

PROCEDURES FOR RE-APPLYING
NON-STOCK COIN EQUIPMENT

<u>CONTENTS</u>	<u>PAGE</u>
1. GENERAL.....	2
2. RESPONSIBILITIES.....	2
3. RE-APPLICATION PROCESS.....	4
4. ACCOUNTING FOR RE-APPLYING COIN EQUIPMENT.....	6
5. RE-APPLICATION TRANSACTIONS.....	9
 <u>EXHIBITS</u>	
1. FA S-6312 - SALVAGE AND RETIREMENT REPORT.....	11
2. SW4113 - SALVAGE CREDIT.....	12
3. SW4490 - TRANSACTION FOR RE-APPLYING EQUIPMENT.....	13

PROPRIETARY
Not for use or disclosure outside Southwestern Bell
Telephone Company except under written agreement.

1. GENERAL

- 1.01 This instruction provides guidelines to be used by the Logistics District and the Public Communications group in conjunction with the re-application of non-stock coin equipment. This document also contains information about the responsibilities associated with re-application and the accounting necessary when material is re-applied within the company.
- 1.02 Whenever this section is reissued, the reason(s) for reissue will be listed in this paragraph.
- 1.03 When non-stock coin material is re-applied, there will be no net budget impact to the user receiving the material.
- 1.04 Non-stock coin equipment should be returned (following existing procedures) to the Materials Distribution Center in Lancaster, Texas to ensure retirement occurs. Retired non-stock coin equipment is forwarded to a Logistics' disposition facility for disposition.
- 1.05 Non-stock capital coin equipment which is not economically feasible to transport may be disposed of locally; however, the equipment must be retired via issuance of an S-6312, Salvage and Retirement Report (See Exhibit 1) and the disposition must be coordinated with the Logistics District. Procedures for completing an S-6312 can be found in SW741-001-903, Disposition of Obsolete and Worn Out Major Items of Supplies, General Equipment, Tools and Test Sets.

2. RESPONSIBILITIES

- 2.01 The St. Louis Disbursement Office is responsible for the following when non-stock coin equipment is re-applied:
 - a. Receiving salvage credit (SW4113s) and re-application transactions submitted by Logistics, and reviewing and processing such transactions into DOPAC for journalization.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- b. Coordinating with Logistics as needed to ensure accurate and effective issuance of salvage credits.
- c. Calculating Logistics' loading rate and entering that rate into DOPAC.
- d. Retaining copies of transactions processed, distributing Report FG85 which contains salvage and re-application transactions, and reconciling the 1220.193 to the ledger balance.

2.02 Public Communications Group is responsible for the following related to the re-application of non-stock coin equipment:

- a. Preparing the appropriate forms (e.g., returned material notices (RMNs), bills of lading, etc.) when forwarding material to the Materials Distribution Center (MDC).
- b. Providing a list to Logistics of non-stock coin equipment which may warrant re-application. The list is to include photographs, descriptions of equipment, and the Average Original Cost (AOC) of each item on the list (if known). The Average Original Cost is the book value of the material. Logistics will assist in identifying this value. Public Communications is also responsible for conveying to Logistics the criteria to use when selecting material for re-application.
- c. Reviewing equipment lists provided by Logistics of material held for reuse. Based on that review, making decisions as to when to implement re-application.
- d. Coordinating with Logistics and providing information to them (as needed) when re-application occurs.

2.03 Logistics is responsible for the following related to the re-application of non-stock coin equipment:

- a. Identifying material which has re-application potential based on a list and criteria provided by the Public Communications group.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- b. Providing a list to the Public Communications group which contains the material received and held for re-application.
- c. Issuing salvage credits to users returning material, and then forwarding the appropriate forms to the St. Louis Disbursement Office for processing and journalization.
- d. Issuing transactions to record the transfer or reuse of non-stock coin material, and then forwarding such transactions to the St. Louis Disbursement Office for processing.
- e. In conjunction with re-application, coordinating the shipment of material to a repair vendor or to a user upon request.
- f. Coordinating with Public Communications personnel to ensure the effective re-application of non-stock coin equipment.

3. RE-APPLICATION PROCESS

3.01 Following are the steps involved in the non-stock coin equipment re-application process:

- STEP 1. Non-stock material from the Materials Distribution Center (MDC) is forwarded to Logistics' Retail Outlet for possible re-application or disposition.
- STEP 2. A list of coin equipment will be provided by Public Communications to Logistics of possible equipment to hold for reuse. Along with the list will be pictures and descriptions of the material, Average Original Cost of material, and the criteria to use in selecting material for reuse. This information is needed to record salvage and to issue re-application transactions.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- STEP 3. Material received by Logistics will be identified and sorted based on the method of disposal (for example, Retail Outlet sales; reuse miscellaneous sales; or non-stock coin material re-application).
- STEP 4. Material held for re-application will be placed on shelves in a designated area. A Product Receiving Report will be issued by Logistics to add material held for re-application to the inventory. The inventory will exist in the Account Management and Invoicing System (AMIS). AMIS will generate a salvage credit. The salvage credit is a Logistics Services-Credit Memorandum (SW4113, see Exhibit 2). This transaction is a credit to the "X" account and a debit to the 1220.193 Account. This transaction also places the material into the 1220.193 Account. This SW4113 is stamped with the words, "ZERO PRICE REUSE." Forms SW4113 are forwarded to the St. Louis Disbursement Office (915 Olive, Room 6640) for processing and journalization.
- STEP 5. A list will be developed by Logistics of the material held for re-application. A copy of this list will be forwarded weekly via facsimile to the Area Manager-Public Communications. Material will be held for potential re-application for only 30 calendar days.
- STEP 6. The Manager-Specialized Sales will update the list of material held for re-application. For example, this position will delete material held over 30 days or add to the list any new material received for re-application.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

- STEP 7. Public Communications personnel will review the list and determine if any material held for reuse is needed. If an item from the list is needed, a telephone call will be made to the Manager-Specialized Sales to reserve the material. The Public Communications user must provide the following:
- a. Item/Description
 - b. Account
 - c. Shipping Address
 - d. Contact Name/Telephone Number
 - e. Location Code of Recipient
 - f. Responsibility Code Originating (RCO)
 - g. Responsibility Code Charged (RCC)
 - h. EXTC
- STEP 8. The Manager-Specialized Sales will ensure that the item requested is processed for re-application (i.e., shipped to user or repair vendor).
- STEP 9. The Manager-Specialized Sales will communicate with the Sr. Records Clerk (Logistics) at the MDC (Lancaster, Texas) to have an SW4490 (see Exhibit 3) issued to transfer the material from the 1220.193 Account into the proper "C" Account.
- STEP 10. The Sr. Records Clerk forwards the original SW4490 to the St. Louis Disbursement Office and retains one copy.
- STEP 11. The information is entered into DOPAC and the item is transferred onto the company books and to the specific "C" Account.
- STEP 12. When material is not re-applied within 30 days, Logistics prepares Form SW4490 to reverse the salvage credit previously recorded to account 1220.193. After reversing the salvage, the material is disposed of via normal disposition procedures.

4.0 ACCOUNTING FOR RE-APPLYING COIN EQUIPMENT

- 4.01 The following accounting is to be used when retired non-stock coin equipment is re-applied.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

4.02 There are three scenarios involved from an accounting standpoint when re-applying non-stock coin material. Following are the three scenarios:

- a. Normal Re-application: When material is received for re-application, a salvage credit is given to the user at Average Original Cost (AOC). When material is re-applied, it is transferred at an AOC value. The salvage is made by crediting the "X" Account and debiting the 1220.193 Account the AOC amount. The transfer is made by debiting the "C" Account and crediting the 1220.193 Account the AOC amount. The AOC value is obtained by Logistics personnel.
- b. If Re-application Does Not Occur: When material held for re-application was salvaged at AOC value and that material was NOT re-applied within 30 days, that salvage credit must be reversed. This reversal must occur before this material can be disposed of via normal disposition procedures. Reverse the salvage by debiting the "X" and crediting the 1220.193 Account with the same value given at the time the salvage credit was issued. This transaction nullifies the salvage transaction.
- c. Material Salvaged at Scrap Value and Later Re-applied: When material has been salvaged at SCRAP VALUE versus AOC VALUE and subsequently determined to have re-application potential, this material may be re-applied by salvaging the material again, but at AOC value, and then transferring the material to the "C" Account. The material is transferred at market value or estimated AOC if the actual AOC is not known. In this situation, the initial salvage credit is not reversed for the following reasons:
 1. The salvage credit cannot be identified;
 2. The salvage credit value is significantly smaller than the AOC value; and
 3. Adjustments are normally made in AMIS to salvage credit values to assist in reconciling the 1220.193 Account.

NOTE: This situation should be a rare occurrence.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

4.03 The following "T" accounting explains two separate transactions involved in the re-application of non-stock coin equipment.

"T" Accounting

TRANSFER FROM THE 1220.193 ACCOUNT TO THE "C" ACCOUNT

1220.193	"C" Account
100	100

To make a direct transfer, credit the 1220.193 the Average Original Cost (AOC) of the material being transferred, and debit the "C" account the same AOC value.

REVERSING SALVAGE (AOC) WHEN MATERIAL NOT RE-APPLIED

"X" Account	1220.193
(2) 80 80 (1)	(1) 80 80 (2)

- (1) The salvage credit (AOC value) is a credit to "X" and a debit to the 1220.193 Account.
- (2) To reverse the salvage, debit the "X" and credit the 1220.193 Account the same amount as the establishing transaction.

NOTE: MATERIAL IS SOLD VIA NORMAL DISPOSITION PROCEDURES AFTER THE SALVAGE CREDIT HAS BEEN REVERSED.

PROPRIETARY
Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

5.0 RE-APPLICATION TRANSACTIONS

- 5.01 The following procedures are to be used by Logistics when processing re-application transactions:
- a. When Logistics identifies material and equipment to be disposed of by transferring for reuse, they should perform the following activities:
 1. Prepare Forms SW4113 to record the salvage into Account 1220.193 using the Average Original Cost of the material.
 2. Stamp or write "ZERO PRICE REUSE" on Forms SW4113 prepared to record the salvage of material for reuse.
 3. Forward Forms SW4113 to the St. Louis Disbursement Office for processing.
 - b. Upon receipt, the St. Louis Disbursement Office will review Forms SW4113 for completeness and enter the information into DOPAC to record the salvage into Account 1220.193. Logistics' loadings will be applied to the salvage.
 - c. Upon request, Logistics will forward the non-stock coin equipment held for reuse to a user or a repair vendor. Logistics will also prepare Form SW4490 to record the transfer from Account 1220.193.
 1. In the remarks portion of Form SW4490, Logistics will indicate that the form has been prepared to transfer material for reuse. Also entered in remarks is the reference number and date of the Form SW4113 from which the salvage was recorded.
 2. Logistics will stamp or write "ZERO PRICE REUSE" on Forms SW4490 prepared to record the transfer of material and equipment for reuse.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

3. Logistics will then forward Forms SW4490 to the St. Louis Disbursement Office for processing.
- d. Upon receipt, the St. Louis Disbursement Office will review Forms SW4490 for completeness and will also ensure that the information on these forms is entered into DOPAC to record the transfer of equipment for reuse. Journalization will associate the transferred asset to the field reported responsibility codes, account codes, and location codes.
- e. If material held for reuse is not re-applied within 30 days, or if Logistics determines that the equipment is not reusable, they will prepare Forms SW4490 to exactly reverse the salvage previously recorded into Account 1220.193.
 1. In the remarks portion of Form SW4490, Logistics will indicate that the form has been prepared to reverse the salvage. Also the reference number and date of the Form SW4113 from which that salvage was recorded should be entered in the remarks portion.
 2. Logistics will stamp or write "ZERO PRICE REUSE" on Forms SW4490 prepared to reverse the salvage recorded to Account 1220.193.
 3. Logistics will then forward Forms SW4490 to the St. Louis Disbursement Office for processing.
 4. Upon receipt, the St. Louis Disbursement Office will review Forms SW4490 for completeness and then ensure that such transactions are entered into DOPAC to exactly reverse transactions which initially recorded salvage into Account 1220.193.
 5. Since Logistics' loadings (Provisioning expense, 6512.3 Account) were applied to the salvage, the loadings will also be applied to the salvage reversal.

PROPRIETARY

Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

EXHIBIT 2

SW4113 - LOGISTICS SERVICES-CREDIT MEMORANDUM

REPORT SF012-001 LOGISTICS SERVICES CREDIT MEMORANDUM FORM SW4113
 REF DAP PART F SECT 22.1 SOUTHWESTERN BELL RUN DATE : 03/08/98
 SWBT DP CTR: ST LOUIS RETENTION PERIOD: 5 YEARS
 MANAGER - LITTLE ROCK

PLEASE CREDIT THE ESTIMATED VALUES SET OUT BELOW TO THE ACCOUNTS INDICATED. QUESTIONS PERTAINING TO THE ACCOUNTING INFORMATION SHOULD BE REFERRED TO THE ORIGINATOR OF THE RMN ATTACHED. ALL OTHER QUESTIONS MAY BE REFERRED TO THE MANAGER-CABLE SALES ON (314) 235-2415.

AMOUNT	ACCOUNT	GEO. LOC CODE	RC ORIG	FUNC CODE	EC	EXTC	RC CHARGED	AUTH	YR PL	RMN	
100.0000	1064	HH0000	S4802A000	-	-	036	S48020000	-	-	648488	
X 580.0000	1029.193	T46218	S4802A1F0	5C5J		CY1	S4802A1F0			X-ACCOUNT	T900500010
50.0000	1029.193	T46218	S4802A1F0	5C5J		CY1	S4802A1F0			NON-X-ACCOUNT	T900500015

 MANAGER-CABLE SALES

 AREA MANAGER-COLLECTION & PAYMENT

 MANAGER-INVESTMENT & COST

"ZERO PRICE REUSE"

NOTICE - NOT FOR USE OR DISCLOSURE OUTSIDE SOUTHWESTERN BELL TELEPHONE COMPANY EXCEPT UNDER WRITTEN AGREEMENT.

PROPRIETARY
 Not for use or disclosure outside Southwestern Bell Telephone Company except under written agreement.

