

Each borrower has the flexibility to select its own storage media. The following are required:

(a) The storage media shall have a life expectancy at least equal to the applicable retention period provided for in the master index of records, unless there is a quality transfer from one media to another with no loss of data. Each transfer of data from one media to another shall be verified for accuracy and documented.

(b) Each borrower shall implement internal control procedures that assure the reliability of, and ready access to, data stored on machine-readable media. The borrower's internal control procedures shall be documented by a responsible supervisory official.

(c) Records shall be indexed and retained in such a manner that they are easily accessible.

(d) The borrower shall have the hardware and software available to locate, identify, and reproduce the records in readable form without loss of clarity.

(e) At the expiration of the retention period, the borrower may use any appropriate method to destroy records.

(f) When any records are lost or destroyed before the expiration of the retention period set forth in the master index, a certified statement shall be added to the master index listing, as far as may be determined, the records lost or destroyed and describing the circumstances of the premature loss or destruction.

§ 1767.71 Periods of retention.

(a) Records of Rural Development borrowers of a kind not listed in the FERC regulations should be governed by those applicable to the closest similar records. Financial requirement and expenditure statements, which are not specifically covered by FERC regulations, are recommended to be kept for one year after the "as of date" of Rural Development's loan fund and accounting review.

(b) Consumer accounts' records should be kept for those years for which patronage capital has not been allocated.

(c) Records supporting construction financed by Rural Development shall be retained until audited and approved by Rural Development.

(d) Records related to plant in service must be retained until the facilities are permanently removed from utility service, all removal and restoration activities are completed, and all costs are retired from the accounting records unless accounting adjustments resulting from reclassification and original costs studies have been approved by Rural Development or other regulatory body having jurisdiction.

(e) Life and mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired, whichever is longer.

§§ 1767.72-1767.85 [Reserved]

PART 1770—ACCOUNTING REQUIREMENTS FOR RUS TELECOMMUNICATIONS BORROWERS

Subpart A—Preservation of Records

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APPENDIX TO SUBPART C—ACCOUNTING METHODS AND PROCEDURES REQUIRED OF ALL BORROWERS

AUTHORITY: 7 U.S.C. 901 et seq.; 7 U.S.C. 1921 et seq.; Pub. L. 103-354, 108 Stat. 3178 (7 U.S.C. 6941 et seq.).

SOURCE: 55 FR 3388, Feb. 1, 1990, unless otherwise noted.

Subpart A—Preservation of Records

SOURCE: 70 FR 25755, May 16, 2005, unless otherwise noted.

§ 1770.1 General.

(a) This subpart establishes RUS policies and procedures for the preservation of records of telecommunications borrowers.

(b) The regulations prescribed in this part apply to all books of account, contracts, records, memoranda, documents, papers, and correspondence prepared by or on behalf of the borrower as well as those which come into its possession in connection with the acquisition of property by purchase, consolidation, merger, etc.

(c) The regulations prescribed in this part shall not be construed as excusing compliance with any other lawful requirements for the preservation of records.

§ 1770.2 Designation of a supervisory official.

Each borrower shall designate one or more officials to supervise the preservation of its records.

§ 1770.3 Index of records.

(a) Each borrower shall maintain a master index of records. The master index shall identify the records retained, the related retention period, and the locations where the records are maintained. The master index shall be subject to review by RUS and RUS shall reserve the right to add records, or lengthen retention periods upon finding that retention periods may be insufficient for its purposes.

(b) At each office where records are kept or stored the borrower shall arrange, file, and index the records currently at that site so that they may be readily identified and made available to representatives of RUS.

§ 1770.4 Record storage media.

Each RUS borrower has the flexibility to select its own storage media subject to the following conditions:

(a) The storage media must have a life expectancy at least equal to the applicable retention period provided

for in the master index of records, unless there is quality transfer from one media to another with no loss of data. Each transfer of data from one media to another must be verified for accuracy and documented.

(b) Each borrower is required to implement internal control procedures that assure the reliability of, and ready access to, data stored on machine-readable media. Internal control procedures must be documented by a responsible supervisory official.

(c) The records shall be indexed and retained in such a manner that they are easily accessible.

(d) The borrower shall have the hardware and software available to locate, identify, and reproduce the records in readable form without loss of clarity.

(e) At the expiration of the retention period, the borrower may use any appropriate method to destroy records.

(f) When any records are lost or destroyed before the expiration of the retention period set forth in the master index, a certified statement shall be added to the master index listing, as far as may be determined, the records lost or destroyed and describing the circumstances of the premature loss or destruction.

§ 1770.5 Periods of retention.

(a) Except as provided for in paragraphs (b), (c), and (d) of this section, record retention shall be consistent with Prudent Utility Practice. Prudent Utility Practice shall mean any of the practices, methods, and acts which, in the exercise of reasonable judgment, in light of the facts, including but not limited to, the practices, methods, and acts engaged in or approved by a significant portion of the telecommunications industry prior thereto, known at the time the decision was made, would have been expected to accomplish the desired result consistent with cost effectiveness, reliability, safety, and expeditiousness. It is recognized that Prudent Utility Practice is not intended to be limited to optimum practice, method, or act to the exclusion of all others, but rather is a spectrum of possible practices, methods, or acts which could have been expected to accomplish the desired result at the lowest reasonable cost consistent with

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cost effectiveness, reliability, safety, and expedition.

(b) Records supporting construction financed by RUS shall be retained until audited and approved by RUS.

(c) Records related to plant in service must be retained until the facilities are permanently removed from utility service, all removal and restoration activities are completed, and all costs are retired from the accounting records unless accounting adjustments resulting from reclassification and original costs studies have been approved by RUS or other regulatory body having jurisdiction.

(d) Life and mortality study data for depreciation purposes must be retained for 25 years or for 10 years after plant is retired whichever is longer.

§§ 1770.6–1770.9 [Reserved]

Subpart B—Uniform System of Accounts

§ 1770.10 General.

This subpart implements provisions of the standard RUS loan documents with respect to the accounting system accounts to be maintained by telecommunications borrowers of the Rural Utilities Service.

§ 1770.11 Accounting system requirements.

(a) Each RUS borrower subject to the jurisdiction of the Federal Communications Commission (FCC) or a State regulatory body shall maintain its accounts and records in accordance with the rules and regulations prescribed by that regulatory body.

(b) Each RUS borrower not subject to regulatory control as specified in § 1770.11(a) shall maintain its accounts and records in accordance with the FCC Uniform System of Accounts as set forth in part 32 of the Commission's Rules and Regulations.

(1) RUS borrowers maintaining the accounts prescribed in 47 CFR part 32 for Class A companies as of June 15, 2005, shall continue to do so. RUS suspends implementation of the reduced number of Class A and B accounts, until the Federal-State Joint Conference has reviewed them.

(2) New borrowers under the RUS telecommunications program shall maintain the accounts prescribed in 47 CFR part 32 for Class A companies.

(3) RUS borrowers maintaining the accounts prescribed for Class B companies may adopt the Class A accounts if they desire more detailed and sophisticated accounting records.

[55 FR 3388, Feb. 1, 1990, as amended at 70 FR 25756, May 16, 2005]

§ 1770.12 Supplementary accounts.

(a) All borrowers shall maintain the supplementary accounts set forth in § 1770.15. These accounts conform in number and title with accounts prescribed in the FCC Uniform System of Accounts. In those instances in which a State regulatory body having jurisdiction over an RUS borrower has prescribed a system of accounts differing from that of the FCC, the account titles prescribed by RUS in § 1770.15 shall remain unchanged; however, the supplementary account numbers shall be changed to conform with the State's accounting system.

(b) In addition to the accounts set forth in § 1770.15, cooperative or other nonprofit borrowers shall maintain the supplementary accounts set forth in § 1770.16.

(c) Borrowers are permitted to deviate from the specific subaccount numbers detailed in §§ 1770.15 and 1770.16 provided that the primary account numbers and account descriptions conform with those prescribed.

(Approved by the Office of Management and Budget under control number 0572-0003)

§ 1770.13 Accounting requirements.

(a) Each borrower shall maintain its books of accounts on the accrual basis of accounting. All transactions shall be recorded in the period in which they occur and reconciled monthly. The books of accounts shall be closed at the end of each fiscal year and financial statements shall be prepared for the period and audited in accordance with the provisions of 7 CFR part 1773, RUS Policy on Audits of Electric and Telephone Borrowers.

(b) All books of accounts, records, and memoranda shall be maintained in such a manner as to fully support the

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journal entries to which they relate. The books and records referred to herein shall include records of a nontechnical nature such as minute books, stock and membership records, reports, correspondence, and memoranda.

(c) Interpretations of Federal or State requirements shall be referred to the applicable commission exercising jurisdiction over the borrower.

(d) Interpretations of RUS accounting requirements shall be referred to the Assistant Administrator, Program Accounting and Regulatory Analysis, Rural Utilities Service.

[55 FR 3388, Feb. 1, 1990, as amended at 70 FR 25756, May 16, 2005]

§ 1770.14 Continuing property records.

Each borrower shall maintain continuing property records which detail the date of placement, location, description of property, and the original cost of the property record units. The continuing property record and other underlying records of construction costs shall be maintained so that upon retirement of one or more retirement units or of minor items without replacement when not included in the costs of retirement units, the actual cost of the plant retired can be determined.

§ 1770.15 Supplementary accounts required of all borrowers.

Accounts prescribed in the Stockholders' Equity and Patronage Capital section shall be maintained by stock companies and cooperatives as appropriate.

Class of company		Account title
Account No.		
A	B	
		<i>Current Assets</i>
1130.1	1120.11	Cash—General Fund.
1130.2	1120.12	Cash—Construction Fund Trustee.
1130.3	1120.13	Cash—Transfer of Funds.
	1120.21	Special Cash Deposits.
1150.1	1120.31	<i>Petty Cash Fund</i>
		This account shall include funds in the custody of employees or agents for making minor disbursements. The fund shall be operated on an imprest basis. Expenditures shall be supported by receipts, and reimbursements to the fund shall be for the exact amount of such expenditures and shall be charged to the various accounts to which the expenditures are allocable. At all times, the total of the cash on hand and the unreimbursed expenditures shall equal the amount of the fund.
1150.2	1120.32	Change Fund.
		<i>Supplies</i>
1220.1	1220.1	Materials and Supplies.
1220.2	1220.2	Property Held for Sale or Lease.
1220.3	1220.3	Exempt Materials—Clearing.
		<i>Prepayments</i>
	1280.1	Prepaid Rents.
	1280.2	Prepaid Taxes.
	1280.3	Prepaid Insurance.
	1280.4	Prepaid Directory Expenses.
	1280.5	Other Prepayments.
		<i>Investments</i>
1402.1	1402.1	Investments in Nonaffiliated Companies—Class B RTB Stock.
1402.11	1402.11	Investments in Nonaffiliated Companies—Class B RTB Stock—Cr.
1402.2	1402.2	Investments in Nonaffiliated Companies—Class C RTB Stock.
1402.3	1402.3	Other Investments in Nonaffiliated Companies.
		<i>Property, Plant, and Equipment</i>
2001.1	2001.1	Telecommunications Plant in Service—Classified.
2001.2	2001.2	Telecommunications Plant in Service—Unclassified.
2003.1	2003.1	Telecommunications Plant Under Construction—Contract
2003.2	2003.2	Telecommunications Plant Under Construction—Force Account
2003.3	2003.3	Telecommunications Plant Under Construction—Work Orders
		<i>Telecommunications Plant in Service</i>
	2210.11	Central Office Switching—Analog.
	2210.21	Central Office Switching—Digital.
	2210.31	Central Office Switching—Electro-Mechanical—Step-by-Step.

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Class of company		Account title
Account No.		
A	B	
	2210.32	Central Office Switching—Electro-Mechanical—Crossbar.
	2210.33	Central Office Switching—Electro-Mechanical—Other.
2212.1	2212.1	Digital Electronic Switching—Circuit.
2212.2	2212.2	Digital Electronic Switching—Packet.
	2230.11	Central Office Transmission—Radio Systems—Satellite and Earth Station Facilities.
	2230.12	Central Office Transmission—Radio Systems—Other.
	2230.21	Central Office Transmission—Circuit Equipment.
		<i>Depreciation and Amortization</i>
3100x	3100x	Retirement Work in Progress.
		<i>Current Liabilities</i>
2232.1	2232.1	Circuit Equipment—Electronic.
2232.2	2232.2	Circuit Equipment—Optical.
4010.11	4010.11	Accounts Payable to Affiliated Companies.
4010.21	4010.21	Accounts Payable to Nonaffiliated Companies.
4010.22	4010.22	Accounts Payable—Employees' Income Tax Withheld.
4010.23	4010.23	Accounts Payable—FICA Taxes Withheld.
4010.24	4010.24	Accounts Payable—Federal Excise Taxes.
4010.25	4010.25	Accounts Payable—Payroll.
4070.1	4070.1	Income Taxes Accrued—Federal.
4070.2	4070.2	Income Taxes Accrued—State and Local
4080.1	4080.1	Other Taxes Accrued—Property.
4080.2	4080.2	Other Taxes Accrued—Employer's Portion—FICA.
4080.3	4080.3	Other Taxes Accrued—Federal Unemployment.
4080.4	4080.4	Other Taxes Accrued—State Unemployment.
4080.5	4080.5	Other Taxes Accrued—Miscellaneous.
4120.1	4120.1	Unmatured Interest Accrued—RUS Notes.
4120.2	4120.2	Unmatured Interest Accrued—Telephone Bank Notes.
4120.3	4120.3	Unmatured Interest Accrued—Federal Financing Bank Notes.
4120.4	4120.4	Unmatured Interest Accrued—Bank for Cooperatives Notes.
4120.5	4120.5	Unmatured Interest Accrued—Rural Telephone Finance Cooperative Notes.
4120.6	4120.6	Other Accrued Liabilities.
		<i>Long-Term Debt</i>
4210.11	4210.11	Funded Debt—Other.
4210.12	4210.12	RUS Notes.
4210.13	4210.13	Telephone Bank Notes.
4210.14	4210.14	Federal Financing Bank Notes.
4210.15	4210.15	Bank for Cooperatives Notes.
4210.16	4210.16	Rural Telephone Finance Cooperative Notes.
4210.17	4210.17	RUS Notes—Deferred Interest.
4210.18	4210.18	RUS Notes—Advance Payments, Dr.
4210.19	4210.19	Funded Debt—Other—Unadvanced, Dr.
4210.20	4210.20	RUS Notes—Unadvanced, Dr.
4210.21	4210.21	Telephone Bank Notes—Unadvanced, Dr.
4210.22	4210.22	Federal Financing Bank Notes—Unadvanced, Dr.
4210.23	4210.23	Bank for Cooperatives Notes—Unadvanced, Dr.
4210.24	4210.24	Rural Telephone Finance Cooperative Notes—Unadvanced, Dr.
		<i>Stockholders' Equity and Patronage Capital</i>
4540.11	4540.11	Capital Stock Subscribed.
4540.12	4540.12	Memberships Subscribed but Unissued.
4540.13	4540.13	Members' Equity Certificates Subscribed but Unissued.
4540.21	4540.21	Memberships Issued.
4540.22	4540.22	Members' Equity Certificates Issued.
4540.23	4540.23	Members' Equity—Other.
4540.31	4540.31	Installments Paid on Capital Stock.
4540.32	4540.32	Installments Paid on Memberships Subscribed.
4540.33	4540.33	Installments Paid on Equity Certificates Subscribed.
4540.41	4540.41	Other Capital—Miscellaneous.
4550.1	4550.1	Operating Margins.
4550.2	4550.2	Nonoperating Margins.
4550.3	4550.3	Other Margins.
4550.4	4550.4	Patronage Capital Assignable.
4550.5	4550.5	Patrons' Capital Credits Assigned.
4550.6	4550.6	Gain on the Retirement of Capital Credits.
		<i>Plant Specific Operations Expense</i>
	6210.11	Analog Electronic Expense.
	6210.21	Digital Electronic Expense.
	6210.31	Electro-Mechanical Expense.
6212.1	6212.1	Digital Electronic Switching Expense—Circuit.

Class of company		Account title
Account No.		
A	B	
6212.2	6212.2	Digital Electronic Switching Expense—Packet.
	6230.11	Radio Systems Expense.
	6230.21	Circuit Equipment Expense.
6232.1	6232.1	Circuit Equipment Expense—Electronic.
6232.2	6232.2	Circuit Equipment Expense—Optical.
		<i>Plant Nonspecific Operations Expense</i>
	6560.1	Depreciation Expense.
	6560.2	Amortization Expense.
6620.1	6620.1	Services—Wholesale.
6620.2	6620.2	Services—Retail.
		<i>Operating Taxes.</i>
	7200.1	Operating Investment Tax Credits—Net.
	7200.2	Operating Federal Income Taxes.
	7200.3	Operating State and Local Income Taxes.
7240.1	7200.41	Operating Taxes—Property.
7240.2	7200.42	Operating Taxes—Miscellaneous.
	7200.5	Provision for Deferred Operating Income Taxes—Net.
		<i>Nonoperating Income and Expense</i>
	7300.1	Dividend Income.
	7300.2	Interest Income.
	7300.3	Income From Sinking and Other Funds.
	7300.4	Allowance for Funds Used During Construction.
	7300.5	Gains or Losses from the Disposition of Certain Property.
	7300.6	Other Nonoperating Income and Expense.
		<i>Nonoperating Taxes</i>
	7400.1	Nonoperating Investment Tax Credits—Net.
	7400.2	Nonoperating Federal Income Taxes.
	7400.3	Nonoperating State and Local Income Taxes.
	7400.4	Nonoperating Other Taxes.
	7400.5	Provision for Deferred Nonoperating Income Taxes—Net.
		<i>Extraordinary Items</i>
	7600.1	Extraordinary Income Credits.
	7600.2	Extraordinary Income Charges.
	7600.3	Current Income Tax Effect of Extraordinary Items—Net.
	7600.4	Provision for Deferred Income Tax Effect of Extraordinary Items—Net.
1130.1	1120.11	<i>Cash—General Fund</i> This account shall include all unrestricted funds derived from revenues and other sources which are on deposit in banks or other financial institutions and available on demand. It shall also include funds in transit to the depository for which customers and agents have received credit on their accounts. Separate subaccounts should be maintained for each bank account in which general fund cash is deposited.
1130.2	1120.12	<i>Cash—Construction Fund Trustee</i> This account shall include all loan funds received from RUS, the Rural Telephone Bank, the Federal Financing Bank, the Bank for Cooperatives, the Rural Telephone Finance Cooperative, and all non-loan funds supplied by the borrower under the terms of the loan contract or otherwise required by RUS. The offsetting credit for funds received from RUS shall be to Account 4210.20, RUS Notes—Unadvanced, Dr.; funds received from the Rural Telephone Bank, to Account 4210.21, Telephone Bank Notes—Unadvanced, Dr.; funds received from the Federal Financing Bank, to Account 4210.22, Federal Financing Bank Notes—Unadvanced, Dr.; funds received from the Bank for Cooperatives, to Account 4210.23, Bank for Cooperatives Notes—Unadvanced, Dr.; and funds received from the Rural Telephone Finance Cooperative, to Account 4210.24, Rural Telephone Finance Cooperative Notes—Unadvanced, Dr.
1130.3	1120.13	<i>Cash—Transfer of Funds</i> This account shall include all transfers of funds from one bank account to another. This account shall be charged with the amount of a check drawn for the transfer, and credited when the amount transferred is entered into the Cash Receipts Book.
	1120.21	<i>Special Cash Deposits</i> This account shall include all cash on special deposit, other than in sinking and other special funds provided for elsewhere, to pay dividends, interest, and other debts, when such payments are due one year or less from the date of deposit; the amount of cash deposited to insure the performance of contracts to be performed within one year from the date of the deposit; and other cash deposits of a special nature not provided for elsewhere. This account shall include the amount of cash deposited with trustees to be held until mortgaged property sold, destroyed, or otherwise disposed of is replaced, and also cash realized from the sale of the company's securities and deposited with trustees to be held until invested in physical property of the company or for disbursement when the purposes for which the securities were sold are accomplished.

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Class of company		Account title
Account No.		
A	B	
1150.1	1120.31	<p><i>Petty Cash Fund</i></p> <p>This account shall include funds in the custody of employees or agents for making minor disbursements. The fund shall be operated on an imprest basis. Expenditures shall be supported by receipts, and reimbursements to the fund shall be for the exact amount of such expenditures and shall be charged to the various accounts to which the expenditures are allocable. At all times, the total of the cash on hand and the unreimbursed expenditures shall equal the amount of the fund.</p>
1150.2	1120.32	<p><i>Change Fund</i></p> <p>This account shall include funds in the custody of employees or agents for making change. Records shall be kept of the amount held by each person. Disbursements shall not be made from the fund.</p>
1220.1	1220.1	<p><i>Materials and Supplies*</i></p> <p>This account shall include the cost of materials and supplies held in stock including plant supplies, motor vehicles supplies, tools, fuel, other supplies and material and articles of the company in process of manufacture for supply stock.</p> <p>Transportation charges and sales and use taxes, as far as practicable, shall be included as a part of the cost of the particular material to which they relate. Transportation and sales and use taxes which are not included as part of the cost of particular material shall be equitably apportioned among the accounts to which material is charged.</p> <p>As far as practicable, cash and other discounts on material shall be deducted in determining cost of the particular material to which they relate or credited to the account to which the material is charged. When such deduction is not practicable, discounts shall be equitably apportioned among the accounts to which material is charged.</p> <p>Material recovered in connection with construction, maintenance or retirement of property shall be charged to this account as follows:</p> <ul style="list-style-type: none"> —Reusable items that, when installed or in service, were retirement units shall be included in this account at the original cost. —Reusable minor items that, when installed or in service, were not retirement units shall be included in this account at current prices new. —The cost of repairing reusable material shall be charged to the appropriate Plant Specific Operations Expense accounts. —Scrap and nonusable material included in this account shall be carried at the estimated amount which will be received therefor. The difference between the amounts realized for scrap and nonusable material sold, and the amounts at which it is carried in this account shall be adjusted in the accounts credited when the material was taken up in this account. <p>Interest paid on material bills, the payments of which are delayed, shall be charged to Account 7540, Other Interest Deductions.</p> <p>Inventories of materials and supplies shall be taken during each calendar year and the adjustments to this account shall be charged or credited to Account 6512, Provisioning Expense.</p>
1220.2	1220.2	<p><i>Property Held for Sale or Lease*</i></p> <p>This account shall include the cost of all items purchased for resale or lease. The cost shall include applicable transportation charges, sales and use taxes, and cash and other purchase discounts. Inventory shortages and overages shall be charged and credited, respectively to Account 7991, Other Non-regulated Revenues.</p> <p>*These accounts shall not include items which are related to a nonregulated activity unless that activity involves joint or common use of assets and resources in the provision of regulated and nonregulated products and services.</p>
1220.3	1220.3	<p><i>Exempt Materials—Clearing</i></p> <p>This account shall include the cost of materials and supplies designated as exempt material on the carrier's "Exempt Material List". Charges to this account shall be cleared monthly to the primary plant and maintenance accounts in accordance with percentages developed by the individual carriers.</p> <p>When there is a substantial amount of exempt material on hand at the end of the year, substantial enough to distort net income or margins, a physical inventory may be taken. The cost of the inventory on hand shall be debited to this account and credited to the appropriate primary plant and maintenance accounts on a pro-rata basis related to the original charges to these accounts. This entry shall be reversed at the first of the year.</p>
	1280.1	<p><i>Prepaid Rents</i></p> <p>This account shall include the amount of rents paid in advance of the period in which it is chargeable to income, except amounts chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the rents are paid, this account shall be credited monthly and the appropriate account charged.</p>
	1280.2	<p><i>Prepaid Taxes</i></p> <p>This account shall include the balance of all taxes paid in advance of the period in which they are chargeable to income, except amounts chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the taxes are paid, this account shall be credited monthly and the appropriate account charged.</p>
	1280.3	<p><i>Prepaid Insurance</i></p>

Class of company		Account title
Account No.		
A	B	
		This account shall include the amount of insurance premiums paid in advance of the period in which they are chargeable to income, except premiums chargeable to telecommunications plant under construction and minor amounts which may be charged directly to the final accounts. As the term expires for which the premiums are paid, this account shall be credited monthly and the appropriate account charged.
	1280.4	<i>Prepaid Directory Expenses</i>
		This account shall include the cost of preparing, printing, binding, and delivering directories and the cost of soliciting advertisements for directories, except minor amounts which may be charged directly to Account 6620, Services. Amounts in this account, shall be cleared to Account 6620 by monthly charges representing that portion of the expenses applicable to each month.
	1280.5	<i>Other Prepayments</i>
		This amount shall include prepayments, other than those includable in Accounts 1280.1 through 1280.4 except minor amounts which may be charged directly to the final accounts. As the term expires for which the payments apply, this account shall be credited monthly and the appropriate account charged.
1402.1	1402.1	<i>Investments in Nonaffiliated Companies—Class B RTB Stock</i>
		This account shall include the par value of the required purchase of Class B Rural Telephone Bank stock and the par value of the Class B Rural Telephone Bank stock received as a patronage refund. This account shall be debited at the time the refund is received and Account 1402.11, Investments in Nonaffiliated Companies—Class B RTB Stock—Cr., credited.
		This account shall be credited and Account 1402.11 debited when the patronage refund is redeemed.
1402.11	1402.11	<i>Investments in Nonaffiliated Companies—Class B RTB Stock—Cr.</i>
		This account shall include the par value of Class B Rural Telephone Bank stock received as a patronage refund. This account shall be credited at the time the refund is received and Account 1402.1, Investments in Nonaffiliated Companies—Class B RTB Stock, debited.
		This account shall be debited and Account 1402.1 credited when the patronage refund is redeemed.
1402.2	1402.2	<i>Investments in Nonaffiliated Companies—Class C RTB Stock</i>
		This account shall include the par value of the company's investment in Class C Rural Telephone Bank stock. Cash dividends on Class C stock shall be recorded in Account 7310/7300.1, Dividend Income, when declared.
1402.3	1402.3	<i>Other Investments in Nonaffiliated Companies</i>
		This account shall include the acquisition cost of the company's investment in securities issued by non-affiliated companies, other than securities held in special funds which shall be charged to Account 1408, Sinking Funds, and also its investment advances to such parties and special deposits of cash for more than one year from the date of deposit.
		Declines in value of investments shall be charged to Account 4540.41, Other Capital, if temporary and as a current period loss if permanent. Detailed records shall be maintained to reflect unrealized losses for each investment.
2001.1	2001.1	<i>Telecommunications Plant in Service—Classified</i>
		This account shall include the original cost of the property capitalized in Accounts 2110 through 2690.
2001.2	2001.2	<i>Telecommunications Plant in Service—Unclassified</i>
		This account shall include the original cost of telecommunications property which has been completed and placed in service but which has not been classified pending completion of final inventories of construction, final cost summaries, etc. The balance in this account is subject to depreciation charges.
2003.1	2003.1	<i>Telecommunications Plant Under Construction—Short Term—Contract</i>
		This account shall include all costs incurred in the construction of telecommunications plant performed under contract and the cost of software development projects that are not yet ready for their intended use. Included among these costs are contractor payments and charges for engineering, supervision, taxes, insurance, transportation, and other costs incurred in contract construction. This account shall be maintained such that the various items of cost are readily identifiable.
2003.2	2003.2	<i>Telecommunications Plant Under Construction—Short Term—Force Account</i>
		This account shall include all costs incurred in the construction of telecommunications plant performed by the borrowers' own employees and the cost of software development projects performed by the borrowers' own employees that are not yet ready for their intended use. Included among these costs are charges for material, labor, engineering, supervision, taxes, insurance, transportation, supply expense, and other costs incurred in the construction. This account shall be maintained such that the various items of cost are readily identified. Specific subaccounts should be maintained to distinguish individual projects.
2003.3	2003.3	<i>Telecommunications Plant Under Construction—Short Term—Work Orders</i>

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		This account shall include all costs incurred in the construction of telecommunication plant performed under a work order system or line extension contract. This type of construction generally includes service installations, subscriber extensions, and minor plant improvements after the completion of the initial system. Included among these costs are charges for labor, material and supplies, transportation, payroll taxes, insurance, supervision, and other costs incurred in the construction. Subsidiary records shall be maintained to reflect the cost of the individual jobs. These records shall be reconciled periodically with the general ledger control account. Specific subaccounts should be maintained to accumulate costs incurred under line extension contracts.
	2210.11	<i>Central Office Switching—Analog*</i> This account shall include the original cost of stored program control analog circuit-switching and associated equipment. This account shall also include the original cost of remote analog electronic circuit switches.
	2210.21	<i>Central Office Switching—Digital*</i> This account shall include the original cost of stored program control digital switches and their associated equipment. Included in this account is the original cost of digital switches which utilize either dedicated or non-dedicated circuits. This account shall also include the original cost of remote digital electronic switches.
	2210.31	<i>Central Office Switching—Electro-Mechanical—Step-by-Step*</i> This account shall include the original cost of step-by-step and associated circuit-switching equipment.
	2210.32	<i>Central Office Switching—Electro-Mechanical—Crossbar*</i> This account shall include the original cost of crossbar and associated circuit switching equipment. Also included in this account is the original cost of electronic translator system equipment used in switching.
	2210.33	<i>Central Office Switching—Electro-Mechanical—Other*</i> This account shall include the original cost of all other types of non-electronic circuit-switching equipment such as panel systems and their associated circuit-switching equipment. *Switching plant excludes switchboards which perform operator assistance functions and equipment which is an integral part thereof. It does not exclude equipment used solely for the recording of calling telephone numbers in connection with customer dialed charged traffic, dial tandem switches, and special switchboards used in conjunction with private line service; such equipment shall be classified to the particular switch that it serves.
	2230.11	<i>Central Office Transmission—Radio Systems—Satellite and Earth Station Facilities</i> This account shall include the original cost of an ownership interest in satellites (including land-side spares), other spare parts, materials, and supplies. It shall include launch insurance and other satellite launch costs. This account shall also include the original cost of earth stations and spare parts, materials, and supplies therefor.
	2230.12	<i>Central Office Transmission—Radio Systems—Other</i> This account shall include the original cost of radio equipment used to provide radio communication channels. Radio equipment is that equipment which is used for the generation, amplification, propagation, reception, modulation, and demodulation of radio waves in free space over which communications channels can be provided. This account shall also include the associated carrier and auxiliary equipment and patch bay equipment which is an integral part of the radio equipment. Such equipment may be located in central office buildings, terminal rooms, or repeater stations or may be mounted on towers, masts, or other supports.
	2230.21	<i>Central Office Transmission—Circuit Equipment</i> This account shall include the original cost of equipment which is used to reduce the number of physical pairs otherwise required to serve a given number of subscribers by utilizing carrier systems, concentration stages or combinations of both. It shall include equipment that provides for simultaneous use of a number of interoffice channels on a single transmission path. This account shall also include the original cost of equipment which is used for the amplification, modulation, regeneration, circuit patching, balancing or control of signals transmitted over interoffice communications transmission channels. This account shall include the original cost of equipment which utilizes the message path to carry signaling information or which utilizes separate channels between switching offices to transmit signaling information independent of the subscribers' communication paths or transmission channels. This account shall also include the original cost of associated material used in the construction of such plant. Circuit equipment may be located in central offices, in manholes, on poles, in cabinets or huts or at other locations. This account excludes carrier and auxiliary equipment and patch bay which are recorded in Account 2230.12, Central Office Transmission—Radio Systems—Other
3100x	3100x	<i>Retirement Work in Progress</i>

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		This account shall be charged with the original cost of property retired from the telecommunications plant accounts. It shall also be charged with all of the costs incurred in removing the retired plant from service. This account shall be credited with the salvage value of materials recovered in the retirement of the telecommunications plant. At such time as the retirement work order is complete, the net income/loss resulting therefrom shall be transferred from this account to the appropriate primary plant depreciation reserve account.
4010.11	4010.11	<i>Accounts Payable to Affiliated Companies</i>
		This account shall include all amounts currently due to affiliated companies for recurring trade obligations, and not provided for in other accounts, such as those for traffic settlements, material and supplies, repairs to telecommunications plant, matured rents, and interest payable under monthly settlements on short-term loans, advances, and open accounts.
4010.21	4010.21	<i>Accounts Payable to Nonaffiliated Companies</i>
		This account shall include all amounts currently due to nonaffiliated companies for recurring trade obligations, and not provided for in other accounts, such as those for traffic settlements, materials and supplies, repairs to telecommunications plant, matured rents, and interest payable under monthly settlements on short-term loans, advances, and open accounts.
4010.22	4010.22	<i>Accounts Payable—Employees' Income Tax Withheld</i>
		This account shall include income taxes payable that have been withheld from employees' salaries.
4010.23	4010.23	<i>Accounts Payable—FICA Taxes Withheld</i>
		This account shall include FICA taxes payable that have been withheld from employees' salaries.
4010.24	4010.24	<i>Accounts Payable—Federal Excise Taxes</i>
		This account shall include Federal excise taxes payable.
4010.25	4010.25	<i>Accounts Payable—Payroll</i>
		This account shall include amounts payable to the company's employees in the form of salaries or wages.
4070.1	4070.1	<i>Income Taxes Accrued—Federal</i>
		For Class A companies, this account shall be credited and Accounts 7220, 7420, and 7630, as appropriate, shall be debited for the amount of Federal income taxes accrued during the current operating period. For Class B companies, this account shall be credited and Accounts 7220.2, 7400.2, and 7600.3, as appropriate, shall be debited for the amount of Federal income taxes accrued during the current operating period.
4070.2	4070.2	<i>Income Taxes Accrued—State and Local</i>
		For Class A companies, this account shall be credited and Accounts, 7230, 7430, and 7630, as appropriate, shall be debited for the amount of state and local income taxes accrued during the current operating period. For Class B companies, this account shall be credited and Accounts, 7200.3, 7400.3, and 7600.3, as appropriate, shall be debited for the amount of state and local income taxes accrued during the current operating period.
4080.1	4080.1	<i>Other Taxes Accrued—Property</i>
		This account shall be credited and Account 7240.1/7200.41, Operating Taxes—Property, shall be debited for the amount of property taxes accrued during the current operating period.
4080.2	4080.2	<i>Other Taxes Accrued—Employer's Portion—FICA</i>
		This account shall be credited and the appropriate construction, depreciation, or expense account shall be debited for the employer's portion of FICA taxes accrued during the current operating period.
4080.3	4080.3	<i>Other Taxes Accrued—Federal Unemployment</i>
		This account shall be credited and the appropriate construction, removal, or expense account shall be debited for the amount of Federal unemployment taxes accrued during the current operating period.
4080.4	4080.4	<i>Other Taxes Accrued—State Unemployment</i>
		This account shall be credited and the appropriate construction, removal, or expense account shall be debited for the amount of state unemployment taxes accrued during the current operating period.
4080.5	4080.5	<i>Other Taxes Accrued—Miscellaneous</i>
		This account shall be credited and Account 7240.2/7200.42, Operating Taxes—Miscellaneous, shall be debited for the amount of all other taxes accrued during the current operating period and not provided for elsewhere such as a gross receipts tax, franchise taxes, and capital stock taxes.
4120.1	4120.1	<i>Unmatured Interest Accrued—RUS Notes</i>
		This account shall include the interest accrued as of the balance sheet date but not payable until after that date on RUS mortgage notes. Interest expense incurred during the period of construction of telecommunications plant shall be charged to Account 2004, Telecommunications Plant Under Construction—Long Term, and credited to Account 7340/7300.4, Allowance for Funds Used During Construction.
4120.2	4120.2	<i>Unmatured Interest Accrued—Telephone Bank Notes</i>

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4120.3	4120.3	<p>This account shall include the interest accrued as of the balance sheet date but not payable until after that date on Rural Telephone Bank mortgage notes. Interest expense incurred during the period of construction of telecommunications plant shall be charged to Account 2004, Telecommunications Plant Under Construction—Long Term, and credited to Account 7340/7300.4, Allowance for Funds Used During Construction.</p> <p><i>Unmatured Interest Accrued—Federal Financing Bank Notes</i></p>
4120.4	4120.4	<p>This account shall include the interest accrued as of the balance sheet date but not payable until after that date on Federal Financing Bank mortgage notes. Interest expense incurred during the period of construction of telecommunications plant shall be charged to Account 2004, Telecommunications Plant Under Construction—Long Term, and credited to Account 7340/7300.4, Allowance for Funds Used During Construction.</p> <p><i>Unmatured Interest Accrued—Bank for Cooperatives Notes</i></p>
4120.5	4120.5	<p>This account shall include the interest accrued as of the balance sheet date but not payable until after that date on Bank for Cooperatives mortgage notes. Interest expense incurred during the period of construction of telecommunications plant shall be charged to Account 2004, Telecommunications Plant Under Construction—Long Term, and credited to Account 7340/7300.4, Allowance for Funds Used During Construction.</p> <p><i>Unmatured Interest Accrued—Rural Telephone Finance Cooperative Notes</i></p>
4120.6	4120.6	<p>This account shall include the interest accrued as of the balance sheet date but not payable until after that date on Rural Telephone Finance Cooperative mortgage notes. Interest expense incurred during the period of construction of telecommunications plant shall be charged to Account 2004, Telecommunications Plant Under Construction—Long Term, and credited to Account 7340/7300.4, Allowance for Funds Used During Construction.</p> <p><i>Other Accrued Liabilities</i></p>
4210.11	4210.11	<p>This account shall include the amount of wages, compensated absences, interest on indebtedness of the company, dividends on capital stock, and rents accrued as of the balance sheet date but not payable until after the date. This account shall not include interest accrued on RUS, Rural Telephone Bank, Bank for Cooperatives, Federal Financing Bank, or Rural Telephone Finance Cooperative debt.</p> <p><i>Funded Debt—Other</i></p>
4210.12	4210.12	<p>This account shall include the total face amount of unmatured debt, maturing more than one year from the date of issue, issued by the company and not retired, and the total face amount of similar unmatured debt of other companies, the payment of which has been assumed by the company, including funded debt the maturity of which has been extended by specific agreement. This account shall not include unmatured RUS, Rural Telephone Bank, Federal Financing Bank, Bank for Cooperatives, or Rural Telephone Finance Cooperative debt.</p> <p><i>RUS Notes</i></p>
4210.13	4210.13	<p>This account shall include the total face amount of unmatured RUS mortgage notes. Account 4210.20, RUS Notes—Unadvanced, Dr., shall be charged and this account credited upon execution of the notes. If principal installments are not paid at the maturity date, the amount due shall be transferred to Account 4050, Current Maturities—Long-Term Debt.</p> <p><i>Telephone Bank Notes</i></p>
4210.14	4210.14	<p>This account shall include the total face amount of unmatured Rural Telephone Bank mortgage notes. Account 4210.21, Telephone Bank Notes—Unadvanced, Dr., shall be charged and this account credited upon execution of the notes. If principal installments are not paid at the maturity date, the amount due shall be transferred to Account 4050, Current Maturities—Long-Term Debt.</p> <p><i>Federal Financing Bank Notes</i></p>
4210.15	4210.15	<p>This account shall include the total face amount of unmatured Federal Financing Bank mortgage notes. Account 4210.22, Federal Financing Bank Notes—Unadvanced, Dr., shall be charged and this account credited upon execution of the notes. If principal installments are not paid at the maturity date, the amount due shall be transferred to Account 4050, Current Maturities—Long-Term Debt.</p> <p><i>Bank for Cooperatives Notes</i></p>
4210.16	4210.16	<p>This account shall include the total face amount of unmatured Bank for Cooperatives mortgage notes. Account 4210.23, Bank for Cooperatives Notes—Unadvanced, Dr., shall be charged and this account credited upon execution of the notes. If principal installments are not paid at the maturity date, the amount due shall be transferred to Account 4050, Current Maturities—Long-Term Debt.</p> <p><i>Rural Telephone Finance Cooperative Notes</i></p>
		<p>This account shall include the total face amount of unmatured Rural Telephone Finance Cooperative mortgage notes. Account 4210.24, Rural Telephone Finance Cooperative Notes—Unadvanced, Dr., shall be charged and this account credited upon execution of the notes.</p>

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4210.17	4210.17	If principal installments are not paid at the maturity date, the amount due shall be transferred to Account 4050, Current Maturities—Long-Term Debt. <i>RUS Notes—Deferred Interest</i> This account shall include interest accrued on RUS mortgage notes, the payment of which has been deferred in accordance with the terms of the notes or extension agreements. The offsetting charge shall be to Account 7510, Interest on Funded Debt, for Class A companies and Account 7500, Interest and Related Items, for Class B companies. If interest payments are not made at the due date, this account shall be debited and Account 4010.21, Accounts Payable to Nonaffiliated Companies, credited with the amount of the matured interest.
4210.18	4210.18	<i>RUS Notes—Advance Payments, Dr.</i> This account shall include all payments on RUS mortgage notes made in advance of the due date and not applied to a specific quarterly payment. As these payments are applied to specific notes, this account shall be credited and the long-term debt and interest liability accounts debited.
4210.19	4210.19	<i>Funded Debt—Other—Unadvanced, Dr.</i> This account shall include the total face amount of notes executed to others, for which funds have not been received. This account shall be credited and Account 1130.1/1120.11, Cash—General Funds, debited when funds are received from the lender.
4210.20	4210.20	<i>RUS Notes—Unadvanced, Dr.</i> This account shall include the total face amount of RUS mortgage notes for which funds have not been received. This account shall be credited and Account 1130.2/1120.12, Cash—Construction Fund Trustee, debited when funds are received from RUS.
4210.21	4210.21	<i>Telephone Bank Notes—Unadvanced, Dr.</i> This account shall include the total face amount of Rural Telephone Bank mortgage notes for which funds have not been received. This account shall be credited and Account 1130.2/1120.12, Cash—Construction Fund Trustee, debited when funds are received from the Rural Telephone Bank.
4210.22	4210.22	<i>Federal Financing Bank Notes—Unadvanced, Dr.</i> This account shall include the total face amount of Federal Financing Bank mortgage notes for which funds have not been received. This account shall be credited and Account 1130.2/1120.12, Cash—Construction Fund Trustee, debited when funds are received from the Federal Financing Bank.
4210.23	4210.23	<i>Bank for Cooperatives Notes—Unadvanced, Dr.</i> This account shall include the total face amount of Bank for Cooperatives mortgage notes for which funds have not been received. This account shall be credited and Account 1130.2/1120.12, Cash—Construction Fund Trustee, debited when funds are received from the Bank for Cooperatives.
4210.24	4210.24	<i>Rural Telephone Finance Cooperative Notes—Unadvanced, Dr.</i> This account shall include the total face amount of Rural Telephone Finance Cooperative mortgage notes for which funds have not been received. This account shall be credited and Account 1130.2/1120.12, Cash—Construction Fund Trustee, debited when funds are received from the Rural Telephone Finance Cooperative.
4540.11	4540.11	<i>Capital Stock Subscribed.</i> This account shall include the par value of capital stock for which legally enforceable subscriptions have been received but for which, at the date of the balance sheet, stock certificates have not been issued. This account shall be debited and Account 4510, Capital Stock, credited when a subscriber has paid the subscription in full and stock certificates are issued.
4540.12	4540.12	<i>Memberships Subscribed but Unissued.</i> This account shall include the face amount of memberships subscribed but not issued. This account shall be credited at the time the subscription is received and Account 1350.2, Subscriptions to Memberships, debited. This account shall be debited and Account 4540.21, Memberships Issued, credited when a subscriber has paid the subscription in full and the membership certificates are issued.
4540.13	4540.13	<i>Members' Equity Certificates Subscribed but Unissued.</i> This account shall include the face amount of members' equity certificates subscribed but not issued. This account shall be credited at the time the subscription is received and Account 1350.3, Subscriptions to Members' Equity Certificates, debited. This account shall be debited and Account 4540.22, Members' Equity Certificates Issued, credited when a subscriber has paid the subscription in full and the members' equity certificates are issued.
4540.21	4540.21	<i>Memberships Issued.</i> This account shall include the face amount of membership certificates outstanding. A subsidiary membership certificate record shall be maintained to reflect the detail of the balance in this account.
4540.22	4540.22	<i>Member's Equity Certificates Issued.</i>

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		This account shall include the face amount of members' equity certificates outstanding. A subsidiary members' equity certificate record shall be maintained to reflect the detail of the balance in this account.
4540.23	4540.23	<i>Members' Equity—Other.</i>
		This account shall include credit amounts arising from donations, forfeitures of membership fees, forgiveness of debts of the cooperative, and member's equities not otherwise provided for.
4540.31	4540.31	<i>Installments Paid on Capital Stock.</i>
		This account shall include the amount of installments paid on capital stock on a partial or installment payment plan by subscribers against whom there is no legally enforceable subscription contract, and who are entitled to be reimbursed the principal amount of their payments, with or without interest, in the event they fail to complete payment for the stock and receive certificates therefore.
		This account shall be debited and Account 4510, Capital Stock, credited with the par value of capital stock when the total subscription is received and the stock certificates are issued. Any difference between the purchase price of the subscription and the par value of the stock shall be credited to Account 4520, Additional Paid-In Capital.
		A subsidiary ledger shall be maintained to record for each subscriber, the amount subscribed, payments made, and the balance due. The balance in this account shall be reconciled monthly with the subscription ledger.
4540.32	4540.32	<i>Installments Paid on Memberships Subscribed.</i>
		This account shall include the amount of installments paid by prospective members on membership subscriptions against whom there is no legally enforceable subscription contract, and who are entitled to be reimbursed for the principal amount of their payments, with or without interest, in the event they fail to complete payment for the membership and receive certificates therefor.
		This account shall be debited and Account 4540.21, Memberships Issued, credited with the face amount of the membership when the total subscription is received and the membership certificates are issued.
		A subsidiary ledger shall be maintained to record for each subscriber, the amount subscribed, payments made, and the balance due. The balance in this account shall be reconciled monthly with the subscription ledger.
4540.33	4540.33	<i>Installments Paid on Equity Certificates Subscribed</i>
		This account shall include the amount of installments paid by prospective members on equity certificate subscriptions against whom there is no legally enforceable subscription contract, and who are entitled to be reimbursed for the principal amount of their payments, with or without interest, in the event they fail to complete payment for the membership and receive equity certificates therefor.
		This account shall be debited and Account 4540.22, Members' Equity Certificates Issued, credited with the face amount of the memberships when the total subscription is received and the equity certificates are issued.
		A subsidiary ledger shall be maintained to record for each subscriber, the amount subscribed, payments made, and the balance due. The balance in this account shall be reconciled monthly with the subscription ledger.
4540.41	4540.41	<i>Other Capital—Miscellaneous</i>
		This account shall include amounts which are credits arising from capital recorded upon the reorganization or recapitalization of the company and temporary declines in the value of marketable securities held for investment purposes.
4550.1	4550.1	<i>Operating Margins</i>
		This account shall include amounts received or receivable from the furnishing of telecommunications service in excess of costs incurred in the furnishing of such service. If costs exceed revenues, the excess cost of furnishing telecommunications service shall be recorded as a debit to this account.
4550.2	4550.2	<i>Nonoperating Margins</i>
		This account shall include margins arising from transactions or activities not related to the furnishing of telecommunications service. Included in this account are receipts from investments, income from investments, income from nonoperating plant, and revenues derived from services performed for others incident to the company's regulated telecommunications operations.
4550.3	4550.3	<i>Other Margins</i>
		This account shall include patronage capital credits assigned to the cooperative by other nonprofit organizations prior to January 1, 1970, which were not credited directly to an operating expense account as a reduction in the cost of furnishing telecommunications service.
		No entries shall be made to this account unless it is to distribute or eliminate prior balances in conformance with the bylaws of the cooperative.
4550.4	4550.4	<i>Patronage Capital Assignable</i>
		This account shall include all amounts transferred from operating margins, nonoperating margins, and other margin accounts which are assignable to individual patrons.
4550.5	4550.5	<i>Patrons' Capital Credits Assigned</i>

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4550.6	4550.6	<p>This account shall include the amounts of patronage capital which have been credited to individual patrons. A subsidiary patronage capital ledger shall be maintained so as to reflect the amount of capital furnished by each patron and the amount of such capital returned to the patron.</p> <p><i>Gain on the Retirement of Capital Credits</i></p> <p>This account shall include credits resulting from the retirement of patronage capital through settlement of individual patrons' accounts at less than 100 percent of the capital assigned to the patron. The portion of patronage capital not returned to patrons under such settlements shall be debited to Account 4550.5, Patrons' Capital Credits Assigned, and credited to this account.</p> <p>This account shall also include amounts representing patronage capital authorized to be retired to patrons who cannot be located. Returned checks issued for retirements of patronage capital, after an appropriate waiting period, shall be credited to this account and a record shall be maintained adequate to enable the cooperative to make payment to the patron if and when a claim has been established by the patron.</p>
	6210.11	<p><i>Analog Electronic Expense</i></p> <p>This account shall include expenses associated with analog electronic switching.</p>
	6210.21	<p><i>Digital Electronic Expense</i></p> <p>This account shall include expenses associated with digital electronic switching.</p>
	6210.31	<p><i>Electro-Mechanical Expense</i></p> <p>This account shall include expenses associated with electro-mechanical switching.</p>
	6230.11	<p><i>Radio Systems Expense</i></p> <p>This account shall include expenses associated with radio systems.</p>
	6230.21	<p><i>Circuit Equipment Expense</i></p> <p>This account shall include expenses associated with circuit equipment.</p>
	6560.1	<p><i>Depreciation Expense</i></p> <p>This account shall include the depreciation expense associated with telecommunications plant in service (Accounts 2112 through 2441) and property held for future telecommunications use (Account 2002).</p>
	6560.2	<p><i>Amortization Expense</i></p> <p>This account shall include the amortization expense associated with capital leases and leasehold improvements (Accounts 2681 and 2682), intangibles (Account 2690), and telecommunications plant adjustments (Account 2005).</p>
	7200.1	<p><i>Operating Investment Tax Credits—Net</i></p> <p>This account shall be charged and Account 4320, Unamortized Operating Investment Tax Credits—Net, shall be credited with investment tax credits generated from qualified expenditures related to regulated operations which the company defers rather than recognizes currently in income.</p> <p>This account shall be credited and Account 4320 shall be charged ratably with the amortization of each year's investment tax credits included in Account 4320 for investment services for ratemaking purposes. Such amortization shall be determined in relation to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.</p>
	7200.2	<p><i>Operating Federal Income Taxes</i></p> <p>This account shall be charged and Account 4070.1, Income Taxes Accrued—Federal, shall be credited for the amount of Federal income tax expense incurred in the current operating period. This account shall also reflect subsequent adjustments to amounts previously charged.</p> <p>Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.</p>
	7200.3	<p><i>Operating State and Local Income Taxes</i></p> <p>This account shall be charged and Account 4070.2, Income Taxes Accrued—State and Local, shall be credited for the amount of state and local income tax expense incurred in the current operating period. This account shall also reflect subsequent adjustments to amounts previously charged.</p> <p>Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.</p>
7240.1	7200.41	<p><i>Operating Taxes—Property</i></p> <p>This account shall be charged and Account 4080.1, Other Taxes Accrued—Property, shall be credited for the amount of property tax expense incurred in the current operating period. This account shall also reflect subsequent adjustments to amounts previously charged.</p> <p>Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.</p>
7240.2	7200.42	<p><i>Operating Taxes—Miscellaneous</i></p> <p>This account shall be charged and Account 4080.5, Other Taxes Accrued—Miscellaneous, shall be credited for the amount of all other taxes accrued during the current operating period and not provided for elsewhere such as gross receipts, franchise, and capital stock tax expense incurred in the current operating period. This account shall also reflect subsequent adjustments to amounts previously charged.</p>

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		Taxes should be accrued each month on an estimated basis and adjustments made as later data becomes available.
	7200.5	<p><i>Provision for Deferred Operating Income Taxes-Net</i></p> <p>This account shall be charged or credited, as appropriate, with contra entries recorded in either Account 4100, Net Current Deferred Operating Income Taxes, or Account 4340, Net Noncurrent Deferred Operating Income Taxes, as appropriate, for income tax expense that has been deferred.</p> <p>Subsidiary record categories shall be maintained to distinguish between property and nonproperty related deferrals and so that the company may separately report the amounts contained herein that relate to Federal, state, and local income taxes.</p>
	7300.1	<p><i>Dividend Income</i></p> <p>This account shall include dividends on investments in common and preferred stock, which is the property of the company, whether such stock is owned by the company and held in its treasury, or deposited in trust, or otherwise controlled.</p> <p>This account shall not include dividends or other returns on securities issued or assumed by the company and held by or for it, whether pledged as collateral, or held in its treasury, in special deposits, or in sinking or other funds.</p> <p>Dividends on stocks of other companies held in sinking or other funds shall be credited to Account 7300.3, Income from Sinking and Other Funds.</p> <p>Dividends received and receivable from affiliated companies accounted for on the equity method shall be included in Account 1401, Investments in Affiliated Companies, as a reduction of the carrying value of the investments.</p>
	7300.2	<p><i>Interest Income</i></p> <p>This account shall include interest on securities, including notes and other evidences of indebtedness which are the property of the company, whether such securities are owned by the company and held in its treasury, or deposited in trust (except in sinking or other funds) or otherwise controlled. It shall also include interest on bank balances, certificates of deposits, open accounts, and other analogous items. There shall be included in this account for each month, the applicable amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the difference between the purchase price and the par value of securities owned, the income from which is includable in this account. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. Any such difference remaining unextinguished at the sale or upon the maturity and satisfaction of such securities shall be cleared to Account 7300.6. Other Nonoperating Income and Expense.</p>
	7300.3	<p><i>Income from Sinking and Other Funds</i></p> <p>This account shall include the income accrued on cash, securities issued by other companies, and other assets (not including securities issued or assumed by the company) held in sinking and other funds.</p> <p>There shall be included in this account for each month the applicable amount requisite to extinguish, during the interval between the date of acquisition and the date of maturity, the difference between the purchase price and the par value of securities held in sinking or other funds. Amounts thus credited or charged shall be concurrently included in the accounts in which the securities are carried. Any such differences remaining unextinguished upon the maturity and satisfaction of such securities shall be cleared to Account 7300.6. Other Nonoperating Income and Expense.</p>
	7300.4	<p><i>Allowance for Funds Used During Construction</i></p> <p>This account shall be credited with such amounts as are charged to the telecommunications plant accounts for the purpose or recording an allowance for funds used for construction purposes.</p>
	7300.5	<p><i>Gains or Losses from the Disposition of Certain Property</i></p> <p>This account shall include gains or losses resulting from the disposition of land or artworks; plant with traffic, and nonoperating telecommunications plant not previously used in the provision of telecommunication services.</p>
	7300.6	<p><i>Other Nonoperating Income and Expense</i></p> <p>This account shall include all other items of income and gains or losses from activities not specifically provided for elsewhere such as gains or losses realized on the sale of temporary cash investments or marketable equity securities; fees collected in connection with the exchange of coupon bonds for registered bonds; uncollectible amounts previously credited to Accounts 7300.1, 7300.2, 7300.3, 7300.4, 7300.5, and 7300.6, gains or losses from the extinguishment of debt made to satisfy sinking fund requirements; gains or losses of a nonoperating nature arising from the exchange or translation of foreign currency; net unrealized losses on investments in current marketable equity securities; write-downs or write-offs of the book costs of investments in equity securities due to permanent impairment; amortization of goodwill; the company's share of earnings or losses of affiliated companies accounted for on the equity method; and the net balance of the revenue from and the expenses of property, plant, and equipment, the cost of which is includable in Account 2006, Nonoperating Plant.</p>
	7400.1	<p><i>Nonoperating Investment Tax Credits—Net</i></p>

Class of company		Account title
Account No.		
A	B	
		<p>This account shall be charged and Account 4330, Unamortized Nonoperating Investment Tax Credits—Net, shall be credited with nonoperating investment tax credits generated from qualified expenditures related to other operations which the company has elected to defer rather than recognize currently in income.</p> <p>This account shall be credited and Account 4330, Unamortized Nonoperating Investment Tax Credits—Net, shall be charged with the amortization of each year's investment tax credits included in such accounts relating to amortization of previously deferred investment tax credits of other property or regulated property, the amortization of which does not serve to reduce costs of service (but the unamortized balance does reduce rate base) for ratemaking purposes. Such amortization shall be determined with reference to the period of time used for computing book depreciation on the property with respect to which the tax credits relate.</p>
	7400.2	<p><i>Nonoperating Federal Income Taxes</i></p> <p>This account shall be charged and Account 4070.1, Income Taxes Accrued—Federal, shall be credited for the amount of nonoperating Federal income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.</p> <p>Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available. Companies that adopt the flowthrough method of accounting for investment tax credits shall reduce the calculated provision in this account by the entire amount of the credit realized during the year. Tax credits, if normalized, shall be recorded consistent with the accounting for investment tax credits.</p> <p>No entries shall be made to this account to reflect interperiod tax allocation.</p>
	7400.3	<p><i>Nonoperating State and Local Income Taxes</i></p> <p>This account shall be charged and Account 4070.2, Income Taxes Accrued—State and Local, shall be credited for the amount of nonoperating state and local income taxes for the current period. This account shall also reflect subsequent adjustments to amounts previously charged.</p> <p>Taxes shall be accrued each month on an estimated basis and adjustments made as later data becomes available.</p> <p>No entries shall be made to this account to reflect interperiod tax allocation.</p>
	7400.4	<p><i>Nonoperating Other Taxes</i></p> <p>This account shall be charged and Account 4080.5, Other Taxes Accrued—Miscellaneous, shall be credited for all nonoperating taxes, other than Federal, state, and local income taxes, and payroll related taxes for the current period. Among the items includable in this account are property, gross receipts, franchise and capital stock taxes. This account shall also reflect subsequent adjustments to amounts previously charged.</p>
	7400.5	<p><i>Provision for Deferred Nonoperating Income Taxes—Net</i></p> <p>This account shall be charged or credited, as appropriate, with contra entries recorded in either Account 4110, Net Current Deferred Nonoperating Income Taxes, or Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes, as appropriate, for nonoperating tax expenses that have been deferred. Subsidiary record categories shall be maintained to distinguish between property and nonproperty related deferrals and so that the company may separately report the amounts contained herein that relate to Federal, state, and local income taxes.</p>
	7600.1	<p><i>Extraordinary Income Credits</i></p> <p>This account shall be credited with nontypical, noncustomary, and infrequently recurring gains which would significantly distort the current year's income computed before such extraordinary items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in Account 7600.3, Current Income Tax Effect for Extraordinary Items—Net, and Account 7600.4, Provision for Deferred Income Tax Effect of Extraordinary Items—Net.</p>
	7600.2	<p><i>Extraordinary Income Charges</i></p> <p>This account shall be debited with nontypical, noncustomary, and infrequently recurring losses which would significantly distort the current year's income computed before such extraordinary items, if reported other than as extraordinary items. Income tax relating to the amounts recorded in this account shall be recorded in Account 7600.3, Current Income Tax Effect for Extraordinary Items—Net, and Account 7600.4, Provision for Deferred Income Tax Effect of Extraordinary Items—Net.</p>
	7600.3	<p><i>Current Income Tax Effect of Extraordinary Items—Net</i></p> <p>This account shall be charged or credited and Account 4070.1, Income Taxes Accrued—Federal, or Account 4070.2, Income Taxes Accrued—State and Local, shall be credited or charged, as appropriate, for all current income tax effects (Federal, state, and local) of items included in Account 7600.1, Extraordinary Income Credits, and Account 7600.2, Extraordinary Income Charges.</p>
	7600.4	<p><i>Provision for Deferred Income Tax Effect of Extraordinary Items—Net</i></p> <p>This account shall be charged or credited, as appropriate, with a contra amount recorded in Account 4350, Net Noncurrent Deferred Nonoperating Income Taxes, or Account 4110, Net Current Deferred Nonoperating Income Taxes, for the income tax effects (Federal, state, and local) of items included in Account 7600.1, Extraordinary Income Credits, and Account 7600.2, Extraordinary Income Charges, that have been deferred.</p>

Rural Utilities Service, USDA

§ 1770.16

[55 FR 3388, Feb. 1, 1990; 55 FR 17352, Apr. 24, 1990, as amended at 55 FR 53488, Dec. 31, 1990; 70 FR 25757, May 16, 2005]

§ 1770.16 Supplementary accounts required of nonprofit organizations.

Class of company		Account title
Account No.		
A	B	
		<i>Current Assets</i>
1350.1	1350.1	Subscriptions to Capital Stock.
1350.2	1350.2	Subscriptions to Memberships.
1350.3	1350.3	Subscriptions to Members' Equity Certificates.
1350.4	1350.4	Other Current Assets.
		<i>Current Liabilities</i>
4130.1	4130.1	Patronage Capital Payable.
4130.2	4130.2	Other Current Liabilities—Miscellaneous.
		<i>Long-Term Debt</i>
4270.1	4270.1	Members' Redeemable Equity Certificates Subscribed but Unissued.
4270.2	4270.2	Members' Redeemable Equity Certificates Issued.
4270.3	4270.3	Other Long-Term Debt.
1350.1	1350.1	<i>Subscriptions to Capital Stock</i> This account shall include the balance due from subscribers upon legally enforceable subscriptions to capital stock. The purchase price of subscriptions shall be charged to this account at the time the subscription is received. The par value of the stock subscribed shall be credited to Account 4540.11, Capital Stock Subscribed, and the difference between the purchase price and the par value shall be credited to Account 4520, Additional Paid-In Capital.
1350.2	1350.2	<i>Subscriptions to Memberships</i> This account shall include the balance due on memberships subscribed. The face amount of memberships subscribed shall be charged to this account at the time the subscription is received. The offsetting credit shall be to Account 4540.12, Memberships Subscribed but Unissued. A subscription ledger shall be maintained to record for each subscriber, the amount subscribed, payments made, and the balance due. The balance in this account shall be reconciled monthly with the subscription ledger.
1350.3	1350.3	<i>Subscriptions to Members' Equity Certificates</i> This account shall include the balance due on member's equity certificates subscribed. The face amount of certificates subscribed shall be charged to this account at the time the subscription is received. The offsetting credit shall be to Account 4540.13, Members' Equity Certificates Subscribed but Unissued, or to Account 4270.1, Members' Redeemable Equity Certificates Subscribed but Unissued. A subscription ledger shall be maintained to record for each subscriber, the amount subscribed, payments made, and the balance due. The balance in this account shall be reconciled monthly with the subscription ledger. The subscription ledger shall be maintained in such a manner as to separately identify redeemable and nonredeemable certificates.
1350.4	1350.4	<i>Other Current Assets</i> This account shall include the amount of all current assets which are not includable in Accounts 1120 through 1350.3.
4130.1	4130.1	<i>Patronage Capital Payable</i> This account shall include the amount of patronage capital which has been authorized to be returned to patrons.
4130.2	4130.2	<i>Other Current Liabilities—Miscellaneous</i> This account shall include liabilities of current character which are not includable in Accounts 4010 through 4130.1.
4270.1	70.1	<i>Members' Redeemable Equity Certificates Subscribed but Unissued</i> This account shall include the face amount of members' equity certificates which are redeemable at some specified future date for which subscriptions have been received but for which certificates have not been issued. This account shall be credited at the time the subscription is received and Account 1350.3, Subscriptions to Members' Equity Certificates, debited. This account shall be debited and Account 4270.2, Members' Redeemable Equity Certificates Issued, credited when a subscriber has paid the subscription in full and the equity certificates are issued.
4270.2	4270.2	<i>Members' Redeemable Equity Certificates Issued</i> This account shall include the face amount of outstanding members' equity certificates which are redeemable at some specified future date. A subsidiary members' redeemable equity certificate record shall be maintained to reflect the detail of the balance in this account.
4270.3	4270.3	<i>Other Long-Term Debt</i> This account shall include long-term debt not provided for elsewhere.

§ 1770.17

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§ 1770.17 Expense matrix.

The expense accounts shall be maintained by the following subsidiary record categories, as appropriate to each account. Such subsidiary record categories shall be reported as required by 47 CFR part 43.

(a) *Salaries and wages.* This subsidiary record category shall include compensation to employees, such as wages, salaries, commissions, bonuses, incentive awards, and termination payments.

(b) *Benefits.* This subsidiary record category shall include payroll related benefits on behalf of employees such as the following:

- (1) Pensions;
- (2) Savings plan contributions (company portion);
- (3) Worker's compensation required by law;
- (4) Life, hospital, medical, dental, and vision plan insurance, and
- (5) Social Security and other payroll taxes.

(c) *Rents.* (1) This subsidiary record category shall include amounts paid for the use of real and personal operating property. Amounts paid for real property shall be included in Account 6121, Land and Buildings Expense. This category includes payments for operating leases but does not include payments for capital leases.

(2) This subsidiary record category is applicable only to the Plant Specific Operations Expense accounts. Incidental rents, e.g., short-term rental car expense, shall be categorized as Other Expenses (see paragraph (d) of this section) under the account which reflects the function for which the incidental rent was incurred.

(d) *Other expenses.* This subsidiary record category shall include costs which cannot be classified to the other subsidiary record categories. Included are material and supplies, including provisioning (*note also* Account 6512, Provisioning Expense); contracted services; accident and damage payments, insurance premiums; traveling expenses and other miscellaneous costs.

(e) *Clearances.* This subsidiary record category shall include amounts transferred to Construction accounts (*see* 47 CFR 32.2000(c)(2)(iii)), other Plant Spe-

cific Operations Expense accounts and/or Account 3100, Accumulated Depreciation (cost of removal; *see* 47 CFR 32.2000(g)(1)(iii)), as appropriate, from Accounts 6112, Motor Vehicles Expense, 6114, Tools and Other Work Equipment Expense, 6534, Plant Operations and Administration Expense, and 6535, Engineering Expense. There shall also be transfers to Construction or other Plant Specific Operations Expense accounts, as appropriate, from Account 6512, Provisioning Expense. With respect to these expenses, companies may establish such clearing accounts as they deem necessary to accomplish substantially the same results, provided that within thirty (30) days of the opening of such accounts, companies shall notify the FCC of the nature and purpose thereof. Additional clearing accounts affecting other expense areas may be established with prior approval of the FCC. Should companies elect, the initial incurred subsidiary record category identification may be carried through to the final accounts without FCC approval.

[70 FR 25757, May 16, 2005]

§§ 1770.18–1770.24 [Reserved]

§ 1770.25 Unusual items and contingent liabilities.

Extraordinary items, prior period adjustments and contingent liabilities shall be submitted to RUS for review before being recorded in the company's books of account. The materiality of corrections of errors in prior periods shall be measured in relation to the summary account level used for reporting purposes for Class A companies, or in relation to total operating revenues or total operating expenses for Class B companies. For Class A companies, no correction in excess of one percent of the aggregate summary account dollars or one million dollars, whichever is higher, may be recorded in current operating accounts without prior approval. For Class B companies, no correction which exceeds one percent of total operating revenues or one percent of total operating expenses, depending on the nature of the item, may be recorded in current operating accounts without prior approval.

[70 FR 25753, May 16, 2005]

Subpart C—Accounting Interpretations

SOURCE: 61 FR 39847, July 31, 1996, unless otherwise noted.

§ 1770.26 General.

(a) The standard provisions of the security instruments utilized by the Rural Utilities Service (RUS) and the Rural Telephone Bank (RTB) for all telecommunications borrowers require borrowers to at all times keep and safely preserve, proper books, records, and accounts in which full and true entries will be made of all of the dealings, business, and affairs of the borrower in accordance with the methods and principles of accounting prescribed by the state regulatory body having jurisdiction over the borrower and by the Federal Communications Commission (FCC) in its Uniform System of Accounts for telecommunications companies (47 CFR part 32), as those methods and principles of accounting are supplemented from time to time by RUS.

(b) This subpart implements those standard provisions of the RUS and RTB security instruments by prescribing accounting principles, methodologies, and procedures applicable to all telecommunications borrowers for particular situations.

§ 1770.27 Definitions.

As used in this part:

Borrower is an RUS telecommunications borrower.

Cushion of Credit Account is a 5 percent interest bearing account established by RUS in which all voluntary payments or overpayments on Rural Electric and Telephone Revolving Funds after October 1, 1987, are deposited.

FCC is the Federal Communications Commission.

Part 32 is 47 CFR part 32, Uniform System of Accounts, issued by the Federal Communications Commission.

RAO is the Responsible Accounting Officer of the Federal Communications Commission.

RE Act is the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 et seq.).

RETRF is the Rural Electric and Telephone Revolving Fund.

RTB is the Rural Telephone Bank.
RUS is the Rural Utilities Service, an agency of the United States Department of Agriculture, or its predecessor or successor.

§§ 1770.28–1770.45 [Reserved]

APPENDIX TO SUBPART C OF PART 1770—
 ACCOUNTING METHODS AND PROCEDURES REQUIRED OF ALL BORROWERS

All borrowers shall maintain and keep their books of accounts and all other books and records which support the entries in such books of accounts in accordance with the accounting principles prescribed in this appendix.

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101 Postretirement Benefits

A. Statement of Financial Accounting Standards No. 106, *Employers' Accounting for Postretirement Benefits Other than Pensions* (Statement No. 106), requires reporting entities to accrue the expected cost of postretirement benefits during the years the employee provides service to the entity. For purposes of applying the provisions of Statement No. 106, members of the board of directors are considered to be employees of the cooperative. Prior to the issuance of Statement No. 106, most reporting entities accounted for postretirement benefit costs on a "pay-as-you-go" basis; that is, costs were recognized when paid, not when the employee provided service to the entity in exchange for the benefits. (Statement 106 is available from the Financial Accounting Standards Board, 401 Merritt 7, P.O. Box 5116, Norwalk, CT. 06856-5116.)

B. As defined in Statement No. 106, a postretirement benefit plan is a deferred compensation arrangement in which an employer promises to exchange future benefits for an employee's current services. Postretirement benefit plans may be funded or unfunded. Postretirement benefits include, but are not limited to, health care, life insurance, tuition assistance, day care, legal services, and housing subsidies provided outside of a pension plan.

C. Statement No. 106 applies to both written plans and to plans whose existence is implied from a practice of paying postretirement benefits. An employer's practice of providing postretirement benefits to selected employees under individual contracts with specific terms determined on an employee-by-employee basis does not, however, constitute a postretirement benefit plan under the provisions of this statement.

D. Postretirement benefit plans generally fall into three categories: single-employer defined benefit plans, multiemployer plans, and multiple-employer plans.

E. A single-employer plan is a postretirement benefit plan that is maintained by one employer. The term may also be applied to a plan that is maintained by related parties such as a parent and its subsidiaries. A multiemployer plan is a postretirement benefit plan in which two or more unrelated employers contribute, usually pursuant to one or more collective-bargaining agreements. One characteristic of a multiemployer plan is that the assets contributed by one partici-

pating employer may be used to provide benefits to employees of other participating employers since assets contributed by an employer are not segregated in a separate account or restricted to provide benefits only to employees of that employer.

F. A multiple-employer plan is a postretirement benefit plan that is maintained by more than one employer but is not a multiemployer plan. A multiple-employer plan is generally not collectively bargained and is intended to allow participating employers to pool their plan assets for investment purposes and reduce the cost of plan administration. A multiple-employer plan maintains separate accounts for each employer so that contributions provide benefits only for employees of the contributing employer.

G. The accounting requirements set forth in this interpretation focus on single- and multiple-employer plans. The accounting requirements set forth in Statement No. 106 for multiemployer plans or defined contribution plans shall be adopted for borrowers electing those types of plans.

H. Under the provisions of Statement No. 106, there are two components of the postretirement benefit cost: the current period cost and the transition obligation. The transition obligation is a one-time accrual of the costs resulting from services already provided. Statement No. 106 allows the transition obligation to be deferred and amortized on a straight-line basis over the average remaining service period of the active employees. If the average remaining service period of the active employees is less than 20 years, a 20-year amortization period may be used.

I. Accounting Requirements

A. All borrowers shall adopt the accrual accounting provisions and reporting requirements as set forth in Statement No. 106. The transition obligation and accrual of the current period cost must be based upon an actuarial study. This study must be updated to allow the borrower to comply with the measurement date requirements of Statement No. 106; however, the study must, at a minimum, be updated every five years. Borrowers may not account for postretirement benefits on a "pay-as-you-go" basis.

B. Under the provisions of Statement No. 106, an entity may recognize the transition obligation, in its entirety, when Statement No. 106 is first adopted or the entity may elect to delay the recognition of the transition obligation. On December 26, 1991, however, the FCC issued 6 FCC Rcd 7560, which requires telecommunications carriers to recognize the transition obligation on a delayed basis. RUS reviewed this issuance and has determined that borrowers must comply with this ruling and recognize the transition obligation on a delayed basis.

C. The deferral and amortization of the transition obligation on a delayed basis is

considered to be an off balance sheet item. As a result, an accounting entry is not required at the time of adoption of Statement No. 106. Instead, the transition obligation is recognized as a component of postretirement benefit cost as it is amortized. The amount of the unamortized transition obligation must be disclosed in the notes to the financial statements.

D. In accordance with the provisions of Responsible Accounting Officer (RAO) Letter 20, released by the FCC on April 24, 1992, Account 4310, Other Long-Term Liabilities, shall be used to record the liability accrued for postretirement benefits. (RAO Letter 20 is available from the Federal Communications Commission, 1919 M Street, NW., Washington, DC 20554.) Borrowers shall credit this account for the net periodic cost of postretirement benefits for the current year and shall debit this account for any fund payments made during the current year.

E. Net periodic postretirement benefit cost includes current period service cost, interest cost, return on plan assets, amortization of prior service cost, gains and losses, and amortization of the transition obligation. If fund payments create a debit balance in the postretirement benefits portion of Account 4310, the debit balance applicable to postretirement benefits shall be reported in Account 1410, Other Noncurrent Assets. Account 1410 shall also be used to record any prepaid postretirement benefit cost.

F. The benefits portion of the expense matrix for the appropriate Part 32 expense accounts shall be used to record the current period service cost component of the current year's net periodic postretirement benefit cost. The interest cost component, return on plan assets, amortization of prior service cost, gains and losses, and amortization of the transition obligation shall be charged to the benefits portion of the expense matrix of Account 6728, Other General and Administrative.

II. Effective Date and Implementation

A. For plans outside the United States and for defined benefit plans of employers that (a) are nonpublic enterprises and (b) sponsor defined benefit postretirement plans with no more than 500 plan participants in the aggregate, Statement No. 106 is effective for fiscal years beginning after December 15, 1994. For all other plans, Statement No. 106 is effective for fiscal years beginning after December 15, 1992.

102 Rural Telephone Bank Stock

A. Capital stock issued by the Rural Telephone Bank consists of Class A, Class B, and Class C stock. Class A stock is issued only to the Administrator of RUS on behalf of the United States in exchange for capital furnished to RTB.

B. Class B stock is issued only to recipients of loans under Section 408 of the Rural Electrification Act (RE Act). Borrowers receiving loan funds pursuant to Section 408(a) (1) or (2) of the RE Act are required to invest 5 percent of the amount of loan funds approved in Class B stock. No dividends are payable on Class B stock. All holders of Class B stock are entitled to patronage refunds in the form of Class B stock under the terms and conditions specified in the bylaws of the RTB.

C. Class C stock is available for purchase by borrowers, corporations, and public bodies eligible to borrow under Section 408 of the RE Act, or by organizations controlled by such borrowers, corporations and public bodies. The payment of dividends is in accordance with the bylaws of the RTB.

Accounting Requirements

A. The purchase of RTB stock required by the RE Act shall be debited to Account 1402.1, Investments in Nonaffiliated Companies—Class B RTB Stock. Patronage refunds in the form of additional shares of RTB Class B Stock shall be debited to Account 1402.1 and credited to Account 1402.11, Investments in Nonaffiliated Companies—Class B RTB Stock—Cr.

B. Purchases of Class C RTB stock shall be debited to Account 1402.2, Investments in Nonaffiliated Companies—Class C RTB Stock. Cash dividends received on Class C RTB stock shall be credited to Account 7310, Dividend Income.

C. Once a borrower has repaid all of its RTB loans, it may request that its Class B stock be converted to Class C stock. When the conversion is made, Account 1402.2 shall be debited and Account 1402.1 shall be credited for the face value of the stock converted. Account 1402.21, Investments in Nonaffiliated Companies—Class C RTB Stock—Cr., shall be credited and Account 1402.11 shall be debited for the face value of the Class B stock that has been received as patronage refunds.

103 Cushion of Credit Investments

A. The RUS Cushion of Credit account is an investment account bearing an interest rate of 5 percent. All voluntary payments or overpayments on Rural Electric and Telephone Revolving Fund (RETRF) loans made after October 1, 1987, are deposited into this account in the appropriate borrower's name.

Accounting Requirements

A. The following journal entries shall be used by RUS borrowers to record the transactions associated with cushion of credit payment:

1. Dr. 4210.18, RUS Notes—Advance Payments, Dr. Cr. 1130.1/1120.11, Cash—General Fund. To record the cushion of credit payment.
2. Dr. 4210.18, RUS Notes—Advance Payments, Dr. Cr. 7320/7300.2, Interest Income. To record interest earned on cushion of credit deposits.
3. Dr. 4210.12, RUS Notes, Cr. 4210.18, RUS Notes—Advance Payments, Dr. To apply cushion of credit payments (and interest) to the RUS note.

104 Rural Economic Development Loan and Grant Program

A. On December 21, 1987, Section 313, Cushion of Credit Payments Program (7 U.S.C. 901 et seq.), was added to the RE Act. Section 313 establishes a Rural Economic Development Subaccount and authorizes the Administrator of the RUS to provide zero interest loans or grants to RE Act borrowers for the purpose of promoting rural economic development and job creation projects. Effective December 5, 1994, this authority was assigned to the Administrator, Rural Business and Cooperative Development Service.

B. 7 CFR part 1703, Subpart B, Rural Economic Development Loan and Grant Program, sets forth the policies and procedures relating to the zero interest loan program and for approving and administering grants.

Accounting Requirements

A. The accounting journal entries required to record the transactions associated with a Rural Economic Development grant are as follows:

1. Dr. 1130.4/1120.14, Cash—General Fund—Economic Development Grant Funds. Cr. 4210.25, RUS Notes—Economic Development Grant; Cr. 4540.41, Other Capital—Miscellaneous; or Cr. 7360/7300.6, Other Nonoperating Income. To record grant funds disbursed by RUS. If the grant agreement requires repayment of the funds upon termination of the revolving loan program, Account 4210.25 shall be credited. If the grant agreement states that there is absolutely no obligation for repayment upon termination of the revolving loan program, the funds shall be accounted for as a permanent infusion of capital by crediting Account 4540.41. If, however, the grant agreement is silent as to the final disposition of the grant funds, Account 7360/7300.6 shall be credited.
2. Dr. 1401.1, Other Investments in Affiliated Companies—Federal Economic Development Grant Loans or Dr. 1402.4, Other Investments in Nonaffiliated Companies—Federal Economic Development Grant Loans. Cr. 1130.4/1120.14, Cash—General Fund—Economic Development Grant Funds. To record a Federal revolving

- loan to an economic development project.
 3. Dr. 1130.1/1120.11, Cash—General Fund. Cr. 7360/7300.6, Other Nonoperating Income. To record payment of loan servicing fees charged to the economic development project.
 4. Dr. 1130.5/1120.15, Cash—General Fund—Economic Development Non-Federal Revolving Funds. Cr. 1401.1, Other Investments in Affiliated Companies—Federal Economic Development Grant Loans or Cr. 1402.4, Other Investments in Nonaffiliated Companies—Federal Economic Development Grant Loans. To record the repayment, by the project, of the Federal revolving loan.
 5. Dr. 1401.2, Other Investments in Affiliated Companies—Non-Federal Economic Development Grant Loans or Dr. 1402.5, Other Investments in Nonaffiliated Companies—Non-Federal Economic Development Grant Loans. Cr. 1130.5/1120.15, Cash—General Fund—Economic Development Non-Federal Revolving Funds. To record a Non-Federal revolving loan to an economic development project.
 6. Dr. 1210, Interest and Dividends Receivable. Cr. 7320/7300.2, Interest Income. To record the interest earned on a Non-Federal revolving loan to an economic development project.
 7. Dr. 1130.5/1120.15, Cash—General Fund—Economic Development Non-Federal Revolving Funds. Cr. 1401.2, Other Investments in Affiliated Companies—Non-Federal Economic Development Grant Loans or Cr. 1402.5, Other Investments in Nonaffiliated Companies—Non-Federal Economic Development Grant Loans. To record the repayment, by the project, of the Non-Federal revolving loan.
- B. The accounting journal entries required to record the transactions associated with a Rural Economic Development loan are as follows:
1. Dr. 4210.26, Economic Development Notes—Unadvanced, Fr. Cr. 4210.25, Economic Development Notes. To record the contractual obligation to RUS for the Economic Development Notes.
 2. Dr. 1130.6/1120.16, Cash—General Fund—Economic Development Loan Funds. Cr. 4210.26, Economic Development Notes—Unadvanced, Dr. To record the receipt of the economic development loan funds.
 3. Dr. 1401.3, Other Investments in Affiliated Companies—Federal Economic Development Loans or Dr. 1402.6, Other Investments in Nonaffiliated Companies—Federal Economic Development Loans. Cr. 1130.6/1120.16, Cash—General Fund—Economic Development Loan Funds. To record the disbursement of economic development loan funds to the project.
 4. Dr. 1130.1/1120.11, Cash—General Fund. Cr. 7360/7300.6, Other Nonoperating Income.

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To record payment of loan servicing fees charged to the economic development project.

5. Dr. 1210, Interest and Dividends Receivable Cr. 7320/7300.2, Interest Income. To record the interest earned on the investment of rural economic development loan funds.
6. Dr. 7370, Special Charges. Cr. 1130.1, Cash—General Funds. To record the payment of interest earned in excess of \$500 on the investment of rural economic development loan funds. NOTE: Interest earned in excess of \$500 must be used for the rural economic development project for which the loan funds were received or returned to RUS.
7. Dr. 1130.6/1120.16, Cash—General Fund—Economic Development Loan Funds. Cr. 1401.3, Other Investments in Affiliated Companies—Federal Economic Development Loans or Cr. 1402.6, Other Investments in Nonaffiliated Companies—Federal Economic Development Loans. To record repayment, by the project, of the economic development loan.
8. Dr. 4210.25, Economic Development Notes. Cr. 1130.6/1120.16, Cash—General Fund—Economic Development Loan Funds. To record the repayment, to RUS, of the economic development loan funds.

105 Satellite and Cable Television Services

A. Many RUS borrowers have become involved in providing either satellite or cable television services to their members and others through subsidiaries, joint ventures, or as segments of their current operations.

Accounting Requirements

A. This section outlines the accounting to be followed when recording transactions involving satellite or cable television services.

1. *Separate Subsidiary.* If a borrower provides satellite or cable television services through a separate subsidiary, the investment in the subsidiary shall be debited to Account 1401, Investments in Affiliated Companies. The net income or loss of the subsidiary shall be debited or credited to Account 1401, as appropriate, with an offsetting entry to Account 7360, Other Nonoperating Income.

2. *Joint Venture.* i. If a borrower provides satellite or cable television services through a joint venture, the borrower's ownership interest dictates the accounting methodology. If the borrower has less than a 20 percent ownership interest in the joint venture, the investment is accounted for under the cost method of accounting in Account 1402, Investments in Nonaffiliated Companies. Under the cost method, the joint venture's net income or loss is not recorded in the borrower's records. Income is recognized only to the extent of any dividends declared by the joint venture. When a dividend is declared,

the borrower shall debit Account 1210, Interest and Dividends Receivable, and credit Account 7310, Dividend Income. When the dividend is received in cash, the borrower shall debit Account 1130.1, Cash—General Fund, and credit Account 1210.

ii. If a borrower has a 20-percent or more ownership interest in the joint venture, the investment is accounted for under the equity method in Account 1401, Investments in Affiliated Companies. The borrower's proportionate share of the joint venture's net income or loss shall be debited or credited to Account 1401, as appropriate, with an offsetting entry to Account 7360, Other Nonoperating Income.

3. *Segment of Current Operations.* i. If a borrower provides satellite or cable television service as a segment of its current operations and there are no shared assets between this activity and the regulated telecommunications activities of the borrower, the investment shall be debited to Account 1406.1, Nonregulated Investments—Permanent Investment. The net income or loss from providing such service shall be debited or credited, as appropriate, to Account 1406.3, Nonregulated Investments—Current Net Income, with an offsetting entry to Account 7990, Nonregulated Net Income.

ii. If a borrower provides satellite or cable television service as a segment of current operations and shares assets between this activity and the regulated telecommunications activities of the borrower, the franchise and application fees shall be debited to a subaccount of Account 2690, Intangibles. The cost of the satellite or cable television equipment shall be debited to a subaccount of Account 2231, Radio Systems. Revenues earned from providing satellite or cable service shall be credited to Account 5280, Nonregulated Operating Revenue, while the associated expenses shall be recorded in a subaccount of the applicable regulated expense accounts.

4. *Sale and Installation of Satellite or Cable Television Equipment.* i. If a borrower sells or installs satellite or cable television equipment as a segment of its current operations and there are no shared assets between this activity and the regulated telecommunications activities of the borrower, the purchase of the equipment shall be debited to Account 1406.1, Nonregulated Investments—Permanent Investment. The net income or loss from providing such services shall be debited or credited, as appropriate, to Account 1406.3, Nonregulated Investments—Current Net Income, with an offsetting entry to Account 7990, Nonregulated Net Income.

ii. If a borrower sells or installs satellite or cable television equipment as a segment of its current operations and shares assets between this activity and the regulated telecommunications activities of the borrower,

the purchase of the equipment shall be debited to Account 1220.2, Property Held for Sale or Lease. Revenues received for the sale or installation of the equipment shall be credited to Account 5280, Nonregulated Operating Revenue, while the associated expenses shall be debited to a subaccount of the applicable regulated expense accounts.

106 Consolidated Financial Statements

A. In October 1987, FASB issued Statement of Financial Accounting Standards No. 94, Consolidation of All Majority-Owned Subsidiaries (Statement No. 94). (Statement 94 is available from the Financial Accounting Standards Board, 401 Merritt 7, P.O. Box 5116, Norwalk, CT 06856-5116.) For purposes of reporting to RUS, Statement No. 94 shall be applied as follows:

1. A borrower that is a subsidiary of another entity shall prepare and submit to RUS separate financial statements even though this financial information is presented in the parent's consolidated statements.

2. In those cases in which a borrower has a majority-ownership in a subsidiary, the borrower shall prepare consolidated financial statements in accordance with the requirements of Statement No. 94. These consolidated statements must also include supplementary schedules presenting a Balance Sheet and Income Statement for each majority-owned subsidiary included in the consolidated statements.

B. Although Statement No. 94 requires the consolidation of majority-owned subsidiaries, the RUS Form 479, Financial and Statistical Report for Telecommunications Borrowers, shall be prepared on an unconsolidated basis by all borrowers.

107 Allowance for Funds Used During Construction

A. Statement of Financial Accounting Standard No. 34, Capitalization of Interest Cost, established the standards for capitalizing interest cost as a part of the historical cost of acquiring certain assets. In order to capitalize interest, the asset must require a period of time to complete or to get it ready for its intended use. This standard applies to all entities that construct facilities for their own use and should be applied by RUS Telecommunications borrowers as follows:

1. Only actual interest costs incurred on external borrowings qualify to be capitalized. The interest rate used to calculate the amount of interest to be capitalized is based on the companies external borrowings. If a construction project is associated with specific debt, the interest rate on that debt is used to calculate interest cost to be capitalized. If the project is not associated with a specific debt, a weighted average of the rates of all existing debt shall be applied to ex-

penditures for the project. There is no materiality threshold for adoption of this standard (47 CFR 32.26).

2. If a borrower is involved in a joint construction project, all determinations as to the amount of interest incurred and qualified for capitalization must be based on individual financing arrangements with regard to the Interest During Construction rules.

3. The capitalization period shall end when the asset is substantially complete and ready for its intended use.

Disclosures

A. The following information with respect to interest cost shall be disclosed in the financial statements or related notes:

1. For an accounting period in which no interest cost is capitalized, the amount of interest cost incurred and charged to expense during the period.

2. For an accounting period in which some interest cost is capitalized, the total amount of interest cost incurred during the period and the amount thereof that has been capitalized.

108 Reporting Comprehensive Income

A. In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income. This statement requires that all items that meet the definition of the components of comprehensive income be reported in the financial statements for the period in which they are recognized. Statement 130 establishes a distinction between *comprehensive income* and *other comprehensive income*.

1. *Comprehensive income* is composed of net income and *other comprehensive income*. The net income is the result of operations resulting from the aggregation of revenues, expenses, gains and losses that are not items that comprise other comprehensive income.

2. *Other comprehensive income* is composed of the following:

(a) Foreign currency items,
(b) Minimum pension liability adjustments, and

(c) Unrealized gains and losses on certain investments in debt and equity securities. Gains or losses on investment securities included in the net income of the current period that also had been included in other comprehensive income as unrealized holding gains or losses in a prior period must be adjusted (called reclassification adjustments) in the presentation of other comprehensive income in the current period.

B. *Comprehensive income* expressed as a formula would be:

Net Income \pm items of *other comprehensive income* = *comprehensive income*

While Statement 130 requires that comprehensive income should be divided into

two broad display classifications, net income and other comprehensive income, it does not prescribe a specific format for displaying comprehensive income in the financial statements.

C. RUS Telecommunications borrowers that present a single Statement of Operations and Patronage Capital should present the components of *other comprehensive income* below the total for net income and then present the reconciliation of patronage capital (Retained Earnings). Borrowers that present a separate Statement of Patronage Capital (or Retained Earnings) should display the beginning balance of patronage capital (or retained earnings), net income for the period, other items of comprehensive income and total comprehensive income before the presentation of other items of patronage capital (or retained earnings) for the period.

109 Disclosures about Pensions and Other Postretirement Benefits

A. Statement of Financial Accounting Standards (SFAS) No. 132, *Employers' Disclosures about Pensions and Other Postretirement Benefits*, issued in February 1998, is effective for fiscal years beginning after December 15, 1998. This statement revises employers' disclosure requirements for pension and other postretirement benefit plans. It does not change the measurement or recognition of those plans. The statement also permits reduced disclosures for nonpublic entities, which are defined as any entity other than one:

1. Whose debt or equity securities trade in a public market either on a domestic or foreign stock exchange or in the over-the-counter market, including securities quoted only locally or regionally,

2. That makes a filing with a regulatory agency in preparation for the sale of any class of debt or equity securities in a public market, or

3. That is controlled by an entity covered by 1 or 2 above.

Public Entities and Those Controlled by Public Entities

A. A commercial RUS Telecommunications borrower that meets the definition of a public entity and sponsors one or more defined benefit pension or postretirement benefit plan shall provide the following information on a comparative basis for the statements presented:

1. A reconciliation of beginning and ending balances of the benefit obligation showing separately, if applicable, the effects during the period attributable to each of the following:

- (a) Service cost,
- (b) Interest cost,
- (c) Contributions by plan participants,
- (d) Actuarial gains and losses,

(e) Foreign currency exchange rate changes,

- (f) Benefits paid,
- (g) Plan amendments,
- (h) Business combinations,
- (i) Divestitures,
- (j) Curtailments,
- (k) Settlements, and
- (l) Special termination benefits.

2. A reconciliation of beginning and ending balances of the fair value of plan assets showing separately, if applicable, the effects during the period attributable to each of the following:

- (a) Actual return on plan assets,
- (b) Foreign currency exchange rate changes,
- (c) Contributions by the employer,
- (d) Contributions by plan participants,
- (e) Benefits paid,
- (f) Business combinations,
- (g) Divestitures, and
- (h) Settlements.

3. The funded status of the plans, the amounts not recognized in the statement of financial position, and the amounts recognized in the statement of financial position, including:

(a) The amount of any unamortized prior service cost.

(b) The amount of any unrecognized net gain or loss (including asset gains and losses not yet reflected in market-related value).

(c) The amount of any remaining unamortized, unrecognized net obligation or net asset existing at the initial date of application of SFAS No. 87, *Employers' Accounting for Pensions*, or SFAS No. 106, *Employers' Accounting for Postretirement Benefits Other Than Pensions*.

(d) The net pension or other postretirement benefit prepaid assets or accrued liabilities.

(e) Any intangible asset and the amount of accumulated other comprehensive income recognized pursuant to paragraph 37 of SFAS No. 87, as amended.

4. The amount of net periodic benefit cost recognized, showing separately:

- (a) The service cost component,
- (b) The interest cost component,
- (c) The expected return on plan assets for the period,
- (d) The amortization of the unrecognized transition obligation or transition asset,
- (e) The amount of recognized gains and losses, the amount of prior service cost recognized, and
- (f) The amount of gain or loss recognized due to a settlement or curtailment.

5. The amount included within other comprehensive income for the period arising from a change in the additional minimum pension liability recognized pursuant to paragraph 37 of SFAS No. 87, as amended.

6. On a weighted-average basis, the following assumptions used in the accounting for the plans:

- (a) Assumed discount rate,
- (b) Rate of compensation increase (for pay-related plans), and
- (c) Expected long-term rate of return on plan assets.

7. The assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges) and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved.

8. The effect of a one-percentage-point increase and the effect of a one-percentage-point decrease in the assumed health care cost trend rates on (for purposes of this disclosure, all other assumptions shall be held constant, and the effects shall be measured based on the substantive plan that is the basis for the accounting):

- (a) The aggregate of the service and interest cost components of net periodic postretirement health care benefit cost, and
- (b) The accumulated postretirement benefit obligation for health care benefits.

9. If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period.

10. If applicable, any alternative amortization method used to amortize prior service amounts or unrecognized net gains and losses pursuant to paragraphs 26 and 33 of SFAS No. 87 or paragraphs 53 and 60 of SFAS No. 106.

11. If applicable, any substantive commitment, such as past practice or a history of regular benefit increases, used as the basis for accounting for the benefit obligation.

12. If applicable, the cost of providing special or contractual termination benefits recognized during the period and a description of the nature of the event.

13. An explanation of any significant change in the benefit obligation or plan assets not otherwise apparent in the other disclosures.

B. RUS Telecommunications borrowers that sponsor two or more pension or postretirement plans may aggregate the required disclosures. If the disclosures are aggregated, the aggregate benefit obligation and aggregate fair value of plan assets for plans with benefit obligations in excess of plan assets must be disclosed.

C. RUS Telecommunications borrowers sponsoring defined contribution plans shall

disclose the amount of cost recognized for defined contribution pension or other postretirement benefit plans during the period separately from the amount of cost recognized for defined benefit plans. The disclosures shall include a description of the nature and effect of any significant changes during the period affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture.

Nonpublic Entities

A. RUS commercial and cooperative type borrowers that meet the definition of a nonpublic entity, as previously defined, may elect to meet the following reduced disclosure requirements:

- 1. The benefit obligation.
- 2. Fair value of plan assets.
- 3. Funded status of the plan.
- 4. Employer contributions.
- 5. Participant contributions.
- 6. Benefits paid.

7. The amounts recognized in the statement of financial position, including the net pension and other postretirement benefit prepaid assets or accrued liabilities and any intangible asset and the amount of accumulated other comprehensive income recognized pursuant to paragraph 37 of SFAS No. 87, as amended.

8. The amount of net periodic benefit cost recognized and the amount included within other comprehensive income arising from a change in the minimum pension liability recognized pursuant to paragraph 37 of SFAS No. 87, as amended.

9. On a weighted-average basis, the following assumptions used in the accounting for the plans: Assumed discount rate, rate of compensation increase (for pay-related plans), and expected long-term rate of return on plan assets.

10. The assumed health care cost trend rate(s) for the next year used to measure the expected cost of benefits covered by the plan (gross eligible charges) and a general description of the direction and pattern of change in the assumed trend rates thereafter, together with the ultimate trend rate(s) and when that rate is expected to be achieved.

11. If applicable, the amounts and types of securities of the employer and related parties included in plan assets, the approximate amount of future annual benefits of plan participants covered by insurance contracts issued by the employer or related parties, and any significant transactions between the employer or related parties and the plan during the period.

12. The nature and effect of significant nonroutine events, such as amendments, combinations, divestitures, curtailments, and settlements.

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B. The majority of RUS Telecommunications borrowers will fall within the definition of nonpublic entities with exception of those held by publicly traded holding companies.

Multiemployer Plans

A. An RUS Telecommunications borrower shall disclose the amount of contributions to multiemployer plans during the period. The borrower may disclose total contributions to multiemployer plans without disaggregating the amounts attributable to pensions and other postretirement benefits. The disclosures shall include a description of the nature and effect of any changes affecting comparability, such as a change in the rate of employer contributions, a business combination, or a divestiture.

B. In some cases, withdrawal from a multiemployer plan results in an obligation to the plan for a portion of the plan's unfunded accumulated postretirement benefit obligation. If it is either probable or reasonably possible that (a) an employer would withdraw from the plan under circumstances that would give rise to an obligation or (b) an employer's contribution to the fund would be increased during the remainder of the contract period to make up a shortfall in the funds necessary to maintain the negotiated level of benefit coverage, the employer shall apply the provisions of SFAS No. 5, Accounting for Contingencies.

DISCLOSURE MATRIX

	Public entities	Nonpublic entities
<i>Change in benefit obligation:</i>		
Benefit obligation beginning of year	X	.....
Service Cost	X	.....
Interest Cost	X	.....
Actuarial Gain	X	.....
Plan Amendments	X	.....
Benefits Paid	X	.....
Benefit obligation at end of year	X	X
<i>Change in plan assets:</i>		
Fair value of plan assets beginning of year	X	.....
Actual return on plan assets	X	.....
Employer Contribution	X	X
Contributions by plan participants	X	X
Benefits Paid	X	X
Fair value of plan assets at end of year	X	X
<i>Funded status:</i>		
Unrecognized net actuarial loss (gain)	X	X
Unamortized prior service cost ..	X	X
Unrecognized transition obligation	X	X
Prepaid (Accrued) benefit cost ..	X	X
<i>Weighted-average assumptions as of December 31:</i>		
Discount rate	X	X
Expected return on plan assets ..	X	X
Rate of compensation increase ..	X	X

DISCLOSURE MATRIX—Continued

	Public entities	Nonpublic entities
<i>Components of net periodic benefit cost:</i>		
Service cost	X	.....
Interest cost	X	.....
Expected return on plan assets ..	X	.....
Amortization of prior service cost	X	X
Amortization of transition obligation	X	X
Recognized net actuarial loss ...	X	X
Net periodic benefit cost	X	X

[61 FR 39847, July 31, 1996, as amended at 70 FR 25758, May 16, 2005]

PART 1773—POLICY ON AUDITS OF RUS BORROWERS

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