mining and milling operations; oil and gas production; landfills; military operations; and rights-of-way for powerlines, pipelines, and other commercial activities have resulted in hazardous materials contamination from spills, releases, and exposure to the elements. More recently, unlawful activities such as wire burning, illegal dumping of highly toxic wastes from drug production, and intentional dumping of toxic materials have resulted in toxic releases. Collectively, these activities represent substantial potential for soil, water, and air contamination as well as threats to public health, safety, and property.

The BLM works to reduce threats and to protect employees, visitors, and other public land users in many ways. The Bureau evaluates safety concerns, identifies hazards and risks, studies past experiences and responses, trains employees, and educates the public. Regular inspections, needed maintenance, and repairs are completed for BLM-owned facilities, including administrative sites,

campgrounds, other recreation sites, buildings, roads, bridges, trails, and dams.

BLM law enforcement officers enforce Federal laws and regulations relating to public lands and resources. Providing for the orderly and regulated use of public land resources not only serves to reduce threats to public health, safety, and property; it also enhances the preservation of natural and cultural heritage resources. Investigations conducted by law enforcement officers also assist in collecting revenues owed the government as a result of unauthorized uses, as well as restitution for the impacts to public health, safety, and property caused by contamination.

The Bureau accomplished the following in fiscal year 2000:

- Supported efforts to mitigate damage and loss of natural and cultural resources and property by mobilizing organized fire prevention teams. In periods of fire severity, team efforts significantly reduced the number of unwanted human-caused ignitions, reducing losses and the risks to both civilians and firefighters.
- Maintained 73 percent of BLM's recreation sites and 84 percent of the Bureau's administrative sites and other buildings in at least fair or good condition, consistent with BLM's performance planning and work plan commitments.
- Maintained 14 percent of the 80,144 miles of roads that make up the BLM road system. Scheduled maintenance was completed on 25 percent of BLM's system of trails. Bridges were inspected, particularly to ensure structural soundness, and work was performed to maintain them in fair or good condition; 92 percent of BLM's bridges are in the fair or good category.
- Reached a natural resource damages settlement with responsible parties for approximately \$350,000 in South Dakota in the form of a land exchange that removed lands contaminated by mine tailings from public ownership and replaced them with uncontaminated lands for enhanced wildlife habitat and recreation use.
- Completed 17 self-assessments under the Compliance Assessment—Safety, Health, and the Environment (CASHE) Program, and identified 884 findings. BLM's CASHE Program is recognized by both the Environmental Protection Agency (EPA) and the



*Vandalism of public facilities, like this one at an Idaho recreation site, is expensive and an unfortunate inconvenience to the public.*

Department of the Interior as being one of the best environmental auditing programs in the Federal government. A training program for operating BLM's drinking water systems, created in partnership with the EPA, was conducted twice for BLM personnel to help ensure that the public is provided with safe drinking water at BLM recreation sites.

- Removed 21,279 marijuana plants from public lands and seized over 1,679 pounds of processed marijuana being smuggled across public lands, thereby contributing to BLM's efforts to reduce threats to public health, safety, and property. BLM law enforcement officers responded to and investigated 19,242 incidents in FY 2000; investigated 67 wild horse and burro offenses, resulting in 50 enforcement actions; and investigated 990 fire offenses.

### Provide Land, Resource, and Title Information

The BLM has extensive historical records and maintains current land title information for determining land ownership, condition, rights, and authorized uses on most of the private, public, and tribal lands in the United States. The agency performs cadastral surveys and completes land transactions, producing voluminous amounts of information that supports land management activities for many agencies. Historical data on patented lands, along with current information on the mineral estate, resource conditions, and permits or leases on Federal lands, is updated and provided on a daily basis. In fiscal year 2000, over 5,570 miles were surveyed to determine the boundaries of public as well as tribal lands. A total of 1,231 survey plats were produced and approved, along with thousands of updates to land records and use authorizations.

The BLM responds to thousands of requests for information every year and has improved customer access to and use of this information. Cadastral survey information for 31,478 townships and almost 4.2 million General Land Office (GLO) land title records has been converted to digital form and is now more readily accessible to decision makers as well as the public, thanks to Internet and GIS technologies.

More than 200,000 townships of data were downloaded in FY 2000 into multiple data bases across the country to support applications ranging from wilderness, open space, recreation, and commercial activities (oil and gas, timber, coal, etc.), to tax assessment and 911 emergency dispatch. As livability and urban growth become a major issue in the western United States,



*Eastern States Cadastral Survey crew hiking through dense vegetation to establish survey points near the Mississippi River in Missouri.*

BLM's cadastral and land records become a critical foundation for addressing these issues. In fiscal year 2000, the BLM continued to integrate its boundary records with the U.S. Forest Service and with states and counties to build a common cadastral/lands information base across the landscape that can serve multiple stakeholders. A new national website was also established for downloading Geographic Coordinate Data Base (GCDB) data.

The BLM is working hand-in-hand with the Western Governor's Association's Geographic Information Council to support livable communities, encourage economic development, and better enable community leaders to achieve both of these by providing integrated cadastral boundary information. To support this, the Western Governor's Association passed Policy Resolution 00-005, Public Lands Survey System and Ownership Data Base. This resolution recognizes BLM's GCDB as the "best hope of standardizing PLSS [the Public Land Survey System] across the West" and urges the BLM, in collab-

oration with states, counties, and tribal governments to complete, enhance and maintain the GCDB. In addition, the Governors called on "Congress to provide the necessary funding for BLM to undertake this important effort." The collaborative planning efforts called for in the resolution have already been initiated, with state governments taking the lead for many areas.

The public is performing online Internet searches for information and subsequently downloading digital data or filing requests for historical information directly with BLM offices. As one example, the Bureau's General Land Office Records website (<http://www.glorerecords.blm.gov>), since going online in May 1998, has recorded almost 2.4 million individual visitors who accessed 84 million pages of information and ordered more than 36 million copies of patents contained on the site. The demand for the Bureau's land title records is increasing, as demonstrated in Table 5 by the large number of users accessing BLM's Eastern States GLO website.

Cadastral survey plats and notes are the first baseline inventory of our natural and cultural resources for most of the country. Major initiatives have been undertaken to produce and maintain this information in partnership with local and state governments, as well as other Federal agencies, to ensure that consistent and accurate information is provided.

The BLM has the lead responsibility for the National Integrated Land System (NILS). NILS is a collaborative project with the U.S. Forest Service, states, counties, and other Federal agencies to provide a business solution for land managers, who face an increasingly complex environment of complicated transactions, legal challenges, and deteriorating and difficult-to-access records. This joint development effort will provide tools for the collection, management, and sharing of survey data, cadastral data, and land records information. The

requirements phase for the four NILS modules has been completed and GeoCommunicator, the first module, will be deployed in FY 2001.

#### Provide Economic and Technical Assistance

Each year, the Bureau calculates Payments in Lieu of Taxes (PILT) and sends them to individual counties. These payments are intended to offset property tax shortfalls (under a Congressional formula) occurring in counties with tax-exempt Federal lands administered by the BLM and other agencies. In FY 2000, a total of \$134.0 million in PILT payments were made.

The BLM provides technical assistance to Tribes by supervising post-lease mineral operations on 56 million acres of Indian trust lands. These operations generate royalty incomes for Indian mineral owners and economic impacts for communities, as well as providing local employment to Tribes.

As Table 6 shows, the estimated fiscal year 2000 market value of mineral production occurring on Indian trust lands was \$1,708 million. The direct and indirect economic impact of all mineral activities amounted to \$3,606 million. The mineral royalty generated was \$242 million, a significant source of income for Tribes.

The BLM has been delegated the Secretary of the Interior's statutory responsibility to survey Indian land and Indian Reservations. In FY 2000, BLM provided essential cadastral surveys and services requested and funded by the Bureau of Indian Affairs (BIA) or Tribal governments. These technical services defined and marked 214,500 acres, surveyed 1,340 miles, and set 2,470 survey monuments. The BIA and Tribes estimated a tangible benefit value of \$30 million to Indian trust assets resulting from these services. This is the approximate dollar value of resources to be identified, trespass

Table 5: GLO Website Usage

Time Frame	Hits	Requests	Visitors
May 01, 1998 - July 31, 1998	7,615,107	2,761,486	196,824
August 01, 1998 - November 02, 1998	5,038,543	2,080,662	176,091
November 03, 1998 - April 30, 1999	14,999,937	5,924,412	345,381
May 01, 1999 - September 30, 1999	14,174,358	5,206,187	334,819
October 01, 1999 - October 31, 2000	42,379,042	20,504,176	1,308,849
TOTAL	84,206,987	36,476,923	2,361,964

Table 6: Mineral Production on Indian Trust Lands

Mineral Commodities	Value FY 2000 (million \$)	Output Impact FY 2000 (million \$)	Royalty Generated FY 2000 (million \$)
Oil and Gas	1,097.7	2,020	166.6
Coal	541.6	1,408	66.5
Other Minerals *	68.4	178	9.2
Total	1,707.7	3,606	242.3

**Note:** All minerals on Indian trust lands are leasable.

\* The "Other Minerals" category includes copper, gypsum, sand-gravel, silica sand, sulfur, and uranium.

to be abated, and other benefits to Tribes or allottees. BLM surveyors worked with BIA and Tribal employees as well as contractors in providing the Geographic Coordinate Data Base, which benefits land management, land status depiction, mapping projects, GIS applications, and BIA and Tribal cadastral coverage efforts.

The BLM has a long history of providing support for community and statewide economic needs through land disposal and conveyance for many purposes under several authorities and programs. During FY 2000, the BLM conveyed about 700,000 acres in Alaska and 100,000 acres outside of Alaska. The total acres conveyed represent about 110 percent of the target originally projected.

One of BLM's most innovative land conveyance authorities is the Southern Nevada Public Land Management Act, enacted in October 1998, which authorizes the Bureau to sell public land tracts that are interspersed with or adjacent to private land in the Las Vegas Valley (the fastest-growing urban area in the United States). Properties are sold to the highest bidder and cannot be offered for less than their appraised fair market value. A total of 85 percent of the revenues collected are then invested in interest-bearing Treasury securities. These land sale and interest revenues can be used for four specified purposes:

- Acquisition of environmentally sensitive land in the State of Nevada, with priority given to lands in Clark County.
- Capital improvements at the Lake Mead National Recreation Area, the Desert National Wildlife Refuge, the Red Rock Canyon National Conservation Area,

and other areas administered by the BLM in Clark County.

- Development of a multispecies habitat conservation plan in Clark County, Nevada.
- Development of parks, trails, and natural areas in Clark County.

The Southern Nevada Public Land Management Act allows BLM to sell land in an open, competitive process, ensuring that the Federal government receives fair market value and ultimately generating the greatest return for the taxpayer. Additionally, the revenues generated enable the BLM and other government entities to acquire environmentally sensitive lands and build or maintain trails, day-use areas, campgrounds, or other facilities to benefit public land visitors.

As of the end of fiscal year 2000, BLM's land sales Treasury account had \$17,694,000 invested; interest earned during the year amounted to \$476,938. In August 2000, Directors of the BLM, U.S. Fish and Wildlife Service, Forest Service, and Park Service recommended \$33.3 million worth of expenditures: \$24.1 million for land acquisitions, \$5.0 million for capital improvements (visitor centers, water systems, trails, etc.), and \$4.2 million for developing a wetlands park under a cooperative agreement between the BLM and Clark County.

A newly enacted bill, the Federal Land Transaction Facilitation Act, will create a similar authority to sell public lands and use the proceeds to purchase other lands to benefit BLM or other Federal agencies. This Act, which applies nationally, not just to southern Nevada, enables BLM to retain up to 20 percent of the

sales money to cover administrative costs, and mandates that the remainder (i.e., at least 80 percent) be used to purchase inholdings (any non-Federal lands located within special designated areas managed by the BLM, National Park Service, U.S. Fish and Wildlife Service, or Forest Service, including the Wild and Scenic River System, the National Trail System, wilderness areas, or wilderness study areas).

Lands must be purchased using proceeds from the same state in which sales occurred. Sale property must already be identified for disposal in an existing land use plan, and the law does not mandate any sales or establish quotas for sale or purchase.

### Restore and Maintain the Health of the Land

Working with others to restore and maintain the health of the land is the foundation for everything the BLM does. Livestock grazing, timber harvesting, hunting, fishing, and other benefits from the public lands can be sustained over time only if these lands are healthy.

The BLM has developed an overall strategy for assessing the health of the public lands. This strategy uses watersheds as the basic geographic units. At the broadest scale, priority subbasins are identified. These subbasins are then further reviewed to delineate subunits where more detailed assessments are to be focused. Land health assessments are then carried out using a common process applied across programs at the field office level. A *Land Health Standards Handbook*, currently being prepared, will help guide this common process.

An additional effort is underway to identify any new indicators needed to extend land health standards to forest lands. The BLM is also developing a national for-

mat for reporting the achievement of land health standards, causes for not achieving them, and actions taken to ensure progress toward meeting standards.

Table 7 summarizes significant accomplishments in fiscal year 2000 in several key areas.

The following narrative presents some highlights from fiscal year 2000:

- Restoring and maintaining the health of the public lands is the foremost consideration in every use authorization action the BLM takes. Working with stakeholders, partners, and others, the Bureau is implementing the Healthy Lands Initiative. In FY 2000, we completed assessments on a total of 991 grazing allotments encompassing over 10.4 million acres of public rangelands. The Bureau uses the results of these assessments to identify needs for corrective actions, which are then included with use authorizations as conditions for continued operation; where necessary, the BLM terminates the use. This process is ongoing.
- As noted in the "Future Effects" section of this report, the BLM is pursuing water-quality-based abandoned mine lands cleanup projects under the Administration's Clean Water Action Plan. We have already completed 68 sites; at the end of fiscal year 2000, work was underway on a similar number of sites.
- Under level funding, we were able to prevent significant additional amounts of total dissolved solids (salts) from entering the waters of the Colorado River system. Approximately 4,670 tons of additional salt retention was accomplished by the end of fiscal year

Table 7: Summary of Land Health Accomplishments

FY 2000 Annual Goals	Accomplishments	Units of Measure
Evaluation of BLM's land use plans and associated NEPA documents	17	number of evaluations
Development or updating of land use plans to reflect new information	3	number of plans
Remediation (water-quality-based) of abandoned mines	68	number of mines
Reclamation of sites/plugging of wells at orphan well sites	14*	number of well sites
Acreage treated with wildland fire, prescribed fire, and mechanical fuels treatments to restore natural ecological processes	165,900	acres
Acreage treated to prevent the spread of noxious weeds and undesirable plants	290,000	acres

\* All were accomplished by BLM in Wyoming. In addition to the 14 sites/wells shown, the Department of Energy plugged/reclaimed a total of 21 sites using their own funds, while 8 orphan wells were eliminated because a new operator assumed the responsibility for plugging them.

2000 through vegetation manipulation (including prescribed fire), soil stabilization, improved grazing and riparian management, off-road vehicle management, and a variety of maintenance activities, including well plugging in New Mexico. This brings BLM's current rate of salt retention accomplishment through fiscal year 2000 to approximately 49,640 tons per year. (Note: The FY 1999 rate of salt retention, previously reported at 43,200 tons per year, was revised upward to 44,970 based on data reported after publication of the 1999 Annual Report.)

- The BLM completed a programmatic Canada lynx conservation agreement with the U.S. Fish and Wildlife Service that ensures appropriate consideration of Canada lynx in BLM's land use activities. This agreement is the major factor in BLM receiving a Biological Opinion from FWS stating that revision and implementation of land use plans (LUPs) in accordance with the conservation agreement would not jeopardize the lynx. Approximately 40 BLM land use plans are affected.
- The Bureau is implementing aggressive strategies for multispecies conservation in two major ecosystems: sagebrush (encompassing both sagebrush steppe and arid sagebrush habitats) and prairie grasslands.

These actions address the needs of hundreds of special status species, including listed, candidate, and proposed threatened and endangered plant and animal species, on 40 million acres of sagebrush habitats and 10 million acres within the short and mid-grass prairie ecosystem.

- On 75 million acres administered by BLM in the Great Basin, we are in the early stages of implementing the Great Basin Restoration Initiative to promote plant community diversity and structure in order to make them more resilient to disturbance and invasive species over the long-term. This initiative is an effort to reverse the effects of disastrous wildfires and the conversion of 25 million acres of BLM lands in the Great Basin to highly flammable exotic annual grasses.
- Together with the U.S. Forest Service, the BLM continued its development of the Interior Columbia Basin Ecosystem Management Plan. Through this plan, both agencies are cooperating to develop a coordinated, scientifically sound, broad-scale management strategy for 63 million acres they administer in parts of Idaho, Oregon, Montana, and Washington. It is expected that this plan will be completed in FY 2001 and will provide the framework for many subsequent implementation decisions.



*The BLM is leading an ambitious effort to restore ecological health to the Great Basin. Photo by Kari K. Brown.*

- The Western Association of Fish and Wildlife Agencies, the U.S. Forest Service, the U.S. Fish and Wildlife Service, and the BLM signed an Interagency Sagebrush/Sage Grouse Conservation Memorandum of Understanding. This memorandum provides for cooperation among state and Federal land and wildlife management agencies in developing a rangewide strategy to conserve and manage sage grouse and their habitat. It establishes an interagency Conservation Planning Framework Team to provide guidance to state-level working groups on the contents of state and local conservation plans, which will affect management on well over 100 million acres of sagebrush habitat.

### Evaluate Needs and Conduct Bureauwide Workforce Planning

The fundamental viability of the public lands, and the well-being of those who use and work upon them, depend largely upon the professional skills and personal dedication of the men and women who staff the Bureau's nationwide organization. The BLM recognizes its responsibility for maintaining and protecting America's public domain, and it likewise accepts its concurrent obligation to professionally develop and prepare those who will become its stewards in the future.

The challenge for the BLM will be to maintain a dedicated, professional workforce capable of meeting

changing mission needs in the years ahead. BLM's workforce is aging, and much of its critical expertise will be leaving over the next 5 to 10 years. The Bureau's challenge will be to ensure that it has the right skills in the right place at the right time. Effective workforce planning is key to continued mission effectiveness.

Equal opportunity and workforce diversity are key elements in BLM's management of human resources and workforce planning. The Bureau's focus on cooperation with diverse populations and interest groups in managing our Nation's public lands is illustrated by the Bureau's continuing emphasis on outreach and inclusion in decisionmaking and in employment. In an age when automation and careers in computer applications seem to have captured the imagination of the public, and where frequent movement between jobs has become an accepted practice, the BLM is working hard to promote careers in natural resources management.

Despite the transitional nature of today's skills marketplace, the BLM is using concerted recruitment programs to build an organization that mirrors the developing demographics of America. Table 8 illustrates BLM's ongoing commitment to maintaining diversity in its workforce.

Table 8: BLM's Workforce Diversity

Employee Category	1998		1999		2000	
	Number of Employees	Percentage of Workforce	Number of Employees	Percentage of Workforce	Number of Employees	Percentage of Workforce
Permanent Employees						
Minority Women	660	7.4	669	7.5	665	7.4
Minority Men	647	7.3	647	7.2	659	7.3
White Women	2,473	27.7	2,523	28.2	2,554	28.4
White Men	5,134	57.6	5,104	57.1	5,115	56.9
Total Workforce	8,914	100.0	8,943	100.0	8,993	100
Persons With Disabilities	492	5.5	496	5.5	508	5.6



## *Systems, Controls, and Legal Compliance*

### MANAGERIAL, ADMINISTRATIVE, AND FINANCIAL CONTROLS

THE BUREAU OF LAND MANAGEMENT COMPLETED AN ASSESSMENT OF ITS SYSTEMS OF MANAGERIAL, ADMINISTRATIVE, AND FINANCIAL CONTROLS IN NOVEMBER 2000 IN ACCORDANCE WITH THE STANDARDS, OBJECTIVES, AND GUIDELINES PRESCRIBED BY THE FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) AND THE OFFICE OF MANAGEMENT AND BUDGET (OMB). THE OBJECTIVES OF THIS ASSESSMENT WERE TO ENSURE THAT:

- Programs achieved their intended results;
- Resources were used consistent with the agency's mission;
- Resources were protected from waste, fraud, and mismanagement;
- Laws and regulations were followed; and
- Reliable and timely information was maintained, reported, and used for decision making.

In performing its assessment, the BLM relied on the knowledge and experience that management has gained from the daily operation of Bureau programs and systems of accounting and administrative controls. BLM's assessment was also based on information obtained from sources such as management control assessments, Office of Inspector General (OIG) and General Accounting Office (GAO) audits, program evaluations/studies, audits of financial statements, and performance plans and reports. Table 9 shows the specific management control assessments conducted by the Bureau and audits/reviews conducted by the OIG and GAO that were relied upon:

Table 9: FY 2000 Assessments and Audits

Assessment/Audit	Date Completed	Material Weakness or Best Practice
Performance Date Validation (GPRA)	August 2000	None found
Decentralized Financial Management	July 2000	None found
SmartPay	Postponed	

The management control review of the SmartPay program was postponed pending the outcome of the GAO and OIG audits currently being conducted.

Based on the results of the FY 2000 assessment, the BLM Director concluded that the Bureau's systems of managerial, administrative, and financial controls provide reasonable assurance that the objectives of the FMFIA have been achieved. The Director also concluded that BLM's sensitive information systems provide reasonable assurance that the objectives of OMB's Circular A-130, Management of Federal Information Resources, have been achieved. Finally, the Director concluded that BLM's financial systems generally conform to governmentwide standards and requirements.

During the fiscal year 2000 review of management controls, the BLM identified no new material weaknesses. Corrective actions were taken in fiscal year 2000 to address four carryover material weaknesses: inadequate range monitoring; administration and oversight of the wild horse and burro herd management program; management and oversight of the land exchange program; and inadequate supervisory accountability, training, and staffing for the agency's safety management program.

To address range monitoring, the Bureau took many actions in FY 2000, including developing regional Rangeland Health Standards (completed for all states except New Mexico), revising/issuing technical references to address rangeland monitoring, and conducting evaluations in ten states to assess progress in renewing grazing permits and assessing rangeland health standards. The BLM is preparing to issue a new handbook

that addresses monitoring processes and evaluating data to address land health standards.

To address the administration and oversight of the wild horse and burro herd management program, the Bureau has conducted four internal program reviews since 1997 and chartered a Wild Horse and Burro Advisory Board to provide state-of-the-art science and public input. Several actions were taken, including training/gelding

older animals, implementing a policy for removing animals five years and younger, and placing a few old, unadoptable horses on the sanctuary. The single-shot, one-year immuno contraceptive vaccine was applied to mares in HMAs in Nevada during gathers in January and February of 1999 and January of 2000.

To address the land exchange process, the Bureau established a National Land Exchange Evaluation and Assistance Team in November 1998; this team has conducted a technical review of all land exchange feasibility reports and decision documents. A National Land Exchange Program Review was completed in California, Colorado, Montana, Oregon/Washington, and Utah in 1999. A joint BLM/Forest Service appraisal training course has been developed and was offered in FY 2000. In addition, the Land Exchange Handbook was revised in FY 2000 to incorporate new, revised, and clarified policy and guidance to ensure that land exchanges are processed in accordance with laws and regulations and in a manner that protects the public interest.

The Bureau will be addressing the finding regarding supervisory oversight of the safety management program over the next two years. Proposed corrective actions include involving top management in state and field office safety committees, designating safety managers and officers, providing all required safety training for safety personnel, and allocating the funding needed to effectively manage BLM's safety management program.

## BUSINESS AND FINANCIAL SYSTEMS INTEGRATION AND CONTROLS

The Bureau's accounting system, the Federal Financial System (FFS), is composed of a number of interrelated subsystems that handle BLM's complex financial processing needs. FFS capabilities include recording BLM's budget authority at various levels (appropriations, apportionments, allotments, allocations, etc.) and tracking the execution of the budget at each of these levels. FFS records the amounts billed and collected for services rendered by BLM; this information is used to prepare bills and dunning notices.

The system also supports buying goods and services and paying vendors, including complying with prompt payment requirements and maintaining relationships with various purchasing documents, e.g., commitments, obligations, requisitions, receiving reports, and payment vouch-



*Two burros munch grass during a Bloomington, Illinois, wild horse and burro adoption.*

ers. FFS supports the processing of travel documents and payroll, cost allocation, the collection of costs, and the application of indirect support rates to calculate the full costs of projects. All transactions recorded to various tables in each FFS subsystem support accounting functions that update the general ledger.

The system accounts for every type of Federal appropriated and nonappropriated fund within BLM's budget authority, including annual, multiyear, and no-year appropriations. Nonappropriated funds include revolving and working capital funds, budget clearing accounts, and deposit and receipt accounts.

Payments to commercial vendors are generally subject to the Prompt Payment Act, as implemented under OMB Circular-125. FFS automatically determines if a payment is subject to prompt payment based on the type of vendor and the type of transaction. If a payment is subject to prompt payment, FFS ensures compliance in terms of scheduling the payment, automatically evaluating discount terms, paying any interest due if the payment is late, and taking into account any payment terms unique to the order or vendor.

FFS distinguishes numerous collection types: revenue (billed and unbilled), vendor refund, advance received from a customer, and repayment of a travel advance. Collections and disbursements can involve either a cash or noncash transaction.

Strict edits on all input data ensure the validity of data entered into the system. Editing logic includes a verification of valid accounting distribution and spending controls, along with the completion of required data elements. Once a transaction passes all edits, all relevant tables and the general ledger are updated simultaneously.

FFS also includes a number of processes to ensure the integrity of the database and to assist in administering the system. Processing routines include system assurance programs which verify that header and line tables are in agreement, that all journal postings are in balance, and that all budget records are properly posted. To detect any out-of-balance conditions that might occur due to equipment or system software failures, the system assurance programs verify that components of the online system (reference and inquiry tables, including the General Ledger and budget tables) balance with the historical sequential journal that is the official audit trail.

The Fixed Assets subsystem of FFS allows tracking of all personal property items valued at over \$10,000, as well



*The Campbell Creek Science Center, located in the heart of Anchorage on the scenic Campbell Tract, offers a full range of programs for scientific inquiry into natural sciences.*

as items designated as "Bureau sensitive" or "Field sensitive." Bureau-sensitive items include personal computers, firearms, surveying equipment, and Global Positioning System (GPS) equipment valued at more than \$500. Field-sensitive items include property that a BLM field office might want to track regardless of the acquisition cost, such as binoculars. The Fixed Assets subsystem tracks these items, as well as other property such as motor vehicles.

The Fixed Assets subsystem reconciles property items actually received and accounted for with items purchased. Once a property item has been officially documented as having been received, a custodial officer and property number are assigned, and the item is then inventoried every year. The Fixed Assets subsystem also records when an item is disposed of through public sale, transferred to another agency, or donated to a school or college.

The Bureau was one of the first agencies in Interior to establish an interface between the Interior Department Electronic Acquisition System (IDEAS) and FFS. With this interface, once an obligation document (i.e., a purchase order, task order, delivery order, contract, or modification) is created in IDEAS, the obligation can be electronically posted to FFS. If the obligation passes successfully to FFS, a confirmation is posted in IDEAS. In addition, IDEAS can pass a funding commitment document to FFS so that funds can be set aside pending actual obligation.

With the level of integration and cross-checking in place between BLM's acquisition, accounting, and property management/accounting systems, the Bureau has fulfilled the requirement to establish sound management controls and ensure legal compliance.

## *Future Effects of Existing, Currently Known Demands, Risks, Uncertainties, Events, Conditions, and Trends*

### NATURAL AND HUMAN-CAUSED DISASTERS

OVER THE PAST DECADE, SEVERAL BLM OFFICES HAVE BEEN DAMAGED OR DESTROYED BY FIRE, FLOODING, OR EXPLOSIONS. NUMEROUS OTHER INCIDENTS SUCH AS NATURAL GAS LEAKAGE, WHILE CAUSING NO ACTUAL DAMAGE, HAVE SERVED AS AN IMPORTANT REMINDER THAT DISASTERS CAN STRIKE ANYWHERE AT ANY TIME.

BLM offices in the western states and Alaska, as well as back East, are vulnerable to floods, earthquakes, severe winter storms, tornadoes, and lightning, as well as human caused events such as fire, terrorism, sabotage, roof leakage, electrical failure, or other events. Recognizing these threats and their potential to disrupt government operations and services provided to the public, the Department of the Interior in fiscal year 1999 directed all of its bureaus to prepare Continuity of Operations Plans that spell out specific disaster responses.

Continuity of Operations Plans typically:

- **Designate alternate work sites if an office's staff and functions need to be relocated.**
- **Specify procedures for a crisis management team and emergency operations center.**
- **Detail responses, from pre-incident planning/preparation to reestablishment of normal operations.**
- **List training and employee orientation procedures, including the need for regular simulated plan exercises to be sure everything works as anticipated.**

Plans usually include detailed checklists, key employees' telephone numbers, and specific steps to be followed under a variety of scenarios. These plans are updated as needed.

**Possible Future Effects:** Possible future effects of natural and human-caused disasters run the gamut from minor damage or disruption, on the one hand, to large-scale catastrophes resulting in extensive employee injuries and destruction of facilities and property, on the other. BLM's Employee Emergency Action/Fire Prevention Plans and Continuity of Operations Plans are designed to save lives, prevent damage, and minimize adverse consequences. However, no amount of planning and preparation can totally prevent disasters from striking.

### WILDLAND FIRES

As the FY 2000 fire season clearly illustrated, wildland fires have the potential to cause widespread destruction. The public lands and their myriad resources—soil, vegetation, wildlife habitat, and human structures/improvements—are frequently at risk, particularly during a drought year.

The BLM, which manages 264 million acres of public land across the United States, provides fire protection on 388 million acres of public and state land. BLM's fire and aviation program works cooperatively with its Federal and state land management partners to suppress and manage wildland fire, conduct prescribed fires, and promote fire safety awareness through education and prevention programs. The Bureau's fire

program works cooperatively with BLM's other resource programs to improve the health of the land, reduce the risks of hazardous buildup of fuels, protect communities at risk, and improve wildlife habitat.

The BLM's National Office of Fire and Aviation is headquartered at the National Interagency Fire Center in Boise, Idaho, where fire experts develop policy, conduct wildland fire research, and coordinate with fire managers from other firefighting organizations, nationally and internationally. Because wildland firefighting is a demanding and hazardous profession, the BLM takes every measure to ensure firefighter safety and the protection of life, property, and natural resources.

The FY 2000 fire season presented one of the most significant challenges for wildland fire agencies in many years. As the second year of La Nina weather conditions continued, the southern tier of states from California to Florida went through a second winter of deficit precipitation. Areas to the north had a more normal winter snowpack, but the snow left early as a strong high pressure system established itself in the West, producing a long, dry summer. The stage was set for a busy and widespread fire season.

In the late winter and spring, numerous fires occurred in Oklahoma and other southern states. April began with wind-driven fires occurring in northern California. Additional activity was noted in the Southwest and across the South. May brought persistent activity in Florida, South Carolina, Minnesota, and Michigan. The Cerro Grande fire near Los Alamos, New Mexico, brought worldwide attention to the U.S. fire season, the use of prescribed fire, and issues associated with the huge build-up of fuels, particularly in the western U.S.

June saw fire activity continue in the Southwest and begin its northward movement into Colorado and Utah. July saw range fires occurring in Nevada, Utah, southern Idaho, Wyoming, and western Colorado. August brought unprecedented fire activity and extraordinary management actions to address the situation.

By mid-August, more than 25,000 people were engaged in large fire support and initial attack. However, demand still exceeded capability in many situations. A monumental rehabilitation effort did help mitigate the effects of seasonal rains on the burned areas in many parts of the Southwest.

**Possible Future Effects:** While the Bureau is taking steps to reduce the number of human-caused fires, fires caused by natural events such as lightning strikes will always present a risk to public lands and resources. If weather, vegetation, and other conditions in future years were similar to what was present during the FY 2000 fire season, then severe fire outbreaks, widespread damage to public lands and resources, and even loss of human life could be anticipated. This, in turn, would require extensive emergency fire rehabilitation efforts to control soil erosion, rebuild fences, etc., as well as long-term efforts



*In 1999, BLM-Idaho fire crews put out 405 fires involving 404,670 acres. Fires are increasingly occurring in urban-interface areas as more people move into wildland areas that are prone to fire.*

to restore fire-damaged lands to full productivity and health. Implementation of the National Fire Plan, costing \$1.6 billion overall, will help substantially to reduce the impacts from wildfires, provide for more aggressive rehabilitation and restoration efforts, and encourage extensive collaboration among Federal wildland management agencies, the states, and municipalities.

## CRIME AND UNAUTHORIZED USE

The remote nature of many of our public lands, combined with the rapid growth of urban areas in the West, has resulted in a moderate level of criminal activity on BLM-administered public lands. As one example, tens of thousands of marijuana plants are cultivated on public lands each year and illegal drug laboratories are set up that produce hazardous wastes.

The designation of additional special management areas (wilderness areas, areas of critical environmental concern, etc.) results in a greater degree of regulated use and restrictions. However, there are still some public land users who deliberately violate these restrictions and cause impacts to lands and resources.

The BLM issues permits for many commercial uses of public lands. However, numerous individuals use or take resources on the public lands without obtaining the required authorizations. This bypasses the normal environmental analysis process and leads to adverse impacts that would otherwise be avoided by prohibiting certain uses or attaching stipulations to protect natural and cultural resources.

**Possible Future Effects:** Crime and unauthorized use will probably continue to be a problem on the public lands, given the huge acreages involved and the impossibility of keeping track of every activity occurring across the Bureau's 264 million acres. Unauthorized use will continue to result in the loss of the resources taken, as well as costing the BLM significant money to rehabilitate and restore public lands and resources to

former levels of health and productivity. Perhaps the most dramatic example is the millions of dollars in lost resources from human-caused fires, as well as the funds expended for fire suppression efforts.

## DEFERRED MAINTENANCE

The Bureau of Land Management is responsible for maintaining 3,612 buildings and structures, 690 administrative sites, 1,938 recreation sites, 80,144 miles of roads, 933 bridges, 13,895 miles of trails, and 1,124 dams. These assets permit the enjoyment and use of the public lands for recreation, revenue generation, and other purposes. There is, however, a significant amount of deferred maintenance resulting from a lack of sufficient funding to conduct scheduled repairs and preventative maintenance. The Deferred Maintenance section presented later in this document provides more detailed information on how BLM tracks its infrastructure assets and estimates maintenance costs.

As of September 30, 2000, the BLM estimated the total amount of deferred maintenance backlog to be within a range of \$193 million to \$281 million.

**Possible Future Effects:** If deferred maintenance requirements are not addressed over a period of time, i.e., if a lack of maintenance funding does not allow the BLM to protect its capital investments, this could ultimately result in the deterioration or loss of facilities on public lands. This, in turn, could result in resource damage; for example, not maintaining a hiking trail on steep terrain could result in gullying, soil erosion, and vegetation loss. In some instances, a critical health and safety problem could result, affecting both BLM employees and the general public.

## CONTINGENT LIABILITIES: JUDGEMENTS AND CLAIMS

The BLM is a party to a number of lawsuits where the plaintiff is seeking monetary damages. The lawsuits involve a variety of issues, including lost revenues when timber contracts were suspended because of environmental

issues, injuries or death that occurred on BLM-managed land or roads, issues regarding takings and suspension of mining claims, and other issues. The resultant outcomes will not materially affect BLM's future financial condition. The U.S. Treasury's judgement fund would likely bear most of the costs incurred to pay any judgements or settlements.

**Possible Future Effects:** In the opinion of BLM management and legal counsel, a reasonable estimate of the potential outcome or liability of these claims cannot be made.

## CONTINGENT LIABILITIES: ENVIRONMENTAL CLEANUP

The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Clean Water Act, and the Resource Conservation and Recovery Act require Federal agencies to report sites where (1) hazardous substances have been released or (2) hazardous wastes are or have been stored, treated, or disposed of. These Acts also require responsible parties, including Federal agencies, to clean up releases of hazardous substances, to restore injured natural resources, and to manage hazardous wastes.

The BLM faces major challenges in cleaning up hazardous substance releases on the public lands. Virtually all of these releases arise from non-BLM uses of the lands, such as illegal dumping, transportation spills, landfills, mineral development operations, pipelines, and airports. Significant portions of the costs of cleanup will be incurred by, or recovered from, responsible parties.

There were 14 small emergency response actions planned or in progress as of September 30, 2000, that will require future funding. This type of action is usually mitigated using only a preliminary engineering study, and generally no viable responsible party is found, which results in BLM bearing the expense. Future funding required as of September 30, 2000, was estimated to be \$1,065,000.

Larger sites require one or more studies to determine the scope of the contamination and the cleanup strategy and techniques. Cleanup costs cannot be estimated until these studies are complete. When the studies are complete, several cleanup options are generally suggested with the approximate range of cost of each, and BLM management determines the most appropriate course of action.

For these larger sites, commensurately greater efforts are made to identify and locate potentially responsible parties who can be held liable for the cost of studies and cleanup. Litigation or enforcement is required to obtain payment or cleanup from potentially responsible parties. As of September 30, 2000, approximately 75 studies were underway or were planned, with future studies'



*Volunteers repairing the roof of a Pony Express Station near West Desert, Utah.*

costs estimated to be between \$76.5 million and \$341.5 million. The BLM may pay \$3.2 million of that total, with other responsible parties paying the remainder.

Future cleanup costs at 54 sites where studies have been completed were estimated at \$53.1 million to \$53.3 million as of September 30, 2000, with the BLM expecting to pay between \$18.3 million and \$18.4 million of that total.

In addition to the above, the BLM knows of 204 sites where no work has been done at all and where the Bureau has insufficient information to make any estimates at all regarding the actions necessary to mitigate the site or the likely costs.

**Possible Future Effects:** Undetected or unmitigated releases of hazardous substances on public lands could result in resource damage (soil or water contamination, vegetation loss, wildlife habitat destruction, etc.). Damage to human life, health, and property is also possible, especially in the rapidly growing urban interface areas of the West and in the more heavily used recreation areas, although the larger areas of rural, undeveloped tracts of public lands tend to minimize the odds of impacts to people. The Bureau is working aggressively to identify and clean up sites that would pose a danger to human beings or natural resources.

## CONTINGENT LIABILITIES: ABANDONED MINE LANDS

During the mid-1990s, the BLM, along with state government agencies, conducted a directed inventory to identify the most serious abandoned mine sites. Fortunately, because most BLM employees are located in the field, they were able to identify the most serious sites based on their own knowledge of local information. Health and safety hazards and environmental degradation measures were recorded for each site. These 8,000 records are now part of the Abandoned Mine Land Inventory System, a database maintained jointly by the BLM and its sister agency, the Office of Surface Mining.

Cleanup costs are estimated as these sites are prioritized for funding. Between FY 1997 and FY 2000, the BLM was appropriated a cumulative total of \$24 million for water quality-based abandoned mine lands cleanup projects under the Administration's Clean Water Action Plan. Under this plan, states identify the polluted watersheds they want to clean up and determine which ones are being affected by pollution stemming from abandoned mine sites. The BLM and other government and private landowners then leverage their funds to clean up all sites affecting the watershed. These projects are typically



*Mine entrance on the edge of Las Vegas. BLM-Nevada is working to reduce many such hazards to users of public lands.*

multiyear efforts. In FY 2000, the Bureau completed work on 68 sites under the Abandoned Mine Environmental Risk program activity. Additional work was completed on remediating numerous physical safety hazards at abandoned mine land sites, as well as identifying and assessing additional sites that pose potential risks to both the environment and public safety.

**Possible Future Effects:** Given the large number of abandoned mine sites estimated to exist on BLM-administered lands, there is a significant potential for serious injuries or death for people who wander across these sites or who deliberately set out to explore old mine tunnels and buildings. The BLM faces exposure to lawsuits or claims for damages resulting from injury or death at these sites. As population sprawl continues in the West, and as more visitors come to the public lands for recreation and to experience open space, more people can be expected to come into contact with what once were rather remote abandoned mine sites. We have no basis for estimating the future financial impact of this situation.

The BLM continues its abatement efforts and has taken significant actions to warn the public about the dangers abandoned mines can pose. In fiscal year 2000, the BLM distributed several thousand abandoned mine lands safety brochures, as well as producing six safety displays and five abandoned mine lands environmental exhibits for display in field offices. The Bureau also continued to participate in the Mine Hazard Awareness Campaign, a Federal and state cooperative effort initiated by the Mine Safety and Health Administration, U.S. Department of Labor, to increase the public's awareness of the dangers of active and abandoned mines.

The BLM participated in several Federal and industry-sponsored abandoned mine land workshops and conferences, as well as hosting a national workshop for BLM coordinators to bring greater focus to its own program. In addition, the Bureau maintains an abandoned mine lands website, much of which is devoted to warning the public about the dangers that abandoned mines can pose. This website also provides access to technical information to assist in mine closures and other abatement actions ([www.blm.gov/narsc/amf](http://www.blm.gov/narsc/amf)).

## *Discussion and Analysis of the Financial Statements*

THIS ANNUAL REPORT PRESENTS BLM'S FINANCIAL STATEMENTS. THERE ARE FOUR BASIC OBJECTIVES FOR FINANCIAL REPORTING IN THE FEDERAL GOVERNMENT:

- **Budgetary integrity (accounting for resources obtained and resources spent),**
- **Operating performance (how much programs cost and the results achieved for the dollars spent),**
- **The government's stewardship over governmental assets such as land and heritage assets (improvement or deterioration in these assets over the reporting period), and**
- **Systems and controls (the presence of cost-effective systems and controls to adequately safeguard assets).**

To meet these reporting objectives, the Bureau of Land Management is presenting the following financial reports in this Annual Report:

- **Statement of Financial Position:** This statement reports on the operating assets and liabilities related to the delivery of goods and services. It displays the dollar value of unspent funds, assets (such as accounts receivable, inventory, investments, and property, plant and equipment), and liabilities (such as accounts payable and various accrued liabilities).
- **Statement of Net Cost and the Statement of Changes in Net Position:** These two statements report the costs of providing government goods, services, and benefits, and provide information on the changes in financial position from one year to the next. They contain the total costs of operations, revenues generated

from operations, and appropriations (dollars) used to fund the net cost of operations.

- **Statement of Budgetary Resources and the Statement of Financing:** The Statement of Budgetary Resources shows the budgetary resources made available through appropriations and other sources, obligations incurred against those resources, and the dollar amount of cash outlays. The Statement of Financing explains and reconciles the relationship of budgetary obligations to the net cost of operations.
- **Supplementary Stewardship Report:** This report displays the nature and condition (not dollar values) of stewardship assets. Stewardship assets are property entrusted to or owned by the Federal government for the long-term benefit of the Nation (such as public land). The government is charged with safeguarding and maintaining these assets. Valuation would be extremely difficult in most cases. Expenditures for stewardship assets are included as part of net cost on the Statement of Net Cost.
- **Supplementary Report on Deferred Maintenance:** This displays the estimated dollar value of maintenance that was not performed when scheduled, and that has been delayed to a future period, for general property, plant, and equipment and for stewardship assets. Deferred maintenance includes preventative maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable services and achieves its expected life.



We believe the statements are a fair and accurate presentation of our financial position, net cost of operations, changes in net position, and budgetary resources, as well as details regarding financing. This is reflected in the unqualified (clean) audit opinion rendered on BLM's financial statements by the independent auditors. Sound financial management is a top priority for the BLM at all levels of the organization.

## LIMITATIONS OF THE FINANCIAL STATEMENTS

The financial statements have been prepared pursuant to the requirements of the Chief Financial Officers Act of 1990. While the statements have been prepared from the BLM's books and records in accordance with the guidance provided by the Office of Management and Budget, the statements differ from financial reports used to monitor and control budgetary resources that are prepared from the same books and records.

The statements should be read with the realization that they are for a component of a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without enactment of an appropriation, and that payment of all liabilities other than for contracts can be abrogated by the sovereign entity.

## SIGNIFICANT FINANCIAL STATEMENT ISSUES

For the most part, FY 2000 was a "business as usual" year for the BLM. One major exception occurred in the fire fund. The FY 2000 fire season saw extraordinary demands on the Bureau, not the least of which were the financial impacts. Expenditures in the fire fund almost doubled compared with prior years. FY 2000 expenditures exceeded \$352 million, as compared with an average of approximately \$188 million during FY 1998 and 1999.



*This underwater viewing structure gives viewers a fish-eye view of fingerlings and juvenile salmon. Photo by John Craig.*

# Financial Statements

*Bureau of Land Management  
Consolidated Statement of Financial Position  
September 30, 2000  
(dollars in thousands)*

**Assets:**

Intragovernmental:	
Fund Balance with Treasury (Note 2)	\$ 772,900
Investment in U.S. Treasury Securities (Note 3)	17,363
Accounts Receivable (Note 4)	<u>13,600</u>
Total Intragovernmental	803,863
Accounts Receivable, Net (Note 4)	12,648
Travel Advances	134
Cash in Imprest Funds	46
Inventory, Net (Note 5)	2,726
Gas and Storage Rights, Net (Note 5)	1,071
Stockpile Materials (Note 5)	357,620
Property and Equipment, Net (Note 6)	246,770
Unmatured Timber Sales Contracts (Note 7)	<u>32,612</u>
Total Assets (Note 8)	<u>\$ 1,457,490</u>

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

**Liabilities and Net Position:****Liabilities:**

## Liabilities Covered by Budgetary Resources:

## Intragovernmental:

Accounts Payable	\$ 8,999
Accrued Payroll and Benefits (Note 9)	5,850
Undistributed Collections (Note 10)	11,883
Deferred Credits (Note 11)	27,665
Debt to Treasury (Note 12)	<u>1,329,204</u>

## Total Intragovernmental

1,383,601

## Accounts Payable

32,622

## Accrued Payroll and Benefits (Note 9)

32,903

## Undistributed Collections (Note 10)

139,911

## Deposit Funds (Note 13)

90,465

## Deferred Credits (Note 11)

34,953

## Other Accrued Liabilities

404

## Total Liabilities Covered by Budgetary Resources

1,714,859

## Liabilities Not Covered by Budgetary Resources:

## Intragovernmental:

Workers' and Unemployment Compensation Payable (Note 14)	14,619
Accrued Annual Leave (Note 15)	45,384
Accrued Contingent Liabilities (Note 16)	22,945
Actuarial Liabilities (Note 17)	<u>69,773</u>

## Total Liabilities Not Covered by Budgetary Resources

152,721

## Contingent Liabilities (Note 16)

## Total Liabilities

1,867,580**Net Position:**

Unexpended Appropriations (Note 18)	287,544
Cumulative Results of Operations	<u>(697,634)</u>
Net Position	<u>(410,090)</u>

## Total Liabilities and Net Position

\$ 1,457,490

*Bureau of Land Management  
Consolidated Statements of Net Cost of Operations  
and Changes in Net Position for the Fiscal Year Ended  
September 30, 2000  
(dollars in thousands)*

**STATEMENTS OF NET COST OF OPERATIONS**

**Costs:**

Operating Expenses (Note 19)	\$ 1,514,074
Depreciation and Amortization	27,729
Interest Expense	52
Unfunded Expenses (Note 20)	30,877
Net Loss on Disposition of Assets	<u>2,673</u>
Total Costs	<u>1,575,405</u>

**Revenues:**

Sales of Goods and Services—Public	183,310
Sales of Goods and Services—Intragovernmental	35,373
Interest Income—Intragovernmental	<u>477</u>
Total Revenues	<u>219,160</u>

Net Cost of Operations	<u>\$ 1,356,245</u>
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**STATEMENTS OF CHANGES IN NET POSITION**

Net Cost of Operations	<u>\$(1,356,245)</u>
------------------------	----------------------

**Financing Sources:**

Appropriations Used	1,346,717
Imputed Financing (Note 21)	43,832
Other Financing Sources (Note 22)	<u>43,503</u>
Total Financing Sources	<u>1,434,052</u>

Intragovernmental Transfers	<u>(61,534)</u>
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Net Results of Operations	16,273
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Change in Accounting—Reclassification of Equity (Note 23)	70,923
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Prior Period Adjustments (Note 24)	<u>7,161</u>
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Change in Cumulative Results of Operations	94,357
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Change in Unexpended Appropriations	<u>(61,017)</u>
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Change in Net Position	33,340
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Net Position, Beginning Balance	<u>(443,430)</u>
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Net Position, Ending Balance	<u>\$ (410,090)</u>
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*The accompanying notes are an integral part of these statements.*

*Bureau of Land Management  
 Combined Statement of Budgetary Resources  
 for the Fiscal Year Ended September 30, 2000  
 (dollars in thousands)*

**Budgetary Resources:**

Budget Authority	\$ 1,421,861
Unobligated Balances, Beginning of Period	253,434
Spending Authority from Offsetting Collections	122,624
Adjustments	<u>14,725</u>
Total Budgetary Resources	<u>\$ 1,812,644</u>

**Status of Budgetary Resources:**

Obligations Incurred	\$ 1,566,498
Unobligated Balances--Available	245,821
Unobligated Balances--Not Available	<u>325</u>
Total Status of Budgetary Resources	<u>\$ 1,812,644</u>

**Outlays:**

Obligations Incurred	\$ 1,566,498
Spending Authority from Offsetting Collections and Adjustments	<u>(143,126)</u>
Subtotal	1,423,372
Obligated Balances, Net, Beginning of Period	266,765
Obligated Balances, Net, End of Period	<u>(303,384)</u>
Total Outlays	<u>\$ 1,386,753</u>

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

*Bureau of Land Management  
 Combined Statement of Financing  
 for the Fiscal Year Ended September 30, 2000  
 (dollars in thousands)*

<b>Obligations and Nonbudgetary Resources:</b>	
Obligations Incurred	\$1,566,498
Spending Authority from Offsetting Collections and Adjustments	(143,126)
Imputed Financing (Note 21)	43,832
Transfers to Treasury or Other Agencies	(84,838)
Exchange Revenue Not in the Budget	(779)
Appropriated Revenue	(64,521)
Other Financing Sources (Note 22)	43,503
Total Obligations as Adjusted, and Nonbudgetary Resources	<u>1,360,569</u>
<b>Less: Resources that Do Not Fund Net Cost of Operations:</b>	
Change in Goods and Services Ordered But Not Yet Received	42,404
Costs Capitalized	42,509
Financing Sources that Fund Costs of Prior Periods	867
Prior Period Adjustments and Other (Note 24)	(7,161)
Total Resources that Do Not Fund Net Cost of Operations	<u>78,619</u>
<b>Costs that Do Not Require Resources:</b>	
Depreciation	27,729
Cost of Goods Sold	3,011
Loss on Disposition of Assets	4,951
Bad Debt Expense	414
Total Costs that Do Not Require Resources	<u>36,105</u>
<b>Financing Sources Yet to be Provided</b>	<u>38,190</u>
Net Cost of Operations	<u>\$1,356,245</u>

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

## *Note 1 - Summary of Significant Accounting Policies*

### **A. BASIS OF PRESENTATION**

These financial statements have been prepared to report the financial position, net cost of operations, changes in net position, budgetary resources, and details regarding financing of the Bureau of Land Management (BLM), as required by the Chief Financial Officers Act of 1990. The consolidating and combining financial statements present financial information by responsibility segment. They have been prepared from BLM's financial records in accordance with generally accepted accounting principles (GAAP) using guidance issued by the Federal Accounting Standards Advisory Board (FASAB) and the Office of Management and Budget (OMB); the BLM accounting policies that are summarized in this note have also been followed. These statements are different from the financial reports submitted to OMB for purposes of monitoring and controlling the obligation and expenditure of budgetary resources.

### **B. REPORTING ENTITY**

The BLM, a bureau of the Department of the Interior (DOI), was established on July 16, 1946, through the consolidation of the General Land Office and the Grazing Service in accordance with the provisions of Sections 402 and 403 of the President's Reorganization Plan No. 3 of 1946 (60 Stat. 1097). The BLM's functions are set forth in Section 301 of the Federal Land Policy and Management Act of 1976 (43 USC 1731).

On March 12, 1996, Secretary Babbitt signed Order Number 3198, transferring the Department's Helium Operations from the U.S. Bureau of Mines to the BLM. This was done under the authority of Section 2 of Reorganization Plan No. 3 of 1950 (64 Stat. 1262), as amended. The helium production fund was established by the Helium Act (50 U.S.C. 10), enacted March 3, 1925, and amended by the Helium Act Amendments of 1960 (P.L. 86-777). Helium production and refining were discontinued on April 1, 1998, pursuant to the Helium Privatization Act of 1996 (P.L. 104-273).

The accompanying consolidated and combined financial statements include all appropriated funds, as well as all other funds for which the BLM maintains financial

records. Financial records are maintained by fund types as described below:

- 1. General Funds:** These funds consist of expenditure accounts used to record financial transactions arising from Congressional appropriations as well as receipt accounts. The principal general fund expenditure accounts maintained are:
  - a. Management of Lands and Resources
  - b. Wildland Fire Management
  - c. Payments in Lieu of Taxes
  - d. Oregon and California Grant Lands
- 2. Special Funds:** The BLM maintains both special fund receipt accounts and special fund expenditure accounts. Collections made into special fund expenditure accounts are available receipts and are considered BLM revenue. Collections made into special fund receipt accounts are earmarked by law for a specific purpose but are not generated from a continuing cycle of operations. Receipts are deposited as collected. Funds deposited into special fund receipt accounts typically arise from sales of public lands and materials, sales of timber, fees and commissions, mineral leases, and other charges for services provided by the BLM to users of the public lands. Amounts deposited into special fund receipt accounts are subject to various distribution formulas as specified by law.
- 3. Revolving Funds:** This type of fund is used to finance and manage a continuous cycle of business-type operations. The BLM maintains a Working Capital Fund (WCF) as a single administrative unit established to finance and account for services and commodities furnished to various program activities. The WCF was established in 1978 under Section 306 of the Federal Land Policy and Management Act of 1976 (Public Law 94-579) with an initial investment of \$2,000 in appropriated funds. Since that time, additional equity has been provided through intragovernmental transfers or donations of inventories, capital equipment, and other assets. Transfers or donations are made without reimbursement to the donating activity. All additional income to the WCF has been generated through charges to BLM's programs or other government agencies. The services provided by the WCF include motor vehicles, stores, a sign shop, a Departmental forms center, and the collection and disbursement of receipts from surface management of the Naval Oil Shale Reserve under

an October 2, 1987, memorandum of understanding with the Department of Energy. In addition, the WCF provides funding for travel advances and petty cash funds held by imprest fund cashiers.

In addition to the WCF, Helium Operations is funded through a public enterprise revolving fund. This fund was established with monies from the U.S. Treasury to manage the federal helium program, which includes helium production, storage, conservation, and sales activities. Funding for current management of this program is provided by sales of helium. Pursuant to the Helium Privatization Act of 1996, production and refining of helium has been discontinued, but crude helium storage and sale of the helium stockpile will continue through January 1, 2015.

4. **Trust Funds:** The BLM maintains two trust accounts to carry out specific programs under trust agreements and statutes. The Land and Resource Management Trust Fund contains monies contributed by non-federal organizations for resource development, protection, and management; conveyance of lands omitted in original surveys; and public surveys requested by individuals. The Alaska Townsite Trustee Fund receives money from the sale of town lots to non-natives and is available to cover the expenses involved in selling and maintaining townsites.
5. **Deposit Funds:** These funds are maintained to account for receipts awaiting proper classification or receipts held in escrow until ownership is established, at which time proper distribution can be made. Refer to Note 13.

Statement of Federal Financial Accounting Standards (SFFAS) No. 4, Managerial Cost Accounting Concepts and Standards For the Federal Government, requires agencies to report the full cost of programs, activities, and outputs. The standard includes requirements for accumulating and reporting costs on a regular basis for management use, establishing responsibility segments to match costs with outputs, determining the full cost of government goods and services, recognizing the costs of services provided between agencies within the government, and using appropriate costing methodologies to accumulate and assign costs to outputs.

In FY 1998, the BLM selected Activity Based Costing (ABC) as the agency's methodology to accumulate

cost data for effective management use and to assign costs to outputs. At the same time, the Bureau's responsibility segments were redefined to more closely reflect BLM's Government Performance and Results Act (GPRA) performance goals. The Consolidating Statements of Net Cost of Operations and Changes in Net Position are presented using these redefined responsibility segments:

**Preserve Natural and Cultural Heritage -**

The BLM will preserve and protect natural, historical, landscape, and cultural resource values for current and future generations.

**Understand the Condition of the Public Lands -**

The BLM will comprehensively assess and report the condition of the lands it manages and ensure the adequacy of land use plans.

**Restore At-Risk Systems and Maintain Functioning Systems -**

The BLM will implement strategies to restore priority watersheds and resources to functioning condition.

**Provide Opportunities for Environmentally Responsible Recreation -**

The BLM will provide the public with diverse opportunities to recreate on the public lands while maintaining its lands and facilities in good environmental condition.

**Provide Opportunities for Environmentally Responsible Commercial Activities -**

The BLM will provide commercial opportunities for use of the public lands while maintaining or improving environmental conditions.

**Reduce Threats to Public Health, Safety, and Property -**

The BLM will ensure that the public lands and facilities are safe for the public and for employees.

**Improve Land, Resource, and Title Information -**

The BLM will provide the public with improved information about the land, its resources, and land records.

**Provide Economic and Technical Assistance -**

The BLM will meet trust responsibilities while providing economic and other assistance to Federally recognized Tribes.

Direct costs incurred in each of these activities are reported in the appropriate responsibility segment.



Administrative costs and various indirect costs are allocated to the responsibility segments in a manner appropriate for each type of cost.

The Combining Statement of Budgetary Resources is presented using responsibility segments that reflect BLM's major budget accounts. These responsibility segments are:

- **Maintaining Public Lands and Services** - including Management of Lands and Resources, Oregon and California Grants Lands, Wildland Fire Management, Emergency Firefighting, Range Improvements, and Recreation Fee Sites;
- **Economic and Technical Assistance** - including Payments to States, Payments In Lieu of Taxes, and Alaska Native Corporations;
- **Asset Improvement** - including Natural Resource Damage Assessment/Restoration, the Central Hazardous Materials Fund, Land Acquisition, Construction, and the Highway Trust Fund; and
- **Self-Financing Enterprises** - including the Working Capital Fund and the Helium Fund.

The Statement of Financial Position and the Statement of Financing are shown as consolidated only and are not presented by responsibility segment.

## C. BASIS OF ACCOUNTING

The BLM maintains its accounting records on both an accrual accounting basis and a budgetary accounting basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when incurred, without regard to the receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of Federal funds. Significant interfund balances and transactions have been eliminated.

## D. FINANCING SOURCES AND REVENUES

The BLM receives most of the funding needed to support its programs through annual, multiyear, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. Additional amounts are obtained through reimbursements for services performed for other Federal agencies,

state and local governments, and the private sector. Finally, the BLM receives imputed financing from the Office of Personnel Management (OPM) for current and future pension and retirement benefits paid by OPM on behalf of the BLM and from the U.S. Department of the Treasury (Treasury) Judgement Fund for payment of settlements resulting from litigation against the BLM.

Revenues, such as those from reimbursable agreements, are recognized when earned. These revenues may be used to offset the cost of producing products or furnishing services, and to recover overhead costs.

Receipts are either available to the BLM for expenditure or are received by the BLM on behalf of others and are passed on to the Treasury or distributed to other governmental agencies. Gross receipts are reported as cash as received, while amounts billed but not yet received are included in both accounts receivable and undistributed collections. Bad debt expenses relating to those receivables are not considered to be a BLM expense; they are charged against undistributed collections. Transfers of receipts to Treasury and others are reported on the accrual basis. That portion of the transfers that will not be disbursed until the subsequent fiscal year is also included in undistributed collections. Thus, the net position of the BLM is not affected by these activities relating to collections, whether they be billings, bad debt expenses, or timing differences between the receipt of such collections and their subsequent disbursement.

Helium fund sales are authorized by Chapter 10 of Title 50 of the United States Code, enacted March 3, 1925, as amended by Public Law 86-777, dated September 13, 1960, entitled "Helium Act Amendments of 1960." Paragraph 167a(4) authorizes the Secretary to, "dispose of, by lease or sale, property, including wells, lands, or interest therein, not valuable for helium production, and oil, gas, and byproducts of helium operations not needed for Government use, except that property determined by the Secretary to be 'excess' within the meaning of section 3(e) of the Federal Property and Administrative Services Act of June 30, 1949, as amended (40 U.S.C. 471 et. seq.); and to issue leases to the surface of lands or structures thereon for grazing or other purposes when the same may be done without interfering with the production of helium;..." Amounts accumulating in the fund in excess of amounts the Secretary deems necessary to carry out the Helium Act and contracts negotiated thereunder are paid to Treasury and credited against any amounts borrowed from Treasury.

The Helium Privatization Act of 1996 (P.L. 104-273), dated October 9, 1996, caused Interior to cease producing, refining, and marketing refined helium as of April 1, 1998, but authorized the storage, transporting, and withdrawing of crude helium and the maintaining and operating of crude helium storage facilities already in existence. Interior is further authorized to enter into agreements with private parties for the recovery and disposal of helium on Federal lands, and to sell stockpile crude helium until the helium reserves are reduced to 600 million cubic feet.

The helium fund is authorized to retain all receipts, which include, but are not limited to, fees, penalties, interest, and administrative charges on past due receivables and proceeds from the sale of its assets. Fees, penalties, interest, and administrative charges are credited to a revenue account and are recorded as a financing source. Gains and losses are computed when assets are sold and recorded as a financing source or use of finances respectively.

## **E. FUND BALANCES WITH TREASURY**

The BLM does not maintain material amounts of cash in commercial bank accounts. Cash receipts and disbursements are processed by Treasury. Fund balances with Treasury include appropriated, revolving, and trust funds that are available to pay current liabilities and finance authorized purchase commitments. Also included are various other receipt and expenditure funds. Further details on fund balances with Treasury are contained in Note 2.

## **F. INVESTMENTS**

The BLM invests the proceeds of certain land sales in securities of the U.S. Treasury as authorized by the Southern Nevada Public Land Management Act enacted in October 1998. Note 3 provides investment details.

## **G. ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts owed to the BLM by other Federal agencies or by the public. Amounts earned through the provision of services to the public are not recognized as receivables until billed. Receivables from other Federal agencies and certain state government agencies are recognized when the revenue is earned. The BLM recognizes bad debts arising from uncollectible accounts receivable by establishing an allowance for doubtful accounts based upon past experience in collecting accounts receivable and analy-

sis of outstanding balances. See Note 4 for additional information concerning accounts receivable.

## **H. INVENTORY**

Except for Helium Operations, BLM's inventory consists of items that will be consumed in future operations. Inventory is held by the WCF for use in BLM's resource management programs and is also maintained for sign construction, employee uniforms, and the DOI forms function. The use of inventory accounts is declining in BLM, and the inventory still on hand is stated at cost using the average cost method.

The helium inventory held for sale is the actual above-ground refined helium at the end of the fiscal year, plus an estimate of the amount of stockpile helium to be sold in the following fiscal year. The helium stockpile inventory is stored in a partially depleted natural gas reservoir. The cost to purchase the stockpile helium was \$12.058 per mcf. The volume of helium is accounted for on a perpetual inventory basis. Each year, the amount of helium is verified by collecting reservoir data and using generally accepted petroleum engineering principles to calculate the volume. The calculated volumes support the volume carried in the inventory. At a reservoir abandonment pressure of 25 psia, 95 percent of the stockpile is deemed recoverable. The amount of helium that is eventually recovered will depend on the future price of helium and the ability to control the mixing of native gas and stockpile helium. Gas and storage rights for the storage of helium are recorded at cost. A depletion allowance is computed annually to record the gas consumed in the processing of helium for sale.

Except for Helium Operations, BLM's inventory is not held for sale, nor is any of the inventory balance held in reserve for future use or sale. There is no excess, obsolete, or unserviceable inventory, nor is there any inventory held for repair. The BLM does not hold any other related property, including forfeited property, foreclosed property, seized property, commodities, or stockpile materials. Note 5 provides more information on BLM's inventory.

## **I. PROPERTY AND EQUIPMENT**

This category consists of acquired lands; structures, facilities and improvements; automated data processing (ADP) software; equipment and vehicles; construction in progress; and property being held pending disposition. Prior to FY 1995, roads, trails, and bridges were also included in this category.

Statement of Federal Financial Accounting Standards (SFFAS) No. 6, Accounting for Property, Plant, and Equipment, and SFFAS No. 8, Supplementary Stewardship Reporting, have been issued by the Federal Accounting Standards Advisory Board. The standards recommend different accounting treatments for different types of property, plant, and equipment (PP&E), and provide for a distinction between general PP&E and stewardship PP&E. The former are PP&E used to provide general government services or goods. The latter include stewardship land—all land held by the Federal government that is not acquired for or in connection with an item of general PP&E—and heritage assets, including PP&E that have historical or natural significance.

The standards recommend that Federal entities establish appropriate capitalization thresholds. The BLM has established a capitalization threshold of \$250 per facility/site for real property components of general PP&E. Prior to FY 1995, the BLM had no minimum capitalization threshold for real property. The capitalization threshold for personal property was changed from \$5 to \$10 at the beginning of FY 1999.

The standards provide for capitalized property to continue to be reported on the Statement of Financial Position. PP&E that are not capitalized—because they are under the capitalization threshold, or are stewardship PP&E—are to be expensed in the period of acquisition. The standards require a separate stewardship report to provide relevant information regarding stewardship PP&E. That report can be found following the section on Financial Statements.

Capitalized property and equipment are recorded as follows:

1. General PP&E real property is capitalized at cost, if the aggregate cost of the site/facility is \$250 or more. Acquired land associated with capitalized assets is recorded separately from the structures, facilities, and improvements. Structures such as buildings that are used by the BLM but administered by the General Services Administration or other Federal agencies are not recognized as BLM assets.
2. Purchased ADP software is capitalized at cost if the acquisition cost is \$10 or more (\$5 or more prior to FY 1999) and the estimated useful life is 2 years or more. Internally developed software is not capitalized.
3. Equipment and vehicles are capitalized at cost if the acquisition cost is \$10 or more (\$5 or more prior to

FY 1999) and the estimated useful life is 2 years or more.

4. Costs are accumulated in a construction in progress account for capitalizable general PP&E under construction or being acquired in incremental stages until the property is completed or totally acquired. At that time, the property is transferred to the appropriate asset account(s).

Depreciation for WCF vehicles and heavy equipment is recorded using the straight-line method, based upon useful lives ranging from 2 to 20 years with a 20 percent residual value.

Depreciation for non-WCF equipment and purchased ADP software is based on useful lives of up to 30 years, with a residual value of 10 percent.

The basis for capitalization of donated property and equipment is the estimated fair market value.

Information on property and equipment values is found in Note 6.

## J. LIABILITIES

Liabilities represent the amount of monies or other resources that are likely to be paid by the BLM as the result of transactions or events that have already occurred. However, no liability can be paid by the BLM absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as liabilities not covered by budgetary resources, with no certainty that the appropriations will be enacted. In addition, BLM liabilities arising from sources other than contracts can be abrogated by the Government, acting in its sovereign capacity.

Debt to Treasury is a liability of the Helium Fund. Borrowings occurred at various dates. Amounts borrowed became due 25 years from the date the funds were borrowed and are now past due.

Net worth debt is the amount due for the net capital and retained earnings of the Helium Fund established under 50 U.S.C. 10, Section 164, enacted March 3, 1925 (prior to amendment by the Helium Act Amendments of 1960), as determined by the Secretary as of September 13, 1960, plus any monies expended thereafter by the Department of the Interior from funds provided in the Supplemental Appropriation Act, 1959, for construction of a helium plant at Keyes, Oklahoma.

Additional borrowing from Treasury refers to funds borrowed under 50 U.S.C. 10, Section 167j, which authorizes borrowings to acquire and construct helium plants and facilities and for other related purposes including the purchase of helium.

Interest on borrowing is compound interest on the debt described above that has not been repaid to Treasury. While the debt was current, interest was calculated annually at rates determined by the Secretary of the Treasury, taking into consideration the current average market yields of outstanding marketable obligations of the United States having maturities comparable to the investments authorized. The interest rate on the net capital and retained earnings was determined as of September 13, 1960, and the interest rate on additional borrowing was determined as of the time of each borrowing. The U.S. Treasury short-term borrowing rate was used to calculate the annual interest expense while the debt was past due. With the passage of the Helium Privatization Act of 1996, Public Law 104-273, enacted October 9, 1996, no further interest expense is incurred. The Act defines the amount repayable to the United States as all funds required to be repaid as of October 1, 1995, with no further interest accruing on the debt.

Additional information on debt to Treasury appears in Note 12.

## **K. ACCRUED LEAVE**

Amounts associated with the payment of annual leave are accrued while leave is being earned by employees, and this accrual is reduced as leave is taken. Each year the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to finance annual leave, future financing sources will be used.

Sick leave and other types of leave are expensed as taken because they are nonvesting in nature.

## **L. CONTINGENT LIABILITIES**

The BLM is a party to various administrative proceedings, legal actions, environmental suits, and claims brought by or against it. Contingent liabilities are recorded in the accounting records when the event potentially leading to the recognition of a liability is probable, and a reliable estimate of the scope of the potential liability is available. Further information on contingent liabilities is found in Note 16.

## **M. RETIREMENT PLAN**

Nearly half of the BLM's employees participate in the Civil Service Retirement System (CSRS), to which the BLM makes matching contributions. The BLM does not report CSRS assets, accumulated plan benefits, or unfunded liabilities, if any, applicable to its employees. Reporting such amounts is the responsibility of the Office of Personnel Management (OPM).

On January 1, 1987, the Federal Employees Retirement System (FERS) became effective pursuant to Public Law 99-335. Most employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired prior to January 1, 1984, were authorized to elect to join FERS and Social Security or to remain in CSRS. FERS offers a savings plan to which the BLM automatically contributes 1 percent of pay and matches any employee contribution up to an additional 4 percent of pay. For employees in FERS, the BLM contributes the employer's matching share for Social Security; the BLM contributes the employer's matching share of Medicare, 1.45 percent, for both FERS and CSRS employees.

The BLM recognizes its share of the expense of employee benefit programs and future pension outlays incurred by OPM and the imputed financing source applicable to the expense. Further information on imputed financing is available in Note 21.

## **N. LEASES**

The BLM has entered into some lease arrangements that potentially qualify as capital leases. However, the BLM has historically not considered lease arrangements for inclusion as assets. The dollar value of leases that could qualify as capital leases is not considered material.

## **O. NET POSITION**

The components of Net Position are defined as follows:

1. Unexpended appropriations include undelivered orders and unobligated balances; the latter may include both available and unavailable amounts.
2. Cumulative results of operations is comprised of (1) the difference between revenues and expenses, (2) the net amount of transfers of assets in and out without reimbursement, and (3) donations, all since inception of the fund(s).

## Note 2 - Fund Balances with Treasury

U.S. Government cash is accounted for on an overall consolidated basis by Treasury. The balance shown on the Consolidated Statement of Financial Position represents BLM's right to draw on Treasury for valid expenditures. The balance consists of general fund receipt accounts, general fund expenditure accounts, trust funds, revolving funds, special fund receipt accounts, special fund expenditure accounts, and deposit funds. Refer to Note 1(B). Fund balance as shown on BLM's records is reconciled periodically with Treasury's records.

Entity Assets:	
Obligated	\$ 286,332
Unobligated-Available	244,948
Unobligated-Restricted	<u>216</u>
	<u>531,496</u>
Non-Entity Assets:	
Unobligated-Restricted	<u>241,404</u>
Total	<u>\$ 772,900</u>

## Note 3 - Investment in U.S. Treasury Securities

	Unamortized Par Value	Discount	Net Book Value
U.S. Treasury Bills, Maturing Within 1 Year	\$17,694	\$331	\$17,363

Additional Information regarding investments may be found in Note 1(F).

## Note 4 - Accounts Receivable

Accounts receivable represent amounts owed to the BLM. Entity accounts receivable represent amounts that

the BLM has authority to use. Entity intragovernmental accounts receivable represent amounts due from other Federal agencies, while entity governmental accounts receivable represent amounts due from non-Federal entities. Non-entity accounts receivable are amounts that are generated by BLM's programs but are not available to the programs. All of the non-entity accounts receivable represent amounts due from non-Federal entities.

	Accounts Receivable	Allowance for Doubtful Accounts	Accounts Receivable Net
Intragovernmental Accounts Receivable	<u>\$13,600</u>		<u>\$13,600</u>
Governmental Accounts Receivable:			
Entity Assets	\$14,712	\$2,886	\$11,826
Non-Entity Assets	<u>1,727</u>	<u>905</u>	<u>822</u>
	<u>\$16,439</u>	<u>\$3,791</u>	<u>\$12,648</u>

## Note 5 - Inventories

Inventory, Net:	
Working Capital Fund:	
Inventory	\$ 136
Less Allowance for Loss of Inventory	<u>132</u>
	4
Helium Fund:	
Below-Ground Crude Helium for Sale	<u>2,722</u>
Inventory, Net	<u>\$ 2,726</u>
Gas and Storage Rights, Net:	
Gas and Storage Rights	\$ 1,538
Less Accumulated Depletion Allowance	<u>467</u>
Gas and Storage Rights, Net	<u>\$ 1,071</u>
Stockpile Materials:	
Below-Ground Crude Helium	<u>\$357,620</u>

Valuation methods and other information regarding inventories are presented in Note 1(H).

## *Note 6 - Property and Equipment, Net*

	Acquisition Value	Accumulated Depreciation	Net Book Value
Acquired Land	\$ 18,813	\$	\$ 18,813
Structures, Facilities, and Improvements	186,488	96,405	90,083
ADP Software	6,109	1,903	4,206
Equipment and Vehicles	219,920	120,085	99,835
Construction in Progress	31,493		31,493
Property Being Held Pending Disposition	<u>5,005</u>	<u>2,665</u>	<u>2,340</u>
Total	<u>\$467,828</u>	<u>\$221,058</u>	<u>\$246,770</u>

Depreciation is recorded using the straight line method over a period of 2 to 30 years. Capitalization criteria are discussed in Note 1(I).

## *Note 7 - Unmatured Timber Sales Contracts*

Unmatured timber sales contracts represent the obligation and the right of contractors to cut specific quantities of timber within a defined time period at a set price. These contracts represent future revenue to the U.S. Government that will materialize in future accounting periods as contracts are fulfilled by the cutting of timber. Also see Note 11.

## *Note 8 - Total Assets*

For financial reporting purposes, the BLM has not recognized the value of negotiable securities or certificates of deposit pledged to guarantee performance of contracts. These instruments are accepted in lieu of bond coverage in the following programs: solid or fluid energy minerals extraction (oil, gas, coal, etc.), rights-of-way on the public or other lands, and certain contracts (performance bonds). Interest earned is paid to the owner of the security or certificate of deposit and is not available to the BLM. At September 30, 2000, the value of these securities was \$4,337. Since these assets are not

available to the BLM unless a customer defaults on an agreement, they are not recognized as BLM assets or liabilities.

## *Note 9 - Accrued Payroll and Benefits*

A liability is recognized for the salaries and benefits earned by employees but not yet paid at the close of the fiscal year. At September 30, 2000, accrued payroll liabilities were \$38,753, primarily representing 15 days of earned but unpaid compensation for BLM's workforce. The \$5,850 shown under intragovernmental liabilities was the accrued employer benefit and payroll tax expense payable to other governmental agencies.

## *Note 10 - Undistributed Collections*

Undistributed collections represent amounts collected into unavailable special receipt funds that have not yet been transferred to other funds.

## Note 11 - Deferred Credits

Intragovernmental deferred credits consist principally of the unspent Title V and Title VI funds remaining at the end of the year.

Other deferred credits consist of unmatured timber sales contracts, advances from customers of the helium fund, and special fund billed amounts. Unmatured timber sales contracts are described in Note 7. Customer advances in the helium fund represent advance payments on helium purchases and storage contracts. Special fund billed amounts are a combination of advance bills for anticipated obligations, as well as actual bills for obligations already incurred.

Intragovernmental:	
Unspent Title V and Title VI Funds	\$21,332
Other	<u>6,333</u>
	<u>\$27,665</u>
Unmatured Timber Sales Contracts	\$32,612
Customer Advances—Helium Fund	847
Special Fund Billed Amounts	<u>1,494</u>
	<u>\$34,953</u>

## Note 12 - Debt to Treasury

Principal:	
Net Worth Debt	\$ 37,343
Additional Borrowing from Treasury	<u>251,650</u>
	<u>288,993</u>
Interest:	
Beginning Balance	1,050,211
Repayments	<u>(10,000)</u>
	<u>1,040,211</u>
Total Debt to Treasury	<u>\$1,329,204</u>

Refer to Note 1(J) for a description of net worth debt, additional borrowing from Treasury, and interest.

## Note 13 - Deposit Funds

The BLM processes collections from several sources for activities related to public land administration. The collections include mining claim fees, natural resource sales, as well as various other fees and payments.

These amounts are held as deposits pending adjudication, resolution, or further classification.

## Note 14 - Workers' and Unemployment Compensation Payable

Workers' and unemployment compensation payable represents the Department of Labor estimate of these liabilities.

Workers' Compensation Payable	\$13,619
Unemployment Compensation Payable	<u>1,000</u>
Total	<u>\$14,619</u>

## Note 15 - Accrued Annual Leave

The BLM accrues annual leave not covered by budgetary resources. The expense is allocated to all funds which have personnel costs, in the ratio of those costs. The accrual is updated annually based on actual labor hours and current pay rates.

## Note 16 - Contingent Liabilities

**Judgements and Claims.** The BLM is a party to a number of lawsuits where the plaintiff is seeking monetary damages. The lawsuits involve a variety of issues, including lost revenues when timber contracts were suspended because of environmental issues, injuries or death which occurred on BLM managed land or roads, issues regarding takings and suspension of mining claims, and other issues. In the opinion of BLM management and legal counsel, a reasonable estimate of the potential outcome or liability of most of these claims cannot be made. The resultant outcomes will not materially affect BLM's future financial condition. The U.S. Treasury's Judgement Fund would likely bear most of the costs incurred to pay and judgements or settlements. At the end of FY 2000, two cases had reasonably estimable liabilities totaling \$833; this contingent liability is reflected in the financial statements.

**Environmental Cleanup.** The Comprehensive Environmental Response, Compensation, and Liability Act of 1980, the Clean Water Act, and the Resource Conservation and Recovery Act require Federal agencies to report sites where (1) hazardous substances have been released or (2) hazardous wastes are or have been stored, treated, or disposed of. These Acts also require responsible parties, including Federal agencies, to clean up releases of hazardous substances and to manage hazardous wastes.

The BLM faces major challenges in cleaning up hazardous substance releases on the public lands. Virtually all of these releases arise from non-BLM uses of the lands, such as illegal dumping, transportation spills, landfills, mineral development operations, pipelines, and airports. Significant portions of the costs of cleanup will be incurred by, or recovered from, responsible parties.

The BLM had 14 small emergency response actions in progress as of September 30, 2000, that will require future funding. This type of action is usually mitigated using only a preliminary engineering study and, generally, no viable responsible party is found, which results in BLM bearing the expense. Future funding required as of September 30, 2000, was estimated at \$1,065.

Larger sites require one or more studies to determine the scope of the contamination and the cleanup strategy and techniques. Cleanup costs cannot be estimated until these studies are complete. When the studies are complete, several cleanup options are generally suggested with the approximate range of cost of each, and BLM management determines the most appropriate course of action.

For these larger sites, commensurately greater efforts are made to identify and locate potentially responsible parties who can be held liable for the cost of studies and cleanup. Litigation or enforcement is required to obtain payment or cleanup from potentially responsible parties. As of September 30, 2000, 75 studies were underway or were planned, with future studies' costs estimated at \$76,500 to \$341,500. The BLM will probably pay \$3,182 of that total, with other responsible parties paying the remainder.

Studies have been completed at 54 sites and as of September 30, 2000, future cleanup costs were estimated at \$53,102 to \$53,302, with the BLM expecting to pay \$18,269 to 18,379 of that total.

In addition to the above, as of September 30, 2000, the BLM is aware of 204 sites where no work has been done at all and where the Bureau has insufficient information to make any estimates at all regarding the actions necessary to mitigate the site or the likely costs.

**Abandoned Mine Lands.** During the mid-1990s, the BLM, along with state government agencies, conducted a directed inventory to identify the most serious abandoned mine sites. Health and safety hazards and environmental degradation measures were recorded for each site. These 8,000 records are now part of the Abandoned Mine Land Inventory System, a database maintained jointly by the BLM and its sister agency, the Office of Surface Mining.

Cleanup costs are estimated as these sites are prioritized for funding. Between FY 1997 and FY 2000, the BLM was appropriated a cumulative total of \$24,000 for water-quality based abandoned mine lands cleanup projects under the Administration's Clean Water Action Plan. Under this plan, states identify the polluted watersheds they want to clean up and determine which ones are being affected by pollution stemming from abandoned mine sites. The BLM and other government and private landowners then leverage their funds to clean up all sites affecting the watershed. These projects are typically multiyear efforts. In FY 2000, the Bureau completed work on 68 sites under the Abandoned Mine Environmental Risk program activity. Additional work was completed on remediating numerous physical safety hazards at abandoned mine land sites, as well as identifying and assessing additional sites that pose potential risks to both the environment and public safety.

Environmental Cleanup Liabilities:	
Small Emergency Response Actions	\$ 1,065
Larger Sites Requiring Studies	3,182
Larger Sites with Studies Completed	<u>18,269</u>
Total Environmental Cleanup Liabilities	22,516
Judgements and Claims	<u>833</u>
Total Contingent Liabilities	23,349
Less Helium Fund	<u>404</u>
Contingent Liabilities Not Covered by Budgetary Resources	<u>\$22,945</u>



## *Note 17 - Actuarial Liabilities*

Pursuant to OMB guidance, the presentation of Federal Employees' Compensation Act actuarial liabilities for workers' compensation benefits is a liability based on Department of Labor computations. This liability includes the expected future liability for death, disability, medical, and other approved costs relating to current compensation act claims.

## *Note 18 - Unexpended Appropriations*

Unobligated, Available	<b>\$ 104,634</b>
Undelivered Orders	<u>182,910</u>
Total Unexpended Appropriations	<u><b>\$ 287,544</b></u>

## *Note 19 - Operating Expenses*

Operating Expenses by Object Classification:

Personal Services and Benefits	<b>\$ 685,791</b>
Travel and Transportation	50,407
Rental, Communication, and Utilities	63,490
Printing and Reproduction	3,617
Contractual Services	285,224
Supplies and Materials	99,833
Property and Equipment Not Capitalized	66,305
Cost of Goods Sold	3,011
Bad Debts	414
Settlement of Claims	2,233
Grants, Subsidies, and Contributions	<u>253,749</u>
Total Operating Expenses	<u><b>\$ 1,514,074</b></u>

## *Note 20 - Unfunded Expenses*

Unfunded expenses consist of the change in four unfunded liabilities: environmental cleanup expenses and other contingent liabilities, accrued annual leave,

workers' and unemployment compensation payable, and actuarial liabilities.

Environmental Cleanup Expenses	<b>\$10,688</b>
Other Contingent Liabilities	(867)
Annual Leave	2,559
Workers' and Unemployment Compensation	741
Change in FECA Actuarial Liability	<u>17,756</u>
Total Unfunded Expenses	<u><b>\$30,877</b></u>

## *Note 21 - Imputed Financing*

Statement of Federal Financial Accounting Standards (SFFAS) No. 5, Accounting for Liabilities of the Federal Government, establishes accounting and reporting standards for liabilities relating to the Federal employee benefit programs, including retirement, health benefits, and life insurance. The Office of Personnel Management (OPM) is responsible for paying the cost of these benefits.

Under the provisions of SFFAS No. 5, employing agencies must recognize the cost of pensions and other retirement benefits during their employees' active years of service, and must recognize the current annual cost of the Federal Employee Health Benefit (FEHB) program and the Federal Employee Group Life Insurance (FEGLI) program.

OPM actuaries have provided the employing agencies with rates for calculating the estimated cost of pension and other retirement benefits. They have also provided rates for use in calculating the cost of FEHB and FEGLI. The Department provided labor cost data for the BLM to use in applying the OPM rates to calculate the total imputed cost of these benefits. While BLM funds are not used to pay the cost of these personnel benefits, these are a BLM operating expense which must be reported to accurately reflect the cost of doing business. The use of OPM funds for this purpose is an imputed source of financing for the BLM.

The Department of the Treasury Judgement Fund is another imputed source of financing. The BLM is a party to numerous lawsuits where the plaintiff is seeking monetary damages. In many cases, when the BLM is required to pay the plaintiff, either as a result of settlement or adjudication, payment is actually made from

the Judgement Fund rather than BLM appropriations. Treasury provides agencies with information regarding the month and amount of payments actually made.

Imputed Financing from OPM:	
Pension Costs	\$ 19,409
Health Benefit and Life Insurance Costs	<u>22,190</u>
	41,599
Imputed Financing from Treasury	
Department's Judgement Fund	<u>2,233</u>
Total Imputed Financing	<u>\$ 43,832</u>

## *Note 22 - Other Financing*

### *Sources*

Title VI Funding	\$ 24,560
Title V Funding	15,920
Y2K Preparedness Funding	<u>3,023</u>
Total Other Financing Sources	<u>\$ 43,503</u>

## *Note 23 - Change in Accounting—Reclassification of Equity*

Available receipt funds and trust funds have historically been treated as appropriated funds; collections in these funds have been included in amounts transferred to Treasury and recorded as appropriations. Beginning in FY 2000, collections into these funds are characterized only as revenue—not as appropriations. Accordingly, the equity in these funds is being reclassified from unexpended appropriations to cumulative results of operations.

## *Note 24 - Prior Period Adjustments*

In the process of inventorying its capital assets, the BLM discovered a number of real property sites that were not included in its accounts. These properties have been added to the Bureau's fixed asset system and its general ledger. The net book value of these assets

at the beginning of the fiscal year is recorded as a prior period adjustment.

A review of the unfunded liability for workers' compensation disclosed that this liability was understated in prior years. The shortfall is included as a prior period adjustment.

Real Property	\$ 13,576
Workers' Compensation	<u>(6,415)</u>
Total Prior Period Adjustments	<u>\$ 7,161</u>

## *Note 25 - Leases*

The BLM has entered into some lease arrangements that potentially qualify as capital leases. However, the BLM has historically not considered lease arrangements for inclusion as assets. The dollar value of leases that could qualify as capital leases is not considered material.

The BLM also has operating leases for various types of space acquired through the General Services Administration (GSA) and directly from commercial sources. Typically, these leases have terms up to 20 years and most contain provisions for cancellation prior to the full term of the lease. GSA space leases are cancellable with 120 days notice and accordingly do not meet the criteria for being reported as a future liability. The future lease payments due, as shown below, are only for space leased from commercial sources.

Government vehicles are acquired from GSA for indefinite periods of time frequently exceeding one year, but the regulations governing the acquisition and use of these vehicles do not meet the definition of a lease. Accordingly, GSA vehicles are not included in future lease payments due. Leased equipment in the BLM constitutes an immaterial amount and is not included below.

Fiscal Year:	
2001	\$ 14,116
2002	11,970
2003	10,320
2004	9,226
2005	8,018
Thereafter	<u>35,465</u>
Total Future Payments Due	<u>\$ 89,115</u>

## *Note 26 - Helium Closure*

The Helium Privatization Act of 1996 (Public Law 104-273), enacted October 9, 1996, directs the privatizing of the Department of the Interior's Federal Helium Refining Program. Under this law, Interior ceased producing, refining, and marketing refined helium as of April 1, 1998. Interior is authorized to store, transport, and withdraw crude helium and maintain and operate crude helium storage facilities in existence on the date of enactment. The Department may also enter into agreements with private parties for the recovery and disposal of helium on Federal lands and may grant leasehold rights to any such helium. The sale of stockpile crude helium will commence no later than January 1, 2005, and will continue until January 1, 2015, at which time the helium reserves should be reduced to 600 million cubic feet.



*An example of urban development adjacent to BLM's Horse Mountain Wilderness Study Area in Socorro, New Mexico.*

*Bureau of Land Management  
Consolidating Statements of Net Cost of Operations and  
Changes in Net Position for the Fiscal Year  
Ended September 30, 2000  
(dollars in thousands)*

	Preserve Natural and Cultural Heritage	Understand the Condition of the Public Lands	Restore At-Risk Systems and Maintain Functioning Systems	Provide Opportunities for Environmentally Responsible Recreation
<b>STATEMENT OF NET COST OF OPERATIONS</b>				
<b>Costs:</b>				
Operating Expenses	\$ 134,095	\$ 102,543	\$ 132,051	\$ 58,915
Depreciation and Amortization	1,349	1,699	1,687	961
Interest Expense	3	3	5	2
Unfunded Expenses	2,258	2,853	2,858	1,618
Loss (Gain) on Disposition of Assets				
Total Costs	<u>137,705</u>	<u>107,098</u>	<u>136,601</u>	<u>61,496</u>
<b>Revenues:</b>				
Sales of Goods and Services—Public	17,238		22,516	10,021
Sales of Goods and Services—Intragovernmental	790	827	120	814
Interest Income—Intragovernmental	477			
Total Revenues	<u>18,505</u>	<u>827</u>	<u>22,636</u>	<u>10,835</u>
Net Cost of Operations	\$ <u>119,200</u>	\$ <u>106,271</u>	\$ <u>113,965</u>	\$ <u>50,661</u>
<b>STATEMENT OF CHANGES IN NET POSITION</b>				
Net Cost of Operations	\$ (119,200)	\$ (106,271)	\$ (113,965)	\$ (50,661)
<b>Financing Sources:</b>				
Appropriations Used	77,421	98,573	110,151	46,109
Imputed Financing	3,205	4,051	4,057	2,296
Other Financing Sources	35,027		8,476	
Total Financing Sources	<u>115,653</u>	<u>102,624</u>	<u>122,684</u>	<u>48,405</u>
Intragovernmental Transfers	<u>17,437</u>	<u>563</u>	<u>659</u>	<u>919</u>
Net Results of Operations	\$ <u>13,890</u>	\$ <u>(3,084)</u>	\$ <u>9,378</u>	\$ <u>(1,337)</u>
<b>Change in Accounting—Reclassification of Equity</b>				
<b>Prior Period Adjustments</b>				
Change in Cumulative Results of Operations				
Change in Unexpended Appropriations				
Change in Net Position				
Net Position, Beginning Balance				
Net Position, Ending Balance				

Provide Opportunities for Environmentally Responsible Commercial Activities	Reduce Threats to Public Health, Safety, and Property	Improve Land, Resource, and Title Information	Provide Economic and Technical Assistance	Eliminations and Other	Consolidated
\$ 269,369	\$ 449,996	\$ 114,318	\$ 277,936	\$ (25,149)	\$ 1,514,074
4,931	14,545	1,871	686		27,729
8	27	3	1		52
7,805	9,242	3,096	1,147		30,877
3,073	(400)				2,673
<u>285,186</u>	<u>473,410</u>	<u>119,288</u>	<u>279,770</u>	<u>(25,149)</u>	<u>1,575,405</u>
125,779	7,179		639	(62)	183,310
2,841	47,266	6,912	890	(25,087)	35,373
					477
<u>128,620</u>	<u>54,445</u>	<u>6,912</u>	<u>1,529</u>	<u>(25,149)</u>	<u>219,160</u>
\$ <u>156,566</u>	\$ <u>418,965</u>	\$ <u>112,376</u>	\$ <u>278,241</u>	\$ _____	\$ <u>1,356,245</u>
\$ (156,566)	\$ (418,965)	\$ (112,376)	\$ (278,241)	\$ _____	\$ (1,356,245)
222,431	416,262	101,427	274,343		1,346,717
11,079	13,120	4,395	1,629		43,832
					43,503
<u>233,510</u>	<u>429,382</u>	<u>105,822</u>	<u>275,972</u>	_____	<u>1,434,052</u>
(83,121)	3,689	641	731	(3,052)	(61,534)
\$ <u>(6,177)</u>	\$ <u>14,106</u>	\$ <u>(5,913)</u>	\$ <u>(1,538)</u>	\$ <u>(3,052)</u>	16,273
					70,923
					7,161
					94,357
					<u>(61,017)</u>
					33,340
					<u>(443,430)</u>
					\$ <u>(410,090)</u>

*Bureau of Land Management  
Combining Statement of Budgetary Resources  
for the Fiscal Year Ended September 30, 2000  
(dollars in thousands)*

	Maintaining Public Lands and Services	Economic and Technical Assistance	Asset Improvement	Self- Financing Enterprises	Combined
<b>Budgetary Resources:</b>					
Budget Authority	\$1,156,095	\$247,388	\$ 28,378	\$(10,000)	\$1,421,861
Unobligated Balances, Beginning of Period	138,526	2,916	57,376	54,616	253,434
Spending Authority from Offsetting Collections	40,225	35	31,094	51,270	122,624
Adjustments	<u>13,129</u>	<u>(303)</u>	<u>864</u>	<u>1,035</u>	<u>14,725</u>
Total Budgetary Resources	<u>\$1,347,975</u>	<u>\$250,036</u>	<u>\$117,712</u>	<u>\$ 96,921</u>	<u>\$1,812,644</u>
<b>Status of Budgetary Resources:</b>					
Obligations Incurred	\$1,224,956	\$241,664	\$ 69,403	\$ 30,475	\$1,566,498
Unobligated Balances—Available	122,927	8,189	48,259	66,446	245,821
Unobligated Balances—Not Available	<u>92</u>	<u>183</u>	<u>50</u>	<u>—</u>	<u>325</u>
Total Status of Budgetary Resources	<u>\$1,347,975</u>	<u>\$250,036</u>	<u>\$117,712</u>	<u>\$ 96,921</u>	<u>\$1,812,644</u>
<b>Outlays:</b>					
Obligations Incurred	\$1,224,956	\$241,664	\$ 69,403	\$ 30,475	\$1,566,498
Spending Authority from Offsetting Collections and Adjustments	<u>(58,242)</u>	<u>(347)</u>	<u>(32,232)</u>	<u>(52,305)</u>	<u>(143,126)</u>
Subtotal	1,166,714	241,317	37,171	(21,830)	1,423,372
Obligated Balances, Net, Beginning of Period	254,280	765	9,183	2,537	266,765
Obligated Balances, Net, End of Period	<u>(281,953)</u>	<u>(1,119)</u>	<u>(14,493)</u>	<u>(5,819)</u>	<u>(303,384)</u>
Total Outlays	<u>\$1,139,041</u>	<u>\$240,963</u>	<u>\$ 31,861</u>	<u>\$(25,112)</u>	<u>\$1,386,753</u>



that will best meet the present and future needs of the American people.”

FLPMA requires not only that BLM’s management of the public lands avoid permanent impairment of the productivity of the land, but also that it not lead to the permanent impairment of “the quality of the environment.” The act identifies the uses that are embraced by the multiple use concept to include mineral development; natural, scenic, scientific, and historical values; outdoor recreation; livestock management; timber; watershed; and habitat for wildlife and fish. In managing the public lands for these uses, the BLM is constrained by the legal mandate to “protect the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, and archeological values . . . and provide for . . . human occupancy and use.”

Water is an essential requirement of life and plays a critical role in supporting many aspects of public land and resources management. The BLM recognizes that the states have the authority and responsibility for allocating and managing water resources within their boundaries, except as otherwise specified by Congress. The Bureau cooperates with states to protect Federal reserved water rights and appropriative rights for water the United States is entitled to under state law. The BLM also cooperates with state governments to protect all water uses as designated under state law for public land management purposes, including the meeting of state and tribal water quality requirements needed to support beneficial uses of water.

For the BLM, land use planning is the process by which the multiple use concept is put into practice on any tract of public land. Use of the public lands and the riches they contain has changed throughout our Nation’s history and continues to evolve. Identifying the predominant use of BLM-managed lands does not adequately portray the multiple use and sustained yield concept that guides the BLM in accomplishing its basic mission.

In adhering to the concept of multiple use and sustained yield, the Bureau’s land management programs include significant efforts in restoring riparian areas and wetlands; preserving significant cultural and natural features; creating opportunities for commercial activities; protecting endangered species; developing opportunities for recreation and leisure activities; protecting public health, safety, and resources; managing wild horses and burros; managing wildlife habitat and fisheries; administering mining laws; managing rangelands; overseeing forest management, development, and protection; protecting wilderness; and managing wild and scenic rivers.

## TYPES AND CONDITION OF STEWARDSHIP LANDS

The BLM is responsible for managing a variety of land types. Table 1 shows the primary land types that are managed by the BLM, along with their general condition.

**Rangelands:** The BLM manages 164 million acres of rangelands, primarily in the 13 western states, along with another 5 million acres in Alaska. Rangeland is a type of land on which the native vegetation (climax or natural potential) is predominately grasses, grass-like plants, forbs, or shrubs suitable for grazing or browsing use. Rangeland includes lands revegetated naturally or artificially when routine management of that vegetation is through manipulation of grazing. Rangelands encompass natural grasslands, savannahs, shrublands, most deserts, tundra, alpine communities, coastal marshes, and wet meadows.

*Rangeland Management:* Well-managed rangelands produce forage and habitat for domestic and wild ungulates, neotropical birds, threatened and endangered plant and animal species, other forms of wildlife, and wild horses and burros. As a result of their watershed function of capturing and filtering water, rangelands supply water to communities, municipalities, and agricultural producers, as well as serving as areas for the natural recharge of aquifers from rain and snow. Rangelands also provide open space and room for a growing number of people wanting to hunt, fish, camp, hike, sightsee, operate off-highway vehicles, ride motorcycles, and participate in other forms of outdoor recreation.

The use of rangelands for grazing is supported not only by FLPMA, but also by the Public Rangelands Improvement Act of 1978 (PRIA) and the Taylor Grazing Act of 1934 (as amended). The Taylor Grazing Act confers broad powers upon the Department of the Interior for the multiple use management of natural resources. It also contains very direct language requiring the BLM to stop injury to the public grazing lands by preventing overgrazing and soil deterioration; to provide for their orderly use, improvement, and development; and to stabilize the livestock industry that depends upon the public rangelands.

The BLM plays a significant role in managing the grazing of domestic livestock on public lands. Most of the permitted use on the public lands is committed and has been since the early days of the Bureau. The primary domestic livestock that are permitted for grazing use are cattle and sheep. Horses, goats, and bison are also permitted.





Field office managers and their resource staffs assess rangelands in accordance with each state's Standards for Rangeland Health (43 CFR 4180). These assessments are completed on areas to ensure, at a minimum, that grazing practices incorporate the following principles: (1) maintain or achieve properly functioning ecosystems; (2) achieve properly functioning riparian systems; (3) maintain, restore, or enhance water quality that meets or exceeds state standards; and (4) ensure the habitat of threatened or endangered and category 1 or 2 candidate species. Each state has developed its own standards for rangeland health with the help of Resource Advisory Councils. These councils are composed of individuals representing commodity interests,

conservation groups, elected officials, state government agencies, Indian tribes, and academic institutions.

In FY 2000, field offices completed the rangeland health analysis process on 991 grazing allotments encompassing 10,425,728 acres. To date, 5,052 allotments have been reviewed encompassing 41,515,169 acres.

Another ongoing effort for BLM is the renewal of expiring term grazing permits and leases. This effort requires a review of each permit and lease to ensure conformance with land use plans and compliance with the National Environmental Policy Act (NEPA).

During FY 2000, BLM faced a staggering workload in reviewing 3,866 expiring permits and leases, with another 1,646 permits scheduled to expire in FY 2001. In FY 2000, field offices completed this review and issued 4,168 new grazing permits and leases.

**Rangeland Condition:** The condition of rangeland managed by the BLM is expressed as the degree of similarity of present vegetation to the potential natural plant community:

- "Potential natural community" means current vegetation is between 76 and 100 percent similar to the potential natural plant community.
- "Late seral" means current vegetation is between 51 and 75 percent similar to the potential natural plant community.
- "Mid seral" means current vegetation is between 26 and 50 percent similar to the potential natural plant community.
- "Early seral" means current vegetation is between zero and 25 percent similar to the potential natural plant community.

**Forestlands and Woodlands:** Approximately one-sixth of the land under BLM jurisdiction is forestland. Forestlands managed by the BLM include black and white spruce in Alaska; aspen, lodgepole pine, ponderosa pine, interior Douglas fir, and associated species of the Intermountain West; the pinyon-juniper woodlands of the Great Basin and the Southwest; and the Douglas fir, hemlock, and cedar forests of western Oregon and northern California.

Forestlands are generally defined as lands with at least ten percent cover of trees, of any species and size, or capable of ten percent cover. Commercial forests are capable of growing 20 or more cubic feet of wood fiber per acre per year. Other forested lands not capable of producing 20 cubic feet of wood fiber per acre per year, generally because of poor site growing conditions, are



*Cows graze on a well pad near Farmington, New Mexico.*

classified as woodlands. Woodland trees are often small and interspersed with grass and brush.

Forests and woodlands encompass approximately 47 million acres. About 22 million acres are in Alaska, with the remaining 25 million in the 11 western states. Of this 47 million acres, less than 4 million acres outside of Alaska are actually classified as commercial forest. Although Alaska has about 7 million acres that are capable of producing timber, most of this land is inaccessible or too far from established markets to make timber harvest feasible. Timber development has also been deferred in Alaska until state selection, Native claims, withdrawals, and other dispositions are completed. Of the 2.1 million acres of commercial forest in western Oregon, about 496,000 acres are available to be intensively managed for timber. Table 2 shows the distribution of the 47 million acres of forest and woodlands by state.

Table 2 - Forestland and Woodland Distribution by State

State	Forestland (thousand acres)	Woodland (thousand acres)
Alaska	7,000	15,000
Arizona	17	1,241
California	186	861
Colorado	470	3,535
Idaho	332	527
Montana	475	339
Nevada	87	4,488
New Mexico	450	1,875
Oregon	2,146	1,627
Utah	4	6,418
Wyoming	210	211
Total Acreage	11,377	36,122

*Forestland and Woodland Management:* All BLM forestlands are managed under the principles of multiple use, sustained yield, and protection of environmental quality in accordance with the Federal Land Policy and Management Act (FLPMA). Management of values and uses such as recreation, aesthetics, water quality, wildlife habitat, and wilderness, as well as timber

production, is accomplished through an ecologically based program that emphasizes biological diversity, sustainability, and the long-term health of forests and woodlands.

Outside of western Oregon, Idaho, and Montana, forest and woodlands management has been largely custodial, consisting of basic resource protection and providing recreation, wildlife habitat, and livestock grazing opportunities. Where local demand exists, woodlands management includes the sale of forest products such as fuelwood, posts and poles, wildings, edibles, medicinals, Christmas trees, and other commodities generally purchased by individuals for their own consumption.

By far the most valuable and intensively managed forestlands of the BLM are the 2.1 million acres in western Oregon known as the "Oregon and California (O&C) railroad grant lands" and the "Coos Bay Wagon Road (CBWR) grant lands." These highly productive lands are managed under the Northwest Forest Plan to provide a sustainable supply of both timber and non-timber resources. The O&C and CBWR lands produce about 95 percent of the total volume of timber annually harvested from BLM forests.

In FY 2000, the BLM forestry program offered about 91 million board feet of timber for sale, harvested approximately 133 million board feet, and applied forest management or restoration treatments on about 66,000 acres of BLM forestlands.

*Forestland and Woodland Condition:* BLM forests and woodlands provide for recreation use and forest products as well as wildlife habitat and watershed protection.

In the past few years, the traditional emphasis of forest management has changed. Attention is now focused on the ecological condition of forests and woodlands managed by the BLM as expressed in terms of forest health. Forest health is characterized by such factors as age, structure, composition, function, vigor, presence of unusual levels of insects or disease, and resilience to disturbance. Overall forest health on BLM forests is declining due primarily to the exclusion of frequent, low-intensity fires. Exclusion of natural fires in forest ecosystems has led to tree population explosions, dead fuel accumulation, and landscape-level species composition changes that now seriously threaten the health of public forests and increase the risk of large, catastrophic wildfires, as well as extensive insect and disease epidemics.

The BLM has actively addressed forest health issues by using an ecosystem approach, where the objective is to enhance or conserve other resource values. Interagency assessment of forest health is underway for the Columbia River Basin. The BLM is in the final stages of

preparing, for field release, the Forest Vegetation and Inventory System (FORVIS), a condition assessment tool. The first release is scheduled for fiscal year 2001. From the information available at this time, it is estimated that nearly 12 million acres of forests and woodlands are in need of ecological restoration work, including mechanical forest thinning and fuel reduction, prescribed fire treatments, and tree species reintroduction.

**Riparian Areas and Wetlands:** Riparian areas are lands adjacent to flowing or standing bodies of water where vegetation is strongly influenced by the presence of water. Riparian areas may constitute less than 1 percent of the land area in the western part of the United

States, but they are among the most productive and valuable of all lands.

On the BLM public lands with a subhumid climate in western Oregon; northern California; northern Idaho; central Colorado; and high elevation areas of Montana, Wyoming, and Utah, riparian areas are characterized by a zone of deciduous trees and shrubs between the streams and conifer forests. In Alaska, riparian areas are composed of willows, alders, and meadow grasses along rivers, lakes, and bogs. In the arid climate of the Great Basin and Southwest, riparian areas are gems in the desert, characterized by grasses, forbs, sedges, woody shrubs, and trees, and are easily distinguished from drier upland vegetation.

Wetlands are generally defined as areas inundated or saturated by surface water or groundwater at a frequency and duration sufficient to support vegetation that is typically adapted for life in saturated soil. Wetlands include bogs, marshes, shallows, muskegs, wet meadows, and estuaries.

Healthy riparian-wetland systems purify water as it moves through the vegetation by removing sediment, and act like a sponge by retaining water in streambanks and ground water aquifers. Riparian-wetland vegetation along upper watershed streams can absorb and dissipate the energy of floodwaters before they reach high-value agricultural lands in lower valleys.

*Riparian and Wetland Management:* The BLM has placed special emphasis on inventory, assessment, and management of riparian and wetland areas through its Riparian-Wetland Initiative. This initiative provides the blueprint for managing and restoring riparian-wetland areas encompassing about 13 million acres of wetlands and 175,000 miles of riparian areas on BLM's public lands. Overall, riparian-wetland areas account for about 9 percent of the 264 million acres of land under BLM management.

Many wildlife species depend upon the unique and diverse habitat niches offered by riparian wetland areas. These habitats provide food, water, shade, and cover; they are valuable sources of forage for big game and livestock.

Riparian-wetland areas provide habitat for more than 42 percent of all the mammals in North America. They are also stop-over areas for thousands of migrating birds. Riparian-wetland vegetation is of critical importance for fish, especially for trout in desert streams, where the vegetation provides escape cover, lowers summer water temperatures through shading, and reduces streambank erosion that can silt-in spawning and rearing areas.

Finally, riparian areas are focal points for recreation, including fishing, camping, boating, and hiking.



*The Agua Fria National Monument in Arizona offers a wide variety of cultural resources and breathtaking scenic views like this lush riparian corridor off the Badger Springs Road. Photo by Beth Perault.*

**Riparian and Wetland Condition:** The condition of riparian-wetland areas is determined by the interaction of geology, hydrology, soil, water, and vegetation:

- “Proper functioning” means that adequate vegetation, landform, or large woody debris is present to dissipate stream energy associated with high waterflows; to filter sediment, capture bedload, and aid floodplain development; to improve flood-water retention and groundwater recharge; to develop root masses that stabilize streambanks against cutting action; to develop diverse ponding and channel characteristics; and to support greater biodiversity.
- “Functioning at risk” means that areas are in functional condition but are susceptible to degradation due to soil, water, or vegetation characteristics.
- “Nonfunctional” means that areas do not provide adequate vegetation, landform, or large woody debris to dissipate stream energy, and consequently do not reduce erosion or improve water quality.
- “Unknown” applies to areas where sufficient information has not been collected to determine condition.

**Aquatic Areas:** Aquatic areas are areas of surface water flow or standing water; these encompass almost 2.9 million acres of lakes and reservoirs and 116,754 miles of fishable streams on BLM-administered lands. These areas contain a wide variety of aquatic species, ranging from rare resident species, such as desert pupfish, to endangered and threatened anadromous species such as steelhead and chinook salmon. These species and their aquatic environments depend on sound BLM land stewardship (protection and management) of all BLM land types (forestland, rangelands, and riparian-wetland areas) on a landscape or watershed basis, in cooperation with other management jurisdictions, state and Federal agencies, and interest groups.

The watershed approach is a tool for moving in an orderly fashion towards Clean Water goals. This is required pursuant to the Unified Federal Policy for a Watershed Approach, which was published in October 2000 by the Departments of the Interior and Agriculture, as well as other Federal departments and agencies having responsibilities for Federal land and resource management.

**Aquatic Area Management:** Many BLM activities directly or indirectly affect, or are affected by, the management of aquatic resources. In addition to resident and anadromous fisheries management, threatened/endangered species and Clean Water initiatives, and Fish and Wildlife 2000, the BLM has implemented standards for rangeland health and guidelines for watersheds, riparian areas/wetlands, stream channels, and water

quality. These activities, along with forestry initiatives, will contribute to the maintenance and restoration of aquatic habitats. Listings of fish and other aquatic species continue under the Endangered Species Act, while listings of impaired waters are being made by states under the Clean Water Act. Both will require the BLM to modify management consistent with species, aquatic ecosystem, water quality, and water use needs.

The Fishery Resources Conservation Plan, developed in response to Executive Order 12962, requires the BLM to enhance recreational angling on public lands; the BLM has provided additional access for fishing opportunities under this plan. One of the Bureau’s major goals is to restore native fish species through “Bring Back the Natives,” its flagship partnership with Trout Unlimited, the National Fish and Wildlife Foundation, and other Federal and Tribal partners. The BLM also has partnerships through locally led watershed coalitions with numerous Federal and state agencies, tribes, local governments, private partners, and non-governmental organizations throughout the West to restore and manage watersheds, including their aquatic systems and ability to produce clean water. With continued involvement in these partnerships, aquatic habitats on BLM-administered lands should continue to improve over the next decade.

**Aquatic Area Condition:** The BLM has not assessed the condition of all the aquatic habitats that it manages, nor has any agency developed adequate surface water or ground water data associated with most aquatic habitat. Aquatic condition is highly variable on BLM-managed public lands.



*Beaver Creek flows through the scenic White Mountains National Recreation Area, the only NRA in Alaska. River travelers can enjoy the scenic views of the White Mountains while fishing for arctic grayling, northern pike, burbot, and whitefish along the way.*

The condition of the more than 96,000 miles of perennial streams in Alaska is good: of the 15,145 miles of BLM-administered streams in Alaska occupied by anadromous fish species, only about 2 percent have been impacted by mining activities, roads, and oil and gas development. The remaining stream miles in Alaska have experienced little or no human impact and are generally considered to be in good to excellent condition. Most water quality permitting on public lands in Alaska is done with close cooperation between the BLM, the U.S. Fish and Wildlife Service, and the Army Corps of Engineers.

Alaska BLM is collaborating with twelve Federal and state agencies to develop remotely based resource information (digital formats for watersheds and their subdivisions) and user tools, which together will enhance our ability to manage and protect aquatic areas. In addition, to respond to diminishing salmon habitats and populations in the Yukon Basin, the BLM is cooperating with Native groups, state agencies, and other Federal agencies to complete habitat restoration and improve salmon.

In the 11 western states where the BLM manages large tracts of public land, the condition of some aquatic areas ranges from good to excellent, including the 1,096 miles of rivers designated as Wild and Scenic in these states. However, conditions are degraded or poor in many areas that have been impacted by activities such as historic livestock management practices, water diversion, ground water pumping, legacy mining, timber harvesting, and road building. For the 3,676 miles of BLM-administered streams in Oregon, Washington,

Idaho, and California that support salmon and trout, habitat conditions range from poor to excellent.

A similar range of conditions in aquatic areas prevails in the other western states. Aggressive restoration treatments, including changes in management practices and direct channel/riparian manipulation, will be needed to move Functioning at Risk systems into a Proper Functioning condition.

**Other Habitat:** Lands classified as other habitat are areas that generally do not provide forage in sufficient amounts to sustain wildlife or grazing animals. This land type includes mountaintops, glaciers, barren mountains, sand dunes, playas, hot-dry deserts, and other similar areas.

## NET CHANGE IN STEWARDSHIP LAND ACREAGE FROM 1999 TO 2000

Lands under the exclusive jurisdiction of the BLM at the end of fiscal year 2000 increased by approximately 223,388 acres from fiscal year 1999. This represents an increase of .085 percent, which resulted from the net effect of acquisitions, disposals, exchanges, withdrawals, restoration transactions, and audits/reviews of records. The majority of the increase was in California, where additional acres were largely acquired for areas designated as wilderness under the California Desert Protection Act of 1984. Increases also took place in Colorado, Oregon, and Washington, while decreases occurred in Alaska, Arizona, Arkansas, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming.



*Numerous cactus species bloom throughout the Santa Rosa Mountains National Scenic Area in California.*

## Natural Heritage Assets

### PROTECTING AND ENHANCING THE NATURAL AND HUMAN ENVIRONMENT

Guided by the principles of multiple use and sustained yield in managing the public lands, the BLM has recognized the need to protect and enhance the natural and human environment. Special management areas have been designated by congressional and administrative

action. Congress has established national trails, Wild and Scenic Rivers, and wilderness areas, to name a few. Administratively designated areas include recreation areas, primitive areas, natural areas, resource conservation areas, areas of critical environmental concern, and others.

### TYPES OF SPECIAL MANAGEMENT AREAS

Although the BLM manages natural heritage assets that are not specifically in designated areas, significant portions of the public lands have been congressionally or

Table 3 - Number and Size of Designated Special Management Areas

Special Management Type <sup>1</sup>	Number	Total Acres <sup>2</sup>	Total Miles <sup>2</sup>
<b>National Landscape Conservation System Areas</b>			
National Monuments [p]	7	3,095,962	
National Conservation Areas [c]	9	11,796,146	
Wilderness Areas [c]	138	5,279,532	
Wilderness Study Areas [a]	618	18,017,211	
Headwaters Forest Reserve [c]	1	7,400	
National Wild and Scenic Rivers [c]	35	1,001,668	2,048
National Historic Trails [c]	8		3,533
National Scenic Trails [c]	2		568
<b>Other Special Management Areas</b>			
National Recreation Trails [a]	26		429
National Back Country Byways [a] <sup>3</sup>	55		2,972
White Mountains National Recreation Area [c]	1	1,000,000	
Santa Rosa Mountains National Scenic Area [a]	1	101,000	
Yaquina Head National Outstanding Natural Area [c]	1	100	
Lake Todatonten Special Management Area [c]	1	37,579	
Herd Management Areas [a]	200	36,069,895	
Areas of Critical Environmental Concern [a]	838	14,045,540	
National Natural Landmarks [a]	43	599,042	
Research Natural Areas [a]	152	347,214	
Globally Important Bird Areas [a]	2	<sup>4</sup> 56,500	

<sup>1</sup> Congressional designations are identified by [c], Presidential proclamation designations are identified by [p], and Administrative designations are identified by [a].

<sup>2</sup> These quantities are also reported in the Stewardship Lands section of this report under the land type applicable to the special management area.

<sup>3</sup> This Special Management Area includes those byways administratively designated under the BLM's Back Country Byway Program. In addition, BLM is involved in the cooperative management of an additional 17 byways, totaling 2,492 miles, on public lands that have been recognized by state or national designation.

<sup>4</sup> The acreage for Globally Important Bird Areas is also contained in National Conservation Areas and the Yaquina Head National Outstanding Natural Area.

**Note:** Deferred maintenance information is presented in the Deferred Maintenance section that appears after this Stewardship Assets report.

administratively designated as special management areas. These special management areas have been designated to preserve their natural heritage values. Table 3 provides a summary of designated special management areas, along with their number and size. In general, the ecological condition of these areas is addressed under the closest land type in Table 1. For example, a wilderness study area that is predominantly rangeland would be considered to be in at least the same ecological condition as the surrounding rangeland. Many of these special management areas contain various quantities of each of the land types described in Table 1. The first eight types of special management areas constitute the BLM National Landscape Conservation System, which was created in 2000 to increase the public's awareness and appreciation for these public land treasures, and to focus more management attention and resources on them.

**National Monuments:** National Monuments can be designated by Congress to protect historic landmarks, historic and prehistoric structures, or other objects of historic or scientific interest on the public lands. Monuments can also be designated by Presidential proclamation under the Antiquities Act of 1906 to protect objects of scientific or historic interest. The BLM manages seven monuments, six of which were created in 2000. Table 4 shows the name, location, and acreage of BLM's seven National Monuments.

Table 4 - Name, Location, and Acreage of National Monuments

National Monument	State	Acreage
Agua Fria	Arizona	71,100
Grand Canyon-Parashant	Arizona	807,241
Ironwood Forest	Arizona	129,022
California Coastal	California	1,000
Canyons of the Ancients	Colorado	163,852
Cascade-Siskiyou	Oregon	52,947
Grand Staircase-Escalante	Utah	1,870,800
Total Acreage		3,095,962

The Agua Fria National Monument was designated by Presidential proclamation on January 11, 2000. It is located approximately 40 miles north of Phoenix, Arizona. This monument contains one of the most significant systems of late prehistoric sites in the American Southwest. Its ancient ruins offer insights into the lives of those who long ago inhabited this part of the desert Southwest. At least 450 prehistoric sites are known to exist within the monument, and there are likely many more. Many intact petroglyph sites within the monument contain rock art symbols etched into the surfaces of boulders and cliff faces. The area also holds an extraordinary record of prehistoric agricultural features, including extensive terraces bounded by lines of rocks and other types of landscape modifications. In addition

to its rich record of human history, the monument contains other objects of scientific interest, including diverse vegetative communities, a wide array of sensitive wildlife species, and native fish. The area, which is located on the northern edge of the rapidly expanding Phoenix urban area, has already suffered from extensive vandalism.

Grand Canyon-Parashant National Monument was designated by Presidential proclamation on January 11, 2000. Situated on the Colorado Plateau in northwestern Arizona, it is located on the edge of one of the most beautiful places on Earth – the Grand Canyon. This monument is a scientific treasure, containing many of the same values that have long been protected in Grand Canyon National Park. Deep canyons, mountains, and lonely buttes testify to the power of geological forces and provide colorful vistas. Its Paleozoic and Mesozoic sedimentary rock layers are relatively undeformed and unobscured by vegetation, offering a clear window on the geologic history of the Colorado Plateau. The monument encompasses the lower portion of the Shivwits Plateau, an important watershed for the Colorado River and the Grand Canyon. Beyond its phenomenal geological resources, the monument contains countless biological, archaeological, and historical resources. This area could be increasingly threatened by potential mineral development.

The Ironwood Forest National Monument was designated by Presidential proclamation on June 9, 2000. It is located 25 miles west-northwest of Tucson, Arizona. The landscape of the Ironwood National Monument is covered with the rich, drought-adapted vegetation of the Sonoran Desert. Stands of ironwood, blue palo verde, and saguaro blanket the monument's lower elevations beneath the rugged Silver Bell, Ragged Top, and Waterman Mountains. The geologic and topographic variability of the monument contribute to its biological diversity. Ironwood trees, which can live in excess of 800 years, are the dominant nurse plant in this region of the Sonoran Desert, with dominant influence on the surrounding ecosystem. The Silver Bell Mountains support the highest density of ironwood trees recorded in the Sonoran Desert.



The Ironwood Forest National Mounment contains one of the richest stands of ironwood in the Sonoran Desert as well as a stunning diversity of bird and animal life.



The ironwood habitat in the Silver Bell Mountains is associated with more than 674 species, including 64 mammals and 57 bird species. These numbers include several species federally listed as threatened or endangered, including historic and potential habitat for the cactus ferruginous pygmy owl. The desert bighorn sheep in the monument may represent the last viable population indigenous to the Tucson basin. With the continuing urban expansion of southern Arizona, protecting critical wildlife habitat and preserving these rich stands of ironwood are of paramount importance.

The California Coastal National Monument was designated by Presidential proclamation on January 11, 2000. It runs the entire 840-mile length of the California coast and extends 12 nautical miles seaward from the shoreline, encompassing thousands of BLM-administered islands, rocks, exposed reefs, and pinnacles above mean high tide. Cooperatively managed with other Federal agencies, state agencies, local governments, universities, and private interests, the primary purpose of the monument is to protect important biological and geological values. It contains many geologic formations that provide unique habitat, such as sensitive feeding and nesting habitat for an estimated 200,000 breeding seabirds, including gulls, the endangered California least tern, and the brown pelican. Development of the mainland has forced seabirds that once fed and nested in the shoreline ecosystem to retreat to the monument. There is also forage and breeding habitat for several mammal species such as the threatened southern sea otter. Future economic or commercial development, as well as recreational usage, threaten the monument.

The Canyons of the Ancients National Monument was designated by Presidential proclamation on June 9, 2000. Located in southwest Colorado, it contains the highest known density of archaeological sites in the Nation and features evidence of cultures and traditions spanning thousands of years. This area, with its intertwined natural and cultural resources, is a rugged landscape, a quality that greatly contributes to the protection of its scientific and historic objects. The more than 20,000 archeological sites reflect all of the physical components of past human life: villages, field houses, check dams, reservoirs, great kivas, cliff dwellings, shrines, sacred springs, agricultural fields, petroglyphs, and sweat lodges. Portions of the area have more than 100 sites per square mile. Because of the remoteness of the area and the protection efforts of both the BLM and the local community, the integrity of most of these sites has been maintained. However, the growth of population and tourism in the Four Corners area will increasingly threaten these resources with vandalism and other types of degradation, making additional protections necessary.

The Cascade-Siskiyou National Monument was designated by Presidential proclamation on June 9, 2000. It is

located in southern Oregon, at the intersection of the Klamath and Cascade Mountains. The monument is home to a spectacular variety of rare and beautiful species of plants and animal, whose survival in this region depends upon its continued ecological integrity. Plant communities present a rich mosaic of grass and shrublands, Garry and California black oak woodlands, juniper scablands, mixed conifer and white fir forests, and wet meadows. Stream bottoms support broad leaf deciduous riparian trees and shrubs. Special plant communities include rosaceous chaparral and oak-juniper woodlands. The monument also contains many rare and endemic plants, such as Greene's Mariposa lily, Gentner's fritillary, and Bellinger's meadowfoam.

This monument supports an exceptional range of fauna, including one of the highest diversities of butterfly species in the United States. The Jenny Creek portion of the monument is a significant center of fresh water snail diversity and is home to three endemic fish species, including a long isolated stock of redband trout. The monument contains important populations of small mammals, reptile and amphibian species, and ungulates, including important winter habitat for deer. It also contains old-growth habitat crucial to the threatened Northern spotted owl, as well as numerous other bird species such as the western bluebird, the western meadowlark, the pileated woodpecker, the flammulated owl, and the pygmy nuthatch.

The monument's geology contributes substantially to its spectacular biological diversity. The majority of the monument is within the Cascade Mountain Range. The western edge of the monument lies within the older Klamath Mountain geologic province. The dynamic plate tectonics of the area, along with the mixing of igneous, metamorphic, and sedimentary geological formations, have resulted in diverse lithologies and soils. Along with periods of geological isolation and a range of environmental conditions, the complex geologic history of the area has been instrumental in producing the diverse vegetative and biological richness seen today.



*Looking south from Boccard Point in the Cascade-Siskiyou National Monument to Mt. Shasta in California.  
Photo by Terry Tuttle, Medford District.*

Grand Staircase-Escalante National Monument, BLM's first national monument, was created by Presidential proclamation on September 18, 1996. Located in southern Utah, the monument is a dramatic, multi-hued landscape that is rich in natural and human history. It represents a unique combination of archaeological, historical, paleontological, geological, and biological resources. The monument is unique among the public lands of the United States. Its size and geology, along with the scientific value of its lands, set it apart from other national monuments.

**National Conservation Areas:** The BLM manages nine National Conservation Areas (NCAs) totaling almost 12 million acres. Congress designates NCAs so that present and future generations of Americans can benefit from the conservation, protection, enhancement, use, and management of these areas by enjoying their natural, recreational, cultural, wildlife, aquatic, archeological, paleontological, historical, educational, and/or scientific resources and values. Table 5 shows the name, location, and acreage of BLM's nine National Conservation Areas.

Table 5 - Name, Location, and Acreage of National Conservation Areas

National Conservation Area	State	Acreage
Steese	Alaska	1,194,923
San Pedro Riparian	Arizona	56,400
Gila Box Riparian	Arizona	22,047
California Desert	California	9,500,000
King Range	California	57,288
Gunnison Gorge	Colorado	57,725
Snake River Birds of Prey	Idaho	484,873
Red Rock Canyon	Nevada	196,890
El Malpais	New Mexico	226,000
<b>Total Acreage</b>		<b>11,796,146</b>

The newest National Conservation Area, the Gunnison Gorge NCA, was designated on October 21, 1999. It is located in west-central Colorado, just downstream from the Black Canyon of the Gunnison National Park. This NCA encompasses a diverse landscape ranging from "adobe badlands" and rugged pinyon-juniper-covered slopes to the spectacular double canyon of the Gunnison Gorge Wilderness Area. This landscape supports an equally diverse range of uses: white-water boating and Gold Medal trout fishing in the Gunnison River, big-game hunting for mule deer and elk, off-highway vehicle use in Peach Valley, domestic sheep and livestock grazing, sightseeing, wildlife photography, and wilderness hiking and backpacking.

**Wilderness Areas and Wilderness Study Areas:** The BLM administers 138 wilderness areas consisting of 5.3 million acres, as well as 618 wilderness study areas encompassing approximately 18 million acres. Nearly nine percent of all the BLM-managed public lands are designated as either a wilderness or wilderness study area.

The locations of these wilderness areas and wilderness study areas throughout the western United States ensure that these lands represent the wide diversity of resources found on the public lands. Protective management helps ensure the protection and integrity of natural and biological processes on all public lands. Figures 2 and 3 show the percentage of wilderness and wilderness study area acreage by state.

Figure 2 - Percentage of Wilderness Acreage by State

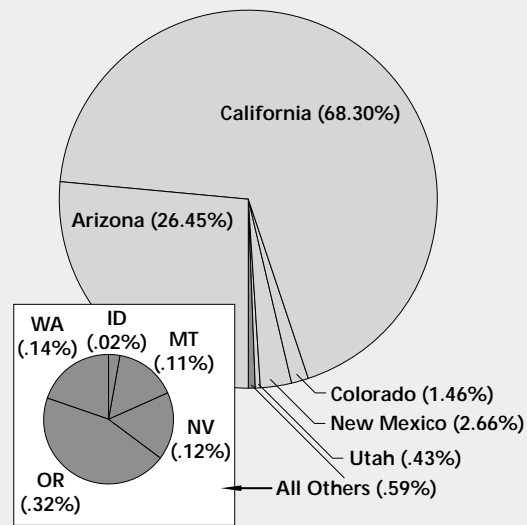
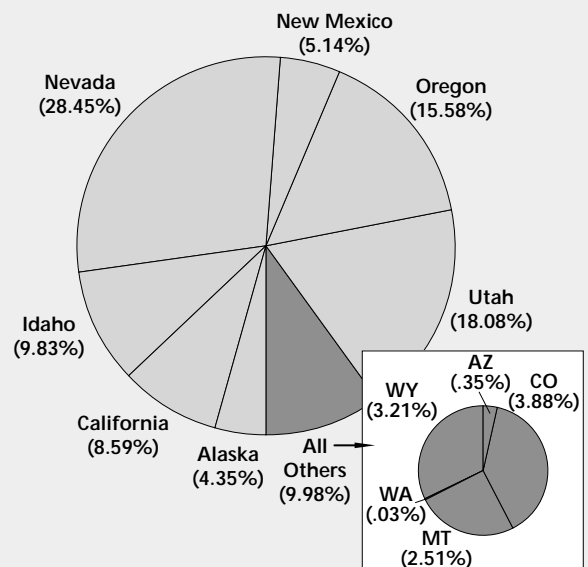


Figure 3 - Percentage of Wilderness Study Area Acreage by State



The National Wilderness Preservation System was created by the Wilderness Act of 1964. A wilderness area is an area designated by Congress to assure that increasing populations, expanding settlement, and growing mechanization do not occupy and modify all areas of the United States. Designations ensure that certain lands are preserved and protected in their natural condition. In contrast to those areas where man and his works dominate the landscape, wilderness is where the earth and its community of life are untrammelled by man, where man himself is a visitor who does not remain.

**Headwaters Forest Reserve:** On March 1, 1999, the Headwaters Forest Reserve, totaling 7,400 acres in central Humboldt County, California, was acquired from private owners by the BLM and the State of California. While title is held by BLM, this area is co-managed by the BLM and the State of California to protect the stands of old-growth redwoods that provide habitat for a threatened seabird, the marbled murrelet, as well as the headwaters that serve as a habitat for the threatened coho salmon and other fisheries.

**National Wild and Scenic Rivers:** The BLM administers some 20 percent of all rivers in the National Wild and Scenic Rivers System, a total of 35 rivers in five states. These nationally recognized rivers comprise more than 2,000 river miles and encompass some of the Nation's greatest diversity and concentrations of recreational, natural, and cultural resources. Included among the BLM-managed Wild and Scenic Rivers is the Fortymile River in Alaska, which is the longest designated river (392 miles) in the National Wild and Scenic Rivers System.

Rivers designated in the National Wild and Scenic Rivers System are classified in one of three categories, 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 outstandingly remarkable value—scenic, recreational, geologic, fish and wildlife, historic, cultural, or other similar values.

**National Historic Trails:** The National Historic Trails designated by Congress and managed by the BLM are part of a national treasure that benefits all Americans. National Historic Trails are established to identify and protect historic routes; they follow as closely as possible the original trails or routes of travel of national historic significance. Congressional designation identifies and protects historic routes and their historic remnants and artifacts for public use and enjoyment.

The BLM manages more than 3,500 miles along eight National Historic Trails, more than all other Federal agencies combined. These eight trails are the Iditarod, Juan Bautista De Anza, California Immigrant, Nez Perce, Lewis and Clark, Oregon, Mormon Pioneer, and Pony Express. In FY 2000, construction began on the National

Historic Trails Interpretative Center in Casper, Wyoming. Scheduled to open in late 2001, the Center is being built in partnership with a private, nonprofit foundation and the City of Casper. The Center will interpret for visitors the stories of those who traveled along the California Immigrant, Mormon Pioneer, Oregon, and Pony Express National Historic Trails. In addition, it will interpret Native American issues as well as trail stories from the regional Bridger and Bozeman Trails. In Alaska a BLM partner, the Iditarod National Historic Trail, Inc., was successful in having the Iditarod designated as one of the Nation's first Millennium Trails. The BLM also designed and fabricated interpretive displays and signs, mapped trail segments, and repaired and maintained historic structures and facilities along the Iditarod National Historic Trail.

**National Scenic Trails:** The National Scenic Trails, also established by an Act of Congress, are intended to provide for maximum outdoor recreation potential and for the conservation and enjoyment of nationally significant scenic, historical, natural, and cultural qualities of the areas through which these trails pass. National Scenic Trails may be located to represent desert, marsh, grassland, mountain, canyon, river, forest, and other areas, as well as land forms that exhibit significant characteristics of the physiographic regions of the Nation. The BLM manages almost 600 miles along two National Scenic Trails—the Continental Divide National Scenic Trail and the Pacific Crest National Scenic Trail.

The Continental Divide National Scenic Trail traverses the Rocky Mountains between Canada and Mexico for 3,100 miles through five states. The BLM manages approximately 410 miles of this trail as it passes through spectacular country that includes the mountains of Montana and Idaho, the high desert of the Great Divide Basin in Wyoming, and New Mexico's Sonoran Desert. A Memorandum of Understanding with the trail's three Federal management agencies (U.S. Forest Service,



Wyoming contains some of the best intact historic trail remains left in the United States. Reenactments of wagon trains have occurred for the Oregon, California, and Mormon Pioneer sesquicentennial observances. Split Rock (pictured in the background) was one of the key points along the trail.

National Park Service, and BLM) was entered into by the Continental Divide Trail Alliance (CDTA) in 1999. This nonprofit organization assists the agencies with the support of volunteers, and public and private partnerships to facilitate management and operation of the trail.

The Pacific Crest National Scenic Trail, stretching 2,600 miles from Mexico to Canada, traverses some of the most magnificent backcountry in the states of California, Oregon, and Washington. The trail treks over hills and through valleys, ranging in elevation from more than 13,000 feet near Mount Whitney to near sea level at the Columbia River. The path wanders across canyons, meanders by lakes, climbs mountain passes, and navigates through arid desert. Three BLM offices in California manage 116 miles of the trail, while in Oregon BLM manages 42 miles in the southern part of that state. Volunteers from the Pacific Crest Trail Association and many other groups are essential in keeping the BLM segments of the trail open and maintained.

**National Recreation Trails:** National Recreation Trails do not require congressional approval; they are established administratively by the Secretary of the Interior. These trails are intended to provide for a variety of outdoor recreation uses in or reasonably close to urban areas. They often serve as connecting links between the National Historic Trails and National Scenic Trails. More than 800 National Recreation Trails currently exist nationwide.

The BLM manages over 400 miles along 26 National Recreation Trails. The Bureau's National Recreation Trails encompass incredibly diverse landscapes, from the depth of Horsethief Cave in Wyoming to the 9,000-foot crest of Bald Mountain in Idaho. National Recreation Trails range in length from 0.5 mile to 150 miles.

**National Back Country Byways:** The BLM manages 55 designated National Back Country Byways totaling

nearly 3,000 miles in 11 states. The Back Country Byway program was developed by the BLM to complement the National Scenic Byway program. BLM's Byways show enthusiasts the best the West has to offer—from the breathtaking thunder of waterfalls to geology sculpted by ancient volcanoes, glaciers, and rivers. Back Country Byways vary from narrow, graded roads, passable only during a few months of the year, to two-lane paved highways providing year-round access.

BLM's Back Country Byways provide outstanding recreation opportunities on public lands, ranging from soaring mountains and alpine meadows to sagebrush prairie and saguaro cactus desert. Many of these routes are remote and little-known, providing solitude and spectacular scenery.

Back Country Byways explore Oregon's lush Coast Range, thread over Colorado's lofty San Juan Mountains, follow Lewis and Clark's epic journey across Montana and Idaho, pass ancient Anasazi petroglyphs in Utah, and border the Rio Grande's wild gorge in New Mexico. Travelers can find deserted forts, ghost towns, fossils, wildlife, hot springs, and dormant volcanoes along these narrow ribbons through the Nation's public lands.

**National Recreation Areas:** A National Recreation Area is an area designated by Congress to assure the conservation and protection of natural, scenic, historic, pastoral, and fish and wildlife values and to provide for the enhancement of recreational values. The White Mountains National Recreation Area in Alaska encompasses 1 million acres and is named for its unusual, jagged, white limestone ridgeline. One of its most prominent features is a 127-mile National Wild River segment of Beaver Creek that flows from the high alpine tundra of Mount Prindle.

**National Scenic Areas:** The BLM manages one national scenic area: the Santa Rosa Mountains National Scenic Area in California, which encompasses approximately 101,000 acres. This area was designated by the Secretary of the Interior in 1990 to provide for the conservation, protection, and enhancement of scenic, recreation, and pastoral values.

**National Outstanding Natural Areas:** National Outstanding Natural Areas are protected lands designated either by Congress or administratively by an agency to preserve exceptional, rare, or unusual natural characteristics and to provide for the protection and/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 one such area, the Yaquina Head National Outstanding Natural Area, consisting of 100 acres.

The Yaquina Head National Outstanding Natural Area, located in Newport, Oregon, was established by Public



*The Alpine Loop Back Country Byway in southwestern Colorado offers spectacular opportunities to hike among the wildflowers.*

Law 96-199 on March 5, 1980. Yaquina Head encompasses a headland one mile long and one-half mile wide that juts due west into the Pacific Ocean. It is dominated by the Yaquina Head Lighthouse, a National Historic Register structure. The natural resources include one of four marine gardens in Oregon, one of the largest seabird rookeries on the Pacific coast, the world's only manmade handicapped-accessible tidepools (in a restored quarry), marine mammal resting sites, and gray whale viewing, as well as bird and wildflower viewing opportunities in the uplands.

Yaquina Head has been designated as a *Globally Important Bird Area* by the American Bird Conservancy and the National Audubon Society. The area, which is bordered by sheer cliffs rising 100 feet or more above the ocean, features sea caves and numerous off-shore rocks and islands, making the site spectacular to view under all weather conditions.

**Lake Totatonten Special Management Area:** The U.S. Congress authorized the creation of the Lake Totatonten Special Management Area—a 37,579-acre parcel of public land in Interior Alaska for the protection of fish, wildlife and habitat—in its Omnibus Parks and Public Lands Management Act of 1996 (Public Law 104-333). The area was withdrawn by Public Land Order No. 7372 on December 15, 1998.

Lake Totatonten, the central feature of this special management area, measures 3 miles long and covers 3,500 acres. This shallow lake 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 furbearers.

Residents of four Alaska Native villages near the area are the primary users, since there are no roads to this marshy area. The rural residents hunt, fish, and trap in the area, mostly in the winter, when it can be reached by snow-machine or dog team via the 100-mile Allakaket to Tanana winter trail, which passes near the lake. The Alaska National Interest Lands Conservation Act (ANILCA) of 1981 gave rural residents subsistence preference for natural resources on federally managed lands.

The designation of the special management area included the establishment of a local advisory committee of rural village residents who use the area for subsistence hunting and fishing. The BLM consults with this committee before authorizing new activities in the area. The BLM also works closely with the U.S. Fish and Wildlife Service since the Lake Totatonten Special Management Area is adjacent to the Kanuti National Wildlife Refuge and many of the waterfowl use both places for their summer activities.

**Herd Management Areas:** The Wild Free-Roaming Horse and Burro Act of 1971 requires that wild free-roaming horses and burros be considered for manage-

ment where they were found at the time Congress passed the Act. The BLM identified 264 areas of use as herd areas, and then established Herd Management Areas (HMAs) for wild and free-roaming horses and burros through its land use planning process. The BLM manages 200 HMAs in ten western states: Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, and Wyoming. The current population of wild horses and burros on public lands in these states is approximately 48,600 animals, with just over 50 percent of these animals being located in Nevada. Wild burros are primarily found in the Mojave desert in Arizona, California, and southern Nevada.

Approximately 36 million acres of land has been designated for these wild and free-roaming animals. Through the evaluation of rangeland monitoring and census data for HMAs, the BLM establishes an appropriate management level for wild horses and burros in balance with other rangeland uses. As the health of the land improves, the health of the herds is improving as well.

The BLM has designated four wild horse and burro ranges. There are three wild horse ranges, one each in Colorado, Montana and Nevada, and one wild burro range in Nevada. The Bureau manages these ranges principally, but not necessarily exclusively, for the welfare of wild horses and burros, in keeping with the multiple use management concept for these public lands.

**Areas of Critical Environmental Concern:** Areas of Critical Environmental Concern (ACECs) are areas where special management is needed to protect important historical, cultural, scenic, and natural areas, or to identify

Table 6 - Areas of Critical Environmental Concern

State	Number of ACECs	Number of Acres
Alaska	29	5,909,201
Arizona	51	808,181
California	139	1,530,297
Colorado	66	623,286
Eastern States	1	54
Idaho	86	676,811
Montana	40	163,481
Nevada	33	1,351,867
New Mexico	140	578,897
Oregon	168	609,951
Utah	47	1,097,619
Wyoming	38	695,895
<b>Totals</b>	<b>838</b>	<b>14,045,540</b>

areas hazardous to human life and property. A total of 838 ACECs encompassing more than 14 million acres have been designated on the public lands nationwide. Approximately 7 million acres of this total have been designated to protect their biological resource values. Table 6 shows the location, number, and acres of ACECs, which are designated and protected through the land use planning process.

**National Natural Landmarks:** The BLM manages 43 National Natural Landmarks encompassing almost 600,000 acres of public land. These special management areas are of national significance because they represent one of the best-known examples of a natural region's characteristic biotic or geologic features.

National Natural Landmarks must be located within the boundaries of the United States or on the Continental Shelf and are designated by the Secretary of the Interior. To qualify as a National Natural Landmark, the area must contain an outstanding representative example(s) of the Nation's natural heritage, including terrestrial communities, aquatic communities, landforms, geological features, habitats of native plant and animal species, or fossil evidence of the development of life on earth.

**Research Natural Areas:** Research Natural Areas are special management areas designated either by Congress or by a public or private agency to preserve and protect typical or unusual ecological communities, associations, phenomena, characteristics, or natural features or processes for scientific and educational purposes. They are established and managed to protect ecological processes, conserve biological diversity, and provide opportunities for observation for research and education.

Research Natural Areas may be designated separately or as a part of other administrative designations such as Areas of Critical Environmental Concern. Research proposals and activities may be allowed if they do not interfere with natural processes. These areas may consist of diverse vegetative communities, wildlife habitat, unique geological formations, cultural resource values, and other values identified by physiographic province as outlined in state or agency natural heritage planning documents. The BLM manages 152 Research Natural Areas comprising over 347,000 acres.

**Globally Important Bird Areas:** Globally Important Bird Areas (IBAs) consist of a network of sites and areas in North America identified and protected to maintain naturally occurring bird populations across the ranges of those species. IBAs are important for maintaining critical habitats and ecosystems. This network of areas encompasses lands critical to the conservation of some bird species and may include the best examples of the species' habitat. IBAs help ensure species' survival.

The BLM manages two IBAs encompassing approximately 56,500 acres: the San Pedro Riparian National Conservation Area in Arizona and the Yaquina Head National Outstanding Natural Area in Oregon.

## NET CHANGE IN NATURAL HERITAGE ASSETS FROM 1999 TO 2000

Table 7 provides the net change in natural heritage designations from fiscal year 1999 to fiscal year 2000. For National Back Country Byways, the decrease was largely a result of transfers to the National Park Service because of the California Desert Protection Act.

Table 7 - Net Change in Natural Heritage Designations

Special Management Area	Net Change in Number	Net Change in Total Acres	Net Change in Total Miles
National Monuments	+6	+1,215,962	
National Conservation Areas	+1	+103,956	
Wilderness Areas	+2	+36,200	
Wilderness Study Areas	-4	+718,781	
Headwaters Forest Reserve	+1	+7,400	
National Wild and Scenic Rivers	+1	+3,200	+10
National Back Country Byways	-9		-546
Areas of Critical Environmental Concern	+98	+933,711	

## Museum Collections

Museum collections under BLM's stewardship consist principally of archaeological, historical, and paleontological materials that are managed to professional standards, in compliance with applicable laws, and that are accessible to appropriate publics.

- *Archaeological and Historical Collections* - Millions of museum objects originated from the BLM's archaeological and historical resources (an estimated 4 to 4.5 million cultural properties); these span millennia beginning with very early human occupation sites. Resources include trails, sites, buildings, structures, and objects from past human life and activities that are significant to American history, architecture, archaeology, engineering, and culture that contribute to our understanding of the historical and cultural foundations of our Nation. Collections have been made under permit from these resources for over 90 years.
- *Paleontological Collections* - Paleontological materials—the fossilized remains or traces of dinosaurs, extinct plants, mammals, fish, insects, and other organisms from the distant past—are another important source of museum collections that originate from BLM- managed lands. Many of the earliest described and most widely known dinosaurs, such as Apatosaurus, Stegosaurus, and Allosaurus, were excavated from BLM-managed lands. The BLM administers some 100 Paleontological Resource Use permits every year. For each permit issued by the BLM, an average of 10 individuals, including professional paleontologists, museum and university staff, students, and amateur assistants, work on the public lands to collect both fossils and data so that these materials reach approved repositories.

Collections are used to teach not only visitors but also school children and college students about life in the past. Researchers value the public lands as a source of material that become a permanent part of study and display collections. Scientific publications, textbooks, and articles for the general public are based on these collections. Field schools, conducted on the public lands, are another source of museum collections that also serve to educate students, volunteers, and other public groups.

### COLLECTIONS IN NON-FEDERAL FACILITIES

Scientific investigations, beginning with the Lewis and Clark expedition in 1804, have been conducted on the

vast acreage of Federal land. Millions of objects have been excavated and collected, with most of them being transported to hundreds of non-Federal facilities such as universities, museums, and historical societies. It was not until 1906 that permits were issued for excavations under the Antiquities Act and not until the mid-1980s that the BLM was delegated permitting authority.

Most collections originating from BLM-managed land are housed today in non-Federal facilities throughout the country. To date, the BLM has identified 190 professional facilities in 34 states and Canada where millions of objects originating from the public lands reside: 123 holding archaeological materials, 85 holding paleontological materials, 6 holding historic materials, 4 holding biological materials, 2 holding ethnological materials, and 1 holding artwork (with some facilities holding more than one type of material).

Among Federal agencies, the BLM is in the unique and unenviable position of having stewardship responsibility for the largest number of museum collections in non-Federal facilities in the Department. This responsibility stems from requirements that museum collections removed from the public lands be held in public trust in perpetuity.



*A paleontologist from the Museum of the Rockies at Montana State University works carefully to uncover the fossil remains of a young adult Allosaurus dinosaur. This is the most complete carnivorous dinosaur ever found in Wyoming.*

## PARTNERSHIPS WITH NON-FEDERAL CURATION FACILITIES

Most of the collections originating from BLM-managed land are housed in non-Federal facilities, so BLM's relationship with these curatorial facilities is crucial to the continued management and protection of these collections. Non-Federal institutions provide access to researchers and scientists, develop public displays utilizing the collections, and, in the eastern United States, make collections accessible to segments of the population that might not otherwise be able to view such materials.

It is only through partnerships with these professional institutions that the Bureau can realize its goal of ensuring that these collections are available and accessible to the public. To better facilitate this goal and make the most efficient use of extremely limited funds, these important partnerships are carried out either through direct funding by individual BLM offices or through the Museum Partnership Program. The Museum Partnership Program (MPP) was created in 1998 and is administered by the National Curator. The program seeks to support projects that will enhance public awareness, offer public education opportunities, provide an enriching experience, and add to the scientific research potential of museum collections originating from BLM-managed lands. The non-Federal facilities generally provide expertise and access, while the BLM provides funding and materials. A number of projects were not possible because of the resources diverted by the extensive wildfires in the West during the summer of 2000. Projects that were funded during 2000 under the Museum Partnership Program and the BLM Office Programs are listed below.

- Museum Partnership Program - In FY 2000, funding was provided by the Museum Partnership Program for the production of permanent exhibits, travel exhibits, finding guides, web pages, catalogs, publications, artifact dating, research, education, and outreach. The museums involved were the University of Oregon Museum of Natural History for the "Ancient Baskets of the Northern Great Basin Project," the San Bernardino County Museum for the "Newberry Cave Project," the New Mexico Museum of Natural History and Science for the "Dinosaurs of New Mexico Project," and Beloit College for the "Powder River Depot Project."
- BLM Office Funding - In FY 2000, funding was provided by BLM offices for curation; exhibit production; symposia; catalogs; conservation, cataloging, and accessioning; collection facilities upgrades; and over-

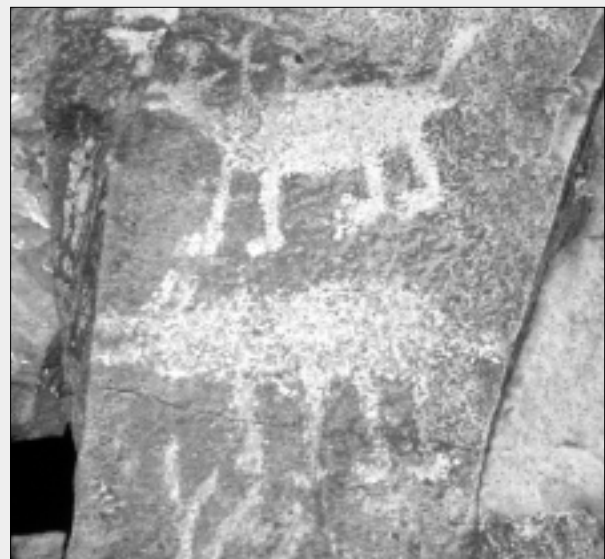
all curation through Assistance Agreements, Memoranda of Understanding, Purchase Orders, and Task Orders. Partners included the Museum of Western Colorado, University of Colorado Museum, Archaeological Survey of Idaho (Eastern and Western Repositories), Nevada State Museum, Museum of New Mexico, BYU Museum of Peoples and Culture, College of Eastern Utah Prehistoric Museum, Field House of Natural History State Park Museum, Edge of Cedars State Park Museum, Southern Utah University, University of Utah Museum of Natural History, and the University of Wyoming.

## COLLECTIONS IN FEDERAL FACILITIES

Outside of the millions of objects residing in non-Federal facilities, the BLM curates approximately 3.5 million objects in three BLM facilities: the Anasazi Heritage Center (AHC) in Dolores, Colorado, transferred to BLM management in 1988; the Billings Curation Center (BCC) in Billings, Montana, established in 1984; and the National Historic Oregon Trail Interpretive Center (OTC) in Flagstaff Hill, Oregon, opened in 1992. It is BLM's policy that museum collections will not be housed in Bureau field offices.

### Anasazi Heritage Center (AHC)

The AHC is the Bureau's only collections facility and museum. It features the Anasazi (ancestral Puebloan) culture as well as other cultures of the Four Corners region. The museum has permanent exhibits, archaeological sites, special exhibits and events, traveling exhibits, educational resources for teachers, archaeological research collections, and an excellent interactive



Rock art in the Agua Fria National Monument in Arizona. Here rock terraces border petroglyph sites containing rock art symbols and other remnants that boast a rich record of human history. Photo by Gene Dahlem.



website ([www.co.blm.gov/ahc/hmepage.htm](http://www.co.blm.gov/ahc/hmepage.htm)). In 2000, the Center hosted 33,744 visitors.

At the close of fiscal year 2000, AHC collections were estimated to consist of approximately 3 million specimens (principally archaeological materials, along with some historic and paleontological materials), as well as 1,600 linear feet of associated documentation and records. Presently, collections at AHC occupy an area of approximately 7,000 cubic feet. This year the AHC made significant progress on the "Retrieval and Preservation of Southwest Colorado Collections Project," funded by one of the highly competitive "Save America's Treasures" grants.

### Billings Curation Center (BCC)

A much smaller entity, BCC was established to curate artifacts collected from public lands in Montana and North and South Dakota. The primary objectives of BCC are to assist these three BLM states in complying with the Native American Graves Protection and Repatriation Act (NAGPRA), and to ensure collections (which are representative of nearly 12,000 years of prehistory and history in the Northern Plains) and associated records serve scientific researchers, the BLM, and other Federal agency personnel. The Center has no gallery spaces, but it does host researchers and interns. This year the interactive website for the center was expanded ([www.mt.blm.gov/bcc/](http://www.mt.blm.gov/bcc/)).

At the close of fiscal year 2000, BCC collections were estimated to consist of approximately 465,000 specimens (principally archaeological specimens, along with some historic materials), as well as 128 linear feet of associated documentation and records. Presently, collections at BCC occupy an area of approximately 1,769 cubic feet. The Center is valued as an important research and management tool.

### Oregon Trail Center (OTC)

The OTC features exhibits, living history areas (including pioneer encampment and mining), a theater, an outdoor amphitheater, interpretive trails, and a picnic area. It provides majestic scenery and unique vistas of the historic ruts of the Oregon Trail. The Center's goal is to interpret the story of the Oregon Trail and its impact on western American history. This is achieved, in great part, through the use of artifacts. Artifacts, along with artwork, text, videos, sound effects, and dioramas, present well-rounded, fact-filled exhibits and programs. In 2000, the Center hosted 78,857 visitors. The Center also provides research for mail and telephone requests and maintains an excellent interactive website ([www.or.blm.gov/NHOTIC/](http://www.or.blm.gov/NHOTIC/)).

At the close of fiscal year 2000, OTC collections were estimated to consist of approximately 1,550 specimens (principally archaeological materials, along with historic

materials and some natural history materials), as well as approximately 12 linear feet of associated documentation and records. Collections occupy an area of approximately 10,060 cubic feet. The OTC has provided a rewarding and educational experience for its many visitors.

## NUMBER OF FACILITIES AND CONDITION OF MUSEUM COLLECTIONS

Table 8 summarizes the number of facilities holding collections from BLM public lands and the condition of these heritage assets.

Table 8 - Number of Facilities and Condition of Museum Collections

Location	Number of Facilities	Condition
Federal Facilities	3	Acceptable – Safeguarded
Non-Federal Facilities	190	Unknown

BLM's museum collections and the associated records under BLM's stewardship are stored in professional facilities whose mission is to preserve them. Generally, museums and facilities preserve museum objects in a manner that is appropriate to the nature of the materials; that protects them from breakage and possible deterioration from diverse temperatures and relative humidity, visible light, ultraviolet radiation, dust, soot, gases, mold, fungus, insects, rodents, and general neglect; that preserves data which may be studied in future analyses; and that protects collections from fire and theft.

Detailed information on condition is not normally collected by the BLM to manage museum collections because doing so is considered prohibitively expensive and is not part of general professional methodology.

The condition of BLM's museum collections in Federal facilities is presumed to be acceptable unless there is proof to the contrary (e.g., breakage, noted deterioration, etc.). Acceptable condition is defined as "safeguarded," which means the following:

- collections are in secured locations;
- collections are managed consistent with their intended uses (some of the most common, but not the only, uses include research, exhibition, interpretation, and education); and
- their condition has not been materially degraded, i.e., the condition of the individual specimens in the collection is similar to when they were originally deposited in the facility.

This definition is predicated on the fact that all museum objects will ultimately deteriorate over time with use. The goal of safeguarding museum objects is to preserve them for as long as possible and to manage their condition during their intended use so as not to unduly hasten their deterioration.

Although the BLM believes the museum collections in non-Federal facilities are being properly safeguarded, the actual condition is unknown. Archaeological, historical, and paleontological materials have been removed from public lands for over 200 years. Most of these objects were placed in non-Federal facilities for curation. As previously noted, the BLM has located 190 of these repositories across the United States and Canada.

### NET CHANGE IN MUSEUM COLLECTIONS FROM 1999 TO 2000

Approximately 99 percent of all museum collections originating from BLM-administered lands are housed in

non-Federal facilities that the BLM has only limited control over and limited access to. Due to limited resources, the BLM provides little or no funding to these facilities and can therefore require little of them. The facilities themselves have limited resources and limited information regarding individual numbers of objects added to collections.

It has never been general museum practice to perform annual inventories of museum collections because this is prohibitively costly, provides information that contributes nothing to the educational or research value of the objects, and ultimately damages the very objects we seek to preserve. Given all of the above factors, it has never been BLM's practice to collect inventory data.

However, because there is an increase in collections yearly as a result of the constantly permitted excavations and projects that occur on the public lands, the BLM can state there has been a net increase in the number of collections. Since BLM does not dispose of, deaccession, or destroy museum collections, it can be stated that there has been a net increase in collections.



*Living history exhibit at the National Historic Oregon Trail Interpretive Center in Oregon, showing an ox pulling a covered wagon.*

## *Paleontological and Cultural Heritage Properties*

Lands administered by the BLM are some of the most culturally diverse and scientifically important lands managed by any Federal agency. The Bureau is responsible for protecting and preserving paleontological localities and archaeological and historical sites, as well as the museum objects excavated or collected.

### PALEONTOLOGICAL PROPERTIES

The BLM considers fossils to be resources in its management of all public lands. Under the general guidance of the Federal Land Policy and Management Act (FLPMA) and the National Environmental Policy Act (NEPA), fossils are managed to promote their use in research, education, and recreation. More than 50 properties totaling nearly 300,000 acres, including Areas of Critical Environmental Concern (ACECs), Research Natural Areas, and other special management areas, are managed wholly or in part for paleontological values.

Significant paleontological resources can also be found on other BLM lands. In the fall of 1999, a BLM employee discovered part of a Columbian mammoth skeleton within Utah's Grand Staircase-Escalante National Monument, the first such discovery in this area. This extinct animal resembled today's Asian elephant but was larger, weighing as much as 10 tons, and had much longer tusks. Digging and studies continue to try to determine if the mammoth died of a natural cause or whether it may have been killed by Paleo-Indian hunters. A complete skeleton of the duckbilled dinosaur *Parasaurolophus* has also been excavated by the Museum of Northern Arizona. This skeleton will be the centerpiece of the National Monument's planned visitor center in Big Water, Utah.

In New Mexico, BLM permittees and volunteers spent FY 2000 excavating and documenting dinosaur bones from the Peterson Quarry. These include bones from a dinosaur similar to *Tyrannosaurus*, as well as the only skull and lower jaw from a sauropod (a giant plant-eater) found to date in New Mexico. In addition, the bones of a *Seismosaurus*, one of the longest dinosaurs known to exist, will be molded and missing pieces will be reconstructed to assemble two entire full-size model skeletons. One will be mounted at the "World's Largest Dinosaurs" exposition in 2002 in Japan, while the other will be mounted at the New Mexico Museum of Natural History.

The BLM manages a number of interpreted areas for their paleontological resources, including the Cleveland-

Lloyd Dinosaur Quarry in Utah; the Trail Through Time in Colorado; the Paleozoic Trackway near Las Cruces, New Mexico; and the Red Gulch Dinosaur Tracksite in Wyoming. Almost all other public lands are accessible to the public for the recreational collection of common invertebrate and plant fossils, as well as limited amounts of petrified wood.

### CULTURAL PROPERTIES

The BLM manages the largest, most varied, and scientifically most important body of cultural resources of any Federal land managing agency. The grand, open-air museum that is the BLM's public lands is dotted with literally hundreds of thousands of archaeological and historic sites. These range in age from 13,000 year-old mammoth kill sites associated with Paleo-Indian hunters to prehistoric complexes of Anasazi pueblos and cliff dwellings; through Spanish and Russian period exploration and settlement sites; to Western frontier forts with evidence of "buffalo" soldiers, and Gold-Rush era cabins. More recent historic sites document westward migration, mining, ranching, railroading, and even World War II and Cold War military sites.

This vast open-air museum provides a unique opportunity for the BLM to document the full sweep of western prehistory and history, to tell the complete story of people on the western lands. No other Federal land management agency can make this claim. On western public lands, cultural resources tell the story of all kinds of people, representing nearly every cultural tradition and ethnicity present in American society. These people include First Americans (ancient cultures and contemporary peoples) as well as immigrant Americans (explorers, miners, ranchers, homesteaders, soldiers, etc.). However, since so much of western history was played out on the public lands, and since many of the resources that represent these activities have already been intentionally looted or inadvertently disturbed, it will soon be impossible to report anything but anecdotal accounts of this long-playing drama.



*Damaged pictograph, San Rafael Swell, Utah.*

To date, over 235,000 archaeological and historical resources have been recorded on the roughly 14.4 million acres of public lands that have been inventoried, which represents almost 5.5 percent of all lands administered by the BLM. Projecting these estimates to the entire 264 million acres of BLM-administered lands works out to an estimated 4 to 4.5 million potential archaeological and historical properties on the public lands.

Currently, the BLM has 263 listings on the National Register of Historic Places that encompass 4,107 contributing properties, as well as 22 National Historic Landmarks and 5 World Heritage properties. Portions of 8 National Historic Trails covering 3,500 miles cross the public lands, while at least 5,000 additional miles occur along 10 non-designated historic trails. Standing structures, very conservatively estimated at 1,500, include prehistoric pueblos; cliff dwellings; antelope, bighorn sheep, and fish traps; agricultural features; historic-period mining structures (such as smelters, mill sites, arrastras, and charcoal kilns); ranch buildings; adobe forts; stage stops; townsites; lighthouses; cabins; a salt tram; and depression-era schoolhouses.

Five BLM sites having international significance have been added to UNESCO's World Heritage List. UNESCO's World Heritage program was established in 1972. Its purpose is to identify and protect outstanding natural and cultural properties against the threat of damage in a rapidly developing world. To add sites to the World Heritage List, governments of countries where the sites are located submit their applications to the World Heritage Committee.

The 21-member Committee has to evaluate a site's merits according to rules set up by the World Heritage Convention. Factors that must be considered include the following:

- Is the site a unique geological formation like the Grand Canyon?
- Is it an important cultural place like Stonehenge?
- Most importantly, is the site in need of protection and preservation?

There are more than 500 sites on the World Heritage List today. Some sites on the World Heritage List are surprising: the city of Brasilia, the capital of Brazil, for example, which was built less than 50 years ago, or the Auschwitz Concentration Camp in Poland. Sometimes a place that is worth saving is important not just for how it appears, but also for what it represents.

Five BLM Chacoan Outliers located in northwest New Mexico were added to the World Heritage List in 1987

in conjunction with the listing of the National Park Service's Chaco Culture National Historical Park. The Park contains the most important remains of the Chaco culture, which was at its height between 1020 and 1110 A.D. This culture was characterized by a very elaborate system of urban dwellings surrounded by villages and linked by a network of roads. The BLM Chacoan Outliers included in the World Heritage List are Casamero, Kin Nizhoni, Pierre's Site, Halfway House, and Twin Angels.

Table 9 summarizes the number and condition of the cultural properties under BLM's stewardship.

Table 9 - Number and Condition of Cultural Properties

Type of Cultural Property	Number of Properties <sup>1</sup>	Condition <sup>2</sup>
National Historic Landmarks	22	Acceptable
National Register of Historic Places	263 Listings 4,107 Contributing Properties	Acceptable
World Heritage Properties	5	Acceptable
Recorded but Unassessed for Listing	235,574 <sup>3</sup>	Acceptable

<sup>1</sup> The BLM does not use cultural properties in its day-to-day government operations.

<sup>2</sup> Refer to the "Condition of Cultural Properties" section of this report.

<sup>3</sup> Thousands of archaeological and historical sites have been recorded on the public lands. Most of these have not been assessed for eligibility for listing on the National Register of Historic Places.

"Adventures in the Past" is BLM's umbrella program for promoting public education and awareness and for encouraging public participation in protecting archaeological and historical resources. The goals of "Adventures in the Past" include increasing public appreciation and knowledge of archaeological and historical resources, promoting public stewardship of these resources, and reducing the threat to these resources. These goals have their basis in law. "Adventures in the Past" responds to Section 10c of the Archaeological Resources Protection Act. This law requires Federal

agencies to develop outreach programs to explain the importance and value of the Nation's cultural legacy, and to enlist the public's assistance in cultural resource protection.

The BLM's national historic preservation program is founded in part on the following policy statements contained in Section 2 of the National Historic Preservation Act: "It shall be the policy of the Federal Government, in cooperation with other nations and in partnership with the states, local governments, Indian Tribes, and private organizations and individuals to . . . administer federally owned, administered, or controlled prehistoric and historic resources in a spirit of stewardship for the inspiration and benefit of present and future generations."

## CONDITION OF CULTURAL PROPERTIES

**National Historic Landmarks:** The National Historic Landmarks program is administered by the Secretary of the Interior through the National Park Service (NPS) under the Historic Sites Act of 1935; regulations for the program are in 36 CFR Part 65. Candidate Landmarks are identified by NPS staff, evaluated and recommended by an appointed Advisory Board, and designated by the Secretary to recognize their outstanding historical, architectural, or archaeological value and significance at a national level. Landmark designation does *not* create units of the National Park System.

Many Landmarks, particularly in the West, have mixed ownership. Private and other non-Federal Landmarks are generally maintained according to owners' agreements with the National Park Service. Maintenance of Federal Landmarks and Federal portions of mixed-ownership Landmarks is the responsibility of the land-managing agency. Twenty-two National Historic Landmarks involve BLM-managed lands and, as steward, the Bureau places a high priority on protecting Landmarks from deterioration or harm.

Each year the Secretary provides the Congress with a listing of damaged or threatened National Historic Landmarks, as required by Section 8 of Public Law 94-458. This listing does not differentiate according to ownership when any portion of a Landmark is judged to be subject to threat. Of the Landmarks identified in the current listing where there are some BLM-managed lands involved, the BLM-managed portions of the Landmarks are not actively at risk. Landmark condition is carefully monitored by BLM's field offices. When active threats are present, appropriate physical or administrative protective measures are applied promptly.

Significant cultural properties on BLM-managed public lands, including National Historic Landmarks, are predominantly archaeological properties that have been unused and unoccupied for hundreds or thousands of years. A smaller percentage of historic properties on the public lands consist of the physical remains of failed settlements, abandoned mines, and similar boom-or-bust developments dating to the



*The University of Nevada-Reno sponsored this paleontological dig of prehistoric mastadon remains in the Pine Nut Mountains southeast of Gardnerville, Nevada.*

past 150 years. Inescapably, such historic resources are in a continuous state of deterioration.

The BLM's cultural resource management program was developed in the 1970s to respond to the National Historic Preservation Act of 1966 and Executive Order 11593 of 1971. The most important known properties, including National Historic Landmarks, are afforded the highest attention.

BLM's cultural resource management program does not include an element called "condition assessment survey." However, historic properties are evaluated continuously. Monitoring the rate of natural and human-caused deterioration, and adjusting protection methods and priorities accordingly, is the most commonly applied protection measure where significant properties are known to exist.

**All Other Cultural Properties:** The condition of the over 235,000 recorded archaeological and historic sites on the public lands ranges from nonexistent (the site was recorded, assessed, and then destroyed) to excellent. Most of the public lands inventoried in any given fiscal year (500,000 acres on average) are examined in response to requests by land use applicants to undertake a land disturbing activity. Section 106 of the National Historic Preservation Act requires that any project requiring a Federal approval, license, or money be reviewed for its potential effect on any listed or eligible National Register of Historic Place property. Since only a little more than 5 percent of the public lands have been inventoried to date and most National Register-eligible sites have not yet been identified, the area of potential impact must generally be inventoried before project approval.

The preferred course of action when a proposed project may affect an archaeological or historic site is to avoid it, particularly if the site is of national significance or is a designated National Historic Landmark. On some projects, particularly larger ones, it is not always possible to avoid National Register-eligible sites that are important primarily for the scientific information they contain. Consequently, in any given year, the effects of projects on an unknown number of sites are mitigated.

In most instances, mitigation involves either site recordation or excavation of a small percentage of a site. At that point, what remains of the site can be destroyed without further examination. In the years since the National Historic Preservation Act was passed in 1966, many hundreds, if not thousands, of sites have been destroyed subsequent to project mitigation or without mitigation because the information they contain is redundant (i.e., similar information has previously been obtained from similar sites). Consequently, an unknown percentage of the archaeological and historic sites recorded on the public lands no longer exist.

## NET CHANGE IN PALEONTOLOGICAL AND CULTURAL HERITAGE PROPERTIES FROM 1999 TO 2000

During fiscal year 2000, an additional 7,581 archaeological and historical sites were recorded, which represents an increase of 3.3 percent. The number of National Register of Historic Places listings increased by 8, while the number of contributing properties increased by 497.



*Two scale models of these non-commissioned officers' quarters at Ft. Egbert National Historic Site at Eagle were created to publicize the Save America's Treasures program. One model joined replicas of other historic properties at a special Christmas display at the White House. The other remained in Alaska. The Eagle Historical Society hopes to raise \$50,000 to match an equal amount available through a challenge grant to rehabilitate the quarters shown here. Photo by Anne Jeffery.*

# Deferred Maintenance

BUREAU OF LAND MANAGEMENT INFRASTRUCTURE ASSETS INCLUDE ADMINISTRATIVE FACILITIES, RECREATION SITES, AND FIRE CONTROL FACILITIES AND BUILDINGS. ROADS, TRAILS, BRIDGES, AND ASSOCIATED IMPROVEMENTS CONSTITUTE THE BLM TRANSPORTATION SYSTEM. CURRENTLY BLM MAINTAINS 3,612 BUILDINGS AND STRUCTURES, 690 ADMINISTRATIVE SITES, 1,938 RECREATION SITES, 80,144 MILES OF ROADS, 933 BRIDGES, 13,895 MILES OF TRAILS, AND 1,124 DAMS. THESE ASSETS SUPPORT THE MANAGEMENT, USE, AND ENJOYMENT OF THE PUBLIC LANDS FOR COMMERCIAL, RECREATIONAL, AND OTHER PURPOSES.

There is a significant amount of deferred maintenance, primarily because of insufficient funding to conduct regularly scheduled repairs and preventative maintenance. The BLM estimates the amount of deferred maintenance through condition assessments. Field officials conduct condition assessment surveys on a cyclical basis, according to asset class (e.g., building, road, bridge, etc.).

Condition assessments are performed to determine the fitness of the asset as evaluated against the maintenance level established by management. The level of fitness is tabulated in four categories: (1) good, (2) fair, (3) poor, and (4) unsatisfactory. Assessment results are used to update the Bureau's computerized data base

and tracking system, the Facility Inventory Maintenance Management System (FIMMS), with the most current information.

The dollar amount of deferred maintenance is estimated by BLM State and District engineers with assistance from recreation planners, using the condition assessment surveys. Assets in a deferred maintenance status are grouped for management and accounting purposes in four categories: (1) administrative sites and buildings, (2) recreation sites and buildings, (3) roads and trails, and (4) dams, bridges, and culverts.

In fiscal year 2000, BLM surveyed all dams classified as high- or significant-hazard dams, as well as other dams

classified as low-hazard. Other assets were also surveyed if the normal cycle called for it (for example, all bridges every 2 years and all dams every 3 years).

FIMMS was originally designed as an inventory tool to support BLM appropriation requests. Cost estimates entered in previous years were for engineering use and budget formulation, not financial reporting purposes. In fiscal year 1998, the BLM completed a significant number of condition assessment surveys to improve its FIMMS data.

Additional BLM roads and trails data needs were addressed in fiscal year 2000 through an Architectural and Engineering contract that evaluated a 3.8 percent

Bureauwide statistical sample of roads and trails. This evaluation supports work currently in progress on a complete, up-to-date road and trail conditions data base that will help in managing BLM's transportation system and will minimize data entry errors. BLM's Headquarters Protection and Response Group has led the effort since FY 1998 to improve FIMMS data and has developed a long-term plan to address facilities and transportation system data base issues.

As of September 30, 2000, the BLM estimates that the total deferred maintenance backlog is within a range of \$193 to \$281 million. The accompanying table shows deferred maintenance grouped by category based on the lower dollar amount.

Deferred Maintenance		
Grouped by Category	General Property, Plant, and Equipment	Stewardship Assets
Administrative Sites and Buildings	\$42,000,000	\$ 0
Recreation Sites and Buildings	48,000,000	0
Roads and Trails	0	80,000,000
Dams, Bridges, and Culverts	0	23,000,000
Total	\$90,000,000	\$ 103,000,000



# Independent Auditors Report

C-IN-BLM-022-00-R



## United States Department of the Interior

OFFICE OF INSPECTOR GENERAL  
Washington, D.C. 20240

MAR - 8 2001

### Memorandum

To: Director, Bureau of Land Management

Subject: Independent Auditors Report on Bureau of Land Management Financial Statements for Fiscal Year 2000 (No. 01-I-274)

We found that the Bureau of Land Management's (BLM) principal financial statements<sup>1</sup> for fiscal year 2000 were fairly presented in all material respects. Our tests of the BLM's internal controls, however, identified a material weakness. In addition, our tests of the BLM's compliance with applicable laws and regulations found no instances of noncompliance that are required to be reported under the "Government Auditing Standards" or Office of Management and Budget Bulletin 01-02. Our detailed findings are in the Independent Auditors Report, which includes the BLM's Annual Report for fiscal year 2000.

**Material Weakness.** We found that internal controls over the undelivered orders year-end balance were insufficient and constituted a material weakness. The BLM did not develop and implement effective policies and procedures to ensure that budgetary account transactions for undelivered orders were promptly deobligated (cleared) when completed or no longer valid.

We found that the information presented in the Management Discussion and Analysis section and the supplementary information sections of the BLM's Annual Report for fiscal year 2000 were consistent with the principal financial statements.

We also identified other issues that, in our judgment, were not required to be included in this audit report but that should be communicated to management. In accordance with applicable audit standards, we will include these issues in a management letter that will be issued separately.

We made two recommendations addressing the material weakness that we identified in our tests of the BLM's internal controls. The BLM concurred with the two recommendations. Based on the BLM's response to our draft finding, we consider both recommendations resolved but not implemented. Accordingly, the two

<sup>1</sup>The BLM's principal financial statements consist of the Consolidated Statement of Financial Position as of September 30, 2000; the Consolidated Statements of Net Cost of Operations and Changes in Net Position for the fiscal year ended September 30, 2000; and the Combined Statement of Budgetary Resources and Combined Statement of Financing for the fiscal year ended September 30, 2000.

recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

Since the recommendations are considered resolved, no further response to the Office of Inspector General is required (see Appendix 3).

Section 5(a) of the Inspector General Act (5 U.S.C. app. 3) requires the Office of Inspector General to list this report in its semiannual report to the Congress. In addition, the Office of Inspector General provides audit reports to the Congress.

The Independent Auditors Report is intended for the information of management of the Department of the Interior, the Office of Management and Budget, and the Congress. The report, however, is a matter of public record, and its distribution is not limited.



Roger La Rouche  
Assistant Inspector General  
for Audits

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# **Independent Auditors Report**

## **Bureau of Land Management**

### **Financial Statements**

### **Fiscal Year 2000**

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We have audited the Bureau of Land Management's (BLM) principal financial statements for the fiscal year ended September 30, 2000. The BLM's principal financial statements consist of the Consolidated Statement of Financial Position as of September 30, 2000; the Consolidated Statements of Net Cost of Operations and Changes in Net Position for the fiscal year ended September 30, 2000; and the Combined Statement of Budgetary Resources and the Combined Statement of Financing for the fiscal year ended September 30, 2000. These financial statements are the responsibility of the BLM, and our responsibility is to express an opinion, based on our audit, on these principal financial statements.

Our audit was conducted in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States, and with Office of Management and Budget (OMB) Bulletin 01-02, "Audit Requirements for Federal Financial Statements." These standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accompanying principal financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures contained in the principal financial statements and the accompanying notes. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit work provides a reasonable basis for our opinion. The objective, scope, and methodology of our work are discussed in Appendix 1.

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### **Opinion on Principal Financial Statements**

In our opinion, the principal financial statements audited by us and appearing on pages 30 to 47 present fairly, in all material respects, the financial position of the BLM as of September 30, 2000; its consolidated net cost of operations and changes in net position for the fiscal year ended September 30, 2000; and its combined budgetary resources and combined financing activities for the fiscal year ended September 30, 2000 in conformity with generally accepted accounting principles.

As discussed in Note 23, the BLM changed its accounting for appropriations of trust and special receipt revenues in accordance with new guidance from the Department of Treasury. This change required a restatement of the beginning balances from Unexpended Appropriations to Cumulative Results.

Our audit was conducted to form an opinion on the principal financial statements taken as a whole, and our opinion relates only to the principal financial statements. The supplemental financial and management information contained in the BLM's Annual Report is presented for additional analysis and is not a required part of the principal financial statements but is supplementary information required by the Federal Accounting Standards Advisory Board or OMB Bulletin 97-01, "Form and Content of Agency Financial Statements," as amended. We applied certain limited procedures, including discussions with management, on the methods of measurement and presentation of this information to ensure compliance with the OMB guidance and consistency with the financial statements. We found that the information presented in the Management Discussion and Analysis section and the supplementary information sections of the BLM's Annual Report for fiscal year 2000 were consistent with the principal financial statements. This information, however, has not been subjected to the auditing procedures applied in our audit of the principal financial statements, and accordingly, we express no opinion on it.

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## Report on Internal Controls

In planning and performing our audit, we considered the BLM's internal controls over financial reporting by obtaining an understanding of the internal controls, determining whether the internal controls had been placed in operation, assessing control risks, and performing tests of the controls to determine our auditing procedures for the purpose of expressing an opinion on the principal financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in Bulletin 01-02. We did not test all internal controls relevant to operating objectives as broadly defined by the Federal Managers' Financial Integrity Act (FMFIA) of 1982, such as those controls relevant to ensuring efficient operations. The objective of our audit was not to provide assurance on internal controls, and accordingly, we do not express an opinion on the internal controls.

Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be reportable conditions. Under standards issued by the American Institute of Certified Public Accountants, reportable conditions are matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls that, in our judgment, could adversely affect the

BLM's ability to record, process, summarize, and report financial data consistent with the assertions made by management in the financial statements. Material weaknesses are reportable conditions in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Because of inherent limitations in internal controls, misstatements, losses, or noncompliance may occur and not be detected.

#### **Material Weakness**

Our review identified one condition that we believe to be a material weakness.

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**BLM Needs  
Improved  
Controls Over  
Undelivered  
Orders Year-  
End Balance**

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The BLM did not develop and implement effective policies and procedures to ensure that budgetary account transactions for undelivered orders were deobligated (cleared) in a timely manner when completed or inactive. Although the BLM's National Business Center made great strides in correcting the undelivered orders year-end balance by deobligating \$16.7 million during fiscal year 2000, the BLM's reported year-end undelivered orders balance of \$255 million was still overstated.

We projected that the most likely gross overstatement in undelivered orders is \$13.7 million. Our projection, which was based on a statistical sample of 50 undelivered orders (28 items with balances greater than \$25,000 and 22 items with balances less than or equal to \$25,000), resulted in an 18 percent error rate for sample items in the strata of undelivered orders with balances of \$25,000 or less (4 of 22 items).

#### **Recommendations**

We recommend that the BLM:

1. Require all personnel who administer original order files to review the validity of obligations and retain working papers and records to document that the reviews were performed.
2. Ensure that personnel are fulfilling their responsibilities to review obligations and to retain the required working papers and records to facilitate future audits.

**BLM Response.** The BLM concurred with both recommendations to this finding. The BLM said that it plans to issue an Instruction Memorandum which will document its new process to provide each state procurement analyst with a quarterly aging report of obligations, require acquisition personnel to review and



deobligate funds where needed, and provide feedback to the National Business Center (NBC) on actions taken. In addition, the NBC will review the feedback and perform reviews to ensure that timely deobligation actions are taken and that records are retained of the quarterly reviews of the aging reports.

### **Stewardship and Performance Measures**

We also considered the BLM's internal controls over the Required Supplementary Stewardship Information by obtaining an understanding of the BLM's internal controls, determining whether these internal controls had been placed in operation, assessing control risk, and performing tests of controls as required by Bulletin 01-02. We did not find any misstatement in the Supplementary Stewardship Information. Assurance on the internal controls over this information, however, was not part of our objective, and accordingly, we do not express an opinion on such controls.

Finally, with respect to internal controls related to performance measures reported in the Management Discussion and Analysis section, we obtained an understanding of the design of the significant internal controls relating to the existence and completeness assertions, as required by Bulletin 01-02. Our procedures were not designed to provide assurance on internal controls over reported performance measures, and accordingly, we do not express an opinion on such controls.

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## **Report on Compliance With Laws and Regulations**

Management of the BLM is responsible for complying with applicable laws and regulations. As part of obtaining reasonable assurance as to whether the BLM's financial statements are free of material misstatement, we performed tests of the BLM's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts, and certain other laws and regulations specified in Bulletin 01-02, including the requirements referred to in the Federal Financial Management Improvement Act (FFMIA) of 1996. We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to the BLM.

The results of our tests of compliance with laws and regulations discussed in the preceding paragraphs, exclusive of FFMIA, disclosed no instances of noncompliance that are required to be reported under the "Government Auditing Standards" or Bulletin 01-02.

Under the FFMLA, we are required to report whether the BLM's financial management systems substantially comply with (1) Federal financial management system requirements, (2) applicable Federal accounting standards, and (3) the U.S. Government Standard General Ledger at the transaction level. To meet this requirement, we performed tests of compliance with FFMLA section 803(a) requirements. The results of our tests disclosed no instances in which the BLM's financial management system did not substantially comply with these three requirements.

Providing an opinion on compliance with certain provisions of laws and regulations was not an objective of our audit, and accordingly, we do not express such an opinion.

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## **Prior Audit Coverage**

We reviewed prior Office of Inspector General and General Accounting Office audit reports related to the BLM's financial statements to determine whether these reports contained any unresolved or unimplemented recommendations that were significant to the BLM's financial statements or internal controls. We found that there were no Office of Inspector General reports or General Accounting Office reports that contained significant unresolved or unimplemented recommendations related to the BLM's financial statements or internal controls.

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We made two recommendations addressing the material weakness that we identified in our tests of the BLM's internal controls. Based on the BLM's January 10, 2001 response (see Appendix 2), we consider both recommendations resolved but not implemented. Accordingly, the two recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation.

Since the recommendations are considered resolved, no further response to the Office of Inspector General is required (see Appendix 3).

Section 5(a) of the Inspector General Act (5 U.S.C. app. 3) requires the Office of Inspector General to list this report in its semiannual report to the Congress. In addition, the Office of Inspector General provides audit reports to the Congress.

This report is intended for the information of management of the Department of the Interior, the OMB, and the Congress. This report, however, is a matter of public record, and its distribution is not limited.



Roger La Rouche  
Assistant Inspector General  
for Audits  
January 19, 2001



## Objective, Scope, and Methodology

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Management of the Bureau of Land Management (BLM) is responsible for the following:

- Preparing the principal financial statements and the required supplementary information in conformity with generally accepted accounting principles and preparing the other information contained in the Annual Report for fiscal year 2000.
- Establishing and maintaining an internal control structure over financial reporting. In fulfilling this responsibility, estimates and judgments are required to assess the expected benefits and related costs of internal control structure policies and procedures.
- Complying with applicable laws and regulations.

We are responsible for the following:

- Expressing an opinion on the BLM's principal financial statements.
- Obtaining an understanding of the internal controls based on the internal control objectives contained in Bulletin 01-02, which require that transactions be properly recorded, processed, and summarized to permit the preparation of the principal financial statements and the required supplementary information in accordance with Federal accounting standards; that assets be safeguarded against loss from unauthorized acquisition, use, or disposal; and that transactions and other data that support reported performance measures be properly recorded, processed, and summarized to permit the preparation of performance information in accordance with criteria stated by management.
- Testing the BLM's compliance with certain provisions of laws and regulations that could materially affect the principal financial statements or the required supplementary information.

To fulfill these responsibilities, we took the following actions:

- Examined, on a test basis, evidence supporting the amounts disclosed in the principal financial statements.
- Assessed the accounting principles used and the significant estimates made by management.

- Evaluated the overall presentation of the principal financial statements.

- Obtained an understanding of the internal control structure related to the safeguarding of assets; compliance with laws and regulations, including the execution of transactions in accordance with budget authority; financial reporting; and certain performance measure information reported in the Annual Report.

- Tested relevant internal controls over the safeguarding of assets; compliance with laws and regulations, including the execution of transactions in accordance with budget authority; and financial reporting.

- Tested compliance with certain provisions of laws and regulations.

We did not evaluate all of the internal controls related to the operating objectives as broadly defined by the Federal Managers' Financial Integrity Act, such as those controls related to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to those controls needed to achieve the objectives outlined in our report on internal controls.

## **Details of Material Weakness**

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**Finding Number:** BLM 2000-2

**Prior Year Finding:** Yes

**Date:** December 27, 2000

### **Undelivered Orders Yearend Balance**

#### **Condition**

The yearend balance for undelivered orders was overstated. We found four invalid obligations in our test sample of 22 undelivered orders with balances of \$25,000 or less.

#### **Criteria**

Treasury Bulletin 2000-04, "Yearend Closing," requires agencies to review their undelivered orders before yearend closing to ensure that the orders meet the criteria for valid obligations as set forth in the United States Code (31 USC §1501). The Bulletin further states that agencies must retain workpapers and records on verifications to facilitate future audits. In addition, BLM's National Business Center issued Instruction Memorandum No. BC-00-052, "Critical Fiscal Year (FY) 2000 Closing Dates and Procedures," which required BLM field offices to review unliquidated obligation reports and/or tables in FFS to verify the accuracy of unliquidated obligation balances.

#### **Cause**

Acquisition personnel at some BLM offices did not fulfill their responsibilities to verify the accuracy of undelivered orders. The National Business Center provided information that its' efforts to identify invalid obligations resulted in recoveries (deobligations of undelivered orders) of \$16.7 million as of September 15, 2000. However, the National Business Center cannot identify all of the invalid obligations because it requires the cooperation of acquisition personnel at the various state offices, field offices, and national centers to verify the original order files to FFS. The best, most current, and accurate evidence of the valid amounts of undelivered orders are the original order files at these offices.

**Effect**

Our review determined that the projected most likely gross overstatement in undelivered orders is \$13.7 million, which is less than the \$15.7 million design and test materiality level for BLM. Our statistical, random sample of 50 undelivered orders (28 items with balances greater than \$25,000 and 22 items with balances less than or equal to \$25,000) resulted in an 18 percent error rate for sample items in the strata of undelivered orders with balances of \$25,000 or less (4 of 22 items). The projected value of the error range is between \$13.7 million (gross most likely error) and \$25 million (net upper error limit). The sample used a 90 percent confidence level

**Recommendations**

We recommend that BLM:

1. Require all personnel who administer original order files to review obligations and retain workpapers and records to document that the reviews were performed.
2. Monitor whether personnel are fulfilling their responsibilities to review obligations and to retain the required workpapers and records to facilitate future audits.

Please provide a written response to this finding by January 3, 2001. In your response, please indicate agreement or disagreement with the potential finding and recommendations and any actions taken, or planned on this issue.

Anne Richards  
Regional Audit Manager  
Central Region Audits

1 Attachment

- 1 - Response to Notification of Potential Compliance Finding and Recommendations  
BLM 2000-2

**AUDITEE RESPONSE**

- Management concurs with the Notification of Finding and Recommendations.
- Management does not concur with the Notification of Finding and Recommendations.

Please see attached response.

Please indicate your response in the space provided above or as an attachment within 1 week from the date of this notification. Your written response will be considered when preparing the draft consolidated audit report.

Scott Tilley  
Signature of Senior Auditor

Armed Roberts for  
Signature of Auditor-in-Charge

12/27/00  
Date Provided to Auditee

JAN 10 2001  
Date Response Received from Auditee

[Signature]  
Signature of Auditee Official

DIRECTOR, NATIONAL BUSINESS CTR  
Title of Auditee Official

12/27/00  
Date Received by Auditee

**Response to Notification of Potential Compliance Finding and Recommendations**  
**Finding Number: BLM 2000-2, Potential Internal Control Finding**

In FY 2000, the National Business Center made significant progress with the identification and deobligation of invalid obligations as noted in the "Cause" paragraph of the auditor's report. Additionally, we have developed a process for the identification of all of the Bureau's invalid procurement related obligations and for monitoring efforts to cancel said obligations.

The following is a restatement of the Auditor's two recommendations and our agreement or disagreement with the potential findings and recommendations and actions taken or planned on these issues.

**Auditor's Recommendation**

Require all personnel who administer original order files to review obligations and retain workpapers and records to document that the reviews were performed.

**Response**

The National Business Center agrees with the above recommendation.

The NBC Accounting Operations Division is on the agenda of BLM's Procurement Analyst Teleconference set for January 11, 2001. The Division Chief will brief the Bureau's procurement analysts on the requirement to improve the monitoring of invalid obligations, and will also announce the Division's plans to provide each State Procurement Analyst with a quarterly Aging Report. This quarterly report will provide acquisition personnel with information related to expended and unliquidated amounts for their purchase orders, contracts, agreements, and any other procurement instruments. Acquisition personnel will be expected to review the report, save workpapers and documents related to this review, initiate modifications to deobligate funds no longer required, and to provide quarterly feedback and assurance to the NBC that the review was conducted.

Additionally, the Accounting Operations Division will follow-up the teleconference with the development of an Instruction Memorandum (IM) for signature by the AD for Business & Fiscal Resources. The IM will document the new process of NBC distributing the quarterly reports and the responsibility of acquisition personnel to review the report, document the review, initiate modifications where needed, and provide feedback to the NBC.

**Auditor's Recommendation**

Monitor whether personnel are fulfilling their responsibilities to review obligations and to retain the required workpapers and records to facilitate future audits.

**Response**

The National Business Center agrees with the above recommendation.

The NBC's Accounting Operations Division will assign a point of contact to distribute quarterly reports to the Bureau's acquisition personnel. This contact person will also be responsible for reviewing the quarterly feedback provided by the Bureau's acquisition personnel, and to initiate research and follow-up as required to ensure timely deobligation actions are taken. NBC's Financial Procedures Reviews will include checks to determine if acquisition personnel are retaining workpapers and records related to review of obligations.

## Status of Audit Report Recommendations

<u>Finding/Recommendation Reference</u>	<u>Status</u>	<u>Action Required</u>
1 and 2	Resolved; not implemented.	No further response to the Office of Inspector General is required. The recommendations will be forwarded to the Assistant Secretary for Policy, Management and Budget for tracking of implementation. The target dates and titles of the officials responsible for implementation should be provided to the Office of Financial Management.



# Comment Card

FORM APPROVED  
OMB NO. 1004-0172

Expires: September 30, 2001

The Bureau of Land Management (BLM) prepares reports to share various types of information; some are in compliance with Federal requirements, while others are updates on BLM activities. Your response to this report will help us better prepare future publications. Your response is strictly voluntary. This comment card is a pre-addressed self-mail-

er: fold as indicated on the reverse side. The BLM would like you to know that you do not have to respond to this, or any other, Federal agency-sponsored information collection unless it displays a currently valid OMB control number; see upper-right corner of this page.

Report Title: <u>BLM FY 2000 Annual Report</u>	<Needs Major <Improvement							Excellent>
1. The information in this report was very useful.	1	2	3	4	5	6	7	
2. The information in the report was well prepared/organized.	1	2	3	4	5	6	7	
3. The report was timely.	1	2	3	4	5	6	7	
4. How would you rate your overall satisfaction with this report?	1	2	3	4	5	6	7	

5. What changes would you like to see? (circle all that apply)

- a. Less Information      b. More Information      c. More Plain English      d. More Graphics  
e. Other, please explain \_\_\_\_\_

6. What portion of the report was most useful to you? (circle all that apply)

- a. Introductory Sections      b. Management's Discussion and Analysis      c. Financial Statements  
d. Stewardship Assets      e. Deferred Maintenance      f. Other, please explain \_\_\_\_\_

7. What is your primary interest in the Bureau of Land Management? (circle one)

- a. Citizen/Taxpayer      b. Senator/Congressional Representative      c. Member of the Media  
d. Student      e. Capitol Hill Staff      f. Stakeholder or Partner/Interest Group  
g. Use Authorization/Permitted or Commercial User      h. Federal Employee  
i. Recreational and Educational User/Public Land Visitor      j. State and Local Government  
k. Other \_\_\_\_\_

8. How did you learn of this report? (circle one)

- a. Mailing List      b. the Internet      c. Meeting/Conference      d. BLM office      e. Other \_\_\_\_\_

9. Was the report delivered to the appropriate person in your organization?

Yes       No

(New addressee) \_\_\_\_\_

10. How do you prefer to receive this report?

- a. E-mail \_\_\_\_\_      b. Internet \_\_\_\_\_      c. Intranet \_\_\_\_\_  
d. U.S. Postal Service      e. Other \_\_\_\_\_

***Thank you for your help!***

After folding as a self-mailer, please tape and return the completed comment card to:

BLM, Public Affairs, MS 406-LS, 1849 C St NW, Washington, DC 20240

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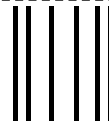
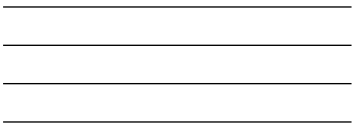


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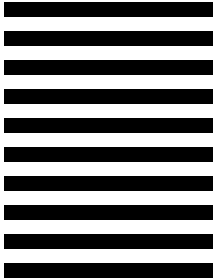


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