

Part C

REQUIRED SUPPLEMENTARY
INFORMATION

Unaudited

REQUIRED SUPPLEMENTARY INFORMATION

DEFERRED MAINTENANCE

Overview

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

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

Deferred maintenance is reported for general Property, Plant, and Equipment (PP&E); heritage assets; and stewardship assets. It is also reported separately for critical and noncritical amounts of maintenance needed to return each class of asset to its acceptable operating condition. Critical maintenance is defined as a serious threat to public health or safety, a natural resource, or the ability to carry out the mission of the organization. Noncritical maintenance is defined as a potential risk to the public or employee safety or health (e.g., compliance with codes, standards, or regulations) and potential adverse consequences to natural resources or mission accomplishment.

The Forest Service uses condition surveys to estimate deferred maintenance on all major classes of PP&E. No deferred maintenance exists for fleet vehicles and computers that are managed through the agency's working capital fund (WCF). Each fleet vehicle is maintained according to schedule. The cost of maintaining the remaining classes of equipment is expensed.

Currently, no comprehensive national assessment of Forest Service property exists. Estimates of deferred maintenance for all assets are based on condition surveys. The agency's deferred maintenance for roads is determined from surveys of an annual random sample of a sufficient number of roads to achieve estimates of 95-percent accuracy and 95-percent confidence. Five hundred roads were included in the FY 2008 sample.

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

The overall agency indirect cost for managing the program is 8 percent, which is not included in the figures in Exhibit 1.

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For the Years Ended September 30, 2008 and 2007

Exhibit 1. Deferred Maintenance Totals by Asset Class as of September 30, 2008 (in millions)

Asset Class	Overall Condition	Critical Maintenance	Noncritical Maintenance	Cost To Return To Acceptable Condition
Bridge	Varies	\$28	\$105	\$133
Building	Varies	117	595	712
Dam	Varies	8	16	24
Fence	Varies	301	--	301
Handling Facility	Varies	23	--	23
Heritage	Varies	5	10	15
Minor Constructed Features ¹	Varies	--	102	102
Trail	Varies	8	272	280
Roads	Varies	782	2,618	3,400 ²
Trail Bridge	Varies	3	7	10
Wastewater System	Varies	20	15	35
Water System	Varies	60	43	103
Wildlife, Fish, and TES ³	Varies	5	2	7
Grand Total		\$1,360	\$3,785	\$5,145

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

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

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

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

Buildings shall comply with the National Life Safety Code, the Forest Service Health and Safety Handbook, and the Occupational Safety Health Administration as determined by condition surveys. These requirements are found in FSM 7310, Buildings and Related Facilities, revised November 19, 2004. The condition of administrative

¹ In prior years, Minor Constructed Features were mislabeled as "Recreation Sites."

² The roads' deferred maintenance amount is for passenger-car roads (Levels 3 through 5). The total deferred maintenance amount, including the high-clearance roads (Levels 1 and 2), is \$5.1 billion. A portion of the Levels 1 and 2 roads were classified as stewardship assets.

³ In prior years, wildlife, fish, and threatened and endangered species (TES) were incorrectly identified as "Wilderness."

facilities ranges from poor to good, with approximately 36 percent needing major repairs or renovations; approximately 11 percent in fair condition; and 53 percent of the facilities in good condition.

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

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

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

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

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

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

STEWARDSHIP—PROPERTY, PLANT, AND EQUIPMENT

In accordance with the Statement of Federal Financial Accounting Standards (SFFAS)—29 *Heritage Assets and Stewardship Lands*, all heritage asset and stewardship land information was reclassified as basic, except for condition information, which was reclassified as required supplementary information (RSI). This information is referenced in Note 5 Stewardship PP&E and in Note 13 Cost of Stewardship PP&E. For FY 2008, the acquisitions and withdrawals of both asset types will remain in the RSI.

Heritage Assets

Acquisition and Withdrawal of Heritage Assets

The Forest Service generally does not construct heritage assets, although in some circumstances important site-structural components may be rehabilitated or reconstructed into viable historic properties to provide forest visitors with use and interpretation. Heritage assets may be acquired through the procurement process, but this rarely occurs. Normally, heritage assets are part of the land acquisition and inventory process. Withdrawal occurs through land exchange or natural disasters. Most additions occur through inventory activities where previously undocumented sites are discovered and added to the total. Although not technically additions—they already existed on NFS lands—they do represent an increased management responsibility commensurate with the spirit of “additions.” For FY 2008, there were no additions or withdrawals of heritage asset sites.

The condition of heritage assets depends on the type of asset and varies from poor to fair.

Stewardship Land

Acquisition and Withdrawal of Stewardship Lands

The Land and Water Conservation Fund (L&WCF) Land Acquisition Program acquires land for the Forest Service NFS. The program coordinates with a variety of partners, including State, local, and tribal governments, and private landowners through statewide planning for development of a land-adjustment strategy.

The Land Acquisition Program preserves, develops, and maintains access to NFS lands and waters for the public and provides permanent access to public lands for recreation, commodity production, resource management, public safety, and community economic viability.

The L&WCF statutory authority specifically defines the purpose to also include protecting the quality of scientific, scenic, historical, ecological, environmental, air and atmospheric, water resource, archeological values, as well as food and habitat for fish and wildlife, and managing the public lands for minerals, food, timber and fiber.

From these several allowable uses of program funding, the program concentrates on protecting habitat for priority species identified in the national forest and grassland's Land Management Plans (LMPs) and enhancing recreational opportunities for areas with high demand for recreation. The program focuses acquisitions on inholdings and areas adjacent to existing NFS lands.

For FY 2008 there were no additions or withdrawals of stewardship land sites.

Condition of NFS Lands

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

The FIA program conducts annual inventories of forest status and trends. FIA has historic inventory data in all 50 States and is currently collecting annual inventory data in 47 States, including 39 of the 41 States containing NFS land. Active throughout all 50 States, FHM provides surveys and evaluations of forest health conditions and trends.

Although most of the estimated 193 million acres of 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 or catastrophic fires. There are 25 million acres of NFS forest lands at risk to future mortality from insects and diseases, based on the 2007 Insect and Disease Risk Map. Invasive species of insects, diseases, and plants continue to affect our native ecosystems by causing mortality to, or displacement of, native vegetation. The Forest Service completed insect and disease prevention and suppression treatments on over 53,000 acres of NFS lands in FY 2008.

By 2009, a map of fire fuels conditions across the United States will be provided by LANDFIRE⁴.

⁴ LANDFIRE is a set of over 20 digital layers of vegetation, fuels and departure from historic conditions covering all ownerships at a 30-meter pixel resolution. LANDFIRE creates standardized comprehensive products across the United States as it integrates relational databases, remote sensing, systems ecology, gradient modeling, and landscape simulation. Products will be delivered incrementally through 2009, although layers are currently available for the 11 Western States, Florida, North Carolina, Alabama, Mississippi, and parts of Texas. The project is on schedule and within budget for completion of the continental United States in FY 2008, with Alaska and Hawaii completed in FY 2009.

Required Supplementary Information—Unaudited
For the Years Ended September 30, 2008 and 2007

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

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

Required Supplementary Information—Unaudited
For the Years Ended September 30, 2008 and 2007

For the year ended September 30, 2007
Combined Statement of Budgetary Resources by Major Budget Account
(in millions)

Budgetary Resources :	National Forest and Grasslands	Forest and Rangeland Research	State and Private Forestry	Capital Improvement and Maintenance	Wildland Fire Management	Permanent and Trust Funds	Working Capital Fund	Total
Unobligated Balance, Brought Forward, October 1:	\$ 212	\$ 36	\$ 61	\$ 101	\$ 211	\$ 1,094	\$ 94	\$ 1,809
Recoveries of Prior Year Unpaid Obligations	10	1	13	6	71	5	5	111
Budget Authority:								
Appropriations	1,544	281	280	436	2,194	851	-	5,586
Spending Authority from Offsetting Collections:								
Earned:								
Collected	72	38	23	18	138	29	207	525
Change in Receivables	(3)	2	(6)	-	(36)	-	(1)	(44)
Change in Unfilled Customer Orders:								
Advance Received	1	1	(2)	1	-	4	-	5
Without Advance	3	(4)	-	(2)	(2)	-	-	(5)
Subtotal	1,617	318	295	453	2,294	884	206	6,067
Nonexpenditure Transfers, Net, Actual	(11)	23	76	4	(19)	(52)	-	21
Total Budgetary Resources (Note 14)	\$ 1,828	\$ 378	\$ 445	\$ 564	\$ 2,557	\$ 1,931	\$ 305	\$ 8,008
Status of Budgetary Resources:								
Obligations Incurred: (Note 13)								
Direct	1,506	320	372	444	2,351	847	208	6,048
Reimbursable	102	33	21	17	116	-	-	289
Subtotal	1,608	353	393	461	2,467	847	208	6,337
Unobligated Balance-Apportioned	99	24	31	83	65	525	13	840
Unobligated Balance Not Available	121	1	21	20	25	559	84	831
Total Status of Budgetary Resources (Note 14)	\$ 1,828	\$ 378	\$ 445	\$ 564	\$ 2,557	\$ 1,931	\$ 305	\$ 8,008
Change in Obligated Balances:								
Obligated Balance, Net								
Unpaid Obligations, Brought Forward, October 1	\$ 368	\$ 118	\$ 578	\$ 235	\$ 927	\$ 127	\$ 30	\$ 2,383
Less: Uncollected Customer Payments, Brought Forward October 1	(165)	(34)	(22)	(41)	(170)	-	(1)	(433)
Total Unpaid Obligated Balance, Net	203	84	556	194	757	127	29	1,950
Obligations Incurred Net	1,608	353	393	461	2,467	847	208	6,337
Less: Gross Outlays	(1,553)	(334)	(425)	(461)	(2,577)	(822)	(194)	(6,366)
Less: Recoveries of Prior Year Unpaid Obligations, Actual	(10)	(1)	(13)	(6)	(71)	(5)	(5)	(111)
Change in Uncollected Customer Payments	-	2	6	2	38	-	1	49
Obligated Balance, Net, End of Period	413	137	533	228	746	147	39	2,243
Unpaid Obligations (Note 15)	413	137	533	228	746	147	39	2,243
Less: Uncollected Customer Payments	(165)	(33)	(16)	(38)	(132)	-	-	(384)
Total, Unpaid Obligated Balance, Net, End of Period	\$ 248	\$ 104	\$ 517	\$ 190	\$ 614	\$ 147	\$ 39	\$ 1,859
Net Outlays:								
Gross Outlays:	\$ 1,553	\$ 334	\$ 425	\$ 461	\$ 2,577	\$ 822	\$ 194	\$ 6,366
Less: Offsetting Collections	(73)	(40)	(21)	(19)	(139)	(32)	(207)	(531)
Less: Distributed Offsetting Receipts	(256)	-	-	-	-	(244)	-	(500)
Net Outlays	\$ 1,224	\$ 294	\$ 404	\$ 442	\$ 2,438	\$ 546	\$ (13)	\$ 5,335