

EXPLANATION OF ESTIMATES FOR FEDERAL FUNDS

Part I contains supporting details for Federal funds, including various types of tables and schedules, explanatory statements of the work to be performed and the money needed, and the text of the language proposed for

enactment by Congress on each item of authorization. Material is also included on a few trust funds which require congressional action. This part is arranged in chapters reflecting the organization of the Government.

TYPES OF FEDERAL FUNDS

Federal (Government-owned) funds are of four types, as follows:

The *general* fund is credited with receipts which are not earmarked by law for a specific purpose, and is charged with expenditures that are payable from appropriations (except appropriations of earmarked receipts) and those payable from borrowing. Both in number of items and in amounts, most of the Government's business is transacted through the general fund.

Special funds are those which are established to account for receipts that are earmarked by law for a specific purpose. They exclude the funds which carry on a cycle of operations for which there is continuing authority to use the receipts (as described in the next paragraph). Some special funds are subject to annual appropriation by Congress. Others are automatically available under the laws which created the funds.

Public enterprise (revolving) funds are those which

finance a cycle of operations, in which the expenditures generate receipts coming primarily from the public and available for continuing use. They include nearly all of the Government-owned corporations, the postal fund, and various unincorporated enterprises.

Intragovernmental revolving and management funds (including *consolidated working* funds) are those which are created to facilitate financing operations within and between Government agencies. They consist of two types—*intragovernmental revolving* funds which finance a cycle of operations, like public enterprise funds but with receipts primarily from within the Government; and *management* funds which permit the pooling of advance payments from two or more appropriations to carry out certain activities.

Other funds, for which the Government serves in a fiduciary capacity, are of two types—*trust* funds and *deposit* funds. They are explained at the beginning of part II.

FORM OF DETAILED MATERIAL

For each appropriation, this appendix includes certain detailed material, as follows: (1) appropriation language, if applicable; (2) a schedule of program and financing; (3) a narrative statement on program and performance; (4) a schedule of object classification. An exception occurs in the case of certain permanent appropriations and older appropriation accounts on which only a residual balance remains; such accounts of a bureau or independent agency are often combined into a single presentation instead of having separate schedules. Where the obligations fall in a single object class, the classification is identified in the program and financing schedule, rather than in a separate schedule.

For revolving funds, there are usually three additional schedules covering (5) a summary of sources and application of funds; (6) revenue, expense, and retained earnings; and (7) financial condition.

The basic schedules usually exclude supplemental estimates which it is expected will be transmitted to Congress later, for 1964 and 1965; these usually are covered by a separate, brief schedule of program and financing, without appropriation language. However, the 1964 column of the basic schedules include (and identify) certain supplemental estimates already pending before Congress, and supplementals required in a few accounts to meet costs of the Uniformed Services Pay Act of 1963.

The 1965 column includes, within the regular schedules, appropriations for recommended extension or renewal of expiring laws; however, money for new legislation is shown separately. Appropriation language is included for the former, not the latter.

APPROPRIATION LANGUAGE

The language proposed for inclusion in the 1965 appropriation acts is printed at the head of each item requiring action by Congress, except for those items which are not formally recommended at this time but will be proposed for separate transmittal. The language of the 1964 appropriation acts is used as a base. The text used in the 1964 appropriation acts is printed in roman type. Italic type indicates proposed new language. Brackets enclose material which it is proposed to omit, as in this example:

SALARIES AND EXPENSES

For necessary expenses of the Office of Business Economics,
[§ 2,000,000] *\$2,550,000.* (J U.S.C. 591, 596-597; 15 U.S.C. 171,
175; Department of Commerce Appropriation Act, 1964-X

Following the language, and printed in italic within parentheses, are citations to relevant authorizing legislation and to the appropriation act from which the text is taken.

SCHEDULE OF PROGRAM AND FINANCING

This schedule consists of two parts. In the section for program by activities, costs or obligations are classified by purpose, program, or project for 1963, 1964, and 1965.

The financing section shows the appropriation provided and other means of financing the program, and the disposition of amounts not used during the year.

Program and Financing (in thousands of dollars)			
	1963 actual	1964 estimate	1965 estimate
Program by activities:			
1. Preparation of national income and product data	906	966	1,124
2. Analysis of business trends	498	489	548
3. Computation of the balance of international payments	450	455	626
4. Executive direction	145	210	252
Total program costs, funded	1,999	2,120	2,550
Change in selected resources 1	-4		
Total obligations	1,995	2,120	2,550
Financing:			
Comparative transfers from other accounts	-130	-120	
Unobligated balance lapsing	10		
New obligational authority	1,875	2,000	2,550
New obligational authority:			
Appropriation	1,868	2,000	2,550
Transferred from General Administration (64 Stat. 1263)	7		
Appropriation (adjusted)	1,875	2,000	2,550

1 Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1962, \$21 thousand (1963 adjustments, \$8 thousand); 1963, \$25 thousand; 1964, \$25 thousand; 1965, \$25 thousand.

Where the data are available in the accounting system, cost-type budgets are presented, as in the preceding example. Figures opposite the activity entries are the value of goods and services consumed in carrying out the program, in the case of operating costs; they are the value of assets acquired, in the case of capital outlays.

The relation of costs to obligations is summarized in an entry "Change in selected resources." For appropriation accounts, this entry is supported by a footnote identifying the amounts of the resources involved. For revolving funds, the items are identified on the statement of financial condition and the appended tabulation.

Obligations refer to orders placed, contracts awarded, loan agreements made, and services received during the year, regardless of the time of payment. Total obligations are always shown; activities are reflected on an obligation basis where cost data are not available.

Where programs are financed at a "preobligation" stage (such as the "program plan" for certain Defense items, and "commitments" for some loan programs) an extra three columns provide details on that basis.

NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

The work planned and services proposed to be carried out are described briefly in a narrative statement for each appropriation or fund. Where practicable the narrative statement indicates the expected accomplishment in relation to the financial estimates, and gives some measures of program and performance.

SCHEDULE OF OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

There is shown for each account a classification of obligations, costs, or accrued expenditures according to a uniform list of objects, as follows:

Object Classification (in thousands of dollars)			
	1963 actual	1964 estimate	1965 estimate
11 Personnel compensation:			
Permanent positions	1,520	1,731	1,950
Positions other than permanent	19	19	
Total personnel compensation	1,539	1,750	1,950
12 Personnel benefits	112	131	146
21 Travel and transportation of persons	8	10	15
23 Rent, communications, and utilities	25	18	30
24 Printing and reproduction	101	110	130
25 Other services:	9	18	44
Services of other agencies	169	63	190
26 Supplies and materials	10	10	15
31 Equipment	26	10	30
Total costs	1,999	2,120	2,550
Change in selected resources	-4		
Total obligations	1,995	2,120	2,550

The object classes reflect the nature of the things or services purchased, regardless of the purpose or the nature of the program for which they are used.

The complete list of object classes is as follows:

10 PERSONAL SERVICES AND BENEFITS	30 ACQUISITION OF CAPITAL ASSETS
11 Personnel compensation	31 Equipment
12 Personnel benefits	32 Lands and structures
13 Benefits for former personnel	33 Investments and loans
20 CONTRACTUAL SERVICES AND SUPPLIES	40 GRANTS AND FIXED CHARGES
21 Travel and transportation of persons	41 Grants, subsidies, and contributions
22 Transportation of things	42 Insurance claims and indemnities
23 Rent, communications, and utilities	43 Interest and dividends
24 Printing and reproduction	44 Refunds
25 Other services	
26 Supplies and materials	

A personnel summary is appended to the object classification schedule, as illustrated:

Personnel Summary			
Total number of permanent positions	212	217	238
Full-time equivalent of other positions	6	4	
Average number of all employees	195	205	221
Employees in permanent positions, end of year	212	217	238
Employees in other positions, end of year	1	2	0
Average GS grade	8.9	9.1	9.2
Average GS salary	\$8,264	\$8,728	\$8,924

Permanent positions are those of a full-time nature which are of indefinite duration. Some are filled by persons with temporary appointments. Other positions include those of a temporary nature (a year or less), part-time jobs (less than a full workweek), and intermittent employment (occasional employees).

Average grades and salaries are computed arithmetically. Thus the average salary sometimes falls outside the salary range of the average grade.

APPENDIX TO THE BUDGET FOR FISCAL YEAR 1965

STATEMENT OF SOURCES AND APPLICATION OF FUNDS

For all revolving funds, there is a summary statement of sources and application of funds. This statement shows total obligations adjusted to gross expenditures (on a cash basis), revenue and other receipts adjusted to applicable receipts (on a cash basis), and budget expenditures.

	1962	1963	1964
Obligations (from program and financing)_____	4,186	4,803	5,175
Increase (—) or decrease in gross unpaid obligations.....	-5 8	46	-6 5
Gross expenditures.....	4,128	4,849	5,110
Revenues and other receipts (from program and financing)_____	4,315	4,664	5,031
Increase (—) in accounts receivable, net.....	-5 5	-5 0	-5 4
Applicable receipts.....	4,260	4,614	4,977
Budget expenditures.....	-13 2	235	133

STATEMENT OF REVENUE, EXPENSE, AND RETAINED EARNINGS

For revolving funds there is also presented a statement of revenue and expense, computed on an accrual basis, and the resulting net income or loss for the year. This statement is usually on a full accrual basis, including sums for depreciation, provision for losses on receivables, etc. Where a fund consists of several programs, revenue and expense may be identified for each, as here illustrated:

	1963 actual	1964 estimate	1965 estimate
Chartering program:			
Revenue_____	15	15	15
Expense_____	64	59	60
Net operating loss, chartering program...	-4 9	-4 4	-4 5
Examination program:			
Revenue_____	3,373	3,633	3,900
Expense_____	3,228	3,674	4,010
Net operating income or loss, examination program.....	145	-4 1	-1 10
Supervision program:			
Revenue_____	927	1,016	1,116
Expense_____	892	1,064	1,100
Net operating income or loss, supervision program.....	35	-4 8	16
Nonoperating loss:			
Loss on equipment_____	-1		
Net income or loss, for the year_____	130	-1 33	-1 39
Analysis of retained earnings:			
Retained earnings, start of year.....	1,232	1,362	1,229
Retained earnings, end of year.....	1,362	1,229	1,090

TABLE ON UNEXPENDED BALANCES

A table at the end of each chapter shows the balances of budget authorizations carried forward at start and end of the past, current, and budget years. These balances are summarized in table 10 of the budget document.

Many budget authorizations are available for obligation for only 1 year, but some are available for longer periods of time or without time limit. In the case of those which are for a specific period of time, unobligated balances are written off at the end of that time, but obligated balances are carried forward to pay outstanding obligations.

In the case of salaries and wages, travel, and like items, the lag between obligations and expenditures is usually

The statement includes an analysis of the retained earnings or the cumulative deficit. This analysis shows any additions to earnings, other than net income for the year, any charges made against retained earnings, and the balance of profits kept in the enterprise as of the end of the year (whether as cash, inventories, or other assets).

STATEMENT OF FINANCIAL CONDITION

For each revolving fund there is presented a balance sheet of assets, liabilities, and equity of the Government at the close of the year, as in this example:

	1962 actual	1963 actual	1964 estimate	1966 estimate
Assets:				
Treasury balance_____	1,164	1,296	1,061	928
Accounts receivable, net_____	516	571	621	675
Advances_____	17	17	17	17
Fixed assets, net.....	133	132	138	143
Total assets.....	1,830	2,016	1,837	1,763
Liabilities:				
Current.....	596	653	607	672
Government equity:				
Non-interest-bearing capital:				
Donated assets_____	2	2	1	1
Donated property returned to surplus_____		-1		
End of year.....	2	1	1	1
Retained earnings.....	1,232	1,362	1,229	1,090
Total Government equity_____	1,234	1,363	1,230	1,091

The balance sheet excludes balances of appropriations and borrowing authorizations which have not yet been paid into the revolving fund. The section on equity of the Government is divided into three subsections as appropriate: (a) interest-bearing capital, (b) non-interest-bearing capital, and (c) retained earnings.

Because the balance sheet is on an accrual basis, it does not reflect the obligations incurred which have not yet matured into liabilities, nor does it reflect unfilled customer orders received and available as a basis for obligation in the case of intragovernmental revolving funds. Therefore, there is normally appended to the balance sheet an "Analysis of Government Equity" which shows obligations other than liabilities, the unobligated balance, unfilled customer orders on hand (where relevant), and invested capital and earnings, as in the following example:

	1962	1963	1964	1965
Unpaid undelivered orders I T_____	4	5	5	5
Unobligated balance.....	1,080	1,209	1,070	926
Invested capital and earnings_____	150	149	155	160
Total Government equity.....	1,234	1,363	1,230	1,091

¹The changes in these items are reflected on the program and financing schedule.

no more than a few weeks or a few months. In the case of construction, major procurement, certain research contracts and similar items, the lag between obligations and expenditures may be 1 or 2 years or even longer.

The unobligated balance for each account represents the difference between the unexpended balance and the net obligations outstanding. Net obligations outstanding represent the unpaid obligations (both those which have accrued into liabilities and those which are undelivered or unperformed) less the accounts receivable and intragovernmental orders for services or material which have been accepted but have not yet become receivables.

EXPLANATION OF ESTIMATES FOR FEDERAL FUNDS

Part I contains supporting details for Federal funds, including various types of tables and schedules, explanatory statements of the work to be performed and the money needed, and the text of the language proposed for enactment by Congress on each item of authorization. Material is also included on a few trust funds which require congressional action. This part is arranged in chapters reflecting the organization of the Government.

TYPES OF FEDERAL FUNDS

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Special funds are those which are established to account for receipts that are earmarked by law for a specific purpose. They exclude the funds which carry on a cycle of operations for which there is continuing authority to use the receipts (as described in the next paragraph). Some special funds are subject to annual appropriation by Congress. Others are automatically available under the laws which created the funds.

Public enterprise (revolving) funds are those which

finance a cycle of operations, in which the expenditures generate receipts coming primarily from the public and available for continuing use. They include nearly all of the Government-owned corporations, the postal fund, and various unincorporated enterprises.

Intragovernmental revolving and management funds (including *consolidated working* funds) are those which are created to facilitate financing operations within and between Government agencies. They consist of two types—*intragovernmental revolving* funds which finance a cycle of operations, like public enterprise funds but with receipts primarily from within the Government; and *management* funds which permit the pooling of advance payments from two or more appropriations to carry out certain activities.

Other funds, for which the Government serves in a fiduciary capacity, are of two types—*trust* funds and *deposit* funds. They are explained at the beginning of part II.

FORM OF DETAILED MATERIAL

For each appropriation, this appendix includes certain detailed material, as follows: (1) appropriation language, if applicable; (2) a schedule of program and financing; (3) a narrative statement on program and performance; (4) a schedule of object classification. An exception occurs in the case of certain permanent appropriations and older appropriation accounts on which only a residual balance remains; such accounts of a bureau or independent agency are often combined into a single presentation instead of having separate schedules. Where the obligations fall in a single object class, the classification is identified in the program and financing schedule, rather than in a separate schedule.

For revolving funds, there are usually two additional schedules covering (5) revenue, expense, and retained earnings; and (6) financial condition.

The basic schedules usually exclude supplemental estimates which it is expected will be transmitted to Congress later, for 1965 and 1966; these usually are covered by a separate, brief schedule of program and financing, without appropriation language. However, the 1965 column of the basic schedules include (and identify) supplementals required to meet costs of military and civilian pay increases under recently enacted pay legislation.

The 1966 column includes, within the regular schedules,

appropriations for recommended extension or renewal of expiring laws; however, money for new legislation is shown separately. Appropriation language is included for the former, not the latter.

APPROPRIATION LANGUAGE

The language proposed for inclusion in the 1966 appropriation acts is printed at the head of each item requiring action by Congress, except for those items which are not formally recommended at this time but will be proposed for separate transmittal. The language of the 1965 appropriation acts is used as a base. The text used in the 1965 appropriation acts is printed in roman type. Italic type indicates proposed new language. Brackets enclose material which it is proposed to omit, as in this example:

SALARIES AND EXPENSES

For necessary expenses of the Office of Business Economics, **[\$2,250,000]** \$2,755,000. (5 U.S.C. 591, 596-597; 15 U.S.C. 171, 175; Department of Commerce Appropriation Act, 1965.)

Following the language, and printed in italics within parentheses, are citations to relevant authorizing legislation and to the appropriation act from which the text is taken.

BASIS FOR SCHEDULES

Where the data are available in the accounting system, cost-type budgets are presented. Detailed figures for each activity or object are the value of goods and services consumed in carrying out the program, in the case of operating costs; they are the value of assets acquired, in the case of capital outlay programs.

Total obligations are always shown; activities and objects are reflected on an obligation basis where cost data are not available. Obligations refer to orders placed, contracts awarded, loan agreements made, and services received during the year, regardless of the time of payment.

In the case of a few limitations which are on the basis of accrued expenditures, the detail and the totals are on that basis.

SCHEDULE OF PROGRAM AND FINANCING

This schedule consists of three parts. In the section for program by activities, costs or obligations are classified by purpose, program, or project for 1964, 1965, and 1966. This classification is individually developed for each appropriation or fund, and is not uniform on a Government-wide basis.

The financing section shows the appropriation provided and other means of financing the program, and the disposition of amounts not used during the year.

Program and Financing (in thousands of dollars)

Identification code 06-15-1500-0-1-506	1964 actual	1965 estimate	1966 estimate
Program by activities:			
1. Preparation of national income and product data.....	881	1,016	1,154
2. Analysis of business trends.....	526	556	543
3. Computation of the balance of payments.....	454	525	682
4. Executive direction.....	259	285	376
Total program costs, funded.....	2,120	2,382	2,755
Change in selected resources ¹	8		
10 Total obligations.....	2,128	2,382	2,755
Financing:			
16 Comparative transfers from other accounts.....	-134		
25 Unobligated balance lapsing.....	23		
New obligational authority.....	2,017	2,382	2,755
New obligational authority:			
40 Appropriation.....	2,000	2,250	2,755
42 Transferred from:			
"Salaries and expenses," Business and Defense Services Administration (64 Stat. 1263).....	17		
"Salaries and expenses," General Administration (64 Stat. 1263).....		31	
43 Appropriation (adjusted).....	2,017	2,281	2,755
44 Proposed supplemental due to civilian pay increases.....		101	

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1963, \$25 thousand; 1964, \$33 thousand; 1965, \$33 thousand; 1966, \$33 thousand.

Where cost-type budgets are presented, the relation of costs to obligations is summarized in an entry "Change in selected resources." For appropriation accounts, this entry is supported by a footnote identifying the amounts of the resources involved. For revolving funds, the items are identified on the statement of financial condition and the appended tabulation.

Where programs are financed at a "preobligation" stage (such as the "program plan" for certain Defense items, and "commitments" for some loan programs) an extra three columns provide details on that basis.

The third section of the schedule shows receipts and

other offsets to total obligations shown in the program section, obligated balances at the start and end of the year, and other items which affect the relation of obligations to expenditures.

Relation of obligations to expenditures:			
10 Total obligations.....	2,128	2,382	2,755
70 Receipts and other offsets (items 11-17).....	-134		
71 Obligations affecting expenditures.....	1,994	2,382	2,755
72 Obligated balance, start of year.....	145	188	269
74 Obligated balance, end of year.....	-188	-269	-364
77 Adjustments in expired accounts.....	5		
90 Expenditures excluding pay increase supplemental.....	1,956	2,204	2,656
91 Expenditures from civilian pay increase supplemental.....		97	4

For public enterprise revolving funds, there are two additional lines showing gross expenditures and applicable receipts of the fund.

NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

The work planned and services proposed to be carried out are described briefly in a narrative statement for each appropriation or fund. Where practicable the narrative statement indicates the expected accomplishment in relation to the financial estimates, and gives some measures of program and performance.

SCHEDULE OF OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

There is shown for each account a classification of obligations, costs, or accrued expenditures according to a uniform list of objects, as follows:

Object Classification (in thousands of dollars)

Identification code 06-15-1500-0-1-506	1964 actual	1965 estimate	1966 estimate
Personnel compensation:			
11.1 Permanent positions.....	1,693	1,892	2,094
11.3 Positions other than permanent.....	16	18	18
Total personnel compensation.....	1,709	1,910	2,112
12.0 Personnel benefits.....	124	142	157
21.0 Travel and transportation of persons.....	5	7	11
22.0 Transportation of things.....	2		
23.0 Rent, communications, and utilities.....	33	30	44
24.0 Printing and reproduction.....	90	95	100
25.1 Other services.....	34	20	56
25.2 Services of other agencies.....	109	165	251
26.0 Supplies and materials.....	9	10	13
31.0 Equipment.....	13	3	11
99.0 Total obligations.....	2,128	2,382	2,755

The object classes reflect the nature of the things or services purchased, regardless of the purpose or the nature of the program for which they are used.

The complete list of object classes is as follows:

10 PERSONAL SERVICES AND BENEFITS	30 ACQUISITION OF CAPITAL ASSETS
11 Personnel compensation	31 Equipment
12 Personnel benefits	32 Lands and structures
13 Benefits for former personnel	33 Investments and loans
20 CONTRACTUAL SERVICES AND SUPPLIES	40 GRANTS AND FIXED CHARGES
21 Travel and transportation of persons	41 Grants, subsidies, and contributions
22 Transportation of things	42 Insurance claims and indemnities
23 Rent, communications, and utilities	43 Interest and dividends
24 Printing and reproduction	44 Refunds
25 Other services	
26 Supplies and materials	

Several of the object classes are broken down into sub-classes—personnel compensation, for example, is shown

separately for permanent positions, for positions other than permanent, and for certain other payments. A third digit is therefore used in the object schedules to identify the subclasses; a zero is used for the third digit when there are no subclasses. Additional entries are shown for unvouchered obligations (those for which accountability is waived; coded 91.0) and those which cannot be distributed by object class (coded 92.0), and for certain other adjusting entries to reach a total which agrees with the total obligations shown in the program and financing schedule.

A personnel summary is appended to the object classification schedule, as illustrated:

	215	215	234
Total number of permanent positions.....	215	215	234
Full-time equivalent of other positions.....	2	2	2
Average number of all employees.....	205	207	227
Average GS grade.....	8.9	8.9	8.9
Average GS salary.....	\$8,536	\$9,109	\$9,181

Permanent positions are those of a full-time nature which are of indefinite duration. Some are filled by persons with temporary appointments. Other positions include those of a temporary nature (a year or less), part-time jobs (less than a full workweek), and intermittent employment (occasional employees).

Average grades and salaries are computed arithmetically. Thus the average salary sometimes falls outside the salary range of the average grade.

STATEMENT OF REVENUE, EXPENSE, AND RETAINED EARNINGS

For revolving funds there is a statement of revenue and expense, computed on an accrual basis, and the resulting net income or loss for the year. This statement is usually on a full accrual basis, including sums for depreciation, provision for losses on receivables, etc. Where a fund consists of several programs, revenue and expense may be identified for each, as here illustrated:

	1964 actual	1965 estimate	1966 estimate
Chartering program:			
Revenue.....	16	15	15
Expense.....	62	81	84
Net operating loss, chartering program.....	-46	-66	-69
Examination program:			
Revenue.....	3,433	3,886	4,143
Expense.....	3,479	3,892	4,080
Net operating income or loss (-), examination program.....	-46	-6	63
Supervision program:			
Revenue.....	1,038	1,137	1,247
Expense.....	914	1,075	1,068
Net operating income, supervision program.....	124	62	179
Net income or loss (-) for the year.....	32	-10	173
Analysis of retained earnings:			
Retained earnings, start of year.....	1,362	1,394	1,384
Retained earnings, end of year.....	1,394	1,384	1,557

The statement includes an analysis of the retained earnings or the cumulative deficit. This analysis shows any additions to earnings, other than net income for the year, any charges made against retained earnings, and the balance of profits kept in the enterprise as of the end of the year (whether as cash, inventories, or other assets).

STATEMENT OF FINANCIAL CONDITION

For each revolving fund there is also presented a balance sheet of assets, liabilities, and equity of the Government at the close of the year, as in this example:

	1963 actual	1964 actual	1965 estimate	1966 estimate
Assets:				
Treasury balance.....	1,296	1,179	1,170	1,331
Accounts receivable, net.....	571	636	698	760
Selected assets: ¹				
Advances.....	17	18	18	18
Deferred charges.....		5	5	5
Fixed assets, net.....	132	123	129	134
Total assets.....	2,016	1,961	2,020	2,248
Liabilities:				
Current.....	653	566	635	690
Government equity:				
Non-interest-bearing capital:				
Start of year.....	2	1	1	1
Donated property declared surplus.....	-1			
End of year.....	1	1	1	1
Retained earnings.....	1,362	1,394	1,384	1,557
Total Government equity.....	1,363	1,395	1,385	1,558

The balance sheet excludes balances of appropriations and borrowing authorizations which have not yet been paid into the revolving fund. The section on equity of the Government is divided into three subsections as appropriate: (a) interest-bearing capital, (b) non-interest-bearing capital, and (c) retained earnings.

Because the balance sheet is on an accrual basis, it does not reflect the obligations incurred which have not yet matured into liabilities, nor does it reflect unfilled customer orders received and available as a basis for obligation in the case of intragovernmental revolving funds. Therefore, there is normally appended to the balance sheet an "Analysis of Government Equity" which shows obligations other than liabilities, the unobligated balance, unfilled customers' orders on hand (where relevant), and invested capital and earnings, as in the following example:

	1963 actual	1964 actual	1965 estimate	1966 estimate
Unpaid undelivered orders ¹	5	10	5	5
Unobligated balance.....	1,209	1,239	1,228	1,396
Invested capital and earnings.....	149	146	152	157
Total Government equity.....	1,363	1,395	1,385	1,558

¹ The changes in these items are reflected on the program and financing schedule.

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TYPES OF FEDERAL FUNDS

Federal (Government-owned) funds are of four types, as follows:

The *general* fund is credited with receipts which are not earmarked by law for a specific purpose, and is charged with expenditures that are payable from appropriations (except appropriations of earmarked receipts) and those payable from borrowing. Both in number of items and in amounts, most of the Government's business is transacted through the general fund.

Special funds are those which are established to account for receipts that are earmarked by law for a specific purpose. They exclude the funds which carry on a cycle of operations for which there is continuing authority to use the receipts (as described in the next paragraph). Some special funds are subject to annual appropriation by Congress. Others are automatically available under the laws which created the funds.

Public enterprise (revolving) funds are those which

finance a cycle of operations, in which the expenditures generate receipts coming primarily from the public and available for continuing use. They include nearly all of the Government-owned corporations, the postal fund, and various unincorporated enterprises.

Intragovernmental revolving and management funds (including *consolidated working* funds) are those which are created to facilitate financing operations within and between Government agencies. They consist of two types—*intragovernmental revolving* funds which finance a cycle of operations, like public enterprise funds but with receipts primarily from within the Government; and *management* funds which permit the pooling of advance payments from two or more appropriations to carry out certain activities.

Other funds, for which the Government serves in a fiduciary capacity, are of two types—*trust* funds and *deposit* funds. They are explained at the beginning of part II.

FORM OF DETAILED MATERIAL

For each appropriation, this appendix includes certain detailed material, as follows: (1) appropriation language, if applicable; (2) a schedule of program and financing; (3) a narrative statement on program and performance; and (4) a schedule of object classification. An exception occurs in the case of certain permanent appropriations and older appropriation accounts on which only a residual balance remains; such accounts of a bureau or independent agency are often combined into a single presentation instead of having separate schedules. Where the obligations fall in a single object class, the classification is identified in the program and financing schedule, rather than in a separate schedule.

For revolving funds, there are usually two additional schedules covering (5) revenue, expense, and retained earnings; and (6) financial condition.

The basic schedules usually exclude supplemental estimates which it is expected will be transmitted to Congress separately, for 1966 and 1967; these are covered by a brief schedule of program and financing, without appropriation language. However, the 1966 column of the basic schedules include (and identify) supplementals required to meet costs of military and civilian pay increases under recently enacted pay legislation.

The 1967 column includes, within the regular schedules,

appropriations for recommended extension or renewal of expiring laws; however, money for new legislation is shown separately. Appropriation language is included for the former, not the latter.

APPROPRIATION LANGUAGE

The language proposed for inclusion in the 1967 appropriation acts is printed at the head of each item requiring action by Congress, except for those items which are not formally recommended at this time but will be proposed for separate transmittal. The language of the 1966 appropriation acts is used as a base. The text used in the 1966 appropriation acts is printed in roman type. Italic type indicates proposed new language. Brackets enclose material which it is proposed to omit, as in this example:

SALARIES AND EXPENSES

For necessary expenses of the Office of Business Economics, **[\$2,500,000]** *\$2,965,000.* (5 U.S.C. 591, 596-597; 15 U.S.C. 171, 175; Department of Commerce Appropriation Act, 1966.)

Following the language, and printed in italics within parentheses, are citations to relevant authorizing legislation and to the appropriation act from which the text is taken.

BASIS FOR SCHEDULES

Where the data are available in the accounting system, cost-type budgets are presented. Detailed figures for each activity or object are the value of goods and services consumed in carrying out the program, in the case of operating costs; they are the value of assets acquired, in the case of capital outlay programs.

Total obligations are always shown; activities and objects are reflected on an obligation basis where cost data are not available. Obligations refer to orders placed, contracts awarded, loan agreements made, and services received during the year, regardless of the time of payment.

In the case of a few limitations which are on the basis of accrued expenditures, the detail and the totals are on that basis.

SCHEDULE OF PROGRAM AND FINANCING

This schedule consists of three parts. In the section for program by activities, costs or obligations are classified by purpose, program, or project for 1965, 1966, and 1967. This classification is individually developed for each appropriation or fund, and is not uniform on a Government-wide basis.

The financing section shows the appropriation provided and other means of financing the program, and the disposition of amounts not used during the year.

Program and Financing (in thousands of dollars)			
Identification code 06-15-1500-0-1-506	1965 actual	1966 estimate	1967 estimate
Program by activities:			
1. Preparation of national income and product data.....	987	1,022	1,201
2. Analysis of business trends.....	543	565	584
3. Computation of the balance of payments.....	520	589	802
4. Executive direction.....	274	374	378
Total program costs, funded.....	2,324	2,550	2,965
Change in selected resources ¹	24		
10 Total obligations.....	2,348	2,550	2,965
Financing:			
25 Unobligated balance lapsing.....	34		
New obligational authority.....	2,382	2,550	2,965
New obligational authority:			
40 Appropriation.....	2,351	2,500	2,965
42 Transferred from Salaries and expenses, general administration (64 Stat. 1263).....	31		
43 Appropriation, adjusted.....	2,382	2,500	2,965
44 Proposed supplemental for civilian pay increases.....		50	

¹ Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1964, \$33 thousand; 1965, \$57 thousand; 1966, \$57 thousand; 1967, \$57 thousand.

Where cost-type budgets are presented, the relation of costs to obligations is summarized in an entry "Change in selected resources." For appropriation accounts, this entry is supported by a footnote identifying the amounts of the resources involved. For revolving funds, the items are identified on the statement of financial condition and the appended tabulation.

Where programs are financed at a "preobligation" stage (such as the "program plan" for certain Defense items, and "commitments" for some loan programs) an extra three columns provide details on that basis.

The third section of the schedule shows receipts and other offsets (if any) to total obligations shown in the

program section, obligated balances at the start and end of the year, and other items which affect the relation of obligations to expenditures.

Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures).....	2,348	2,550	2,965
72 Obligated balance, start of year.....	188	249	352
74 Obligated balance, end of year.....	-249	-352	-514
77 Adjustments in expired accounts.....	-11		
90 Expenditures excluding pay increase supplemental.....	2,275	2,400	2,800
91 Expenditures from civilian pay increase supplemental.....		47	3

For public enterprise revolving funds, there are two additional lines showing gross expenditures and applicable receipts of the fund.

NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

The work planned and services proposed to be carried out are described briefly in a narrative statement for each appropriation or fund. Where practicable the narrative statement indicates the expected accomplishment in relation to the financial estimates, and gives some measures of program and performance.

SCHEDULE OF OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

There is shown for each account a classification of obligations, costs, or accrued expenditures according to a uniform list of objects, as follows:

Object Classification (in thousands of dollars)			
Identification code 06-15-1500-0-1-506	1965 actual	1966 estimate	1967 estimate
Personnel compensation:			
11.1 Permanent positions.....	1,858	2,026	2,315
11.3 Positions other than permanent.....	23	10	10
11.5 Other personnel compensation.....	10	2	2
Total personnel compensation.....	1,891	2,036	2,325
12.0 Personnel benefits.....	141	152	174
21.0 Travel and transportation of persons.....	11	12	15
23.0 Rent, communications, and utilities.....	21	59	69
24.0 Printing and reproduction.....	122	121	129
25.1 Other services.....	29	33	60
25.2 Services of other agencies.....	117	113	133
26.0 Supplies and materials.....	11	17	21
31.0 Equipment.....	5	7	39
99.0 Total obligations.....	2,348	2,550	2,965

The object classes reflect the nature of the things or services purchased, regardless of the purpose or the nature of the program for which they are used.

The complete list of object classes is as follows:

10 PERSONAL SERVICES AND BENEFITS	30 ACQUISITION OF CAPITAL ASSETS
11 Personnel compensation	31 Equipment
12 Personnel benefits	32 Lands and structures
13 Benefits for former personnel	33 Investments and loans
20 CONTRACTUAL SERVICES AND SUPPLIES	40 GRANTS AND FIXED CHARGES
21 Travel and transportation of persons	41 Grants, subsidies, and contributions
22 Transportation of things	42 Insurance claims and indemnities
23 Rent, communications, and utilities	43 Interest and dividends
24 Printing and reproduction	44 Refunds
25 Other services	
26 Supplies and materials	

Several of the object classes are broken down into sub-classes—personnel compensation, for example, is shown

separately for permanent positions, for positions other than permanent, and for certain other payments. A third digit is therefore used in the object schedules to identify the subclasses; a zero is used for the third digit when there are no subclasses. Additional entries are shown for unvouchered obligations (those for which accountability is waived; coded 91.0) and those which cannot be distributed by object class (coded 92.0), and for certain other adjusting entries to reach a total which agrees with the total obligations shown in the program and financing schedule.

A personnel summary is appended to the object classification schedule, as illustrated:

Personnel Summary

Total number of permanent positions.....	215	221	247
Full-time equivalent of other positions.....	2	2	2
Average number of all employees.....	204	211	234
Average GS grade.....	8.9	9.0	9.0
Average GS salary.....	\$9,109	\$9,615	\$9,705

Permanent positions are those of a full-time nature which are of indefinite duration. Some are filled by persons with temporary appointments. Other positions include those of a temporary nature (a year or less), part-time jobs (less than a full workweek), and intermittent employment (occasional employees).

Average grades and salaries are computed arithmetically. Thus the average salary sometimes falls outside the salary range of the average grade.

STATEMENT OF REVENUE, EXPENSE, AND RETAINED EARNINGS

For revolving funds there is a statement of revenue and expense, computed on an accrual basis, and the resulting net income or loss for the year. This statement is usually on a full accrual basis, including sums for depreciation, provision for losses on receivables, etc. Where a fund consists of several programs, revenue and expense may be identified for each, as here illustrated:

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1965 actual	1966 estimate	1967 estimate
Chartering program:			
Revenue.....	14	14	14
Expense.....	69	121	129
Net operating loss, chartering program.....	-55	-107	-115
Examination program:			
Revenue.....	3,819	4,207	4,474
Expense.....	3,821	4,063	4,381
Net operating income or loss, examination program.....	-2	144	93
Supervision program:			
Revenue.....	1,177	1,281	1,409
Expense.....	940	1,225	1,297
Net operating income, supervision program.....	237	56	112
Net income or loss for the year.....	180	93	90
Analysis of retained earnings:			
Retained earnings, start of year.....	1,394	1,574	1,667
Retained earnings, end of year.....	1,574	1,667	1,757

The statement includes an analysis of the retained earnings or the cumulative deficit. This analysis shows any additions to earnings, other than net income for the year, any charges made against retained earnings, and the balance of profits kept in the enterprise as of the end of the year (whether as cash, inventories, or other assets).

STATEMENT OF FINANCIAL CONDITION

For each revolving fund there is also presented a balance sheet of assets, liabilities, and equity of the Government at the close of the year, as in this example:

	1964 actual	1965 actual	1966 estimate	1967 estimate
Assets:				
Treasury balance.....	1,179	1,354	1,424	1,474
Accounts receivable, net.....	636	711	782	857
Selected assets: ¹				
Advances.....	18	18	18	18
Deferred charges.....	5	3	2	2
Fixed assets, net.....	123	129	136	142
Total assets.....	1,961	2,215	2,363	2,493
Liabilities:				
Current.....	566	641	697	736
Government equity:				
Non-interest-bearing capital:				
Donated assets.....	1	1		
Donated property to surplus.....		1		
End of year.....	1			
Retained earnings.....	1,394	1,574	1,667	1,757
Total Government equity.....	1,395	1,574	1,667	1,757

The balance sheet excludes balances of appropriations and borrowing authorizations which have not yet been paid into the revolving fund. The section on equity of the Government is divided into three subsections as appropriate: (a) interest-bearing capital, (b) non-interest-bearing capital, and (c) retained earnings.

Because the balance sheet is on an accrual basis, it does not reflect the obligations incurred which have not yet matured into liabilities, nor does it reflect unfilled customer orders received and available as a basis for obligation in the case of intragovernmental revolving funds. Therefore, there is normally appended to the balance sheet an "Analysis of Government Equity" which shows obligations other than liabilities, the unobligated balance, unfilled customers' orders on hand (where relevant), and invested capital and earnings, as in the following example:

Analysis of Government Equity (in thousands of dollars)

	10	3	3	3
Unpaid undelivered orders ¹	10	3	3	3
Unobligated balance.....	1,239	1,421	1,507	1,592
Invested capital and earnings.....	146	150	157	162
Total Government equity.....	1,395	1,574	1,667	1,757

¹ The changes in these items are reflected on the program and financing schedule.

EXPLANATION OF ESTIMATES FOR FEDERAL FUNDS

Part I contains supporting details for Federal funds, including various types of tables and schedules, explanatory statements of the work to be performed and the money needed, and the text of the language proposed for

enactment by Congress on each item of authorization. Material is also included on a few trust funds which require congressional action. This part is arranged in chapters reflecting the organization of the Government.

TYPES OF FEDERAL FUNDS

Federal (Government-owned) funds are of four types, as follows:

The *general* fund is credited with receipts which are not earmarked by law for a specific purpose, and is charged with expenditures that are payable from appropriations (except appropriations of earmarked receipts) and from borrowing. Both in number of items and in amounts, most of the Government's business is transacted through the general fund.

Special funds are those which are established to account for receipts that are earmarked by law for a specific purpose. They exclude the funds which carry on a cycle of operations for which there is continuing authority to use the receipts (as described in the next paragraph). Some special funds are subject to annual appropriation by Congress. Others are automatically available under the laws which created the funds.

Public enterprise (revolving) funds are those which

finance a cycle of operations, in which the expenditures generate receipts coming primarily from the public and available for continuing use. They include nearly all of the Government-owned corporations, the postal fund, and various unincorporated enterprises.

Intragovernmental revolving and management funds (including *consolidated working* funds) are those which are created to facilitate financing operations within and between Government agencies. They consist of two types—*intragovernmental revolving* funds which finance a cycle of operations, like public enterprise funds but with receipts primarily from within the Government; and *management* funds which permit the pooling of advance payments from two or more appropriations to carry out certain activities.

Other funds, for which the Government serves in a fiduciary capacity, are of two types—*trust* funds and *deposit* funds. They are explained at the beginning of part II.

FORM OF DETAILED MATERIAL

For each appropriation, this appendix includes certain detailed material, as follows: (1) appropriation language, if applicable; (2) a schedule of program and financing; (3) a narrative statement on program and performance; and (4) a schedule of object classification. An exception occurs in the case of certain permanent appropriations and older appropriation accounts on which only a residual balance remains; such accounts of a bureau or independent agency are often combined into a single presentation. Where the obligations fall in a single object class, the classification is identified in the program and financing schedule, rather than in a separate schedule.

For revolving funds, there are usually two additional schedules covering (5) revenue, expense, and retained earnings; and (6) financial condition.

The basic schedules usually exclude supplemental estimates which it is expected will be transmitted to Congress separately, for 1967 and 1968; these are covered by a brief schedule of program and financing, without appropriation language. However, in the 1967 column, the basic schedules include (and identify) supplementals required to meet costs of military and civilian pay increases under recently enacted legislation and those resulting from wage-board decisions.

The 1968 column includes, within the regular schedules,

appropriations for recommended extension or renewal of expiring laws; however, money for new legislation is shown separately. Appropriation language is included for the former, not the latter.

APPROPRIATION LANGUAGE

The language proposed for inclusion in the 1968 appropriation acts is printed at the head of each item requiring action by Congress, except for those items which are not formally recommended at this time but will be proposed for separate transmittal. The language of the 1967 appropriation acts, printed in roman type, is used as a base. Italic type indicates proposed new language. Brackets enclose material which it is proposed to omit, as in this example:

SALARIES AND EXPENSES

For necessary expenses to carry into effect the provisions of the Commodity Exchange Act, as amended (7 U.S.C. 1-17a), **[\$1,398,000]** \$1,491,000. (*Department of Agriculture and Related Agencies Appropriation Act, 1967.*)

Following the language, and printed in italics within parentheses, are citations to relevant authorizing legislation and to the appropriation act from which the text is taken.

BASIS FOR SCHEDULES

Where the data are available in the accounting system, cost-type budgets are presented. Detailed operating cost figures for each activity or object are the value of goods and services consumed in carrying out the program. In the case of capital outlay programs, they are the value of assets acquired.

Total obligations are always shown; activities and objects are reflected on an obligation basis where cost data are not available. Obligations refer to orders placed, contracts awarded, loan agreements made, and services received during the year, regardless of the time of payment.

In the case of a few limitations, the detail and the totals are on the basis of accrued expenditures.

SCHEDULE OF PROGRAM AND FINANCING

This schedule consists of three parts. In the program by activities section, costs or obligations are classified by purpose, program, or project for 1966, 1967, and 1968. This classification is individually developed for each appropriation or fund, and is not uniform on a Government-wide basis.

The financing section shows the appropriation provided and other means of financing the program, and the disposition of amounts not used during the year.

Program and Financing (in thousands of dollars)

Identification code 05-40-1900-0-1-355	1966 actual	1967 est.	1968 est.
Program by activities:			
1. Licensing and auditing of brokerage houses.....	328	307	307
2. Supervision of futures trading.....	614	704	704
3. Investigations.....	252	423	480
Total program costs, funded ¹	1,194	1,434	1,491
Change in selected resources ²	-2		
10 Total obligations.....	1,192	1,434	1,491
Financing:			
25 Unobligated balance lapsing.....	5		
New obligational authority.....	1,197	1,434	1,491
New obligational authority:			
40 Appropriation.....	1,197	1,398	1,491
44 Proposed supplemental for civilian pay act increases.....		36	

¹ Includes capital outlay as follows: 1966, \$8 thousand; 1967, \$3 thousand; 1968, \$6 thousand.

² Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1965, \$8 thousand (1966 adjustments, -\$2 thousand); 1966, \$4 thousand; 1967, \$4 thousand; 1968, \$4 thousand.

Where cost-type budgets are presented, the relation of costs to obligations is summarized in an entry "Change in selected resources." For appropriation accounts, this entry is supported by a footnote identifying the amounts of the resources involved. For revolving funds, the items are identified on the statement of financial condition and the appended tabulation.

Where programs are financed at a "preobligation" stage (such as the "program plan" for certain Defense items, and "commitments" for some loan programs) three extra columns provide details on that basis.

The third section of the schedule shows receipts and other offsets (if any) to total obligations shown in the program section, obligated balances at the start and end

of the year, and other items which affect the relation of obligations to expenditures.

Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)...	1,192	1,434	1,491
72 Obligated balance, start of year.....	69	67	75
74 Obligated balance, end of year.....	-67	-75	-80
77 Adjustments in expired accounts.....	-2		
90 Expenditures excluding pay increase supplemental.....	1,192	1,392	1,484
91 Expenditures from civilian pay act supplemental.....		34	2

For public enterprise revolving funds, there are two additional lines showing gross expenditures and applicable receipts of the fund.

NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

The work planned and services proposed to be carried out are described briefly in a narrative statement for each appropriation or fund. Where practicable the narrative statement indicates the expected accomplishment in relation to the financial estimates, and gives some measure of program and performance.

SCHEDULE OF OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

There is shown for each account a classification of obligations, costs, or accrued expenditures according to a uniform list of objects, as follows:

Object Classification (in thousands of dollars)

Identification code 05-40-1900-0-1-355	1966 actual	1967 est.	1968 est.
Personnel compensation:			
11.1 Permanent positions.....	1,018	1,159	1,218
11.3 Positions other than permanent.....	2	1	
11.5 Other personnel compensation.....	1		1
Total personnel compensation.....	1,021	1,161	1,219
12.0 Personnel benefits.....	75	88	92
21.0 Travel and transportation of persons.....	14	15	18
22.0 Transportation of things.....	1	2	1
23.0 Rent, communications, and utilities.....	37	40	40
24.0 Printing and reproduction.....	10	13	13
25.1 Other services.....	13	17	17
25.2 Services of other agencies.....	7	74	71
26.0 Supplies and materials.....	8	20	16
31.0 Equipment.....	6	4	4
99.0 Total obligations.....	1,192	1,434	1,491

The object classes reflect the nature of the things or services purchased, regardless of the purpose or the nature of the program for which they are used.

The complete list of objects classes is as follows:

10 PERSONAL SERVICES AND BENEFITS	30 ACQUISITION OF CAPITAL ASSETS
11 Personnel compensation	31 Equipment
12 Personnel benefits	32 Lands and structures
13 Benefits for former personnel	33 Investments and loans
20 CONTRACTUAL SERVICES AND SUPPLIES	40 GRANTS AND FIXED CHARGES
21 Travel and transportation of persons	41 Grants, subsidies, and contributions
22 Transportation of things	42 Insurance claims and indemnities
23 Rent, communications, and utilities	43 Interest and dividends
24 Printing and reproduction	44 Refunds
25 Other services	
26 Supplies and materials	

Several of the object classes are broken down into sub-classes—personnel compensation, for example, is shown

separately for permanent positions, for positions other than permanent, and for certain other payments. A third digit is therefore used in the object schedules to identify the subclasses; a zero is used for the third digit when there are no subclasses. Additional entries are shown for unvouchered obligations (those for which accountability is waived; coded 91.0) and those which cannot be distributed by object class (coded 92.0), and for certain other adjusting entries to reach a total which agrees with the total obligations shown in the program and financing schedule.

A personnel summary is appended to the object classification schedule, as illustrated:

Personnel Summary

Total number of permanent positions.....	127	148	148
Full-time equivalent of other positions.....	0	0	0
Average number of all employees.....	121	140	142
Average GS grade.....	7.6	7.6	7.6
Average GS salary.....	\$8,430	\$8,444	\$8,608

Permanent positions are those of a full-time nature which are of indefinite duration. Some are filled by persons with temporary appointments. Other positions include those of a temporary nature (a year or less), part-time jobs (less than a full workweek), and intermittent employment (occasional employees).

Average grades and salaries are computed arithmetically. Thus the average salary sometimes falls outside the salary range of the average grade.

STATEMENT OF REVENUE, EXPENSE, AND RETAINED EARNINGS

For revolving funds there is a statement of revenue and expense, computed on an accrual basis, and the resulting net income or loss for the year. This statement is usually on a full accrual basis, including sums for depreciation, provision for losses on receivables, etc. Where a fund consists of several programs, revenue and expense may be identified for each, as here illustrated:

Revenue, Expense, and Retained Earnings (in thousands of dollars)

	1966 actual	1967 est.	1968 est.
Chartering program:			
Revenue.....	16	17	18
Expense.....	-79	-137	-149
Net operating loss, chartering program.....	-63	-120	-131
Examination program:			
Revenue.....	3,833	4,366	4,798
Expense.....	-3,924	-4,336	-4,774
Net operating income or loss (-), examination program.....	-91	30	24
Supervision program:			
Revenue.....	1,291	1,417	1,558
Expense.....	-1,025	-1,374	-1,477
Net operating income, supervision program.....	266	43	81
Net income or loss (-) for the year.....	112	-47	-26
Analysis of retained earnings:			
Retained earnings, start of year.....	1,574	1,686	1,639
Retained earnings, end of year.....	1,686	1,639	1,613

The statement includes an analysis of the retained earnings or the cumulative deficit. This analysis shows any additions to earnings, other than net income for the year, any charges made against retained earnings, and the balance of profits kept in the enterprise as of the end of the year (whether as cash, inventories, or other assets).

STATEMENT OF FINANCIAL CONDITIONS

For each revolving fund there is also presented a balance sheet of assets, liabilities, and equity of the Government at the close of the year, as in this example:

Financial Condition (in thousands of dollars)

	1965 actual	1966 actual	1967 est.	1968 est.
Assets:				
Treasury balance.....	1,354	1,398	1,301	1,244
Accounts receivable net.....	711	826	908	956
Selected assets: ¹				
Advances.....	18	26	26	26
Deferred charges.....	3	5	10	10
Fixed assets, net.....	129	121	124	131
Total assets.....	2,215	2,376	2,369	2,367
Liabilities:				
Current.....	641	690	730	754
Government equity:				
Non-interest-bearing capital:				
Donated assets, start of year.....	1			
Donated property to surplus.....	-1			
End of year.....				
Retained earnings.....	1,574	1,686	1,639	1,613
Total Government equity.....	1,574	1,686	1,639	1,613

The balance sheet excludes balances of appropriations and borrowing authorizations which have not yet been paid into the revolving fund. The section on equity of the Government is divided into three subsections as appropriate: (a) interest-bearing capital, (b) non-interest-bearing capital, and (c) retained earnings.

Because the balance sheet is on an accrual basis, it does not reflect the obligations incurred which have not yet matured into liabilities, nor does it reflect unfilled customer orders received and available as a basis for obligation in the case of intragovernmental revolving funds. Therefore, there is normally appended to the balance sheet an "Analysis of Government Equity" which shows obligations other than liabilities, the unobligated balance, unfilled customers' orders on hand from other Government accounts (where relevant), and invested capital and earnings, as in the following example:

Analysis of Government Equity (in thousands of dollars)

	1965 actual	1966 actual	1967 est.	1968 est.
Unpaid undelivered orders ¹	3	11	11	11
Unobligated balance.....	1,421	1,523	1,468	1,435
Invested capital and earnings.....	150	152	160	167
Total Government equity.....	1,574	1,686	1,639	1,613

¹ The changes in these items are reflected on the program and financing schedule.

EXPLANATION OF ESTIMATES

Part I contains various types of tables and schedules in support of the budget, explanatory statements of the work to be performed and the money needed, and the text of the language proposed for enactment by Congress

on each item of authorization. It also contains the text of general provisions proposed for enactment by the Congress which often apply to entire agencies or groups of agencies.

ARRANGEMENT

The chapters of this part reflect the branches of Government, and the major departments and agencies of the executive branch. For the latter, smaller agencies are grouped in one chapter—"Other independent agencies."

Within each chapter there are four main sections, as follows: *Federal funds*, covering the funds owned by the Government; *trust funds*, covering funds which are held in a fiduciary capacity by the Government; the *legislative program*, which includes the costs of new legislation, other than the extension or renewal of existing legislation (these

proposals are applicable to Federal funds unless otherwise specified); and *general provisions* of appropriation language, which are in addition to the specific paragraphs of language pertaining to individual appropriation items. In the chapter on "Other independent agencies," the trust funds appear immediately after the Federal funds for each agency, rather than in a section after the Federal funds for all agencies. The types of funds are explained in the compact volume—The Budget of the United States Government, 1969 (part 5).

FORM OF DETAILED MATERIAL

APPROPRIATION LANGUAGE

The language proposed for inclusion in the 1969 appropriation acts is printed at the head of each item requiring action by Congress, except for those items which are not formally recommended at this time but will be proposed for separate transmittal. The language of the 1968 appropriation acts, printed in roman type, is used as a base. Italic type indicates proposed new language. Brackets enclose material which it is proposed to omit, as in this example:

SALARIES AND EXPENSES

For necessary expenses to carry into effect the provisions of the Commodity-Exchange Act, as amended (7 U.S.C. 1-17a), [~~\$1,491,000~~] \$1,584,000. (Department of Agriculture and Related Agencies Appropriation Act, 1968.)

Following the language, and printed in italics within parentheses, are citations to relevant authorizing legislation and to the appropriation act from which the text is taken.

BASIS FOR SCHEDULES

The basic schedules for Federal and trust funds usually exclude supplemental estimates, which will be transmitted to Congress separately for 1968 and 1969; these are covered separately by brief schedules of program and financing, without appropriation language. However, in the 1968 column, the basic schedules include (and identify) supplementals required to meet costs of military and civilian pay increases effective during 1968 under recently enacted legislation, and those resulting from wage-board decisions.

The 1969 column includes, within the regular schedules, appropriations for recommended extension or renewal of expiring laws; however, money for new legislation is shown separately, under the legislative program. Appropriation language is included for the former, but not for the latter. Amounts required to meet the costs of military and civilian pay increases to become effective during 1969 under recently enacted legislation have been excluded from the 1969 column, and are presented as a contingency item.

Where the required data are available in the accounting system, budgets are presented in terms of cost. Detailed operating cost figures for each activity or object are the value of goods and services consumed in carrying out the program. In the case of capital outlay programs, they are the value of assets acquired.

Total obligations are always shown; activities and objects are reflected on an obligation basis where cost data are not available. Obligations refer to orders placed, contracts awarded, loan agreements made, and recurring services (such as rent, utilities, and personal services) received during the year, regardless of the time of payment.

In a few cases, the detail and the totals of limitations are on the basis of accrued expenditures.

SCHEDULE OF PROGRAM AND FINANCING

This schedule consists of three parts. In the program by activities section, costs or obligations are classified by purpose, program, type of activity, or project for 1967, 1968, and 1969. This classification is individually developed for each appropriation or fund, and is not uniform on a Government-wide basis.

Where budgets are presented in terms of cost, the relation of costs to obligations is summarized in an entry "Change in selected resources." For appropriation accounts, and for revolving funds for which no business-type financial statements are presented, this entry is supported by a footnote identifying the amounts of the resources involved. For the remaining revolving funds, the items are identified on the statement of financial condition and the appended tabulation.

In certain cases, this schedule is expanded to include additional columns that provide a more informative presentation. This is done, for example, in some construction or procurement programs to show related cost data; for certain Defense items to identify the total obligations programmed; and for programs financed at a "preobligation" stage (such as "commitments" in some loan programs).

DETAILED ESTIMATES FOR FEDERAL FUNDS

Program and Financing (in thousands of dollars)			
Identification code 05-40-1900-0-1-355	1967 actual	1968 est.	1969 est.
Program by activities:			
1. Licensing and auditing of brokerage houses.....	355	317	357
2. Supervision of futures trading.....	640	721	730
3. Investigations.....	328	492	497
Total program costs, funded ¹	1,323	1,530	1,584
Change in selected resources ²	43		
10 Total obligations.....	1,366	1,530	1,584
Financing:			
25 Unobligated balance lapsing.....	68		
New obligational authority.....	1,434	1,530	1,584
New obligational authority:			
40 Appropriation.....	1,434	1,491	1,584
41 Transferred to other accounts.....		-5	
43 Appropriation (adjusted).....	1,434	1,486	1,584
46 Proposed transfer from other accounts for civilian pay increases.....		44	

¹ Includes capital outlay as follows: 1967, \$14 thousand; 1968, \$3 thousand; 1969, \$3 thousand.
² Selected resources as of June 30 are as follows: Unpaid undelivered orders, 1966, \$4 thousand (1967 adjustments, -\$3 thousand); 1967, \$44 thousand; 1968, \$44 thousand; 1969, \$44 thousand.

The financing section shows the fund sources, new obligational authority, appropriation, and other means of financing the program, and the disposition of amounts not used during the year.

The third section of the schedule (illustrated below) shows receipts and other offsets (if any) to total obligations shown in the program section, obligated balances at the start and end of the year, and other items which affect the relation of obligations to expenditures. In addition, expenditures are distributed between current and prior authorizations.

Relation of obligations to expenditures:			
71 Total obligations (affecting expenditures)	1,366	1,530	1,584
72 Obligated balance, start of year.....	67	126	134
74 Obligated balance, end of year.....	-126	-134	-138
77 Adjustments in expired accounts.....	-3		
90 Expenditures excluding pay increase supplemental.....	1,304	1,480	1,578
91 Expenditures from civilian pay act supplemental.....		42	2
Expenditures are distributed as follows:			
01 Out of current authorizations.....	1,241	1,396	1,446
02 Out of prior authorizations.....	63	126	134

For public enterprise revolving funds, there are two additional lines showing gross expenditures and applicable receipts of the fund.

NARRATIVE STATEMENT OF PROGRAM AND PERFORMANCE

The work planned and services proposed to be carried out are described briefly in a narrative statement for each appropriation or fund. Where practicable the narrative statement indicates the expected accomplishment in relation to the financial estimates, and gives some measure of program and performance.

SCHEDULE OF OBJECT CLASSIFICATION AND PERSONNEL SUMMARY

There is shown for each account a classification of obligations, costs, or accrued expenditures according to the following uniform list of object classifications:

10 PERSONAL SERVICES AND BENEFITS	30 ACQUISITION OF CAPITAL ASSETS
11 Personnel compensation	31 Equipment
12 Personnel benefits	32 Lands and structures
13 Benefits for former personnel	33 Investments and loans
20 CONTRACTUAL SERVICES AND SUPPLIES	40 GRANTS AND FIXED CHARGES
21 Travel and transportation of persons	41 Grants, subsidies, and contributions
22 Transportation of things	42 Insurance claims and indemnities
23 Rent, communications, and utilities	43 Interest and dividends
24 Printing and reproduction	44 Refunds
25 Other services	
26 Supplies and materials	

These object classes reflect the nature of the things or services purchased, regardless of the purpose of the program for which they are used. Data according to this classification are reflected in the following schedule:

Object Classification (in thousands of dollars)			
Identification code 05-40-1900-0-1-355	1967 actual	1968 est.	1969 est.
Personnel compensation:			
11.1 Permanent positions.....	1,108	1,254	1,299
11.3 Positions other than permanent.....	1	5	5
11.5 Other personnel compensation.....	1	1	1
Total personnel compensation.....	1,110	1,260	1,305
12.0 Personnel benefits.....	86	95	99
21.0 Travel and transportation of persons.....	23	18	23
22.0 Transportation of things.....	2	1	1
23.0 Rent, communications, and utilities.....	41	40	40
24.0 Printing and reproduction.....	13	13	13
25.1 Other services.....	50	17	17
25.2 Services of other agencies.....	13	66	66
26.0 Supplies and materials.....	15	16	16
31.0 Equipment.....	12	4	4
99.0 Total obligations.....	1,366	1,530	1,584

Several of the object classes are broken down into subclasses—personnel compensation, for example, is shown separately for permanent positions, for positions other than permanent, and for certain other payments. A third digit is therefore used in the object schedules to identify the subclasses; a zero is used for the third digit when there are no subclasses. Additional entries are shown for unvouchered obligations—those for which accountability is waived (coded 91.0); for amounts which cannot be distributed by object class (coded 92.0); and for certain other adjusting entries that are needed to reach a total which agrees with the total obligations shown in the program and financing schedule.

A personnel summary is appended to the object classification schedule, as illustrated:

Personnel Summary			
Total number of permanent positions.....	140	148	153
Average number of all employees.....	129	140	144
Average GS grade.....	7.8	7.8	7.8
Average GS salary.....	\$8,668	\$9,123	\$9,130

Permanent positions are those of a full-time nature and indefinite duration. Some are filled by persons with temporary appointments. Other positions include those of a temporary nature (a year or less), part-time jobs (less than a full workweek), and intermittent employment (occasional employees).

Average grades and salaries are computed arithmetically. Thus the average salary sometimes falls outside the salary range of the average grade.

STATEMENT OF REVENUE, EXPENSE, AND RETAINED EARNINGS

For many revolving funds there is a statement of revenue and expense that shows the resulting net income or loss for the year. This statement is usually on a full accrual basis, including provision for depreciation, for losses on receivables, etc. Where a fund consists of several programs, or revenue is derived from nonoperating sources, revenue and expense are identified for each, as follows:

Revenue, Expense, and Retained Earnings (in thousands of dollars)			
	1967 actual	1968 est.	1969 est.
Sales program:			
Revenue.....	57,989	61,036	63,441
Expense.....	-57,886	-60,795	-63,081
Net operating income, sales program..	102	241	360
Nonoperating income or loss:			
Proceeds from sale of equipment.....	22	22	23
Net book value of assets sold.....	-62	-62	-65
Net loss from sale of equipment.....	-40	-40	-42
Miscellaneous income.....	181	194	183
Net nonoperating income.....	142	154	141
Net income for the year.....	244	395	501
Analysis of retained earnings:			
Retained earnings, start of year.....	10,166	10,305	10,700
Transfer to general fund.....	-106		
Retained earnings, end of year.....	10,305	10,700	11,201

The statement includes an analysis of the retained earnings or the cumulative deficit. This analysis shows any additions to earnings, other than net income for the year, any adjustments of retained earnings, and the balance of profits kept in the enterprise as of the end of the year (whether as cash, inventories, or other assets).

STATEMENT OF FINANCIAL CONDITION

For each fund showing a revenue and expense statement, there is also presented a balance sheet of assets,

BUDGETS NOT SUBJECT TO REVIEW

The presentations herein for the Legislative Branch, the Judiciary, the mixed-ownership corporations of the Farm Credit Administration, the Comptroller of the Currency and the Exchange Stabilization Fund in the Treasury Department, the Board of Governors of the Federal

liabilities, and equity of the Government at the close of the year.

The balance sheet excludes balances of appropriations and borrowing authorizations which have not yet been paid into the revolving fund. The section on equity of the Government is divided into three subsections as appropriate: (a) interest-bearing capital, (b) non-interest-bearing capital, and (c) retained earnings.

Financial Condition (in thousands of dollars)

	1966 actual	1967 actual	1968 est.	1969 est.
Assets:				
Cash with Treasury, in banks, on hand, and in transit.....	3,106	2,661	2,778	2,888
Accounts receivable.....	537	555	555	555
Selected assets: ¹				
Commodities for sale.....	6,312	6,368	6,633	6,822
Prepaid expenses and other assets.....	12	32	32	32
Fixed assets, net.....	3,567	3,974	4,356	4,610
Total assets.....	13,533	13,589	14,354	14,907
Liabilities:				
Accounts payable and accrued liabilities.....	2,999	2,917	3,285	3,337
Government equity:				
Non-interest-bearing capital:				
Start of year.....	367	368	368	368
Donated property.....				
End of year.....	368	368	368	368
Retained earnings.....	10,166	10,305	10,700	11,201
Total Government equity.....	10,534	10,673	11,068	11,569

Because the balance sheet is on an accrual basis, it does not reflect the obligations incurred which have not yet matured into liabilities, nor does it reflect unfilled customer orders received and available as a basis for obligation in the case of intragovernmental revolving funds. Therefore, there is normally appended to the balance sheet an "Analysis of Government Equity" which shows obligations other than liabilities, the unobligated balance, unfilled customers' orders on hand from other Government accounts (where relevant), and invested capital and earnings.

DIFFERENCES BETWEEN BUDGET TABLES AND APPENDIX TABLES

EXPENDITURES AND LOANS

In accordance with recent recommendations of the President's Commission on Budget Concepts, the compact budget volume this year separates out from expenditures the amount of net lending for most loan programs. Similarly, it segregates loan authority from general new obligational authority. The preparation of this more detailed Appendix was already too far advanced to permit such changes in this document.

INTERFUND AND INTRAGOVERNMENTAL TRANSACTIONS

The consolidation of Government-administered funds in the compact budget volume requires the deduction of interfund and intragovernmental transactions from the

Reserve System, the Federal Deposit Insurance Corporation, and the Milk Market Orders Assessment Fund of the Department of Agriculture have been included, without review, in the amounts submitted by the agencies.

combined aggregates, to avoid duplication in the totals. Schedules in the Appendix show the various funds and accounts separately, and therefore do not make such deductions.

PROPRIETARY RECEIPTS FROM THE PUBLIC

The compact budget volume this year, for the first time, offsets against expenditures for each agency and function the receipts from the public which are market-oriented or are mainly payments for goods and services, regardless of the fund structure. The Appendix continues the conventional practice of offsetting only those receipts that are earmarked by law for use in revolving funds, or as reimbursements to appropriations or other funds.