



NPS *Accountability Report*



Fiscal Year 2000

**U.S. Department of the Interior
National Park Service**

NPS *Accountability Report*



The National Park Service cares for special places saved by the American people so that all may experience our heritage.

EXPERIENCE YOUR AMERICA

Cover photos clockwise from left: Balcony House, Mesa Verde National Park; Tuskegee Airmen veterans, Tuskegee Airmen National Historic Site; Statue of Liberty National Monument; tattered flag from Fort Sumter National Monument; NPS Volunteers in Parks brochure; environmental education at Assateague Island National Seashore; Zion National Park transit system; grizzly bear studies, North Cascades National Park; eastern spadefoot toad, Great Smoky Mountains National Park; building models from the Save America's Treasures Millenium Project adorn a White House tree; traditional dancers at the Border Folk Festival, Chamizal National Memorial; Mojave National Preserve; Old Bedlam Officers' Quarters, Fort Laramie National Historic Site.

Fiscal Year 2000

**U.S. Department of the Interior
National Park Service**

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Jefferson National Expansion Memorial provided a symbolic backdrop to the National Park Service Discovery 2000 General Conference. The Servicewide gathering provided a gateway for the discussion of new ideas for the 21st century.

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Education programs at parks such as Assateague Island National Seashore work to help visitors discover the rich cultural and natural heritage that connects them to the National Park System.

A Message from the Director

I am pleased to present the National Park Service (NPS) Accountability Report for Fiscal Year 2000. Over 20,000 dedicated men and women in more than 380 designated areas manage the National Park System across our country. This report offers a glimpse of the complexity and breadth of the NPS mission and responsibilities.

During this past year we have continued to make progress with several important initiatives. The Natural Resource Challenge represents a significant financial commitment to expand our inventory of information about natural resources in parks. We are also a significant partner in the largest ecosystem restoration effort ever undertaken, to restore the Everglades while maintaining water supplies for a growing South Florida. Other significant NPS accomplishments include: the development of our first 5-year maintenance and capital improvement plan, the continued success of the recreation fee demonstration program, leveraging federal dollars through several partnership programs, and continuing our commitment to the diversity action plan.

The successful audit of the NPS financial records and system represents a significant accomplishment and reflects our commitment to management and financial accountability. The National Park Service is the first Department of the Interior bureau to undergo and successfully complete an audit of its financial statements by a public accounting firm (KPMG, LLP). The extraordinary effort that went into the preparation of these statements, resulting in an unqualified opinion, is a reflection of the value we place on being entrusted as stewards of our nation's most valuable resources.

I encourage you to read this report so that you may better understand and appreciate the mission and accomplishments of the National Park Service.

Sincerely,



Denis P. Galvin
Acting Director
National Park Service



Over 20,000 dedicated men and women in more than 380 designated areas manage the National Park System across our country. This report offers a glimpse of the complexity and breadth of the NPS mission and responsibilities.

Denis P. Galvin
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Fiscal Year 2000

Management Discussion and Analysis

Overview

At the beginning of the 20th century, five national parks and one national monument, all located in the American West, represented the infancy of the national park idea. When the National Park Service (NPS) was established in 1916, it comprised 32 parks. Today the NPS cares for 379 diverse areas covering many millions of acres ranging halfway around the world. As steward to some of the most important natural and cultural treasures in the nation, the NPS leads the way in preserving the heritage of our country. Land and resources that the NPS is pledged to preserve and protect stand as places of unique beauty, as well as in tribute to the many important people and events that have shaped the United States throughout its considerably rich history. The NPS enriches the lives of Americans and citizens of the world by preserving the fabric of our national history and our quality of life—and making them available for public enjoyment.

Discover the Parks

When the National Park Service was established, few could have predicted the diversity of the land and cultural resources that comprise the National Park System. In the year 2000, the national parks that existed in 1900—Yellowstone, Sequoia, Yosemite, Kings Canyon, and Mount Rainier National Parks and Casa Grande Ruins National Monument—share the company of diverse park units. National historic sites and memorials reflect on the lives of our nation's presidents and leaders. National battlefields recall the events and sacrifices of wars fought on American lands in the pursuit of freedom. National recreation areas provide relaxation and reflection in lands and waters of pristine natural beauty.

Other additions to the National Park System include such unique sites as Marsh-Billings-Rockefeller National Historical Park, the only park established to focus on conservation themes. Saint-Gaudens National Historic Site features the life and work of America's foremost sculptor in the late 19th and early 20th centuries. Homestead National Monument of America is a memorial to the pioneers who settled the West. Little Rock High School National Historic Site is a national emblem of the violent struggle over school desegregation. At Carl Sandburg National Historic Site, the rooms of the home are filled with the presence of a spirited man whose writings echoed the voice of the American people. John Day Fossil Beds National Monument, which showcases a fossil record of plants and animals spanning more than 40 million years, is one of several units in the National Park System that features important paleontological areas.

If few could have predicted the diversity of the land and cultural resources that comprise the National Park System today, fewer could have foreseen the breadth of issues the parks now face. Natural resource management responsibilities have grown exponentially in an era of ecological awareness and commitment to preservation. Resources are threatened by a variety of considerations such as pollution, population encroachment on park boundaries, fragmentation, and wildlife issues.

The responsibility of resource management is huge, and the tasks the NPS faces are enormous. Some parks contain outstanding or rare examples of geologic landforms or biotic areas, places of exceptional ecological or geological diversity, sites with concentrated populations of rare plant or animal species, or unusually abundant fossil deposits. Congaree Swamp National Monument, for example, contains the last significant tract of virgin bottomland hardwoods in the Southeast. Timucuan Ecological and Historic Preserve includes a diverse tidelands area. National Park of American Samoa contains tropical rainforests, beaches, and coral reefs.



Formal gardens at Saint-Gaudens National Historic Site feature work by one of America's foremost sculptors, Augustus Saint-Gaudens.

Great Smoky Mountains National Park continues to inventory what scientists estimate will be over 100,000 species of flora and fauna. Big Thicket National Preserve includes dense growths of diverse plant species of great botanical interest at the crossroads of several North American plant and animal habitats. In the late 1970s, the Alaska National Interest Lands Conservation Act (ANILCA) gave the National Park System more than 47 million acres of parks comprised of eight national parks, two national monuments, 10 national preserves, two national historical parks, and a wild river.

The task of preserving cultural resources has taken on the same urgency. Historical parks associated with persons, events, or themes of national importance encompass structures or features of great intrinsic or representational value; or, they contain archeological resources of major scientific consequence. National Park Service cultural resource management programs assure the integrity of the resources so they are not altered, deteriorated, or otherwise impaired to a level that the public cannot readily appreciate their significance. The inventory of classified structures in need of significant repair includes over 12,000 structures. Newer parks, such as the 22-building agricultural complex, Cane River Creole National Historical Park, are just beginning their preservation efforts.

The field of interpretation is evolving as well. Multimedia exhibits provide information in new and innovative ways. Living history programs, ranging from military demonstrations to farming, bring the parks to life. Military parks are expanding interpretation to include societal context in addition to military campaigns fought in the parks. There are concerted efforts to remediate natural and cultural landscapes to reflect the era being represented in the park. For example, many perceived the 307-foot observation tower at Gettysburg battlefield as a symbol of commercial intrusions upon America's sacred places and encouraged its removal.

Environmental interpretation, emphasizing ecological relationships, and special environmental education programs for school classes reflect and promote the nation's growing environmental awareness.

To compound the enormity of the responsibility to preserve resources, nearly all park units contain both historic and cultural resources of (at least) local significance. Big Cypress National Preserve, for example, was established primarily to protect the freshwater supply essential to the Everglades ecosystem. It contains abundant tropical plant and animal life. However, it also continues to serve the Miccosukee and Seminole Indian tribes for subsistence hunting, fishing, and trapping and traditional ceremonies. National seashores, such as Cape Hatteras National Seashore, are home to complex and changing ecosystems as well as vintage and historic structures such as lighthouses.

Now in its eighty-fourth year of existence, the National Park System remains the premier park system in the world. Within the System are a remarkable array of the nation's greatest natural and historic places as well as recreational areas of outstanding attraction. Not every park is a Yellowstone; not every historic site boasts an Independence Hall. However, all preserve resources and all feature values that make them something special. The mission of the National Park Service is to protect and preserve these resources for the enjoyment of future generations. With good reason, the National Park System is among America's proudest and best-loved creations.



An inventory at Great Smoky Mountains National Park revealed the presence of the eastern spadefoot toad, a species not previously recorded in the park.

Mission Statement

The National Park Service preserves unimpaired the natural and cultural resources and intrinsic values of the National Park System for the enjoyment, education, and inspiration of this and future generations. The NPS cooperates with partners to extend the benefits of natural and cultural resource conservation and outdoor recreation throughout this country and the world.



National Park Service Mission Guiding Principles

Excellent Service	Providing the best possible service to park visitors and partners.
Productive Partnerships	Collaborating with federal, state, tribal, and local governments, private organizations, and businesses to work toward common goals.
Citizen Involvement	Providing opportunities for citizens to participate in the decisions and actions of the National Park Service.
Heritage Education	Educating park visitors and the general public about their history and common heritage.
Outstanding Employees	Empowering a diverse work force committed to excellence, integrity, and quality work.
Employee Development	Providing developmental opportunities and training so employees have the “tools to do the job” safely and efficiently.
Wise Decisions	Integrating social, economic, environmental, and ethical considerations into the decision making process.
Effective Management	Instilling a performance management philosophy that fosters creativity, focuses on results, and requires accountability at all levels.
Research and Technology	Incorporating research findings and new technologies to improve work practices, products, and services.
Shared Capabilities	Sharing technical information and expertise with public and private land managers.

We are not makers of history. We are made by history.

Martin Luther King, Jr.

Strategic Goals and Results

The Government Performance and Results Act (GPRA)¹ requires the National Park Service to have a strategic plan that includes a comprehensive statement of mission as well as outcome related goals and objectives to fulfill that mission. In FY 2000, the NPS updated its Strategic Plan to cover the years 2001-2005. National Park Service annual goals are published in the Annual Performance Plan. Agency accomplishments are published in the Annual Performance Report.

As articulated in the Strategic Plan, the mission goals of the NPS fall into three mission-related categories: 1) preserve park resources; 2) provide for the public enjoyment and visitor experience of parks; and 3) strengthen and preserve natural and cultural resources, and enhance recreational opportunities managed by partners. Within the three mission-related categories, four annual performance goals were selected to highlight the NPS accomplishments for FY 2000.

I. Preserve Park Resources

This goal category marks NPS commitment that natural and cultural resources and associated values are preserved, restored, and maintained in good condition as well as managed within their broader ecosystem and cultural context. Goals in this category relate to the Department of the Interior's Goal 1: *Protect the Environment and Preserve Our Nation's Natural and Cultural Resources*. This goal category includes the concepts of biological and cultural diversity. Long-term goals include the preservation, restoration, or maintenance of ecosystems, rare plant and animal populations, archeological and ethnographic resources, world heritage sites, historic structures and objects, research collections, cultural traditions, and subsistence activities relevant to the purpose and/or significance of the site.

In addition to the goals that deal directly with preserving the resource, this goal category also includes goals regarding National Park Service contributions to scholarly and scientific research. The National Park Service has fundamental information needs for making decisions about managing natural and cultural resources within the System.

Two performance goals were selected to highlight the accomplishments in preserving natural and cultural resources.

Disturbed Lands/Exotic Species

Long-term goal: By September 30, 2002, 21 percent of targeted disturbed parklands, as of 1997, are restored; and 12.5 percent of priority targeted disturbances are contained.

This goal addresses resource conditions in parks. Activities to meet this goal include restoration of lands impacted by former uses and containment of invasive plant species. Disturbed lands are those parklands where the natural processes were impacted by development, such as roads and mines, and by invasion of alien plant species. Performance targets for this goal were adjusted up from the original plan due to accomplishments reported in FY 1999.

FY 2000 Annual Goal: By September 30, 2000, 1) 16.8 percent of targeted disturbed parklands, as of 1997, are restored; and 2) 10 percent of priority targeted disturbances are contained.

The NPS projected that it would restore 16.8 percent of the 241,000 acres of lands disturbed from earlier development, or nearly 40,500 acres. Actual accomplishment is 38,300 acres of disturbed lands restored, or 94.6 percent of the projection. The NPS also projected that it would restore 10 percent of nearly 1,890,200 acres of lands impacted by exotic species. Actual accomplishment is 196,119 acres of exotic species impacted acres restored, or 104 percent of the projection.

¹ GPRA was passed in 1993 to improve operational efficiency and effectiveness by requiring agencies to define their mission goals and identify long- and short-term program goals through strategic planning, and to measure and evaluate program accomplishments through annual performance reports to the American people.

Historic Structures

Long-term goal: By September 30, 2002, 50 percent of the historic structures on the 1998 List of Classified Structures are in good condition.

The objective of this goal is to increase the number of structures listed on the 1998 List of Classified Structures (LCS) that are in “good” condition.

FY 2000 Annual Goal: By September 30, 2000, 10,900 of the 23,167 LCS structures are in good condition (47 percent).

In 2000, the NPS improved the condition of 465 structures, bringing the number of structures on the LCS in good condition to 11,124 or 48 percent of all structures of the LCS (102 percent of projection.).

II. Provide for the Public Enjoyment and Visitor Experience of Parks

The objectives in this goal category are inclusive of the mandate in the NPS Organic Act (1916)“ . . . to provide for the enjoyment of the (resources) in such manner and by such means as will leave them unimpaired for the enjoyment of future generations.” The goal category includes all NPS goals for visitor satisfaction, enjoyment, safety, appreciation, and understanding. These goals relate to the Department of the Interior’s Goal 2: *Provide Recreation for America*.

These goals cover the broad range of visitor experiences in the parks. Enjoyment of the parks and their resources is a fundamental part of the visitor experience. Visitor enjoyment and safety are affected by the quality of park programs, facilities and services, whether provided by the NPS, a concessioner, or a contractor.

Visitors’ park experiences grow from enjoying the park and its resources to understanding why the park exists and the

significance of those resources. Satisfactory visitor experiences build public support for preserving this country’s heritage and help develop a better understanding of the diversity of experiences and peoples that built a nation.

Serving the visitors requires that the NPS maintain a physical inventory containing approximately 16,000 permanent structures (buildings), 8,000 miles of roads, 1,500 bridges and tunnels, 5,000 housing units, approximately 1,500 water and wastewater systems, 200 radio systems, over 400 dams, and more than 200 solid waste operations. These facilities must be maintained at an operational level that ensures safe use by the visitor and continued protection, preservation, and serviceability.

One performance goal was selected to represent the accomplishments in serving the visitor.

Visitor Satisfaction

Long-term goal: By September 30, 2002, 95 percent of park visitors are satisfied with appropriate park facilities, services, and recreational opportunities.

This goal addresses visitor satisfaction. While many factors affect visitor use and enjoyment, this goal focuses on providing the facilities, services, and recreational opportunities for visitor use, comfort, and enjoyment. Servicewide baseline and performance information is derived from the Visitor Services Project annual surveys. Facilities, services, and recreational opportunities identified by visitors as “good” and “very good” define “satisfied.”

FY 2000 Annual Goal: By September 30, 2000, maintain 95 percent of park visitors satisfied with appropriate park facilities, services, and recreational opportunities.

The NPS met its projected results for annual surveys of visitor satisfaction for a 95 percent satisfaction rate Servicewide.



Hikers enjoy a wilderness experience on the Greenstone Ridge Trail in Isle Royale National Park.

III. Strengthen and Preserve Natural and Cultural Resources, and Enhance Recreational Opportunities Managed by Partners

This goal category focuses on the many partnership programs legislated under the National Historic Preservation Act, the Historic Sites Act, the Land and Water Conservation Fund Act, the Wild and Scenic Rivers Act, and others. Natural and cultural resources include properties listed on the National Register of Historic Places, wild and scenic rivers, national trails, national landmarks, and heritage and recreation areas.

These goals address the results of a broad range of programs that assist others to preserve our natural and cultural and recreational resources. These programs encompass formal partnership programs with over 60 other federal agencies, 59 states and territories, more than 1,000 local governments, over 300 Indian tribes, foreign governments, private organizations, friends groups, academic institutions, and the general public. These goals include increasing the number of significant historic, archeological, and natural properties protected and improving customer satisfaction with technical assistance provided by the National Park Service.

Some goals relate only to recreational opportunities external to the National Park System through the provision of conservation assistance for adding miles of trails and rivers, and acres of parks and open space, to meet America's outdoor recreation needs, and through improving community satisfaction with NPS partnership assistance. In addition to assisting others develop recreational resources, the NPS also ensures that transferred federal lands or land purchased by federal dollars for recreational purposes continue to serve their role for improving the recreational opportunities available. One performance goal was selected to represent the accomplishments in this goal category.

Conservation Assistance

Long-term goal: By September 30, 2002, 3,600 additional miles of trails, 3,600 additional miles of protected river corridors, and 125,000 additional acres of parks and open space, from 1997 totals, are conserved with NPS partnership assistance.

This goal tracks results of NPS technical assistance to states, communities, and non-profit organizations to protect additional resources and to provide increased local recreational opportunities.

FY 2000 Annual Goal: By September 30, 2000, an additional 2,600 miles of trails, an additional 2,100 miles of protected river corridor, and an additional 61,300 acres of park and open space, over the 1998 totals, are conserved with NPS partnership assistance.

Based on information provided by state and local partners, nearly 6,270 acres of trails were added (134 percent of projection), 2,540 linear miles of river corridor were added (121 percent of projection), and 655,500 acres of park and open space were added (1,069 percent of projection). The significant increase in park and open space acreage was due to significant increases reported by Alaska and National Heritage lands.



Fort Union Trading Post National Historic Site graces the north bank of the Upper Missouri River.

National Park Service Government Performance and Results Act Accomplishments, 2000 - Selected Performance Measures

Department of the Interior Goal	NPS GPRA Goal Category	NPS Performance Measure	NPS 2000 Performance Goal	NPS 2000 Achievement	Percent of Goal
Protect the Environment and Preserve our Nation's Natural and Cultural Resources	Preserve Park Resources	la1. Disturbed Lands Restoration/ Containment	1) By September 30, 2000, 16.8% of targeted disturbed parklands, as of 1997, are restored.	15.9% of identified disturbed lands restored	94.6%
			2) By September 30, 2000, 10.0% of priority targeted disturbances are contained.	10.4% of exotic species impacted acres restored	104%
		la5. Historic Structures	By September 30, 2000, 47% of the historic structures on the 1998 List of Classified Structures are in good condition.	48% of structures listed on the LCS are in good condition	102%
Provide Recreation for America	Provide for Public Enjoyment and Visitor Experience of Parks	IIa1. Visitor Satisfaction	By September 30, 2000, 95% of park visitors are satisfied with appropriate park facilities, services, and recreational opportunities.	95% of visitors satisfied	100%
	Benefit from Partnerships	IIIb1. Conservation Assistance	By September 30, 2000 an additional 2,600 miles of trails, 2,100 additional miles of protected river corridor, and an additional 61,300 acres of park and open space, over the 1998 totals, are conserved with NPS partnership assistance.	Conserved an additional 6,270 acres of trails, 2,540 linear miles of protected river corridor, and 655,500 acres of park and open space	134%, 121% and 1,069%, respectively

Size and Composition

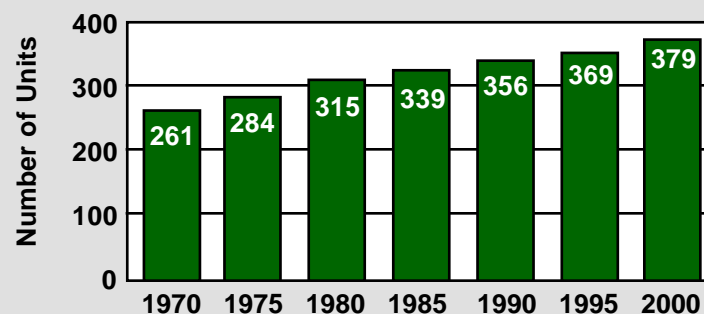
The National Park System now consists of 379 units encompassing more than 83 million acres of land in every state except Delaware, as well as in the District of Columbia, Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Northern Mariana Islands. The national significance of these areas justifies their special recognition and protection in accordance with various acts of Congress.

National Park System units now bear some 20 designations. *National park* commonly identifies the largest, most spectacular natural areas. *National seashore*, *national lakeshore*, *national river*, and *national scenic trail* are self-explanatory designations. In contrast, the *national monument* title—applied to large natural areas such as Dinosaur and small cultural sites such as the Statue of Liberty—is less descriptive. Some historic forts are *national monuments* while others are national historic sites. Similarly, historic battlefields are variously identified as *national military parks*, *national battlefields*, and *national battlefield parks*, among other titles.

These designations are rooted in the National Park System's legislative and administrative history. Some designations provide greater protection for the resource by limiting use or access. Where distinctions in title denote no real differences in character or management policy, the designations usually reflect changes in fashion over time. Historical areas that once would have been named national monuments, for example, more recently have been titled national historic sites if small, or national historical parks if large.

Additions to the National Park System are generally made through acts of Congress. National parks can be created only through such acts. However, the President has authority, under the Antiquities Act of 1906, to proclaim national monuments on lands already under federal jurisdiction. The Secretary of the Interior is usually asked by Congress for recommendations

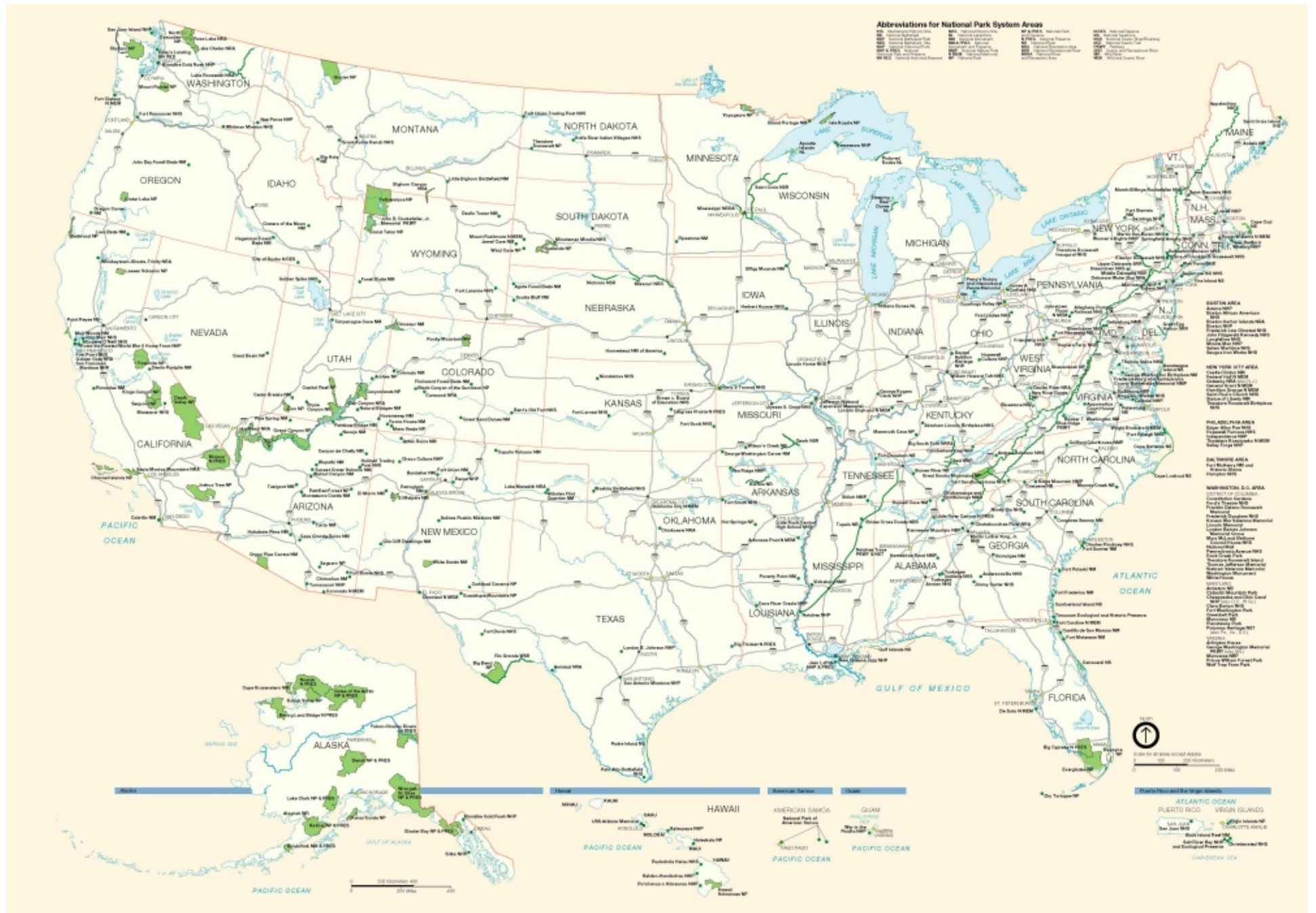
Growth in the National Park System



on proposed additions to the System. The Secretary is counseled by the National Park System Advisory Board, composed of private citizens, which advises on possible additions to the System and policies for its management.

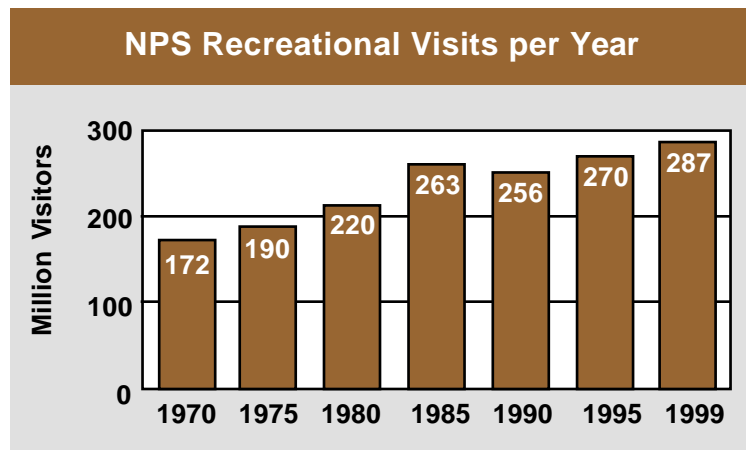
On November 29, 1999, Congress established the Minuteman Missile National Historic Site in South Dakota as the 379th unit of the National Park System. The NPS will preserve, protect, and interpret the Minuteman II launch facility to tell the story of how the Minuteman Missile played a strategic role in our national defense during the Cold War. The Minuteman II intercontinental ballistic missile launch control facility and launch facility known as Delta 1 and Delta 9, respectively, have national significance as the best preserved examples of the operational character of American Cold War history.

By Act of Congress, October 21, 1999, Black Canyon of the Gunnison National Monument was abolished as such and the lands and interests therein were incorporated within and made a part of the new Black Canyon of the Gunnison National Park. The newest national park includes lands adjacent to the former national monument once under the jurisdiction of the Bureau of Land Management. The NPS will also administer the Black Canyon of the Gunnison Wilderness as a part of the park.



Visitation

Visitation continues to reach historic highs. Visitation in 1999, the latest year for which data is available, reached over 287 million, a slight increase over 1998 visitation. Both annual figures approach the 1987 record high. The National Park System has witnessed a significant growth in visitation over the course of its history, most recently during the 1980s, when visitation first climbed to over 250 million visitors per year. Although annual fluctuations in visitation still occur, a trend toward increased visitation has continued in the year 2000.



Parks with the highest individual visitation totals are parkways and recreational areas near major urban areas, but other types of parks are also popular destinations. The top 25 visited units account for 50 percent of visitation. Among the top 25 visited units are national recreation areas, “natural resource” parks, “cultural resource” parks, sites on the National Mall in Washington, D.C., scenic parkways, national seashores, and the Statue of Liberty complex.

Top 25 Visited Units in the National Park System			
Type of Park Unit	Park	Location	Visitation
National Recreation Areas	Golden Gate NRA	CA	14,048,085
	Lake Mead NRA	AZ/NV	9,023,943
	Gateway NRA	NY/NJ	6,813,606
	Delaware Gap NRA	NJ/PA	4,953,427
	Cuyahoga Valley NRA	OH	3,324,284
Natural Resource Parks	Great Smoky Mountains NP	NC/TN	10,283,598
	Grand Canyon NP	AZ	4,575,124
	Yosemite NP	CA	3,493,607
	Olympic NP	WA	3,364,266
	Rocky Mountain NP	CO	3,186,323
	Yellowstone NP	MT/WY	3,131,381
Cultural Resource Parks	San Francisco Maritime NHP	CA	3,535,315
	Jefferson National Expansion Memorial	MO	3,481,042
	Colonial NHP	VA	3,136,262
Memorials on the National Mall	Viet Nam Memorial	DC	4,442,238
	Lincoln Memorial	DC	4,099,480
	Franklin Delano Roosevelt Memorial	DC	3,453,171
	Korean War Veterans Memorial	DC	3,249,688
Parkways	Blue Ridge Parkway	NC/VA	19,836,842
	George Washington Memorial Parkway	VA	6,946,945
	Natchez Trace Parkway	AL/MS/TN	6,392,961
National Seashores	Cape Cod NS	MA	4,915,414
	Gulf Islands NS	FL/MS	4,597,270
Statue of Liberty Complex	Statue of Liberty NM and Ellis Island	NJ/NY	5,370,015
	Castle Clinton NM	NY	4,467,492

Park visitation varies enormously from park to park. For example, Blue Ridge Parkway welcomes almost 20 million visitors per year while Frederick Law Olmstead National Historic Site receives just over 8,200 visitors. The size, nature, location, and age of each park accounts for the variation in park visitation. These factors also dictate budget levels, management policy, and visitor services. For more information about park visitation view the NPS Public Use Statistics Web site at www2.nature.nps.gov/stats.

Visitor Services

Visitors are an integral part of the National Park System. National parks are established to encourage and service visitation and, conversely, visitation drives many of the services that are made available in the different parks. The increasing visitation to the National Park System is making it more difficult for the NPS to fulfill its dual mission to provide for the enjoyment of national parks while conserving resources for future generations. Concern over rising visitation in parks and accompanying impacts on resources has led the NPS to focus on the concept of carrying capacity and its implication for visitor use management. The concept of carrying capacity is intended to safeguard the quality of both the park resources and the visitor experience.

In meeting the growing demands of visitation, the NPS has increased efforts to educate visitors while continuing to maintain the parks. A primary goal is to help visitors realize their individual connections to park resources. The National Park Service has also redoubled its efforts to educate young people and other individuals not traditionally active in national parks. Through a variety of outreach, research, and education programs, the National Park Service will strengthen the connection between all visitors and the parks.



Park interpreters are educators with a primary goal of helping visitors realize their individual connections to park resources.

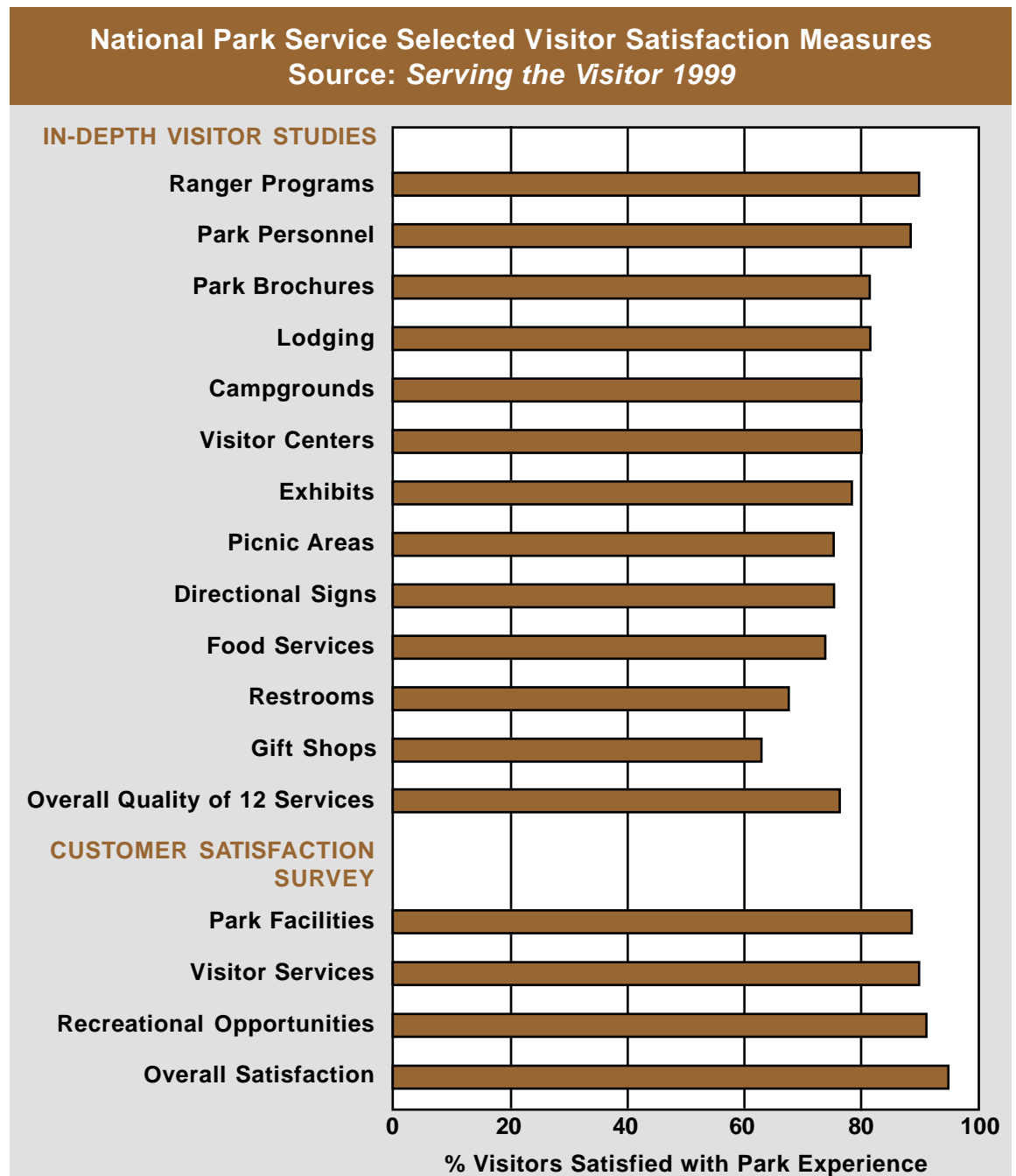
1999 NPS Visitation Statistics

Annual Visitation	Number of Parks
1 Million or More	74
Between 100,000 and 1 Million	148
Between 10,000 and 100,000	99
Less than 10,000	20
Do Not Report Visitation	38

Customer Satisfaction

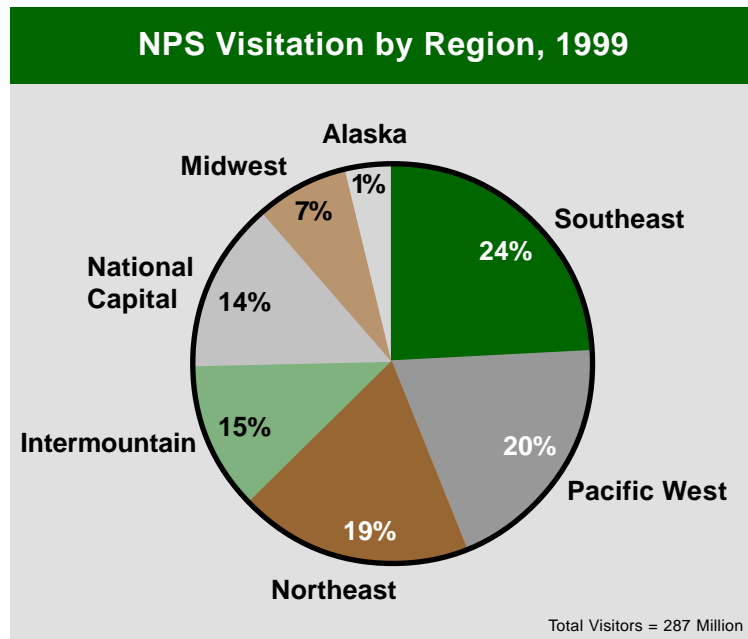
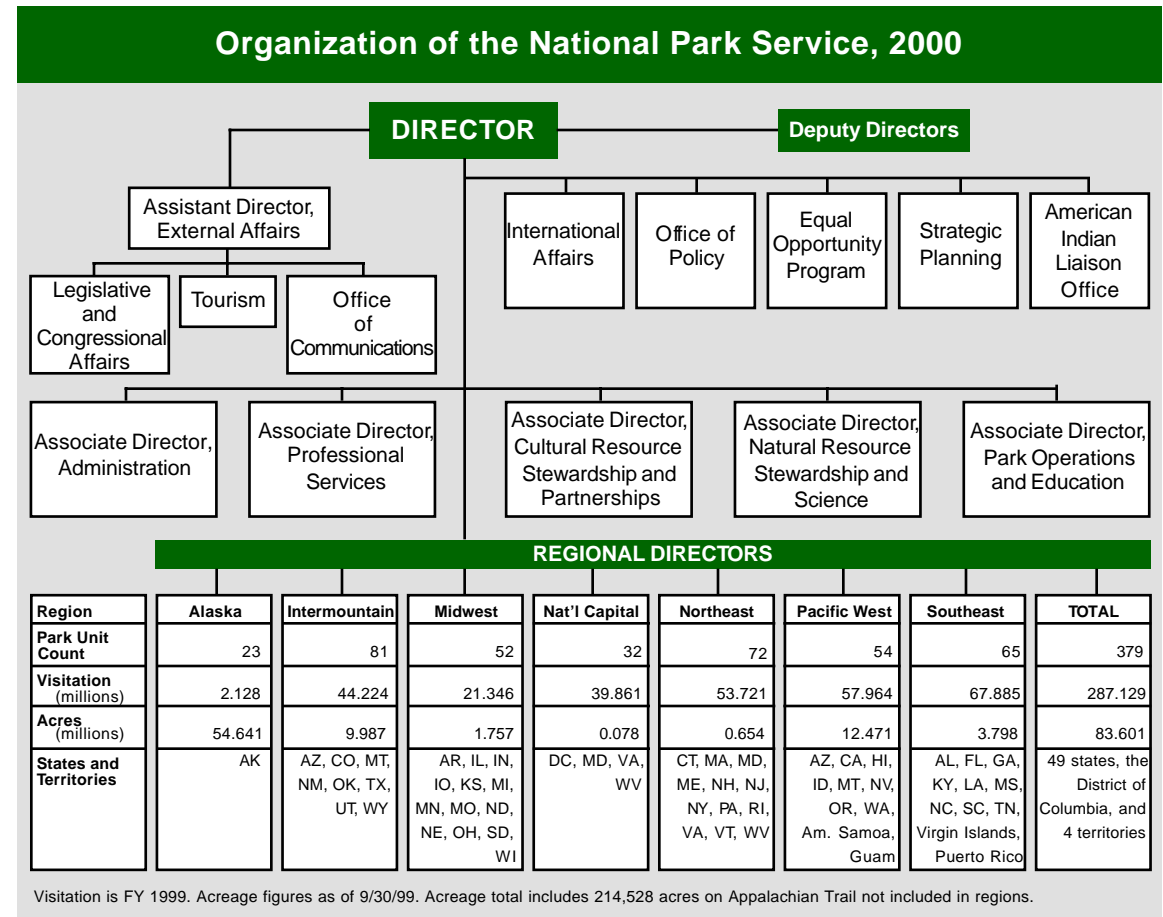
In-house studies show that visitors continue to be satisfied with the quality of services in the National Park System. In-depth visitor studies at a sample of park units indicate that visitors experience the highest satisfaction ratings (a measure of *good* or *very good*) with ranger programs and contacts with park personnel (90 percent and 88 percent respectively). Satisfaction ratings were progressively lower for brochures, lodging, campgrounds, visitor centers, exhibits, picnic areas, directional signs, food services, restrooms, and gift shops (the lowest satisfaction ranking leveling off at 63 percent). The combined overall rating for the quality of the 12 services is 77 percent (1 percent lower than the previous year).

A customer satisfaction survey at all National Park System units rates visitor satisfaction in three general categories: park facilities, visitor services, and recreational opportunities. Although based primarily on ratings of the same services analyzed in the in-depth studies, visitor satisfaction ratings from the comprehensive survey are generally higher than the in-depth studies. Satisfaction ratings from the survey range from 88 percent to 92 percent. The overall satisfaction rating is a separate factor rather than a combination of all the other ratings. In the survey, overall visitor satisfaction reached 95 percent, meeting the goal established by the NPS to achieve 95 percent customer satisfaction. This measure is used as the primary measure of visitor satisfaction for GPRA purposes.



Organization and Leadership

The National Park Service is administered by a Director who, upon Senate confirmation, is responsible to the Secretary of the Interior. The Director is assisted by two Deputy Directors and an Assistant Director of External Affairs in charge of offices for Legislative and Congressional Affairs, Tourism, and the Office of Communications. There are also offices of International Affairs, Equal Opportunity, Policy, Strategic Planning, and American Indian Liaison which report to the Director.



The National Park System is organized into seven regions: Alaska, Intermountain, Midwest, National Capital, Northeast, Pacific West, and Southeast. Each is headed by a Regional Director who provides line supervision for all park superintendents within the region. There are also 10 support offices distributed among the regions. The National Leadership Council (NLC), composed of the Director, two Deputy Directors, five Associate Directors, and the seven Regional Directors, sets policy and the overall direction for the National Park Service. The NLC forms the executive decision-making group involving the NPS as a whole.

Staffing

In FY 2000, the National Park Service used 19,808 full-time equivalents (FTE)¹, a one-half percent decline from the previous fiscal year. The FTE count equates to an on-board strength of about 25,000 employees during the summer months when visitation is at its peak.

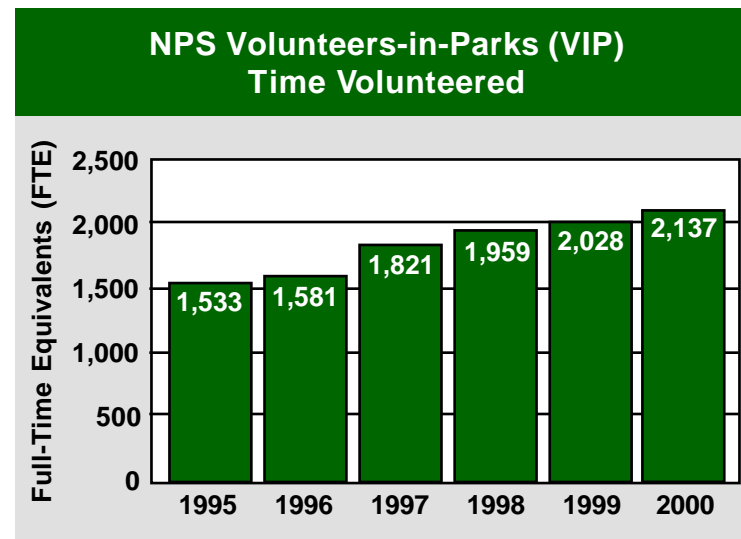
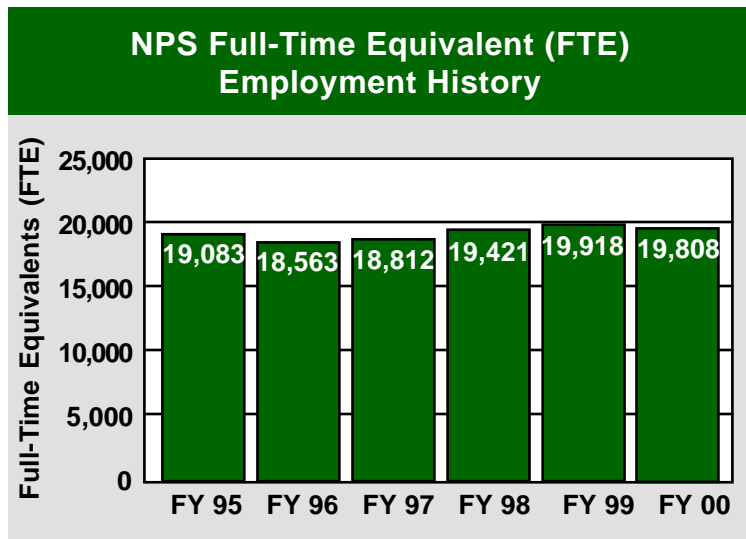
Diverse professionals are required to operate the National Park System. The visiting public observes NPS employees giving interpretive talks, directing traffic, or collecting entrance fees. Behind the scenes, historians, botanists, museum curators, sewage plant workers, trail maintenance crews, information technology specialists, office clerks, and administrators are just

a few of the professionals that enable the National Park Service to fulfill its mission to conserve our national treasures and serve park visitors.

The Volunteers-in-Parks (VIP) Program continues to prove a major force in accomplishing the National Park Service mission. Contributions vary with the volunteer whose skills are used. Volunteers, for example, staff information desks, help advise and assist hikers, manage and restore wetlands, and conduct surveys. During FY 2000, 145,319 volunteers contributed an equivalent of 2,137 FTE in service to the NPS, more than 4.4 million hours of service. On average, each volunteer contributes over 30 hours per year towards the NPS mission.



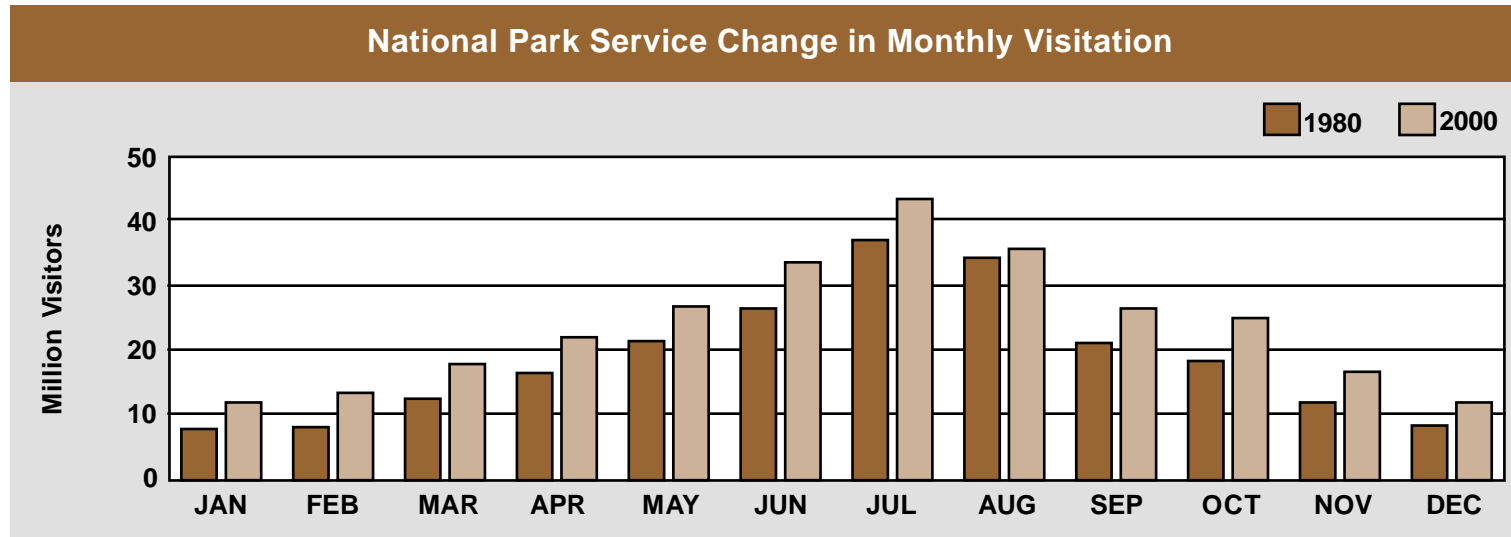
The NPS Volunteers in Parks brochure includes a map of all park units, information on how to become a volunteer, and a volunteer application form.



¹ Full-time equivalent employment is defined as the total number of hours worked divided by the number of compensable hours in a fiscal year (2,087 hours). The Office of Management and Budget (OMB) controls federal employment by establishing ceilings within which government agencies are expected to operate.

Parks generally are perceived as summer destinations, but they are increasingly welcoming visitors throughout the year. The advent of year-round use of the parks has fueled a change in the ratios of permanent to temporary employees. From 1982 to 1998, the number of non-permanent employees declined seven percent (31 percent to 24 percent) as a fraction of total NPS work force. The changes in visitation patterns are evident when

comparing monthly visitation for 1980 and 2000. Data reveal that while every month has shown increased traffic, significant increases are occurring during “off-season” months more than in the summer “peak” months. Increases in visitation are particularly acute in the months of February, March, and April. Data for 2000 are available, but are not final at this time.



NPS Funding

Congress funds the National Park Service through discretionary appropriations. In addition, there are a number of mandatory, indefinite, permanent appropriations, and trust funds which automatically become available to the NPS by authorizing laws.

Discretionary Appropriations

In FY 2000, discretionary appropriations totaled \$1.83 billion, a 2.2 percent increase over FY 1999. The NPS received five distinct appropriations in FY 2000: Operation of the National

Park System (ONPS), Construction, Land Acquisition and State Assistance, National Recreation and Preservation (NR&P), and the Historic Preservation Fund (HPF). Funding increases for ONPS (5.9 percent,) NR&P (15.6 percent), and HPF (3.2 percent) were offset by declines in appropriations for Construction and Land Acquisition. Of the \$76.3 million increase in funding for ONPS, \$29.1 million supported park base operations, \$24.0 million covered uncontrollable cost increases (mostly salaries and benefits), and the remainder expanded Servicewide programs such as natural resource management.

Additional Funding Sources

Several mandatory, indefinite, permanent appropriations, trust funds, and other sources of funding are automatically available to the National Park Service without the need for Congressional appropriations. In FY 2000, revenue from mandatory "Permanents and Trusts" totaled \$230.3 million.

Interagency agreements also provide funds in exchange for specialized services provided by National Park Service staff. In FY 2000, funding sources separate from appropriations and "Permanents and Trusts" totaled \$210.4 million. The decrease from 1999 reflects declines in "reimbursable" funding connected to funding for Year 2000 (Y2K) computer issues and federal land acquisition that had been provided to the Secretary of the Interior through Congressional appropriations.

The full amount available to the National Park Service from all the above sources during FY 2000 was \$2.273 billion. Amounts and descriptions of all funding sources are provided in the table to the right and the Notes on NPS Funding Sources on the following pages.

National Park Service FY 2000 Funding, All Sources	
Funding Source	Funding (\$000)
<u>Discretionary Appropriations</u>	
1) Operation of the National Park System	\$ 1,361,979
2) Construction	221,191
3) Land Acquisition and State Assistance	120,700
4) National Recreation and Preservation	53,399
5) Historic Preservation Fund	74,793
SUBTOTAL, Discretionary Appropriations	1,832,062
<u>Permanents and Trusts</u>	
6) Recreation Fee Permanent Appropriations	151,632
7) Concessions Improvement Accounts	28,184
8) Other Permanent Appropriations	32,054
9) Miscellaneous Trust Funds	18,422
SUBTOTAL, Permanents and Trusts	230,292
<u>Permanent Contract Authority for Land Acquisition</u>	
10) Land and Water Conservation Fund	30,000
Rescission	(30,000)
SUBTOTAL, Permanent Contract Authority	0
<u>Other Revenue</u>	
11) Net Transfers from Other Accounts	24,010
12) Temporary Transfers for Fire Management	(72,901)
13) Allocations from Departmental Funds	
Wildland Fire Management	81,390
Central Hazardous Materials Fund	1,217
14) Reimbursables	176,649
SUBTOTAL, Other Revenue	210,365
SUBTOTAL, Funding Other than Discretionary Appropriations	440,657
TOTAL, NPS Funding Sources	\$ 2,272,719
<u>Non-NPS Funds Used for NPS Purposes</u>	
15) Federal Land Highways Program	\$ 53,480

Descriptions and Notes on NPS Funding Sources

1. Operation of the National Park System

This annual (one-year) appropriation funds all operational, maintenance, and administrative costs for parks, field areas, and the Washington D.C. headquarters office.

2. Construction

The Construction appropriation is a “no-year” appropriation with funds available until expended. These funds support line item construction projects, emergency and other unscheduled projects, housing projects, construction planning, equipment replacement, dam safety, general management planning, pre-design and supplementary services, and program management and operations. Planning provides the basic guidance for the management of each unit of the park system including protection, use, and development. Planning also includes evaluation of potential new units to the National Park System. Note: Most of NPS road and bridge rehabilitation is accomplished through funding from the Federal Lands Highways Program (in the Department of Transportation.)

3. Land Acquisition and State Assistance

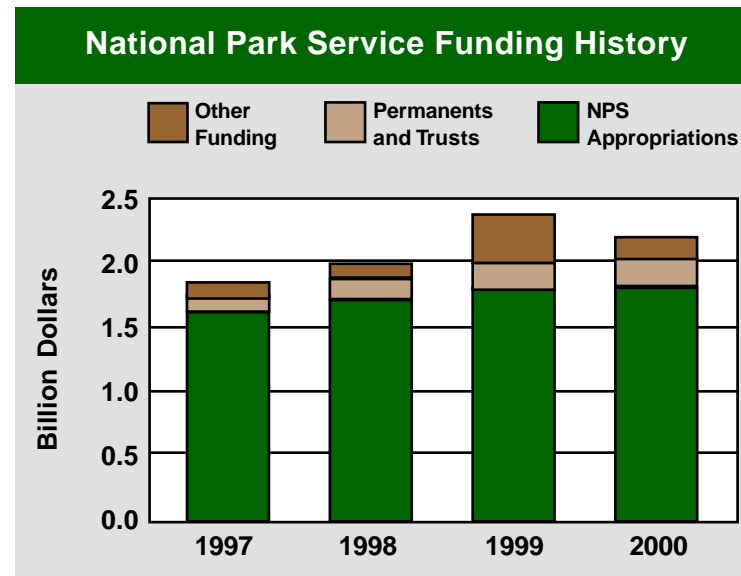
This appropriation funds the federal acquisition of land or interest in land within the National Park System and matching grants to states, territories, and local governments. Administrative expenses for both programs are also provided. All funds provided in this account are available until expended and are derived from the Land and Water Conservation Fund.

4. National Recreation and Preservation

These annual funds provide for a broad range of activities outside the National Park System, including outdoor recreation planning, natural and historic resource preservation, and technical assistance to state, local, and international governments for recreation and preservation projects.

5. Historic Preservation Fund

This two-year appropriation provides matching grants to, and in partnership with, state and local governments, Indian tribes, and Historically Black Colleges and Universities to help support the identification, evaluation, registration, and preservation of the nation’s historic, archeological, and cultural heritage. In addition, funds were provided in FY 2000 for priority preservation projects under the Save America’s Treasures Initiative.



6. Recreation Fee Permanent Appropriations

In FY 2000, six mandatory accounts received funding from recreation fees under permanent authorizations: Recreational Fee Demonstration Program, Fee Collection Support, National Park Passport Program, Educational Expenses, Children of Employees Yellowstone National Park, Payment for Tax Losses on Land Acquired for Grand Teton National Park, and Deed-Restricted Parks Fee Program.

7. Concession Improvement Accounts

By agreements with the National Park Service, some concessionaires deposit funds into special accounts held outside the U.S. Treasury to be used for improvements to concession service facilities without accruing possessory interests therefrom.

8. Other Permanent Appropriations

In FY 2000, five mandatory accounts received funding under permanent authorizations: Park Concessions Franchise Fees, Park Buildings Lease and Maintenance Fund, Operation and Maintenance of Quarters, Delaware Water Gap Route 209 Operations, and Glacier Bay National Park Resource Protection.

9. Miscellaneous Trust Funds

Donations are authorized to be accepted and used for purposes of the National Park System. Donations are made by individuals, groups, corporations, and associations, either by direct contribution or by bequest.

10. Land and Water Conservation Fund Contract Authority

The LWCF Act authorizes the obligation of up to \$30 million by contract each fiscal year for authorized federal land acquisition in advance of an appropriation to liquidate the contract authority. Recently, this contract authority has been rescinded each fiscal year as part of the appropriations process.

11. Net Transfers from Other Accounts

Funds are shifted between accounts for specific purposes as authorized by law.

12. Temporary Transfers for Fire Management

Funds are shifted under emergency authority to fight forest fires with the expectation that the funds will be returned the next fiscal year.

13. Allocations from Departmental Funds

Funds are originally appropriated to accounts for the entire Department for certain purposes and then are allocated during the fiscal year to the National Park Service and other bureaus based on need.

14. Reimbursables

The National Park Service is reimbursed for work done for other agencies, federal and non-federal. For FY 2000, amounts include priority land acquisition funds from Title VI of FY 2000 appropriations.

15. Federal Lands Highways Program

Under authorization currently effective through FY 2003, a certain portion of Federal Lands Highways Program funds provided each fiscal year to the Federal Highway Administration are earmarked to be used for construction projects in the National Park System.



Fire crews cut hand line in steep terrain and heavy fuels on the North Rim at Grand Canyon National Park.



Management Discussion and Analysis

Fiscal Year 2000 Accomplishments

Natural Resource Challenge

The best hope to restore and retain the rich heritage found in the National Park System is to be fully informed about park plants, animals, ecosystems, and their interrelationships.

Accordingly, in FY 1999, the National Park Service announced the Natural Resource Challenge, a five-year program to strengthen natural resource management. The NPS strategy to meet the challenge identifies these actions to sustain the natural resources in our parks:

- Accelerate natural resource inventories
- Expand monitoring efforts including air and water quality monitoring
- Protect native and endangered species and their habitats
- Aggressively control non-native species
- Improve resource planning
- Assure fully professional staff
- Enhance environmental stewardship
- Increase collaboration with scientists and others
- Enhance use of parks for scientific research
- Use parks for learning

The National Park Service received a \$14.3 million increase for challenge activities in FY 2000 including inventory and monitoring, the Natural Resources Preservation Program (NRPP), native and exotic species management, and geologic expertise for resource protection

The single biggest undertaking of the Natural Resource Challenge is to expand the inventory and monitoring effort. Inventories will provide baseline information about natural resources in the parks. Biologists have identified 12 basic natural resource inventories needed in 265 parks. The inventories will initially focus on mammals, birds, fish, amphibians, reptiles, and vascular plants.

Monitoring is a way to become familiar with the condition of park resources. Scientists and resource managers in each park will identify the basic indicators of health for their ecosystem. They will monitor vital components of the ecosystem such as the presence of pollinators, threatened and endangered species, air and water quality, erosion and slope stability—whatever is necessary to better assess the condition of park resources and reveal important trends.

The introduction or invasion of non-native species is one of the biggest threats to the natural ecosystems in national parks. Alien species can invade native ecosystems, disrupt ecological balance, reduce diversity, and destroy natural succession. Invasive exotic plants have gained a foothold and are now infesting large areas in many parks. Beginning in FY 2000, the National Park Service put new emphasis on exotic plant management. The NPS established four exotic plant management teams that will begin to control or, when possible, eradicate non-native plant species. The first four teams will work in the Hawaiian Islands, Florida, the National Capital Region, and the Chihuahuan Desert/Shortgrass Prairie.

The Natural Resource Challenge has resulted in many natural resource preservation projects and accelerated NPS work with threatened and endangered species. It has expanded National Park Service geologic expertise, including our capability regarding geologic hazards, and coastal and cave restoration.

New and expanded partnerships are also underway. The National Park Service is working with other agencies, including the U.S. Geological Survey. Some regions have already established Cooperative Ecosystem Study Units at colleges and universities to provide technical assistance, research, and education support for parks.



Scientists at North Cascades National Park use DNA analysis to confirm the identification of individual grizzly bears.

New learning centers are envisioned as part of the Natural Resource Challenge. The learning center concept varies from park to park, but the basic idea is to provide laboratory space for visiting scientists and encourage scientists to work in parks and share their scientific knowledge directly with the public. These learning centers will be located either outside parks or developed on parklands through the adaptive reuse of existing facilities. The initial learning centers will be in Rocky Mountain National Park, Great Smoky Mountains National Park, Point Reyes National Seashore, Cape Cod National Seashore, and Seward, Alaska, near Kenai Fjords National Park.

In the long term, park managers anticipate possessing the capability to access critical information, initiate better resource management practices, and restore damaged resources so that the people of today and future generations may enjoy them. For more information about National Park Service natural resource management and the Natural Resource Challenge visit the Nature Net Web site at www.nature.nps.gov.

Natural Resource Challenge FY 2000 Increases	
Increase Area	Amount (\$000)
Inventory and Monitoring	\$ 7,309
Natural Resources Preservation Program (NRPP)	2,875
Native and Exotic Species Management	3,449
Geologic Expertise for Resource Protection	696
TOTAL	\$14,329



Remote, infrared camera systems are used at Tonto National Monument to monitor and document wildlife such as this mountain lion.

Representative Natural Resource Challenge FY 2000 Accomplishments

Inventory and Monitoring

North Cascades NP – Grizzly Bear Surveys - Scientific advances help to confirm the presence of bears. Analysis of DNA in bear scat and from fur collected on “rub trees” provide excellent information including the identification of individual bears. In addition, biologists are placing remote cameras in areas where there have been fairly reliable sightings in recent years.

Mojave NP - Tracking the Desert Tortoise, a Threatened Species - An NPS team is systematically searching for tortoises in extensive areas of the Mojave Desert. In addition to establishing the number, density, and distribution of desert tortoise populations, some tortoises are fitted with transmitters to track their movements.

Native and Exotic Species Management

National Capital Parks - The integrity of Rock Creek Park and other areas where deciduous forests exist is threatened by uncontrolled invasions of non-native plants. Woody vines such as English ivy can kill forest canopy trees. Other vines and shrubs such as honeysuckle and bamboo form dense thickets that many species of wildlife cannot penetrate. An exotic plant management team stationed in Rock Creek Park is executing a successful eradication effort.

Chihuahuan Desert/Southern Shortgrass Prairie - Tamarisk is a deep-rooted plant that dries up springs and reduces water flow. Also known as salt cedar, this invasive plant pulls water and salt out of the soil, concentrates the salt in its leaves, and when the leaves drop, contaminates the soil surface with too much salt for other plants to survive. An exotic plant management team is working to eradicate tamarisk and 15 other invasive non-native plant species in 11 Intermountain Region parks ranging from as far south as Amistad NRA and Big Bend NP to as far north as Bent's Old Fort NHS.

Congaree Swamp NM – Removing Feral Hogs - Funding from the Natural Resource Challenge assists the NPS to monitor and evaluate non-native feral hog impacts and recommend alternatives for control and reduction of hog impacts at several parks throughout the System. At Congaree Swamp, wetland communities, native vegetation, aquatic habitats, and rare and endangered species are subject to severe damage from hog rooting and other behavior.

Natural Resources Preservation Program (NRPP)

Buffalo NR – Restoring the Riverbanks - In the Boxley Valley, the river meanders through alluvial bottoms that have been farmed to the river's edge. The riverbanks are unstable, and bank erosion increases silt in the river and alters the stream channel. To restore the riverbanks to a more natural condition, the NPS surveyed the channel and anchored revetments of cut cedar trees to halt erosion and restore banks. Native hardwoods will be planted along five miles of the river to help bind the soil and restore natural stability to the riparian area.

Cape Cod NS – Restoring a Wetland - In 1930, Hatches Harbor, a 200-acre salt marsh was diked, blocking tidal flow and causing the natural salt marsh to freshen. Freshwater common reeds replaced the salt marsh Spartina grass, reducing the value of habitat for young fish and shellfish. The NPS installed four seven-foot wide culverts along the dike to restore native grasses and a natural tidal flow. Adjustable gates are now opened gradually to slowly restore salt water flow. With the gates open, regular tidal flushing will occur and predatory fish may enter the marsh. One of the benefits will be a reduction of mosquito breeding to more natural levels.

Great Smoky Mountains NP – Brook Trout Restoration - Nearly 80 percent of the native brook trout natural range has been lost to encroachment by exotic fish at low elevations and to other problems. To replenish native brook trout in the middle stretches of Sam's Creek, non-native, competing rainbow trout are being moved. A waterfall barrier will prevent future rainbow trout access.

Everglades Restoration and Research

In 1996, Congress passed the Water Resources Development Act (WRDA) to guide the restoration of the Everglades and South Florida ecosystem. The law focuses on resolving water quality, water quantity, wetlands, and issues in the South Florida ecosystem. Because of the Act, the South Florida Ecosystem Restoration Task Force was established. The task force is an interagency and intergovernmental entity that coordinates the input and expertise of 14 federal agencies, seven state agencies, 16 counties, two sovereign tribes, and more than 150 municipalities. This unprecedented partnership of the Federal Government, state of Florida, and tribal, regional, and local governments is responsible for the largest restoration effort ever undertaken. The Department of the Interior, including the National Park Service, in particular, is a major party to the restoration effort.

Operations

Four National Park System sites are located in South Florida. Operations of these units are critical to continuing preservation and protection of South Florida natural and cultural resources. The largest park unit is Everglades National Park, which contains the largest remaining subtropical wilderness in the contiguous United States. It contains extensive freshwater and saltwater areas including Florida Bay, open sawgrass prairies, mangrove forests, and abundant wildlife, including rare birds. Big Cypress National Preserve, next in size and to the north of Everglades National Park, protects the watershed for the threatened ecosystem of South Florida. Big Cypress contains subtropical plant and animal life, and it is home to endangered species such as the Florida panther and the red-cockaded woodpecker. The preserve is also the ancestral home of the Seminole and Miccosukee Indians. Biscayne National Park is located South of Miami. It includes a chain of subtropical islands with Biscayne Bay on the west and the Atlantic Ocean on the east. The park protects interrelated marine systems including mangrove shoreline, bay community, subtropical

keys, and the northernmost coral reef in the United States. Dry Tortugas National Park is located at the extreme western edge of the Florida Keys. The park contains Fort Jefferson, the largest all-masonry fortification of the Western world, as well as a bird refuge, and marine life including coral reefs.

Land

National Park System lands in four parks located in South Florida represent almost 4,000 square miles of the 18,000-square-mile Everglades “River of Grass” ecosystem. Land is a critical part of ecosystem restoration projects. Land is needed for water storage and aquifer recharge areas that will help restore natural hydrology. It is needed to construct water quality treatment areas and to preserve habitat for wildlife corridors. Land can also act as a buffer zone or as critical habitat for recovering threatened and endangered species.

In FY 2000, the National Park Service purchased 19,430 acres at Everglades National Park and 2,211 acres at Big Cypress National Preserve. Money was also appropriated in FY 2000, as it was in FY 1998 and FY 1999, to provide substantial grants to the state of Florida for land acquisition outside of park boundaries. Lands purchased in Everglades National Park in FY 1999 are used to implement the Modified Water Deliveries Project, a construction effort currently underway, which will restore natural hydrologic conditions in the park’s critical Shark River Slough drainage.

Everglades Research

The Task Force’s *Central and Southern Florida Comprehensive Plan*, known as the Restudy, is a blueprint for the restoration of the entire 18,000-square-mile ecosystem. The plan provides the opportunity to capture, clean, and distribute water in the right amounts—and at the right time—to the Everglades. The plan proposes to remove over 240 miles of internal levees and canals. When combined with other current water quality commitments, the efforts proposed by the plan will lead to improved quality and delivery of water entering the natural

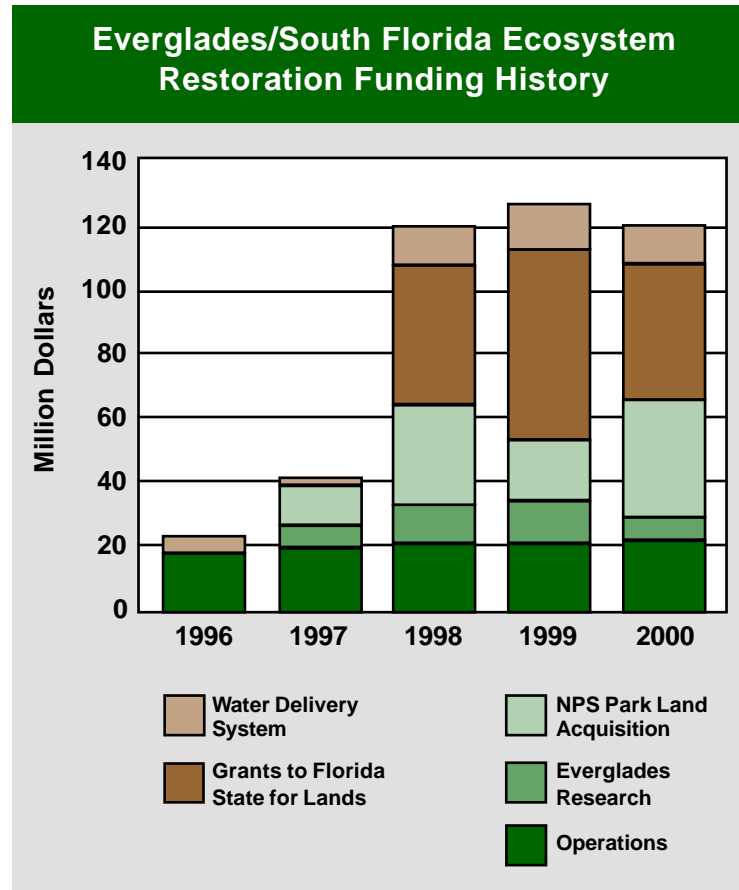


The Everglades/South Florida Ecosystem Restoration Project is a long-term program that is essential to restore the Everglades.

system and to Florida and Biscayne Bays. The plan allows for the capture and use of over one million additional acre-feet of water, which will result in a significant improvement to the environment and in the return of the abundant fish and wildlife that once thrived in the area. The plan accomplishes these goals while increasing the amount of water available to urban and agricultural users—and without reducing flood protection.

In FY 2000, the National Park Service participated in partnerships with multiple representatives of the South Florida Ecosystem Restoration Task Force to develop the knowledge base required for restoration of the South Florida ecosystem. Research included the development of improved integration of scientific databases and geo-spatial analysis. Studies also included assessments of the influence of contaminants, biogeochemical processes, and landscape scale projects to examine patterns, processes, and regional scale modeling. This research continues along with ongoing efforts to plan and implement water quality improvement technologies, and to develop control strategies for exotic species.

Research is a prerequisite to restore disappearing habitats and remove barriers that block natural migration corridors. Scientific studies will aid reintroduction of species and enhance the size of populations at risk. Habitat and wildlife restoration and preservation maintain the ecological connections and maximize the ecosystem’s biodiversity. Sustainable habitats and species populations also benefit humans in the forms of open spaces and recreational areas, and perpetuate industries such as fishing, agriculture, tourism, and trade. The Everglades/South Florida Ecosystem Restoration project is ambitious and long-term, but the program is essential to restore the Everglades, the internationally renowned and important “River of Grass.”



The miracle of the light pours over the green and brown expanse of sawgrass and of water, shining and slow-moving below, the grass and water that is the meandering and the central fact of the Everglades of Florida. It is a river of grass.

Marjory Stoneman Douglas

Five-Year Maintenance and Capital Improvement Plan

The National Park Service manages more land, buildings, roads, and water systems than many state governments. In 1999, responding to concerns about a deteriorating infrastructure, the National Park Service, in concert with the Department of the Interior, committed to the development of a Five-Year Maintenance and Capital Improvement Plan.

This plan covers the National Park System repair and rehabilitation and line-item construction programs. It is designed to improve management and accountability for NPS infrastructure requirements and to focus maintenance and construction project funding on the highest priority health and safety and resource protection needs. Besides providing a framework for planning and management of these programs, the plan allows better definition and identification of accumulated, deferred maintenance funding requirements. Lists of proposed projects, beginning with the budget year and continuing for four additional years, are submitted to Congress with the annual budget request. The plan will be updated annually to reflect changes in priority or the identification of new needs.

National Park Service endorsement of this approach resulted in increases in funding for the Repair and Rehabilitation Program and construction programs in FY 1999. The first official submission of the Five-Year Plan, covering the period FY 2000-FY 2004, occurred in FY 2000.

Recreation Fee Demonstration Program

Beginning in FY 1997, the National Park Service expanded fee collection under the authority of the Recreational Fee Demonstration Program. The Fee Demo Program is now authorized through FY 2001. The law allows federal land management agencies to test new fees across the geographic and program spectrum of sites managed by the respective agencies. More significantly, the new law allows the NPS to retain 100 percent of the revenue collected for park use without the revenue being subject to appropriation.

Presently, more than half (204) of the 379 park units collect entrance fees and/or use fees. There are 100 participating fee demonstration “pilot parks.” Fee Demo pilot parks are allowed to retain 80 percent of all fee revenue collected at the park for immediate use. The remaining 20 percent contributes directly to a central fund which is immediately available to the Director of the National Park Service for discretionary distribution to parks across the National Park System. Funds collected during the five-year test program are available for expenditure through September 30, 2004. The availability of additional monies to the NPS over the five-year period is estimated at approximately \$600 million.

NPS has welcomed the Fee Demo Program as an opportunity to test a variety of new fee prices, new types of fees, new collection strategies, and to institute fees in areas that were previously prohibited from charging fees. In the program’s most basic implementation, parks such as Yellowstone, Grand Canyon, and Yosemite have raised their entrance fee to \$20 per vehicle or \$10 per person, good for seven days. The National Park Service uses “point-of-contact” fee collection, usually at the park entrance, to provide crucial park information and orientation.

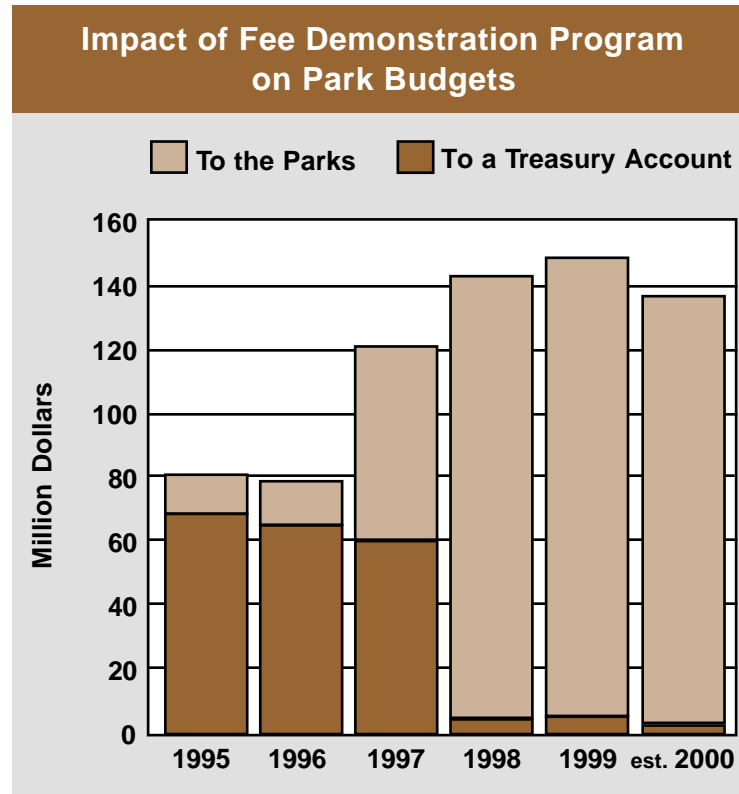


The User Fee logo appears in National Park System areas to increase public awareness about current projects that have been funded through the Recreational Fee Demonstration Program.

One of the main tenets of National Park Service fee policy is to ensure that the public can see the results of their “contribution” to the park. The NPS has determined that the majority of the fee revenue will be dedicated to addressing backlogged maintenance, infrastructure, and interpretive exhibit projects as well as critical resource management actions throughout the National Park System. Beginning in 1998, Congress also authorized the use of these funds to cover the cost of collecting fees.

Since its beginning in FY 1997, the program has been responsible for nearly \$468 million in additional funding becoming directly available to the parks—\$137.7 million in FY 2000. One of the more ambitious projects using fee revenue is the innovative Canyon View Information Plaza Visitor Center which opened in October 2000 at Grand Canyon National Park.

The revenue generated over the course of the Recreation Fee Demonstration Program is critical to the financial health of the National Park System. It provides the NPS an opportunity to undertake and complete a wide variety of project work that would otherwise not be possible within the constraints of the appropriations process. The National Park Service hopes to convey to the public a long-term sense of “ownership” of their parks by showcasing visible results of the program, through better protection of the irreplaceable park resources, and by providing a more satisfying and complete visitor experience.



Grand Canyon National Park's Canyon View Information Plaza was developed using fee revenue.

Save America's Treasures

In FY 2000, Congress appropriated \$30 million for the Save America's Treasures grant program, a public-private partnership initiated between the White House Millennium Council and the National Trust for Historic Preservation administered by the National Park Service. This partnership is dedicated to identifying and rescuing enduring symbols of American tradition that define us as a nation. By law, each award requires a dollar-for-dollar non-federal match. States, localities, corporations, foundations, and individuals who value the American heritage have pledged support through financial contributions, donations, and in-kind services. All projects require approval by the House and Senate Appropriations Committees.

The array of grants awarded in FY 2000 indicate the extent and diversity of America's historical and cultural heritage. In FY 2000, grants were made to 71 projects in 40 states, the District of Columbia, and Puerto Rico. Projects include preservation and protection of buildings or groups of structures including historically or architecturally significant homes, schools, churches, industrial sites, military encampments, courthouses, immigration sites, a penitentiary, and a lighthouse. Literary and artistic projects include theatres, art collections, sound recordings, and dance. Among a host of notable sites in remembrance of important Americans are Benjamin Franklin National Memorial and Harriet Tubman National Historic Site. Archeological projects protect ancient mounds and cave collections.

The value of the FY 2000 Save America's Treasures grants range from as high as \$2,500,000 to as low as \$50,000. The majority of grants range between \$250,000 and \$500,000. In dollars, the largest restoration and preservation projects include the National First Ladies Library in Ohio, the Intrepid Sea Air Space Museum in New York, and the Mark Twain House in Connecticut. Smaller projects include preserving the Babe Ruth scrapbooks at the National Baseball Hall of Fame and three collections of American Dance featuring African American, Korean American, and Native American traditions.

Four National Park System units benefited from the grant program. Central High National Historic Site will be able to make structural repairs to the school building. The Laundry and Hospital Outbuilding at Ellis Island, at Statue of Liberty National Monument, will undergo restoration as will Fort San Felipe del Morro at San Juan National Historic Site. At Valley Forge National Historical Park, buildings that served as quarters for George Washington's officers will be repaired. Sites affiliated with the NPS, including Anderson Cottage and the Lower East Side Tenement Museum, also received grants.



The White House included the Save America's Treasures Millennium Project as part of its holiday decorations. Models of different buildings and artifacts that will be preserved with Millennium Project grant money adorn the tree.

Wildland Fire

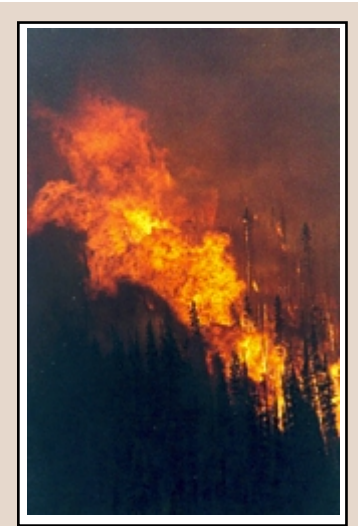
The year 2000 fire season was one of the most destructive in recent history. Over six million acres were burned—primarily forest in the 11 western states running from New Mexico to Washington. Particularly hard-hit were Montana, Idaho, and New Mexico. The flames knew no boundaries; national parks such as Mesa Verde, Glacier, Grand Canyon, Great Basin, Theodore Roosevelt, Yellowstone, and Grand Teton were threatened and, on occasion, closed to the public for short periods. Park visitation and local economies were negatively affected.

The U.S. Forest Service has the main wildfire fighting responsibility in the Federal Government. Within the Interior Department, financial resources are centralized in the Bureau of Land Management from which the National Park Service is allocated funding for suppression and pre-suppression activities. As with all other land management agencies, the National Park Service contributes staff towards combating national wildfire emergencies.

Despite its destructive power, fires create a mosaic of biodiversity that is nearly impossible to produce by any other means. Accordingly, federal land agencies, including the National Park Service, conduct a program of controlled, or prescribed, burning to further this birth of biodiversity and to minimize the danger of more serious wildland fire in and around national parklands. In accordance with federal wildland fire policy for fire-dependent ecosystems, prescribed burns can be used to reduce dangerously high fuel accumulations that arise from a lack of fire. This vital tool is designed to prevent larger conflagrations.

On May 4, 2000, during such a prescribed burn, fire personnel at Bandelier National Monument in New Mexico ignited a prescribed fire under an approved plan. A significant increase in wind conditions caused the fire to move out of control, resulting in forced evacuations of neighboring towns, destruction of 235 homes, and danger to Los Alamos National Laboratory. The National Park Service has acknowledged responsibility for the Cerro Grande Fire, citing poor judgment and the faulty execution of standard procedures. An immediate and thorough interagency review was undertaken and resulted in several recommendations including implementation actions designed to ensure strict adherence to Federal Wildland Fire Policy and revisions to the policy where necessary.

In July of 2000, Congress approved emergency appropriations totaling \$661 million. Of this total, \$500 million was administered by the Federal Emergency Management Agency (FEMA) as compensation for residents, with the remaining amount distributed to other government agencies that suffered losses from the fire. The National Park Service has pledged a renewed commitment to prevent any possibility of a recurrence of this type of disaster.



Fires occurred at numerous national parks in 2000 during one of the most destructive fire seasons in recent history.

Diversity Action Plan

The National Park Service has developed a Diversity Action Plan with the objective to remain a viable organization for preserving and maintaining the national treasures of all Americans. In its second year of implementation, the Diversity Action Plan has touched every aspect of the National Park System. The plan affects the nature and interpretation of parks. It is reflected in the face of the work force. It also accommodates the scope of visitors that enjoy the parks. For more information about the National Park Service Diversity Action Plan go to <http://www.cr.nps.gov/history/diversity> on the Web.

Parks

A primary role of the National Park System is to preserve and communicate the legacy of individuals and historical, natural, and cultural places or events that are worthy of the concern and attention of our generation and future generations. Each of the 379 units of the National Park System are recognized as areas of national significance. The parks reflect the nation's cultural diversity by commemorating the many ethnic heritages, professions, and events integral to the development of our country. The parks also reflect the nation's natural diversity by preserving unique ecosystems and geologic formations, wilderness, rivers, and trails—all places of spectacular beauty.

The National Park Service has developed Internet sites that examine many of the thematic frameworks of the parks. Under a Web site called *Categories of National Significance*, Web browsers can view a wide range of topics. Sites can be found at <http://www.cr.nps.gov/history/catsig/catsig.htm>.

Categories of National Significance

- Agriculture
- Architecture
- Art
- Commemoration
- Commerce
- Communications
- Community
- Economics
- Education
- Entertainment / Performing Arts
- Environmental Conservation
- Ethnic Heritage
- Exploration
- Government
- Health/Medicine
- Historic Preservation
- Immigration
- Industry
- Intellectual Philosophy
- Labor
- Landscape Architecture
- Literature
- Maritime
- Military
- Recreation
- Religion
- Science
- Settlement/Migration
- Social and Humanitarian Movements
- Technology and Engineering
- Tourism
- Transportation
- Women



Veterans of the World War II African American Tuskegee Airmen gather at a commemorative event at Tuskegee Airmen National Historic Site.

Work Force Diversity

The National Park Service work force should be as diverse as the National Park System it serves and represents. Within the NPS, diversity encompasses more than differences in race, religion, national origin, disabilities, age, gender, or sexual orientation; it includes respecting and appreciating individual differences and ensuring all employees are included as full, contributing, and influential team members. To promote diversity within the work force, the National Park Service takes the following actions:

- Educate managers about diversity issues
- Hold park managers responsible for diversifying seasonal and permanent staff
- Establish full-time recruiters to focus exclusively on recruitment of highly skilled diverse candidates, including those with disabilities
- Establish relationships with minority colleges and universities, including Historically Black Colleges and Universities, Hispanic-serving institutions, and tribal colleges; the National Association for the Advancement of Black Federal Employees; and the Student Conservation Association
- Through outreach programs, encourage minority interest in careers that benefit the NPS, including archeology and historic preservation
- Recruit a diverse pool of applicants for NPS youth programs to increase the percentage of minorities employed in summer seasonal jobs
- Develop the current work force through established programs such as the Intake Trainee Program

Through these activities, the National Park Service has made some progress in improving the diversity of our work force regarding women and minorities. More limited progress has been made in improving the representation of citizens with disabilities.

NPS Diversity Foundation

- Employees:**
- Are treated fairly.
 - Are recognized and rewarded based upon ability and merit for their contributions.
 - Have equal access to opportunity for growth and advancement.
 - Respect each other and are free from harassment, discrimination, and intolerance.
 - Represent the diversity of society at all levels throughout the NPS.
 - Are recognized as crucial to the success of the NPS and are managed and developed accordingly.

Objectives of NPS Work force Diversity Action Plan

- | | |
|-----------------------------|---|
| Work Environment | <ul style="list-style-type: none"> • Acceptance of diversity • Absence of bias • Collaboration and teamwork |
| Proactive Leadership | <ul style="list-style-type: none"> • Articulation of a common vision • Clear focus on goals • Active participation • Achievement of results |
| Systems | <ul style="list-style-type: none"> • No barriers to work force diversity • Effective members of a diverse work force |
| Work Force | <ul style="list-style-type: none"> • Reflection of the diversity of American society • Best talents of all groups |



The Border Folk Festival at Chamizal National Memorial offers NPS employees, participants, and visitors an opportunity to celebrate their rich cultural diversity.

Visitors

The National Park Service is determined to make the national parks engaging and meaningful for all Americans. The NPS recognizes that parks were used historically by a relatively narrow segment of the population, and it also notes that many parks have not offered experiences meaningful to visitors from varied ethnic backgrounds. Although each park is meaningful to different people in different ways, the National Park Service wants all Americans to find personal meaning and opportunity in some parks, and in their own way.

Improving the diversity of the National Park Service work force is a major step in increasing the diversity of visitors. A diverse work force increases the comfort level of diverse visitors, encouraging visitation. Diversity can serve to expand outreach programs to more communities, businesses, schools, and social organizations.

Interpretation programs are being expanded to reflect more comprehensively the purpose of the site. In this way, sites encompass a broader interest base. Visitors who come to National Park System sites have multiple, sometimes mutually, exclusive interests. For example, some visitors to Civil War battlefields are drawn by the military history and brinkmanship, but others are interested in the historical and societal context of the battle. The National Park Service believes that all visitors need to be served, and ways to do this are being pursued.

Representative NPS Efforts to Serve a Diverse Public	
Workshops	Civil and human rights interpretive planning Forum on interpreting slavery
National Register of Historic Places	Book: <i>San Antonio Missions: Spanish Influence in Texas</i> Lesson Plan: <i>Teaching with Historic Places</i> Web site: <i>We Shall Overcome – Historic Places of the Civil Rights Movement, an Internet Travel Itinerary.</i>
Programs for Underserved Audiences	The Rocky Mountain Corps of Discovery takes Hispanic, American Indian, and African-American children from Denver to Rocky Mountain National Park to learn about the natural world. Badlands National Park interpretation programs use Lakota interpreters to provide multiple perspectives on the history of the area. Hovenweep and Natural Bridges National Monuments have an outdoor education program that brings local Native American schoolchildren to the parks.
Programs in Multiple Languages	Santa Monica Mountains National Recreation Area’s Web site is in Spanish as well as English to help meet the needs of Hispanics using the park. The Rivers, Trails, and Conservation Assistance Office published a Spanish-English bilingual brochure about a neighborhood effort to restore a tidal wetland in National City, California. Golden Gate National Recreation Area offers its teacher’s curriculum in both Chinese and Spanish.
Multimedia and Underground Railroad Initiative	Book: Full color interpretive handbook helps preserve and educate the public about the stories related to Underground Railroad sites. Web site: Online travel itinerary, <i>Aboard the Underground Railroad.</i>
NPS Partnerships	With Southern University, opening an urban recreation research facility that provides research, technical assistance, and training to urban park managers across the nation.

Civil War Battlefield and Interpretation

In March 2000, the National Park Service submitted a report to Congress entitled *Interpretation at Civil War Sites*. The report responded to a request that the NPS prepare an assessment of the educational information currently conveyed at Civil War sites related to the causes of the American Civil War, including the role that the institution of slavery played in initiating that conflict.

This direction from Congress came at an auspicious time. The National Park Service has been reviewing its approach to interpreting the Civil War as part of an educational strategy endorsed by the NPS in 1997, which specified that “programs and materials developed by the National Park Service be made more useful by expanding their context and increasing the ways that they are made available to the educational community and the general public.” The interpretation of Civil War sites also has been influenced by recommendations from a general conference of NPS battlefield managers during 1998.

Interpretation at Civil War sites is now guided by the principle that “Battlefield interpretation must establish the site’s particular place in the continuum of war; illuminate the social, economic, and cultural issues that caused or were affected by the war; illustrate the breadth of human experience during the period; and establish the relevance of the war to people today.” Park staff, NPS historians, and the academic community are working together to create interpretive products and programs that will tell the entire Civil War story. Much of this effort will be devoted to providing visitors to Civil War sites with a better understanding of the economic, political, and social context of the period. Ongoing efforts include updated interpretive programs and exhibits, new Civil War Internet sites, and expanded inventories at park bookstores.

The job of interpretation, in all its forms and regardless of the topic, is to help individuals discover their relationship to a park and to help them understand why the park exists. In general, battlefield managers desire to improve all areas of interpretation. This interest is thwarted primarily by limited staff and resources in relationship to the amount of media that needs to be made current, both technically and academically. Some progress in this area has been made at several Civil War sites through the funds obtained from the Fee Demonstration Program. In FY 1998-99, 16 Civil War sites received over \$1.5 million that was directed at media replacement and content enrichment.

Through its education mandate, anchored in the 1935 Historic Sites Act, the National Park Service has an obligation to present to the American public a history that promotes an understanding of the complexity of historical causation, the perils of historical stereotypes, and the relationship between past events and contemporary conditions. By exercising its appropriate role within the historical and educational professions, the NPS promotes a better public understanding of this country’s past.



Arlington House, The Robert E. Lee Memorial, remains situated on a promontory above Arlington National Cemetery and the Potomac River.

Interpretation at Richmond National Battlefield Park Text of Exhibit at New Partnership Visitor Center

First Panel

The Civil War (1861-1865) remains the central event in American history. Richmond [Virginia] was at the heart of the conflict. More than seventy years after the adoption of the Constitution, a nation founded on principles of liberty and equality still allowed human enslavement and quarreled over the balance between state and federal powers. These interrelated issues led to Constitutional crises that were merely patched over, satisfying neither North or South. The growing nation became increasingly divided over the existence and expansion of slavery.

Lincoln's election to the Presidency in 1860 convinced many southern leaders that their slave-based economy and social order would be threatened by federal restrictions. Seven states quickly passed articles of secession and created the Confederate States of America. After the new Confederacy fired on a federal fort in Charleston Harbor and Lincoln called for troops to preserve the Union, Virginia joined the Confederacy and prepared to resist invasion.

Richmond, the Confederate capital and industrial center of the South, was a major objective of Union strategy for four years. As war began, neither side anticipated the brutal clashes, long sieges, and home front destruction that brought death or injury to more than one million Americans, and devastation to a broad landscape, much of it in Virginia.

Last Panel

Beginning as a war to determine the preservation or the division of the United States, the Civil War ended in emancipation for four million Americans as well as preservation of the Union. Three Constitutional amendments—the Thirteenth, the Fourteenth and Fifteenth—promised former slaves freedom and rights as citizens. The war decisively answered the question of whether states might leave the Union, and shifted the balance of political power toward the federal level.

But much remained unresolved in Richmond and the nation. The war did not solve issues of racial prejudice, nor did it establish final meanings for freedom and equality in the United States. These meanings began to evolve in law, practice, and history as soon as the war ended.

After the war, Richmond witnessed both commemorations and celebrations of the Civil War. Many white Richmonders tended graves and erected memorials, while blacks honored emancipation with parades and religious services. How well Richmonders, and the rest of America, could overcome their divisions was a challenge for the future.

Civil War Sites

Andersonville NHS
 Antietam NB
 Appomattox Court House NHP
 Arkansas Post NMem
 Arlington House
 Brices Crossroads NBS
 Chickamauga & Chattanooga NMP
 Cumberland Gap NHP
 Fort Donelson NB
 Fort Pulaski NM
 Fort Scott NHS
 Fort Sumter NM
 Fort Union NM
 Fredericksburg & Spotsylvania NMP
 Gettysburg NMP
 Harpers Ferry NHP
 Kennesaw Mountain NBP
 Manassas NBP
 Monocacy NB
 Natchez Trace Pkwy
 Pea Ridge NMP
 Pecos NHP
 Petersburg NB
 Richmond NBP
 Shiloh NMP
 Stones River NB
 Tupelo NB
 Ulysses S. Grant NHS
 Vicksburg, NMP
 Wilson's Creek NB

NB – National Battlefield
 NBP – National Battlefield Park
 NBS – National Battlefield Site
 NHS – National Historic Site
 NHP – National Historical Park
 NM – National Monument
 NMem – National Memorial
 NMP – National Military Park

Environmental Leadership

To achieve the goal of environmental excellence in all National Park Service programs and activities, the NPS has determined to advance beyond required environmental compliance and aggressively pursue pollution prevention and sustainable practices throughout the organization. The National Park Service provides environmental leadership by working with customers and stakeholders to address mutual environmental concerns. The NPS promotes sustainability opportunities in areas such as energy conservation, water conservation, waste management, and alternative transportation. The agency also educates its staff and the public about sustainability.

While environmental leadership activities are an extension of the National Park Service stewardship mission, and they reflect the NPS history of resource protection, such practices also incorporate new environmental goals promulgated in five Presidential Executive Orders which require agencies to “green” their operations.

Accomplishments resulting from NPS environmental leadership include:

- Acadia and Zion National Parks inform visitors that when they use the new propane-fueled shuttle buses as alternative transportation systems, they are practicing resource stewardship.
- The Chesapeake and Ohio Canal embarked on a highly successful Trash-Free Park Program which asks visitors to pack-out their garbage, thus protecting the resources (and reducing park operational costs).
- Rocky Mountain National Park became the first park in the country to be a “Clean Cities” park, enabling alternative fueled vehicles to be introduced, not just in the park, but in the surrounding communities as well.
- The NPS completed over 50 environmental audits at park facilities.

- A Concession Environmental Management Program facilitates concessioner compliance with environmental regulatory requirements, promotes environmental awareness and accountability, and encourages the integration of sustainability and pollution prevention strategies in concession operations.

Environmental Leadership Projects and Tools Under Development	
Training	Environmental Leadership pilot training course
	A complete environmental training curriculum assessment to establish the core competencies required for employees
Visitor Involvement	Demonstrations in green energy technology through a NPS/DOE partnership (Green Energy Parks)
	Demonstrations at parks on National Clean Boating and National Clean Beaches
Guidance	Update of the landmark NPS publication <i>Guiding Principles of Sustainable Design</i> (1993) (which will include input from world class sustainability experts)
Standards	Sample standard job description and performance criteria for park/support office



Alternative Transportation Systems

The National Park Service Alternative Transportation Program is mandated to design and implement innovative transportation plans and to develop policy, guidance, and coordination procedures for the implementation of safe and efficient transportation systems that are compatible with the protection and preservation of the National Park System's cultural and natural resources.

Many visitors arrive in parks by private automobile. In some cases, this has begun to threaten the resources which the parks were created to protect, and the resources which the public comes to enjoy. Traffic congestion, lack of parking places, and air and noise pollution are problems that frustrate visitors and can damage park resources. Providing alternative transportation systems within the parks is one way to address these issues.

Currently, there are 63 visitor transit systems in 50 parks that vary in size ranging from single vehicle vans to bus fleets. In FY 2000, major advances in alternative transportation systems occurred at several parks including Zion National Park, Acadia National Park, and Grand Canyon National Park.

In FY 2000, the National Park Service completed a guidebook for NPS managers that details transportation planning issues and options. The guidebook features information of such topics as the role and purpose of transportation in National Parks, an explanation of transportation planning and tools, and how to evaluate transportation alternatives and implement solutions.

Representative FY 2000 Developments NPS Alternative Transportation Systems

Acadia National Park

The Island Explorer shuttle bus service provides an alternative to traveling by personal automobile. Use of the shuttle has reduced emissions, eliminating an estimated two tons of nitrous oxide, four tons of hydrocarbons, 32 tons of carbon monoxide, and approximately 522 tons of carbon dioxide from the air. The emissions reductions are equivalent to shutting down a small manufacturing plant for a year. Acadia's shuttle bus service has eliminated 1.3 million vehicle miles driven on park roads, reducing wear and tear, congestion, and sometimes dangerous competition for parking spaces.

Zion National Park

As an increasingly popular destination for visitors who arrive primarily by car, RV, or tour bus, Zion, in particular, suffered from overburdened resources. To reduce traffic, improve the park experience, and protect park resources, a new bus transportation system began operation on May 26, 2000. From March through October, and during other peak visitation times, the bus system is the only method by which to enter the park. The park loop offered by the transit system includes nine stops in Zion Canyon. A second loop serves six stops in the town of Springdale, the gateway community to the park, where visitors leave their vehicles to ride the shuttle to the new Zion Canyon Visitor Center. There, exhibits and audiovisual presentations help visitors plan their visit, and visitors can catch the park loop shuttle.

Grand Canyon National Park

The Canyon View Information Plaza, a new transportation/orientation center at the park, neared completion in FY 2000. The hub, which replaces a much smaller visitor center, is designed to allow for alternative transportation systems which will connect visitors to other points in the park by light rail, alternative fuel buses, a Greenway trail system, and the Rim Trail.

Land Acquisition

Many national parks contain land within their legislatively designated boundaries that is not owned by the Federal Government. All privately held interests are potentially subject to use and development. In some cases, proposed developments of these private interests are compatible with the park's purpose and objectives. However, many adversely affect the preservation of cultural, historic, or natural resources, and conflict with park purposes. Where regulatory authority exists, the National Park Service may control or condition the use of private interests. However, owners of privately held interests hold legally recognized and protected property rights. The NPS cannot deny their use without due process of law and just compensation to the holder of the right.

The National Park Service has developed land protection plans for all units containing private lands to identify the minimum land acquisition necessary to protect park resources and provide for visitor use. Not all privately held lands within the National Park System have been identified for purchase. Of the 83.6 million acres of the National Park System, 4.3 million are privately owned. The NPS has determined that about 1 million acres of land should be acquired, over half of which is in Alaska. Lands proposed for acquisition are estimated to value \$1.3 billion.

During FY 2000, \$111.2 million was obligated for land acquisition. During that time, the National Park Service acquired interest in 3,559 tracts containing 135,922 acres. Of all lands acquired within the National Park System during FY 2000, 100,566 acres were acquired by purchase; 9,110 acres were acquired by taking or condemnation; and 23,802 acres were acquired by donation. The NPS transferred 2,440 acres to other federal and municipal agencies.

Elwha River Ecosystem Restoration

On February 29, 2000, the National Park Service completed an eight-year effort to acquire the Glines Canyon and Elwha River Dams. Public Law 102-495 directed the NPS to acquire approximately 1,200 acres both inside and outside the boundary of Olympic National Park to restore the Elwha River ecosystem and fisheries. The acquisition of these lands, for \$29.5 million, will allow the restoration of the river and the canyon through which it flows.

Civil War Battlefield Protection

During FY 2000, interest was acquired in 33 tracts of land totaling 700 acres at five different battlefield sites. Negotiations with other landowners are ongoing, and additional landowners are being contacted to ascertain their interest in selling property to the NPS. Preliminary work, such as title research, mapping, appraisals, and environmental site assessments continue.

South Florida Ecosystem Restoration

In support of the Department of the Interior's initiative to restore and protect the water flow into the Everglades and Florida Bay ecosystems, the NPS acquired 2,985 tracts containing 19,430 acres at Everglades National Park and 292 tracts containing 2,211 acres at Big Cypress National Preserve.

Mojave National Preserve

On July 27, 2000, the NPS acquired 81,730 acres owned by Catellus Corporation at the Mojave at a cost of \$5 million. The Wildlands Conservancy, one of the largest non-profit land trusts in the West, assisted with matching funds for the acquisition.



In 2000, 81,730 acres of land were added to Mojave National Preserve, further protecting the fragile desert habitat of the desert tortoise.

Concession Management

There are currently 628 concessioners operating in approximately 130 parks within the National Park System. Concessioners provide a variety of necessary and appropriate visitor services including accommodations, restaurants and other food services, transportation, and merchandise facilities.

In FY 2000, the National Park Service developed administrative reforms that conform to new legislation passed in the National Parks Omnibus Management Act of 1998 (which updates the Concession Policies Act of 1965). The new legislation substantively changed the manner in which the NPS awards concession contracts, as well as the terms and conditions of those contracts. The National Park Service published revised final concession regulations in the Federal Register on April 17, 2000. Revised final standard concession contract language followed on May 4, 2000.

Attributed partly to a freeze on concession contracting while new concessions policy was being developed, there are presently 286 expired concession authorizations which have been extended through December 31, 2000. The National Park Service developed and is implementing a strategy under which it expects to advertise approximately 112 of the backlog of expired authorizations before December 31, 2000, with the emphasis placed on the larger, higher grossing contracts.

The National Parks Omnibus Management Act of 1998 also provided that all franchise fees paid by concessioners to the United States are deposited into an account established in the U.S. Treasury. Pursuant to law, 80 percent of the franchise fees collected at each park are available, without further appropriation, for use at that park. Funds can be used for visitor services and for funding resource management programs and operations. The remaining 20 percent of these funds are available without further appropriations to support activities throughout the National Park System. In FY 2000, concessioners deposited \$16.4 million into the franchise fee account—80 percent was applied to the park-specific fund and 20 percent to the Servicewide fund. The NPS made almost \$2.4 million of the Servicewide 20-percent fund available for projects such as appraisals of possessory interests, financial analyses, the Concession Management Advisory Board, and selected park-specific needs.

In addition to the FY 2000 franchise fees discussed above, a total of \$32,283,011 was deposited by concessioners into capital or government improvement accounts for concession-related capital improvements. Several existing concession contracts, by their terms, require that concessioners maintain and deposit monies into capital and/or government improvement accounts to fund needed concession-related capital improvements. While no accounts of this type will be authorized under new concession contracts, the requirements of existing contracts will remain in effect until contract expiration or termination. Concessioners are not granted a possessory interest, leasehold surrender interest, or other compensable interest in capital improvements constructed with monies from these accounts.



The dining room at Ahwahnee Hotel in Yosemite National Park offers diners breathtaking views of Yosemite valley.



Fiscal Year 2000

Financial Statements

FMFIA Assurance Statement Fiscal Year 2000

On the basis of the National Park Service's comprehensive management control program, I am pleased to certify, with reasonable assurance, that the NPS's systems of accounting and internal controls are in compliance with the internal control objectives in OMB's Bulletin Number 98-08, as amended. I also believe these same systems of accounting and internal controls provide reasonable assurance that the Agency is in compliance with the provisions of the Federal Managers' Financial Integrity Act.



C. Bruce Sheaffer
Comptroller, Assistant Director

Federal Managers' Financial Integrity Act (FMFIA)

The Federal Managers' Financial Integrity Act (FMFIA) requires agencies to provide annually a statement of assurance regarding management controls and financial systems. Agency financial management controls and systems, taken as a whole, provide reasonable assurance that its accounting systems comply with appropriate federal requirements. This conclusion is based on the review and consideration of a wide variety of evaluations, internal analyses, reconciliations, reports, and other information, including quality assurance evaluations, General Accounting Office and Office of Inspector General audits, and an independent public accountant's opinion on our financial statements and reports on our internal control structure and compliance with laws and regulations.

Limitations of the Financial Statements

The financial statements have been prepared to report the financial position and results of operations of the entity, pursuant to the requirements of 31 U.S.C. 3515(b). While the statements have been prepared from the books and records of the entity in accordance with the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources which are prepared from the same books and records. The statements should be read with the realization that they are for a component of the U.S. Government, a sovereign entity. One implication of this is that liabilities cannot be liquidated without legislation that provides resources to do so.



It is important to know the stories behind these monuments so that all Americans will understand what it has taken to establish and maintain our country. If we do not remember and honor our history and heroes, we will cease to be a great nation.

Visitor to the National
Monuments and Memorials
in Washington, D.C.

**Department of the Interior
National Park Service
BALANCE SHEET**

As of September 30, 2000 (in thousands)

ASSETS

Entity Assets

Intragovernmental	
Fund Balance with Treasury (Note 2)	\$ 1,602,515
Investments	65
Accounts Receivable (Note 3)	13,716
Advances to Others (Note 5)	6,763
Other Assets (Note 6)	<u>7,800</u>
Total Intragovernmental	1,630,859
Accounts Receivable Net (Note 3)	8,223
Loan Receivable (Note 4)	5,397
Advances to Others (Note 5)	823
Cash (Note 7)	366
General Property, Plant & Equipment, Net (Note 8)	<u>797,943</u>
Total Entity Assets	<u>2,443,611</u>

Non-Entity Assets (Note 9)

Cash to be Transferred to Treasury	3,285
Accounts Receivable, Net	<u>914</u>

Total Non-Entity Assets	<u>4,199</u>
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TOTAL ASSETS	<u>\$ 2,447,810</u>
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LIABILITIES

Entity Liabilities

Liabilities Covered by Budgetary Resources	
Intragovernmental	
Accounts Payable (Note 10)	\$ 24,151

(continued on next page)

**Department of the Interior
National Park Service
BALANCE SHEET**

As of September 30, 2000 (in thousands)

LIABILITIES (continued)

Advances from Others (Note 11)	\$ 80,797
Accrued Benefits	10,920
Total Intragovernmental	<u>115,868</u>
Accounts Payable (Note 10)	49,153
Advances from Others (Note 11)	9,254
Accrued Benefits	50,806
Total Entity Liabilities Covered by Budgetary Resources	<u>225,081</u>
Liabilities Not Covered by Budgetary Resources	
Intragovernmental	
Unfunded Accrued Liabilities (Note 12)	39,382
Total Intragovernmental	<u>39,382</u>
Unfunded Annual Leave	70,819
Federal Employees Compensation Act Liabilities (Note 12)	205,051
Contingent Liabilities (Note 13)	12,264
Total Entity Liabilities Not Covered by Budgetary Resources	<u>327,516</u>
Non-Entity Liabilities (Note 9)	
Accounts Payable to Treasury	4,199
Total Non-Entity Liabilities	<u>4,199</u>
TOTAL LIABILITIES	<u><u>556,796</u></u>
NET POSITION	
Unexpended Appropriations (Note 14)	714,260
Cumulative Results of Operations	1,176,754
Total Net Position	<u>1,891,014</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 2,447,810</u></u>

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

**Department of the Interior
National Park Service
STATEMENT OF NET COST**

For the Year Ended September 30, 2000 (in thousands)

PROGRAMS

Operations of the National Park Service	\$ 1,472,134
Less: Earned Revenues	<u>(25,483)</u>
Net Program Costs	1,446,651
Construction	305,929
Less: Earned Revenues	<u>(87,743)</u>
Net Program Costs	218,186
Trust Funds	72,436
Less: Earned Revenues	<u>(1,746)</u>
Net Program Costs	70,690
Fee Collection and Demonstration Activity	96,412
Less: Earned Revenues	<u>(163,974)</u>
Net Program Costs	(67,562)
Operations and Maintenance of Quarters	15,556
Less: Earned Revenues	<u>(15,312)</u>
Net Program Costs	244
Historical Preservation	34,607
Less: Earned Revenues	<u>0</u>
Net Program Costs	34,607
Other	15,284
Less: Earned Revenues	<u>(5,387)</u>
Net Program Costs	\$ 9,897

(continued on next page)

**Department of the Interior
National Park Service
STATEMENT OF NET COST**

For the Year Ended September 30, 2000 (in thousands)

PROGRAMS *(continued)*

Other Program Costs	
National Recreation and Preservation	\$ 47,531
Fire and Emergency Operations	90,354
Urban Park and Recreation	671
Job Corps	<u>14,865</u>
Total Other Program Costs	153,421
Costs Not Assigned to Programs	
Heritage Assets	26,617
Land Acquisition	<u>125,586</u>
Total Costs Not Assigned to Programs	152,203
NET COST OF OPERATIONS (Note 15)	<u>\$ 2,018,337</u>

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

Department of the Interior
National Park Service
STATEMENT OF CHANGES IN NET POSITION
For the Year Ended September 30, 2000 (in thousands)

Net Cost of Operations	(\$ 2,018,337)
Financing Sources:	
Appropriations Used	1,733,840
Other Nonexchange Revenue	9
Donations	18,632
Imputed Financing	61,768
Transfers – In	5,552
Transfers – Out	(16,712)
Transfers – Special Receipt Accounts (Note 19)	205,329
Other Financing Sources (Note 16)	48,631
Net Results of Operations	<u>38,712</u>
Prior Period Adjustments (Note 20)	188,727
Net Change in Cumulative Results of Operations	<u>227,439</u>
Decrease in Unexpended Appropriations	<u>(244,596)</u>
Change in Net Position	<u>(17,157)</u>
Net Position – Beginning of Period	<u>1,908,171</u>
Net Position – End of Period	<u>\$ 1,891,014</u>

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

Department of the Interior
National Park Service
STATEMENT OF BUDGETARY RESOURCES
For the Year Ended September 30, 2000 (in thousands)

BUDGETARY RESOURCES

Budget Authority (Note 17)	\$ 2,129,248
Unobligated Balances – Beginning of Period (Note 21)	922,789
Spending Authority from Offsetting Collections	139,810
Adjustments	<u>15,175</u>
TOTAL BUDGETARY RESOURCES	\$ <u>3,207,022</u>

STATUS OF BUDGETARY RESOURCES

Obligations Incurred	\$ 2,242,764
Unobligated Balances – Available	863,082
Unobligated Balances – Unavailable	<u>101,176</u>
TOTAL STATUS OF BUDGETARY RESOURCES	\$ <u>3,207,022</u>

OUTLAYS

Total Obligations Incurred	\$ 2,242,764
Less: Spending Authority from Offsetting Collections and Adjustments	<u>(178,541)</u>
Obligations Incurred, Net	2,064,223
Obligated Balance, Net – Beginning of Period (Note 21)	637,113
Less: Obligated Balance, Net – End of Period	<u>(648,918)</u>
TOTAL OUTLAYS	\$ <u>2,052,418</u>

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

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The National Park Service (NPS) is a bureau of the U.S. Department of Interior, and is responsible for promoting and regulating designated areas within the National Park System. The NPS is also responsible for conserving the scenery, historical objects, and wildlife so that they may be enjoyed by future generations.

The Director of the National Park Service is responsible for administrative oversight and policy of the NPS, including authority over money or other budget authority made available to the NPS.

In fulfilling its mission, the NPS administers a variety of funds:

General Funds – These funds include: 1) receipt accounts used to account for collections not dedicated to specific purposes; and 2) expenditure accounts used to record financial transactions arising under Congressional appropriations or other authorizations to spend general revenues. The National Park Service's principal general funds are:

- Operation of the National Park Service
- National Recreation and Preservation
- Construction

Trust Funds – These funds are established to account for receipts held in trust for use in carrying out specific purposes and programs in accordance with an agreement or statute. The National Park Service's principal trust funds are:

- Donations
- Birthplace of Abraham Lincoln
- Construction – Federal Aid Highways
- Transportation Systems

Deposit Funds – These funds are established to account for receipts awaiting proper classification or receipts held in escrow until ownership is established, when proper distribution can be made.

Special Funds – These funds arise from receipts deposited into accounts established by the U.S. Department of Treasury (Treasury) that are earmarked by law for a specific purpose. The collections deposited into the designated Treasury receipt accounts are not the result of operations of these special funds. Congress must appropriate funding for three of the special funds. Funding is immediately available upon receipt into the Treasury accounts for the remaining special funds. The National Park Service's principal special funds are:

- Fee Collection and Demonstration Activity Support
- Quarters, Operation and Maintenance
- Grant Administration
- Land Acquisition and State Assistance
- Historic Preservation
- Concession Franchise Fees

As of September 30, 2000, the National Park Service had approximately 85 concession agreements, which contain provisions that provide for the establishment of escrow-type accounts to be used to develop, improve, and maintain visitor facilities. These "Special Account" funds are maintained in separate interest-bearing bank accounts of the concessionaires. The concessionaire periodically deposits a percentage of gross revenue in the account as provided in the concessionaire agreement. While the funds may be disbursed only by approval of the concessionaire and the park superintendent, they are



The Korean War Veterans Memorial includes 19 statues of infantry soldiers which stand before a polished granite wall bearing the images of support personnel.

normally intended, according to the contractual arrangements, to be used to improve or maintain the facilities used by the concessionaire to provide services to visitors.

At this time, there are differing interpretations about the extent of the National Park Service's jurisdiction over these funds, and the related receipts and expenditures. Specifically, the Office of Management and Budget (OMB) and Treasury have required that these accounts be included in Federal Government budgetary reporting. However, it is the opinion of the Solicitor of the Department of the Interior that

“The funds contained in Concession Improvement Accounts . . . are owned by the concessionaire and are not receipts of the United States. Expenditures of such funds by the concessionaire are private expenditures, not governmental expenditures.”

Therefore, the balances, inflows, and outflows of these Special Accounts are not reflected in the financial statements of the National Park Service. As of September 30, 2000, the concessionaires reported that the Special Accounts balances totaled approximately \$55.2 million.

B. Basis of Accounting and Presentation

These financial statements have been prepared to report the financial position, net cost of operations, changes in net position, budgetary resources, and reconciliation of net costs to budgetary resources of the National Park Service as required by the Chief Financial Officers Act of 1990 and the Government Management Reform Act of 1994. The financial statements have been prepared from the books and records of the NPS in accordance with accounting principles generally accepted in the United States of America using guidance issued by the Federal Accounting Standards Advisory Board (FASAB), the OMB, and NPS accounting policies which are summarized in this note. These financial statements include all

funds and accounts under the control of the NPS and allocations from other federal agency appropriations transferred to the NPS under specific legislative authority.

The accounting structure of Federal Government agencies is designed to reflect both accrual and budgetary accounting transactions. Under the accrual method of accounting, revenues are recognized when earned, and expenses are recognized when incurred, without regard to receipt or payment of cash. The budgetary accounting principles, on the other hand, are designed to recognize the obligation of funds according to legal requirements, which in many cases is before the occurrence of an accrual-based transaction. The recognition of budgetary accounting transactions is essential for compliance with legal constraints and controls over the use of federal funds. These financial statements are different from the financial reports also prepared by the National Park Service pursuant to OMB directives, used to monitor and control the National Park Service's use of budgetary resources.

Intragovernmental assets and liabilities arise from transactions with other federal agencies. Non-entity assets are not available to finance the National Park Service's operations, and consist of various fees that must be returned to the U.S. Treasury.

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

C. Revenues and Other Financing Sources

The National Park Service receives the majority of its required funding to support its programs through appropriations authorized by Congress. The NPS receives annual, multi-year, and no-year appropriations that may be used, within statutory limits, for operating and capital expenditures. The NPS also



Visitors embark from Great Falls Tavern Visitor Center to enjoy a canal boat tour pulled by mule on the historic towpath at Chesapeake and Ohio Canal National Historical Park.

receives transfers of appropriated and trust funds from other agencies to support various ongoing program requirements.

Donated funds, reimbursements and grantor's requests, consistent with legislative authority, are available to the NPS when received. The National Park Service has legislative authority to collect revenues through user charges for a variety of activities that may or may not recover the full cost of the service. However, prices based on full cost in some activities would likely reduce the quantity of services sold, therefore, any difference between revenue currently earned, and projected revenue based on a full cost pricing model would not provide an accurate indication of lost revenue.

Through special legislation, the NPS is authorized to establish/increase recreation use fees, which are not intended to recover the full cost of the service. The laws mandate the use of a portion of these fees collected from park visitors for the following:

Public Law 104-134 gives the National Park Service authority through FY 2001 to allow 100 demonstration sites to experiment with new or increased recreation use fees. Parks participating in the demonstration program have until FY 2004 to spend at least 80 percent of the revenues collected at the site to help address unmet needs for visitor services, repairs and maintenance, and resource management. The remaining 20 percent can be spent at the discretion of the National Park Service. During FY 2000, recreation use fees totaling \$137.7 million were transferred to an available receipt account and allocated to the participating parks in accordance with authorizing legislation.

Public Law 105-391 gives the National Park Service permanent authority to spend 100 percent of revenues collected for Concession Franchise Fees. Parks collecting these revenues are now authorized to use 80 percent of the

collected revenues for concession-related expenditures. The remaining 20 percent can be spent at the discretion of the NPS. During FY 2000, revenues collected for Concession Franchise Fees totaled \$16.4 million.

D. Fund Balance with Treasury and Cash

National Park Service receipts and disbursements are processed by the U.S. Treasury. Fund Balance with Treasury represents the unexpended balances of appropriation accounts, transfer accounts, deposit funds, and trust funds in NPS accounts which are available to pay current liabilities and to pay outstanding obligations. Cash balances held outside of the U.S. Treasury are imprest funds. No cash is held in commercial bank accounts.

E. Accounts Receivable

Accounts receivable consist of amounts owed to the National Park Service by other federal agencies and the public. Amounts due from the public are stated net of an allowance amount for uncollectible accounts that is based on an analysis of outstanding receivable balances and past collection experiences. No allowance is established for intragovernmental receivables, as they are considered fully collectible from other federal agencies.

F. Property, Plant, and Equipment

The National Park Service is authorized to purchase structures and equipment under a number of appropriations to facilitate the administration of the NPS and to preserve natural and cultural resources. The NPS capitalizes real property (e.g. buildings, structures, and facilities) and equipment, with an acquisition cost of at least \$500,000 and \$5,000 respectively,



Grand Canyon National Park protects over 80 acres of ponderosa pine forest on the North Rim specifically as habitat for the endemic Kaibab squirrel.

providing the asset has an estimated useful life of two years or more. The National Park Service determined that all of its land meets the criteria for stewardship land, and therefore has assigned no value to such land.

All real property assets in service before FY 1996 are depreciated using the straight-line method over a useful life of 20 years. Assets placed in service during FY 1996 and thereafter, are depreciated with a useful life based on four distinct asset classes. Fifteen-year property includes items such as roadside and trailside exhibits and markers, furnishings for historic structures, audio-visual installations, telephone distribution plants, and comparable assets used for two-way communication. Twenty-year property includes utility systems, sewage treatment facilities, non-permanent quarters, and other such assets. Residential property is buildings in which 80 percent or more is comprised of dwelling units (e.g., permanent quarters). These assets are depreciated over 27 years. Nonresidential property such as visitor centers, maintenance facilities, concessionaire buildings, bridges, and others is depreciated over 40 years. Equipment is depreciated using the straight line method. The useful life is based on the Federal Supply code for equipment which has a range of five to 25 years. Software is depreciated over five years using the straight line method.

The National Park Service leases office space from the General Services Administration (GSA). The lease costs are comparable to commercial lease rates for similar properties.

G. Liabilities

Liabilities represent the amount of monies or other resources that are likely to be paid by the National Park Service as the result of a transaction or event that has already occurred. However, no liability can be paid by the NPS unless Congress and the President authorize payment through an appropriation. These statements include liabilities for which an appropriation

has not been enacted, and thus are presented as liabilities not covered by budgetary resources, for there is no certainty that an appropriation will be enacted. Contingent liabilities are recorded in the accounting records when an event potentially leading to the recognition of a liability is probable, and a reasonable estimate of the scope of the potential liability is available.

H. Personnel Compensation and Benefits

Accrued payroll and benefits represent salaries, wages, and benefits earned by employees, but not disbursed as of September 30. Annual leave is the earned amount of unused employee vacation time based on annual leave balances and current pay rates, and funded from current appropriations when used. Annual leave is recorded as an unfunded liability because financing will be obtained from the then-current appropriations when used. The National Park Service expenses sick and other types of leave when used, but does not accrue the related costs because it is not earned and does not vest.

I. Retirement Plans

National Park Service employees participate in one of two retirement systems. National Park Service employees hired prior to January 1, 1984, participate in the Civil Service Retirement System (CSRS) to which NPS makes matching contributions equal to seven percent of basic pay. The Federal Employee Retirement System (FERS) went into effect on January 1, 1987, pursuant to Public Law 99-335. Employees hired after December 31, 1983, are automatically covered by FERS and Social Security. Employees hired before January 1, 1984, could have elected to join either FERS or remain in CSRS. A primary feature of FERS is that it offers a savings plan, to which NPS automatically contributes one percent of pay and matches any employee contribution up to an additional four percent of pay. The National Park Service makes no matching contributions to the Thrift Savings Plans established



Florissant Fossil Beds National Monument preserves a wealth of world-class fossils ranging from delicate insects to massive petrified sequoia stumps.

by CSRS employees. For employees hired since December 31, 1983, the NPS also contributes the employer’s matching share for Social Security.

The National Park Service recognized the full cost of providing future pension and other retirement benefits (ORB) for current employees as required by SFFAS No. 5, *Accounting for Liabilities of the Federal Government*. Full cost includes pension and ORB contributions paid out of NPS appropriations and costs financed by the Office of Personnel Management (OPM). The amount financed by OPM is recognized as an Imputed Financing Source on the Statement of Changes in Net Position. Reporting amounts such as plan assets, accumulated plan benefits, or unfunded liabilities, if any, is the responsibility of OPM.

J. Income Taxes

As an entity of the U.S. Government, the National Park Service is exempt from all income taxes imposed by any governing body, whether it is a federal, state, local, or foreign government, or a Commonwealth of the United States.

K. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results will invariably differ from those estimates.

Note 2. Fund Balance with Treasury

Fund Balance with Treasury by major category is as follows (dollars in thousands):

Fund	Balance
Appropriated Funds	\$ 1,188,861
Trust Funds	73,452
Available Receipts	317,990
Other	<u>22,212</u>
Total Fund Balance with Treasury	\$ 1,602,515

Appropriated funds consist of funds for the operation of the National Park Service, construction, historical preservation, fire emergency, and more. Trust funds consist of federal highway funds and donations. Available receipts consist of fee collection and demonstration activity funds, operation and maintenance of quarters, concession franchise funds, etc. Other consists of deposit funds and other minor funds.

Note 3. Accounts Receivable, Net of Allowance

The reported amount for total Accounts Receivable consists of monies owed to the NPS from other federal agencies and the public, as follows (in thousands):

	Federal	Public
Accounts Receivable, Billed	\$ 384	\$ 8,346
Allowance for Doubtful Accounts	0	(810)
Net Accounts Receivable, Billed	384	7,536
Accounts Receivable, Unbilled	13,332	687
Total Accounts Receivable, Net	\$ 13,716	\$ 8,223

Note 4. Loans Receivable

Pursuant to the Wolf Trap Farm Park Act (16 U.S.C. 284c(b)), the Wolf Trap Foundation for the Performing Arts (the Foundation) and the National Park Service amended their Cooperative Agreement to set up a repayment schedule of loan principal to the Foundation totaling \$8,560,226 authorized by the Act of November 28, 1990 (P.L. 101-636: 104 Stat. 4586). The loan principal is to be repaid to the NPS without interest within 25 years from June 1, 1991, the date of the Amendment. The loan principal is repaid in equal annual installments of \$359,783, except for the first three annual payments of \$215,000 per year. Repayment of the loan principal may include a credit of up to \$60,000, annually, for public service tickets given to entities exempt from taxation pursuant to section 501(c)(3) of the Internal Revenue Code of 1986. The monies that the NPS receives for repayment of this loan may be

retained by the NPS until expended, in consultation with the Foundation, for the maintenance of structures, facilities, and equipment of the park. The remaining balance of this loan receivable at September 30, 2000, is \$5,397,000.

Note 5. Advances to Others

As of September 30, 2000, there were outstanding federal advances of \$2,339,000 to the Federal Highway Administration for work to be performed at Yosemite National Park under an interagency agreement, and \$1,723,000 to the Bureau of Land Management for the purchase of fire equipment. In addition, there were outstanding advances of \$2,701,000 to various federal agencies.

Advances to non-federal entities and individuals is comprised of (in thousands):

Type of Advance	Amount
Travel Advances	\$ 352
Grant Advances	471
Total Advances	\$ 823

The National Park Service disburses grants to states, territories, and Indian tribes to facilitate the accomplishment of its overall mission. The state grantee entities, typically disburse funds to subrecipients to carry out specified activities.

Note 6. Other Assets

The Federal Highway Administration provided NPS contract authority for road construction in the parks. The NPS recognized a receivable for the unused contract authority for which the appropriation has been authorized by law.

Note 7. Cash

Cash represents the National Park Service imprest funds, or “petty cash,” held by imprest fund cashiers at NPS field units throughout the country. The NPS continues to reduce the cash held in imprest funds through better cash management initiatives such as third party drafts and VISA/IMPAC credit cards.

Note 8. General Property, Plant, & Equipment, Net

The National Park Service’s general property, plant, and equipment categories, with corresponding accumulated depreciation, is shown in the table below (in thousands):

Asset Category	Cost	Accumulated Depreciation	Net Book Value
Buildings	\$ 392,757	\$ (141,818)	\$ 250,939
Structures/Facilities	432,215	(174,817)	257,398
Equipment	356,752	(215,961)	140,791
Construction-in-Progress	148,412	0	148,412
Software	721	(318)	403
Total	\$ 1,330,857	\$ (532,914)	\$ 797,943

Note 9. Non-Entity Assets/Liabilities

The reported amount of cash transferred to Treasury consists of certain recreation, entrance, and user fees collected at many of the parks. These fees are to be returned to Treasury following the end of each fiscal year, therefore are reflected as a non-entity liability. With the continued expansion of the Fee Demonstration Program, in which receipts are retained by the NPS, there was a significant reduction in FY 2000 fees returned to Treasury. All non-entity accounts receivables, when collected, are returned to Treasury at the beginning of each year and non-entity accounts receivable are net of allowances for uncollectible amounts.

Note 10. Accounts Payable

The reported amounts for accounts payable include liabilities to other federal agencies and to the public. Amounts owed for goods and services received by the NPS total \$73,304,000 and include contract holdbacks of \$1,110,000.



Pecos National Historical Park preserves 12,000 years of human history including the ruins of Pecos Pueblo, a section of the Santa Fe Trail, sites related to the Civil War Battle of Glorieta Pass, and a 20th-century ranch.

Note 11. Advances from Others

The reported amounts include advances to the National Park Service from other federal agencies and from the public for a total of \$90,051,000. This amount is for the purchase of land with Title V monies and for payments received in advance for reimbursable agreements for state-federal-academic partnerships in research and graduate education for the management of natural resources, etc.

Note 12. Federal Employees Compensation Act Liabilities

The Federal Employees Compensation Act (FECA) provides income and medical cost protection to covered federal civilian employees insured on the job; employees who have incurred a work-related occupational disease; and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and unpaid billings, and subsequently seeks reimbursement from the NPS for the paid claims. FECA liabilities at September 30, 2000, include two portions: 1) intragovernmental portion, amounting to \$39,382,000, representing claims paid by DOL and billed to the NPS that remain unpaid at September 30; and 2) non-intragovernmental portion, or the actuarial FECA liability, amounting to \$205,051,000. The actuarial FECA liability represents the liability for future workers' compensation benefits, which includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The liability is determined by the DOL annually, as of September

30, using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. The projected annual payments are discounted to present value using OMB's economic assumptions for 10-year Treasury notes and bonds.

Note 13. Contingent Liabilities

Environmental

The National Park Service is subject to loss contingencies pursuant to environmental laws and regulations that currently, and in the future, will require the NPS to take action to correct or ameliorate the effects on human health and the environment from releases of contaminants by the NPS or other parties. Contingencies may exist for various types of sites, including, but not limited to: 1) hazardous substance contaminated sites governed by the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA); 2) waste storage, treatment and disposal facilities governed by Subtitle-C of the Resource Conservation and Recovery Act (RCRA); 3) leaking underground storage tanks; 4) proper closure and clean up of solid waste; and 5) abandoned mining lands. The abatement of lead-based paint and asbestos is not considered as part of these contingencies. These items are promptly fixed when discovered.

The amount of future cleanup cost to the National Park Service is difficult to determine due to such factors as: 1) the unknown nature and extent of potential contamination; 2) the unknown timing and extent of the cleanup that may be required; 3) the determination of allocation of NPS liability vis-à-vis other responsible parties; and 4) the extent to which such costs will be borne by or recovered from third parties. While the NPS has provided for environmental obligations that are probable and



Curators at the NPS Museum and Archeological Regional Storage Facility in Maryland work to catalogue over 53,000 objects in the Vietnam Veterans Memorial Collection. Objects left by visitors at the Memorial Wall range from military patches, medals, and boots to wreaths, flags, and photos.

reasonably estimable, the amount of future costs is dependent on the results of future activities. The NPS does not expect these costs to have a material effect on its consolidated financial position.

The National Park Service has identified 157 sites within 70 park units that are potentially impacted by petroleum or hazardous substance releases. As of September 30, 2000, approximately 55 percent of these sites are governed by RCRA, and 45 percent of these sites are governed by CERCLA. Response activities at these sites include: site characterization and sampling; risk assessment; removal of the contaminant source; treatment and/or containment of contaminated water and soil; and ongoing monitoring.

The National Park Service analyzed its environmental cleanup liability and estimates a total future liability of \$4,000,000, of which \$3,585,000 constitutes the estimated cost of cleanup at sites for which the NPS has liability or shared liability, and \$415,000 constitutes the cost of future studies at such sites. In addition, there are some sites for which the NPS has liability or shared liability for which the environmental cleanup liability is not reasonably estimable at this time. With respect to these sites, there is a possibility of a liability in the range of \$659,000 to \$3,536,000.

Furthermore, there are 106 sites at which environmental liability is undetermined or in litigation. The National Park Service's possible liability for these sites range from \$22,664,000 to \$134,410,000.

Judgments and Claims

The National Park Service is a defendant in a number of lawsuits where the plaintiff is seeking monetary damages. In the opinion of NPS management and legal counsel, a reasonable estimate of an adverse outcome on certain cases could result, totaling approximately \$8,264,000, of which \$3,500,000 could be paid by the NPS and the remainder by the

Department of Treasury Judgment Fund. There are six reasonably possible claims with a total payout range of \$1,200,000 to \$15,060,000 that would be paid through the Department of the Treasury Judgment Fund, if settled.

Note 14. Unexpended Appropriations

The balance of unexpended appropriations at September 30, 2000, is comprised of the following amounts (in thousands):

Appropriation	Amount
Unobligated Available	\$ 191,830
Unavailable	19,235
Undeliverable Orders	503,195
Total Unexpended Appropriations	\$ 714,260



The Oregon National Historic Trail is managed with the cooperation and support of a nationwide trails community working toward a vision of an interconnected, cross-country trail system.

Note 15. Statement of Net Cost Disclosure

Gross Costs presented in the Statement of Net Cost represents intra-governmental costs of \$255,000 and public costs of \$2,062,000. Gross revenue presented in the Statement of Net Cost represents intra-governmental revenues of \$57,000 and public revenues of \$242,000.

Gross cost and earned revenue, by budget functional classification were as follows (in thousands):

Budget Functional Classification	Gross Cost	Earned Revenue	Net Cost
Natural Resources and Environment	\$ 2,257,544	\$ (299,645)	\$ 1,957,899
Transportation	45,573	0	45,573
Education, Training, Employment, and Social Services	<u>14,865</u>	<u>0</u>	<u>14,865</u>
Total	\$ 2,317,982	\$ (299,645)	\$ 2,018,337

Intra-governmental gross cost and earned revenue, by budget functional classification were as follows (in thousands):

Budget Functional Classification	Gross Cost	Earned Revenue	Net Cost
Natural Resources and Environment	\$ 251,990	\$ (57,479)	\$ 194,511
Transportation	3,017	0	3,017
Education, Training, Employment, and Social Services	<u>911</u>	<u>0</u>	<u>911</u>
Total	\$ 255,918	\$ (57,479)	\$ 198,439

Stewardship means doing what I can to conserve what does not belong to me alone, holding in trust that which exists before, during, and after my time, caring for, to the best of my ability, what is beyond and greater than myself.

Helen L. Scully,
National Park Service
Employee

Note 16. Other Financing Source

Other financing sources consist of Title V and Title VI monies of which \$41,058,000 was used for the purchase of land, construction, and maintenance, and \$7,573,000 was used to make computer programs Y2K compliant.

Note 17. Budget Authority

Budget Authority is comprised of the following amounts (in thousands):

Transaction	Amount
Appropriations	\$ 2,042,052
Contract Authority	53,480
Transfers, Net	<u>33,716</u>
Total	\$ 2,129,248

Note 18. Operating Leases

The National Park Service leases various buildings from the General Services Administration (GSA). The NPS is not committed to continue to pay rent to GSA beyond the period occupied, and may elect to terminate these leases with 120 days notice to GSA at any time. However, it is expected that the NPS will continue to occupy and lease office space from GSA in future years, and that the lease charges will be adjusted annually to reflect operating costs incurred by GSA. For the year ended September 30, 2000, payments to GSA for operating leases approximated \$32,993,000.

The NPS also leases vehicles from GSA. The National Park Service may elect to terminate these leases with as little as one day’s notice to GSA at any time. For the year ended September 30, 2000, payments to GSA for leasing of vehicles approximated \$6,785,000. All leases with GSA are considered operating leases.

Note 19. Transfers-Special Receipt Accounts

Monies from three special receipt accounts controlled by the Department of Interior are transferred to the National Park Service for the purchase of land, grants to state and local government, and clean up of hazardous material. The amounts transferred from each fund are as follows (in thousands):

Account	Amount
Land & Water Conservation Fund	\$ 120,700
Historic Preservation	83,793
Central Hazardous Materials Fund	<u>836</u>
Total	\$ 205,329

Note 20. Prior Period Adjustments

This amount represents major reclassifications of \$(279,241,000) from unexpended appropriations to cumulative results of operation for all available receipt accounts and transfers from special receipt accounts; \$53,167,000 for accounts where appropriated funds are mixed with reimbursable authority; and FECA liabilities of \$37,347,000 recorded in FY 2000 for the prior year.



The NPS expects to continue to occupy and lease office space from GSA and that the lease charges will be adjusted annually to reflect operating costs incurred by GSA.

Note 21. Balance Changes in Statement of Budgetary Resources

There was a decrease between Obligated Balance, Net-End of Period (FY 1999), and Net-Beginning of Period (FY 2000) in the amount of \$53,089,000. There was also a decrease between the Unobligated Balance, End of Period (FY 1999), and Unobligated Balance, Beginning of Period (FY 2000), of \$312,000.

These adjustments are the cumulative result of a budgetary account reconciliation, which was necessary to bring our accounts into compliance with FACTS II reporting requirements. Since many of the accounts affected were beginning balances, a change in Obligated Balance and Unobligated Beginning of Period was essential.

Note 22. Statement of Financing

The intent of the Statement of Financing, which may be presented as a note to the financial statements, is to facilitate the reconciliation of the financial net cost of operations with obligations of budget authority. Because the accrual-based measures used in the Statement of Net Cost differ from the obligation-based measures used in the Statement of Budgetary Resources, this reconciliation is useful in understanding the differences.

The Statement of Financing considers four types of activity: 1) resources used to fund activities; 2) resources used to fund items not part of the net cost of operations; 3) components of net cost of operations that do not require or generate resources during the reporting period; and 4) components of net cost that require future funding.

The Statement of Financing for the year ended September 30, 2000, is as follows (in thousands):

Department of the Interior National Park Service STATEMENT OF FINANCING For the Year Ended September 30, 2000 (in thousands)	
Obligations and Nonbudgetary Resources	
Obligations Incurred	\$ 2,242,764
Less: Spending Authority for offsetting Collections and Adjustments	(178,541)
Imputed Financing	61,768
Nonexchange Revenue Not in the Budget	18,641
Exchange Revenue Not in the Budget	(153,921)
Transfers (Net)	<u>(11,160)</u>
Total Obligations, as Adjusted, and Nonbudgetary Resources	\$ 1,979,551
Resources That Do Not Fund Net Cost of Operations	
Change in Amount of Goods, Services, and Benefits Ordered But Not Yet Received or Provided	16,842
Costs Capitalized on the Balance Sheet	(72,699)
Change in Unfilled Customer Orders	<u>(22,649)</u>
Total Resources That Do Not Fund Net Cost of Operations	\$ (78,506)
Costs That Do Not Require Resources	
Depreciation	57,627
Other Items Not Requiring Budgetary Resources	<u>12,220</u>
Total Costs That Do Not Require Resources	\$ 69,847
Change in Future Funding Requirements	<u>47,445</u>
Net Cost of Operation	\$ 2,018,337



Fiscal Year 2000

Required Supplementary Stewardship Information

Stewardship and Heritage Assets

The National Park Service is steward, for the people of the United States, to the land and resources which it administers. Forests, deserts, riparian areas, seashores, wilderness areas, archeological sites, museum collections, cultural landscapes and historic buildings are among the many stewardship and heritage assets which the NPS has the responsibility to preserve and protect. Information regarding the deferred maintenance on stewardship and heritage assets is contained in the Required Supplementary Information section.

Subsets of lands within the authorized boundaries of the National Park System can have additional stewardship asset designations such as *wilderness areas*, *wild and scenic rivers*, and *trails*. Stewardship areas such as wilderness areas may encompass lands owned by entities other than the National Park Service. Changes in NPS boundaries occur only when authorized by Presidential proclamations or by acts of Congress. While individual units of stewardship land can be improved, the condition of NPS stewardship land as a whole is generally sufficient to support the NPS mission.

National Park Service Land

The objective of acquiring land and interests in land is to preserve and protect, for public use and enjoyment, the historic, scenic, natural, and recreational values of Congressionally authorized areas within the National Park System. Acquisition of land helps to meet the increasingly heavy visitor demand for federal recreation areas, conserves outstanding resources for public recreational use before they are converted to incompatible uses, and preserves the nation’s natural and historic heritage.

The 379 units of the National Park System contain a total of 83,645,303.45 acres within their boundaries. Of that total,

78,197,903.64 acres are in federal ownership: 77,945,990.95 acres in fee simple title, and 251,912.69 acres in less-than-fee title (ie., scenic easements). Non-federal land within the NPS is either privately-owned (4,319,478.22 acres) or owned by state and local governments (1,127,921.59 acres). Subject to the availability of funds, privately-owned land will be acquired as opportunities for acquisition arise, or when an owner uses or threatens to use the property in a manner not compatible with park purposes. During FY 2000, the Service acquired 135,918.32 acres and disposed of 470.32 acres. This table summarizes ownership of acreage within park boundaries by type of park unit:

NPS Unit Type	Federal Acreage	Non-Federal Acreage	Total Acreage
International Historic Site	28.44	16.46	44.90
National Battlefields	11,940.49	1,234.48	13,174.97
National Battlefields Parks	8,059.55	1,614.36	9,673.91
National Battlefields Site	1.00	0.00	1.00
National Historic Sites	20,138.14	4,545.30	24,683.44
National Historical Parks	115,566.03	47,329.80	162,895.83
National Lakeshores	145,743.92	83,226.17	228,970.09
National Memorials	8,041.10	489.75	8,530.85
National Military Parks	35,640.02	3,083.46	38,723.48
National Monuments	1,881,499.66	163,371.41	2,044,871.07
National Parks	49,839,064.88	2,123,877.16	51,962,942.04
National Preserves	21,492,411.61	2,225,110.92	23,717,522.53
National Recreation Areas	3,406,266.64	317,793.59	3,724,060.23
National Reserves	10,932.70	22,193.13	33,125.83
National Rivers	311,143.03	112,853.60	423,996.63
National Scenic Trails	158,400.42	66,909.79	225,310.21
National Seashores	478,289.93	116,227.92	594,517.85
National Wild & Scenic Rivers	72,912.86	146,556.00	219,468.86
Parks (Other)	37,723.38	1,508.66	39,232.04
Parkways	164,099.84	9,457.85	173,557.69
Total	78,197,903.64	5,447,399.81	83,645,303.45

Stewardship lands and associated heritage assets are used and managed in accordance with the statutes authorizing their acquisition or directing their use and management. The National Park Service conducts various activities to preserve and protect land resources, and to mitigate the effects of activities conducted previously on or near parks that adversely affect the natural state of the land.

Wilderness Areas

A *wilderness area* is a place where humans are visitors and they do not remain. These areas, which are generally greater than 5,000 acres, appear to have been affected primarily by the forces of nature, with human development substantially unnoticeable. A wilderness area also provides outstanding opportunities for solitude or a primitive and unconfined type of recreation.

In the United States, there are over 100 million acres of federal land designated *wilderness* by Congressional legislation under the Wilderness Act of 1964. In addition to the National Park Service, the U.S. Forest Service, the U.S. Fish and Wildlife Service, and the Bureau of Land Management also manage wilderness areas. Because of the abundance of NPS wilderness acreage in Alaska, the National Park Service manages the greatest proportion of wilderness areas, at 53 percent of the entire National Wilderness Preservation System. This includes over 44 million acres within 45 different wilderness areas. The park units in the following table have areas recognized as wilderness, although they may not be designated wilderness areas that have a permit system.

Wilderness Area Name	Park Unit	Acreage
Alaska		
Denali	Denali National Park	2,146,580
Gates of the Arctic	Gates of the Arctic National Park	7,245,600
Glacier Bay	Glacier Bay National Park & Preserve	2,659,876
Katmai	Katmai National Park & Preserve	3,425,811
Kobuk Valley	Kobuk Valley National Park	164,112
Lake Clark	Lake Clark National Park	2,618,455
Noatak	Noatak National Preserve	5,816,168
Wrangell-St. Elias	Wrangell-St. Elias National Park and Preserve	9,676,994
Arkansas		
Buffalo National River	Buffalo National River	34,933
Arizona		
Chiricahua	Chiricahua National Monument	10,680
Organ Pipe Cactus	Organ Pipe Cactus National Monument	312,600
Petrified Forest	Petrified Forest National Park	50,260
Saguaro	Saguaro National Monument	70,905
California		
Death Valley	Death Valley National Park	3,128,028
Joshua Tree	Joshua Tree National Park	557,802
Lassen Volcanic	Lassen Volcanic National Park	78,982
Lava Beds	Lava Beds National Monument	27,970
Mojave	Mojave National Preserve	695,200
Philip Burton	Point Reyes National Seashore	25,370
Pinnacles	Pinnacles National Monument	13,270
Sequoia-Kings Canyon	Sequoia-Kings Canyon National Park	736,980
Yosemite	Yosemite National Park	704,624
Colorado		
Black Canyon of the Gunnison	Black Canyon of the Gunnison National Park	15,599
Great Sand Dunes	Great Sand Dunes National Monument	33,450
Indian Peaks	Rocky Mountain National Park	2,917
Mesa Verde	Mesa Verde National Park	8,100
Florida		
Marjory Stoneman Douglas	Everglades National Park	1,296,500
Georgia		
Cumberland Island	Cumberland Island National Seashore	8,840

(continued)



Isle Royale National Park's Mott Island draws visitors seeking the essential character of wilderness from serenity and solitude to wildlife and physical challenges.

Wilderness Area Name	Park Unit	Acreage
Hawaii (continued)		
Haleakala	Haleakala National Park	19,270
Hawaii Volcanoes	Hawaii Volcanoes National Park	123,100
Idaho		
Craters of the Moon	Craters of the Moon National Monument	43,243
Michigan		
Isle Royale	Isle Royale National Park	132,018
Mississippi		
Gulf Islands	Gulf Islands National Seashore	4,637
Nevada		
Death Valley	Death Valley National Park	125,000
New Mexico		
Bandelier	Bandelier National Monument	23,267
Carlsbad Caverns	Carlsbad Caverns National Park	33,125
New York		
Fire Island	Fire Island National Seashore	1,363
North Dakota		
Theodore Roosevelt	Theodore Roosevelt National Park	29,920
South Carolina		
Congaree Swamp	Congaree Swamp National Monument	15,010
South Dakota		
Badlands	Badlands National Park	64,144
Texas		
Guadalupe Mountains	Guadalupe Mountains National Park	46,850
Virginia		
Shenandoah	Shenandoah National Park	79,579
Washington		
Mount Rainier	Mount Rainier National Park	228,480
Olympic	Olympic National Park	876,669
Stephen Mather	North Cascades National Park	634,614
TOTAL ACREAGE		44,046,895

National Wild and Scenic Rivers System

Rivers must meet eligibility and suitability criteria before addition to the National Wild and Scenic Rivers System. For a river to be eligible, it must be in a free-flowing condition and possess one or more of the following values to a remarkable degree: scenic, recreation, geologic, fish and wildlife, historic, cultural, or other similar values. Suitability is based on the extent of public lands in the immediate environment of the river; funds required for acquisition, development, and management; and local or state interest in acting to protect and manage the river. Studies to determine eligibility and suitability may be the responsibility of either the Department of the Interior, Department of Agriculture, or the shared responsibility of both agencies. Wild and Scenic studies are presented to Congress with a Presidential recommendation. Congress then decides whether or not to add the river to the National Wild and Scenic Rivers System.

A second path to designation, under Section 2(a)(ii) of the Wild and Scenic Act (1968), is for a governor to request federal designation of a state-designated Wild and Scenic River, and for the Secretary of the Interior, after study, to designate that river. Seventeen rivers have entered the System in this way.

There are 160 rivers in the National Wild and Scenic Rivers System. Each mile of each river is classified as wild, scenic, or recreational. There are many governing agencies of these rivers: Bureau of Land Management, U.S. Fish and Wildlife Service, U.S. Forest Service, and the National Park Service. The National Park Service administers, either solely or in conjunction with other agencies, the rivers in the following table.

Year	River	Wild	Scenic	Recreational	Total Miles
1968	St. Croix, MN & WI	-	181.0	19.0	200.0
1968	Wolf, WI	-	24.0	-	24.0
1972	St. Croix (lower), MN & WI	-	12.0	15.0	27.0
1976	St. Croix (lower), MN & WI	-	-	25.0	25.0
1976	Obed, TN	44.3	-	1.0	45.3
1976	Flathead, MT	97.9	40.7	80.4	219.0
1978	Rio Grande, TX	95.2	96.0	-	191.2
1978	Missouri, NE & SD	-	-	59.0	59.0
1978	Delaware (upper), NY & PA	-	25.1	50.3	75.4
1978	Delaware (middle), NJ & PA	-	35.0	-	35.0
1980	Alagnak, AK	67.0	-	-	67.0
1980	Alatna, AK	83.0	-	-	83.0
1980	Aniakchak, AK	63.0	-	-	63.0
1980	Charley, AK	208.0	-	-	208.0
1980	Chilikadotna, AK	11.0	-	-	11.0
1980	John, AK	52.0	-	-	52.0
1980	Kobuk, AK	110.0	-	-	110.0
1980	Mulchatna, AK	24.0	-	-	24.0
1980	Koyukuk (North Fork), AK	102.0	-	-	102.0
1980	Noatak, AK	330.0	-	-	330.0
1980	Salmon, AK	70.0	-	-	70.0
1980	Tinayguk, AK	44.0	-	-	44.0
1980	Tlikakila, AK	51.0	-	-	51.0
1981	Klamath, CA	-	-	1.0	1.0
1984	Tuolumne, CA	37.0	17.0	-	54.0
1986	Cache La Poudre, CO	12.0	-	-	12.0
1987	Merced, CA	53.0	14.0	14.0	81.0
1987	Kings, CA	49.0	-	6.5	55.5
1987	Kern, CA	27.0	-	-	27.0
1988	Bluestone, WV	-	10.0	-	10.0
1991	Missouri, NE & SD	-	-	39.0	39.0
1991	Niobrara, NE	-	76.0	28.0	104.0
1992	Great Egg Harbor, NJ	-	30.6	98.4	129.0
1993	Maurice, NJ	-	28.9	6.5	35.4
1994	Farmington (West Branch), CT	-	-	14.0	14.0
1996	Lamprey, NH	-	-	11.5	11.5
1999	Sudbury, Assabet, Concord, MA	-	14.9	14.1	29.0

(continued)



Reenactors immerse themselves in early 19th-century history along the Lewis and Clark National Historic Trail.

Year	River	Wild	Scenic	Recreational	Total Miles
<i>(continued)</i>					
2000	Lamprey, NH	-	-	12.0	12.0
2000	Wekiva, FL	31.4	2.1	8.1	41.6
2000	White Clay Creek, DE & PA	-	24.0	166.0	190.0
2000	Delaware (lower), NJ & PA	-	25.4	41.9	67.3
TOTAL		1,661.8	656.7	710.7	3,029.2

National Trails System

The National Trails System, created by law in 1968, includes 14 national scenic trails, eight national historic trails, over 800 national recreation trails, and two side/connecting trails. Of the 22 national scenic and historic trails, the National Park Service provides trail-wide coordination for 16 trails. Together, these 22 trail corridors measure almost 40,000 miles in combined lengths, and cross 56 national park areas and 90 national forests. In addition, hundreds of miles of trails cross lands under the care of the Bureau of Land Management.

The National Park Service administers 16 of 22 scenic and historic trails in the National Park System. In FY 2000, trail operations totaled \$4.3 million. This funded all the trail field offices, with some funds reserved for national program activities. An additional \$614,000 was available through the NPS Challenge Cost-Share Program for partnership projects. In FY 2000, almost 100 National Trail System cost-share projects were matched three-to-one by partners. Volunteers serving these trails provided nearly 500,000 hours of labor.

Year (est.)	Trail	Length (miles)	States Crossed
1968	Appalachian NST	2,150	ME,NH,VT,MA,CT,NY,NJ, PA,MD,WV,VA,NC,TN,GA
1978	Oregon Trail	2,170	MO,KS,NE,WY,ID,OR
1978	Mormon Pioneer NHT	1,300	IL,IA,NE,WY,UT
1978	Lewis and Clark NHT	3,700	IL,MO,KS,NE,IA,SD, ND,MT,ID,WA,OR
1980	North Country NST	3,200	NY,PA,OH,MI,WI,MN,ND
1980	Overmountain Victory NHT	300	VA,TN,NC,SC
1980	Ice Age NST	1,000	WI
1983	Potomac Heritage NST	700	VA,MD,PA
1983	Natchez Trace NST	690	TN,AL,MS
1987	Santa Fe NHT	1,200	MO,KS,OK,CO,NM
1987	Trail of Tears NHT	1,800	TN,AL,MS,KY,IL,MO,AR,OK
1990	Juan Bautista de Anza NHT	1,200	AZ,CA
1990	California NHT	5,660	MO,KS,NE,WY,ID, UT,NV,CA,OR
1992	Pony Express NHT	1,970	MO,KS,NE,CO,WY,UT,NV,CA
1996	Selma to Montgomery NHT	54	AL
2000	Ala Kahakai NHT	175	HA

Heritage Areas

The heritage area concept offers an innovative method for citizens, in partnership with federal, state, and local governments, and non-profit and private sector interests, to develop a plan and an implementation strategy focused on conserving the special qualities of the local cultural landscape.

A *national heritage area* is a place designated by Congress, where natural, cultural, historic, and recreational resources combined to form a cohesive, nationally distinctive landscape arising from patterns of human activity shaped by geography. Through the conservation of discrete, intact cultural landscapes, the National Park Service seeks to preserve, in partnership with the local citizenry, a portion of the patchwork of American landscapes which helps to define the nationally significant American identity. There is no federal ownership or management of the land or property.

Archeological Sites

Archeological sites are locations that contain the remains of a variety of past human activities. Examples of such sites are the prehistoric structures, middens, and roadways in and around Chaco Culture National Historic Site in New Mexico; the ancient earthen mounds and villages at Hopewell Culture National Historic Site in Ohio and Ocmulgee National Monument in Georgia; the early historic European sites in Virginia, such as Jamestown National Historic Site, or in Massachusetts, parts of Boston National Historical Park; and later historic archeological structures and sites such as those at Independence National Historical Park in Pennsylvania.

The NPS estimates that there may be as many as 1.5 million archeological sites located within units of the National Park System. Of these, about 63,000 have been identified and about

National Heritage Area	State
America's Agricultural Heritage Partnership (Silos and Smokestacks)	IA
Augusta Canal National Heritage Area	CA
Automobile National Heritage Area	MI
Cache La Poudre River Corridor	CO
Cane River National Heritage Area	LA
Delaware and Lehigh National Heritage Corridor	PA
Essex National Heritage Area	MA
Hudson River Valley National Heritage Area	NY
Illinois and Michigan Canal National Heritage Corridor	IL
John H. Chafee Blackstone River Valley National Heritage Corridor	MA/RI
National Coal Heritage	PA
Ohio and Erie Canal National Heritage Corridor	OH
Quinebaug and Shetucket Rivers Valley National Heritage Corridor	CT
Rivers of Steel National Heritage Area	PA
Shenandoah Valley Battlefields National Historic District	VA
South Carolina National Heritage Corridor	SC
Tennessee Civil War Heritage Area	TN

48,188 are recorded in our national archeological database.

The National Park Service is making a concerted effort to collect standardized information about all known sites into the national database. All known sites will be recorded eventually in the database.

The National Park Service has a national program of archeological inventory and annually identifies and collects information on about 1,000 to 2,000 new sites. The NPS does not normally withdraw sites from the inventory. For those that are damaged or destroyed, the NPS continues to care for the data and collections of artifacts and other materials from the sites.

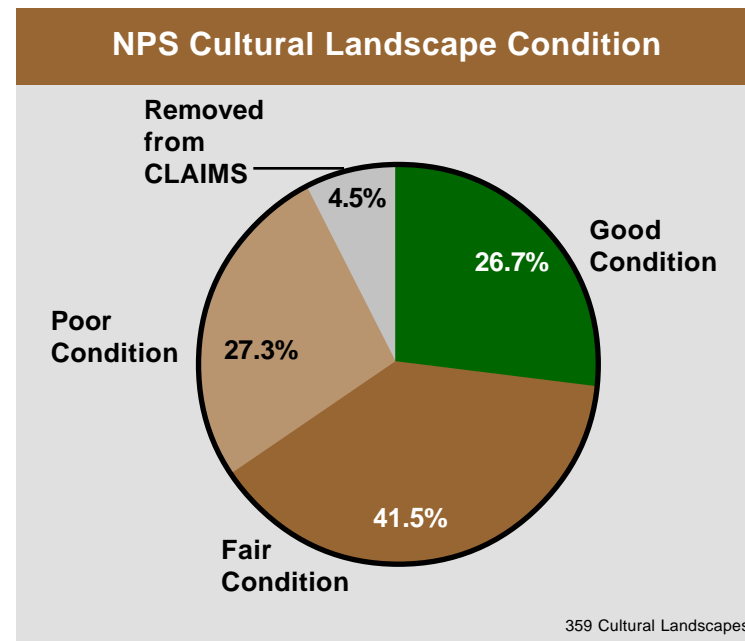
Of the recorded sites for which condition information is available, 38 percent are listed in “good” condition; however, this information is very incomplete and available for only about 31 percent of the nationally recorded sites. Based upon projects identified as necessary in approved park resource management plans, funding of over \$160 million is needed for archeological projects. Only a portion of this funding relates to maintenance work.

Cultural Landscapes

A *cultural landscape* is a geographic area, including both natural and cultural resources, associated with a historic event, activity, or person. The National Park Service recognizes four types of cultural landscapes: historic designed landscapes, historic vernacular landscapes, historic sites, and ethnographic landscapes.

Cultural landscapes are inventoried, and basic management information summarizing significance, impacts, condition, and approved treatments is collected and maintained in the Cultural Landscapes Inventory (CLI). Information associated with the CLI is entered into the Cultural Landscapes Automated Inventory Management System (CLAIMS) to provide a computerized, analytical tool for assessing the information. The inventory process includes four levels: Level O - Park Reconnaissance Survey; Level I - Landscape Reconnaissance Survey; Level II - Landscape Analysis and Evaluation; and Level III - Feature Inventory and Assessment. This four-level process facilitates identifying the potential scope of cultural landscapes in a systematic manner, establishing priorities for further inventory and research, and responding to specific park management needs. The four levels correspond to a varying degree of effort and detail contained in the inventory.

In FY 2000, each National Park Service region prepared a six-year prioritized list of inventory projects as an addendum to their CLI Strategic Plan. As of the end of FY 2000, 2,743 cultural landscapes had been entered into CLAIMS at the following levels: Level 0 - 2,006; Level I - 548; Level II - 152; and of an unknown level - 37. Of the 359 landscapes in the FY 1999 GPRA baseline, 26.7 percent are in good condition, 41.5 percent are in fair condition, 27.3 percent are in poor condition, and 4.5 percent have been removed from CLAIMS as of the end of FY 2000.



A recently completed Cultural Landscape Inventory and Report will provide positive and controlled direction for maintenance of important cultural resources at Fort Laramie National Historic Site.

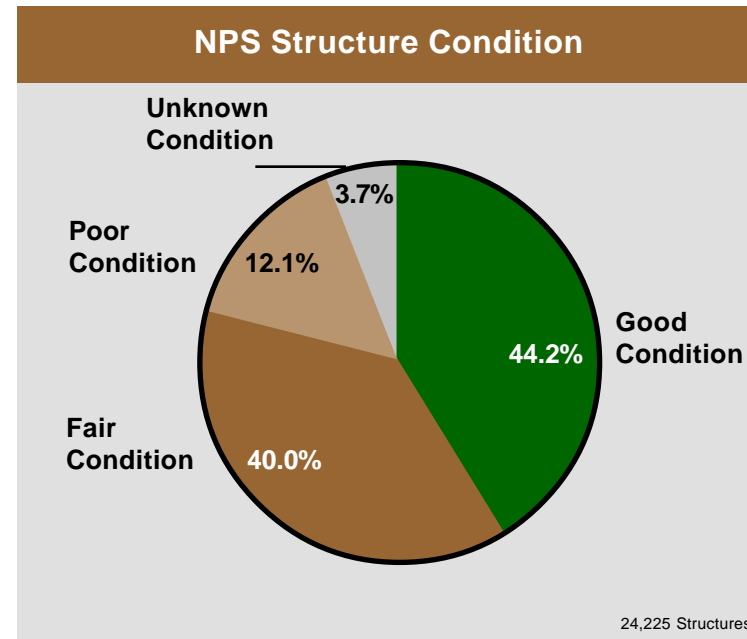
Historic and Prehistoric Structures

The National Park Service defines a historic or prehistoric structure as “a constructed work . . . consciously created to serve some human activity.” Structures are usually immovable, although some have been relocated and others are mobile by design. They include buildings and monuments, dams, millraces and canals, nautical vessels, bridges, tunnels, and roads, railroad locomotives, rolling stock and track, stockades and fences, defensive works, temple mounds and kivas, ruins of all structural types that still have integrity as structures, and outdoor sculpture.

Beginning in FY 1992, the National Park Service commenced a multi-year project to update the List of Classified Structures (LCS) for the estimated 26,000-27,000 park historic and prehistoric structures. The LCS is the primary computerized database containing information about structures in which the National Park Service has or plans to acquire any enforceable legal interest. Structures included in the LCS are either listed in or eligible for the National Register or are to be treated as cultural resources by law, policy, or decision reached through the planning process, even though they do not meet the National Register requirements.

As of the end of FY 2000, data on 25,507 historic and prehistoric structures in 373 parks have been updated. In the past fiscal year 1,502 structures were added to the inventory. Structures are deleted from the inventory as a result of physical destruction based upon a planned management action, or natural occurrence, or inventory error.

The condition of the historic and prehistoric structures (as shown in the chart below) is continually threatened by weather, structural deterioration, erosion, and vandalism. Of the 24,225 structures in the FY 1999 GPRA baseline, 44.2 percent are in good condition, 40 percent are in fair condition, 12.1 percent are in poor condition, and 3.7 percent are of unknown condition or were removed from the LCS as of the end of FY 1999.



Mesa Verde National Park protects the most notable and best preserved Ancestral Puebloan dwellings in the United States.

The National Park Service takes actions such as maintenance, repair, rehabilitation, and/or changes the use of the structure to mitigate adverse effects to preserve and protect the structures for interpretation and continued use. Unfunded costs associated with treatments that have been approved by park planning documents for 25,507 inventoried structures total \$1,139.3 million the end of FY2000. Of these costs, \$810.1 million (71.1 percent) is for rehabilitation and preservation, and \$225.8 million (19.8 percent) is for stabilization, with the remaining 9.1 percent used for other prescribed treatments.

Museum Collections

At the end of FY 1999, the most current information available shows that National Park Service museum collections totaled over 80 million items, 35 million objects and specimens, and 45 million archival documents. These collections support the interpretation of resources and significant events associated with NPS lands. The collections include items ranging from historic furnishings in the home of John Adams, to flags that flew over Fort Sumter, to Thomas Edison’s handwritten notes on inventions, to the tools and furnishings of a working ranch in Montana, to botanical specimens from Yosemite, and archeological items from Mesa Verde. These museum collections are important not only individually, but also because of their direct association with the nationally significant sites within the National Park System.

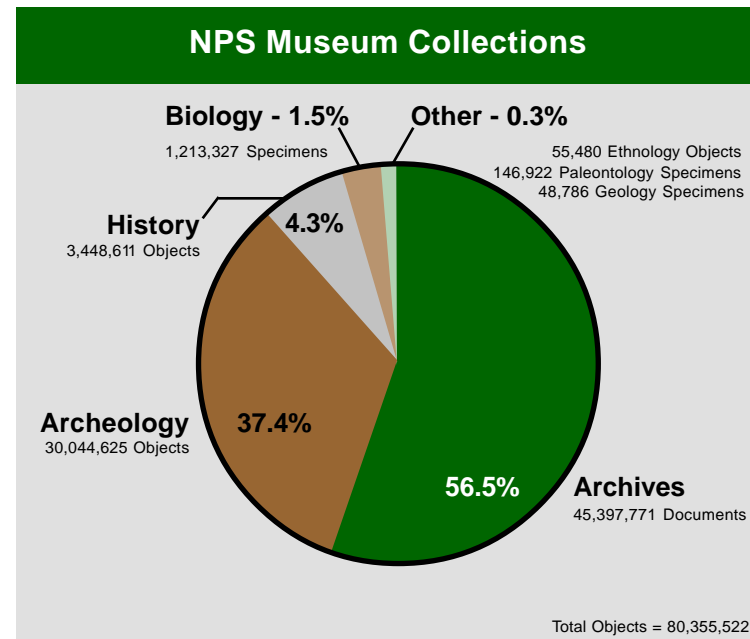
The NPS acquires and documents collections that support the mission and scope of each park and uses those collections to increase public enjoyment and understanding of our heritage, and its associated values. Parks use the documentation associated with collections to make informed decisions about interpreting and managing these and other park resources. For example, the drawings and photographs in the collection at Frederick Law Olmsted NHS have enabled the park manager to make decisions about restoring the park’s cultural landscape.

The public has access to these collections through exhibits, interpretive programs, publications, Web sites, films, and videos. For research purposes, the public can directly access information in collections catalogs and other databases, as well as access the collections themselves. Typically, parks respond to over 40,000 public research requests and park visitors view nearly 350,000 objects on exhibit annually.

In addition to collections stored at park units, six NPS cultural resource centers manage NPS museum collections. These facilities are the Southeast Archeological Center in Tallahassee, Florida; the Midwest Archeological Center in Lincoln, Nebraska; the Western Archeological and Conservation Center in Tucson, Arizona; the Museum Resource Center, in Greenbelt, Maryland; the Alaska Regional Curatorial Center, in Anchorage; and the Northeast Cultural Resources Center in Lowell, Massachusetts. Additionally, some of the collections are on loan to other federal agencies and 142 non-federal institutions.



This war-torn flag once flew over Fort Sumter, site of the first engagement of the Civil War on April 12, 1861.



In FY 1999, the National Park Service acquired over 4.4 million items through gifts, exchanges, purchases, field collections, and transfers. Acquisitions were in the disciplines of archeology, ethnology, history, archives, biology, paleontology, and geology. The NPS deaccessioned 14,597 items through exchanges, transfers, conveyances, losses, thefts, repatriation under the Native American Graves Protection and Repatriation Act, and other means.

As of FY 1999, 61 percent of the objects and specimens and 35 percent of the archives are cataloged. At current cataloging rates and funding levels, the collection will be cataloged in 2022.

Using the standardized National Park Service Checklist for Preservation and Protection of Museum Collections, parks assess the status of museum storage and exhibits relative to professional standards for environment, security, fire protection, housekeeping and planning. Parks take corrective actions as needed. Only 64 percent of the conditions in park museum collections meet these professional standards. An estimated 1,927 deficiencies were corrected in parks in FY 1999. At current funding levels for correction of deficiencies, 95 percent of the standards will be met in 2029.

National Park Service policy requires that parks complete collection condition surveys for all collections; however, this information is not quantified or aggregated at a Servicewide level. In FY 1998, the NPS designed a strategy to quantify condition information for collections and give priority to treatment of the most fragile, important, and heavily used items. Based on extrapolated data from 118 park resource management plans and the 1997 survey of cellulose nitrate film in NPS collections, conservation survey and treatment needs are estimated at over \$47 million.

National Historic Landmarks

The Historic Sites Act of 1935 authorized the Secretary of the Interior to recognize historic places judged to have exceptional value to the nation. Once the Secretary designates a *national historic landmark*, its owners can apply for a landmark plaque. Owners are eligible to receive technical advice and assistance from preservation experts if needed.

National historic landmarks are identified by theme and special studies are prepared or overseen by NPS historians and archeologists. Landmark designation is the Federal Government's official recognition of the national importance of historic properties. Currently there are approximately 2,300 places with landmark designation.

On February 16, 2000, Secretary of the Interior Bruce Babbitt approved the designation of 18 properties in 16 states as national historic landmarks. On May 16, 2000, the Secretary approved the designation of 15 additional properties in 10 states and one boundary expansion to a previously designated national historic landmark. There were no historic designation withdrawals during FY 2000. The chart on the following page lists the recently designated landmarks.

There is something infinitely appealing in this land which contains our oldest history, something which once known will linger in one's memory with a haunting tenacity.

Laura Gilpin

FY 2000 National Historic Landmarks (and Locations)

(February 16, 2000)

Rancho Camulos	Ventura County, CA
Shenandoah-Dives (Mayflower) Mill	San Juan County, CO
Grove Street Cemetery	New Haven, CT
Whitehall (Henry M. Flagler House)	Palm Beach, FL
Fort James Jackson	Chatham County, GA
Herndon Home	Atlanta, GA
Arthur Heurtley House	Oak Park, IL
Kennebec Arsenal	Augusta, ME
Bollman Truss Railroad Bridge	Howard County, MD
Scotterley	St. Mary's County, MD
Nathan and Polly Johnson Properties	New Bedford, MA
Fort St. Pierre Site	Warren County, MS
Abel and Mary Nicholson House	Salem County, NJ
Stonewall	New York, NY
Emmanuel Episcopal Church	Pittsburgh, PA
Mulberry Plantation	
(James and Mary Boykin Chesnut House)	Camden, SC
Highland Park Shopping Village	Highland Park, TX
George Washington's Boyhood Home Site	Fredericksburg, VA

(May 16, 2000)

Portland Brownstone Quarries	Portland, CT
First Baptist Church	Columbus, IN
Irwin Union Bank and Trust	Columbus, IN
Miller House	Columbus, IN
North Christian Church	Columbus, IN
Labrot & Graham's Old Oscar Pepper Distillery	Woodford County, KY
Parker Cleaveland House	Brunswick, ME
Gropius House	Lincoln, MA
Sagamore Lodge	Hamilton County, NY
Santanoni Preserve	Essex County, NY
Columbia River Highway	Multnomah, Hood River & Wasco Counties, OR
I.N. and Bernardine Hagan House	Fayette County, PA
John N.A. Griswold House	Newport, RI
Rockingham Meeting House	Rockingham, VT
Socialist Labor Party Hall	Barre, VT

FY 2000 NATIONAL HISTORIC LANDMARK BOUNDARY EXPANSION

(May 16, 2000)

Great Northern Railway Buildings	West Glacier, MT
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Paleontological Sites

While only eight National Park Service units were established primarily for their paleontological resources, significant fossil resources have been documented in 146 NPS areas. These areas preserve a diversity of fossils including plants ranging from microscopic algae to petrified logs and animals ranging from marine shells to dinosaurs, tracks, and burrows. Many of the fossil resources protected and interpreted within NPS units are of international significance and are critical to our understanding of the history of life on earth. National Park Service paleontologists and rangers often work with researchers from museums and universities to understand such fossil resources.

In order to enhance the quality of protection of fossil resources within National Park System units, the Geologic Resources Division (GRD) has established a position of program manager for paleontology. During FY 2000, scoping sessions were held at a number of parks in Alaska: Yukon-Charley Rivers, Katmai, Aniakchak, and Denali. At Wrangell-St. Elias, a preliminary paleontological reconnaissance was conducted to evaluate the Frederika Formation for Miocene fossils. Surveys at Arches and Zion in Utah have been completed, and final reports are being prepared for publication. Preliminary surveys were initiated at Joshua Tree and Santa Monica Mountains in California, Curecanti in Colorado, and at Big Bend in Texas. These projects are designed to assist parks in achieving the Servicewide performance goal for paleontological resources. These efforts are just the beginning of the GRD's long-term goal to assist park managers to manage and document paleontological resources at parks with fossils.

The GRD Paleontology Program also provided technical assistance to Channel Islands to aid in obtaining carbon 14 dates on newly discovered pygmy mammoths and to assist Petrified Forest in developing a plan to protect petrified wood from theft. The program has also worked to assist Yellowstone in mitigating impact to fossils during road construction at the east entrance. Big Bend also benefited from the program during the transfer of park dinosaur fossils to the Dallas Museum for storage and study. Assistance was also provided to Fossil Butte for the transfer of Green River Formation plant fossils from Brigham Young University to the park. The GRD paleontology program also worked with other federal agencies such as the Bureau of Reclamation to conduct paleontological inventories at Red Fleet and Steinnaker Reservoirs in Utah.

During FY 2000, no new parks were authorized primarily for their paleontological resources, and none were de-authorized.



The fossil laboratory at John Day Fossil Beds National Monument is reminiscent of the bygone era of 19th-century paleontological explorations in the West.



Fiscal Year 2000

Required Supplementary Information

National Park Service Deferred Maintenance Report, FY 2000

The National Park Service owns, purchases, and constructs assets such as roads, trails, camping and recreational structures, buildings and houses, utility systems, marine and dock structures, signs and information structures, and special features assets such as monuments, statues, memorials, fortifications, and viewing structures. In every category of these assets, examples exist of both *general* and *stewardship* facilities.

While the National Park Service has acquired and maintained assets throughout its 83-year history, several factors have led to a backlog of maintenance tasks and a significant deterioration of facility conditions because of that backlog. One cause of this maintenance backlog stems from limited operational funding for facilities acquired through donation and transfer. Aging facilities have created increased costs for day-to-day operation, limiting the funds available for maintenance. Additionally, increased visitation and addition of new park sites and facilities have also added to operational costs at the expense of maintenance activities.

The National Park Service defines “deferred maintenance” as maintenance that was not performed when scheduled or planned. This definition originates in the *U.S. Department of the Interior Facilities Maintenance Assessment and Recommendations, February 1998*. Continued deferral of maintenance items will result, over time, in facility deficiencies that must be corrected, often at a higher cost than the original maintenance cost.

The following estimates are for the correction of facility deficiencies that are the result of deferred maintenance decisions. The estimates were compiled from several sources. These include a search of the Project Management Information

System (PMIS) database for all facility maintenance projects for which the National Park Service has identified a current need. PMIS contains detailed cost estimates related to condition assessments; these can include a range of formalized cost assessments to professional judgment estimates. The National Park Service continues to refine the asset type information contained in PMIS to allow for better reporting.

The estimated figure for deferred maintenance as related to housing was based on the Quarters Management Information System data collected during FY 2000. Present assessment data indicate that the National Park Service currently has 1,800 housing units in fair to poor condition, with an additional 175 trailers in poor condition. These numbers were reduced during FY 2000 by 180 and 65 respectively.

While these projections are not exact, they do represent the magnitude of the National Park Service’s housing backlog. The National Park Service will continue to revise the projected deferred maintenance figure as the funds are allocated for trailer replacement, housing removal, and housing rehabilitation projects. In addition, as the condition assessment process continues, data that are more accurate will become available.

Estimates for Roads and Bridges deferred maintenance projects were compiled from the 1997-2000 and 1998-2000 Federal Lands Highways Program *Roads Inventory Program and Bridge Inventory Program*, respectively. Currently, the Federal Highway Administration (FHWA) has completed data collection and quality checks for only 3,748 miles or 70 percent of paved roadways within the National Park System. Collected data indicate that condition of the roads ranges from good to poor. During FY 2001, FHWA is expected to have collected data on over 90 percent of the paved roads in the National Park System.



To reduce traffic, improve the park experience, and protect park resources, a new bus transportation system began operation on May 26, 2000, at Zion National Park.

On a two-year cycle, the FHWA inspects 1,861 structures greater than 20 feet in length. In developing total cost estimates, the FHWA separates costs by maintenance, rehabilitation, and construction. After review of historic data, FHWA developed factors to represent more closely the actual costs for maintenance, rehabilitation, and construction. As a result of this review and by using these newly established factors, it was determined that costs had been grossly underestimated. Historic data show the actual costs to be approximately twice the original estimate. Therefore, the deferred maintenance estimate for bridges has almost doubled from last fiscal year.

The estimated deferred maintenance need for dams originated from the current Dams Inventory. Present assessment information on dams indicated that of the 482 operational National Park Service dams, 95 are in good condition, 192 are in fair condition, 138 are in poor condition, and 57 do not have a condition assignment. Formal Dam Safety Inspections, a type of condition assessment, are conducted every three years by the Bureau of Reclamation for the larger, more critical National Park Service dams. However, the parks are responsible for ensuring that annual information inspections are performed for all dams, and necessary routine maintenance is performed.

Deferred maintenance estimates are as follows (in thousands):

Project	General PP&E Low	General PP&E High	Stewardship PP&E Low	Stewardship PP&E High	Total Low	Total High
Facility Operations, Maintenance, and Construction	\$ 1,043,979	\$ 1,739,965	\$ 178,692	\$ 297,821	\$ 1,222,671	\$ 2,037,786
Housing	50,000	79,000	0	0	50,000	79,000
Roads and Bridges	1,691,750	4,533,638	0	0	1,691,750	4,533,638
Dams	<u>82,000</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>82,000</u>	<u>100,000</u>
Total Deferred Maintenance	\$ 2,867,729	\$ 6,452,603	\$ 178,692	\$ 297,821	\$ 3,046,421	\$ 6,750,424

The National Park Service recognizes that these existing sources of information are based on current database collection systems, as the actual cost of correcting deferred maintenance will not be known until a comprehensive inventory and condition assessment has been completed, and a fully defined scope of work has been developed. The National Park Service requested \$1.0 million in FY 2001 to begin a five-year cycle for inventory and condition assessment of all facilities. This funding is expected to be approved.

The latest inventory data available show that the National Park Service manages approximately 8,000 miles of roads, 1,861 bridges and tunnels, 763.3 miles of paved trails, 12,250.2 miles of unpaved trails, 7,580 administrative and public use buildings, 5,771 historic buildings, 4,389 housing units (include approximately 1,000 historic housing units), 493 water treatment plants, 187 wastewater treatment systems, 270 electrical generating systems, 72,886 signs, 8,505 monuments, and many other special features.

The National Park Service has submitted budget requests for FY 2001 to reduce deferred maintenance projects as follows (in thousands):

Project	Amount
Repair and Rehabilitation Program (PMIS Projects)	\$ 55,581
Housing Projects (Part of Emergency, Unscheduled, and Housing Projects) (funding was not appropriated)	5,000
Dams Projects	1,440
Total Requested	\$ 62,021

In addition to the \$62,021,000 requested in FY 2001, Public Law 105-178 has made \$660 million available to the National Park Service for major road and bridge projects for Fiscal Years 2000–2003.



Road crews work at 12,000 feet in elevation to plow snow from Trail Ridge Road in Rocky Mountain National Park.

Department of the Interior
National Park Service
COMBINING STATEMENT OF BUDGETARY RESOURCES BY MAJOR BUDGET ACCOUNT
For the Year Ended September 30, 2000 (in thousands)

	Operation of the National Park Service	Construction	Trust	Other	Total
BUDGETARY RESOURCES					
Budget Authority	\$ 1,366,968	\$ 182,882	\$ 71,902	\$ 507,496	\$ 2,129,248
Unobligated Balances – Beginning of Period	20,271	461,503	34,607	406,408	922,789
Spending Authority from Offsetting Collections	25,483	52,593	0	61,734	139,810
Adjustments	<u>4,045</u>	<u>14,543</u>	<u>(7,969)</u>	<u>4,556</u>	<u>15,175</u>
TOTAL BUDGETARY RESOURCES	\$ <u>1,416,767</u>	\$ <u>711,521</u>	\$ <u>98,540</u>	\$ <u>980,194</u>	\$ <u>3,207,022</u>
STATUS OF BUDGETARY RESOURCES					
Obligations Incurred	\$ 1,365,015	\$ 375,730	\$ 45,716	\$ 456,303	\$ 2,242,764
Unobligated Balances – Available	36,891	335,791	52,759	437,641	863,082
Unobligated Balances – Unavailable	<u>14,861</u>	<u>0</u>	<u>65</u>	<u>86,250</u>	<u>101,176</u>
TOTAL STATUS OF BUDGETARY RESOURCES	\$ <u>1,416,767</u>	\$ <u>711,521</u>	\$ <u>98,540</u>	\$ <u>980,194</u>	\$ <u>3,207,022</u>
OUTLAYS					
Total Obligations Incurred	\$ 1,365,015	\$ 375,730	\$ 45,716	\$ 456,303	\$ 2,242,764
Less: Spending Authority from Offsetting Collections and Adjustments	<u>(37,722)</u>	<u>(71,437)</u>	<u>(1,377)</u>	<u>(68,005)</u>	<u>(178,541)</u>
Obligations Incurred, Net	1,327,293	304,293	44,339	388,298	2,064,223
Obligated Balance, Net – Beginning of Period	299,553	91,183	26,337	220,040	637,113
Less: Obligated Balance, Net – End of Period	<u>(285,181)</u>	<u>(160,426)</u>	<u>(27,910)</u>	<u>(175,401)</u>	<u>(648,918)</u>
TOTAL OUTLAYS	\$ <u>1,341,665</u>	\$ <u>235,050</u>	\$ <u>42,766</u>	\$ <u>432,937</u>	\$ <u>2,052,418</u>



Fiscal Year 2000

Other Accompanying Information

Department of the Interior
National Park Service
STATEMENT OF NET COST BY STRATEGIC GOALS
For the Year Ended September 30, 2000 (in thousands)

PROGRAMS	Preserve Park Resources	Provide for the Public Enjoyment & Visitor Experience of Parks	Strengthen and Preserve Natural & Cultural Resources & Enhance Recreational Opportunities Managed by Partners	Total
Operations of the National Park Service	\$ 324,839	\$ 1,137,625	\$ 9,670	\$ 1,472,134
Less: Earned Revenues	(3,036)	(21,577)	(870)	(25,483)
Net Program Costs	<u>321,803</u>	<u>1,116,048</u>	<u>8,800</u>	<u>1,446,651</u>
Construction	122,433	145,361	38,135	305,929
Less: Earned Revenues	(33,017)	(49,405)	(5,321)	(87,743)
Net Program Costs	<u>89,416</u>	<u>95,956</u>	<u>32,814</u>	<u>218,186</u>
Trust Funds	37,102	35,334	0	72,436
Less: Earned Revenues	(873)	(873)	0	(1,746)
Net Program Costs	<u>36,229</u>	<u>34,461</u>	<u>0</u>	<u>70,690</u>
Fee Collection and Demonstration Activity	14,354	37,295	44,763	96,412
Less: Earned Revenues	(27,983)	(64,579)	(71,412)	(163,974)
Net Program Costs	<u>(13,629)</u>	<u>(27,284)</u>	<u>(26,649)</u>	<u>(67,562)</u>
Operations and Maintenance of Quarters	7,778	7,778	0	15,556
Less: Earned Revenues	(7,656)	(7,656)	0	(15,312)
Net Program Costs	<u>122</u>	<u>122</u>	<u>0</u>	<u>244</u>
Historical Preservation	0	0	34,607	34,607
Less: Earned Revenues	0	0	0	0
Net Program Costs	<u>0</u>	<u>0</u>	<u>34,607</u>	<u>34,607</u>
Other	5,611	6,468	3,205	15,284
Less: Earned Revenues	(3,209)	(2,178)	0	(5,387)
Net Program Costs	<u>2,402</u>	<u>4,290</u>	<u>3,205</u>	<u>9,897</u>

(continued on next page)

Department of the Interior
National Park Service
STATEMENT OF NET COST BY STRATEGIC GOALS
For the Year Ended September 30, 2000 (in thousands)

PROGRAMS <i>(continued)</i>	Preserve Park Resources	Provide for the Public Enjoyment & Visitor Experience of Parks	Strengthen and Preserve Natural & Cultural Resources & Enhance Recreational Opportunities Managed by Partners	Total
Other Program Costs				
National Recreation and Preservation	\$ 0	\$ 0	\$ 47,531	\$ 47,531
Fire and Emergency Operations	90,354	0	0	90,354
Urban Park and Recreation	0	0	671	671
Job Corps	<u>0</u>	<u>0</u>	<u>14,865</u>	<u>14,865</u>
Total Other Program Costs	90,354	0	63,067	153,421
Costs Not Assigned to Programs				
Heritage Assets	5,873	20,569	175	26,617
Land Acquisition	<u>60,004</u>	<u>60,000</u>	<u>5,582</u>	<u>125,586</u>
Total Costs Not Assigned to Programs	65,877	80,569	5,757	152,203
NET COST OF OPERATIONS	<u>\$ 592,574</u>	<u>\$ 1,304,162</u>	<u>\$ 121,601</u>	<u>\$ 2,018,337</u>

Department of the Interior
National Park Service
STATEMENT OF NET POSITION BY STRATEGIC GOALS
For the Year Ended September 30, 2000 (in thousands)

	Preserve Park Resources	Provide for the Public Enjoyment & Visitor Experience of Parks	Strengthen and Preserve Natural & Cultural Resources & Enhance Recreational Opportunities Managed by Partners	Intra-Agency Eliminations	Total
Net Cost of Operations	(\$ 592,574)	(\$ 1,304,162)	\$ (121,601)	\$ 0	(\$ 2,018,337)
Financing Sources:					
Appropriations Used	509,047	1,120,332	104,461	0	1,733,840
Other Nonexchange Revenue	5	4	0	0	9
Donations (Nonexchange Revenue)	9,316	9,316	0	0	18,632
Imputed Financing	18,135	39,912	3,721	0	61,768
Transfers – In	1,630	3,588	334	0	5,552
Transfers – Out	(4,907)	(10,798)	(1,007)	0	(16,712)
Transfers – Special Receipts and Trusts Funds	60,284	132,674	12,371	0	205,329
Other Financing Sources	14,278	31,423	2,930	0	48,631
Net Results of Operations	<u>15,214</u>	<u>22,289</u>	<u>1,209</u>	<u>0</u>	<u>38,712</u>
Prior Period Adjustments	55,409	121,948	11,370	0	188,727
Net Change in Cumulative Results of Operations	<u>70,623</u>	<u>144,237</u>	<u>12,579</u>	<u>0</u>	<u>227,439</u>
Decrease in Unexpended Appropriations	<u>(71,812)</u>	<u>(158,048)</u>	<u>(14,736)</u>	<u>0</u>	<u>(244,596)</u>
Change in Net Position	<u>(1,189)</u>	<u>(13,811)</u>	<u>(2,157)</u>	<u>0</u>	<u>(17,157)</u>
Net Position – Beginning of Period	<u>523,191</u>	<u>1,145,268</u>	<u>240,638</u>	<u>(926)</u>	<u>1,908,171</u>
Net Position – End of Period	<u>\$ 522,002</u>	<u>\$ 1,131,457</u>	<u>\$ 238,481</u>	<u>\$ (926)</u>	<u>\$ 1,891,014</u>



Fiscal Year 2000

Audit Opinion

H-IN-NPS-032 00 3



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20540

MAR 30 2001

MEMORANDUM

TO : Director, National Park Service

FROM : Roger LaRueche *Roger LaRueche*
Assistant Inspector General for Audit

SUBJECT: Independent Auditor's Report on National Park Service Financial Statements for Fiscal Year 2000 (Re: 01-1-002)

We contracted with KPMG LLP, an independent certified public accounting firm, to audit the National Park Service's (NPS) financial statements for fiscal year 2000. The contract required that the audit be performed in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States, and with Office of Management and Budget, Bulletin 0-02, "Audit Requirements for Federal Financial Statements."

To ensure the quality of the audit work performed, we monitored the progress of the audit at key points and reviewed KPMG's report and related working papers to ensure compliance with applicable standards. Our review, as differentiated from an audit in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we cannot express, opinions on the NPS's financial statements or on the conclusion about the effectiveness of internal controls or conclusions on compliance with laws and regulations. KPMG is responsible for the auditors report (see Attachment 1) and for the conclusions expressed in the report. However, our review showed that KPMG complied, in all material respects, with applicable standards and standards requirements.

In its audit report, dated January 12, 2001 (Attachment 1), KPMG issued an unqualified opinion on the NPS's financial statements. However, KPMG listed two reportable internal weaknesses in internal controls and six reportable conclusions related to internal controls and financial operations. With regard to compliance with laws and regulations, KPMG listed that the NPS did not fully comply with Federal Financial Management Improvement Act (FFMIA) requirements. Specifically, the NPS's financial management systems did not substantially comply with the U.S. Government Standard General Ledger at the transaction level and applicable Federal accounting standards. The report made 34 recommendations to correct the identified weaknesses.

Auditor Comments and Office of Inspector General Evaluation

In the February 28, 2001 response (Attachment 2) to the draft report, the NPS generally concurred with 27 recommendations and did not concur with 3 recommendations. As a result of the response, two recommendations (Nos. G.1 and G.3) were modified, and NPS concurred with the revised recommendations. Overall, we consider 1 recommendation resolved and implemented, 29 recommendations resolved but not implemented, and 1 recommendation unresolved. Accordingly, the unimplemented recommendations will be referred to the Assistant Secretary for Policy, Management and Budget for tracking of implementation, and the unresolved recommendations will be referred for resolution (see Attachment 3).

The NPS also did not concur with some of the report's conclusions, including finding that NPS was not in compliance with the FFMIA. Based on the NPS's response, the report was modified as deemed appropriate. However, we believe that the current finding regarding noncompliance with the FFMIA is stated accurately, that is, that the NPS was not complying with the U.S. Government Standard General Ledger at the transaction level and with applicable Federal accounting standards. Examples cited in the report such as donations being recorded as appropriations used, as well as other posting and so problems, resulted in adjustments of \$288 million being made to the financial statements in order for them to be fairly stated. We believe that the need for these adjustments indicates that the NPS was not substantially complying with the U.S. Government Standard General Ledger at the transaction level as required by the FFMIA.

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 the semi-annual 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 NPS and the Office of Management and Budget and the Congress. However, this report is a matter of public record, and its distribution is unlimited.

Attachments (3)

cc: Chief Financial Officer, National Park Service



MEMBER OF THE
KPMG NETWORK

Independent Auditors' Report

Director, National Park Service:

We have audited the accompanying balance sheet of the National Park Service (NPS), a bureau of the Department of the Interior, as of September 30, 2000, and the related statements of net cost, changes in net position, and budgetary resources for the year then ended.

OPINION ON FINANCIAL STATEMENTS

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the NPS as of September 30, 2000, and its net costs, changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The information in the Management Discussion and Analysis, Required Supplementary Stewardship Information, and Required Supplementary Information sections of the *Fiscal Year 2000 NPS Accountability Report* is not a required part of the financial statements but is supplementary information required by the Federal Accounting Standards Advisory Board or Office of Management and Budget (OMB) Bulletin No. 97-01, *Form and Content of Agency Financial Statements*, as amended. We did not audit the information in the Management Discussion and Analysis, Required Supplementary Stewardship Information, and Required Supplementary Information sections, and, accordingly, we express no opinion on it. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information.

Our audit was conducted for the purpose of forming an opinion on the NPS's financial statements taken as a whole. The Other Accompanying Information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the NPS's basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the NPS's financial statements taken as a whole.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our consideration of internal control over financial reporting would not necessarily disclose all matters in the internal control 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 control over financial reporting that, in our judgment, could adversely affect the NPS's ability to record, process, summarize, and report financial data consistent with the assertions by management in the financial statements. Material weaknesses are reportable

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 any internal control, misstatements due to error or fraud may occur and not be detected.

We noted certain matters, discussed in Exhibits I and II, involving the internal control over financial reporting and its operation that we consider to be reportable conditions. We believe that the reportable conditions described in Exhibit I are material weaknesses. Exhibit II presents the other reportable conditions. Exhibit III presents the status of prior year audit findings. The material weaknesses identified in Exhibit I were not included in NPS's 2000 Federal Managers' Financial Integrity Act (FMFIA) of 1982 report.

We also noted other matters involving internal control and its operation that we have reported to the management of the NPS in a separate letter dated January 12, 2001.

COMPLIANCE WITH LAWS AND REGULATIONS

The results of our tests, performed as part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, exclusive of Federal Financial Management Improvement Act (FFMIA) requirements, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*.

The results of our tests of compliance with FFMIA section 803(a) requirements disclosed instances, described below, where the NPS's financial management systems did not substantially comply with the United States Government Standard General Ledger at the transaction level and applicable Federal accounting standards. The results of our tests disclosed no instances in which NPS's financial management systems did not comply with Federal financial management systems requirements.

OO.A Findings:

NPS's general ledger system is incorrectly structured such that it records non-appropriated transactions, such as donations, as Appropriations Used. NPS is currently working to resolve this condition. To properly reflect Appropriations Used in the NPS's general ledger for fiscal year 2000, NPS made a year-end adjustment of \$235 million. Other posting problems exist in the general ledger in relation to reimbursable activity. A fund-by-fund cumulative results analysis performed as part of the audit identified \$53 million of cumulative results of operations recorded in a fund intended to account for appropriated and reimbursable activity. NPS corrected this with another year-end adjustment.

NPS also has material weaknesses in internal controls identified in Exhibit I, indicating noncompliance with applicable Federal accounting standards.

Recommendations:

We recommend that NPS expedite procedures to adjust its financial system to properly account for non-appropriated activities and other posting problems at the transaction level and eliminate the need for material year-end adjustments to the financial statements by September 30, 2001.



NPS should also implement the recommendations to improve internal controls presented in Exhibit I of this report by September 30, 2001.

RESPONSIBILITIES

Management's Responsibility. The Chief Financial Officer's (CFO) Act of 1990 requires federal agencies to report annually to Congress on their financial status and any other information needed to fairly present the agencies' financial position and results of operations. To meet the CFO Act reporting requirements, NPS prepares annual financial statements. Management is responsible for:

- preparing the financial statements in conformity with accounting principles generally accepted in the United States of America, and for preparing the other information contained in the *Fiscal Year 2000 NPS Accountability Report*
- establishing and maintaining internal controls over financial reporting
- complying with applicable laws and regulations, including FFMIA

In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control policies.

Auditors' Responsibility. Our responsibility is to express an opinion on the financial statements of NPS as of and for the year ended September 30, 2000, based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Bulletin No. 01-02. Those standards and OMB Bulletin No. 01-02 require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures relating to the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In planning and performing our audit, we considered the NPS's internal control over financial reporting by obtaining an understanding of NPS's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in OMB Bulletin No. 01-02 and *Government Auditing Standards*. We did not test all internal controls as defined by the FMFIA. The objective of our audit was not to provide assurance on the NPS's internal control. Consequently, we do not provide an opinion on internal control over financial reporting.

In addition, as required by OMB Bulletin No. 01-02, we considered the NPS's internal control over Required Supplementary Stewardship Information by obtaining an understanding of the agency's internal control, determining whether these internal controls had been placed in operation, assessing control risk, and performing tests of controls. Our procedures were not designed to provide assurance on internal control over Required Supplementary Stewardship Information, and, accordingly, we do not provide an opinion on such controls.

As further required by OMB Bulletin No. 01-02, with respect to internal control related to performance measures determined by management to be key and reported in the Management Discussion and Analysis section of the *Fiscal Year 2000 NPS Accountability Report*, we obtained an understanding of the design of significant internal controls relating to the existence and completeness assertions. Our procedures were not designed to provide assurance on internal control over reported performance measures, and, accordingly, we do not provide an opinion on internal control related to performance measures.

As part of obtaining reasonable assurance about whether the NPS's financial statements are free of material misstatement, we performed tests of the NPS's compliance with certain provisions of laws and regulations, noncompliance with which could have a direct and material effect on the determination of the financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 01-02, including certain requirements referred to in the FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to the NPS. However, providing an opinion on compliance with laws and regulations was not an objective of our audit, and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 01-02 and FFMIA, we are required to perform tests of compliance with FFMIA section 803(a) requirements, which indicate whether the agency's financial management systems substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level.

Distribution. This report is intended solely for the information and use of the NPS's management, the Department of Interior Office of Inspector General, OMB, and Congress and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 12, 2001

MATERIAL WEAKNESSES

OO.B Finding: Year-End Undelivered Order Deobligation and Accounts Payable Accrual Recognition Procedures Should be Strengthened

OMB Circular A-34, *Instructions on Budget Execution*, defines undelivered orders as “the amount of goods and services ordered by an account from another federal government account or the public but not yet received, i.e., the amount of orders for goods and services outstanding for which the liability has not yet accrued.” Statement of Federal Financial Accounting Standards No. 5, *Accounting for Liabilities of the Federal Government*, provides guidance relating to proper matching of expenses as “a liability is recognized when one party receives goods or services in return for a promise to provide money or other resources in the future”...and “that the expense is recognized in the period that the exchange occurs.” As such, recorded undelivered orders should be reviewed at fiscal year-end to identify open undelivered orders for services that were received on or before year-end. In these cases, NPS should deobligate the undelivered order and accrue an expense. NPS may also receive invoices from vendors before and after year-end in relation to open contracts and agreements. Although the invoices may not be due or paid until after year-end, the expenses should be accrued if they relate to services received during the fiscal year.

Our testing of undelivered orders (UDO) balances as of September 30, 2000, identified UDOS that had not been deobligated, even though the related services were received before year-end. Some of these UDOS had no invoice from the vendor or the invoice was received subsequent to year-end. We also identified situations where the contract/agreement had expired, but the UDO balance was not deobligated, and where UDOS had no activity for over two years. In addition, we found cases where the UDO balance was not reduced for certain contracts even though the contract was complete and the holdback had been returned to the vendor.

We also tested disbursements made subsequent to fiscal year end to determine the completeness of accrued liabilities and found two exceptions where an accrual was not recognized at September 30, 2000, representing an overstatement of UDOS.

Finally, we tested recorded accounts payable balances and found balances that were incorrectly recorded as payables in the general ledger at September 30, 2000.

As a result of the exceptions noted, NPS reviewed all major contracts and agreements as well as UDOS with no activity for the past two years to determine correcting adjustments that were made to the accompanying financial statements as of September 30, 2000.

Recommendations

We recommend the following:

1. NPS should immediately review all UDOS and determine the validity of the recorded balances. Modifications should be obtained for expired contracts/agreements, if necessary, and all invalid UDO balances should be deobligated. All records of obligating documents such as contracts, grants, and interagency agreements, modifications to the initial obligations, and the support for the work that has been received such as receiving reports and vendor

invoices should be maintained in support of recorded balances. NPS should then repeat this review quarterly.

2. At year-end, NPS must implement additional UDO and accounts payable validation procedures. Specifically, NPS should ensure that invoices received prior to or subsequent to fiscal year end for services or products received prior to year-end, are properly recognized. At the time of the accrual, the related UDO should be deobligated. NPS should also establish adequate controls at year-end to ensure that only valid payable transactions for services received are entered in the general ledger.
3. NPS is involved with many procurement projects where invoices for services received prior to year-end may not be received for up to a year or more after year-end. To account for these situations, contracting officers of major projects should communicate with vendors for all major open procurements, and determine the amount of services received prior to year-end that should be accrued at year-end.
4. Finally, NPS should continue to work with the Department of the Interior National Business Center (NBC) and/or systems developer to investigate and correct the inaccurate contract holdbacks recorded in the general ledger.

OO.C Finding: Controls Over Accounting for Personal Property Should be Improved

We encountered many difficulties during our audit of NPS's personal property.

In fiscal year 1998, NPS transitioned to a new personal property subsystem that interfaces with the general ledger. Since its inception, this subsystem has not been reconciled to the general ledger for recorded equipment balances. NPS indicated that the subsystem included over 400 equipment items below NPS's capitalization threshold, which contributed to the identified difference. Other differences identified included a capitalized heritage asset, duplicate items entered with different property numbers, other equipment items that should have been expensed, and items that were incorrectly excluded during the subsystem implementation. NPS made adjustments to the general ledger and the fixed asset subsystem to correct the errors identified above. NPS's Personal Property Management Handbook states the importance of monthly reconciliations between property accountability records and the general ledger with identified differences being resolved timely, to prevent errors, losses or irregularities.

We also reviewed operating expense transactions to test the completeness of capitalized equipment items and identified equipment items which had been incorrectly expensed. These equipment items were incorrectly assigned non-capitalized budget object codes and therefore were expensed.

As a result of a system conversion, NPS encountered systemic problems which prevented the monthly calculation of depreciation expense for all property from June until the end of the fiscal year. A formal service request to correct the identified error was not submitted to the Department of the Interior National Business Center until October 2000. NPS then made an adjustment to properly reflect depreciation expense for the year.

Recommendations

We recommend the NPS:

Ensure that the personal property subsystem is reconciled to the general ledger monthly, as prescribed in the NPS Personal Property Management Handbook. Such monthly reconciliations will force the correction of exceptions timely and minimize the possibility of misstatements on the NPS's financial statements. This process should also include a review of depreciation expense accounts.

Determine the reason for equipment valued below the capitalization threshold to be capitalized in the subsystem, and establish controls over the subsystem to prevent this from recurring in the future. The utility programs that are being developed to prevent the identified condition should be implemented quickly.

Strengthen controls over the assignment of budget object codes to ensure that agency assets valued over the capitalization threshold are capitalized. Procedures should be established to review the operating expense account monthly or quarterly to identify items that should have been capitalized. This review should be over budget object codes and other transaction codes which determines whether property items should be capitalized and ensures proper posting to the general ledger.

Ensure that financial system malfunctions are more proactively addressed and resolved.

REPORTABLE CONDITIONS**OO.D Finding: Preparation, Analysis, and Monitoring of Financial Information Should be Improved**

During our review of the financial statements and our performance of detailed test work, we identified numerous findings relating to NPS's preparation, analysis, and monitoring of its financial information. This high level of findings supports the need for NPS to streamline and reengineer its current financial reporting processes. Further, since the Federal accounting environment will likely continue to generate new requirements and guidelines each year with which the NPS must adhere, the NPS faces an increased need to streamline its reporting processes.

NPS should have, but did not, perform various financial statement analyses to ensure that proper financial statement relationships exist (e.g., reconstructing the 'cumulative results of operations' balance, analyzing certain balances in the statement of financing, etc.) prior to submitting the financial statements to our audit procedures. These analyses, which were performed as an audit request, identified a significant reclassification entry from cumulative results of operations to unexpended appropriations.

The Accounting Operations Center (AOC) recorded 153 post-closing adjustments to its October 18, 2000 trial balance. We reviewed the supporting documentation for all post-closing adjustments exceeding \$5 million. In many cases, there was no adequate description documented in the journal voucher and we were required to contact various employees to obtain an understanding of the post-closing adjustments.

In addition, the draft financial statements provided for our review excluded certain disclosures required by the Office of Management and Budget (OMB) Bulletin 97-01, *Form and Content of Agency Financial Statements*, as amended. Some of these exceptions included not separately disclosing intragovernmental and public costs for each of NPS's cross cutting programs in the statement of net cost, excluding the proper breakout of balances by fund type in the Fund Balance with Treasury footnote, and excluding a discussion of the useful life and depreciation methodology for software. We also identified non-disclosure of certain Required Supplementary Stewardship Information (RSSI), Required Supplementary Information (RSI), and Management Discussion and Analysis (MD&A) items. The RSSI, RSI, and MD&A sections were subsequently revised to include the omitted disclosures.

We identified other conditions that require the AOC to strengthen internal controls over financial monitoring. The suspense account reconciliation for September 2000 was not completed timely. NPS had a debit suspense account balance of \$5.6 million consisting of unidentified disbursements at year-end. At our request, NPS reviewed and substantially reduced this balance. In addition, differences between the NPS general ledger accounts for Fund Balance with Treasury and the balances reported in the Treasury reports were not resolved in a timely manner. The Statement of Differences detail for September 2000 included unresolved differences from May 1991. The total absolute value of deposits and disbursements to be reconciled was \$7,858,977.

The majority of the differences are from fiscal year 2000, however, the likelihood that differences can be resolved decreases as time lapses. Subsequent to our finding, NPS resolved a majority of the old items listed in the Statement of Differences detail.

Our review of unbilled receivable balances indicated that NPS does not charge other agencies via the Online Payment and Collection System (OPAC) under reimbursable agreements timely. We identified six unbilled receivable amounts for \$6.2 million where the services were provided prior to September 30, 2000, but had not been billed as of late November 2000.

Recommendations

We recommend that NPS perform the following procedures:

1. Perform adequate reviews over financial statements and related financial data for compliance with reporting requirements promulgated by OMB Bulletin No. 97-01, as amended. AOC should consider preparing a financial data review checklist or using the GAO checklist and require its use.
2. Ensure analyses of account balances are performed on a quarterly basis, to determine whether account balances are reasonable. These analyses should be documented and include comparisons of current data to prior year and budgeted amounts.
3. Perform a fund-by-fund analysis of financial statements to determine if each fund's net operating results, cumulative results of operations, and budgetary activity appear reasonable.
4. Analyze NPS's current reporting process to reduce the number of post closing adjustments processed at fiscal year-end. These entries should be adequately supported, be thoroughly reviewed by an appropriate supervisor, and be reviewed to ensure that they were recorded in the financial statements accurately.
5. Provide financial management training courses to upper and middle management that will increase the attention on financial management throughout NPS and ensure that all appropriate employees are fully knowledgeable about financial accounting and reporting requirements such as the relationships between budgetary and proprietary accounts and OMB Bulletin No. 97-01 reporting requirements.
6. Timely research and resolve differences identified through the Fund Balance with Treasury reconciliation procedures. NPS should also ensure that suspense account reconciliations are completed in a timely manner. NPS should enforce a thorough review of all suspense account balances at year-end to reduce their balances to zero.
7. Enforce procedures to process billing and collection activity related to reimbursable agreements more timely.
8. Implement the following procedures to maintain more accurate balances on financial statements:
 - Require that adequate workpapers and documentation exist to support the flow of numbers from the systems to the financial statements,
 - Document all adjustments to amounts derived from the accounting system or supporting subsystems,

- Reconcile internal records timely with data from outside sources.

OO.E Finding: Advances to Others Should be Liquidated Timely as Related Expenditures are Reported

Statement of Federal Financial Accounting Standards No. 1, *Accounting for Selected Assets and Liabilities*, states, "Advances and prepayments are reduced when goods or services are received, contract terms are met, progress is made under a contract, or prepaid expenses expire." Expenditures for the last three months of the fiscal year, incurred under NPS's interagency agreement with the Federal Highway Administration (FHWA), were not recorded in the general ledger. Thus, the advance from NPS to FHWA was not liquidated, requiring an adjustment to the financial statements to properly state the advances to others balance.

NPS has grant projects with funding provided to grantees on an advanced basis. These grantees submit a *Federal Cash Transactions Report*, SF 272, which reflects expenditures incurred in relation to the grant. NPS received such an SF 272 in relation to the River Heritage Museum grant in early October 2000. NPS did not record the SF 272 expenditures reported by the grantee and an audit adjustment to the financial statements was made to reduce the Advances to Others balance. Also, grantees often do not submit these SF 272 reports timely, diminishing NPS's ability to monitor cash advanced to grant recipients and to obtain disbursement and outlay information for each grant.

Recommendations

We recommend the NPS:

1. Ensure that policies and procedures are implemented to record all expenditures incurred and reported in relation to interagency agreements and grants at year-end, and that the related Advances to Others balance is also properly liquidated for such expenditure amounts. Such procedures will also assist in the confirmation and reconciliation of intragovernmental balances.
2. Increase its oversight and follow up with grant recipients to ensure that expenditure reports are submitted timely and that grantees are complying with reporting requirements. NPS may need to establish policies and procedures that include contacting the grantees by phone to follow up with grant status; withholding of funds until a SF 272 is submitted; sending dunning notices for non-receipt of SF 272s; and permitting electronic submission of SF 272s.

OO.F Finding: Internal Controls Over the Electronic Data Processing (EDP) Systems Security Should be Improved

OMB Circular No. A-130, *Management of Federal Information Resources*, requires agencies to conduct post-implementation reviews of information systems to validate estimated benefits and document effective management practices for broader use. OMB Circular No. A-127, *Financial Management Systems*, also requires agencies to ensure appropriate reviews are conducted of its financial management systems. We determined that subsequent to its 1998 network vulnerability assessment, NPS has not completed any other reviews of its security programs and major application and infrastructure systems. Several deficiencies identified in the 1998 review have

not been corrected and no documentation was identified that approximated a formal response by management to the deficiencies. In addition, NPS has completed no formalized accreditation statements for any major systems and applications at the departmental, bureau, or installation levels.

Our focused assessment of the NPS AOC Local Area Network (LAN) determined that active monitoring is not incorporated into the network. The current network design provides connectivity to shared resources on one segment. The one segment approach also allows all user and server level resources to be viewed by all, which increases the overall network vulnerability. Further, NPS has Workstation File and Print sharing programs installed and available to all users. File and Print sharing is not an authorized solution to resources. The network file servers are the intended recipients of shared data. With this capability in place, the file sharing is in widespread use and is not monitored. This creates secondary access to desktop workstations that creates a secondary vulnerability that could be prevented. With active monitoring being omitted, stress factors on the network that include load balancing of server resources, bandwidth usage, and unauthorized access cannot be tracked and recorded. Thus, this activity may go unnoticed for extended periods.

OMB Circular No. A-130, Appendix III, requires the establishment of security controls for all general support systems and major applications. Our focused Social Engineering review indicated that access to the AOC facility during normal business hours and subsequent access after hours was not sufficiently limited to authorized personnel only. There was unrestricted access to the NPS facility with ample time to search for sensitive information. The result of a search provided the electronic data needed to breach the entire LAN with the ability to take complete control of the resources and install software of choice.

A NPS Network Security Plan, which includes scheduling and monitoring requirements, has not been developed. Additionally, network security awareness is a low priority for assigned personnel. As such, network monitoring, user reviews, and event log audits are not clearly defined or conducted on a pre-determined basis. Through a network vulnerability assessment, we determined that although the AOC maintains some Windows NT 4.0 and Novell 3.12 server security logs, there are no policy requirements to track and maintain full security logs. Without appropriate network transaction tracking and monitoring, questionable activities would go unnoticed for an extended period of time and may not be identified at all. In the event of internal compromise of systems via the use of authorized user names and passwords, network security controls could be breached without raising any suspicion.

There is poor communication and coordination in relation to internal service level agreements, which communicate expected, standard levels of data transmission security between the NBC Data Centers in Denver, CO, and Reston, VA, and the NPS Federal Personnel Payroll System (FPPS) user communities. Security awareness training and additional personnel trained specifically in the area of Network Information Security has been minimal. We identified several control weaknesses in relation to the data transmission security controls over FPPS Time and Attendance, and post-processing files and reports thereof, being transmitted via File Transfer Protocol (FTP) commands to and from the NBC data centers in Denver, CO, and Reston, VA:

- Transmissions made via DOINET are not encrypted.
- DOINET router-level Access Control List (ACL) security, while reasonably effective against less enthusiastic attacks, may be susceptible to script attacks or pointed Denial of Service attacks.

- Secure Socket Layer (SSL) capabilities have been installed at the Reston data center, but are not used to secure outgoing transmissions to Denver, CO.

However, NPS indicated that the projected DOINET network architecture that is being designed to go live in the next fiscal year includes encryption between routers.

Recommendations

We recommend the NPS:

1. Implement formal program management reviews and accreditation or certification of its security program and major application systems. Management involvement should range from departmental to bureau and installation levels, depending on the program or application criticality and impact to the organization.
2. Divide the network into two segments that isolate the administrative personnel from the accounting personnel. Place the server resources specific to the department within that segment and do not allow users access to all resources. The Cisco switch should only allow connections to the server resources so that workstation cross talk could be prevented. NPS should remove the File and Print sharing programs from all of the Windows NT 4.0 workstations. Maintaining the current user profile that does not allow software installation will provide a reasonable level of secondary control. NPS should also plan and include active monitoring that identifies and isolates network problems. These issues can include tracking and recording unauthorized network resource access. The approach of active monitoring should notify specified recipients in the event of network problems.
3. Develop a detailed Network Security Plan and schedule security awareness training. This training should be incorporated with the new hire orientations that are conducted. The security plan should identify and schedule monitoring requirements that support an adequate level of physical and logical security. NPS should also identify standards and policies for acceptable use and the proper handling and storage of electronic information, which would decrease the possibility of data recovery by unauthorized persons. In addition, employees should be encouraged to use system screen savers that are password protected and to lock the workstations even when away for a short period of time. Sensitive information should be stored in an acceptable area.
4. Develop a site-specific Network Security Plan that explains in detail the methods to monitor and document network activity. This plan should ensure that system level auditing and transaction tracking is active and effective. Policies should be established to review events at a reasonable frequency and to maintain clear records of these events. NPS should also document, investigate, and close any events of a questionable nature and report such activity to management personnel.
5. Improve communication and coordination in relation to internal service level agreements, which communicate expected, standard levels of data transmission security between the NBC Data Centers in Denver, CO, and Reston, VA, and their NPS FPPS user communities. Security awareness training and additional personnel trained specifically in the area of Network Information should be provided. Transmissions made via DOINET should be encrypted and SSL capabilities that have been installed at the Reston Data Center should be utilized to secure outgoing transmissions to Denver, CO, especially since installation of SSL capabilities are also being considered at Denver, CO.

OO.G Finding: Electronic Data Processing Application Software Development and Change Controls Should be Strengthened

OMB Circular No. A-127 states that all documentation associated with systems and software should be continually updated to provide sufficient detail to obtain a comprehensive knowledge and understanding of their operation. System software changes should be controlled as they progress from testing to final approval. System software changes should be supported by approved change request documentation, design specifications, test plans, and test results. Many NPS documents, policies, and procedures have been either lost or inappropriately archived due to multiple circumstances. This included a re-staffing of the Chief of Technical Support position and a building re-location of the NPS AOC, both within the last year. Pressure from the various bureaus using the Federal Financial System (FFS) application have resulted in the NBC becoming lax in its policies and procedures. We identified the following control weaknesses in the NBC and NPS FFS application software development and change control policies and procedures:

- NBC and NPS have not formally developed a System Development Life Cycle (SDLC) methodology. Although the FFS system is a stable production environment, and the majority of the change control process seems to be adequate, there is no formal definition in place.
- NBC does not employ the use of library management software – NBC technical programmers manage the libraries manually, with no checks or version control to regulate the promotion process.

Not using a formal systems development methodology increases the risks associated with change control, including the introduction of incorrect or malicious code into the system.

The purpose of the Federal Financial Management Improvement Act (FFMIA) is to “improve performance, productivity, and efficiency of Federal Government financial management.” To meet the requirements of the FFMIA, “financial management systems must be in place to (a) process and record financial events effectively and efficiently, and (b) provide complete, timely, reliable and consistent information for decision makers and the public.”

Our test procedures to assess the accuracy of the Fixed Asset Module data contents identified that edit controls over the entry of fixed asset numbers are deficient. Therefore, property items have incorrectly formatted fixed asset numbers, which could fail to properly identify the property and its location in the system. We also identified that procedures for reviewing and approving corrected exceptions within FFS have not been developed and shared with application users. Although there are multiple reports to help identify exceptions not captured by FFS automated edit and validity checks, this process is incomplete because there is no formal review and approval process for the correction of exceptions once identified through these management exception reports.

We identified that a significant number of program glitches allow syntax errors and invalid data to be entered in the FFS Fixed Assets Module. Some of these errors can be manually corrected within FFS, but would take many labor hours to accomplish. The other errors can only be corrected by developing utility programs. NBC has been creating utility programs that will correct some of the errors caused by these glitches. However, these utilities programs are only corrective in nature and do not fix the problem in FFS. Currently, NPS relies on various detective reports to identify these errors. These reports were developed as the result of user feedback regarding errors they have identified. Although it is common for glitches to be found in an application system, it is ultimately the responsibility of NPS to report them and have them fixed.

However, AOC has not responded to correcting these glitches in a timely manner. A significant number of errors have been noted as a result of these glitches and have added to the inability to reconcile fixed assets records to property records. Since manual corrections or utility programs have not been utilized to correct errors, new glitches have added to prior years’ errors, and the impact of these problems has increased rapidly. Correcting only the results of these glitches and not the cause is inefficient and expensive because it requires (and will continue to require) significantly more labor hours to make manual corrections within FFS and develop other utility programs for future glitches. It also adds unnecessary complexity to an already complex reconciliation process. Furthermore, the detective reports are designed to only capture identified errors. Errors that have not been identified will not be detected by these reports.

The \$10 million difference between the general ledger and the fixed asset subsystem discussed in the material weakness of “Controls Over Accounting for Personal Property Should be Improved,” is a result of the above described exceptions. As noted in Exhibit I, NPS materially reconciled this difference and recorded the necessary adjustments to the general ledger and the fixed asset subsystem, to properly present NPS’s September 30, 2000 financial statements.

Recommendations

We recommend the following:

1. NBC and NPS should take the following steps to strengthen the application software development and change controls:
 - Formally establish internal service level agreements which communicate expected, standard configuration change management procedures, performance requirements, and controls between the NBC Data Center, Reston, VA, and the NPS user communities.
 - Develop a complete and comprehensive NBC and NPS SDLC methodology. This plan should be updated annually to reflect any changes to the current environment and the risks associated with those changes. In addition, any updates made to the plan should be brought to the attention of the users. Finally, periodic reviews and updates to the plan will indicate top management’s support for the overall development process.
 - Implement the use of library management software. This application should be able to produce audit trails of program changes, maintain program version numbers, record and report program changes, maintain creation/date information for production modules, maintain copies of previous versions, and control concurrent updates.
2. NPS should improve its fixed assets management processes, in order to implement required business process and systemic controls to limit any data processing exceptions.
3. NPS, with the assistance of the systems developer should evaluate the cost benefit of expanding the fixed asset number data element and the edit and syntax controls that ensure the complete recording of the fixed asset number in to the system. NPS should also develop and document procedures requiring proper review and approval when making corrections within FFS.
4. We recommend that NPS, with the assistance of the system vendor, rectify the program glitches that allow syntax errors and invalid data to be entered in the FFS Fixed Assets Module. A full assessment should occur, prior to installing the utility programs at the end of the calendar year, so as to capture the full complexity of the existing problems and avoid any

adverse impact of these programs from an integration and regression perspective. Although NBC has tested the utility programs, NPS users should also fully test them prior to implementation. NPS should also consider having a code review performed on this module to identify other possible glitches. For current errors, NPS should develop a plan of action to correct the errors that are manually correctable and utilize the utility programs for the other errors before they become harder to manage.

OO.H Finding: NPS's Accounting Operations Center (AOC) Service Continuity Plan Should be Updated

OMB Circular No. A-130 states that in order to provide continuity of support, agencies must "Establish and periodically test the capability to continue providing service within a system based upon the needs and priorities of the participants of the system." Our review of NPS's continuity of service procedures indicated that NPS's AOC Continuity of Operations Plan is not current, has not been tested, and is inadequate for recovering AOC business functions, local servers, and data communications equipment in the event of a disaster affecting the NPS AOC. It also does not address restoration of critical Wide Area Network (WAN) connectivity to the FFS Mainframe at the National Business Center in Reston, VA. Without a comprehensive and proven plan, disaster recovery must depend on ad hoc decisions and actions executed under highly charged, chaotic conditions. Lack of a thoroughly planned and coordinated response capability under these conditions causes undue stress and fatigue, resulting in more frequent errors and decreasing job performance over time.

Recommendations

We recommend that the NPS AOC Continuity of Operations Plan be updated to include:

- A more detailed list of business function recovery priorities.
- *Restoration of critical WAN connectivity to the National Business Center, Reston, VA, FFS Mainframe.*
- Mainframe recovery time requirements and performance requirements in support of critical business functions.
- Detailed critical resource recovery requirements, including people, workstations, office equipment, servers, communications facilities, and vital records.
- AOC server and network component configurations.
- AOC software and data recovery requirements, mapped to server machines.
- Specific instructions for restoring AOC workstations, servers and network equipment.
- Checklist procedures for each response and recovery team.
- Names and contact information for alternate team leaders.
- Alternative procedures or workarounds to initiate when the AOC servers, or the Reston or Denver data centers are down or inaccessible from the AOC.
- Continuity of Operations Plan administration and testing policy.

OO.I Prior Unimplemented Office of Inspector General Findings

Park Service Needs Improved Controls Over Construction-in-Progress

During the 1998 audit of NPS, the OIG identified that NPS did not have sufficient internal control procedures to ensure that the subsidiary account for construction-in-progress was stated in accordance with Federal accounting standards. The deficiencies identified in relation to the construction-in-progress account occurred because (1) the Park Service did not amend its fixed asset manual, "Procedures for the Accountability of Fixed Assets," issued in September 1996 to require the costs of projects which are not general property, plant, and equipment to be recorded as an expense in the period incurred in accordance with Federal accounting standards; and (2) field personnel did not follow procedures in the fixed asset manual for designating whether approved construction projects were intended to be recorded as assets for general property, plant, and equipment that cost \$500,000 or more, or recorded as expenses for heritage assets, intangible items, or projects that cost less than \$500,000.

Status of Prior Year Office of Inspector General (OIG) Audit Findings

OIG Audit Report Number	OIG Reported Issue	OIG Recommendation	Status
05-161T	Lack of maintenance management system	<ul style="list-style-type: none"> Implement the existing maintenance management system or replace with IS-CSC 4305 	<ul style="list-style-type: none"> OIG considers this recommendation implemented
05-162L	Not capturing of User Charge for Outputs Reported in the Management Decision and Analysis System	<ul style="list-style-type: none"> Develop a charge plan with a timeline to assign costs to outputs and calculate the unit cost of outputs. 	<ul style="list-style-type: none"> OIG considers this recommendation implemented
05-1344	Follow up of Maintenance activities, National Park Service	<ul style="list-style-type: none"> Modify existing maintenance agreements to reflect maintenance responsibilities Maintain a maintenance tracking system in compliance with IS-CSC 4305 Discontinue maintenance that provides equal benefits to tribal lessees unless cost-charge based Report the lack of standardized maintenance management system as a material management control weakness in accordance with the requirements of the Federal Managerial Financial Integrity Act. 	<ul style="list-style-type: none"> OIG considers this recommendation implemented OIG considers this recommendation implemented OIG considers this recommendation implemented OIG considers this recommendation implemented

Exhibit III, continued

OIG Audit Report Number	OIG Reported Issue	OIG Recommendation	Status
04-1415	Park Service Needs Improved Controls Over Construction Phase	<ul style="list-style-type: none"> Amend NPS's fixed asset manual to clarify the cost of projects for nongeneral property, plan, and equipment to be included as an expense in the project incurred. Establish and implement policies and procedures for management oversight to ensure that field offices identify in the accounting system the project capitalization category or show a capitalization determination upon project approval. Account for construction projects based on the project capitalization category to ensure that the construction-in-progress subsidiary ledger includes only those construction projects that will be reported when placed in service and that nongeneral, property, plan, and equipment costs are charged to expenses on a current basis. Validate the adjustments made to the central and subsidiary construction-in-progress account to estimate the fiscal year 1998 ending balances for projects that could be capitalized upon project in-service. 	<ul style="list-style-type: none"> The recommendation has not been implemented. (Repeated in Exhibit II) The recommendation has not been implemented. (Repeated in Exhibit II) OIG considers this recommendation implemented OIG considers this recommendation implemented
04-110	Park Service Needs Improved Controls Over Federal Maintenance Management and Reporting	<ul style="list-style-type: none"> Establish policies and procedures for conducting periodic condition assessment surveys and for comparing the derived maintenance needs of NPS, including the equipment, the data and the maintenance need to compare the general maintenance, and to need and approve by operations. 	<ul style="list-style-type: none"> Recommendation has not been implemented.

OIG Audit Report Number	OIG Reported Issue	OIG Recommendation	Status
79-0-916	Non-compliance of recommendations from OIG report "Follow up of Maintenance Activities, National Park Service"	Report the lack of managerial responsibilities management system as a material management control weakness in accordance with the requirements of the Federal Managers' Financial Integrity Act	OIG considers this recommendation implemented

Key to Report References

- 00-0-001 Independent Auditor's Report on National Park Service Financial Statements For Fiscal Year 1994
- 98-1-144 Follow up of Management activities, National Park Service
- 99-1-916 Auditor's Report on National Park Service Financial Statements for Fiscal Years 1998 and 1999



United States Department of the Interior

NATIONAL PARK SERVICE
1640 G Street, N.W.
Washington, D.C. 20540

Attachment 2

Attachment 2

2

Internal Memorandum

February 28, 2001

Memorandum

To: Roger L. Brumby
Assistant Inspector General for Audit

From: Chief Financial Officer
National Park Service

Subject: Final Unpublished Audit Report on National Park Service Financial Statements for Fiscal Year 2000 (Assignment No. UJ-06-02-02-02 R)

This is in response to the recommendations contained in the subject report.

Noncompliance with Federal Financial Management Improvement Act requirements and Federal accounting standards, Recommendations We recommend that the Director, National Park Service, expedite procedures to adjust the financial system to comply with the United States Government Standard General Ledger at the transaction level, and strengthen internal controls for applicable accounting standards impacting: 1) Year-end undelivered order deobligation and accounts payable accrual recognition; and 2) Accounting for personal property.

We agree that the accounting system should post all transactions in accordance with the United States Government Standard General Ledger. Steps have already been taken to make the necessary changes to the financial accounting system to ensure non-appropriated transactions, such as donations, are not recorded in Appropriations Used. Additional changes will be made to ensure that unexpended appropriations are not recorded in special receipt accounts, reimbursable accounts, or accounts where the source of funds is from non-appropriated sources.

The responsible officials for implementing these recommendations are the Accounting Operations Center (AOC) Financial and Accounting Support Team Leader and the Management Systems Team Leader. The planned target date for implementing changes will be as of September 30, 2001.

Under the "Compliance With Laws and Regulations" heading of the report, we do not agree that "appropriations used" should be cited as a substantial non-compliance with the Federal Financial Management Improvement Act (FFMIA). We do not believe that the issue cited by the auditors is what the authors of the FFMIA had in mind as substantial non-compliance.

Under FFMIA, substantial compliance requires that an agency's systems support the preparation of financial statements, provide reliable and timely financial information, account for assets, and do all in a way that is consistent with Federal accounting standards and the standard general ledger. We believe that the overall audit opinion supports the Service's substantial compliance with the FFMIA. The finding regarding appropriations used was due to incorrect posting models being used for those types of funds, while findings listed by Exhibit I are internal control (i.e., procedural) issues.

As stated in the Revised Implementation Guidance for the Federal Financial Management Improvement Act (January 4, 2001), "FFMIA compliance itself neither requires nor results in ideal or state-of-the-art system performance or system efficiency; nor does it require that systems be entirely automated. What FFMIA compliance indicates is that systems routinely provide reliable financial information consistently, accurately, and reported uniformly." As agencies are required to develop three-year financial management system compliance plans for FFMIA non-compliance, the conditions reported are trivial in this context.

1) Year-end undelivered order deobligation and account payable accrual recognition - An Operations Advisory Group, consisting of staff from all bureaus in the Department of the Interior, will be developing standard Departmentwide policies and procedures for handling year-end undelivered order deobligation and accounts payable accrual recognition. The implementation of these procedures will ensure the proper recording of invoices received prior to or subsequent to fiscal year-end for services performed or products received prior to year-end. It will also address the need for contracting officers to communicate with vendors to determine the amount of services received prior to year-end for open procurements with no activity for a year or more. The new policies and procedures requiring park/office action will be incorporated, and the importance of their impact on the financial statements will be emphasized, in the Service's year-end closing instructions. The Service's year-end instructions already outline detailed transaction-level procedures to either obligate and/or accrue utility charges, credit card purchases, inter-governmental charges, and other miscellaneous obligations and accruals.

The AOC Fiscal Services Team will periodically review UDO balances to validate the outstanding amounts along with ensuring all necessary supporting documentation, modifications to the initial obligation, receiving reports and vendor invoices are maintained in support of recorded balances. The responsible official for implementing these recommendations is the AOC Fiscal Services Team Leader, and the target date for implementation will be as of September 30, 2001.

2) Strengthening controls over accounting for personal property – The reconciliation of the general ledger to the personal property subsidiary ledger will be performed. The cause of the imbalance is due to deficiencies in the FFS architecture. We have met with the Department's National Business Center (NBC) and American Management Systems (AMS), who owns FFS, on this issue. AMS will develop a design document and cost estimate to integrate fixed assets information as part of the journal records.

Actions will be taken to initiate systemic corrections to future imbalances and to initiate data correction to balance discrepancies. Monthly reconciliations, including depreciation and transfers, will begin upon completion of the analysis. System glitches will continue to be identified and reported for correction and utilities or manual data correction will be made to validate information. Emphasis will continue to be made to all system users on the importance of correctly identifying the budget object class for every transaction. Periodic checks will begin to monitor transaction accuracy. Various formal written procedures will be developed which, among other items, will identify business processes, systemic controls, personal property accounting and reporting procedures, known glitches with the fixed assets system and guidance for users of the fixed assets subsystem.

The responsible official for implementing this recommendation is the Accounting Operations Center Management Systems Team Leader, and the target date for implementation will be September 30, 2001.

Reportable conditions related to internal controls over financial reporting and financial operations. Recommendations We recommend that the Director, National Park Service, take action to improve the following: 1) Preparation, analysis, and monitoring of financial information; 2) Timely liquidation of advances to others as related expenditures are reported; 3) Internal controls over the electronic data processing systems security; 4) Electronic data processing application software development and change controls; 5) NPS's Accounting Operations Center continuity plan; and 6) prior unimplemented findings by the Office of Inspector General.

1) Preparation, Analysis, and Monitoring of Financial Information – The Service concurs in principle that reviews and analysis of financial data reflected in the financial statements needs to be performed to determine compliance, accuracy, and reasonableness meet the requirements of OMB Bulletin No. 97-01, as amended. Financial statements prepared in prior years by the Service were audited by the Office of Inspector General without any specific findings or recommended changes to the process. Therefore, we believed the process for preparing statements was in compliance with OMB requirements. We believe that the frequency of preparing financial statements is a management decision which is based, in part, on the resources available to prepare and analyze them.

We will be preparing quarterly statements which will enable the accounting staff to complete reviews and do analysis on account balances. This process will assist in comparing data with prior year balances, and identify possible errors that will need to be researched and corrective action taken as necessary. In addition, fund-by-fund analysis can be performed to determine reasonableness of activity for net operating results, cumulative results of operations, and budgetary statements. These periodic reviews should reduce the number of post-closing adjustments processed at fiscal year-end.

We disagree with the auditors' finding that reconciling fund balances with Treasury is not completed in a timely manner. Although it is noted in the opinion that "the majority of the differences are from fiscal year 2000," it does not recognize that the differences are due to late charges processed through Treasury by other government agencies where supporting documentation from these agencies was received after year-end close. Therefore, charges cannot be posted against the appropriate budget fiscal year and the respective cost accounts until the new fiscal year.

The accounting staff and managers attend conferences, seminars and training throughout the year specifically related to financial statement preparation and changes to Federal financial accounting standards.

We will be reviewing the year-end closing process in order to more efficiently ensure billing and collection activity related to reimbursable agreements is completed in a more timely manner. However, in the audit report one item states that the auditors identified 6 unbilled receivables totaling \$6.2 million that could have been billed and collected prior to year-end. The correct amount is \$1.1 million.

The responsible officials for implementing these recommendations are the AOC Team Leaders for Finance and Accounting Support, Accounting Services, and Management Systems. The target date for implementation will be as of September 30, 2001.

2) Timely liquidation of advances to others as related to expenditures being reported - The Service is aware of the need to reduce advances when goods or services are received, contract terms are met, progress is made under a contract, or prepaid expenses expire.

A process was in place to liquidate the advance related to the particular interagency agreement noted in the opinion, but the necessary follow-up to process the transaction was not completed. Additional steps will be taken to ensure any expenses incurred prior to year-end will liquidate the advance for that agreement. The responsible official for implementing these recommendations is the AOC Fiscal Services Team Leader, with a target date of September 30, 2001.

AOC will work with the appropriate grant program offices to request grant recipients to submit completion reports more timely. The responsible official for this is the AOC Finance and Accounting Support Team Leader, and the target completion date is September 30, 2001.

Internal controls over electronic data processing systems security

00.F Finding: Internal controls over the EDP systems security should be improved.

Without any intent to diminish the importance of systems security, we not concur with all of the auditors' statements in this finding. Specifically, the statement that a one-segment network does not allow for optimization of the available network bandwidth, while true in theory, does not apply to AOC's network because the AOC does not generate enough data traffic on the network for this to be an issue.

We believe that the increase in network vulnerability is greatly exaggerated as described in the statement: "All data traffic is on one path and is available to all users of that network. The one segment approach also allows all user and server level resources to be viewed by all, which increases the overall network vulnerability." Unicast traffic is available to only the port to which it is addressed in the AOC switched network. Broadcast packets can be observed at all ports with the proper monitoring devices; however, this monitoring will create only a miniscule vulnerability, if any. User and server level resources can be protected through shares and other security controls. In a segmented network, the inter-VLAN traffic must go through a router, thereby creating the disadvantage of creating a possible bottleneck and adding other security elements.

00.F Recommendation 1: Implement formal program management reviews and accreditation or certification of its security program and major application systems. Management involvement should range from departmental to bureau and installation levels depending on the program or application criticality and impact to the organization.

We concur with this recommendation and work to create a central Information Technology (IT) Security Office has started with a memorandum from the Director (December 2000) to create a working security coordinators taskforce group. A budget request has been submitted by the Information Management Council to create a permanent IT security team during FY 2003. The Associate Director for Professional Services is the responsible official for the security taskforce functions.

00.F Recommendation 2: Divide the network into two segments that isolate the administrative personnel from the accounting personnel. Place the server resources specific to the department within that segment and do not allow users access to all resources.

We concur with this recommendation and the AOC will study the ramifications and utility of the recommended segmentation, and will consider alternate solutions such as segmenting each server onto its own VLAN. We will look at the projects that use file and print sharing services and redesign them so that we can remove the file and print sharing services as suggested. Also, we will evaluate active monitoring software and procure a product suitable for the AOC.

The responsible official for implementing this recommendation is the Accounting Operations Center Management Systems Team Leader, and the target date for implementation will be September 30, 2001.

00F Recommendation 3: Develop a detailed Network Security Plan and schedule security awareness training.

We concur with this recommendation. The responsible official for implementing this recommendation is the Accounting Operations Center Management Systems Team Leader, and the target date to develop and provide security training to AOC employees is December 31, 2001.

00.F Recommendation 4: Develop a site-specific Network Security Plan that explains in detail the methods to monitor and document network activity.

We concur with this recommendation and the AOC will formalize its Network Security Plan. This will be done in conjunction with the active network monitoring. The responsible official for implementing this recommendation is the AOC Management Systems Team Leader, with a target date for completion by June 2002.

00.F Recommendation 5: Improve communication and coordination in relation to internal service level agreements (SLA), with communications expected, standard levels of data transmission security between the NBC Data Center in Denver, CO, and the NPS FPPS user communities.

We concur with this recommendation. Due to the migration from the NBC Data Center in Reston, VA to the NBC Data Center in Denver, CO, and the change of data circuits from DOInet to vDOInet, we will examine both the services needed and the SLAs with the NBC. The AOC Management Systems Team Leader will complete this by June 2002.

00.G Recommendation 1: The NBC and NPS should take the following steps to strengthen the application software development and change controls: improve communication and coordination in relation to internal service level agreements, which

communicate expected, standard configuration change management procedures and controls between the NBC Data Center, Reston, VA and the NPS user communities; develop a complete and comprehensive NBC and NPS SDLC methodology; and implement the use of library management software.

We do not concur with this recommendation. The Department of the Interior's Office of Financial Management is the system owner of the Federal Financial System (FFS) application used nearly Departmentwide. The NBC is the designated system manager. During a meeting with the auditors, NPS cited the SDLC methodology contained in the Departmental Manual as its guidance. As the system manager, the NBC has individual interagency agreements with the respective bureaus for the mainframe computer service, operations and maintenance costs. All application software changes, e.g., software fixes, custom screen development, test and production installation and/or conversion, etc., are performed by the NBC for the bureaus. All software, hardware, and telecommunications changes are formally documented and communicated to the DOI FFS user community by the NBC in a timely manner.

The Department's Software Advisory Board (SAB) which has representatives from the bureaus and the NBC is the group responsible for design and development of DOI custom software enhancement to FFS. Software problems are reported through the respective bureau SAB representatives to the NBC for investigation and resolution. Depending upon the complexity of the problem, corrections are made by either the NBC or the software vendor and tested by the NBC and the bureaus prior to production installation. The SAB is also responsible for reviewing baseline FFS enhancements for integration with the DOI FFS. We believe that the systems infrastructure and mechanisms are in place and working to satisfy this finding.

The Department has completed a capital asset plan and justification document to support the Department's FY 2002 budget request for the acquisition and implementation of a new fully integrated financial management system. The projected starting date for phased implementation Departmentwide is FY 2003.

The National Park Service will do a benefit/cost analysis regarding the acquisition and implementation of library management software. The AOC Management Systems Team Leader will complete this by September 30, 2001. The NBC is analyzing the possibility of using an automated package that can be incorporated into the FFS application change control procedures. This analysis will be completed by September 30, 2001.

00.G Recommendation 2: NPS should improve its fixed assets management processes in order to implement required business process and systemic control to limit any data processing exceptions.

We concur with this recommendation and will develop formal procedures and distribute them to all responsible officials and fixed assets subsystem users to document NPS procedures, business processes and systemic controls as they relate to personal property accounting and reporting. The AOC Management Systems Team Leader will complete this by September 30, 2001.

00.G Recommendation 3: NPS, with the assistance of the systems developer should develop edit and syntax controls that ensure the proper format of the fixed asset number is recorded in the system. NPS should also develop and document procedures requiring proper review and approval when making corrections within FFS.

We do not concur with this recommendation. It is correct that a basic format to the fixed asset (FA) number has been identified as a procedural or systemic weakness and that there are no edit checks to ensure the proper format of that number in FFS; however, it is not correct to say that the improper formatting of the FA "fails to properly identify the property and its location." Regardless of how the number is displayed, the property and its location can always be identified and located. In FFS, the fixed asset number is a 15 character field that has no edits. To develop effective "edit and syntax controls to ensure the proper format of the fixed asset number" would require a checks-and-balances system. This system would ensure that only the FA number assigned to each particular park/office is entered into the Fixed Assets Subsystem. The cost and complexity to implement this type of system would outweigh its usefulness and effectiveness.

The FA subsystem's Flashpoint screens have been developed which do perform basic edits against the FA number (e.g., vehicles must begin with "I" and everything else with "NP"; the numbers use exactly 12 of the 15 characters except for vehicles; etc.) but its effect is limited to fixed assets acquired by means other than by purchase – a small percentage of total fixed asset transactions.

To correct the deficiency, NPS will research and analyze the issue to determine the most effective solution. If necessary, we will develop specifications to edit the fixed asset number in FFS (by both finance users and fixed asset users) and in IDEAS (by procurement users) and submit the proposed enhancement through the SAB to the NBC for a cost proposal and implementation. Also, emphasis on the importance of a correctly formatted fixed asset number will continue at NPS training sessions and workshops.

We concur that procedures should be developed to monitor transactions involving fixed asset corrections. The AOC Management Systems Team Leader will complete this task by September 30, 2001.

00.G Recommendation 4: We recommend that NPS, with the assistance of the system vendor, rectify the program glitches that allow syntax error and invalid data to be entered in the FFS Fixed Assets Module.

We concur with this recommendation. It is correct that several glitches exist within FFS, its fixed assets subsystem, and the IDEAS interface to FFS and its subsystems. We will conduct research to determine the source of identified glitches in one of the three systems, prepare problem reports, and submit the reports to the NBC and/or the system vendor for investigation and resolution. A formal plan will be documented which will include, among other things, the identified program glitches, a proposed resolution for each glitch, timeframes, and priorities. The plan will be prepared in conjunction with the plan identified as a resolution to the material weakness of "Controls Over Accounting for Personal Property Should Be Improved." We will also continue correcting transaction errors manually or with utilities until program glitches have been resolved. The AOC Management Systems Team Leader will complete this effort by September 30, 2001.

The NPS Accounting Operations Center Service Continuity Plan should be updated

We concur with this recommendation and the target date for completion of the continuity of operations plan by the AOC Manager is September 30, 2001.

Prior unimplemented Office of Inspector General findings related to improved controls over construction-in-progress

We have issued to the field for their review and comment draft policies and procedures amending the fixed asset manual requiring: the costs of projects which are not general property, plant, and equipment (GPP&E) to be recorded as an expense in the period incurred; and to have field personnel follow procedures for designating approved construction projects recorded as assets for GPP&E that cost \$500,000 or more, or recorded as expenses for heritage assets, or projects that cost less than \$500,000. The comments will be reviewed and any changes will be incorporated into the final policy and procedures guidelines.

The responsible office for implementing this is the AOC Manager, and the target date for implementation will be as of September 30, 2001.

C. Bruce Sheaffer

STATUS OF AUDIT REPORT RECOMMENDATIONS		
Agency/Division/Location Reference	Status	Action Required
A.1, A.2, B.1, B.2, B.3, B.4, C.1, C.2, C.3, C.4, D.1, D.2, D.3, D.4, D.5, B.8, B.9, B.10, B.11, B.12, B.13, B.14, B.15, C.1, C.2, C.3, C.4, and D.1	Accomplished/Implemented	No further response to the Office of Inspector General is required. The recommendations will be referred to the Assistant Secretary for Public Property Management and Budget for tracking and implementation.
D.2	Unpermitted	No further action is required.
D.4	Unresolved	The recommendations will be referred to the Assistant Secretary for Public Property Management and Budget for resolution.

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United States Department of the Interior
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