

§ 1770.27

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.

7 CFR Ch. XVII (1–1–03 Edition)

Numerical Index

Number and Title

101	Postretirement Benefits
102	Rural Telephone Bank Stock
103	Cushion of Credit Investments
104	Rural Economic Development Loan and Grant Program
105	Satellite and Cable Television Services
106	Consolidated Financial Statements

Subject Matter Index

Number

C	Cable Television Services	105
	Consolidated Financial Statements	106
	Cushion of Credit Investments	103
E	Economic Development Loan and Grant Program	104
F	Financial Statements—Consolidated	106
I	Investments—Cushion of Credit ..	103
P	Postretirement Benefits	101
R	Rural Economic Development Loan and Grant Program	104
	Rural Telephone Bank Stock	102
S	Satellite Television Services	105
	Stock—Rural Telephone Bank	102
	<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