



REPAIRABLE CARCASS TURN-IN & INVENTORY REPLENISHMENT

EFFECTIVE FISCAL YEAR 2026

PREPARED BY:

**GENERAL LEDGER AND ADVISORY BRANCH
BUREAU OF THE FISCAL SERVICE
U.S. DEPARTMENT OF THE TREASURY**

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REPAIRABLE CARCASS TURN-IN & INVENTORY REPLENISHMENT
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Background

A critical source of inventory replenishment for the United States Military Working Capital Fund (WCF) is the return of repairable carcasses from a federal customer that have been removed from operations and turned-in for credit in connection with (but not necessarily performed simultaneously with) an exchange transaction for a replacement item. The term “carcass” is defined as a used item requiring rebuilding or repair. A common example of a carcass is a used valve/pump removed from an active aircraft in which the value/pump has reached the end of its normal lifecycle and no longer provides value to the holder, but retains a repairable value once restored or remanufactured.

As part of recurring business activities, the WCF sells a serviceable item at the standard price in exchange for (1) cash, and (2) a used inventory item (the carcass) that needs rebuilding or repair. The WCF invoices the federal customer at the net exchange price, which is the standard price, less any exchange credit if the work agreement states that a repairable item has been (or will be) returned. Together, the net exchange price (\$850) and the carcass unit exchange value (\$150) equal the standard price (\$1,000) owed by the buyer to the seller. The timing of when that carcass turn-in occurs will determine the SGL impact of the value reflected on both the buyer and seller-side trial balances (refer to the scenarios below for the detailed impact.)

Standard Purchase Price of Replacement Inventory	\$1,000
<u>(Less: Exchange Value from Older Carcass Turn-In)</u>	<u>(\$ 150)</u>
Net Exchange Price to be Paid in Cash	\$ 850

If the carcass unit is received in advance of an exchange transaction for a replacement item, the WCF records that unit’s receipt in SGL 152300 *Inventory Held For Repair* and recognizes a corresponding liability to establish a turn-in credit towards a future purchase. When a serviceable item becomes available for issue, the WCF reverses the liability, and the exchange transaction is recorded at the net exchange price. The carcass value is predetermined by the seller and may be applied to the standard price to determine the net exchange price of a new replacement item owed to the seller.

On the buyer side, when a used carcass unit is removed from the aircraft, there is no accounting entry necessary since this used carcass unit was previously expensed during installation. Once removed from the aircraft or respective PP&E, the previously expensed item on its own merit has no recorded value on the buyer’s Balance Sheet.

Legacy USSGL guidance was limited to the simultaneous recognition of carcass turn-in and acquisition of a new replacement item. However, within the course of real-world business activities, these two events can occur several weeks or months apart, often spanning different reporting periods. This timing difference results in a myriad of financial and reporting impacts and challenges on both the buyer and seller side of an intragovernmental transaction. Specifically, this scenario addresses the following unique scenarios:

1. Carcass turn-in value is credited against the standard price as part of the normal exchange process but the agreed upon carcass value remains ‘due-in’ until delivery of the replacement item; and
2. Carcass is turned-in with anticipation of, but unrelated to, an existing customer order, resulting in both buyer and seller recording an exchange ‘credit’ toward a future exchange transaction.

Standard General Ledger Accounts and Data Attributes

Account Title: Future Exchange Credit Receivable

Account Number: 133900

Normal Balance: Debit

Definition: This account is used to record the exchange value of a future credit for the turn-in of an inventory carcass unit due from another federal trading partner. The Buyer or Seller in an intragovernmental exchange transaction may recognize a credit receivable for the trade-in value of the carcass to be exchanged in the future, while the Seller may also recognize the value of an advance credit receivable against a future exchange order for a similar or new replacement item. This exchange credit receivable is applied to the determination of the net exchange price of the replacement item. This account does not close at year-end.

Account Title: Liability For Future Exchange

Account Number: 293900

Normal Balance: Credit

Definition: This account is used to record the agreed upon value of a liability for the turn-in of a carcass to another federal trading partner. This liability may be related to an existing customer exchange order with a carcass unit to be turned-in by the Buyer, or may reflect the value of advance credit offered by the Seller against a future exchange order for a similar or new replacement item. This liability is applied to the determination of the net exchange price of the replacement item. This account does not close at year-end.

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USSGL	USSGL Account Title	Anticipated	Budg/ Prop	Norm Bal	Begin/ End	Debit/ Credit	Auth Type Code	Apport Cat	Apport Cat B
133900	Future Exchange Credit Receivable	N	P	D	B/E	D/C			
293900	Liability For Future Exchange	N	P	C	B/E	D/C			

USSGL	Avail Time	BEA Cat	Borrow Source	Budgetary Impact Indicator	Cohort Yr	Cust/ Noncust	Exch/ Nonexch	Fed/ NonFed	Trading Ptnr	Trading Ptnr Main	PY Adj	Program Indicator
133900								F	###	####		
293900								F	###	####		

USSGL	Year of BA	Reduction Type	Fund Type	Reporting Type Code	Financing Account Code	TAS Status	Trans. Code
133900			EC/EG/EM/EP/ER/ES/ET/TR/UG/US/UT	E/U	N	U/E	X/N
293900			EC/EG/EM/EP/ER/ES/ET/TR/UG/US/UT	E/U	N	U/E	X/N

Disclaimers

- This scenario assumes the Seller has a Beginning Balance of \$10,000 in SGL 152100, *Inventory Purchased For Resale*, and a corresponding Beginning Balance in SGL 331000, *Cumulative Results of Operations*.
- The intent of this scenario is to illustrate the main concepts for the accounting of inventory carcass units and the replenishment of inventory through basic transactions. The scenario is not intended to be all inclusive of the different types of revenues and/or expenses that may be recorded.
- Budgetary and financial reports reflect the pertinent lines to be reported based on the main concepts illustrated. For full presentations of the reports and line descriptions, refer to the appropriate authoritative guidance (i.e. OMB Circular A-136: *Financial Reporting Requirements*, OMB Circular No. A-11: *Preparation, Submission, and Execution of the Budget*, Treasury Financial Manual references.)

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Listing of USSGL Accounts Used in This Scenario:

Account Number	Account Title
<u>Budgetary</u>	
411900	Other Appropriations Realized
420100	Total Actual Resources - Collected
421000	Anticipated Reimbursements
422100	Unfilled Customer Orders Without Advance
425100	Reimbursements Earned - Receivable
425200	Reimbursements Earned - Collected From Federal/Non-Federal Exception Sources
445000	Unapportioned - Unexpired Authority
449000	Anticipated Resources - Unapportioned Authority
451000	Apportionments
459000	Apportionments - Anticipated Resources - Programs Subject to Apportionment
461000	Allotments - Realized Resources
480100	Undelivered Orders - Obligations, Unpaid
490100	Delivered Orders - Obligations, Unpaid
490200	Delivered Orders - Obligations, Paid
<u>Proprietary</u>	
101000	Fund Balance With Treasury
131000	Accounts Receivable
133900	Future Exchange Credit Receivable
151100	Operating Materials and Supplies Held for Use
152100	Inventory Purchased For Resale
152300	Inventory Held For Repair
211000	Accounts Payable
293900	Liability For Future Exchange
310000	Unexpended Appropriations - Cumulative
310100	Unexpended Appropriations - Appropriations Received
310700	Unexpended Appropriations - Used - Accrued
310710	Unexpended Appropriations - Used - Disbursed
331000	Cumulative Results of Operations
510000	Revenue from Goods Sold
570000	Expended Appropriations - Used - Accrued
570010	Expended Appropriations - Disbursed
579000	Other Financing Sources
650000	Cost of Goods Sold
679000	Other Expenses Not Requiring Budgetary Resources
719000	Other Gains
880100	Offset for Purchases of Assets
880300	Purchases of Inventory and Related Property

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Scenario 1- Carcass Unit Remains ‘Due-In’ and Is Not Traded-in Until After Delivery of the New Replacement Item:

The sale of a replenished inventory unit settles in Month 1, but the older carcass unit remains ‘due-in’ and will not be traded-in until after the delivery of the new replacement item. The carcass turn-in value is credited against the sales price of the new transaction. The Seller starts the year with a \$10,000 Beginning Balance in SGL 152100, *Inventory Purchased For Resale*, and a corresponding \$10,000 Beginning Balance in SGL 331000, *Cumulative Results of Operations*.

1. The Buyer records the enactment of appropriations of \$5,000 to replenish inventory for aircraft.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	5,000	5,000	A104	<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury (RC 40) 310100 (G) Unexpended Appropriations - Appropriations Received (RC 41)	5,000	5,000		<u>Proprietary Entry</u> None			

2. The Buyer records budget authority apportioned by the Office of Management and Budget and available for allotment.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 445000 Unapportioned - Unexpired Authority 451000 Apportionments	5,000	5,000	A116	<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> None			

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3. The Buyer records the allotment of authority.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 451000 Apportionments 461000 Allotments - Realized Resources <u>Proprietary Entry</u> None	5,000	5,000	A120	<u>Budgetary Entry</u> None <u>Proprietary Entry</u> None			

4. The Seller records anticipated reimbursements for the Fiscal Year.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None <u>Proprietary Entry</u> None				<u>Budgetary Entry</u> 421000 Anticipated Reimbursements 449000 Anticipated Resources - Unapportioned Authority <u>Proprietary Entry</u> None	5,000	5,000	A702

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5. The Seller records record anticipated resources apportioned by the Office of Management and Budget but not available for use until they are realized for anticipated resources in programs subject to apportionment.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> 449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment	5,000	5,000	A118
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> None			

6. The Buyer and Seller both record an order for the replenishment of one inventory unit within a reimbursable agreement without an advance. The carcass unit turn-in value is determined and established by the Seller. At the time the Buyer obligates the funds, both Buyer and Seller already know the amount of the carcass value and respective exchange credit so the obligation is recorded at the net purchase price (\$850.)							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments - Realized Resources 480100 Undelivered Orders - Obligations, Unpaid	850	850	B306	<u>Budgetary Entry</u> 422100 Unfilled Customer Orders Without Advance 421000 Anticipated Reimbursements	850	850	A706
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> None			

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7. The sale/purchase of the new replacement item occurs in Month 1 of the reporting period, and is recorded at the standard price. The Seller recognizes a receivable for the trade-in value of the carcass to be exchanged in the future. The carcass turn-in value (\$150) is netted against the standard price (\$1,000) for a net exchange price (\$850) in the initial transaction.

The Buyer records the purchase and acceptance of delivered goods. It accrues a payment liability for the current receipt of OM&S at the net exchange price and records a liability for the exchange value of the carcass unit to be turned-in.

Simultaneously, both the Buyer and Seller record the predetermined trade-in value of the carcass turn-in remaining due from the Buyer in the net exchange transaction. The physical turn-in of the carcass unit often occurs several periods after the exchange credit has been applied in the original exchange transaction and the delivery of a new replacement item.

Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u>				<u>Budgetary Entry</u>			
480100 Undelivered Orders - Obligations, Unpaid	850		B439	425100 Reimbursements Earned - Receivable	850		C439
490100 Delivered Orders - Obligations, Unpaid		850		422100 Unfilled Customer Orders Without Advance		850	
<u>Proprietary Entry</u>				<u>Proprietary Entry</u>			
151100 Operating Materials & Supplies	1,000		B439	131000 (F) Accounts Receivable	850		C439
211000 (F) Accounts Payable		850		133900 (F) Future Exchange Credit Receivable	150		
293900 (F) Liability For Future Exchange		150		510000 Revenue From Goods Sold		850	
				579000 Other Financing Sources		150	
310700 Unexpended Appropriations - Used - Accrued	850		B134				
570000 Expended Appropriations - Used - Accrued		850					

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8. The providing entity records Cost of Goods Sold upon the sale of inventory previously purchased for resale. (The entity started the reporting period with a beginning inventory balance in SGL 152100 of \$10,000.)							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> 650000 Cost of Goods Sold 152100 Inventory Purchased For Resale	1,000	1,000	E408

9. As part of the purchase of materials, the federal entity records activity for current-year purchases of inventory and related property.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 880300 (N) Purchases of Inventory and Related Property 880100 (N) Offset for Purchases of Assets	1,000	1,000	G122	<u>Proprietary Entry</u> None			

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10. At the time the OM&S item is placed into operation within the aircraft, the item is removed from the OM&S ledger and expensed at its full book value. The receiving entity records inventory used for operations. There is no budgetary impact.s							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 679000 Other Expenses Not Requiring Budgetary Resources 151100 Operating Materials and Supplies Held for Use	1,000	1,000	E406	<u>Proprietary Entry</u> None			

11. Upon turn-in of the inventory carcass unit, both the Buyer and Seller record the reduction of the intragovernmental payable/receivable balance. The Buyer records the physical turn-in of the inventory carcass unit to the Seller that was previously recognized as a liability. The Seller records the trade-in value of the inventory carcass turned-in that was due from the Buyer, with the credit already given.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 293900 (F) Liability For Future Exchange (RC 22) 719000 Other Gains	150	150	E459	<u>Proprietary Entry</u> 152300 Inventory Held For Repair 133900 (F) Future Exchange Credit Receivable (RC 22)	150	150	E439

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12. The Buyer disburses payment to the Seller for the \$850 funds payable.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u>				<u>Budgetary Entry</u>			
490100 Delivered Orders - Obligations, Unpaid	850		B110	425200 Reimbursements Earned - Collected From	850		C186
490200 Delivered Orders - Obligations, Paid		850		Federal/Non-Federal Exception Sources		850	
				425100 Reimbursements Earned - Receivable			
<u>Proprietary Entry</u>				<u>Proprietary Entry</u>			
211000 (F) Accounts Payable (RC 22)	850		B110	101000 (G) Fund Balance With Treasury (RC 40)	850		C186
101000 (G) Fund Balance With Treasury (RC 40)		850		131000 (F) Accounts Receivable (RC 22)		850	
310710 Unexpended Appropriations - Used - Disbursed	850		B235				
570000 Expended Appropriations - Used - Accrued	850						
310700 Unexpended Appropriations - Used - Accrued		850					
570010 Expended Appropriations - Disbursed		850					

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SCENARIO 1 - PRE-CLOSING TRIAL BALANCE					
		Receiving Entity (Buyer)		Providing Entity (Seller)	
Account	Description	Debit	Credit	Debit	Credit
Budgetary					
411900	Other Appropriations Realized	5,000	-	-	-
421000	Anticipated Reimbursements	-	-	4,150	-
425200	Reimbursements Earned - Collected From Fed/Non-Fed Exception Sources	-	-	850	-
445000	Unapportioned - Unexpired Authority	-	-	-	-
449000	Anticipated Resources - Unapportioned Authority	-	-	-	-
459000	Apportionments - Anticipated Resources - Programs Subject to Apportionment	-	-	-	5,000
461000	Allotments - Realized Resources	-	4,150	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-	-	-
490200	Delivered Orders - Obligations, Paid	-	850	-	-
Total		5,000	5,000	5,000	5,000
Proprietary					
101000 (G)	Fund Balance With Treasury	4,150	-	850	-
131000 (F)	Accounts Receivable	-	-	-	-
133900 (F)	Future Exchange Credit Receivable	-	-	-	-
151100	Operating Materials and Supplies Held for Use	-	-	-	-
152100	Inventory Purchased For Resale	-	-	9,000	-
152300	Inventory Held For Repair	-	-	150	-
211000 (F)	Accounts Payable	-	-	-	-
293900 (F)	Liability For Future Exchange	-	-	-	-
310100 (G)	Unexpended Appropriations - Appropriations Received	-	5,000	-	-
310700 (G)	Unexpended Appropriations - Used - Accrued	-	-	-	-
310710 (G)	Unexpended Appropriations - Used - Disbursed	850	-	-	-
331000	Cumulative Results of Operations	-	-	-	10,000
570000 (G)	Expended Appropriations - Used - Accrued	-	-	-	-
570010 (G)	Expended Appropriations - Disbursed	-	850	-	-
510000	Revenue From Goods Sold	-	-	-	850
579000	Other Financing Sources	-	-	-	150
650000	Cost of Goods Sold	-	-	1,000	-
679000	Other Expenses Not Requiring Budgetary Resources	1,000	-	-	-

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719000	Other Gains	-	150	-	-
880100	Offset for Purchases of Assets	-	1,000	-	-
880300	Purchases of Inventory and Related Property	1,000	-	-	-
Total		7,000	7,000	11,000	11,000

Scenario 1- Closing Entries:

13. The federal entity records the closing of expenses to cumulative results of operations.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 331000 Cumulative Results of Operations	850		F336	<u>Proprietary Entry</u> 510000 Revenue From Goods Sold	850		F336
719000 Other Gains	150			579000 Other Financing Sources	150		
679000 Other Expenses Not Requiring Budgetary Resources		1,000		331000 Cumulative Results of Operations		1,000	
570010 Expended Appropriations - Disbursed	850		F336	331000 Cumulative Results of Operations	1,000		F336
331000 Cumulative Results of Operations		850		650000 Cost of Goods Sold		1,000	
310000 Unexpended Appropriations - Cumulative	850		F342				
310710 Unexpended Appropriations - Used – Disbursed		850					
310100 (G) Unexpended Appropriations – Appropriations Received	5,000		F342				
310000 Unexpended Appropriations - Cumulative		5,000					

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14. The Buyer records the closing of memorandum accounts for asset purchases.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None <u>Proprietary Entry</u> 880100 (N) Offset for Purchases of Assets 880300 (N) Purchases of Inventory and Related Property	1,000	1,000	F370	<u>Budgetary Entry</u> None <u>Proprietary Entry</u> None			

15. The federal entity records the closing of paid delivered orders to total actual resources.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 490200 Delivered Orders - Obligations, Paid 420100 Total Actual Resources - Collected <u>Proprietary Entry</u> None	850	850	F314	<u>Budgetary Entry</u> <u>Proprietary Entry</u> None			

16. The federal entities record the consolidation of actual net-funded resources.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized <u>Proprietary Entry</u> None	5,000	5,000	F302	<u>Budgetary Entry</u> 420100 Total Actual Resources - Collected 425200 Reimbursements Earned - Collected From Fed/Non-Fed Exception Sources <u>Proprietary Entry</u> None	850	850	F302

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17. The Seller record adjustments for anticipated resources not realized.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 421000 Anticipated Reimbursements	4,150	4,150	F112
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> None			

SCENARIO 1 - POST-CLOSING TRIAL BALANCE					
		Receiving Entity (Buyer)		Providing Entity (Seller)	
Account	Description	Debit	Credit	Debit	Credit
<u>Budgetary</u>					
420100	Total Actual Resources - Collected	4,150	-	850	-
459000	Apportionments - Anticipated Resources - Programs Subject to Apportionment	-	-	-	850
461000	Allotments - Realized Resources	-	4,150	-	-
Total		4,150	4,150	850	850
<u>Proprietary</u>					
101000 (G)	Fund Balance With Treasury	4,150	-	850	-
152100	Inventory Purchased For Resale	-	-	9,000	-
152300	Inventory Held For Repair	-	-	150	-
331000 (G)	Cumulative Results of Operations	-	4,150	-	10,000
Total		4,150	4,150	10,000	10,000

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Scenario 2- Carcass Unit Is Turned-in to the Seller but Currently Unrelated to an Existing Customer Order:

The older carcass unit is turned-in without an existing customer order in Month 1, several periods before an order is placed for the purchase of the new refurbished item. The Seller starts the year with a Beginning Balance of \$10,000 in SGL 152100, *Inventory Purchased For Resale*, and a corresponding \$10,000 Beginning Balance in SGL 331000, *Cumulative Results of Operations*.

1. A carcass unit is received in Month 1 that is not associated with an existing customer order for a new replacement item. The Buyer records the physical turn-in of the inventory carcass unit by recognizing a receivable for the value of a credit towards a future purchase. The Seller records the trade-in value of the inventory carcass unit to be turned-in from the Buyer, along with a liability to apply a future exchange credit.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 133900 (F) Future Exchange Credit Receivable (RC 22) 719000 Other Gains	150	150	E459	<u>Proprietary Entry</u> 152300 Inventory Held For Repair 293900 (F) Liability For Future Exchange (RC 22)	150	150	E439

2. The Buyer records the enactment of appropriations of \$5,000 to replenish inventory for aircraft.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 411900 Other Appropriations Realized 445000 Unapportioned - Unexpired Authority	5,000	5,000	A104	<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury (RC 40) 310100 (G) Unexpended Appropriations - Appropriations Received (RC 41)	5,000	5,000		<u>Proprietary Entry</u> None			

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3. The Buyer records record budget authority apportioned by the Office of Management and Budget and available for allotment.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 445000 Unapportioned - Unexpired Authority 451000 Apportionments <u>Proprietary Entry</u> None	5,000	5,000	A116	<u>Budgetary Entry</u> None <u>Proprietary Entry</u> None			

4. The Buyer records the allotment of authority.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 451000 Apportionments 461000 Allotments - Realized Resources <u>Proprietary Entry</u> None	5,000	5,000	A120	<u>Budgetary Entry</u> None <u>Proprietary Entry</u> None			

5. The Seller records anticipated reimbursements for the Fiscal Year.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None <u>Proprietary Entry</u> None				<u>Budgetary Entry</u> 421000 Anticipated Reimbursements 449000 Anticipated Resources - Unapportioned Authority <u>Proprietary Entry</u> None	5,000	5,000	A702

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6. The Seller records record anticipated resources apportioned by the Office of Management and Budget but not available for use until they are realized for anticipated resources in programs subject to apportionment.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> 449000 Anticipated Resources - Unapportioned Authority 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment	5,000	5,000	A118
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> None			

7. The Buyer and Seller both record an order for the replenishment of one inventory unit within a reimbursable agreement without an advance that was previously anticipated. The carcass unit turn-in value is determined and established by the Seller. At the time the Buyer obligates the funds, both Buyer and Seller already know the amount of the carcass value and respective exchange credit, so the obligation is recorded at the net purchase price (\$850.)							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments - Realized Resources 480100 Undelivered Orders - Obligations, Unpaid	850	850	B306	<u>Budgetary Entry</u> 422100 Unfilled Customer Orders Without Advance 421000 Anticipated Reimbursements	850	850	A706
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> None			

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8. The sale and purchase of the new replacement item occurs in Month 4 of the reporting period and is recorded at the standard price. The exchange value of the previously turned-in carcass unit from Transaction #1 is applied to calculate the value of the net exchange transaction. This transaction eliminates the “exchange credit receivable” of the Buyer and the corresponding liability of the Seller.

The Seller recognizes a receivable for the trade-in value of the carcass unit to be exchanged in the future. The carcass turn-in value (\$150) is netted against the standard price (\$1,000) for the net exchange price (\$850) in the initial transaction.

The Buyer records a standard purchase and delivery acceptance of goods and accrues a payment liability for the current receipt of OM&S at the net exchange price, plus a liability to record the exchange value of the future turn-in of the carcass unit.

Simultaneously, both Buyer and Seller record the predetermined trade-in value of the carcass turn-in remaining due from the Buyer in the net exchange transaction. The physical turn-in of the carcass unit often occurs several periods after the exchange credit has been applied in the original exchange transaction and the delivery of a new replacement item.

Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u>				<u>Budgetary Entry</u>			
480100 Undelivered Orders - Obligations, Unpaid	850		B439	425100 Reimbursements Earned - Receivable	850		C439
490100 Delivered Orders - Obligations, Unpaid		850		422100 Unfilled Customer Orders Without Advance		850	
<u>Proprietary Entry</u>				<u>Proprietary Entry</u>			
151100 Operating Materials & Supplies	1,000		B439	131000 (F) Accounts Receivable (RC 22)	850		C439
211000 (F) Accounts Payable (RC 22)		850		293900 (F) Liability For Future Exchange (RC 22)	150		
133900 (F) Future Exchange Credit Receivable (RC 22)		150		510000 Revenue From Goods Sold		850	
310700 Unexpended Appropriations - Used - Accrued	850		B134	579000 Other Financing Sources		150	
570000 Expended Appropriations - Used - Accrued		850					

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9. The providing entity records Cost of Goods Sold upon the sale of inventory previously purchased for resale. (The entity started the reporting period with a beginning inventory balance in SGL 152100 of \$10,000.)							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> 650000 Cost of Goods Sold 152100 Inventory Purchased For Resale	1,000	1,000	E408

10. As part of the purchase of materials, the federal entity records activity for current-year purchases of inventory and related property.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 880300 (N) Purchases of Inventory and Related Property 880100 (N) Offset for Purchases of Assets	1,000	1,000	G122	<u>Proprietary Entry</u> None			

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11. At the time the OM&S item is placed into operation within the aircraft, the item is removed from the OM&S ledger and expensed at its full book value. The receiving entity records inventory used for operations. There is no budgetary impact.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 679000 Other Expenses Not Requiring Budgetary Resources 151100 Operating Materials and Supplies Held for Use	1,000	1,000	E406	<u>Proprietary Entry</u> None			

12. The Buyer disburses payment to the Seller for the \$850 funds payable.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 490100 Delivered Orders - Obligations, Unpaid 490200 Delivered Orders - Obligations, Paid	850	850	B110	<u>Budgetary Entry</u> 425200 Reimbursements Earned - Collected From Federal/Non-Federal Exception Sources 425100 Reimbursements Earned - Receivable	850	850	C186
<u>Proprietary Entry</u> 211000 (F) Accounts Payable (RC 22) 101000 (G) Fund Balance With Treasury (RC 40)	850	850	B110	<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury (RC 40) 131000 (F) Accounts Receivable (RC 22)	850	850	C186
310710 Unexpended Appropriations - Used - Disbursed	850		B235				
570000 Expended Appropriations - Used - Accrued 310700 Unexpended Appropriations - Used - Accrued	850	850					
570010 Expended Appropriations - Disbursed	850	850					

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SCENARIO 2 - PRE-CLOSING TRIAL BALANCE					
		Receiving Entity (Buyer)		Providing Entity (Seller)	
Account	Description	Debit	Credit	Debit	Credit
Budgetary					
411900	Other Appropriations Realized	5,000	-	-	-
421000	Anticipated Reimbursements	-	-	4,150	-
425200	Reimbursements Earned - Collected From Fed/Non-Fed Exception Sources	-	-	850	-
445000	Unapportioned - Unexpired Authority	-	-	-	-
449000	Anticipated Resources - Unapportioned Authority	-	-	-	-
459000	Apportionments - Anticipated Resources - Programs Subject to Apportionment	-	-	-	5,000
461000	Allotments - Realized Resources	-	4,150	-	-
480100	Undelivered Orders - Obligations, Unpaid	-	-	-	-
490100	Delivered Orders - Obligations, Unpaid	-	-	-	-
490200	Delivered Orders - Obligations, Paid	-	850	-	-
Total		5,000	5,000	5,000	5,000
Proprietary					
101000 (G)	Fund Balance With Treasury	4,150	-	850	-
131000 (F)	Accounts Receivable	-	-	-	-
133900 (F)	Future Exchange Credit Receivable	-	-	-	-
151100	Operating Materials and Supplies Held for Use	-	-	-	-
152100	Inventory Purchased For Resale	-	-	9,000	-
152300	Inventory Held For Repair	-	-	150	-
211000 (F)	Accounts Payable	-	-	-	-
293900 (F)	Liability For Future Exchange	-	-	-	-
310100 (G)	Unexpended Appropriations - Appropriations Received	-	5,000	-	-
310700 (G)	Unexpended Appropriations - Used - Accrued	-	-	-	-
310710 (G)	Unexpended Appropriations - Used - Disbursed	850	-	-	-
331000	Cumulative Results of Operations	-	-	-	10,000
570000 (G)	Expended Appropriations - Used - Accrued	-	-	-	-
570010 (G)	Expended Appropriations - Disbursed	-	850	-	-
510000	Revenue From Goods Sold	-	-	-	850
579000	Other Financing Sources	-	-	-	150
650000	Cost of Goods Sold	-	-	1,000	-
679000	Other Expenses Not Requiring Budgetary Resources	1,000	-	-	-

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719000	Other Gains	-	150	-	-
880100	Offset for Purchases of Assets	-	1,000	-	-
880300	Purchases of Inventory and Related Property	1,000	-	-	-
Total		7,000	7,000	11,000	11,000

Scenario 2- Closing Entries:

13. The federal entity records the closing of expenses to cumulative results of operations.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 331000 Cumulative Results of Operations	850		F336	<u>Proprietary Entry</u> 510000 Revenue From Goods Sold	850		F336
719000 Other Gains	150			579000 Other Financing Sources	150		
679000 Other Expenses Not Requiring Budgetary Resources		1,000		331000 Cumulative Results of Operations		1,000	
570010 Expended Appropriations - Disbursed	850		F336	331000 Cumulative Results of Operations	1,000		F336
331000 Cumulative Results of Operations		850		650000 Cost of Goods Sold		1,000	
310000 Unexpended Appropriations - Cumulative	850		F342				
310710 Unexpended Appropriations - Used – Disbursed		850					
310100 (G) Unexpended Appropriations – Appropriations Received	5,000		F342				
310000 Unexpended Appropriations - Cumulative		5,000					

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14. The Buyer records the closing of memorandum accounts for asset purchases.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None <u>Proprietary Entry</u> 880100 (N) Offset for Purchases of Assets 880300 (N) Purchases of Inventory and Related Property	1,000	1,000	F370	<u>Budgetary Entry</u> None <u>Proprietary Entry</u> None			

15. The federal entity records the closing of paid delivered orders to total actual resources.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 490200 Delivered Orders - Obligations, Paid 420100 Total Actual Resources - Collected <u>Proprietary Entry</u> None	850	850	F314	<u>Budgetary Entry</u> <u>Proprietary Entry</u> None			

16. The federal entities record the consolidation of actual net-funded resources.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> 420100 Total Actual Resources - Collected 411900 Other Appropriations Realized <u>Proprietary Entry</u> None	5,000	5,000	F302	<u>Budgetary Entry</u> 420100 Total Actual Resources - Collected 425200 Reimbursements Earned - Collected From Fed/Non-Fed Exception Sources <u>Proprietary Entry</u> None	850	850	F302

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17. The Seller record adjustments for anticipated resources not realized.							
Receiving Entity (Buyer) 017 X 1506, Aircraft Procurement, Navy				Providing Entity (Seller) 097 X 4930 Navy Working Capital Fund (NWCF)			
	Debit	Credit	TC		Debit	Credit	TC
<u>Budgetary Entry</u> None				<u>Budgetary Entry</u> 459000 Apportionments - Anticipated Resources - Programs Subject to Apportionment 421000 Anticipated Reimbursements	4,150	4,150	F112
<u>Proprietary Entry</u> None				<u>Proprietary Entry</u> None			

SCENARIO 2 - POST-CLOSING TRIAL BALANCE					
		Receiving Entity (Buyer)		Providing Entity (Seller)	
Account	Description	Debit	Credit	Debit	Credit
<u>Budgetary</u>					
420100	Total Actual Resources - Collected	4,150	-	850	-
459000	Apportionments - Anticipated Resources - Programs Subject to Apportionment	-	-	-	850
461000	Allotments - Realized Resources	-	4,150	-	-
Total		4,150	4,150	850	850
<u>Proprietary</u>					
101000 (G)	Fund Balance With Treasury	4,150	-	850	-
152100	Inventory Purchased For Resale	-	-	9,000	-
152300	Inventory Held For Repair	-	-	150	-
331000 (G)	Cumulative Results of Operations	-	4,150	-	10,000
Total		4,150	4,150	10,000	10,000