



United States Department of the Interior

Office of Inspector General
Washington, D.C. 20240

February 24, 2003

Memorandum

To: Director, U.S. Fish and Wildlife Service

From: Roger La Rouche
Assistant Inspector General for Audits

Subject: Independent Accountants' Report on the "Application of Agreed-Upon Procedures Aquatic Resources Trust Fund" (No. 2003-I-0017)

Attached is the Independent Accountants' Report on the "Application of Agreed-Upon Procedures Aquatic Resources Trust Fund." The report was prepared at the request of the Fish and Wildlife Service by KPMG LLP (KPMG) under contract with the Department of the Interior, Office of Inspector General.

KPMG is responsible for the report, dated September 17, 2002. We monitored the progress of the engagement at key points, reviewed KPMG's report and selected related working papers, and inquired of its representatives. We continue to review KPMG's work as the final information is provided to us. Our review disclosed no instances where KPMG did not comply, in all material respects, with the *Government Auditing Standards*.

If you have any questions concerning this matter, please contact me at (202) 208-5512 or Mr. Curtis Crider, Director of Financial Audits, at (202) 208-5724.

Attachment

cc: Assistant Secretary for Fish and Wildlife and Parks
Chief Financial Officer, U.S. Fish and Wildlife Service
Director, Office of Financial Management
Audit Liaison Officer, Fish and Wildlife and Parks
Audit Liaison Officer, U.S. Fish and Wildlife Service
Focus Leader for Management Control and Audit Followup,
Office of Financial Management



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**Independent Accountants' Report on the
Application of Agreed-Upon Procedures**

To the Inspector General of the
U.S. Department of the Interior:

We have performed the procedures enumerated in exhibit I, which were agreed to by the Inspector General, U.S. Department of the Interior and the U.S. Fish and Wildlife Service, solely to assist the U.S. Department of the Interior and the U.S. Fish and Wildlife Service in determining the accuracy of the Aquatic Resources Trust Fund (ARTF) liability as of September 30, 2001.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Inspector General, U.S. Department of the Interior and the U.S. Fish and Wildlife Service. Consequently, we make no representation regarding the sufficiency of the procedures described in exhibit I, either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and the associated findings are presented in exhibit I.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the financial statements of the U.S. Fish and Wildlife Service or the Aquatic Resources Trust Fund. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Inspector General, U.S. Department of the Interior and the U.S. Fish and Wildlife Service, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes.

KPMG LLP

September 17, 2002



**Attachment to the Independent Accountants' Report on the
Application of Agreed-Upon Procedures
Aquatic Resources Trust Fund**

Procedures and Findings

1. We agreed the Aquatic Resources Trust Fund (ARTF) receipts, as reported, for the years 1985 through 2001, as disclosed on schedule A, to the U.S. Department of Treasury, income statements of the ARTF prepared by the Bureau of the Public Debt (BPD) for each respective fiscal year.

We found such amounts to be in agreement.

2. We agreed the adjustments to the ARTF receipts, as disclosed on schedule B, to the income statements and balance sheets of the ARTF prepared by the BPD as of and for the years ended September 30, 1987 through 1993, as applicable.

We found such amounts to be in agreement.

3. We agreed the cash basis adjustments, as disclosed on schedule C, to the balance sheet of the ARTF prepared by the BPD as of September 30, 2001.

We found such amounts to be in agreement.

4. We agreed the ARTF apportionments for the fiscal years 1985 through 2001, as disclosed on schedule D, to U.S. Fish and Wildlife Service Division of Budget apportionment documents.

We found such amounts to be in agreement.

5. We agreed the U.S. Army Corps of Engineers adjustment, as disclosed on schedule D, to the BPD memorandum dated May 14, 2002 indicating \$1,476,823 was apportioned to the U.S. Army Corps of Engineers.

We found such amount to be in agreement.

6. We recalculated ARTF receipts available for apportionment as of September 30, 2001, as disclosed on schedule E, by subtracting the adjustments disclosed on schedule B and the cash basis adjustments disclosed on schedule C from the ARTF receipts disclosed on schedule A.

We recalculated receipts available for apportionment of \$4,789,496,476, and agreed amount to schedule E.

7. We recalculated the difference between the receipts available for apportionment determined in procedure 6 above, and the amounts apportioned through September 30, 2001, as disclosed on schedule D.

We recalculated the difference of \$484,039,559 and agreed amount to schedule E.

8. We agreed the fiscal year 2002 apportionment of \$482,979,991, as disclosed on schedule E, to the ARTF receipts for fiscal year 2001 as listed on the income statement of the ARTF prepared by the BPD for the year ended September 30, 2001.

We found such amount to be in agreement.

9. We subtracted the fiscal year 2002 apportionment determined in procedure 8, above, from the difference between the receipts available for apportionment and the amounts apportioned through September 30, 2001, determined in procedure 7, above.

We recalculated a difference of \$1,059,568, and agreed the amount to schedule E.

10. We recalculated the allocations of the apportionment difference, disclosed on schedule F, between the U.S. Fish and Wildlife Service and the U.S. Army Corps of Engineers, based on apportionment percentages of 87.4% and 12.6%, respectively, used by the U.S. Fish and Wildlife Service for the ARTF, as disclosed on schedule F.

We recalculated allocations of \$926,062 and \$133,506 for the U.S. Fish and Wildlife Service and the U.S. Army Corps of Engineers, respectively, and agreed these amounts to schedule F.

11. We agreed the non-expenditure transfer amounts, as disclosed on schedule G, to the income statement amounts of the ARTF prepared by the BPD.

We found such amounts to be in agreement.

12. We recalculated the ARTF liability, by agency, as of September 30, 2001, as disclosed on schedule H, by subtracting the apportionment differences on schedule F and the nonexpenditure transfers on schedule G from the apportionments on schedule D.

We recalculated the total ARTF liability, U.S. Fish and Wildlife Service liability, U.S. Army Corps of Engineers liability, and U.S. Coast Guard liability, as of September 30, 2001, to be \$747,225,823, \$410,282,718, \$266,930,909, and \$70,012,196, respectively, and agreed these amounts to schedule H.

U.S. DEPARTMENT OF THE INTERIOR

U.S. FISH AND WILDLIFE SERVICE

Aquatic Resources Trust Fund Receipts

Fiscal years 1985 to 2001

Fiscal year	Receipts	Basis of accounting
1985	\$ 122,167,378	Cash
1986	141,015,884	Cash
1987	161,073,398	Cash
1988	189,291,671	Accrual
1989	208,761,161	Accrual
1990	194,342,183	Accrual
1991	263,216,429	Accrual
1992	261,383,588	Accrual
1993	249,151,093	Accrual
1994	284,841,052	Accrual
1995	304,536,706	Accrual
1996	350,272,093	Accrual
1997	372,765,838	Accrual
1998	371,937,134	Accrual
1999	419,899,211	Accrual
2000	435,874,242	Accrual
2001	460,531,430	Accrual
	<u>\$ 4,791,060,491</u>	

See accompanying independent auditors' report on application of agreed-upon procedures.

Schedule B**U.S. DEPARTMENT OF THE INTERIOR****U.S. FISH AND WILDLIFE SERVICE****Aquatic Resources Trust Fund Adjustments Affecting Receipts****As of September 30, 2001**

Beginning net assets, October 1, 1987	\$ 301,813,221
Less: Ending net assets, September 30, 1987	<u>(299,526,938)</u>
Correction of an error	2,286,283
Ending net assets, October 1, 1990	427,966,907
Less: Beginning net assets, September 30, 1989 (note 1)	<u>(430,595,776)</u>
Correction of an error	(2,628,869)
1992 adjustment per BPD note on 1993 balance sheet of the ARTF	(772,429)
Miscellaneous	<u>1,546</u>
Total adjustments	<u><u>\$ (1,113,469)</u></u>
Note 1: Detail of fiscal year 1989 Activity, per ARTF financial statement:	
Beginning net assets, October 1, 1988	\$ 368,620,236
Excess receipts over nonexpenditure transfers, fiscal year 1989	64,761,160
Transfer to U.S. Department of the Interior, fiscal year 1989	<u>(2,785,620)</u>
Ending net assets, September 30, 1989	<u><u>\$ 430,595,776</u></u>

See accompanying independent auditors' report on application of agreed-upon procedures.

Schedule C

U.S. DEPARTMENT OF THE INTERIOR

U.S. FISH AND WILDLIFE SERVICE

Aquatic Resources Trust Fund Cash Basis Adjustments

Year ended September 30, 2001

2001 Accrued interest	\$ (2,745)
2001 Amortization	<u>(447,802)</u>
Total cash basis adjustments	<u><u>\$ (450,547)</u></u>

See accompanying independent auditors' report on application of agreed-upon procedures.

U.S. DEPARTMENT OF THE INTERIOR

U.S. FISH AND WILDLIFE SERVICE

Aquatic Resources Trust Fund Apportionments

Fiscal years 1985 to 2001

Fiscal year	Total apportionment	U.S. Fish and Wildlife Service apportionment	U.S. Army Corps of Engineers apportionment	U.S. Coast Guard apportionment
1985	\$ —	—	—	—
1986	122,167,377	122,167,377	—	—
1987	141,015,883	141,015,883	—	—
1988	161,073,397	161,073,397	—	—
1989	186,662,802	186,662,802	—	—
1990	205,639,045	205,639,045	—	—
1991	193,603,233	193,603,233	—	—
1992	262,578,573	229,493,673	33,084,900	—
1993	261,801,829	223,628,719	33,173,110	5,000,000
1994	250,114,917	207,675,817	34,939,100	7,500,000
1995	277,440,736	234,983,204	34,957,532	7,500,000
1996	304,536,706	256,165,082	38,371,624	10,000,000
1997	350,272,093	296,139,093	44,133,000	10,000,000
1998	377,306,838	309,766,123	47,540,715	20,000,000
1999	371,937,134	261,073,055	46,864,079	64,000,000
2000	419,899,211	302,991,911	52,907,300	64,000,000
2001	417,930,320	301,271,100	52,659,220	64,000,000
U.S. Army Corps of Engineers adjustment	1,476,823	—	1,476,823	—
Total	\$ 4,305,456,917	3,633,349,514	420,107,403	252,000,000

See accompanying independent auditors' report on application of agreed-upon procedures.

Schedule E

**U.S. DEPARTMENT OF THE INTERIOR
U.S. FISH AND WILDLIFE SERVICE**

Aquatic Resources Trust Fund Apportionments

As of September 30, 2001

ARTF receipts – schedule A	\$ 4,791,060,491
Less: Adjustments – schedule B	(1,113,468)
Less: Cash basis conversion – schedule C	(450,547)
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Receipts available for apportionment – cash basis	4,789,496,476
Less: Amounts apportioned through September 30, 2001 – schedule D	(4,305,456,917)
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Difference	484,039,559
Less: Fiscal year 2002 apportionment	(482,979,991)
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Difference to be apportioned	\$ <u><u>1,059,568</u></u>

See accompanying independent auditors' report on application of agreed-upon procedures.

Schedule F

U.S. DEPARTMENT OF THE INTERIOR
U.S. FISH AND WILDLIFE SERVICE

Aquatic Resources Trust Fund Apportionments

As of September 30, 2001

Total apportionment difference – schedule E	\$ 1,059,568
18% of \$1,059,568	190,722
70% of 18% to U.S. Army Corps of Engineers	133,506
U.S. Fish and Wildlife Service allocation (87.4%)	\$ 926,062
U.S. Army Corps of Engineers allocation (12.6%)	133,506
Total amount to be apportioned	\$ 1,059,568

See accompanying independent auditors' report on application of agreed-upon procedures.

U.S. DEPARTMENT OF THE INTERIOR

U.S. FISH AND WILDLIFE SERVICE

Aquatic Resources Trust Fund

Year ended September 30, 2001

Fiscal year	Total nonexpenditure transfers	U.S. Fish and Wildlife Service nonexpenditure transfers	U.S. Army Corps of Engineers nonexpenditure transfers	U.S. Coast Guard nonexpenditure transfers
1985	\$ —	—	—	—
1986	32,000,000	32,000,000	—	—
1987	93,000,000	93,000,000	—	—
1988	125,000,000	125,000,000	—	—
1989	144,000,000	144,000,000	—	—
1990	181,000,000	181,000,000	—	—
1991	193,000,000	193,000,000	—	—
1992	239,200,000	236,000,000	3,200,000	—
1993	249,100,000	237,000,000	7,100,000	5,000,000
1994	229,860,000	213,000,000	9,360,000	7,500,000
1995	244,840,900	232,490,900	12,350,000	—
1996	252,466,258	220,966,258	14,000,000	17,500,000
1997	252,975,700	232,975,700	10,000,000	10,000,000
1998	291,800,000	249,000,000	22,800,000	20,000,000
1999	299,863,853	257,000,000	29,000,000	13,863,853
2000	355,183,951	282,060,000	22,500,000	50,623,951
2001	376,000,000	295,500,000	23,000,000	57,500,000
	<u>\$ 3,559,290,662</u>	<u>3,223,992,858</u>	<u>153,310,000</u>	<u>181,987,804</u>

See accompanying independent auditors' report on application of agreed-upon procedures.

U.S. DEPARTMENT OF THE INTERIOR

U.S. FISH AND WILDLIFE SERVICE

Aquatic Resources Trust Fund Liability

As of September 30, 2001

	Total	U.S. Fish and Wildlife Service	U.S. Army Corps of Engineers	U.S. Coast Guard
Apportionments – schedule D	\$ 4,305,456,917	3,633,349,514	420,107,403	252,000,000
Apportionment differences, allocated – schedule F	<u>1,059,568</u>	<u>926,062</u>	<u>133,506</u>	<u>—</u>
Receipts available for apportionment	4,306,516,485	3,634,275,576	420,240,909	252,000,000
Less: Nonexpenditure transfers – schedule G	<u>(3,559,290,662)</u>	<u>(3,223,992,858)</u>	<u>(153,310,000)</u>	<u>(181,987,804)</u>
ARTF liability as of September 30, 2001	\$ <u><u>747,225,823</u></u>	<u><u>410,282,718</u></u>	<u><u>266,930,909</u></u>	<u><u>70,012,196</u></u>

See accompanying independent auditors' report on application of agreed-upon procedures.