



UNITED STATES DEPARTMENT OF THE INTERIOR

Established in 1849, the U.S. Department of the Interior is the Nation's principal Federal conservation agency. The Department is the steward of one in every five acres in the United States and the lands and waters that it manages generate one-third of the Nation's domestic energy production. Interior serves the American public by preserving and providing opportunities to enjoy America's natural and cultural resources.



(Yosemite National Park, courtesy of the National Park Service)

From the wonders protected in our National Parks to the power generated by the Hoover Dam to breakthrough scientific research and conservation efforts, the Department of the Interior is one of the most visible Federal agencies to U.S. citizens. As such, we are continually striving to provide the highest level of service to the public. Interior is organized into nine bureaus, each with a specific mission to fulfill the Federal government's duty to the public. Interior employs 70,000 people across the country and an additional 350,000 volunteers donate their time each year.

Stewardship for America with Integrity and Excellence

In order to accurately assess how well Interior has performed in meeting the needs of the public, the Strategic Plan includes goals and performance measures by which to assess how well those goals have been met. Interior

selected 25 representative measures which, due to their broad scope, are used as key

indicators of Interior's overall performance. These measures are also used to identify strategies for future performance improvement and executive level management. In Fiscal Year 2008, the Interior met or exceeded the majority of the performance measure targets.

HOW ARE WE DOING?

Fiscal Year 2008 was a wonderful year for Interior. Working together, bureaus were able to make great accomplishments in the areas of conservation, responsible land and resource use, recreation, education, and science.

- **Polar Bear Survival.** The U.S. Geological Survey assembled a team to study the adverse effects of climate change on polar bear habitat which led to the classification of the species as threatened. Scientists continue to study the bears to predict how best to help the species survive in the changing Arctic.
- **Environmentally-Friendly Roads.** The location of our natural resources is, at times, very remote and access is often an issue. Instead of building traditional roads, which disrupts vegetation and erodes topsoil, Interior has begun to use reusable temporary wooden mat roads to allow for little disruption and a fast recovery of native plant life.
- **National Parks Centennial Initiative.** The National Park Service launched its Centennial Initiative to improve national parks in time for the 100th anniversary of the National Park Service in 2016. On Padre Island National Seashore, the premier nesting ground for the endangered Kemp's ridley sea turtle, rangers and volunteers have observed and relocated nests to ensure the species' survival. Elsewhere, three major parks have launched a program to help underserved local students connect with their national parks through eco-system and curriculum based educational opportunities. Classes and camping trips will give the children positive experiences in the natural world.
- **Improving Indian Education.** The Bureau of Indian Affairs runs Native American schools across the country, many of which had been lagging behind their peers. In 2008, Interior launched an initiative to provide funding for training, mentoring, student transportation, management, and IT improvements to increase student achievement. In 14 "Focus Schools," Interior implemented a plan to focus on reading which has the most significant impact on improving overall education scores. In pilot schools, the reading program led to drastic increases in the percentage of students reading proficiently at grade level.
- **Dune Restoration.** Humboldt Bay National Wildlife Refuge in California is in the middle of a \$600,000 restoration of the Ma-le'i Dunes Unit. The restoration is an expansion of the work already completed at the adjacent Lanphere Dunes Unit, which is now recognized as the most pristine dune ecosystem in the Pacific Northwest. The Fish and Wildlife Service has funded the work through grants and a cooperative work agreement with the State of California. The dunes provide a habitat for two native and endangered plant species, the Humboldt Bay wallflower and the beach layia, and is habitat for a small threatened species of shorebird, the snowy plover.
- **Reforestation of Mine Lands.** Much of the land mined for coal in the eastern United States was once forested, providing habitats and preventing flooding. Those forests are now fragmented. The Office of Surface Mining, cooperating with several states, implemented the Appalachian Regional Reforestation Initiative which is planting high value hardwood trees on reclaimed coal lands and working to restore the gaps in the largest and oldest deciduous forests on Earth.



The Department's Strategic Plan provides tools to analyze the success of programs and to apply the results of that analysis to future planning and initiatives. In Fiscal Year 2008, the Department identified 205 performance measures and was able to meet or exceed 71% of them.

FINANCIAL SNAPSHOT

In Fiscal Year 2008, the Interior received its twelfth consecutive unqualified audit opinion. The independent audit was performed by KPMG LLP. Interior is proud to operate with fiscal integrity and financial transparency to the American taxpayer.

Summary Cost Information

In millions	2008	2007	Change
Costs	\$ 20,576	\$ 18,210	\$ 2,366
Revenues	\$ 4,330	\$ 4,571	\$ (241)
Gross Costs	\$ 16,246	\$ 13,639	\$ 2,607

What We Own

In millions	2008	2007	Change
Assets	\$ 70,679	\$ 66,984	\$ 3,695

What We Owe

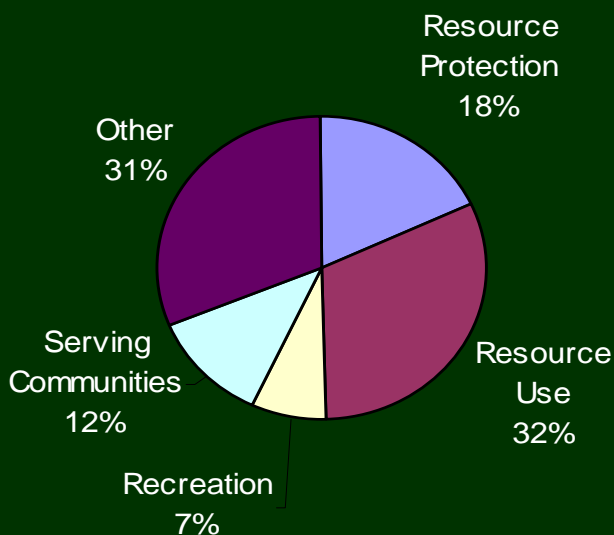
In millions	2008	2007	Change
Employee and Veteran Benefits	\$ 1,383	\$ 1,364	\$ 19
Debt	\$ 715	\$ 858	\$ (143)
Environmental and Disposal	\$ 156	\$ 148	\$ 8
Other Liabilities	\$ 9,574	\$ 8,609	\$ 965
Total Liabilities	\$ 11,828	\$ 10,979	\$ 849

Where We Stand

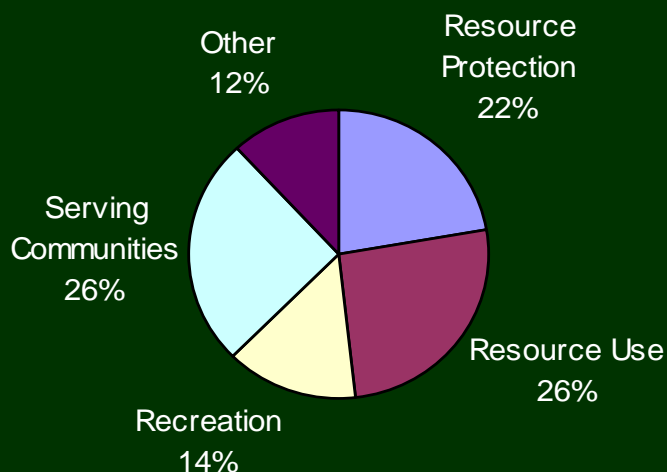
In millions	2008	2007	Change
Net Resources Available	\$ 58,851	\$ 56,005	\$ 2,846

Disposition of Departmental Funds

2008 Revenues



2008 Costs



The complete Financial Report for the U.S. Department of the Interior can be found online at

<http://www.doi.gov/pfm/par/par2008/index.html>



LOOKING FORWARD CHALLENGES AND OPPORTUNITIES

As we move forward into 2009 and beyond, Interior will face challenges, both old and new. Under a new administration and with a renewed focus on conservation, responsible land use and preservation, Interior will have to apply those ideals to programs and activities to ensure future success. At times, when ideals may seem to conflict with each other, Interior will need to find a balance and ensure that the needs of the people are being met with due consideration of our stewardship responsibilities. Interior must also evolve to encompass all of the goals of the new presidential leadership and aid in transparently presenting to the American taxpayer the activities and costs of the Federal government.

Energy security is an issue in our country today that is increasingly affecting the lives of all Americans. As we seek new and innovative energy resources and technologies, we must ensure that we are acting responsibly to conserve our resources lands and wildlife. This will require new ways of planning and resource management and new inspections and standards for our oil and gas extraction facilities, both onshore and offshore in our coastal oceans. The Healthy Lands Initiative, developed at Interior, allocates funds for science, planning, resource protection and restoration. The program will allow Interior and its State and nonprofit partners to that ensure environmental, economic, and other social goals are met.

Interior has made strides in its relationships with the Native American people in recent years. Each year, more Indian trust account holders are located who were previously listed as "location unknown". In the future, however, Interior will continue to face challenges in improving the Bureau of Indian Education schools and reducing gang activity and other crimes on Indian lands. Interior must work with the Tribal governments to create programs to promote the well-being of these related aspects of the Tribal communities.

As with any large company, Interior also has the challenges inherent in running a large and complex organization. As the Federal budget becomes increasingly sparing, new ways must be found to ensure the retention, health, and job security of employees. Information Technology poses the challenge of a quickly changing information landscape where security and standardization will be ever more important. Management across Interior is working to ensure that these challenges are met to best serve the citizens of the United States.



HOW CAN WE BEST SERVE YOU?

The information in this report is based on input received from a group of citizens from the community.

What would you like to see reported in this statement? Please let us know by contacting:

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