



Performance
& Accountability
Report 2007

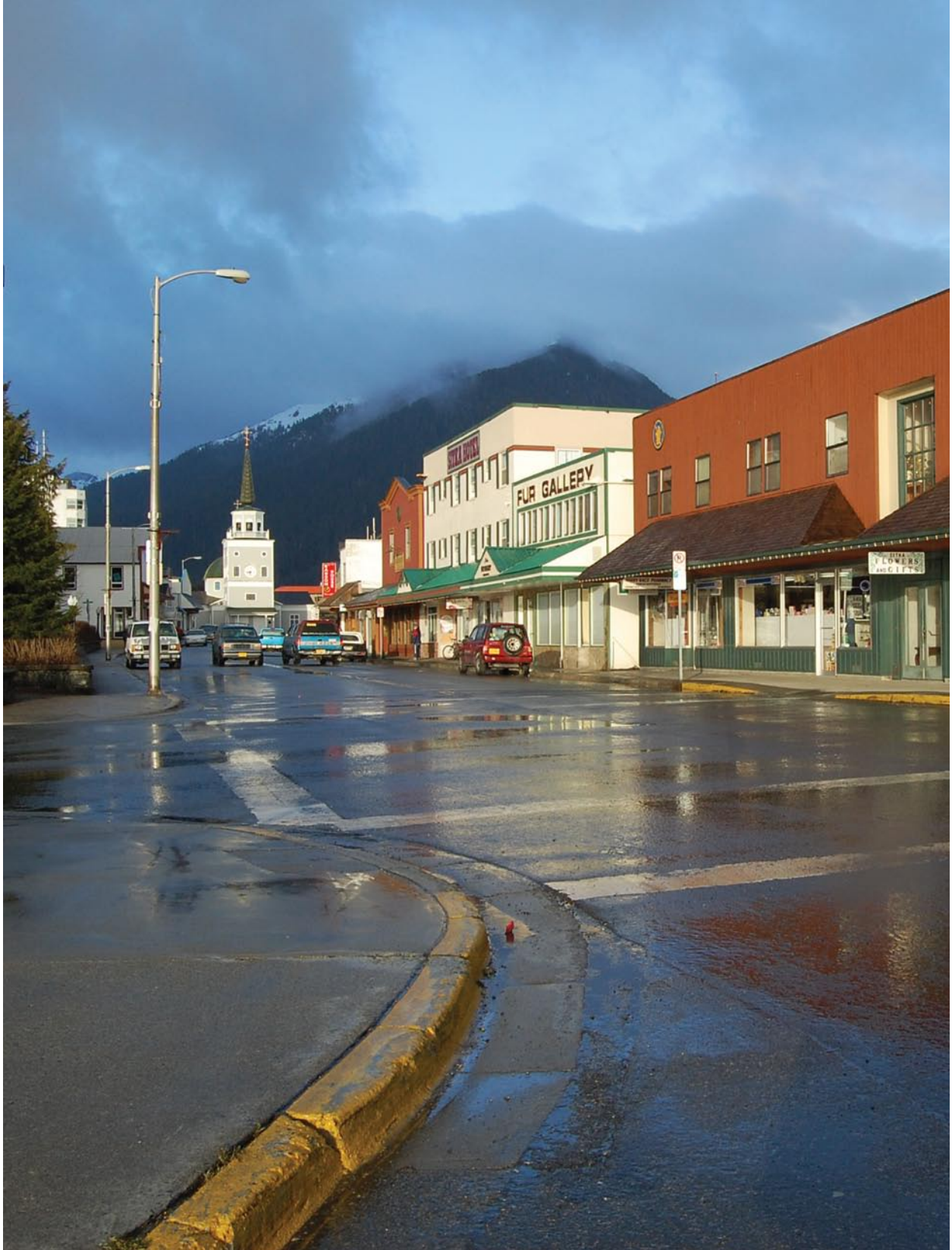




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F. Freeman





A Message from the Assistant Secretary–Indian Affairs

I am pleased to present this year’s annual Performance and Accountability Report (PAR) for Indian Affairs (IA) and to report that IA received an unqualified audit opinion on its fiscal year 2007 consolidated financial statements by the independent public accounting firm of KPMG LLP. This report summarizes our efforts to serve Indian Country over the last year in the areas of Education, Self Governance/Self Determination, Law Enforcement, Economic Development, Trust Services, Human Services, and Tribal Services.

IA (comprised of the Bureaus of Indian Affairs (BIA) and Education (BIE), as well as the offices under the Assistant Secretary-Indian Affairs (AS-IA)) administers one of the most complex governmental programs, consisting of almost every government service other than defense. In my first year as the Assistant Secretary, I was gratified to see the dedication in which these programs were carried out by our staff in the field and national offices. The results of this dedication are reflected in this report.

IA’s goals are primarily reflected in the Department of the Interior’s (DOI or the Department) Strategic Plan under the Mission Area of “Serving Communities.” Based on our goals under this Mission Area, we are committed to protecting and improving lives, resources, and property throughout Indian Country. Focusing our attention on Education and Economic Development, our objective is to set the stage for future improvements in the lives of Indian people and their communities. Our efforts in the areas of Law Enforcement, Wildland Fire, and other Public Safety and Security issues protects Indian Country resources and people from natural and other hazards. We are also committed to the fulfillment of our fiduciary trust responsibilities in the areas of Beneficiary Services, Natural Resource Trust Asset Management, and Trust Fund accountability.

Over the last year, we were proud to have increased the number of schools achieving their Adequate Yearly Progress (AYP). AYP is an annual indicator of reading and math proficiency, attendance rates, and graduation rates. The plan in place continues these improvements by targeting schools most in need of help. Additionally, in conjunction with the Secretary’s Methamphetamine Initiative and working with the IA Office of Justice Services (OJS), 124 BIE schools and ten Education Line Offices (ELOs) have completed “Meth Awareness” training to help curb this disastrous attack on our children and our communities.

OJS also developed and implemented the “Safe Indian Communities Initiative” and the “Anti-Methamphetamine Ad Campaign Initiative” to educate the public on the dangers of methamphetamines and other drugs. OJS is promoting the use of drug/wellness courts as an alternative to incarceration for individuals arrested for drug-related crimes.

continued



Section I: Management's Discussion and Analysis

A Message from the AS-IA

continued

In the area of trust services, the BIA decreased the probate backlog processing time by 79% (case preparation) from eight years in fiscal year 2005 to 1.7 years in fiscal year 2007. As a result, IA has substantially increased its submissions of probate records to the Office of Hearings and Appeals (OHA) for determining legal heirs and beneficiaries. This is crucial for making timely, accurate payments to trust beneficiaries.

The newly established Office of Indian Energy and Economic Development (IEED) sponsored 11 conferences, training events, and workshops attended by an average of more than 40 tribal entrepreneurs and 40 lenders to generate interest in economic expansion among tribal businesses and lending institutions. Along with other programs involving improvements in infrastructure and business processes, we hope to be a catalyst for improving economic development opportunities throughout Indian Country.

Throughout the fiscal year, IA took several actions to address prior year audit findings and to ensure our controls are operating effectively. These actions included developing corrective action plans, tracking corrective action status using a work breakdown schedule with individual responsibilities assigned, and holding bi-weekly IA-wide meetings that were attended by multiple levels of management and program staff to review findings and the status of corrective actions. Additionally, the IA Internal Evaluation and Assessment office gave a presentation to all regions using various forums on the Office of Management and Budget's (OMB) Circular A-123, *Management's Responsibility for Internal Control*, and conducted reviews of the financial reporting business processes as well as reviews of several Trust Services processes, including educating staff on internal control at the agency level.

Based on these actions and this report's description of IA's compliance with various legal and regulatory requirements, I am assured that IA's performance and financial data is reliable and complete, and that our system of management, administrative, and financial controls are operating effectively. Further discussion of our data quality and compliance with the Federal Managers' Financial Integrity Act (FMFIA) and Federal Financial Management Improvement Act of 1996 (FFMIA) is found in the Management's Discussion and Analysis (MD&A) section of this report.

I am proud of the progress we have made in fiscal year 2007. Achievements and advances were made through the dedication and concern shown by each of our employees. Challenges remain, but I am confident that these are opportunities for our continued improvement. I also remain confident that each American Indian and Alaska Native individual, tribe, and community is positioned to achieve their goals and aspirations in the future as long as we continue the improvements made over the last several years.

A handwritten signature in black ink, appearing to read 'Carl J. Artman', with a stylized flourish at the end.

Carl J. Artman
Assistant Secretary—Indian Affairs





Purpose of the Report

The IA annual PAR for fiscal year 2007 provides performance and financial information that enables the Congress, the President, and the general public to assess the performance of the IA organization relative to its mission and stewardship of entrusted resources. The term “Indian Affairs” (or IA) is used throughout this report to refer to the offices under the AS-IA, the BIA, and the BIE.

How the Report is Organized

Section I: Management’s Discussion and Analysis

The MD&A section contains highlights of IA’s mission, strategic goals, and organization. This section also provides an overview of IA’s key performance indicators and results; President’s Management Agenda (PMA) initiatives; financial statements; compliance with controls, systems, laws, and regulations; and a discussion of demands, events, conditions, and trends impacting IA and Indian Country.

Section II: Performance

The Performance section contains an assessment of the efficiency and effectiveness of IA’s programs through performance measure results. A program evaluation table presents key data at a glance by the mission areas outlined in the Department’s fiscal year 2007 – 2012 Strategic Plan, as well as the Program Assessment Rating Tool (PART) results.

Section III: Financial

The Financial section contains the Chief Financial Officer’s (CFO) message, the financial statements and accompanying notes, and other bureau-specific Required Supplementary Information (RSI) and Required Supplementary Stewardship Information (RSSI). Also included are the Inspector General’s transmittal letter, the Independent Auditors’ Report, and management’s response to the Independent Auditors’ Report.

Appendices

The Appendices section contains a glossary of acronyms and a list of federally recognized Indian tribes.



F. Freeman



Section I: Management's Discussion and Analysis

Overview of Indian Affairs

Our History

IA is the oldest bureau of the United States (U.S.) DOI. Established in 1824, IA currently provides services (directly or through contracts, grants, or compacts) to approximately 1.7 million American Indians and Alaska Natives who are members of 562 federally recognized tribes.¹

During the last two centuries, Congress ratified numerous treaties and enacted dozens of laws that dealt directly with the lives and property of American Indians and Alaska Natives. While federal trust obligations lie at the heart of the Federal-Indian relationship, the scope of the United States' responsibilities to Indian people extends beyond basic trust obligations to include a wide range of services delivered in concert with the principle of Indian self-determination.

Although the role of IA has changed significantly over the last three decades in response to a greater emphasis on Indian self-determination, the tribes look to IA for a broad spectrum of services. The extensive span of IA's programs covers virtually the entire range of government services other than defense.

Employees within IA work with tribal governments and their representatives to:

- Protect tribal lands and natural resources;
- Fulfill federal trust responsibilities and mandates of federal laws, Presidential Executive Orders, and federal policies; and
- Create the necessary infrastructure and educational opportunities to help build stronger tribal communities.

The federal trust responsibility is not only a legal relationship between the federally recognized tribes and the U.S. government, it is also a unique relationship between "trustee" and "beneficiary". U.S. Supreme Court decisions describe the Federal-Indian relationship as a guardian-ward relationship which has evolved into the trust relationship doctrine.

Self-determination and self-governance are federal policies which recognize the right of tribes to manage their own affairs, while keeping intact their trust relationship with the federal government. The basis for this relationship is the tribal governments' sovereign authority and inherent right to self-determination and self-governance. They provide the foundation for tribes to exert increasing control over their own governmental operations.

Furthermore, the 562 federally recognized American Indian tribes and Alaska Natives each possess inherent governmental authority derived from their tribal sovereignty. Today, their responsibilities include providing education, job training, and employment programs for their members while identifying and promoting long-term economic growth and social development, and managing their portions of the 66 million acres that are held in trust for tribes and individual Indians.²

1. A new Indian tribe was added to the federally acknowledged list on May 23, 2007: the Mashpee Wampanoag Tribal Council, resulting in 562 tribes.

2. As of 7/31/07, there were 66 million acres (excluding government lands but including surface and sub-surface).





Overview of Indian Affairs

Mission and Goals

The Office of the AS-IA is the primary policy setting and management oversight organization for IA's functions. As such, it has the ultimate responsibility for accomplishing IA's mission.

Specifically, the BIA's mission is to:

"...enhance the quality of life, to promote economic opportunity, and to carry out the responsibility to protect and improve the trust assets of American Indians, Indian tribes, and Alaska Natives."

The BIE's mission is to:

"...provide quality education opportunities from early childhood through life in accordance with the tribes' needs for cultural and economic well-being in keeping with the wide diversity of Indian tribes and Alaska Native villages as distinct cultural and governmental entities. The Bureau considers the whole person (spiritual, mental, physical and cultural aspects)."

We accomplish these missions through the delivery of quality services and maintenance of government-to-government relationships within the spirit of Indian self-determination.

Organization

The Offices of the AS-IA, the BIA, and the BIE comprise the IA organization with the Central Office being located in Washington, DC, and satellite offices in Herndon and Reston, VA; Boise, ID; Denver, CO; and Albuquerque, NM.

IA has over 10,000 employees, approximately 78% of whom are American Indians or Alaska Natives. The IA workforce operates from 268 duty stations throughout the continental United States and Alaska.

The work performed by IA employees is extensive and covers virtually the entire range of government program services including: education; human services; justice services; energy and economic development; realty, probate, land, and heirship records; tribal government support; forestry, agriculture, and range lands development; water resources; fish and wildlife management; roads; housing; and irrigation and power systems.

The Office of the Assistant Secretary Indian Affairs

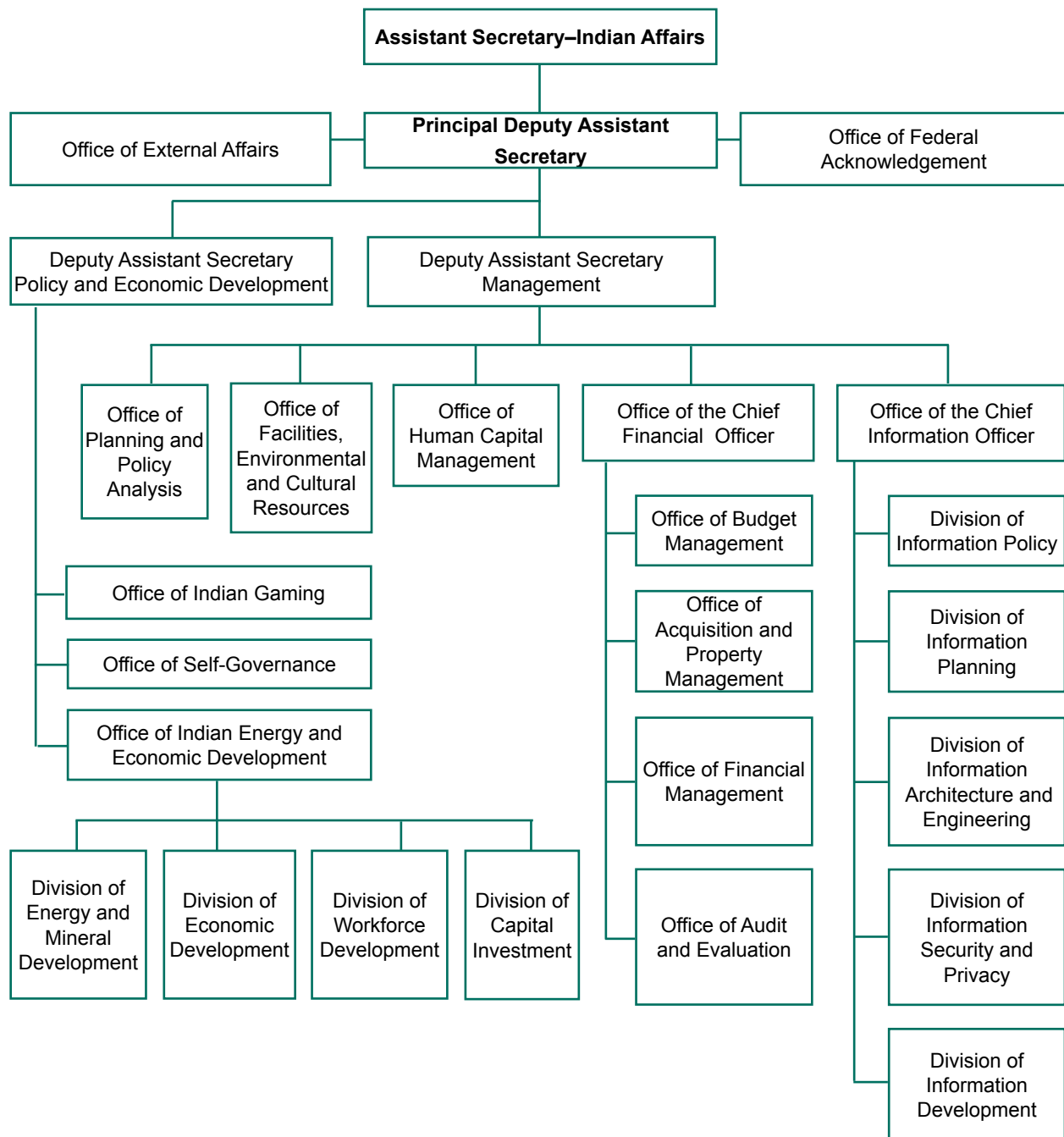
The Office of the AS-IA is comprised of the Assistant Secretary, who is supported by the Principal Deputy Assistant Secretary (PDAS) and two Deputy Assistant Secretaries (DAS):

- **The DAS - Policy and Economic Development** exercises oversight for the regulation of Indian gaming, and for the management and operations of self-governance initiatives. The DAS is also responsible for expanding reservation business opportunities and Indian employment, awarding guaranteed loans, developing Indian energy and mineral resources, implementing Public Law (P.L.)102-477 (job placement and training), and providing credit under the Indian Financing Act of 1974. Additionally, the DAS serves as the Department's representative to international and multi-agency organizations and task forces that impact IA.
- **The DAS - Management** oversees the budget; financial management; acquisition; property; policy; strategic planning and performance management; human capital management and workforce planning; construction; facilities operations and maintenance; environmental, cultural, and safety programs; equal opportunity; planning, delivery, and management of information technology (IT) resources and



Overview of Indian Affairs

Indian Affairs





Overview of Indian Affairs

infrastructure; and other administration initiatives for IA. The DAS is also responsible for managing all headquarters and field activities associated with the direction, coordination, support, operation, and continuity of operations and planning of all homeland security initiatives.

The Bureau Of Indian Affairs

The Director of the BIA is responsible for policy, implementation, and oversight of Justice Services, Indian Services, Trust Services, and Field Operations which are comprised of regional, agency, and field offices that administer Indian programs at the tribal level. IA’s programs are managed primarily through the twelve BIA regions and locations listed below:

- Alaska(Juneau, AK)
- Eastern.....(Nashville, TN)
- Eastern Oklahoma.....(Muskogee, OK)
- Great Plains.....(Aberdeen, SD)
- Midwest.....(Fort Snelling, MN)
- Navajo.....(Gallup, NM)
- Northwest.....(Portland, OR)
- Pacific.....(Sacramento, CA)
- Rocky Mountain.....(Billings, MT)
- Southern Plains(Anadarko, OK)
- Southwest.....(Albuquerque, NM)
- Western(Phoenix, AZ)

Office of Justice Services

The OJS provides investigative, police, judicial, and detention services to many tribes. The OJS also provides technical expertise to many tribal communities that operate their own investigative police, detention, and tribal court programs.

Office of Indian Services

The Office of Indian Services supports tribal government and tribal individuals by promoting safe and quality living environments, strong communities, self-sufficiency, and individual rights while enhancing the protection of the lives, property, and well-being of American Indians and Alaska Natives. Additionally, Indian Services leverages funds from the Federal Highway Administration (FHA) for new road construction in Indian Country.

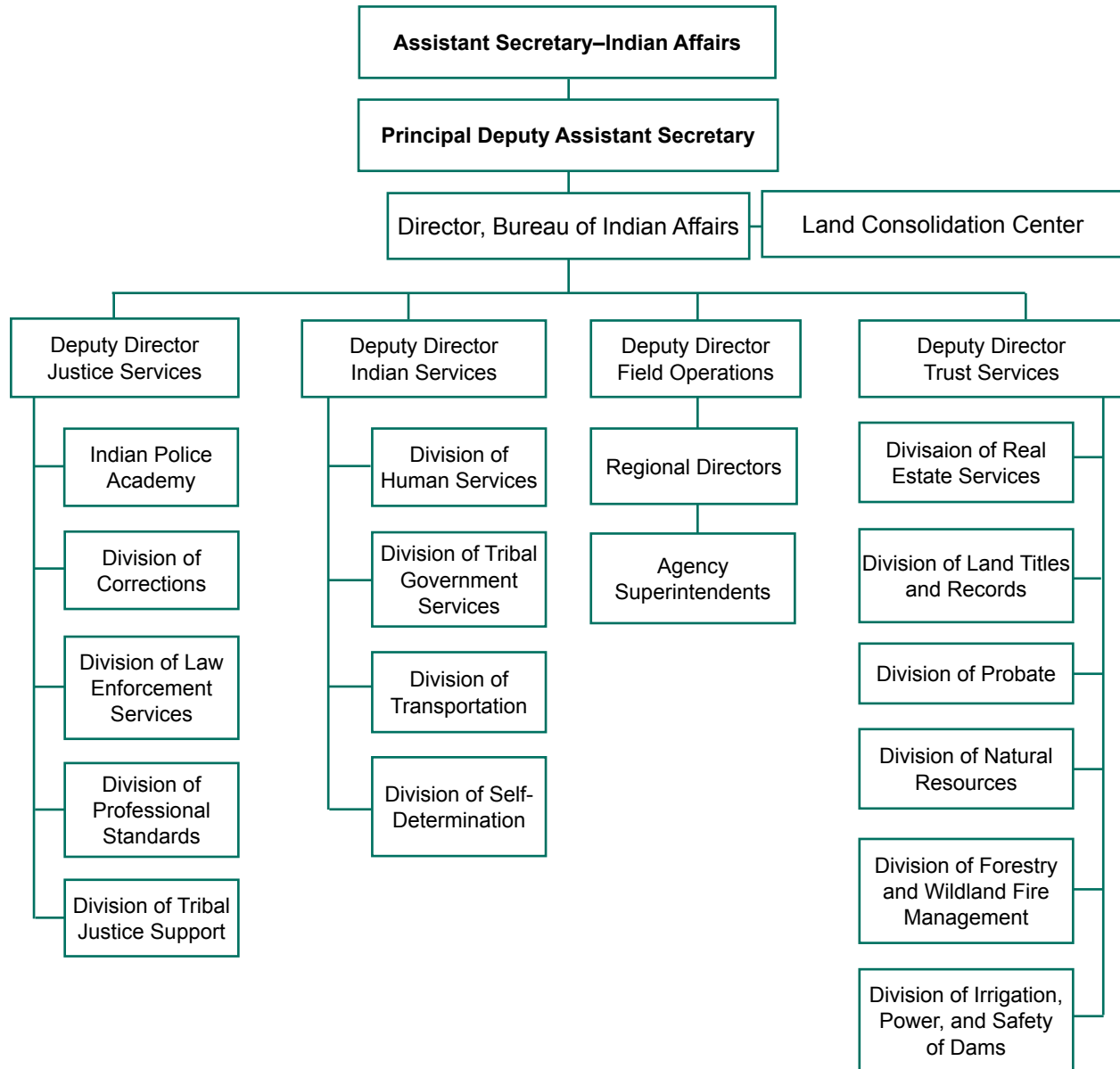
Office of Trust Services

The OTS executes IA’s trust responsibilities to Indian tribes and individuals including protection and use of property, natural resources, water, fish and wildlife, gathering, and other rights. The OTS also promotes and maintains tribal self-determination and self-governance.



Overview of Indian Affairs

The Bureau of Indian Affairs (BIA)





Overview of Indian Affairs

The Bureau of Indian Education

The BIE is responsible for directing education programs at BIE and tribally-operated contract and grant schools. The BIE designed its school system to meet the federal government's commitment to educate American Indian and Alaska Native children in a manner that will enhance their cultural and economic well-being.

The BIE is comprised of 21 ELOs that support 184 BIE-funded schools located on 65 reservations in 23 states.³ The majority of schools are located in economically underdeveloped rural areas that suffer from poor literacy rates, low incomes, and high unemployment. BIE also operates two post-secondary institutions, and funds 25 Tribal Colleges and Universities (TCUs).



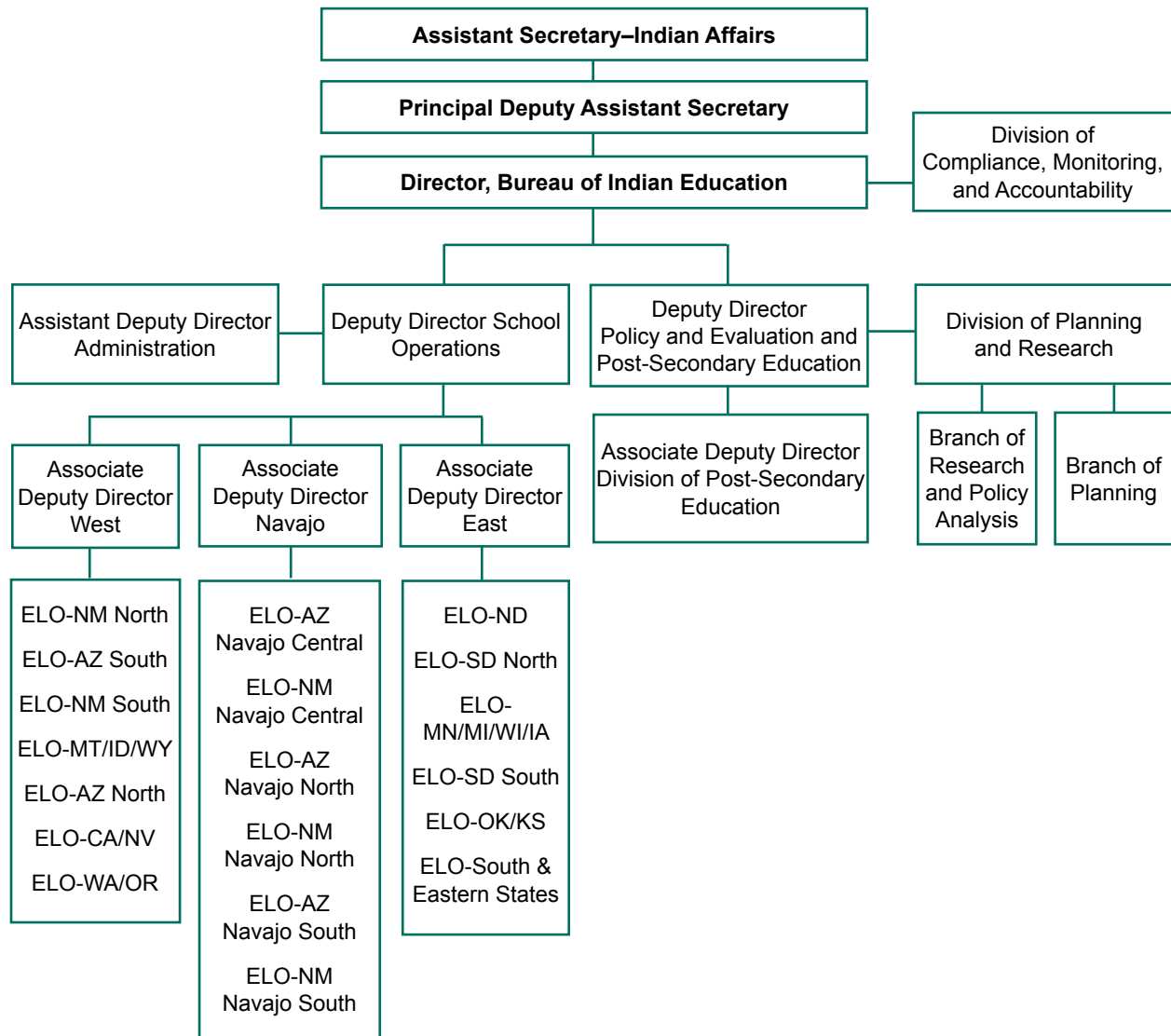
Department of the Interior, Indian Affairs, Public Affairs Office

3. BIE is awaiting the outcome of a lawsuit filed by two tribes before it can officially decrease the number of ELOs to 19 in its written materials. Its organizational chart already reflects this change.



Overview of Indian Affairs

The Bureau of Indian Education (BIE)





Overview of Indian Affairs

Linking Mission and Strategic Goals

The Department's fiscal year 2007–2012 Strategic Plan identifies four programmatic mission areas:

- Resource Protection
- Resource Use
- Recreation
- Serving Communities

Additionally, the Department has a fifth, cross-cutting mission area, Management Excellence, to facilitate efficient and effective implementation of the Department's four strategic mission areas. The Management Excellence area is supported by Accountability and Modernization/Integration outcome goals as well as the management initiatives in the PMA, which is discussed in more detail later in this section.

Each mission area has its own outcome goals and specific performance targets by which progress can be measured. An outcome goal is a statement of aim or purpose included in the strategic plan that defines how an organization will carry out a major segment of its mission over a period of time. Performance targets and specific measures enable IA to track progress toward goal achievement and effectiveness.

IA's primary responsibilities fall within the following two mission areas and associated outcome goals:

Mission Area: Resource Protection

- Protect Cultural and Natural Heritage Resources

Mission Area: Serving Communities

- Improve Protection of Lives, Resources and Property
- Fulfill Indian Fiduciary Trust Responsibilities
- Advance Quality Communities for Tribes and Alaska Natives

Multiple DOI bureaus may contribute to the accomplishment of these mission areas and associated outcome goals. IA's costs associated with achieving these goals are discussed in the Financial Highlights section of the MD&A, and the Statement of Net Cost can be found in Section III: Financial.



Section I: Management's Discussion and Analysis

Overview of Performance Management and Results

Strategic Planning and Performance Management

Congress passed the Government Performance and Results Act (GPRA) in 1993 to improve organizational effectiveness by focusing on results. GPRA obligates federal government agencies to conduct strategic planning, performance measurement and reporting, and evaluation. Agencies meet these requirements through development of strategic plans, establishing goals and tracking performance, and reporting progress and results.

IA has worked diligently throughout the fiscal year to link resources, performance, and results, and to show the inter-dependencies between strategic planning, the annual budget justification process, and performance measurement and reporting. The IA PAR and PMA initiatives highlight these inter-dependencies and results, and IA Program Status Reviews (PSRs) and PART reviews enable evaluation of programs' efficiency and effectiveness.

The following pages provide a summary of IA's key accomplishments as well as key indicators of program performance. A more detailed discussion of every IA performance measure is located in Section II: Performance. Later in the MD&A section, we also link performance and financial information through an overview of our financial results. A more comprehensive discussion of our financial results is located in Section III: Financial

How We Performed in Fiscal Year 2007

Overall, IA made considerable progress in accomplishing its goals over the last year. During fiscal year 2007, IA had 72 measures which were used to track our progress in achieving our outcome

goals related to the two Mission Areas: "Serving Communities" and "Resource Protection". Three of these measures were selected as key performance indicators (KPIs) for the fiscal year. For the most recent data available, IA met or exceeded 35 out of 72 measures (or 49%) of its performance goals. Out of the remaining 37 measures, 19 did not meet their performance targets and 18 are indicated as "N/A" due to measure changes. In cases where final (Actual) data were not available in time for publication, programs were required to provide estimates of results for the remainder of the fiscal year, as well as estimation methodologies. For complete details, see Section II: Performance.

IA reviews its measures annually, including key performance indicators, for planning and reporting purposes. Therefore, measures are sometimes modified or removed, depending on their appropriateness in terms of strategic planning, budgeting, and continuous improvement actions. An evaluation of our measures during fiscal year 2007 resulted in a change in the number and content of 18 measures (or 25% of the total). However, based on this year's new baseline data for these 18 measures, the percentage of exceeded or met measures should substantially increase in the coming years.





Overview of Performance Management and Results

Throughout the year, IA offices worked together towards our common goal of improving the quality of life in Indian Country. For example, in conjunction with the Secretary's Methamphetamine Initiative and working with IA's OJS, 124 BIE schools and ten ELOs have completed "Meth Awareness" training. In addition, OJS and the Office of Indian Services developed Methamphetamine Community Awareness Training, and nearly 5,000 BIA employees have received the training.

Other key IA accomplishments in fiscal year 2007 included:

DOI Outcome Goal: Improve Protection of Lives, Resources and Property and Advance Quality Communities for Tribes and Alaska Natives

- OJS implemented the Secretary's Safe Indian Communities initiative and the Anti-Methamphetamine Ad Campaign Initiative to educate the public on the dangers of methamphetamines and other drugs, and they promoted drug/wellness courts as an alternative to incarceration for individuals arrested for drug-related crimes.

DOI Outcome Goal: Fulfill Indian Fiduciary Trust Responsibilities

- Real Estate Services developed an electronic system that allows the agencies, regions, and Central Office staff to enter and update entire fee-to-trust transactions that occur throughout the United States. This allows IA to monitor each case to determine what has been completed and what is lacking, thereby improving lease processing and recordkeeping for Indian trust lands.
- BIA decreased the probate backlog processing time from eight years in fiscal year 2005 to 1.7 years in fiscal year 2007. The long-term goal is an average

case age preparation of less than four months by 2012. This progress allows beneficiaries to receive expected dividends and title transfers in a much more efficient manner.

- The Irrigation and Dam Safety program developed and implemented a 24/7 Early Warning System National Monitoring Center (NMC). The NMC will monitor the individual early warnings systems on the "high and significant hazard" dams under the jurisdiction of BIA. The NMC is the key in providing significantly enhanced public safety to populations downstream from BIA dams.

DOI Outcome Goal: Advance Quality Communities for Tribes and Alaska Natives

- The Office of IEED sponsored 11 conferences and workshops attended by an average of more than 40 tribal entrepreneurs and 40 lenders to generate interest in economic expansion among tribal businesses and lending institutions.
- The AYP is an annual indicator of reading and math proficiency, attendance rates, and graduation rates. 53 schools achieved AYP this year. BIE has implemented a priority watch list to encourage improved performance in target schools.

Additionally, IA made progress in the Department's Management Excellence areas of Accountability and Modernization/Integration through implementation of the Quicktime automated payroll and activity time reporting system for both BIA and BIE. This system provides more frequent and accurate time and cost reporting for IA's programs, which will be used to help make budgetary and resource allocation decisions.





Section I: Management's Discussion and Analysis

Indian Affairs' Key Performance Indicators

This section identifies the three KPIs for programs under the purview of the AS-IA. These key indicators were selected from IA's 72 performance measures by the program offices and management as the most appropriate and meaningful measures by which to gauge the efficiency and effectiveness of IA programs in fiscal year 2007.

One measure is repeated from fiscal year 2006, one measure has been redefined since fiscal year 2006 (and therefore is being assessed in a new manner), and one measure is new for this fiscal year. In some cases, fiscal year 2007 actual data may be estimated through the remainder of the fiscal year and is noted with an "(e)" as it is not always possible to collect and report complete data in time to meet PAR publishing deadlines. As outlined in the Department's PAR guidance, a target has been "Met" when the final or estimated data indicates performance at or within (either above or below) 5% of the target.

These measures were also selected based on the following factors:

Outcome-oriented: Directly measure impacts that are important to citizens in Indian Country, and/or key outputs that are linked to the strategic outcome goals.

Measurable: Data are available to determine progress toward goal achievement.

Realistic: Improvement in these goals can be reasonably expected in cooperation with efforts of key stakeholders (e.g., states, local government, and tribal governments).

Aligned: Directly support the mission and goals outlined in the Department's Strategic Plan.

Performance Data Quality

IA relies heavily on performance data to evaluate programs and services, support decision-making, and enable strategic planning. In keeping with the requirements of GPRA, performance data are used for the Department's Strategic Plan, to compile quarterly performance reports to profile our efforts toward Strategic Plan goal attainment for the year, for PART reviews, as part of the annual budget process, and in the IA and Department PARs. It is therefore critical that data is collected, validated and verified (V&V), and reported in a timely manner. IA has implemented several V&V approaches to ensure compliance with federal requirements regarding the quality of performance data, as well as with the Department's standards for validating and verifying data. A detailed discussion of IA's efforts regarding data V&V is presented in Section II: Performance.





Indian Affairs’ Key Performance Indicators

Strategic Plan Mission Area: Serving Communities

DOI Outcome Goal: Fulfill Indian Fiduciary Trust Responsibilities

Key Performance Indicator: Percent of Estates Closed

A probate occurs when an individual Indian landholder dies. A legislated process is then implemented to ensure that the right beneficiaries are identified and appropriate payments and/or transfers of titles are made. This KPI measures the Department’s ability to be responsive to beneficiaries in distributing estate assets. It’s important

to note that the performance reporting “year” for this measure is different than that of a fiscal year because of the requirements in 25 Code of Federal Regulations (CFR) 15 and 43 CFR 4. The reporting period is further defined in the Results explanation below.

Measure	FY2006 Actual	FY2007 Target	FY2007 Actual (or Estimate (e))
Percent of Estates Closed	58.4%	100%	89% (e)

Results

The measure name and definition were changed during fiscal year 2007 as a result of the Department’s fiscal year 2007-2012 strategic planning efforts. As a result, the program was directed to assess performance for this measure using both the old and new definitions. Under the old measurement definition, the program exceeded its target. However, the program was unable to meet the 100% target based upon the new definition. The reporting period for this measure is different than that of a fiscal year, and is dictated by 25 CFR 15 and 43 CFR 4, which state that interested parties have 60 days to challenge the distribution of estate assets. The Department cannot distribute estate assets until the appeals period has expired and any appeals have been resolved. 25 CFR 15 places a further 15 day waiting period on IA and Land Title and Records Office (LTRO) staff to ensure that any appeals post-marked on the 60th day of the appeals period have a reasonable chance to be delivered to a DOI office. In addition to the waiting period, estate distributions must be coordinated across multiple offices. As it can take 90 to 120 days from the date of the final order to complete distributions (75 days waiting period + 15-45 days to distribute), it was decided to revise the standard fiscal year reporting period to provide time for the appeals period to expire and a reasonable period to distribute the trust assets. Therefore, the eligibility of estates included in this measure begins on the first day of the fourth quarter of the prior reporting year and ends on the last day of the third quarter of the current year.



Indian Affairs’ Key Performance Indicators

Strategic Plan Mission Area: Serving Communities

DOI Outcome Goal: Advance Quality Communities for Tribes and Alaska Natives

Key Performance Indicator: Percent of Teachers That Are Highly Qualified in Select Subject Areas

This measure is a key indicator for success in education programs based on the quality of teachers as a predictor of student proficiency in targeted subjects. It is also

a key component in the computation of AYP, and successful implementation of the “No Child Left Behind” Presidential initiative.

Measure	FY2006 Actual	FY2007 Target	FY2007 Actual (or Estimate (e))
Percent of Teachers That Are Highly Qualified In Select Subject Areas	95%	94% ⁴	94%

Results

The “No Child Left Behind Act” requires teachers to meet specific criteria or standards in providing instruction in the classroom. Under the law, highly qualified teachers must hold at least a bachelor’s degree, have full state teacher certification or have passed the state licensure exam and hold a license to teach, and demonstrate competency in each academic subject that they teach. During school year (SY) 2005-2006, the BIE employed 3,227 teachers to provide instruction in core academic subjects such as English, math, science, social studies, and elementary education. Of the 3,227 teachers, 3,019 (94%) met the highly qualified teacher provisions of the “No Child Left Behind Act”. Even though BIE-funded schools are located in remote Indian communities throughout the country, a high percentage of BIE teachers met the national teaching requirements. Additionally, BIE’s human resource office has conducted job fairs and developed a website to post vacancy announcements to facilitate recruitment of highly qualified teachers.

4. All Education performance data are reported on a school year rather than a fiscal year. Current data available is for the school years 2005–2006.



Indian Affairs’ Key Performance Indicators

Strategic Plan Mission Area: Serving Communities

DOI Outcome Goal: Advance Quality Communities for Tribes and Alaska Natives

Key Performance Indicator: Part 1 Violent Crime Incidents per 100,000 Indian Country Inhabitants Receiving Law Enforcement Services

This KPI directly measures Part I violent crime as defined within the Federal Bureau of Investigation’s Uniform Crime Report (UCR) manual. IA strives to reduce the rate of violent crime in Indian Country through the hiring and

development of well trained law enforcement personnel, establishment of communications systems that allow police to respond rapidly to incidents, and widespread implementation of community-oriented policing.

Measure	FY2006 Actual	FY2007 Target	FY2007 Actual (or Estimate (e))
Part 1 Violent Crime Incidents per 100,000 Indian Country Inhabitants Receiving Law Enforcement Services	492	492	374 (e)

Results

The national crime rate is on the rise as reported in the Department of Justice (DOJ) *2006 Crime in the United States* preliminary report, and rose 1.3 percent from 2005 to 2006.⁵ The Indian Country violent crime incident rate for 2006 was 491.85 (rounded to 492), which was two times higher than the 2005 national average violent crime rate for non-metropolitan areas. The category of “non-metropolitan areas” consists of county sheriff offices, which best compares to the IA OJS law enforcement agencies. The OJS is striving to reduce the current rate of violent crime in Indian Country. The fiscal year 2007 estimate predicts a 24% reduction in crime and is based upon a trend methodology determined by calculating fiscal year 2006 data for all offenses by individual quarter, and measuring the rate of increase and/or decrease from one quarter to the next for each category of offense. The estimate was then established by extracting the violent crime offenses and applying those increase/decrease trends for that data to the violent offense data reported for the first and second quarters of fiscal year 2007. The fiscal year 2007 estimate assumes that the level of incidents in the 3rd and 4th quarters of fiscal year 2007 will parallel the crime rate in the 3rd and 4th quarters of fiscal year 2006. The OJS continues to collect and analyze data to determine violent crime trends, and has developed several intermediate measures to concentrate its efforts on impacting the rate of crime increase in Indian Country, including the implementation of community policing programs, increasing the number of officers in the field, and providing methamphetamine awareness training to existing officers and tribal communities.

5. References to specific years are all calendar years unless noted otherwise.



Section I: Management’s Discussion and Analysis

The President’s Management Agenda

In fiscal year 2002, the President implemented the PMA as a strategy for improving the management of the federal government. In fiscal year 2007, IA reported the status and progress for nine PMA initiatives to the Department. The table below provides a brief overview of IA’s PMA initiatives.

Overview of President’s Management Initiatives

PMA Initiative	Overview
Strategic Management of Human Capital	Tasks agencies to reshape their organizations to meet a standard of excellence with special emphasis on targeting reforms in civil service as well as developing and recruiting talent and leadership within organizations.
Competitive Sourcing	Increases competition to consistently generate significant savings and noticeable performance improvements in federal programs. This initiative is to promote innovation, efficiency, and greater effectiveness of federal programs.
Improved Financial Management	Requires federal financial systems produce accurate and timely information to support operating, budget, and policy decisions. To meet this requirement, agencies implement managerial cost accounting practices, receiving clean audit opinions on their annual financial statements, meeting accelerated financial reporting deadlines, and ensuring financial management systems are compliant with federal laws and regulations.
Expanded Electronic Government	Supports projects that offer performance gains across agency boundaries via Internet communications such as: e-procurement, e-grants, e-regulation, and e-signatures. Agencies are required to develop secure IT systems and ensure strict adherence to IT project cost, schedule, and performance. This initiative provides citizens better IT access and quality service from the federal government, while reducing the delivering services cost.
Budget and Performance Integration	Focus is on using program performance when considering budgetary decisions. Agencies identify outcome measures and accurately monitor the performance of programs and associated performance costs. The outcome is better control and management oversight of resources used as well as increased accountability of program managers related to performance results. This initiative was changed during the fourth quarter of fiscal year 2007 at OMB’s direction to “Performance Integration Initiative.” This change will be reflected in the fiscal year 2008 scorecards.
Transportation	Strives to achieve fuel efficiency and property management for the motor vehicle fleet. Encourages the purchasing and usage of fuel efficient or alternative fuel vehicles.



The President’s Management Agenda

Overview of President’s Management Initiatives *(continued)*





PMA Initiative	Overview
Real Property Management	Centralizes efforts on managing current real property inventories, maximizing usage of property and proper disposition of unneeded or underused property.
Energy Management	Promotes energy efficient use of U.S. assets and ensures management accountability for implementing federal energy reforms.
Environmental Management	Ensures sustainable environmental stewardship of federal assets and provides outreach to teach environmental strategies that promote environmental sustainability.

The OMB established a “balanced scorecard” approach and standards by which agencies measure their success (status and progress) for each PMA initiative. This approach includes OMB’s standards for each PMA initiative which is presented annually to federal agencies as the “Proud-To-Be” goals. Federal agencies develop quarterly “Key Milestones” in alignment with the “Proud-To-Be” goals. IA PMA initiative leads develop key milestones on an annual basis for their respective initiative that are used for reporting status and progress on the quarterly scorecard.

The “status” column on a scorecard illustrates the overall achievement of a standard. The “progress” column informs management of challenges or successes in achieving the standard. Each fiscal quarter, the DOI consolidates the bureaus’ PMA scorecards and reports its PMA status and progress to the OMB.

The table below describes the PMA scoring criteria for status and progress.

PMA Scoring Criteria



Score	Status	Progress
	Agency has significantly exceeded standards for success.	N/A
	Initiative will meet all of the scorecard standards for success.	Implementation is proceeding according to “Proud to Be” milestones.
	Initiative meets the standards for “yellow” but some areas could slip without management intervention.	Some slippage or missed milestones have required Initiative Lead to adjust “Proud to Be” milestones.
	Initiative demonstrates a number of serious flaws preventing accomplishment of standards for success.	Initiative is in serious jeopardy; realizing milestones is unlikely without significant management intervention.



The President's Management Agenda

Throughout fiscal year 2007, IA continued to make significant improvements in the status and progress of its PMA initiatives. The following tables illustrate

the status and progress of IA's PMA initiatives and summaries of goals, progress, and future expectations as of the 4th quarter of fiscal year 2007.

Strategic Management of Human Capital	
Status 	Progress 
Goals	<ul style="list-style-type: none"> • Develop an IA hiring program that emphasizes excellence in hiring. • Address low IA scores using results from government, Gallup, and private sector surveys. • Create Office of Human Capital Management that establishes human resource (HR) units that are program aligned under DAS-Management as opposed to aligned under regional directors. • Initiate HR Accountability Program.
Progress	<ul style="list-style-type: none"> • Using excepted appointment authority, developed a direct hire program for the hiring of top Indian achievers in high schools, community colleges, and colleges and universities (IA Honors Program). • Partnered with two Indian Community Colleges to develop a media campaign for the IA Honors Program. • Shared results of Human Capital Survey with senior managers. • Completed move of classification function to Center of Excellence model in BIA. • Created the Center for Personnel Security that combined BIA and BIE security staffs which are now operating under one set of procedures. • Created the Center for Conflict Resolution where all employee relations specialists report to the same director. • Created the Center for Job and Compensation Design where all position classification and pay program staff report to the same director. • Created Ethics and Accountability Officer position.
Future Expectations	<ul style="list-style-type: none"> • Implementation of expansion of IA Honors Program to include direct hiring of graduate students. • Implementation of leadership assessment instrument as part of qualifying for leadership positions. • Rewriting IA policy and guidance for the competitive service to emphasize excellence. • Re-survey IA for Human Capital. • Develop IA awards program to recognize employees. • Conduct accountability review of BIE HR.



The President's Management Agenda

Competitive Sourcing

Status



Progress



Goals

- Obtain external verification of competitive sourcing savings.
- Secure program funding and recruit staff to support the competitive sourcing program.
- Provide “soft-landing” for affected employees by requesting Voluntary Early Retirement Authority (VERA) and Voluntary Separation Incentive Pay (VSIP).
- Include a breakdown of specific fiscal year 2007 competitions in the Green Plan update.
- Meet our commitment to DOI and OMB to study approximately 518 commercial positions by fiscal year 2008.

Progress

- Announced the standard study at the Western Regional Office-San Carlos Irrigation Project (SCIP) for employees working in and around Coolidge, AZ.
- Completed the Federal Activities Inventory Reform Act (FAIR) Inventory with justifications for inherently governmental and commercial positions.
- Submitted the names of employees to be considered for approval of the VERA/VISP study from the Office of Personnel Management.
- Converted a study of BIE to a standard study of all IT commercial staff bureau-wide.

Future



Expectations

- Issue draft Performance Work Statement (PWS) for SCIP, followed by issuing the solicitation.
- Most Efficient Organization SCIP team to initiate training and start writing their proposal.
- Initiate preliminary planning for standard study of all BIA/BIE/AS-IA IT commercial positions.
- Announce IT standard study.
- Develop PWS and solicitation for IT study.







The President's Management Agenda

Improved Financial Management	
Status 	Progress 
Goals	<ul style="list-style-type: none"> • Improve financial management within IA and compliance with Department, Treasury, and OMB guidelines. • Achieve the Department performance metrics for 98% compliance with Prompt Payment guidelines. • Refine processes for capturing and reporting financial data, resulting in improvement in the usability of data for management decision-making. • Validate the methodology used for obtaining data for preparation of IA's financial statements which will ensure that IA maintains an unqualified opinion.
Progress	<ul style="list-style-type: none"> • Conducted Outreach Education on Prompt Pay compliance. • Developed Corrective Action Plans (CAP) to address management letter findings and other reportable conditions. • Developed a CAP for FMFIA non-compliance issue. • Reviewed and monitored Debt Collection Improvement Act (DCIA) metrics for debt referral based on National Business Center reports. • Updated Construction-in-Process Procedures – Tribal Ownership. • Validated accrual methodology in preparation for fiscal year 2007 financial audit. • Conducted sampling of reimbursement agreements to ensure consistency in the application of burden rate.
Future Expectations	<ul style="list-style-type: none"> • Reconcile backlog of old Suspense Deposit System (SDS) transactions. • Update Collection Officer's Manual. • Expand the use of statistical sampling to improve quality of data.



The President’s Management Agenda



Expanded Electronic Government

Status 	Progress 
Goals	<ul style="list-style-type: none"> All production systems have authority to operate and remediate all Plan of Action and Milestones issues. All major investment’s performance is within 10 percent of cost and schedule performance goals. Zero IA investments on OMB management watch list.
Progress	<ul style="list-style-type: none"> Completed final signatures for Certifications and Accreditations (C&A) for seven production systems. Reviewed all Privacy Impact Assessments (PIA) and System of Records Notice (SORN), and developed a plan of action to update and/or prepare new PIA and SORNs as necessary. Completed Operational Assessments (OA) for eight of IA’s major investments to include Loan Management and Accounting System (LOMAS), National Irrigation Information Management System (NIIMS), and Trust Accounting Management System (TAAMS). IA completed OAs for these and the other major investments. Completed remediation for outstanding issues to remove NIIMS, LOMAS, Integrated Records Management System (IRMS) and Great Plains Regional Office General Support System from the OMB watch list. Continued to demonstrate appropriate planning, execution, and management of IT major investments. Continued annual third-party validation and verification of IA’s C&A processes to be compliant with Federal Information Security Management Act (FISMA) and Department guidelines.
Future Expectations	<ul style="list-style-type: none"> An Enterprise Architecture with a score of four in the “Completion,” “Use,” and “Results” sections. Possess acceptable business cases for all major systems investments and ensure that no business cases are on the OMB management watch list. Demonstrate appropriate planning, execution, and management of major IT investments, using Earned Value Management (EVM) or operational analysis, and ensure that portfolio performance is within 10% of cost, schedule, and performance goals. Verification by Inspector General or Agency Head of the effectiveness of the Department-wide IT security remediation process and rating of the agency certification and accreditation process as “Satisfactory” or better. 100% of all IT production systems are properly secured (certified and accredited) and IT systems are installed and maintained in accordance with security configurations. Demonstrate that Privacy Impact Assessment have been conducted for 100% of applicable systems. Demonstrate that a system of records has been developed and published for 100% of systems containing personally identifiable information. Adhere to the agency-accepted and OMB-approved implementation plan for all of the appropriate E-Gov/Lines of Business/SmartBuy initiatives and transition and/or shut down investments duplicating these initiatives in accordance with the OMB-approved implementation plan.



The President's Management Agenda



Budget and Performance Integration⁶

Status 	Progress 
Goals	<ul style="list-style-type: none"> • Decrease the number of programs receiving “Results Not Demonstrated” on the PART. • Provide reports of senior management decisions that integrate financial and performance information concerning major responsibilities of the Department.
Progress	<ul style="list-style-type: none"> • Continued to address follow-up actions, especially those needed to resolve “Results Not Demonstrated” ratings. • Continued to hold quarterly program status reviews. • Continued to increase the number of performance appraisals linked to strategic plan measures.
Future Expectations	<ul style="list-style-type: none"> • Office of Planning and Policy Analysis (PPA) and programs meet prior to budget decision meetings to determine strategic funding needs. • PPA submits funding recommendations, with justification, to Office of Budget Formulation and Execution in February timeframe, along with incremental performance changes. • Budget formulation meetings integrate budget and performance as basis for budget decisions. • Budget formulation uses performance targets to develop a budget within funding targets.

6. During the fourth quarter of fiscal year 2007, this initiative name changed to “Performance Integration Initiative” per direction from OMB.





The President’s Management Agenda

Transportation	
Status 	Progress 
Goals	<ul style="list-style-type: none"> Establish mission statements for vehicles used by all program offices and right-size the fleet based on the different missions.
Progress	<ul style="list-style-type: none"> Met with bureau-wide fleet managers to determine the strategy that should be used to consolidate vehicles and address the requirement to acquire alternative fueled vehicles. Conducted assessments to determine optimal placement and/or disposal of underutilized vehicles. Implemented the requirement to downsize vehicle types, resulting in higher fuel economy. Scrutinized new vehicle acquisitions for appropriate size and need based on the bureau’s Fleet Reduction Plan.
Future Expectations	<ul style="list-style-type: none"> Establish baseline authorizations to determine approved fleet size, composition, and miles per gallon fuel efficiency. Initiate a feasibility study for the Southwest Regional Office regarding vehicle management through utilization of a motor pool. Develop and implement a monthly vehicle utilization and analysis reporting process. Initiate a justification process for all new program office vehicle acquisitions, based on the bureau’s Fleet Management Plan. Continue with the disposal of underutilized vehicles.



The President's Management Agenda



Real Property Management

Status 	Progress 
Goals	<ul style="list-style-type: none"> Asset Management Plan (AMP) fully implemented and functional by the 1st quarter of fiscal year 2008 while achieving green status. Data and metrics presented in the plan are used to improve decision-making at all levels. Significant progress in identifying and disposing of excess/surplus assets. Complete an accurate Federal Real Property Profile (FRPP) asset inventory with all 24 data elements.
Progress	<ul style="list-style-type: none"> Established interim funding source and plan for fiscal year 2008 BIA AMP Implementation and Governance Activities.⁷ Completed BIA AMP Implementation and Governance fiscal year 2009 budget request. Coordinated FRPP inventory updates with BIA Federal Financial System-Federal Assets (FFS-FA) Annual Financial Audit Asset Inventory Submissions. Provided quarterly updates to BIA Excess Space Plans (FRPP Element 24). Expanded BIA General Services Administration (GSA) and GSA Direct Leasing Program for inclusion into AMP/Site Specific Asset Business Plan (SSABP) and Space Management Plan processes, and December 2007 Inventory Certification. Completed implementation and reporting for DOI 3-Year Rolling Timeline requirements.
Future Expectations	<ul style="list-style-type: none"> Work with program offices in developing program-specific scorecards that roll-up to the IA, OMB, and DOI scorecards. Continue FRPP Inventory Reconciliation on a quarterly basis. Identify assets that are non-mission critical and excess to the mission. Continue the disposal of designated real properties on an annual basis. Develop Site Specific Asset Business Plans for each program office.

7. This is managed by BIA (vs. IA) and therefore the "BIA" acronym is used.





The President’s Management Agenda

Energy Management	
Status 	Progress 
Goals	<ul style="list-style-type: none"> • A reduction in energy intensity for Energy Policy Act of 2005 (EPAct) goal-subject facilities. • Use renewable energy as 2.5 percent of facility electricity usage. • Use new building designs in the future that are 30 percent more energy efficient than relevant code.
Progress	<ul style="list-style-type: none"> • Developed Statement of Work (SOW) for retro-commissioning at one location (Chemawa School). • Provided SOW recommending IA’s building inventory database be modified to include meter inventory and monthly utility data for each location. • Tracked energy intensity usage of projects in design as of January 1, 2007.
Future Expectations	<ul style="list-style-type: none"> • Conduct feasibility study for incorporating photovoltaic (PV) at select locations. • Manage projects currently in design to ensure energy consumption is below American Society of Heating, Refrigeration, and Air Conditioning Engineers (ASHRAE) rating of 90.1. • Establish number of Green Tag purchases needed to meet renewable goal.



The President’s Management Agenda

Environmental Management	
Status 	Progress 
Goals	<ul style="list-style-type: none"> • Develop a Green Purchasing Policy to emphasize the procurement of available green products. • Develop formal Environmental Management System (EMS) plans for implementation at BIA agencies and BIE facilities.
Progress	<ul style="list-style-type: none"> • Finalized the review of the EMS output survey for bureau-wide distribution to identify “appropriate” facilities for EMS implementation. • Used the GSA Green Lease for direct leases and will continue to use the Green Lease in the future. • Incorporated the Leadership in Energy and Environmental Design Rating System (LEEDS) requirements in the design of: Muckleshoot Replacement School Phase II and Dennethotso Replacement School, and all other new school projects. • Field staff reviewed the Environmental Management Assistance Tool (EMAT); changes continue to ensure consistency with environmental laws and regulations. • Enhanced the accountability of line officials for corrective actions identified through use of the EMAT and other audits/inspections.
Future Expectations	<ul style="list-style-type: none"> • Incorporated EMS Policy into the IA Manual. • Assist two BIA agencies in the development of EMS plans for implementation.⁸ • Develop a model EMS plan for implementation by other appropriate BIA agencies. • Develop protocol and procedures to correct environmental deficiencies resulting from environmental audits for line officials. • Distribute the EMAT bureau-wide to BIA programs responsible for day-to-day operational activity on environmental management. Provide EMAT on BIA intranet as appropriate.

8. This is managed by BIA (vs. IA) and therefore the “BIA” acronym is used.



F. Freeman



Section I: Management's Discussion and Analysis

Looking Forward

Indian Country has historically faced severe socio-economic and infrastructure issues. These issues impact both Indian Country and the IA programs that serve them. The following summaries categorize the most significant demands, events, conditions, and trends currently facing IA in terms of the Department's strategic mission and goal areas. IA views these as opportunities for continuous improvement and a sustained focus on accountability and results.

Strategic Plan Mission Area: Serving Communities

Outcome Goal:

Fulfill Indian Fiduciary Trust Responsibilities

Demands, Events, Conditions And Trends:

Probate and Estate Services

As mentioned in the KPI Results discussion, when an individual Indian land holder dies, the estate is subject to a legislative process to ensure that the right beneficiaries are identified and appropriate payments and/or transfers of titles are made. Probate and Real Estate Services has made substantial progress within the last two years in this area; however, challenges remain. The backlog in processing probate cases has resulted in delaying the distribution of trust assets to family members (i.e., heirs). When one or more heirs are deceased, complications arise. Some of the backlog can be attributed to secondary cases resulting from situations such as the following: estate assets are distributed to the estates of deceased heirs, therefore requiring additional probates. Although the deceased heir may not originally require a probate, subsequent decisions require distribution of trust assets as a part of the subsequent probate.

However, the newly developed Probate Tracking system (ProTrac) enables users to check reports to determine if assets have been distributed to estates that were previously marked "No Trust Assets." In addition, monthly Title, Trust Funds, and Probate extracts

identify deceased Indians who now have trust assets, closed estates with current land interests or Individual Indian Monies (IIM) accounts, and active accounts that correspond to probate estates. These accounts are then frozen to ensure that assets are not improperly disbursed. Cases and decisions are continuously updated to ensure probate cases are prepared and forwarded to the OHA for adjudication, and to ensure the assets are properly distributed. The IA OTS is also addressing the challenge of excess case closing workloads. Even though much progress has been achieved in excess case-closing workloads, methods for assigning and tracking case-closing will be revised in fiscal year 2008, and IA will continue to work with tribal leaders to assist them in closing tribal probate backlog.

Outcome Goal:

Advance Quality Communities For Tribes And Alaska Natives

Demands, Events, Conditions And Trends:

Economic Impact

The Office of IEED initiated a partnership with the Department of Transportation's FHA for the development of transportation-related businesses and on-the-job training opportunities. For example, the National American Indian/Alaska Native Business Opportunity and Workforce Development Center was





Looking Forward

established as a pilot program in Alaska and Oklahoma to provide assistance to tribally-owned businesses to compete for highway work. This program has identified almost \$200 billion worth of industrial, construction, and transportation work for Indian Country.

Additionally, IA, in coordination with the Department's OST, recently completed the process of implementing the TAAMS Realty and Title functions in support of trust management in all regions. The purpose of TAAMS is to provide a comprehensive trust information system for title and land resource management across the nation. In addition, IA developed an electronic fee-to-trust tracking system which allows agencies, regions, and Central Office staff to enter and update all fee-to-trust transactions that occur throughout the U.S. This enables monitoring of each case to determine status and to identify any items that may be lacking for the case. When an individual Indian or tribe purchases land (e.g., from a "fee owner"), a process is implemented to bring the purchase into the federal government system, whereby it is held in trust for the individual Indian or tribe. Both of these initiatives ensure a more efficient and accurate tracking of trust transactions for Indian beneficiaries.

The Forestry program, using planning and management tools, consistently exceed their targets. In recognition of the need to conserve natural resources for future use and enjoyment, the program continued to close the management planning coverage gap for all reservations with forests and woodlands. However, proposed budget reductions of \$1 million in fiscal year 2008 will negatively impact performance goals related to timber offered for sale and timber harvested. Timber offered for sale will feel the impact first, since the work involved is related to the preparation of timber

sale packages. The ensuing delay in the preparation of these packages will also result in the delay of contract approval. However, continuous improvements in the management of timber, coupled with improvements in management of the harvesting process, will ensure long-term forest productivity and conservation of forest resources.

Outcome Goal:

Advance Quality Communities for Tribes and Alaska Natives

Demands, Events, Conditions And Trends:

Indian Population Growth and Substance Abuse

The population in Indian Country is growing. The latest data indicate that there are over 1.9 million enrolled members, of which approximately 1.7 million are eligible for services.⁹ Additionally, over 500,000 members of the service population, or approximately 30% percent, are under the age of 16. This population increase means more people require services overall, yet budgets are staying flat or are being reduced. Indian tribes and IA strive to improve the quality of life for their constituents in the areas of social services, tribal government infrastructure, Indian education, job training, and employment opportunities, despite shrinking budgetary resources.

There is a tremendous need for child protection and juvenile justice prevention and intervention services targeted to Native youth living within the designated service areas. Services are needed to both protect and prepare youth as they transition into adulthood. This need for services has been demonstrated in recent years as serious incidents involving youth, both as perpetrators and victims of crime, have devastated tribal communities such as Red Lake and Ft. Apache. From

9. Previously published data can be located in the 2003 American Indian Population and Labor Force Report. The latest version of this report (i.e., 2005), which contains updated statistics, is expected to be available to the public before the end of calendar year 2007.



an economic standpoint, as youth become adults, there will not be jobs for them on their home reservations and the BIA social services programs will not have money to provide the level of service needed for them to obtain skills required to function as self-sufficient members of their communities.

On the opposite end of the spectrum, as a portion of the Indian community gets older, several potential challenges to support them exist. Approximately 8 percent of the service area population is 65 and older. This is often a vulnerable population within Indian Country which requires protective and case management services. Specifically, IIM account holders may become adults in need of supervision, requiring careful monitoring and case management services provided to account holders. The elderly population is especially vulnerable to abuse and exploitation given the remote location of much of Indian Country. Finally, non-medical case management and referral services are frequently needed by this population, and the Indian Services' human services programs are often the lead coordinating agency for this population in Indian Country.

Additionally, the use of methamphetamine on Indian reservations is growing rapidly. It is a potential cause of many future social health problems, including greater rates of child abuse and child sexual abuse, domestic violence, teen suicide, gangs, unemployment, and the general deterioration of Indian communities. These problems are expected to escalate over the next five to seven years. It is overwhelming an already strained social services infrastructure. Additionally, 98% of all child abuse and neglect cases in Indian Country are substance abuse related. Indian Services is collaborating with both the DOJ and the Department of Health and Human Services (HHS) to address this issue. A study is currently underway to identify tribal best practices to combat methamphetamine use. Indian Services is

also participating in a National Congress of American Indians (NCAI) methamphetamine workgroup.

Outcome Goal:

Advance Quality Communities for Tribes and Alaska Natives

Demands, Events, Conditions And Trends:

Construction Demands

IA has revamped its prioritization process to focus on life-safety issues and continues to examine the condition of its schools, detention centers, roads, bridges, and dams on an annual basis to identify life-safety issues. However, IA continues to face challenges regarding the deferred maintenance backlog and the difficulty in establishing accurate construction estimates given the volatile price fluctuations of construction materials and project costs, such as double-digit inflation in concrete and rebar prices. Improving management practices, such as including risk-based estimates for IA's facilities and construction projects, will help resolve some of these uncertainties. For example, the school construction program alone estimates it will cost approximately \$2 billion to remediate the poor condition of schools in Indian Country.





Looking Forward

Strategic Plan Mission Area: Management Excellence

Outcome Goal:

Modernization/Integration

Demands, Events, Conditions And Trends:

Information Technology (IT)

The IA Office of the Chief Information Officer (OCIO) continues to face an aging IT infrastructure with ever-increasing IT demands and historical funding shortfalls. Although OCIO funding increased over the past five years from \$10 million to over \$50 million, this amount, compared to other same-size IT organizations, is still low. Our preliminary analysis suggests that personnel and consulting costs represent 88% of the total budget. This leaves only 12% of the budget to run data centers and networks; rent facilities; and purchase hardware, software, supplies, and equipment. The BIA trust environment places additional responsibilities and financial burdens on the OCIO. To meet these needs, OCIO will identify operational efficiencies and additional funding, attempt to mitigate budget shortfalls that are not within the OCIO’s control, and assess staff skills and training against required future technological enhancements.

Outcome Goal:

Modernization/Integration

Demands, Events, Conditions And Trends:

Human Capital Management

IA continues to face the challenge of attracting and retaining a highly skilled workforce. To help resolve this issue, IA plans to complete its new Human Capital Workforce Plan, leadership assessment instrument, and competency gap analysis for six additional critical occupations. IA is also working with Indian community colleges to develop a media and recruitment campaign, draft a new IA excepted service/competitive service regulation, conduct an internal Human Capital survey in conjunction with DOI, and conduct analysis of Equal Employment Opportunity (EEO) processes in order to streamline case management. Finally, IA will continue to meet Office of Personnel Management (OPM) processing timelines for selections, and the Indian Preference in hiring.



Other Demands, Events, Conditions and Trends: Cobell V. Kempthorne

In 1996, a complaint was filed by five American Indians alleging the federal government had breached its fiduciary obligations regarding Indian assets, and seeking an accounting of IIM accounts. This complaint evolved into the *Cobell v. Kempthorne* litigation, which is on-going. As a result, DOI has been involved in an accounting project of unprecedented proportions for several years. No other financial system, including the tax collection system, the social security system, or the Medicare system, has ever been tasked with undertaking an accounting of this type and scope. The funding necessary to accomplish this task for about 365,000 IIM accounts is over \$330 million.

The duty to account for funds in accounts may extend as far back as 1938, the date referenced by the American Indian Trust Fund Management Reform Act of (October 25) 1994, which states that Interior “shall account for the daily and annual balance of all funds held in trust...which are deposited or invested pursuant to the Act of June 24, 1938”. Therefore, for IIM accounts open as of the date of the American Indian Trust Fund Management Reform Act (i.e., October 25, 1994), the historical accounting will go back to the inception of the account or June 24, 1938, whichever is later.

On February 23, 2005, the District Court for the District of Columbia (D.C.) issued a structural injunction dictating how the Department was to perform the historical accounting for IIM accounts. Implementation of that injunction was projected to cost up to \$12 billion. On November 15, 2005, the D.C. Circuit Court of Appeals vacated the structural injunction, confirming that the judicial branch owed deference to the agency’s plan for the accounting, and that taking the cost of any particular accounting plan into consideration was a

proper analysis. On March 26, 2007, the Supreme Court refused to review the Circuit Court decision.

In December 2006 the case was reassigned to Judge James Robertson. Judge Robertson scheduled a hearing for October 10, 2007, for the purpose of allowing the Department to present, and the plaintiffs to challenge, the Department’s revised historical accounting plan issued on May 31, 2007. This plan:

- Takes advantage of statistical sampling to expedite the historical accounting;
- Reflects what has been learned and accomplished to date; and
- Recognizes the availability of scarce fiscal resources needed to fund the historical accounting.

The accounting plan is already being implemented, with substantial progress being made with the funding provided by Congress. To date, DOI has spent more than \$150 million conducting historical accounting that has principally covered all IIM accounts that were open on or after October 25, 1994, through December 31, 2000.

DOI’s experience in conducting its accounting has revealed that a very high percentage of financial records are available—over 300 million pages of Indian records have been collected and electronically indexed. DOI’s accounting experts have uncovered no evidence of fraud or widespread systemic error in the U.S. government’s handling of the IIM accounts, and the few errors that have been found are generally small in monetary value. This picture is significantly different from that offered by the Department’s critics. The historical accounting work on IIM accounts completed to date by DOI supports several significant conclusions:



Looking Forward

- Supporting contemporaneous records *do* exist and *can* be located for a very high percentage of accounts and transactions.
- Differences between supporting records and recorded transactions are few in number, small in size, and not widespread or systemic.
- There is no evidence that historical records have been altered, or that hackers have tampered with electronic records.
- There is ample evidence that monies collected for individual Indians were distributed to the correct recipient—contrary to the claims of Interior's critics.

DOI has completed a great deal of work to reach these conclusions:

- Over 300 million pages of Indian records have been collected—with over 18 million relevant pages, some dating to the 1910s—located, digitally imaged, and coded for search and retrieval.
- DOI's accounting consultants, using these documents to reconcile (or compare) the actual IIM account transactions with the expected postings based on an examination of the original financial documents and ownership records:
 - Have fully reconciled more than 83,700 out of a total of 96,823 Judgment and Per Capita IIM accounts¹⁰ (accounts based on payments to tribal members) with balances as of December 31, 2000.
 - Have distributed over \$40 million of the \$56 million of the Special Deposit Accounts (SDA). SDAs are temporary accounts for the deposit of monies that could not immediately be credited to the proper owners.

- Some small differences have been uncovered that affect IIM accounts. While important to each affected account holder, in each portion of the accounting work to date, only about one percent of all the transactions reconciled has been found to be different from what was expected; some in favor of the account holder (overpayments), and some in favor of the U.S. government (underpayments).
- The aggregate value of the dollars posted that are different from the expected postings constitutes less than one percent of all the dollars reconciled.

Through the use of statistical samples, DOI is in a position to draw conclusions with a high degree of confidence about the overall accuracy of the transactions in the Land-Based IIM accounts covering the Department's electronic accounting system era that existed through the 1985–2000 period. Based on the sample findings, the Department's experts are highly confident that the difference rates for all disbursement and deposit transactions are very small, and that the vast majority of these differences are less than \$10.

The Office of Historical Trust Accounting (OHTA) continues to conduct its historical accounting and is preparing historical statements of accounts for IIM account holders. The court of appeals found that the use of statistical methods is an appropriate tool as a consequence of completion of data validation. By the end of the historical accounting, OHTA will be in position to prepare and mail (with District Court permission) about 365,000 historical statements of account. OHTA continues to work on the pre-1985 (paper era) transactions and expects to complete this reconciliation by fiscal year 2011.

10. This data is as of March 31, 2007, due to a shift from the reconciliation of Judgment Per Capita IIM accounts to devoting funding and resources to other related accounting efforts on a temporary basis.



Section I: Management's Discussion and Analysis

Financial Highlights

Analysis of Our Financial Statements

The IA financial statements, included in Section III: Financial of this report, received an unqualified audit opinion issued by the independent accounting firm of KPMG LLP. It is IA's responsibility to prepare these statements to provide reliable information that is useful for assessing performance and allocating resources.

The financial data presented in this report has been prepared from IA books and records in accordance with U.S. generally accepted accounting principles (GAAP).

Assets: What We Own

IA had total assets of \$3.25 billion dollars at the end of fiscal year 2007, an increase of 5.89% from the previous year's total assets of \$3.07 billion. Approximately 45% of IA's assets are contained within Fund Balance with Treasury (FBWT). The \$59 million decrease in FBWT from fiscal year 2006 primarily results from the implementation of OMB Circular A-136 Parent/Child reporting change this year. The change requires that only the parent reports the financial activities on its financial statements. This change accounts for approximately \$38 million of the decrease. In addition, the decrease in the FBWT results from an increase of \$25.5 million in net outlays incurred.

Property, plant, and equipment (PP&E) comprised IA's second largest asset total at 49%. Overall, PP&E increased by \$255 million, an increase of 19% from the fiscal year 2006 level. The majority of the increase is related to the implementation of OMB Circular A-136 Parent/Child reporting change this year. The change in effect, requires that the parent reports all of its child agencies' financial activities on the parent's financial statements. Accordingly, IA—as parent to an allocation transfer made to the Bureau of Reclamation (BOR) for the construction of the Navajo Indian Irrigation Project

(NIIP)—reported the PP&E value previously reported by BOR.

Receivables consisted of \$18 million in accounts receivables owed from other federal agencies, \$26 million in accounts receivables from the public, and \$21 million in loans receivables. Receivables increased in 2007 by \$9 million (16%) primarily from unbilled receivables for reimbursable work with the Department of Education (Education).

Liabilities: What We Owe

IA had total liabilities of \$715 million at the end of fiscal year 2007, a 3% decrease over the previous year's total liabilities of \$735 million. The decrease is primarily attributed to closure and/or settlement of several legal cases, repayments to the Department of Treasury (Treasury) on the outstanding debt, and a net downward re-estimate related to credit reform financing accounts.

Approximately one-fourth (26%) of IA's fiscal year 2007 liabilities were for the Judgment Fund (\$129 million), contingent liabilities (\$16 million), and environmental clean-up liabilities (\$40 million). Another 26% of the IA's total liabilities (\$184 million) were employment related liabilities. These included \$30 million in employee benefits, \$17 million in accrued payroll and benefits, \$111 million of Federal Employees' Compensation Act (FECA) actuarial liability, and \$26 million in annual leave. The





Section I: Management's Discussion and Analysis

Financial Highlights

employment related liabilities showed a slight decrease of 6% from the fiscal year 2006 level.

The contingent liabilities decreased in 2007 by \$42 million (72%). A majority of the decrease resulted from a settlement of one case previously booked at \$40 million. The settlement was paid from the Judgment Fund in 2007.

Credit reform related liabilities of \$50 million consisted of \$41 million (82%) in loan guarantee and \$8 million (18%) in Treasury borrowings to finance the loan programs. The 59% decrease from the fiscal year 2006 level was due to approximately \$21 million of repayments made to Treasury for the outstanding borrowings, and a \$57 million net downward subsidy re-estimate in the Loan Guarantees program.

Federal agencies, by law, cannot disburse money unless Congress has appropriated funds. Funded liabilities are expected to be paid from funds currently available to IA, whereas unfunded liabilities will be paid from funds made available to IA in future years. Of the total liabilities, \$495 million (70%) were unfunded and largely comprised of environmental and legal contingent liabilities, FECA actuarial liabilities, and unfunded annual leave. The Environmental and Disposal Liabilities were decreased by approximately \$15 million as a result of IA's reclassification of closure cost associated with Navajo landfills to the other liabilities line item since these costs were not remediation/clean-up costs.

Tables 1-1 and 1-2 summarize IA's assets and liabilities as of fiscal year 2006 and fiscal year 2007.

Table 1-1 Assets by Type. Table with 4 columns: Asset, % Change, FY2007 (\$ Millions), FY2006 (\$ Millions). Rows include Fund Balance with Treasury, Investments, Net, Receivables, Net, Advances to Others & Prepayments, Property, Plant & Equipment, Net, and Total Assets.

Table 1-2 Liabilities by Type. Table with 4 columns: Liability, % Change, FY2007 (\$ Millions), FY2006 (\$ Millions). Rows include Accounts Payable, Credit Reform Related Liabilities, Employment Related Liabilities, Judgment Fund and Contingent Liabilities, Other Liabilities, and Total Liabilities.



Financial Highlights

Results of Operations

What Indian Affairs Received

For fiscal year 2007, IA had total budgetary resources of \$3.53 billion, an increase of 2.1% from the fiscal year 2006 level. Approximately 68% of the resources consisted of Appropriations Received and Direct Transfers, totaling \$2.41 billion. The appropriations were for the Operations of Indian Programs (OIP) (\$1.99 billion), Construction (\$272 million), Loans (\$21 million), and other programs (\$152 million). The remaining 32% of budgetary resources were from unobligated balances carried forward of \$643 million, recoveries of \$111 million, and offsetting collections of \$362 million.

IA classifies revenue as either exchange or non-exchange revenue. Exchange revenue is derived from transactions in which both parties—IA and the public or other governmental entity—receive value. They include fees collected for utilities, the IA's education and school lunch programs, construction operations, and the rental of equipment. Reimbursable agreements with Education, which offset the cost of tribal and BIE operated schools, are recognized as exchange revenue. Exchange revenue, shown on the IA Consolidated Statements of Net Cost, reduces the reported cost of operations.

Non-exchange revenue is derived from the government's sovereign right to demand payment, including fines for late payment of loans. Non-exchange revenue is recognized when a specifically identifiable, legally enforceable claim to resources arises, and to the extent that collection is probable and that the amount can be reasonably estimated. These revenues are not considered in reducing IA's operating costs and are, therefore, reported on the Consolidated Statements of Changes in Net Position.

During fiscal year 2007, IA earned approximately \$235 million in revenues from other federal entities and \$122

million in revenue from the public, for a total of \$357 million. This represents a 12% decrease from fiscal year 2006 (\$407 million), which is from the revenues earned from Education. The decrease is primarily attributed to less reimbursable work performed for the Education reimbursable agreements.

What Indian Affairs Spent

Net cost of operations decreased by \$232 million or 9.3% from \$2.5 billion in fiscal year 2006 to \$2.3 billion in fiscal year 2007. The decrease is largely due to the implementation of OMB Circular A-136 Parent/Child reporting requirement. IA—as recipient or child to several allocation transfers made by other federal entities—did not report the net cost associated with these transfers on its financial statements. IA began the early implementation of this reporting change in fiscal year 2006 with respect to the Department of Transportation (DOT) Highway Trust Fund and continued with the change over this year for the remaining entities such as Bureau of Land Management (BLM), Department of Labor (DOL), and HHS.

The majority of the budgetary resources were spent during the current year to support four Department outcome goals: Improve Protection of Lives, Resources, and Property; Fulfill Indian Fiduciary Trust Responsibilities; Advance Quality Communities for Tribes and Alaska Natives; and Protect Cultural and Natural Heritage Resources. The latter was added as a result of the 2007–2012 DOI Strategic Plan update. Of the \$2.3 billion in total net cost, Advance Quality Communities for Tribes and Alaska Natives accounted for 74% (\$1.7 billion) of the total.

As of year-end, \$2.7 billion of budgetary resources had been obligated, representing a 3.2% decrease from fiscal year 2006. Gross outlays, which reflect the actual cash disbursed against IA's obligations, totaled \$2.6 billion.





Financial Highlights

Tables 1-3 and 1-4 reflect the funds provided to IA and how these funds were used.

Financial Performance Metrics - What We Measure

The Debt Collection Improvement Act of 1996 requires timely referral to Treasury for collection of delinquent receivables. During fiscal year 2007, IA referred \$3.58 million to Treasury for collection. Of the current and past debts referred to Treasury, \$2.09 million were collected in fiscal year 2007.

IA also endeavored to increase the percentage of all payments (travel and vendor) made via electronic funds transfer (EFT). In fiscal year 2007, we exceeded the DOI goal for electronic travel payments by 3% from a baseline of 96%. The percent of vendor payments made electronically, however, was slightly below (2%) the DOI goal because of the remote locations of many of IA's vendors.

The Prompt Payment Act requires that federal agencies pay their bills on time or an interest penalty must be paid to vendors. During fiscal year 2007, approximately 8% of invoices required interest penalties, which is 1% lower than in fiscal year 2006. We recognize that continued improvement is still needed in this area.

Table 1-5 presents a year-end summary of IA's financial performance relative to the financial goals and indicators stated by the Department.

Stewardship Information

The stewardship resources for which IA is accountable have been categorized into two groups: "Stewardship Assets" and "Stewardship Investments." Stewardship Assets are property entrusted to or owned by the federal government for the long-term benefit of the nation (such as public land). The government is charged with safeguarding and maintaining these assets. IA's Stewardship Assets consist of: Heritage Assets -

Table 1-3 Where Funds Come From

Resource	% Change	FY2007 (\$ Millions)	FY2006 (\$ Millions)
Unobligated Balances – Carry-forward and Recoveries	+2.86%	\$ 755	\$ 734
Appropriations and Direct Transfers	+1.30%	\$ 2,409	\$ 2,378
Offsetting Collections	+6.47%	\$ 362	\$ 340
Total Budgetary Resources	+2.14%	\$ 3,526	\$ 3,452

Table 1-4 Where Funds Go

Net Program Costs	% Change	FY2007 (\$ Millions)	FY2006 (\$ Millions)
Improve Protection of Lives, Resources and Property	-83.52%	\$ 30	\$ 182
Fulfill Indian Fiduciary Trust Responsibilities	+14.15%	\$ 484	\$ 424
Advance Quality Communities for Tribes and Alaska Natives	-7.50%	\$ 1,741	\$ 1,882
Protect Cultural and Natural Heritage Resources		1	0
Total Net Cost	-9.32%	\$ 2,256	\$ 2,488





Financial Highlights

Table 1-5 Indian Affairs – DOI Metrics				
Measure	Why It is Important	FY2007 Actual	FY2007 Performance Goal	Target Met, Not Met, or Exceeded
Percent of the amount of Eligible Debt Referred to Treasury.	Actively collecting debt improves management accountability and reduces Treasury borrowing.	100%	95%	Exceeded
Percent of Vendor Payments Made Electronically.	Use of electronic funds transfer saves money, reduces paperwork, and improves cash management.	94%	96%	Not Met
Percent of Travel Payments Made Electronically.	Use of electronic funds transfer saves money, reduces paperwork, and improves cash management.	99%	96%	Exceeded
Percent of Vendor Payments Made on Time.	Timely payment reduces interest charges and reflects a high degree of accountability and integrity.	92%	98%	Not Met
Employee Travel Cards Delinquent Over 60 Days.	Reducing outstanding travel card balances helps increase rebates to agencies.	2.13%	2%	Not Met

Museum Property Collections, Heritage Assets - Non-Collectables, and Stewardship Land. Stewardship Investments represent expenses charged to current operations that are expected to benefit the nation over time. IA's Stewardship Investments consist of: Human Capital - Indian Education and Non-Federal Physical Property.

The IA's museum property collection includes art work, archeological materials, historical objects, and associated records. IA's non-collectible assets consist of one site (Haskell Indian Nations University in Lawrence, Kansas) designated by the Secretary of DOI

as a National Historic Landmark. IA's Stewardship Land encompasses a wide range of activities including recreation, conservation, and functions vital to the culture and livelihood of American Indians and Alaska Natives.

IA's investment in human capital includes Indian educational programs and Indian employment, training, and related services. The goal of the IA education program is to provide quality education opportunities in Indian communities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual, and cultural aspects of the



Financial Highlights

individual being served. The Indian Employment, Training, and Related Services Act allows federally recognized tribes to use federal funding to provide employment, education, training, child care, welfare reform, and related services in Indian communities.

IA's investment in Non-Federal Physical Property includes schools, dormitories, and other infrastructures; the Indian Reservation Roads Program; and the Indian Reservation Roads Bridge Program.

Costs of stewardship-type resources are treated as expenses in the financial statements in the year the costs are incurred. These costs and the resulting resources are intended, however, to provide long-term benefits to the public and are included as RSI and RSSI reporting to highlight their long-term benefit nature and to demonstrate accountability over them. Depending on the nature of the resources, stewardship reporting may consist of financial and non-financial data. Stewardship Assets are not required to be included in the balance sheet section of IA's financial statements.

See the RSI and RSSI portion of Section III: Financial for complete disclosures regarding stewardship information.

Limitations of the Financial Statements

The financial statements have been prepared to report the financial position and results of operations of IA, pursuant to the requirements of 31 U.S.C. 3515 (b).

While the statements have been prepared from the books and records of IA in accordance with U.S. GAAP and the formats prescribed by the OMB, the statements are in addition to the financial reports used to monitor and control the 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.





Section I: Management's Discussion and Analysis

Management Controls, Financial Management Systems, and Compliance with Laws and Regulations

Improper Payments Information Act

The Improper Payments Information Act of 2002 (PL 107-300) and the National Defense Authorization Act for fiscal year 2002 (Subchapter VI) requires federal agencies to annually identify programs and activities susceptible to improper payments, estimate the amount of improper payments, report that estimate to Congress, and to carry out a cost-effective program for identifying payment errors and recovering any amounts overpaid for contracts totaling more than \$500 million in a fiscal year. Appendix C to OMB Circular A-123 provides guidance stating that for agency programs deemed not risk-susceptible, assessments are required every three years.

The Department has been conducting annual risk assessments of programs exceeding \$100 million in annual outlays. These assessments have shown that the Department is at low risk for improper payments. Therefore, the Department issued a Financial Administration Memorandum (FAM 2007-004) on April 11, 2007, stating that DOI will not be required to conduct this assessment in fiscal year 2007. Instead, the FAM states that the annual risk assessment requirement has been converted to a three-year risk assessment. Therefore, the next Departmental risk assessment will be for fiscal year 2009 and conducted every three years thereafter.

Management Assurances

The following management assurances are provided as they relate to the following two statutes:

Federal Managers' Financial Integrity Act

The FMFIA of 1982 requires agencies to establish management control and financial systems that provide reasonable assurance that the integrity of federal programs and operations is protected. It also requires that the head of the agency provide an annual assurance statement on whether the agency met this requirement and whether any material weaknesses exist.

The FMFIA assurance statement also requires management's assessment of the effectiveness of the internal controls to support effective and efficient programmatic operations, reliable financial reporting and compliance with applicable laws and regulations, and whether the financial management systems conform to financial systems requirements.

In fiscal year 2007, IA conducted an assessment of its systems of management, accounting, and administrative controls in accordance with the requirements and guidelines prescribed by the FMFIA and OMB Circular A-123, *Management's Responsibility for Internal Control*, dated December 21, 2004. These results are highlighted on the following page.





Management Controls, Financial Management Systems, and Compliance with Laws and Regulations

- **Assessment of Internal Controls**

In response to FMFIA and the Department's fiscal year 2007 Internal Control and Audit Follow-up Program guidance, IA conducted several program and financial Internal Control Reviews (ICRs), evaluations, assessments, and audits during fiscal year 2007.

In assessing the internal management controls, IA relied on management's knowledge and experience of daily operations of its programs and systems of accounting and administrative controls, coupled with the information obtained from various internal control assessments; Office of Inspector General (OIG) and Government Accountability Office (GAO) audits; internal program evaluations and studies; and other performance plans and reports.

The assessment identified a new material weakness in Probate as it related to the ProTrac tracking system. Additionally, the existence of prior year material weaknesses, Wireless Communication and Detention Centers, did not materially impact the Assistant Secretary – Indian Affairs' ability to provide reasonable assurance as to the effectiveness of its internal control.

- **Controls over Financial Reporting**

During fiscal year 2007, IA conducted an assessment of its effectiveness of internal control over financial reporting, which included the safeguarding of assets and compliance with applicable laws and regulations in accordance with the requirements of Appendix A of OMB Circular A-123 and the Chief Financial Officers' Council Implementation Guide dated July 31, 2005, as implemented by the Department. IA's assessment focused on specific financial reports

and related financial statement line items identified by the Department as material to the Department's consolidated financial reports.

Based on the results of this assessment, IA provided reasonable assurance to the Department that its internal control over the effectiveness and efficiency of operations and compliance with applicable laws and regulations as of September 30, 2007 was operating effectively, and no material weaknesses were found in the design and operation of its internal controls.

During fiscal year 2007, IA also assessed its information technology systems and determined that they generally complied with the requirements of the FISMA, and Appendix III of OMB Circular A-130, *Management of Federal Information Resources*.

Federal Financial Management Improvement Act

The FFMIA of 1996 requires that agencies' financial management systems provide reliable financial data in accordance with generally accepted accounting principles and standards. Under FFMIA, financial management systems must substantially comply with the following three requirements:

- Federal financial management system requirements
- Applicable federal accounting standards
- U.S. Government Standard General Ledger (USSGL) at the transaction level

During fiscal year 2007, IA evaluated its internal controls and financial management systems and concluded that it substantially complied with FFMIA requirements.





Management Controls, Financial Management Systems, and Compliance with Laws and Regulations

Resolution of Internal Control Weaknesses and Non-Compliance with Laws and Regulations

The table below summarizes actions taken to resolve the material weaknesses and instances of noncompliance with laws and regulations cited in the fiscal year 2006 Independent Auditors' Report.

Material Weakness	Corrective Actions	Target Correction Date
Controls Over Indian Trust Funds	In conjunction with the Office of the Special Trustee for American Indians (OST), IA validated the business processes for: processing probate cases; conducting leasing activities for minerals, mining, and surface uses; managing forests; negotiating timber contracts and managing the timber sale process; managing acquisitions and sales of Indian lands; and handling the processing of land transactions. Additionally, IA performed tests of controls over selected functions to provide assurance that the business processes are being followed. In October 2006, DOI determined that significant corrective actions had been implemented to address this issue, and downgraded it to a bureau-level reportable condition with approval by the Assistant Secretary – Policy, Management and Budget.	fiscal year 2007
Controls Over Leases	The Office of the Chief Financial Officer (OCFO) revised its procedures to ensure that IA lease transactions are properly recorded, classified, accounted for, and disclosed in accordance with federal financial accounting standards. The OCFO Office of Financial Management (OFM) performs a separate <i>Determination of Capital Versus Operating Lease</i> spreadsheet to ensure that the leases are being accounted for in accordance with the provisions of the Statement of Financial Accounting Standards (SFAS) 13, Statement of Federal Financial Accounting Standards (SFFAS) 5, OMB Circular A-136, and the Department. An internal training course has been developed and completed by OFM and OCFO Office of Acquisition and Property Management (OAPM) staff responsible for awarding and accounting for lease transactions. OFM and OAPM management are tasked to review the operating lease spreadsheet monthly during the third and fourth quarters to ensure that all leases have been recorded and accounted for properly.	fiscal year 2007
Federal Financial Management Improvement Act of 1996 (FFMIA)	The FFMIA noncompliance finding summarizes the identified audit deficiencies which resulted in IA's financial management systems not substantially complying with applicable federal accounting standards. IA addressed deficiencies in its lease accounting, accounts receivables and deferred revenue processes, and in its deferred maintenance and performance measures reporting.	fiscal year 2007



F. Freeman



Section II: Performance

Overview

The Performance Section summarizes the results of the IA annual Performance Management program. As required under GPRA, this program defines and tracks targeted and actual program performance goals through a set of program performance measures.

This section of the IA PAR presents a comparison of these goals (or targets) to actual or estimated program data, and describes the extent to which programs met, exceeded, or did not meet these goals. Measures are organized by their outcome goals as reported in the Department's Strategic Plan. As outlined in the Department's PAR guidance, a target has been "Met" when the final or estimated data indicates performance at or within (either above or below) 5% of the target. IA currently estimates that it has met or exceeded 49% (35 out of 72) of its performance measures during fiscal year 2007. These numbers show a definite improvement in a number of performance areas, and much of that improvement can be traced to the following factors:

- Use of annual PSRs and the OMB PART has helped to identify program accomplishments, challenges, and plan programs' corrective actions.
- Implementation of the Activity Based Costing/ Management (ABC/M) program has provided data needed to measure efficiency in each program area. This also places IA in a position of achieving its goal of integrating performance and budget.
- The PMA considers established government-wide performance criteria by which the progress of IA management functions (Finance, Human Resources, Budget, Asset Management, and so forth) is measured. IA's performance in each PMA initiative is discussed in Section I: Management's Discussion and Analysis.





Section II: Performance

Validation and Verification of Data

Performance data provides managers with the necessary tools and means to assess progress towards meeting annual and long-term goals.

The analysis of the performance data coupled with total costs also enables managers to make informed business decisions in the areas of budget formulation and resource allocation.

GPRA requires agencies to certify the completeness and reliability of performance data, and describes the means by which performance data is validated and verified. Additionally, OMB Circular A-11 requires that the means used must be credible to support the accuracy and reliability of the performance information that is collected and reported.

IA programs are responsible for the timely collection, verification, and reporting of performance data for use in quarterly performance reports to profile our efforts toward Strategic Plan goal attainment for the year, for use in the Department's Strategic Plan, the Department and bureau PARs, PART reviews, and operational measures. It is therefore incumbent upon each responsible program office to ensure their performance data is validated, verified, and reported in a timely manner.

Over the last several years, the Department took several actions to improve compliance with these requirements and to ensure the quality of our performance data. These actions included:

- In January 2003, the Department issued a memorandum on Performance Data Credibility and included a Data V&V Assessment Matrix to be implemented Department-wide.
- In fiscal year 2006, a team of Grant Thornton consultants reported on each bureau's efforts to comply with the Department's V&V standards, and included recommendations to help each bureau fulfill those standards.
- In fiscal year 2007, bureaus and offices were required to provide certification to the Deputy Assistant Secretary for Performance, Accountability and Human Resources that they are adequately implementing the data V&V standards prescribed in the Department's 2003 memorandum.

Additionally, IA made great strides in implementing the Department's V&V standards, as well as stabilized performance measures, and educated programs on the importance of providing accurate and reliable data. IA made these improvements through a variety of means, including:

- Facilitated numerous and extensive meetings, conferences, and training to IA program staff and executives on GPRA, budget and performance integration, ABC, and the use of DOI's V&V Matrix to ensure performance data credibility.



Validation and Verification of Data

- Developed and distributed memoranda, Standard Operating Procedures, and other communications clarifying roles, responsibilities, and internal processes for data collection, conducting data V&V, ensuring adequate support for data being reported, and reporting timelines.
- Required review and certification of data at several levels within IA from the field through the Central Office to ensure the validity of the performance information reported, including written certification from program executives.
- Tied performance measures and certification of data to executive performance plans.
- Implemented corrective actions in response to two audit recommendations regarding performance

management in the *Independent Auditors' Report on the Indian Affairs Financial Statements for Fiscal Years 2006 and 2005*.

- Conducted an ICR during fiscal year 2007 on GPRA and assessed risk areas and corrective actions relative to internal data collection and reporting processes, and data credibility and reliability.

IA continues its efforts to ensure the credibility of performance data in order to provide valid program results and demonstrate accountability within the Department as well as to the public.





Section II: Performance

Performance Measure Results

To better communicate the results of our performance measures, the following table defines each measure, shows actual performance in fiscal years 2005 and 2006, indicates the target or goal for fiscal year 2007 (“Fiscal Year 2007 Plan”), and shows actual performance for fiscal year 2007.

Because IA tracks and consolidates a wide variety of data, it is not always possible to collect and report complete data in time to meet PAR publishing deadlines. Therefore, in some cases fiscal year 2007 actual data may be estimated through the remainder of the fiscal year and is noted with an “(e)”. At the beginning of the fiscal year, each program office established appropriate methodologies for computing their estimates, which were reviewed with the IA Office of PPA and IA management.

Additionally, IA reviews its measures annually for planning and reporting purposes and in some cases, measure wording, definitions and/or means of calculation have been modified, removed, or a new measure developed altogether. When a measure is modified or a new measure is added, this often requires different or new data to be collected and reported, resulting in the need to establish a baseline to measure results over time. In cases where “establish baseline” has been indicated for fiscal year 2007 targets, we have indicated the Measure Status as “N/A.” The “Comments” field provides an explanation of the measure results.



Performance Measure Results

IA Individual Performance Measures

Resource Protection: Outcome Goal 3—Protect Cultural and Natural Heritage Resources

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✓	Percent of collections in DOI inventory in good condition (i.e., maintained according to DOI museum property management collection standards). SP Comment: This estimate assumes a continued modest increase of 1 to 2 percentage points of improvement in the 3rd & 4th quarters of fiscal year 2007 for condition assessments. It should be noted that only one person is dedicated (and funded) for performing inventory of DOI museum property. In the regions, this inventory function is a collateral duty that is not tracked.	22%	34%	35%	35% (e)
✓	Percent of archaeological sites on DOI inventory in good condition. SP Comment: Baseline was established in fiscal year 2006. Estimate is based on the assumption that the 90% target for fiscal year 2007 is realistic and within range of the 88% actual performance for fiscal year 2006. Funding is not provided for archaeological assessments; archeological sites are added to the DOI inventory when the environmental assessments are conducted.	UNK	88%	90%	90% (e)

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
✱	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Resource Protection: Outcome Goal 3– Protect Cultural and Natural Heritage Resources
(continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
N/A	Percent of historic structures on DOI inventory in good condition. SP Comment: Fiscal year 2006 was originally intended as the baseline year. However, in fiscal years 2006/2007, the Heritage Asset Partnership (HAP) committee revised the measure to require a two-year baseline process. Therefore, data will not be available until mid-October 2007 and the program is unable to provide an estimate due to the need to establish a baseline first. Funding is not provided for this function and it is performed as a collateral duty.	UNK	Establish Baseline	Establish Baseline	TBD

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
✱	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 1—Improve Protection of Lives, Resources, and Property

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
N/A	<p>Percent of incidents/investigations closed for Part I, Part II and natural, cultural and heritage resources offenses. SP</p> <p>Comment: Measure template has been re-stated for fiscal year 2007 and requires establishment of new baseline. Fiscal year 2007 estimate is based on two quarters of fiscal year 2007 data.</p>	UNK	UNK	Establish Baseline	45% (e)
N/A	<p>Percent change in PART I offenses that occur on DOI lands or under DOI jurisdiction. SP</p> <p>Comment: The fiscal year 2007 estimate is an extrapolation of the total Part I offenses in the 1st two quarters (assumes the level of offenses in the 3rd and 4th quarters of fiscal year 2007 will occur at the same rate as 3rd and 4th quarters of fiscal year 2006 due to seasonal patterns in crime).</p>	UNK	UNK	Establish Baseline	-16% (e)
N/A	<p>Percent change in PART II offenses (excluding natural, cultural and heritage resource crimes) that occur on DOI lands or under DOI jurisdiction. SP</p> <p>Comment: The fiscal year 2007 estimate is an extrapolation of the total Part II offenses in the 1st two quarters (assumes the level of offenses in the 3rd and 4th quarters of fiscal year 2007 will occur at the same rate as 3rd and 4th quarters of fiscal year 2006 due to seasonal patterns in crime).</p>	UNK	UNK	Establish Baseline	-17% (e)

- ✓ Target Met
 - ✗ Target Not Met
 - * Target Exceeded
 - N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
 - EFF** Efficiency Measure
 - PART** Part Measure
 - SP** Strategic Plan Measure
 - UNK** Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 1—Improve Protection of Lives, Resources, and Property
(continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
N/A	Percent change of natural, cultural and heritage resource crimes that occur on DOI lands or under DOI jurisdiction. SP Comment: The fiscal year 2007 estimate is an extrapolation of the total Cultural Resource offenses in the 1st two quarters (assumes the level of offenses in the 3rd and 4th quarters of fiscal year 2007 will occur at the same rate as 3rd and 4th quarters of fiscal year 2006 due to seasonal patterns in crime).	UNK	UNK	Establish Baseline	40% (e)
N/A	Percentage of reported cases during the year that are closed by the end of the reporting year. PART EFF Comment: This calculation is based on the strategic measures: Percent of incidents/investigations closed for Part I, Part II and natural, cultural and heritage resources offenses. The fiscal year 2007 estimate is mid way between fiscal year 2007 Q2 and fiscal year 2008 target, and is consistent with fiscal year 2006 actual.	UNK	43%	Establish Baseline	55% (e)
✓	Percentage of BIA field agency law enforcement programs that participate in community policing. PART Comment: The fiscal year 2007 estimate assumes an extrapolation of the four percentage point increase from Q1 to Q2 through the last quarters of fiscal year 2007. This is consistent with the fiscal year 2007 target.	30%	58%	70%	70% (e)

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
- SP** Strategic Plan Measure
- UNK** Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 1—Improve Protection of Lives, Resources, and Property (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
* (Target Exceeded)	Percent of BIA/tribal law enforcement agencies on par with recommended national ratio of staffing. PART Comment: The fiscal year 2007 estimate is based on hiring factors that show most hiring within available funding has already been done for the year and is not expected to rise much more under 3rd and 4th quarter due to streamlined background procedures and an increase in staffing numbers reported by tribal agencies operated under contract, and is not expected to be repeated.	UNK	36%	38%	50% (e)
X (Target Not Met)	Percent of total annual allowable harvest offered for sale. SP and PART Comment: The fiscal year 2006 Actual has been corrected to 72% based on a mathematical error (74% was the estimated number as presented in the fiscal year 2006 PAR). The program does not expect to meet its fiscal year 2007 target as only 45% was offered for sale in fiscal year 2007 Q1-Q3, and reduced performance was expected in Q4. While harvesting is traditionally more active in the last half of the fiscal year, it is affected by the fire season as staff is diverted to assist with forest fires. The reduction in performance is based upon a level V fire season in fiscal year 2007 which diverted resources.	81%	72%	80%	62% (e)

✓	Target Met	BUR	Bureau-specific Measure
X	Target Not Met	EFF	Efficiency Measure
*	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 3—Fulfill Indian Fiduciary Trust Responsibilities

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	Percent of annual allowable cut offered for sale. PART Comment: This measure is equivalent to the Strategic Plan measure and discussions are underway with DOI and OMB to remove this measure.	81%	72%	80%	62% (e)
✗	Percentage of annual allowable cut harvested. PART Comment: The program does not expect to meet its target. While harvesting is traditionally more active in the last half of the fiscal year, it is affected by the fire season as staff is diverted to assist with forest fires. The reduction in Q3 performance and the subsequent reduction in Q4 expected performance is based upon a level V fire season in fiscal year 2007 as well as a decrease in the demand for housing materials.	74%	74%	78%	62% (e)
✓	Percent of total acres of agricultural and grazing land that have resource management plans completed. SP and PART Comment: Based upon fiscal year 2007 performance during Q1-Q3, the program expects to meet its target.	14%	20%	25%	25% (e)



Target Met



Target Not Met



Target Exceeded

N/A

Long-term targets are inappropriate to determine at this time.

BUR

Bureau-specific Measure

EFF

Efficiency Measure

PART

Part Measure

SP

Strategic Plan Measure

UNK

Prior Year Data Unavailable





Performance Measure Results

Serving Communities: Outcome Goal 3—Fulfill Indian Fiduciary Trust Responsibilities
(continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
N/A	Percent of agricultural and range acres leased where lease proceeds exceed administrative cost of the leased-acres base. SP, PART and EFF Comment: This measure has been re-defined for fiscal year 2007 and therefore has to be re-baselined. The fiscal year 2007 estimate is based on Q2 actual data only, which was 55%. Partial data was provided in fiscal year 2006 per the measure definition requirements at that time.	UNK	68,022	Establish Baseline	55% (e)
✗	Percent of estates closed. SP and PART Comment: The measure name and definition were changed during fiscal year 2007 as a result of the Department's fiscal year 2007-2012 strategic planning efforts. As a result, the program was directed to assess performance for this measure using both the old and new definitions. Under the old measurement definition, the program exceeded its target. However, the program was unable to meet the 100% target based upon the new definition. The reporting period for this measure is different than that of a fiscal year, and is dictated by 25 CFR 15 and 43 CFR 4, which state that interested parties have 60 days to challenge the distribution of estate assets. The Department cannot distribute estate assets until the appeals period has expired and any appeals have been resolved. 25 CFR 15 places a further 15 day waiting period to ensure that any appeals post-marked on the 60th day of the appeals period have a reasonable chance to be delivered to a DOI office.	UNK	58.4%	100%	89%

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
- SP** Strategic Plan Measure
- UNK** Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 3—Fulfill Indian Fiduciary Trust Responsibilities
(continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
* (Target Exceeded)	Percent of backlog cases closed during the reporting year. PART Comment: The method of calculation changed for this measure in 2007 as a result of the Department’s fiscal year 2007-2012 strategic planning efforts. The program exceeded its target, in part because of the calculation change, and due to the fact that cases that are on hold to pay claims or are subject to legal restrictions on closing are considered closed until the claims or other restrictions have been resolved; there are 99 such cases currently. Resolution of the backlog is expected to be completed in fiscal year 2009.	UNK	55%	38%	52%
✓ (Target Met)	Percentage of dams that are rated in fair or better condition as measured by the FCI. PART Comment: The rate of performance reported in Q3 of fiscal year 2007 was adjusted to correct for duplicate counting, which occurred due to a misunderstanding in the field of reporting procedures. The program is conducting a review of submissions to ensure accurate reporting for Q4 of fiscal year 2007 and final performance results.	38%	42%	39%	39% (e)
✓ (Target Met)	Annual percentage improvement in the mean Dam Facility Reliability Rating. PART Comment: The fiscal year 2007 estimate is based on a continuing 1% decline in the Facility Reliability Rating (FRR) during Q3 and Q4 which is consistent with the 1% decline between Q1 and Q2. The cumulative numbers are in parenthesis.	6% (61%)	3% (64.2%)	2% (65%)	(63.60%)(e)

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
- SP** Strategic Plan Measure
- UNK** Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 3—Fulfill Indian Fiduciary Trust Responsibilities (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	<p>Percent of final construction contracts completed during the reporting year where amounts are within 17% of the initial contract award amount. PART EFF</p> <p>Comment: Based on fiscal year 2007 Q3 reports, one out of two scheduled projects is now under construction and will likely be completed this fiscal year.</p>	100%	100%	100%	50% (e)
✓	<p>Percentage of irrigation projects that have been reviewed during the reporting year and found to be in compliance with regulations. PART</p> <p>Comment: The fiscal year 2007 estimate is based on limited data available—only 2 projects reviewed thus far, one of which was in compliance. In fiscal year 2006, 2 out of 15 projects reviewed were found to be in compliance.</p>	UNK	13%	50%	50% (e)
✓	<p>Percent of irrigation projects with identified non-compliance issues for which corrective action plans have been established. PART</p> <p>Comment: The program met its fiscal year 2007 target, with five out of 15 projects having corrective actions plans.</p>	31%	31%	33%	33%

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
✱	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 3—Fulfill Indian Fiduciary Trust Responsibilities
(continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	Percent of revenue generating irrigation projects for which comprehensive condition assessments have been completed annually. PART Comment: The target was not met because only three condition assessments out of 15 were completed this year. This is because the program received a funding cut from fiscal year 2006 to fiscal year 2007 due to the continuing resolution, and the planned number of assessments was subsequently reduced by one.	7%	7%	40%	20%
✳	Percentage of maintenance projects that are completed within established timeframes. PART EFF Comment: The measure was created in 2006 so this is the first official year for data collection on this measure. The fiscal year 2007 estimate is based on an average percentage of projects completed within specific timeframes during fiscal year 2007 Q1-Q2. The program believes that the target will be exceeded due to better reporting, including more comprehensive data collection.	UNK	UNK	45%	61% (e)
✓	Percentage of acres on forested reservations that have a forest management plan or IRMP with forest management provisions. PART Comment: Based on fiscal year 2007 Q1-Q3 data, the target is expected to be met.	85%	85%	89%	89% (e)

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
✳	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 3—Fulfill Indian Fiduciary Trust Responsibilities
(continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✓	Percentage of forested reservations covered by forest management plans. PART Comment: The fiscal year 2007 estimate assumes a continuing 1% quarterly increase in number of reservations covered by plans. The program expects to meet its target.	37%	42%	44%	44% (e)
N/A	Administrative cost per thousand board feet of commercial timber under management. PART EFF Comment: The fiscal year 2007 estimate assumes that the Q1-Q2 pattern will continue throughout the year.	UNK	UNK	Establish Baseline	\$1.060 per mbf (e)
✱	Percent of Indian tribes that request assistance in the development of water quality standards and comprehensive planning for efficient utilization of their water. PART Comment: Through Q1-Q3 of fiscal year 2007, 154 out of the 220 tribes have requested assistance from BIA. Projecting out the Q3 rate of requests, the program estimates it will exceed the target.	50%	55%	60%	69% (e)
✓	Percent of milestones completed that are necessary to advance Indian water rights negotiations to meet court and other mandatory schedules. PART Comment: Based upon Q1-Q3 actual data and Q4 partial data, the program estimates that it will meet its target.	100%	UNK	100%	99% (e)

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
✱	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 3—Fulfill Indian Fiduciary Trust Responsibilities
(continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✓	Percent of milestones completed that are necessary to meet all court schedules in Indian water rights litigation cases. PART Comment: Based upon Q1-Q3 fiscal year 2007 data, the program expects to meet its target. It is assumed that the remaining 39% of milestones will be met by end of year. The region reported that the output thus far has been low, primarily due the fact that the fiscal year 2007 water program funds have not been available. Funds were made available, however, by mid April 2007.	77%	UNK	100%	100% (e)
N/A	Percent of habitat acres in the Midwest Region that have been restored/enhanced within the reporting year. PART Comment: The program started in 2002, but the measure itself was created during the PART review in 2006. fiscal year 2007 is the baseline year for this measure and therefore, there is no estimate available. Data is currently being collected by participating tribes.	UNK	UNK	Establish Baseline	TBD
✓	Average cost per hatchery fish produced. PART EFF Comment: The program expects to meet its goal. The fiscal year 2007 estimate is based on fiscal year 2007 Q1-Q3 actual data and partial data (to date) for Q4.	3.02 cents per fish	UNK	3 – 3.5 cents per fish	3.67 cents per fish (e)

- ✓ Target Met
 - ✗ Target Not Met
 - * Target Exceeded
 - N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
 - EFF** Efficiency Measure
 - PART** Part Measure
 - SP** Strategic Plan Measure
 - UNK** Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 3—Fulfill Indian Fiduciary Trust Responsibilities (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
N/A	Percent of tribes in the Midwest Region that have restored/enhanced habitat acres by the end of the reporting year. PART Comment: The program started in 2002, but the measure itself was created during the PART review in 2006. The target of 48% was set in the PART Web system based on 2005 data, but 2007 is really the baseline year for this measure. Therefore, there is no estimate available and data is currently being collected by participating tribes.	38%	UNK	48%	TBD
*	Percent of tribes that have completed resource management plans. PART Comment: The fiscal year 2007 estimate is based on the assumption that at least two additional tribes will be able to complete plans in Q3-Q4 and that Trust Services was funded to expected levels in the current fiscal year.	64%	UNK	74%	82% (e)
N/A	Percent of title encumbrances requested during the reporting year that are completed by the end of the reporting year. PART Comment: The fiscal year 2007 estimate is based on a cumulative percentage completed during the 1st two quarters.	UNK	UNK	Establish Baseline	97% (e)
*	Percent of eligible trust land acres that are under lease for agricultural use. PART Comment: Based upon Q1-Q3 fiscal year 2007 data, the program expects to exceed its target. This is largely due to improved data collection and reporting efforts.	73%	UNK	74%	85% (e)

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
- SP** Strategic Plan Measure
- UNK** Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	<p>Percent of BIE funded schools achieving Adequate Yearly Progress (AYP). SP</p> <p>Comment: While we are proud of our progress in this area, AYP falls short of the fiscal year 2007 target due in part to a court-imposed freeze on hiring, and to infrastructure problems. To improve progress toward AYP for fiscal year 2008, BIE has designated 14 schools as “Focus Schools” to improve reading, which has the most significant impact on improving overall AYP scores. Note that the data being used is for school year 2005 – 2006, the most recent data available. Data related to schools and education is always reported a year behind given the state’s evaluation and reporting process. Additionally, AYP is measured based on 172 BIE academic programs, not the number of schools.</p>	30%	30%	34%	30%
✓	<p>Eliminate 100% of excess academic space from inventory as of September 2004 (or 300,000 square feet per year). PART</p> <p>Comment: The OMB requested that reporting be on actual square feet of excess space that is eliminated annually against the September 2004 inventory of 2,224,249 sq. ft. The estimate is based upon actual prior year performance and elimination of the September 2004 inventory by 2012.</p>	310,997 sq. ft.	304,473 sq. ft.	300,000 sq. ft.	300,000 sq. ft. (e)

<p>✓ Target Met</p> <p>✗ Target Not Met</p> <p>* Target Exceeded</p> <p>N/A Long-term targets are inappropriate to determine at this time.</p>	<p>BUR Bureau-specific Measure</p> <p>EFF Efficiency Measure</p> <p>PART Part Measure</p> <p>SP Strategic Plan Measure</p> <p>UNK Prior Year Data Unavailable</p>
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Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✓	Percentage of schools with students' scores improving in reading and/or math within one year of construction or major renovation or repair. PART Comment: Since this is a new PART measure, the baseline is established for fiscal year 2007 using the 2005-2006 school report cards. The baseline established was 50% and this target has been met. Data related to schools and education is always reported a year behind given the state's evaluation and reporting process. The 2005-2006 report cards, which were received June 2007, showed that 8 out of 16 schools had improved reading and/or math scores after one year of occupancy in new schools.	UNK	UNK	50%	50%
✓	Percentage of replacement schools and major improvement and repair projects constructed within 2 years of commencement of the project. PART EFF Comment: This is a revised PART measure; therefore, 2005 and 2006 actuals were reported using the Facility Management Information System (FMIS) database. The fiscal year 2007 target has been met due to better program management.	50%	0%	53%	53%
N/A	Percent of ceiling based upon appropriated funds that are obligated by the end of the fiscal year. PART Comment: No data is available as this is the baseline year and data is reported annually.	UNK	UNK	Establish Baseline	TBD

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
- SP** Strategic Plan Measure
- UNK** Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	<p>Percent of tribal courts with unacceptable ratings that were provided with detailed corrective action plans. PART</p> <p>Comment: The program was reorganized in fiscal year 2007 and planned reviews were reduced. Based on the shortened timeline due to funding availability, the program expects to fully complete 1 of the 2 necessary action plans.</p>	UNK	UNK	85%	50% (e)
✱	<p>Crime: PART I violent crime incidents per 100,000 Indian Country inhabitants receiving law enforcement services. SP and PART</p> <p>Comment: The program expects to exceed its target (lower number of incidents is good). The fiscal year 2007 estimate was based upon trend data from fiscal year 2006 for violent crime offenses, and applying those increase/decrease trends for that data to the violent offense data reported for the first and second quarters of fiscal year 2007. The fiscal year 2007 estimate assumes that the level of incidents in the Q3-Q4 of fiscal year 2007 will parallel the crime rate in the Q3-Q4 of fiscal year 2006.</p>	UNK	492	492	374 (e)

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
✱	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	<p>Percent of BIE school facilities in acceptable condition as measured by the Facilities Condition Index (lower FCI number is good). SP and PART</p> <p>Comment: The Fiscal Year 2007 Plan number reflects the information contained in the DOI ABC/M system, the official source of performance information for DOI. The fiscal year 2007 target for school construction originally classified school condition based upon the year the funds were obligated. However, the Department revised the method of classifying school condition based upon the year in which a school was ready for occupancy. Based upon Q1-Q4 actual performance against an internal revised target of 37%, the program met its target. However, due to the published (original) target of 51%, the program reports goal not met.</p>	37%	35%	51%	38%
✓	<p>Percent of teachers that are highly qualified in select subject areas. SP and PART</p> <p>Comment: Most BIE data are reported on a school year, not a fiscal year. The 2006 - 2007 school year just completed in June 2007; therefore, currently available data are from the 2005 – 2006 school year. During school year 2005-2006, the BIE employed 3,227 teachers; of the 3,227 teachers, 3,019 (94%) met the highly qualified teacher provisions of the “No Child Left Behind Act.” The results above indicate that the target was met.</p>	UNK	95%	94%	94%

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
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Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	<p>Percent of BIE schools not making AYP that improve in reading. SP</p> <p>Comment: The program fell just short of meeting its target due to hiring and infrastructure issues. To improve performance for fiscal year 2008, BIE has designated 14 schools as “Focus Schools” to improve reading. Note that the data being used is for school year 2005 – 2006, the most recent data available. Data related to schools and education is always reported a year behind given the state’s evaluation and reporting process.</p>	UNK	18%	21%	20%
✓	<p>Percent of BIE schools not making AYP that improved in math. SP</p> <p>Comment: The program met its fiscal year 2007 target. Note that the data being used is for school year 2005 – 2006, the most recent data available. Data related to schools and education is always reported a year behind given the state’s evaluation and reporting process.</p>	UNK	23%	27%	27%

<p>✓ Target Met</p> <p>✗ Target Not Met</p> <p>* Target Exceeded</p> <p>N/A Long-term targets are inappropriate to determine at this time.</p>	<p>BUR Bureau-specific Measure</p> <p>EFF Efficiency Measure</p> <p>PART Part Measure</p> <p>SP Strategic Plan Measure</p> <p>UNK Prior Year Data Unavailable</p>
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Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	<p>Tribal Courts: Percent of BIA-funded tribal judicial systems receiving an acceptable rating under independent tribal judicial system reviews. SP and PART</p> <p>Comment: Baseline was established in fiscal year 2006. The target is not expected to be met because the program expects to complete only two reviews this year due to delays in funding and in the contracting process. There are a total of 156 funded tribal courts that are reviewed. There were 23 acceptable reviews in fiscal year 2006 and two anticipated reviews in fiscal year 2007 that OJS hopes to have acceptable ratings for. Therefore, $25 / 156 = 16\%$. In previous years, the total population equaled the number of courts reviewed in that year. This was changed to equal the total number of courts. The program incorrectly reported in the Fiscal Year 2006 PAR that 24 reviews were performed and all 24 received acceptable ratings.</p>	16%	15%	27%	16% (e)
✱	<p>Detention: Percent of law enforcement facilities that are in acceptable condition as measured by the Facilities Condition Index (lower FCI number is good). SP</p> <p>Comment: The program has exceeded its target; 32 out of 50 law enforcement facilities were found to be in acceptable condition. Backlogged orders were filled quicker than anticipated and facilities were in better condition than anticipated. Additionally, more accurate data are being recorded and funds are targeted to those facilities with the greatest need, as indicated by the FCI.</p>	49%	51%	55%	64%

<p>✓ Target Met</p> <p>✗ Target Not Met</p> <p>✱ Target Exceeded</p> <p>N/A Long-term targets are inappropriate to determine at this time.</p>	<p>BUR Bureau-specific Measure</p> <p>EFF Efficiency Measure</p> <p>PART Part Measure</p> <p>SP Strategic Plan Measure</p> <p>UNK Prior Year Data Unavailable</p>
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Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
N/A	<p>Percent of miles of road in acceptable condition based on the Service Level Index. SP and PART</p> <p>Comment: Recent changes in the measurement scale from 5 service levels to 3 were made to make the scale consistent with the Department’s Facilities Condition Index, which would make fiscal year 2007 the baseline year for this measure. Any changes in performance information during this scale change may not reflect true changes in road conditions. There are ongoing discussions and review by the Department and the bureau as to why the service level was changed for this measure, which may impact future calculations and performance results.</p>	UNK	UNK	Establish Baseline	TBD
*	<p>Percent of bridges in acceptable condition based on the Service Level Index. SP and PART</p> <p>Comment: BIA bridges are inspected every 2 years for structural deficiencies in compliance with Title 23 statute requirements. The program expects to exceed the target based on fiscal year 2007 Q1-Q3 data. This is due to the program receiving approximately \$42 million over the last two fiscal years. This funding has helped to pay for the rehabilitation or replacement of bridges in the BIA inventory, which has resulted in overall condition improvements not originally anticipated when the target was established.</p>	52%	62%	44%	55% (e)

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
*	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✓	<p>Percentage of active supervised IIM case records reviewed in accordance with 25 CFR Part 115.427. PART</p> <p>Comment: The target for fiscal year 2007 is expected to be met. Human Services has dedicated staff specifically to manage the review of Individual Indian Money Accounts at regions where the largest caseloads exist.</p>	77%	89%	95%	90% (e)
N/A	<p>Percent of Indian Child Welfare Act notices processed within 15 days of receipt. PART EFF</p> <p>Comment: During the PART assessment, this measure was modified from being only an operational measure to being a PART measure, and the processing time was changed from 10 days to 15 days to align with legal requirements. This change resulted in the need to re-establish a baseline for reporting purposes. Management is aware of past problems with reporting on this measure and is currently establishing a central location with dedicated manpower to process Indian Child Welfare Act Notifications which will improve process flow. These initiatives combined with IA's ongoing efforts to enhance the tools and resources available to programs will lead to improvements in performance within Human Services.</p>	UNK	UNK	Establish Baseline	80% (e)

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
✳	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	Percent of recipients that complete the goals identified in the Individual Self-Sufficiency Plans (ISP). PART Comment: Based upon Q1-Q3 data, the target for fiscal year 2007 will not be met. Strategies are being developed to increase understanding at regional levels and improve the standardization of reporting requirements.	UNK	88%	80%	45% (e)
N/A	Percent of students in BIE operated colleges that graduate within time frames that are consistent with colleges operating in similar socio-economic conditions. PART EFF Comment: Estimate cannot be provided until year end data are available. Measure validation/definition issues surfaced during the baseline year such as varying outcomes (certificates, 2-year degrees, and 4-year degrees), and comparison criteria for socio-economic conditions. These issues must be resolved prior to reporting.	UNK	UNK	Establish Baseline	TBD
N/A	Classroom activities: cost per student. PART EFF Comment: The fiscal year 2007 estimate assumes a 7% decline from fiscal year 2006 actuals based on continued higher enrollment coupled with level resources. However, the lower cost per student does not imply increased classroom efficiency. Prior year data was extracted from historical files based on ABC information and actual expenditures. Unlike several other education-related measures, this measure is reported as of a fiscal year, not as of a school year.	\$5,343	\$4,285	Establish Baseline	\$3,985 (e)

- ✓ Target Met
 - ✗ Target Not Met
 - * Target Exceeded
 - N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
 - EFF** Efficiency Measure
 - PART** Part Measure
 - SP** Strategic Plan Measure
 - UNK** Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✗	<p>Percentage of projects started in year of appropriation (Replacement, New Facility, and Major Improvement and Repair). PART EFF</p> <p>Comment: The major percentage increase between fiscal year 2006 actuals and the Fiscal Year 2007 Plan is because of more efficient contract management approaches, establishment of a new standard design prototype, and better contract cost estimates, which eliminates the need to re-scope and re-bid contracts. However, the fiscal year 2007 target will not be met because of a funding shortfall which led to shifting of resources to other projects. This resulted in delaying the start of planned projects; only 2 out of 3 projects were started this fiscal year.</p>	UNK	20%	43%	29%
✗	<p>Percent of participants (youths) that record a positive exit from the Jobs Placement and Training Program. PART</p> <p>Comment: The fiscal year 2007 target will not be met because complete data input from tribal contracts is lacking.</p>	UNK	UNK	30%	25% (e)
✗	<p>Percentage of participants (youths) that attain improved numeracy skills. PART</p> <p>Comment: Estimate is the mid point between the fiscal year 2005 actual and the fiscal year 2007 target. The target is not expected to be met because the program is unable to receive complete performance measure data from contracted 638 tribes.</p>	27%	UNK	35%	31% (e)

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
✳	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable





Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✓	Percentage of participants that attain improved literacy skills. PART Comment: The target is expected to be met. The estimate is based on taking the average of fiscal year 2004 actual, fiscal year 2006 actual, and fiscal year 2007 target. Only partial data is provided in fiscal year 2006.	UNK	20%	25%	24% (e)
N/A	Cost per individual receiving job placement services. PART EFF Comment: The fiscal year 2007 estimate is based on the fiscal year 2006 estimate of 8,969 program participants divided into the \$1,736,410-- reflected as job placement costs in the ABC system. 4.5% was added to the estimate to reflect cost of living increase in fiscal year 2007.	UNK	UNK	Establish Baseline	\$201 (e)
✗	Cost per job achieved [Lower number is good. Cost includes transportation, tools and maintenance until first paycheck is received]. PART EFF Comment: The program does not expect to meet its target. The estimate reflects an average of 2004, 2005, and 2006 historical information. However, Temporary Assistance to Needy Families (TANF) and General Assistance (GA) cash assistance recipients experience numerous barriers to employment.	\$2,190	\$2,117	\$1,900	\$2,333 (e)

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
- SP** Strategic Plan Measure
- UNK** Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✓	Maintain loss rates on DOI guaranteed and insured loans of less than 4%. PART EFF Comment: The program expects to meet the target (anything less than 4% = target met). The fiscal year 2007 estimate is based on historical data.	2.00%	2.00%	4.00%	2.00% (e)
✗	Percent of construction schedules met within the established project timeframe. PART EFF Comment: Estimated target for fiscal year 2007 will not be met. The baseline was established in fiscal year 2006 and there were delays in allocations of Fiscal Year 2007 Housing Improvement Program funding applied to construction projects. The estimate is mid-way between actual fiscal year 2006 results of 65% and fiscal year 2007 results to date of 34%. The program is not currently funded for fiscal year 2008; therefore remaining funds for fiscal year 2007 will be utilized to complete scheduled projects.	UNK	65%	70%	50% (e)
*	Percent of funding going to actual construction or repair of housing. PART and EFF Comment: Estimated target for fiscal year 2007 will be exceeded. Baseline was established in fiscal year 2006. There were some delays in applying funding due to delays in Environmental Protection Agency (EPA) and archaeological clearances. The percentage of funds going to construction and repairs gradually increased to 75%, however, as appropriated money became dedicated to construction projects.	UNK	62%	65%	75% (e)

✓	Target Met	BUR	Bureau-specific Measure
✗	Target Not Met	EFF	Efficiency Measure
*	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
N/A	<p>Cost per mile of roads constructed and maintained [index weighted by the number of roads constructed and maintained]. PART and EFF</p> <p>Comment: This is a new PART efficiency measure that originated in 2006. IA is in the process of requesting a change of measure to accurately reflect the scope of BIA responsibilities in this area. Results of the independent program review currently performed by FHWA will provide a better assessment tool to enhance program efficiency and to establish more reliable measures. The proposed measure will be confined to road maintenance performed on BIA-owned roads, thus it is within the scope of BIA responsibilities. The fiscal year 2007 estimate is based on prior dollars spend on construction and maintenance, the number of road miles covered by BIA, and a 4% cost of living adjustment.</p>	UNK	UNK	Establish Baseline	\$2,503 (e)
✓	<p>Percent of BIE funded schools with average daily attendance rates of 92% or higher for grades K-8. PART</p> <p>Comment: The fiscal year 2007 estimate is consistent with fiscal year 2006 actual data and fiscal year 2007 and fiscal year 2008 targets. Note that the data being used is for school year 2005 – 2006, the most recent data available. Data related to schools and education is always reported a year behind given the state’s evaluation and reporting process.</p>	91%	90%	91%	92% (e)

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
- SP** Strategic Plan Measure
- UNK** Prior Year Data Unavailable



Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
* (Target Exceeded)	Percent of 3rd grade students in Bureau-funded schools that were tested at the end of the school year and were found to be reading independently. PART Comment: The fiscal year 2007 estimate is based on the median value of 2004, 2005, and 2006 actuals. Note that the data being used is for school year 2005 – 2006, the most recent data available. Data related to schools and education is always reported a year behind given the state’s evaluation and reporting process.	41%	46%	43%	46% (e)
X (Target Not Met)	Annual percent increase in student proficiency in language arts at Bureau-funded schools. PART Comment: The rationale for the fiscal year 2007 estimate is based on a downward trend from fiscal year 2004 through fiscal year 2006. However, the rate of decline has been decreasing, from 10% in fiscal year 2004 through fiscal year 2005 to 6% in fiscal year 2005 through fiscal year 2006. The fiscal year 2007 estimate assumes a 1% - 2% decline from fiscal year 2006 to fiscal year 2007. Note that the data being used is for school year 2005 – 2006, the most recent data available. Data related to schools and education is always reported a year behind given the state’s evaluation and reporting process.	47%	44%	48%	43% (e)

✓	Target Met	BUR	Bureau-specific Measure
X	Target Not Met	EFF	Efficiency Measure
*	Target Exceeded	PART	Part Measure
N/A	Long-term targets are inappropriate to determine at this time.	SP	Strategic Plan Measure
		UNK	Prior Year Data Unavailable



Section II: Performance

Performance Measure Results

Serving Communities: Outcome Goal 4—Advance Quality Communities for Tribes and Alaska Natives (continued)

Measure Status	Measure Name	FY2005 Actual	FY2006 Actual	FY2007 Plan	FY2007 Actual (or Estimate (e))
✓	Annual percent increase in student proficiency in math at BIE-funded schools. PART Comment: The fiscal year 2007 estimate is a conservative estimate based upon prior performance. Note that the data being used is for school year 2005 – 2006, the most recent data available. Data related to schools and education is always reported a year behind given the state’s evaluation and reporting process.	35%	39%	36%	36% (e)
✗	Annual percentage increase in the number of degrees granted by BIE-funded and tribally controlled Junior and Senior College/Universities. PART Comment: The fiscal year 2007 actual shows a 12% decline in the number of degrees granted. This decline is attributed to a decline in total student enrollment.	UNK	39%	2%	-12%
✓	Percent of BIE-funded schools with average daily attendance rates of 92% or higher for grades 9-12. PART Comment: The target was met and is attributed in part to use of an automated attendance system. Continual efforts will be made to move from manual tracking to the automated attendance tracking. Note that the data being used is for school year 2005 – 2006, the most recent data available. Data related to schools and education is always reported a year behind given the state’s evaluation and reporting process.	85%	85%	86%	84%

- ✓ Target Met
- ✗ Target Not Met
- * Target Exceeded
- N/A Long-term targets are inappropriate to determine at this time.
- BUR** Bureau-specific Measure
- EFF** Efficiency Measure
- PART** Part Measure
- SP** Strategic Plan Measure
- UNK** Prior Year Data Unavailable



Section II: Performance

Program Assessment Rating Tool Status

The OMB created the PART to determine the efficiency and effectiveness of government programs—how well they’re designed, planned, and managed, and whether performance results are being achieved.

The PART assessment process was initiated in fiscal year 2002 and has been underway for the past five years. To date, over 950 federal government programs have been assessed through the PART process (see ExpectMore.gov).

The PART questionnaire is divided into four sections: 1) Program Purpose & Design, 2) Strategic Planning, 3) Program Management, and 4) Program Results. Each section is assigned a different weight. Programs that satisfactorily answer all questions can receive a maximum score of 100%. Section 2 - Strategic Planning is a critical component of the PART assessment as it asks if a program has established long term and annual outcome-oriented goals. Although Section 2 is weighted at only 10% of the total score, if a program cannot answer “yes” to the Section 2 questions, then it is forced to answer “no” to Section 4 questions, which ask if the program has achieved results. Section 4 represents 50% of a program’s total score.

There are five categories of possible ratings: Effective, Moderately Effective, Adequate, Ineffective, and Results Not Demonstrated. A rating of “Results Not Demonstrated” is given when programs do not have agreed-upon long and short term performance measures, or lack baselines and performance data.

From fiscal year 2002 to fiscal year 2007, IA has undergone sixteen PART reviews. In fiscal year 2007, OMB rePARTed the programs “School Construction” and “Law Enforcement”. These programs were formerly rated as “Results Not Demonstrated”. The efforts of the OJS, the Office of Facilities, Environmental, and Cultural Resources (OFECRM), the Office of PPA, and the OMB to improve measures, data collection, and consistency in reporting resulted in a rating of “Adequate” for both programs. Additionally, IA requested rePARTs for the programs “Irrigation” and “Tribal Courts” as these programs were able to demonstrate substantial improvement. However, OMB was only able to conduct two rePARTs in fiscal year 2007 due to limited resources.





Program Assessment Rating Tool Status

The following table shows the sixteen IA PARTed programs from fiscal year 2002 through fiscal year 2007. The program reviews are sorted by PART Year. The source for the scores is OMB's ExpectMore.Gov website, and the OMB determinations (ratings) are provided in the last column.

Program Reviewed	PART Year	RePART Year	Purpose & Design (20%)	Strategic Planning (10%)	Program Mgt. (20%)	Program Results (50%)	Final Determination from OMB
Indian Land Consolidation	2002		75	50	70	75	Moderately Effective
School Operations	2002		100	86	72	27	Adequate
Indian Forestry	2003		100	84	97	32	Adequate
School Construction	2002	2004 2007	80	89	75	28	Adequate
Indian Law Enforcement	2003	2007	100	88	100	20	Adequate
Tribal Courts	2003		40	25	0	0	Results Not Demonstrated
Indian Employment & Training – Job Placement	2004		80	100	100	53	Moderately Effective
Tribal Colleges	2004		100	75	78	26	Adequate
Road Maintenance	2004		60	38	57	13	Results Not Demonstrated
BIA Dam Safety and Dam Maintenance	2005		80	100	88	78	Moderately Effective
BIA Housing Improvement Program	2005		40	12	72	27	Results Not Demonstrated
BIA Operation & Maintenance of Irrigation Project	2005		80	12	57	16	Results Not Demonstrated
Economic Development Loan Guarantee	2005		100	62	89	33	Adequate
Human Services	2006		100	88	86	25	Adequate
Natural Resources	2006		100	88	100	26	Adequate
Realty and Trust	2006		80	38	100	20	Results Not Demonstrated

In fiscal year 2007, IA conducted a validation review of all PART measures and documented the rationale to improve programs' strategic planning and results. The review enabled us to align the measures to the programs' missions, improve the validation and verification of measures, eliminate redundancies, and create efficiency measures for PARTed programs. These efforts enabled IA to close the gap in historical information and official reports such as improvement/action plan items and prior year performance data.

IA is increasing its emphasis on program accountability. As such, senior executives currently have PART performance criteria in their fiscal year 2007 performance agreements.



Section III: Financial

A Message from the Chief Financial Officer

In fiscal year 2007, the Independent Auditors issued the tenth consecutive “unqualified opinion” on the financial statements of Indian Affairs. This milestone represents a significant accomplishment for both the programmatic and administrative operations within the IA organization. Our continued commitment to improved financial management is a critical element in supporting IA’s mission related to American Indians and Alaska Natives.

During the past year, we continued to strengthen our financial management organization, recognizing that our people are our most important asset. An increased emphasis was placed on training, both external and internal, related to operational and leadership skills, as well as overall communication within the OCFO. Again, we continued to aggressively pursue all issues identified through internal reviews, including our OMB Circular A-123 internal control reviews, and the annual financial audit. Cross-functional teams were put in place to ensure that all aspects of issues were identified and resolved. Partnering with our regional staffs, we continued to enhance our operating policies and procedures to ensure that sound internal controls are in place and are effective.

This year, we were successful in fully integrating our procurement system with our financial system, further strengthening efficiency and data integrity. A new budget reporting tool was developed to assist all managers with timely access to financial data in a more user-friendly format. We continued our support of the Department’s implementation of its new business management information system, as well as internal workgroups designed to share best practices and resolve common issues across the bureaus.

I continue to be pleased with the ongoing improvements made within IA with respect to financial management within the programmatic and administrative areas. While recognizing that progress requires an ongoing commitment, I am confident that our employees recognize this challenge and remain committed to their part in improving the lives of American Indians and Alaska Natives.

Grayford Payne
Chief Financial Officer - Indian Affairs







Section III: Financial

Financial Statements

This part of the Financial section contains our required Financial Statements and Notes to the Financial Statements. Contents include:

- Consolidated Balance Sheets
- Consolidated Statements of Net Cost
- Consolidated Statements of Changes in Net Position
- Combined Statements of Budgetary Resources
- Notes to the Financial Statements





Section III: Financial

Financial Statements

Indian Affairs Consolidated Balance Sheets as of September 30, 2007 and 2006
(dollars in thousands)

	FY2007	FY2006
ASSETS		
Intragovernmental Assets:		
Fund Balance with Treasury (Note 2)	\$ 1,468,149	\$ 1,527,303
Investments, Net (Note 3)	74,456	69,525
Accounts and Interest Receivable (Note 4)	17,871	6,939
Other:		
Advances and Prepayments	2,824	2,351
Total Intragovernmental Assets	1,563,300	1,606,118
Cash (Note 3)	236	189
Investments, Net (Note 3)	30	1,052
Accounts and Interest Receivable, Net (Note 4)	26,626	31,541
Loans and Interest Receivable, Net (Note 5)	20,635	17,238
General Property, Plant, and Equipment, Net (Note 6)	1,593,537	1,338,650
Other:		
Advances and Prepayments	48,740	77,482
Stewardship Assets (Note 7)		
TOTAL ASSETS (Note 8)	\$ 3,253,104	\$ 3,072,270
LIABILITIES		
Intragovernmental Liabilities:		
Accounts Payable	\$ 8,767	\$ 10,471
Debt (Note 9)	8,329	29,715
Other:		
Accrued Employee Benefits	30,283	30,687
Advances and Deferred Revenue	74,388	90,326
Deposit Funds	186	1,188
Judgment Fund (Note 10)	129,455	119,892
Resources Payable to Treasury (Note 5)	12,743	14,216
Other Miscellaneous Liabilities	84,358	19,819
Total Intragovernmental Liabilities	348,509	316,314
Accounts Payable	59,274	32,136
Loan Guarantee Liability (Note 5)	41,434	92,380
Federal Employees Compensation Act Actuarial Liability	110,565	116,092
Environmental and Disposal Liabilities (Note 10, 11)	39,621	55,096
Other:		
Accrued Payroll and Benefits	16,981	23,160
Unfunded Annual Leave	25,774	25,809
Advances and Deferred Revenue	3,169	4,145
Deposit Funds	15,381	10,665
Contingent Liabilities (Note 10)	16,137	57,790
Other Miscellaneous Liabilities	37,816	1,710
TOTAL LIABILITIES (Note 13)	714,661	735,297
Commitments and Contingencies (Note 10, 11, 12)		
NET POSITION		
Unexpended Appropriations - Earmarked Funds (Note 14)	-	13
Unexpended Appropriations - Other Funds	1,231,396	1,334,894
Cumulative Results of Operations - Earmarked Funds (Note 14)	283,793	281,173
Cumulative Results of Operations - Other Funds	1,023,254	720,893
Total Net Position	2,538,443	2,336,973
TOTAL LIABILITIES AND NET POSITION	\$ 3,253,104	\$ 3,072,270



**Financial Statements**

Indian Affairs Consolidated Statements of Net Cost
for the Fiscal Years ended September 30, 2007 and 2006
(dollars in thousands)

	FY2007	FY2006
MISSION: SERVING COMMUNITIES		
End Outcome Goal: Improve Protection of Lives, Resources, and Property		
Costs	\$ 29,896	\$ 186,680
Less: Earned Revenue	9	4,648
Net Cost	29,887	182,032
End Outcome Goal: Fulfill Indian Fiduciary Trust Responsibilities		
Costs	591,559	530,512
Less: Earned Revenue	107,813	106,776
Net Cost	483,746	423,736
End Outcome Goal: Advance Quality Communities for Tribes and Alaska Natives		
Costs	1,990,278	2,177,609
Less: Earned Revenue	249,272	295,845
Net Cost	1,741,006	1,881,764
TOTAL MISSION: SERVING COMMUNITIES		
Costs	2,611,733	2,894,801
Less: Earned Revenue	357,094	407,269
Net Cost	2,254,639	2,487,532
MISSION: RESOURCE PROTECTION		
End Outcome Goal: Protect Cultural and Natural Heritage Resources		
Costs	802	-
Less: Earned Revenue	-	-
Net Cost	802	-
TOTAL		
Costs	2,612,535	2,894,801
Less: Earned Revenue	357,094	407,269
Net Cost of Operations (Note 15)	\$ 2,255,441	\$ 2,487,532

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



**Financial Statements**

Indian Affairs Consolidated Statements of Changes in Net Position for the Fiscal Years ended September 30, 2007 and 2006
(dollars in thousands)

	FY2007			FY2006		
	Ear- marked (Note 14)	All Other	Consoli- dated	Ear- marked (Note 14)	All Other	Consoli- dated
UNEXPENDED APPROPRIATIONS						
Beginning Balance	\$ 13	\$ 1,334,894	\$ 1,334,907	\$ 13	\$ 1,242,490	\$ 1,242,503
Adjustments (Note 16)						
Change in Accounting Principle	(13)	(33,220)	(33,233)	-	-	-
Beginning Balance, as adjusted	-	1,301,674	1,301,674	13	1,242,490	1,242,503
Budgetary Financing Sources						
Appropriations Received, General Funds	-	2,324,930	2,324,930	-	2,331,607	2,331,607
Appropriations Transferred In/(Out)	-	(18,831)	(18,831)	-	\$ 241,420	241,420
Appropriations-Used	-	(2,376,377)	(2,376,377)	-	(2,446,663)	(2,446,663)
Other Adjustments	-	-	-	-	\$ (33,960)	\$ (33,960)
Net Change	-	(70,278)	(70,278)	-	\$ 92,404	\$ 92,404
Ending Balance - Unexpended Appropriations	-	\$ 1,231,396	\$ 1,231,396	\$ 13	\$ 1,334,894	\$ 1,334,907
CUMULATIVE RESULTS OF OPERATIONS						
Beginning Balance	\$ 281,173	\$ 720,893	\$ 1,002,066	\$ 263,984	\$ 751,113	\$ 1,015,097
Adjustments (Note 16)						
Change in Accounting Principle	-	128,274	128,274	(3,060)	-	(3,060)
Beginning Balance, as adjusted	281,173	849,167	1,130,340	260,924	751,113	1,012,037
Budgetary Financing Sources						
Appropriations-Used	-	2,376,377	2,376,377	-	2,446,663	2,446,663
Non-Exchange Revenue	102	(134)	(32)	12	50	62
Transfers In/(Out) without Reimbursement	-	(10,584)	(10,584)	(74)	(6,065)	(6,139)
Donations and Forfeitures of Cash and Cash Equivalents	3,450	-	3,450	-	-	-
Other Financing Sources						
Imputed Financing from Costs Absorbed by Others (Note 17)	1,316	133,774	135,090	805	57,149	57,954
Transfers In/(Out) without Reimbursement	(108)	(72,654)	(72,762)	(118)	(20,915)	(21,033)
Donations and Forfeitures of Property	-	609	609	-	54	54
Total Financing Sources	4,760	2,427,388	2,432,148	625	2,476,936	2,477,561
Net Cost of Operations	(2,140)	(2,253,301)	(2,255,441)	19,624	(2,507,156)	(2,487,532)
Net Change	2,620	174,087	176,707	20,249	(30,220)	(9,971)
Ending Balance - Cumulative Results of Operations	\$ 283,793	\$ 1,023,254	\$ 1,307,047	\$ 281,173	\$ 720,893	\$ 1,002,066
TOTAL NET POSITION	\$ 283,793	\$ 2,254,650	\$ 2,538,443	\$ 281,186	\$ 2,055,787	\$ 2,336,973





Financial Statements

Indian Affairs Combined Statements of Budgetary Resources for the Fiscal Years ended September 30, 2007 and 2006 (dollars in thousands)

	Total Budgetary Accounts		Non-Budgetary Credit Program Financing Accounts	
	2007	2006	2007	2006
Budgetary Resources (Note 18):				
Unobligated balance, beginning of fiscal year:	\$ 643,489	\$ 643,822	\$ 108,193	\$ 83,117
Recoveries of prior year unpaid obligations	111,341	89,881	-	-
Budget Authority				
Appropriation	2,432,409	2,434,081	-	-
Spending authority from offsetting collections				
Earned				
Collected	242,215	290,241	28,724	31,041
Change in receivables from Federal sources	8,117	1,736	-	-
Change in unfilled customer orders				
Advance received	(15,912)	(4,890)	-	-
Without advance from Federal sources	127,377	52,730	-	-
Total Budget Authority	2,794,206	2,773,898	28,724	31,041
Nonexpenditure transfers, net	(18,437)	(17,177)	-	-
Temporarily not available pursuant to Public Law	-	-	-	-
Permanently not available	(4,951)	(38,710)	(21,386)	-
Total Budgetary Resources	\$ 3,525,648	\$ 3,451,714	\$ 115,531	\$ 114,158
Status of Budgetary Resources:				
Obligations incurred:				
Direct	\$ 2,470,379	\$ 2,514,203	\$ 14,283	\$ 5,965
Reimbursable	248,159	294,020	-	-
Total Obligations incurred	2,718,538	2,808,223	14,283	5,965
Unobligated balance available:				
Apportioned	713,912	567,200	101,248	108,193
Exempt from apportionment	-	-	-	-
Total Unobligated balance available	713,912	567,200	101,248	108,193
Unobligated balance not available	93,198	76,291	-	-
Total Status of Budgetary Resources	\$ 3,525,648	\$ 3,451,714	\$ 115,531	\$ 114,158

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





Financial Statements

Indian Affairs Combined Statements of Budgetary Resources for the Fiscal Years ended September 30, 2007 and 2006 *(continued)* *(dollars in thousands)*

	Total Budgetary Accounts		Non-Budgetary Credit Program Financing Accounts	
	2007	2006	2007	2006
Change in Obligated Balance:				
Obligated balance, net				
Unpaid obligations, brought forward, beginning of fiscal year	\$ 878,559	\$ 780,582	\$ -	\$ 64
Less: Uncollected customer payments from Federal sources, brought forward, beginning of fiscal year	(88,536)	(34,070)	-	-
Total unpaid obligated balances, net, beginning of fiscal year	790,023	746,512	-	64
Obligations incurred, net	2,718,538	2,808,223	14,283	5,965
Less: Gross outlays	(2,645,906)	(2,620,365)	(14,280)	(6,029)
Less: Recoveries of prior year unpaid obligations, actual	(111,341)	(89,881)	-	-
Change in uncollected customer payments from Federal sources	(135,494)	(54,466)	-	-
Total, unpaid obligated balance, net, end of period	\$ 615,820	\$ 790,023	\$ 3	\$ -
Obligated Balance, net, end of period - by component:				
Unpaid obligations	\$ 839,849	\$ 878,559	\$ 3	\$ -
Less: Uncollected customer payments from Federal sources	(224,029)	(88,536)	-	-
Total, unpaid obligated balance, net, end of period	\$ 615,820	\$ 790,023	\$ 3	\$ -
Net Outlays:				
Net Outlays				
Gross outlays	\$ 2,645,906	\$ 2,620,365	\$ 14,280	\$ 6,029
Less: Offsetting collections	(226,303)	(285,350)	(28,724)	(31,042)
Less: Distributed Offsetting receipts	(116,639)	(104,848)	-	-
Net Outlays (Receipts)	\$ 2,302,964	\$ 2,230,167	\$ (14,444)	\$ (25,013)





Section III: Financial

Notes to the Financial Statements: September 30, 2007 and September 30, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

IA, created in 1824, is a bureau within the Department that is primarily responsible for the administration of federal programs for federally recognized Indian tribes, and for carrying out the Trust responsibilities emanating from treaties, the U.S. Constitution, laws, court decisions, and other agreements with American Indian Tribes and Alaska Natives.

The accompanying financial statements of IA include all appropriated funds obtained through the DOI. They do not contain Trust funds, Trust deposit funds, or clearing accounts that are maintained by the Office of Trust Funds Management (OTFM), a non-IA program operated by the DOI. However, IA has fiduciary responsibility and performs Trust processing for the OST.

(b) Basis of Presentation

These financial statements have been prepared to report the financial position, the net cost of operations, the changes in net position and the status and availability of budgetary resources, consistent with the Chief Financial Officers' Act of 1990 and the Government Management Reform Act of 1994. These financial statements have been prepared from the books and records of IA in accordance with GAAP using guidance issued by the FASAB, the OMB, the DOI, and IA's accounting policies summarized in this note. These financial statements present proprietary and budgetary information, while other financial reports prepared by IA pursuant to the OMB directives are used to monitor and control IA's use of Federal budgetary resources.

In accordance with OMB Circular A-136, *Financial Reporting Requirements*, the consolidated Balance Sheets, Statements of Net Cost, Statements of Changes in Net Position, and associated notes are presented on a comparative basis with the prior year. The Statements of Budgetary Resources are presented on a combined rather than consolidated basis, which means that intra-entity eliminations were not made. They are also presented on a comparative basis with the prior year.





Notes to the Financial Statements

(c) Basis of Accounting

Financial transactions reflected in the Consolidated Balance Sheets, Consolidated Statements of Net Cost, and Consolidated Statements of Changes in Net Position are recorded on an accrual basis of accounting. Financial transactions reflected in the Combined Statements of Budgetary Resources are reported on a budgetary basis of accounting. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. The budgetary accounting method facilitates compliance with legal requirements and mandated controls over the use of Federal funds. It generally differs from the accrual basis of accounting in that obligations are recognized when new orders are placed, contracts awarded, or services received, that will require payments during the same or future period. IA's Reconciliation of Net Cost of Operations (proprietary) to Budget (formerly the Statements of Financing) reconciles differences between the budgetary and accrual basis of accounting. Intra-entity transactions have been eliminated for financial statements presented on a consolidated basis. See Note 19 for further discussion.

(d) Revenues and Financing Sources

Appropriations/Appropriations-Used: Most of IA's operating funds are provided by the budget authority within Congressional appropriations. IA receives appropriations on an annual, multi-year, and no-year basis. Upon expiration of an annual or multi-year appropriation, the obligated and unobligated balances retain their fiscal year identity. Expired unobligated balances are maintained separately within an expired account. Unobligated balances for expired funds can be used to make adjustments to existing obligations, but are otherwise not available for any new obligations except in certain cases relating to Indian Trust management and reform activities. In such cases, unobligated balances from prior appropriations acts made under the same headings are available for expenditure or transfer. Annual and multi-year appropriations are canceled at the end of the fifth year after expiration. No-year appropriations do not expire. Appropriations of budget authority are recognized as used when goods and services are received, benefits provided, or grants are disbursed.

Reappropriations/Balance Transfers: IA is authorized to transfer the balances of certain expired funds at the end of the fiscal year in which they expire. Balances that expire for appropriations 14202100, Operation of Indian Programs, and 14202628, Guaranteed Loans – Program account, can be re-appropriated or transferred, respectively, into an unexpired appropriation 14202100.

Appropriations Transfers - In (Out): IA is provided financing through transfers from the BLM, DOI's Office of the Secretary, FHA, DOL, HHS, and Department of Agriculture (USDA). IA also transfers funds to the BOR. Intragovernmental transfers of budget authority (i.e., appropriated funds), or assets without reimbursement, are recorded at book value. See Note 1 (y) and Note 16 for further discussion of changes in accounting due to new parent/child reporting requirements per OMB Circular A-136.

Exchange and Non-Exchange Revenue: IA classifies revenue as either exchange or non-exchange revenue. Exchange revenue is derived from transactions in which both parties—IA and the public or other governmental entity—receive value. They include fees collected for utilities, IA's education and school lunch programs, construction operations, and the rental of equipment. Reimbursable agreements with Education, which offset the



Notes to the Financial Statements

cost of tribal and IA-operated schools, are recognized as exchange revenue. Exchange revenue presented on IA's Consolidated Statements of Net Cost serves to reduce the reported cost of operations.

Non-exchange revenue is derived from the government's sovereign right to demand payment, including fines for late payment of loans. Non-exchange revenue is recognized when a specifically identifiable, legally enforceable claim to resources arises, and to the extent that collection is probable and the amount is reasonably estimable. These revenues are not considered in reducing IA's operating costs and are therefore reported on the Consolidated Statements of Changes in Net Position.

OMB Circular A-25, *Transmittal Memorandum #1, User Charges*, and the SFFAS No. 4, *Managerial Cost Accounting Standards & Concepts*, require federal agencies to assess a burden rate (user charge) on reimbursable contracts and agreements, where agencies act in the capacity of a service provider. The burden rate allows federal agencies to recover their full cost of providing services to customers. In order to comply with these requirements, IA initiated, effective October 1, 2006, the inclusion of a burden rate on all new reimbursable contracts and agreements where it is the provider of services with the exception of: (a) Education agreements initiated through the BIE pursuant to Section 9204 of Public Law 107-110 and the No Child Left Behind Act of 2001; (b) Office of Self Governance and the Office of Tribal Services' Division of Self Determination Services who administer compact, contracts, and grants awarded pursuant to Public Law-93-638; and (c) the Federal-Aid Highway Program: PL 109-59, Safe, Accountable, Flexible, Efficient, Transportation Equity Act. The exceptions for (a), (b) and (c) are cited in the laws described above.

Imputed Financing from Costs Absorbed by Others: In certain cases, operating costs of IA are paid for by funds appropriated to other federal entities. For example, the OPM pays for pension benefits for most IA employees. Certain legal judgments against IA are paid from the Judgment Fund maintained by Treasury. The OMB limits imputed costs to be recognized by federal entities to the following: (1) employees' pension benefits; (2) health insurance, life insurance, and other benefits for retired employees; (3) other post employment benefits for retired, terminated, and inactive employees, including severance payments, training and counseling, continued health care, and unemployment and workers' compensation under FECA; and (4) losses in litigation proceedings. IA reports applicable imputed costs on the Consolidated Statements of Net Cost. See Note 17 for further discussion.

Rescissions: Occasionally, the Congress passes legislative action to permanently cancel portions of budgetary resources.

(e) Assets

Assets presented on IA's Consolidated Balance Sheets include both entity and non-entity balances. Entity assets are assets that IA has authority to use in its operations. Non-entity assets are held and managed by IA, but are not available for use in its operations. Intragovernmental assets arise from transactions between IA and other federal entities.

(f) Fund Balance with Treasury

Fund Balance with Treasury represents undisbursed balances remaining as of fiscal year-end from which IA is authorized to make expenditures and pay liabilities resulting from operational activity, except as restricted by



Notes to the Financial Statements

law. Fund Balance with Treasury includes funds received from direct appropriations, contract authority, transfers, offsetting receipts, and funds held in budget clearing accounts.

(g) Investments, Net

IA is authorized by law to invest irrigation and power receipts in Treasury and public securities (these consist of both marketable and overnight investments). Public securities consist of two mortgage instruments (an additional mortgage instrument matured during fiscal year 2007), one Treasury note, bonds, and bank notes. Mortgage instruments are with the Federal National Mortgage Association, the Government National Mortgage Association, and the Federal Home Loan Mortgage Corporation. Bonds and bank notes are with the Federal Home Loan Bank. Investments are reported on the Consolidated Balance Sheets at cost, net of amortized premiums or discounts, if any. IA intends to hold investments to maturity unless they are needed to finance claims or otherwise sustain the operations of IA. No provision has been made in the consolidated financial statements for unrealized gains or losses on these securities.

(h) Accounts and Interest Receivable, Net

Accounts receivable consist of amounts owed to IA by other federal agencies and the public. Amounts due from federal agencies arise from work performed under reimbursable agreements by IA for the benefit of other federal agencies. These amounts are considered fully collectible. Accounts receivable from the public include amounts for various programs, including fees for irrigation and power services. Receivables due from the public are stated net of an allowance for estimated uncollectible amounts, which are determined by IA's ability to collect delinquent debt and an analysis of aged receivable activity.

(i) Loans and Interest Receivable, Net

Loans are accounted for as receivables after the funds have been disbursed. Direct loans made prior to October 1, 1991 are stated net of an allowance for estimated uncollectible amounts. Direct loans obligated on or after October 1, 1991 are stated net of an allowance for estimated uncollectible amounts, which is equal to the present value of the subsidy costs. Interest income is recorded quarterly based on lending rates.

Credit reform legislation authorizes IA to borrow from the Treasury the amount of a direct loan disbursement, less the subsidy. In the case of the guaranteed loan financing, IA may borrow to meet default claims in excess of its cash balances expected from collections and subsidy costs. Credit subsidy costs represent the estimated long-term cost to the government of direct loans or loan guarantees calculated on a net present value basis, excluding administrative costs. The Direct and Guaranteed Loan Programs are authorized to use loan repayments to retire borrowings from the Treasury; to pay guaranteed loan default claims, interest on borrowing, and interest supplements (Guarantee Loan Program only) to participating banks; and to close pre-1992 direct loan accounts.

Note 5 provides additional information on Loans and Interest Receivable, Net.



Notes to the Financial Statements

(j) Property, Plant, and Equipment, Net

Property, plant, and equipment consists of land and land rights, buildings and improvements, facilities and structures, furniture and equipment, construction-in-progress (CIP), and software purchased or developed for internal use. Land easements and rights-of-way purchased for maintenance of roads on Trust property are expensed as incurred. Land easements and rights-of-way purchased for power and irrigation activities are capitalized at acquisition cost. All costs related to roads, bridges, trails, land, and land rights on Trust property are expensed as incurred. There are no restrictions on the use or convertibility of property, plant, and equipment.

IA capitalizes property, plant, and equipment purchases with an acquisition cost in excess of \$15,000 for personal property, \$100,000 dollars for buildings, improvements, facilities and other structures, and \$100,000 for software. Depreciation and amortization are computed using the straight-line method over the assets' useful lives, ranging from 3 to 25 years for furniture, equipment, and software. Buildings, improvements, production plant, and other structures useful lives range from 15 to 100 years. Amortization of capitalized software begins on the date of acquisition if purchased, or when the module or component has been successfully tested if developed internally. Leasehold improvements are amortized and depreciated over the shorter of the lease occupancy term or the term of the tenant improvement allowance. Costs for construction projects are recorded as CIP until completed. IA begins to record depreciation expense once the asset has been placed in service.

IA leases the majority of its office space and vehicles from the GSA. GSA rates are comparable to commercial lease rates for similar properties and vehicles.

(k) Other Assets

Other assets consist of prepayments and advances to others. Prepayments are expenditures that provide future benefits, and are often recurrent in nature, covering such items as rent, insurance, and supplies.

Advances to others are payments made in contemplation of the future performance of services, receipt of goods, incurrence of expenditures, or receipt of other assets. Advances to others consist primarily of amounts paid to tribes for future construction activities. IA records disbursements made to the tribes for the construction of IA owned assets as advances to others, with periodic adjustments made to CIP as work is performed (i.e., expenditures are incurred). All other disbursements to the tribes related to grants and contracts are recorded as expenses of IA at such time as the funds are disbursed to the tribes.

(l) Liabilities

Intragovernmental liabilities are claims against IA by other federal entities. Liabilities covered by budgetary or other resources are those liabilities for which Congress has appropriated funds or other resources (funding from receivables and offsetting receipts). Liabilities not covered by budgetary or other resources represent amounts owed in excess of available congressionally appropriated funds or other resources. The liquidation of liabilities not covered by budgetary or other resources is dependent on future Congressional appropriations or other resources. Liabilities resulting from Indian Self-Determination Contract Agreements are recognized at the time an Indian tribe requests the disbursement. All other liabilities are recognized as goods or services provided to IA.



Notes to the Financial Statements

(m) Advances, Deferred Revenue, and Deposit Fund Liabilities

IA receives an advance of funds for reimbursable work performed for other federal agencies and the public. Advances from others and deferred revenue are recognized when the funds are received. Revenue is recognized when reimbursable costs are incurred, and the advance from others balance is decreased accordingly. The most significant portion of advances from others is for reimbursable agreements with Education, where IA is reimbursed for the expenditures incurred related to tribal and IA-operated schools.

The Deposit Fund Liabilities balance includes the liability for funds associated with the Non-Trust Deposits and Bids for Indian Lands (14X6053) which are bids held in escrow until the winning bid is determined and Small Escrow Deposits (14X6501.020) which represent deposits for utility services.

(n) Accrued Payroll and Benefits

Accrued payroll and benefits represent amounts for annual leave, compensatory time, and other leave time. A significant amount of the accrual is presented as a component of liabilities not covered by budgetary resources on the Consolidated Balance Sheets, and is adjusted for changes in compensation rates and reduced for annual leave taken. Sick leave is expensed when taken.

(o) Retirement Plans

Civil Service Retirement System (CSRS) and Federal Employees Retirement System (FERS): Most employees of IA elect into either the CSRS or FERS defined-benefit pension plans (depending on the employee hire date). FERS went into effect on January 1, 1987. FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired prior to January 1, 1984 could elect to either join FERS and Social Security, or remain in the CSRS.

IA is not responsible for and does not report CSRS or FERS assets, accumulated plan benefits, or liabilities applicable to its employees. The OPM administers the plans, is responsible for, and reports these amounts.

Thrift Savings Plan (TSP): Employees covered by CSRS and FERS are eligible to contribute to the government's TSP, administered by the Federal Retirement Thrift Investment Board. A TSP account is automatically established for FERS-covered employees, and IA makes a mandatory contribution of one percent of basic pay. FERS-covered employees are entitled to contribute an unlimited percentage of basic pay to their TSP account, provided the percentage does not exceed the Internal Revenue Service's (IRS) annual cap amount of \$15,500 for 2007. IA makes matching contributions up to four percent of basic pay. Employees covered by CSRS are entitled to contribute up to 10 percent of basic pay to their TSP account. IA makes no matching contributions for CSRS-covered employees.

Federal Employees Health Benefit (FEHB) and Federal Employees Group Life Insurance (FEGLI)

Programs: As required by SFFAS No. 5, *Accounting for Liabilities of the Federal Government*, IA recognizes an expense and imputed financing source for the annualized unfunded portion of post-retirement benefits for employees covered by these programs. The expense represents IA's share of the current and estimated future outlays for



Notes to the Financial Statements

employee health and life insurance. The imputed financing source represents the annual service cost not paid by IA. IA uses applicable cost factors as determined by OPM actuaries to compute an amount for current period reporting.

(p) Workers' Compensation

A liability is recorded for estimated future payments to be made for workers' compensation pursuant to the FECA. The FECA program is administered by the DOL, which initially pays valid claims and subsequently seeks reimbursement from federal agencies employing the claimants. A reimbursement to the DOL on payments made occurs approximately two years subsequent to the actual disbursement. Budgetary resources for this intragovernmental liability are made available to IA as part of its annual appropriation from Congress in the year in which the reimbursement to the DOL takes place. Additionally, the liability estimate includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. Based on information provided by the DOL, the DOI allocates the actuarial liability to its bureaus and departmental offices based on the payment history for those entities. The estimated liability is not covered by budgetary resources and will require future funding.

(q) Contingent Liabilities, and Environmental and Disposal Liabilities

A contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible gain or loss. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. IA recognizes a contingent liability when a past event or exchange transaction has occurred, and a future outflow or other sacrifice of resources is measurable and probable. A contingency is disclosed in the Notes to the Financial Statements when any of the conditions for liability recognition are not met, and when the chance of the future confirming event or events occurring is more than remote.

IA does not record a liability for environmental and disposal costs on non-IA owned land where IA did not cause or contribute to the contamination, without first conducting a legal review of the matter. Furthermore, IA will not record an environmental and disposal liability for the estimated remediation or abatement of certain building materials, such as asbestos, lead-based paint, and polychlorinatedbiphenols (PCBs) unless and until the materials become friable or otherwise capable of causing contamination.

Changes in environmental and disposal cost estimates are recognized prospectively and developed in accordance with Department policy, which addresses systematic processes for cost estimating including third-party estimates. Changes in environmental disposal cost estimates are based on progress made in, and revision of, the disposal plans, assuming current technology, laws, and regulations. A 2.94% inflation factor is applied to prior estimates.

Notes 10 and 11 provide additional information regarding other Contingent Liabilities, and Environmental and Disposal Liabilities.

(r) Intragovernmental Debt

Intragovernmental debt consists primarily of notes payable to the Treasury related to borrowings to fund the Credit Reform Loan Program. See full discussion regarding loans and the related notes payable to Treasury in Note 1 (i), Note 5 and Note 9.



Notes to the Financial Statements

(s) Unexpended Appropriations

Unexpended appropriations represent the net budget authority from appropriations that have not yet been used. IA recognizes appropriations received as “Unexpended Appropriations” even if a Treasury Warrant has not yet been received, or the amount has not been fully apportioned. IA reduces unexpended appropriations as expenditures are made, and also adjusts for other changes in budgetary resources, such as rescissions and transfers. The net increase or decrease in unexpended appropriations for the year is recognized by IA as a change in net position and reported on the Consolidated Statements of Changes in Net Position.

(t) Offsetting Receipts

Offsetting Receipts are cash collections resulting from business-type activities that are credited to the offsetting receipt accounts, and deducted from gross budget authority and outlays, rather than added to receipts. The receipts types are Intra-budgetary Receipts deducted by IA and Proprietary Receipts from the Public.

(u) Use of Estimates

Management has made certain estimates and assumptions in the reporting of assets, liabilities, revenues, expenses, obligations incurred, spending authority from offsetting collections, and in the footnote disclosures. Actual results could differ from these estimates. Significant estimates in the accompanying financial statements include the Accounts Payable, Loan Guarantee Liability, Environmental and Disposal Liabilities, Allowance for Doubtful Accounts, Depreciation and Amortization, and Contingent Liabilities.

(v) Taxes

IA, as a federal agency, is not subject to federal, state, or local income taxes and, accordingly, no provision for income taxes has been recorded in the accompanying Consolidated Financial Statements.

(w) Reclassifications

IA has reclassified certain fiscal year 2006 balances in both the Consolidated Financial Statements and the footnotes to be consistent with the current year presentation.

(x) Earmarked Funds

In accordance with OMB Circular A-136 and SFFAS No. 27, *Identifying and Reporting Earmarked Funds*, IA is required to identify and disclose information related to Earmarked Funds beginning fiscal year 2006.

Earmarked funds are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes, and must be accounted for separately from IA’s general revenues. The funds include: Power, Irrigation, Highway Trust, and Other. The detailed disclosure for fiscal year 2007 and fiscal year 2006 is contained in Note 14.

(y) Change in Accounting Principle / Parent/Child Reporting

IA is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and a receiving (child) entity. Allocation transfers are legal delegations by one department of its authority to obligate budget authority and outlay funds to another department or federal agency. A separate fund account (allocation account)



Notes to the Financial Statements

is created in the Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are charged to this allocation account as they execute the delegated activity on behalf of the parent entity.

In July 2006, an updated OMB Circular A-136 was issued to the federal community delineating federal financial reporting requirements. In prior years of this guidance, child entities were allowed to report proprietary activity in their financial statements, if material to them. However, beginning in fiscal year 2007, the child entities are required to provide parent entities with all of their financial activity. Only parent entities will report this financial activity in their financial statements. Early implementation is allowed if both the parent and the child entity agree. In the case of the Highway Trust Fund, both IA (child) and the DOT (parent) agreed and early implementation was adopted in fiscal year 2006. The cumulative effect of this change in accounting principle for fiscal year 2006 was a decrease of \$23.5 million to assets and a decrease of \$20.4 million to liabilities on the Balance Sheet, and a corresponding net decrease of \$3.1 million to the beginning balance of cumulative results of operations on the Statements of Changes in Net Position. In addition to Highway Trust Fund, several other IA's parent entities began reporting activity in their financial statements in fiscal year 2007. These entities include: DOL, HHS, USDA, BLM, and the DOI Office of the Secretary. Finally, IA began reporting financial activity as the Parent entity to the BOR. The cumulative effect of this change in accounting principle for fiscal year 2007 was an increase of \$84 million to assets and a decrease of \$11 million dollars to liabilities on the Balance Sheet, and a corresponding net increase of \$95 million to the beginning balances of unexpended appropriations and cumulative results of operations on the Statements of Changes in Net Position.

Parent/child reporting also impacts the treatment of Indian Land allotments acquired under the Indian Land Consolidation Act (ILCA) Amendments of 2000 (PL 106-462) because the funding for ILCA is through an allocation transfer from the OST. The Act was created as a Trust reform measure to reduce the large number of fractionated interests. The Act provides that the Secretary of the DOI can hold, in Trust for the Tribe, an interest in Indian land acquired under the program. Revenues generated from that interest would accrue to IA to recover the purchase price of the land, and to provide funds to purchase additional fractionated lands. Once the purchase price is recovered, future revenues generated from the fractional land held would accrue to the Tribe. The Act also provides that the fractional land may be sold to an Indian landowner or to the Tribe prior to recovery of the purchase price, subject to restrictions and subject to a DOI Secretarial finding.

(z) Reconciliation of Net Cost of Operations to Budget

Per OMB Circular A-136, SFFAS No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, “requires a reconciliation of proprietary and budgetary information in a way that helps the users relate the two”. Prior to fiscal year 2007, this reconciliation was accomplished by presenting the Consolidated Statements of Financing as a financial statement. Per OMB, effective fiscal year 2007, this reconciliation shall be presented as a footnote rather than as a financial statement. OMB further decided that the reconciliation can be tailored by each agency in a manner that would allow for a more robust presentation. DOI decided that the prior year Consolidated Statements of Financing format would serve this purpose. Accordingly, IA has presented the prior year Consolidated Statements of Financing schedule as the reconciliation in Note 19.



Notes to the Financial Statements

NOTE 2: FUND BALANCE WITH TREASURY

IA's Fund Balance with Treasury as of September 30, 2007 and September 30, 2006 are summarized as follows:

Fund Balance with Treasury by Fund Type (dollars in thousands)

	FY2007	FY2006
General Funds	\$ 1,325,777	\$ 1,385,365
Special Funds	18,743	17,661
Trust Funds	3,450	-
Other Fund Types		
Credit Related Funds	101,251	108,195
Deposit & Clearing Accounts and Pre-Credit Reform Accounts	18,928	16,082
Total Fund Balance with Treasury by Fund Type	\$ 1,468,149	\$ 1,527,303

IA maintains balances with Treasury by fund type. The fund types and purposes are described below:

- **General Funds** – These funds consist of appropriations and other receipts not earmarked by law for a specific purpose, and the related expenditures of those funds.
- **Special Funds** – These funds are credited with receipts from special sources that are earmarked by law for a specific purpose. When collected, these receipts are available immediately for expenditure for special programs such as Operation and Maintenance of Quarters, Indian Irrigation and Power Systems, and the Alaska Re-supply Program.
- **Trust Funds** – This fund accounts for the cash donation received for a specified purpose in the Education program.
- **Other Fund Types:**
 - **Credit Related Funds** - These funds account for cash flows to and from the government resulting from direct and guaranteed loan activity of IA for loans, which occurred after enactment of the Federal Credit Reform Act of 1990. The programs provide guaranteed loans to Indian tribes and organizations, individual Indians, and Alaska Natives for economic development purposes.
 - **Deposit & Clearing Accounts and Pre-Credit Reform Accounts** - They include miscellaneous receipt accounts, transfer accounts, performance bonds, and deposit and clearing accounts maintained to account for receipts and disbursements awaiting proper classification.

The amounts in the Status of FBWT differ from those presented in the Combined Statements of Budgetary Resources because: (1) the FBWT amounts include balances without corresponding budgetary amounts for miscellaneous receipt and allocation transfer accounts where IA is the child (receiver of the transfer); (2) for allocation transfers where IA is the parent (transferor), and the budgetary amounts are reported by IA but the fund balance is reported by the child; (3) budgetary resources supported by invested balances; and (4) amounts in deposit





Notes to the Financial Statements

and budget clearing accounts. The differences caused by (1) and (2) above only apply to fiscal year 2006 reporting (excluding FHWA). There will be no differences as a result of (1) and (2) above starting in fiscal year 2007 due to the OMB A-136 prescribed changes in Parent/Child reporting effective beginning fiscal year 2007.

The Status of FBWT as of September 30, 2007 and September 30, 2006 is summarized as follows:

Status of Fund Balance with Treasury (dollars in thousands)

	FY2007	FY2006
Unobligated		
Available	\$ 740,727	\$ 591,013
Unavailable	93,198	136,668
Obligated Not Yet Disbursed	615,824	783,890
Subtotal	1,449,749	1,511,571
Fund Balance with Treasury Not Covered by Budgetary Resources		
Clearing and Deposit Accounts	18,400	15,732
Subtotal	18,400	15,732
Total Status of Fund Balance with Treasury	\$ 1,468,149	\$ 1,527,303

The unobligated, unavailable fund balance represents amounts from appropriations for which the period of availability for obligation has expired.

NOTE 3: INVESTMENTS, NET AND CASH

Intragovernmental marketable securities consist of overnight investments with Treasury. The overnight investments earn interest based on Treasury's daily report rate, which averaged 5.10% during the year ended September 30, 2007 and 4.60% during the year ended September 30, 2006.

The federal government does not set aside assets to pay future benefits or other expenditures associated with earmarked funds. The cash receipts collected from the public for an earmarked fund are deposited in the Treasury, which uses the cash for general government purposes. Treasury securities are issued to IA as evidence of its receipts.

Treasury securities provide IA with authority to draw upon the Treasury to make future benefit payments or other expenditures. When IA requires redemption of these securities to make expenditures, the government finances those expenditures out of accumulated cash balances, by raising taxes or other receipts, by borrowing from the public or repaying less debt, or by curtailing other expenditures. This is the same way that the government finances all other expenditures. For fiscal year 2007 and fiscal year 2006 amortization of investments was immaterial.

IA's investments, net as of September 30, 2007 and September 30, 2006 are summarized as follows:



Notes to the Financial Statements

(dollars in thousands)

Investment Type	FY2007	
	Cost-Net of Amortized Discount	Market Value Disclosure
U. S. Treasury Securities		
Marketable	\$ 74,419	\$ 74,456
Total U.S. Treasury Securities	74,419	74,456
Accrued Interest	37	-
Total Non-Public Investments	74,456	74,456
Public Securities		
Marketable	30	30
Total Public Securities	30	30
Accrued Interest	-	-
Total Public Investments	30	30
Total Investments	\$ 74,486	\$ 74,486

(dollars in thousands)

Investment Type	FY2006	
	Cost-Net of Amortized Discount	Market Value Disclosure
U. S. Treasury Securities		
Marketable	\$ 69,480	\$ 69,525
Total U.S. Treasury Securities	69,480	69,525
Accrued Interest	45	-
Total Non-Public Investments	69,525	69,525
Public Securities		
Marketable	1,052	1,052
Total Public Securities	1,052	1,052
Accrued Interest	-	-
Total Public Investments	1,052	1,052
Total Investments	\$ 70,577	\$ 70,577





Notes to the Financial Statements

Cash
(dollars in thousands)

	FY2007	FY2006
Cash Not Yet Deposited to Treasury	\$ 221	\$ 174
Imprest Funds	15	15
Total Cash	\$ 236	\$ 189

NOTE 4: ACCOUNTS AND INTEREST RECEIVABLE, NET

Accounts and Interest Receivable, Net as of September 30, 2007 and September 30, 2006 are summarized as follows:

Accounts and Interest Receivable from the Public
(dollars in thousands)

	FY2007	FY2006
Accounts and Interest Receivable from the Public		
Current	\$ 5,537	\$ 5,884
1 - 180 Days Past Due	7,390	2,985
181 - 365 Days Past Due	753	1,668
1 to 2 Years Past Due	3,565	3,766
Over 2 Years Past Due	13,638	15,213
Total Billed Accounts and Interest Receivable - Public	30,883	29,516
Unbilled Accounts and Interest Receivable	18,819	24,511
Total Accounts and Interest Receivable - Public	49,702	54,027
Allowance for Doubtful Accounts - Public	(23,076)	(22,486)
Total Accounts and Interest Receivable - Public Net of Allowance	\$ 26,626	\$ 31,541

Accounts and Interest Receivable from Federal Agencies
(dollars in thousands)

	FY2007	FY2006
Accounts and Interest Receivable from Federal Agencies		
Billed	\$ 1	\$ 1
Unbilled	17,870	6,938
Total Accounts and Interest Receivable - Federal	\$ 17,871	\$ 6,939

Unbilled Receivables reflect work performed to date on agreements that will be billed in the future.



Notes to the Financial Statements

NOTE 5: LOANS AND INTEREST RECEIVABLE, NET

Loans and loan guarantees consist of the Indian Direct Loan Program (Credit Reform), Indian Loan Guarantee Program (Credit Reform), and Liquidating Fund for Loans (Pre-Credit Reform).

Direct loan obligations and loan guarantee commitments made prior to fiscal year 1992, and the resulting direct loans or loan guarantees, are reported using the allowance for loss method. Under this method, the nominal amount of the direct loan is reduced by an allowance for uncollectible amounts, and the liability for loan guarantees is the amount the agency estimates will more likely than not require a future cash outflow to pay default claims.

Direct loan obligations and loan guarantee commitments made beginning in fiscal year 1991, and the resulting direct loans or loan guarantees, are governed by the Federal Credit Reform Act of 1990. The Act provides that the present value of the subsidy costs (i.e., interest rate differentials, interest subsidies, estimated delinquencies and defaults, fee offsets, and other cash flows) associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed.

Interest is accrued daily on the outstanding basic balance of direct and assigned loans based on a 360 day year for pre-credit reform loans and a 365 day year for credit reform loans. The interest rate charged on each loan is the Indian Financing Act rate that was effective at the time the loan was made. Interest is accrued on current and delinquent loans. Late fees accrue if a payment is received 15 days after its due date. For pre-credit reform loans, the amount of interest and late fees receivable is reduced by an allowance for uncollectible amounts. For credit reform direct loans, the interest and late fees receivable are considered in the subsidy allowance account.

Fiscal year 1995 was the final year of funding for the Indian Direct Loan Program. Although funding ended, IA continues to receive collections on direct loans made in 1995 and earlier. The Indian Loan Guarantee Program continues to receive annual funding from Congress.

Included in the consolidated financial statements is a subsidy re-estimate computed at the end of each fiscal year. The amounts included in the consolidated financial statements are not reported in the budget until the following fiscal year. Neither the amounts in loans receivables, net, nor the value of the assets related to direct loans disclosed in this report, are the same as the proceeds that would be expected from selling these loans.

In fiscal year 2007, IA implemented the Balances Approach Reestimate Calculator (BARC) spreadsheet tool to calculate the subsidy reestimate. This approach was implemented based on OMB's recommendation. Per OMB, BARC is a more accurate tool in that it allows agencies to calculate reestimates by comparing the actual or estimated financing account balance for each cohort at the end of the year to the present value of future cash flows, essentially matching cohort assets and liabilities. Any difference between the balance and the net present value equaled the total reestimate amount. As a result of implementing the BARC tool in fiscal year 2007, IA's downward reestimate fluctuated significantly.





Notes to the Financial Statements

A. The Direct Loan and/or Loan Guarantee Programs

- (i) Indian Direct Loan Program (Credit Reform) – IA made direct loans to an eligible individual, business, or tribe during fiscal year 1992 through fiscal year 1995.
- (ii) Indian Loan Guarantee Program (Credit Reform) – IA guaranteed loans made by private lenders to an eligible individual, business, or tribe after fiscal year 1991.
- (iii) Liquidating Fund for Loans (Pre-Credit Reform) – IA made direct loans and guaranteed loans made by private lenders to an eligible individual, business, or tribe prior to fiscal year 1991.

Loans and interest receivable, net of allowance for doubtful collection, for IA's loan programs as of September 30, 2007 and September 30, 2006 consist of:

Notes and Interest Receivable, Net (dollars in thousands)

	FY2007	FY2006
Direct Loans Obligated Prior to FY1992	\$ 12,113	\$ 13,836
Direct Loans Obligated After FY1991	7,913	2,347
Defaulted Guaranteed Loans from Pre-FY1992 Guarantees	102	422
Defaulted Guaranteed Loans from Post-FY1991 Guarantees	507	633
Total Loans	\$ 20,635	\$ 17,238

An analysis of loans receivable, loan guarantees, the liability for loan guarantees, the nature and amounts of the subsidy, and administrative costs associated with the direct loans and loan guarantees is provided in the following sections.

B. Direct Loans Obligated Prior to FY1992 (Allowance for Loss Method):

(dollars in thousands)

Indian Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Loan Losses	Value of Assets Related to Direct Loans
FY2007	\$ 11,323	\$ 1,713	\$ -	\$ (923)	\$ 12,113
FY2006	\$ 15,905	\$ 5,153	\$ -	\$ (7,222)	\$ 13,836



Notes to the Financial Statements

C. Direct Loans Obligated After FY1991:

(dollars in thousands)

Indian Direct Loan Program	Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Direct Loans
FY2007	\$ 6,199	\$ 180	\$ -	\$ 1,534	\$ 7,913
FY2006	\$ 6,933	\$ 342	\$ -	\$ (4,928)	\$ 2,347

D. Total Amount of Direct Loans Disbursed Post-1991:

Funding for the Indian Direct Loan Program ended in fiscal year 1995.

E. Subsidy Expense for Direct Loans by Program and Component:

Reestimates

(dollars in thousands)

Indian Direct Loan Program	Interest on Reestimates	Technical Reestimates	Total Reestimates
FY2007	\$ (2,628)	\$ (566)	\$ (3,194)
FY2006	\$ 3,770	\$ 2,134	\$ 5,904

F. Subsidy Rates for Direct Loans by Program and Component:

Funding for the Indian Direct Loan Program ended in fiscal year 1995.





Notes to the Financial Statements

G. Schedule for Reconciling Direct Loan Subsidy Cost Allowance Balances:**Beginning Balance, Changes, and Ending Balance (Post-1991 Direct Loans)**
(dollars in thousands)

	FY2007	FY2006
Beginning Balance of the Subsidy Cost Allowance	\$ 4,928	\$ (655)
Add Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:		
(a) Interest Rate Differential Costs	-	-
(b) Default Costs (net of recoveries)	-	-
(c) Fees and Other Collections	-	-
(d) Other Subsidy Costs	-	-
Total of the Above Subsidy Expense Components	-	-
Adjustments:		
(a) Loan Modifications	-	-
(b) Fees Received	-	-
(c) Foreclosed Property Acquired	-	-
(d) Loans Written Off	1,009	(263)
(e) Subsidy Allowance Amortization	104	(58)
(f) Other	(4,381)	-
Total Adjustments	(3,268)	(321)
Ending Balance of the Subsidy Cost Allowance Before Reestimates	1,660	(976)
Add or Subtract Subsidy Reestimates by Component:		
(a) Interest on Reestimate	(2,628)	3,770
(b) Technical/Default Re-estimate	(566)	2,134
Total of the Above Reestimate Components	(3,194)	5,904
Ending Balance of the Subsidy Cost Allowance	\$ (1,534)	\$ 4,928

The allowance for subsidy account reflects the unamortized credit reform subsidy for direct loans. It appears in the financing fund of the direct loan program, and is subtracted from the loans receivable on the consolidated balance sheet.



Notes to the Financial Statements

H. Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method):

(dollars in thousands)

Liquidating Fund for Loans	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FY2007	\$ 2,391	\$ 1,006	\$ -	\$ (3,295)	\$ 102
FY2006	\$ 8,431	\$ 5,634	\$ -	\$ (13,643)	\$ 422

I. Defaulted Guaranteed Loans from Post-1991 Guarantees (Present Value Method):

(dollars in thousands)

Indian Direct Loan Program	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
FY2007	\$ 4,447	\$ 1,245	\$ -	\$ (5,185)	\$ 507
FY2006	\$ 5,610	\$ 1,437	\$ -	\$ (6,414)	\$ 633





Notes to the Financial Statements

J. Loan Guarantees:

Guaranteed Loans Outstanding as of September 30, 2007
(dollars in thousands)

	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Pre-1992	\$ 319	\$ 277
FY1992	593	525
FY1993	138	114
FY1994	8,775	7,892
FY1995	178	143
FY1996	1,961	1,765
FY1997	4,639	4,172
FY1998	3,826	3,444
FY1999	13,332	11,973
FY2000	34,067	30,652
FY2001	21,960	19,416
FY2002	24,084	20,813
FY2003	29,482	26,481
FY2004	61,175	54,861
FY2005	36,203	32,575
FY2006	83,928	74,766
FY2007	31,891	27,126
Total	\$ 356,551	\$ 316,995

New Guaranteed Loans Disbursed in Fiscal Years 2007 and 2006
(dollars in thousands)

	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Amount Paid in FY2007 for Prior Years	\$ 44,193	\$ 39,774
Amount Paid in FY2007 for 2007 Guarantees	31,891	28,702
FY2007 Total	\$ 76,084	\$ 68,476
Amount Paid in FY2006 for Prior Years	\$ 14,024	\$ 12,622
Amount Paid in FY2006 for 2006 Guarantees	47,744	42,970
FY2006 Total	\$ 61,768	\$ 55,592



Notes to the Financial Statements

K. Liability for Loan Guarantees:

Liability for Loan Guarantees
(Estimated Future Default Claims for Pre-1992 Guarantees)
(dollars in thousands)

Indian Loan Guarantee Program	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Loan Guarantees for Post-1991 Guarantees, Present Value	Total Liabilities for Loan Guarantees
FY2007	\$ -	\$ 41,434	\$ 41,434
FY2006	\$ -	\$ 92,380	\$ 92,380

L. Subsidy Expense for Loan Guarantees by Program and Component:

Subsidy Expense for New Loan Guarantees
(dollars in thousands)

Indian Loan Guarantee Program	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
FY2007	\$ 2,622	\$ 3,016	\$ (1,370)	\$ -	\$ 4,268
FY2006	\$ 2,172	\$ 1,712	\$ (1,039)	\$ -	\$ 2,845

Modifications and Reestimates
(dollars in thousands)

Indian Loan Guarantee Program	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
FY2007	\$ -	\$ (31,166)	\$ (25,548)	\$ (56,714)
FY2006	\$ -	\$ (464)	\$ 5,481	\$ 5,017

Total Indian Loan Guarantee Subsidy Expense
(dollars in thousands)

	FY2007	FY2006
Indian Loan Guarantee Program	\$ (52,446)	\$ 7,862





Notes to the Financial Statements

M. Subsidy Rates for Loan Guarantees by Program and Component:**Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts**

Indian Loan Guarantee Program	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
FY2007	3.26%	4.99%	-1.80%	0.00%	6.45%
FY2006	3.45%	3.10%	-1.80%	0.00%	4.75%

N. Schedule for Reconciling Loan Guarantee Liability Balances:

The subsidy rates disclosed pertain only to the current year cohorts. These rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees reported in the current year could result from disbursements of loans from both the current year and prior year cohorts. The subsidy expense reported in the current year also includes modifications and re-estimates.

Beginning Balance, Adjustments and Ending Balance
(dollars in thousands)

	FY2007	FY2006
Beginning Balance of the Loan Guarantee Liability	\$ 92,380	\$ 81,670
Add Subsidy Expense for Guaranteed Loans Disbursed During the Reporting Years by Component:		
(a) Interest Supplemental Costs	2,622	2,172
(b) Default Costs (net of recoveries)	3,016	1,712
(c) Fees and Other Collections	(1,370)	(1,039)
(d) Other Subsidy Costs	-	-
Total of the above Subsidy Expense Components	4,268	2,845
Adjustments:		
(a) Loan Guarantee Modification	-	-
(b) Fees Received	1,805	1,092
(c) Interest Supplements Paid	(4,070)	(2,405)
(d) Foreclosed Property and Loans Acquired	-	-
(e) Claim Payments to Lenders	(1,540)	(289)
(f) Interest Accumulation on the Liability Balance	5,861	4,541
(g) Other (recovery, revenue, and prior period adjustments)	(556)	(91)
Total Adjustments	1,500	2,848
Ending Balance of the Loan Guarantee Liability Before Reestimates	\$ 98,148	\$ 87,363
Add or Subtract Subsidy Reestimates by Component:		
(a) Interest Rate Re-estimate	(31,166)	(464)
(b) Technical/Default Re-estimate	(25,548)	5,481
Total of the Above Reestimate Components	(56,714)	5,017
Ending Balance of the Loan Guarantee Liability	\$ 41,434	\$ 92,380





Notes to the Financial Statements

The loan guarantee liability account is the financing fund for loan guarantee programs. It represents the expected present value of cash flows to and from the government from loan guarantees. The initial transaction transfers the subsidy monies from the program fund to the financing fund.

Other Federal Credit Reform Information

O. Administrative Expense

(dollars in thousands)

	FY2007	FY2006
Indian Loan Guarantee Program	\$ 1,199	\$ 671

P. Resources Payable to Treasury

The resources payable to Treasury represents IA’s liquidating fund assets (cash and loans receivable, net of an allowance) less any liabilities that may be held as working capital. Loans made in 1991 and before (pre-credit reform direct loans and assigned loan guarantees) are accounted for in liquidating funds. These funds collect loan payments and pay any related expenses or default claims. At the end of each year, any unobligated cash on hand is transferred to Treasury. As of September 30, 2007 and September 30, 2006 the payable to Treasury amounted to \$12.7 million and \$14.2 million, respectively.

Q. Notes Payable to Treasury

IA has authority to borrow funds from the Treasury for its loan programs in accordance with the Federal Credit Reform Act of 1990 and related legislation. Interest is accrued daily on the outstanding basic balance of direct and assigned loans based on a 365 day year for credit reform loans. The interest rate charged on each loan is the Indian Financing Act Rate that was effective at the time the loan was made and ranges from 4.87 percent to 11.12 percent. These loans have various maturity dates from 2007 to 2029 (see Note 9, Intragovernmental Debt).

The guaranteed loan financing fund can borrow funds when the cash balance in a financing fund cohort is insufficient to pay default claims, interest subsidy payments, downward subsidy re-estimates or the interest expense on prior Treasury borrowings. The balance in this account as of September 30, 2007 and September 30, 2006 was \$.1 million and \$6.8 million, respectively.

IA’s direct loan program ended in 1995. However, borrowings arising from direct loans made between 1992 and 1995 are still outstanding. These borrowings are being repaid as scheduled and as of September 30, 2007 and September 30, 2006 the balance was \$8.2 million and \$22.9 million, respectively.

These balances are reported on IA’s Consolidated Balance Sheets and together comprise the full amount of IA’s Intragovernmental Debt.





Notes to the Financial Statements

NOTE 6: PROPERTY, PLANT, AND EQUIPMENT, NET

PP&E balances as of September 30, 2007 are summarized as follows:

(dollars in thousands)

	Acquisition Cost	Accumulated Depreciation	Net Book Value FY2007
Land and Land Improvements	\$ 73,744	\$ 29,069	\$ 44,675
Buildings	1,404,855	673,558	731,297
Structures and Facilities	993,754	591,819	401,935
Leasehold Improvements	25,420	5,836	19,584
Construction in Progress - General	333,861	-	333,861
Equipment, Vehicles and Aircraft	199,798	138,380	61,418
Internal Use Software			
In Use	2,163	1,396	767
Total Property, Plant, and Equipment	\$ 3,033,595	\$ 1,440,058	\$ 1,593,537

PP&E balances as of September 30, 2006 are summarized as follows:

(dollars in thousands)

	Acquisition Cost	Accumulated Depreciation	Net Book Value FY2006
Land and Land Improvements	\$ 67,288	\$ 27,011	\$ 40,277
Buildings	1,346,345	659,490	686,855
Structures and Facilities	960,537	573,577	386,960
Leasehold Improvements	1	-	1
Construction in Progress - General	134,855	-	134,855
Equipment, Vehicles and Aircraft	223,554	144,544	79,010
Internal Use Software			
In Use	15,865	5,181	10,684
In Development	8	-	8
Total Property, Plant, and Equipment	\$ 2,748,453	\$ 1,409,803	\$ 1,338,650

The majority of the PP&E increase this year is related to the implementation of OMB Circular A-136 Parent/Child reporting change. The change in effect, requires that the parent reports all of its child agencies' financial activities on the parent's financial statements. Accordingly, IA—as parent to an allocation transfer made to the BOR for the construction of the NIIP—reported the PP&E value previously reported by BOR. The effect of this change resulted in an increase in PP&E of \$163 million, of which \$156 million is in CIP status.



Notes to the Financial Statements

Depreciation and amortization expense amounted to \$67.2 million and \$91.2 million for the fiscal years ended September 30, 2007 and September 30, 2006, respectively.

In fulfilling its mission, IA frequently donates property to Indian tribes. The net book value recognized as a loss on disposal of equipment related to donated property amounted to \$3.2 million and \$5.9 million for the fiscal years ended September 30, 2007 and September 30, 2006, respectively.

NOTE 7: STEWARDSHIP ASSETS

Effective October 1, 2005, IA adopted SFFAS No. 29, *Heritage Assets and Stewardship Land*. This standard requires federal agencies to reclassify all heritage asset and stewardship land information as basic except for condition information, which is considered RSI. This reclassification will take place over a 4 year period beginning with fiscal year 2006.

IA manages heritage assets and stewardship land as part of its stewardship responsibilities to Indian tribes and to the American public. IA's heritage assets include museum collections and historic structures that support IA's mission in honoring relationships with Indian tribes and the Strategic Plan goals for serving Indian communities and preserving cultural and natural heritage resources. IA's museum property collections are collected and preserved to further IA's mission by documenting bureau activities, such as the history of Indian schools and celebrating government-to-government relations between the federal government and tribal governments. The collections are exhibited in Indian schools and displayed in IA's administrative offices to illustrate the history, mission, and activities of IA, as well as to highlight traditional and contemporary American Indian material culture. A significant area of IA's museum collections responsibility is the management of archeological collections removed from Indian reservation lands under permits issued under the authority of Antiquities Act of 1906, and the associated documentation. These collections are also managed in museums, universities, and other repositories, and are made available to tribes and the public through research, exhibitions, and publications that document and highlight tribal histories and traditions.

IA's stewardship policy for heritage assets and stewardship land is to preserve the important artistic, historic, scientific, and cultural qualities of these resources; to document and provide access; and to provide accountability, in keeping with federal laws and regulations, and Department policies. IA's responsibility for heritage assets has been established under several cultural resource and property management authorities including the Antiquities Act of 1906 (16 U.S.C. 431-433); the Reservoir Salvage Act of 1960, as amended (16 U.S.C. 469-469c); the Archaeological Resources Protection Act of 1979, as amended (16 U.S.C. 470aa-mm); Archaeological Resources Protection Act of 1979 (ARPA); Curation of Federally-Owned and Administered Archeological Collections (36 C.F.R. Part 79); the Native American Graves Protection and Repatriation Act of 1990 (NAGPRA); Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 483 (b)); Interior Property Management Directives, 410 Departmental Manual (410 DM); and Interior Property Management: Managing Museum Property, 411 Departmental Manual (411 DM), and the BIA Managing Museum Property Policy Manual (2001).





Notes to the Financial Statements

Land owned by IA generally consists of parcels located within the boundaries of Indian reservations which have been withdrawn for administrative uses and are not directly related general PP&E. Therefore, classifying this land as Stewardship Land is consistent with SFFAS No. 6, *Accounting for Property, Plant, and Equipment (PP&E)*, in that heritage assets, including stewardship land, are to be held for the general welfare of the nation and are intended to be preserved and protected.

IA's heritage assets include both collectible and non-collectible assets. IA's collectible heritage assets are museum collections, which are assemblages of objects, works of art, and/or historic documents, representing archeology, art, ethnography, biology, geology, paleontology, and history, collected according to a rational scheme and maintained so they can be preserved, studied, and interpreted for public benefit. A collection includes cataloged and/or uncataloged objects under the control of an administrative unit/location, which may have multiple facilities/spaces that house the collection. IA's non-collectible heritage assets include federal properties managed by IA that have been designated as significant cultural and historic assets and listed as National Historic Landmarks.

Stewardship land encompasses a wide range of activities, to include recreation, conservation, and functions vital to the culture of American Indians and Alaska Natives. The categories used by IA are Cultural, School, and Housing; Other Recreation Areas; Reclamation and Irrigation; and Other Stewardship Lands.

The RSI section of this report provides additional information concerning stewardship land and heritage assets.

NOTE 8: ASSETS ANALYSIS

Non-entity accounts receivable include amounts that will be collected by IA in the future, but will not be available for use. The amounts will be forwarded to Treasury at a later date. Non-entity accounts receivable include accrued interest and penalties on delinquent debt, and other miscellaneous receivables.

Non-entity FBWT consists of receipts collected on behalf of the OTFM (Appropriation 14X6053, Non-Trust Deposits and Bids for Indian Land). These are primarily for real estate services where bids are held in escrow until the winning bid is determined.



Section III: Financial

Notes to the Financial Statements

Assets, as of September 30, 2007 are summarized as follows:

(dollars in thousands)

	Entity Unrestricted	Non-Entity Restricted	FY2007
Intragovernmental Assets			
Fund Balance with Treasury	\$ 1,454,234	\$ 13,915	\$ 1,468,149
Investments, Net	74,456	-	74,456
Accounts and Interest Receivable, Net	17,871	-	17,871
Other			
Advances and Prepayments	2,824	-	2,824
Total Intragovernmental Assets	\$ 1,549,385	\$ 13,915	\$ 1,563,300
Cash	236	-	236
Investments, Net	30	-	30
Accounts and Interest Receivable, Net	14,714	11,912	26,626
Loans and Interest Receivable, Net	20,635	-	20,635
General Property, Plant, and Equipment, Net	1,593,537	-	1,593,537
Other:			
Advances and Prepayments	48,740	-	48,740
Stewardship Assets			
Total Assets	\$ 3,227,277	\$ 25,827	\$ 3,253,104





Notes to the Financial Statements

Assets, as of September 30, 2006 are summarized as follows:

(dollars in thousands)

	Entity Unrestricted	Non-Entity Restricted	FY2006
Intragovernmental Assets			
Fund Balance with Treasury	\$ 1,516,067	\$ 11,236	\$ 1,527,303
Investments, Net	69,525	-	69,525
Accounts and Interest Receivable, Net	(619)	7,558	6,939
Other			
Advances and Prepayments	2,351	-	2,351
Total Intragovernmental Assets	\$ 1,587,324	\$ 18,794	\$ 1,606,118
Cash	189	-	189
Investments, Net	1,052	-	1,052
Accounts and Interest Receivable, Net	19,298	12,243	31,541
Loans and Interest Receivable, Net	17,238	-	17,238
General Property, Plant, and Equipment, Net	1,338,650	-	1,338,650
Other:			
Advances and Prepayments	77,482	-	77,482
Stewardship Assets			
Total Assets	\$ 3,041,233	\$ 31,037	\$ 3,072,270

NOTE 9: INTRAGOVERNMENTAL DEBT

IA's debt to Treasury consists entirely of borrowings to finance the Credit Reform Loan programs. The Credit Reform Act of 1990 authorizes IA to borrow from the Treasury the amount of a direct loan disbursement, less subsidy. The Act provides that the present value of the subsidy costs (i.e., interest rate differentials, interest subsidies, estimated delinquencies and defaults, fee offsets, and other cash flows) associated with the direct loans and loan guarantees be recognized as a cost in the year the direct or guaranteed loan is disbursed.

IA's Intragovernmental Debt Related to the Credit Reform Act of 1990, as of September 30, 2007 and September 30, 2006 is summarized below:

(dollars in thousands)

	FY2006 Beginning Balance	Borrowing/ (Repayments), Net	FY2006 Ending Balance	Borrowing/ Interest/ (Repayments), Net	FY2007 Ending Balance
Credit Reform Borrowings	\$ 29,715	\$ -	\$ 29,715	\$ (21,386)	\$ 8,329
Total Debt Due to Treasury	\$ 29,715	\$ -	\$ 29,715	\$ (21,386)	\$ 8,329



Notes to the Financial Statements

Credit Reform (dollars in thousands)

	FY2007	FY2006
Principal	\$ 29,715	\$ 29,715
Interest		
Balance, Beginning of Year	-	-
Repayments/Accrued Int.	(21,386)	-
Balance, End of Year	(21,386)	-
Total Debt Due to Treasury	\$ 8,329	\$ 29,715

NOTE 10: CONTINGENT LIABILITIES

IA is a party to various administrative proceedings, legal actions, environmental suits, and claims that may eventually result in the payment of substantial monetary claims to third parties, or in the unplanned reallocation of material budgetary resources to pay for the cleanup of environmentally damaged sites. Sufficient information is not currently available to determine if the ultimate resolution of these proceedings, actions, and claims will materially affect the financial position or net cost of operations of IA.

The legal claims deemed probable of loss have been enumerated and submitted to IA by the DOI Office of the Solicitor (SOL). IA reviews these claims and summarizes the data on a detailed Contingent Liability Report. IA forwards questions to the DOI SOL regarding cases where changes were made (i.e., estimate change, change in probability, deletions, and additions) and where no explanation for the change was evident on the legal letter. The amount of potential minimal liability has been estimated and accrued in the financial statements, including certain judgments that have been issued against IA and appealed. IA has not accrued estimated legal liabilities if the amounts or probability of loss against IA are uncertain.

The payment of any judgment against IA could be made from IA's appropriations or from Treasury's Judgment Fund. Generally, cash settlements are expected to be paid out of the Judgment Fund rather than from the operating resources of IA. IA is required, however, to reimburse the Judgment Fund for settlements or court orders on suits brought through the Contract Disputes Act of 1978 and the No Fear Act.

The potential liability for claims deemed to be probable or reasonably possible of loss is outlined in the table below. The lower value of the estimated range of probable loss has been accrued and presented as a contingent legal liability in the accompanying Consolidated Balance Sheets.

The total amount that IA is required to repay to the Judgment Fund is \$129.5 million at September 30, 2007 and \$119.9 million at September 30, 2006 and is recorded as a Judgment Fund reimbursement payable on the September 30, 2007 and September 30, 2006 Consolidated Balance Sheets.





Notes to the Financial Statements

Contingent and Environmental and Disposal Liabilities as of September 30, 2007 and September 30, 2006 are summarized as follows:

FY2007
(dollars in thousands)

	Acrued Liabilities	Additional Potential Liabilities	
		Lower End of Range	Upper End of Range
Contingent Liabilities			
Probable	\$ 16,137	\$ 16,137	\$ 25,637
Reasonably Possible		29,107	75,663
Estimated Environmental and Disposal Liabilities			
Probable	\$ 39,621	\$ 39,621	\$ 40,970
Reasonably Possible		6,711	6,711

FY2006
(dollars in thousands)

	Acrued Liabilities	Additional Potential Liabilities	
		Lower End of Range	Upper End of Range
Contingent Liabilities			
Probable	\$ 57,790	\$ 57,790	\$ 391,540
Reasonably Possible		144,967	488,259
Estimated Environmental and Disposal Liabilities			
Probable	\$ 55,096	\$ 55,096	\$ 56,464
Reasonably Possible		8,065	8,065

IA's contingent liability significantly decreased in fiscal year 2007 due to the settlement of a \$40 million case. This case was booked as a \$40 million liability with an upper range of \$359 million prior to fiscal year 2007. In December 2006, Congress ratified a settlement agreement and provided for dismissal of the litigation and compensation to be made from the Judgment Fund of \$32.8 million for all monetary damages, attorney's fees, interest, and any other fees or costs. The Judgment Fund paid out the settlement in fiscal year 2007 and accordingly IA recognized imputed financing and imputed costs.

Indian Trust Fund Litigation

The Secretary of the Department is entrusted with the management of the monies and lands held in Trust by the federal government for Indian tribes and individuals. There have been long-standing, complicated problems



Notes to the Financial Statements

with Indian Trust accounting and management. Presently, there is significant litigation pending related to Trust management for Indian tribes and individuals.

One hundred and two (102) tribal Trust cases are currently pending in federal district courts in Oklahoma and Washington D.C., and in the U.S. Court of Federal Claims. The cases, which were brought by eighty (80) different tribes, involve claims for Trust fund and asset mismanagement, accounting, and other declaratory relief. A substantial number of the cases are stayed pending settlement negotiations or discovery. Additionally, in many of these cases, the court does not have jurisdiction to grant monetary relief.

In addition, a significant class action lawsuit has been brought on behalf of individual Indian beneficiaries of the IIM Trust accounts. The lawsuit alleges that the Department and Treasury have breached their Trust obligations with respect to the management of funds in the IIM accounts. The plaintiffs claim they are seeking an accounting of the IIM Trust funds and no damages.

Notwithstanding the damages or other claims described above, no probable estimate or range of loss can be made at this time regarding any financial liability that may result from judgment or settlement of the tribal Trust cases or IIM Trust fund litigation.

NOTE 11: ENVIRONMENTAL AND DISPOSAL LIABILITIES

IA is subject to environmental laws and regulations regarding air, water, and land use; the storage and disposal of hazardous materials; and the operations and closure of facilities at which environmental contamination may be present. The primary federal laws covering environmental response, remediation and monitoring are the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), the Resource Conservation and Recovery Act (RCRA), the Oil Pollution Act (OPA), the Clean Water Act (CWA), the Clean Air Act (CAA), the Safe Drinking Water Act (SDWA), and the Asbestos Hazard Emergency Response Act (AHERA). Responsible parties, which may include federal agencies under certain circumstances, are required to remediate releases of hazardous substances at or from facilities they own, operated, or at which they arranged for the disposal of such substances.

IA remediates many types of environmental contaminations including hazardous materials, oil spills, asbestos, lead-based paint, and landfills. IA annually compiles the estimated amount of future liability, estimated cost of preparing studies, and estimated amount of funding needed for remediation. The potential liability for remediation costs deemed probable or reasonably estimable (but do not meet the requirements for accrual), as of September 30, 2007 and September 30, 2006, is outlined in the table presented in Note 10. The lower value of the estimated range of probable loss has been accrued and presented as an environmental cleanup cost liability in the accompanying Consolidated Balance Sheets.

IA's contingent liability for potential environmental cleanup of sites that are considered reasonably possible and estimable include the expected future response costs, and, for those sites where future cleanup costs are unknown, the cost of studies necessary to evaluate cleanup requirements. Note 10 describes contingent legal liabilities, some of which are related to environmental claims made by third parties.





Notes to the Financial Statements

The change in the estimated accrued environmental and disposal liabilities from September 30, 2006 to September 30, 2007 is primarily due to a reclassification of \$16 million related to landfill closure costs in the Navajo region from the environmental and disposal liabilities to other miscellaneous liabilities. The reclassification was made because the closure costs were not related to remediation of contaminated land. There are no material changes in total estimated disposal costs that are due to changes in law and technology.

NOTE 12: LEASES

IA has many operating leases with the GSA, primarily for office space (GSA real property) and vehicles (GSA personal property). Most of the GSA real property leases are cancelable and all of the GSA personal property leases have no stated expiration date. Per Department guidance, IA has reported its future minimum lease payments on the GSA operating leases as follows: five years outward for cancelable GSA real property leases (including month to month or annual leases); based on the actual lease terms for non-cancelable GSA real property leases; five years outward for GSA personal property leases.

IA also has non-GSA leases for other real property (direct real property) and personal property (direct personal property). For non-GSA leases, IA intends to replace expired leases with similar lease terms on like-kind properties. Per Department guidance and SFAS No. 13, *Accounting for Leases*, IA has reported its future minimum lease payments on direct real and personal property leases per the term of each non-cancelable lease whose initial or remaining term is one year or greater. Per Department guidance, direct property leases having month to month or annual renewal terms are not disclosed. IA's personal property leases are all cancelable and most are one year or less (most of these are on month to month or annual terms). As such, per the aforementioned guidance, IA has not disclosed these direct personal property leases in the table below.

IA has some direct real property leases that include a specified annual escalation clause. The future minimum lease payment disclosure includes these escalations in its calculation of the payments. To account for inflation for all other leases without specified escalation clauses in the lease agreement, IA applies OMB rates published annually by DOI. In calculating the future minimum payments, IA applies these OMB rates to the annual rental amount for all years disclosed excluding the base/shell rental amount and any tenant improvement amount since these portions of the rental payment do not increase over the term of the lease. In the following table, "Non-Federal" equates to direct real property and "Federal" equates to GSA property.



Notes to the Financial Statements

Future estimated minimum lease payments for operating leases as of September 30, 2007 are as follows:

Future Operating Lease Payments (dollars in thousands)

FY	Federal Real Property	Non-Federal Real Property	Federal Personal Property	Total
2008	\$ 20,349	\$ 12,536	\$ 15,130	\$ 48,015
2009	20,571	12,695	15,508	48,774
2010	20,803	12,859	15,896	49,558
2011	21,040	9,343	16,293	46,676
2012	21,283	7,814	16,701	45,798
Thereafter	1,347	109,105	0	110,452
Total Future Lease Payments	\$ 105,393	\$ 164,352	\$ 79,528	\$ 349,273

Rental payments for real property of approximately \$45.1 million and \$42.6 million were made for operating leases for the fiscal years ended September 30, 2007 and September 30, 2006, respectively.

NOTE 13: LIABILITIES ANALYSIS

Public liabilities are claims against IA by non-federal entities. IA anticipates that the liabilities listed on the next page will be funded from future budgetary resources when required. IA receives budgetary resources for the FECA liability, the environmental cleanup costs, and contingent liabilities when they are needed for disbursements. Current liabilities are amounts owed by IA that are due within the fiscal year following the reporting date. Non-current liabilities are amounts owed by IA and are not due to be paid within one year of the fiscal year-end. IA's increase in "Other Miscellaneous Liabilities" in fiscal year 2007 was caused by two factors. One, in fiscal year 2007, IA began to record Tenant Improvements for its direct real property leases; this amounted to \$19.6 million. Secondly, IA accrued landfill closure costs which were previously classified as environmental and disposal costs; this amounted to \$15.6 million.





Notes to the Financial Statements

Liabilities as of September 30, 2007 are summarized as follows.

Total Liabilities, September 30, 2007
(dollars in thousands)

	Covered by Budgetary Resources		Not Covered by Budgetary Resources		FY2007 Total
	Current	Non-Current	Current	Non-Current	
Intragovernmental Liabilities:					
Accounts Payable	\$ 8,767	\$ -	\$ -	\$ -	\$ 8,767
Debt	-	8,329	-	-	8,329
Other:					
Accrued Employee Benefits	3,932	-	9,353	16,998	30,283
Advances and Deferred Revenue	74,388	-	-	-	74,388
Deposit Funds	-	-	-	186	186
Judgment Fund	-	-	-	129,455	129,455
Resources Payable to Treasury	-	-	-	12,743	12,743
Other Miscellaneous Liabilities	-	-	-	84,358	84,358
Total Intragovernmental Liabilities	87,087	8,329	9,353	243,740	348,509
Accounts Payable	59,274	-	-	-	59,274
Loan Guarantee Liability	-	41,434	-	-	41,434
Federal Employees Compensation Act Actuarial Liability	-	-	-	110,565	110,565
Environmental and Disposal Liabilities	-	-	-	39,621	39,621
Other:					
Accrued Payroll and Benefits	16,981	-	-	-	16,981
Unfunded Annual Leave	-	-	8,337	17,437	25,774
Advances and Deferred Revenue	3,169	-	-	-	3,169
Deposit Funds	-	-	-	15,381	15,381
Contingent Liabilities	-	-	-	16,137	16,137
Other Miscellaneous Liabilities	-	-	2,668	35,148	37,816
Total Liabilities	\$ 166,511	\$ 49,763	\$ 20,358	\$ 478,029	\$ 714,661



Section III: Financial

Notes to the Financial Statements

Liabilities as of September 30, 2006 are summarized as follows.

Total Liabilities, September 30, 2006
(dollars in thousands)

	Covered by Budgetary Resources		Not Covered by Budgetary Resources		FY2006 Total
	Current	Non-Current	Current	Non-Current	
Intragovernmental Liabilities:					
Accounts Payable	\$ 10,471	\$ -	\$ -	\$ -	\$ 10,471
Debt	-	29,715	-	-	29,715
Other:					
Accrued Employee Benefits	4,347	-	8,947	17,393	30,687
Advances and Deferred Revenue	90,326	-	-	-	90,326
Deposit Funds	-	-	-	1,188	1,188
Judgment Fund	-	-	-	119,892	119,892
Resources Payable to Treasury	-	-	-	14,216	14,216
Other Miscellaneous Liabilities	-	-	-	19,819	19,819
Total Intragovernmental Liabilities	105,144	29,715	8,947	172,508	316,314
Accounts Payable	32,136	-	-	-	32,136
Loan Guarantee Liability	-	92,380	-	-	92,380
Federal Employees Compensation Act Actuarial Liability	-	-	-	116,092	116,092
Environmental and Disposal Liabilities	-	-	-	55,096	55,096
Other:					
Accrued Payroll and Benefits	23,160	-	-	-	23,160
Unfunded Annual Leave	-	-	-	25,809	25,809
Advances and Deferred Revenue	4,145	-	-	-	4,145
Deposit Funds	-	-	-	10,665	10,665
Contingent Liabilities	-	-	-	57,790	57,790
Other Miscellaneous Liabilities	-	-	-	1,710	1,710
Total Liabilities	\$ 164,585	\$ 122,095	\$ 8,947	\$ 439,670	\$ 735,297





Notes to the Financial Statements

IA acts as a custodian for Treasury when it receives interest and penalties from the beneficial users of agreements related to construction costs of power and irrigation projects. IA is required to transfer collections to the Treasury General Fund. As of September 30, 2007 and September 30, 2006, IA recorded a receivable and an offsetting payable for these agreements in the amount of \$11.0 million, and \$11.1 million, respectively. The payable balance is recorded in other liabilities, Intragovernmental, and the receivable is recorded in public accounts receivable.

IA classifies receipts on behalf of the OTFM in 14X6053 (Non-Trust Deposits and Bids for Indian Lands) as non-entity liabilities. These are primarily for real estate services where bids are held in escrow until the winning bid is determined.

Unfunded annual leave amounted to \$25.8 million as of September 30, 2007 and 2006.

IA's only debt is with the Treasury for the borrowings related to the loan programs. IA's total borrowing from Treasury as of September 30, 2007 and September 30, 2006 was \$8.3 million and \$29.7 million, respectively.

See Note 5 and Note 9 for additional information regarding IA's loan programs.

NOTE 14: EARMARKED FUNDS

IA has certain funds that are financed by specifically identified revenues and are required by statute to be used for designated activities or purposes and must be accounted for separately from IA's general revenues. These are Earmarked Funds. The following is a description of IA's Major Earmarked Funds.

Power systems, Indian Irrigation Projects – Funds are obtained through the periodic collection from power consumers and users in the three IA power projects based on statutory requirements. Collected funds are used to operate, maintain, and rehabilitate power system infrastructure on each project such as, but not limited to: power generating facilities, power substations, electrical switching stations, transmission lines, distribution lines, and deteriorated infrastructures.

Operation and Maintenance, Indian Irrigation Systems – Funds are obtained through the annual collection from water users of assessments against irrigation lands in the 17 IA irrigation projects based on statutory requirements. Collected funds are used to operate, maintain, and rehabilitate irrigation infrastructure such as, but not limited to: (1) water storage reservoirs, diversion structures, pumping plants; (2) canal, pumping plants, water control structures; and (3) deteriorated infrastructure.

Highway Trust Fund – IA is the child. DOT-FHA is the parent. This fund is a trust fund and is financed by specifically identified revenues and other financing sources. In fiscal year 2006, IA adopted early implementation for Parent/Child reporting for Highway Trust Fund transfers with the DOT-FHA. The result of this implementation is that the Parent agency (DOT-FHA) reported the financial activity in their Financial Statements for fiscal year 2006 and in future years.

The tables on the following pages show the Assets, Liabilities, and Net Position for IA's Earmarked Funds as of September 30, 2007 and September 30, 2006. "Other Earmarked Funds" includes: Operation and Maintenance of Quarters, Natural Resource Damage Assessment and Restoration, Alaska Resupply Program, and Indian Water Rights and Habitat Acquisition Program.



Notes to the Financial Statements

Earmarked Funds as of September 30, 2007 (dollars in thousands)

	Indian Power Systems	Indian Irrigation Systems	Other Earmarked Funds	FY2007
ASSETS				
Fund Balance with Treasury	\$ 5,515	\$ 3,522	\$ 13,155	\$ 22,192
Investments, Net	43,123	31,364	-	74,487
Accounts Receivable, Net	5,458	3,706	843	10,007
General Property, Plant, and Equipment, Net	74,523	107,054	12	181,589
Other Assets	559	876	-	1,435
TOTAL ASSETS	\$ 129,178	\$ 146,522	\$ 14,010	\$ 289,710
LIABILITIES				
Accounts Payable	3,849	802	292	4,943
Other Liabilities	363	491	120	974
TOTAL LIABILITIES	4,212	1,293	412	5,917
NET POSITION				
Unexpended Appropriations	-	-	-	-
Cumulative Results of Operations	124,966	145,229	13,598	283,793
TOTAL NET POSITION	124,966	145,229	13,598	283,793
TOTAL LIABILITIES AND NET POSITION	\$ 129,178	\$ 146,522	\$ 14,010	\$ 289,710
COST/REVENUE				
Gross Costs	69,743	30,241	6,837	106,821
Earned Revenue	(70,189)	(27,993)	(6,499)	(104,681)
NET COST OF OPERATIONS	\$ (446)	\$ 2,248	\$ 338	\$ 2,140
NET POSITION				
Net Position, Beginning Balance	\$ 124,721	\$ 145,960	\$ 10,505	\$ 281,186
Change in Accounting Principle- Parent/Child Reporting	-	-	(13)	(13)
Non-Exchange Revenue	(179)	281	-	102
Donations and Forfeitures of Cash and Cash Equivalents	-	-	3,450	3,450
Other Financing Sources				
Transfers In/(Out) without Reimbursement	(22)	(80)	(6)	(108)
Imputed Financing from Costs Absorbed by Others	-	1,316	-	1,316
Net Cost of Operations	446	(2,248)	(338)	(2,140)
Change in Net Position	245	(731)	3,093	2,607
NET POSITION, ENDING BALANCE	\$ 124,966	\$ 145,229	\$ 13,598	\$ 283,793





Notes to the Financial Statements

Earmarked Funds as of September 30, 2006

(dollars in thousands)

	Indian Power Systems	Indian Irrigation Systems	Highway Trust Fund	Other Earmarked Funds	FY2006
ASSETS					
Fund Balance with Treasury	\$ 4,534	\$ 3,111	\$ -	\$ 10,030	\$ 17,675
Investments, Net	41,968	28,609	-	-	70,577
Accounts Receivable, Net	5,098	2,991	-	807	8,896
General Property, Plant, and Equipment, Net	73,820	112,225	-	22	186,067
Other Assets	315	163	-	-	478
TOTAL ASSETS	\$ 125,735	\$ 147,099	\$ -	\$ 10,859	\$ 283,693
LIABILITIES					
Accounts Payable	613	600	-	216	1,429
Other Liabilities	401	539	-	138	1,078
TOTAL LIABILITIES	1,014	1,139	-	354	2,507
NET POSITION					
Unexpended Appropriations	-	-	-	13	13
Cumulative Results of Operations	124,721	145,960	-	10,492	281,173
TOTAL NET POSITION	124,721	145,960	-	10,505	281,186
TOTAL LIABILITIES AND NET POSITION	\$ 125,735	\$ 147,099	-	\$ 10,859	\$ 283,693
COST/REVENUE					
Gross Costs	57,115	21,429	-	6,604	85,148
Earned Revenue	(68,477)	(29,905)	-	(6,390)	(104,772)
NET COST OF OPERATIONS	\$ (11,362)	\$ (8,476)	\$ -	\$ 214	\$ (19,624)
NET POSITION					
Net Position, Beginning Balance	113,485	136,659	3,060	10,793	263,997
Change in Accounting Principle- Early Implementation	-	-	(3,060)	-	(3,060)
Transfer – Out of Indian Arts and Crafts Funds to OS	-	-	-	(74)	(74)
Non-Exchange Revenue	(64)	76	-	-	12
Other Financing Sources					
Transfers In/(Out) without Reimbursement	(62)	(56)	-	-	(118)
Imputed Financing from Costs Absorbed by Others	-	805	-	-	805
Net Cost of Operations	11,362	8,476	-	(214)	19,624
Change in Net Position	11,236	9,301	(3,060)	(288)	17,189
NET POSITION, ENDING BALANCE	\$ 124,721	\$ 145,960	\$ -	\$ 10,505	\$ 281,186



Notes to the Financial Statements

NOTE 15: NET COST OF OPERATIONS

OMB Circular A-136 requires the presentation of the Statement of Net Cost to align directly with the goals and outcomes identified in the Strategic Plan. Accordingly, IA presented the earned revenue and gross costs by programmatic mission area and associated outcome goals from the Department’s 2007-2012 Strategic Plan.

GPRA requires federal agencies to formulate strategic plans, identify major strategic goals, and report performance and costs relating to these goals. Under GPRA, the strategic plans must be revised and updated every three years. Accordingly, the Department updated its Strategic Plan in fiscal year 2007, and added an additional mission area, “Resource Protection” for IA. GPRA requires that IA report net costs for the associated mission area goals. Accordingly, IA has presented the earned revenues and gross costs through fiscal years 2007 and 2006 by the mission area and associated goals identified in the fiscal year 2007-2012 Strategic Plan. For fiscal year 2006, “Resource Protection” has no costs or revenues since this mission area is applicable starting in fiscal year 2007. See the following tables for the costs and revenues for fiscal year 2007 and fiscal year 2006.

Fiscal Year 2007 Net Cost of Operations (dollars in thousands)

	Operation of Indian Programs	Construction	Other	Elimination of Intra- Bureau Activity	FY2007 Total
MISSION: SERVING COMMUNITIES					
Improve Protection of Lives, Resources and Property					
Intragovernmental Costs	\$ 7,914	\$ (376)	\$ -	\$ -	\$ 7,538
Public Costs	20,053	2,305	-	-	22,358
Total Costs	27,967	1,929	-	-	29,896
Intragovernmental Earned Revenue	-	-	-	-	-
Public Earned Revenue	9	-	-	-	9
Total Earned Revenue	9	-	-	-	9
Net Costs	27,958	1,929	-	-	29,887
Fulfill Indian Fiduciary Trust Responsibilities					
Intragovernmental Costs	149,931	6,889	19,478	(2,734)	173,564
Public Costs	230,347	42,708	144,940	-	417,995
Total Costs	380,278	49,597	164,418	(2,734)	591,559
Intragovernmental Earned Revenue	2,938	-	9,007	(2,734)	9,211
Public Earned Revenue	2,040	4	96,558	-	98,602
Total Earned Revenue	4,978	4	105,565	(2,734)	107,813
Net Costs	375,300	49,593	58,853	-	483,746





Notes to the Financial Statements

Fiscal Year 2007 Net Cost of Operations

(dollars in thousands) (continued)

	Operation of Indian Programs	Construction	Other	Elimination of Intra- Bureau Activity	FY2007 Total
Advance Quality Communities for Tribes and Alaska Natives					
Intragovernmental Costs	228,193	11,061	1,975	5	241,234
Public Costs	1,654,685	176,914	(82,555)	-	1,749,044
Total Costs	1,882,878	187,975	(80,580)	5	1,990,278
Intragovernmental Earned Revenue	218,049	1,658	6,298	5	226,010
Public Earned Revenue	12,625	8,886	1,751	-	23,262
Total Earned Revenue	230,674	10,544	8,049	5	249,272
Net Costs	1,652,204	177,431	(88,629)	-	1,741,006
TOTAL MISSION: SERVING COMMUNITIES					
Intragovernmental Costs	386,038	17,574	21,453	(2,729)	422,336
Public Costs	1,905,085	221,927	62,385	-	2,189,397
Total Costs	2,291,123	239,501	83,838	(2,729)	2,611,733
Intragovernmental Earned Revenue	220,987	1,658	15,305	(2,729)	235,221
Public Earned Revenue	14,674	8,890	98,309	-	121,873
Total Earned Revenue	235,661	10,548	113,614	(2,729)	357,094
Net Costs	2,055,462	228,953	(29,776)	-	2,254,639
MISSION: RESOURCE PROTECTION					
Protect Cultural and Natural Heritage Resources					
Intragovernmental Costs	311	-	-	-	311
Public Costs	491	-	-	-	491
Total Costs	802	-	-	-	802
Intragovernmental Earned Revenue	-	-	-	-	-
Public Earned Revenue	-	-	-	-	-
Total Earned Revenue	-	-	-	-	-
Net Costs	802	-	-	-	802
TOTAL					
Intragovernmental Costs	386,349	17,574	21,453	(2,729)	422,647
Public Costs	1,905,576	221,927	62,385	-	2,189,888
Total Costs	2,291,925	239,501	83,838	(2,729)	2,612,535
Intragovernmental Earned Revenue	220,987	1,658	15,305	(2,729)	235,221
Public Earned Revenue	14,674	8,890	98,309	-	121,873
Total Earned Revenue	235,661	10,548	113,614	(2,729)	357,094
Net Cost of Operations	\$ 2,056,264	\$ 228,953	\$ (29,776)	\$ -	\$ 2,255,441



Notes to the Financial Statements

Fiscal Year 2006 Net Cost of Operations (dollars in thousands)

	Operation of Indian Programs	Construction	Other	Elimination of Intra-Bureau Activity	FY2006 Total
MISSION: SERVING COMMUNITIES					
Improve Protection of Lives, Resources and Property					
Intragovernmental Costs	\$ -	\$ (2,834)	\$ 19,669	\$ -	\$ 16,835
Public Costs	1,201	2,888	165,756	-	169,845
Total Costs	1,201	54	185,425	-	186,680
Intragovernmental Earned Revenue	-	-	37	-	37
Public Earned Revenue	1	-	4,610	-	4,611
Total Earned Revenue	1	-	4,647	-	4,648
Net Costs	1,200	54	180,778	-	182,032
Fulfill Indian Fiduciary Trust Responsibilities					
Intragovernmental Costs	114,296	5,346	12,128	(3,721)	128,049
Public Costs	259,685	7,093	135,685	-	402,463
Total Costs	373,981	12,439	147,813	(3,721)	530,512
Intragovernmental Earned Revenue	1,505	297	8,876	(3,721)	6,957
Public Earned Revenue	3,707	-	96,112	-	99,819
Total Earned Revenue	5,212	297	104,988	(3,721)	106,776
Net Costs	368,769	12,142	42,825	-	423,736
Advance Quality Communities for Tribes and Alaska Natives					
Intragovernmental Costs	179,592	10,269	2,573	-	192,434
Public Costs	1,734,143	152,504	98,528	-	1,985,175
Total Costs	1,913,735	162,773	101,101	-	2,177,609
Intragovernmental Earned Revenue	256,398	344	5,755	-	262,497
Public Earned Revenue	15,843	13,445	4,060	-	33,348
Total Earned Revenue	272,241	13,789	9,815	-	295,845
Net Costs	1,641,494	148,984	91,286	-	1,881,764





Notes to the Financial Statements

Fiscal Year 2006 Net Cost of Operations
(dollars in thousands) (continued)

	Operation of Indian Programs	Construction	Other	Elimination of Intra-Bureau Activity	FY2006 Total
Protect Cultural and Natural Heritage Resource					
TOTAL					
Intragovernmental Costs	293,888	12,781	34,370	(3,721)	337,318
Public Costs	1,995,029	162,485	399,969	-	2,557,483
Total Costs	2,288,917	175,266	434,339	(3,721)	2,894,801
Intragovernmental Earned Revenue	257,903	641	14,668	(3,721)	269,491
Public Earned Revenue	19,551	13,445	104,782	-	137,778
Total Earned Revenue	277,454	14,086	119,450	(3,721)	407,269
Net Cost of Operations	\$ 2,011,463	\$ 161,180	\$ 314,889	\$ -	\$ 2,487,532

NOTE 16: ADJUSTMENT TO THE BEGINNING BALANCE OF NET POSITION/ CHANGE IN ACCOUNTING PRINCIPLE

In July 2006, an updated OMB Circular A-136 was issued to the federal community delineating federal financial reporting requirements. With respect to allocation transfers, the recipient (child) was previously allowed to report proprietary activity in financial statements, if material to them. The revised guidance, however, requires that effective fiscal year 2007, the transferor (parent) report all of their child agencies' financial activities on the parents' financial statements. The guidance allowed for early implementation if both the parent and the child agency agree. In the case of the Highway Trust Fund, both IA and the DOT agreed and adopted early implementation in fiscal year 2006. In fiscal year 2007, IA implemented this requirement with other agencies where it is the child agency (Note 1 (y) lists these agencies) and where it is the parent agency to BOR. This change is considered a Change in Accounting Principle per OMB Circular A-136.

NOTE 17: IMPUTED FINANCING FROM COSTS ABSORBED BY OTHERS

In certain cases, operating costs of IA are paid for by funds appropriated to other federal agencies. These include payment of claims and litigation by Treasury's Judgment Fund, and the partial funding of retirement benefits by the OPM. In accordance with SFFAS No. 4, *Managerial Cost Accounting Standards and Concepts*, IA recognizes identified costs paid by other federal agencies as expenses of IA. The funding for these costs is reflected as imputed financing sources on the Consolidated Statement of Changes in Net Position. Costs paid by other non-DOI agencies on behalf of IA were \$103.3 million and \$42.9 million during fiscal year 2007 and fiscal year 2006, respectively.

In accordance with the FASAB Interpretation No. 6, *Accounting for Imputed Intra-departmental Costs: An Interpretation of SFFAS No. 4*, IA also recognizes costs paid for IA by other DOI bureaus as expenses of IA. Costs



Notes to the Financial Statements

paid by other DOI bureaus on behalf on IA were \$31.7 million and \$15 million during fiscal year 2007 and fiscal year 2006, respectively.

NOTE 18: COMBINED STATEMENTS OF BUDGETARY RESOURCES

Apportionment Categories of Obligations Incurred

The Combined Statements of Budgetary Resources (SBR) provide information about how budgetary resources were made available, as well as their status at the end of the period. It is the only financial statement “exclusively” derived from the entity’s budgetary general ledger accounts in accordance with budgetary accounting rules that are incorporated into GAAP for the federal government. The total Budgetary Resources are \$3.64 billion and \$3.56 billion as of September 30, 2007 and September 30, 2006, respectively; which includes new budget authority, unobligated balances at the beginning of the year and transferred in/out during the year, spending authority from offsetting collections, recoveries of prior year obligations, and any adjustment to these resources. IA’s Unobligated Balance Available at September 30, 2007 is \$815.2 million, and at September 30, 2006 was \$675.4 million, none of which is exempt from apportionment.

IA had \$803.3 million and \$900.4 million in budgetary resources obligated for undelivered orders at fiscal years ending September 30, 2007 and September 30, 2006, respectively.

For the fiscal years ended September 30, 2007 and September 30, 2006 IA incurred obligations as summarized below:

Incurred Obligations, September 30, 2007 (dollars in thousands)

	Apportioned		Not Subject to Apportionment	FY2007 Total
	Category A	Category B		
Obligations Incurred:				
Direct	\$ -	\$ 2,484,662	\$ -	\$ 2,484,662
Reimbursable	-	248,159	-	248,159
Total Obligations Incurred	\$ -	\$ 2,732,821	\$ -	\$ 2,732,821





Notes to the Financial Statements

Incurred Obligations, September 30, 2006
(dollars in thousands)

	Apportioned		Not Subject to Apportionment	FY2006 Total
	Category A	Category B		
Obligations Incurred:				
Direct	\$ -	\$ 2,520,168	\$ -	\$ 2,520,168
Reimbursable	-	294,020	-	294,020
Total Obligations Incurred	\$ -	\$ 2,814,188	\$ -	\$ 2,814,188

All of these obligations were by apportionment Category B, which typically distribute budgetary resources by activities, projects, objects, or a combination of these categories, as opposed to fiscal quarters or years.

Borrowing

IA receives borrowing authority from Treasury for its loan programs in accordance with the Federal Credit Reform Act of 1990 and related legislation. No new authority was granted or exercised in fiscal year 2007, nor in fiscal year 2006. See Note 5 and Note 9 for details regarding the terms of the borrowing and authority used.

Permanent Indefinite Appropriations

IA has several permanent indefinite appropriations which are primarily for special projects and loan programs, such as Claims and Treaty Obligations, Indian Loan Guaranty Financing and Insurance Fund Liquidating Account, Revolving Fund for Loans Liquidating Account, and Alaska Resupply Program.

Appropriations Received

Appropriations Received on the Combined Statements of Budgetary Resources differ from those reported as Appropriations Received, General Fund on the Consolidated Statements of Changes in Net Position because the balance on the Consolidated Statements of Changes in Net Position excludes certain earmarked receipts.

Legal Arrangements Affecting Use of Unobligated Balances

IA's Unobligated Balance, not Available of \$93.2 million and \$76.3 million for the fiscal years ended September 30, 2007 and September 30, 2006, respectively, are summarized as follows:

Expired authority is not available to fund new obligations but remains available for up to five years to pay for adjustments to obligations incurred prior to expiration.



Notes to the Financial Statements

(dollars in thousands)

	FY2007	FY2006
Unapportioned Amounts Unavailable for Future Apportionments	\$ -	\$ 1,646
Expired Authority	93,198	74,645
Total Budgetary Accounts	93,198	76,291
Unobligated Balance, Unavailable	\$ 93,198	\$ 76,291

Explanation of Differences between the Combined Statements of Budgetary Resources and the Budget of the United States Government

Paragraph 79(g) of Statement of Federal Financial Accounting Standard No. 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, calls for an explanation of any material differences between the information reported in the Combined Statements of Budgetary Resources and the amounts described as “actual” in the budget of the U.S. government. As such, IA has reconciled the President’s Fiscal Year 2008 Budget Request to the September 30, 2006 financial statements. The President’s Fiscal Year 2009 Budget Request will be available in February 2008. At that time, IA will reconcile the fiscal year 2007 Combined Statement of Budgetary Resources to the Fiscal Year 2009 Budget Request.

In other words, during the budget process, IA uses the information on the Report on Budget Execution and Budgetary Resources, and other reports to input budgetary information into the “actual” column of the Program and Financing (P&F) Schedules contained within the President’s Budget. This means that certain amounts in the SBR can be linked to the amounts in the “actual” columns of the P&F Schedule. Because guidance for preparing the SBR and the “actuals” in the President’s Budget may differ for certain line items, differences may exist between the two documents. Differences between amounts in the SBR and the “actuals” in the P&F Schedule can occur because of differences in treatment of certain items in the two documents, such as the amounts unavailable for obligation and expired accounts. For example, expired budget authority is excluded from the President’s Budget but included in the SBR. Because such differences may exist, the federal accounting standards require all agencies to explain the significant differences between the information presented in the SBR and the information described as “actual” in the President’s Budget in the Notes to the Financial Statements.

The chart on the next page summarizes the significant differences between IA’s SBR and the President’s Budget.





Notes to the Financial Statements

(dollars in millions)

SBR Line Description	FY2006 Amount Per President's Budget*	FY2006 Amount Per Statement of Budgetary Resources	Total Difference	Explanation
Budgetary Resources:				
Unobligated Balance:				
Beginning of fiscal year	\$ 672	\$ 727	\$ (55)	a.
Recoveries of Prior Year Unpaid Obligations	67	90	(23)	a.
Budget Authority:				
Spending Authority From Offsetting Collections:				
Nonexpenditure Transfers, net	(15)	(17)	2	a.
Temporarily Not Available Pursuant to Public Law	(9)	-	(9)	b.
Permanently Not Available	(40)	(39)	(1)	d.
Status of Budgetary Resources:				
Obligations Incurred:				
Unobligated Balance - Avail/Not Avail	676	752	(76)	a.
Change in Obligated Balance:				
Obligated Balance, Net, Beginning of fiscal year	746	747	(1)	d.
Obligations Incurred	2,790	2,814	(24)	c.
Less: Gross Outlays	(2,628)	(2,626)	(2)	d.
Less: Recoveries of Prior Year Unpaid Obligations	(67)	(90)	23	a.
Chg in Uncoll. Customer Payments from Federal Sources	(53)	(54)	1	d.
Obligated Balance, Net, End of fiscal year	(789)	(790)	1	d.
Net Outlays:				
Gross Outlays	2,628	2,626	2	d.
Less: Offsetting Collections	(305)	(316)	11	a.
Less: Offsetting Receipts	(102)	(104)	2	e.

* Source: Fiscal Year 2006 Actual amounts as published in the Appendix to the Budget of the United States Government, Fiscal Year 2008.

- a. Difference is due to activity in expired appropriations which is included in the SBR but excluded from the President's Budget.
- b. The amount on the President's Budget column of this line represents Unobligated-expiring or withdrawn funds. This amount includes GLAC 4610 for appropriation 145/62100. The same activity is excluded on the SBR for this line.
- c. The SBR excludes GLAC 4871 in Expired appropriations for 14202628 and 14202100. This same activity is included on the President's budget for this line. On the SBR, GLAC 4871 is included on line 2A (Recoveries of Prior Year unpaid obligations-Actual) rather than the Obligations line.
- d. Rounding.
- e. Differences relate to receipts reported in the SBR, but not in the President's Budget.



Notes to the Financial Statements

NOTE 19: RECONCILIATION OF NET COST OF OPERATIONS (PROPRIETARY) TO BUDGET (FORMERLY THE STATEMENT OF FINANCING)

Per OMB Circular A-136, the Statement of Financing shall no longer be presented as a financial statement. In lieu of the Statement, a schedule reconciling proprietary and budgetary information shall be presented as a footnote. This change is effective beginning fiscal year 2007. The Statement of Financing serves as an effective display of reconciling the proprietary and budgetary information. As such, IA is presenting the Statement of Financing within this footnote. IA Statement of Financing as of September 30, 2007 and September 30, 2006 is summarized below.

(dollars in thousands)

	FY2007	FY2006
Resources Used to Finance Activities:		
Budgetary Resources Obligated:		
Obligations Incurred	\$ 2,732,821	\$ 2,814,188
Less: Spending Authority From Offsetting Collections and Recoveries	(501,862)	(460,739)
Obligations Net of Offsetting Collections and Recoveries	2,230,959	2,353,449
Less: Offsetting Receipts	(116,639)	(104,848)
Net Obligations	2,114,320	2,248,601
Other Resources:		
Donations and Forfeitures of Property	609	54
Transfers In (Out) Without Reimbursement	(72,762)	(21,033)
Imputed Financing From Costs Absorbed by Others	135,090	57,954
Net Other Resources Used to Finance Activities	62,937	36,975
Total Resources Used to Finance Activities	2,177,257	2,285,576
Resources Used to Finance Items Not Part of the Net Cost of Operations:		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but Not Yet Provided	97,073	(171,933)
Change in Unfilled Customer Orders	111,464	47,840
Resources That Fund Expenses Recognized in Prior Periods	(83,145)	(41,539)
Budgetary Offsetting Collections and Receipts That Do Not Affect Net Cost of Operations:		
Credit Program Collections Which Increase Liabilities for Loan Guarantees or Allowances for Subsidy	28,724	31,042
Offsetting Receipts Not Part of the Net Cost of Operations	81,580	11,750
Resources That Finance the Acquisition of Assets	(208,030)	(79,786)
Allocation Transfers Reconciling Item, Parent (Note 19)	-	(5,631)
Other Resources or Adjustments to Net Obligated Resources That Do Not Affect Net Cost of Operations	(8,345)	642
Total Resources Used to Finance Items Not Part of the Net Cost of Operations	19,321	(207,615)
Total Resources Used to Finance the Net Cost of Operations	2,196,578	2,077,961



**Notes to the Financial Statements***(dollars in thousands) (continued)*

	FY2007	FY2006
Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:		
Components Requiring or Generating Resources in Future Periods:		
Increase in Environmental and Disposal Liability	-	3,520
Upward/Downward Re-estimates in Credit Subsidy Expense	(59,908)	10,921
Other	45,075	4,550
Total Components of Net Cost of Operations That Will Require or Generate Resources in Future Periods	(14,833)	18,991
Components Not Requiring or Generating Resources:		
Depreciation and Amortization (Note 6)	67,213	91,242
Revaluation of Assets or Liabilities	2,030	4,581
Allocation Transfers Reconciling Item, Child (Note 18)	-	291,886
Other	4,453	2,871
Total Components of Net Cost of Operations That Will Not Require or Generate Resources	73,696	390,580
Total Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period	58,863	409,571
Net Cost of Operations (Note 15)	\$ 2,255,441	\$ 2,487,532



F. Freeman





Section III: Financial

Required Supplementary Information–Unaudited (See Auditor’s Report)

This part of the Financial section contains our required supplementary information disclosures.

Contents Include:

- Deferred Maintenance
- Stewardship Land
- Heritage Assets- Non-Collectibles
- Heritage Assets-Museum Property
- Combining Statement of Budgetary Resources by Major Program





Required Supplementary Information—Unaudited

Deferred Maintenance

IA owns, builds, purchases, and contracts services for assets such as schools, dormitories, detention facilities, police stations, office buildings, roads, bridges, dams, and irrigation systems.

These assets are used to support the IA’s stated mission. The IA’s assets include some deteriorating facilities for which repair and maintenance have not been adequately funded. Current and prior budgetary restraints require that repair and maintenance on these assets be postponed to future years.

IA defines deferred maintenance as maintenance that was not performed when it should have been, or that was scheduled but then delayed until a future period. Inadequately funded maintenance may result from reduced budgets, reallocation of maintenance funds for emergency requirements, insufficient management systems or practices, and competition for resources from other program needs.

Deterioration of facilities can adversely impact public health and safety, reduce employees’ morale and productivity, and increase the need for costly major repair or early replacement of structures and equipment. Undue wear on facilities may not be immediately noticeable to users, but inadequate maintenance can require that a facility be replaced or undergo major reconstruction before the end of its expected useful life.

IA program staff use IA’s Facilities Management Information System to regularly update IA’s multi-phased inventory and deferred maintenance backlog. The IA’s current estimate for deferred maintenance includes property categories such as roads, bridges, and trails; irrigation, dams, and other water structures; buildings; and other structures.

Generally, the estimates include costs for such items as: (1) construction contract administration and inspection; (2) construction materials; (3) transportation; (4) removal of existing appurtenances, (e.g., guard rails), furnishing and equipment items that are not physically attached to property, along with related storage, inventorying, and tagging; (5) fixed equipment; and/or (6) routine annual and preventive maintenance of facilities and other infrastructure. Estimates generally exclude vehicles and most other categories of operating equipment.

The Office of Facilities Management and Construction (OFMC) prepares the estimates for buildings and other structures. The Division of Transportation (DT) prepares the estimates for roads, bridges, and trails. The Division of Natural Resources, Branch of Irrigation, Power and Safety of Dams (IPSOD) prepares the estimates for irrigation, dams, and other water structures.

Due to the scope, nature, and variety of the assets entrusted to the IA, as well as the nature of deferred maintenance itself, exact estimates of deferred maintenance are very difficult to determine. The assessment of deferred maintenance for the IA is dependent upon OFMC, DT, and IPSOD having accurate and complete facilities information. In addition, the accumulation of facility data will provide the necessary information for compliance with the federal accounting standard that requires annual reporting of deferred maintenance of fixed assets, SFFAS No. 6. The IA has chosen “condition assessment” as the method to be used for determining deferred maintenance data.





Required Supplementary Information—Unaudited

FY2007 Bureau Deferred Maintenance Estimates

(dollars in thousands)

Type of Deferred Maintenance	Item(s) Covered Note (1)	Condition Category Note (2)	Estimated Range of Deferred Maintenance for 2007					
			General PP&E		Stewardship PP&E		Total	
			Low	High	Low	High	Low	High
Financial Statement Estimated Deferred Maintenance								
Roads, Bridges, and Trails	A,B,C,D	G,F,P	\$ 239,469	\$ 292,684	\$ 962	\$ 1,175	\$ 240,431	\$ 293,859
Irrigation, Dams, and Other Water Structures	A,B,C,D	G,F,P	1,593,007	1,947,009	601	734	1,593,608	1,947,743
Buildings (e.g., Administration, Education, Housing, Historic Buildings)	A,B,C,D	G,F,P	667,587	815,940	3,788	4,629	671,375	820,569
Other Structures (e.g., Recreation Sites, Hatcheries, etc.)		N/A	-	-	-	-	-	-
Total Indian Affairs		G,F,P	\$ 2,500,063	\$ 3,055,633	\$ 5,351	\$ 6,538	\$ 2,505,414	\$ 3,062,171

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 - Facility/equipment condition meets established maintenance standards, operates efficiently, and has a normal life.
- Fair - 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 - 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, and indicator of condition is the percent of facilities and items of equipment in each of the "Good," "Fair," or "Poor" categories.



Required Supplementary Information—Unaudited

Stewardship Land

Stewardship land is defined as land owned by the federal government that was not acquired for or in connection with general property, plant, and equipment. Excluded from the definition are the natural resources related to land. DOI does not report stewardship land in acres. Federal stewardship land is reported in terms of physical units rather than cost, fair value, or other monetary value.

The following are the Stewardship Land categories used by IA:

- **Cultural, Schools, and Housing** – consists primarily of home sites, both tribal and non-tribal. Included is the Sherman Institute Cemetery located in Riverside, California and land associated with several Indian schools, including 10 acres at the Turtle Mountain Community School in Belcourt, North Dakota.
- **Other Recreation Areas** – consists primarily of fishing sites where only tribal members are provided with access to rivers for fishing.
- **Reclamation and Irrigation Areas** – consists of reclamation and irrigation lands used for numerous irrigation projects. In addition, it includes water reservoir sites and their surrounding land, including the Weber Reservoir in Carson City, Nevada.
- **Other Stewardship Lands** – used primarily for farming and grazing, but includes forest and wildlife areas in Montana and Wisconsin. Also included in this category are land areas in which office and industrial sites are located.

Category by Type	Land Units			2007 Ending Balance	Condition - Acceptable or Needs Intervention ¹¹
	2006 Beginning Balance	Additions	Withdrawals		
Other Recreation Areas	15	-	-	15	Acceptable
Cultural, Schools, and Housing	79	-	1	78	Acceptable
Reclamation and Irrigation Areas	76	-	-	76	Acceptable
Other Stewardship Lands	51	-	2	49	Acceptable
Total	221	-	3	218	

Heritage Assets – Non-Collectibles

Assets are recognized as Non-Collectible Heritage Assets if they have either a Presidential, Congressional, or Departmental (by the Secretary of the Interior) designation as a historic landmark. IA has classified one site as a

11. Land is categorized as “acceptable” when it is adequate for operating needs and the Department has not identified any improvements that are necessary to prepare and/or sustain the land for its intended use. Land is categorized as “needs intervention” when the Department has identified improvements that are necessary to prepare and/or sustain the land for its intended use.



Required Supplementary Information—Unaudited

National Historic Landmark designated by the Secretary of Interior (Haskell Indian Nations University in Lawrence, Kansas). The Haskell campus consists of 300 acres and includes 47 buildings, a historic cemetery, and a Medicine Wheel earthwork. The campus was designated a National Historic Landmark on July 4, 1961.

Category by Type	Beginning Balance (units)	Additions (units)	Withdrawals (units)	2007 Ending Balance (units)	Condition - (%) ¹²			
					Good	Fair	Poor	Unknown
National Historic Landmarks (NHL)	1	0	0	1	0	0	1	0
Totals	1	0	0	1	0	0	1	0

Heritage Assets – Museum Property

IA is responsible for significant museum property collections including: art work, archeological materials, historical objects, and associated records that are managed in 187 facilities nation-wide. This museum property is considered a “collectible heritage asset” valued for cultural, artistic, educational, historical, or natural significance to be preserved indefinitely.

For heritage asset reporting purposes, the Department has defined museum property reporting units as “collections.” The museum collections are defined as assemblages of objects, works of art, and/or historic documents, representing archeology, art, ethnography, biology, geology, paleontology, and history, collected according to a rational scheme and maintained so they can be preserved, studied, and interpreted for public benefit. A collection includes cataloged and/or uncataloged objects under the control of an administrative unit/location, which may have multiple facilities/spaces that house the collection.

Museum collection condition is assessed based on the level of facility compliance with Department policy (411DM), with a rating of “Good” determined as meeting 70% of the Department’s policy requirements. Facilities are assessed using the Department of the Interior Museum Checklist, reviewing American Association of Museums accreditation, and adopting the Army Corps of Engineers Mandatory Center of Expertise (MCX-CMAC) scores for compliance with 36 C.F.R Part 79, Curation of Federally-Owned and Administered Archeological Collections, which is similar to 411DM, in collaboration with other Interior bureaus.

12. “Good” condition means a site shows no clear evidence of negative disturbance or deterioration by natural forces or human activities; “Fair” means that a site shows clear evidence of negative disturbances or deterioration by natural forces and/or human activities; “Poor” means that a site shows clear evidence of human activities and no corrective actions have been taken to protect and preserve the integrity of the site; “Unknown” may mean that, due to the nature of the site, such as sites underwater, the condition cannot be determined or that, due to financial constraints, the condition of a site cannot be determined.



Required Supplementary Information—Unaudited

Interior Museum Collections	Beginning Collections	Additions	With-drawals	Ending Collections	Condition of Facility Housing Collection ¹³			
					Good (Meet > 70%)	Fair (Meet 50-70%)	Poor (Meet < 50%)	Not Yet Assessed
Held at Interior Facilities	108	14	-	122	26	23	68	5
Held at Non-Interior Facilities	65	-	-	65	33	12	2	18
Total	173	14	-	187	59	35	70	23

Combining Statement of Budgetary Resources by Major Program

The IA receives funding from four direct appropriations and several permanent appropriations. The direct appropriations include:

- OIP
- Construction
- Indian Land and Water Claim Settlements and Miscellaneous Payments to Indians
- Indian Guaranteed Loan Program Account

The permanent appropriations include:

- Miscellaneous Permanent
- Quarters Operation and Maintenance
- White Earth Settlement Fund
- The appropriation for Indian Guaranty and Insurance Fund, Liquidating Account; Revolving Fund for Loans, Liquidating Account; Indian Direct Loan Program Account; and the Indian Guaranteed Loan Program Account

The OIP and Construction appropriations are specifically designated as Major Budget Accounts. The other appropriations are combined for presentation on the Combining Schedule of Budgetary Resources by Major Program. The following describes the IA Major Budget Accounts on OIP and Construction.

Operation of Indian Programs

The IA is primarily funded by the OIP appropriation, which is for expenses necessary for the operation of Indian programs, as authorized by law, including the Snyder Act; the Indian Self-Determination and Education Assistance Act of 1975, as amended; the Education Amendments of 1978; and the Tribally Controlled Schools Act of 1988, as amended.

The OIP appropriation funds the following broad programmatic areas:

- Tribal Government
- Human Services

13. “Good” condition means meeting more than 70% of standards in Departmental Manual Chapter 411, Museum Property; “Fair” means meeting 50-70% of Departmental standards; “Poor” means meeting less than 50% of Departmental Standards.



Required Supplementary Information—Unaudited

- Education
- Public Safety and Justice
- Community Development
- Resources Management
- Trust Services
- General Administration

The activities within the OIP programmatic areas are numerous and have a wide scope of performance. They include:

- Provide technical assistance to tribal governments and tribal organizations to improve their ability to contract IA programs.
- Promote Indian self-determination and allow tribes to combine various contracted programs into one agreement.
- Support new federally-acknowledged tribes and tribal governments.
- Provide tribes with resources to foster strong and stable tribal governments and exercise their authority as sovereign Nations.
- Strengthen and stabilize the administrative structures of tribes and tribal organizations currently contracting and/or compacting under the authority of Public Law 93-638.
- Enable tribes to exercise their rights as sovereign Nations by establishing and maintaining their own civil and criminal codes in accordance with local tribal customs and traditions.
- Protect and preserve tribal and individual treaty rights.
- Improve welfare systems for Indian tribes and Alaska Natives.
- Provide resources to protect Indian children and prevent the separation of Indian families.
- Improve the quality of life of needy Indians by eliminating substandard housing and homelessness on or near federally recognized reservation communities.
- Allow tribes the flexibility to design human service programs that better meet the needs of their communities.
- Provide scholarships that improve local economies.
- Improve the success of students at each educational level by providing financial assistance for eligible students.
- Enable students to obtain a General Equivalency Diploma (GED) or the basic skills needed to transition to a community college or job placement.
- Provide supplementary assistance to meet the unique and specialized needs of Indian children in public school systems.
- Provide funds for policy development, curriculum additions, and general program operations at tribal colleges and universities.
- Provide economic growth in tribal communities through job placement and training.
- Provide maintenance of roads and bridges.



Required Supplementary Information—Unaudited

- Provide technical assistance to Indian tribes where land and natural resources are Trust assets.
- Assist tribes in developing conservation and management plans to protect and preserve their natural resources on Trust land and off-reservation.
- Manage or assist tribes with the management of their forests consistent with tribal goals.
- Restore Indian lands infested with invasive species to productive agronomic uses.
- Provide funds to meet tribal needs for management of fisheries, wildlife, outdoor recreation, public use, and conservation enforcement.
- Provide access to energy and non-energy mineral leasing and ensure the responsible use of lands that are developed.
- Provide expert geo-technical services to tribes involved in oil and gas exploration and drilling, field operations and sales, and liaison with other federal agencies, tribal governments, and individual Indian mineral owners to ensure effective communication in royalty management activities.
- Provide overall management responsibility for the operation of Trust functions at the agency and tribal level.
- Provide assistance to tribes and other agency personnel in various rights protection issues.
- Improve ownership information and administer and manage all land held in Trust for the benefit of individual Indians and tribes.
- Prepare probate cases for submission to responsible decision makers for the distribution of estates.
- Protect and preserve Trust lands and resources.
- Provide security personnel and other physical protection.
- Develop policy guidelines on land acquisition requests for gaming, tribal/state compacts, per capita distribution plans, Secretarial approval of trust asset and gaming-related contracts, and Secretarial procedures for class III gaming.
- Provide core funding for management and administrative services.
- Develop, implement, and review agency-level safety programs for compliance with federal laws and regulations to ensure safe and healthful workplaces.
- Protect cultural and natural resources.

Construction

IA is also funded with a Construction appropriation. This appropriation is for expenses necessary for construction, repair, improvement, and maintenance of irrigation and power systems, buildings, utilities, and other facilities, to include: architectural and engineering services by contract; acquisition of lands, and interests in lands; preparation of land for farming; and for construction of the NIIP.





Required Supplementary Information—Unaudited

The Construction appropriation funds the following activities:

- Education construction
- Public safety and justice construction
- Resources management construction
- Tribal government construction
- Emergency response
- Reimbursable programs
- General administration

Fiscal Year 2007 Combining Schedule of Budgetary Resources by Major Program (dollars in thousands)

	Operation of Indian Programs	Construction	Other Budgetary Accounts	Total Budgetary Accounts
Budgetary Resources:				
Unobligated balance, beginning of fiscal year:	\$ 445,912	\$ 122,397	\$ 75,180	\$ 643,489
Recoveries of prior year unpaid obligations	9,117	99,645	2,579	111,341
Budget Authority				
Appropriation	1,988,223	271,823	172,363	2,432,409
Spending authority from offsetting collections				
Earned				
Collected	227,337	9,751	5,127	242,215
Change in receivables from Federal sources	7,341	776	-	8,117
Change in unfilled customer orders				
Advance received	(15,631)	(281)	-	(15,912)
Without advance from Federal sources	130,155	(2,778)	-	127,377
Total Budget Authority	2,337,425	279,291	177,490	2,794,206
Nonexpenditure transfers, net	334	(18,771)	-	(18,437)
Permanently not available	-	-	(4,951)	(4,951)
Total Budgetary Resources	\$ 2,792,788	\$ 482,562	\$ 250,298	\$ 3,525,648
Status of Budgetary Resources:				
Obligations incurred:				
Direct	\$ 1,954,219	\$ 339,579	\$ 176,581	\$ 2,470,379
Reimbursable	237,716	10,443	-	248,159
Total Obligations incurred	2,191,935	350,022	176,581	2,718,538
Unobligated balance available:				
Apportioned	511,744	132,540	69,628	713,912
Total Unobligated balance available	511,744	132,540	69,628	713,912
Unobligated balance not available	89,109	-	4,089	93,198
Total Status of Budgetary Resources	\$ 2,792,788	\$ 482,562	\$ 250,298	\$ 3,525,648

**Required Supplementary Information—Unaudited**

**Fiscal Year 2007 Combining Schedule of Budgetary Resources
by Major Program**
(dollars in thousands) (continued)

	Operation of Indian Programs	Construction	Other Budgetary Accounts	Total Budgetary Accounts
Obligated Balance:				
Obligated balance, net				
Unpaid obligations, brought forward, beginning of fiscal year	\$ 259,690	\$ 587,954	\$ 30,915	\$ 878,559
Less: Uncollected customer payments from Federal sources, brought forward, beginning of fiscal year	(77,115)	(11,421)	-	(88,536)
Total unpaid obligated balances, net, beginning of fiscal year	182,575	576,533	30,915	790,023
Obligations incurred, net	2,191,935	350,022	176,581	2,718,538
Less: Gross outlays	(2,145,909)	(342,701)	(157,296)	(2,645,906)
Less: Recoveries of prior year unpaid obligations, actual	(9,117)	(99,645)	(2,579)	(111,341)
Change in uncollected customer payments from Federal sources	(137,496)	2,002	-	(135,494)
Total unpaid obligated balance, net, end of period	\$ 81,988	\$ 486,211	\$ 47,621	\$ 615,820
Obligated balance, net, end of period - by component:				
Unpaid obligations	296,598	495,630	47,621	839,849
Less: Uncollected customer payments from Federal sources	(214,610)	(9,419)	-	(224,029)
Total unpaid obligated balance, net, end of period	\$ 81,988	\$ 486,211	\$ 47,621	\$ 615,820
Net Outlays:				
Net Outlays				
Gross outlays	2,145,909	342,701	157,296	2,645,906
Less: Offsetting collections	(211,706)	(9,470)	(5,127)	(226,303)
Less: Distributed Offsetting receipts	-	-	(116,639)	(116,639)
Net Outlays (Receipts)	\$ 1,934,203	\$ 333,231	\$ 35,530	\$ 2,302,964



**Required Supplementary Information—Unaudited**

**Fiscal Year 2006 Combining Schedule of Budgetary Resources
by Major Program
(dollars in thousands)**

	Operation of Indian Programs	Construction	Other Budgetary Accounts	Total Budgetary Accounts
Budgetary Resources:				
Unobligated balance, beginning of fiscal year:	\$ 362,232	\$ 211,219	\$ 70,371	\$ 643,822
Recoveries of prior year unpaid obligations	40,835	44,539	4,507	89,881
Budget Authority				
Appropriation	1,991,490	275,637	166,954	2,434,081
Spending authority from offsetting collections				
Earned				
Collected	274,175	13,704	2,362	290,241
Change in receivables from Federal sources	1,355	381	-	1,736
Change in unfilled customer orders				
Advance received	(1,489)	(3,401)	-	(4,890)
Without advance from Federal sources	45,559	7,171	-	52,730
Total Budget Authority	2,311,090	293,492	169,316	2,773,898
Nonexpenditure transfers, net	535	(16,657)	(1,055)	(17,177)
Permanently not available	(29,300)	(4,055)	(5,355)	(38,710)
Total Budgetary Resources	\$ 2,685,392	\$ 528,538	\$ 237,784	\$ 3,451,714
Status of Budgetary Resources:				
Obligations incurred:				
Direct	\$ 1,957,502	\$ 394,097	\$ 162,604	\$ 2,514,203
Reimbursable	281,978	12,042	-	294,020
Total Obligations incurred	2,239,480	406,139	162,604	2,808,223
Unobligated balance available:				
Apportioned	372,506	122,399	72,295	567,200
Total Unobligated balance available	372,506	122,399	72,295	567,200
Unobligated balance not available	73,406	-	2,885	76,291
Total Status of Budgetary Resources	\$ 2,685,392	\$ 528,538	\$ 237,784	\$ 3,451,714





Required Supplementary Information—Unaudited

**Fiscal Year 2006 Combining Schedule of Budgetary Resources
by Major Program**
(dollars in thousands) (continued)

	Operation of Indian Programs	Construction	Other Budgetary Accounts	Total Budgetary Accounts
Obligated Balance:				
Obligated balance, net				
Unpaid obligations, brought forward, beginning of period	\$ 262,403	\$ 485,834	\$ 32,345	\$ 780,582
Less: Uncollected customer payments from Federal sources, brought forward, beginning of period	(30,200)	(3,870)	-	(34,070)
Total unpaid obligated balances, net, beginning of period	232,203	481,964	32,345	746,512
Obligations incurred, net	2,239,480	406,139	162,604	2,808,223
Less: Gross outlays	(2,201,358)	(259,480)	(159,527)	(2,620,365)
Less: Recoveries of prior year unpaid obligations, actual	(40,835)	(44,539)	(4,507)	(89,881)
Change in uncollected customer payments from Federal sources	(46,914)	(7,552)	-	(54,466)
Total unpaid obligated balance, net, end of period	\$ 182,576	\$ 576,532	\$ 30,915	\$ 790,023
Obligated balance, net, end of period - by component:				
Unpaid obligations	259,690	587,954	30,915	878,559
Less: Uncollected customer payments from Federal sources	(77,114)	(11,422)	-	(88,536)
Total unpaid obligated balance, net, end of period	\$ 182,576	\$ 576,532	\$ 30,915	\$ 790,023
Net Outlays:				
Net Outlays				
Gross outlays	\$ 2,201,358	\$ 259,480	\$ 159,527	\$ 2,620,365
Less: Offsetting collections	(272,686)	(10,302)	(2,362)	(285,350)
Less: Distributed Offsetting receipts	-	-	(104,848)	(104,848)
Net Outlays (Receipts)	\$ 1,928,672	\$ 249,178	\$ 52,317	\$ 2,230,167





Section III: Financial

Required Supplementary Stewardship Information—Unaudited (See Auditor’s Report)

This part of the Financial section contains our required supplementary stewardship information disclosures.

Contents Include:

- General Stewardship Information
- Human Capital
- Non-Federal Physical Property





Required Supplementary Stewardship Information—Unaudited

General Stewardship Information

Federal agencies are required to report on their stewardship over certain resources and responsibilities entrusted to them that cannot be measured in traditional financial reports. In fiscal year 2007, Stewardship Investments are reflected in the RSSI reporting.

Although these resources and responsibilities do not meet the criteria for assets and liabilities that are required to be reported within the financial statements, they are important to understanding both the operation and financial condition of the IA at the date of the financial statements and in subsequent periods.

Stewardship resources involve substantial investment by IA for the benefit of the Indian Nation. Costs of stewardship-type resources are treated as expenses in the financial statements in the year the costs are incurred. These costs and the resultant resources are intended, however, to provide long-term benefits to the public and are included as RSSI reporting to highlight for the user their long-term benefit nature and to demonstrate accountability over them. Depending on the nature of the resources, stewardship reporting may consist of financial and non-financial data.

Furthermore, the IA administers federal Indian policy and performs trust responsibility for federally recognized American Indian Tribes and Alaska Natives. The policies and responsibilities emanate from treaties, the U.S. Constitution, laws, court decisions, and other agreements. IA provides services directly or through self-determination, contracts, grants, and compact agreements with tribes. The range of services is similar to that provided by state and local governments. IA's responsibilities extend to its stewardship of roads, bridges, land, and Indian education.

Human Capital

Indian Education

Taking the lead in IA in the area of education is the BIE, formerly the Office of Indian Education Programs (OIEP). The BIE vision and long-range goal is to unite and promote healthy Indian communities through lifelong learning. This is implemented through its dedicated commitment to its mission, which is to provide quality education opportunities from early childhood throughout life, with consideration given to the mental, physical, emotional, spiritual, and cultural aspects of the individual being served.

Since 1995, tribes have operated more schools through grants and contracts than the IA has operated. In school year 2006-2007, 123 of the 184 schools/dorms were administered by tribes and tribal organizations, which is equivalent to 67% of the total schools.

Through various education programs, a significant human capital investment in Indian education was made towards improving the lives of American Indians and Alaska Natives. In fiscal year 2007, \$565.1 million was expended for Indian education programs, excluding the construction and facilities maintenance, which benefit American Indians and Alaska Natives from childhood throughout adulthood.





Required Supplementary Stewardship Information—Unaudited

Beginning in fiscal year 2007, the Job Corps (477) program will no longer be reported by the Department or its bureaus due to the 2007 revisions contained in OMB Circular A-136, revised June 2007. Monies received from the DOL for this program are Parent/Child (Interior is the child) and only the parent reports on the funds.

The fiscal year 2003 – 2007 expenses that relate to the Investment in Human Capital are detailed in the following table.

School Operations Program

FY2003 – 2007 Investment in Human Capital

(dollars in millions)

Category	FY2003	FY2004	FY2005	FY2006	FY2007	Total
Educational Programs ¹⁴	\$ 559.6	\$ 570.2	\$ 549.0	\$ 542.0	\$ 565.1	\$ 2,785.9
Other	11.8	11.9	12.1	10.5	0.0	46.3
Totals	\$ 571.4	\$ 582.1	\$ 561.1	\$ 552.5	\$ 565.1	\$ 2,832.2

The School Operations Program consists of the Indian School Equalization Program (ISEP), transportation, Family and Child Education (FACE), and administrative cost funds. The ISEP provides formula-based funding for IA-operated, grant, and contract elementary and secondary schools. Funds are distributed using the ISEP formula, which considers Weighted Student Units (WSU) in order to provide basic educational programs for Indian children in grades K through 12. This funding is for operating the bureau-funded schools (i.e., funding for school staff, school programs, textbooks, and general supplies) that are used by the school to educate Indian children.

Significant Output/Accomplishment

Significant accomplishments in school operations include:

On August 8, 2005, the DOI Associate Deputy Secretary approved the Program Improvement and Accountability Plan (PIAP) which was developed in collaboration with the Department of Education, school staff, tribes, and tribal school boards. The PIAP is a management tool to assist the BIE with tracking and reporting program accomplishments, improving management and oversight of resources, and achieving GPRA goals. The PIAP provides the structure to meet the six critical education objectives of the BIE and to report progress to the public, schools, BIA, and the Department of Education.

In November 2006, through the FOCUS program, fourteen schools began receiving coaching/mentoring and leadership development services in reading and math that was adapted to each school's existing curricula. The FOCUS program supports teachers in teaching for meaning and relevancy, and models lessons for the required state content and process standards. Additionally, the purpose is to provide support materials to enhance scientifically-based research practices in the areas of modeled, guided, and independent reading/math. For example, there were approximately 60,000 books distributed among 1,200 families at 13 FOCUS schools that were written and published by students, staff, and parents. Also, 480 titles of high quality children's books for read-aloud classroom collections

14. Educational Programs include School Operations, Adult Education, Post Secondary Education, Scholarship Programs, and the Indian Employment, Training, and Related Services Act.



Required Supplementary Stewardship Information—Unaudited

were purchased, promoting literacy and numeracy. Through the efforts of coaches and staff working with students and parents, the schools will move toward making AYP and the creation of Healthy Literate Communities.

Santa Fe Indian School (SFIS) was recognized for excellence in the geographic information system (GIS) with a 2006 Special Achievement in GIS at the Twenty-sixth Annual ESRI International User Conference in San Diego, CA. SFIS uses GIS technology in a community-based education program. Instructors and students work with scientists from the Los Alamos National Labs, local professionals, and tribal government officials on community projects serving more than 20 tribal communities.

Ten students from Santa Fe Indian School received the competitive and highly prestigious Gates Millennium Scholarship.

Enemy Swim Day School received recognition with the National Verizon Tech Savvy Award and a \$25,000 check from the Verizon Foundation for its RealeBook Project which helps parents and their children learn about technology together. Enemy Swim was also named the 2007 Outstanding FACE Program at the FACE National Training in Denver, CO.

Beginning its 9th year, the Circle of Life Math and Science Academy is a partnership between the Circle of Life School, the University of Minnesota Extension Program, the University of Minnesota College of Education and Human Development, the White Earth Tribal College, and the White Earth Reservation.

Isiah Nahwahquaw, an 8th grade student at Circle of Nations School and a lead singer with the award winning Circle of Nations Drum Group, won a medal at the local science fair, and trips to the North Dakota Native American Science Fair and the National Native American Science Fair for his “Dangers of Crystal Meth” science fair project.

The Joseph K. Lumsden Anishnabe Bahweting School was honored on May 3, 2007, for receiving first place recognition for the “Healthy School Award” from the Michigan Surgeon General.

The school year 2006-2007 Indian School Equalization Student count was completed with the Native American Student Information System (NASIS). NASIS is a student data management system that collects student count information from all BIE-funded schools, allowing schools to better manage their schools and reduce the manual data entry that is required by schools to generate reports for funding, attendance tracking, resource allocation, teacher lesson plans, and accountability requirements. NASIS also allows BIE to better track, manage, and report student performance outcomes and enables BIE to identify and promulgate educational best practices across all BIE-funded schools.

On July 1, 2005, the provisions of the No Child Left Behind Act were implemented through ISEP regulations (25 CFR Part 39) that were developed during negotiated rulemaking with tribes and schools. These regulations required significant changes to the student count process and in the funding and operation of academic and residential ISEP programs. Fiscal year 2007 funding for education included \$657.9 million to operate Indian Education programs and \$205 million for Education Construction.

Prior to school year 2005-2006, students were counted for funding during the last full week of September each year.





Required Supplementary Stewardship Information—Unaudited

Beginning with school year 2005-2006 schools were funded for academic and residential programs based on the average daily membership of the previous three school years. There are three counts associated with the three year average count: (1) the headcount for the school year, (2) the calculated average daily membership (ADM) for the school year, and (3) the three year average. The following count reflects the calculated three year ADM for school years 2005-2006, 2006-2007 and 2007-2008.

The student count conducted during school year 2006-2007 was used to calculate the three year (school years 2004-

School Operations	SY2007-2008		SY2006-2007		SY2005-2006	
	Schools	Students	Schools	Students	Schools	Students
Contract/Grant Schools	125	27,852	123	28,770	123	29,513
Bureau-Operated Schools	59	16,479	61	17,235	61	18,221
Totals	184	44,331*	184	46,005*	184	47,734*

* Three Year Average

2005, 2005-2006, and 2006-2007) average membership for school year 2007-2008 beginning July 1, 2007. Because of student count appeals, the count will not be finalized until December 1, 2007. Before resolution of the student count appeals, the calculated school year 2006-2007 ADM was 42,650. This will increase if appeals are resolved in favor of the schools.

The calculated school year 2006-2007 ADM was derived by dividing the aggregate membership days for all students for each school by each school's number of calendar days, then adding the ADM for all schools to determine the Bureau's total ADM. The 42,650 calculated ADM was derived from 49,950 academic and dormitory only students who may have attended more than one school throughout school year 2006-2007.

Adult Education

The Adult Education Program provides opportunities for adult Indians and Alaska Natives to obtain the GED. It also provides basic skills for transition to community college or job placement. In addition, this program specifically provides educational opportunities for American Indians and Alaska Natives to improve their employment skills and abilities while enhancing the local economy and their economic competitiveness on reservations. It also reduces their economic dependence on welfare programs. In sum, the tribes support the continuing Adult Education Program with several education programs under the Tribal Priority Allocations (TPA) funding process.

Significant Output/Accomplishment

The Oklahoma Education Line Office operated Adult Education Learning Centers in Wewoka, OK (Seminole), Carnegie, OK, and Anadarko, OK (Kiowa).

The program in Wewoka consists mainly of helping students prepare for the GED. The programs in Carnegie and Anadarko consist of GED preparation, college courses from local universities, and cultural and language activities. The Carnegie Center sponsored several 40 hour Phase I and Phase II Security Guard Training sessions for



Required Supplementary Stewardship Information—Unaudited

individuals seeking employment as unarmed security guards. Forty hour Basic Telecommunicator Training sessions were also provided for individuals seeking employment as dispatchers.

This past year, the Kiowa elders and some children they have tutored in their language participated in the annual Native American Youth Language Fair. This fair is held at the Sam Noble Museum in Norman, OK.

Three students who are tutored by the Kiowa elders won trophies and medals for first place in the fourth through fifth grade category with a Kiowa lullaby and hymn. Three students won in the art category. One student won in the story-telling section. All presentations were required to be related to culture and the story told in the language.

Post-Secondary Education Programs

The Post-Secondary Education Programs are an important component in the economic development of tribal communities. The programs support the Department's goal on "Improving Communities" by promoting growth within Indian communities. Post secondary programs primarily consist of operating grants and supplemental funds for TCUs. In addition, the funds support the Undergraduate and Graduate Scholarship Programs, Haskell Indian Nations University, and Southwestern Indian Polytechnic Institute.

Operating funds are provided to defray expenditures for academic, educational, and administrative purposes and for the operation and maintenance of 25 TCUs (however, one TCU was not funded because it did not meet eligibility requirements). Six tribes supplement the operation of their TCUs by providing additional TPA funds for policy development, curriculum additions, and general program operations.

The Undergraduate and Graduate Scholarship Program is administered by the BIE and by tribes under self-determination contracts, grants, or self-governance compacts. The Undergraduate Scholarship Program provides financial assistance for eligible American Indian and Alaska Native students attending accredited post-secondary institutions. Each scholarship award is based on the student's certified financial aid requirements for Title IV Federal Assistance, such as the Pell Grant.

The BIE funds the operating costs of two post-secondary schools in order to prepare Indian students from all tribes for job placement in various occupations. The Haskell Indian Nations University in Lawrence, KS, and the Southwestern Indian Polytechnic Institute in Albuquerque, NM, offer their students skill certificates, and associate and bachelor degrees, in a variety of studies, sciences, and technologies. Two other post-secondary institutions that provide Indian education are Crownpoint Institute of Technology and United Tribes Technical College.

Significant Output/Accomplishment

The Oklahoma ELO administers the Higher Education Scholarship program for the Seminole Tribe of Oklahoma and the Kiowa Tribe of Oklahoma. The program funds students who are working for a baccalaureate degree. The Seminole awards for 2006-2007 totaled 272 students, of which 35 graduated. The average award for a four year program is \$1,600 and for a two year program is \$1,200. There were 59 Kiowa awards for the spring of 2007. The average award was \$1,500 per year.

The Cheyenne River Sioux Tribe funded 208 scholarships in school year 2006-2007 and had 23 graduates from two





Required Supplementary Stewardship Information—Unaudited

and four year degree programs.

Haskell Indian Nations University Accomplishments: Haskell's unduplicated headcount for school year 2006-2007 was 1,069. There were 152 graduates - 103 associate and 49 bachelor degrees.

Trish Reeves' creative writing students won awards in the Tribal College Journal Creative Writing Contest. In the contest's poetry division, seven of the 10 winners were Haskell students. They were Jacquetta Shade, Michael Bonga, Lumhe Micco Sampson, Daniel Remmenga, Kyerin Bennett, Kyle Tsosie, and Jimmy Beason. No other tribal college had so many winners in any category. Winners were recognized at the American Indian Higher Education Conference in Rapid City on March 27. In the Fall, Tribal College Journal will publish top winners in the journal and all winners on their Web site.

Four students—Sena Harjo, Chester Mandan, Jakari Jackson, and Aaron Ross—in the Television News Class were selected as part of this year's 2007 Native American Journalist Associations College Projects in Television for the NAJA conference in Denver (June).

Students attended the Kansas Exemplary Educators Network Conference in Topeka, KS February 22-23, 2007. Jeffrey Mahan, Kickapoo junior, and Kathleen Coonfield, Cherokee junior, were recognized as Teachers of Promise. Kansas National Education Association – Student Program (KNEA-SP) students attended the State KNEA-SP Conference in Emporia, KS March 30-31, 2007. They received the Chapter of Excellence Award and won the state competition for banner design. They will have their banner printed on state KNEA publications and conferences for the 2007-2008 academic years. Matt Wilson, Kiowa/Choctaw sophomore, was elected as Regional Representative, representing all northeast Kansas colleges and universities. Misty Hammer, Cherokee sophomore, received the prestigious C.O. Wright Scholarship. The recognitions were a first for the Haskell Indian Nations University School of Education.

Two Haskell American Indian Studies (AIS) alumni, a current AIS major, and a faculty member presented papers at the 49th Annual Conference on the Western Social Science Association (WSSA) in Calgary, Alberta, Canada this spring. Graduates Denny Gayton and Dawn Webster, along with graduating student Marjeanna Burge gave presentations about their undergraduate research experience at Haskell.

In football, Haskell student Hunter Smith was 7th in the nation in receiving, Kenton Wills was 4th in the nation in rushing, Steve Morgan, offensive line, received National Association of Intercollegiate Athletics (NAIA) All-American, Honorable Mention, and Terrill Denny was named to the NAIA Academic All American team.

Southwestern Indian Polytechnic Institute (SIPI) Accomplishments: SIPI's unduplicated headcount for school year 2006-2007 was 831. There were 65 graduates - 56 Associate degrees and 9 Certificates.

SIPI Early Childhood Education Graduate, Verna Calabaza, from the Pueblo of Santo Domingo was selected to represent tribal colleges at the Head Start Higher Education Grantees Meeting in April 2007.

Six Mathematics, Engineering and Science Achievement (MESA) students were awarded two-year internship



Required Supplementary Stewardship Information—Unaudited

positions in the National Science Foundation (NSF)-funded Basic and Advanced Science & Technology Academies of Research (B A STAR) project. Three SIPI MESA students were awarded national MESA-NSF Science, Technology, Engineering and Mathematics (STEM) transfer scholarships which will total \$24,000 over three years. Six SIPI students presented at the “Achieving the Dream: Community Colleges Count, 2007 Strategy Institute,” which was a national conference that took place in Albuquerque in January 2007. The session was entitled “How We Think About Success: A Conversation with Students from SIPI”.

SIPI’s Educational Talent Search (ETS) Program serves 600 low-income first generation students (grades 6-12) in ten target schools with large American Indian student enrollment. Program highlights include 98% of SIPI-ETS seniors graduate from high school, seven ETS students received the Daniels Foundation Scholarship (funds until completion of first Bachelor degree), and 3 students received the Gates Millennium Scholarship (funds until completion of a Doctorate degree).

SIPI has the only Optician Accredited program in New Mexico and has 100% job placement as Optician Technicians with either certificate or Associate Applied Sciences degree. SIPI’s Pre-Engineering Program funded by a Carl Perkins Grant and the NSF was accredited by the North Central Association on September 11, 2006.

Memorandums of Understanding (MOU) were developed with Bernalillo Public School district to implement college and career transitions, in the STEM areas and with BLM for New Mexico and Arizona to recruit SIPI engineering graduates.

SIPI and Haskell are two of the seven Tribal Colleges and Universities participating in the Diabetes Based Science Education in Tribal Schools (DETS) Program. The “Seven Generations of Health program at SIPI, A Trans-generational Approach to Human Nutrition and Obesity Intervention in Indian Country,” has been nominated for the Bellwether Award. With support from the Alfred P. Sloan Foundation, SIPI hosted the second New Mexico State University Digital Pathways Conference in August 2007, bringing together tribal and educational leaders from New Mexico communities, government entities, and higher education.

Tribal Colleges and Universities: The 25 TCUs reported an Indian Student Count of 9,999.60 for the academic year 2006-2007 funding.

Last year, Fortune Small Business Magazine named Sitting Bull College (Fort Yates, ND) one of the “10 Cool Colleges for Entrepreneurs,” recognizing the college for its innovative strategies in economic development through higher education. Today, still focused on strengthening the reservation’s economy, the college is set to break ground on a \$3.7 million state-of-the-art Business Entrepreneurial Center, which will house at least six business incubator spaces for budding entrepreneurs, along with the college’s business administration programs. The new business center will be strategically located to take advantage of potentially high customer traffic, which is critical to start-up business success.

This summer, Tohono O’odham Community College (Sells, AZ) and Leech Lake Tribal College (Cass Lake, MN) were awarded scholarships worth more than \$30,000 each to help them achieve their broad institutional goals for student learning, success, and persistence. The scholarships, awarded by the Foundation of Excellence, include an





Required Supplementary Stewardship Information—Unaudited

externally guided self-study/improvement process and comprehensive model for the “beginning college experience” from initial contact with potential students through admissions, orientation, and all first-year curricular and co-curricular experiences.

Other Education Programs

Other TPA programs that benefit Indian communities include the Tribal Design Program (TDP) and Johnson O’Malley (JOM) Program. TDPs allow tribes to design services to meet the needs of their local communities and support the goals outlined in the Bureau’s Annual Performance Plan. Several tribes use this program to upgrade and improve tribal employee skills in the use of computer technology.

The JOM Program provides supplemental financial assistance to meet the unique and specialized education needs of eligible Indian students (Ages 3 through Grade 12) attending public schools. JOM is the only BIE program that provides for the culturally-related and supplementary academic needs of Indian children attending public schools.

These programs support the BIE’s Annual Performance Plan goal that seeks to improve the succession of students to each educational level.

Significant Output/Accomplishment

The annual JOM conference was held in March in Tulsa, OK. Over 400 participants attended the three day conference which featured speakers with education backgrounds who spoke on a variety of subjects. The agenda included topics such as Learning Styles, Culture, and community educational programs.

Over 20 different workshops were held during the conference with presenters from the private fields who work with math, language, culture, government, and a “make and take” crafts section. The conference, held annually, concludes with a banquet honoring outstanding programs.

Non-Federal Physical Property

The IA’s investment in Non-Federal Physical Property includes schools, dormitories, and other infrastructures.

The OFMC, in conjunction with IA, owns or provides funds for a considerable number and broad variety of buildings and other associated facilities across the nation, including buildings with historic and architectural significance. The IA construction program is a multifaceted, intricate operation that encompasses the areas of Education, Public Safety and Justice, Resource Management, and General Administration.

The education facilities serve a number of schools that provide educational opportunities for approximately 48,000 students. IA also provides funding for administrative buildings at a number of tribal locations. Other facilities include dormitories, road forestry and detention centers, numerous irrigation facilities, and significantly hazardous dams. Additionally, program sub-activities have elements that include minor improvements; repair and replacement; portable classrooms; emergency repairs; demolition and reduction of excess space; environmental projects; telecommunication improvements and repair; seismic safety; and emergency management systems. Finally, IA is continually striving to correct code and standard deficiencies.



Required Supplementary Stewardship Information—Unaudited

Funding for school projects is provided to the tribes through PL 93-638 contracts or through PL 297 grants. Once the funds are awarded, IA has the option of giving the tribe the entire amount, portioning the funds over time, or holding the funds until the tribe demonstrates they can begin the project.

Beginning in fiscal year 2007, the Indian Reservation and Roads (IRR) Program and the Indian Reservation Roads Bridge Program (IRRBP) are no longer reported by the Department or its bureaus due to the 2007 revisions contained in OMB Circular A-136, revised June 2007. Monies received from the Federal Highway Administration for this program are Parent/Child (Interior is the child) and only the parent reports on the funds.

The expenses for all investments in non-federal physical property for fiscal year 2003 through September 30, 2007 are as follows:

Investment in Non-Federal Physical Property - September 30, 2007 (dollars in millions)

Category	FY2003	FY2004	FY2005	FY2006	FY2007	Total
Dams and Other Water Structures	\$ -	\$ -	\$ 3.9	\$ 0.2	\$ 0.6	\$ 4.7
Roads and Bridges	238.3	213.7	96.5	108.0	-	656.5
Schools and Public Buildings ¹⁵	19.0	45.3	36.4	28.1	75.0	203.8
Other	-	-	-	-	-	-
Total	\$ 257.3	\$ 259.0	\$ 136.8	\$ 136.3	\$ 75.6	\$ 865.0

15. In prior years one of the categories was Dams and Other Structures and Indian Affairs had dollars that related to Other Structures. In fiscal year 2005, a new category was created “Dams and Other Water Structures”; therefore, Indian Affairs recategorized the prior year dollars into the Schools and Public Buildings since the dollars were not related to the new category.





Auditor's Report



United States Department of the Interior
OFFICE OF INSPECTOR GENERAL
Washington, DC 20240

JAN 11 2008

Memorandum

To: Assistant Secretary for Indian Affairs

From: Kimberly Elmore *Kimberly Elmore*
Acting Assistant Inspector General for Audits

Subject: Independent Auditors' Report on Indian Affairs Financial Statements for Fiscal Years 2007 and 2006 (Report No. X-IN-BIA-0013-2007)

INTRODUCTION

This memorandum transmits the KPMG LLP (KPMG) auditors' report of the Indian Affairs (IA) financial statements for fiscal years (FYs) 2007 and 2006. The Chief Financial Officers Act of 1990 (Public Law 101-576), as amended, requires the Inspector General or an independent auditor, as determined by the Inspector General, to audit the Department of the Interior (DOI) financial statements.

Under a contract issued by DOI and monitored by the Office of Inspector General (OIG), KPMG, an independent public accounting firm, performed an audit of the IA FY2007 and FY2006 financial statements. 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 Office of Management and Budget Bulletin No. 07-04, "Audit Requirements for Federal Financial Statements."

RESULTS OF INDEPENDENT AUDIT

In its audit report dated November 13, 2007 (Attachment 1), KPMG issued an unqualified opinion on the IA financial statements. However, KPMG identified three significant deficiencies in internal controls over financial reporting, none of which were considered to be material weaknesses. In addition, KPMG identified one instance in which IA did not comply with laws and regulations. KPMG made 14 recommendations that, if implemented, should resolve the finding.

STATUS OF RECOMMENDATIONS

In its December 14, 2007 response (Attachment 2) to the draft report, IA agreed with the findings and recommendations. Further, IA stated that it had implemented 1 recommendation and was in the process of implementing the remaining 13 recommendations. We will refer the





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13 recommendations for tracking of implementation (see Attachment 3, "Status of Audit Report Recommendations").

EVALUATION OF KPMG AUDIT PERFORMANCE

To ensure the quality of the audit work performed, the OIG:

- reviewed KPMG's approach and planning of the audit;
- evaluated the qualifications and independence of the auditors;
- monitored the progress of the audit at key points;
- coordinated periodic meetings with IA management to discuss audit progress, findings, and recommendations;
- reviewed and accepted KPMG's audit report; and
- performed other procedures we deemed necessary.

KPMG is responsible for the attached auditors' report dated November 13, 2007, and the conclusions expressed in it. We do not express an opinion on IA financial statements nor on KPMG's conclusions regarding 1) effectiveness of internal controls, 2) compliance with laws and regulations, or 3) substantial compliance of IA financial management systems with the Federal Financial Management Improvement Act of 1996.

REPORT DISTRIBUTION

The legislation, as amended, creating the OIG requires semiannual reporting to the Congress on all audit reports issued, actions taken to implement audit recommendations, and recommendations that have not been implemented. Therefore, we will include the information in the attachment in our next semiannual report. The distribution of the report is not restricted, and copies are available for public inspection.

We appreciate the cooperation and assistance of IA personnel during the audit. If you have any questions regarding the report, please contact Jeff Carlson at 202-208-5724.

Attachments

cc: Audit Liaison Officer, Assistant Secretary for Indian Affairs
Director, Indian Affairs
Chief Financial Officer, Indian Affairs
Audit Liaison Officer, Indian Affairs
Audit Liaison Officer, Office of Financial Management





ATTACHMENT 1



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Auditors' Report

Assistant Secretary for Indian Affairs and Inspector General
U.S. Department of the Interior:

We have audited the accompanying consolidated balance sheets of Indian Affairs (IA) as of September 30, 2007 and 2006, and the related consolidated statements of net cost and changes in net position, and combined statements of budgetary resources (hereinafter referred to as "consolidated financial statements") for the years then ended. The objective of our audits was to express an opinion on the fair presentation of these consolidated financial statements. In connection with our fiscal year 2007 audit, we also considered IA's internal controls over financial reporting and performance measures and tested IA's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements that could have a direct and material effect on these consolidated financial statements.

SUMMARY

As stated in our opinion on the consolidated financial statements, we concluded that IA's consolidated financial statements as of and for the years ended September 30, 2007 and 2006, are presented fairly, in all material respects, in conformity with U.S. generally accepted accounting principles.

As discussed in our opinion, in fiscal year 2007, IA changed its method of accounting for and reporting of the reconciliation of net cost to budget and allocation transfers to adopt changes in accounting standards and Office of Management and Budget (OMB) requirements. Also as discussed in our opinion, IA revised its method of allocating certain costs and revenues between programs on the consolidated statement of net cost in fiscal year 2007.

Our consideration of internal control over financial reporting resulted in the following conditions being identified as significant deficiencies:

Significant Deficiencies

- A. Controls over Environmental and Disposal Liabilities
- B. General and Application Controls over Financial Management Systems
- C. Controls over Charge Cards

However, none of the significant deficiencies are believed to be material weaknesses.

We noted no deficiencies involving the design of the internal control over the existence and completeness assertions related to key performance measures.

The results of our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements disclosed the following instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.

- D. Debt Collection Improvement Act of 1996





Auditor's Report



The following sections discuss our opinion on IA's consolidated financial statements; our consideration of IA's internal controls over financial reporting and performance measures; our tests of IA's compliance with certain provisions of applicable laws, regulations, contracts, and grant agreements; and management's and our responsibilities.

OPINION ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated balance sheets of Indian Affairs (IA) as of September 30, 2007 and 2006, and the related consolidated statements of net cost and changes in net position, and the combined statements of budgetary resources (hereinafter referred to as "consolidated financial statements") for the years then ended.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of IA as of September 30, 2007 and 2006, and its net costs, changes in net position, and budgetary resources for the years then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 19 to the consolidated financial statements, IA changed its method of reporting the reconciliation of net cost to budget in fiscal year 2007. Also, as discussed in Note 1(y) and Note 16 to the consolidated financial statements, IA changed its method of accounting for and reporting allocation transfers in fiscal year 2007. Also, as discussed in Note 15 to the consolidated financial statements, IA's fiscal year 2007 consolidated statement of net cost is not comparable to its fiscal year 2006 consolidated statement of net cost because IA revised its method of allocating certain costs and revenues between programs in fiscal year 2007.

The information in the Management's Discussion and Analysis, Required Supplementary Information, and Required Supplementary Stewardship Information sections is not a required part of the consolidated financial statements, but is supplementary information required by U.S. generally accepted accounting principles and OMB Circular No. A-136, *Financial Reporting Requirements*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this information. However, we did not audit this information and, accordingly, we express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information in the Introduction, Performance Section, and Appendices, as reflected in the accompanying table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. This information has not been subjected to auditing procedures and, accordingly, we express no opinion on it.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Our consideration of the internal control over financial reporting was for the limited purpose described in the Responsibilities section of this report and would not necessarily identify all deficiencies in the internal control over financial reporting that might be significant deficiencies or material weaknesses.





A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects IA's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of IA's consolidated financial statements that is more than inconsequential will not be prevented or detected by IA's internal control over financial reporting. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected by IA's internal control.

In our fiscal year 2007 audit, we consider the deficiencies, described below, to be significant deficiencies in internal control over financial reporting. However, we believe that none of the significant deficiencies described below are material weaknesses. Exhibit I presents the status of prior year reportable conditions.

A. Controls over Environmental and Disposal Liabilities (EDL)

In performing our test work over environmental and disposal liabilities (EDLs), we identified several conditions that highlight a combination of deficiencies that affect IA's ability to reliably initiate, authorize, record, process or report environmental related liabilities in accordance with Department of the Interior (DOI) policies and procedures and, more specifically, U.S. generally accepted accounting principles. These conditions were the result of an inconsistent application of the DOI *Environmental and Disposal Liabilities Identification, Documentation and Reporting Handbook v1.1* (hereinafter referred to as the "Handbook") and breakdowns in communication between regional scientists, Division of Environmental and Cultural Resource Management (DECRM), and the Chief Financial Officer's (CFO) Office. In performing our test work over IA's EDL balances as of March 31, 2007 and September 30, 2007, we noted the following:

1. *EDL Documentation and Reporting*

IA did not have adequate policies and procedures to ensure that EDL balances were supported by adequate back up documentation or properly reported (probable, reasonably possible, and remote) in the consolidated financial statements. Specifically, we noted:

- a. Cost estimates were not documented such that costs and underlying assumptions were clearly presented and understood; cost estimates that included inappropriate cost elements (e.g. non-remediation costs); cost estimates that did not support the EDL balances reported; and cost estimates based on site study costs when it appeared as though total cleanup costs or a range of estimates (i.e. site study to full clean up estimate) could be developed to provide a more reasonable and complete assessment of site conditions and potential liabilities.
- b. IA did not properly report the status of EDLs as probable, reasonably possible, or remote based on the likelihood that IA will incur a future outflow or other sacrifice of resources for some or all of the study or cleanup of the EDL. Specifically, EDLs were reported at the incorrect status and EDLs for fully remediated sites were also reported.



Auditor's Report



2. Location of Concern (LOC) and EDL Identification

IA did not have adequate policies and procedures to identify sites with suspected environmental contamination (i.e. LOCs) or LOCs where “due care” indicates further action (study or cleanup) is required (i.e. EDLs). Specifically, we noted:

- a. IA sites with suspected contamination, based on our observation of physical indicators (e.g. chipping paint on aged buildings, stained soil, and asbestos warning signs), were not identified as LOCs or EDLs by IA.
- b. Environmental Action Day (EAD) internal control procedures developed to assist in the identification of LOCs and EDLs were not operating effectively. Specifically, information gathered as part of the EAD process was incomplete or inaccurate.
- c. An inconsistent interpretation of what constitutes an LOC or EDL by regional scientists for sites involving potential lead paint contamination. One region reported EDLs related to likely lead paint contamination, while other regions with similar sites did not identify an EDL or LOC.

3. EDL Accounting Issues

IA has not properly designed controls to ensure that accounting issues identified by IA personnel related to the recognition and recording of EDLs are appropriately resolved in a timely manner. As a result of this deficiency, EDLs for one region’s landfill closure and post-closure costs were inappropriately removed from the EDL listing in the second quarter and subsequently misclassified as other liabilities in the fourth quarter. Environmental regulations require the “proper” closure of inactive landfills. We determined that these closure and post-closure costs meet the definition of an EDL and should not have been removed from the EDL listing during the second quarter of FY 2007. Furthermore, we found that evidence to support this conclusion existed at the time the landfills were removed from the EDL listing. The supporting evidence available consisted of documentation supporting an EDL for another region’s landfill that cited applicable environmental regulations for landfill closures, the inherent knowledge of IA’s regional scientists who were aware of the applicable legal requirements, and a prior period report prepared by a third party for the region that included closure estimates for “open” landfills. Apparent communications did occur between the regional scientists, DECRM, and the CFO’s Office related to this issue; however the conclusion made by IA was untimely and inconsistent with applicable authoritative guidance.

As a result of the conditions noted above, the EDL balances reported as of June 30, 2007 and September 30, 2007 in IA’s quarterly consolidated financial statements were understated by approximately \$17 million, which is comprised of a known error of \$16 million and a statistically projected error of approximately \$1 million.

Recommendation

We recommend that IA refine the lines of communication between regional scientists, DECRM, and the CFO’s Office to ensure that accounting issues identified by IA personnel related to the recognition and recording of EDLs are appropriately resolved in a timely manner and provide more effective training to IA personnel.





Management's Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit IA's response and, accordingly, we express no opinion on it.

B. General and Application Controls over Financial Management Systems

IA did not have adequate information technology controls to protect three of its financial information systems as required by OMB Circular No. A-130, *Management of Federal Information Resources*. These conditions could affect IA's ability to prevent and detect unauthorized changes to financial information, control electronic access to sensitive information, and protect its information resources.

We identified the following conditions during fiscal year 2007:

1. Entity-wide Security Program and Planning

IA has not adequately inherited the certification and accreditation for one system as it did not comply with National Business Center (NBC) requirements. Specifically, IA did not adequately develop a risk assessment and a security plan. Additionally, IA did not develop a Plan of Action and Milestones report or corrective action plan to track the progress made towards mitigating identified system control weaknesses for this system.

IA also did not officially assign responsibilities to a security administrator or assign system ownership for this system.

2. Access Controls

IA has not developed formal access controls procedures that meet all the requirements of OMB A-130, Appendix A or National Institute of Standards and Technology (NIST) for three of their applications. Specifically, the procedures do not cover recertification of users or the process to remove user accounts in a timely manner. Additionally, a formal recertification of user access rights has not been performed and/or documented for three IA applications.

Also, for three IA systems, the logging and review of changes to application security profiles is not performed. Finally, for one system, minimum password length did not meet IA or DOI standards.

3. Change Control/System Software

IA has not implemented change control segregation of duties for two applications and the supporting system software. Specifically, for both applications, IA personnel had access to both development and production environments. Also, no logging and review mitigating controls were in place to detect unauthorized changes to these applications or supporting system software. Additionally, for one IA application, changes do not adhere to a formal change management process for all changes to application code.



Auditor's Report



4. Segregation of Duties

IA has not formally adopted the DOI policy for the periodic review of internal controls surrounding the review of segregation of duties. Many of the application user administration policies and procedures fail to address the segregation of duties within the respective systems. Furthermore, segregation of duties reviews did not take place for three IA applications.

Recommendations

We recommend that IA:

1. Entity-wide Security Program and Planning
 - a. Ensure that the IA applications are certified and accredited in accordance with federal regulations and guidance.
 - b. Officially assign security administrator responsibilities and system ownership.
2. Access Controls
 - a. Develop and implement access controls procedures in accordance with DOI and federal guidelines.
 - b. Log and review changes to application security profiles.
 - c. Ensure that application password lengths are set at IA and DOI standards.
3. Change Control/System Software
 - a. Implement segregation of duties between the development and production environments or implement a periodic log review procedure that would detect any unauthorized changes to the two systems' production environments, which would better document change management procedures.
4. Segregation of Duties
 - a. Implement policies to periodically review segregation of duties within applications.
 - b. Perform and document formal reviews of segregation of duties.

Management's Response

Management has prepared an official response presented as a separate attachment to this report. Management agreed with findings 2, 3, and 4. However, management disagreed with finding 1 because they believe that the ownership of the system was properly assigned and documented since the position description for the Director, Office of Acquisition and Property Management, appointed the Director as the Bureau Procurement Chief, which is designated as the business owner. We did not audit IA's response and, accordingly, we express no opinion on it.





Auditors' Response to Management's Response

As summarized above, IA did not have a policy requiring that roles and responsibilities be formally documented for individuals with security administrator responsibilities. Due to the lack of policy, IA had not documented roles and responsibilities to ensure that the security-related responsibilities were assigned and documented. In addition, IA has not required the clear, official assignment of data ownership and the corresponding responsibilities for IA financial systems. Therefore, we continue to believe that the weaknesses identified constitute a significant deficiency.

C. Controls over Charge Cards

In fiscal year 2007, IA charge cards were used in transactions totaling approximately \$79.7 million. By not ensuring that controls are operating effectively, IA increases its risk that charge cards may be used for purposes other than official government related business which could lead to poor public perception of IA's ability to manage its financial resources. IA issues charge cards to its employees to streamline acquisition and payment procedures and to reduce the administrative burden associated with traditional and emergency purchasing of travel items, supplies, and services. In conjunction with the issuance of these cards, the DOI published guidance and instructions on the card's utilization through the *Integrated Charge Card Program Guide*. This guidance sets forth policy regarding the restrictions of use of the cards as well as certain internal control procedures such as timely and complete reconciliation of billing statements by cardholders and approving officials. However, IA did not consistently follow these internal control procedures due to the need for more diligent management oversight at the field level. Specifically, during our test work, we noted that out of 215 cardholder statements examined, 37 (17 percent) of the statements had not been reviewed within 30 days.

Recommendations

Consistent with prior year, we recommend that IA:

1. Approving officials be more diligent in monitoring and enforcing compliance with DOI's charge card policies.
2. Select and test a statistical sample of charge card purchases, on a quarterly basis, to ensure IA's compliance with established internal control policies and procedures.

Management's Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit IA's response and, accordingly, we express no opinion on it.

INTERNAL CONTROL OVER PERFORMANCE MEASURES

Our tests of internal control over performance measures, as described in the Responsibilities section of this report, disclosed no deficiencies involving the design of the internal control over the existence and completeness assertions related to key performance measures.



Auditor's Report



COMPLIANCE AND OTHER MATTERS

Our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, as described in the Responsibilities section of this report, exclusive of those referred to in the *Federal Financial Management Improvement Act of 1996* (FFMIA), disclosed one instance of noncompliance or other matters that is required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04, and is described below.

D. *Debt Collection Improvement Act of 1996*

IA has not implemented policies and procedures sufficient to meet the requirements of the *Debt Collection Improvement Act of 1996* (DCIA). In addition, IA's systems are not properly configured to calculate interest on the date a debt becomes 30 days past due or calculate penalties on the date a debt becomes 90 days past due. During our testwork over compliance with the DCIA as of June 30, 2007, we selected 32 items from each of the following three primary revenue streams: (1) reimbursable revenue, (2) irrigation revenue, and (3) power revenue, for a total of 96 items. We noted the following:

1. Reimbursable Revenue
 - a. Fourteen items had both incorrect interest and penalty calculations.
 - b. One item was not referred to Treasury in a timely manner.
2. Power Revenue
 - a. Twenty-seven items had incorrect interest calculations.
 - b. Four items had incorrect penalty calculations.
 - c. Six items were not written off in a timely manner.
 - d. Four items were not referred to Treasury in a timely manner.
3. Irrigation Revenue
 - a. Twenty-eight items had both incorrect interest and penalty calculations.
 - b. One item was not referred to Treasury in a timely manner.
 - c. One item was not written off in a timely manner.

Recommendations

We recommend that IA:

1. Improve the debt collection process by implementing and monitoring the policies and procedures stated in the IA Administrative Handbook – Debt Management that address debt collection issues to ensure collection with the DCIA.





2. Ensure that collections are referred to Treasury once the debt is 180 days past due and that the proper interest rate is used at the time the debt becomes delinquent.
3. Establish policies for management review of an accounts receivable aging in all revenue streams.

Management's Response

Management has prepared an official response presented as a separate attachment to this report. In summary, management agreed with our findings and its comments were responsive to our recommendations. We did not audit IA's response and, accordingly, we express no opinion on it.

* * * * *

The results of our tests of compliance as described in the Responsibilities section of this report, exclusive of those referred to in FFMIA, disclosed no other instances of noncompliance or other matters that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 07-04.

The results of our tests of FFMIA disclosed no instances in which IA's financial management systems did not substantially comply with the three requirements discussed in the Responsibilities section of this report.

RESPONSIBILITIES

Management's Responsibilities. The United States Code Title 31 Section 3515 and 9106 require agencies to report annually to Congress on their financial status and any other information needed to fairly present their financial position and results of operations. To assist the U.S. Department of the Interior meet these reporting requirements, IA prepares and submits consolidated financial statements.

Management is responsible for the consolidated financial statements, including:

- Preparing the consolidated financial statements in conformity with U.S. generally accepted accounting principles;
- Preparing the Management's Discussion and Analysis (including the performance measures), Required Supplementary Information, and Required Supplementary Stewardship Information;
- Establishing and maintaining effective internal control; and
- Complying with laws, regulations, contracts, and grant agreements applicable to IA, including FFMIA.

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



Auditor's Report



Auditors' Responsibilities. Our responsibility is to express an opinion on the fiscal year 2007 and 2006 consolidated financial statements of IA based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* and OMB Bulletin No. 07-04. Those standards and OMB Bulletin No. 07-04 require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of IA's internal control over financial reporting. Accordingly, we express no such opinion.

An audit also includes:

- Examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements;
- Assessing the accounting principles used and significant estimates made by management; and
- Evaluating the overall consolidated financial statement presentation.

We believe that our audits provide a reasonable basis for our opinion.

In planning and performing our fiscal year 2007 audit, we considered IA's internal control over financial reporting by obtaining an understanding of IA's internal control, determining whether internal controls had been placed in operation, assessing control risk, and performing tests of controls as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements. We limited our internal control testing to those controls necessary to achieve the objectives described in *Government Auditing Standards* and OMB Bulletin No. 07-04. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982*. The objective of our audit was not to express an opinion on the effectiveness of IA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of IA's internal control over financial reporting.

As required by OMB Bulletin No. 07-04 in our fiscal year 2007 audit, with respect to internal control related to performance measures determined by management to be key and reported in the Management's Discussion and Analysis and Performance sections, we obtained an understanding of the design of internal controls relating to the existence and completeness assertions and determined whether these internal controls had been placed in operation. We limited our testing to those controls necessary to report deficiencies in the design of internal control over key performance measures in accordance with OMB Bulletin 07-04. However, our procedures were not designed to provide an opinion on internal control over reported performance measures and, accordingly, we do not provide an opinion thereon.

As part of obtaining reasonable assurance about whether IA's fiscal year 2007 consolidated financial statements are free of material misstatement, we performed tests of IA's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of the consolidated financial statement amounts, and certain provisions of other laws and regulations specified in OMB Bulletin No. 07-04, including certain provisions referred to in FFMIA. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance





with all laws, regulations, contracts, and grant agreements applicable to IA. However, providing an opinion on compliance with laws, regulations, contracts, and grant agreements was not an objective of our audit and, accordingly, we do not express such an opinion.

Under OMB Bulletin No. 07-04 and FFMIA, we are required to report whether financial management systems for executive departments and agencies subject to the *Chief Financial Officers Act of 1990* 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. Although IA is not required to report on FFMIA, IA has elected to report on FFMIA. Therefore, we performed tests of compliance with FFMIA Section 803(a) requirements.

We noted certain additional matters that we have reported to management of IA in a separate letter dated November 13, 2007.

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

KPMG LLP

November 13, 2007



Auditor's Report

Exhibit I

INDIAN AFFAIRS
Status of Prior Year Findings
September 30, 2007

Ref	Condition	Status
A	Controls over the Indian Trust Funds	This finding is reported in a letter to management dated November 13, 2007.
B	Controls over Leases	This condition has been corrected.
C	Controls over Charge Cards	This condition has not been corrected and is repeated in 2007. See finding C.
D	Controls over Unbilled Accounts Receivable and Advances from Others	This finding is reported in a letter to management dated November 13, 2007.
E	Controls over Performance Measures	This condition has been corrected.
F	Deferred Maintenance	This finding is reported in a letter to management dated November 13, 2007.
G	Museum Collections	This finding is reported in a letter to management dated November 13, 2007.
H	<i>Federal Financial Management Improvement Act of 1996 (FFMIA)</i>	This condition has been corrected.





ATTACHMENT 2



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240



DEC 14 2007

Memorandum

To: Kimberly Elmore, Acting Assistant Inspector General for Audits
Office of Inspector General

Jeff Norris
KPMG LLP

From: Carl J. Artman
Assistant Secretary - Indian Affairs

Subject: Management's Response to the Draft Independent Auditors' Report on the
Indian Affairs Financial Statements for Fiscal Years 2007 and 2006
(Assignment No. X-IN-BIA-0013-2007)

Indian Affairs (IA) has reviewed the draft audit report prepared by KPMG LLP, and provides the following in response to the findings and recommendations. The IA is pleased that the result of the audit is again an unqualified opinion on the consolidated financial statements and that no material weaknesses were identified. We appreciate the efforts of the Office of Inspector General and KPMG in the audit process and look forward to working with you to continue our marked improvement of financial management within IA.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Reportable Conditions Considered as Material Weaknesses

None Reported.

Reportable Conditions Considered as Significant Deficiencies

A. Controls over Environmental and Disposal Liabilities (EDL)

Management concurs. The IA will continue its efforts to refine the lines of communication between the Regional Environmental Scientist, the Division of Environmental and Cultural Resource Management (DECRM), and the Office of the Chief Financial Officer (OCFO). To this end, DECRM held a two-day training session, December 4 and 5, which was attended by the above



Auditor's Report

parties and Departmental representatives. The agenda included a review of the audit finding and strategy session for developing corrective actions.

B. General and Application Controls over Financial Management Systems

Management partially concurs. The IA offers the following comments on the report finding and recommendations.

Entity-wide Security Program and Planning. The IA Office of the Chief Information Officer (OCIO) believes that ownership of the Interior Department Electronic Acquisition System (IDEAS) has been properly assigned and documented. The National Business Center (NBC) is the system owner of IDEAS, and the IA's Office of Acquisition and Property Management (OAPM) is the business owner. The position description for the Director, Office of Acquisition and Property Management clearly appoints the Director as the Bureau Procurement Chief (BPC), which satisfies the requirements of NBC's IDEAS System Technical Implementation Guidelines that the BPC be designated the business owner.

Access Controls. The OCIO is in the process of finalizing the IA's access control policy. In addition, the OCIO implemented Recommendation B.2.c. with the issuance of the IA network account password policy on November 16, 2007.

C. Controls over Charge Cards

Management concurs. Most of the compliance issues noted by KPMG dealt with the timeliness of the review. All charge card statements included in the auditors' sample had been reviewed by the supervisors and only four statements were missing cardholder signatures. This is a marked improvement from prior years and shows that the revised processes implemented in February 2007 are working. The IA will continue to educate and train cardholders and supervisors on charge card responsibilities and to hold program managers responsible for the proper use of charge cards by subordinates. The IA was the first bureau/office to require its approving officials to take the Department's revised approving official training.

INSTANCES OF NONCOMPLIANCE AND OTHER MATTERS

D. Debt Collection Improvement Act of 1996 (DCIA)

Management concurs. Although compliance issues were identified, IA believes that it has demonstrated significant progress from prior years. The IA believes that only one of the four power revenue debts cited as late referrals was in fact a late referral. The remaining three power debts were in dispute resolution process with the customers. The reimbursable and irrigation revenue debts identified as not being referred in a timely manner had been





referred to Treasury in prior years. The OCFO will continue to monitor the programs to ensure that delinquent debts are being referred to the Treasury in a timely manner.

Regarding the calculation of interest and penalties, IA implemented the Departmental patch to the Federal Financial System (FFS) in April 2007, which will result in proper interest and penalty charges being assessed to all debts collected through FFS. Although, FFS now complies with *DCIA* requirements, system limitations at the two power projects under IA control and with NIIMS will prevent IA from complying fully with *DCIA* for the immediate future. However, IA believes that the impact of this noncompliance is minimal. The San Carlos Irrigation Project and NIIMS charge interest but the billing process provides for short periods of time during the month where a delinquent payment will not include an interest payment. The IA believes that the amount of interest and penalties lost because of the billing cycle is immaterial. The billing system used by the Colorado River cannot be reprogrammed to charge interest and penalties. Given the immaterial amount of overdue accounts at this project, IA believes the impact of not charging interest and penalties is minimal. The IA will continue to research alternatives to comply with *DCIA*.

The IA is preparing corrective action plans to address each of these findings, and they will be tracked through completion. The IA is committed to improving these and all other elements of its financial management to better serve its customers.





Auditor's Report

ATTACHMENT 3

STATUS OF AUDIT REPORT RECOMMENDATIONS

<u>Recommendation</u>	<u>Status</u>	<u>Action Required</u>
A., B.1.a., B.1.b., B.2.a., B.2.b., B.3.a., B.4.a., B.4.b., C.1., C.2., D.1., D.2., and D.3.	Resolved; not implemented	Recommendations will be referred to the Assistant Secretary, Policy, Management and Budget for tracking of implementation.
B.2.c.	Resolved and implemented.	No action required.





Appendix A: Glossary of Terms

ABC	Activity Based Costing	CSRS	Civil Service Retirement System
ABC/M	Activity Based Costing/Management	CWA	Clean Water Act
ADM	Average Daily Membership	DAS	Deputy Assistant Secretary
AHERA	Asbestos Hazard Emergency Response Act	DC	District of Columbia
AIS	American Indian Studies	DCIA	Debt Collection Improvement Act
AMP	Asset Management Plan	DETS	Diabetes Based Science Education in Tribal Schools Program
ARPA	Archaeological Resources Protection Act of 1979	DM	Department Manual
ASHRAE	American Society of Heating, Refrigeration and Air Conditioning Engineers	DOI	Department of the Interior
AS-IA	Office of the Assistant Secretary - Indian Affairs	DOJ	Department of Justice
AYP	Adequate Yearly Progress	DOL	Department of Labor
BIA	Bureau of Indian Affairs	DOT	Department of Transportation
BIE	Bureau of Indian Education	DT	Division of Transportation
BLM	Bureau of Land Management	EEO	Equal Employment Opportunity
BOR	Bureau of Reclamation	EFT	Electronic Funds Transfer
C&A	Certifications and Accreditations	ELO	Education Line Office
CAA	Clean Air Act	EMAT	Environmental Management Assistance Tool
CAP	Corrective Action Plan	EMS	Environmental Management System
CERCLA	Comprehensive Environmental Response, Compensation, and Liability Act	EPA	Environmental Protection Agency
CFO	Chief Financial Officer	EPAct	Energy Policy Act
CFR	Code of Federal Regulations	ETS	Educational Talent Search
CIP	Construction-In-Progress	EVM	Earned Value Management
		FACE	Family and Child Education
		FAIR	Federal Activities Inventory Form Act
		FASAB	Federal Accounting Standards Advisory Board



Appendix A: Glossary of Terms

FBWT	Fund Balance with Treasury	HHS	Department of Health and Human Services
FCI	Facilities Condition Index	HR	Human Resources
FECA	Federal Employees' Compensation Act	IA	Indian Affairs
FEGLI	Federal Employees Group Life Insurance	ICR	Internal Control Review
FEHB	Federal Employees Health Benefit	IEED	Office of Indian Energy and Economic Development
FERS	Federal Employees Retirement System	IIM	Individual Indian Money
FFMIA	Federal Financial Management Improvement Act	ILCA	Indian Land Consolidation Act
FFS-FA	Federal Financial System-Federal Assets	IPSDOD	Branch of Irrigation, Power, and Safety of Dams
FHA	Federal Highway Administration	IRR	Indian Reservation and Roads Program
FISMA	Federal Information Security Management Act	IRRBP	Indian Reservation Roads Bridge Program
FMFIA	Federal Managers' Financial Integrity Act	IRMS	Integrated Records Management System
FMIS	Facility Management Information System	IRS	Internal Revenue Service
FRPP	Federal Real Property Profile	ISEP	Indian School Equalization Program
FRR	Facility Reliability Rating	IT	Information Technology
GA	General Assistance	JOM	Johnson O'Malley Program
GAAP	Generally Accepted Accounting Principles	KPIs	Key Performance Indicators
GAO	Government Accountability Office	LEEDS	Leadership in Energy and Environmental Design Rating System
GED	General Equivalency Diploma	LOMAS	Loan Management and Accounting System
GIS	Geographic Information System	LTRO	Land, Title and Records Office
GPRA	Government Performance and Results Act	MCX-CMAC	Army Corps of Engineers Mandatory Center of Expertise
GSA	General Services Administration	MD&A	Management's Discussion and Analysis
HAP	Heritage Asset Partnership	MESA	Mathematics, Engineering and Science Achievement



Appendix A: Glossary of Terms

MOU	Memorandum of Understanding	OPM	Office of Personnel Management
NAGPRA	Native American Graves Protection and Repatriation Act of 1990	OST	Office of the Special Trustee for American Indians
NAIA	National Association of Intercollegiate Athletics	OTFM	Office of Trust Fund Management
NASIS	Native American Student Information System	OTS	Office of Trust Services
NCAI	National Congress of American Indians	P&F	Program and Financing
NIIMS	National Irrigation Information Management System	PAR	Performance and Accountability Report
NIIP	Navajo Indian Irrigation Project	PART	Program Assessment Rating Tool
NMC	National Monitoring Center	PCBs	Polychlorinatedbiphenols
NSF	National Science Foundation	PDAS	Principal Deputy Assistant Secretary
OA	Operational Assessments	PIA	Privacy Impact Assessments
OAPM	Office of Acquisition and Property Management	PIAP	Program Improvement and Accountability Plan
OCFO	Office of the Chief Financial Officer	PL	Public Law
OCIO	Office of the Chief Information Officer	PMA	President’s Management Agenda
OFECRM	Office of Facilities, Environmental, and Cultural Resources	PPA	Office of Planning and Policy Analysis
OFM	Office of Financial Management	PP&E	Property, Plant and Equipment
OFMC	Office of Facility Management and Construction	PSR	Program Status Review
OHA	Office of Hearings and Appeals	PV	Photovoltaic
OHTA	Office of Historical Trust Accounting	PWS	Performance Work Statement
OIEP	Office of Indian Education Programs	RCRA	Resource Conservation and Recovery Act
OIG	Office of the Inspector General	RSI	Required Supplementary Information
OIP	Operation of Indian Programs	RSSI	Required Supplementary Stewardship Information
OJS	Office of Justice Services	SBR	Statements of Budgetary Resources
OMB	Office of Management and Budget	SCIP	San Carlos Irrigation Project
OPA	Oil Pollution Act	SDA	Special Deposit Account
		SDS	Suspense Deposit System
		SDWA	Safe Drinking Water Act



Appendix A: Glossary of Terms

SFAS	Statement of Financial Accounting Standards	TCU	Tribal Colleges and Universities
SFFAS	Statement of Federal Financial Accounting Standards	TDP	Tribal Design Program
SFIS	Santa Fe Indian School	TPA	Tribal Priority Allocations
SIPI	Southwestern Indian Polytechnic Institute	TSP	Thrift Savings Plan
SOL	Office of the Solicitor	UCR	Uniform Crime Report
SORN	System of Records Notice	US	United States
SOW	Statement of Work	USC	United States Code
SSABP	Site Specific Asset Business Plan	USDA	U.S. Department of Agriculture
STEM	Science, Technology, Engineering and Mathematics	USSGL	U.S. Government Standard General Ledger
SY	School Year	V&V	Validation & Verification
TAAMS	Trust Asset Accounting Management System	VERA	Voluntary Early Retirement Authority
TANF	Temporary Assistance to Needy Families	VSIP	Voluntary Separation Incentive Pay
		WSSA	Western Social Science Association
		WSU	Weighted Student Units





Appendix B: Federally Recognized Tribes Contiguous 48 States

A

Absentee-Shawnee Tribe of Indians of Oklahoma

Agua Caliente Band of Cahuilla Indians of the Agua Caliente Indian Reservation, California

Ak Chin Indian Community of the Maricopa (Ak Chin) Indian Reservation, Arizona

Alabama-Coushatta Tribes of Texas

Alabama-Quassarte Tribal Town, Oklahoma

Alturas Indian Rancheria, California

Apache Tribe of Oklahoma

Arapahoe Tribe of the Wind River Reservation, Wyoming

Aroostook Band of Micmac Indians of Maine

Assiniboine and Sioux Tribes of the Fort Peck Indian Reservation, Montana

Augustine Band of Cahuilla Indians, California

B

Bad River Band of the Lake Superior Tribe of Chippewa Indians of the Bad River Reservation, Wisconsin

Bay Mills Indian Community, Michigan

Bear River Band of the Rohnerville Rancheria, California

Berry Creek Rancheria of Maidu Indians of California

Big Lagoon Rancheria, California

Big Pine Band of Owens Valley Paiute Shoshone Indians of the Big Pine Reservation, California

Big Sandy Rancheria of Mono Indians of California

Big Valley Band of Pomo Indians of the Big Valley Rancheria, California

Blackfeet Tribe of the Blackfeet Indian Reservation of Montana

Blue Lake Rancheria, California

Bridgeport Paiute Indian Colony of California

Buena Vista Rancheria of Me-Wuk Indians of California

Burns Paiute Tribe of the Burns Paiute Indian Colony of Oregon

C

Cabazon Band of Mission Indians, California

Cachil DeHe Band of Wintun Indians of the Colusa Indian Community of the Colusa Rancheria, California

Caddo Nation of Oklahoma

Cahuilla Band of Mission Indians of the Cahuilla Reservation, California

Cahto Indian Tribe of the Laytonville Rancheria, California

California Valley Miwok Tribe, California

Campo Band of Diegueno Mission Indians of the Campo Indian Reservation, California

Capitan Grande Band of Diegueno Mission Indians of California:

- Barona Group of Capitan Grande Band of Mission Indians of the Barona Reservation, California
- Viejas (Baron Long) Group of Capitan Grande Band of Mission Indians of the Viejas Reservation, California



Appendix B: Federally Recognized Tribes

Catawba Indian Nation (aka Catawba Tribe of South Carolina)	Confederated Tribes of the Chehalis Reservation, Washington
Cayuga Nation of New York	Confederated Tribes of the Colville Reservation, Washington
Cedarville Rancheria, California	Confederated Tribes of the Coos, Lower Umpqua and Siuslaw Indians of Oregon
Chemehuevi Indian Tribe of the Chemehuevi Reservation, California	Confederated Tribes of the Goshute Reservation, Nevada and Utah
Cher-Ae Heights Indian Community of the Trinidad Rancheria, California	Confederated Tribes of the Grand Ronde Community of Oregon
Cherokee Nation of Oklahoma	Confederated Tribes of the Siletz Reservation, Oregon
Cheyenne-Arapaho Tribes of Oklahoma	Confederated Tribes of the Umatilla Reservation, Oregon
Cheyenne River Sioux Tribe of the Cheyenne River Reservation, South Dakota	Confederated Tribes of the Warm Springs Reservation of Oregon
Chickasaw Nation, Oklahoma	Confederated Tribes and Bands of the Yakama Indian Nation of the Yakama Reservation, Washington
Chicken Ranch Rancheria of Me-Wuk Indians of California	Coquille Tribe of Oregon
Chippewa-Cree Indians of the Rocky Boy's Reservation, Montana	Cortina Indian Rancheria of Wintun Indians of California
Chitimacha Tribe of Louisiana	Coushatta Tribe of Louisiana
Choctaw Nation of Oklahoma	Cow Creek Band of Umpqua Indians of Oregon
Citizen Potawatomi Nation, Oklahoma	Cowlitz Indian Tribe, Washington
Cloverdale Rancheria of Pomo Indians of California	Coyote Valley Band of Pomo Indians of California
Cocopah Tribe of Arizona	Crow Tribe of Montana
Coeur D'Alene Tribe of the Coeur D'Alene Reservation, Idaho	Crow Creek Sioux Tribe of the Crow Creek Reservation, South Dakota
Cold Springs Rancheria of Mono Indians of California	
Colorado River Indian Tribes of the Colorado River Indian Reservation, Arizona and California	
Comanche Nation, Oklahoma	
Confederated Salish & Kootenai Tribes of the Flathead Reservation, Montana	

D

Death Valley Timbi-Sha Shoshone Band of California





Appendix B: Federally Recognized Tribes

Delaware Nation, Oklahoma

Dry Creek Rancheria of Pomo Indians of California

Duckwater Shoshone Tribe of the Duckwater Reservation, Nevada

E

Eastern Band of Cherokee Indians of North Carolina

Eastern Shawnee Tribe of Oklahoma

Elem Indian Colony of Pomo Indians of the Sulphur Bank Rancheria, California

Elk Valley Rancheria, California

Ely Shoshone Tribe of Nevada

Enterprise Rancheria of Maidu Indians of California

Ewiianpaayp Band of Kumeyaay Indians, California

F

Federated Indians of Graton Rancheria, California

Flandreau Santee Sioux Tribe of South Dakota

Forest County Potawatomi Community of Wisconsin Potawatomi Indians, Wisconsin

Fort Belknap Indian Community of the Fort Belknap Reservation of Montana

Fort Bidwell Indian Community of the Fort Bidwell Reservation of California

Fort Independence Indian Community of Paiute Indians of the Fort Independence Reservation, California

Fort McDermitt Paiute and Shoshone Tribes of the Fort McDermitt Indian Reservation, Nevada and Oregon

Fort McDowell Yavapai Nation, Arizona

Fort Mojave Indian Tribe of Arizona, California & Nevada

Fort Sill Apache Tribe of Oklahoma

G

Gila River Indian Community of the Gila River Indian Reservation, Arizona

Grand Traverse Band of Ottawa & Chippewa Indians, Michigan

Greenville Rancheria of Maidu Indians of California

Grindstone Indian Rancheria of Wintun-Wailaki Indians of California

Guidiville Rancheria of California

H

Habematolel Pomo of Upper Lake California

Hannahville Indian Community, Michigan

Havasupai Tribe of the Havasupai Reservation, Arizona

Ho-Chunk Nation of Wisconsin (formerly known as the Wisconsin Winnebago Tribe)

Hoh Indian Tribe of the Hoh Indian Reservation, Washington

Hoopa Valley Tribe, California

Hopi Tribe of Arizona

Hopland Band of Pomo Indians of the Hopland Rancheria, California

Houlton Band of Maliseet Indians of Maine

Hualapai Indian Tribe of the Hualapai Indian Reservation, Arizona

Huron Potawatomi, Inc., Michigan

I

Inaja Band of Diegueno Mission Indians of the Inaja and Cosmit Reservation, California

Ione Band of Miwok Indians of California



Appendix B: Federally Recognized Tribes

Iowa Tribe of Kansas and Nebraska

Iowa Tribe of Oklahoma

J

Jackson Rancheria of Me-Wuk Indians of California

Jamestown S'Klallam Tribe of Washington

Jamul Indian Village of California

Jena Band of Choctaw Indians, Louisiana

Jicarilla Apache Nation, New Mexico

K

Kaibab Band of Paiute Indians of the Kaibab Indian Reservation, Arizona

Kalispel Indian Community of the Kalispel Reservation, Washington

Karuk Tribe of California

Kashia Band of Pomo Indians of the Stewarts Point Rancheria, California

Kaw Nation, Oklahoma

Keweenaw Bay Indian Community, Michigan

Kialegee Tribal Town, Oklahoma

Kickapoo Tribe of Indians of the Kickapoo Reservation in Kansas

Kickapoo Tribe of Oklahoma

Kickapoo Traditional Tribe of Texas

Kiowa Indian Tribe of Oklahoma

Klamath Tribes, Oregon

Kootenai Tribe of Idaho

L

La Jolla Band of Luiseno Mission Indians of the La Jolla Reservation, California

La Posta Band of Diegueno Mission Indians of the La Posta Indian Reservation, California

Lac Courte Oreilles Band of Lake Superior Chippewa Indians of Wisconsin

Lac du Flambeau Band of Lake Superior Chippewa Indians of the Lac du Flambeau Reservation of Wisconsin

Lac Vieux Desert Band of Lake Superior Chippewa Indians, Michigan

Las Vegas Tribe of Paiute Indians of the Las Vegas Indian Colony, Nevada

Little River Band of Ottawa Indians, Michigan

Little Traverse Bay Bands of Odawa Indians, Michigan

Los Coyotes Band of Cahuilla & Cupeno Indians of the Los Coyotes Reservation, California

Lovelock Paiute Tribe of the Lovelock Indian Colony, Nevada

Lower Brule Sioux Tribe of the Lower Brule Reservation, South Dakota

Lower Elwha Tribal Community of the Lower Elwha Reservation, Washington

Lower Lake Rancheria, California

Lower Sioux Indian Community in the State of Minnesota

Lummi Tribe of the Lummi Reservation, Washington

Lytton Rancheria of California

M

Makah Indian Tribe of the Makah Indian Reservation, Washington

Manchester Band of Pomo Indians of the Manchester-Point Arena Rancheria, California

Manzanita Band of Diegueno Mission Indians of the Manzanita Reservation, California





Appendix B: Federally Recognized Tribes

Mashantucket Pequot Tribe of Connecticut

Mashpee Wampanoag Tribe of Massachusetts

Match-E-Be-Nash-She-Wish Band of Pottawatomí Indians of Michigan (Gun Lake Band)

Mechoopda Indian Tribe of Chico Rancheria, California

Menominee Indian Tribe of Wisconsin

Mesa Grande Band of Diegueno Mission Indians of the Mesa Grande Reservation, California

Mescalero Apache Tribe of the Mescalero Reservation, New Mexico

Miami Tribe of Oklahoma

Miccosukee Tribe of Indians of Florida

Middletown Rancheria of Pomo Indians of California

Minnesota Chippewa Tribe, Minnesota (Six component reservations):
 Bois Forte Band (Nett Lake); Fond du Lac Band; Grand Portage Band; Leech Lake Band; Mille Lacs Band; White Earth Band

Mississippi Band of Choctaw Indians, Mississippi

Moapa Band of Paiute Indians of the Moapa River Indian Reservation, Nevada

Modoc Tribe of Oklahoma

Mohegan Indian Tribe of Connecticut

Mooretown Rancheria of Maidu Indians of California

Morongó Band of Cahuilla Mission Indians of the Morongo Reservation, California

Muckleshoot Indian Tribe of the Muckleshoot Reservation, Washington

Muscogee (Creek) Nation, Oklahoma

N

Narragansett Indian Tribe of Rhode Island

Navajo Nation of Arizona, New Mexico & Utah

Nez Perce Tribe of Idaho

Nisqually Indian Tribe of the Nisqually Reservation, Washington

Nooksack Indian Tribe of Washington

Northern Cheyenne Tribe of the Northern Cheyenne Indian Reservation, Montana

Northfork Rancheria of Mono Indians of California

Northwestern Band of Shoshoni Nation of Utah (Washakie)

O

Oglala Sioux Tribe of the Pine Ridge Reservation, South Dakota

Ohkay Owingeh, New Mexico

Omaha Tribe of Nebraska

Oneida Nation of New York

Oneida Tribe of Indians of Wisconsin

Onondaga Nation of New York

Osage Tribe, Oklahoma

Ottawa Tribe of Oklahoma

Otoe-Missouria Tribe of Indians, Oklahoma

P

Paiute Indian Tribe of Utah:
 Cedar City Band of Paiutes; Kanosh Band of Paiutes; Koosharem Band of Paiutes; Indian Peaks Band of Paiutes; and Shivwits Band of Paiutes

Paiute-Shoshone Indians of the Bishop Community of the Bishop Colony, California



Appendix B: Federally Recognized Tribes

Paiute-Shoshone Tribe of the Fallon Reservation and Colony, Nevada

Paiute-Shoshone Indians of the Lone Pine Community of the Lone Pine Reservation, California

Pala Band of Luiseno Mission Indians of the Pala Reservation, California

Pascua Yaqui Tribe of Arizona

Paskenta Band of Nomlaki Indians of California

Passamaquoddy Tribe of Maine

Pauma Band of Luiseno Mission Indians of the Pauma & Yuima Reservation, California

Pawnee Nation of Oklahoma

Pechanga Band of Luiseno Mission Indians of the Pechanga Reservation, California

Penobscot Tribe of Maine

Peoria Tribe of Indians of Oklahoma

Picayune Rancheria of Chukchansi Indians of California

Pinoleville Pomo Nation, California

Pit River Tribe, California (includes Big Bend, Lookout, Montgomery Creek & Roaring Creek Rancherias & XL Ranch)

Poarch Band of Creek Indians of Alabama

Pokagon Band of Potawatomi Indians, Michigan and Indiana

Ponca Tribe of Indians of Oklahoma

Ponca Tribe of Nebraska

Port Gamble Indian Community of the Port Gamble Reservation, Washington

Potter Valley Tribe, California

Prairie Band of Potawatomi Nation, Kansas

Prairie Island Indian Community in the State of Minnesota

Pueblo of Acoma, New Mexico

Pueblo of Cochiti, New Mexico

Pueblo of Jemez, New Mexico

Pueblo of Isleta, New Mexico

Pueblo of Laguna, New Mexico

Pueblo of Nambe, New Mexico

Pueblo of Picuris, New Mexico

Pueblo of Pojoaque, New Mexico

Pueblo of San Felipe, New Mexico

Pueblo of San Ildefonso, New Mexico

Pueblo of Sandia, New Mexico

Pueblo of Santa Ana, New Mexico

Pueblo of Santa Clara, New Mexico

Pueblo of Santo Domingo, New Mexico

Pueblo of Taos, New Mexico

Pueblo of Tesuque, New Mexico

Pueblo of Zia, New Mexico

Puyallup Tribe of the Puyallup Reservation, Washington

Pyramid Lake Paiute Tribe of the Pyramid Lake Reservation, Nevada

Q

Quapaw Tribe of Indians, Oklahoma

Quartz Valley Indian Community of the Quartz Valley Reservation of California





Appendix B: Federally Recognized Tribes

Quechan Tribe of the Fort Yuma Indian Reservation, California & Arizona

Quileute Tribe of the Quileute Reservation, Washington

Quinault Tribe of the Quinault Reservation, Washington

R

Ramona Band or Village of Cahuilla Mission Indians of California

Red Cliff Band of Lake Superior Chippewa Indians of Wisconsin

Red Lake Band of Chippewa Indians, Minnesota

Redding Rancheria, California

Redwood Valley Rancheria of Pomo Indians of California

Reno-Sparks Indian Colony, Nevada

Resighini Rancheria, California

Rincon Band of Luiseno Mission Indians of the Rincon Reservation, California

Robinson Rancheria of Pomo Indians of California

Rosebud Sioux Tribe of the Rosebud Indian Reservation, South Dakota

Round Valley Indian Tribes of the Round Valley Reservation, California

Rumsey Indian Rancheria of Wintun Indians of California

S

Sac & Fox Tribe of the Mississippi in Iowa

Sac & Fox Nation of Missouri in Kansas and Nebraska

Sac & Fox Nation, Oklahoma

Saginaw Chippewa Indian Tribe of Michigan

Salt River Pima-Maricopa Indian Community of the Salt River Reservation, Arizona

Samish Indian Tribe, Washington

San Carlos Apache Tribe of the San Carlos Reservation, Arizona

San Juan Southern Paiute Tribe of Arizona

San Manual Band of Serrano Mission Indians of the San Manual Reservation, California

San Pasqual Band of Diegueno Mission Indians of California

Santa Rosa Indian Community of the Santa Rosa Rancheria, California

Santa Rosa Band of Cahuilla Mission Indians, California

Santa Ynez Band of Chumash Mission Indians of the Santa Ynez Reservation, California

Santa Ysabel Band of Diegueno Mission Indians of the Santa Ysabel Reservation, California

Santee Sioux Nation, Nebraska

Sauk-Suiattle Indian Tribe of Washington

Sault Ste. Marie Tribe of Chippewa Indians of Michigan

Scotts Valley Band of Pomo Indians of California

Seminole Nation of Oklahoma

Seminole Tribe of Florida (Dania, Big Cypress, Brighton, Hollywood & Tampa Reservations)

Seneca Nation of New York

Seneca-Cayuga Tribe of Oklahoma

Shakopee Mdewakanton Sioux Community of Minnesota



Appendix B: Federally Recognized Tribes

Shawnee Tribe, Oklahoma	Standing Rock Sioux Tribe of North & South Dakota
Sherwood Valley Rancheria of Pomo Indians of California	Stockbridge-Munsee Community, Wisconsin
Shingle Springs Band of Miwok Indians, Shingle Springs Rancheria (Verona Tract), California	Stillaguamish Tribe of Washington
Shoalwater Bay Tribe of the Shoalwater Bay Indian Reservation, Washington	Summit Lake Paiute Tribe of Nevada
Shoshone Tribe of the Wind River Reservation, Wyoming	Suquamish Indian Tribe of the Port Madison Reservation, Washington
Shoshone-Bannock Tribes of the Fort Hall Reservation of Idaho	Susanville Indian Rancheria, California
Shoshone-Paiute Tribes of the Duck Valley Reservation, Nevada	Swinomish Indians of the Swinomish Reservation, Washington
Sisseton-Wahpeton Oyate of the Lake Traverse Reservation, South Dakota	Sycuan Band of the Kumeyaay Nation
Skokomish Indian Tribe of the Skokomish Reservation, Washington	T
Skull Valley Band of Goshute Indians of Utah	Table Mountain Rancheria of California
Smith River Rancheria, California	Te-Moak Tribes of Western Shoshone Indians of Nevada (Four constituent bands: Elko Band; Battle Mountain Band; South Fork Band and Wells Band)
Snoqualmie Tribe, Washington	Thlopthlocco Tribal Town, Oklahoma
Soboba Band of Luiseno Indians, California	Three Affiliated Tribes of the Fort Berthold Reservation, North Dakota
Sokaogon Chippewa Community, Wisconsin	Tohono O'odham Nation of Arizona
Southern Ute Indian Tribe of the Southern Ute Reservation, Colorado	Tonawanda Band of Seneca Indians of New York
Spirit Lake Tribe, North Dakota	Tonkawa Tribe of Indians of Oklahoma
Spokane Tribe of the Spokane Reservation, Washington	Tonto Apache Tribe of Arizona
Squaxin Island Tribe of the Squaxin Island Reservation, Washington	Torres Martinez Desert Cahuilla Indians, California
St. Croix Chippewa Indians of Wisconsin	Tule River Indian Tribe of the Tule River Reservation, California
St. Regis Band Mohawk Tribe, New York	Tulalip Tribes of the Tulalip Reservation, Washington
	Tunica-Biloxi Indian Tribe of Louisiana
	Tuolumne Band of Me-Wuk Indians of the Tuolumne Rancheria of California



Appendix B: Federally Recognized Tribes

Turtle Mountain Band of Chippewa Indians of North Dakota

Tuscarora Nation of New York

Twenty-Nine Palms Band of Mission Indians of California

U

United Auburn Indian Community of the Auburn Rancheria of California

United Keetoowah Band of Cherokee Indians of Oklahoma

Upper Sioux Indian Community, Minnesota

Upper Skagit Indian Tribe of Washington

Ute Indian Tribe of the Uintah & Ouray Reservation, Utah

Ute Mountain Tribe of the Ute Mountain Reservation, Colorado, New Mexico & Utah

Utuhwaitu Paiute Tribe of the Benton Paiute Reservation, California

W

Walker River Paiute Tribe of the Walker River Reservation, Nevada

Wampanoag Tribe of Gay Head (Aquinnah) of Massachusetts

Washoe Tribe of Nevada & California (Carson Colony, Dresslerville Colony, Woodfords Community, Stewart Community, & Washoe Ranches)

White Mountain Apache Tribe of the Fort Apache Reservation, Arizona

Wichita and Affiliated Tribes (Wichita, Keechi, Waco & Tawakonie), Oklahoma

Winnebago Tribe of Nebraska

Winnemucca Indian Colony of Nevada

Wiyot Tribe, California

Wyandotte Nation, Oklahoma

Y

Yankton Sioux Tribe of South Dakota

Yavapai-Apache Nation of the Camp Verde Indian Reservation, Arizona

Yavapai-Prescott Tribe of the Yavapai Reservation, Arizona

Yerington Paiute Tribe of the Yerington Colony & Campbell Ranch, Nevada

Yomba Shoshone Tribe of the Yomba Reservation, Nevada

Ysleta Del Sur Pueblo of Texas

Yurok Tribe of the Yurok Reservation, California

Z

Zuni Tribe of the Zuni Reservation, New Mexico

Federally Recognized Tribes— Alaska

A

Native Village of Afognak Agdaagux Tribe of King Cave

Native Village of Akhiok

Akiachak Native Community

Akiak Native Community

Native Village of Akutan

Village of Alakanuk

Alatna Village

Native Village of Aleknagik

Algaaciq Native Village (St. Mary's)

Allakaket Village



Appendix B: Federally Recognized Tribes—Alaska

Native Village of Ambler
 Village of Anaktuvuk Pass
 Yupiit of Andreafski
 Angoon Community Association
 Village of Aniak
 Anvik Village
 Arctic Village (See Native Village of Venetie Tribal Government)
 Native Village of Atka
 Asa'carsarmiut Tribe
 Atqasuk Village (Atkasook)
 Village of Atmautluak

B

Native Village of Barrow Inupiat Traditional Government
 Beaver Village
 Native Village of Belkofski
 Village of Bill Moore's Slough
 Birch Creek Village
 Native Village of Brevig Mission
 Native Village of Buckland

C

Native Village of Cantwell
 Native Village of Chanega (aka Chenega)
 Chalkyitsik Village
 Cheesh-Na Tribe
 Village of Chefornak
 Chevak Native Village
 Chickaloon Native Village
 Chignik Bay Tribal Council
 Native Village of Chignik Lagoon
 Chignik Lake Village
 Chilkat Indian Village (Kluckwan)
 Chilkoot Indian Association (Haines)

Chinik Eskimo Community (Golovin)
 Native Village of Chitina
 Native Village of Chuathbaluk (Russian Mission, Kuskokwim)
 Chuloonawick Native Village
 Circle Native Community
 Village of Clark's Point
 Native Village of Council
 Craig Community Association
 Village of Crooked Creek
 Curyung Tribal Council

D

Native Village of Deering
 Native Village of Diomedea (aka Inalik)
 Village of Dot Lake
 Douglas Indian Association

E

Native Village of Eagle
 Native Village of Eek
 Egegik Village
 Eklutna Native Village
 Native Village of Ekuk
 Ekwok Village
 Native Village of Elim
 Emmonak Village
 Evansville Village (aka Bettles Field)
 Native Village of Eyak (Cordova)

F

Native Village of False Pass
 Native Village of Fort Yukon



Appendix B: Federally Recognized Tribes—Alaska

G

Native Village of Gakona
Galena Village (aka Louden Village)
Native Village of Gambell
Native Village of Georgetown
Native Village of Goodnews Bay
Organized Village of Grayling (aka Holikachuk)
Gulkana Village

H

Native Village of Hamilton
Healy Lake Village
Holy Cross Village
Hoonah Indian Association
Native Village of Hooper Bay
Hughes Village
Huslia Village
Hydaburg Cooperative Association

I

Igiugig Village
Village of Iliamna
Inupiat Community of the Arctic Slope
Iqurmuit Traditional Council
Ivanoff Bay Village

K

Kaguyak Village
Organized Village of Kake
Kaktovik Village (aka Barter Island)
Village of Kalskag
Village of Kaltag
Native Village of Kanatak
Native Village of Karluk
Organized Village of Kasaan
Kasigluk Traditional Elders Council

Kenaitze Indian Tribe
Ketchikan Indian Corporation
Native Village of Kiana
King Island Native Community
King Salmon Tribe
Native Village of Kipnuk
Native Village of Kivalina
Klawock Cooperative Association
Native Village of Kluti Kaah (aka Copper Center)
Knik Tribe
Native Village of Kobuk
Kokhanok Village
Native Village of Kongiganak
Village of Kotlik
Native Village of Kotzebue
Native Village of Koyuk
Koyukuk Native Village
Organized Village of Kwethluk
Native Village of Kwigillingok
Native Village of Kwinhagak (aka Quinhagak)

L

Native Village of Larsen Bay
Levelock Village
Lesnoi Village (aka Woody Island)
Lime Village
Village of Lower Kalskag

M

Manley Hot Springs Village
Manokotak Village
Native Village of Marshall (aka Fortuna Ledge)
Native Village of Mary's Igloo
McGrath Native Village
Native Village of Mekoryuk



Appendix B: Federally Recognized Tribes—Alaska

Mentasta Traditional Council
Metlakatla Indian Community, Annette Island Reserve
Native Village of Minto

N

Naknek Native Village
Native Village of Nanwalek (aka English Bay)
Native Village of Napaimute
Native Village of Napakiak
Native Village of Napaskiak
Native Village of Nelson Lagoon
Nenana Native Association
New Koliganek Village Council
New Stuyahok Village
Newhalen Village
Newtok Village
Native Village of Nightmute
Nikolai Village
Native Village of Nikolski
Ninilchik Village
Native Village of Noatak
Nome Eskimo Community
Nondalton Village
Noorvik Native Community
Northway Village
Native Village of Nuiqsut (aka Nooiksut)
Nulato Village
Nunakauyarmiut Tribe
Native Village of Nunam Iqua
Native Village of Nunapitchuk

O

Village of Ohogamiut
Village of Old Harbor
Orutsarmuit Native Village (aka Bethel)
Oscarville Traditional Village
Native Village of Ouzinkie

P

Native Village of Paimiut
Pauloff Harbor Village
Pedro Bay Village
Native Village of Perryville
Petersburg Indian Association
Native Village of Pilot Point
Pilot Station Traditional Village
Native Village of Pitka's Point
Platinum Traditional Village
Native Village of Point Hope
Native Village of Point Lay
Native Village of Port Graham
Native Village of Port Heiden
Native Village of Port Lions
Portage Creek Village (aka Ohgsenakale)
Pribilof Islands Aleut Communities of St. Paul & St. George Islands

Q

Qagan Toyagungin Tribe of Sand Point Village
Quwalangin Tribe of Unalaska

R

Rampart Village
Village of Red Devil
Native Village of Ruby



Appendix B: Federally Recognized Tribes—Alaska

S

Village of Salamatoff
Organized Village of Saxman
Native Village of Savoonga
Saint George (See Pribilof Islands Aleut Communities of St. Paul & St. George Islands)
Native Village of Saint Michael
Saint Paul (See Pribilof Islands Aleut Communities of St. Paul & St. George Islands)
Native Village of Scammon Bay
Native Village of Selawik
Seldovia Village Tribe
Shageluk Native Village
Native Village of Shaktoolik
Native Village of Shishmaref
Sun'Aq Tribe of Kodiak
Native Village of Shungnak
Sitka Tribe of Alaska
Skagway Village
Village of Sleetmute
Village of Solomon
South Naknek Village
Stebbins Community Association
Native Village of Stevens
Village of Stony River

T

Takotna Village
Native Village of Tanacross
Native Village of Tanana
Native Village of Tatitlek
Native Village of Tazlina
Telida Village
Native Village of Teller

Native Village of Tetlin
Central Council of the Tlingit & Haida Indian Tribes
Traditional Village of Togiak
Tuluksak Native Community
Native Village of Tuntutuliak
Native Village of Tununak
Twin Hills Village
Native Village of Tyonek

U

Ugashik Village
Umkumiute Native Village
Native Village of Unalakleet
Native Village of Unga

V

Village of Venetie (See Native Village of Venetie Tribal Government)
Native Village of Venetie Tribal Government (Arctic Village and Village of Venetie)

W

Village of Wainwright
Native Village of Wales
Native Village of White Mountain
Wrangell Cooperative Association

Y

Yakutat Tlingit Tribe



Feedback

The fiscal year 2007 Indian Affairs Performance and Accountability Report was issued by Indian Affairs' Office of Planning and Policy Analysis. If you have suggestions, comments, or questions, please contact us at:

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