

DEFENSE-WIDE WORKING CAPITAL FUND CASH

The table below displays the actual DWWCF cash balance at the end of FY 2013 and projected balances for year-end through FY 2015. These plans project a decrease of \$1,278.9 million in cash from the beginning of FY 2013 thru FY 2015, and 4.2 days of cash at the end of FY 2015.

Dollars in Millions	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Beginning of Period, Cash	2,209.8	2,683.4	1,298.7
Disbursements	47,743.6	49,817.0	48,302.4
Collections	46,747.1	48,719.7	47,804.1
Net Outlays	996.5	1,097.3	498.3
<u>Direct Appropriation</u>			
FY 2013 Received	39.1		
FY 2014 Received		46.4	
FY 2015 Request			44.3
<u>Overseas Contingency Operations Appropriation</u>			
FY 2013 Received	191.0		
FY 2014 Received		131.7	
FY 2015 Request			86.2
<u>Transfers</u>	1,240.0	-465.5	0.0
End of Period, Cash	2,683.4	1,298.7	930.9

FY 2013 Cash: The DWWCF Cash balance increased \$473.6 million due to Net Transfers of \$1,240.0 million. This was partially offset by net outlays of \$996.5 million. The DWWCF received \$230.1 million in appropriated funding. This included \$39.1 million in direct appropriations for Reutilization, Transfer, and Disposal (RTD) costs and \$191.0 million in Overseas Contingency Operations (OCO) appropriations. The DLA SCM received \$191.0 million primarily for continuing operations at the six established DLA Disposition Services' sites (four in

- caused by a decreasing customer Operations Tempo
- (2) residual disbursements to the Military Services for F/A-18 and CIT stock
 - (3) AOR return to customers

This submission requests \$44.3 million in direct appropriations for RTD costs and \$86.2 million in OCO funding. Of the \$86.2 million requested, the DLA Energy Management is requesting \$46.9 million and the DLA SCM is requesting \$39.3 million. The FY 2015 ending cash balance is projected to be \$930.9 million or 4.2 days of cash.

DLA Disposition Services is responsible for the reuse, or reutilization, of excess and surplus personal property within the DoD. In FY 2013, over \$2.3 billion worth of personal property will be reutilized, minimizing the need for the Department to reinvest in these items. If property is not reutilized, it is made available for transfer to other Federal agencies. Remaining property becomes surplus and is made available for donation to authorized state agencies and charitable organizations. Property that cannot be reutilized, may be offered for competitive sale to the public, recycled, or disposed. DLA Disposition Services also performs other vital DoD missions; such as scrap metal recovery, demilitarization (DEMIL), and hazardous waste disposal.

Supply Chain Management Statement of Revenue and Expenses

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Revenue	21,455.9	22,050.0	21,327.5
Expenses	21,629.3	22,621.8	21,901.5
Operating Result	-173.4	-571.8	-574.1
Operating Result Adjustments			
Capital Surcharge	73.5	74.9	76.7
Direct Appropriation	39.1	46.6	44.3
Cash Surcharge	-227.6	-497.6	-42.8
Inventory Surcharge	-256.4	-217.4	-47.7
OCO Appropriation	191.0	46.7	39.3
Net Operating Results	-357.5	-1,118.6	-504.3
Prior Year Accumulated Operating Results (AOR)	1,862.2	1,504.8	287.7
Other Changes Affecting AOR	0.0	-98.4	-287.3
Ending AOR for Budget	1,504.7	287.7	-503.9

Energy Management

The DLA Energy provides comprehensive worldwide energy support for the military services and other authorized customers. DLA Energy serves as the Department's Executive Agent for the bulk petroleum supply chain. Energy business includes sales of petroleum and aerospace fuels; natural gas products; arranging for petroleum support services; providing facility/equipment maintenance on fuel

infrastructure; performing energy-related environmental assessment and cleanup; coordinating bulk petroleum transportation; performing petroleum quality surveillance functions worldwide; and assistance to the military services regarding procurement of electricity and privatization of their utility systems.

Energy Management Statement of Revenue and Expenses:

Energy NOR (Dollars in Millions)	FY 2013	FY 2014	FY 2015
Revenue	16,852.6	16,648.7	16,417.8
Expenses	17,442.9	17,334.6	16,293.2
Operating Results	-590.3	-685.9	124.6
Appropriations	130.4	85.0	47.0
Transfers	1,263.6	-347.5	0.0
Net Operating Results	803.7	-948.4	171.6
Prior Year Accumulated Operating Results(AOR)	71.9	875.6	-72.8
Other Changes Affecting AOR	0.0	0.0	-98.8
Accumulated Operating Results	875.6	-72.8	0.0

Document Services

The DLA Document Service is responsible for DoD printing, duplicating, and document automation programs. This responsibility encompasses the full range of automated services to include: conversion, electronic storage and output, and distribution of hard copy and digital information. Document Services provides time sensitive, competitively priced, high quality products and services that are produced either in-house or procured through the Government Printing Office.

The DLA Document Services value to DoD is twofold. First, Document Services provides a full portfolio of best value document services ranging from traditional offset printing, through on-demand output, to online document services. Second, Document Services actively functions as a transformation agent moving DoD toward the use of online documents and services. These services include building

cost to the Military Services and DLA for the support provided by USTC for IDE data. Projections are in the table below:

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Army	19.752	18.073	16.418
Navy	19.752	15.544	16.418
Air Force	19.752	16.599	16.418
DLA	19.752	14.499	16.418
Total	79.008	64.715	65.672

Changes from FY 2014 to FY 2015 are due to cost savings identified for Integrated Data Environment (IDE) sustainment support, therefore removing the USTC portion of the IDE bill. Additionally, the realignment of the IDE support which beginning in FY15 will be part of the DLA Transaction Services core mission support, allows for the equal division of the core services costs for the Military Services and DLA. Above mentioned adjustments along with increases which are driven by non-labor inflation costs accounted for the in changes in to the SLB in FY 2015.

ANALYSIS OF BUDGET STATEMENTS:

Supply Chain Management (SCM) Statement of Revenue and Expenses:

Revenue and expenses are projected to be lower than stated in President's Budget FY 2014 primarily due to decreased sales and lower costs. Workload is forecasted to decrease each year from the FY 2014 baseline level. The AOR is projected to be at zero in FY 2016.

DLA SCM NOR/AOR expenses exclude non-recoverable items such as property disposal transfers, net acquisition cost changes, returns without credit, and other changes.

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Revenue	21,455.9	22,050.0	21,327.5
Expenses	21,629.3	22,621.8	21,901.5
Operating Result	-173.4	-571.8	-574.1
Operating Result Adjustments			
Capital Surcharge	73.5	74.9	76.7
Direct Appropriation	39.1	46.6	44.3
Cash Surcharge	-227.6	-497.6	-42.8
Inventory Surcharge	-256.4	-217.4	-47.7
OCO Appropriation	60.6	46.7	39.3

Net Operating Results	-357.5	-1,118.6	-504.3
Prior Year Accumulated Operating Results (AOR)	1,862.2	1,504.8	287.7
Other Changes Affecting AOR	0.0	-98.4	-287.3
Ending AOR for Budget	1,504.7	287.7	-503.9

CASH PROJECTIONS

The FY 2013 cash loss of \$477.0 million is due to net outlays from lower sales based on forecasted lower customer demand, payments for Audit Readiness contracts, lowering the cost recovery rate, the return of Accumulated Operating Results (AOR) to customers, and correcting a previous year customer price change issue. DLA SCM received \$60.6 million in appropriated funding and transferred out \$23.6 million. The transfer out to the Army Working Capital Fund (WCF) for Consumable Item Transfers was partially offset by the transfer in from DLA Energy.

The FY 2014 projected cash loss of \$636.7 million is due to net outlays from lower sales based on forecasted lower customer demand, payments for Audit Readiness contracts, disbursing for Logistics Reassignment of Items (Navy: F/A-18 and Consumable Item Transfers), disbursing for materiel with a long financial lead time for which obligations were made in a prior fiscal year, disbursing for FY 2013 overseas contingency operations obligations, and the return of AOR to customers. This submission includes a request for \$93.3 million in appropriated funding and a \$118.0 million transfer out to the Army WCF for Consumable Item Transfers.

The FY 2015 projected cash loss of \$721.1 million is due to net outlays from lower sales based on forecasted lower customer demand, payments for Audit Readiness contracts, and disbursing for Logistics Reassignment of Items (Navy: Consumable Item Transfers). This submission includes a request for \$83.6 million in appropriated funding.

DLA Supply Chain Management Summary

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Disbursements	22,427.0	22,859.7	21,972.5
Collections	21,873.9	22,247.7	21,167.8
Net Outlays	553.1	612.0	804.7
Direct Appropriation	39.1	46.6	44.3
Overseas Contingency Operations (OCO) Appropriation	60.6	46.7	39.3
Transfers	-23.6	-118.0	0.0
Cash Gain (-)/Loss (+)	477.0	636.7	721.1

and other enhancement initiatives. Software category decreased in FY 2015 due primarily to eProcurement and other EBS initiatives reaching the sustainment phase.

The minor construction investments will construct new, replace existing, or modify current facilities to enhance mission performance. Minor construction projects include altering facilities to accommodate mission consolidation and relocation, upgrading security facilities (gates, fences, and lighting) to meet current Anti-Terrorism/Force Protection standards and renovating demilitarization facilities.

Defense-Wide Working Capital Fund Appropriations (including all categories):

Appropriations for FY 2013 through FY 2015 included in this submission are detailed in the following table and narrative.

DLA SCM Appropriations: (Dollars in Millions)	FY 2013 Enacted	FY 2014 Enacted	FY 2015 Request
Direct:			
Reutilization, Transfer and Disposal Costs	39.1	46.6	44.3
Total Direct Appropriation	39.1	46.6	44.3
Overseas Contingency Operations(OCO) Appropriation:			
Theater Consolidation and Shipping Point(TCSP) Kuwait OCO	11.3	-	-
DLA Distribution Kuwait (DDKS) Kuwait OCO	6.4	-	-
Theater Distribution - Afghanistan	11.2	7.7	-
DLA Disposition Services	25.2	35.5	35.5
DLA Land & Maritime	3.7	-	-
IT Communications	2.3	3.0	3.3
IT Contractor Support	.5	.5	.5
Corporate Support	-	-	-
Total OCO Appropriation	60.6	46.7	39.3
Total DLA SCM	99.7	93.3	83.6

Direct Appropriation - Part of DLA Disposition Services mission is to reutilize, transfer, or donate to authorized DoD and non-DoD

state excise taxes collected on sales. In FY 2013, DLA Energy received a supplemental for \$969M in April 2013 as a transfer in from the Foreign Currency Fluctuation Account as well as a \$425M transfer in September 2013. After receipt of the initial supplemental, DLA Energy returned approximately \$550M to the military services based on direction by the Office of the Secretary of Defense (OSD). Overseas Contingency Operations supplemental of \$85M are included for FY 2014 and \$47M for FY 2015.

Energy NOR (Dollars in Millions)	FY 2013	FY 2014	FY 2015
Revenue	16,852.6	16,648.7	16,417.8
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Operating Results	-590.3	-685.9	124.6
Overseas Contingency Operations(OCO)Appropriations	130.4	85.0	47.0
Transfers	1,263.6	-347.5	0.0
Net Operating Results	803.7	-948.4	171.6
Prior Year Accumulated Operating Results(AOR)	71.9	875.6	-72.8
Other Changes Affecting AOR	0.0	0.0	-98.8
Accumulated Operating Results	875.6	-72.8	0.0

CASH:

Pricing decisions, market conditions, and workload estimates result in projections for cash collections, disbursements, and net outlays.

(Dollars in Millions)	FY 2013	FY 2014	FY 2015
Disbursements	17,144.7	17,067.3	16,220.9
Collections	16,597.5	16,505.8	16,417.7
Net Outlays	547.2	561.5	-196.8
Overseas Contingency Operations(OCO)Appropriations	130.4	85.0	47.0
Transfers	1,263.6	-347.5	0.0
Cash Gain (-)/Loss (+)	-846.8	824.0	-243.8

operations in Afghanistan, and reflect the changes to what was previously enacted:

(Dollars in Millions)	FY 2013 Executed	FY 2014 Enacted	FY 2015 Request
Combat Fuel Losses	1.9	10.0	10.0
Fuel Trans/Terminal Ops/Aerospace (Operations)	69.1	75.0	37.0
TOTAL	71.0	85.0	47.0