

RECLAMATION

Supplemental Section

Bureau of Reclamation Organization Chart

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**Bureau of Reclamation
Regional Boundaries and Offices**

Required Supplementary Information

FINANCIAL RESOURCES

The Bureau of Reclamation's (Reclamation) fiscal year (FY) 2003 budget authority of \$1 billion represents about 7.1 percent of the Department of the Interior's (Interior) total budget authority. Funding for Reclamation's major program activities is provided from appropriations, revolving fund revenues, transfers from other Federal agencies, and contributions from non-Federal entities. Table 1 provides a summary of Reclamation's major sources of FY 2003 new budget authority.

**Table 1.— Budget Authority – FY 2003
Comparative 2003/2002¹
(\$ in Millions)**

	2003	2002
Water and Related Resources	\$ 759.3	\$ 939.7
Lower Colorado River Basin Development Fund	30.7	33.1
Upper Colorado River Basin Fund	38.3	15.6
Colorado River Dam Fund	68.8	61.3
Central Valley Project Restoration Fund	48.9	55.0
Reclamation Trust Funds	2.9	24.2
Policy and Administration	54.9	53.0
Other Budget Accounts	10.7	20.0
Total	\$ 1,014.5	\$ 1,201.9

¹ Under Water and Related Resources, FY 2002 includes a \$200-million transfer from the Commodity Credit Corporation for At Risk Desert Terminal Lakes (Public Law 107-171).

The Combined Statement of Budgetary Resources, which is included as a principal

financial statement, presents information about Reclamation's total budgetary resources, including carryforward of unused, prior year funding and spending authority created by reimbursements from other Federal agencies and non-Federal entities. The Combining Statement of Budgetary Resources (table 2) presents this information by major budget account.

Reclamation's largest budget account is Water and Related Resources. This account funds programs used for the operation and maintenance of Reclamation facilities to deliver water and power, preservation of natural resources, and continued efforts toward water conservation and technology development.

The Working Capital Fund (WCF), the Lower Colorado River Basin Development Fund (LCRBDF), and the Upper Colorado River Basin Fund (UCRBF) are revolving funds that operate on a fee for service basis. The WCF provides support services and equipment for Reclamation programs and activities, as well as for other Federal and non-Federal entities. The LCRBDF and UCRBF collect revenues from the public, primarily from the sale of power.

The Colorado River Dam Fund is an available receipt fund into which various operating revenues of Hoover Dam are collected, primarily from the sale of power generated at the dam. These revenues are used to fund the operation and maintenance of the dam.

The Central Valley Project Restoration Fund provides funding for fish and wildlife habitat restoration, improvement, and acquisition

activities. Revenues come from project beneficiaries and donations.

Reclamation Trust Funds collect amounts that are earmarked for specific purposes and are expended accordingly, primarily to finance activities, such as fish and wildlife habitat restoration and other mitigation efforts.

The Policy and Administration budget account is used to finance all of Reclamation's centralized management functions that are not chargeable directly to a specific project or program. These functions include management of personnel, safety and health, and information resources. Also included are budgetary policy formulation and execution, procurement and general services, and public affairs activities.

The California Bay-Delta Ecosystem Restoration account is included as part of Reclamation's budget for budget presentation purposes; these funds will be distributed among participating Federal agencies, based on a program recommended by the State of California and Federal Agencies (CALFED) group and approved by the Secretary of the Interior. The CALFED Bay-Delta Program was established in May 1995 to develop a comprehensive, long-term solution to the complex and interrelated problems in California's San Francisco Bay/Sacramento-San Joaquin Delta (Bay-Delta). The Bay-Delta system provides habitat for 120 fish and wildlife species, some listed as threatened or endangered. The system is also critical to California's economy because the two rivers that flow into the Bay-Delta provide potable water for two-thirds of California's homes and businesses and irrigate more than 4 million acres of farmland on which 45 percent of the Nation's fruits and vegetables are grown. CALFED is comprised of a consortium of Federal and State agencies. Federal agencies include Reclamation, the U.S. Fish and Wildlife Service, the Environmental Protection Agency,

and the National Marine Fisheries Service, with possible participation by other agencies in the future. State agency involvement includes oversight by the California Resources Agency and the participation of the State Department of Water Resources, the Department of Fish and Game, and the California Environmental Protection Agency.

The Other Budget Accounts balances include several smaller activities within Reclamation, including the San Gabriel Restoration Fund, loan program, and financing funds.

WORKING CAPITAL FUND

Reclamation operates a Working Capital Fund to efficiently finance support services and equipment for Reclamation programs and other various Federal and non-Federal agencies. Table 3 presents balance sheet information on the financial position of the WCF as of September 30, 2003 and 2002.

Although the WCF is operated as a single entity, it is divided into 22 activities and numerous subactivities to facilitate management of the fund.

The WCF is an intragovernmental revolving fund and recovers the full cost of doing business. The types of services provided by the WCF fall into three broad categories:

1. Engineering and Technical Services
2. Administrative Services
3. Information Technology Services

Table 4 presents a Statement of Net Cost for the WCF as of September 30, 2003, and 2002. The presentation by major category of services is intended to provide information on the relative composition of the WCF.

**Table 2.—U.S. Department of the Interior, Bureau of Reclamation
Combining Statement of Budgetary Resources
For the Year Ended September 30, 2003**

(In Thousands)	Water and Related Resources	Working Capital Fund	Lower Colorado River Basin Development Fund	Upper Colorado River Basin Fund
Budgetary Resources:				
Budget Authority:				
Appropriations Received	\$ 832,509	\$ —	\$ —	\$ —
Borrowing Authority	—	—	—	—
Contract Authority	—	—	—	—
Net Transfers, Current Year Authority (+/-)	(73,151)	—	30,689	38,365
Other	—	—	—	—
Unobligated Balance:				
Beginning of Fiscal Year	256,269	31,903	119,374	16,263
Net Transfers, Unobligated Balances, Actual (+/-)	(425)	—	132	791
Anticipated Transfers of Unobligated Balance (+/-)	—	—	—	—
Spending Authority From Offsetting Collections:				
Earned:				
Collected	186,366	324,272	151,542	67,458
Receivable From Federal Sources	(9,725)	(4,440)	(2,081)	(334)
Change in Unfilled Customer Orders:				
Advance Received	9,379	(2,829)	(1,231)	20,000
Without Advance From Federal Sources	(9,869)	—	—	—
Anticipated for Rest of Year, Without Advances	—	—	—	—
Transfers From Trust Funds	—	—	—	—
Recoveries of Prior Year Obligations	24,130	1,485	544	2,916
Temporarily Not Available Pursuant to Public Law	—	—	—	—
Permanently Not Available	(4,788)	—	(1,247)	(24,523)
Total Budgetary Resources	<u>\$ 1,210,695</u>	<u>\$ 350,391</u>	<u>\$ 297,722</u>	<u>\$ 120,936</u>
Status of Budgetary Resources:				
Obligations Incurred:				
Direct	\$ 776,564	\$ —	\$ —	\$ —
Reimbursable	167,504	325,421	135,748	98,533
Total Obligations Incurred	<u>944,068</u>	<u>325,421</u>	<u>135,748</u>	<u>98,533</u>
Unobligated Balance:				
Apportioned	266,627	24,970	161,974	22,403
Exempt From Apportionment	—	—	—	—
Unobligated Balance not Available	—	—	—	—
Total Status of Budgetary Resources	<u>\$ 1,210,695</u>	<u>\$ 350,391</u>	<u>\$ 297,722</u>	<u>\$ 120,936</u>
Relationship of Obligations to Outlays:				
Obligations Incurred	\$ 944,068	\$ 325,421	\$ 135,748	\$ 98,533
Obligated Balance, Net, Beginning of Fiscal Year	335,077	14,279	3,905	115,965
Obligated Balance, Transferred, Net (+/-)	—	—	—	—
Obligated Balance, Net, End of Fiscal Year:				
Accounts Receivable	9,921	4,923	7,622	68
Unfilled Customer Orders From Federal Sources	28,366	—	—	—
Undelivered Orders	(265,211)	(7,087)	(373)	(31,082)
Accounts Payable	(112,260)	(16,012)	(14,179)	(98,095)
Less: Spending Authority Adjustments	(4,536)	2,955	1,538	(2,583)
Outlays:				
Disbursements	935,425	324,479	134,261	82,806
Collections	(195,745)	(321,443)	(150,311)	(87,458)
Subtotal	<u>739,680</u>	<u>3,036</u>	<u>(16,050)</u>	<u>(4,652)</u>
Less: Offsetting Receipts	(408)	—	—	—
Net Outlays	<u>\$ 739,272</u>	<u>\$ 3,036</u>	<u>\$ (16,050)</u>	<u>\$ (4,652)</u>

Colorado River Dam Fund	Central Valley Project Restoration Fund	Reclamation Trust Fund	Policy and Administration	California Bay-Delta Ecosystem Restoration	Other Budget Accounts	Total Budgetary Accounts
\$ 68,760	\$ 48,904	\$ 2,942	\$ 54,870	\$ —	\$ 705	\$ 1,008,690
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	10,000	5,903
—	—	—	—	—	—	—
6,051	874	46,873	224	32,659	6,500	516,990
—	—	—	—	—	—	498
—	—	—	—	—	—	—
—	—	—	—	—	—	729,638
—	—	—	—	—	—	(16,580)
—	—	—	—	—	—	—
—	—	—	—	—	—	25,319
—	—	—	—	—	—	(9,869)
—	—	—	—	—	—	—
—	—	—	—	—	—	—
301	2,551	295	843	2,910	7	35,982
—	—	—	—	—	—	—
(1,410)	(61)	—	(357)	—	(65)	(32,451)
\$ 73,702	\$ 52,268	\$ 50,110	\$ 55,580	\$ 35,569	\$ 17,147	\$ 2,264,120
\$ 64,947	\$ 51,448	\$ 8,761	\$ 54,413	\$ 5,887	\$ 16,151	\$ 978,171
—	—	—	—	—	—	727,206
64,947	51,448	8,761	54,413	5,887	16,151	1,705,377
8,755	820	—	1,167	29,682	996	517,394
—	—	41,349	—	—	—	41,349
—	—	—	—	—	—	—
\$ 73,702	\$ 52,268	\$ 50,110	\$ 55,580	\$ 35,569	\$ 17,147	\$ 2,264,120
\$ 64,947	\$ 51,448	\$ 8,761	\$ 54,413	\$ 5,887	\$ 16,151	\$ 1,705,377
3,609	48,005	13,509	9,129	42,530	32,268	618,276
—	—	—	—	—	—	—
—	—	—	—	—	—	22,534
—	—	—	—	—	—	28,366
(1,001)	(44,082)	(5,748)	(5,743)	(29,382)	(32,351)	(422,060)
(1,958)	(6,374)	(768)	(2,025)	(2,626)	(1,929)	(256,226)
(301)	(2,551)	(295)	(843)	(2,910)	(7)	(9,533)
65,296	46,446	15,459	54,931	13,499	14,132	1,686,734
—	—	—	—	—	—	(754,957)
65,296	46,446	15,459	54,931	13,499	14,132	931,777
(68,761)	(44,900)	(2,942)	—	—	(1,268,554)	(1,385,565)
\$ (3,465)	\$ 1,546	\$ 12,517	\$ 54,931	\$ 13,499	\$ (1,254,422)	\$ (453,788)

**Table 2.—U.S. Department of the Interior, Bureau of Reclamation
Combining Statement of Budgetary Resources
For the Year Ended September 30, 2002**

(In Thousands)	Water and Related Resources	Working Capital Fund	Lower Colorado River Basin Development Fund	Upper Colorado River Basin Fund
Budgetary Resources:				
Budget Authority:				
Appropriations Received	\$ 748,819	\$ —	\$ —	\$ —
Net Transfers, Current Year Authority (+/-)	190,888	—	33,142	15,560
Unobligated Balance:				
Beginning of Fiscal Year	67,518	27,330	72,919	13,591
Net Transfers, Unobligated Balances, Actual (+/-)	1,690	—	137	403
Spending Authority From Offsetting Collections:				
Earned:				
Collected	187,902	311,595	135,050	61,606
Receivable From Federal Sources	(5,429)	1,176	1,685	87
Change in Unfilled Customer Orders:				
Advance Received	1,758	(583)	1,467	(88)
Without Advance From Federal Sources	6,624	—	—	—
Recoveries of Prior Year Obligations	31,653	2,882	156	3,663
Permanently Not Available	(285)	—	(1,030)	(2,717)
Total Budgetary Resources	\$ 1,231,138	\$ 342,400	\$ 243,526	\$ 92,105
Status of Budgetary Resources:				
Obligations Incurred:				
Direct	\$ 781,126	\$ —	\$ —	\$ —
Reimbursable	193,742	310,498	124,152	75,842
Total Obligations Incurred	974,868	—	124,152	75,842
Unobligated Balance:				
Apportioned	256,270	31,902	119,374	16,263
Exempt From Apportionment	—	—	—	—
Total Status of Budgetary Resources	\$ 1,231,138	\$ 342,400	\$ 243,526	\$ 92,105
Relationship of Obligations to Outlays:				
Obligations Incurred	\$ 974,868	\$ 310,498	\$ 124,152	\$ 75,842
Obligated Balance, Net, Beginning of Fiscal Year	282,884	14,263	5,055	116,943
Obligated Balance, Net, End of Fiscal Year:				
Accounts Receivable	19,646	9,363	9,703	402
Unfilled Customer Orders From Federal Sources	38,235	—	—	—
Undelivered Orders	(276,878)	(6,159)	(2,919)	(25,918)
Accounts Payable	(116,080)	(17,483)	(10,689)	(90,449)
Less: Spending Authority Adjustments	(32,847)	(4,058)	(1,841)	(3,750)
Outlays:				
Disbursements	889,828	306,424	123,461	73,070
Less: Spending Authority From Offsetting Collections	(189,661)	(311,011)	(136,517)	(61,518)
Net Outlays Before Offsetting Receipts	700,167	(4,587)	(13,056)	11,552
Less: Offsetting Receipts	(353)	—	—	—
Net Outlays	\$ 699,814	\$ (4,587)	\$ (13,056)	\$ 11,552

Colorado River Dam Fund	Central Valley Project Restoration Fund	Reclamation Trust Funds	Policy and Administration	California Bay- Delta Ecosystem Restoration	Other Budget Accounts	Combined Budgetary Total
\$ 61,331	\$ 55,039	\$ 24,192	\$ 52,968	\$ —	\$ 8,035	\$ 950,384
—	—	—	—	—	12,000	251,590
9,941	859	51,074	2,243	44,671	23,902	314,048
—	—	—	—	—	—	2,230
—	11,790	—	—	—	—	707,943
—	—	(18,131)	—	—	—	(20,612)
—	(11,790)	—	—	—	—	(9,236)
—	—	—	—	—	—	6,624
765	1,661	49	980	8,439	825	51,073
(2,771)	—	—	(31)	—	(35)	(6,869)
\$ 69,266	\$ 57,559	\$ 57,184	\$ 56,160	\$ 53,110	\$ 44,727	\$ 2,247,175
\$ 63,215	\$ 56,685	\$ 10,310	\$ 55,936	\$ 20,451	\$ 38,228	\$ 1,025,951
—	—	—	—	—	—	704,234
63,215	56,685	10,310	55,936	20,451	38,228	1,730,185
6,051	874	—	224	32,659	6,499	470,116
—	—	46,874	—	—	—	46,874
\$ 69,266	\$ 57,559	\$ 57,184	\$ 56,160	\$ 53,110	\$ 44,727	\$ 2,247,175
\$ 63,215	\$ 56,685	\$ 10,310	\$ 55,936	\$ 20,451	\$ 38,228	\$ 1,730,185
4,446	39,577	378	7,948	65,345	6,900	543,739
—	—	—	—	—	—	39,114
—	—	—	—	—	—	38,235
(1,039)	(39,660)	(6,343)	(6,281)	(38,470)	(29,200)	(432,867)
(2,570)	(8,345)	(7,166)	(2,848)	(4,060)	(3,068)	(262,758)
(765)	(1,661)	18,081	(980)	(8,439)	(825)	(37,085)
63,287	46,596	15,260	53,775	34,827	12,035	1,618,563
—	—	—	—	—	—	(698,707)
63,287	46,596	15,260	53,775	34,827	12,035	919,856
(61,331)	(54,714)	(24,192)	—	—	(1,002,758)	(1,143,348)
\$ 1,956	\$ (8,118)	\$ (8,932)	\$ 53,775	\$ 34,827	\$ (990,723)	\$ (223,492)

**Table 3.—Working Capital Fund Combined Balance Sheet
For the Year Ended September 30, 2003 and 2002
(In Thousands)**

	FY 2003	FY 2002
Assets		
Intragovernmental Assets:		
Fund Balance with Treasury	\$ 43,145	\$ 46,181
Accounts Receivable, Net	3,483	9,357
Advances and Prepayments	400	5,053
Total Intragovernmental Assets	47,028	60,591
Accounts Receivable, Net	1,527	48
Loans Receivable, Net	3,630	4,000
General Property, Plant, and Equipment, Net	35,156	31,448
Total Assets	<u>\$ 87,341</u>	<u>\$ 96,087</u>
Liabilities		
Intragovernmental Liabilities:		
Accounts Payable	\$ 1,626	\$ 3,876
Accrued Payroll Benefits	3,630	4,552
Debt	3,815	4,000
Other Intragovernmental Liabilities	2,074	3,353
Total Intragovernmental Liabilities	11,145	15,781
Accounts Payable	4,940	3,599
Accrued Payroll and Benefits	14,070	13,858
Other Liabilities	879	2,279
Total Liabilities	31,034	35,517
Net Position		
Cumulative Results of Operations	56,307	60,570
Total Liabilities and Net Position	<u>\$ 87,341</u>	<u>\$ 96,087</u>

**Table 4.—Working Capital Fund Combining Statement of Net Cost
(In Thousands)**

	FY 2003			FY 2002	
	Engineering and Technical Services	Administrative Services	Information Technology Services	Working Capital Fund Total	Working Capital Fund Total
Expenses:					
Operating Expenses:					
Intragovernmental	\$ 37,791	\$ 90,213	\$ 371	\$ 128,375	\$ 113,501
With the Public	57,188	119,939	12,318	189,445	191,521
Total Operating Expenses	94,979	210,152	12,689	317,820	305,022
Depreciation and Amortization	2,200	1,239	2,276	5,715	5,616
Imputed Costs	0	10,799	0	10,799	9,594
Other Expenses	131	64	3	198	958
Total Expenses	97,310	222,254	14,968	334,532	321,190
Exchange Revenues:					
Sale of Goods and Services	(98,644)	(205,487)	(15,153)	(319,284)	(311,974)
Net Cost of Operations	<u>\$ (1,334)</u>	<u>\$ 16,767</u>	<u>\$ (185)</u>	<u>\$ 15,248</u>	<u>\$ 9,216</u>

The most significant activities in the Engineering and Technical Services category are technical services related to water resources management support provided by the Technical Service Center. Also included in this category are vehicles and aircraft used for engineering support. The Information Technology Services category includes software operations and maintenance.

DEFERRED MAINTENANCE

Reclamation owns a water resources management infrastructure with a combined total value of \$20.8 billion, as of September 30, 2003. This infrastructure consists of diversion and storage dams; hydroelectric powerplants; water conveyance facilities (canals, pipelines, siphons, tunnels, and pumps); recreational facilities; and associated buildings, bridges, and roads, as well as an inventory of related construction, maintenance, laboratory, and scientific equipment. The operation and maintenance of some of these assets is performed by Reclamation using annual or permanent appropriations or other funding sources available to it. The operation and maintenance of the remaining assets, making up approximately one-half of the combined total value of all assets, is performed by Reclamation's water and power customers or by others (collectively, "contractors") at their expense pursuant to contracts with Reclamation.

As provided by the Federal Accounting Standards Advisory Board,¹ maintenance and repair is "the act of keeping fixed assets in an acceptable condition." This excludes "activities aimed at expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, those originally intended." Deferred maintenance is

defined as "maintenance and repair that was not performed when it should have been or was scheduled to be and which, therefore, is put off or delayed for a future period."

Reclamation employs a commercial, off-the-shelf maintenance management system on many of its larger, more complex facilities and performs condition assessment site reviews and other assessments to estimate the condition of, and determine the need for, any maintenance related to its assets. Under this program, essentially all of Reclamation's major assets, whether operated and maintained by Reclamation or its contractors, are assessed triennially. The monitoring and tracking of maintenance-related deficiencies and/or recommendations of water and power related infrastructure are generally conducted on an annual basis and reported in the dam safety or power resources information system.

There are many factors that influence whether maintenance is performed as scheduled or deferred. These factors include, among others, limitations on access to facilities (e.g., due to water levels); intervening technological innovations or developments; seasonal or climatological considerations; reassessment of priorities; delays in the contract-award process; availability of, or delays related to, the contractor; and changes in funding priorities resulting, in some cases, from emergencies or unforeseen critical maintenance requirements. It is Reclamation's policy to give critical maintenance—that which addresses a threat to life, property, and safety—the highest priority in attention and resources.

Table 5 identifies Reclamation's estimate of deferred maintenance as of September 30, 2003, on those facilities operated and maintained by it. The Reserved facilities, currently in operation and maintenance status, include general (non-heritage) and stewardship (heritage assets) that

¹ *Statement of Federal Financial Accounting Standards Number 6.*

Table 5.—Financial Statement, Estimate of Deferred Maintenance as of September 30, 2003

Type of Deferred Maintenance	Item(s) Covered Note (1)	Condition Category Note (2)	Estimated Range of Deferred Maintenance for 2003				Total	
			General PP&E		Stewardship PP&E			
			Low	High	Low	High	Low	High
Roads Bridges and Trails								
Bridges	D	F, G	1,500	211,500	0	0	1,500	211,500
Tunnels	D	G, F, P	248	665,248	0	0	248	665,248
Irrigation, Dams and Water								
Dams	D	G, F, P	1,463,500	7,804,600	52,000	3,230,300	1,515,500	11,034,900
Power	D	G, F, P	60,000	21,012,193	635,000	4,113,700	695,000	25,125,893
Canals	D	G, F	428,100	1,449,100	0	0	428,100	1,449,100
Fish Facilities	D	G, F	331,000	811,500	0	0	331,000	811,500
Buildings (e.g., Administration, Education, Housing, Historic Buildings)	D	G, F, P	2,500	243,880	0	195,000	2,500	438,880
Other Structures (e.g., Recreation Sites, Hatcheries, etc.)	D	G, F, P	282,000	3,857,500	0	38,000	282,000	3,895,500
Total Reclamation			2,568,848	36,055,521	687,000	7,577,000	3,255,848	43,632,521

Note (1) Category:

- A Critical Health and Safety Deferred Maintenance: A facility deferred maintenance need that poses a serious threat to public or employee safety.
- B Critical Resource Protection Deferred Maintenance: A facility deferred maintenance need that poses a serious threat to natural or cultural resources.
- C Critical Mission Deferred Maintenance: A facility deferred maintenance need that poses a serious threat to a bureau's ability to carry out its assigned mission.
- D Compliance and Other Deferred Maintenance: A facility deferred maintenance need that will improve public or employee safety, health, or accessibility; compliance with codes, standards, laws, complete unmet programmatic needs and mandated programs; protection of natural or cultural resources to a bureau's ability to carry out its assigned mission.

Note (2) Condition Assessment:

- Good (G) Facility/equipment condition meets established maintenance standards, operates efficiently, and has a normal life.
- Fair (F) Facility/equipment condition meets minimum standards but requires additional maintenance or repair to prevent further deterioration, increase operating efficiency, and to achieve normal life expectancy.
- Poor (P) Facility/equipment does not meet most maintenance standards and requires frequent repairs to prevent accelerated deterioration and provide a minimal level of operating function. In some cases, that includes condemned or failed facilities.

Based on periodic condition assessments; an indicator of condition is the percent of facilities and items of equipment in each of the good, fair, or poor categories.

are components of Reclamation projects.² Furthermore, the precision attributable to these estimates for the assets involved is based on current, available data.

Reclamation continues to refine its estimates by improving the documentation procedures and systems for tracking condition assessments and for reporting the scheduling and deferral of maintenance work. Reclamation uses budget estimates, the Dam Safety/Power Resources Information System, Accessibility and Data Management System, Maintenance Management System (MAXIMO), and manager discretion as

sources for potential deferred maintenance. It is expected that wide variations in the reporting of deferred maintenance will take place from year to year because of the type and kind of maintenance work that takes place across Reclamation.

Reclamation began implementation of its “Plan for Improving the Reporting of Deferred Maintenance” (Plan) in FY 1999. The purpose of the Plan is to improve deferred maintenance reporting. Full implementation is expected by FY 2004.

² The deferred maintenance of heritage assets that are part of active project features is reported under this section, not under the “Heritage Assets” section of “Stewardship Assets.” Heritage assets that may have been a part of an active project, but no longer serve that purpose, are reported under the “Heritage Assets” section of “Stewardship Assets.”

Required Supplemental Stewardship Information

STEWARDSHIP ASSETS

Stewardship assets—officially known as Stewardship Property, Plant, and Equipment (PP&E)—are resources owned by the Federal Government that involve substantial investment for the long-term benefit of the Nation and meet one of the following definitions from the Federal Accounting Standards Advisory Board.

Heritage assets are PP&E that are unique because they have historical or natural significance; are of cultural, educational, or artistic importance; or have significant architectural characteristics. Heritage assets are expected to be preserved indefinitely.

Stewardship lands include land and land rights owned by the Federal Government and not acquired for, or in connection with, general PP&E. Examples include parks, wildlife reserves, forests, and grazing lands. All withdrawn lands are stewardship lands.

As discussed in the following sections, Reclamation has identified stewardship assets in the heritage asset and stewardship land categories.

HERITAGE ASSETS

Heritage assets are divided into two major groups—cultural and natural.

Cultural Heritage Assets

Cultural resources laws and regulations mandate that agencies identify and evaluate all cultural resources (e.g., archaeological sites, historic buildings and structures, and important ethnographic locales) on their lands. These resources are evaluated against criteria to determine eligibility for listing in the *National Register of Historic Places* (National Register); listed or eligible resources are called “historic properties” as defined in 36 Code of Federal Regulations Part 60. Properties of exceptional value are designated National Historic Landmarks (NHLs) and are afforded a high level of protection. National Historic Landmarks and both National Register listed and eligible properties meet the definition of non-collectible heritage assets. A summary of Reclamation's non-collectible heritage assets is included in table 6.

Some historic properties are used by Reclamation to carry out its mission. These meet the Federal Accounting Standard Advisory Board (FASAB) definition of multiuse heritage assets, “heritage assets whose predominant use is general government operations.” Of the 54 historic properties and districts listed in the National Register, 26 are multiuse heritage assets; these include dams, water distribution systems, a bridge, and office buildings. Of the remaining 28 non-multiuse historic properties and districts, 19 are archaeological properties and 9 are historic buildings or structures. Capital investment costs for multiuse heritage

Table 6.—Non-Collectible Heritage Assets

Category	September 30, 2002 (Units)	Additions (Units)	With- drawals (Units)	September 30, 2003 (Units)	Condition ¹		
					Good	Fair	Poor
Archaeological and Historical Properties	13,385	² 148	³ 11,979	⁴ 1,554	29	5	6
National Historic Landmarks	5	0	0	⁵ 5	3	0	2
National Register of Historic Places – Listings	59	0	5	⁶ 54	15	5	1
Total	13,449	148	11,984	1,613	47	10	9

¹ The condition of heritage assets varies depending on the type, location, and use. Condition assessments have not been conducted on all properties, although more information is available this year than last. Condition of multiuse heritage assets is discussed and disclosed under "Deferred Maintenance" in the "Required Supplemental Stewardship Information" section of this report. The two NHLs identified as in poor condition are Folsom Powerhouse and the Carlsbad Irrigation District. Plans for the rehabilitation of the Folsom Powerhouse are currently under review, and potential reuse of several abandoned and deteriorated structures at Carlsbad are being evaluated.

² The number of eligible properties increased due to ongoing survey and evaluation of cultural resources.

³ The large number of withdrawals is due to a stricter application of the definition of Heritage Assets to properties in this category. Only those archaeological and historical properties that have been determined eligible for listing in the National Register are now included. Unevaluated properties and those determined ineligible have been eliminated.

⁴ This number includes 1,519 individual properties and 35 districts.

⁵ This number includes two districts and three individual properties.

⁶ The number of listed properties is fewer than the number reported in 2002. Listed properties include 16 districts and 38 individual properties.

assets are capitalized as general property, plant, and equipment in the principal financial statements and depreciated over the assets' service life, as discussed in the "Notes to the Financial Statements." Reclamation has not identified any deferred maintenance for its single-use, inactive heritage assets.

Museum Property

The mission of Reclamation's Museum Property Program is to identify, retain, and protect items related to Reclamation's history and mission. Reclamation submitted its "Bureau Museum Property Program Summary Report" to Interior in a report entitled *Required Supplementary Stewardship and Heritage Assets and Museum Property Management Data*. This report includes sections on FY 2003 museum property accomplishments, resources, issues, Reclamation Plan revisions, goals, history, oversight, and collection size.

Reclamation's estimated total museum property collection was reduced in FY 2003 by 2.3 million items (table 7). This reduction was a result of:

1. Better estimates of the items yet to be cataloged.
2. The removal of official records, working collections, and reference collections.
3. The removal of items previously identified as "potential" that had not formally been accessioned into the museum property collection.
4. Correction of values transposed or duplicated in previous years.

Reclamation's museum property collections are physically located at 67 non-Reclamation facilities and 31 Reclamation facilities or administrative offices (table 8). Table 7 provides

Table 7.—Status of Cataloging and Condition of Cataloged Items

Estimated Total Collection Size FY 2002	Additions	Withdrawals	Estimated Total Collection Size FY 2003	Total Number of Items Cataloged	Number of Cataloged Items with Item-Level Condition Data	Number of Cataloged Items in Good, Fair, and Poor Condition		
						Good	Fair	Poor
10,004,037 2,086 cubic feet	1,458,272 6,683 cubic feet	3,773,712	7,688,597 8,769 cubic feet	6,821,441	234,413	223,974	9,089	1,350

Table 8.—Estimated Museum Property Size

Number of Reclamation Units Holding Museum Property: 31			
Number of Other Institutions Holding Museum Property for Reclamation: 67			
Discipline	Number of Objects in Reclamation Facilities	Number of Objects in Other Institutions	Total Number of Reclamation Objects
Archaeology	2,270,783	4,125,631 5,529 cubic feet	6,396,414 5,529 cubic feet
Art	292	0	292
Ethnography	6	0	6
History	2,515	3	2,518
Documents	686,791	589,886	1,276,677
Botany	0	0	0
Zoology	0	0	0
Paleontology	8	12,170 3,240 cubic feet	12,178 3,240 cubic feet
Geology	510	0	510
Environmental Samples	2	0	2
Total Number of Objects	2,960,907	4,727,690 8,769 cubic feet	7,688,597 8,769 cubic feet

the status of cataloged museum property items, as well as their condition. Reclamation's total number of items cataloged has been reduced from 6.9 million items in FY 2002 to 6.8 million items in FY 2003. This reduction is due to the removal of items double reported in FY 2002. Table 9 provides information on additions and withdrawals by discipline. Table 10 provides facility level condition information.

Deferred Maintenance of Collections

Reclamation identified \$126,500 of deferred maintenance for collection facilities. No deferred maintenance was identified for individual museum property objects or collections.

Table 9.—Additions and Withdrawals to Museum Collections by Discipline

Discipline	FY 2002 Totals	FY 2003 Additions	FY 2003 Withdrawals	FY 2003 Totals
Archaeology	¹ 6,847,056 2,086 cubic feet	990,457 3,443 cubic feet	1,441,099	6,396,414 5,529 cubic feet
Art	299	0	7	292
Ethnography	11	0	5	6
History	² 4,006	405	1,893	2,518
Documents	³ 3,100,771	467,299	2,291,393	1,276,677
Botany	104	0	104	0
Zoology	0	0	0	0
Paleontology	⁴ 51,366	9 3,240 cubic feet	39,197	12,178 3,240 cubic feet
Geology	⁵ 424	100	14	510
Environmental Samples	0	2	0	2
Total Number of Objects	10,004,037 2,086 cubic feet	1,458,272 6,683 cubic feet	3,773,712	7,688,597 8,769 cubic feet

¹ This total was changed to 6,874,056 to correct for an under reporting of 27,000 archaeological objects during FY 2002. Also, a subset 3,676,952 of the total represent combined values for items and cubic feet. A breakout of the total is represented by 2,899,167 items and 623 cubic feet.

² This total was changed to 4,006 to correct for an over reporting of 303 historic objects during FY 2002.

³ This total was changed to 3,100,770 to correct for the double reporting of 564 cubic feet of documents during FY 2002.

⁴ This total was changed to 51,366 to correct for an over reporting of 1,552 historic objects during FY 2002.

⁵ This total was changed to 424 to correct for an under reporting of 100 historic objects during FY 2002.

Table 10.—Conditions at Locations Housing Bureau Collections

	Number of Locations Housing Reclamation Museum Collections	Number of Locations Evaluated	Condition of Collections Based on the % of Interior Standards Met by the Locations Evaluated		
			Good (Meet > 70%)	Fair (Meet 50-70%)	Poor (Meet < 50%)
Reclamation/Office facilities	31	27	14	4	9
Other facilities	67	37	20	10	7

Native American Graves Protection and Repatriation Act

Reclamation's museum property collection also includes cultural items (i.e., Native American human remains, funerary objects, sacred objects, and objects of cultural patrimony) identified under the Native American Graves

Protection and Repatriation Act of 1990 (NAGPRA). Only NAGPRA cultural items collected prior to November 16, 1990, are considered museum property, while such items discovered or excavated on or after this date are tracked outside Reclamation's museum property system.

In FY 2003, Reclamation expended \$192 thousand on NAGPRA activities. Reclamation will continue to update previously submitted inventories and summaries for NAGPRA items under its control as new information becomes available and will continue to consult with Native American tribes. Repatriations will occur as affiliation is established and *Federal Register* notices are published.

Natural Heritage Assets

Reclamation has identified 171 paleontological sites and 2 locales on Reclamation lands, an increase of 56 from last year. The condition of these sites and locales has not been assessed, other than Reclamation's knowledge that the sites are safeguarded. Condition assessments will become an active element of the management activities for these resources beginning in FY 2004.

STEWARDSHIP LAND

Reclamation operates as a business-type entity, whose primary mission is to manage, develop, and protect water and related resources in an environmentally and economically sound manner in the interest of the American public. Reclamation provides water and power throughout the 17 Western States.

The term “Reclamation withdrawn lands” refers to those lands withdrawn from public entry and set aside for authorized Reclamation project purposes, such as constructing and operating dams, reservoirs, water conveyance systems, and power facilities (table 11). Of Reclamation's 8.7 million total acres of land, 5.8 million acres of withdrawn land were transferred to Reclamation from the Bureau of Land Management and the United States Department of Agriculture Forest Service at no cost to the project or project beneficiaries for use in constructing authorized Reclamation projects.

Because these withdrawn lands were acquired at no cost, and pursuant to Federal accounting standards, they are considered stewardship lands. However, from a land management point of view, Reclamation's projects consist of both acquired and withdrawn lands which include a variety of land rights held by leases, easements, and other contractual agreements that were acquired for, or in connection with, general property, plant, and equipment. Since both acquired and withdrawn lands are managed exactly the same and both are used in connection with authorized project purposes, they more closely resemble general property, plant, and equipment, rather than stewardship assets. While Reclamation's lands are acquired or withdrawn for specific project purposes, if they don't interfere, other activities such as boating, camping, fishing, wildlife management, and livestock grazing may be authorized.

Reclamation safeguards its withdrawn lands to protect them against waste, loss, degradation, and misuse. They are managed consistent with their intended purposes in accordance with Federal laws and regulations and are not materially degraded while under Government care. Site reviews are conducted on Reclamation lands on a 5-year cycle.

STEWARDSHIP INVESTMENTS

Stewardship investments are substantial investments made by the Federal Government to yield long-term public benefits. The FASAB requires reporting for three categories of stewardship investments—non-Federal physical property, research and development, and human capital. As discussed in the following sections, Reclamation has identified stewardship investments in all three categories.

Table 11.—Stewardship Lands

Category	Federal Withdrawn Acres			Ending Acres	Total Non-Federal Acres	Combined Total Acres	Condition
	Beginning Acres	Additions	Withdrawals				
Reclamation Project Lands	5,801,369	59,785	–	5,861,154	–	5,861,154	Acceptable

Non-Federal Physical Property

Reclamation invests in non-Federal physical property (table 12), which is comprised of expenses incurred by the Federal Government for the purchase, construction, or major renovation of physical property that is not owned by the Federal Government. Costs include major additions, alterations, replacements, the purchase of major equipment, and the purchase or improvement of other physical assets owned by non-Federal entities, such as State or local governments. Grants for maintenance and operations are not considered investments in non-Federal physical property.

The investments listed in table 12 provide assistance through a variety of measures, all related to water and related resources management. For example, Reclamation incurs expenses for specific programs to provide for the construction or improvement of structures and facilities used in State and local irrigation projects, and water quality improvement projects. Reclamation-wide programs that improve State and local fish and wildlife habitats through activities such as the construction or betterment of structures or facilities are also included.

In FY 2003, Reclamation combined certain Fish and Wildlife Habitat (Reclamation-wide) non-Federal physical property programs to more appropriately align under Water and Related Resources Management. Adjustments for \$27.1 million, \$19.4 million, \$9.5 million, and \$(.8) million were made to FY 2002, 2001, 2000, and 1999, respectively, to reclassify prior year balances to conform to current year presentation.

Title Transfers to State and Local Governments

Reclamation initiated a title transfer program whereby assets constructed with Federal funding meet the criteria for non-Federal physical property at the time they are transferred. In FY 2003, the net book value of assets transferred to State and local governments totaled approximately \$23.4 million, of which \$56.4 million was completed plant net of accumulated depreciation of \$40.7 million. Land costs associated with the transfer totaled \$7.7 million. Title transfers are further disclosed in Note 7 of Reclamation's financial statements.

Table 12.—Program Investments in Non-Federal Physical Property
(\$ in Millions)

	2003	2002	2001	2000	1999
Water and Related Resources Management	\$ 124.4	\$ 118.9	\$ 105.1	\$ 126.0	\$ 115.6
Total Investment	\$ 124.4	\$ 118.9	\$ 105.1	\$ 126.0	\$ 115.6

Research and Development

Reclamation invests in applied research programs to aid in the water and energy management challenges facing the arid West. Programs focus on the improvement of water management, the development of solutions pertaining to flood hydrology, water quality, irrigation return flows, and the delivery of hydropower to the West. The information obtained through these programs provides water management solutions and techniques that yield future benefits to the Nation as a whole.

In FY 2003, research and development expenses incurred under the Water and Energy Management and Development Program activity produced benefits which supported Reclamation's goals of increasing water availability, improving water quality, and managing water supplies.

In addition, research and development expenses incurred under the Facility Maintenance and Rehabilitation Program activity provided support and benefits which enabled Reclamation to meet the goals of operating its facilities in a more cost-effective manner and providing safe and reliable supplies of power and water to its customers.

In FY 2003, Reclamation reclassified certain programs to more appropriately align with the

Water and Energy Management and Development segment and the Maintenance and Rehabilitation segment. Adjustments for \$2.7 million, \$1.1 million, \$2.5 million, and \$.7 million were made to FY 2002, 2001, 2000, and 1999, respectively, to reclassify prior year balances to conform to current year presentation. Reclamation's investments in Research and Development for FY 2003 and the preceding 4 years are summarized in table 13.

Investment in Human Capital

Reclamation operates five Job Corps Centers (Centers), based on an interagency agreement with the Department of Labor for the purpose of educating and training disadvantaged youth. In 2003, Reclamation expended \$29.9 million in residential education and job training for these youth, including courses in computer technology, painting, woodworking, welding, culinary arts, and social and leadership development.

Post-program job placement services are available to Job Corps students. Table 14 shows the number of Reclamation Center graduates as a percentage of the total Center enrollment and the number of graduates placed into jobs within 1 year of graduation as a percentage of the graduates in the placement pool.

Table 13.—GPRA Program Activity Investments in Research and Development (\$ in Millions)

	2003	2002	2001	2000	1999
Water and Energy Management and Development	\$ 17.2	\$ 17.6	\$ 15.9	\$ 14.7	\$ 12.9
Facility Maintenance and Rehabilitation	1.1	1.4	1.5	1.4	1.6
Total Investment	\$ 18.3	\$ 19.0	\$ 17.4	\$ 16.1	\$ 14.5

**Table 14.—Number of Reclamation Graduates
of the Total Center Enrollment
(%)**

Center	Graduates	Center Enrollment	%	Graduates Placed	Graduate Placement Pool	%
Centennial	258	263	98	111	141	79
Columbia Basin	194	230	84	66	96	69
Ft. Simcoe	201	207	97	71	92	77
Weber Basin	177	221	80	136	145	94
Collbran	141	216	65	93	105	89

Other Supplementary Information

INTERNAL REVIEWS AND AUDITS OF RECLAMATION PROGRAMS

We have placed increased emphasis on the improvement of policies and practices related to accounting and financial reporting by strategically managing our resources to ensure financial accountability. Our goal is to provide accurate and timely information that not only withstands audit scrutiny, but sets a new, higher standard for financial reporting.

During FY 2003, Reclamation completed four Alternative Management Control Reviews (AMCR). The functional areas reviewed were:

1. Hazardous Materials
2. Program Assessment Rating Tool (PART)
3. Dam Safety Program
4. Museum Property

In addition, the survey portion of the AMCR on the Crediting of Incidental Revenues was initiated; the results of this survey will be analyzed in FY 2004 to determine the need for onsite reviews. No material weaknesses were revealed during the FY 2003 reviews.

During 2003, 13 corrective actions from previous management control reviews were completed. As of September 30, 2003, 75 outstanding corrective actions remained.

During FY 2003, the Office of Inspector General (OIG) and General Accounting Office (GAO) audit activity included Reclamation specific audits, Interior, or Government-wide audits which included Reclamation issues. The OIG completed 5 audits, and the GAO completed 11 audits. The following is a summary of the status of audit recommendations.

	FY 2003 Recommendations ¹	Recommendations Implemented/Closed in FY 2003 ¹	Outstanding Recommendations ²
OIG	25	26	7
GAO	0	1	3

¹ Recommendations may have resulted from audits in previous years.

² Outstanding recommendations may have resulted from prior year audits.

SAFETY OF DAMS PROGRAM

The goals and major accomplishments of Reclamation’s Safety of Dams Program were described in the “Management Discussion and Analysis” section. More detail concerning specific Safety of Dams Program modification activities is presented in table 15.

Table 15.—Safety of Dams Modifications Completed or Underway in FY 2003

Dam Name and Location	Estimated Total Project Cost (\$ in Millions)	Major Modification Features
Modifications Substantially Completed		
Bull Lake Dam, Wyoming	0.3	Strengthening the spillway with support columns, grouting, and installation of slide gates to reduce risk of spillway failure.
Horsetooth Reservoir Dams, Colorado	68.2	Installing drainage features and stabilizing berms on the four Horsetooth dams and constructing an upstream reservoir blanket, which will serve to lengthen the seepage paths and reduce flows in the foundation.
Salmon Lake Dam (Outlet Works), Washington	0.9	Modifying the dam to reduce risk due to severe concrete deterioration of the outlet works, which would act as a conduit for piping embankment materials.
Wickiup Dam, Oregon	44.6	Strengthening foundation and building stability berm to increase stability during earthquakes.
Modifications Underway		
Keechelus Dam, Washington	35.2	Removing and replacing weak foundation materials and constructing a stability berm.
Pineview Dam, Utah	19.8	Modifying spillway, removing and replacing weak foundation materials, constructing a stability berm, adding a filter, and raising the dam to improve earthquake stability.
Deer Creek Dam, Utah	30.0	Modifying the embankment to the spillway to address seismic stability concerns.
Deadwood Dam, Idaho	3.0	Modifying the dam to correct potential instability of the left abutment foundation block under static and seismic loading conditions.

Comments and questions about this report or its contents can be made to Ed Abreo,
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