

Rural Utilities Service, USDA

§ 1770.17

Class of company		Account title
Account No.		
A	B	
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 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 com-

pensation 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;

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(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 Specific 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

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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 25758, 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,