United States Transportation Command Working Capital Fund

Chief Financial Officer Annual Financial Statement FY 1997

February 27,1998

US TRANSPORTATION COMMAND WORKING CAPITAL FUND

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OVERVIEW

GENERAL STATEMENT:

These Financial Statements report on the operations for the Transportation Working Capital Fund (TWCF) for the United States Transportation Command (USTRANSCOM) managed common-user transportation services. As a result of the SECDEF memo, 14 Feb 92, USTRANSCOM is the single Department of Defense (DoD) financial manager of all common-user transportation in peace and war. The Air Force and Navy continue to manage their own service-unique transportation functions. USTRANSCOM was incorporated into TWCF effective 1 Oct 96.

MISSION:

The mission of USTRANSCOM is to provide air, land and sea transportation for the DoD, both in time of peace and war. USTRANSCOM executes its mission through the three Transportation Command Components (TCCs)—Air Mobility Command (AMC), Military Sealift Command (MSC) and the Military Traffic Management Command (MTMC). During FY95, the Defense Courier Service (DCS) transferred to USTRANSCOM as a Direct Reporting Unit (DRU). The following are descriptions of the roles of AMC, MSC, MTMC and DCS:

AMC provides airlift services for the wartime deployment of fighting forces and support of peacetime activities to include humanitarian efforts. AMC executes its airlift mission with military aircraft and commercial augmentation airlift.

MSC provides sealift for deploying forces. They deliver worldwide military dry cargo and petroleum during peacetime and war. They also manage the Afloat Prepositioned Force (APF) which is comprised of several vessels strategically located worldwide that are loaded with military equipment. These ships are able to rapidly supply CONUS based forces as they deploy to remote locations.

MTMC serves as the single defense manager for traffic management, land transportation, common-user ocean terminals and intermodal container management during peacetime and war. As transportation manager, MTMC manages freight movement, personal property shipment and passenger traffic worldwide. As a transportation operator, MTMC operates common-user water terminals throughout the world and monitors movements through all terminals.

Overview

DCS organized under DoD Directive 5200.33-R to establish, staff, maintain and operate an international network of couriers and courier stations for the expeditious, cost-effective and secure transmission of qualified classified documents and material.

USTRANSCOM provides management oversight for all the above transportation functions in order to meet Defense transportation requirements as effectively and efficiently as possible. USTRANSCOM provides unified transportation support to thewarfighting CINCS.

OPERATING RESULTS:

During FY97, the TWCF incurred a Net Operating Loss of $79.1 million (as reported on the AR 1307). However, only $18.2M will be recovered in FY99 rates. Non-recoverable items included: (1) a loss of $95.1M which was generated from a PBD-directed customer rebate, (2) a gain of $40.7M from a capital asset surcharge, and (3) a loss of $6.4M resulting from the accounting treatment for transferring funds to the HQ.

Overall, the $18.2M loss was an improvement over the $30.9M loss projected earlier in the FY98 President's Budget. The positive variance was caused primarily by MSC reporting improved utilization on Time Charters and favorable contract negotiations; whereas, MTMC had reduced Port Operations costs related to movement of lower cost cargo.

Like the last several years, FY97 was a high OPTEMPO year for contingency-driven workload, mainly due to OPERATIONS JOINT GUARD, GUARDIAN RETRIEVAL, SOUTHERN WATCH and continuing Haitian support.

SOURCES OF REVENUE:

During FY97, USTRANSCOM received $3,898.2M in revenue for transportation services from the following customers:

	($M)
Air Force	$1,372.2
Army	974.3
Navy	476.7
Marines	99.6
Other DoD	455.4
Other TWCF Business Areas	470.3
Non-DoD	49.7

UNIT COSTS:

AMC cost per trained crew is computed on the basis of million of dollars per crew. Channel Passenger unit cost is computed on the basis of cost per million passenger miles. Cargo and Special Assignment Airlift Mission (SAAM) and Joint Chief of Staff (JCS) exercises are computed on the basis of cost per million ton miles.

	($M)
Trained Crews	$1.6394
Passenger (Per Million Pax Miles)	0.0961
Cargo (Per Million Ton Miles)	0.3411
SAAM/JCS (Per Million Ton Miles)	0.2401

MSC Cargo/Breakbulk and Cargo/Container unit cost are computed on the basis of costs per million measurement ton mile (MMTM). Petroleum Tankerships, Fast Sealift Ships and Navy/Non-Navy Afloat Prepositioned (APF) ships are all computed as cost per ship per day.

	Dollars
Cargo/Breakbulk (Per MMTM)	$27,522
Cargo/Container (Per MMTM)	$26,047
Petroleum Tankerships (Per Ship Day)	$36,080
Fast Sealift Ships (Per Ship Day)	$20,212
Afloat Prepositioned Force (APF) (Per Ship Day)	$32,290

MTMC port operations unit cost are computed on the basis of costs per million measurement ton (MMT).

	Dollars
Port Operations (Per MMT)	$21,296

DCS unit costs are computed on the basis of cost per pound delivered.

	Dollars
Costs Per Pound Delivered	$ 6.42

Overview

PERFORMANCE MEASUREMENTS:

AMC

PERFORMANCE MEASURE	TYPE	DEFINITION
Uniform Material Movement and Issue Priority System (UMMIPS)	Customer Satisfaction	Percentage of shipments meeting or beating UMMIPS standards
Number of Pallets	Effectiveness	Percentage of pallet positions offered vs. used on CONUS outbound channel cargo missions
On-Time Commercial Missions	Customer Satisfaction	Percentage of time passenger/cargo commercial missions are within 20 minutes of scheduled departure
Flight Crew Readiness	Effectiveness	Percentage of assigned crews qualified to fly primary missions

AMC's FY97 RESULTS:

PERFORMANCE MEASURE	GOAL	ACTUAL
UMMIPS	90%	55%
Number of Pallets	92%	91%
On-Time Commercial Missions	94%	90%
Flight Crew Readiness	95%	93%

Deviation from the goal in meeting UMMIPS standards is primarily caused by unavailability of organic aircraft due to contingencies and maintenance.

MSC

PERFORMANCE MEASURE	TYPE	DEFINITION
On-Time Pick-Up and Delivery	Customer Satisfaction, Effectiveness, Timeliness, Quality Ctrl	Reflects movement of cargo as part of the overall DoD distribution equipment (incl POL) world wide as required. Performance based on percentage of shipments that meet required lift dates or delivery dates (RLD or RDD) based on predetermined agreed upon lift and delivery requirements as established by the customer
Ship Availability	Customer Satisfaction, Effectiveness, Quality Ctrl	Measures days against plan that ships are actually available to perform the function for which they were intended. Insures that ships are available for the mission to which assigned. Ensure that payments are only granted for days that ships meet contractual requirements (off hire procedures) and that ship non-availability does not adversely impact the mission

MSC's FY97 RESULTS:

PERFORMANCE MEASURE	GOAL	ACTUAL
On-Time Cargo Delivery	90%	98%
On-Time POL Pick-Up	90%	99%
Ship Availability	90%	95%

MTMC

PERFORMANCE MEASURE	TYPE	DEFINITION
Cargo On-Time Performance	Effectiveness	Percentage of shipments that meetthe applicable portion of the UMMIPS or other agreed upon schedules
Containers "Lifted"	Effectiveness	Movement of cargo by land inside MTMC cargo system. Measure containers "lifted" (placed on ship) to published booking schedules IAW MILSTAMP procedures
Accuracy of Initial Manifests	Effectiveness	Accuracy of initial manifests. It measures the number of shipment units on the original manifest actually "lifted" and is relevantto minimize supplemental manifests
Responsive to Customer Movement Requests	Effectiveness	Amount of time from receipt of customer's movement requirement (freight & passenger) until customer is advised of the result of negotiation/solicitation efforts

MTMC's FY97 RESULTS:

PERFORMANCE MEASURE	GOAL	ACTUAL
Cargo On-Time Performance	100%	86%
Containers "Lifted"	97%	90%
Accuracy of Initial Manifests	95%	94%
Responsive to Customer Movement Requests		
--Freight	95%	100%
--Passenger	95%	100%

DCS

PERFORMANCE MEASURE	TYPE	DEFINITION
Articles Compromised	Effectiveness	The number of articles whose security was compromised

DCS's FY97 RESULTS:

PERFORMANCE MEASURE	GOAL	ACTUAL
Articles Compromised	0	0

MANPOWER:

USTRANSCOM's TWCF funded staffing is 75 percent military and 25 percent civilian. Eighty percent of its work force is dedicated to maintaining a ready airlift capability. MSC and MTMC meet the majority of their requirements through commercial charter and port handling operations stevedores/port contracts; therefore, they are not manpower intensive. However, the efficient use of manpower for these components is integral to the national mobilization and strategic lift capability.

Military end strength for FY97 was 16,452 and included the following: Air Force - 15,811; Army - 419; Navy - 198 and Marine Corps - 24. Civilian end strength was 5,249 and included the following: U.S. Direct Hire - 4,440; Foreign National Direct Hire - 302 and Foreign National Indirect Hire - 507.

USTRANSCOM ISSUES:

During FY97, USTRANSCOM continued striving toward "one button to push" for TWCF accounting support. MTMC's accounting support from Bayonne NJ moved to the DFAS-Omaha OPLOC in May 97 and MTMC's accounting support from Oakland CA moved in Nov 97. USTRANSCOM and DFAS worked together during the year to develop a Concept of Operations (CONOPS) for consolidating MSC accounting support at the DFAS-Omaha OPLOC. MSC's accounting support from offices located at Bayonne NJ, Oakland CA, and the Navy Yard will be done at the Omaha OPLOC by the end of Mar 98. The DFAS-DE Center continues to prepare departmental-level accounting reports, including the Chief Financial Officer's (CFO) Report, for USTRANSCOM from trial balance data submitted by DFAS-Omaha and cash data received from three DFAS Centers—Cleveland for MSC, Indianapolis for MTMC, and Denver for AMC, DCS, and USTRANSCOM HQ.

Implementation of the Defense Joint Accounting System (DJAS) for USTRANSCOM has not begun. DJAS was selected as the accounting system for USTRANSCOM during FY96 by Dr. Hamre following a recommendation by the Defense Business Operating Fund (DBOF) Corporate Board. During the year, DFAS briefed USTRANSCOM about implementation not occurring for at least another 42-months and that the system's capabilities would be limited to "core accounting" functions. Also, the legacy accounting systems for Transportation would be used as feeder systems for DJAS. USTRANSCOM did not approve of the DFAS plan for DJAS-Transportation; therefore, we began working with DFAS to identify alternatives to implement a system that would eliminate the legacy systems, would include more functions than just core accounting, and would be implemented sooner.

During FY97, DFAS worked with USTRANSCOM functional experts to collect data in support of the A-76 study for Transportation accounting. This was a significant challenge due to other efforts, such as, the capitalization/regionalization effort of USTRANSCOM accounting support at DFAS-Omaha, identification of transportation requirements for the Transportation accounting system, and the reengineering of Transportation processes. The Most Efficient Organization (MEO) has not yet been defined. The contract bid will follow to determine if Transportation accounting should be contracted out. This decision will not be made until sometime in 2000.

USTRANSCOM is participating in various reengineering efforts that include the improved billing, collection, and payment process. Short-term efforts included placing greater management controls over the use of the MILSTAMP (Military Standard Transportation and Movement Procedures) process. The long-term efforts, chaired by ADUSD(TP), focuses on developing a global vision for a reengineered transportation documentation/financial process. This is broader than the TWCF to include inland freight. USTRANSCOM's role is to ensure the accuracy and timeliness of the TWCF billing system.

USTRANSCOM worked with DFAS to implement the accounting conversion of the TWCF from the Defense-Wide Working Capital Fund (DWWCF) to the Air Force Working Capital Fund (AFWCF) effective 1 Oct 97. The transfer involves cash management and will not affect the existing command and control structure for USTRANSCOM activities. During the year, USTC/J8 worked with the Air Force staff to plan and organize a process for reviewing cash execution in FY98. USTC/J8 will be participating in monthly execution reviews that focus on net outlays, NOR, accounts receivable and accounts payable. Also, USTC/J8 will continue the quarterly execution reviews with USD(C) that includes these metrics and others for unit costs, civilian personnel execution performance, and GPRA performance measures.

FY97 has been a challenging year for USTRANSCOM's financial management. The new initiatives that are beginning in FY98 should provide benefits for both USTRANSCOM and the DoD.

UNITED STATES TRANSPORTATION COMMAND

TRANSPORTATION WORKING CAPITAL FUND

PRINCIPAL STATEMENT

Department of Defense
Working Capital Fund - U. S. Transportation Command
Statement of Financial Position
As of September 30, 1997
(Thousands)

ASSETS	1997	1996
1. Entity Assets:		
a. Transactions with Federal (Intragovernmental) Entities:		
(1) Fund Balance with Treasury (Note 2)	$552,732	$183,825
(2) Investments, Net (Note 4)	0	0
(3) Accounts Receivable, Net (Note 5)	637,375	1,093,832
(4) Interest Receivable	0	0
(5) Advances and Prepayments	458	331
(6) Other Federal (Intragovernmental) (Note 6)	30,285	39,636
b. Transactions with Non-Federal (Governmental) Entities:		
(1) Investments (Note 4)	0	0
(2) Accounts Receivable, Net (Note 5)	18,193	190,180
(3) Credit Program Receivables/ Related Foreclosed Property, Net (Note 7)	0	0
(4) Interest Receivable, Net	0	0
(5) Advances and Prepayments	1,861	1,488
(6) Other Non-Federal (Governmental) (Note 6)	144,051	0
c. Cash and Other Monetary Assets (Note 3)	0	0
d. Inventory, Net (Note 8)	0	1,086
e. Work in Process (Note 9)	0	0
f. Operating Materials/Supplies, Net (Note 10)	17,633	6,237
g. Stockpile Materials, Net (Note 11)	0	0
h. Seized Property (Note 12)	0	0
i. Forfeited Property, Net (Note 13)	0	0
j. Goods Held Under Price Support and Stabilization Programs, Net (Note 14)	0	0
k. Property, Plant and Equipment, Net (Note 15)	1,190,900	1,053,007
l. War Reserves	0	0
m. Other Entity Assets	0	0
n. Total Entity Assets	$2,593,488	$2,569,622
2. Non-Entity Assets:		
a. Transactions with Federal (Intragovernmental) Entities:		
(1) Fund Balance with Treasury (Note 2)	$0	$0
(2) Accounts Receivable, Net (Note 5)	0	0
(3) Interest Receivable, Net	0	0
(4) Other (Note 6)	0	0

The accompanying notes are an integral part of these statements.

Department of Defense
Working Capital Fund - U. S. Transportation Command
Statement of Financial Position
As of September 30, 1997
(Thousands)

ASSETS, Continued	1997	1996
2. Non-Entity Assets:		
b. Transactions with Non-Federal (Governmental) Entities:		
(1) Accounts Receivable, Net (Note 5)	$0	$0
(2) Interest Receivable, Net	0	0
(3) Other (Note 6)	0	0
c. Cash and Other Monetary Assets (Note 3)	0	0
d. Other Non-Entity Assets	0	0
e. Total Non-Entity Assets	$0	$0
3. Total Assets	$2,593,488	$2,569,622
LIABILITIES		
4. Liabilities Covered by Budgetary Resources:		
a. Transactions with Federal (Intragovernmental) Entities:		
(1) Accounts Payable	$395,174	$388,147
(2) Interest Payable	0	0
(3) Debt (Note 16)	144,051	156,786
(4) Other Federal (Intragovernmental) Liabilities (Note 17)	173,648	157,653
b. Transactions with Non-Federal (Governmental) Entities:		
(1) Accounts Payable	460,718	404,377
(2) Accrued Payroll and Benefits		
(a) Salaries and Wages	59,151	64,627
(b) Annual Accrued Leave	15,835	14,531
(c) Severance Pay and Separation Allowance	28	0
(3) Interest Payable	0	0
(4) Liabilities for Loan Guarantees (Note 7)	0	0
(5) Lease Liabilities (Note 18)	0	0
(6) Pensions and Other Actuarial Liabilities (Note 19)	0	33
(7) Other Non-Federal (Governmental) Liabilities (Note 17)	181,356	261,583
c. Total Liabilities Covered by Budgetary Resources:	$1,429,961	$1,447,737

The accompanying notes are an integral part of these statements.

Department of Defense
Working Capital Fund - U. S. Transportation Command
Statement of Financial Position
As of September 30, 1997
(Thousands)

LIABILITIES, Continued	1997	1996
5. Liabilities Not Covered by Budgetary Resources:		
a. Transactions with Federal (Intragovernmental) Entities:		
(1) Accounts Payable	$0	$0
(2) Debt (Note 16)	0	0
(3) Other Federal (Intragovernmental) Liabilities (Note 17)	0	0
b. Transactions with Non-Federal (Governmental) Entities:		
(1) Accounts Payable	0	0
(2) Debt (Note 16)	0	0
(3) Lease Liabilities (Note 18)	0	0
(4) Pensions and Other Actuarial Liabilities (Note 19)	1,804	0
(5) Other Non-Federal (Governmental) Liabilities (Note 17)	0	0
c. Total Liabilities Not Covered by Budgetary Resources	$1,804	$0
6. Total Liabilities	$1,431,765	$1,447,737
NET POSITION (Note 20)		
7. Balances:		
a. Unexpended Appropriations	$0	$0
b. Invested Capital	1,182,003	1,163,838
c. Cumulative Results of Operations	(18,476)	(41,953)
d. Other	0	0
e. Future Funding Requirements	(1,804)	0
f. Total Net Position	$1,161,723	$1,121,885
8. Total Liabilities and Net Position	$2,593,488	$2,569,622

The accompanying notes are an integral part of these statements.

Department of Defense
Working Capital Fund - U. S. Transportation Command
Statement of Operations and Changes in Net Position
For the Period Ended September 30, 1997
(Thousands)

	1997	1996
REVENUES AND FINANCING SOURCES		
1. Appropriated Capital Used	$0	$0
2. Revenues from Sales of Goods and Services		
a. To the Public	21,847	20,178
b. Intragovernmental	3,831,010	3,940,606
3. Interest and Penalties, Non-Federal	0	0
4. Interest, Federal	0	0
5. Taxes (Note 21)	0	0
6. Other Revenues and Financing Sources (Note 22)	544,729	71,225
7. Less: Taxes and Receipts Transferred to the Treasury or Other Agencies	0	0
8. Total Revenues and Financing Sources	$4,397,586	$4,032,009
EXPENSES		
9. Program or Operating Expenses (Note 23)	$0	$0
10. Cost of Goods Sold (Note 24)		
a. To the Public	26,486	20,100
b. Intragovernmental	4,320,403	3,925,582
11. Depreciation and Amortization	120,698	95,295
12. Bad Debts and Writeoffs	7,259	6,041
13. Interest		
a. Federal Financing Bank/Treasury Borrowing	0	0
b. Federal Securities	0	0
c. Other	5	0
14. Other Expenses (Note 25)	1,665	429
15. Total Expenses	$4,476,516	$4,047,447
16. Excess (Shortage) of Revenues and Financing Sources Over Total Expenses Before Extraordinary Items	($78,930)	($15,438)
17. Plus (Minus) Extraordinary Items (Note 26)	0	0
18. Excess (Shortage) of Revenues and Financing Sources Over Total Expenses	($78,930)	($15,438)

The accompanying notes are an integral part of these statements.

Department of Defense
Working Capital Fund - U. S. Transportation Command
Statement of Operations and Changes in Net Position
For the Period Ended September 30, 1997
(Thousands)

	1997	1996
EXPENSES, Continued		
19. Net Position, Beginning Balance, as Previously Stated	$1,121,885	$1,012,501
20. Adjustments (Note 27)	102,407	0
21. Net Position, Beginning Balance, as Restated	$1,224,292	$1,012,501
22. Excess (Shortage) of Revenues and Financing Sources Over Total Expenses	(78,930)	(15,438)
23. Plus (Minus) Non Operating Changes (Note 28)	16,361	124,822
24. Net Position, Ending Balance	$1,161,723	$1,121,885

The accompanying notes are an integral part of these statements.

Department of Defense
Working Capital Fund - U. S. Transportation Command
Statement of Cash Flows
For the Period Ended September 30, 1997
(Thousands)

	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES		
1. Excess (Shortage) of Revenues and Financing Sources Over Total Expenses	($78,930)	($15,438)
Adjustments Affecting Cash Flow:		
2. Appropriated Capital Used	0	0
3. Decrease (Increase) in Accounts Receivable	484,393	(245,578)
4. Decrease (Increase) in Other Assets	(1,459)	16,899
5. Increase (Decrease) in Accounts Payable	63,368	(82,888)
6. Increase (Decrease) in Other Liabilities	(79,340)	(68,400)
7. Depreciation and Amortization	120,698	95,295
8. Other Unfunded Expenses	5,369	14,436
9. Other Adjustments	221,806	98,011
10. Total Adjustments	$814,835	($172,225)
11. Net Cash Provided (Used) by Operating Activities	$735,905	($187,663)
CASH FLOWS FROM INVESTING ACTIVITIES		
12. Sale of Property, Plant and Equipment	$0	$0
13. Purchase of Property, Plant and Equipment	(444,266)	(102,203)
14. Sale of Securities	0	0
15. Purchase of Securities	0	0
16. Collection of Loans Receivable	0	0
17. Creation of Loans Receivable	0	0
18. Other Investing Cash Provided (Used)	0	0
19. Net Cash Provided (Used) by Investing Activities	($444,266)	($102,203)
CASH FLOWS FROM FINANCING ACTIVITIES		
20. Appropriations (Current Warrants)	$0	$0
21. Add:		
a. Restorations	0	0
b. Transfers of Cash from Others	452,865	264,439
22. Deduct:		
a. Withdrawals	0	0
b. Transfers of Cash to Others	362,862	187,439
23. Net Appropriations	$90,003	$77,000

The accompanying notes are an integral part of these statements.

Department of Defense
Working Capital Fund - U. S. Transportation Command
Statement of Cash Flows
For the Period Ended September 30, 1997
(Thousands)

	1997	1996
CASH FLOWS FROM FINANCING ACTIVITIES, Continued		
24. Borrowing from the Public	$0	$0
25. Repayments on Loans to the Public	0	0
26. Borrowing from the Treasury and the Federal Financing Bank	0	0
27. Repayments on Loans from the Treasury and the Federal Financing Bank	(12,735)	(11,962)
28. Other Borrowings and Repayments	0	0
29. Net Cash Provided (Used) by Financing Activities	$77,268	$65,038
30. Net Cash Provided (Used) by Operating, Investing and Financing Activities	$368,907	($224,828)
31. Fund Balance with Treasury, Cash, and Foreign Currency, Beginning	183,825	408,653
32. Fund Balance with Treasury, Cash, and Foreign Currency, Ending	$552,732	$183,825

Supplemental Disclosure of Cash Flow Information:	1997	1996
33. Total Interest Paid	$0	$0

Supplemental Schedule of Financing and Investing Activity:	1997	1996
34. Property and Equipment Acquired Under Capital Lease Obligations	$0	$0
35. Property Acquired Under Long-Term Financing Arrangements	$0	$0
36. Other Exchanges of Non-cash Assets or Liabilities	$0	$0

The accompanying notes are an integral part of these statements.

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UNITED STATES TRANSPORTATION COMMAND

TRANSPORTATION WORKING CAPITAL FUND

FOOTNOTES TO THE PRINCIPAL STATEMENTS

Footnotes

DEPARTMENT OF DEFENSE
US TRANSPORTATION COMMAND
DEFENSE WORKING CAPITAL FUND
FINANCIAL OPERATIONS
NOTES TO THE PRINCIPAL STATEMENTS
AS OF SEPTEMBER 30, 1997

Note 1. Significant Accounting Policies:

A. Basis of Presentation:

These financial statements have been prepared to report the financial position and results of operations of the Department of Defense (DoD), as required by the Chief Financial Officers (CFOs) Act, and other appropriate legislation. They have been prepared in accordance with DoD guidance on the form and content of financial statements as adopted from Office of Management and Budget (OMB) Bulletins.

B. Reporting Entity:

The United States Transportation Command (USTRANSCOM) was created as a result of the SECDEF memo, 14 Feb 92. It represents the single DoD financial manager of all common-user transportation in peace and war. The Army and Navy continue to manage their own service-unique transportation functions. The USTRANSCOM components are (1) Military Sealift Command (MSC), (2) Defense Courier Service (DCS), (3) Air Mobility Command (AMC) (4) Headquarters USTRANSCOM (HQTRANS), and (5) Military Traffic Management Command (MTMC).

All Transportation Command Components (TCCs) use service unique general ledger structures. MTMC reporting is consolidated at DFAS-DE-Omaha. The OPLOC forwards the MTMC Consolidated General Ledger to DFAS-IN/AAB who provides “value added reconciliations.” DFAS-IN/AAB then forwards the general ledger to DFAS-DE/ADRC where the monthly AR 1307 is formatted into the CFO Statements. DFAS-IN/A prepares the MTMC SF 133 - Report of Budget Execution from the Status of Funds data. The separate preparation of these reports creates discrepancies in earnings.

MSC trial balances are prepared at the Washington Navy Yard and forwarded to DFAS-CL who prepares the SF 133 and forwards the SF 133 and general ledger to DFAS-DE/ADRC where the monthly AR 1307 is prepared.

USTRANSCOM is in the process of transferring from the Defense Logistics Agency group of Working Capital Funds to the Air Force group of Working Capital Funds. This transfer is being conducted under conditions established by a Plan of Action and Milestones (POA&M) being monitored by DFAS Denver and DFAS Headquarters.

C. Budgets and Budgetary Accounting:

USTRANSCOM operates as a working capital (revolving) fund. As of September 30, 1997, the appropriation cite was 97 X 4930.5D(11,12,13,14,&15). During FY 97, USTRANSCOM received no direct appropriations, although it was the recipient of an Air Force general funds subsidy of $416.3M. The ending FY 97 budget authority was $4,221.935M.

D. Basis of Accounting:

In general, the financial statements are presented on the accrual basis of accounting as required by the DoD Accounting Manual. Under the accrual method, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints and controls over the use of federal funds. All known intrafund balances have been eliminated (see Footnote 29).

E. Revenues and Other Financing Sources:

Revenue is recognized at the point the rendered service is completed and billed. Invested Capital Used in the amount of $502.4M has been recognized in the accompanying Statement of Operations as Other Financing Sources. This represents the value of depreciation on assets not owned by USTRANSCOM and the value of Military Personnel Salaries provided by the Air Force. See Footnote 22 for additional information.

F. Accounting for Intra-governmental Activities:

USTRANSCOM interacts with and is dependent upon the financial activities of the Federal Government as a whole. Therefore, these financial statements do not reflect the results of all financial decisions applicable to USTRANSCOM as though it was a stand-alone entity. USTRANSCOMs proportionate share of public debt and related expenses of the Federal Government is excluded from the accompanying statements.

G. Funds with the U.S. Treasury and Cash:

Until USTRANSCOM is designated its own appropriation limit,USTRANSCOM's fund balance is not visible due to its inclusion in the fund balance of the Defense Logistic Agency.

H. Foreign Currency:

Not applicable.

I. Accounts Receivable:

As presented in the Statement of Financial Position, accounts receivable includes accounts, claims, and refunds receivable from other entities. See Footnote 5 for additional information.

J. Loans Receivable:

There are no Loans Receivable reported by USTRANSCOM.

K. Inventories:

There are no Inventories reported by USTRANSCOM.

L. Investments in U.S. Government Securities:

There are no Investments in U.S. Government Securities reported by USTRANSCOM.

M. Property and Equipment:

The USTRANSCOM Airlift Services is supported by the Air Force General Accounting and Finance System (GAFS) suite of systems. This system lacks a depreciation system to properly track assets, and report depreciation for real property and equipment in use. Correction of internal control and procedural weaknesses is ongoing.

Routine maintenance and repair costs are expenses when incurred. Depreciation of buildings, property and equipment is calculated on a straight line basis.

N. Prepaid and Deferred Charges:

Payments in advance of the receipt of goods and services are recorded as prepaid charges at the time of prepayment and reported as an asset on the Statement of Financial Position. Prepaid charges are recognized as expenditures and expenses when the related goods and services are received.

O. Leases:

There are no leases reported by USTRANSCOM.

P. Contingencies:

There are no contingencies reported by USTRANSCOM.

Q. Accrued Leave:

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Sick and other types of nonvested leave are expensed as taken.

R. Equity:

Equity consists of invested capital and cumulative results of operation. Invested capital includes capital assets acquired, constructed or donated. It also includes transfers to and from other Federal government agencies. Cumulative results of operation represents the excess or (shortage) of revenues over expenses since fund inception.

S. Aircraft/Ship Crashes:

There are no aircraft or ship crashes reported by USTRANSCOM.

T. Treaties for Use of Foreign Bases:

There are no treaties for the use of foreign bases reported by USTRANSCOM.

U. Comparative Data:

The accompanying statements included comparative data for FY 1996 and FY 1997.

V. Undelivered Orders:

USTRANSCOM is obligated for goods and services which have been ordered but not yet received (undelivered orders) as of September 30, 1997. Aggregate reported undelivered orders amounted to $432.8M as of September 30, 1997.

Note 2. Fund Balances with Treasury:

A. Fund Balances:

Until USTRANSCOM is designated its own appropriation limit,USTRANSCOM's fund balance is not visible due to its inclusion in the fund balance of the Defense Logistic Agency.

B. Other Information:

	Entity Assets		Non-Expenditure
	Funds Collected	Funds Disbursed	Transfers
Beginning Balance	$ 8,604,430	$ (8,628,054)	$ 207,449
Transfers of Cash to Others			(362,862)
Transfers of Cash from Others			452,865
Transfer of Cash to Federal Financing Bank			(12,735)
Funds Collected:	4,319,027		
Funds Disbursed:		(4,027,388)	
Ending Balance	$ 12,923,457	$ (12,655,442)	$ 284,717

There is a discrepancy between MSC collection and disbursement amounts as recorded by the Cleveland and Indy Centers. The Cleveland Center has determined that $153.4M in Treasury disbursements since December 1,1994, have not been included on the SF 133 or AR 1307 reports. Cleveland is currently performing additional verification procedures regarding the $153.4M, and DFAS-HQ has directed that the $153.4M not be included on the SF 133 or AR 1307 reports until the additional Cleveland analysis is completed.

Note 3. Cash, Foreign Currency and Other Monetary Assets:

Not applicable.

Note 4. Investments:

Not applicable.

Note 5. Accounts Receivable:

	(1) Gross Amount Due	(2) Allowance For Estimated Uncollectibles	(3) Allowance Method Used	(4) Net Amount Due
A. Entity Receivables:				
Intragovernmental	$653,510	$16,135		$637,375
Governmental	19,355	1,162		18,193

B. Non-Entity Receivables:

Intragovernmental	$0	$0		$0
Governmental	0	0		0

C. Other Information:

1. Accounts Receivable include abnormal undistributed collection balances for AMC ($57.8M), for HQTRANS ($3K), and for DCS ($931K). DFAS-DE research efforts have concentrated on the processing of collections which were reported to Treasury by Army and Navy.

Undistributed Collections for MSC (abnormal $40.3M) is calculated by DFAS-CL by comparing Activity Collections to Treasury Cash which is obtained from the Navy Collection and Expenditure Reporting and Processing System (CERPS). These calculations produce large abnormal undistributed collections together with unlocated cash imbalances.

The net of the cash collection and cash disbursement imbalances is reflected as an equity Transfer In of Property Without Reimbursement. At September 30, 1996, the balance was a normal Transfer In balance of $57.0M. For that reason, the Transfer In (rather than Transfer Out) of Property Without Reimbursement was chosen.

At September 30, 1997, the unlocated cash imbalance was an abnormal $128.9M balance. FY 97 transactions resulted in a change in the imbalance of $185.9M (from a normal balance of $57.0M to an abnormal balance of $128.9M). Effectively, this balance now represents a Transfer Out Without Reimbursement.

The Plan of Action and Milestones (POA&M) for the transfer of USTRANSCOM to Air Force requires resolution of all the above issues.

2. DoD 7000.14-R requires a quarterly reconciliation of detail accounts receivable to GLA control accounts. The Home Office receivables balance for AMC ($16.5M) has never been totally reconciled with the detail accounts which are maintained in DFAS-DE/FYD and in DFAS-CO (contractor debts). The current unlocated difference is $842K. The $16.5M balance includes $11.8M of uncollectible receivables for contingency missions flown prior to FY 95. The Plan of Action and Milestones (POA&M) for the transfer of USTRANSCOM to Air Force requires disposition of these uncollectible receivables.

3. During 1997, USTRANSCOM refunded $95.115M of revenue under PBDs 620, 621, 622, and 623. The total refund directed was $100.0M (revised to $95.115M). The result of the refunds is to reduce FY 97 revenue and receivables.

4. Net accounts receivable at September 30, 1996, were $1,284M. Net accounts receivable at September 30, 1997, were $800.0M. This decrease of $484.4M represents a 37.7% decrease. This is primarily due to the implementation of OSD directed self-reimbursement billing procedures during FY 97.

5. Non-Federal Receivables were $190.2M in FY 1996 compared to only $19.4M in FY 1997. This is due to the FY 1997 classification change of the asset contra ($144.1M) to the MSC FFB loan. The contra was presented as an account receivable in FY 1996 but as an Other Asset in FY 1997.

Note 6. Other Federal (Intragovernmental) and Non-Federal (Governmental) Assets :

A. Other Entity Assets:

(1) Federal (Intragovernmental)

(a) Other Assets	$30,285
(b)____	0
(c)____	0
Total	$30,285

(2) Non-Federal (Governmental)

(a) Other Assets	$144,051
(b)____	0
(c)____	0
Total	$144,051

B. Other Information:

1. The $30,285M Other Federal Assets represents Deferred Charges reported by MSC.

2. $144.1M represents the asset contra for the recording of the principle balance left on MSCs
T-5 program. See Footnote 16 for further details.

C. Other Non-entity Assets:

(1) Federal (Intragovernmental)

(a)____	$0
(b)____	0
(c)____	0
Total	$0

(2) Non-Federal (Governmental)

(a)____	$0
(b)____	0
(c)____	0
Total	$0

D. Other Information:

Other Non-Federal Assets are $144.1M in FY 1997 compared to zero in FY 1996. This is due to the FY 1997 classification change of the asset contra to the MSC FFB loan. The contra was presented as an account receivable in FY 1996 but as an Other Asset in FY 1997.

Note 7. Loans and Loan Guarantees, Non-Federal Borrowers:

Not applicable.

Note 8. Inventory, Net:

Not applicable. The inventory balance reported by MTMC only at September 30, 1996, ($1.086M) was determined to be erroneous in September 1997. Based upon the September 1997 MTMC advisement, the previously reported inventory balances are now classified as Operating Materials and Supplies. The FY 96 balance ($1.086M) was considered too immaterial for restatement.

Note 9. Work in Process:

Not applicable.

Note 10. Operating Materials and Supplies (OM&S), Net:

	(1) OM&S Amount	(2) Allowance for Losses	(3) OM&S, Net	(4) Valuation Method
A. OM&S Categories:				
(1) Held for Use	$17,633	$0	$17,633	COST
(2) Held in Reserve for Future Use	0	0	0	N/A
(3) Excess, Obsolete and Unserviceable	0	0	0	N/A
Total	$17,633	$0	$17,633	

B. Restrictions on operating materials and supplies:

None.

C. Other Information:

See Note 8 above where $1.086M in MTMC Operating Materials and Supplies was improperly classified as Inventory at September 30, 1996. Amounts reported for MSC and MTMC are $9.572M and $8.061M respectively. AMC reports no operating materials and supplies.

Note 11. Stockpile Materials:

Not applicable.

Note 12. Seized Property:

Not applicable.

Note 13. Forfeited Property, Net:

Not applicable.

Note 14. Goods Held Under Price Support and Stabilization Programs, Net:

Not applicable.

Note 15. Property, Plant and Equipment, Net:

	(1) Depreci-ation Method	(2) Service Life	(3) Acquisition Value	(4) Accumulated Depreciation	(5) Net Book Value
Classes of Fixed Assets					
A. Land			$8,672	$0	$8,672
B. Structures, Facilities, & Leasehold Improvements	S/L	20	473,696	260,044	213,652
C. Military Equipment			704,307	555,355	148,952
D. ADP Software	S/L	5	411,509	123,709	287,800
E. Equipment	S/L	5 & 10	67,290	4,295	62,995
F. Assets Under Capital Lease			0	0	0
G. Other			2,107	0	2,107
H. Natural Resources			2,121	0	2,121
I. Construction-in-Progress			464,601	0	464,601
Total			$2,134,303	$943,403	$1,190,900

*Keys:

Depreciation Methods	Range of Service Life
SL - Straight Line	1 to 5

	years
DD - Double-Declining Balance	6 to 10 years
SY - Sum of the Years' Digits	11 to 20 years
IN - Interest (sinking fund)	Over 20 years
PR - Production (activity or use method)	
OT - Other (describe)	

J. Other Information:

The Statement of Cash Flows (Line 8) reflects FY 96 Unfunded Expenses of $5.369M in FY 97 and $14.436M in FY 96. The unfunded expenses are for depreciation.

Note 16. Debt:

Liabilities Covered by Budgetary Resources	Beginning Balance	New Borrowings	Repay-ments	Ending Balance	Re-financing
A. Intragovermental Debt:					
(1) Borrowing from the Treasury	$0	$0	$0	$0	$0
(2) Borrowing from Federal Financing Bank	156,786	0	12,735	144,051	0
(3) Borrowing from Other Federal Agencies	0	0	0	0	0
Total Intragovern-mental Debt	$156,786	$0	$12,735	$144,051	$0

Liabilities Not Covered by
Budgetary Resources

B. (1) Public Debt:					
a. Held by Government Accounts	$0	$0	$0	$0	$0
b. Held by the Public	0	0	0	0	0
c. Total Public Debt	$0	$0	$0	$0	$0
(2) Agency Debt:					
a. Held by Government Accounts	$0	$0	$0	$0	$0
b. Held by the Public	0	0	0	0	0
c. Total Agency Debt	$0	$0	$0	$0	$0
C. Total Liabilities For Debt: Not Covered by Budgetary Resources	$0	$0	$0	$0	$0
D. Total Debt:	$156,786	$0	$12,735	$144,051	$0

E. Other Information:

$144.1M is the principle balance left onMSCs T-5 program which provides ships for time charter to MSC to meet requirements not available in the marketplace. The ships were financed with approximately 30% equity investments and 70% debt borrowings. The debt is in the form of loans from the Federal Financing Bank (FFB) to the vessel owners. In order to simplify the payments to the FFB, the FFB crossdisburses the semi-annual principal payments directly from the working capital fund; however, MSC records the equity payments upon receipt of invoices. Interest is paid by voucher rather than Non-Expenditure Transfer. MSC does not report "interest" expense on their trial balance, and the Denver Center does not presume to report the FFB interest as the "only" interest paid by MSC. For information purposes, the FY 97 interest paid per the FFB amortization schedule was $10.855M and FY 96 interest was $11.766M. The FFB loan accounting treatment related to Debt and the related offsetting charge has been identified to DFAS-HQ as a FEDGAAP issue requiring resolution.

Note 17. Other Liabilities:

A. Other Liabilities Covered by Budgetary Resources:

	Noncurrent Liability	Current Liability	Total
1. Intragovermental			
(a) Unearned Revenue-Advances From Governmental Agencies and Funds	$0	$11,369	$11,369
(b) Contingent Liabilities	0	1,240	1,240
(c) Other Liabilities	0	161,039	161,039
Total	$0	$173,648	$173,648

	Noncurrent Liability	Current Liability	Total
2. Governmental			
(a) Unearned Revenue-Advances From Public	$0	$1,053	$1,053
(b) Other Liabilities	0	180,303	180,303
(c)_______________	0	0	0
Total	$0	$181,356	$181,356

B. Other Information:

C. Other Liabilities Not Covered by Budgetary Resources:

	Noncurrent Liability	Current Liability	Total
1. Intragovernmental			
(a) Cancelled Budget Authority	$0	$0	$0
(b)________________________	0	0	0
(c)________________________	0	0	0
Total	$0	$0	$0

	Noncurrent Liability	Current Liability	Total
2. Governmental			
(a) Cancelled Budget Authority	$0	$0	$0
(b)______________________	0	0	0
(c)______________________	0	0	0
Total	$0	$0	$0

B. Other Information:

Other liabilities covered by Budgetary Resources:

1. Intragovernmental .
Line (a), Unearned Revenue of $3.341M applies to MSC.
Line (a), Unearned Revenue of $8.028M applies to AMC.
Line (b), Contingent Liabilities of $1.240M is for MSC Major Real Property Maintenance and Repair (MRPM&R).
Line (c), Other Liabilities ($161.039M) applies to MSC only and is composed primarily of MSC liability to the Maritime Administration (MARAD).

2. Governmental.
Line (a), Unearned Revenue of $ 1.053M applies to AMC.
Line (b), Other Liabilities of $180.303M applies to MSC only and represents Accrued Expenses for Ship Operations.

C. Other Liabilities Not Covered by Budgetary Resources:

None.

D. Other Information:

None.

Note 18. Leases:

Not applicable.

Note 19. Pensions and Other Actuarial Liabilities

Major Program Activities	(1) Actuarial Present Value of Projected Plan Benefits	(2) Assumed Interest Rate (%)	(3) Assets Available to Pay Benefits	(4) Unfunded Actuarial Liability
A. Pensions and Health Plans	$0		$0	$0
B. Insurance/Annuity Programs:				
(1)Workers Compensation	1,804	Below	0	1,804
(2)__________	0		0	0
(3)__________	0		0	0
Total	$1,804		$0	$1,804
C. Other:				
(1)__________	0		0	0
(2)__________	0		0	0
(3)__________	0		0	0
Total	$0		$0	$0
D. Total Lines A+B+C	$1,804		$0	$1,804

E. Other Information: The CFO statements for FY 96 erroneously reflected $33K as a Pension Liability for AMC. The amount of the error is considered too immaterial to restate the prior year statements.

Future workers' compensation figures are provided by the Department of Labor. The liability for future workers' compensation (FWC) benefits includes the expected liability for death, disability, medical, and miscellaneous costs for approved compensation cases. The liability is determined using a method that utilizes historical benefit payment patterns related to a specific incurred period to predict the ultimate payments related to that period. Consistent with past practice, these projected annual benefit payments have been discounted to present value using the Office of Management and Budget's June 10, 1997, economic assumptions for 10-year Treasury notes and bonds. 1997 interest rate assumptions utilized for discounting were as follows:

6.24% in year 1 — 5.82% in year 2
5.60% in year 3 — 5.45% in year 4
5.40% in year 5 and thereafter

Note 20. Net Position:

	Revolving Funds	Trust Funds	Appro- priated Funds	Total
A. Unexpended Appropriations:				
(1) Unobligated,				
a. Available	$0	$0	$0	$0
b. Unavailable	0	0	0	0
(2) Undelivered Orders	0	0	0	0
B. Invested Capital	1,182,003	0	0	1,182,003
C. Cumulative Results of Operations	(18,476)	0	0	(18,476)
D. Other	0	0	0	0
E. Future Funding Requirements	(1,804)	0	0	(1,804)
F. Total	$1,161,723	$0	$0	$1,161,723

G. Other Information:

None.

Note 21. Taxes:

Not applicable.

Note 22. Other Revenues and Financing Sources:

	1997	1996
A. Other Revenues and Financing Sources:		
(1) Reimbursements	$0	$70,501
(2) Other Revenue	40,700	0
(3) Invested Capital Used	502,401	724
(4) Imputed Pension and Other Retirement Benefits (ORB):		
(a) CSRS/FERS Retirement	1,144	N/A
(b) Health	482	N/A
(c) Life Insurance	2	N/A
Total	$544,729	$71,225

B. Other Information:

Line (1) Reimbursements represented Unfunded Revenue for AMC for FY 96. All FY 97 revenue was considered Funded, so there was no comparable FY 97 amount.

Line (2) The $40.7M represents Capital Asset Surcharge revenue for MSC ($6.0M) and for MTMC ($34.7M). This surcharge was not authorized for FY 96, so there was no comparable FY 96 amount.

Line (3) Invested Capital Used of $724K is applicable to HQ USTRANSCOM for FY 96.
Line (3) Invested Capital Used of $724K is again applicable in FY 97 for HQ USTRANSCOM.
Line (3) Invested Capital Used of $501.677M represents Other Revenue "Provided by Other Appropriations" applicable to AMC for FY 97. AMC includes Military Personnel Expense of $501.677M to cover the costs of military personnel at the civilian equivalent rate. No actual reimbursement is made to the military. Recognition of the revenue produces a zero effect on Net Operating Results. This item was not recorded by AMC for FY 96, so there was no comparable FY 96 amount.

Line (4) The Office and Personnel Management (OPM) is the administrative entity for The Imputed Pension and Other Retirement Benefit (ORB) amounts. OPM accounts for and reports the pension liability in the financial statements while the employer discloses the imputed financing. OPM actuaries provide the normal cost rates which are used to calculate the imputed financing.

Note 23. Program or Operating Expenses:

Not applicable.

Note 24. Cost of Goods and Services Sold:

A. Cost of Services Sold	
(1) Beginning Work-in-Process	$0
(2) Plus: Operating Expenses	4,346,889
(3) Minus: Ending Work-in-Process	0
(4) Minus: Completed Work for Activity Retention	0
Cost of Services Sold	$4,346,889

B. Cost of Goods Sold from Inventory (using Latest Acquisition Cost):	
(1) Beginning Inventory - L.A.C.	$0
(2) Less: Beginning Allowance for Unrealized Holding Gains (Losses)	0
(3) Plus: Purchases at Cost	0
(4) Plus: Customer Returns - Credit Given	0
(5) Plus: DLR Exchange Credits	0
(6) Less: Inventory Losses Realized	0
(7) Less: Ending Inventory - L.A.C.	0
(8) Plus: Ending Allowance for Unrealized Holding Gains (Losses)	0

(9) Less: Equity Transfers of Inventory to Others	0
(10) Plus: Equity Transfers of Inventory from Others	0
(11) Equals: Cost of Goods Sold from Inventory	$0

C. Cost of Goods Sold from Inventory (using Historical Cost):

(1) Beginning Inventory	$0
(a) Plus: Purchases at Cost	0
(b) Plus: Inventory Gains	0
(c) Minus: Inventory Losses	0
(2) Less: Ending Inventory	0
Cost of Goods Sold	$0

D. Other Information:

None.

Note 25. Other Expenses:

	1997	1996
A. Other Expenses:		
1. Miscellaneous	$ 37	$ 429
2. Imputed Pension and Other Retirement Benefits (ORB):		
(a) CSRS/FERS Retirement	1,144	N/A
(b) Health	482	N/A
(c) Life Insurance	2	N/A
Total	$ 1,665	$ 429
	======	=====

B. Other Information:

For 1997, other expenses ($37K) represent nominal amounts reported by MSC ($31K) and by MTMC ($6K). In 1996, MSC reported $132K and MTMC reported $297K in other expenses.

Line (2) The Office and Personnel Management (OPM) is the administrative entity for The Imputed Pension and Other Retirement Benefit (ORB) amounts. OPM accounts for and reports the pension liability in the financial statements while the employer discloses the imputed financing. OPM actuaries provide the normal cost rates which are used to calculate the imputed financing.

Note 26. Extraordinary Items:

Not applicable.

Note 27. Prior Period Adjustments:

A. Prior Period Adjustments:

(1) Eliminate Negative Receivable--MSC	$ 54,000
(2) Eliminate Non-Existing Payable--MSC	48,407
Total	$102,407
	=======

B. Other Information:

Prior Period Adjustments ($102.407M) apply to MSC only and was directed by DFAS-HQ/A during September 1997. It represents (1) the elimination of a negative receivable from the National Defense Sealift Fund ($54M) and (2) the elimination of $48.407M of non-existing payables to the Department of Transportation.

Note 28. Non-Operating Changes - (Transfers and Donations) :

A. Increases:	1997	1996
(1) Transfers-In:		
(a) From Others Without Reimbursement	($185,915)	$81,602
(b)________________________	0	0
(c)________________________	0	0
(2) Unexpended Appropriations	0	0
(3) Donations Received	0	0
(4) Other Increases	202,276	40,672
(5) Total Increases	$16,361	$122,274

B. Decreases:	1997	1996
(1) Transfers-Out:		
(a) To Others Without Reimbursement	$0	($2,548)
(b)________________________	0	0
(c)________________________	0	0
(2) Donations	0	0
(3) Other Decreases	0	0
(4) Total Decreases	$0	($2,548)

C. Net Non-Operating Changes (Transfers):	$16,361	$124,822

D. Other Information:

The abnormal balance for TransfersIn Without Reimbursement ($185.9M) applies to MSC only. See Footnote 5.C. above. It represents the net unlocated cash imbalance which effectively represents a Transfer Out Without Reimbursement.

Other increases above are primarily composed of Non-Expenditure Transfers, changes/corrections of Assets Capitalized, increase in Future Funding Requirements, and changes/corrections in Liabilities Assumed.

Note 29. Intrafund Eliminations:

SCHEDULE A

Not applicable to working capital fund activities.

SCHEDULE B

Not applicable to USTRANSCOM.

SCHEDULE C

Selling Activity:	Column A	Column B	Column C	Column D
	Accounts Receivable	Revenue	Unearned Revenue	Collections
U.S. TRANSCOM WCF	$571,501	$3,818,314	$10,127	$4,156,212
Total	$571,501	$3,818,314	$10,127	$4,156,212

Customer Activity:	Column A	Column B	Column C	Column D
	Accounts Payable	Expenses	Advances	Disbursements
Department of the Army	$116,104	$666,406	$0	$0
Department of the Navy	$43,415	$649,296	$0	$0
Department of the Air Force	$263,341	$2,012,396	$0	$0
DLA WCF	$25,113	$169,226	$0	$0
DeCA WCF	$37,210	$286,195	$0	$0
Other Defense Organizations	$86,318	$34,795	$0	$0
Adjustment To Agree w/725	N/A	N/A	$10,127	$4,156,212

Total	$571,501	$3,818,314	$10,127	$4,156,212

Schedule D

Selling Activity:	Column A	Column B	Column C	Column D
	Accounts Receivable	Revenue	Unearned Revenue	Collections
U.S. TRANSCOM WCF	$1,243	$12,696	n/a	$98,434
Total	$1,243	$12,696	$0	$98,434

Customer Activity:	Column A	Column B	Column C	Column D
	Accounts Payable	Expenses	Advances	Disbursements
Defense Security Assistance Agency	($615)	$10,413	n/a	$0
NASA	$1,858	$2,283	n/a	$0
Adjustment To Agree w/725	N/A	N/A	$0	$98,434
Total	$1,243	$12,696	$0	$98,434

Current USTRANSCOM systems do not provide for the capture of detail information at appropriation levels. The above information has been manually compiled by the Transportation Command Components. This manual determination process results in discrepancies between the above compiled data and the AR(M)725 Report on Reimbursements as indicated by the above line in the tabulation labeled "Adjustment to Agree/725". Intra-USTRANSCOM eliminating adjustments of $7,728K for receivables/payables and $95,464K for revenues/cost of goods sold have been reflected in the accompanying financial statements.

Note 30. Contingencies:

Not applicable.

Note 31. Other Disclosures:

Unmatched Disbursements, Negative Unliquidated Obligations, and Aged In-Transit Disbursements (In Thousands):

USTRANSCOM WCF Funds	September 1996	September 1997	Change	Percent Change
Unmatched Disbursements	$ 4,440	$ 238	($ 4,202)	(71%)
Negative Unliquidated Obligations*	1,214	1,566	352	29%
Aged In-Transit Disbursements	1,146	1,424	278	25%
Totals	$ 6,800	$ 3,228	($ 3,572)	(53%)
	======	=====	=======	=====

*Represents all negative balances not obligated including deferred items awaiting correction from paying station or awaiting funding.

The derivation of ending Property, Plant, & Equipment amounts is as follows:

	1997	1996
Beginning PP&E Balance	$1,053,007	$ 1,098,760
Add: Purchases	444,266	102,203
Deduct: Depreciation	120,698	95,295
MTMC Unfunded Depreciation	6,093	15,160
MSC PP&E Decapitalizations	116,685	0
MTMC PP&E Decapitalizations	62,897	37,501
Ending PP&E Balance	$1,190,900	$ 1,053,007
	========	========