

<p style="text-align: center;">SUMMARY OF MAJOR CHANGES TO DOD 7000.14-R, VOLUME 11A, CHAPTER 16 “ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS”</p> <p style="text-align: center;">Substantive revisions are denoted by a ★ preceding the section or paragraph with the substantive change or revision.</p>		
PARA	EXPLANATION OF CHANGE/REVISION	PURPOSE
160102.A	Inserts reference to Army Annex.	Update
160102.A	Inserts reference to Marine Corps Financial Execution Standard Operating Procedures Manual (P7300.21)	Update
Army Annex	Incorporates Defense Finance and Accounting Service Indianapolis Regulation 37-1, Chapter 14, “Sales and Revenues”	Incorporate Guidance

CHAPTER 16**ACCOUNTING FOR PRODUCTION AND SALE OF FOREST PRODUCTS****1601 OVERVIEW**

160101. Purpose. This chapter establishes the policy and procedures used to account for the production and sale of forest products (see Figure 16-1). This chapter also assigns responsibility for Department of Defense (DoD) reimbursement and for the entitlement of a state to a share in the net proceeds (see Figure 16-1) derived from forest products sold from military installations or facilities.

160102. Applicability and Scope. The policies and procedures established by this chapter:

★ A. Apply to the Office of the Secretary of Defense (OSD) and to the Military Departments (including their Reserve Components). The term “Military Services,” as used herein, refers to the Army, Navy, Air Force, and Marine Corps. Policies and procedures specific to the Army are included in the [Army Annex](#). The policies and procedures applicable within the Department of the Navy are in Appendix L of the Marine Corps Financial Execution Standard Operating Procedures Manual (P7300.21).

B. Cover forest products production and sales programs on military installations or facilities in the United States.

C. Do not apply to forestry activities within the civil programs of the U.S. Army Corps of Engineers or to the state-owned National Guard installations.

1602 POLICY AND PROCEDURES

160201. DoD appropriations that incur obligations to fund the production and sale of forest products shall be reimbursed from collections made as a result of the sale of those products. Remaining collections shall be disposed of as follows:

A. Forty percent of installation net proceeds shall be distributed to the state that includes the military installation or facility from which forest products were sold during a fiscal year. If the installation or facility is located in more than one state, each state shall share the proceeds in a manner proportional to the area of such installation or facility in each state. (See paragraph 160206 and Figure 16-1 of this chapter.) Entitlement to the states applies to forest products sold after September 30, 1984.

B. When the disbursement to each state has been made, any remaining amount shall be transferred to the reserve account. (See paragraph 160203, below.) To the extent that

collections from the sale of forest products are inadequate, obligations for the production and sale of those products may be financed either from the appropriation accounts, or from transfers from the reserve account when other sources of funds are not available in a timely manner.

160202. A DoD reserve account shall be established. The balance in this account may be used for:

- A. Improvements of forest lands,
- B. Unanticipated contingencies in the administration of forest lands and the production of forest products for which other sources of funds are not available in a timely manner, and
- C. Natural resource management that implements approved plans and agreements.

The balance shall not exceed \$4 million on December 31 of any calendar year. Unobligated balances exceeding \$4 million on that date shall be deposited in the U.S. Treasury General Fund Miscellaneous Receipts Account. (See paragraph 160205.C., below.)

160203. Operating Procedures for Program Obligations

A. Program obligations shall be related directly to the economic production and sale of forest products in the following functions:

1. Forest Improvement. Obligations incurred to improve an existing timber stand or forest, whether it is planted, seeded, or natural, to include thinning, pruning, and controlling undesirable vegetative growth.

2. Reforestation. Obligations incurred for natural or artificial regeneration including planting, purchasing of seeds or seedlings, preparing sites, and controlling insects, diseases, vegetation, and animals.

3. Forest Protection. Obligations incurred to protect a forest capable of economic production of forest products from damage by fire, insects, diseases, animals, floods, and erosion.

4. Forest Access Roads. Obligations incurred for construction, reconstruction, repair and maintenance of forest access roads and trails, and for repair of other roads as a result of forest production and harvest operations.

5. Sales. Obligations incurred to facilitate sales and preparation for sales of forest products including appraising, cruising, marking, scaling, advertising, and escorting

prospective bidders, as well as preparing, administering, and enforcing compliance with sales contracts.

6. Management. Obligations incurred to manage of the functions listed in subparagraphs 160204.A.1 through 160204.A.5, above, including supervising, planning, programming, conducting field surveys and inventories, training, and attending professional meetings.

7. Forestry Equipment. Obligations incurred to purchase vehicles, minor equipment, and heavy equipment used exclusively in forest management (purchased, as appropriate, by O&M or procurement appropriations under reimbursable program authority).

B. To the extent that an installation receives applicable program support from a function or activity above the installation level, costs shall be prorated based on the level of effort among all applicable military installations or facilities involved in the program.

C. Program obligations do not include amounts incurred for operations that, while related to the land and forest, are for other purposes such as the military mission, recreation, general area improvement, wildlife management, and beautification. Do not include amounts for the protection of forests that are incapable of economic production of timber products. Program obligations at all organizational levels shall be categorized according to the functions listed in subparagraphs 160204.A.1 through 160204.A.7, above.

D. Reimbursable program obligations under Title 10, United States Code (U.S.C.), section 2665(d) include all program costs except those cited in subparagraph 160204.C, above. Acquisition of equipment shall be justified on an economic basis. When general equipment is used in forestry program operations, obligations incurred by DoD appropriations for that use shall be included as program costs.

160204. Accounting and Reimbursements

A. Proceeds collected from forestry sales shall be turned over to the supporting DoD disbursing officer. These proceeds shall be deposited without delay to the Treasury General Fund Receipt Clearing Account **F3875, "Budget Clearing Account (Suspense)." (The applicable agency code will be shown instead of asterisks.) That portion of the proceeds used to finance reimbursable expenses shall be transferred to the funding O&M or procurement appropriation in accordance with annual budget guidance. Table 16-1 of this chapter illustrates the applicable United States (U.S.) Treasury account symbols.

TREASURY ACCOUNT SYMBOLS

	<u>O&M</u>	<u>Procurement</u>
(1)	Army - 21(FY)2020	21(FY)2035
(2)	Navy - 17(FY)1804	17(FY)1810
(3)	Air Force - 57(FY)3400	57(FY)3080
(4)	Marine Corps - 17(FY)1106	17(FY)1109

Table 16-1

B. At the end of the fiscal year, estimate the amount of each state's entitlement and transfer that amount from **F3875 to deposit account **X6875, "Suspense." After the states' entitlements are computed (see subparagraph 160201.A, above, and paragraph 160208, below), adjust the estimate to record applicable refunds to **F3875 or additional transfers to **X6875. Make payments to the states from **X6875. After the states have been paid and appropriation accounts reimbursed, transfer any remaining balance in **F3875 to 21*5285, "Department of Defense, Forest Products Program, Army."

C. On December 31 of each year, the Deputy Under Secretary of Defense (Environmental Security), Office of the Under Secretary of Defense for Acquisition, Technology and Logistics (OUSD(AT&L)) (or designee) shall review the balance in 21X5285 and direct the transfer of any amount in excess of \$4 million to U.S. Treasury account **3210, "General Fund Proprietary Receipts, Defense Military, Not Otherwise Classified."

160205. Compute entitlements to each state in accordance with 10 U.S.C. 2665(e). Determine these entitlements based on a separate calculation for each military installation or facility from which forest products were sold in that fiscal year.

A. Maintain records for each military installation or facility concerned in order to effect sales proceeds and reimbursable program obligations by fiscal year. If a military installation or facility is located in more than one state, make payments to each state involved in a manner proportional to the area of the installation or facility situated in each state. If an installation or facility is located in more than one county within a state, a description of the areas (acres) of the installation or facility situated in each county may accompany that state's entitlement.

B. Disburse states' entitlements within 90 days after the end of the fiscal year. These payments shall be made by electronic funds transfer.

160206. As directed by the USD(AT&L) or designee, in coordination with the Office of the Under Secretary of Defense (Comptroller) (OUSD(C)), distribute net proceeds among the Military Services to meet the overall funding requirements of the DoD forestry program.

160207. The provisions of this chapter govern the recording of sales revenue, program obligations, entitlement payments to states, and all other accounting for this program.

160208. Figure 16-2 contains USD(AT&L) coordinating and reporting requirements. The Forest Products Sales Program report has been assigned Report Control Symbol DD-A&T(Q&A)1649. See subparagraph 160302.A, below, and figures 16-3, 16-4 and 16.5

1603 RESPONSIBILITIES

160301. The USD(AT&L) or designee shall:

A. Issue and monitor policy on forest management of DoD lands in accordance with DoD Directive 4700.4, “Natural Resources Management Program.”

B. Advise the Military Services of potential downward adjustments in funding for the program during the year if timely receipt of anticipated proceeds becomes doubtful.

160302. The Secretaries of the Military Departments shall:

A. Prepare annual forestry program budgets for the coming fiscal year that include anticipated sales revenue, program obligations, states’ entitlements, unfinanced requirements, and transfers. See Figure 16-2 of this chapter for due date and other reporting information.

B. Ensure that all proposed obligations are related directly to the economical production and sale of forest products, consistent with DoD Directive 4700.4.

C. Ensure that no unplanned program obligations are incurred simply to “use up” proceeds.

D. Adjust the program downward during the year by reducing planned obligations if actual proceeds do not materialize at anticipated levels and sufficient funding cannot be obtained from the reserve account.

E. Ensure that all program obligations are accumulated in DoD appropriation accounts and that reimbursements and distributions to States and the use of funds from the DoD Reserve Account conform to paragraph 160203, above.

F. Comply with requirements stated in paragraph 160205, above.

G. Coordinate approved budgets with the USD(AT&L) or designee to assist in planning and trade-off analysis and to ensure effective and efficient functioning of the overall DoD program.

H. Review the cumulative total obligations incurred, estimated program obligations, cumulative revenue, and realistic estimates of future revenue to determine whether DoD forests remain capable of economic production.

I. Identify to the DoD Executive Agent (see subparagraph 160303.A, below) the official who is authorized to transfer surplus funds (see Figure 16-1) and accept reserve funds.

160303. The Secretary of the Army shall:

A. Act as DoD Executive Agent to monitor and coordinate financial management of the DoD forest products program.

B. Coordinate the transfers of surplus and reserve funds.

C. Maintain the DoD Reserve Account (21*5285) and make transfers in accordance with the instructions from the USD(AT&L) or designee. (Replace asterisk with fiscal year designator.)

DEFINITIONS

1. **Forest Products.** Those items produced from a forest such as sawtimber, veneer logs, poles, piles, posts, pulpwood, pine straw, stumpwood, bark, and other mulch, cones, seeds, mistletoe, firewood, and wood chips.
2. **Net Proceeds.** The amount received by the United States during a fiscal year (FY) as proceeds from the sale of forest products produced on a military installation or facility, minus the amount reimbursed to the Department of Defense, under 10 U.S.C. 2665, for program costs incurred by that installation or facility. Program costs include obligations for current operating expenses and for the purchase of capital equipment required to operate the program.
3. **Reserve Funds.** A reserve account authorized under 10 U.S.C. 2665 and administered by the Department of Defense. The amount is held in the U.S. Treasury Special Fund Account 21*5285, Department of Defense, Forest Products Program, Army. (Replace asterisk with fiscal year designate.)
4. **Surplus Funds.** The amount expected to be available during the year within the Department of Defense after providing for the reimbursements under this Instruction. These funds represent the amounts to be transferred to the DoD Reserve Funds Account.

Figure 16-1

COORDINATION AND REPORTING REQUIREMENTS
Annual Coordination of DoD Forest Products Program

1. **Purpose.** To coordinate forestry obligations and revenues of the Military Services to ensure that overall DoD revenue is sufficient to reimburse all authorized obligations for the production and sale of forest products.
2. **Authority.** Title 10, United States Code (U.S.C.), section 2665
3. **Schedule**
 - a. **December 15.** Each Military Service disburses funds to the various states. Each disbursement shall be accompanied by identification of the generating installation(s) and amount generated by each installation.
 - b. **December 30.** Each Military Service deposits funds from the F3875 clearing account to the DoD Reserve Account (21*5285). (Replace asterisk with fiscal year designation.)

c. January 2. Each Military Service transmits the “Actual Revenue and Obligations Report” to the Executive Agent (EA) and the Office of the Deputy Under Secretary of Defense (Environmental Security) (OUSD(AT&L)). See Figure 16-3.

d. February 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative program revenue and obligations through December 31 of the current fiscal year and any planned changes. See Figure 16-4.

e. May 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative program revenue and obligations through March 31 of the current fiscal year and any planned changes. See Figure 16-4.

f. August 15. Each Military Service transmits to the EA and the USD(AT&L) a report of cumulative revenue and obligations through June 30 of the current fiscal year and any planned changes. See Figure 16-4.

g. September 1. Each Military Service transmits to the EA and the USD(AT&L) its planned forest products revenue and expenses, by appropriation, for the coming fiscal year. See Figure 16-5. This plan shall reflect no deficit in the program; however, a description of unfinanced needs may accompany the plan.

Figure 16-2

SAMPLE REPORT RCS: DD-A&T(Q&A)1649

ACTUAL REVENUE AND OBLIGATIONS

RCS: DD-A&T(Q&A)1649

(Due January 2)

For FY _____

Military Service _____

	(Other) Procurement	O&M	Total
I. <u>PROGRAM RESERVE AND OBLIGATIONS</u>			
A. Revenue (actual deposits to F3875 account)			\$ _____
B. Distributions (from F3875 account)	\$ _____	\$ _____	(\$ _____)
C. Reimbursable Obligations	(\$ _____)	(\$ _____)	
D. Unobligated Balance Remaining and Returned to F3875	\$ _____	\$ _____	\$ _____
E. Subtotal			\$ _____
F. States' Entitlements (note 1)			(\$ _____)
G. Transfer to Reserve Account			(\$ _____)
H. Total			\$ -0-
II. <u>UTILIZATION OF RESERVE FUND</u>			
A. Transfer In	\$ _____	\$ _____	
B. Obligations (note 2)	\$ _____	\$ _____	
C. Unobligated Balances Returned to Reserve Fund	\$ _____	\$ _____	\$ _____

NOTES:

1. Furnish by installation, state, and amount.
2. Briefly describe the forestry projects and/or activities funded from reserve funds.

Figure 16-3

SAMPLE QUARTERLY REPORT RCS: DD-A&T(Q&A)1649

QUARTERLY FOREST PRODUCTS PROGRAM	
RCS: DD-A&T(Q&A)1649	
(Due February 15, May 15, August 15)	
Military Service _____	
Date _____	
FY _____	
A. Planned Revenue this Fiscal Year (FY)	\$ _____
B. Planned Obligations this FY	\$ _____
C. Cumulative Actual Revenue this FY	\$ _____
D. Cumulative Actual Obligations this FY	\$ _____
E. Net Proceeds this FY (Item C minus Item D)	\$ _____
F. Current Estimate of States Entitlements this FY	\$ _____
G. Current Unfinanced Needs for this FY (describe below)	\$ _____

Figure 16-4

SAMPLE ANNUAL REPORT RCS: DD-A&T(Q&A)1649

ANNUAL FOREST PRODUCTS PROGRAM BUDGET			
RCS: DD-A&T(Q&A)1649			
(Due September 1)			
For FY _____			
Military Service _____			
	(Other)		
	<u>Procurement</u>	<u>O&M</u>	<u>Total</u>
A. Planned FY Revenue		\$ _____	
B. Planned FY Distribution	\$ _____	\$ _____	\$ _____
C. Planned FY Obligations	\$ _____	\$ _____	\$ _____
D. Planned Net (note)		\$ _____	
E. Planned Payments to States		\$ _____	
F. Unfinanced Needs (describe below)	\$ _____	\$ _____	\$ _____

NOTE: Total of item A. minus total of item C.

Figure 16-5