

**Rural Utilities Service, USDA**

**§ 1770.26**

| Class of company |        | Account title  |
|------------------|--------|--|
| Account No.      |        |  |
| A                | B      |  |
| 4270.3           | 4270.3 | <i>Other Long-Term Debt.</i>   |
| 1350.1           | 1350.1 | <i>Subscriptions to Capital Stock</i><br>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><br>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><br>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><br>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><br>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><br>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><br>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><br>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><br>This account shall include long-term debt not provided for elsewhere.   |

§§ 1770.17–1770.25 [Reserved]

§ 1770.26 **General.**

**Subpart C—Accounting Interpretations**

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

(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,

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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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|   | <i>Postretirement Benefits.</i>                         |     |

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