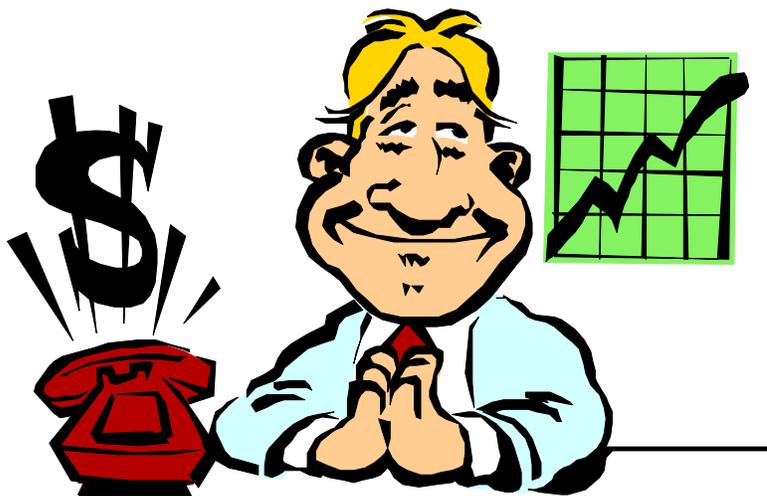


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**ACCOUNTING FOR DEFAULTED GUARANTEED LOANS
WITH COLLATERAL
UNDER THE CREDIT REFORM ACT OF 1990
(PRESENT VALUE REPORTING APPROACH)**

**Prepared by the
Financial Standards Reporting Division
Financial Management Service
Department of the Treasury**

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**ACCOUNTING FOR COLLATERAL AND ESCROW TRANSACTIONS FOR A LOAN
GUARANTEE PROGRAM UNDER THE CREDIT REFORM ACT OF 1990
(PRESENT VALUE REPORTING APPROACH)**

INTRODUCTION

This case is intended to illustrate accounting for transactions involving loan collateral and escrow events in a manner which supports reporting these events at the net present value of their cash flows to and from the government. Historical information about this case is related in the history section of the supplemental Credit guidance section.

Only the transactions involving collateral and escrow are illustrated; agencies are referred to the other cases and the Present Value Monograph for additional transactions. The case assumes that loans guaranteed by the financing fund defaulted; that the loans were transferred to the financing fund from the private lenders; that the government assumed collection of the loans and interest; that defaults on the transferred loans resulted in seizure of collateral property; and that the seized property was maintained, rented, and sold. The terms of the seizure include one situation each in which property was seized with and without recourse and, for each, sold for more than the amount of the loan and cost and for less than that amount. In addition, the case provides accounting for an escrow account established to collect and pay property taxes and insurance, which is required for some programs. That accounting includes collection and disbursement of the monies and provides transactions for earned and unearned revenue. This case has been designed for a loan guarantee program. However, note that, once Loans Receivable have been placed on the books of the financing fund due to loan guarantee defaults, the accounting is the same as in a direct loan financing fund.

This case does not deal with making direct loans and guarantees, subsidy re-estimates, modifications, or borrowing, and does not illustrate program fund transactions related to the case. This case also does not attempt to calculate interest or subsidy amounts, which are assumed for purposes of illustration. The Office of Management and Budget (OMB) has provided guidance on the methodology for computing subsidy amounts and determining interest rates to be used.

The case sets forth an overall conceptual framework for both budgetary and proprietary accounts used. Budgetary and proprietary entries are provided for each transaction. Budgetary reports illustrated include SF 132 - Apportionment Schedule, SF 133 - Report on Execution, Program and Financing Schedule, and TFS 2108 - Year-End Closing Statement, and are presented for the financing fund.

The proprietary financial statements prescribed by OMB in its Bulletin 97-01 "Form and Content of Agency Financial Statements", dated November 16, 1996, are illustrated with SGL crosswalks.

The case has been coordinated with OMB and with the Standard General Ledger Board. Questions may be directed to the FSRD on (202) 874-9980. This case may be obtained by sending a stamped, self-addressed mailer and a high density disk (3 1/2) to:

Financial Standards and Reporting Division
Financial Management Service
3700 East West Highway, Room #213A
Hyattsville, MD 29782

CONCEPTUAL FRAMEWORK ---FINANCING FUND

The basic *budgetary accounting equation* to be satisfied by the financing fund accounting entries is shown in the table below, along with Standard General Ledger account titles and numbers used.

<u>Budgetary Authority/ Resources to be Controlled</u>	=	<u>Status of Budgetary Authority/Resources</u>
Anticipated Resources		4450 Unapportioned Authority - Available
4060 Anticipated Non-Fed Collections		4510 Apportionments - Available
4070 Anticipated Federal Collections		4590 Apportionments - Unavailable
Actual Resources		4610 Allotments - Realized Resources
4261 Actual Collections of Fees		4801 Undelivered Orders-Unpaid
4262 Actual Collections of Loan Principal		4802 Undelivered Orders-Paid
4263 Actual Collections of Loan Interest		4901 Expended Authority-Unpaid
4264 Actual Collections of Rent		4902 Expended Authority-Paid
4265 Actual Collections of Sales Proceeds		
4273 Actual Collections of Treasury Interest		
<i>For purposes of facilitating closing entries only:</i>		
4001 Anticipated Total Resources		
4201 Actual Total Resources		

1. Status accounts are for all resource accounts taken as a group. Individual resources accounts do not have related status accounts. In addition, it is important to note that obligations may be incurred and authority expended only on the basis of actual Non-Federal resources, not based on anticipated amounts.
2. Commitments are omitted from the status accounts, as commitment accounting is not used in the case. Agencies may use commitment accounting if they find it useful and appropriate.
3. Account numbers are SGL numbers.

4. Note that no budgetary accounts are required for the escrow deposit fund in the case (see the proprietary account listing and footnote 1 on page 8).

In addition, an apportionment ledger by spending object, as detailed on line 8 of the SF- 132, "Request for Apportionment Under Credit Reform," is required. Line 8 of the SF- 132 prescribes the maximum amount that may be spent for the objects detailed there absent additional OMB approval. For this case, the objects to be controlled are:

- Defaults; and
- Operating Expenses.

Because the case focuses on escrow accounts and collateral property, there are fewer objects than if a complete set of transactions were included. The case does not, for instance, control objects for the guaranteed loan level or interest payable to Treasury.

The new OMB Circular 97-01 "Form and Content" requires reporting of principal outstanding in the Footnotes.

<u>FINANCING FUND MEMORANDUM ACCOUNTING FRAMEWORK</u>	
<u>For Guarantee Principal outstanding</u>	
<u>Principal Outstanding</u>	<u>Status of Authority</u>
8050 (GL) Principal Outstanding	8053 (GL) New Disbursements by Lenders
8065 (GL) Principal Reductions	8070 (GL) Net Disbursements

The basic proprietary accounting equation to be satisfied by the financing fund accounting entries is:

ASSETS	=	LIABILITIES	+	(EQUITY) NET POSITION
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The specific proprietary accounts used in the case are listed below.

Assets

- 1010 Fund Balance with Treasury
- 1190 Escrow Cash [a deposit fund; agencies should not intermix operating cash with cash received in trust from the public]¹
- 1350 Loan Receivable
- 1340 Loan Interest Receivable
- 1399 Allowance for Subsidy
- 1551 Foreclosed Property
- 1559 Foreclosed Property - Allowance

Liabilities

¹In practice, "Escrow Cash" would be called "Fund Balance With Treasury" and recorded under its own fund symbol separate from that of the financing fund. To avoid having to label cash as "Fund Balance With Treasury - Operating" and "Fund Balance With Treasury - Escrow" (or to create and maintain a separate fund in the case illustration), the separate account for "Escrow Cash" has been established for the case. Whenever a journal entry involves a debit or credit to this account, it would be made on the books of the deposit fund rather than the financing fund.

2110 Accounts Payable
2180 Loan Guarantee Liability
2400 Liability to Disburse Escrow Cash

Capital

3310 Cumulative Results of Operations

Financing Sources and Revenues

5300 Interest Income - Treasury
5300 Interest Income - Loans
5300 Interest Income - Subsidy

Expenses

6330 Interest Expense - Loan Guarantee Liability

STATUS OF ACCOUNTS AT START OF FISCAL YEAR 1997

The case begins as of October 1, 1996, which is a year sometime after inception of the fund on October 1, 1991. The opening budgetary, proprietary and financing fund memorandum trial balances are shown below.

Loan Guarantee Financing Fund Budgetary Trial Balance October 1, 1996			
4201 Total Actual Resources		\$495,000	
4450 Unapportioned Authority			\$495,000
		<u>\$495,000</u>	<u>\$495,000</u>

Loan Guarantee Financing Fund Proprietary Trial Balance October 1, 1996			
1010 Fund Balance with Treasury		\$495,000	
2180 Loan Guarantee Liability			\$495,000
		<u>\$495,000</u>	<u>\$495,000</u>

Financing Fund Memorandum Trial Balance October 1, 1996			
8050 Guaranteed Loan Principal Outstanding		\$900,000	
8070 GL - Net Disbursements			\$900,000
		<u>\$900,000</u>	<u>\$900,000</u>

TRANSACTIONS

This case assumes that there are \$900,000 of Guaranteed Loan Principal Outstanding at the beginning of the year. [Note that these transactions relate only to prior loan guarantees. Transactions for new loan guarantees in Fiscal Year 97 and subsequently are not illustrated. See the Loan Guarantee Case Study for illustrations on accounting for new loan guarantees.]

The fund anticipated the following budgetary resources from collections for Year 1997:

Federal

Treasury interest \$40,000

Non-Federal

Fees \$ 2,000
Loan principal 20,000
Loan interest 30,000
Rental of seized collateral 8,000
Sale of seized collateral 340,000 400,000

Anticipated Total Resources \$440,000

It was expected that the resources would be used for the following purposes:

Defaults \$350,000
Operating Expenses 90,000 \$440,000

(The operating expenses are for the repairs and maintenance of the seized collateral.)

1. These amounts were requested for apportionment from OMB via the SF-132-Apportionment Schedule.

Budgetary entry

4070 Anticipated Federal Collections	40,000	
4060 Anticipated Non-Federal Collections	400,000	
4450 Unapportioned Authority - Available		440,000

Proprietary entry

None

LOAN GUARANTEES FINANCING FUND
SF-132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

PROGRAM LEVEL

- 1. Guaranteed loan levels:
 - A. Current year
 - B. Unused from prior yearsApplication:
- 2. Apportioned:
 - Category A:
 - (1.) First Quarter
 - (2.) Second Quarter
 - (3.) Third Quarter
 - (4.) Fourth Quarter
 - Category B:
 - (1.) General Business Loans
 - (2.) Minority Enterprise Loans

BUDGETARY RESOURCES

- 1. Budget Authority:
 - A. Appropriations
 - B. Borrowing Authority
 - C. Contract Authority
 - D. Net Transfers, cur yr authority(+or-)
 - E. Other
- 2. Unobligated Balance:
 - A. Brought forward October 1 495,000
 - B. Net transfers pr yr bal, actual (+or-)
 - C. Anticipated Transfers pr yr bal (+or-)
- 3. Spending Auth from offsetting collections (Gross)
 - A. Earned:
 - 1. Collected
 - 2. Receivable from Federal sources
 - B. Change in Unfilled Customers' Orders (+or-):
 - 1. Advance received
 - 2. Without advance from Federal sources
 - C. Anticipated for rest of year:
 - 1. Advance for anticipated orders
 - 2. Without advance 440,000
 - D. Transfers from Trust Funds:
 - 1. Collected
 - 2. Anticipated

4. Recoveries of prior year obligations:	
A. Actual	
B. Anticipated	
5. Temporarily not available pursuant to P.L.____(-)	
6. Permanently not available:	
A. Cancellation of expired and no-yr accounts(-)	
B. Enacted rescissions of prior yr balances(-)	
C. Capital transfers and redemptions of debt(-)	
D. Other authority withdrawn(-)	
E. Pursuant to P.L. _____(-)	
F. Anticipated for rest of year(+or-)	
7. Total Budgetary Resources	<u>935,000</u>

APPLICATION OF BUDGETARY RESOURCES

8. Apportioned:	
Category A:	
(1) First quarter	
(2) Second quarter	
(3) Third quarter	
(4) fourth quarter	
Category B:	
(1) Defaults	350,000
(2) Operating Expenses	90,000
9. Withheld pending rescission	
10. Deferred	
11. Unapportioned balance of revolving fund	<u>495,000</u>
12. Total Budgetary Resources	<u>935,000</u>

SGL CROSSWALK
1 OCTOBER 1997

SF-132 APPORTIONMENT SCHEDULE FOR LOAN GUARANTEES

Program Level:

Budgetary Resources:

Line 2a	4201 Total Actual Resources
Line 3c2	4060 Anticipated Collections - Non-Federal 4070 Anticipated collections - Federal
Line 7	Computation
Line 8b1	4450 Unapportioned Authority *
Line 8b2	4450 Unapportioned Authority *
Line 11	4450 Unapportioned Authority - Available*
Line 12	Computation

* Agencies must use subsidiary ledgers or additional data elements to provide the necessary breakout within 4450 Unapportioned Authority.

2. The Office of Management and Budget approved the SF-132 and apportioned the funds as requested. That form is illustrated on the preceding pages.

Budgetary entries

4450 Unapportioned Authority - Available	440,000	
4510 Apportionments - Available		440,000

{Subsidiary Apportionment ledger entries:

<u>Objects</u>	<u>Apportionments</u>
Defaults	\$350,000
Operating Expenses	90,000}

b. Proprietary entry
None

3. The agency head allotted the authorities above.

a. Budgetary entries

4510 Apportionments	440,000	
4610 Allotments - Realized Resources		440,000

{Subsidiary Apportionment ledger entries:

<u>Objects</u>	<u>Apportionments</u>	<u>Allotments</u>
Defaults	(\$350,000)	\$350,000
Operating Exp.	(90,000)	90,000}

**** Transactions 4, 5, and 6 should take place simultaneously. They are separated in the case for purposes of distinguishing the distinct types of transactions that occur at the same time. ****

4. Lenders presented demands for \$350,000 for four guaranteed loans which had defaulted. The claims were approved and the amounts paid.

Budgetary entry

4610 Allotments - Realized Resources	350,000	
4902 Expended Authority - paid		350,000

[Note that the payments could have been obligated before the authority was expended. The entry above expends the authority without an intermediate obligation stage.]

{Subsidiary Apportionment Ledger entries:

<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>
Defaults	(\$350,000)	\$350,000}

Proprietary entry

2180 Loan Guarantee Liability		350,000	
1010 Fund Balance with Treasury			350,000

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8065 GL - Principal Reductions		350,000	
8050 GL - Principal Outstanding			350,000

5. In conjunction with the defaults, the right to collect principal and accumulated interest on the four guaranteed loans was turned over to the agency, which will attempt to collect them. The terms of the guarantee were such that the full amount of loans and interest involved were to be given to the government (which had guaranteed 70% of them), along with any collateral property. The lender has no further recourse after receiving payment. Details of the four loans are shown below.

<u>Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Estimated Allowance for Subsidy</u>
A	\$100,000	\$50,000	\$150,000	\$120,000
B	80,000	20,000	100,000	80,000
C	75,000	60,000	135,000	108,000
D	<u>70,000</u>	<u>45,000</u>	<u>115,000</u>	<u>92,000</u>
Total	<u>\$325,000</u>	<u>\$175,000</u>	<u>\$500,000</u>	<u>\$400,000</u>

The allowance for subsidy would be estimated at the time of seizure. The allowance amounts here are assumed for purposes of illustration, and each loan is assumed to have a separate rate of allowance.²

²The illustration using four different rates of allowance is not intended to imply that subsidy calculations are made loan by loan. Four different rates are used here to allow illustrate through subsequent transactions what under conventional accounting would be a gain and a loss from collateral transactions

Budgetary entry

None [Note that resources from nonfederal collections are only realized when collect ed.]

Proprietary entry

1350 Loans Receivable	325,000	
1340 Loan Interest Receivable	175,000	
1399 Allowance for Subsidy		400,000
2180 Loan Guarantee Liability		100,000

[Note that the reason the Loan Guarantee Liability is credited is that the liability account is debited when the default payments accrue (see transaction #4). To the extent that the government is able to make collections the third-party lender could not, bad debts associated with the default claims in transaction #4 are recaptured. The amount of the estimated recapture at the time the government assumed collection of the loans and interest involved, \$100,000, is thus credited back to the Loan Guarantee Liability account.]

6. Escrow accounts to pay property taxes and insurance for each of the loans were received from the lender as follows:

<u>Loan</u>	<u>Escrow Amount</u>
A	\$1,200
B	1,400
C	600
D	<u>800</u>
	<u>\$4,000</u>

The escrow cash was placed in a deposit fund account which can only be used for purposes of the escrow. The program fund provided insurance and charged fees to the borrowers to cover costs. Collections of insurance premiums are made in advance and disbursed from the escrow account to the financing account periodically in the amount of premiums earned. Should a loan be paid in full prior to the use of all premiums paid in advance, the amount of the unearned premiums would be returned by the escrow fund to the borrower.

Budgetary entry

None [There are no budgetary accounts for deposit funds.]

Proprietary entry

for both "with recourse" and "without recourse" loans.

1190 Escrow Cash	4,000	
2400 Liability to Disburse Escrow Cash		4,000

[Note that this entry will be made on the books of the escrow deposit fund. See footnote 1 on page 8.]

7. Additional interest on the loans was accrued, as follows:

<u>Loan</u>	<u>Interest</u>
A	\$10,000
B	8,000
C	7,500
D	<u>7,000</u>
	<u>\$32,500</u>

Budgetary entry

None

Proprietary entry

1340 Loan Interest Receivable	32,500	
5300 Interest Income - Borrowers		32,500

8. Collections from the debtors were received—all interest. The detail is shown below.

<u>Loan</u>	<u>Interest Collected</u>
A	\$20,000
B	5,000
C	9,000
D	<u>6,000</u>
	<u>\$40,000</u>

Budgetary entry

4263 Actual Collections of Loan Interest	40,000	
4060 Anticipated Non-Federal Collections		40,000

Proprietary entry

1010 Fund Balance with Treasury	40,000	
1340 Loan Interest Receivable		40,000

9. Payments were made from the escrow fund as follows:

<u>Loan</u>	<u>Taxes</u>	<u>Insurance</u>	<u>Total</u>	<u>New Balance</u>
A	\$ 1,000	\$ 200	\$ 1,200	\$ 0
B	600	400	1,000	400
C	700	100	800	-200
D	<u>400</u>	<u>300</u>	<u>700</u>	<u>100</u>
Total	<u>\$ 2,700</u>	<u>\$ 1,000</u>	<u>\$ 3,700</u>	<u>\$300</u>

Budgetary entry

4261 Actual Collections of Fees	1,000	
4060 Anticipated Non-Federal Collections		1,000

Proprietary entry

2400 Liability to Disburse Escrow Cash	3,700	
1190 Escrow Cash		3,700

[Remember that this entry would be made on the books of the escrow deposit fund account, while the one below would be made on the books of the financing fund. See footnote 1 on page 8]

- and -

1010 Fund Balance with Treasury	1,000	
1399 Allowance for Subsidy		1,000

[Note that the fees income is from insurance. See explanation of insurance in the narrative for transaction #6.]

10. \$200 was spent from Fund Balance with Treasury to advance monies to the escrow fund for the overdisbursement related to loan C.

Budgetary entry

4610 Allotments - Realized Resources	200	
4902 Expended Authority - paid		200

{Subsidiary Apportionment Ledger entries:

<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>
Operating Exp.	(\$200)	\$200}

Proprietary entry

1350 Loans Receivable - Borrower C	200	
1010 Fund Balance with Treasury		200

[Remember that this entry would be made on the books of the financing fund, while the one below would be made on the books of the escrow deposit fund account. See footnote 1 on page 8.]

Proprietary entry

1190 Escrow Cash	200	
2400 Liability to Disburse Escrow Cash		200

11. The debtor for loan C paid \$150 of the escrow advance made in his behalf. The escrow account paid this \$150 to the financing fund in partial satisfaction of the advance in transaction #10.

Budgetary entry

4902 Expended Authority - paid	150	
4610 Allotments - Realized Resources		150

{Subsidiary Apportionment Ledger entries:

<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>
Operating Exp.	\$150	(150)}
<u>Proprietary entry</u>		
1010 Fund Balance with Treasury		150
1350 Loans Receivable - borrower C		150

12. The four loans and interest were all declared in default, and collateral property was seized. Estimated fair market value of the properties and liens thereon are as shown below:

<u>Loan</u>	<u>Fair Mkt. Value</u>	<u>Liens Outstanding</u>	<u>Net Value Received</u>
A	\$ 70,000	\$ 0	\$ 70,000
B	<u>40,000</u>	<u>3,000</u>	<u>37,000</u>
Subtotal A & B	<u>110,000</u>	<u>3,000</u>	<u>107,000</u>
C	25,000	2,000	23,000
D	<u>80,000</u>	<u>0</u>	<u>80,000</u>
Subtotal C & D	<u>105,000</u>	<u>2,000</u>	<u>103,000</u>
Grand Total	<u>\$215,000</u>	<u>\$ 5,000</u>	<u>\$210,000</u>

The terms of the loan contracts provide that seized collateral property under loans A and B is seized without recourse—that is, in full settlement of the loans and interest receivable on default, regardless of the amount of proceeds from selling the property. Property seized in conjunction with loans C and D is seized with recourse, meaning that if it is sold for less than the amount of the loan, interest, and capitalized costs, the borrower still owes any difference. Any gain from the sale of property seized with recourse is refunded to the borrower. The contracts for property seized with recourse further provide that any income from renting the property prior to sale reverts to the government.

[This entry would only be made if the transaction was incurred in the same year as the loan originally defaulted (see transaction 5). If this transaction incurred after the year of original default, it would not be recorded in the lender loan transaction accounts.]

Computations necessary to determine the amounts for the journal entries are set forth below and on the next page. Transaction numbers from which amounts are taken are included in parentheses under the "items" column.

For loans A and B:

<u>Items</u>	<u>Principal</u> - - - - -			<u>Interest</u> - - - - -		
	<u>Loan A</u>	<u>Loan B</u>	<u>Total</u>	<u>Loan A</u>	<u>Loan B</u>	<u>Total</u>
Assumption (trans. #5)	\$100,000	\$80,000	\$180,000	\$50,000	\$20,000	\$70,000
Accrued interest (tr. #7)				10,000	8,000	18,000
Collections (trans. #8)				<u>-20,000</u>	<u>-5,000</u>	<u>-25,000</u>
Totals	<u>\$100,000</u>	<u>\$80,000</u>	<u>\$180,000</u>	<u>\$40,000</u>	<u>\$23,000</u>	<u>\$63,000</u>

For loans C and D:

<u>Items</u>	<u>Principal</u> - - - - -			<u>Interest</u> - - - - -		
	<u>Loan C</u>	<u>Loan D</u>	<u>Total</u>	<u>Loan C</u>	<u>Loan D</u>	<u>Total</u>
Assumption (trans. #5)	\$75,000	\$70,000	\$145,000	\$60,000	\$45,000	\$105,000
Accrued interest (#7)				7,500	7,000	14,500
Collections (#8)				<u>-9,000</u>	<u>-6,000</u>	<u>15,000</u>
Total receivables on the books	\$75,000	\$70,000	\$145,000	\$58,500	\$46,000	\$104,500
Application of value received (from prior page) to first interest and then principal	<u>0</u>	<u>-34,000</u>	<u>-34,000</u>	<u>-23,000</u>	<u>-46,000</u>	<u>-69,000</u>
Amounts remaining to be collected from borrowers or written off	<u>\$75,000</u>	<u>\$36,000</u>	<u>\$111,000</u>	<u>\$35,500</u>	<u>\$ 0</u>	<u>\$35,500</u>

The journal entries necessary to effect the transaction follow.

Budgetary entry
None

Proprietary entry—Loans A and B

1399 Allowance for Subsidy	136,000	
1551 Foreclosed Property	110,000	
1559 Foreclosed Property - Allowance		3,000
1340 Loan Interest Receivable		63,000
1350 Loans Receivable		180,000

[Note that the \$136,000 difference between (1) the principal and interest on the loans (\$243,000) and (2) the estimated fair market value of the properties, net of liens (\$107,000), is written off against Allowance for Subsidy.]

Proprietary entry—Loans C and D

1551 Foreclosed Property	105,000	
1559 Foreclosed Property - Allowance		2,000
1340 Loan Interest Receivable		69,000
1350 Loans Receivable		34,000

After these entries are made, a summary of key information related to the loans is shown in the table below.

<u>Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Liens</u>	<u>Collateral Property</u>	<u>Escrow Advances</u>
A	\$ 0	\$ 0	\$ 0	\$ 70,000	\$ 0
B	0	0	3,000	40,000	0
C	75,000	35,500	2,000	25,000	50
D	36,000	0	0	80,000	0

[Note that the principal and interest on loans A and B is zero because, since the property was seized without recourse, its seizure was in full settlement of principal and interest due. The government cannot collect any additional amounts from the borrowers involved.]

13. Liens on the seized collateral property were paid in full.

Budgetary entry

4610 Allotments - Realized Resources	5,000	
4902 Expended Authority - paid		5,000

[Note: The item could first have been obligated.]

{Subsidiary Apportionment Ledger entries:

<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>	
Operating Exp.	(\$5,000)	\$5,000}	
<u>Proprietary entry</u>			
1559 Foreclosed Property - Allowance		5,000	
1010 Fund Balance with Treasury			5,000

14. Repairs which added value to the properties were incurred and paid, as shown below.

Repairs to property for loan:	A	\$20,000	
	B	15,000	
	C	10,000	
	D	<u>5,000</u>	
		<u>\$50,000</u>	

Budgetary entry

4610 Allotments - Realized Resources		50,000	
4902 Expended Authority - paid			50,000

[The authority could have first been obligated.]

{Subsidiary Apportionment Ledger entries:

<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>	
Operating Exp.	(\$50,000)	\$50,000}	
<u>Proprietary entry</u>			
1551 Foreclosed Property		50,000	
1010 Fund Balance with Treasury			50,000

[The repairs could first have been accrued as accounts payable, in which case the debit would be to Accounts Payable.]

15. Property C was rented, with \$6,000 due and collected from the tenants.

Budgetary entry

4264 Actual Collections of Rent	6,000	
4060 Anticipated Non-Federal Collections		6,000

Proprietary entry

1010 Fund Balance with Treasury	6,000	
1399 Allowance for Subsidy		6,000

16. Incidental maintenance expenses—lawn care, guard services, and miscellaneous other—were incurred. Per agreement between the agency and OMB, these were properly considered administrative expenses and were paid by the program fund. Hence, the financing fund has no entry to make. [Agencies should confer with OMB to determine the proper classification and funding of maintenance expenses for their programs.]

17. The properties were sold for \$350,000, as shown in the table below.

(1)	(2)	(3)	(4)	(5)	(6)	(7) = (2) minus [(3) thru (6)]
<u>Loan</u>	<u>Proceeds</u>	<u>Capitalized Prop. Value^(a)</u>	<u>Amounts applied to:</u>		<u>Escrow</u>	<u>Net Gain or (Loss)</u>
			<u>Principal</u>	<u>Interest</u>		
A	\$100,000	\$ 90,000	\$ 0	\$ 0	\$ 0	\$ 10,000
B	<u>30,000</u>	<u>55,000</u>	<u>0</u>	<u>0</u>	<u>400</u>	<u>(25,000)</u>
	<u>\$130,000</u>	<u>\$145,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$(15,000)</u>
C	\$150,000	\$ 35,000	\$ 75,050	\$ 35,500	\$0	\$ 4,450
D	<u>70,000</u>	<u>85,000</u>	<u>0</u>	<u>0</u>	<u>100</u>	<u>(15,000)</u>
	<u>\$220,000</u>	<u>\$120,000</u>	<u>\$ 75,050</u>	<u>\$ 35,500</u>	<u>\$ 500</u>	<u>\$(10,450)</u>

^(a)Sum of the fair market value of the property in transaction #12 plus capitalized repairs made in transaction #14.

Budgetary entries

(1) *To record the sales proceeds*

4265 Actual collections of Sales Proceeds	350,000	
4060 Anticipated Non-Federal Collections		350,000

- and -

(2) *To expend the authority for returning net monies to the borrowers.*

4610 Allotments - Realized Resources	4,450	
4901 Expended Authority - unpaid		4,450

[The amount is the \$4,500 gain minus the 50 escrow disbursement for Borrower C.]

{Subsidiary Apportionment Ledger entries:

<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>
Operating Exp.	(\$4,450)	\$4,450}

Proprietary entry—Loans A and B

1010 Fund Balance with Treasury	130,000	
1399 Allowance for Subsidy	15,000	
1551 Foreclosed Property		145,000

[Note that the debit to Allowance for Subsidy is the difference between the \$10,000 gain attributable to collateral property for Loan A and the \$25,000 loss attributable to collateral property for Loan B.]

Proprietary entry- Loan C and D

1010 Fund Balance with Treasury	220,000	
1350 Loans Receivable [Loan D]	15,000	
1551 Foreclosed Property		120,000
1350 Loans Receivable [Loan C]		75,050
1340 Loan Interest Receivable [Loan C]		35,500
2110 Accounts Payable [to Borrower C]		4,450

[Note that the \$4,500 gain on the Loan C transactions is owed back to the borrower because the collateral property was seized with recourse. The \$15,000 loss on Loan D transactions is

an additional amount due the government because the collateral property for that loan too was seized with recourse to recover the loss.]

18. The agency notified Borrower D of the disposition of his property and demanded the remaining \$51,000. The borrower paid \$1,000, and the remainder of the loan was written off.

Budgetary entry

4262 Actual Collections of Loan Principal	1,000	
4060 Anticipated Non-Federal Collections		1,000

Proprietary entries

1010 Fund Balance with Treasury	1,000	
1350 Loans Receivable		1,000
and		
1399 Allowance for Subsidy	50,000	
1350 Loans Receivable		50,000

19. Disbursed the gain owing to Borrower C

Budgetary entry

4901 Expended Authority - unpaid	4,450	
4902 Expended Authority - paid		4,450

Proprietary entry

2110 Accounts Payable	4,450	
1010 Fund Balance with Treasury		4,450

21. Interest received from Treasury amounted to \$40,000

Budgetary entry

4273 Actual Collections of Treasury Interest	40,000	
4070 Anticipated Federal Collections		40,000

Proprietary entry

1010 Fund Balance with Treasury	40,000	40,000
5300 Interest Income - Treasury		

22. As all seized loans and collateral have been settled, the balance of the Allowance for Subsidy account, \$206,000, was returned to the Loan Guarantee Liability account. [Note that the \$206,000 balance is derived from posting the above transactions, which affect the allowance account.] Return Escrow money to Borrowers B and D.

Budgetary entry

None

Proprietary entry

1399 Allowance for Subsidy	206,000	
2180 Loan Guarantee Liability		206,000

Escrow

2400 Liability to Disburse Escrow Cash	500	
1190 Escrow Cash		500

23. \$72,500 of interest expense on the loan guarantee liability of the Financing Fund should be recognized. This pertains to the entire loan guarantee liability of the fund.

Budgetary entry

None

Proprietary entry

6330 Interest Expense - Loan Guarantee Liability	72,500	
2180 Loan Guarantee Liability		72,500

24. Private lenders reported that during the year, an additional \$100,000 of principal had been collected on loans guaranteed by the agency.

Budgetary entry
None

Lender Loan Transactions entry

8065 GL - Principal Reductions	100,000	
8050 GL - Principal Outstanding		100,000

Proprietary entry
None

Pre-closing trial balances at September 30, 1997, are set forth below, followed by closing entries, post-closing trial balance and Budgetary and Proprietary reports.

<u>Pre-Closing Budgetary Trial Balance</u> (including selected zero balance accounts for illustrative purposes)		
4060 Anticipated Non-Federal Collections	\$ 2,000	
4070 Anticipated Collections from Federal Sources	0	
4201 Total Actual Resources	495,000	
4261 Actual Collections of Fees	1,000	
4262 Actual Collections of Loan Principal	1,000	
4263 Actual Collections of Loan Interest	40,000	
4264 Actual Collections of Rent	6,000	
4265 Actual Collections of Sales Proceeds	350,000	
4273 Actual Collections of Treasury Interest	40,000	
4450 Unapportioned Authority - Available		\$ 495,000
4510 Apportionments		0
4610 Allotments - Realized Resources		30,500
4902 Expended Authority - Paid		<u>409,500</u>
	<u>\$ 935,000</u>	<u>\$ 935,000</u>

Pre-Closing Apportionment Ledger Subsidiary Information

<u>Status</u>	<u>Defaults</u>	<u>Operating Expenses</u>	<u>Total</u>
Apportionments	\$ 0	\$ 0	\$ 0
Allotments	0	30,500	30,500
Undelivered Orders	0	0	0
Expended authority	<u>350,000</u>	<u>59,500</u>	<u>409,500</u>
Totals	<u>\$350,000</u>	<u>\$90,000</u>	<u>\$440,000</u>

Pre-Closing Proprietary Trial Balance
(including zero balance accounts for illustrative purposes)

1010 Fund Balance with Treasury	\$ 523,500	
2180 Loan Guarantee Liability		\$523,500
5300 Interest Income - Treasury		40,000
5300 Interest Income - Borrowers		32,500
6330 Int. Expense - Loan Guar. Liab.	<u>72,500</u>	
	<u>\$ 596,000</u>	<u>\$ 596,000</u>

[Note also that Escrow Cash, account 1190, and Liability to Disburse Escrow Cash, account 2400, are both zero. These accounts would appear on a balance sheet prepared for the escrow deposit fund, which would have a Treasury symbol separate from that for the financing fund, and for the consolidated balance sheet for the program, financing, escrow, and (if applicable) liquidating funds.]

Additional subsidiary information regarding Fund Balance with Treasury related to financing fund transactions is shown below (related budgetary categorizations are indicated in parentheses). That some of the numbers in the cash receipts and disbursement summary are identical is strictly coincidental.

Closing entries are set forth below.

Budgetary entries

C-1. To record consolidation of actual net funded resources

4201 Total Actual Resources	438,000	
4273 Actual Collections of Treasury interest		40,000
4261 Actual Collections of Fees		1,000
4262 Actual Collections of Loan Principal		1,000
4263 Actual Collections of Loan Interest		40,000
4264 Actual Collections of Rent		6,000
4265 Actual Collections of Sales Proceeds		350,000

C-2. To record consolidation of unapportioned resources and anticipated resources

4610 Allotments - Realized Resources	30,500	
4070 Anticipated Collections of Treasury Interest		0
4060 Anticipated Collections of Loan Principal		2,000
4450 Unapportioned Authority - Available		28,500

{Subsidiary Apportionment Ledger entries:

<u>Objects</u>	<u>Allotments</u>
Operating Exp.	(\$30,500)}

C-3. To close expended authority

4902 Expended Authority - Paid	409,500	
4201 Total Actual Resources		409,500

{Subsidiary Apportionment Ledger entries:

<u>Objects</u>	<u>Expended Authority</u>
Defaults	(\$350,000)
Operating Exp.	(59,500)}

Memorandum entry

8070 (GL) Net Disbursements	425,000	
8065 (GL) Principal Reductions		425,000

Proprietary entry

5300 Interest Income - Treasury	40,000	
5300 Interest Income - Borrowers	32,500	
6330 Interest Expense - Loan Guar. Liab.		72,500

Post-closing budgetary, lender loan transaction, and proprietary trial balances are set forth below.

Loan Guarantee Financing Fund Budgetary Trial Balance September 30, 1997		
4201 Total Actual Resources	\$523,500	
4450 Unapportioned Authority		\$523,500
	<u>\$523,500</u>	<u>\$523,500</u>

Loan Guarantee Financing Fund Proprietary Trial Balance September 30, 1997		
1010 Fund Balance with Treasury	\$523,500	
2180 Loan Guarantee Liability		\$523,500
	<u>\$523,500</u>	<u>\$523,500</u>

Financing Fund Memorandum Trial Balance September 30, 1997		
8050 Guaranteed Loan Principal Outstanding	\$450,000	
8070 GL - Net Disbursements		\$450,000
	<u>\$450,000</u>	<u>\$450,000</u>

BUDGETARY FINANCIAL STATEMENTS

The following budgetary statements are presented for the financing fund only beginning on the next page.

- An SF-133, "Statement of Budget Execution"
- An FMS-2108, "Year-End Closing Statement"
- A Program and Financing Schedule.

**SF-133 REPORT ON BUDGET EXECUTION
 LOAN GUARANTEE FINANCING FUND
 September 30, 1997**

BUDGETARY RESOURCES

1.	BUDGET AUTHORITY	
	A. Appropriations	
	B. Borrowing Authority	
	C. Contract Authority	
	D. Net Transfers, Current Year Authority (+ or -)	
	E. Other	
2.	UNOBLIGATED BALANCE	
	A. Brought Forward October 1	495,000
	B. Net Transfers Prior Year Balance, Actual (+ or -)	
	C. Anticipated Transfers Prior Year Balance (+ or -)	
3.	SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS	
	A. Earned:	
	1. Collect	438,000
	2. Receivable from Federal Sources	
	B. Change in Unfilled Customer Orders:	
	1. Advance Received (+ or -)	
	2. Without Advance from Federal Sources	
	C. Anticipated for Rest of Year:	
	1. Advance for Anticipated Order	
	2. Without Advance	
	D. Transfers from Trust Funds:	
	1. Collected	
	2. Anticipated	
4.	RECOVERIES OF PRIOR YEAR OBLIGATIONS	
	A. Actual	
	B. Anticipated	
5.	TEMPORARILY NOT AVAILABLE PURSUANT TO PUBLIC LAW _____	
6.	PERMANENTLY NOT AVAILABLE	
	A. Cancellations of Expired and No-Year Accounts	
	B. Enacted Rescissions of Prior Year Balances (-)	
	C. Capital Transfers and Redemption of Debt (-)	
	D. Other Authority Withdrawn (-)	
	E. Pursuant to Public Law _____	
	F. Anticipated for Rest of Year (+ or -)	_____
7.	TOTAL BUDGETARY RESOURCES	<u>933,000</u>

**SF-133 REPORT ON BUDGET EXECUTION
(CONTINUED)**

8.	OBLIGATIONS INCURRED	
	A. Category A, Direct Obligations	
	B. Category B, Direct Obligations	
	(1) Default Claims	350,000
	(2) Operating Expenses	59,500
	(3)	
	C. Not Subject to Apportionment	
	D. Reimbursable Obligations	
		<u>409,500</u>
9.	UNOBLIGATED BALANCE AVAILABLE	
	A. Apportioned	
	1. Balance Currently Available	28,500
	2. Anticipated	
	B. Exempt From Apportionment	
	C. Other Available	<u>495,000</u>
		<u>523,500</u>
10.	UNOBLIGATED BALANCE NOT AVAILABLE	
	A. Apportioned for Subsequent Periods	
	B. Deferred	
	C. Withheld Pending Rescission	
	D. Other	<u> </u>
11.	TOTAL STATUS OF BUDGETARY RESOURCES	<u><u>933,000</u></u>
	RELATION OF OBLIGATIONS TO OUTLAYS	
12.	OBLIGATED BALANCE, NET AS OF OCTOBER 1	
13.	OBLIGATED BALANCE TRANSFERRED, NET (+ or -)	
14.	OBLIGATED BALANCE, NET, END OF PERIOD	
	A. Accounts Receivable (-)	
	B. Unfilled Customer Orders (-):	
	1. Federal Sources Without Advance	
	2. Federal Sources With Advance	
	3. Non-Federal Sources With Advance	
	C. Undelivered Orders	
	D. Accounts Payable	
15.	OUTLAYS:	
	A. Disbursements	409,500
	B. Collections	438,000

SGL CROSSWALK
30 September ASY

SF-133 REPORT ON BUDGET EXECUTION FOR LOAN GUARANTEES

Federal Resources:

Line 2a	4201 Total Actual Resources - 4801 Undelivered Orders - Unpaid
Line 3a	4261 Actual collections of Fees 4262 Actual collections of Loan Principal 4263 Actual collections of Loan Interest 4264 Actual collections of Rent 4265 Actual collections of Sales Proceeds 4273 Actual collections of Treasury Interest
Line 6c	4147 Actual Payments to Treasury
Line 7	Computation
Line 8b1	4801 Undelivered Orders - Unpaid* (E-B) 4902 Expended Authority - Paid*(E-B)
Line 8b2	4801 Undelivered Orders - Unpaid* (E-B) 4902 Expended Authority - Paid*(E-B)
Line 11	Computation
Line 12	4801 Undelivered orders - Unpaid (B)
Line 15a	4902 Expended Authority - Paid
Line 15b	4261 Actual collections of Fees 4262 Actual collections of Loan Principal 4263 Actual collections of Loan Interest 4264 Actual collections of Rent 4265 Actual collections of Sales Proceeds 4273 Actual collections of Treasury Interest

* Agencies must use subsidiary ledgers or additional data elements to provide the necessary breakout within these accounts.

**PROGRAM AND FINANCING SCHEDULE
PROGRAM ACCOUNT**

Obligations by program activity

00.01	Default Claims	350,000
00.02	Operating Expenses	<u>59,500</u>
10.00	Total obligations	409,500

Budgetary resources available for obligation

21.90	Unobligated Bal, SOY (Fund Bal)	495,000
22.00	New budget authority (gross)	440,000
23.95	New obligations	409,500

New budget authority (gross), detail:

Current:

68.00	Offsetting Collections (cash)	438,000
68.27	Capital Transfer to general fund	
68.90	Spending Authority from Offsetting Collections (total)	438,000

Change in unpaid obligations

72.90	Obligated Balance, SOY	
73.10	New obligations	409,500
73.20	Total outlays (gross)	409,500

Outlay (gross), detail:

86.90	Outlays from new current authority	409,500
86.98	Outlays from permanent Balances	
87.00	Total outlays (gross)	409,500

88.00	Offsetting collections from Federal sources	40,000
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Net Budget Authority and Outlays

89.00	Budget authority	933,000
90.00	Outlays	409,500

SGL CROSSWALK
30 September ASY

PROGRAM AND FINANCING SCHEDULE FOR LOAN GUARANTEES

Line 00.01	4801 Undelivered Orders*- Unpaid 4901 Expended Authority*- Unpaid 4902 Expended Authority*- Paid
Line 10.00	Computation (should be the same as 73.10)
Line 21.90	4201 Ttoal Actual Resources -4801 Undelivered Orders - Unpaid
Line 22.00	4271 Actual Subsidy Collections 4273 Actual Treasury Interest
Line 23.95	4801 Undelivered Orders - Unpaid 4901 Expended Authority - Unpaid 4902 Expended Authority -Paid
Line 68.00	4273 Actual Treasury Interest
Line 68.27	4147 Actual Payments to Treasury
Line 68.90	Computation (Line 68.00 - Line 68.27)
Line 72.90	4801 Undelivered Orders - Unpaid (B)
Line 73.10	4902 Expended Authority - Paid 4801 Undelivered orders - Unpaid (E-B)
Line 73.20	4902 Expended Authority - Paid
Line 86.90	Computation (Line 73.10 - line 72.90)
Line 86.98	Computation (Line 73.20 - Line 73.10)
Line 87.00	4902 Expended Authority - Paid
Line 88.00	4271 Actual Subsidy Collections 4273 Actual Treasury Interest
Line 89.00	Computation (Line 21.90 + Line 22.00 - Line 88.00)
Line 90.00	Computation (Line 87.00 - Line 88.00)

CONSOLIDATED FINANCIAL STATEMENTS—YEAR 1

Department/Agency
 Reporting Entity
 STATEMENT OF FINANCIAL POSITION
 as of 30 September, Year 1997
 (Dollars)

ASSETS

Entity Asset:

Intragovernmental Items, Federal	
Fund Balance with Treasury (Note 2)	\$523,500
Investments (Note 4)	
Accounts Receivable, Net (Note 5)	
Interest Receivable (net)	
Other assets (Note 6)	

Governmental

Investments (Note 4)	
Accounts Receivable, net (Note 5)	
Interest Receivable (net)	
Credit program receivables and related foreclosed property, net (Note 7)	
Cash and other monetary assets (Note 3)	
Inventory and related property, net (Note 8)	
General property, plant, and equipment, net (Note 9)	
Other assets (Note 6)	

Total entity assets \$523,500

Non-Entity Assets:

Intragovernmental

Fund balance with Treasury (Note 2)	
Accounts receivable, net (Note 5)	
Interest receivable (net)	
Other assets (Note 6)	

Governmental

Accounts receivable, net (Note 5)	
Interest receivable (net)	
Cash and other monetary assets (Note 3)	
Other assets (Note 6)	_____

Total non-entity assets _____

Total Assets \$523,500

LIABILITIES

Liabilities Covered by Budgetary Resources:

Intragovernmental liabilities:

- Accounts payable
- Interest payable
- Other intragovernmental liabilities (Note 11)

Governmental Liabilities:

Accounts payable	
Interest payable	
Liabilities for loan guarantees (Note 7)	523,500
Lease liabilities (Note 12)	
Pensions, other retirement benefits and other Post-employment benefits (Note 13)	
Insurance liabilities (Note 14)	
Other governmental liabilities (Note 11) <i>deferred Revenue</i>	<u> </u>
Total liabilities covered by budgetary resources	<u>523,500</u>

Liabilities not Covered by Budgetary Resources:

Intragovernmental liabilities:

- Accounts payable
- Debt (Note 10)
- Other intragovernmental liabilities (Note 11)

Governmental liabilities:

Accounts payable	
Debt (Note 10)	
Lease liabilities (Note 12)	
Pensions, other retirement benefits and other post-employment benefits (Note 13)	
Insurance liabilities (Note 14)	
Other governmental liabilities (Note 11)	
Total liabilities not covered by budgetary resources	
Total Liabilities	<u>\$523,500</u>

NET POSITION

Unexpended Appropriations (Note 15)	
Cumulative Results of Operations	
Total Net Position	<u> </u>
Total Liabilities and Net Position	<u>523,500</u>

**CONSOLIDATED FINANCIAL STATEMENTS—YEAR 1
SGL X-WALK**

Department/Agency
Reporting Entity
STATEMENT OF FINANCIAL POSITION
as of 30 September, Year 1
(Dollars)

ASSETS

Entity Asset:

Intragovernmental Items, Federal
Fund Balance with Treasury (Note 2) **1010 Fund Balance with Treasury**
Investments (Note 4)
Accounts Receivable, Net (Note 5)
Interest Receivable (net)
Other assets (Note 6)

Governmental

Investments (Note 4)
Accounts Receivable, net (Note 5)
Interest Receivable (net)
Credit program receivables and related foreclosed property, net (Note 7)
Cash and other monetary assets (Note 3)
Inventory and related property, net (Note 8)
General property, plant, and equipment, net (Note 9)
Other assets (Note 6)

Total entity assets \$ _____

Non-Entity Assets:

Intragovernmental

Fund balance with Treasury (Note 2)
Accounts receivable, net (Note 5)
Interest receivable (net)
Other assets (Note 6)

Governmental

Accounts receivable, net (Note 5)
Interest receivable (net)
Cash and other monetary assets (Note 3)
Other assets (Note 6)

Total non-entity assets _____

Total Assets \$

LIABILITIES

Liabilities Covered by Budgetary Resources:

Intragovernmental liabilities:

- Accounts payable
- Interest payable
- Other intragovernmental liabilities (Note 11)

Governmental Liabilities:

- Accounts payable
- Interest payable
- Liabilities for loan guarantees (Note 7) **2180 Loan Guarantee Liability**
- Lease liabilities (Note 12)
- Pensions, other retirement benefits and other post-employment benefits (Note 13)
- Insurance liabilities (Note 14)
- Other governmental liabilities (Note 11)

Total liabilities covered by budgetary resources

Liabilities not Covered by Budgetary Resources:

Intragovernmental liabilities:

- Accounts payable
- Debt (Note 10)
- Other intragovernmental liabilities (Note 11)

Governmental liabilities:

- Accounts payable
- Debt (Note 10)
- Lease liabilities (Note 12)
- Pensions, other retirement benefits and other post-employment benefits (Note 13)
- Insurance liabilities (Note 14)
- Other governmental liabilities (Note 11)

Total liabilities not covered by budgetary resources

Total Liabilities \$

NET POSITION

Unexpended Appropriations (Note 15)

Cumulative Results of Operations

Total Net Position

Total Liabilities and Net Position \$

Department/Agency
Reporting Entity
CONSOLIDATING STATEMENT OF NET COST
as of 30 September, Year 1997
(Dollars)

	<u>Sub- organi- zation A</u>	<u>Sub- organi- zation B</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
COSTS:				
Crosscutting Programs				
Program A:				
Intragovernmental	\$ 72,500	\$	\$	\$
With the Public				
Total	72,500			
Less earned revenue	72,500			
Net program costs				
Other Programs (Note XX)				
Program B:				
Costs not assigned to programs				
Less earned revenues not attributed to programs				
DEFERRED MAINTENANCE (Note X)				
NET COSTS OF OPERATIONS 0				

Department/Agency
Reporting Entity
CONSOLIDATING STATEMENT OF NET COST
SGL X-WALK

	<u>Sub- organi- zation A</u>	<u>Sub- organi- zation B</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
COSTS:				
Crosscutting Programs				
Program A:				
Intragovernmental	\$	6330 Interest Expense- Guarantee Liability (F)		
With the Public				
Total				
Less earned revenue		5300 Interest Income - Treasury (F)		
Net program costs				
Other Programs (Note XX)				
Program B:				
Costs not assigned to programs				
Less earned revenues not attributed to programs				
DEFERRED MAINTENANCE (Note X)				
NET COSTS OF OPERATIONS				

Depart/agency
Reporting entity
CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION
For the year ended September 30

	<u>Sub- organi- zation A</u>	<u>Sub- organi- zation B</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
Net Cost of Operations	\$ 0	\$	\$	\$
Financing Sources (other than exchange revenues)				
Appropriations Used	0			
Taxes				
Donations				
Imputed financing				
Transfers-in				
Transfers-out				
Net Results of Operations	0			
Prior period Adjustments				
Net Change in Cumulative Results of Operations				
Increase (decrease) in Unexpended Appropriations				
Change in Net Position				
Net Position-Beginning of Period	0			
Net Position-End of Period	0			

Depart/agency
Reporting entity
CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION
SGL X-WALK

	<u>Sub- organi- zation A</u>	<u>Sub- organi- zation B</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>	
Net Cost of Operations	\$ From NET COSTS		\$	\$	\$
Financing Sources (other than exchange revenues)					
Appropriations Used					
Taxes					
Donations					
Imputed financing					
Transfers-in					
Transfers-out					
Net Results of Operations					
Prior period Adjustments					
Net Change in Cumulative Results of Operations					
Increase (decrease) in Unexpended Appropriations					
Change in Net Position					
Net Position-Beginning of Period	0				
Net Position-End of Period					

Department/agency
Reporting entity
STATEMENT OF BUDGETARY RESOURCES
For the year ended September 30,

	<u>19x1</u>	<u>19xx</u>
Budgetary Resources:		
Budget authority (line 1)	\$	\$
Unobligated balances-beginning of period (line 2A)	495,000	
Spending authority from offsetting Collections (line 3)	438,000	
Adjustments (lines 4-6)		
Total budgetary resources (line 7)	<u>933,000</u>	
Status of Budgetary Resources:		
Obligations incurred (line 8)	409,500	
Unobligated balances-available (line 9)	28,500	
Unobligated balances-not available (line 10)	<u>495,000</u>	
Total, status of budgetary resources (line 11)	<u>933,000</u>	
Outlays:		
Obligations incurred (line 8)	409,500	
Less: Spending authority from offsetting collections and adjustments (Lines 3A,B,D, & 4A)	438,000	
Obligated balance, net - beginning of period (Line 12)		
Obligated balance transferred, net (line 13)		
Less: obligated balance, net - end of period (Line 14)		
Total Outlays (line 15)	(28,500)	

Department/agency
Reporting entity
STATEMENT OF FINANCING
For the year ended September 30, 19xx

Obligations and Nonbudgetary Resources

Obligations incurred	409,500
Less: Spending authority for offsetting collections and adjustments	438,000
Donations not in the budget	
Financing imputed for cost subsidies	
Transfers-in (out)	
Exchange revenue not in the budget	
Other	
Total obligations as adjusted, and Nonbudgetary resources	(28,500)

Resources That Do Not Fund Net Cost of Operations

Change in amount of goods, services, and benefits ordered but not yet received or provided	
Costs capitalized on the balance sheet	
Financing sources that fund costs of prior periods	
Other	<u>28,500</u>
Total resources that do not fund Net cost of operations	28,500

Costs That Do Not Require Resources

Depreciation and amortization	
Revaluation of assets and liabilities	
Other	_____
Total costs that do not require resources	

Financing Sources Yet to be Provided

Net Cost of Operations	<u><u>0</u></u>
-------------------------------------	-----------------

Department/agency
 Reporting entity
 STATEMENT OF FINANCING
 For the year ended September 30, 19xx

Obligations and Nonbudgetary Resources

Obligations incurred **4801 Undelivered Orders-Unpaid + 4901 Expended Auth - Unpaid
 +4902 Expended Auth - Paid**
 Less: Spending authority for offsetting
 collections and adjustments **4261 Actual Fees collected + 4271 Actual Subsidy
 collected + 4273 Actual Treasury Interest Collected**
 Donations not in the budget
 Financing imputed for cost subsidies
 Transfers-in (out)
 Exchange revenue not in the budget
 Other
 Total obligations as adjusted, and
 Nonbudgetary resources

Resources That Do Not Fund Net Cost of Operations

Change in amount of goods, services, and
 benefits ordered but not yet
 received or provided **4801 Undelivered Orders-unpaid(B-E)**
 Costs capitalized on the balance sheet
 Financing sources that fund costs of
 prior periods
 Other **2180 Loan Guarantee Liability (End Bal-beg Bal)**
 Total resources that do not fund
 Net cost of operations

Costs That Do Not Require Resources

Depreciation and amortization
 Revaluation of assets and liabilities
 Other
 Total costs that do not require resources

Financing Sources Yet to be Provided

Net Cost of Operations 33,030

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Fund Balances with Treasury:

A. Fund Balances:

	<u>Entity Assets</u>	<u>Non-Entity Assets</u>	<u>Total</u>
(2) Revolving Funds	\$ 523,500	0	\$523,500
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	523,500	0	523,500

Note 7. Loans and Loan Guarantees, Non-Federal Borrowers:

B1. Direct Loans Obligated Prior to FY 1992 (Present Value Method):

<u>Loan Programs</u>	<u>Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Foreclosed Property</u>	<u>Present Value Allowance</u>	<u>Value of Assets Related Direct Loans</u>
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B2. Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method):

<u>Loan Programs</u>	<u>Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Allowance For Loan Losses</u>	<u>Foreclosed Property</u>	<u>Value of Assets Related to Direct Loans</u>
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F. Guaranteed Loans Outstanding:

<u>Loan Programs</u>	<u>Outstanding Principal, Guaranteed Loans, Face Value</u>	<u>Amount of Outstanding Principal Guaranteed</u>
(1) _____	\$ 450,000	\$ 315,000* (70%)
(2) _____		
Total		

G1. Liability for Loan Guarantees (Present Value Method, pre 1992):

<u>Loan Programs</u>	Liabilities for Losses on Pre-1992 Guarantees, <u>Present Value</u>	Liabilities for for Post-1991 Guarantees, <u>Present Value</u>	Total for Loan <u>Guarantees</u>
(1) _____	\$	\$	\$
(2) _____			
Total			

G2. Liability for Loan Guarantees (Estimated Future Default Claims, pre 1992):

<u>Loan Programs</u>	Liabilities for Losses on Pre-1992 Guarantees, Estimated <u>Future Default Claims</u>	Liabilities for Loan Guarantees for Post-1991 Guarantees, <u>Present Value</u>	Total Liabilities for Loan <u>Guarantees</u>
(1) _____	\$	\$ 523,500	\$ 523,500
(2) _____			
Total			

I. Subsidy Expense for Post-1991 Loan Guarantees:

1. Current Year's Loan Guarantees

<u>Loan Programs</u>	<u>Defaults</u>	<u>Fees</u>	Interest Supple- <u>ments</u>	<u>Other</u>	<u>Total</u>
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2. Loan Guarantee Modifications and Re-estimates

<u>Loan Programs</u>	<u>Modifications</u>	<u>Re-estimates</u>
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(1) _____

3. Total Loan Guarantee Subsidy Expense

Loan Programs

(1) _____	<u>0</u>
Total	<u><u>0</u></u>

J. Administrative Expenses:

Loan Guarantees

Loan Programs

Total \$

* * *END OF CASE* * *