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available over \$29 billion of unused borrowing authority. A more detailed explanation of this method of financing is presented in enclosure I.

REVOLVING FUNDS

Revolving funds are authorized by specific provisions of law to finance a continuing cycle of operations in which expenditures generate receipts and the receipts are available for expenditure. As of June 30, 1966, the Treasury Department showed 117 such funds with cash and fund balances of over \$11 billion, investments in securities of over \$2 billion, and budgetary authorizations of about \$23 billion. The budgetary authorizations include balances of authority to expend from public debt or corporate debt receipts and unfunded contract authorizations. Information on selected revolving funds is given in enclosure II.

CONTRACT AUTHORIZATIONS

Contract authorizations represent grants of authority by the Congress to incur obligations prior to the enactment of appropriations. A contract authorization does not, in itself, permit the spending of money. It must be followed by an appropriation to permit payment of the obligations incurred thereunder. As of June 30, 1966, unfunded contract authorizations of over \$5 billion were outstanding in the administrative budget accounts. At the same point in time, trust fund accounts had unfunded contract authorizations of nearly \$11 billion. More detailed information concerning this method of financing is shown in enclosure III.

SPECIAL FUND RECEIPTS AND APPROPRIATIONS

Special funds are those which are established to account for receipts that are earmarked by law for a specific purpose. Some special funds are subject to annual appropriation by Congress while others are automatically available under the laws which create the funds. During fiscal year 1966, special fund receipts were \$606 million and special fund appropriations were \$548 million. Detailed information on special funds is given in enclosure IV.