

VOLUME 11A, CHAPTER 16: “ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS”

SUMMARY OF MAJOR CHANGES

All changes are denoted by **blue font**.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue and underlined font**.

The previous version dated March 1997 is archived.

| PARAGRAPH | EXPLANATION OF CHANGE/REVISION | PURPOSE |
|------------------|--|----------------------|
| 160102.A | Inserts reference to Army Annex. | Update |
| 160102.A | Inserts reference to Marine Corps Financial Execution Standard Operating Procedures Manual (P7300.21) | Update |
| Army Annex | Incorporates Defense Finance and Accounting Service Indianapolis Regulation 37-1, Chapter 14, “Sales and Revenues” | Incorporate Guidance |

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CHAPTER 16

ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS

1601 OVERVIEW

160101. Purpose

This chapter establishes the policy and procedures used to account for the production and sale of forest products (see Figure 16-1). This chapter also assigns responsibility for Department of Defense (DoD) reimbursement and for the entitlement of a state to a share in the net proceeds (see Figure 16-1) derived from forest products sold from military installations or facilities.

160102. Applicability and Scope

The policies and procedures established by this chapter:

* A. Apply to the Office of the Secretary of Defense (OSD) and to the Military Departments (including their Reserve Components). The term "Military Services," as used herein, refers to the Army, Navy, Air Force, and Marine Corps. Policies and procedures specific to the Army are included in the [Army Annex](#). The policies and procedures applicable within the Department of the Navy are in Appendix L of the Marine Corps Financial Execution Standard Operating Procedures Manual (P7300.21).

B. Cover forest products production and sales programs on military installations or facilities in the United States.

C. Do not apply to forestry activities within the civil programs of the U.S. Army Corps of Engineers or to the state-owned National Guard installations.

1602 POLICY AND PROCEDURES

160201. DoD Appropriations To Incur Obligations to Fund the Production and Sale of Forest Products

DoD appropriations that incur obligations to fund the production and sale of forest products shall be reimbursed from collections made as a result of the sale of those products. Remaining collections shall be disposed of as follows:

A. Forty percent of installation net proceeds shall be distributed to the state that includes the military installation or facility from which forest products were sold during a fiscal year. If the installation or facility is located in more than one state, each state shall share the proceeds in a manner proportional to the area of such installation or facility in each state. (See paragraph 160206 and Figure 16-1) Entitlement to the states applies to forest products sold after September 30, 1984.

B. When the disbursement to each state has been made, any remaining amount shall be transferred to the reserve account. (See paragraph 160203, below.) To the extent that collections from the sale of forest products are inadequate, obligations for the production and sale of those products may be financed either from the appropriation accounts, or from transfers from the reserve account when other sources of funds are not available in a timely manner.

160202. DoD Reserve Account

A DoD reserve account shall be established. The balance in this account may be used for:

- A. Improvements of forest lands,
- B. Unanticipated contingencies in the administration of forest lands and the production of forest products for which other sources of funds are not available in a timely manner, and
- C. Natural resource management that implements approved plans and agreements.

The balance shall not exceed \$4 million on December 31 of any calendar year. Unobligated balances exceeding \$4 million on that date shall be deposited in the U.S. Treasury General Fund Miscellaneous Receipts Account. (See paragraph 160205.C., below.)

160203. Operating Procedures for Program Obligations

- A. Program obligations shall be related directly to the economic production and sale of forest products in the following functions:
 - 1. Forest Improvement. Obligations incurred to improve an existing timber stand or forest, whether it is planted, seeded, or natural, to include thinning, pruning, and controlling undesirable vegetative growth.
 - 2. Reforestation. Obligations incurred for natural or artificial regeneration including planting, purchasing of seeds or seedlings, preparing sites, and controlling insects, diseases, vegetation, and animals.
 - 3. Forest Protection. Obligations incurred to protect a forest capable of economic production of forest products from damage by fire, insects, diseases, animals, floods, and erosion.
 - 4. Forest Access Roads. Obligations incurred for construction, reconstruction, repair and maintenance of forest access roads and trails, and for repair of other roads as a result of forest production and harvest operations.

5. Sales. Obligations incurred to facilitate sales and preparation for sales of forest products including appraising, cruising, marking, scaling, advertising, and escorting prospective bidders, as well as preparing, administering, and enforcing compliance with sales contracts.

6. Management. Obligations incurred to manage of the functions listed in subparagraphs 160204.A.1 through 160204.A.5, above, including supervising, planning, programming, conducting field surveys and inventories, training, and attending professional meetings.

7. Forestry Equipment. Obligations incurred to purchase vehicles, minor equipment, and heavy equipment used exclusively in forest management (purchased, as appropriate, by O&M or procurement appropriations under reimbursable program authority).

B. To the extent that an installation receives applicable program support from a function or activity above the installation level, costs shall be prorated based on the level of effort among all applicable military installations or facilities involved in the program.

C. Program obligations do not include amounts incurred for operations that, while related to the land and forest, are for other purposes such as the military mission, recreation, general area improvement, wildlife management, and beautification. Do not include amounts for the protection of forests that are incapable of economic production of timber products. Program obligations at all organizational levels shall be categorized according to the functions listed in subparagraphs 160204.A.1 through 160204.A.7, above.

D. Reimbursable program obligations under Title 10, United States Code (U.S.C.), section 2665(d) include all program costs except those cited in subparagraph 160204.C, above. Acquisition of equipment shall be justified on an economic basis. When general equipment is used in forestry program operations, obligations incurred by DoD appropriations for that use shall be included as program costs.

160204. Accounting and Reimbursements

A. Proceeds collected from forestry sales shall be turned over to the supporting DoD disbursing officer. These proceeds shall be deposited without delay to the Treasury General Fund Receipt Clearing Account **F3875, "Budget Clearing Account (Suspense)." (The applicable agency code will be shown instead of asterisks.) That portion of the proceeds used to finance reimbursable expenses shall be transferred to the funding O&M or procurement appropriation in accordance with annual budget guidance. Table 16-1 illustrates the applicable United States (U.S.) Treasury account symbols.

Table 16-1 TREASURY ACCOUNT SYMBOLS

| | <u>O&M</u> | <u>Procurement</u> |
|-----|---------------------------|--------------------|
| (1) | Army - 21(FY)2020 | 21(FY)2035 |
| (2) | Navy - 17(FY)1804 | 17(FY)1810 |
| (3) | Air Force - 57(FY)3400 | 57(FY)3080 |
| (4) | Marine Corps - 17(FY)1106 | 17(FY)1109 |

B. At the end of the fiscal year, estimate the amount of each state's entitlement and transfer that amount from **F3875 to deposit account **X6875, "Suspense." After the states' entitlements are computed (see subparagraph 160201.A, above, and paragraph 160208, below), adjust the estimate to record applicable refunds to **F3875 or additional transfers to **X6875. Make payments to the states from **X6875. After the states have been paid and appropriation accounts reimbursed, transfer any remaining balance in **F3875 to 21*5285, "Department of Defense, Forest Products Program, Army."

C. On December 31 of each year, the Deputy Under Secretary of Defense (Environmental Security), Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (OUSD(AT&L)) (or designee) shall review the balance in 21X5285 and direct the transfer of any amount in excess of \$4 million to U.S. Treasury account **3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified."

160205. Compute Entitlements

Compute entitlements to each state in accordance with 10 U.S.C. 2665(e). Determine these entitlements based on a separate calculation for each military installation or facility from which forest products were sold in that fiscal year.

A. Maintain records for each military installation or facility concerned in order to effect sales proceeds and reimbursable program obligations by fiscal year. If a military installation or facility is located in more than one state, make payments to each state involved in a manner proportional to the area of the installation or facility situated in each state. If an installation or facility is located in more than one county within a state, a description of the areas (acres) of the installation or facility situated in each county may accompany that state's entitlement.

B. Disburse states' entitlements within 90 days after the end of the fiscal year. These payments shall be made by electronic funds transfer.

160206. Distribute Net Proceeds

As directed by the USD(AT&L) or designee, in coordination with the Office of the Under Secretary of Defense (Comptroller) (OUSDC), distribute net proceeds among the Military Services to meet the overall funding requirements of the DoD forestry program.

160207. Chapter Provisions

These OUSDC provisions govern the recording of sales revenue, program obligations, entitlement payments to states, and all other accounting for this program.

160208. Coordinating and Reporting Requirements

Figure 16-2 contains USD(AT&L) coordinating and reporting requirements. The Forest Products Sales Program report has been assigned Report Control Symbol DD-A&T(Q&A)1649. See subparagraph 160302.A, below, and figures 16-3, 16-4 and 16.5

1603 RESPONSIBILITIES

160301. The USD(AT&L) or Designee Shall:

A. Issue and monitor policy on forest management of DoD lands in accordance with DoD Directive 4700.4, "Natural Resources Management Program."

B. Advise the Military Services of potential downward adjustments in funding for the program during the year if timely receipt of anticipated proceeds becomes doubtful.

160302. The Secretaries of the Military Departments shall:

A. Prepare annual forestry program budgets for the coming fiscal year that include anticipated sales revenue, program obligations, states' entitlements, unfinanced requirements, and transfers. See Figure 16-2, below "Coordination and Reporting Requirements" for due date and other reporting information.

B. Ensure that all proposed obligations are related directly to the economical production and sale of forest products, consistent with DoD Directive 4700.4.

C. Ensure that no unplanned program obligations are incurred simply to "use up" proceeds.

D. Adjust the program downward during the year by reducing planned obligations if actual proceeds do not materialize at anticipated levels and sufficient funding cannot be obtained from the reserve account.

E. Ensure that all program obligations are accumulated in DoD appropriation accounts and that reimbursements and distributions to States and the use of funds from the DoD Reserve Account conform to paragraph 160203, above.

F. Comply with requirements stated in paragraph 160205, above.

G. Coordinate approved budgets with the USD(AT&L) or designee to assist in planning and trade-off analysis and to ensure effective and efficient functioning of the overall DoD program.

H. Review the cumulative total obligations incurred, estimated program obligations, cumulative revenue, and realistic estimates of future revenue to determine whether DoD forests remain capable of economic production.

I. Identify to the DoD Executive Agent (see subparagraph 160303.A, below) the official who is authorized to transfer surplus funds (see Figure 16-1) and accept reserve funds.

160303. The Secretary of the Army shall:

A. Act as DoD Executive Agent to monitor and coordinate financial management of the DoD forest products program.

B. Coordinate the transfers of surplus and reserve funds.

C. Maintain the DoD Reserve Account (21*5285) and make transfers in accordance with the instructions from the USD(AT&L) or designee. (Replace asterisk with fiscal year designator.)

Exhibit 16-1 DEFINITIONS

1. Forest Products. Those items produced from a forest such as sawtimber, veneer logs, poles, piles, posts, pulpwood, pine straw, stumpwood, bark, and other mulch, cones, seeds, mistletoe, firewood, and wood chips.
2. Net Proceeds. The amount received by the United States during a fiscal year (FY) as proceeds from the sale of forest products produced on a military installation or facility, minus the amount reimbursed to the Department of Defense, under 10 U.S.C. 2665, for program costs incurred by that installation or facility. Program costs include obligations for current operating expenses and for the purchase of capital equipment required to operate the program.
3. Reserve Funds. A reserve account authorized under 10 U.S.C. 2665 and administered by the Department of Defense. The amount is held in the U.S. Treasury Special Fund Account 21*5285, Department of Defense, Forest Products Program, Army. (Replace asterisk with fiscal year designate.)
4. Surplus Funds. The amount expected to be available during the year within the Department of Defense after providing for the reimbursements under this Instruction. These funds represent the amounts to be transferred to the DoD Reserve Funds Account.

Exhibit 16-2 COORDINATION AND REPORTING REQUIREMENTS
Annual Coordination of DoD Forest Products Program

1. Purpose. To coordinate forestry obligations and revenues of the Military Services to ensure that overall DoD revenue is sufficient to reimburse all authorized obligations for the production and sale of forest products.
2. Authority. Title 10, United States Code (U.S.C.), section 2665
3. Schedule
 - a. December 15. Each Military Service disburses funds to the various states. Each disbursement shall be accompanied by identification of the generating installation(s) and amount generated by each installation.
 - b. December 30. Each Military Service deposits funds from the F3875 clearing account to the DoD Reserve Account (21*5285). (Replace asterisk with fiscal year designation.)
 - c. January 2. Each Military Service transmits the “Actual Revenue and Obligations Report” to the Executive Agent (EA) and the Office of the Deputy Under Secretary of Defense (Environmental Security) (OUSD(AT&L)). See Figure 16-3.
 - d. February 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative program revenue and obligations through December 31 of the current fiscal year and any planned changes. See Figure 16-4.
 - e. May 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative program revenue and obligations through March 31 of the current fiscal year and any planned changes. See Figure 16-4.
 - f. August 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative revenue and obligations through June 30 of the current fiscal year and any planned changes. See Figure 16-4.
 - g. September 1. Each Military Service transmits to the EA and the USD(AT&L) its planned forest products revenue and expenses, by appropriation, for the coming fiscal year. See Figure 16-5. This plan shall reflect no deficit in the program; however, a description of unfinanced needs may accompany the plan.

Figure 16-2

Exhibit 16-3 Sample Report RCS: DD-A&T(Q&A) 1649

| ACTUAL REVENUE AND OBLIGATIONS | | | |
|--|------------------------|------------|------------|
| RCS: DD-A&T(Q&A)1649 | | | |
| (Due January 2) | | | |
| For FY _____ | | | |
| Military Service _____ | | | |
| | (Other) Procurement | O&M | Total |
| | _____ | _____ | _____ |
| I. <u>PROGRAM RESERVE AND OBLIGATIONS</u> | | | |
| A. Revenue (actual deposits to F3875 account) | | | \$ _____ |
| B. Distributions (from F3875 account) | \$ _____ | \$ _____ | (\$ _____) |
| C. Reimbursable Obligations | (\$ _____) | (\$ _____) | |
| D. Unobligated Balance Remaining and Returned to F3875 | \$ _____ | \$ _____ | \$ _____ |
| E. Subtotal | | | \$ _____ |
| F. States' Entitlements (note 1) | | | (\$ _____) |
| G. Transfer to Reserve Account | | | (\$ _____) |
| H. Total | | | \$ -0- |
| II. <u>UTILIZATION OF RESERVE FUND</u> | | | |
| A. Transfer In | \$ _____ | \$ _____ | |
| B. Obligations (note 2) | \$ _____ | \$ _____ | |
| C. Unobligated Balances Returned to Reserve Fund | \$ _____ | \$ _____ | \$ _____ |
| NOTES: | | | |
| 1. Furnish by installation, state, and amount. | | | |
| 2. Briefly describe the forestry projects and/or activities funded from reserve funds. | | | |

Exhibit 16-4 Sample Report RCS: DD-A&T(Q&A) 1649

QUARTERLY FOREST PRODUCTS PROGRAM
RCS: DD-A&T(Q&A)1649

(Due February 15, May 15, August 15)

Military Service _____

Date _____

FY _____

- A. Planned Revenue this Fiscal Year (FY) \$ _____
- B. Planned Obligations this FY \$ _____
- C. Cumulative Actual Revenue this FY \$ _____
- D. Cumulative Actual Obligations this FY \$ _____
- E. Net Proceeds this FY (Item C minus Item D) \$ _____
- F. Current Estimate of States Entitlements this FY \$ _____
- G. Current Unfinanced Needs for this FY \$ _____
(describe below)

Exhibit 16-5 Sample Report RCS: DD-A&T(Q&A) 1649

| ANNUAL FOREST PRODUCTS PROGRAM BUDGET | | | |
|--|--------------------------------------|----------------|--------------|
| RCS: DD-A&T(Q&A)1649 | | | |
| (Due September 1) | | | |
| For FY _____ | | | |
| Military Service _____ | | | |
| | <u>(Other)</u> <u>Procurement</u> | <u>O&M</u> | <u>Total</u> |
| A. Planned FY Revenue | | \$ _____ | |
| B. Planned FY Distribution | \$ _____ | \$ _____ | \$ _____ |
| C. Planned FY Obligations | \$ _____ | \$ _____ | \$ _____ |
| D. Planned Net (note) | | \$ _____ | |
| E. Planned Payments to States | | \$ _____ | |
| F. Unfinanced Needs (describe below) | \$ _____ | \$ _____ | \$ _____ |

NOTE: Total of item A. minus total of item C

ARMY ANNEX

**ARMY POLICIES AND PROCEDURES FOR PRODUCTION AND
SALE OF FOREST PRODUCTS**

A. The Reimbursable Forestry Program

1. General. This chapter and annex prescribes the policies and procedures for budgeting, accounting and reporting of proceeds and obligations associated with the production and sale of forest products at Army installations or facilities (see Title 10, United States Code (U.S.C.), section 2665). Determine eligibility for participation within this program using the provisions of Army Regulation (AR) 200-3. The objectives of the Army's reimbursable forestry program are to support mission operations, support conservation compliance, and execute natural resources stewardship.

2. Responsibilities. Headquarters, Department of the Army (HQDA), through the Office of the Director of Environmental Programs (ODEP) along with the United States (U.S.) Army Environmental Center (USAEC), major Army commands (MACOMs), and Army installations, is responsible for the execution of the Army's reimbursable forestry program. The ODEP, as the program manager, in coordination with other Army Staff (ARSTAF) offices, shall monitor all proceeds received and recommend targets for reimbursable authority to the Director of Environmental Programs (DEP).

3. Budgeting. Include authority to execute reimbursable work on the Funding Authorization Document (FAD). Automatic reimbursable authority may be used for operation and maintenance, minor construction, purchase of forestry equipment, and other obligations directly related to the reimbursable forestry program. The ODEP shall annually determine targets for the MACOMs' forest products reimbursable authority based on the anticipated proceeds, obligations, and states' entitlements. Issue these targets to the MACOMs separately memorandum from the ODEP.

4. Proceeds. Deposit proceeds from the sale of forest products into General Fund Budget Clearing Account, 21F3875.3960. Report proceeds on the Accelerated Reporting of Receipt and Outlay (Expenditure) Data-Statement of Accountability Report (RCS CSCFA-302A). This includes proceeds from forest products disposed of by the Defense Reutilization and Marketing Service. Forest products include, but are not limited to, veneer logs, timber, pine straw, stumpwood, bark, mulch, cones, seeds, mistletoe, firewood, Christmas trees, sawlogs, chips, poles, piles, posts, and pulpwood. The products can be dead and down or designated standing timber. When forest products are removed from Army lands by any means other than a commercial sale (for example, generating energy on the installation), a dollar amount equal to the fair market value shall be deposited in the Army Forestry Account by the proponent of the activity removing the forest products. The only exception is that forest products may be removed or used directly to assist the military mission without payment. Deposit advances from contractors as unearned revenue in the same account as the unfilled orders to which the advance

applies. Monthly, each activity's accounting office shall transfer current month earnings from the unearned revenue to the deposit fund account.

5. Expenses. Program expenses incurred by HQDA, installations or facilities and the District Engineer Offices shall be related directly to the integrated management, production and sale of forest products, and associated program management costs for personnel at all levels (i.e., installation, MACOM, district, division, field operating activity (FOA), ARSTAF and auxiliary staff) whose primary duties are to administer the forestry reimbursable program. Program expenses shall be categorized according to the functions listed below.

a. Forestry Equipment. Include purchase, over the Capital Expenditure Limit (currently \$100,000) only, of forestry equipment (for example, vehicles, or heavy equipment) used exclusively in reimbursable forest management.

b. Forest Fire Protection. Include the protection of forests on land in forestry reimbursable programs. Include equipment costing less than the Capital Expenditure Limit.

c. Forest Management. Include reimbursable forest management functions. Include supervision, planning, programming, and conducting field surveys and inventories, training, and attending professional meetings. Include improvements of existing forest stands, whether they are planted, seeded, or natural, including natural resources projects in direct support of the reimbursable forestry program. This includes controlling undesirable vegetative growth, prescribed burning, precommercial thinning, and pruning. Include the protection of reimbursable forests from insect, disease, animal, flood, and erosion damage. Include the sale and preparation for sale of forest products. Include appraising, cruising, marking, scaling, preparing sales contracts, escorting prospective bidders, advertising, sales administration, and contract compliance inspections. Include equipment costing less than the Capital Expenditure Limit.

d. Forest Access Roads. Include construction, repair, and maintenance of reimbursable forest access roads and trails. Include the repair of other roads resulting from the production and harvest operations. Include equipment costing less than the Capital Expenditure Limit.

e. Reforestation. Include natural or artificial regeneration, including planting, purchasing of seeds or seedlings, and preparing sites. Include equipment costing less than the Capital Expenditure Limit.

f. Forestry Support. Include Phase I archaeological surveys, threatened and endangered species surveys, and military mission coordination efforts driven only by forestry activities (for example, planting and harvesting).

6. Reporting and Review

a. Report proceeds on the RCS CSCFA-302 report. ("Report obligations incurred as automatic reimbursable obligations on the RCS CSCFA-218 (Status of Approved Resources Report)"). Report obligations incurred for items of equipment purchased with

procurement appropriation funds on the RCS CSCFA-112 (“Status of Reimbursements Report”). See Volume 6 of this Regulation for reporting instructions.

b. Report reimbursements earned on the RCS CSCFA-112 report as “Transferred for Collection” in the “Reimbursement Collected-Automatic” column. Identify the amounts transferred by detail reimbursement source code. Identify the amount of reimbursements “Transferred for Collection” as a separate footnote on the RCS CSCFA-112 report. Report reimbursements for items of equipment financed with procurement funds on the RCS CSCFA-112 report. Bill and collect according to procedures outlined in Chapter 12 of this volume. See Volume 6A or 6B of this Regulation for reporting instructions

c. HQDA, MACOMs, installations, district engineering offices, Defense Finance and Accounting Service (DFAS) sites, and Field Accounting Offices (FAOs) shall submit quarterly analysis of actual proceeds and obligations to become part of the RCS CSCFA-218 report. The U.S. Army Corps of Engineers (USACE) districts shall report proceeds and obligations separated by installation to the DFAS-Indianapolis (Sustaining Forces).

d. The DFAS-Indianapolis (Sustaining Forces) shall provide a quarterly Consolidated Analysis of Department of the Army (DA) Forest Products, based on USACE and installation input, to USAEC within 30 days after the end of each quarter. The USAEC, the MACOMs, and the USACE jointly shall review the Army’s commercial forestry program utilizing this report. The USAEC shall maintain a 7-year historical data record of annual proceeds and obligations.

e. Within 90 days after the conclusion of each fiscal year, the DFAS-Indianapolis (Sustaining Forces) shall compute the concluding fiscal year’s unfilled forestry orders (transferring excess to or removing required funds from that fiscal year’s Lumber/Timber account 21F3875.3960), compute and provide 40 percent of the net proceeds per installation to the appropriate States, and deposit the remaining net proceeds into the Forest and Wildlife Conservation, Military Reservations Account (21R5285, DFAS-Indianapolis Manual 37-100-FY). Before issuing states’ entitlements, the DFAS-Indianapolis (Sustaining Forces) shall confirm figures with the USAEC. States’ entitlements and transfers to 21R5285 shall not be made until monies are set aside, if necessary, to cover unfilled forestry orders.

f. States entitlements shall be issued to state treasurers with sufficient explanation to include reason for the issuance, itemization by installations and counties, and the DFAS point of contact (POC) phone number(s). A copy of this information shall be furnished to the USAEC.

g. The USACE determines and updates, as required, the total acreage by county and state for all Army installations or facilities participating in the DoD Forest Products Program. The USACE provides this data to the DFAS-Indianapolis (Sustaining Forces). The DFAS shall update its files for determining states’ entitlements. Acreage by county is the total acreage of the installation or facility, not just the acreage applicable to the forest products program.

B. The Forestry Reserve Account

1. General. The Forest and Wildlife Conservation, Military Reservations Account (The Forestry Reserve Account (21X5285)) is sustained with the calendar year end transfers from each of the Services' Forestry Program Deposit Fund accounts (**F3875).

2. Responsibilities. The Army is the DoD executive agent for this account. Balances in this account shall be used in accordance with paragraph 160203 of this chapter.

3. Project Approval Process. The project approval, funding and accounting processes for forestry reserve account projects at Army installations or facilities are outlined below.

a. Annually, the ODEP shall request the MACOMs, based on installation input, to submit proposed projects to the Commander, USAEC, ATTN: SFIM-AEC-EQN, Aberdeen Proving Grounds, MD 21010-5401. The USAEC shall consolidate the proposals and provide them to ODEP. In coordination with other concerned ARSTAF offices and the Office of the Deputy Assistant Secretary of the Army, Environmental Safety and Occupational Health (ODASA-ESOH), the ODEP initially shall rank the proposals and submit them to the Assistant Chief of Staff for Installation Management for consideration and official submittal to the DASA-ESOH. The DASA-ESOH forwards Army's official submittal to the Department of Defense for funding.

b. The DFAS-Indianapolis (Sustaining Forces) shall transfer the total approved Army projects from 21X5285 when the Deputy Under Secretary of Defense (Environmental Security) approval memorandum and appropriate accounting classification are received from USAEC.

c. Based on the approved project list, the USAEC shall prepare a Military Interdepartmental Purchase Request (MIPR) (DD Form 448) citing Economy Act orders and forward a copy to the requesting/performing activity.

d. The requesting/performing activity shall accept the MIPR and forward signed copies to the USAEC.

e. Any remaining funds, after completion of the project, shall be returned to the USAEC. At no time shall the performing activity incur expenses in excess of the accepted MIPR.

4. Fund Transfers from 21X5285. The DFAS-Indianapolis (Sustaining Forces) shall transfer funds for approved Army projects from this account to USAEC using a "no check drawn" SF 1080. The DFAS-Indianapolis (Sustaining Forces) shall handle the transaction as a reverse collection.

a. Funds for approved projects at other DoD agencies shall be transferred by the DFAS-Indianapolis (Sustaining Forces) via an On-Line Payment and Collection (OPAC) transaction.

b. Collection and disbursement of funds from this account are limited to the DFAS-Indianapolis (Sustaining Forces).

5. Calendar-Year End

a. The DFAS shall deposit unobligated balances exceeding \$4 million on December 31 to a U.S. Treasury General Fund Miscellaneous Receipts Account in accordance with subparagraph 160203 of this chapter.

b. Deposits to the account of proceeds from the preceding fiscal year shall not be made until after January 1 to allow sufficient time to manage new deposits efficiently.

c. The DFAS-Indianapolis (Sustaining Forces) shall report to the USAEC on the activity and balance of this account within 30 days after the end of each quarter.

C. Equipment Purchases

1. General. Equipment purchased shall be for commercial forest management use when purchased with forestry automatic reimbursable authority and for natural resources uses when purchased with DoD Forestry Reserve Account or Agricultural/Grazing automatic reimbursable authority. (See Volume 12, Chapter 14.) Equipment purchases shall be coordinated fully with the organization equipment manager or equivalent.

2. Equipment Acquisition Process. Each purchase of equipment shall begin with an internal review of contract/buy/lease options, funding availability, and the potential for use of multipurpose equipment. The reimbursable authority is intended only to supplement routine procurement sources. Programmed equipment authority, such as Other Procurement, Army (OPA), shall be used for equipment. If the internal review justifies the need to purchase new equipment, then the general procedures outlined below shall be utilized.

a. The installation shall assure authority exists in the Table of Distribution and Allowances (TDA) or Common Table of Allowance (CTA).

b. The installation shall determine whether the equipment to be purchased is centrally managed by the Tank and Automotive Command (TACOM). The installation Property Book Officer (PBO) can make this determination by checking the equipment Line Item Number (LIN) against the Supply Bulletin 700-20. If the equipment is not centrally managed and is less than the Capital Expenditure Limit, then the equipment may be purchased locally or through the GSA schedule.

c. If the equipment is centrally managed, then the TACOM shall conduct the purchase unless a waiver for local procurement is granted.

d. If the estimated cost of the equipment is greater than the capital expenditure limit, centrally managed or not, do not use OMA (Agricultural/Grazing, Forestry, or Forestry Reserve Account). The TACOM shall use equipment purchase authority, reimbursing OPA. The purchase may be finalized at the TACOM, or the authority may be returned to the installation for a local procurement with a local procurement waiver.