

DEPARTMENT OF DEFENSEIndustrial funds

Department of Defense industrial funds, which were established pursuant to the National Security Act of 1947, as amended in 1949, finance industrial and commercial types of activities on a reimbursable basis (10 U.S.C. 2208). Since the industrial funds were established, a total of \$1,113 million has been received for working capital. This capital has been provided by the transfer, with congressional approval, of the unexpended balances of appropriations within the military departments. Since July 1, 1949, cash capital no longer required by the industrial funds in the amount of \$357 million has been returned to the United States Treasury and \$406.9 million has been transferred, with congressional approval, to other appropriations of the Department of Defense.

Industrial fund programs are supported by orders citing the customers' appropriations. Costs are initially financed by the industrial funds' working capital and subsequently billed to customers' appropriations. The Army industrial fund is currently used to finance 20 activities engaged in research, development, test, engineering, transportation and traffic management, limited quantity production and major overhaul of weapons, munitions, missiles, and other military equipment. The Navy industrial fund finances 9 shipyards, 34 printing plants, 6 ordnance plants, 7 aircraft overhaul and repair facilities, 7 public works centers, 3 research activities, and the Military Sea Transportation Service. The Air Force industrial fund currently finances 10 printing plants, 37 laundries, and the Military Airlift Command. The Defense industrial fund finances the Defense Clothing and Textile Supply Center and the communications services activity. The following statement shows the combined position of Department of Defense industrial funds.

Department of Defense Industrial Funds
Financial Condition
June 30, 1966

	(Millions of dollars)
Assets:	
Cash--available Treasury balance	\$1,990.1
Accounts receivable	355.1
Inventories	288.2
Other assets	50.4
Total	\$2,683.8
Liabilities:	
Accounts payable	\$ 186.7
Accrued expense	353.9
Prepayments from customers	1,766.9
Other liabilities and reserves	48.5
Total	2,356.0
Capital of the fund:	
Appropriations and reappropriations	349.2
Assets capitalized less liabilities	-38.0
Accumulated operating results	16.6
Total capital of the fund	327.8
Total liabilities and capital	\$2,683.8