

Part C

REQUIRED SUPPLEMENTARY
INFORMATION

Unaudited

REQUIRED SUPPLEMENTARY INFORMATION—UNAUDITED FOR THE YEARS ENDED SEPTEMBER 30, 2009 AND 2008

Deferred Maintenance

Deferred maintenance is maintenance that was scheduled to be performed, but was delayed until a future period. Deferred maintenance represents a cost that the Federal Government has elected not to fund and, therefore, the costs are not reflected in the financial statements.

Maintenance is defined to include preventive maintenance, normal repairs, replacement of parts and structural components, and other activities needed to preserve the asset so that it continues to provide acceptable service and achieve its expected life. Maintenance excludes activities aimed at expanding the capacity of an asset or otherwise upgrading it to service needs different from, or significantly greater than, those originally intended.

Deferred maintenance is reported for general Property, Plant, and Equipment (PP&E); heritage assets; and stewardship assets. It is also reported separately for critical and noncritical amounts of maintenance needed to return each class of assets to its acceptable operating condition.

Critical maintenance is defined as a serious threat to public health or safety, a natural resource, or the ability to carry out the mission of the organization.

Noncritical maintenance is defined as a potential risk to the public or employee safety or health (e.g., compliance with codes, standards, or regulations) and potential adverse consequences to natural resources or mission accomplishment.

ESTIMATED DEFERRED MAINTENANCE

The Forest Service began reporting deferred maintenance in 2000. Estimates of deferred maintenance for all major classes of PP&E, heritage assets, and stewardship assets are based on condition surveys. The agency has completed two rounds of condition surveys providing a comprehensive national assessment of Forest Service property.

For roads, deferred maintenance is determined from surveys of an annual random sample of a sufficient number of roads to achieve estimates of 95-percent accuracy and 95-percent confidence. Validation of this process is ongoing.

Deferred maintenance needs for all other asset groups are determined from surveys of all individual assets on a revolving schedule where the interval between visits does not exceed 5 years.

No deferred maintenance exists for fleet vehicles as they are managed through the agency's working capital fund. Each fleet vehicle is maintained according to schedule. The cost of maintaining the remaining classes of equipment is expensed.

The dollar amounts in Exhibit 1, Deferred Maintenance Totals by Asset Class, include:

- A Forest Service standard factor that includes design, contracting, and overhead costs.
- A remoteness factor that includes the estimated travel time to the asset.
- A heritage factor.

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Exhibit 1: Deferred Maintenance Totals by Asset Class as of September 30, 2009 (in millions)

Asset Class	Overall Condition	Critical Maintenance	Noncritical Maintenance	Cost To Return To Acceptable Condition
Bridge	Varies	\$29	\$127	\$ 156
Building	Varies	144	879	1,023
Dam	Varies	10	19	29
Fence	Varies	298	1	299
Handling Facility	Varies	22	-	22
Heritage	Varies	9	16	25
Minor Constructed Features	Varies	-	106	106
Roads ¹	Varies	318	2,860	3,178
Trail	Varies	5	289	294
Trail Bridge	Varies	4	7	11
Wastewater System	Varies	23	16	39
Water System	Varies	67	51	118
Wildlife, Fish, and TES	Varies	5	2	7
Grand Total		\$934	\$ 4,373	\$5,307

The overall condition of major asset classes range from poor to good depending on the location, age, and type of property. The standards for acceptable operating condition for various classes of general PP&E, stewardship, and heritage assets are as follows.

Conditions of roads and bridges within the National Forest System (NFS) road system are measured by various standards:

1. Federal Highway Administration regulations for the Federal Highway Safety Act;
2. Best management practices for the nonpoint source provisions of the Clean Water Act from the U.S. Environmental Protection Agency and States;
3. Road management objectives developed through the National Forest Management Act forest planning process; and
4. Forest Service directives—Forest Service Manual (FSM) 7730, Operation and Maintenance (August 25, 2005, amendment was superseded with October 1, 2008, revision); Forest Service Handbook (FSH) 7709.56a, Road Preconstruction, and FSH 7709.56b, Transportation Structures Handbook.

Dams shall be managed according to FSM 7500, Water Storage and Transmission, and FSH 7509.11, Dams Management Handbook. The condition of a dam is acceptable when the dam meets current design standards and does not have any deficiencies that threaten the safety of the structure or public. For dams to be rated in acceptable condition, the agency needs to restore the dams to the original functional purpose, correct unsightly conditions, or prevent more costly repairs.

Buildings shall comply with the National Life Safety Code, the Forest Service Health and Safety Handbook, and the Occupational Safety Health Administration as determined by condition surveys. These requirements are found in FSM 7310, Buildings and Related Facilities, revised November 19, 2004. The condition of administrative facilities ranges from poor to good, with approximately 37 percent needing major repairs or renovations, approximately 14 percent in fair condition, and 49 percent of the facilities in good condition.

¹ Deferred maintenance amount for Roads is for passenger-car roads (maintenance levels 3-5) only. Total deferred maintenance, including high-clearance roads (maintenance levels 1 and 2), is \$4,540 (in millions). All road beds are considered stewardship assets.

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The agency is currently developing an integrated strategy to realign our administrative facility infrastructure to meet current organizational structure and to reduce the maintenance liability for unneeded buildings, free up land for use by local communities and private enterprise, and provide added funds for infrastructure maintenance and development. Forest Service anticipates maximum benefits from a combination of appropriations, facility conveyance receipts, and decommissioning of unneeded facilities.

Recreation facilities include developed recreation sites, general forest areas, campgrounds, trailheads, trails, water and wastewater systems, interpretive facilities, and visitor centers. These components are included in several asset classes of the deferred maintenance exhibit. All developed sites are managed in accordance with Federal laws and regulations (Code of Federal Regulations (CFR) 36).

Detailed management guidelines are contained in FSM 2330, Publicly Managed Recreation Opportunities, and forest- and regional-level user guides. Quality standards for developed recreation sites were established as Meaningful Measures for health and cleanliness, settings, safety and security, responsiveness, and the condition of the facility.

The condition assessment for range structures (fences and stock handling facilities) is based on (1) a determination by knowledgeable range specialists or other district personnel of whether the structure would perform the originally intended function, and (2) a determination through the use of a protocol system to assess conditions based on age. A long-standing range methodology is used to gather this data.

Heritage assets include archaeological sites that require determinations of National Register of Historic Places status, National Historic Landmarks, and significant historic properties. Some heritage assets may have historical significance, but their primary function in the agency is as visitation or recreation sites and, therefore, may not fall under the management responsibility of the heritage program.

Trails and trail bridges are managed according to Federal law and regulations (CFR 36). More specific direction is contained in FSM 2350, Trail, River, and Similar Recreation Opportunities, and the FSH 2309.18, Trails Management Handbook.

Deferred maintenance of structures for wildlife, fish, and threatened and endangered species is determined by field biologists using their professional judgment. The deferred maintenance is considered critical if resource damage or species endangerment would likely occur if maintenance were deferred much longer.

CONDITION OF HERITAGE ASSETS AND STEWARDSHIP LANDS

The Statement of Federal Financial Accounting Standard No. 29, Heritage Assets and Stewardship Lands, reclassified information on heritage and stewardship land assets from “supplementary” to “basic.” This change moves the acquisitions and withdrawals of these assets to the financial notes, accompanying the financial statements. This information is referenced in Note 6, Stewardship PP&E and Note 14, Cost of Stewardship PP&E. The condition information for these assets remains supplementary.

HERITAGE ASSETS

Heritage professionals are responsible for documenting and maintaining cultural resource condition assessments to standard. Periodic monitoring and condition assessments are the basis for applying protective measures and treatments to vulnerable, deteriorating, or threatened cultural resources. The condition of heritage assets depends on the type of asset and varies from poor to fair.

STEWARDSHIP LAND

The condition of NFS lands varies by purpose and location. The Forest Service monitors the condition of its stewardship lands based on information compiled by two national inventory and monitoring programs—Forest Inventory and Analysis (FIA) and Forest Health Monitoring (FHM).

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Although most of the estimated 193 million acres of stewardship lands continue to produce valuable benefits—clean air and water, habitat for wildlife, and products for human use—significant portions are at risk to pest outbreaks or catastrophic fires.

There are 25 million acres of NFS forest lands at risk to future mortality from insects and diseases, based on the 2006 publication of Mapping Risk from Forest Insects and Diseases. Invasive species of insects, diseases, and plants continue to affect our native ecosystems by causing mortality to, or displacement of, native vegetation.

The projected accomplishments on NFS lands include treatment of 42,337 acres for invasives and 57,058 for native pests. These numbers should be considered preliminary, with final amounts of acres treated for invasives and native pests on NFS lands available at <http://www.fs.fed.us> in February 2010.

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For the year ended September 30, 2009
Combined Statement of Budgetary Resources by Major Budget Account
(in millions)

Budgetary Resources:	National Forest and Grasslands	Forest and Rangeland Research	State and Private Forestry	Capital Improvement and Maintenance	Wildland Fire Management	Permanent and Trust Funds	Working Capital Fund	Total
Unobligated Balance, Brought Forward, October 1:	\$ 294	\$ 50	\$ 75	\$ 183	\$ 690	\$ 771	\$ 107	\$ 2,170
Recoveries of Prior Year Unpaid Obligations	7	1	5	2	14	3	6	38
Budget Authority:								
Appropriations	1,588	296	266	1,146	2,831	980	-	7,107
Spending Authority from Offsetting Collections:								
Earned:								
Collected	68	31	18	21	136	15	246	535
Change in Receivables	(1)	3	2	1	(27)	-	(1)	(23)
Change in Unfilled Customer Orders:								
Advance Received	-	(2)	3	-	-	-	-	1
Without Advance	(23)	(4)	(6)	(11)	(7)	-	-	(51)
Subtotal	1,632	324	283	1,157	2,933	995	245	7,569
Nonexpenditure Transfers, net	11	32	91	-	(134)	-	-	-
Permanently Not Available	(5)	-	-	-	-	-	-	(5)
Total Budgetary Resources (Note 16)	\$ 1,939	\$ 407	\$ 454	\$ 1,342	\$ 3,503	\$ 1,769	\$ 358	\$ 9,772
Status of Budgetary Resources:								
Obligations Incurred: (Note 15)								
Direct	\$ 1,654	\$ 336	\$ 379	\$ 651	\$ 2,680	\$ 845	\$ -	\$ 6,545
Reimbursable	65	27	20	28	111	-	231	482
Subtotal	1,719	363	399	679	2,791	845	231	7,027
Unobligated Balance - Apportioned (Note 2)	182	41	48	652	442	594	72	2,031
Unobligated Balance Not Available (Note 2)	38	3	7	11	270	330	55	714
Total Status of Budgetary Resources (Note 16)	\$ 1,939	\$ 407	\$ 454	\$ 1,342	\$ 3,503	\$ 1,769	\$ 358	\$ 9,772
Change in Obligated Balances:								
Obligated Balance, net								
Unpaid Obligations, Brought Forward, October 1	\$ 391	\$ 120	\$ 480	\$ 230	\$ 740	\$ 131	\$ 40	\$ 2,132
Less: Uncollected Customer Payments, Brought Forward October 1	(151)	(39)	(18)	(46)	(171)	-	-	(425)
Total Unpaid Obligated Balance, net	240	81	462	184	569	131	40	1,707
Obligations Incurred net	1,719	363	399	679	2,791	845	231	7,027
Less: Gross Outlays	(1,654)	(340)	(373)	(545)	(2,510)	(844)	(214)	(6,480)
Less: Recoveries of Prior Year Unpaid Obligations, actual	(7)	(1)	(5)	(2)	(14)	(3)	(6)	(38)
Change in Uncollected Customer Payments	24	1	4	10	34	-	1	74
Obligated Balance, net, End of Period								
Unpaid Obligations (Note 17)	448	142	501	362	1,007	129	52	2,641
Less: Uncollected Customer Payments	(126)	(38)	(14)	(36)	(137)	-	-	(351)
Total, Unpaid Obligated Balance, net, End of Period (Note 2)	\$ 322	\$ 104	\$ 487	\$ 326	\$ 870	\$ 129	\$ 52	\$ 2,290
Net Outlays:								
Gross Outlays	\$ 1,654	\$ 340	\$ 373	\$ 545	\$ 2,510	\$ 844	\$ 214	\$ 6,480
Less: Offsetting Collections	(68)	(29)	(21)	(21)	(137)	(14)	(246)	(536)
Less: Distributed Offsetting Receipts	(23)	-	-	-	-	(551)	-	(574)
Net Outlays	\$ 1,563	\$ 311	\$ 352	\$ 524	\$ 2,373	\$ 279	\$ (32)	\$ 5,370

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For the year ended September 30, 2008
Combined Statement of Budgetary Resources by Major Budget Account
(in millions)

Budgetary Resources:	National Forest and Grasslands	Forest and Rangeland Research	State and Private Forestry	Capital Improvement and Maintenance	Wildland Fire Management	Permanent and Trust Funds	Working Capital Fund	Total
Unobligated Balance, Brought Forward, October 1:	\$ 220	\$ 25	\$ 52	\$ 103	\$ 90	\$ 1,084	\$ 97	\$ 1,671
Recoveries of Prior Year Unpaid Obligations	6	3	19	5	38	5	2	78
Budget Authority:								
Appropriations	1,567	291	267	487	3,300	398	-	6,310
Spending Authority from Offsetting Collections:								
Earned:								
Collected	66	32	24	17	173	28	221	561
Change in Receivables	(4)	(3)	(1)	(1)	47	-	-	38
Change in Unfilled Customer Orders:								
Advance Received	-	(7)	2	-	-	(2)	-	(7)
Without Advance	(9)	9	3	8	(8)	-	-	3
Expenditure Transfers from Trust Funds					4			4
Subtotal	1,620	322	295	511	3,516	424	221	6,909
Nonexpenditure Transfers, Net, Actual	49	28	81	49	(237)	28	-	(2)
Permanently Not Available	(25)	(4)	(4)	(7)	(31)			(71)
Total Budgetary Resources (Note 15)	\$ 1,870	\$ 374	\$ 443	\$ 661	\$ 3,376	\$ 1,541	\$ 320	\$ 8,585
Status of Budgetary Resources:								
Obligations Incurred: (Note 14)								
Direct	\$ 1,512	\$ 294	\$ 344	\$ 457	\$ 2,465	\$ 770	\$ 213	\$ 6,055
Reimbursable	64	30	24	21	221	-	-	360
Subtotal	1,576	324	368	478	2,686	770	213	6,415
Unobligated Balance-Apportioned (Note 2)	136	31	37	89	77	531	81	982
Unobligated Balance Not Available (Note 2)	158	19	38	94	613	240	26	1,188
Total Status of Budgetary Resources (Note 15)	\$ 1,870	\$ 374	\$ 443	\$ 661	\$ 3,376	\$ 1,541	\$ 320	\$ 8,585
Change in Obligated Balances:								
Obligated Balance, Net								
Unpaid Obligations, Brought Forward, October 1	\$ 413	\$ 137	\$ 533	\$ 228	\$ 746	\$ 147	\$ 39	\$ 2,243
Less: Uncollected Customer Payments, Brought Forward October 1	(165)	(33)	(16)	(38)	(132)	-	-	(384)
Total Unpaid Obligated Balance, Net	248	104	517	190	614	147	39	1,859
Obligations Incurred Net	1,576	324	368	478	2,686	770	213	6,415
Less: Gross Outlays	(1,591)	(338)	(402)	(472)	(2,654)	(781)	(210)	(6,448)
Less: Recoveries of Prior Year Unpaid Obligations, Actual	(6)	(3)	(19)	(5)	(38)	(5)	(2)	(78)
Change in Uncollected Customer Payments	13	(6)	(2)	(7)	(39)	-	-	(41)
Obligated Balance, Net, End of Period								
Unpaid Obligations	391	120	480	230	740	131	40	2,132
Less: Uncollected Customer Payments	(151)	(39)	(18)	(46)	(171)	-	-	(425)
Total, Unpaid Obligated Balance, Net, End of Period (Note 2)	\$ 240	\$ 81	\$ 462	\$ 184	\$ 569	\$ 131	\$ 40	\$ 1,707
Net Outlays:								
Gross Outlays	\$ 1,591	\$ 338	\$ 402	\$ 472	\$ 2,654	\$ 781	\$ 210	\$ 6,448
Less: Offsetting Collections	(66)	(25)	(26)	(17)	(177)	(27)	(220)	(558)
Less: Distributed Offsetting Receipts	(99)	-	-	-	-	(415)	-	(514)
Net Outlays	\$ 1,426	\$ 313	\$ 376	\$ 455	\$ 2,477	\$ 339	\$ (10)	\$ 5,376