

VOLUME 2B, CHAPTER 10: “PUBLIC ENTERPRISE, MANAGEMENT, AND TRUST FUNDS”

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 June 2010 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
100101 100103 100301	Removed reference to the closed Conventional Ammunition Working Capital Fund.	Deletion
100102	Replaced reference to tenants with customers.	Revision
100104 100105 100106	Updated references.	Update
100202 100301	Updated list of budget exhibits required for the Pentagon Reservation Maintenance Fund and the Buildings Maintenance Fund.	Update
100402	Replaced the word Costs with Expenses on the PR-2 exhibit to clarify the requirement. Revised the SP-1 exhibit to include prior year figures and update the format.	Revision

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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. The provisions of Volume 11B “Reimbursable Operations, Policy and Procedures – Working Capital Funds (WCF),” and of Volume 2B, Chapter 9, apply to the Pentagon Reservation Maintenance Revolving Fund and Buildings Maintenance Fund.

B. The following accounts are covered:

Public Enterprise Funds

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

Management Funds

None

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. The Pentagon Reservation Maintenance Revolving Fund and Buildings Maintenance Funds are Enterprise Funds that operate in accordance with the provisions of Volume 11B of the DoD FMR “Reimbursable Operations Policy – Working Capital Funds (WCF)” and of Volume 2B, Chapter 9, “Defense Working Capital Funds Activity Group Analysis”. These Funds satisfy recurring Department of Defense requirements by using a businesslike buyer-and-seller approach. Unlike profit-oriented commercial businesses, [these activities budget to break even over the long term](#). Selling prices established in the budget are stabilized or fixed during execution to protect customers from unforeseen rate and price fluctuations that would impact customer ability to execute the programs approved by the Congress.

C. A basic principle of the enterprise fund structure is to create a customer-provider relationship [designed to make activity managers](#) and decision-makers at all levels more concerned with the costs of goods and services. Requiring [customers](#) to pay for support they receive provides increased assurance that services supplied and paid for are actually needed.

D. 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 BY, or (2) collections unavailable for obligation because of limitations on obligations in PY, CY, or BY. 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. 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

100104. Submission Requirements

General guidance with regard to submission requirements is presented in the DoD Financial Management Regulation (DOD 7000.14-R), [Volume 2A](#), Chapter 1. [Volume 2B](#), [Chapters 9 and 19](#) cover 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), [Volume 2A](#), Chapter 1. [Volume 2B](#), [Chapters 9 and 19](#) provide 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), [Volume 2A](#), Chapter 1 provides funding policies, [including](#) those that impact other appropriations/accounts. [Volume 2B](#), Chapter 9 provides guidance related to Defense Working Capital Fund accounts. Certain exhibits required by this chapter are found in [Volume 2B](#), [Chapters 9 and 19](#).

1002 PROGRAM AND BUDGET REVIEW SUBMISSION

100201. Purpose

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

100202. Submission Requirements

A. Public Enterprise Funds

1. The Defense Working Capital Fund schedules referenced here are in the DoD Financial Management Regulation (DOD 7000.14-R), [Volume 2B](#), Chapter 9. The O&M type exhibits (PB, OP) are found in [Volume 2A](#), Chapter 3 and [Volume 2B](#), Chapter 19. Budget exhibits 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, 9a, 9b, 9c, 11, 13, 13b, 13c, 14, and 26.
OP-8 and PB-22.

Building Maintenance Fund

Exhibits Fund-1, 1a, 2, 3, 9a, 9b, 9c, 11, 13, 13b, 13c, 14, and 26.
OP-8 and 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)
Program Schedule Profile (R-4)
Program Schedule Detail (R-4a)

3. Additional data required by OMB Circular [A-II](#) will be submitted in accordance with annual USD (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 3C749. In addition to the DWCF schedules, procurement, and RDT&E exhibits referenced in paragraph 100202 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 OUSD (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**Trust Funds**

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

B. The following table 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 USD (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>
(1)	X	X	X	X	
(2)	X	X	X	X	X
Fund-2, Fund-9a/9b/9c, Fund-11, Fund-13/13b/13c, PR-1, PR-2					
(3)	X	X	X	X	X
Fund-2, Fund-9a/9b/9c, Fund-11, Fund-13/13b/13c, PR-1, PR-2					
(4)	X			X	
P-5, P-8a/8b, P-10/10a, P-27, P-29, P-30, P-40, R-2, R-3, R-4, R-4a, RRF-1, RRF-2, RRF-3					
(5)	X			X	
(6)	X			X	

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 – Program and Budget Review Submission

CT-1	Surcharge Collections, Sales of Commissary Stores Summary	10
CT-2	Facility Programs Justification	11
PR-1	Pentagon Reservation Maintenance Revolving Fund Cost of Services	12
PR-2	Pentagon Reservation Maintenance Revolving Fund Summary Statement	13
SP-1	Stockpile Financial Status Report	14
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Exhibit CT-1 Surcharge Collections, Sales of Commissary Stores Summary

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 BY</u>
<u>OBLIGATIONS</u>					
Operating Expenses					
Equipment					
Construction					
Total Obligations (a)					
<u>DISBURSEMENTS</u>					
Disbursement of					
Prior Year Obligations					
Current Year Disbursements					
Total Disbursements (b)					
<u>COLLECTIONS</u>					
Revenue (c)					
<u>NET OUTLAYS (d) (b-c=d)</u>					
CASH: Begin Year (e)					
Net Outlays (f)					
End Year (g) (e-f=g)					
Unliquidated Obligations					
Unobligated Balance Beginning of Year (h)					
Unobligated Balance End of Year (i)					
Unfunded Contract Authority Requested (j) (a-c-h+I=j)					

Provide operations, equipment, and construction obligations for the PY column of the CY President's budget, the PY, the CY column of the CY President's budget, the CY, and the BY.

Provide disbursements of prior year obligations and current year disbursements for the PY column of the CY President's budget, the PY, the CY column of the CY President's budget, the CY, and the BY.

Provide revenue for the five years above.

Provide cash estimates for the five years above.

Provide year-end unliquidated obligations for the five years above.

Provide unfunded contract authority for the five years above.

Exhibit CT-2 Facility Programs Justification

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 BY proposed project.

List the location of each proposed construction project for FY CY and FY BY.

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 PR-1 Pentagon Reservation Maintenance Revolving Fund Cost of Services

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

	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY</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-2 Pentagon Reservation Maintenance Revolving Fund Summary Statement

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

	<u>Obs.</u>	<u>Orders</u>	<u>Rev.</u>	<u>Exp.</u>	<u>FYPY</u>	<u>FICY</u>	<u>FYBY</u>	<u>(Disbursements by Fiscal Year)</u>						
								<u>FYBY+1</u>	<u>FYBY+2</u>	<u>FYBY+3</u>	<u>FYBY+4</u>	<u>FYBY+5</u>		
Pentagon Renovation														
FY PY														
FY CY														
FY BY														
Other Capital Purchases (specify each)														
FY PY														
FY CY														
FY BY														
Operating Budget														
FY PY														
FY CY														
FY BY														
Total														
FY PY														
FY CY														
FY BY														
Cash			<u>BOY</u>		<u>Collections</u>		<u>Disbursements</u>		<u>EOY</u>					
FY PY														
FY CY														
FY BY														

Obligations, new customer orders, revenue, and expenses for the Pentagon Renovation, Other Capital Purchases, and Operating Budget (reimbursable services and basic services noted in Exhibit PR-1) should be provided.

Beginning of year (BOY) cash, collections, disbursements, and end of year (EOY) cash should also be provided.

Exhibit SP-1 Stockpile Financial Status Report

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

PYCYBYTreasury Cash Balance, Beginning of Year

Plus	Collections
Minus	Disbursements
	Labor
	Non-labor
	Other Program Costs

Plus/Minus:

Transfer 1 (label)

Transfer 2 (label)

.

.

Sub-Total Transfers

Equals: Cash Balance, End of YearSelected Liabilities

Accounts Payable
Undelivered Orders

-

-

Estimated Available 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 Prior Year (PY), the Current Year (CY), and the budget year (BY) in support of the OSD/OMB and President's budget submissions. End of year should be the actual amount reflected on approved accounting reports.

Exhibit RRF-1 Budget Item Justification

FY BY Submission
Month/Year
Exhibit RRF-1

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 BY</u>	<u>FY BY+1</u>	<u>FY BY+2</u>	<u>FY BY+3</u>	<u>FY BY+4</u>	<u>FY BY+5</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-2 Ship Composition Funding Requirements

FY BY Submission
Month/Year
Exhibit RRF-2

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 BY</u>	<u>FY BY+1</u>	<u>FY BY+2</u>	<u>FY BY+3</u>	<u>FY BY+4</u>	<u>FY BY+5</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

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

FY BY Submission
 Month/Year
 Exhibit RRF-3

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

RRF

<u>Ship Types</u>	<u>FY PY-1</u>	<u>FY PY</u>	<u>FY CY</u>	<u>FY BY</u>	<u>FY BY+1</u>	<u>FY BY+2</u>	<u>FY BY+3</u>	<u>FY BY+4</u>	<u>FY BY+5</u>
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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
 (Page 1 of 1)