

# Consolidated Financial Statements

## Financial Statements and Notes

### Forest Service Consolidated Balance Sheets As of September 30, 2003 and 2002 (In Thousands)

	<u>2003</u>	<u>2002 (As Restated)</u>
<b>Assets</b>		
Intragovernmental:		
Fund Balance with Treasury (Note 3)	\$ 3,293,245	\$ 2,824,948
Investments	3,061	2,040
Accounts Receivable (Note 4)	55,568	66,110
Advances to Others	475	30
Total Intragovernmental	3,352,349	2,893,128
Cash	73	73
Accounts Receivable, Net (Note 4)	96,924	55,626
Inventory and Related Property, Net (Note 1E)	-	22,207
General Property, Plant, and Equipment, Net (Note 6)	3,850,598	3,909,250
Advances to Others	11,933	7,763
<b>Total Assets (Note 2)</b>	<b>\$ 7,311,877</b>	<b>\$ 6,888,047</b>
<b>Liabilities</b>		
Intragovernmental:		
Accounts Payable	\$ 26	\$ 988
Other (Note 8)	584,883	545,577
Total Intragovernmental	584,909	546,565
Accounts Payable	112,155	102,207
Environmental and Disposal Liabilities	7,769	7,069
Other (Note 8)	1,616,655	1,571,182
Total Liabilities (Note 7)	2,321,488	2,227,023
Commitments and Contingencies (Note 8)		
<b>Net Position:</b>		
Unexpended Appropriations	1,517,336	1,761,644
Cumulative Results of Operations	3,473,053	2,899,380
Total Net Position	4,990,389	4,661,024
<b>Total Liabilities and Net Position</b>	<b>\$ 7,311,877</b>	<b>\$ 6,888,047</b>

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

**Department of Agriculture  
Forest Service  
Consolidated Statements of Net Cost  
For the Years Ended September 30, 2003 and 2002  
(In Thousands)**

	<u>2003</u>	<u>2002 (As Restated)</u>
<b>Program Costs</b>		
Intragovernmental Gross Cost	\$ 954,857	\$ 679,311
Less: Intragovernmental Earned Revenues	<u>(330,846)</u>	<u>(170,095)</u>
Intragovernmental Net Costs	624,011	509,216
Gross Costs With the Public:		
Grants	670,282	606,678
Indemnities	10,744	11,510
Stewardship Land Acquisition (Note 11)	191,017	107,593
Other:		
Operating Costs	3,918,750	4,183,282
Depreciation Expense	306,310	300,360
Reimbursable Costs	<u>259,317</u>	<u>190,093</u>
Total	5,356,420	5,399,516
Less: Earned Revenues from the Public	<u>(489,226)</u>	<u>(375,380)</u>
Net Costs with the Public	4,867,194	5,024,136
<b>Net Cost of Operations (Note 10)</b>	<b><u>\$ 5,491,205</u></b>	<b><u>\$ 5,533,352</u></b>

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

**Department of Agriculture  
Forest Service  
Consolidated Statements of Changes in Net Position  
For the Years Ended September 30, 2003 and 2002  
(In Thousands)**

	2003		2002 (As Restated)	
	Cumulative Results of Operations	Unexpended Appropriations	Cumulative Results of Operations	Unexpended Appropriations
Beginning Balances	\$ 2,015,819	\$ 2,638,108	\$ 2,077,343	\$ 2,847,662
Prior Period Adjustments (Note 12)	883,561	(876,464)	1,026,467	(676,242)
Beginning Balances, as adjusted	2,899,380	1,761,644	3,103,810	2,171,420
Budgetary Financing Sources:				
Appropriations Received	-	5,035,556	-	4,510,550
Appropriations Transfer - in/out	-	64,993	-	(168,063)
Other Adjustments (rescissions, etc.)	-	(22,078)	-	(9,399)
Appropriations Used	5,322,779	(5,322,779)	4,742,864	(4,742,864)
Donations and Forfeitures of Cash	1,493	-	-	-
Transfers -in/out without Reimbursement	511,334	-	418,973	-
Other Financing Sources:				
Donations and Forfeitures of Property	636	-	4,280	-
Transfers-in/out without Reimbursement	(279)	-	(41,332)	-
Imputed Financing from Costs Absorbed by Others	228,915	-	188,824	-
Other	-	-	15,313	-
Total Financing Sources	6,064,878	(244,308)	5,328,922	(409,776)
Net Cost of Operations	5,491,205	-	5,533,352	-
<b>Ending Balances</b>	<b>\$ 3,473,053</b>	<b>\$ 1,517,336</b>	<b>\$ 2,899,380</b>	<b>\$ 1,761,644</b>

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

**U.S. Department of Agriculture  
Forest Service  
Combined Statements of Budgetary Resources  
For the Years Ended September 30, 2003 and 2002  
(In Thousands)**

	<u>2003</u>	<u>2002 (As Restated)</u>
<b>Budgetary Resources:</b>		
Budget Authority:		
Appropriations Received	\$ 5,845,295	\$ 5,065,375
Net Transfers	69,945	7,593
Unobligated Balance:		
Beginning of Period	842,383	1,189,285
Net Transfers, Actual	(115,580)	(72,984)
Spending Authority from Offsetting Collections:		
Earned:		
Collected	710,298	1,088,972
Receivable from Federal Sources	94,335	(157,139)
Change in Unfilled Customer Orders:		
Advances Received	(1,205)	(42,179)
Without Advance from Federal Sources	(46,407)	26,379
Subtotal	<u>757,021</u>	<u>916,033</u>
Recoveries of prior year obligations	101,230	68,289
Permanently not Available	(26,213)	(18,568)
Total Budgetary Resources	<u>\$ 7,474,081</u>	<u>\$ 7,155,023</u>
<b>Status of Budgetary Resources</b>		
Obligations Incurred		
Direct	\$ 5,437,640	\$ 5,465,100
Reimbursable	697,559	847,540
Subtotal	<u>6,135,199</u>	<u>6,312,640</u>
Unobligated Balance:		
Apportioned	831,815	666,578
Exempt from Apportionment	28,476	-
Unobligated Balances not Available	478,591	175,805
Total Status of Budgetary Resources	<u>\$ 7,474,081</u>	<u>\$ 7,155,023</u>
<b>Relation of Obligations to Outlays</b>		
Obligated Balance, Net, Beginning of Period	\$ 1,378,308	\$ 1,496,066
Obligated Balance, Net, End of Period:		
Accounts Receivable	(220,663)	(91,873)
Unfilled Customer Orders from Federal Sources	(99,682)	(146,088)
Undelivered Orders	962,483	941,278
Accounts Payable	872,744	674,991
Outlays:		
Disbursements	5,849,466	6,492,869
Collections	(709,094)	(1,046,793)
Subtotal	<u>5,140,372</u>	<u>5,446,076</u>
Less: Offsetting Receipts	404,621	438,627
Net Outlays	<u>\$ 4,735,751</u>	<u>\$ 5,007,449</u>

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

**Department Of Agriculture  
Forest Service  
Consolidated Statements of Financing  
For the Years Ended September 30, 2003 and 2002  
(In Thousands)**

	<u>2003</u>	<u>2002 (As Restated)</u>
<b>Resources Used to Finance Activities:</b>		
Budgetary Resources Obligated:		
Obligations Incurred	\$ 6,135,199	\$ 6,312,640
Less: Spending Authority from Offsetting Collections and Recoveries	858,252	984,322
Obligations net of Offsetting Collections and Recoveries	5,276,947	5,328,318
Less: Offsetting Receipts	404,621	438,627
Net Obligations	4,872,326	4,889,691
Other Resources:		
Donations and Forfeitures of Property	636	4,280
Transfers In/Out without Reimbursement	(279)	(41,332)
Imputed Financing From Costs Absorbed by Others	228,915	188,824
Other	-	15,313
Net Other Resources Used to Finance Activities	229,272	167,085
<b>Total Resources Used to Finance Activities</b>	<b>5,101,598</b>	<b>5,056,776</b>
<b>Resources Used to Finance Items Not Part of the Net Cost of Operations:</b>		
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not yet Provided	50,600	(209,506)
Resources that Fund Expenses Recognized in Prior Periods	29,322	162,916
Budgetary Offsetting Collections and Receipts that do not affect Net Cost of Operations	(153,630)	(128,977)
Resources that Finance the Acquisition of Assets	219,707	377,491
Total Resources used to Finance Items Not Part of the Net Cost of Operations	145,999	201,924
<b>Total Resources Used to Finance the Net Cost of Operations</b>	<b>4,955,599</b>	<b>4,854,852</b>
<b>Components of Net Cost of Operations that will not Require or Generate Resources in the Current Period:</b>		
Components Requiring or Generating Resources in Future Periods:		
Increase in Annual Leave Liability	8,017	6,755
Increase in Environmental and Disposal Liability	700	-
(Increase) Decrease in Exchange Revenue Receivable from the Public	(40,667)	362,174
Other	245,020	(32,494)
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	213,070	336,435
Components not Requiring or Generating Resources:		
Depreciation and Amortization	306,324	300,459
Revaluation of Assets or Liabilities	17,084	40,804
Other	(872)	802
Total Components of Net Cost of Operations that will not Require or Generate Resources	322,536	342,065
<b>Total Components of Net Costs of Operations that will not Require or Generate Resources in the Current Period</b>	<b>535,606</b>	<b>678,500</b>
<b>Net Cost of Operations</b>	<b>\$ 5,491,205</b>	<b>\$ 5,533,352</b>

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

## **NOTE 1. SIGNIFICANT ACCOUNTING POLICIES**

### **A. REPORTING ENTITY**

The USDA Forest Service was established on February 1, 1905, as an agency of the United States Federal Government within the U.S. Department of Agriculture (USDA), for the purpose of maintaining and managing the Nation's forest reserves. It operates under the guidance of the Under Secretary for Natural Resources and Environment. The USDA Forest Service policy is implemented through nine regional offices, six research offices, one State and Private Forestry area office, the Forest Products Laboratory and the International Institute of Tropical Forestry, with 868 administrative units functioning in 44 states, Puerto Rico, and the Virgin Islands.

The USDA Forest Service's mission includes the following major segments:

- National Forests and Grasslands - Protection and management of approximately 192 million acres of National Forest System (NFS) land that includes 34.8 million acres of designated wilderness areas. In addition, the Forest Service partners with other nations and organizations to foster global natural resource conservation and sustainable development of the world's forest resources;
- Forest and Rangeland Management - Research and development of forestry and rangeland management practices to provide scientific and technical knowledge for enhancing and protecting the economic productivity and environmental quality of the 1.6 billion acres of forests and associated rangelands;
- State and Private Forestry - Utilization of cooperative agreements with state and local governments, tribal governments, forest industries and private landowners to help protect and manage non-Federal forests and associated rangeland and watershed areas;
- Fire and Aviation Management – The Fire and Aviation Management Program protects life, property, and natural resources on the 192 million acres of NFS lands, and covers an additional 20 million acres of adjacent state and private lands.
- Also, a working capital fund is used for expenses necessary, including the purchase or construction of buildings and improvements, for furnishing supply and equipment services in support of USDA Forest Service programs.

The accompanying financial statements of the USDA Forest Service account for all funds under the USDA Forest Service's control.

## **B. BASIS OF PRESENTATION AND ACCOUNTING**

### **Basis of Presentation**

The financial statements were prepared to report the financial position, net costs, changes in net position, budgetary resources, and reconciliation of net costs to budgetary obligations of the USDA Forest Service. The Financial Statements have been prepared from the books and records of the USDA Forest Service in accordance with generally accepted accounting principles (GAAP) and in accordance with the Office of Management and Budget Bulletin 01-09, *Form and Content of Agency Financial Statements*.

### **Basis of Accounting**

Transactions are recorded on the accrual and the budgetary basis of accounting. Under the accrual method, revenues are recognized when earned and expenses when a liability is incurred, regardless of when cash is exchanged. Under the budgetary basis, however, funds availability is recorded based upon federal government legal considerations and constraints.

## **C. FUND BALANCE WITH THE U.S. TREASURY AND CASH**

The U.S. Department of the Treasury processes cash receipts and disbursements on behalf of the USDA Forest Service. Funds on deposit with the U.S. Department of the Treasury are primarily appropriated, trust and other fund types such as special funds that are available to pay current liabilities and finance authorized purchase commitments. Cash consists of currency for change making and petty cash.

## **D. ADVANCES**

Payments made by the USDA Forest Service in advance of the receipt of goods and services are recorded as advances at the time of payment and recognized as expenditures/expenses when the related goods and services are received.

## **E. INVENTORY AND RELATED PROPERTY**

USDA Forest Service has historically capitalized nursery stock, including seeds and seedlings, as Inventory on the Consolidated Balance Sheet. The nursery stock inventory is used in the operations of the forests and is accounted for within the Working Capital Fund. As the inventory was used, cost of goods sold was recognized. During fiscal year 2003, the USDA Forest Service modified its accounting policies so that costs associated with nursery stock would be expensed as incurred in the Working Capital Fund. As a result, the existing inventory was expensed because the majority of the nursery stock sales are within the USDA Forest Service and eliminated on a consolidated basis and the total dollars of inventory previously capitalized is insignificant to the financial statements.

## **F. GENERAL PROPERTY, PLANT AND EQUIPMENT**

General Property, Plant, and Equipment (PP&E) includes real and personal property used in the ordinary business operations. Real and personal property are recorded at cost or estimated fair market value and must have a useful life of 2 years or more. The USDA Forest Service capitalization threshold for acquisition of real property is \$25 thousand, effective FY 2002. The capitalization threshold for personal property is \$25 thousand, effective FY 2003. The capitalization threshold for both real and personal property was \$5 thousand prior to these changes. Internal Use Software is capitalized if the value meets or exceeds \$100 thousand and was effective FY 2001. Prior to that period, software was not capitalized. Effective FY 2003, USDA Forest Service is reporting the liability at lease inception or fair market value for real property capital leases in accordance with Statement of Federal Financial Accounting Standard (SFFAS) No. 6, *Accounting for Property, Plant, and Equipment*.

## **G. LIABILITIES**

Liabilities represent the amount of monies or other resources that are likely to be paid by the USDA Forest Service as a result of a transaction or event that has occurred. However, the USDA Forest Service cannot satisfy a liability without an appropriation. Liabilities for which there is no appropriation and for which there is no certainty that an appropriation will be enacted, are classified as unfunded liabilities. The U.S. Government, acting in its sovereign capacity, can abrogate liabilities.

## **H. ENVIRONMENTAL AND DISPOSAL LIABILITIES**

The USDA Forest Service's estimated government-related environmental liabilities are principally associated with the future remediation of certain landfills, buildings, and other related sites in accordance with all applicable federal, state and local laws. Such estimates do not consider the effect of future inflation, new technology, laws or regulations.

## **I. COMMITMENTS AND CONTINGENCIES**

The USDA Forest Service is a party in various other administrative proceedings, legal actions, environmental lawsuits, and other claims brought by or against the USDA Forest Service. In the opinion of the USDA Forest Service management and the opinion of legal counsel, the ultimate resolution of most of these proceedings is currently indeterminable. Where determinable, the full value of probable amounts related to unsettled litigation and other claims against the USDA Forest Service is recognized as a liability and expense. Expected amounts related to litigation and other claims include amounts to be paid by the Department of the Treasury on behalf of the USDA Forest Service from a permanent appropriation for judgments and from other appropriations.

## **J. PENSION AND OTHER RETIREMENT BENEFITS**

In accordance with Federal government accounting guidance, the USDA Forest Service recognizes the liability and associated expense of employee pensions and other retirement benefits (including health care and other post-employment benefits) at the time the employee's services are rendered.

Pension expenses, retirement health benefits and related liabilities are recorded at the estimated actuarial present value of future benefits less the estimated actuarial present value of normal cost contributions made by and for covered employees. Other post-employment benefit expenses and



related liabilities are recognized when the future outflow of resources is probable and measurable on the basis of events occurring on or before the reporting date.

#### **K. WORKERS' COMPENSATION LIABILITY**

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to Federal civilian employees injured on the job, employees who have incurred a work related occupational disease and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Benefit claims incurred for the USDA Forest Service's employees under FECA are administered by the U.S. Department of Labor (DOL) and are ultimately paid by the U.S. Department of Agriculture. Consequently, the USDA Forest Service recognizes a liability for this compensation comprised of: (1) an accrued liability that represents money owed for claims paid by USDA through the current fiscal year and (2) an actuarial liability that represents the expected liability for USDA approved compensation cases to be paid beyond the current fiscal year.

#### **L. EMPLOYEE ANNUAL, SICK, AND OTHER LEAVE**

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year the balance in the accrued leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expended as taken.

#### **M. PENSION AND OTHER RETIREMENT BENEFITS**

Pension and other retirement benefits (primarily retirement health care benefits) expense is recognized at the time the employees' services are rendered. The expense is equal to the actuarial present value of benefits attributed by the pension plan's benefit formula, less the amount contributed by the employees. An imputed cost is recognized for the difference between the expense and contributions made by and for employees.

#### **N. REVENUES AND OTHER FINANCING SOURCES**

The USDA Forest Service is funded principally through Congressional appropriations and other authorizations from the Budget of the United States. The USDA Forest Service receives annual, multi-year and no year appropriations that are used, within statutory limits, for operating and capital expenditures. Other funding sources are derived through reimbursements for services performed for other Federal and non-federal entities, sale of goods to the public, gifts from donors, cost-share contributions and interest on invested funds.

Appropriations are used at the time the related program or administrative expenses are incurred or when the appropriations are expended for capital property and equipment. Other revenues are recognized as earned when goods have been delivered or services rendered.

In accordance with Federal government accounting guidance, the USDA Forest Service classifies revenue as either "exchange revenue" or "non-exchange revenue." Exchange revenue arises from transactions that occur when each party to the transaction sacrifices value and receives value in return. An example of exchange revenue is the income from the sale of forest products. In some cases, the USDA Forest Service is required to remit exchange revenue receipts to the U.S. Department of the Treasury. In other instances the USDA Forest Service is authorized to use all or a portion of its

exchange revenues for specific purposes. Non-exchange revenue is revenue the Federal government is able to demand or receive because of its sovereign powers. An example of non-exchange revenue is the cash donations received from private citizens and organizations.

The USDA Forest Service reports the full cost of products and services generated from the consumption of resources. Full cost is the total amount of resources used to produce a product or provide a service unless otherwise noted. In accordance with SFFAS No.7, *Accounting for Revenue and Other Financing Sources*, the USDA Forest Service's pricing policies are set to recover full cost except where mandated by law or for the public good such as in the case of grazing fees.

## **O. COMBINED STATEMENTS OF BUDGETARY RESOURCES**

Reporting Requirements for Transfer Appropriation Accounts – OMB Bulletin No. 01-09, Section 9.36 prescribes that the parent (owner of the appropriation account) should report the activity in its financial statements, unless the allocation is material to the child's financial statements. If the allocation transfer is material to the child's financial statements, the child should report the activity relating to the allocation in all of its financial statements, except the Statement of Budgetary Resources. The parent should report the appropriation and the related budgetary activity in its Statement of Budgetary Resources. It is the responsibility of the parent to ensure that the reporting to Treasury, through the Federal Agencies' Centralized Trial Balance System-FACTS I is consistent with the presentation in the financial statements. The USDA Forest Service reports the following two Transfer Appropriations as "child": the Department of Labor, Job Corps Civilian Conservation, and the Department of Transportation, Federal Aid to Highways. Job Corps is a Department of Labor residential training program for unemployed and under-employed young people and is financed by the Department of Labor. The training programs are conducted on campuses on National Forest land and supervised by USDA Forest Service employees. Federal Aid to Highways provides emergency funding for the repair of National Forest system roads damaged by natural disaster. Based on the above guidance, both accounts are excluded from the Combined Statements of Budgetary Resources.

## NOTE 2. NON-ENTITY ASSETS

Total assets consist of both entity and non-entity. Non-entity assets are those assets not available for use in the operations of the USDA Forest Service and consist primarily of contractors' performance bonds, amounts held for others in the Fund Balance with Treasury suspense accounts and fines and penalties recorded as General Fund Proprietary Receipts that will be transferred to the U.S. Treasury at fiscal year-end. These business transactions occur primarily from the USDA Forest Service's timber operations and its law enforcement activities. As of September 30, 2003 and 2002, total non-entity assets consisted of:

	<b>(In Thousands)</b>	
	<b>2003</b>	<b>2002</b>
Intragovernmental:		
Fund Balance with Treasury		
a) Balance in Deposit Funds	\$ 211,372	\$ 406,910
b) Balance in Clearing Funds	167,522	202,123
Accounts Receivable	17	195
Total Intragovernmental	378,911	609,228
Accounts Receivable	31,288	58,915
Total Non-Entity Assets	410,199	668,143
Total Entity Assets	6,901,678	6,219,904
Total Assets	<u>\$ 7,311,877</u>	<u>\$ 6,888,047</u>

### NOTE 3. FUND BALANCE WITH TREASURY

Funds with the U.S. Department of the Treasury are primarily appropriated, trust and other fund types such as special funds that are available to pay current liabilities and finance authorized purchase commitments. Additionally, the category of other fund types includes suspense and deposit funds. Fund balances with the U.S. Department of the Treasury include both entity and non-entity fund balances. It is the USDA Forest Service policy to ensure the Fund Balance with Treasury reported on the Consolidated Balance Sheets are consistent with the records of the U.S. Department of the Treasury.

Fund Balance with Treasury as of September 30, 2003 and 2002 consisted of the following:

	(In Thousands)	
A. Fund Balances:	2003	2002
(1) Trust Funds	\$ 399,908	\$ 308,076
(2) Revolving Funds	133,972	107,817
(3) Appropriated Funds	2,604,988	2,214,795
(4) Other Fund Types	154,377	194,260
Total	<u>\$ 3,293,245</u>	<u>\$ 2,824,948</u>
B. Status of Fund Balances with Treasury		
(1) Unobligated Balance		
(a) Available	\$ 939,503	\$ 957,845
(b) Unavailable	494,338	83,117
(2) Obligated Balance not yet Disbursed	1,536,981	1,203,480
(3) Clearing Account Balances	322,423	580,506
Total	<u>\$ 3,293,245</u>	<u>\$ 2,824,948</u>

### NOTE 4. ACCOUNTS RECEIVABLE

Intragovernmental accounts receivable represent amounts due under reimbursable and cooperative agreements with Federal entities for services provided by the USDA Forest Service. An allowance for receivables deemed uncollectible is not established for these amounts because monies due from other Federal entities are considered fully collectible. As of September 30, 2003 and 2002, the Intragovernmental accounts receivable balances were \$56 million and \$66 million, respectively.

Non-intragovernmental accounts receivable are comprised primarily of timber harvest, and reimbursements and refunds owed to the USDA Forest Service for fire prevention and suppression activities. An allowance for receivables deemed uncollectible except for timber harvest is established at 20 percent or 80 percent, depending upon the age of the receivable. The allowance for uncollectible timber-related receivables is established based on individual account analysis.

Non-intragovernmental accounts receivable as of September 30, 2003 and 2002 consisted of the following:

	(In Thousands)	
	<b>2003</b>	<b>2002</b>
Accounts Receivable	\$ 189,117	\$ 197,626
Allowance for Doubtful Accounts	(92,193)	(142,000)
Accounts Receivable, Net	<u>\$ 96,924</u>	<u>\$ 55,626</u>

#### **NOTE 5. SEIZED PROPERTY**

A seizure is the act of taking possession of goods in consequence of a violation of public law. Seized property may consist of monetary instruments, real property, tangible personal property and evidence. Until judicially or administratively forfeited, the USDA Forest Service does not legally own such property. Seized evidence includes cash, weapons, illegal drugs and non-monetary valuables.

Pursuant to Federal Financial Accounting and Auditing Technical Release No. 4, *Reporting On Non-Valued Seized and Forfeited Property* (Release No. 4), seized property with no legal resale market in the United States (e.g., weapons, chemicals, drug paraphernalia, gambling devices) is not included on the consolidated balance sheet. Also, the USDA Forest Service has not included the immaterial financial and personal property amounts disclosed in the table below in its consolidated balance sheets.

The following table represents the USDA Forest Service seized property as of September 30, 2003 and 2002:

Seized Property Category	(In Thousands)	
	<b>2003</b>	<b>2002</b>
Financial & Other Monetary Instruments (Cash)	\$ 37	\$ 28
Personal Property	65	131
Non-Valued Items (*)		
Total	<u>\$ 102</u>	<u>\$ 159</u>

\* *Non-Valued items are further detailed below:*

The USDA Forest Service has custody of illegal drugs and weapons seized for legal proceedings. In accordance with Release No. 4, the USDA Forest Service reported the total amount of seized drugs below by quantity (kilograms) only. Illegal drugs and weapons have no salable value to the Federal government and are destroyed upon resolution of legal proceedings. Evidence on hand as of September 30, 2003 and 2002 consisted of the following:

EVIDENCE	2003 Beginning Balance	2003 Additions	2003 Disposals	2003 Ending Balance
Cocaine(Kg)	0.066	1,531	0	1,597
Marijuana (Kg)	5,362.682	65,275.553	4,122.622	66,515.613
Methamphetamine (Kg)	0.619	4.152	.006	4.765
Mushrooms (Kg)	0.089	3.938	0.057	3.970
Weapons (Firearms)	546 Items	347	158	735
LSD (DU) *				14
Heroin (Kg) *				0.004
Oxiconton (DU) *				7.00
Prescription Pills (DU)*				804.50
Morphine (DU)*				3.00
Hashish (Kg)*				0.001
Opium Poppy (Kg)*				0.450
Psilocyn (Kg)*				0

\*Small amounts of these drugs were included in other category in the 2002 inventory.

#### NOTE 6. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

Depreciation of General Property, Plant and Equipment (PP&E) for the USDA Forest Service is recorded on the straight-line method based on the useful lives listed below. Capitalization thresholds are provided in Note 1, Section F.

As of September 30, 2003 and 2002 the USDA Forest Service's PP&E consisted of the following:

September 30, 2003 (In Thousands)				
Property Class	Useful Life (Years)	Cost	Accumulated Depreciation	Book Value
Personal Property	4-20	\$ 1,024,171	\$ (696,413)	\$ 327,758
Real Property	10-50	7,344,898	(3,822,058)	3,522,840
<b>Total</b>		<u>\$ 8,369,069</u>	<u>\$ (4,518,471)</u>	<u>\$ 3,850,598</u>

**September 30, 2002**  
(In Thousands)

Property Class	Useful Life (Years)	Cost	Accumulated Depreciation	Book Value
Personal Property	4-20	\$ 1,004,196	\$ (607,552)	\$ 396,644
Real Property	10-50	<u>7,218,684</u>	<u>(3,706,078)</u>	<u>3,512,606</u>
<b>Total</b>		<u>\$ 8,222,880</u>	<u>\$ (4,313,630)</u>	<u>\$ 3,909,250</u>

**NOTE 7. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES**

Liabilities not covered by budgetary resources as of September 30, 2003 and 2002 consisted of the following:

	(In Thousands)	
	<u>2003</u>	<u>2002</u>
Intragovernmental		
Judgment Fund	\$ 191,603	\$ 189,300
FECA	<u>66,145</u>	<u>63,910</u>
Total Intragovernmental	257,748	253,210
Actuarial FECA	390,225	365,607
Leave	178,115	170,098
Contingent Liability	8,500	37,400
Payments to States	182,602	105,073
Environmental Liabilities	<u>7,769</u>	<u>7,069</u>
Total Liabilities Not Covered by Budgetary Resources	1,024,959	938,457
Total Liabilities Covered by Budgetary Resources	<u>1,296,529</u>	<u>1,288,566</u>
Total Liabilities	<u>\$ 2,321,488</u>	<u>\$ 2,227,023</u>

**NOTE 8. OTHER LIABILITIES**

The following table segregates Other Liabilities between those Covered and Not Covered by Budgetary Resources and between Intragovernmental and Governmental as of September 30, 2003 and 2002.

## (In Thousands)

20032002**Other Liabilities Covered By Budgetary Resources**

	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>	<u>Non-Current</u>	<u>Current</u>	<u>Total</u>
<b>Intragovernmental</b>						
Employer Contributions & Payroll Tax	\$ -	\$ 8,289	\$ 8,289	\$ -	\$ 6,718	\$ 6,718
Other Accrued Liabilities	-	69,229	69,229	-	58,777	58,777
Advances From Others	-	24,980	24,980	-	26,101	26,101
Trust and Deposit Liabilities	-	201,268	201,268	-	181,076	181,076
Custodial Liabilities	-	23,369	23,369	-	23,355	23,355
Other Liabilities	-	-	-	-	(3,660)	(3,660)
<b>Total Intragovernmental</b>	<b>\$ -</b>	<b>\$ 327,135</b>	<b>\$ 327,135</b>	<b>\$ -</b>	<b>\$ 292,367</b>	<b>\$ 292,367</b>
Other Accrued Liabilities	\$ -	\$ 636,957	\$ 636,957	\$ -	\$ 562,353	\$ 562,353
Advances From Others	-	29,773	29,773	-	31,443	31,443
Trust and Deposit Liabilities	-	46,689	46,689	-	65,109	65,109
Purchaser Road Credits	-	39,695	39,695	-	42,024	42,024
Capital Leases	-	23,484	23,484	-	-	-
Custodial Liabilities	-	80,615	80,615	-	187,993	187,993
Other Liabilities	-	-	-	-	4,082	4,082
<b>Total Other Liabilities Covered by Budgetary Resources</b>	<b>\$ -</b>	<b>\$ 1,184,348</b>	<b>\$ 1,184,348</b>	<b>\$ -</b>	<b>\$ 1,185,371</b>	<b>\$ 1,185,371</b>

**Other Liabilities Not Covered by Budgetary Resources**

<b>Intragovernmental</b>						
Treasury Judgment Fund	\$ -	\$ 191,603	\$ 191,603	\$ 189,300	\$ -	\$ 189,300
Unfunded FECA	38,903	27,242	66,145	36,668	27,242	63,910
<b>Total Intragovernmental</b>	<b>\$ 38,903</b>	<b>\$ 218,845</b>	<b>\$ 257,748</b>	<b>\$ 225,968</b>	<b>\$ 27,242</b>	<b>\$ 253,210</b>
Actuarial FECA	\$ 390,225	\$ -	\$ 390,225	\$ 365,607	\$ -	\$ 365,607
Payments to States	-	182,602	182,602	-	105,073	105,073
Unfunded Annual Leave	14,411	163,704	178,115	9,098	161,000	170,098
Contingent Liabilities	8,500	-	8,500	37,400	-	37,400
<b>Total Other Liabilities Not Covered by Budgetary Resources</b>	<b>\$ 452,039</b>	<b>\$ 565,151</b>	<b>\$ 1,017,190</b>	<b>\$ 638,073</b>	<b>\$ 293,315</b>	<b>\$ 931,388</b>
<b>Total Other Liabilities</b>	<b>\$ 452,039</b>	<b>\$ 1,749,499</b>	<b>\$ 2,201,538</b>	<b>\$ 638,073</b>	<b>\$ 1,478,686</b>	<b>\$ 2,116,759</b>

As of September 30, 2003 and 2002, the USDA Forest Service's major components of other liabilities are as follows:

**Advances from Others:** Advances from Others consist of monies on deposit for cooperative work project agreements with the public.

**Trust and Deposit Liabilities:** Trust and Deposit Liabilities, Governmental consist primarily of cash prepayments and deposits from timber purchasers before the actual harvest of timber. The remaining Trust and Deposit Liabilities include liabilities that have been temporarily included in suspense accounts.



***Custodial Liabilities:*** Custodial liabilities consist of amounts held in special receipt accounts that belong to non-USDA Forest Service entities. (See Note 18.)

***Purchaser Road Credits:*** Purchaser Road Credits are liabilities remaining under timber sales contracts advertised prior to April 1, 1999. Under the terms of certain timber sales contracts, timber purchasers are required to construct roads to gain access to the timber sold on the contract. Each month as the road is being completed, the timber purchaser is given a credit (referred to as a purchaser road credit-PRC), based on an engineer's estimate of the percentage of the roads that have been completed. These PRCs may be used to offset above-base timber stumpage value when the timber on the sale is harvested or may be transferred to another timber sale the same purchaser has on the same proclaimed national forest. Unused PRC is reported on the financial statement as a liability. Effective April 1, 1999, in accordance with 16 U.S.C. § 535a, purchaser road credits are prohibited on newly issued timber contracts.

The total amount of the PRC that will be granted in connection with a particular timber sale contract advertised prior to April 1, 1999, is based on a USDA Forest Service engineering estimate when the timber sale package is put together prior to the sale being advertised. When a PRC is established, an asset (a component of Property, Plant and Equipment) and a liability (Unearned Revenue) are recorded for the amount of PRC established. When the PRC is used to offset the value of timber stumpage harvested, earned revenue is recorded for the amount of the PRC used and the liability (Unearned Revenue) is reduced by the same amount. Any unused PRC remaining when the contract is closed is recorded as Donated Revenue and the liability (Unearned Revenue) is reduced by the same amount.

***Treasury Judgment Fund:*** Consistent with the provisions of the Federal Tort Claims Act, the USDA Forest Service pays small tort claim awards (\$2.5 thousand or less) out of its own funds. Tort claim awards exceeding \$2.5 thousand, however, are paid from the Claims, Judgments, and Relief Acts Fund (Judgment Fund) maintained by the Department of the Treasury. Absent a specific statutory requirement, the USDA Forest Service is not required to record a liability or reimburse the Judgment Fund for tort claims paid on its behalf. These payments, however, are recognized as an expense and an imputed financing source in the Statements of Net Cost and Changes in Net Position. Payments reported from torts and court claims during fiscal year 2003 and 2002, amounted to \$6.5 million and \$9.2 million, respectively.

The Contract Disputes Resolution Act (CDRA) governs litigation arising from contract disputes (such as those from timber sales contracts). Subsection 612(c) provides that CDRA payments made on behalf of Federal agencies by the Judgment Fund shall be reimbursed to the Fund. As of September 30, 2003 and 2002, the USDA Forest Service owed the Judgment Fund \$191 million and \$189 million, respectively, for such payments.

***Federal Employees' Compensation Act Liabilities:*** Liabilities under the Federal Employees' Compensation Act (FECA) are incurred as a result of workers' compensation benefits that have accrued to employees but have not yet been paid by the USDA Forest Service. Workers' compensation benefits include the current and expected future liability for death, disability, medical, and other approved costs. The U.S. Department of Labor (DOL) actuarially determines the expected future liability for the U.S. Department of Agriculture as a whole, including the USDA Forest Service. The USDA Forest Service is billed annually as its claims are paid by the DOL. Payments to the DOL are deferred for 2 years so that the bills may be funded through the budget. Payments to the DOL are

also recognized as an expense when billed and recorded in the Statement of Net Cost. The amounts of unpaid FECA billings constitute the accrued FECA payable.

The total components of accrued FECA payable as of September 30, 2003 and 2002 consisted of the following:

	(In Thousands)	
	<u>2003</u>	<u>2002</u>
Not Covered By Budgetary Resources, Intragovernmental Liability for FECA	\$ 66,145	\$ 63,910
Not Covered By Budgetary Resources, Expected Future Liability for FECA	<u>390,225</u>	<u>365,607</u>
Total	<u>\$ 456,370</u>	<u>\$ 429,517</u>

***Intragovernmental Other Accrued Liabilities Covered by Budgetary Resources:*** Intragovernmental accrued liabilities covered by budgetary resources consist primarily of accruals for receipt of goods and services.

***Other Accrued Liabilities Covered by Budgetary Resources:*** Accrued liabilities covered by budgetary resources consist primarily of accruals for payroll and for receipt of goods and services.

***Pending Litigation and Unasserted Claims (Contingencies):*** As of September 30, 2003, the USDA Forest Service had six legal actions pending. Based on information provided by legal counsel, management believes some adverse decisions are probable. The estimated loss for these claims is \$8.5 million.

No amounts have been accrued in the financial statements for claims where the amount or probability of judgment is uncertain. The USDA Forest Service's potential liability for these claims is approximately \$23.6 million.

## **NOTE 9. LEASE LIABILITIES**

The USDA Forest Service enters into leasing agreements through the General Service Administration (GSA) and through leasing authority delegated by GSA for general facilities (buildings and office space), equipment and land. Leases may include renewal options for periods of one or more years. Most leases are cancelable upon certain funding conditions. The USDA Forest Service's assets under capital leases and future capital and operating lease agreement payments, as of September 30, 2003, consisted of the following:

FY 2003

<b>Capital Leases:</b>		<b>(In Thousands)</b>	
Summary of Assets Under Capital Leases			
	Land and Building	\$	40,650
	Accumulated Amortization		(17,166)
	<b>Total</b>		<b><u>\$23,484</u></b>
Future Payments Due:			
	Fiscal Year		Land & Buildings
	2004	\$	11,004
	2005		10,830
	2006		10,767
	2007		10,546
	2008		10,425
	<b>After 5 Years</b>		<b>97,482</b>
<b>Total Future Lease Payments</b>			<b>151,054</b>
Less: Imputed Interest			40,761
Less: Executory Costs			<u>23,594</u>
Subtotal			86,699
Less: Lease Renewal Options			63,215
<b>Net Capital Lease Liability, covered by Budgetary Resources</b>		<b>\$</b>	<b>23,484</b>

<b>Operating Leases:</b>		<b>(In Thousands)</b>		
Future Payments Due:				
	Fiscal Year	Land & Buildings	Machinery & Equipment	Total
	2004	\$ 64,013	\$ 892	\$ 64,905
	2005	59,405	649	60,054
	2006	56,066	392	56,458
	2007	52,882	142	53,024
	2008	47,321	57	47,378
	<b>After 5 Years</b>	<b>308,247</b>	<b>23</b>	<b>308,270</b>
<b>Total Future Lease Payments</b>		<b>\$ 587,934</b>	<b>\$ 2,155</b>	<b>\$ 590,089</b>

**NOTE 10. PROGRAM COSTS BY SEGMENT**

The USDA Forest Service reflects costs through five primary responsibility segments: National Forests and Grasslands, Forest and Rangeland Management, State and Private Forestry, Fire and Aviation Management and the Working Capital Fund.

The following tables illustrate program costs by segment as of September 30, 2003 and 2002:

**USDA Forest Service  
Program Costs by Segment  
For the Year Ended September 30, 2003**

(In Thousands)

	National Forests and Grasslands	Forest and Rangeland Management	State and Private Forestry	Fire and Aviation Management	Working Capital Fund	Total	Working Capital Fund Elimination	Consolidated Statement of Net Cost
Intragovernmental Gross Costs	\$ 842,931	\$ 24,169	\$ 13,051	\$ 210,554	\$ 21,555	\$ 1,112,260	\$ (157,403)	\$ 954,857
Less: Intragovernmental Earned Revenue	(144,814)	(48,409)	(9,455)	(128,169)	(157,402)	(488,249)	157,403	(330,846)
Intragovernmental Net Costs	698,117	(24,240)	3,596	82,385	(135,847)	624,011	-	624,011
Gross Costs With the Public:								
Grants	421,274	5,678	236,678	6,628	24	670,282	-	670,282
Indemnities	9,634	173	16	917	4	10,744	-	10,744
Stewardship Land Acquisition	191,017	-	-	-	-	191,017	-	191,017
Other:								
Operating Costs	1,685,693	252,657	132,191	1,599,365	248,844	3,918,750	-	3,918,750
Depreciation Expense	205,937	1,545	467	2,993	95,368	306,310	-	306,310
Reimbursable Costs	96,084	25,583	6,049	131,601	-	259,317	-	259,317
Total	2,609,639	285,636	375,401	1,741,504	344,240	5,356,420	-	5,356,420
Less: Earned Revenues from the Public	(306,176)	(27,973)	(1,257)	(86,808)	(67,012)	(489,226)	-	(489,226)
Net Costs with the Public	2,303,463	257,663	374,144	1,654,696	277,228	4,867,194	-	4,867,194
<b>Net Cost of Operations</b>	<b>\$ 3,001,580</b>	<b>\$ 233,423</b>	<b>\$ 377,740</b>	<b>\$ 1,737,081</b>	<b>\$ 141,381</b>	<b>\$ 5,491,205</b>	<b>\$ -</b>	<b>\$ 5,491,205</b>

**USDA Forest Service  
Program Costs by Segment  
For the Year Ended September 30, 2002**

(In Thousands)

	National Forests and Grasslands	Forest and Rangeland Management	State and Private Forestry	Fire and Aviation Management	Working Capital Fund	Total	Working Capital Fund Elimination	Consolidated Statement of Net Cost
Intragovernmental Gross Costs	\$ 484,430	\$ 15,080	\$ 13,396	\$ 385,596	\$ (1,056)	\$ 897,446	\$(218,135)	\$ 679,311
Less: Intragovernmental Earned Revenue	(134,542)	(20,229)	(5,794)	(9,530)	(218,135)	(388,230)	218,135	(170,095)
Intragovernmental Net Costs	349,888	(5,149)	7,602	376,066	(219,191)	509,216	-	509,216
Gross Costs With the Public :								
Grants	376,213	3,642	216,899	9,897	27	606,678	-	606,678
Indemnities	10,151	253	194	893	19	11,510	-	11,510
Stewardship Land Acquisition	107,593	-	-	-	-	107,593	-	107,593
Other:								
Operating Costs	1,989,724	206,221	51,755	1,723,486	212,096	4,183,282	-	4,183,282
Depreciation Expense	252,033	2,084	423	3,285	42,535	300,360	-	300,360
Reimbursable Costs	102,322	22,293	2,683	62,795	-	190,093	-	190,093
Total	2,838,036	234,493	271,954	1,800,356	254,677	5,399,516	-	5,399,516
Less: Earned Revenues from the Public	(312,809)	(2,636)	(99)	(59,836)	-	(375,380)	-	(375,380)
Net Costs with the Public	2,525,227	231,857	271,855	1,740,520	254,677	5,024,136	-	5,024,136
<b>Net Cost of Operations</b>	<b>\$ 2,875,115</b>	<b>\$ 226,708</b>	<b>\$ 279,457</b>	<b>\$ 2,116,586</b>	<b>\$ 35,486</b>	<b>\$ 5,533,352</b>	<b>\$ -</b>	<b>\$ 5,533,352</b>

## **NOTE 11. COST OF STEWARDSHIP PROPERTY PLANT AND EQUIPMENT**

Stewardship assets acquired through purchase in fiscal years 2003 and 2002 amounted to \$191 and \$108 million, respectively, and consisted of land, easements and rights-of-way. Stewardship land is all land that is not general-purpose land (i.e. land that does not have a general purpose building on it). Stewardship land costs include purchase costs and any salary costs, survey costs, title costs, closing costs, restoration costs and any other expenses necessary to prepare the land for its intended use.

## **NOTE 12. RESTATEMENTS AND RECLASSIFICATIONS**

### **Restatements**

In fiscal year 2003, the USDA Forest Service corrected its fiscal year 2002 financial statements to:

- A. Record \$18,335 thousand of property, plant and equipment received but not accrued for as of September 30, 2002.
- B. Properly align budgetary and proprietary account relationships and correct certain related budgetary and proprietary posting errors in the Wildland Fire Management fund, the Knutson-Vandenberg fund and other various funds.
- C. Account for budgetary resources received by the Trust & Special funds and Deposit & Clearing funds that had previously been accounted for as General funds.
- D. Properly record the prior year \$110,000 thousand expenditure transfer to the Wildland Fire Management fund and the subsequent payback during fiscal year 2002.
- E. Correct \$22,748 thousand of errors in recording obligations for the Wildland Fire Management fund.
- F. Exclude certain funds received from the Department of Labor-Job Corps that had previously been included in the Statement of Financing.
- G. Adjust offsetting receipts by approximately \$412,800 thousand to reflect only those offsetting receipts determined to be distributed as required by OMB Bulletin 01-09, Form and Content of Agency Financial Statements.
- H. Record \$79,424 thousand of revenue from the National Recreation Reservation System and Map sales that had not been recognized during the year ended September 30, 2002.
- I. Record liabilities of \$120,955 thousand that had been incorrectly recognized as reductions of operating cost during the year ended September 30, 2002.
- J. Adjust for certain other errors noted in the Statement of Financing.

### **Reclassifications**

The USDA Forest Service reclassified certain fiscal year 2002 amounts to conform to the fiscal year 2003 financial statement presentation. The most significant reclassification related to a \$3,432,427 thousand reclassification from Other Adjustments to Appropriations Received on the Statement of

Changes in Net Position to properly reflect the components of fiscal year 2002 appropriations as compared to 2003.

The following tables summarize the fiscal year 2002 restatements as referenced above and reclassifications by financial statement:

**Prior Period Adjustments - Consolidated Balance Sheet  
(Selected Line Items)**

(dollars in thousands)	As Originally Reported	Restatements	Ref	Reclassifications	Restated 2002
<b>Assets</b>					
General Property, Plant, and Equipment, Net	\$ 3,890,915	\$ 18,335	A	\$ -	\$ 3,909,250
<b>Total Assets</b>	<b>\$ 6,869,712</b>	<b>\$ 18,335</b>		<b>\$ -</b>	<b>\$ 6,888,047</b>
<b>Liabilities</b>					
Accounts Payable	\$ 374,537	\$ 18,335	A	\$ (290,665)	\$ 102,207
Other		\$ (48,627)	B	\$ 290,665	
		(79,424)	H		
		120,954	I		
	\$ 1,287,614	\$ (7,097)		\$ 290,665	\$ 1,571,182
<b>Total Liabilities</b>	<b>\$ 2,215,785</b>	<b>\$ 11,238</b>		<b>\$ -</b>	<b>\$ 2,227,023</b>
<b>Net Position:</b>					
Unexpended Appropriations		\$ (143,370)	B		
		(733,094)	C		
	\$ 2,638,108	\$ (876,464)		\$ -	\$ 1,761,644
Cumulative Results of Operations		\$ 191,998	B		
		733,094	C		
		79,424	H		
		(120,955)	I		
	\$ 2,015,819	\$ 883,561		\$ -	\$ 2,899,380
<b>Total Net Position</b>	<b>\$ 4,653,927</b>	<b>\$ 7,097</b>		<b>\$ -</b>	<b>\$ 4,661,024</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,869,712</b>	<b>\$ 18,335</b>		<b>\$ -</b>	<b>\$ 6,888,047</b>

**Prior Period Adjustments - Consolidated Statement of Net Cost**  
(Selected Line Items)

(dollars in thousands)	As Originally Reported	Restatements	Ref	Reclassifications	Restated 2002
<b>Gross Costs with the Public</b>					
Operating Costs		\$ 40,435	B		
		(23,282)	C		
		220,000	D		
		(6,772)	H		
		120,954	I		
		-		\$ 133,578	
	<u>\$ 3,698,369</u>	<u>\$ 351,335</u>		<u>\$ 133,578</u>	<u>\$ 4,183,282</u>
Other	<u>\$ 133,578</u>	<u>\$ -</u>		<u>\$ (133,578)</u>	<u>\$ -</u>
Less: Earned Revenues from the Public		\$ (152,042)	B		
		(70,712)	H		
	<u>\$ (152,626)</u>	<u>\$ (222,754)</u>		<u>\$ -</u>	<u>\$ (375,380)</u>
<b>Net Cost Of Operations</b>	<u>\$ 5,404,771</u>	<u>\$ 128,581</u>		<u>\$ -</u>	<u>\$ 5,533,352</u>



**Prior Period Adjustments - Consolidated Statement of Changes in Net Position**  
(Selected Line Items)

(dollars in thousands)	As Originally Reported	Restatements	Ref	Reclassifications	Restated 2002
<b>Unexpended Appropriations</b>					
Prior Period Adjustments		\$ (93,326)	B		
		(692,916)	C		
		110,000	D		
	<u>\$ -</u>	<u>\$ (676,242)</u>		<u>\$ -</u>	<u>\$ (676,242)</u>
Appropriations Received		\$ (72,341)	B	\$ 3,432,427	
		(128,471)	C		
	<u>\$ 1,278,935</u>	<u>\$ (200,812)</u>		<u>\$ 3,432,427</u>	<u>\$ 4,510,550</u>
Appropriations Transfer - in/out	<u>\$ (161,063)</u>	<u>\$ (7,000)</u>	C	<u>\$ -</u>	<u>\$ (168,063)</u>
Other Adjustments (rescissions, etc.)		\$ (74,295)	B	\$ (3,432,427)	
		226	C		
	<u>\$ 3,497,097</u>	<u>\$ (74,069)</u>		<u>\$ (3,432,427)</u>	<u>\$ (9,399)</u>
Appropriations Used		\$ 96,592	B		
		95,067	C		
		(110,000)	D		
	<u>\$ (4,824,523)</u>	<u>\$ 81,659</u>		<u>\$ -</u>	<u>\$ (4,742,864)</u>
Total Financing Sources	<u>\$ (209,554)</u>	<u>\$ (200,222)</u>		<u>\$ -</u>	<u>\$ (409,776)</u>
<b>Ending Balances</b>	<u>\$ 2,638,108</u>	<u>\$ (876,464)</u>		<u>\$ -</u>	<u>\$ 1,761,644</u>
<b>Cumulative Results of Operations</b>					
Prior Period Adjustments		\$ 331,612	B		
		692,916	C		
		1,940	H		
	<u>\$ -</u>	<u>\$ 1,026,467</u>		<u>\$ -</u>	<u>\$ 1,026,467</u>
Appropriations Used		\$ (104,228)	B		
		(118,349)	C		
		110,000	D		
	<u>\$ 4,855,441</u>	<u>\$ (112,577)</u>		<u>\$ -</u>	<u>\$ 4,742,864</u>
Transfers -in/out without Reimbursement		\$ (146,994)	B		
		135,245	C		
		110,000	D		
	<u>\$ 320,722</u>	<u>\$ 98,251</u>		<u>\$ -</u>	<u>\$ 418,973</u>
Total Financing Sources	<u>\$ 5,343,248</u>	<u>\$ (14,326)</u>		<u>\$ -</u>	<u>\$ 5,328,922</u>
Net Cost Of Operations	<u>\$ 5,404,771</u>	<u>\$ 128,581</u>		<u>\$ -</u>	<u>\$ 5,533,352</u>
<b>Ending Balances</b>	<u>\$ 2,015,819</u>	<u>\$ 883,561</u>		<u>\$ -</u>	<u>\$ 2,899,380</u>

## (Selected Line Items)

(dollars in thousands)	As Originally Reported	Restatements	Ref	Reclassifications	Restated 2002
<b>Budgetary Resources:</b>					
Budget Authority:					
Appropriations Received	\$ 5,095,687	\$ (30,312)	B	\$ -	\$ 5,065,375
Net Transfers	\$ (102,407)	\$ 110,000	D	\$ -	\$ 7,593
Unobligated Balance:					
Beginning of Period	\$ 1,251,351	\$ (62,066)	B	\$ -	\$ 1,189,285
Net Transfers, Actual		\$ (72,990)	B		
		(110,000)	D		
	\$ 110,006	\$ (182,990)		\$ -	\$ (72,984)
Spending Authority from Offsetting Collections:					
Earned:					
Collected		\$ 95,000	B		
		110,000	D		
	\$ 883,972	\$ 205,000		\$ -	\$ 1,088,972
<b>Total Budgetary Resources</b>	\$ 7,115,392	\$ 39,631		\$ -	\$ 7,155,023
<b>Status of Budgetary Resources:</b>					
Obligations Incurred		\$ 322,382	B		
		110,000	D		
		(22,748)	E		
	\$ 5,903,006	\$ 409,634		\$ -	\$ 6,312,640
Unobligated Balance:					
Apportioned and Exempt from Apportionment		\$ (272,047)	B		
		45,496	E		
	\$ 893,129	\$ (226,551)		\$ -	\$ 666,578
Unobligated Balances not Available		\$ (120,705)	B		
		(22,748)	E		
	\$ 319,258	\$ (143,453)		\$ -	\$ 175,805
<b>Total Status of Budgetary Resources</b>	\$ 7,115,392	\$ 39,631		\$ -	\$ 7,155,023
<b>Relationship of Obligations to Outlays:</b>					
Undelivered Orders		\$ (20,900)	B		
		(22,748)	E		
	\$ 984,926	\$ (43,648)		\$ -	\$ 941,278
Accounts Payable	\$ 426,709	\$ 248,282	B	\$ -	\$ 674,991
Outlays:					
Disbursements		\$ 95,000	B		
		110,000	D		
	\$ 6,287,869	\$ 205,000		\$ -	\$ 6,492,869
Collections		\$ (95,000)	B		
		(110,000)	D		
	\$ (841,793)	\$ (205,000)		\$ -	\$ (1,046,793)
Less: Offsetting Receipts	\$ 851,463	\$ (412,836)	G	\$ -	\$ 438,627
<b>Net Outlays</b>	\$ 4,594,613	\$ 412,836		\$ -	\$ 5,007,449

**Prior Period Adjustments - Consolidated Statement of Financing**  
(Selected Line Items)

(dollars in thousands)	As Originally Reported	Restatements	Ref	Reclassifications	Restated 2002
<b>Resources Used to Finance Activities:</b>					
Budgetary Resources Obligated:					
Obligations Incurred		\$ 322,381	B		
		110,000	D		
		(22,748)	E		
		(162,316)	F		
	<u>\$ 6,065,323</u>	<u>\$ 247,317</u>		<u>\$ -</u>	<u>\$ 6,312,640</u>
Less: Spending Authority from Offsetting Collections and Recoveries					
		\$ 95,000	B		
		110,000	D		
		(18,420)	F		
	<u>\$ 797,742</u>	<u>\$ 186,580</u>		<u>\$ -</u>	<u>\$ 984,322</u>
Less: Offsetting Receipts	<u>\$ 851,407</u>	<u>\$ (412,780)</u>	G	<u>\$ -</u>	<u>\$ 438,627</u>
<b>Total Resources Used to Finance Activities</b>	<u>\$ 4,583,259</u>	<u>\$ 473,517</u>		<u>\$ -</u>	<u>\$ 5,056,776</u>
<b>Resources Used To Finance Items Not Part of The Net Cost Of Operations:</b>					
Change in Budgetary Resources Obligated for Goods, Services and Benefits Ordered but not yet provided		\$ (352,615)	B		
		(22,749)	E		
	<u>\$ 165,858</u>	<u>\$ (375,364)</u>		<u>\$ -</u>	<u>\$ (209,506)</u>
Resources That Fund Expenses Recognized in Prior Periods	<u>\$ (162,916)</u>	<u>\$ 325,832</u>	J	<u>\$ -</u>	<u>\$ 162,916</u>
Budgetary Offsetting Collections and Receipts that do not affect Net Cost of Operations		\$ 162,259	F		
		(128,977)	G		
	<u>\$ (162,259)</u>	<u>\$ 33,282</u>		<u>\$ -</u>	<u>\$ (128,977)</u>
Resources that finance the acquisition of assets		\$ 18,335	A		
		(2,797)	B		
		1,444,245	J		
	<u>\$ (1,082,292)</u>	<u>\$ 1,459,783</u>		<u>\$ -</u>	<u>\$ 377,491</u>
Other resources or adjustments to net obligated resources that do not affect net costs of operations		\$ 654,482	B		
		(793,631)	C		
		(110,000)	D		
		(1,940)	H		
		(254,128)	J		
	<u>\$ 505,217</u>	<u>\$ (505,217)</u>		<u>\$ -</u>	<u>\$ -</u>

**Prior Period Adjustments - Consolidated Statement of Financing**  
(Selected Line Items)

(dollars in thousands)	As Originally Reported	Restatements	Ref	Reclassifications	Restated 2002
Total Resources used to Finance Items Not Part of the Net Cost of Operations	\$ (736,392)	\$ 938,316		\$ -	\$ 201,924
<b>Total Resources Used to Finance the Net Cost of Operations</b>	<b>\$ 5,319,651</b>	<b>\$ (464,799)</b>		<b>\$ -</b>	<b>\$ 4,854,852</b>
<b>Components of Net Cost of Operations that will not require or generate resources in the current period:</b>					
Components Requiring or Generating Resources in Future Periods:					
Increase in Exchange Revenue Receivable from the Public	\$ (266,142)	\$ 628,316	J	\$ -	\$ 362,174
Other		\$ (686,968)	B		
		(392,601)	F		
		414,954	G		
		629,581	J		
	\$ 2,540	\$ (35,034)		\$ -	\$ (32,494)
Total Components of Net Costs of Operations that will Require or Generate Resources in the Future	\$ (256,847)	\$ 593,282		\$ -	\$ 336,435
Depreciation and Amortization	\$ 300,360	\$ 99	J	\$ -	\$ 300,459
Total Components of Net Costs of Operations that will not Require or Generate Resources	\$ 341,967	\$ 98		\$ -	\$ 342,065
<b>Total Components of Net Cost of Operations that will not require or generate resources in the current period:</b>	<b>\$ 85,120</b>	<b>\$ 593,380</b>		<b>\$ -</b>	<b>\$ 678,500</b>
<b>Net Cost of Operations</b>	<b>\$ 5,404,771</b>	<b>\$ 128,581</b>		<b>\$ -</b>	<b>\$ 5,533,352</b>

**NOTE 13. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED**

The Office of Management and Budget (OMB) usually distributes budgetary resources in an account or fund by specific time periods, activities, projects, objects or a combination of these categories, a process called apportionments. Apportionments by fiscal quarters are classified as category A apportionments. All other apportionments are classified as category B apportionments. USDA Forest Service apportionments are not made on a quarterly basis; therefore, they are classified as Category B apportionments.

#### NOTE 14. PERMANENT INDEFINITE APPROPRIATIONS

The USDA Forest Service has permanent indefinite appropriations, authorized by specific legislative Acts, to fund Recreation Fee Collection Costs, Brush Disposal, License Programs for Smokey Bear and Woodsy Owl, Restoration of Forest Lands and Improvements, Roads and Trails for States, National Forest Fund, Timber Roads Purchaser Elections, Timber Salvage Sale Operations, and Maintenance of Quarters. Each of these permanent indefinite appropriations is funded by receipts made available by law, and is available until expended.

#### NOTE 15. EXPLANATION OF DIFFERENCES BETWEEN THE STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE UNITED STATES GOVERNMENT

	FY 2002 (In Millions)	
	Budgetary Resources	Outlays
<b>Combined Statement of Budgetary Resources</b>	\$ 7,155	\$ 5,446
Reconciling Items:		
Expired Accounts	(10)	-
Audit Adjustments	31	-
Accounts Excluded from Budget	(2)	(9)
Other	(2)	-
<b>Budget of the United States Government</b>	\$ 7,172	\$ 5,437

The differences between the fiscal 2002 Statement of Budgetary Resources and the fiscal 2002 actual numbers presented in the fiscal 2004 Budget of United States Government (Budget) are summarized above.

The Budget excludes expired accounts that are no longer available for new obligations. Audit adjustments were made subsequent to the Budget submission. Other items mainly consist of balances in suspense accounts that are excluded from the Budget.

A comparison between fiscal 2003 Statement of Budgetary Resources and the fiscal year 2003 actual numbers presented in the fiscal 2005 Budget cannot be performed as the fiscal 2005 Budget is not yet available. The fiscal 2005 Budget is expected to be published in February 2004 and will be available from the Government Printing Office.

#### NOTE 16. EXPLANATION OF THE RELATIONSHIP BETWEEN LIABILITIES NOT COVERED BY BUDGETARY RESOURCES AND THE CHANGE IN COMPONENTS REQUIRING OR GENERATING RESOURCES IN FUTURE PERIODS.

The USDA Forest Service's fiscal year 2003 and 2002 differences between the liabilities not covered by budgetary resources and the change in components requiring or generating resources in future periods result from liabilities not covered by budgetary resources being recorded in current year to the Consolidated Statements of Net Cost; while liabilities not covered by budgetary resources are

cumulative over fiscal years. The components of the Consolidated Statements of Net Cost that will require or generate resources in the future are as follows:

	<b>In Thousands</b>	
	<b>2003</b>	<b>2002</b>
Increase in Annual Leave Liability	\$ 8,017	\$ 6,755
Increase in Environmental and Disposal Liability	700	-
(Increase) Decrease in Exchange Revenue Receivable from the Public	(40,667)	362,174
Other:		
Transfer In (Job Corp and Fed Highway), see Note 17	76,874	143,897
Other	<u>168,146</u>	<u>(176,391)</u>
Total Components of Net Cost of Operations that will Require or Generate Resources in Future Periods	<u>\$213,070</u>	<u>\$336,435</u>

**NOTE 17. DESCRIPTION OF TRANSFERS THAT APPEAR AS A RECONCILING ITEM ON THE STATEMENT OF FINANCING**

The USDA Forest Service has the following routine transfers without reimbursement that are reconciling items on the Statement of Financing:

**Transfers In**

<b>Trading Partner</b>	<b>Account Title</b>	<b>Purpose</b>
Department of Labor	Job Corps Civilian Conservation	Provide training for under-employed youths.
Department of Transportation	Federal Highway Trust Fund	Maintenance and upkeep of federal highways traversing National Forest lands.

**NOTE 18. INCIDENTAL CUSTODIAL COLLECTIONS**

The USDA Forest Service collects funds, of which portions are due to states and counties. The largest component of custodial collections comes from the sale of products and services from the National Forests and National Grasslands. These amounts are included as Custodial Liability in Other Liabilities. The table below summarizes the collection and distribution of these funds during fiscal year 2003 and 2002:

	(In Thousands)	
	<u>2003</u>	<u>2002</u>
Revenue Activity:		
Sources of Collections:		
National Forest Fund Receipts	\$9,415	\$55,503
Payments and Receipts, National Grasslands	2,231	11,242
Miscellaneous	8,535	3,526
	<hr/>	<hr/>
Total Cash Collections	20,181	63,219
Total Custodial Revenue and Beginning Balance	<hr/> 103,984	<hr/> 208,811
Disposition of Collections:		
Transferred to Others:		
States and Counties (Payments to States)	(22,265)	(189,770)
(Increase)/Decrease in Amounts Yet to be Transferred	<hr/> (81,719)	<hr/> (19,041)
Total Disposition	(103,984)	(208,811)
Net Custodial Activity	<hr/> \$ -	<hr/> \$ -

#### **NOTE 19. DEDICATED COLLECTIONS**

The USDA Forest Service recognizes the following funds as dedicated collections. These funds are used as dedicated for the benefit of enhancing and maintaining National Forest System lands including reforestation. Donations are handled on the cash basis and all other collections are accounted for on the accrual basis.

#### **TRUST FUNDS**

<b>TREASURY SYMBOL</b>	<b>FUND/NAME</b>	<b>PURPOSE</b>	<b>AUTHORITY</b>
12X8028	Cooperative Work	Advances from cooperators	16 USC 498,72(c),72a,76b,81
12X8029	Mount Saint Helens Highway	Repair highways	23 USC 203,207
12X8034	Gifts, Donations and Bequests for Forest and Rangeland Research	Segregate donations for research	16 USC 1643b
12X8039	Land Between the Lakes Trust Fund	Donations to National Recreation Area	112 Stat.2681-317
12X8046	Reforestation Trust Fund	Reforestation	16 USC 1606a
1269X8083	Federal Aid to Highways	Maintain Federal highways in Forest Service land	31 USC 3515
12X8203	Gifts and Bequests	Segregate general donations	7 USC 2269

## SPECIAL FUNDS

FUND – NAME	PURPOSE	AUTHORITY
12X5004 –Land Acquisition	Watershed Management	96 Stat. 1983
12X5010 – Recreation Fees	Collection costs	107 Stat. 1610
12X5072 – Fees, Operations and Maintenance of Recreation Facilities	Maintain recreational facilities	101 Stat. 1330-265
12X5201 – Payments to States, National Forest Fund	Revenue Sharing Grant	16 USC 500
12X5202 – Timber Roads, Purchaser Election	Timber sale area purchasers' roads	16 USC 472(I)(2)
12X5203 – Roads and Trails for States, National Forest Fund	Recreation road and trail improvements	16 USC 501
12X5204 – Timber Salvage Sales	Prepare salvage sale and reforest after sale	16 USC 472(a)
12X5206 – Expenses, Brush Disposal	Timber operators amounts for brush disposal	16 USC 490
12X5207 – Range Betterment	Improvements to grazing lands	16 USC 580h
12X5212 – Construction of Facilities or Land Acquisition	Inactive	94 Stat. 3372
12X5213 – Payment to Minnesota (Cook, Lake, and Saint Louis Counties) from the National Forests Fund	Revenue sharing grant	16 USC 577g, 577g-1
12X5214 – Licensee Program	Smokey Bear, Woodsey Owl Licensing royalties used for fire prevention	31 USC 488a
12X5215 – Restoration of Forest Lands and Improvements	Environmental restoration	16 USC 579c
12X5216 – Acquisition of Lands to Complete Land Exchanges	Land exchange and acquisition for forest management purposes	96 Stat. 1984; 16 USC 484a
12X5217 – Tongass Timber Supply Fund	Management of timber supply in Alaska	16 USC 539d, 539c
12X5219 – Operation and Maintenance of Quarters	Government-owned quarters rents finance maintenance	5 USC 5911
12X5220 – Resource Management Timber Receipts	Accelerate management practices of natural resources	102 Stat. 1809
12X5223 – Quinault Special Management Area	Management of special Quinault tribal area	102 Stat. 3328
12X5264 – Timber Sales Pipeline Restoration Fund	Prepare certain volume of timber sales, ready to advertise	110 Stat. 1321-206 Sec. 327
12X5268 – Recreation Fee Demonstration Program	Maintenance of recreation areas, support of recreation program at Demonstration sites	16 USC 4601-6a
12X5277 – Midewin National Prairie	Maintenance of Midewin	110 Stat. 602



<b>FUND – NAME</b>	<b>PURPOSE</b>	<b>AUTHORITY</b>
Rental Fee Account		
12X5278 – Midewin National Tall-Grass Prairie Restoration Fund	Restoration of Midewin	110 Stat. 602
12X5360 – Land Between the Lakes Management Fund	Maintenance of National Recreation Area	112 Stat. 2681-315
12X5361 – Administrative Rights-of-Way and Other Land Uses Fund	Maintenance of commercial filming sites	113 Stat. 1501A-196, Sec. 331
12X5363 – Valles Caldera Fund	Maintenance of Valles Caldera Preserve, NM	114 Stat. 605
12X5462 – Hardwood Technology Transfer and Applied Research Fund	Support and stimulation of hardwood forestry practices	112 Stat. 297-298, Sec. 343(e)
12X5896 – Payments to Counties, National Grasslands	Revenue-sharing grant	7 USC 1012

## Required Supplementary Information

### Deferred Maintenance

#### Overview

Deferred maintenance is maintenance that was scheduled to be performed, but delayed until a future period. Deferred maintenance represents a cost that the Government has elected not to fund and, therefore, the costs are not reflected in the financial statements. Maintenance is defined to include preventative 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. It 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), stewardship assets, and heritage assets. It is also reported separately for critical and non-critical amounts of maintenance needed to return each class of asset to its acceptable operating condition.

The Forest Service uses condition surveys to estimate deferred maintenance on all major classes of PP&E. There is no deferred maintenance for fleet vehicles and computers that 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.

**(1) Overall Condition:** Condition of major classes of property range from poor to good depending on location, age, and type of property. There is currently no comprehensive national assessment of Forest Service property. The current deferred maintenance estimates were based on regularly scheduled condition surveys and inspections. Condition surveys were performed on a statistical sample of closed and very low traffic volume roads.

**(2) Critical Maintenance:** A requirement that addresses a serious threat to public health or safety, a natural resource, or the ability to carry out the mission of the organization.

**(3) Non-Critical Maintenance:** A requirement that addresses 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.

**Condition of Administrative Facilities:** The condition of administrative facilities ranges from poor to good. Approximately half of these buildings are obsolete or in poor condition needing major repairs or renovation. Approximately one-fourth is in fair condition, and the remaining is in good condition.

### As of 8/31/03 Deferred Maintenance Totals by Asset Class (\$ in Thousands)

Asset Class	Overall Condition (1)	Cost to Return to Acceptable Condition	Critical Maintenance (2)	Non-Critical Maintenance (3)
Buildings and Admin. Facilities	Varies	\$421,215	\$128,013	\$293,202
Dams	Varies	29,415	10,101	19,314
Heritage	Varies	82,834	44,995	37,839
Range Improvements	Varies	490,112	489,943	169
Recreation Facilities <sup>20</sup>	Varies	188,377	54,406	133,971
Roads and Bridges	Varies	3,851,354	696,148	3,155,206
Trails <sup>21</sup>	Varies	120,133	42,291	77,842
Wildlife, fish, threatened and endangered species	Varies	4,700	3,050	1,650
<b>Totals<sup>22</sup></b>		<b>\$5,188,139</b>	<b>\$1,468,947</b>	<b>\$3,719,192</b>

<sup>20 & 21</sup> The Forest Service used the FY 2001 Deferred Maintenance values for General Forest Area under the recreation facilities component and for Trails under the Trails component. These components are in a computer application transition and the process for collecting data was not operational.

<sup>22</sup> Overall agency indirect cost of managing the program is 19 percent (not included in the figures above).

Condition of Dams: The overall condition of dams is below acceptable. The condition of dams is acceptable when the dam meets current design standards and does not have any deficiencies that threaten the safety of the structure or public or are needed to restore functional use, correct unsightly conditions, or prevent more costly repairs.

The standards for acceptable operating condition for various classes of general PP&E, stewardship, and heritage assets are as follows:

- Buildings: 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 Forest Service Manual (FSM) 7300.
- Dams: Managed according to FSM 7500, Water Storage and Transmission, and Forest Service Handbook (FSH) 7509.11, Dams Management, as determined by condition surveys.
- Heritage Assets: These 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 within the agency is as visitation or recreation sites and, therefore, may not fall under the management responsibility of the heritage program.
- Range Structures: The condition assessment was based on (1) a determination by knowledgeable range specialists or other district personnel of whether or not 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.
- Developed Recreation Sites: This category includes campgrounds, trailheads, trails, wastewater facilities, interpretive facilities, and visitor centers. 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 regional and forest level user guides. Standards of quality for developed recreation sites were developed under the meaningful measures system and established for the following categories—health and cleanliness, settings, safety and security, responsiveness, and the condition of facility.
- Roads and Bridges: Conditions of the National Forest System (NFS) road system are measured by various standards that include applicable regulations for the Highway Safety Act developed by the Federal Highway Administration, best management practices for road construction and maintenance developed by the Environmental Protection Agency and the States to implement the nonpoint source provisions of the Clean Water Act, road management objectives developed through the forest planning process prescribed by the National Forest Management Act, and the requirements of FSM 7730, FSH 7709.56a, and FSH 7709.56b.
- Trails: Trails 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 FSH 2309.18, the Forest Service Trails Management Handbook.
- Wildlife, Fish, and Threatened and Endangered Species Structures: Field biologists at the forest used their professional judgment to determine deferred maintenance. Deferred maintenance was considered as upkeep that had not occurred on a regular basis. The amount was considered critical if resource damage or species endangerment would likely occur if maintenance were deferred much longer.

**Combining Statements of Budgetary Resources by Responsibility Segment  
for the Year Ended September 30, 2003  
(in Thousands)**

	National Forest and Grasslands	Forest and Rangeland Research	State and Private Forestry	Fire and Aviation Management	Working Capital Fund	Total
<b>Budgetary Resources:</b>						
Budget Authority:						
Appropriations Received	\$3,007,738	\$251,666	\$286,953	\$2,298,938	\$ -	\$5,845,295
Net Transfers	84,924	34,288	137,167	(216,434)	30,000	69,945
Unobligated Balance:						
Beginning of Period	731,452	10,794	40,073	7,564	52,500	842,383
Net Transfers, Actual	(115,580)					(115,580)
Spending Authority from Offsetting Collections:						
Earned:						
Collected	144,407	28,913	11,529	289,585	235,864	710,298
Receivable from Federal Sources	12,741	53,141	34,143	(2,499)	(8,191)	94,335
Change in Unfilled Customer Orders:						
Advances Received	390	(1,020)	(451)	(120)	(4)	(1,205)
Without Advance from Federal Sources	(22,541)	(19,022)	(8,132)	(1,712)	-	(46,407)
Subtotal	134,997	62,012	42,089	285,254	232,669	757,021
Recoveries of Prior Year Obligations	60,783	3,824	8,603	19,485	8,535	101,230
Permanently not Available	(13,505)	(1,636)	(2,056)	(9,016)	-	(26,213)
Total Budgetary Resources	\$3,890,809	\$360,948	\$ 512,829	\$2,385,791	323,704	\$7,474,081

**Combining Statements of Budgetary Resources by Responsibility Segment  
for the Year Ended September 30, 2003  
(in Thousands) (continued)**

	National Forest and Grasslands	Forest and Rangeland Research	State and Private Forestry	Fire and Aviation Management	Working Capital Fund	Total
<b>Status of Budgetary Resources</b>						
Obligations Incurred						
Direct	\$3,060,580	\$303,454	\$ 432,950	\$1,664,257	\$ (23,601)	\$ 5,437,640
Reimbursable	268,846	28,703	130,863	9,453	259,694	697,559
Subtotal	3,329,426	332,157	563,813	1,673,710	236,093	6,135,199
Unobligated Balance:						
Apportioned	599,568	15,099	35,650	124,094	57,404	831,815
Exempt from Apportionment	(4,232)	(1)	-	-	32,709	28,476
Unobligated Balances not Available	109,029	18,693	34,775	338,596	(22,502)	478,591
Total Status of Budgetary Resources	\$4,033,791	\$365,948	\$ 634,238	\$2,136,400	\$ 303,704	\$ 7,474,081
<b>Relation of Obligations to Outlays</b>						
Obligated Balance, Net, Beginning of Period	\$241,186	\$92,891	\$ 368,111	\$620,804	\$55,316	\$ 1,378,308
Obligated Balance, Transferred, Net						
Obligated Balance, Net, End of Period:						
Accounts Receivable	(40,362)	(25,368)	(41,429)	(112,743)	(761)	(220,663)
Unfilled Customer Orders from Federal Sources	(76,197)	(22,092)	1,622	(3,015)	-	(99,682)
Undelivered Orders	440,762	85,021	405,470	(871)	32,101	962,483
Accounts Payable	299,914	33,297	83,605	420,906	35,022	872,744
Outlays:						
Disbursements	2,757,530	316,247	321,630	2,234,355	219,704	5,849,466
Collections	(144,797)	(27,894)	(11,078)	(289,465)	(235,860)	(709,094)
Subtotal	2,612,733	288,353	310,552	1,944,890	(16,156)	5,140,372
Less: Offsetting Receipts	372,390	-	32,231	-	-	404,621
Net Outlays	\$2,240,343	\$288,353	\$ 278,321	\$1,944,890	\$(16,156)	\$ 4,735,751

**INTRAGOVERNMENTAL AMOUNTS FOR FISCAL YEAR 2003**

The following tables were derived from FACTS I (Federal Agencies Centralized Trial-Balance System).

**Assets (in dollars as of September 30, 2003)**

<b>Trading Partner (Code)</b>	<b>Fund Balance with Treasury</b>	<b>Accounts Receivable</b>	<b>Investments</b>	<b>Other</b>
Unknown (00)		22,797,129	1,015	879,971
Department of Agriculture (12)		2,661,712	—	—
Department of Commerce (13)		(197,315)	—	—
Department of the Interior (14)		7,135,110	—	—
Department of Justice (15)		410	—	—
Department of Labor (16)		3,543,927	—	—
Department of the Navy (17)		151,898	—	—
U.S. Postal Service (18)		416,965	—	594
Department of State (19)		57,485	—	—
Department of the Treasury (20)	3,293,244,840	57,962	3,060,323	—
Department of the Army (21)		3,533,829	—	499,800
Social Security Administration (28)		36,735	—	—
General Services Administration (47)		14,190	—	—
Independent Agencies (48)		(675)	—	—
Federal Emergency Management Agency (58)		6,148,898	—	—
Environmental Protection Agency (68)		136,874	—	—
Department of Transportation (69)		2,324,672	—	(899,731)
Department of Homeland Security (70)		2,926	—	—
Agency for International Development (72)		676,404	—	—
Department of Health and Human Services (75)		(1,752)	—	—
National Aeronautics and Space Administration (80)		480,017	—	—
Department of Housing and Urban Development (86)		98,698	—	—
Department of Energy (89)		3,880,470	—	—
U.S. Army Corps of Engineers (96)		279,717	—	(6,181)
Office of the Secretary of Defense— Defense Agencies (97)		1,331,964	—	200
<b>Total Assets</b>	<b>3,293,244,840</b>	<b>55,568,251</b>	<b>3,061,337</b>	<b>474,654</b>

**Liabilities (in dollars as of September 30, 2003)**

<b>Trading Partner (Code)</b>	<b>Resources Payable to Treasury</b>	<b>Accounts Payable</b>	<b>Debt</b>	<b>Other</b>
Unknown (00)		(47,187)		(317,165,554)
Government Printing Office (04)		—		163,976
Department of Agriculture (12)		—		(10,164,425)
Department of Commerce (13)		—		(1,214,781)
Department of the Interior (14)		23,187		(17,814,270)
Department of Justice (15)		35,496		(20,024,931)
Department of Labor (16)		—		(89,346,280)
Department of the Navy (17)		—		1,594
U.S. Postal Service (18)		—		20
Department of State (19)		—		(302,916)
Department of the Treasury (20)		(1,186)		(191,461,462)
Department of the Army (21)		(12,317)		(1,734,655)
Office of Personnel Management (24)		—		(10,375,030)
Federal Trade Commission (29)		—		79
Smithsonian Institution (33)		—		30,000
Department of Veterans Affairs (36)		—		127,952
U.S. Equal Employment Opportunity Commission (45)		—		750
General Services Administration (47)		—		(20,352,367)
Department of the Air Force (57)		—		(584)
Federal Emergency Management Agency (58)		—		(376,081)
National Foundation on the Arts and the Humanities (59)		—		(123,906)
National Labor Relations Board (63)		—		10,669
Tennessee Valley Authority (64)		—		(264,163)
Environmental Protection Agency (68)		—		(318,559)
Department of Transportation (69)		—		60,253
Department of Homeland Security (70)		—		6,446
Agency for International Development (72)		—		(3,633,315)
Department of Health and Human Services (75)		—		(27,627)
National Aeronautics and Space Administration (80)		—		19,419
National Archives and Records Administration (88)		—		(564)
Department of Energy (89)		—		(121,208)
Federal Mediation and Conciliation Service (93)		—		(1,168)
U.S. Army Corps of Engineers (96)		1,529		100,217,543
Office of the Secretary of Defense-Defense Agencies (97)		(25,503)		(698,232)
<b>Total Liabilities</b>		<b>(25,980)</b>		<b>(584,883,375)</b>

**Earned Revenue Federal (in dollars for the year ended September 30, 2003)**

<b>Trading Partner (Code)</b>	<b>Earned Revenue Federal</b>
Unknown (00)	(42,360,987)
Government Printing Office (04)	(9,381)
Executive Office of the President (11)	(17,453)
Department of Agriculture (12)	(23,051,454)
Department of Commerce (13)	(1,104,391)
Department of the Interior (14)	(70,823,443)
Department of Justice (15)	(109,748)
Department of Labor (16)	(27,075,934)
Department of the Navy (17)	(227,139)
U.S. Postal Service (18)	(681,022)
Department of State (19)	(463,148)
Department of the Treasury (20)	(236,008)
Department of the Army (21)	(13,081,378)
Social Security Administration (28)	(36,735)
General Services Administration (47)	206,114
Department of the Air Force (57)	4,647,713
Federal Emergency Management Agency (58)	(112,800,936)
National Foundation on the Arts and the Humanities (59)	(76,094)
Environmental Protection Agency (68)	(1,194,477)
Department of Transportation (69)	(8,135,110)
Department of Homeland Security (70)	(13,861)
Agency for International Development (72)	(7,581,164)
Department of Health and Human Services (75)	206
National Aeronautics and Space Administration (80)	(1,505,517)
Department of Housing and Urban Development (86)	(399,550)
Department of Energy (89)	(16,129,279)
Independent Agencies	(11,300)
U.S. Army Corps of Engineers (96)	(1,789,347)
Office of the Secretary of Defense-Defense Agencies (97)	(6,785,041)
<b>Total Earned Revenue Federal</b>	<b>(330,845,835)</b>



**Cost to Generate Earned Revenue Federal (in dollars for the year ended September 30, 2003)**

<b>Functional Classification</b>	<b>Federal and Non-Federal</b>
300 Natural Resources and Environment	330,845,835
<b>Total Cost to Generate Revenue</b>	<b>330,845,835</b>

**Cost Federal (in dollars for the year ended September 30, 2003)**

<b>Trading Partner (Code)</b>	<b>Cost Federal</b>
Unknown (00)	21,567,168
Library of Congress (03)	17,478
Government Printing Office (04)	7,559,518
Department of Agriculture (12)	123,691,973
Department of Commerce (13)	3,487,445
Department of the Interior (14)	83,027,796
Department of Justice (15)	2,653,824
Department of Labor (16)	92,478,332
Department of the Navy (17)	473,794
U.S. Postal Service (18)	380,858
Department of State (19)	99,935
Department of the Treasury (20)	15,613,268
Department of the Army (21)	4,140,159
Office of Personnel Management (24)	477,506,439
Federal Communications Commission (27)	1,640
Department of Veterans Affairs (36)	559,798
U.S. Equal Employment Opportunity Commission (45)	775
General Services Administration (47)	102,289,771
Independant Agencies (48)	675
National Science Foundation (49)	152
Federal Labor Relations Authority (54)	414
Federal Emergency Management Agency (58)	295,023
National Labor Relations Board (63)	500
Tennessee Valley Authority (64)	1,389,508
Environmental Protection Agency (68)	830,584
Department of Transportation (69)	3,444,601
Department of Homeland Security (70)	169,097
Small Business Administration	11,899
Department of Health and Human Services (75)	462,533
National Aeronautics and Space Administration (80)	134,370
National Archives and Records Administration (88)	564
Department of Energy (89)	1,631,781
Federal Mediation and Conciliation Service (93)	26,620
U.S. Army Corps of Engineers (96)	7,395,522
Office of the Secretary of Defense-Defense Agencies (97)	3,513,120
<b>Total Cost Federal</b>	<b>954,856,930</b>

**Non-exchange Revenue Federal (in dollars for the year ended September 30, 2003)**

<b>Trading Partner (Code)</b>	<b>Transfers-In</b>	<b>Transfers-Out</b>	<b>Other</b>
Unknown (00)	(1,175,745,715)	714,689,562	–
Department of Agriculture (12)	(50,000,000)		(44,226,000)
Department of the Treasury (20)	–	–	(6,449,911)
Office of Personnel Management (24)	–	–	(178,239,358)
<b>Total Non-exchange Revenue Federal</b>	<b>(1,225,745,715)</b>	<b>714,689,562</b>	<b>(228,915,269)</b>

**INTRAGOVERNMENTAL AMOUNTS FOR FISCAL YEAR 2002**

The following tables were derived from FACTS I (Federal Agencies Centralized Trial-Balance System).

**Assets (in dollars as of September 30, 2002)**

<b>Trading Partner (Code)</b>	<b>Fund Balance with Treasury</b>	<b>Accounts Receivable</b>	<b>Investments</b>	<b>Other</b>
Unknown (00)		10,854,604	0	879,971
Department of Agriculture (12)		21,278,288	—	50,000
Department of Commerce (13)		(187,281)	0	0
Department of the Interior (14)		1,627,718	—	(6,181)
Department of Justice (15)		420,621	0	0
Department of Labor (16)		6,794,803	0	0
U.S. Postal Service (18)		139,827	0	594
Department of the Treasury (20)	2,824,948,345	4,004	2,039,704	0
Department of the Army (21)		4,152,596	0	0
Social Security Administration (28)		35,574	0	0
General Services Administration (47)		4,418	0	0
Department of the Air Force (57)		169,037	0	0
Federal Emergency Management Agency (58)		142,001	0	0
Environmental Protection Agency (68)		221,763	0	0
Department of Transportation (69)		2,474,645	0	(899,731)
Agency for International Development (72)		162	0	0
Department of Health and Human Services (75)		(1,135)	0	0
National Aeronautics and Space Administration (80)		652,699	0	0
Department of Housing and Urban Development (86)		137,412	0	0
Department of Energy (89)		16,072,627	0	0
U.S. Army Corps of Engineers (96)		198,543	0	5,377
Office of the Secretary of Defense—Defense Agencies (97)		916,769	0	(200)
<b>Total Assets</b>	<b>2,824,948,345</b>	<b>66,109,695</b>	<b>2,039,704</b>	<b>29,831</b>

**Liabilities (in dollars as of September 30, 2002)**

<b>Trading Partner (Code)</b>	<b>Resources Payable to Treasury</b>	<b>Accounts Payable</b>	<b>Debt</b>	<b>Other</b>
Unknown (00)	0	(29,149)	0	(374,665,841)
Government Printing Office (04)	0	0	0	40,151
Department of Agriculture (12)	0	(112,874)	0	(35,417,354)
Department of Commerce (13)	0	0	0	(103,284)
Department of the Interior (14)	0	21,339	0	(68,642,675)
Department of Justice (15)	0	14,312	0	(5,648,754)
Department of Labor (16)	0	0	0	(63,909,626)
Department of the Navy (17)	0	0	0	45,000
Department of State (19)	0	0	0	(327,906)
Department of the Treasury (20)	0	0	0	(36,924,309)
Department of the Army (21)	0	(6,530)	0	(279,235)
Office of Personnel Management (24)	0	0	0	(8,435,798)
U.S. Nuclear Regulatory (31)	0	0	0	(1,845)
Department of Veterans Affairs (36)	0	0	0	16,213
U.S. Equal Employment Opportunity Commission (45)	0	0	0	750
General Services Administration (47)	0	0	0	(11,624,251)
Federal Emergency Management Agency (58)	0	0	0	(348,304)
National Foundation on the Arts and the Humanities (59)	0	0	0	(200,000)
National Labor Relations Board (63)	0	0	0	10,669
Environmental Protection Agency (68)	0	0	0	7,702
Department of Transportation (69)	0	0	0	(78,727)
Agency for International Development (72)	0	0	0	(4,347,113)
Department of Health and Human Services (75)	0	0	0	(38,316)
National Aeronautics and Space Administration (80)	0	0	0	(70,486)
Department of Energy (89)	0	0	0	(177,019)
U.S. Army Corps of Engineers (96)	0	(900,606)	0	66,108,894
Office of the Secretary of Defense-Defense Agencies (97)	0	25,450	0	(565,012)
<b>Total Liabilities</b>		<b>(988,059)</b>	<b>0</b>	<b>(545,576,515)</b>

**Earned Revenue Federal (in dollars for the year ended September 30, 2002)**

<b>Trading Partner (Code)</b>	<b>Earned Revenue Federal</b>
Unknown (00)	(15,239,793)
Department of Agriculture (12)	(11,097,431)
Department of Commerce (13)	(399,599)
Department of the Interior (14)	(35,277,436)
Department of Justice (15)	(414,536)
Department of Labor (16)	(56,627,889)
Department of the Navy (17)	(9,169)
U.S. Postal Service (18)	(889,634)
Department of State (19)	(43,432)
Department of the Treasury (20)	(615,816)
Department of the Army (21)	(9,127,615)
Social Security Administration (28)	(36,012)
General Services Administration (47)	(6,952,220)
Department of the Air Force (57)	(165,037)
Federal Emergency Management Agency (58)	5,816,299
National Foundation on the Arts and the Humanities (59)	50,000
Environmental Protection Agency (68)	(851,050)
Department of Transportation (69)	(6,916,478)
Agency for International Development (72)	(5,766,700)
Department of Health and Human Services (75)	564
National Aeronautics and Space Administration (80)	(982,217)
Department of Housing and Urban Development (86)	(444,950)
Department of Energy (89)	(22,018,333)
U.S. Army Corps of Engineers (96)	(771,586)
Office of the Secretary of Defense-Defense Agencies (97)	(1,314,614)
<b>Total Earned Revenue Federal</b>	<b>(170,094,682)</b>

**Cost to Generate Earned Revenue Federal (in dollars for the year ended September 30, 2002)**

<b>Functional Classification</b>	<b>Federal and Non-Federal</b>
300 Natural Resources and Environment	170,094,682
<b>Total Cost to Generate Revenue</b>	<b>170,094,682</b>

**Cost Federal (in dollars for the year ended September 30, 2002)**

<b>Trading Partner (code)</b>	<b>Cost Federal</b>
Unknown (00)	(529,649,358)
Library of Congress (03)	32,160
Government Printing Office (04)	5,852,935
Department of Agriculture (12)	588,640,478
Department of Commerce (13)	1,719,769
Department of the Interior (14)	65,216,962
Department of Justice (15)	2,209,070
Department of Labor (16)	29,124,909
Department of the Navy (17)	138,746
U.S. Postal Service (18)	661,663
Department of State (19)	1,071
Department of the Treasury (20)	24,217,628
Department of the Army (21)	1,403,837
Office of Personnel Management (24)	415,862,217
Smithsonian Institution (33)	32,000
Department of Veterans Affairs (36)	586,743
U.S. Equal Employment Opportunity Commission (45)	2,250
General Services Administration (47)	64,614,543
National Science Foundation (49)	85,000
Department of the Air Force (57)	211,410
Federal Emergency Management Agency (58)	113,613
Office of Special Counsel (62)	1,019
Environmental Protection Agency (68)	865,277
Department of Transportation (69)	(49,979)
Department of Health and Human Services (75)	424,493
National Aeronautics and Space Administration (80)	271,138
Department of Energy (89)	691,771
Federal Mediation and Conciliation Service (93)	4,280
U.S. Army Corps of Engineers (96)	2,268,630
Office of the Secretary of Defense-Defense Agencies (97)	3,756,571
<b>Total Cost Federal</b>	<b>679,310,846</b>

**Non-exchange Revenue Federal (in dollars for the year ended September 30, 2002)**

<b>Trading Partner (Code)</b>	<b>Transfers-In</b>	<b>Transfers-Out</b>	<b>Other</b>
Unknown (00)	(599,375,514)	340,844,255	0
Department of Agriculture (12)	(629,031,855)	509,922,399	(44,571,000)
Department of the Treasury (20)	0	0	(9,183,813)
Office of Personnel Management (24)	0	0	(135,069,386)
General Services Administration (47)	(33,627)	33,627	0
<b>Total Non-exchange Revenue Federal</b>	<b>(1,228,440,996)</b>	<b>850,800,281</b>	<b>(188,824,199)</b>

**FISCAL YEAR 2003 SEGMENT INFORMATION**

(In thousand dollars as of September 30, 2003)	Departmental Working Capital Fund	Forest Service Working Capital Fund	Total Working Capital Funds
<b>Condensed Information</b>			
Fund Balance	\$ -	133,972	133,972
Accounts Receivable	0	599	599
Property, Plant, and Equipment	0	275,216	275,216
Other Assets	0	13	13
<b>Total Assets</b>	<b>0</b>	<b>409,800</b>	<b>409,800</b>
<b>Liabilities and Net Position</b>			
Accounts Payable	0	1,102	1,102
Deferred Revenues	0	0	0
Other Liabilities	0	33,931	33,931
Unexpended Appropriations	0	0	0
Cumulative Results of Operations	0	374,767	374,767
<b>Total Liabilities and Net Position</b>	<b>0</b>	<b>409,800</b>	<b>409,800</b>
Product or Business Line	Cost of Goods And Services Provided	Related Exchange Revenue	Excess of Costs Over Exchange Revenue
<b>Departmental Working Capital Fund:</b>			
Finance and Management	0	0	0
Communications	0	0	0
Information Technology	0	0	0
Administration	0	0	0
Executive Secretariat	0	0	0
<b>Total Departmental Working Capital Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Forest Service Working Capital Fund:</b>			
Other	365,795	224,415	141,380
<b>Total Working Capital Funds</b>	<b>365,795</b>	<b>224,415</b>	<b>141,380</b>



## Required Supplementary Stewardship Information

### Stewardship, Property, Plant and Equipment

The Federal Accounting Standards Advisory Board (FASAB), Statement of Federal Financial Recommended Accounting Standards (SRAS) No. 8 provides the following definitions:

- Stewardship Assets—Property owned by the Federal Government that physically resembles Property, Plant and Equipment, but differs in that the value may be indeterminable or have little meaning.
  - Heritage Assets
  - Stewardship Land
- Stewardship Investments—Expenses and investments incurred for education and training of the public that is intended to increase national economic productive capacity (investment in human capital), and research and development intended to produce future benefits.
- Stewardship Responsibilities—Information on the financial impact of continuing to provide current programs and services.

### Heritage Assets

The Forest Service estimates that over 300,000 heritage assets are on land that it manages. This information was estimated from the nine Forest Service regions and annual Department of the Interior Report to Congress. Some of these assets are listed on the National Register of Historic Places and some are designated as National Historic Landmarks. The Forest Service heritage resource specialists on the 155 national forests maintain separate inventories of heritage assets. Most of the assets that are not utilized for administrative or public

purposes receive no annual maintenance. A long-term methodology to better assess the extent and condition of these assets is being formulated to comply with the new Executive Order 13287 on Preserve America. A module in the agency's real property management Infrastructure (INFRA) system has been developed and implemented for heritage assets. The fire season and competing budget priorities, however, have prevented full population of the database.

The table at the bottom of the page shows the major heritage assets by category and condition for FY 2003.<sup>23</sup>

### Heritage Assets Definitions

**Historic Structures:** Constructed works consciously created to serve some human purpose. They include buildings, monuments, logging and mining camps, and ruins.

**National Historic Landmarks:** Includes sites, buildings, or structures that possess exceptional value in commemorating or illustrating the history of the United States, and exceptional value or quality in illustrating and interpreting the heritage of the United States. The Secretary of the Interior is the official designator of National Historic Landmarks.

**National Register of Historic Places:** Includes properties, buildings, and structures that are significant in U.S. history, architecture, and archaeology, and in the cultural foundation of the Nation.

**Eligible for the National Register:** Those sites formally determined as eligible for the National Register through the Keeper of the National Register or documented by consultation with State Historic Preservation Offices. Previous reports included all sites potentially eligible for the National Register.

Category	2002 Final (Sites)	Condition
Total Heritage Assets	308,431	Poor-Fair
Eligible for the National Register of Historic Places	51,630	Poor-Fair
Listed on the National Register	2,834	Fair
Sites with structures listed on the National Register	1,083	Poor-Fair
National Historic Landmarks	17	Fair

<sup>23</sup> Data totaled through FY 2002. FY 2003 data is gathered in the first half of FY 2004.

## Stewardship Land

The Forest Service manages over 192 million acres of public land, the majority of which is classified as stewardship assets. These stewardship assets are valued for:

- Environmental resources.
- Recreational and scenic values.

- Cultural and paleontological resources.
- Vast open spaces.
- Resource commodities and revenue they provide to the Federal Government, States, and counties.

The following table shows the net change in acres between FY 2002 and FY 2003 in national forests by various purposes.

Description	FY 2002 Ending Balance (Acres)	FY 2003 Net Change (Acres) <sup>24</sup>	FY 2003 Ending Balance (Acres) as of 9/30/03	Condition <sup>25</sup>
National Forests (acres)	187,815,679	58,211	187,873,890	Varies
National Forest Purposes	143,864,119	(20,843)	143,843,276	Varies
National Forest Wilderness Areas	34,752,767	75,735	34,828,502	Varies
National Forest Primitive Areas	173,762	0	173,762	Varies
National Wild and Scenic River Areas	945,667	2,332	947,999	Varies
National Recreation Areas	2,910,364	875	2,911,239	Varies
National Scenic Areas	130,435	0	130,435	Varies
National Scenic—Research Areas	6,637	0	6,637	Varies
National Game Refuges and Wildlife— Preserve Areas	1,198,099	0	1,198,099	Varies
National Monument Areas	3,659,862	112	3,659,974	Varies
National Monument Volcanic Areas	167,427	0	167,427	Varies
National Historic Areas	6,540	0	6,540	Varies
National Grasslands	3,839,174	(7)	3,839,167	Varies
Purchase Units	361,688	(2,337)	359,351	Varies
Land Utilization Projects	1,876	0	1,876	Varies
Research and Experiment Areas	64,871	0	64,871	Varies
Other Areas	295,814	0	295,814	Varies
National Preserves	89,716	0	89,716	Varies
Total National Forest System Acreage	192,468,818	55,867	192,524,685	
Road Miles <sup>26</sup>	382,300	(4,296)	378,004	
Trail Miles <sup>27</sup>	133,087	0	133,087	

<sup>24</sup>Net Change: At the time of submission of this information the net change values include the net effects of the Forest Service land transactions, with the exception of completed 2003 transactions for the Southwestern Region. Land that is needed to protect critical wildlife habitat and cultural and historic values, to support the purposes of congressional designation, and for recreation and conservation purposes is acquired through purchase or exchange.

<sup>25</sup>Condition of National Forest System (NFS) Land: The Forest Service monitors the condition of NFS lands based on information compiled by two national inventory and monitoring programs. Annual inventories of forest status and trends are conducted by the Forest Inventory and Analysis program in 48 States covering 70 percent of the forested land of the United States. The Forest Health Monitoring program is active in 50 States, providing surveys and evaluations of forest health conditions and trends. While most of the 149 million acres of forest land on NFS lands continue to produce valuable benefits (i.e., clean air, clean water, habitat for wildlife, and products for human use), significant portions are at risk to pest outbreaks and/or catastrophic fires. About 33 million acres of NFS forest land are at risk to future mortality from insects and diseases (based on the current Insect and Disease Risk Map). Nearly 73 million acres of NFS forest land are prone to catastrophic fire based on current condition and departure from historic fire regimes (Fire Regimes 1 and 2 and Condition Classes 2 and 3). Based on these two maps, approximately 9.5 million acres are at risk to both pest-caused mortality and fire. Invasive species of insects, diseases, and plants continue to impact native ecosystems by causing mortality to, or displacement of, native vegetation. The National Fire Plan has enhanced efforts to prevent and suppress future fires adequately and restore acres that are at risk. Risk to fires was reduced by fuel hazard treatments on 1.4 million acres in 2003. Insect and disease prevention and suppression treatments were completed on 1.5 million acres in 2003.

<sup>26</sup>Road Miles: Net change to the total road miles occur through new construction, decommissioning, and correction of errors in the systems inventory, to include miles of unclassified roads that had previously been excluded. Forest Services Road Miles by Maintenance Level as of March 8, 2003.

<sup>27</sup>Trail Miles: The number of miles reported continues to be based on a 1996 inventory. The number of trail miles has not since been updated. Reconstruction of existing trails has been the predominant activity over the previous 7 years.

## **Stewardship Land Definitions**

Land Utilization Projects: A unit reserved and dedicated by the Secretary of Agriculture for forest and range research and experimentation.

National Forests: A unit formerly established and permanently set aside and reserved for national forest purposes. The following categories of NFS lands have been set-aside for specific purposes in designated areas:

- Wilderness Areas: Areas designated by Congress as part of the National Wilderness Preservation System.
- Primitive Areas: Areas designated by the Chief of the Forest Service as primitive areas. They are administered in the same manner as wilderness areas, pending studies to determine sustainability as a component of the National Wilderness Preservation System.
- Wild and Scenic River Areas: Areas designated by Congress as part of the National Wild and Scenic River System.
- Recreation Areas: Areas established by Congress for the purpose of assuring and implementing the protection and management of public outdoor recreation opportunities.
- Scenic-Research Areas: Areas established by Congress to provide use and enjoyment or certain ocean headlands and to ensure protection and encourage the study of the areas for research and scientific purposes.
- Game Refuges and Wildlife Preserve Areas: Areas designated by Presidential Proclamation or by Congress for the protection of wildlife.
- Monument Areas: Areas including historic landmarks, historic and prehistoric structures, and other objects for historic or scientific interest, declared by Presidential Proclamation or by Congress.

National Grasslands: A unit designated by the Secretary of Agriculture and permanently held by the U.S. Department of Agriculture under Title III of the Bankhead-Jones Tenent Act.

Purchase Units: A unit of land designated by the Secretary of Agriculture or previously approved by the National Forest Reservation Commission for purposes of Weeks Law acquisition. The law authorizes the Federal Government to purchase lands for stream-flow protection and maintain the acquired lands as national forests.

Research and Experimental Area: A unit reserved and dedicated by the Secretary of Agriculture for forest and range research experimentation.

Other Areas: Areas administered by the Forest Service that are not included in one of the above groups.

## **Stewardship Investments**

### **Human Capital–Job Corps Civilian Conservation Center–FY 2003**

#### **Net Cost of Operations: \$122 Million.**

In partnership with the U.S. Department of Labor (DOL), the Forest Service operates 18 Job Corps Civilian Conservation Centers. Job Corps is the only Federal residential employment and education training program for economically challenged young people, ages 16-24. The purpose of the program is to provide young adults with the skills necessary to become employable, independent, and productive citizens. Job Corps is funded from DOL annually on a program year beginning on July 1 and ending on June 30 of the following year.

During FY 2003 (July 1 to June 30), there were 8,277 participants with 3,291 placements. The average starting hourly wage for Forest Service Job Corps students was \$8.52, which is 50 cents above the DOL national average rate. Approximately, 1,931 women students received training in nontraditional vocations. The agency had 1,075 students enroll in the GED program, 431 students enroll in High School programs, and 62 ex-Job Corps students working at 18 Centers. Over 2,000 Job Corps students and 300 staff assisted the agency in its firefighting efforts. The students also accomplished conservation work appraised at \$14.6 million on national forest lands. All the Job Corps Centers were studied under the A-76 Streamlined Competitive Sourcing process. All 18 centers won the competition and the center operations will remain in house. The agency is actively pursuing the transfer of two Department of the Interior's Fish and Wildlife Job Corps Centers and their personnel to the Forest Service.

Established in 1964, Job Corps has trained and educated over 227,000 young men and women. The program is administered in a structured, coeducational, residential environment that provides education, vocational and life skills training, counseling, medical care, work experience, placement assistance and follow-up, recreational opportunities, and biweekly monetary stipends. Job Corps students can choose from a wide variety of careers, such as urban forestry, heavy equipment operations and maintenance, business clerical, carpentry, culinary arts, painting, cement and brick masonry, welding, auto mechanics, health services, building and apartment maintenances, warehousing, and plastering.

**Research and Development—Forest and Rangeland Research**

**FY 2003 Net Cost of Operations \$233 Million**

Forest Service Research and Development provides reliable science based information that is incorporated into natural resource decisionmaking. Efforts consist of developing new technology and then adapting and transferring this technology to facilitate more effective resource management. Some major research areas include:

- Vegetation Management and Protection
- Wildlife, Fish, Watershed, and Air
- Resource Valuation and Use Research
- Forest Resources Inventory and Monitoring.

Research staff are involved in all areas of the Forest Service, supporting agency goals by providing more efficient and effective methods where applicable.

A representative summary of FY 2003 accomplishments include:

- Established an estimated 316 new interagency agreements and contracts.
- Continued an estimated 221 interagency agreements and contracts.
- Published approximately 1,326 articles in journals.
- Published approximately 1,829 articles in all other publications.
- Was granted 6 patents.
- Established 18 rights to inventions.