

REQUIRED SUPPLEMENTARY INFORMATION

DEPARTMENT OF DEFENSE

***REQUIRED SUPPLEMENTARY
INFORMATION***

REQUIRED SUPPLEMENTARY INFORMATION

(This page intentionally left blank)

REQUIRED SUPPLEMENTARY INFORMATION

**Department of Defense
DISAGGREGATED STATEMENT OF BUDGETARY RESOURCES
For the year ended September 30, 1999
(\$ In Millions)**

	Military Personnel	Operation & Maintenance	Procurement	Research, Development, Test & Evaluation	Military Construction/ Family Housing
BUDGETARY RESOURCES:					
Budget Authority	\$ 70,650.6	\$ 104,012.0	\$ 50,266.9	\$ 38,364.8	\$ 4,087.2
Unobligated Balance - Beginning of Period	733.3	2,549.7	14,342.2	4,624.0	2,783.1
Net Transfers Prior-Year Balance, Actual (+/-)	(39.8)	447.2	144.6	31.3	(36.4)
Spending Authority from Offsetting Collections	550.1	14,435.7	692.0	3,986.2	2,957.7
Adjustments (+/-)	3,015.9	4,954.6	1,093.2	867.6	326.2
Total Budgetary Resources	\$ 74,910.1	\$ 126,399.2	\$ 66,538.9	\$ 47,873.9	\$ 10,117.8
STATUS OF BUDGETARY RESOURCES:					
Obligations Incurred	\$ 73,897.2	\$ 123,185.8	\$ 51,145.2	\$ 42,552.3	\$ 7,545.5
Unobligated Balances - Available	114.0	857.0	14,024.8	5,353.0	2,456.0
Unobligated Balances - Not Available	898.9	2,356.4	1,368.9	(31.4)	116.3
Total, Status of Budgetary Resources	\$ 74,910.1	\$ 126,399.2	\$ 66,538.9	\$ 47,873.9	\$ 10,117.8
OUTLAYS:					
Obligations Incurred	\$ 73,897.3	\$ 123,185.8	\$ 51,145.1	\$ 42,552.2	\$ 7,545.5
Less: Spending Authority From Offsetting Collections and Adjustments	(4,046.0)	(20,355.0)	(3,515.5)	(5,399.8)	(3,350.8)
Obligated Balance, Net - Beginning of Period	6,331.1	32,449.0	61,025.3	18,220.7	4,505.3
Obligated Balance Transferred, Net	-	-	-	-	-
Less: Obligated Balance, Net - End of Period	(6,674.8)	(37,346.9)	(60,664.2)	(17,968.6)	(4,576.8)
Total Outlays	\$ 69,507.6	\$ 97,932.9	\$ 47,990.7	\$ 37,404.5	\$ 4,123.2

REQUIRED SUPPLEMENTARY INFORMATION

**Department of Defense
DISAGGREGATED STATEMENT OF BUDGETARY RESOURCES
For the year ended September 30, 1999
(\$ In Millions)**

BUDGETARY RESOURCES:	Military Retirement Fund	Other General Funds	USACE Civil Works	Working Capital Funds	Combined Total
Budget Authority	\$ 38,091.1	\$ 19,094.9	\$ 4,546.8	\$ 4,890.0	\$334,004.3
Unobligated Balance - Beginning of Period	142,953.2	7,486.0	2,850.9	5,141.4	183,463.8
Net Transfers Prior-Year Balance, Actual (+/-)	-	(362.7)	-	370.4	554.6
Spending Authority from Offsetting Collections	-	2,207.6	3,742.9	73,355.2	101,927.4
Adjustments (+/-)	-	640.7	(8.5)	(2,388.2)	8,501.5
Total Budgetary Resources	\$ 181,044.3	\$ 29,066.5	\$ 11,132.1	\$ 81,368.8	\$628,451.6
STATUS OF BUDGETARY RESOURCES:					
Obligations Incurred	\$ 31,985.7	\$ 19,700.2	\$ 8,978.9	\$ 74,077.2	\$433,068.0
Unobligated Balances - Available	149,058.6	7,459.2	2,150.3	5,381.0	186,853.9
Unobligated Balances - Not Available	-	1,907.1	2.9	1,910.6	8,529.7
Total, Status of Budgetary Resources	\$ 181,044.3	\$ 29,066.5	\$ 11,132.1	\$ 81,368.8	\$628,451.6
OUTLAYS:					
Obligations Incurred	\$ 31,985.7	\$ 19,700.2	\$ 8,978.9	\$ 74,077.3	\$433,068.0
Less: Spending Authority From Offsetting Collections and Adjustments	-	(3,065.3)	(3,744.2)	(73,623.2)	(117,099.8)
Obligated Balance, Net - Beginning of Period	2,697.7	7,553.4	(355.4)	10,189.2	142,616.3
Obligated Balance Transferred, Net	-	-	-	(8.9)	(8.9)
Less: Obligated Balance, Net - End of Period	(2,794.2)	(6,772.7)	(380.7)	(10,410.6)	(147,589.5)
Total Outlays	\$ 31,889.2	\$ 17,415.6	\$ 4,498.6	\$ 223.8	\$310,986.1

REQUIRED SUPPLEMENTARY INFORMATION

Intragovernmental Amounts The intragovernmental amounts displayed in the following schedule, parts A, B, and C, represent transactions between the DoD and other federal entities.

Schedule, Part A DoD Intragovernmental Asset Balances The balances reflect DoD entity amounts with other federal agencies (\$ in Millions)	Treasury Index	Funds Balance with Treasury:	Accounts Receivable	Investments:	Other Assets:
Architect of the Capitol	01		\$ 0.1		
General Printing Office	05		2.3		
Other Legislative Branch Agencies	09		4.4		
Executive Office of the President, Defense Security Assistance Agency	11		356.8		\$ 508.8
Department of Agriculture	12		15.0		
Department of Commerce	13		11.7		
Department of the Interior	14		13.2		
Department of Justice	15		53.6		
Department of Labor	16		4.4		
United States Postal Service	18		0.2		
Department of State	19		24.2		
Department of the Treasury	20	\$ 175,659.7	391.6	\$ 159,681.1	
Nuclear Regulatory Commission	31		0.1		
Smithsonian Institution	33		0.7		
Department of Veterans Affairs	36		29.2		
General Service Administration	47		524.3		
National Science Foundation	49		2.8		
Federal Emergency Management Agency	58		114.5		
National Foundation on the Arts and Humanities	59		0.4		
Railroad Retirement Board	60		0.1		
Tennessee Valley Authority	64		0.4		
United States Information Agency	67		0.2		
Environmental Protection Agency	68		15.8		
Department of Transportation	69		121.3		
Agency for International Development	72		3.1		
Small Business Administration	73		0.2		
Department of Health and Human Services	75		22.5		
National Aeronautics and Space Administration	80		51.6		
Department of Housing and Urban Development	86		1.9		
Department of Energy	89		39.3		
Selective Service System	90		12.0		
Department of Education	91		1.5		
Independent Agencies	95		21.6		
Total		\$ 175,659.7	\$ 1,841	\$ 159,681.1	\$ 508.8

REQUIRED SUPPLEMENTARY INFORMATION

Schedule, Part B DoD Intragovernmental Entity Liabilities The balances reflect DoD entity amounts with other federal agencies (\$in Millions)	Treasury Index:	Accounts Payables:	Debts/Borrowings From Other Agencies:	Other Liabilities:
Government Printing Office	04	2.1	-	-
Executive Office of the President, Defense Security Assistance Agency	11	9.9	-	269.5
Department of Agriculture	12	1.4	-	1.5
Department of Commerce	13	2.7	-	0.2
Department of the Interior	14	15.4	-	(1.0)
Department of Justice	15	0.2	-	6.0
Department of Labor	16	-	-	3,328.3
United States Postal Service	18	0.1	-	-
Department of State	19	-	-	8.8
Department of the Treasury	20	2.4	\$ 1,177.9	4,334.8
Office of Personnel Management	24	-	-	61.6
Social Security Administration	28	-	-	0.1
Nuclear Regulatory Commission	31	-	-	0.1
Department of Veterans Affairs	36	-	-	0.7
General Service Administration	47	38.2	-	1.6
National Science Foundation	49	-	-	0.1
Federal Emergency Management Agency	58	-	-	14.1
Tennessee Valley Authority	64	3.6	-	-
Environmental Protection Agency	68	0.6	-	-
Department of Transportation	69	0.3	-	1.4
Department of Health and Human Services	75	0.7	-	0.8
National Aeronautics and Space Administration	80	-	-	17.1
Department of Energy	89	1.8	-	1.7
Total		\$ 79.4	\$ 1,177.9	\$ 8,047.4

REQUIRED SUPPLEMENTARY INFORMATION

Schedule, Part C DoD Intragovernmental Revenues and Related Cost The balances reflect DoD entity amounts with other federal agencies (\$ in Millions)	Treasury Index:	Earned Revenue:	Non-exchange Revenue:	Other:	Full Cost to Generate
Architect of the Capitol	01	0.1	-	-	
General Printing Office	05	5.6	-	-	
Congressional Budget Office	08	0.1	-	-	
Other Legislative Branch Agencies	09	5.3	-	-	
Executive Office of the President, Defense Security Assistance Agency	11	1,373.6	-	-	
Department of Agriculture	12	45.1	-	-	
Department of Commerce	13	492.3	-	-	
Department of the Interior	14	471.9	-	-	
Department of Justice	15	119.0	-	-	
Department of Labor	16	26.2	-	-	
United States Postal Service	18	0.3	-	-	
Department of State	19	488.1	-	-	
Department of the Treasury	20	13,274.0	-	-	
Office of Personnel Management	24	0.2	-	-	
Federal Communications Commission	27	0.1	-	-	
Social Security Administration	28	2.0	-	-	
Nuclear Regulatory Commission	31	1.9	-	-	
Smithsonian Institution	33	1.3	-	-	
Department of Veterans Affairs	36	204.8	-	-	
Appalachian Regional Commission	46	0.9	-	-	
General Service Administration	47	57.0	-	-	
National Science Foundation	49	42.3	-	-	
Federal Emergency Management Agency	58	261.4	-	-	
National Foundation on the Arts and Humanities	59	0.5	-	-	
Railroad Retirement Board	60	1.4	-	-	
Tennessee Valley Authority	64	0.7	-	-	
United States Information Agency	67	0.4	-	-	
Environmental Protection Agency	68	128.8	-	-	
Department of Transportation	69	1,272.8	-	-	
Agency for International Development	72	9.0	-	-	
Small Business Administration	73	3.1	-	-	
Department of Health and Human Services	75	37.9	-	-	
Farm Credit	78	0.4	-	-	
National Aeronautics and Space Administration	80	368.6	-	-	
Armed Forces Retirement Home	84	0.2	-	-	
Department of Housing and Urban Development	86	3.1	-	-	
Department of Energy	89	54.0	-	-	
Selective Service System	90	9.7	-	-	
Department of Education	91	0.2	-	-	
Independent Agencies	95	31.4	-	-	
Total		\$ 18,795.7	\$ -	\$ -	\$ 18,796

REQUIRED SUPPLEMENTARY INFORMATION

**Department of Defense
DEFERRED MAINTENANCE DISPLAY
As of September 30, 1999
(\$ in Thousands)**

General Property, Plant and Equipment

Property Type/Major Class

1. Real Property	
A. Buildings	\$ 39,975,016
B. Structures	2,606,688
C. Land	0
2. Total	<u>\$ 42,581,704</u>

National Defense Property, Plant and Equipment

Major Type

1. Aircraft	\$ 282,041
2. Ships ¹	1,627,653
3. Missiles	96,961
4. Combat Vehicles	47,395
5. Other Weapons Systems	664,826
6. Total	<u>\$ 2,718,876</u>

Note 1: The amount reported for Ships was derived from the Department of the Navy's Current Ship's Maintenance Project (CSMP) system, which is a database containing maintenance requirements for each ship in the fleet. The CSMP contains data on current, deferred and future maintenance requirements and, at this time, cannot easily segregate between them. Since a significant amount of the maintenance requirements in the CSMP is deferred maintenance, the full amount of ship maintenance requirements has been reported, rather than not report any deferred maintenance.

Narrative Statement:

During fiscal year 1999, the Federal Accounting Standards Advisory Board (FASAB) issued the Statement of Recommended Accounting Standard (SRAS) No. 14, "Amendments to Deferred Maintenance Reporting." While developing SRAS No. 14, the FASAB noted that the government-wide implementation experience to date for reporting amounts of deferred maintenance identified issues requiring clarification of the accounting standard. Those issues include: definitional problems, estimation methodologies, audit concerns, and the degree of flexibility afforded during the experimentation period. As a result, the Chief Financial Officers Council (CFOC) initiated a project to develop and recommend government-wide standard definitions, methods to calculate deferred maintenance estimates and more detailed guidance on the preparation and reporting of deferred maintenance estimates. The DoD is providing the overall leadership for the project, and recommendations to the CFOC are expected by the end of fiscal year 2000.

REQUIRED SUPPLEMENTARY INFORMATION

**Department of Defense
Revolving Fund
SEGMENT INFORMATION
As of September 30, 1999
(\$ In Thousands)**

	Defense Information Systems Agency	Defense Commissary Agency	Joint Logistics Systems Command	Defense Security Service	Defense Logistics Agency	Defense Finance and Accounting Service	U.S. Transportation Command	Total
Fund Balance	\$ (49,096)	\$ 214,443	\$ (29,479)	\$ 4,419	\$ -	\$ -	\$ 277,973	\$ 418,260
Accounts Receivable	263,576	181,372	(2,395)	-	1,059,306	88,926	725,427	2,316,212
Property Plant and Equipment	267,324	5,845	93,363	1,984	984,827	1,032,410	1,266,459	3,652,212
Other Assets (Note 1 and Note 6)	2,290	316,544	-	129	9,885,917	17,299	152,217	10,374,396
Liabilities Due and Payable for Goods and Services Received (Note 2)	362,157	662,427	40,976	14,600	1,707,524	235,750	610,350	3,633,784
Deferred Revenue	-	-	-	-	-	-	-	-
Other Liabilities (Note 3)	76,629	228,620	363	26,513	722,273	121,997	604,968	1,781,363
Cumulative Results of Operations (Note 4)	46,291	(172,843)	20,150	(34,580)	9,500,253	791,677	1,206,757	11,357,705
For the period ended September 30, 1999								
The Full Cost of Goods and Services Provided (Note 5)	\$2,514,691	\$6,039,006	\$7,813	\$190,485	\$14,696,709	\$1,645,857	\$4,610,385	\$29,704,946
The Related Exchange Revenue	2,247,016	4,988,499	-	166,371	14,459,545	1,596,035	4,528,524	27,985,990
The Excess of Costs Over Exchange Revenue	<u>\$ 267,675</u>	<u>\$ 1,050,507</u>	<u>\$ 7,813</u>	<u>\$ 24,114</u>	<u>\$ 237,164</u>	<u>\$ 49,822</u>	<u>\$ 81,861</u>	<u>\$ 1,718,956</u>

DeCA NOTES:

Note 1: Amount includes \$315.7 million for Inventory and Related Property and \$0.9 million in advances.

Note 2: Amount includes workers compensation benefit liability of \$33.5 million. This amount is reported as funded. CFOFS application does not allow proper treatment as unfunded on the balance sheet and proper treatment on the Statement of Financing.

Note 3: Amount includes \$30.6 million in unfunded annual leave and \$20.4 million in accrued payroll and benefits and \$1.2 million for delinquent worker's compensation. Future workman's comp is \$16.5 million for year 2000 and \$16.2 million for year 2001. The amount of \$143.7 million is current unfunded workers compensation liability.

Note 4: Amount includes \$183.4 million in Unexpended Appropriations.

Note 5: Amount includes the difference between prior year and current year unfunded annual leave of \$1.6 million and the difference between prior year and current year unfunded worker's compensation of \$55.1 million and liability of \$16.2 million.

DLA NOTE:

Note 6: Amount includes \$9.4 billion of Inventory and Related Property.

REQUIRED SUPPLEMENTARY INFORMATION

Narrative

Defense Information Systems Agency

The Defense Information Systems Agency (DISA) – Defense Working Capital Fund (DWCF) entities, the Defense Megacenters and the Communications Information Services Activity, provide data processing, and telecommunication and information systems, services and support to the Department of Defense (DoD) and other federal government customers under a revolving fund concept. These funds are represented by fund symbol 97X4930. DISA's major customers are: Army, Navy, Air Force, DFAS and DLA.

Defense Commissary Agency

Commissary Operations fund finances operations cost for resale stores, command and region headquarters and operations support center. This fund is a primary activity group of the DWCF and receives appropriated funds annually. Commissary Resale Stocks fund finances the purchases of inventory for resale items to be sold to commissary patrons. This fund is a major activity group of the DWCF, requiring no appropriated fund support. Revenues from sales are used to replace inventory sold.

Joint Logistics Systems Center

The Assistant Secretary of Defense for Production and Logistics (ASD(P&L)), directed that a Joint Logistics Systems Center (JLSC) be established effective December 31, 1991. The JLSC was established as a separate DWCF business area. The JLSC implements integrated business process improvements by managing the development, integration, implementation and maintenance of the logistics business areas for Depot Maintenance and Supply Management. The JLSC mission requires that it take a central role in the logistics functional area. The JLSC will facilitate, in conjunction with the functional communities, the identification of corporate business improvements, and the appropriate application of Automated Information Systems (AIS) and related technologies to maximize operational effectiveness and achieve cost savings. The JLSC will employ data standardization to support corporate logistics systems design, development, integration, implementation and maintenance. On August 18, 1997, the Acting Under Secretary of Defense (Comptroller) approved the final decisions and approved recommendations resulting from the Working Capital Fund Study Group. Among the decisions was one to terminate JLSC and begin to devolve its programs and responsibilities to the individual components no later than October 1, 1997. The decision included a prohibition of any new starts at JLSC, required the individual activity groups or DWCFs to be responsible for financing the liquidation of any unfunded liabilities remaining at JLSC, and directed the return of any unneeded cash and financial assets not used for paying off program liabilities or program shutdown costs or not needed for the initial deployments of systems developed by JLSC. FY 1999 was the second year JLSC operated as a residual activity.

Defense Security Service

Effective October 1, 1998, Defense Security Service (DSS) was transferred from a direct appropriation to a separate activity group in the DWCF. This transfer also reflected a name change from the Defense Investigative Service to the DSS. Full implementation of the DSS as a DWCF will begin with FY 2000. These activities provide goods and services on a commercial-like basis. Receipts derived from operations generally are available in their entirety for use without further congressional action.

The DSS was chartered to administer two major programs: Personnel Security Investigations (PSI) and National Industrial Security Programs (NISP). The mission of the PSI program is to conduct background investigations on individuals assigned to or affiliated with the Department of

REQUIRED SUPPLEMENTARY INFORMATION

Defense. The investigative product which contains information concerning an individual's character, loyalty, emotional stability, and reliability, is used to determine if a security clearance should be granted. The purpose of the NISP is to ensure that private industry, while performing on government contracts, properly safeguards classified information in its possession. The DSS also administers the Key Asset Protection Program and the Arms, Ammunition, and Explosives Program.

Defense Logistics Agency

The Defense Logistics Agency (DLA) is a combat support agency responsible for worldwide logistics support throughout the DoD. The primary focus of DLA is to provide logistics support to the war fighter. In addition, DLA provides support to relief efforts during times of national emergency. DLA's major DoD customers are the Army, Navy, and Air Force. Their other major federal government customers are the Department of Agriculture, and the Department of Transportation. The DLA organization has five active entity sub-organizations funded through the DWCF. These sub-organizations are referred to as activity groups and are as follows:

The Supply Management Activity Group (Supply), appropriation symbol 97X4930.5C, helps carry out its mission by procuring, managing and supplying over three billion consumable items to Military Departments, other DoD Components, federal agencies and selected foreign governments.

The Distribution Depot Activity Group (Distribution), appropriation symbol 97X4930.5B, receives, stores and distributes commodities, principal end items, and depot level reparable for the Military Departments, other DoD Components, federal agencies, and selected foreign governments.

The Defense Reutilization and Marketing Service Activity Group (DRMS), appropriation symbol 97X4930.5N, provides utilization services which include receiving, classifying, segregating, demilitarizing, accounting for and reporting excess material for screening, lotting, merchandising, and sale. They also have the mission of hazardous property disposal and the economic recovery of precious metals from excess and surplus precious metal-bearing material.

The Information Services Activity Group, appropriation symbol 97X4930.5F50, provides information management support. The mission of this information services business is to provide integrated information management support by delivering products and services of increasing quality and decreasing cost, on time and within budget.

The Defense Automated Printing Service Activity Group (DAPS), appropriation symbol 97X4930.5G, is responsible for document automation and printing within the DoD, encompassing electronic conversion, retrieval, output, and distribution of digital and hardcopy.

Defense Finance and Accounting Service

Defense Finance and Accounting Service (DFAS) was created in 1991. The mission of DFAS is to provide responsive, professional finance and accounting service to the DoD in times of peace and conflict. DFAS has prepared the annual financial statements as required by the CFO Act and the GMRA since 1994.

DFAS's major activities are funded through working capital funds. The DoD expanded the use of businesslike financial management practices through the establishment of the Defense Business Operations Fund (DBOF) on October 1, 1991. On December 11, 1996, the DBOF became the DWCF. The DWCF ("the Fund") operates with financial principles that provide improved cost visibility and accountability to enhance business management and improve the decision making process. The Fund builds on revolving fund principles previously used for industrial and commercial-type activities. The Department's working capital funds include industrial and commercial type transactions. These activities provide supplies and inventories to Defense

REQUIRED SUPPLEMENTARY INFORMATION

Department organizations on a commercial basis. Receipts derived from resale operations are normally available to DFAS for use without further congressional action.

Transactions are generally recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when a liability is incurred, without regard to receipt of payment of cash. Budgetary accounting is accomplished through unique general ledger accounts to facilitate compliance with legal and internal control requirements associated with the use of federal funds.

U.S. Transportation Command

Secretary of Defense memorandum, dated February 14, 1992, prescribed the creation of a consolidated service transportation command. United States Transportation Command (USTRANSCOM) represents the single DoD financial manager for all common-user transportation in peace and war. Its components include (1) Headquarters, USTRANSCOM (HQTRANS); (2) Air Mobility Command (AMC); (3) Military Traffic Management Command (MTMC); (4) Military Sealift Command (MSC); and (5) Defense Courier Service (DCS). The Army and Navy continue to manage their own service-unique transportation functions.

