

CHAPTER 10
PUBLIC ENTERPRISE, MANAGEMENT, AND TRUST FUNDS
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CHAPTER 10

PUBLIC ENTERPRISE, MANAGEMENT, AND TRUST FUNDS**1001 GENERAL****100101 Purpose**

A. This chapter highlights the policies and justification procedures underlying budget formulation and congressional justification.

B. The following accounts are covered:

Section

1002

Public Enterprise Funds

- National Defense Stockpile Transaction Fund
- Pentagon Reservation Maintenance Revolving Fund
- National Defense Sealift Fund
- Buildings Maintenance Fund

Management Funds

- Conventional Ammunition Working Capital Fund (*Ceases operating as a revolving fund at the end of FY 1998. Will process existing orders on hand through Revolving Fund Accounts until complete.*)

Trust Funds

- National Security Education Trust Fund
- Surcharge Collections, Sales of Commissary Stores, Defense
(see Section 010603 for listing of all current trust fund accounts)

100102 Background

A. Public Enterprise Funds are expenditure accounts authorized by Congress to be credited with collections, primarily from the public, that are generated by, and earmarked to finance, a continuing cycle of business-type operations.

B. Trust Funds. The following definitions apply to trust fund accounts.

1. Trust fund receipt account. Trust fund receipt accounts are credited with receipts generated by the terms of a trust agreement or statute. At the point of collection, these receipts are available for transfer to a trust fund expenditure account or are not available for transfer depending upon the terms of the trust agreement or statutory authority.

2. Trust fund expenditure account. Trust fund expenditure accounts are established to record amounts appropriated or otherwise made available by transfer from a trust fund receipt account to be obligated and expended in carrying out the specific purposes or programs in accordance with the terms of the trust agreement or statute. Funds transferred or appropriated to a trust fund expenditure account are normally available for obligation and expenditure within the limits imposed by the trust agreement or authorizing statute.

3. Trust revolving fund account. A trust revolving fund is a single account that is authorized to be credited with receipts and incur obligations and expenditures in support of a continuing cycle of business-type operations in accordance with the provisions of the trust agreement or statute. Trust revolving fund receipts are available for obligation and expenditure without further action by Congress.

4. Unavailable collections. Are either (1) unappropriated receipts or receipts that are precluded from obligation because of a provision of law, such as a benefit formula or limitation on obligations in PY, CY, or BY1/BY2, or (2) collections unavailable for obligation because of limitations on obligations in PY, CY, or BY1/BY2. Section 36.6 of OMB Circular A-11 provides instructions on MAX Schedule N on unavailable collections for trust funds and O&M special funds which Federal agencies must include in their annual budget submission to OMB.

100103 General

A. In general, DoD trust funds authorized to incur obligations and expend receipts have been exempted from apportionment by OMB. However, the Surcharge Collections, Sales of Commissary Stores, Defense trust revolving fund, and the National Security Education Trust Fund are subject to apportionment by OMB. However, each trust fund must be viewed as a unique fund in light of any special provisions in the trust agreement or the enabling legislation.

B. Trust funds have been assigned account symbols between 8000 and 8999. Within this range trust revolving funds have been assigned symbols between 8400 and 8499. Some trust funds used by DoD are:

- Surcharge Collections, Sales of Commissary Stores, Defense
- National Security Education Trust Fund

C. *The Conventional Ammunition Working Capital Fund ceases operations as a Revolving Fund at the end of FY 1998. This activity will become a direct funded activity under the cognizance of the Single Manager for Conventional Ammunition. The SMCA will provide budget data for this revised organization.*

100104 Submission Requirements

General guidance with regard to submission requirements is presented in the DoD Financial Management Regulation (DOD 7000.14-R), Chapter 1. Chapter 10 covers specific back-up material requirements for the above areas.

100105 Preparation of Material

General guidance with regard to format and preparation of material is presented in the DoD Financial Management Regulation (DOD 7000.14-R), Chapter 1. Chapter 10 provides additional specific guidance with regard to the back-up material required for Public Enterprise, Management Fund and Trust Fund accounts.

100106 References

The DoD Financial Management Regulation (DOD 7000.14-R), Chapter 1 provides funding policies to be adhered to include those that impact other appropriations/accounts. Chapter 9 provides guidance related to Defense Working Capital Funds accounts. Certain exhibits required by this chapter are found in Section 0904 of Chapter 9.

1002 BUDGET ESTIMATES SUBMISSION**100201 Purpose**

A. This section highlights the policies and justification procedures underlying budget formulation for Public Enterprise, Management Fund, and Trust Fund accounts.

100202 Submission RequirementsA. Public Enterprise Funds.

1. The Defense Working Capital Funds (Fund) schedules referenced here are in the DoD Financial Management Regulation (DOD 7000.14-R), Chapter 9. *The O&M type exhibits (PB, OP) are found in Volume 2A, Chapter 3 and Volume 2B, Chapter 19.* Fund budget-type exhibits as noted below should be submitted for the OSD/OMB budget review.

- National Defense Stockpile Transaction Fund
Exhibits Fund-1, 1a, 2, 4, 11, 14, 17, 21, & 23.
- Pentagon Reservation Maintenance Revolving Fund
Exhibits Fund-1, 1a, 2, 3, 7, 9a, 9b, 11, 12, 14, & 23. *OP-8 & 9. PB-22.*
- Building Maintenance Fund
Exhibits Fund-1, 1a, 2, 3, 7, 9a, 9b, 11, 12, 14, & 23. *OP-8 & 9. PB-22.*
- National Defense Sealift Fund (NDSF)
Exhibits Fund-1a, 2, 11, & 12.

2. The instructions and formats for the preparation of the NDSF required procurement and RDT&E exhibits are included in the DoD Financial Management Regulation (DoD 7000.14-R), Chapters 4 and 5, respectively.

Procurement/Ship Acquisition:

- Budget Item Justification Sheet (P-40)
- Weapon System Cost Analysis (P-5)
- Analysis of Ship Cost Estimates (P-8a/8b)
- Advance Procurement Analysis (P-10/10a)
- Ship Production Schedule (P-27)
- Ship Outfitting Costs (P-29)
- Ship Post Delivery Estimates (P-30)

National Defense Features (NDF):

- Budget Item Justification Sheet (P-40)

RDT&E:

- Budget Item Justification Sheet (R-2)
- Program Element/Project Cost Breakdown (R-3)

3. Additional data required by OMB Circular A-11 will be submitted in the fall in accordance with annual DoD Comptroller budget guidance.

B. Management and Trust Funds - For Trust Funds, Trust Revolving Funds and other Management Funds, program and financing, and object classification schedules will be submitted for each account. The budget authority for each trust fund account must agree with the amounts reported against the applicable receipt accounts as required by DoD accounting guidance related to offsetting receipts. The receipt accounts are published in Treasury's Federal Account Symbols and Titles. For the Defense Commissary Agency, a footnote to the program and financing schedule will show the value of the obligations for renovation/construction of commissaries included in total obligations of the trust revolving fund.

C. Special Budget Exhibits - Unique data pertaining to a particular fund are required as follows:

National Defense Stockpile

- Stockpile Financial Status Report (SP-1)

Pentagon Reservation Maintenance Revolving Fund

- Cost of Services (PR-1)
- Summary Statement (PR-2)

Buildings Maintenance Fund

- Cost of Services (PR-1)
- *Summary Statement (PR-2)*

Surcharge Collections, Sales of Commissary Stores, Defense

- Summary (CT-1)
- Facility Programs Justification (CT-2)

National Defense Sealift Fund (NDSF)

Ready Reserve Force (RRF):

- Budget Item Justification Sheet (RRF-1)
- Ship Composition Funding Requirements (RRF-2)
- Ship Readiness Operational Status (ROS) Composition (RRF-3)

D. Budget exhibits will be submitted in accordance with the schedule published annually in DoD Comptroller budget guidance. Formats and instructions for preparation of the Special Exhibits are provided Section 1004.

E. All NDSF related budget justification materials should be submitted directly to the Director for Investment, room 4B917. In addition to the DWCF schedules, procurement, and RDT&E exhibits referenced in paragraph 100202.A above, the special exhibits identified above must be included in the NDSF justification budget backup book for both the OSD and Congressional submissions. The backup book should include a table of contents, a computer generated FYDP funding report identifying each business area, and each business area/section should be tabbed.

1003 CONGRESSIONAL JUSTIFICATION/PRESENTATION**100301 Purpose**

This chapter provides the policies and procedures to guide the development of budget justification and supporting narrative to be submitted by Components to the DoD Comptroller in development of congressional justification material.

100302 Submission Requirements

A. Guidance is applicable to the following DoD Public Enterprise, Management Funds, and Trust Funds:

Public Enterprise Funds

- (1) National Defense Stockpile Transaction Fund
- (2) Buildings Maintenance Fund
- (3) Pentagon Reservation Maintenance Revolving Fund
- (4) National Defense Sealift Fund

Management Funds

- (5) Conventional Ammunition Working Capital Fund
Ceases operations as a Revolving Fund on September 30, 1998.

Trust Funds

- (6) National Security Education Trust Fund
- (7) Surcharge Collections, Sales of Commissary Stores, Defense

B. The table on the following page presents the exhibit requirements to be submitted as part of the President's budget for the Funds identified in paragraph A. above. Additional budget justification material to accompany the President's budget may be prescribed by separate DoD Comptroller budget guidance.

EXHIBIT/SCHEDULE REQUIREMENTS

<u>Fund</u>	<u>Prog & Financ.</u>	<u>Rev & Exp.</u>	<u>Finan. Cond.</u>	<u>Obj Class</u>	<u>Pers Summary</u>	<u>Status of Contr Auth</u>
(1)	X	X	X	X		
(2)	X	X	X	X	X	
(3)	X	X	X	X	X	
(4)	X	Fund-2, Fund 9a/9b, Fund-11, PR-1, PR-2		X		
(5)	X	P-5, P-8a/8b, P-10/10a, P-27, P-29, P-30, P-40, R-2, R-3, RRF-1, RRF-2, RRF-3		X		
(6)	X			X		
(7)	X			X		

Public Enterprise Funds

- (1) National Defense Stockpile Transaction Fund
- (2) Building Maintenance Fund
- (3) Pentagon Reservation Maintenance Revolving Fund
- (4) National Defense Sealift Fund

Management Funds

- (4) Conventional Ammunition Working Capital Fund
Ceases operations as a Revolving Fund on September 30, 1998.

Trust Funds

- (5) National Security Education Trust Fund
- (6) Surcharge Collections, Sales of Commissary Stores, Defense

1004 PUBLIC ENTERPRISE, MANAGEMENT AND TRUST FUND FORMATS

100401 Purpose

The special formats provided on the following pages reflect guidance presented in previous sections of this chapter. Unless modified in a submission budget call, these formats should be adhered to.

100402 Exhibits in Support of Section 1002 - Budget Estimates Submission

CT-1 Surcharge Collections, Sales of Commissary Stores Summary..... 9
CT-2 Facility Programs Justification..... 10
PR-1 Pentagon Reservation Maintenance Revolving Fund Cost of Services..... 11
PR-2 Pentagon Reservation Maintenance Revolving Fund Summary Statement..... 12
SP-1 Stockpile Financial Status Report..... 13
RRF-1 Budget Item Justification..... 15
RRF-2 Ship Composition Funding Requirements 16
RRF-3 Ship Readiness Operational Status (ROS) Composition 17

Surcharge Collections, Sales of Commissary Stores, Defense

Summary

(\$ in Millions)

	<u>FY PY col.</u> <u>of CY PB</u>	<u>FY PY</u>	<u>FY CY col.</u> <u>of CY PB</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>
<u>OBLIGATIONS</u>						
Operating Expenses			Provide operations, equipment, and construction			
Equipment			obligations for the PY column of the CY President's			
Construction			budget, the PY, the CY column of the CY President's			
Total Obligations (a)			budget, the CY, the BY1, and the BY2.			
<u>DISBURSEMENTS</u>						
Disbursement of			Provide disbursements of prior year obligations and			
Prior Year Obligations			current year disbursements for the PY column of the CY			
Current Year Disbursements			President's budget, the PY, the CY column of the CY			
Total Disbursements (b)			President's budget, the CY, the BY1, and the BY2.			
<u>COLLECTIONS</u>						
Revenue (c)			Provide revenue for the six years above.			
<u>NET OUTLAYS (d) (b-c=d)</u>						
CASH: Begin Year (e)						
Net Outlays (f)			Provide cash estimates for the six years above.			
End Year (g) (e-f=g)						
Unliquidated Obligations			Provide year-end unliquidated obligations for the six years above.			
Unobligated Balance Beginning of Year (h)			Provide unfunded contract authority for the six years above.			
Unobligated Balance End of Year (i)						
Unfunded Contract Authority Requested (j) (a-c-h+I=j)						

Exhibit CT-1 Surcharge Collections, Sales of Commissary Stores Summary

**Surcharge Collections, Sales of Commissary Stores, Defense
Facility Programs Justification
(\$ in Millions)**

<u>LOCATION</u>	<u>DESCRIPTION</u>	<u>TOTAL COST</u>	<u>REMARKS</u>
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Provide a DD Form 1391 for each FY BY1 and FY BY2 proposed project.

List the location of each proposed construction project for FY CY, FY BY1, and FY BY2.

Description should include whether each project is a new store, add/alter, minor construction, energy conservation, etc.

Total cost is self-explanatory.

Remarks should provide narrative justification for and a description of each project.

Exhibit CT-2 Facility Programs Justification

Pentagon Reservation Maintenance Revolving Fund
Cost of *Basic* Services
(\$ in Millions)

	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>
1. Operated Space (Average Square Feet) *			
2. Unit Cost of Operations (\$) **			
Cleaning			
Maintenance			
Utilities & Fuel			
Protection			
Other Building Services			
Administration			
Total Unit Cost for Basic Services			
(Multiply by) Billable Space (Sq. Ft.)			
(Equals) Total Cost of Basic Services			

* Excludes reimbursable “above standard” services.

** Cleaning, maintenance, utilities and fuel, protection, other building services, and administration estimates should equal the cost of each function divided by the billable space square feet for the relevant fiscal year.

Exhibit PR-1 Pentagon Reservation Maintenance Revolving Fund Cost of Services

**Pentagon Reservation Maintenance Revolving Fund
Summary Statement
(\$ in Millions)**

	<u>Obs.</u>	<u>Orders</u>	<u>Rev.</u>	<u>Cost</u>	<u>(Disbursements by Fiscal Year)</u>							
					<u>FYPY</u>	<u>FYCY</u>	<u>FYBY1</u>	<u>FYBY2</u>	<u>FYBY2+1</u>	<u>FYBY2+2</u>	<u>FYBY2+3</u>	<u>FYBY2+4</u>
Pentagon Renovation												
FY PY			N/A	N/A								
FY CY			N/A	N/A								
FY BY1			N/A	N/A								
FY BY2			N/A	N/A								
 Other Capital Purchases (specify each)												
FY PY			N/A	N/A								
FY CY			N/A	N/A								
FY BY1			N/A	N/A								
FY BY2			N/A	N/A								
 Operating Budget												
FY PY												
FY CY												
FY BY1												
FY BY2												
 Total												
FY PY BY2												
FY CY												
FY BY1												
 Cash												
FY PY												
FY CY												
FY BY1												
FY BY2												

Obligations, new customer orders, revenue, and costs for the PY, CY, BY1, and BY2 years for the Pentagon Renovation, Other Capital Purchases, and Operating Budget (reimbursable services and basic services noted in Exhibit PR-1) should be provided. Disbursements of PY, CY, BY1, and obligations for each category are also requested. Beginning of Year (BOY) cash, collections, disbursements, and End of Year (EOY) cash for the PY, CY, BY1, and BY2 years is also requested.

Exhibit PR-2 Pentagon Reservation Maintenance Revolving Fund Summary Statement

NATIONAL DEFENSE STOCKPILE TRANSACTION FUND
Stockpile Financial Status Report
YEAR (CY, BY1, BY2)
(Dollars in Millions)

CY BY1 BY2

Treasury Cash Balance, End of Prior Year

Plus Collections
Minus Disbursements

Plus/Minus:
Transfer 1 (label)
Transfer 2 (label)
.
.
.
Transfer n label
Sub-Total Transfers

Equals: Cash Balance

Costs

Labor
Non-labor
Acquisitions and Upgrades
Unliquidated Obligations

Total Costs

Cash Balance

1. Purpose. *The purpose of this report is to provide information on the financial status of the National Defense Stockpile.*
2. Submission. *This exhibit will reflect information starting from the end of the prior year, the Current Year (CY), the budget year (BY1), and the Budget Year plus 1 (BY2) in support of the OSD/OMB and President's budget submissions. End of prior year should be the actual amount reflected on approved accounting reports.*

Exhibit SP-1 Stockpile Financial Status Report

INSTRUCTION FOR PREPARATION OF EXHIBIT SP-1
STOCKPILE FINANCIAL STATUS REPORT

1. Purpose. The purpose of this report is to provide information on financial status of the National Defense Stockpile.
2. Submission. This exhibit will be submitted for the prior year (PY), the current year (CY), budget year 1 (BY1), and budget year 2 (BY2) in support of the OSD/OMB and President's budget submissions.
3. Entries:
 - a. Annual Program addresses transaction during the year involving current year funds only.
 - b. Total addresses all transactions including adjustments and balances from previous years' transactions.

Ready Reserve Force (RRF)
Budget Item Justification

<u>RRF</u>	<u>FY PY-1</u>	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>	<u>FY BY2+1</u>	<u>FY BY2+2</u>	<u>FY BY2+3</u>	<u>FY BY2+4</u>
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O&M

Acquisition

Provide annual funding requirements for the RRF.

Other (specify)

Total RRF

Purpose: Justification for the FYs BY-BY+5 budget request: Provide a narrative justification and sufficient justification for the funding requested

Exhibit RRF-1 Budget Item Justification

**Ready Reserve Force (RRF)
Ship Composition Funding Requirements**

<u>RRF</u>	<u>FY PY-1</u>	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>	<u>FY BY2+1</u>	<u>FY BY2+2</u>	<u>FY BY2+3</u>	<u>FY BY2+4</u>
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O&M
Ship Types
Breakbulk
 ROS-4
 ROS-5
 etc.

Provide annual funding requirements for each ship type by ROS category.
 Specify funding by O&M, acquisition and other (specify Other categories consistent with the RRF-1 exhibit).

Ro/Ros
 ROS-4
 ROS-5
 etc.

Total O&M

Acquisition
 Ship Types

Total Acquisition

Other
 Ship Types

Total Other

Total RRF

**Ready Reserve Force (RRF)
Ship Readiness Operational Status (ROS) Composition**

<u>RRF</u>									
<u>Ship Types</u>	<u>FY PY-1</u>	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY1</u>	<u>FY BY2</u>	<u>FY BY2+1</u>	<u>FY BY2+2</u>	<u>FY BY2+3</u>	<u>FY BY2+4</u>

Ro/Ros

(ROS Status ROS-4)
(ROS Status ROS-5)
(ROS Status etc.)

Total Ro/Ros

Breakbulk

(ROS Status ROS-4)
(ROS Status ROS-5)
(ROS Status etc.)

Total Breakbulk

etc.

Provide the composition of the RRF by FY for each ship type, i.e.; Breakbulk, Ro/Ros Tankers etc.
Specify ships consistent with the RRF-2 exhibit.

Totals

(ROS Status ROS-4)
(ROS Status ROS-5)
(ROS Status etc.)
Total RRF Fleet

New Acquisitions

Retirements

Exhibit RRF-3 Ship Readiness Operational Status (ROS) Composition