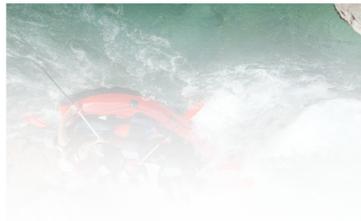


Part D: Required Supplementary Information Section (Unaudited)



REQUIRED SUPPLEMENTARY INFORMATION

DEFERRED MAINTENANCE AND REPAIRS

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

DM&R 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. DM&R 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.

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

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

Noncritical maintenance is defined as a potential risk to the public or employee safety or health (e.g., compliance with codes, standards, or regulations) and potential adverse consequences to natural resources or mission accomplishment. The Forest Service uses condition surveys to estimate DM&R on all major classes of its PP&E. Over the past decade, the Forest Service has implemented a national effort to collect detailed data on infrastructure condition and maintenance and improvement needs. No DM&R exists for fleet vehicles as they are managed through the agency's working capital fund. Each fleet vehicle is maintained according to schedule. The cost of maintaining the remaining classes of equipment is expensed.

The agency is committed to sustaining a manageable level of infrastructure—disinvesting in infrastructure that can no longer be managed to appropriate standards, rightsizing its asset portfolio, and eliminating the substantial backlog of deferred maintenance.



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Estimated Deferred Maintenance and Repairs

DM&R estimates for most assets—except bridges—are based on condition surveys performed on a 5-year maximum revolving schedule. The bridge class is on a 2-year maximum revolving schedule. To date, surveys of all administrative buildings, dams, bridges, roads open to passenger cars, and recreation sites have been accomplished. The agency’s DM&R for National Forest System (NFS) roads is determined annually from random sample surveys, providing an 80-percent level of confidence.

The dollar amounts in Table 1, DM&R Totals by Asset Class, include:

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

TABLE 1. DM&R TOTALS BY ASSET CLASS AS OF SEPTEMBER 30, 2013 (IN MILLIONS)

Asset Class	Overall Condition	Critical Maintenance	Noncritical Maintenance	Cost To Return to Acceptable Condition
Bridge	Varies	\$38	\$172	\$210
Building	Varies	80	1,145	1,225
Dam	Varies	11	15	26
Fence	Varies	268	0	268
Handling Facility	Varies	22	0	22
Heritage	Varies	3	18	21
Minor Constructed Features	Varies	0	94	94
Roads	Varies	633	2,634	3,267
Trail	Varies	5	274	279
Trail Bridge	Varies	3	6	9
Wastewater System	Varies	16	16	32
Water System	Varies	51	47	98
Wildlife, Fish, and Threatened and Endangered Species	Varies	5	2	7
Grand Total		\$1,135	\$4,423	\$5,558

The overall condition of major asset classes ranges 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.

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Conditions of roads and bridges within the 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 U.S. Environmental Protection Agency and States.
3. Road management objectives developed through the National Forest Management Act forest planning process.
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 Pre-construction, and FSH 7709.56b, Transportation Structures Handbook.

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

Buildings shall comply with the National Life Safety Code, the Forest Service Health and Safety Handbook, and the Occupational Safety Health Administration as determined by condition surveys. These requirements are found in FSM 7310, Buildings and Related Facilities, revised November 19, 2004. The condition of administrative facilities ranges from poor to good, with approximately 42.9 percent needing major repairs or renovations, approximately 14 percent in fair condition, and 43.1 percent of the facilities in good condition.¹

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

Recreation facilities are located within recreation sites that range from highly developed sites to general forest areas such as 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. Recreation 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.

¹ These percentages are estimated for the FY 2013 Forest Service Financial Report, or AFR.

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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.

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

CONDITION OF HERITAGE ASSETS AND STEWARDSHIP LANDS

Heritage Assets

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

Stewardship Land

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



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

In FY 2013, the Forest Service developed the Invasive Species Framework to provide a vision for future agency policies and management strategies for all invasive species. Invasive species of insects, diseases, and plants continue to affect our native ecosystems by causing mortality to, or displacement of, native vegetation. The agency also released the next iteration of the National Insect and Disease Risk Map in FY 2013, providing a comprehensive public online database containing 750 forest pest hazard and risk models to support forest management across all landscapes. This key resource is used by not only the Forest Service, but by State and academic partners across the country.

The FY 2013 year-to-date accomplishments on NFS and State and Private Forestry lands include treatment of 761,000 acres for invasives and 107,000 acres for native pests. These numbers should be considered preliminary, with final amounts of acres treated for invasives and native pests on NFS lands are available at <http://www.fs.fed.us>.

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TABLE 2. COMBINED STATEMENT OF BUDGETARY RESOURCES BY MAJOR BUDGET ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2013 (IN MILLIONS)

	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
Budgetary Resources								
Unobligated Balance Brought Forward, October 1	\$180	\$44	\$104	\$63	\$181	\$677	\$143	\$1,392
Unobligated Balance Brought Forward, October 1, as Adjusted	180	44	104	63	181	677	143	1,392
Recoveries of Prior Year Unpaid Obligations	1	0	5	5	10	0	0	21
Unobligated Balance from Prior Year Budget Authority, net	181	44	109	68	191	677	143	1,413
Appropriations (Discretionary & Mandatory)	1,572	297	321	346	2,532	585	0	5,653
Spending Authority from Offsetting Collections (Discretionary & Mandatory)	56	18	45	26	258	26	284	713
Total Budgetary Resources	\$1,809	\$359	\$475	\$440	\$2,981	\$1,288	\$427	\$7,779
Status of Budgetary Resources								
Obligations Incurred	\$1,676	\$325	\$372	\$383	\$2,895	\$796	\$245	\$6,692
Unobligated Balance, End of Year:								
Apportioned (Note 2)	119	35	100	50	111	203	198	816
Unapportioned (Note 2)	14	(1)	3	7	(25)	289	(16)	271
Total Unobligated Balance, End of Year	133	34	103	57	86	492	182	1,087
Total Status of Budgetary Resources	\$1,809	\$359	\$475	\$440	\$2,981	\$1,288	\$427	\$7,779
Change in Obligated Balance								
Unpaid Obligations, Brought Forward, October 1	\$408	\$143	\$612	\$215	\$1,016	\$118	\$45	\$2,557
Obligations Incurred	1,676	325	372	383	2,895	796	245	6,692
Outlays (Gross) (-)	(1,658)	(342)	(402)	(448)	(2,983)	(801)	(243)	(6,877)
Recoveries of Prior Year Unpaid Obligations (-)	(1)		(5)	(5)	(10)	0	0	(21)
Unpaid Obligations, End of Year	\$425	\$126	\$577	\$145	\$918	\$113	\$47	\$2,351

Required Supplementary Information—Unaudited
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TABLE 2. COMBINED STATEMENT OF BUDGETARY RESOURCES BY MAJOR BUDGET ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2013 (IN MILLIONS) (CONTINUED)

	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
Uncollected Payments								
Uncollected Customer Payments From Federal Sources, Brought Forward, October 1 (-)	\$(92)	\$(41)	\$(71)	\$(63)	\$(262)	\$0	\$(2)	\$(531)
Change in Uncollected Customer Payments from Federal Sources (+ or -)	(3)	2	(20)	(6)	146	0	(47)	72
Uncollected Customer Payments From Federal Sources, End of Year (-)	\$(95)	\$(39)	\$(91)	\$(69)	\$(116)	\$0	\$(49)	\$(459)
Memorandum (non-add) Entries:								
Obligated Balance, Start of Year (+ or -)	\$316	\$102	\$541	\$152	\$754	\$118	\$43	\$2,026
Obligated Balance, End of Year (+ or -)	330	87	486	76	802	113	(2)	1,892
Budget Authority and Outlays, Net								
Budget Authority, Gross (Discretionary and Mandatory)	\$1,628	\$315	\$366	\$372	\$2,790	\$611	\$284	\$6,366
Actual Offsetting Collections (Discretionary and Mandatory)	(54)	(20)	(26)	(20)	(402)	(26)	(237)	(785)
Change in Uncollected Customer Payments from Federal sources (Discretionary and Mandatory) (+ or -)	(3)	2	(20)	(6)	146	0	(47)	72
Budget Authority, net (Discretionary and Mandatory)	\$1,571	\$297	\$320	\$346	\$2,534	\$585	\$0	\$5,653
Outlays, Gross (Discretionary and Mandatory)	\$1,658	\$342	\$402	\$448	\$2,983	\$801	\$243	\$6,877
Actual Offsetting Collections (Discretionary and Mandatory)	(54)	(20)	(26)	(20)	(402)	(26)	(237)	(785)
Outlays, net (Discretionary and Mandatory)	1,604	322	376	428	2,581	775	6	6,092
Distributed Offsetting Receipts (-)	(271)	0	0	0	0	(422)	0	(693)
Agency Outlays, net (Discretionary and Mandatory)	\$1,333	\$322	\$376	\$428	\$2,581	\$353	\$6	\$5,399

Required Supplementary Information—Unaudited
For the Years Ended September 30, 2013 and 2012

TABLE 3. COMBINED STATEMENT OF BUDGETARY RESOURCES BY MAJOR BUDGET ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2012 (IN MILLIONS)

	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
Budgetary Resources								
Unobligated Balance Brought Forward, October 1	\$207	\$42	\$91	\$102	\$377	\$955	\$133	\$1,907
Unobligated Balance Brought Forward, October 1, as Adjusted	207	42	91	102	377	955	133	1,907
Recoveries of Prior Year Unpaid Obligations	7	2	7	11	100	3	1	131
Other Changes in Unobligated Balance (+ or -)	0	0	(2)	0	175	(175)	0	(2)
Unobligated Balance from Prior Year Budget Authority, net	214	44	96	113	652	783	134	2,036
Appropriations (Discretionary & Mandatory)	1,588	321	334	353	2,023	677	0	5,296
Spending Authority From Offsetting Collections (Discretionary & Mandatory)	57	21	78	28	300	29	245	758
Total Budgetary Resources	\$1,859	\$386	\$508	\$494	\$2,975	\$1,489	\$379	\$8,090
Status of Budgetary Resources								
Obligations Incurred	\$1,679	\$342	\$404	\$432	\$2,793	\$812	\$236	\$6,698
Unobligated Balance, End of Year:								
Apportioned (Note 2)	160	34	96	55	115	309	31	800
Unapportioned (Note 2)	20	10	8	7	67	368	112	592
Total Unobligated Balance, End of Year	180	44	104	62	182	677	143	1,392
Total Status of Budgetary Resources	\$1,859	\$386	\$508	\$494	\$2,975	\$1,489	\$379	\$8,090
Change in Obligated Balance								
Unpaid Obligations, Brought Forward, October 1	\$467	\$157	\$610	\$383	\$984	\$124	\$46	\$2,771
Obligations Incurred	1,679	342	404	432	2,793	812	236	6,698
Outlays (Gross) (-)	(1,731)	(354)	(395)	(589)	(2,661)	(815)	(236)	(6,781)
Recoveries of Prior Year Unpaid Obligations (-)	(7)	(2)	(7)	(11)	(100)	(3)	(1)	(131)
Unpaid Obligations, End of Year	\$408	\$143	\$612	\$215	\$1,016	\$118	\$45	\$2,557
Uncollected Payments								

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For the Years Ended September 30, 2013 and 2012

TABLE 3. COMBINED STATEMENT OF BUDGETARY RESOURCES BY MAJOR BUDGET ACCOUNT FOR THE YEAR ENDED SEPTEMBER 30, 2012 (IN MILLIONS) (CONTINUED)

	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
Uncollected Customer Payments from Federal Sources, Brought Forward, October 1 (-)	\$(102)	\$(40)	\$(52)	\$(61)	\$(229)	\$0	\$(1)	\$(485)
Change in Uncollected Customer Payments from Federal Sources (+ or -)	10	(1)	(19)	(2)	(33)	0	(1)	(46)
Uncollected Customer Payments from Federal Sources, End of Year (-)	\$(92)	\$(41)	\$(71)	\$(63)	\$(262)	\$0	\$(2)	\$(531)
Memorandum (non-add) Entries								
Obligated Balance, Start of Year (+ or -)	\$365	\$117	\$558	\$322	\$755	\$124	\$45	\$2,286
Obligated Balance, End of Year (+ or -)	316	102	541	152	754	118	43	2,026
Budget Authority and Outlays, Net								
Budget Authority, Gross (Discretionary and Mandatory)	\$1,645	\$342	\$412	\$381	\$2,323	\$706	\$245	\$6,054
Actual Offsetting Collections (Discretionary and Mandatory)	(67)	(19)	(60)	(26)	(268)	(29)	(243)	(712)
Change in Uncollected Customer Payments from Federal sources (Discretionary and Mandatory) (+ or -)	10	(1)	(19)	(2)	(33)	0	(1)	(46)
Budget Authority, Net (Discretionary and Mandatory)	\$1,588	\$322	\$333	\$353	\$2,022	\$677	\$1	\$5,296
Outlays, Gross (Discretionary and Mandatory)	\$1,731	\$354	\$395	\$589	\$2,661	\$815	\$236	\$6,781
Actual Offsetting Collections (Discretionary and Mandatory)	(67)	(19)	(60)	(26)	(268)	(29)	(243)	(712)
Outlays, net (Discretionary and Mandatory)	1,664	335	335	563	2,393	786	(7)	6,069
Distributed Offsetting Receipts (-)	(31)	0	0	0	0	(499)	0	(530)
Agency Outlays, Net (Discretionary and Mandatory)	\$1,633	\$335	\$335	\$563	\$2,393	\$287	\$(7)	\$5,539