

Accounting and Reporting for Defense
Working Capital Fund Contract Authority

Aug 11, 2005

STATUTORY AND BUDGETARY PREMISES. Contract Authority is apportioned budget authority which can be legally obligated. Contract Authority, however, is not funded and is apportioned and allocated without a supporting Treasury cash balance. Consequently, Contract Authority must always be replaced or liquidated by subsequent or other budgetary resources and cash balances.

Accounting and reporting policy for Contract Authority is derived from several premises that are encompassed by both statutory authority AND by the Office of Management and Budget (OMB) apportionment process and the Department's Approved Operating Budget (AOB) processes for the Defense Working Capital Fund (DWCF):

- Contract Authority derives its authority, but also its temporary nature, from statutory authority, i.e., Title 10, U. S. Code, Sections 2208 and 2210. Section 2208 authorizes the procurement of capital assets "in advance of available funding;" Section 2210 authorizes the incurring of obligations for "stock funds" without regard to fiscal limitations "against anticipated reimbursements."
- The availability of Contract Authority as a temporary budget resource which must be replaced or liquidated is formally disseminated within DoD in accordance with OMB approved Apportionment and Reapportionment Schedules AND AOBs which state that Contract Authority "will be reduced based on receipt of customer orders."
- The replacement of Contract Authority by subsequent and other alternative budgetary resources, e.g., customer orders or cash, etc., ensures that statutory limitations pertaining to temporary financing are met. Contract Authority, therefore, is executed as a debt which must be repaid.
- Contract Authority is apportioned to the Working Capital Fund Capital Programs and the Supply Management Operating Programs for the current fiscal year of the Apportionment only, and expires for new obligations if not used within the fiscal year it is apportioned.

ACCOUNTING AND REPORTING REQUIREMENTS. The statutory and budgetary premises, the required accounting relationships established for budgetary accounts encompassed by the U.S. Standard General Ledger (USSGL), and the required structure of the SF 133 "Report on Budget Execution and Budgetary Resources" establish specific accounting and reporting requirements for Contract Authority:

- Apportioned and allocated Contract Authority is recorded as a budgetary resource in accordance with the dollar amounts apportioned and allocated, and is accounted for within the "budgetary resources" category of USSGL accounts on Lines 1 through 6 of the Statement of Budgetary Resources (Total on Line 7).
- Budgetary resources, to include Contract Authority, are also categorized in terms of availability, e.g., available for obligation, previously obligated, etc. Offsetting availability establishes the "status" of budgetary resources, which are accounted for within the "budgetary status" category of the USSGL accounts on Lines 8 through 10 (Total on Line 11) of the SF 133.

- Apportioned and allocated Contract Authority is recorded as a budgetary resource on Line 1C of the SF 133 in the amount of the apportionment or the AOB allocation. Availability and status is initially recorded on Line 9A1 as an Unobligated Balance unless restrictions apply.
- Changes in the status and availability of budgetary resources, to include Contract Authority, do not change the initial apportioned and allocated amounts. The obligation of Contract Authority is a change in status from Unobligated to Obligated (Line 9 to Line 8) and not a change in the reported dollar amount of budgetary resources [Contract Authority] on Line 1C.
- Changes to the SF 133, Line 1C - Contract Authority balances should occur only as a result of apportioned and/or allocated changes or net changes to initially recorded amounts and only as reflected on revised Apportionment/Reapportionment documents and AOBs. The only other changes to Line 1C should be as a result of year-end adjustments.
- In accordance with limitations noted above, "other available funding" and "anticipated reimbursements," replace Contract Authority when they become available. For the DWCF, the requirement to replace Contract Authority based on receipt of customer orders or other available resources must be established as a part of the accounting and reporting process.
- Reduction and replacement of Contract Authority based on receipt of orders, cash, etc., is NOT an AOB reduction or revision of initial amounts but rather a "replacement" of Contract Authority with other budgetary resources, e.g., funded orders and cash. Contract Authority that is replaced by orders or other resources is considered a "withdrawal of authority" and is recorded on Line 6D of the SF 133. No change is made to Line 1C.
- Replacement of Contract Authority by orders and other resources is directed for both Capital Authority and Operating Authority. Depreciation and capital surcharges included in customer billing rates replace Capital Program Contract Authority. These amounts are to be "withdrawn" and NOT carried forward as Unobligated Balances. Depreciation and capital surcharges are NOT included in the Unobligated Balances of non-Supply Management activities.
- Contract Authority is carried over to subsequent fiscal years ONLY to the extent that it has been obligated - AND ONLY if it HAS NOT been replaced by customer orders or possibly other budgetary resources. Amounts of Contract Authority allocated for specific fiscal years that have NOT been obligated must be reversed at the end of that fiscal year and recorded as a reduction to Unobligated Balances. Contract Authority that has been replaced by customer orders must be withdrawn as stated above. In addition, any amounts liquidated by appropriations or nonexpenditure transfers of cash are also withdrawn.
- Obligations of Contract Authority reduce those Unobligated Balances established based on allocated Contract Authority. Orders received REPLACE the unobligated balances allocated on AOBs as Contract Authority for both Operating Programs and for the depreciation or capital surcharge portions of Capital Programs - and reestablish unobligated balances based on orders. Unobligated Balances established based on Contract Authority not used at the fiscal year-end are not carried forward.

- Unobligated Balances based on budgetary resources provided by customer orders, cash transfers, and appropriation transfers DOES NOT create Working Capital Fund Unobligated Balances during the fiscal year or at year-end that are greater than the net allocated Obligation Authority provided to executing activities by AOBs.

CONTRACT AUTHORITY AND ANTICIPATED REIMBURSEMENTS. Contract Authority and Anticipated Reimbursements are separate and distinct budgetary resources. DoD Supply Management activities receive allocations of Contract Authority for both Operating Programs and Capital Programs. Non-supply activities receive allocated Anticipated Reimbursements for their Operating Programs and Contract Authority for their Capital Programs. In addition, both supply and non-supply activities typically receive cash or appropriations to supplement specific programs and missions such as war reserves procurement and mobilization requirements.

Non-Supply Management business areas and activities which receive allocations of Reimbursable Authority for their Operating Programs and Contract Authority for their Capital Programs are required to retain information separately identifying:

- Net allocations of Contract Authority for their Capital Programs AND related Unobligated Balances.
- Net allocations of Anticipated Reimbursements AND related Anticipated Resources.
- Obligations of Contract Authority.
- Unobligated Balances generated based on customer orders (i.e., the replacement of their Anticipated Resources with Realized Resources).
- Obligations supported by customer orders.
- The portion of Unobligated Balances generated by orders representing Capital depreciation and surcharges.
- Capital depreciation and surcharge amounts allocated from orders and collections to Capital Programs.
- Substitution/withdrawal of Contract Authority based on the depreciation and surcharge allocations (reported on Line 6D of the SF 133).

All Working Capital Fund activities, whether supply or non-supply, are also required to separately execute, account for, and report any appropriations as noted above.

Because Supply Management activities receive apportioned and allocated Contract Authority for both their Operating and Capital Programs, customer orders in Supply Management replace Contract Authority in lieu of either generating or reducing Anticipated Reimbursements. Customer orders in excess of allocated Contract Authority do not create Anticipated resources in Supply Management, but rather reduce the future need for additional Contract Authority to support program requirements. (See accounting and close-out procedures in following paragraphs.)

CONTROL OF CONTRACT AUTHORITY. DoD Working Capital Funds Contract Authority is controlled at the DWCF AOB activity level at which it is allocated. Control of Contract Authority is NOT based on cumulative DoD Component levels of Contract Authority, nor is Contract Authority controlled as a cumulative Component level budgetary resource due to DFAS Accounting support of Component level accounts. In addition, control of Contract Authority is NOT based on cumulative Component

levels [of Contract Authority balances] simply due to Fund Balances with Treasury being maintained at Component level.

Approved Operating Budgets allocating Contract Authority include "limitations and guidance" which state the limits on the total obligations to be incurred for specific DWCF activity groups - to include the related dollar amounts of Contract Authority that may be used for Capital purchases - and for Operating expenses in the case of Supply Management. These limitations are subject to provisions of the Anti-Deficiency Act, Section 1517 of 31 U. S. Code.

Policies and accounting and reporting requirements stated herein are not mitigated by the fact that Contract Authority is initially unfunded, that Component Fund Balances with Treasury for DoD Working Capital Funds are maintained at Component point account level, or that total financial resources are managed at a Component level. Components and financial managers are required to manage and monitor Contract Authority in accordance with AOB allocations as stated. In instances where AOB activity level execution of Contract Authority is significantly different than budget estimates and anticipated collections for specific business areas, financial managers must make appropriate decisions to reallocate financial resources, cash, or to revise future billing rates.

U.S. STANDARD GENERAL LEDGER ACCOUNTS FOR CONTRACT AUTHORITY. The following USSGL Accounts are specifically identified by Treasury as budgetary resource accounts for Contract Authority. In addition, all budgetary resource accounts are defined by their availability and status. Resources and availability must equal in the accounting records and must equal in total on Lines 7 and 11 of the SF 133 Report on Budget Execution and Budgetary Resources:

Budgetary Resources Accounts

<u>Account</u>	<u>Title</u>	<u>Normal Balance</u>
4032	Estimated Indefinite Contract Authority	Debit

Estimated Indefinite Contract Authority is defined as the estimated amount of Contract Authority during a fiscal year that permits a Federal Agency to incur obligations in advance of liquidating authority. The Office of Management and Budget defines the DoD apportionment of Contract Authority as "estimated" and "indefinite." DoD will use this account to record apportioned Contract Authority AND to record allocated Contract Authority on AOBs for Operating and Capital Programs, i.e., on Line 1C of the SF 133. When estimated Contract Authority is obligated, account 4032 will be reduced and offset by 4131 (see Account 4131 below). Since both 4032 and 4131 are included on Line 1C, obligations DO NOT reduce Line 1C balances. Unobligated 4032 balances at year-end will be reversed as indicated by pro forma accounting entries which follow.

4034	Anticipated Adjustments to Contract Authority	Either
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Estimated reductions or increases to Contract Authority during a fiscal year - to include estimated liquidation from offsetting collections. DoD does not plan to use this account as a part of the normal or recurring business process.

4130 Appropriation to Liquidate Contract Authority Credit
Withdrawn

The amount of "excess" appropriated funds that had been originally allocated to liquidate obligations incurred against Contract Authority. DoD does not plan to use this account due to the requirement to replace Contract Authority with customer orders.

4131 Current-Year Contract Authority Realized Debit

Defined in the Treasury USSGL accounts as "the amount of new authority to incur obligations in advance of a separate appropriation of liquidating cash or collections." DoD will use this account when Estimated Indefinite Contract Authority is obligated. Account 4131 will be used as an offset/reduction to Account 4032 for Contract Authority previously allocated on Line 1C of the SF 133. Both USSGLs 4032 and 4131 are recorded on Line 1C; accordingly, obligations of previously estimated amounts DO NOT change the amounts on Line 1C. Account 4131 can be reduced based on applicable adjustments - and will be reduced at fiscal year-end through closure to Contract Authority Carried Forward. (See subsequent entries.)

4132 Substitution of Contract Authority Credit
(New Account)

The amount of Spending Authority from Offsetting Collections represented by unfilled customer orders or accounts receivable used to replace Contract Authority as a budgetary resource. DoD will use this account to replace Contract Authority upon receipt of customer orders. Substitution of Contract Authority by customer orders WILL NOT be recorded as a reduction to Line 1C of the SF 133 - but rather as a "withdrawal of authority" on Line 6D. Balances in this account may be reduced (debited) based on valid and needed adjustments - and WILL BE reduced at year-end through closure to Contract Authority Carried Forward, i.e., account 4139. (See subsequent entries.) This account is limited to DoD only.

4133 Decreases to Indefinite Contract Authority Credit

The amount necessary to reconcile Contract Authority to obligations for Treasury Appropriation Fund Symbols (TAFS) that are funded with Indefinite Contract Authority. DoD will not use this account as a part of the normal and recurring business process addressed by these procedures.

4134 Contract Authority Withdrawn Credit

Amount of unfunded Contract Authority withdrawn due to recoveries of prior year obligations. DoD will use account 4134 for the withdrawal of Contract Authority based on the recovery of prior year obligations. Although OMB apportionments of Contract Authority for DoD automatically reapportions recoveries of prior year obligations, and AOBs provide additional obligation authority, account 4134 is used to offset obligation recoveries on Line 4A of the SF 133 in order to avoid duplicating budgetary resources on both Lines 4A and 1C. Account 4134 also ensures that realized (obligated) Contract Authority is reduced when prior year obligations are recovered. (See account 4139 below and close-out procedures for 4139 and Contract Authority Carried Forward.) Refer to transactions 14 and 15 below for prior year deobligations.

4135 Contract Authority Liquidated Credit

Amount of funds received during the fiscal year from appropriations, nonexpenditure transfers, or offsetting collections that liquidate Contract Authority. As noted above, Contract Authority is provided only as a "temporary" budget resource for purposes of obligations. Subsequent collections, cash, or appropriations that are not accompanied by increases in obligation authority are considered a liquidation of initial Contract Authority. Account 4135 will be used for the liquidation of Contract Authority for customer orders with earned advances and customer orders both earned and collected, nonexpenditure transfer receipts of cash, and/or appropriation warrants that are: (1) Specifically identified by AOBs for the liquidation of Contract Authority; or; (2) Cash increases with no accompanying increase in obligation authority, e.g., not an incremental AOB increase for war reserves or mobilization. Account 4135 is recorded on Line 6D of the SF 133 as "Authority Withdrawn." Account 4135 may be reduced due to applicable adjustments, and will be reduced at year-end through closure to Contract Authority Carried Forward.

Appropriations specifically allocated to liquidate Contract Authority would be recorded in account 4138 as an additional budgetary resource but with an offsetting debit to 4135. However, it is anticipated that DoD will not use account 4138. (See below.)

4136 Contract Authority To Be Liquidated by Credit
Trust Funds

Appropriation of Trust Fund receipts from one Trust Fund to liquidate Contract Authority in another Trust Fund. This account is not used for these procedures.

4137 Transfers of Contract Authority Either

The amount of Contract Authority transferred between two Treasury Appropriation Fund Symbols. This account would not normally be used within the DoD DWCF. Any proposed use of account 4137 will be subject to review and approval by OUSD(C) Revolving Funds and OUSD(C) Accounting Policy and should be based on a supporting AOB.

4138 Appropriation to Liquidate Contract Authority Debit

Amount of liquidating appropriations received during the fiscal year for the specific purpose of liquidating Contract Authority. Any such allocations of appropriated funds for Contract Authority liquidation must have specific identification and authorization. Because DoD reduces Contract Authority based on customer orders - and appropriations typically become part of the no-year DWCF authority - it is anticipated that account 4138 would not normally be used. Therefore, any use of 4138 should only be based on prior approval of OUSD(C) Revolving Funds - with any amounts allocated and identified on an Approved Operating Budget. Appropriations to liquidate Contract Authority, if authorized, are recorded on Line 1A of the SF 133 with an offsetting entry to account 4135 on Line 6D.

4139 Contract Authority Carried Forward Debit/Either

The amount of unliquidated, obligated/realized Contract Authority carried forward into the next fiscal year. DoD will use account 4139 as a NET close-out account for the offset of Contract Authority obligations (account 4131) against Contract Authority substitution/withdrawal based on customer orders (4132), replacement due

to recovery of prior year obligations (account 4134), and replacement/withdrawal due to liquidating transactions (account 4135). Account 4139 carry-over can be no greater than the cumulative individual fiscal year Contract Authority obligations NET of substitutions/replacements/withdrawals and/or the depreciation and Capital surcharge portions of orders. Account 4139 will also be NET of any liquidating authority such as liquidating appropriations or nonexpenditure transfers of cash.

Account 4139 is identified in the Treasury USSGL accounts as a normal debit balance account. These DoD procedures, however, are predicated on the potential of excess customer orders or other budget resources offsetting the need for additional Contract Authority. Accordingly, when the close-out of orders (4132) or other withdrawals (4134 and/or 4135) to 4139 is greater than the close-out of Contract Authority obligated in 4131, a credit balance in 4139 can result. These procedures will carry forward account 4139 as a credit balance on Line 2A of the SF 133 based on the premise that offsetting resources are included on: (1) Line 3B - Change in Unfilled Orders; (2) Line 2B for cash transfers in; (3) Line 1A as a Defense Working Capital Fund appropriation, or; (4) Line 4A as a recovery of prior year obligations. All such resources that are not required for obligations over and above amounts initially allocated on AOBs reduce the need for Contract Authority in the following year as evidenced by a 4139 credit balance.

Status Accounts

<u>Account</u>	<u>Title</u>	<u>Normal Balance</u>
4510	Apportionments	Credit

Amounts apportioned by OMB that are available for allotment. DoD will use this account as the offsetting status account for amounts apportioned (on the SF-132 Apportionment and Reapportionment Schedule) at organizational levels above the executing AOB and activity levels. For purposes of these policies, apportioned Contract Authority is allocated on Approved Operating Budgets by OUSD(C) Revolving Funds, and become allotted authority at the executing activity level, i.e., the same level as current AOBs. At the apportionment level, account 4032 - Estimated Contract Authority (Debit - Line 1C) is offset by the status and availability, account 4510 - Apportionment (Credit - Line 9A1).

4610	Allotments-Realized Resources	Credit
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The current period amount of funds available for obligations and/or commitments. DoD will use this account as the Unobligated Balance account in the amounts of Contract Authority allocated on AOBs for DWCF Supply Management activity groups and all Capital Programs. Executing activity groups receiving Contract Authority are required to maintain identifiable balances of Operating Contract Authority, Capital Contract Authority, AND 4610 balances supported by substituted customer orders - TO INCLUDE, for Capital Programs, amounts of Contract Authority substituted by the depreciation and Capital surcharge portion of orders. Account 4610 balances must be reconcilable to these stated resources. At the executing activity and AOB level, account 4610 (Credit - Line 9A1) is the status and availability offset to account 4032 - Estimated Indefinite Contract Authority (Debit - Line 1C).

4450 Unapportioned Authority

Credit

The amount of unobligated budgetary resources not yet apportioned by OMB. These funds are not available for obligation. Unapportioned Authority is reported on Line 10C of the SF 133 - Unobligated Balances Not Available. This account will generally not be used for Contract Authority at the AOB level since AOB allocations represent resources that can be obligated. Unapportioned Authority would generally represent Departmental levels of Contract Authority that had not been obligated or, possibly, had not been allocated.

SF 133 CONTRACT AUTHORITY REPORT LINES. The following is a summary of SF 133 Contract Authority report lines AND related accounts and lines that generate offsetting contra adjustments to Contract Authority accounts - or are impacted by Contract Authority transactions. The lines and accounts summarized are those included within the Department's intended policy and procedures, and must be used in accordance with previous discussions and pro forma accounting and reporting that follow:

Line 1A Account 4138 - Appropriation to Liquidate Contract Authority
Account 4119 - Other Appropriations Realized

Line 1C Account 4032 - Estimated Indefinite Contract Authority (Unobligated)
Account 4131 - Current Year Contract Authority Realized (Obligated)

Line 2A Account 4139 - Contract Authority Carried Forward

Line 2B Account 4190 - Transfers-Prior Year Balances (Currently used for DoD nonexpenditure transfers in the Working Capital Funds)

Nonexpenditure transfers of cash within the DWCF may or may not provide additional budgetary resources to the receiving activities. As discussed above, Contract Authority Unobligated Balances MAY BE liquidated and withdrawn IF such cash transfers are intended specifically for that purpose - or if resulting cash balances and resources are in excess of needed Contract Authority and allocated obligation authority.

Line 3A1 Account 4252 - Reimbursements and Other Income Earned and Collected

Collections against customer orders represent a liquidation of Contract Authority. Collection transactions recorded in account 4252, or balances in account 4252 and on Line 3A1 require that Contract Authority substituted be replaced by Contract Authority liquidated. (See pro forma liquidating transactions.)

Line 3A1 Account 4872 - Downward Adjustments of Prior-Year Prepaid/Advanced Undelivered Orders-Obligations, Refunds Collected
Account 4972 - Downward Adjustments of Prior-Year Paid Delivered Orders-Obligations, Refunds Collected

Recovery of prior year obligations and/or refunds requires the withdrawal of the supporting prior year realized (obligated) Contract Authority. However, Working Capital Fund apportionment authority and AOBs provide for an automatic increase in the current year Estimated Indefinite Contract Authority and related obligation authority.

FINANCIAL EVENTS AND ACCOUNTING TRANSACTIONS. The following summarizes pro forma transactions sets for accounting events that encompass the apportionment and the allocation of Contract Authority and the subsequent execution through adjusting and closing entries and carryover:

1. Approved OMB SF-132 Apportionment and Reapportionment of Contract Authority for the Defense Working Capital Fund:

DR 4032-Estimated Indefinite Contract Authority (Departmental level)
CR 4510-Appportionments (Contract Authority - Departmental)

SF 133: Increases Line 1C and Line 9A1 (Departmental).

2. Allocation of apportioned Contract Authority from the Defense Working Capital Fund to AOB activity level:

DR 4510-Appportionments (Departmental level)
CR 4032-Estimated Indefinite Contract Authority (Departmental level)

SF 133 Departmental: Decreases Line 1C and Line 9A1.

3. Approved AOB received by a Supply Management activity allocating Contract Authority for the Operating Program and the Capital Program:

DR 4032-Estimated Indefinite Contract Authority
CR 4610-Allotments-Realized Resources (Operating Program)
CR 4610-Allotments-Realized Resources (Capital Program)

SF 133 AOB Activity level: Increases Line 1C and Line 9A1.

4. Approved AOB received by a non-Supply Management activity allocating Contract Authority for the Capital Program:

DR 4032-Estimated Indefinite Contract Authority
CR 4610-Allotments-Realized Resources (Capital Program)

SF 133 AOB Activity level: Increases Line 1C and Line 9A1.

5. Approved AOB allocation of Anticipated Reimbursements received by a Non-Supply Activity:

DR 4210-Anticipated Reimbursements & Other Income
CR 4590-Appportionments-Anticipated Resources-Programs Subject to Apportionment
or
CR 4690-Anticipated Resources-Programs Exempt from Apportionment

SF 133 AOB Activity level: Increases Line 3C for 4210 and increases Line 9A2 for 4590 and/or 4690.

NOTE: For non-supply activities, a portion of anticipated customer orders and realized customer orders represents funding for the Capital Program. Accounts 4210 and 4590/4690 will be reduced upon receipt of orders in a subsequent transaction.

6. Revised AOB allocation of Contract Authority (net increase):

DR 4032-Estimated Indefinite Contract Authority
CR 4610-Allotments-Realized Resources (applicable program)

SF 133: Increases Line 1C and increases Line 9A1.

7. Revised AOB allocation of Contract Authority (net decrease):

DR 4610-Allotments-Realized Resources (applicable program)
CR 4032-Estimated Indefinite Contract Authority

SF 133: Decreases Line 1C and decreases Line 9A

8. Commitment of Contract Authority unobligated balances:

DR 4610-Allotments-Realized Resources (Supply Operating Program)
or
4610-Allotments-Realized Resources (Supply Capital Program)
or
4610-Allotments-Realized Resources (Non-Supply Capital Program)
CR 4700-Commitments-Programs Subject to Apportionment

SF 133: Decreases Line 9A1 - 4610; Increases Line 9A1 - 4700.

9. Obligation of Contract Authority - previously committed:

DR 4700-Commitments-Programs Subject to Apportionment
CR 4801-Undelivered Orders-Obligations Unpaid
or
CR 4802-Undelivered Orders-Obligations Prepaid/Advanced

DR 4131-Current Year Contract Authority Realized
CR 4032-Estimated Indefinite Contract Authority

SF 133: Decrease Line 9A1 - 4700; Increase Line 8B - 4801 or 4802.
Decreases Line 1C - 4032; Increases Line 1C - 4131.

10. Obligation - not previously committed:

DR 4610-Allotments-Realized Resources (Supply Operating Program)
4610-Allotments-Realized Resources (Supply Capital Program)
4610-Allotments-Realized Resources (Non-Supply Capital Program)
CR 4801-Undelivered Orders-Obligations Unpaid
4802-Undelivered Orders-Obligations Prepaid/Advanced

DR 4131-Current Year Contract Authority Realized
CR 4032-Estimated Indefinite Contract Authority

SF 133: Decrease Line 9A1 - 4610; Increase Line 8B - 4801 or 4802.
Decreases Line 1C - 4032; Increases Line 1C - 4131.

11. Obligation increases:

DR 4610-Allotments-Realized Resources
CR 4881-Upward Adjustments-Prior Year Undelivered Orders Unpaid
CR 4882-Upward Adjustments-Prior Year Undelivered Orders Advanced
CR 4981-Upward Adjustments-Prior Year Delivered Orders Unpaid
CR 4982-Upward Adjustments-Prior Year Delivered Orders Paid

DR 4131-Current Year Contract Authority Realized
CR 4032-Estimated Indefinite Contract Authority

SF 133: Decreases Line 9A1; Increases Line 8B.
Decreases Line 1C for 4032; Increases Line 1C for 4131.

12. Obligation increase - delivered orders:

DR 4610-Allotments-Realized Resources (for the net increase)
DR 4801-Undelivered Orders-Obligations Unpaid (original amount)
CR 4901-Delivered Orders-Obligations Unpaid (total obligation)

DR 4131-Current Year Contract Authority Realized (net increase)
CR 4032-Estimated Indefinite Contract Authority

SF 133: Decreases Line 9A1 - 4610 for the net obligation increase
Decreases Line 8B - 4801 for the original obligation
Increases Line 8B - 4901 for the total obligation
Decreases Line 1C - 4032 for the net obligation increase
Increases Line 1C - 4131 for the net obligation increase

13. Obligation decrease - Current year

DR 4801-Undelivered Orders-Obligations Unpaid
DR 4802-Undelivered Orders-Obligations Prepaid/Advanced
CR 4610-Allotments-Realized Resources (Supply Operating Program)
CR 4610-Allotments-Realized Resources (Supply Capital Program)
CR 4610-Allotments-Realized Resources (Non-Supply Capital Program)

DR 4032-Estimated Indefinite Contract Authority
CR 4131-Current Year Contract Authority Realized

SF 133: Increases Line 9A1; Decreases Line 8B
Increases Line 1C for 4032; Decreases Line 1C for 4131 (net zero)

RECOVERIES OF PRIOR YEAR OBLIGATIONS. The Defense Working Capital Fund approved SF-132 Apportionment and Reapportionment Schedules authorize the automatic apportionment of DWCF prior year deobligations. This authorization is formally stated in the footnotes to the SF-132's. In addition, this authorization is restated in Volumes 3 and 11B of the Financial Management Regulation - to include a reference in Volume 11B which authorizes the use of prior year recoveries for "new obligations and upward adjustments of previously existing obligations." Recovery of prior year obligations, accordingly, increase the Estimated Indefinite Contract Authority and obligation authority available. However, due to Treasury reporting requirements to report obligation recoveries on Line 4A of the SF 133, an offset to

Line 4A must be reported in order to avoid duplicating budgetary resources and to characterize the increase in obligation authority as additional Contract Authority.

14. Recovery of prior fiscal year obligation - Supply Management activity:

DR 4871-Downward Adjustments of Prior-Year Unpaid Undelivered Orders-Obligations Recoveries
DR 4872-Downward Adjustments of Prior-Year/Advanced Undelivered Orders-Obligations Refunds Collected
DR 4971-Downward Adjustments of Prior-Year Unpaid Delivered Orders-Obligations Recoveries
DR 4972-Downward Adjustments of Prior-Year Paid Delivered Orders-Obligations Refunds Collected
CR 4134-Contract Authority Withdrawn (for obligation recoveries - 4871 and 4971)
CR 4135-Contract Authority Liquidated (for refunds collected - 4872 and 4972)

DR 4032-Estimated Indefinite Contract Authority
CR 4610-Allotments-Realized Resources

SF 133: Increases Line 3A for 4872 and 4972; Increases Line 4A for 4871 and 4971.
Increases Line 6D for 4134 and 4135.
Increases Line 1C for 4032 and Line 9A1 for 4610.

NOTE: Prior year deobligations are automatically reapportioned in accordance with DoD policy and apportionments of Defense Working Capital Fund Contract Authority. Per guidance included in the AOBs, the reapportionments provide an increase to the total budgetary resources available to the executing activities.

Prior year obligation recoveries - Capital Program. See transaction 14 above. Accounting entries are the same; however, prior year recoveries in the Capital Program are subject to the limitations and restrictions set forth in the DoD Financial Management Regulation, Volume 2B, Chapter 9 - as well as additional limitations and required approvals imposed by OUSD(C)(Revolving Funds). Although these accounting procedures highlight the automatic reapportionment of prior year recoveries in the Working Capital Fund - and the concurrent increase in Contract Authority and Unobligated Balances - these procedures, in no way, circumvent the current limitations on the use of those balances.

15. Prior year deobligation - Capital Program:

See Transaction 14 above. Entries are the same BUT are applicable only for the Capital Program.

CUSTOMER ORDERS RECEIVED. The following transactions address the previously discussed reduction of Contract Authority based on the receipt of customer orders, to include use of the new USSGL account 4132-Substitution of Contract Authority. Working Capital Fund budgets allocate specific Contract Authority dollar amounts to Supply Management Operating Programs, Supply Capital Programs, and non-Supply Capital Programs. Although Supply Management activities are resourced in total by Contract Authority, AOBs require separate identification for the depreciation portion of orders versus the remaining operating portion. For non-Supply entities, AOBs require separate identification (and reduction of Contract Authority) for the depreciation portion. Transactions 16 and 17 reflect the "Limitations and Guidance" in the AOBs.

16. Customer orders received - Supply Management activity:

DR 4221-Unfilled Customer Orders Without Advance
DR 4222-Unfilled Customer Orders With Advance
CR 4132-Substitution of Contract Authority (Operating)
CR 4132-Substitution of Contract Authority (Capital Depreciation)

SF 133: Increases Line 3B and increases Line 6D.

17. Customer orders received - non-Supply Management activity:

DR 4221-Unfilled Customer Orders Without Advance
DR 4222-Unfilled Customer Orders With Advance
CR 4210-Anticipated Reimbursements and Other Income (Non-Capital Operating)
CR 4132-Substitution of Contract Authority (Capital Program Depreciation)

DR 4590-Appportionments-Anticipated Resources-Programs Subject to Appportionment
or
DR 4690-Anticipated Resources-Programs Exempt from Appportionment
CR 4610-Allotments-Realized Resources

SF 133: Increases Line 3B for 4221/4222; decreases Line 3C for 4210.
Decreases Line 9A2 for 4590/4690; increases Line 9A1 for 4610.
Increases Line 6D for 4132 (Contract Authority withdrawn/substituted).

NOTE: 4132 is equal to the Capital Program depreciation/surcharge. 4610 is equal to 4210 and represents the remaining, non-depreciation portion of the order(s).

CUSTOMER ORDERS BOTH EARNED AND COLLECTED. The Office of Management and Budget requires that reporting of Contract Authority status include any "liquidation" of authority based on the receipt of funds from appropriations, nonexpenditure transfers of cash, and cash received from offsetting collections. Consequently, in accordance with OMB policy, Contract Authority which has been substituted based on customer orders is "liquidated" when orders have been both earned and collected. Transactions 16 and 17 above represent the substitution of Contract Authority based on the receipt of orders, to include the depreciation portion of Capital Programs. Contract Authority is replaced by unfilled orders with or without advances.

Customer orders with advance collections represent a liquidation of Contract Authority when earned. Customer orders without advances represent a liquidation of Contract Authority when earned and collected. Transactions 18 and 19 following represent the liquidation of Contract Authority in those instances when: (1) Orders are received with advances and are subsequently earned, and (2) Customer orders are received without advances and are subsequently both earned and then collected:

18. Customer orders with advances that have been earned:

DR 4252-Reimbursements and Other Income Earned-Collected
CR 4222-Unfilled Customer Orders With Advance

DR 4132-Substitution for Contract Authority
CR 4135-Contract Authority Liquidated

SF 133: Increases Line 3A for 4252; decreases Line 3B for 4222.
Increases Line 6D for 4135; decreases Line 6D for 4132 (net zero).

19. Customer orders without advances - Earned:

DR 4251-Reimbursement and Other Income Earned-Receiveable
CR 4221-Unfilled Customer Orders Without Advance

Customer orders without advances - Collected:

DR 4252-Reimbursements and Other Income Earned-Collected
CR 4251-Reimbursements and Other Income Earned-Receiveable

DR 4132-Substitution for Contract Authority (Operating)
or

DR 4132-Substitution for Contract Authority (Capital)
CR 4135-Contract Authority Liquidated

SF 133: Increases Line 3A2 for 4251; decreases Line 3B for 4221.
Increases Line 3A1 for 4252; decreases Line 3A2 for 4251.
Increases Line 6D for 4135; decreases Line 6D for 4132 (net zero).

NOTE: The liquidation transaction addresses both collections against an Operating program (Supply Management) or a transfer of collections from the Operating Program to the Capital program to cover the depreciation portion of orders.

CREDITABLE RETURNS IN SUPPLY MANAGEMENT. Approved Operating Budgets for Working Capital Fund Supply Management business areas provide allocated obligation authority for the net amount of estimated customer orders less the estimated amounts of customer credits for authorized material returns. Consequently, AOBs do not provide, or require additional obligation authority for credit returns, but rather represent a reduction in orders. As previously discussed, since Supply Management activities are resourced by Estimated Indefinite Contract Authority, customer orders received represent a withdrawal of allocated Contract Authority. Conversely, customer returns for credit represent a reversal of amounts withdrawn. Supply Management credits are typically applied to customer Receivables.

20. Customer material return - credit applied to customer Receivables:

DR 4132-Substitution of Contract Authority
CR 4251-Reimbursements and Other Income Earned-Receiveable

SF 133: Decreases Line 6D and Line 3A2.

NONEXPENDITURE CASH TRANSFERS. Transactions 21 through 26 address Defense Working Capital Fund cash transfers. Cash transfers may or may not be accompanied by AOB increases or decreases of obligation authority. Generally they are not, i.e., most cash transfers represent adjustments in cash balances required. Cash transfers-in which are not accompanied by AOB changes in obligation authority represent, in effect, a liquidation of realized Contract Authority similar to the receipt of customer orders. Transfers-out of cash which are not accompanied by AOB changes have the opposite effect, i.e., they reverse the liquidation of realized Contract Authority similar to the return of a customer order.

Increases to obligation authority for Supply Management and Capital should always be accompanied by increases to Contract Authority. Accordingly, the procedures herein for cash transfers-in (and subsequently for appropriations) are generally

predicated on additional Estimated Indefinite Contract Authority accompanying any cash transfers or appropriation transfers-in that increase obligation authority.

The following scenarios are indicative of the potential problems that can occur in the accounting and carry-over of Contract Authority when supply activities and Capital programs are subject to cash transfers. For example:

- Initial AOB allocation in of Contract Authority of \$100:

DR 4032 - \$100 CR 4610 - \$100

- Subsequent cash transfer in of \$50:

DR 4190 - \$ 50 CR 4610 - \$ 50

The cash transfer-in is reported as a net transfer on Line 2B of the SF 133 while unobligated balances (4610) are increased accordingly. Subsequent to the cash transfer, however, the increase in unobligated balances now represents authority provided by both cash and by Contract Authority. Since allocated Contract Authority on Line 1C (\$100) does not change, comparisons between supporting Contract Authority, obligations, and unobligated balances can compromise the amount of realized (obligated) Contract Authority carried forward.

Transfers of cash FROM Contract Authority resourced activities to other activities potentially represent a similar, although reverse, problem since they may distort the amount of cash or customer orders needed to cover the total program. Since cash transfers-out reduce net transfers (net budgetary resources) and unobligated balances only, the amount of Contract Authority on Line 1C - and the amount of the AOBs allocating the Contract Authority - potentially remain the same. For example:

- Initial AOB allocation in of Contract Authority of \$100:

DR 4032 - \$100 CR 4610 - \$100

- Cash transfer out of \$50:

DR 4610 - \$ 50 CR 4190 - \$ 50

The nonexpenditure transfer-out of cash correctly reduces unobligated balances (4610) - and is recorded on Line 2B of the SF 133 as a net transfer (reduction). However, Line 1C-Contract Authority remains \$100 and, therefore, for Supply Management activities in particular, distorts the comparison of unobligated balances and the amount of allocated Contract Authority remaining on the books to support program requirements. In order to correctly account for and report Contract Authority when there are intervening nonexpenditure transfers (either in or out), accounting procedures for Supply Management activities must include either: (1) Separate accounting and reporting for Contract Authority and cash budgetary resources - AND related obligations and disbursements, OR; (2) An adjustment for cash transfers which characterizes all Unobligated Balances as Contract Authority.

The following cash transfers include adjustments to Contract Authority accounts (e.g., accounts 4032, 4131, or 4135) as a means of maintaining Contract Authority balances and carryover to subsequent fiscal years. Adjustments also preclude double counting budgetary resources provided by both cash and Contract Authority.

21. SF-1151 Nonexpenditure Transfer-In of cash to a Supply Management activity with NO AOB increase in new budget authority:

DR 4190-Transfers-Prior-Year Balances
CR 4135-Contract Authority Liquidated

SF 133: Increases Line 2B and Line 6D.

22. SF-1151 Nonexpenditure Transfer-In to Supply Management WITH an AOB increase to total obligation authority (program) and Contract Authority:

DR 4190-Transfers-Prior-Year Balances
CR 4135-Contract Authority Liquidated

DR 4032-Estimated Indefinite Contract Authority
CR 4610-Allotments-Realized Resources

SF 133: Increases Lines 2B, 6D, 1C and 9A1.

NOTE: This transaction assumes that a cash transfer-in is accompanied by an AOB increase in program and Contract Authority. Net transfers must be accounted for on Line 2B of the SF 133. For supply activities, in order to correctly account for and report Contract Authority, such transactions should be recharacterized as an increase in Contract Authority (Accounts 4032 and 4610) by adjusting 4032 with a net offset to 4135. The offset to 4135 precludes double counting total budgetary resources on Line 7.

23. SF-1151 Nonexpenditure Transfer-Out from Supply Management - Cash only transaction with NO AOB decrease in program:

DR 4135-Contract Authority Liquidated
CR 4190-Transfers-Prior-Year Balances

SF 133: Decreases Line 6D; Decreases Line 2B.

NOTE: Cash transfers-out with NO decrease in program, obligation authority, or Contract Authority decrease the amount of liquidating cash available in lieu of unobligated balances. Contract Authority on Line 1C (Account 4032) and the supporting 4610 Unobligated Balance do not change for "cash only" actions. Account 4135 closes to account 4139 reducing the Contract Authority Carried Forward balance meaning that additional customer orders or cash will be needed in subsequent fiscal years in order to supplement the cash transferred out in the current period.

24. SF-1151 Nonexpenditure Transfer-Out from Supply Management WITH an AOB decrease in total obligation authority AND a decrease in supporting Contract Authority (reduction of program):

DR 4135-Contract Authority Liquidated
CR 4190-Transfers-Prior-Year Balances

DR 4610-Allotments-Realized Resources
CR 4032-Estimated Indefinite Contract Authority

SF 133: Decreases Lines 9A1, 2B, 6D, and 1C.

NOTE: This transaction assumes that a cash transfer-out included, in addition to the SF-1151, an AOB decrease in program and Contract Authority. Since net transfers must be recorded on Line 2B, supply activities must characterize these events as Contract Authority by making adjustments to Line 1C - but with an offset to 6D in order to preclude double counting the decrease in resources.

NONEXPENDITURE CASH TRANSFERS - NON-SUPPLY ACTIVITIES. Cash transfers into and from non-supply Working Capital Fund activities can include cash related to the Operating Program or, possibly, cash specifically related to the Capital Program. SF-1151 Nonexpenditure Transfers which are specifically intended to provide funding for the Capital Program (or possibly reduce funding) must follow the same general accounting and reporting rules as the above transactions for supply. For example, it may be necessary to provide a supplemental cash transfer into the Capital Program of a non-supply activity when the activity is not generating sufficient funding from depreciation charges included in customer orders. Similar to Supply Management, unless there is an increase in the Capital Program, such cash transfers are, in effect, a "liquidation" of the Capital Program Contract Authority in lieu of a net increase in budget resources.

In the example above for supply activities, cash transferred in (\$100) is reported on the SF 133 Line 2B - and the Unobligated Balance (4610) of the activity is increased accordingly. In the case of a Capital Program, the increase in account 4610, i.e., Unobligated Balances for the Capital Program, represents both cash and allocated Contract Authority subsequent to the cash transfer. Since cash transfers would not change the initial amount of Contract Authority allocated on Line 1C (\$100), the amount of Contract Authority allocated and the amount of supporting Unobligated Balances would no longer be comparable. Consequently, nonexpenditure cash transfers into non-supply activity Capital Programs should follow the same general accounting as transactions above:

25. SF-1151 Nonexpenditure Transfer-In of cash to a non-Supply Management entity Capital Program (No AOB increase):

DR 4190-Transfers-Prior Year Balances
CR 4135-Contract Authority Liquidated (Capital Program)

SF 133: Increases Line 2B and Line 6D (Capital Program).

26. SF-1151 Nonexpenditure Transfer-In to a non-supply activity Capital Program WITH AN AOB INCREASE AND an increase of Contract Authority:

DR 4190-Transfers-Prior-Year Balances
CR 4135-Contract Authority Liquidated (Capital Program)

DR 4032-Estimated Indefinite Contract Authority (Capital Program)
CR 4610-Allotments-Realized Resources (Capital Program)

SF 133: Increases Lines 2B, 9A1, 1C, and 6D (Capital Program).

NOTE: Cash transfers accompanied by an increase in Contract Authority should be adjusted to accommodate both the requirement to record net transfers of cash on Line 2B - AND the increase in Contract Authority. Transaction 26 reports the transfer on Line 2B, adjusts Contract Authority, and offsets the increase on Line 6D to preclude double counting the increase in budgetary resources.

APPROPRIATIONS AND CONTRACT AUTHORITY. For purposes of these DoD procedures, appropriations to the DWCF assume direct appropriations (Working Capital Fund Treasury Symbol 4930) in lieu of Operations & Maintenance supplemental funding. Direct funding generally falls into three separate categories: (1) Direct appropriations which fund specific mission requirements such as Defense Commissary operations and USTRANSCOM mobilization capabilities such as lift operations and industrial plant capacity; (2) Direct appropriations which are "supplemental" to original program requirements and budgeted costs, e.g. additional fuel costs or shipping costs resulting from mobilization surges, and; (3) Direct appropriations which provide funding or cash for financial events that have previously been executed, e.g., purchase of war reserve material with Contract Authority. Direct appropriations which, effectively, provide only cash (no AOB increase), do not increase the allocated amount of obligation authority and, therefore, should not be accounted for as additional obligation authority.

There is little difference in the financial events created by either nonexpenditure transfers OR appropriations in terms of Contract Authority accounting and reporting. For Working Capital Fund supply activity Operating Programs and for Capital Programs which are resourced by Contract Authority, appropriations typically provide liquidating cash which, in effect, fund initial allocations of Contract Authority. Although it is possible that an appropriation could be specifically apportioned to liquidate Contract Authority - OR an appropriation could provide additional obligation authority, these procedures are predicated on the recurring "reduction" of Contract Authority based on customer orders. Thus, Working Capital Fund appropriations generally duplicate budgetary resources provided by the initial allocations of Contract Authority and replacement by customer orders. Therefore, as with cash transfers, appropriated amounts will, in most instances, represent a "withdrawal" of budgetary resources in order to avoid the double counting of resources not supported by additional AOB allocations. For example:

- Initial allocation of Contract Authority of \$100 to purchase war reserve material:

DR 4032 - \$100 CR 4610 - \$100

- Obligation of Contract Authority (\$100) for war reserve purchase:

DR 4610 - \$100 CR 4801/4901/4902 - \$100

- Direct appropriation to provide funding/cash (no AOB increase):

DR 4119 - \$100 CR 4135 - \$100

Since the direct appropriation to the Working Capital Fund in this example provided cash only for disbursements against war reserves procurement invoices (with no increase to the activity's program), the amount of the appropriation is recorded in account 4135-Contract Authority Liquidated and on Line 6D of the SF 133. Thus, the appropriated amounts are NOT available for additional obligations.

27. Direct appropriation to liquidate realized/obligated Contract Authority:

DR 4138-Appropriation to Liquidate Contract Authority
CR 4135-Contract Authority Liquidated

SF 133: Increases Line 1A and Line 6D.

NOTE: Refer to above policy for account 4138. This account should not be used without approval of OUSD(C) Revolving Funds. Liquidation of Contract Authority by appropriation does not generally apply to DoD procedures which substitute realized Contract Authority based on customer orders and liquidate authority through collections. Specific liquidation of Contract Authority by appropriation should only be in accordance with direct language included in the Appropriations Act, Treasury Warrant, Apportionment/Reapportionment Request and Approval, or in an Approved Operating Budget.

28. Direct appropriation to the Working Capital Fund Supply Operating Program or any Capital Programs (providing cash only with no increase to the AOB):

DR 4119-Other Appropriations Realized
CR 4135-Contract Authority Liquidated

SF 133: Increases Line 1A and Line 6D.

NOTE: DoD Component and Defense Agency Financial Managers along with DFAS must determine if direct appropriations are providing funding only - OR if they are accompanied by increases in allocated program requirements and obligation authority (e.g., AOB increases). As an example, for Supply Management activities which procure war reserves, direct appropriations typically provide working capital (cash) only and DO NOT provide additional obligation authority.

29. Direct appropriation to the Working Capital Fund (Supply and/or Capital Programs) to fund additional cost WITH an AOB increase in total obligation authority:

DR 4119-Other Appropriations Realized
CR 4135-Contract Authority Liquidated

DR 4032-Estimated Indefinite Contract Authority
CR 4610-Allotments-Realized Resources

SF 133: Increases Line 1A and 9A1; Also increases Line 1C for 4032 but increases/offsets Line 6D for 4135

NOTE: This transaction assumes that the direct appropriation was accompanied by an AOB increasing the total program of the Working Capital Fund activity. If the AOB increase included supporting Contract Authority, the Contract Authority would, in effect, be funded by the appropriation. Financial Managers and DFAS must determine the purpose of the appropriation. For Supply activities in particular, if the appropriation is, in effect, providing cash to fund the increase in program and Contract Authority, the increase in budget resources funded by cash should be characterized as Contract Authority liquidated in order to correctly account for and report cumulative realized Contract Authority over time.

The required entries to 4119 and 4610 record the additional budgetary resources. These entries increase Lines 7 and 11 of the SF 133 for total budgetary resources and total status of budgetary resources respectively. However, because DWCF appropriations are recorded on Line 1A of the SF 133, there is no direct increase or accounting for the AOB Contract Authority on Line 1C. The entries to 4032 and 4135 adjust Contract Authority obligations - but preclude double accounting of the net total on Line 7.

ADJUSTING AND CLOSING ENTRIES. The following fiscal year-end adjusting and closing entries are required for those Contract Authority accounts that will be used by DoD as previously discussed in accordance with the Approved Operating Budget accounting and reporting requirements covered throughout.

Substitution of Contract Authority based on depreciation. As previously stated, apportioned and allocated amounts of Contract Authority for the DWCF Capital Improvement Program are substituted/withdrawn in the amount of Capital surcharge and Capital depreciation portions of customer orders. (Refer to transactions 16 and 17.) If the amounts have not been substituted (account 4132) on a transaction basis at time of receipt of customer orders, monthly and year-end adjustments are required to: (1) Reduce Unobligated Balances for the amount of depreciation and/or surcharges, or; (2) Reduce Unobligated Balances for the amount of funded depreciation expenses recorded against Capital equipment or other Capital assets for the fiscal year. Capital depreciation and surcharges do not increase the Unobligated Balances of the Operating Programs receiving customer orders - and will not be carried forward to subsequent fiscal years as Unobligated Balances in either supply or non-supply activities.

30. Capital depreciation or surcharge adjustment (Supply Management activities):

DR 4610-Allotments-Realized Resources (Operating Program)
CR 4132-Substitution of Contract Authority (Capital Program depreciation)
or
CR 4135-Contract Authority Liquidated (Capital Program depreciation)

SF 133: Increases Line 6D for 4132 or 4135; Decreases Line 9A1 for 4610

NOTE: Use account 4135 for the Capital Program if cash collections are being transferred from Operating to Capital.

31. Capital depreciation or surcharge adjustment (non-Supply activities):

DR 4210-Anticipated Reimbursements & Other Income
CR 4132-Substitution of Contract Authority (Capital Program depreciation)
or
CR 4135-Contract Authority Liquidated (Capital Program depreciation)

DR 4610-Allotments-Realized Resources
CR 4590-Apportionments-Anticipated Resources-Program Subject to Apportionment
or
CR 4690-Anticipated Resources-Programs Exempt from Apportionment

SF 133: Increases Line 3C for 4210 and Line 6D for 4132 or 4135.
Decreases Line 9A1 for 4610 (Unobligated Balance).
Increases Line 9A2 for 4590 or Line 9B for 4690.

NOTE: For non-supply activities, if the Capital depreciation or surcharge portion of customer orders was not substituted (account 4132) at the time of receipt of orders (transaction 17), account 4610 (Unobligated Balance) will be overstated, and accounts 4132, 4210, and 4590 or 4690 will be understated. Transaction 31 adjusts the overstatement and understatements in the amount of the depreciation/surcharges. Use account 4135 for the Capital Program if cash collections are being transferred from the Operating Program to the Capital Program.

32. Transfer of cash collections from the Supply Management Operating Program to the Supply Management Capital Program:

DR 4135-Contract Authority Liquidated (Operating Program)
CR 4135-Contract Authority Liquidated (Capital Program)

SF 133: Increases Line 6D for Capital; Decreases Line 6D for Operating.

33. Transfer of cash collections from a non-Supply Management activity Operating Program to the Capital Program for the earned and collected Capital depreciation:

DR 4132-Substitution for Contract Authority (Capital Program)
CR 4135-Contract Authority Liquidated (Capital Program)

SF 133: Increases Line 6D for 4135; decreases Line 6D for 4132 (net zero).

Year-end adjustments.

34. Year-end adjustment to remove unobligated Estimated Indefinite Contract Authority - AOB level:

DR 4610-Allotments-Realized Resources
CR 4032-Estimated Indefinite Contract Authority

SF 133: Decreases Lines 9A1 and 1C.

35. Year-end adjustment of unobligated Estimated Indefinite Contract Authority for Departmental level allocations:

DR 4510-Appportionments
CR 4032-Estimated Indefinite Contract Authority

SF 133: Decreases Lines 9A1 and 1C

NOTE: Contract Authority is apportioned (and allocated) to the Working Capital Fund for the fiscal year of the apportionment (or allocation) only, and expires for new obligations if not used. Activities resourced by Contract Authority, i.e., Supply Management activities and Capital Programs should not have unobligated balances on Line 9A1 after year-end closing.

36. Year-end closure of realized/obligated Contract Authority (to cumulative realized Contract Authority carried forward):

DR 4139-Contract Authority Carried Forward
CR 4131-Current-Year Contract Authority Realized

SF 133: Decreases Line 1C; Increases Line 2A.

37. Year-end closure of Contract Authority substitutions, reductions, withdrawals, and liquidations to cumulative realized Contract Authority carried forward:

DR 4132-Substitution of Contract Authority

DR 4133-Decreases to Indefinite Contract Authority (not used in these procedures)

DR 4134-Contract Authority Withdrawn

DR 4135-Contract Authority Liquidated

CR 4139-Contract Authority Carried Forward

SF 133: Decreases Line 6D; Decreases Line 2A.

CONTRACT AUTHORITY CARRIED FORWARD. The net close-out balance in account 4139 should be the correct and only amount for Contract Authority carried forward on Line 2A of the SF 133 - and should be the supporting amount for the beginning and ending cumulative unliquidated realized Contract Authority amounts included in the notes to the SF 133. This amount will require substitution and liquidation in future years. As noted previously, account 4139 MAY have a credit balance if substitutions and other budgetary resources are greater than Contract Authority realized/obligated. A credit balance in 4139 does not provide additional Unobligated Balances or Unapportioned Authority carried forward but, rather, liquidates future realized Contract Authority.