

**draft**

**Accounting and Auditing Policy Committee  
Credit Reform Task Force**

Issue Paper

**REFERENCE NO:**

98-CR-1

**DATE:**

June 29, 2001

**SUBJECT:**

Classification and Accounting for Receipt Accounts  
Under Credit Reform



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## Issue

The AAPC Credit Reform Task Force was asked to explain the budgetary and financial reporting requirements for special fund receipt accounts that record negative subsidies and downward reestimates, and for escrow funds that are held on deposit

outside of Treasury in a private bank. There were also questions concerning the implications of these issues with respect to the Consolidated Financial Statements of the Federal Government.

The Task Force discussed this issue at a meeting on February 18, 1998. It was agreed that a subgroup (representatives from OMB and Treasury) would draft a response to these questions. The subgroup's came up with the following recommendations:

**Recommendations:**

1. Convert existing special fund receipt accounts for negative subsidies and downward reestimates to general fund receipt accounts, except where OMB has given advance approval to continue using a special fund receipt account. An exception would be, for example, where there is a specific legal requirement for the credit program to maintain a certain level of reserves, such as for FHA's MMI (Mutual Mortgage Insurance) fund.
2. In a credit agency's accounting system, the Standard General Ledger account 1010 Fund Balance with Treasury would reflect only the amounts in program accounts, financing accounts, or special fund expenditure accounts. Amounts that have been paid to a miscellaneous receipt account in the Treasury's general fund on the 224 are not part of the agency's fund balance. The SF-2108 reflects only amounts in expenditure accounts. Therefore, balances in special fund receipt accounts are not included on the SF 2108. Agencies should, however, reconcile amounts in the special fund receipt accounts using the Receipt Account Trial Balance provided monthly by Treasury.
3. Escrow Fund transactions will be covered in an issue paper at a later date. Individual escrow issues will be handled on an agency by agency basis.

The first two recommendations have been implemented. However, the illustrative accounting and reporting was never published. Additionally, we discovered in re-looking at this issue that the Interest Revenue and Interest Expense recognized in connection with Upward and Downward Reestimates should be to and from the Department of Treasury. The purpose of this paper is to recommend the proper accounting for these issues and to ensure the proper recognition of Interest to and from Treasury.

## **Background**

When a credit program has a negative subsidy or makes a downward reestimate of the subsidy expense for an outstanding cohort of direct loans or loan guarantees, the budget records the negative subsidy or downward reestimate as offsetting receipts. Circular A-11 requires the offsetting receipts to be deposited in a special fund receipt account for that credit program. The receipts are unavailable for obligation until they are appropriated. Any unappropriated receipts add to the special fund's receipt balance.

In most cases, Congress has not appropriated these special fund receipts because they have no scoring incentive to do this. General fund appropriations and special fund appropriations have the same scoring impact under the Budget Enforcement Act, so Congress usually makes general fund appropriations. As a result, balances in the credit special funds have accumulated. Credit agencies report that this creates accounting problems for them. In particular, it requires them to track the balances and to report on them as part of the agency's assets in its financial statements, even though they do not have use of the funds.

When Congress appropriates the funds from special fund receipt accounts, they are warranted from the Special Fund Receipt account to the Special Fund Expenditure account.

## **Discussion:**

### **Special Fund Receipt Accounts**

In general, there is no value from a budgetary perspective to depositing negative subsidies and downward reestimates in special fund receipt accounts, and it is not a requirement of the FCRA (Federal Credit Reform Act). The only time it appears to be useful is when the credit program must meet a specific statutory reserve requirement, as in the case of FHA's MMI fund. In these cases, the special fund receipt account allows the balances to accumulate and count toward the reserve, while a general fund receipt account would not accumulate balances.

Balances in special fund receipt accounts belong to the agency and should be reflected on the agency's financial statements. However, agencies cannot use special fund receipts until they have been appropriated, so they do not belong to the agency in a literal sense. At the February 18 meeting, representatives of the credit agencies suggested that the balances be swept each year, much like liquidating account balances are swept. The subgroup recommends accomplishing this same result by a different method -- replacing the special fund receipt accounts with general fund receipt accounts (except in a few instances where special funds are needed). This would eliminate the need to sweep balances, since general fund receipts are deposited automatically in the general fund and do not accumulate as balances in the receipt account. Balances of the existing special funds would be swept automatically to the general fund when the special fund receipt accounts are eliminated.

## Disposition

The Financial Standards and Reporting Division (FMS) will develop and publish appropriate agency guidance in the form of illustrative case studies. These procedures will be published in appropriate literature; the TFM for FMS and A-11 for OMB. This paper will serve as notice to agencies to be aware of these changes to ensure compliance. The SGL IRC is in the process of developing more general guidelines for receipt account issues. We will limit our proposals to those issues that affect credit agencies, while ensuring coordination and compatibility overall.

## Update

The procedures outlined above were implemented but the issue paper was not distributed nor were the accounting entries approved. Personnel changes at various agencies left the issues in limbo. This update will complete the outstanding items (i.e., Interest Revenue and Interest Expense on Reestimates) and bring to a closure all credit issues involving receipt accounts.

Dave Zavada  
Chair, AAPC Credit Reform Task Force

## Introduction:

The following four illustrations are greatly condensed. After agreement on the proper treatment of these issues, we will include these procedures in case studies reflecting much more detail and explanation. Many of the steps not directly affected by these proceedings are not presented. For a full disclosure of typical credit agency transactions and the budgetary and proprietary entries required, please refer to the April, 1998 draft case studies "Accounting for Direct Loans without Collateral and "Accounting for Loan Guarantees without Collateral. We have used extensive abbreviations for SGL accounts to enhance the visual comparisons necessary to review the similarities and differences in the use of various accounts and methodologies. The SGL account numbers are meant to be accurate. For the complete account title, please refer to TFM TL No. S2-98-02. Our illustrations concentrate on reestimates and negative subsidies. This document promulgates the proper budgetary and proprietary transactions, eliminations, and reporting required for use of the proposed new General Fund and Special Fund Receipt accounts. The majority of agencies will use General Fund Receipts accounts. Discretionary programs may use Special Fund Receipt accounts only with OMB approval.

## **Budget Treatment of Negative Subsidies and Downward Reestimates:**

Negative subsidies and downward reestimates are generally recorded as Offsetting receipts. This is always the case for discretionary programs (i.e., those for which an annual appropriation of the subsidy cost is required). For the few credit programs that are mandatory (i.e., those for which the subsidy cost is permanently appropriated), negative subsidies and downward reestimates can either be recorded as offsetting receipts credited to a special fund (see below) or be credited to the program expenditure account as offsetting collections. The method of recording receipts for mandatory programs is determined by the OMB representative with primary responsibility for the credit program, in consultation with the agency, when the program accounts are established.

Two types of offsetting receipt accounts may be used to record negative subsidies and downward reestimates. In most cases, the receipts are deposited in a general fund receipt account. These receipts are offset against (deducted from) the budget authority and outlays for the agency and the Government totals for the fiscal year in which they are recorded. Amounts credited to these accounts are not earmarked for the credit program. The subsidy costs and administrative costs for these programs are appropriated from the general fund.

At the discretion of the OMB representative with primary responsibility for the credit program, a special fund receipt account may

be established for the purpose of earmarking the receipts for negative subsidies and downward reestimates. These receipts are also offset against (deducted from) the budget authority and outlays for the agency and the Government totals for the fiscal year in which they are recorded.

If the credit program is a discretionary program, receipts credited to special fund are available for subsidy costs and administrative expenses only to the extent provided in appropriations acts. However, if the program is mandatory, the receipts are permanently appropriated for subsidy costs, but usually are available for administrative expenses only to the extent provided in appropriation acts. Since, in both cases, the receipts are earmarked, the end of year balance of the special fund is increased by receipts that are not used to finance disbursements during the year they are collected.

Special fund receipt accounts require special fund expenditure accounts (which share a common identification number). The expenditure accounts are credit program accounts and are used to record appropriations of the receipts as budget authority for subsidy costs and administrative expenses, and to record the resulting obligations and outlays. If the program also receives general fund appropriations, a separate general fund expenditure account is required. The special fund expenditure account is consolidated with the general fund expenditure account in the budget to combine the transactions into a single program account.



**Direct Loan Program  
Positive Subsidy  
ILLUSTRATION I  
General Fund**

Draft

1.) A discretionary loan program receives a \$50 subsidy appropriation for a direct loan with a face value of \$175. The program account records the subsidy appropriation. The financing account records the anticipated collection of the subsidy payment from the program account, anticipated collections of fees from the borrower upon signing a loan agreement, anticipated collections of borrower interest and principal at year end for loans disbursed, and borrowing authority for the non-subsidized portion of the loan and anticipated payments to Treasury at year end. (For brevity, we did not illustrate the budgetary entries to convert the borrowing authority to cash. For details of this event, see the April, 1998 draft case study Accounting for Direct Loans Without Collateral.)

Program Account	Financing Account	General Fund Receipt Account
<p><u>SF-133 TX</u>s</p> <p>4115 Appropriation            50</p> <p>4450 Unappropriated            50</p> <p><u>Proprietary</u></p> <p>1010 Fund Bal/Treas            50</p> <p>3100 Approp Cap</p>	<p><u>SF-133 TX</u>s</p> <p>4142 Borrow Auth            100</p> <p>4060 Antic NonFED Coll       75</p> <p>4070 Antic Fed Coll            50</p> <p style="padding-left: 20px;">4047 Antic Pay Treasury       12</p> <p style="padding-left: 20px;">4450 Unappropriated       213</p> <p><u>Proprietary</u></p> <p>1010 Fund Bal/Treas            100</p> <p>2510 Prin Pay Treas(G)       100</p>	<p><u>SF-133 TX</u>s</p> <p>no entry</p> <p><u>Proprietary</u></p> <p>no entry</p>

### Agency Disburses Direct Loan

(2.) The agency signs a loan contract and disburses a \$175 direct loan to a borrower. For simplification, steps that would take place between the receipt of the appropriation and the disbursement of the loan are not shown (apportionment, allotment and obligation). In this example we are assuming Treasury interest rate of 7% and borrower interest rate of 5%.

Program Account	Financing Account	General Fund Receipt Account
<p>SF-133 TXs</p> <p>4801 Undel Orders            50</p> <p style="padding-left: 20px;">4902 Expend Auth-Pd        50</p> <p><u>Proprietary</u></p> <p>6100 Subsidy Exp(N)        50</p> <p style="padding-left: 20px;">1010 Fund Bal/Treas        50</p> <p>3100 Approp Cap            50</p> <p style="padding-left: 20px;">5700 Approp Cap Used(G) 50</p>	<p>SF-133 TXs</p> <p>4261 Actual Col Fees        25</p> <p>4271 Fed Coll                50</p> <p style="padding-left: 20px;">4060 Antic Non-Fed Coll    25</p> <p style="padding-left: 20px;">4070 Antic Fed Coll        50</p> <p>4801 Undel Orders            175</p> <p style="padding-left: 20px;">4902 Expend Auth-pd      175</p> <p><u>Proprietary</u></p> <p>1010 Fund Bal/Treas        75</p> <p style="padding-left: 20px;">1399 Allow Subsidy (N)    75</p> <p>1350 Loan Rec (N)          175</p> <p style="padding-left: 20px;">1010 Fund Bal/Treas      175</p>	<p><u>SF-133 TXs</u></p> <p>no entry</p>   <p><u>Proprietary</u></p> <p>no entry</p>

**Payments Received and Paid**

(3.) At the end of the year, the borrower paid principal (\$40) and interest (\$9) on his loan (these amounts were anticipated) but the exact amounts were not known at the beginning of the year).

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 TXs</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 TXs</u> 4263 Actual Col int 9 4262 Act coll Prinl 40 4060 Antic Non-Fed Coll 49  <u>Proprietary</u> 1010 Fund Bal/Treas 49 1350 loan rec (N) 40 5310 Int Inc- B(N) 9	<u>SF-133 TXs</u> no entry  <u>Proprietary</u> no entry

(4.) The agency calculates interest (\$7) and pays interest and principal (\$12) to Treasury. (These amounts were previously anticipated. The principal amount is contrived to provide excess funds for illustrative purposes.)

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 TXs</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 TXs</u> 4610 Allotments 7 4047 Antic Pay Treas 12 4147 Act Pay Treasury 12 4902 Expended Auth-pd 7  <u>Proprietary</u> 6310 Int Exp- Treasury(G) 7 2510 Prin Pay Treasury(G)12 1010 Fund Balw/Treasury 19	Misc Recept Account <u>SF-133 TXs</u> no entry  <u>Proprietary</u> XXXX Treasury Cash 19 1350 Loans Rec(G) 12 5310 Int Rev (G) 7

### Downward Reestimate

(5.) At the end of the year, the agency performs a reestimate, which shows that the original subsidy estimate was too high. Prior to Financial Statement preparation, the agency records the downward reestimate: excess subsidy (\$28) plus interest (\$2). The agency recognizes of the negative subsidy expense and the accrual of the payable to the General Fund. (The agency would normally record a negative amortization of the subsidy since income is greater than expenses. However, the recognition of the interest expense for reestimates negates this effect.)

**OPTION 1**

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 TXs</u> no entry  <u>Proprietary</u> 5730 Fin so tr w/o reimb(G) 28 6199 Adj Subsidy Exp(N) 28	<u>SF-133 TXs</u> no entry  <u>Proprietary</u> 1399 Allow Subsidy(N) 28 6310 Treas Int Exp Re-est (G) 2 2990 Other Liabilities(G) 30	<u>SF-133 TXs</u> no entry <u>Proprietary</u> 1310 Accts Receivable 28 1340 Interest Receivable* 2 5310 Int Rev * 2 5720 Trf in W/o Reimb 28

**OPTION 2**

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 TXs</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 TXs</u> no entry  <u>Proprietary</u> 1399 Allow Subsidy(N) 28 6199 Adj Subsidy Exp(N) 28 6310 Treas Int Exp Re-est (G) 2 5730 Fin so tr w/o reimb(G) 28 2990 Other Liabilities(G) 30	<u>SF-133 TXs</u> no entry <u>Proprietary</u> 1310 Accts Receivable 28 1340 Interest Receivable* 2 5310 Int Rev * 2 5720 Trf in W/o Reimb 28 *Misc Recpt Account

## Preclosing Trial Balances

Direct Loan - General Fund - Year 1 Program Account Budgetary		
4115 Subsidy Appropriation	50	
4902 Expended Appropriations - Paid	<u>50</u>	<u>50</u>
		<u>50</u>

Direct Loan - General Fund - Year 1 Program Account Proprietary		
6100 Subsidy Expense	50	
6199 Re-est Expense		28
5700 Appropriations Used		50
5730 Tfr out w/o Reimb	<u>28</u>	
	<u>78</u>	<u>78</u>

Direct Loan - General Fund - Year 1 Financing Account Budgetary		
4142 Borrowing Auth	100	
4060 Antic Non-Fed Coll	1	
4147 Act Pay Treasury		12
4261 Act Coll - Fees	25	
4262 Act Coll Loan Prin	40	
4263 Act Coll Loan Interest	9	
4271 Act Coll subsidy	50	
4450 Unapportioned Auth		31
4902 Expended Appropriations - Paid	<u>225</u>	<u>182</u>
		<u>225</u>

Direct Loan - General Fund - Year 1 Financing Account Proprietary		
1010 Fund Bal w/ Treasury	50	
1350 Loans Receivable	<u>50</u>	<u>50</u>
1399 Allowance for Subsidy	50	50
2510 Principal Payable Treasury		
2990 4115 Subsidy Appropriation		

4902 Expended Appropriations - Paid		
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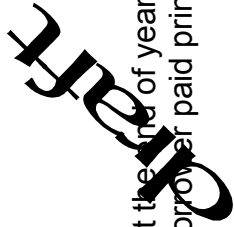
**draft**

**Record and Transfer Reestimate**

(6.) At the beginning of year 2 (after receiving an apportionment from OMB and allotment from the agency head), the agency records the proprietary effects of the downward reestimate and transfers the excess cash to Treasury.

<b>Program Account</b>	<b>Financing Account</b>	<b>General Fund Receipt Account</b>
<u>SF-133 TX[]s</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 TX[]s</u> 4610 Allotment 30 4902 Expend Auth-pd 30  <u>Proprietary</u> 2990 Other Liabilities(G)30 1010 Fund Bal/Treas 30	<u>SF-133 TX[]s</u> no entry  <u>Proprietary</u> XXXX Treasury Cash 30 1310 Accts Receivable 28 1340 Int Receivable* 2

\* These entries will be to the Miscellaneous Receipts



**Subsequent upward Reestimate  
Payments Received and Paid**

(7.) At the end of year 2, the agency records receipts from borrowers and calculates and pays Treasury principal and interest. The borrower paid principal (\$20) and interest (\$7) on his loan. (Amounts were previously anticipated.)

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 txs</u> 4263 Actual Col int      7 4262 Act coll Prinl      20 4060 Antic Non-Fed Coll    27  <u>Proprietary</u> 1010 Fund Bal/Treas      27 1350 loan rec (N)      20 5310 Int Inc- B(N)      7	<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry



(8.) The agency calculates interest (\$6) and pays interest and principal (\$10) to Treasury. (Amount of principal is contrived and was previously anticipated.)

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 tx[]s</u> 4610 Allotments 6 4047 Antic Pay Treasury 10 4147 Act Pay Treasury 10 4902 Expended Auth-pd 6 <u>Proprietary</u> 6310 Int Exp- Treasury(G) 6 2510 Prin Pay Treasury 10 1010 Fund Balw/Treasury 16	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> XXXX Treasury Cash 19 1350 Loans Rec(G) 12 5310 Int Rev (G) 7 Misc. Recpt Acct

**Upward Reestimate**

(9.) At the end of year 2, the agency performs a reestimate, which shows that the revised subsidy estimate was too low. Prior to preparation of the Financial Statements, the agency records the upward reestimate: Reestimate Expense \$57 , Interest Expense 8 for a total of \$65, discount rate'.873.

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx[]s</u> no entry	<u>SF-133 tx[]s</u> no entry	<u>SF-133 tx[]s</u> no entry
<u>Proprietary</u> 6100 Reest Expense(N) 57 6330 Int Exp - reest(G) 8 2110 Subsidy Pay Fin Acct 65	<u>Proprietary</u> 1310 Subsidy Rec 65 1399 allowance Subsidy 57 5310 Int Inc- Reest(G) 8	<u>Proprietary</u> no entry

(10.) The agency amortizes the subsidy. (In this case, they will record a negative income since the income received by the financing account exceeds the expenses recorded.)

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx[]s</u> no entry	<u>SF-133 tx[]s</u> no entry	<u>SF-133 tx[]s</u> no entry
<u>Proprietary</u> no entry	<u>Proprietary</u> 5310 Int Inc. Subsidy(G) 9 1399 allowance Subsidy(N) 9	<u>Proprietary</u> no entry

**Receive Permanent Indefinite Authority**

(11.) In year 3, the program account requests the use of permanent, indefinite authority to pay the additional subsidy plus interest (total of \$65). The request and subsequent use of these funds are shown in separate segments for clarity. The program account receives permanent, indefinite authority for the reestimate.

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx[]s</u> 4119 Oth Approp(PIA) 65 4450 Unapportioned 65	<u>SF-133 tx[]s</u> no entry	<u>SF-133 tx[]s</u> no entry
<u>Proprietary</u> 1010 Fund Bal/Treas 65 3100 Unexp Appr 65	<u>Proprietary</u> no entry	<u>Proprietary</u> no entry

**Disburse Reestimate to Financing Account**

(12.) The program account disburses the reestimate to the financing account.

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx[]s</u> 4450 Unapport 65 4902 Exp Auth -pd 65	<u>SF-133 tx[]s</u> 4271 Actual Coll Sub 65 4450 Unapport 65	<u>SF-133 tx[]s</u> no entry
<u>Proprietary</u> 2110 Sub Pay 65 1010 Fund Bal/Treas 65	<u>Proprietary</u> 1010 Fund Bal/Treas 65 1310 Sub Rec 65	<u>Proprietary</u> no entry
3100 Unexp App65 5700 App Used(G) 65		

(13.) The agency uses the PIA to repay Treasury borrowings.

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx[]s</u> no entry	<u>SF-133 tx[]s</u> 4450 Unapport 65 4147 Pay to Treasury 65	<u>SF-133 tx[]s</u> no entry
<u>Proprietary</u> no entry	<u>Proprietary</u> 2510 Pay to Treasury 65 1010 Fund Bal W/Treasury 65	<u>Proprietary</u> no entry

**CONSOLIDATED FINANCIAL STATEMENTS**  
**(General Fund Illustration 1)**

Department/Agency  
 Reporting Entity  
 BALANCE SHEET  
 as of 30 September, Year  
 (Dollar)

<b><u>ASSETS</u></b>	<b><u>Year 1</u></b>	<b><u>year 2</u></b>	<b><u>year 3</u></b>
Entity Asset:			
Intragovernmental Items, Federal			
Fund Balance with Treasury (Note 2)	\$30	11	11
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)	88	2	2
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	<u>\$118</u>	<u>13</u>	<u>13</u>
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	<u>\$118</u>	<u>13</u>	<u>13</u>

LIABILITIES (General Fund Illustration 1)

Liabilities Covered by Budgetary Resources:	<u>yr 1</u>	<u>yr 3</u>	<u>yr3</u>
Intragovernmental liabilities:			
Accounts payable			
Interest payable			
Other intragovernmental liabilities (Note 11)			
Governmental Liabilities:			
Accounts payable			
Interest payable			
Liabilities for loan guarantees (Note 7) .....			
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> .....			
Total liabilities covered by budgetary resources	0	0	0
Liabilities not Covered by Budgetary Resources:			
Intragovernmental liabilities:			
Accounts payable 2510 + 2990	118	78	13
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	<u>118</u>	<u>78</u>	<u>13</u>
Total Liabilities	<u>\$118</u>	<u>78</u>	<u>13</u>
NET POSITION			
Unexpended Appropriations (Note 15) .....			0
Cumulative Results of Operations	0	(65)	0
Total Net Position	<u>0</u>	<u>(65)</u>	<u>0</u>
Total Liabilities and Net Position	<u>\$118</u>	<u>13</u>	<u>13</u>

## (General Fund Illustration 1)

Department/Agency  
Reporting Entity  
CONSOLIDATING STATEMENT OF NET COST  
as of 30 September, Year 1  
(Dollar)

	<u>Sub- organi- zation A</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
COSTS:			
Crosscutting Programs			
Program A:			
Intragovernmental	\$ 9 (6310T)+(6330R)	\$ 9	\$ 0
With the Public	<u>22 (6100)+(6199)</u>	<u>          </u>	<u>22</u>
Total	31	9	22
Less earned revenue	<u>9 (5310B)</u>		0
Net program costs	22	0	22

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 22

(General Fund Illustration 1)

Department/Agency  
 Reporting Entity  
 CONSOLIDATING STATEMENT OF NET COST  
 as of 30 September, Year 2  
 (Dollar)

	<u>Sub- organi- zation A</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
COSTS:			
Crosscutting Programs			
Program A:			
Intragovernmental	\$ 14 (6310T)+(6330R)	\$ 14	\$ 0
With the Public	<u>57 (6100)+(6199)</u>	<u>    </u>	<u>57</u>
Total	71	14	57
Less earned revenue	<u>6 (5310B)+(5310R)</u>	<u>(1)</u>	<u>7</u>
Net program costs	65 + (5310s)	15	50

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 65



## (General Fund Illustration 1)

Department/Agency  
Reporting Entity  
CONSOLIDATING STATEMENT OF NET COST  
as of 30 September, Year 3

	<u>Sub- organi- zation A</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- dated Totals</u>
COSTS:			
Crosscutting Programs			
Program A:			
Intragovernmental	\$ 0 (6310T)+(6330R)	\$ 0	\$ 0
With the Public	<u>0 (6100)+(6199)</u>	<u>0</u>	<u>0</u>
Total	0	0	0
Less earned revenue	<u>0 (5310B)+(5310R)</u>	<u>0</u>	<u>0</u>
Net program costs	0 +(5310s)	0	0
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			

**(General Fund Illustration 1)**

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

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Net Cost of Operations	\$ 22	\$ 65	\$ 0
Financing Sources (other than exchange revenues)			
Appropriations Used (5700)	50		65
Taxes			
Donations			
Imputed financing			
Transfers-in			
Transfers-out (5730)	-28		
Net Results of Operations (3310)	0	(65)	0
Prior period Adjustments			
Net Change in Cumulative Results of Operations	0	(65)	0
Increase (decrease) in Unexpended Appropriations	0		
Change in Net Position	0	(65)	
Net Position-Beginning of Period	0	0	(65)
Net Position-End of Period	0	(65)	0

**(General Fund Illustration 1)**

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

	<u>19x1</u>	<u>19x2</u>	<u>19x3</u>
<b>Budgetary Resources:</b>			
Budget authority (line 1) 4115 +4142+4119	\$ 150	\$	\$ 65
Unobligated balances-beginning of period (line 2A)		30	11
Spending authority from offsetting Collections (line 3)	124	27	65
Adjustments (lines 4-6)	<u>(12)</u>	<u>(10)</u>	<u>(65)</u>
Total budgetary resources (line 7)	<u>262</u>	<u>47</u>	<u>76</u>
<b>Status of Budgetary Resources:</b>			
Obligations incurred (line 8)	232	36	65
Unobligated balances-available (line 9)			
Unobligated balances-not available (line 10)	<u>30</u>	<u>11</u>	<u>11</u>
Total, status of budgetary resources (line 11)	<u>262</u>	<u>47</u>	<u>76</u>
<b>Outlays:</b>			
Obligations incurred (line 8)	232	36	65
Less: Spending authority from offsetting collections and adjustments (Lines 3A,B,D, & 4A)	124	27	65
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)	108	9	0

**(General Fund Illustration 1)**

## NOTES TO THE FINANCIAL STATEMENTS Year 1

**Note 2. Fund Balances with Treasury:**

## A. Fund Balances:

	<u>Entity Assets</u>	<u>Non-Entity Assets</u>	<u>Total</u>
(2) Revolving Funds	\$ 30	0	\$30
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	30	0	30

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

## C1. Direct Loans After FY 1991:

<u>Loan Programs</u>	<u>Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Foreclosed Property</u>	<u>Allowance for Subsidy Cost (Present Value)</u>	<u>Value of Assets Related Direct Loans</u>
	135			47	88

## H. Subsidy Expense for Post-1991 direct Loans:

1. Current Year's Direct Loans

<u>Loan Programs</u>	<u>Defaults</u>	<u>Fees</u>	<u>Interest Supple- ments</u>	<u>Other</u>	<u>Total</u>
					\$50

2. Direct Loan Modifications and Re-estimates

<u>Loan Programs</u>	<u>Modifications</u>	<u>Re-estimates</u>
(1) _____		(28)

**(General Fund Illustration 1)**

## NOTES TO THE FINANCIAL STATEMENTS

Year 2

**Note 2. Fund Balances with Treasury:**

## A. Fund Balances:

	Entity <u>Assets</u>	<u>Assets</u>	Non-Entity <u>Total</u>
(2) Revolving Funds	\$ 11	0	\$11
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	11	0	11

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

## C1. Direct Loans After FY 1991

Loan Programs	Loans Receivable, <u>Gross</u>	Interest <u>Receivable</u>	Foreclosed <u>Property</u>	Allowance for Subsidy Cost (Present <u>Value)</u>	Value of Assets Related Direct <u>Loans</u>
	115			113	2

## H. Subsidy Expense for Post-1991 direct Loans:

1. Current Year's Direct Loans

Loan Programs	<u>Defaults</u>	<u>Fees</u>	Interest Supple- <u>ments</u>	<u>Other</u>	<u>Total</u>
					\$0

2. Direct Loan Modifications and Re-estimates

<u>Loan Programs</u>	<u>Modifications</u>	<u>Re-estimates</u>
(1) _____		57



**Direct Loan Program  
Positive Subsidy  
ILLUSTRATION 2  
Special Fund**

Draft

(1.) A loan program receives a \$50 subsidy appropriation for a direct loan with a face value of \$175. The program account records the subsidy appropriation. The financing account records the anticipated collection of the subsidy payment from the program account, anticipated collections of fees from the borrower, anticipated collections of principal and interest from the borrower at year end, and borrowing authority for the non-subsidized portion of the loan. (Budgetary transactions to convert borrowing authority to cash are not shown. You may review them in the April, 1998 draft case studies.)

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 txs</u> 4115 Appropriation            50 4450 Unapportioned            50	<u>SF-133 txs</u> 4142 Borrow Auth            100 4060 Antic NonFED Coll       75 4070 Antic Fed Coll            50 4450 Unapportioned            225	<u>SF-133 txs</u> no entry
<u>Proprietary</u> 1010 Fund Bal/Treas            50 3100 Approp Cap	<u>Proprietary</u> 1010 Fund Bal/Treas            100 2510 Prin Pay Treas(G)        100	<u>Proprietary</u> no entry





**Payments Received and Paid**

(3.) The borrower paid principal (\$40) and interest (\$9) on his loan. (Amounts were previously anticipated.)

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 txs</u> 4263 Actual Col int 9 4262 Act coll Prinl 40 4060 Antic Non-Fed Coll 49  <u>Proprietary</u> 1010 Fund Bal/Treas 49 1350 loan rec (N) 40 5310 Int Inc- B(N) 9	<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry

(4.) The agency calculates and pays interest (\$7) and principal (\$12) to Treasury. (Principal amount is contrived and previously anticipated.)

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 txs</u> 4610 Allotments 19 4147 Act Pay Treasury 12 4902 Expended Auth-pd 7  <u>Proprietary</u> 6310 Int Exp- Treasury(G) 7 2510 Prin Pay Treasury 12 1010 Fund Balw/Treasury 19	<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry

General Fund Receipt Account
Misc Receipt Account

<u>SF-133 tx</u> no entry		
<u>Proprietary</u>		
XXXX Treasury Cash	19	
XXXX Loans Rec(G)		12
XXXX Int Rev (G)		7

**Direct Loan Program  
Downward Reestimate**



(5.) At the end of the year, the agency performs a reestimate, which shows that the original subsidy estimate was too high. Prior to Financial Statement preparation, the agency records the downward reestimate: excess subsidy(\$28) plus interest (\$2).

**OPTION 1**

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx</u> no entry	<u>SF-133 tx</u> no entry	<u>SF-133 tx</u> no entry
<u>Proprietary</u> 5730 Fin so tr w/o reimb(G) 28 6199 Adj Subsidy Exp(N) 28	<u>Proprietary</u> 1399 Allow Subsidy(N) 28 6330 Int Exp Re-est (G) 2 2990 Other Liabilities(G) 30	<u>Proprietary</u> 1310 Accounts Receivable 28 5720 Trsfer in w/out Reimb 28

**OPTION 2**

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx</u> no entry	<u>SF-133 tx</u> no entry	<u>SF-133 tx</u> no entry
<u>Proprietary</u>	<u>Proprietary</u> 1399 Allow Subsidy(N) 28 6199 Adj Subsidy Exp(N) 28 6330 Int Exp Re-est (G) 2 5730 Fin so tr w/o reimb(G)28 2990 Other Liabilities(G) 30	<u>Proprietary</u> 1310 Accounts Receivable 28 5720 Trsfer in w/out Reimb 28

<b>General Fund Receipt Account</b>			
<u>SF-133417S</u>			
No encl.			
<u>Proprietary</u>			
1340 Interest Receivable	2		
5310 Interest Rev		2	

**Record and Transfer Reestimate**

(6.) At the beginning of year 2 (after receiving an apportionment from OMB and allotment from the agency head), the agency records the budgetary effects of the downward reestimate and liquidates the receivable in the Special Fund and General Fund Receipt accounts.

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 tx[]s</u> 4610 Allotment 30 4902 Expend Auth-pd 30  <u>Proprietary</u> 2990 Other Liabilities(G)30 1010 Fund Bal/Treas 30	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> 1010 Fund Bal w/Treasury 28 1310 Accounts Receivable 28

General Fund Receipt Account
<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> XXXX Treasury Cash 2 1340 Interest Receivable 2

**Direct Loan Program  
Subsequent upward Reestimate  
Payments Received and Paid**

(7.) At the end of year 2, the agency records receipts from borrowers and calculates and pays Treasury principal and interest. The borrower paid principal (\$20) and interest (\$7) on his loan. (Principal amounts for the borrower and Treasury are contrived. Collectors and payments were previously anticipated.)

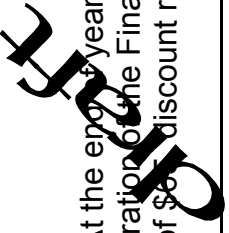
Program Account	Financing Account	Special Fund Receipt Account
<p><u>SF-133 tx[]s</u> no entry</p> <p><u>Proprietary</u> no entry</p>	<p><u>SF-133 tx[]s</u> 4263 Actual Col int       7 4262 Act coll Prinl       20       4060 Antic Non-Fed Coll   27</p> <p><u>Proprietary</u> 1010 Fund Bal/Treas       27       20       1350 loan rec (N)       7       5310 Int Inc- B(N)</p>	<p><u>SF-133 tx[]s</u> no entry</p> <p><u>Proprietary</u> no entry</p>

8.) The agency calculates the interest (\$6) and pays interest and principal (\$10) to Treasury.

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry	SF-133 tx[]s 4610 Allotments 6 4047 Antic Pay Treasury 10 4147 Act Pay Treasury 10 4902 Expended Auth-pd 6 <u>Proprietary</u> 6310 Int Exp- Treasury(G) 6 2510 Prin Pay Treasury 10 1010 Fund Balw/Treasury 16	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry

<b>General Fund Receipt Account</b> Misc Receipt Account <u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> XXXX Treasury Cash 6 5310 Interest Rev 6
---

**Upward Reestimate**



(9.) At the end of year 2, the agency performs a reestimate, which shows that the revised subsidy estimate was too low. Prior to preparation of the Financial Statements, the agency records the upward reestimate: Reestimate Expense \$57, Interest Expense 8 for a total of \$65. Discount rate .873.

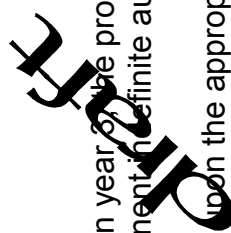
Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> 6100 Reest Expense(N) 57 6330 Int Exp - reest 8 2110 Subsidy Pay Fin Acct 65	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> 1310 Subsidy Rec 65 1399 allowance Subsidy 57 5310 Int Inc- Reest 8	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry

(10.) The agency amortizes the subsidy. (In this case, they will record a negative income since the income received by the financing account exceeds the expenses recorded.)

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> 5310 Int Inc. Subsidy 9 1399 Allowance Subsidy 9	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry



**Direct Loan Program  
Subsequent upward Reestimate**



(11.) In year of the program account requests appropriation and apportionment of the Special Fund Receipt Account (\$28) and permanent indefinite authority (\$37) to pay the additional subsidy plus interest.

Based upon the appropriation, Treasury issues a warrant to move the Special Fund Receipt amount to a Special Fund Expenditure account. (If this is an Available Receipt, the funds are moved automatically. No separate legal action is required and no physical warrant is issued.)

<b>Special Fund Receipt Account</b>	<b>Special Fund Expenditure Account</b>
<u>SF-133 txs</u> no entry	<u>SF-133 txs</u> 4119 Other Approp 28
<u>Proprietary</u> 5730 Trnf out w/o Reimb 28	4450 Unapport Auth 28
1010 Fund Bal w/Treasury 28	<u>Proprietary</u> 1010 Fund Bal w/Treasury 28
	3100 Unexpend Approp 28

(12.) Treasury moves the Special Fund Expenditure amount to the program account by use of an agency initiated 1151 (Non-expenditure transfer) request. Treasury also warrants the permanent indefinite authority.

<b>Special Fund Expenditure Account</b>	<b>Program Account</b>
<u>SF-133 txs</u> 4450 Unapport Auth 28	<u>SF-133 txs</u> 4119 Other Approp 37
<b>4170 Tfr cur yr auth</b> 28	<b>4170 Tfr cur yr Auth</b> 28
<u>Proprietary</u> 3100 Unexpended Auth 28	4450 Unapport Auth 65
1010 Fund Bal w/Treasury 28	<u>Proprietary</u> 1010 Fund Bal w/Treasury 65
	3100 Unexpend Approp 65

(13.) The program account disburses the reestimate to the financing account.

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx[ ]s</u> 4450 Unsupport 65 4902 Exp Auth -pd 65  <u>Proprietary</u> 2110 Pay to Fin Acct 65 1010 Fund Bal/Treas 65  3100 Unexp App 65 5700 App Used(G) 65	<u>SF-133 tx[ ]s</u> 4271 Actual Coll Sub 65 4047 Antic Pay Treasury 65  <u>Proprietary</u> 1010 Fund Bal/Treas 65 1310 Accts Rec 65	<u>SF-133 tx[ ]s</u> no entry  <u>Proprietary</u> no entry

(14.) The financing account uses the reestimate funds to repay Treasury borrowings.

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx[ ]s</u> No entry. <u>Proprietary</u> No entry.	<u>SF-133 tx[ ]s</u> 4147 Act Pay to Treasury 65 4047 Antic Pay Treasury 65  <u>Proprietary</u> 2510 Prin Pay to Treasury 65 1010 Fund Bal/Treas 65	<u>SF-133 tx[ ]s</u> no entry  <u>Proprietary</u> no entry

**CONSOLIDATED FINANCIAL STATEMENTS [ ] YEAR**  
**(Special Fund Illustration 2)**

Department/Agency  
Reporting Entity  
BALANCE SHEET  
as of 30 September, Year  
(Dollar)

<b><u>ASSETS</u></b>	<b><u>Year 1</u></b>	<b><u>year 2</u></b>	<b><u>year 3</u></b>
Entity Asset:			
Intragovernmental Items, Federal			
Fund Balance with Treasury (Note 2)	\$30	39	11
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)	88	2	2
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	<u>\$118</u>	<u>41</u>	<u>13</u>
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	<u>\$118</u>	<u>41</u>	<u>13</u>

## (Special Fund Illustration 2)

## LIABILITIES

## Liabilities Covered by Budgetary Resources:

## Intragovernmental liabilities:

Accounts payable

Interest payable

Other intragovernmental liabilities (Note 11)

yr 1yr 3yr3

## Governmental Liabilities:

Accounts payable

Interest payable

Liabilities for loan guarantees (Note 7) .....

Lease liabilities (Note 12)

Pensions, other retirement benefits and other

Post-employment benefits (Note 13)

Insurance liabilities (Note 14)

Other governmental liabilities (Note 11) *deferred Revenue* .....

## Total liabilities covered by budgetary resources

## Liabilities not Covered by Budgetary Resources:

## Intragovernmental liabilities:

Accounts payable 2510 + 2990

90

78

13

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 907813

## Total Liabilities

\$907813

## NET POSITION

Unexpended Appropriations (Note 15).....0

Cumulative Results of Operations

28

(37)

0

Total Net Position

28(37)0

## Total Liabilities and Net Position

\$1184113

**(Special Fund Illustration 2)**

Department/Agency  
Reporting Entity  
CONSOLIDATING STATEMENT OF NET COST  
as of 30 September, Year 1  
(Dollar)

	<u>Sub- organi- zation A</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
<b>COSTS:</b>			
Crosscutting Programs			
Program A:			
Intragovernmental	\$ 9 (6310T)+(6330R)	\$ 9	\$ 0
With the Public	<u>22 (6100)+(6199)</u>	<u>    </u>	<u>22</u>
Total	31	9	22
Less earned revenue	<u>9 (5310B)</u>		0
Net program costs	22	0	22

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 22

(Special Fund Illustration 2)

Department/Agency  
 Reporting Entity  
 CONSOLIDATING STATEMENT OF NET COST  
 as of 30 September, Year 2  
 (Dollar)

	<u>Sub- organi- zation A</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
COSTS:			
Crosscutting Programs			
Program A:			
Intragovernmental	\$ 14 (6310T)+(6330R)	\$ 14	\$ 0
With the Public	<u>57 (6100)+(6199)</u>	<u>    </u>	<u>57</u>
Total	71	14	57
Less earned revenue	<u>6 (5310B)+(5310R)</u>	<u>(1)</u>	<u>7</u>
Net program costs	65 +(5310s)	15	50
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 65			

## (Special Fund Illustration 2)

Department/Agency  
Reporting Entity  
CONSOLIDATING STATEMENT OF NET COST  
as of 30 September, Year 3

	<u>Sub- organi- zation A</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
COSTS:			
Crosscutting Programs			
Program A:			
Intragovernmental	\$ 0 (6310T)+(6330R)	\$ 0	\$ 0
With the Public	<u>0 (6100)+(6199)</u>	<u>0</u>	<u>0</u>
Total	0	0	0
Less earned revenue	<u>0 (5310B)+(5310R)</u>	<u>0</u>	<u>0</u>
Net program costs	0 +(5310s)	0	0
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			

**(Special Fund Illustration 2)**

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

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Net Cost of Operations	\$ 22	\$ 65	\$ 0
Financing Sources (other than exchange revenues)			
Appropriations Used (5700)	50		65
Taxes			
Donations			
Imputed financing			
Transfers-in (5720)	28		
Transfers-out (5730)	-28		-28
Net Results of Operations (3310)	28	(65)	37
Prior period Adjustments			
Net Change in Cumulative Results of Operations	28	(37)	37
Increase (decrease) in Unexpended Appropriations	0		
Change in Net Position	28	(65)	37
Net Position-Beginning of Period	0	28	(37)
Net Position-End of Period	28	(37)	0



**(Special Fund Illustration 2)**

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

	<u>19x1</u>	<u>19x2</u>	<u>19x3</u>
<b>Budgetary Resources:</b>			
Budget authority (line 1) 4115 +4142+4119	\$ 150	\$	\$ 65
Unobligated balances-beginning of period (line 2A)		30	11
Spending authority from offsetting Collections (line 3)	124	27	65
Adjustments (lines 4-6)	<u>(12)</u>	<u>(10)</u>	<u>(65)</u>
Total budgetary resources (line 7)	<u>262</u>	<u>47</u>	<u>76</u>
<b>Status of Budgetary Resources:</b>			
Obligations incurred (line 8)	232	36	65
Unobligated balances-available (line 9)			
Unobligated balances-not available (line 10)	<u>30</u>	<u>11</u>	<u>11</u>
Total, status of budgetary resources (line 11)	<u>262</u>	<u>47</u>	<u>76</u>
<b>Outlays:</b>			
Obligations incurred (line 8)	232	36	65
Less: Spending authority from offsetting collections and adjustments (Lines 3A,B,D, & 4A)	124	27	65
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)	108	9	0

**(Special Fund Illustration 2)**

## NOTES TO THE FINANCIAL STATEMENTS Year 1

**Note 2. Fund Balances with Treasury:**

## A. Fund Balances:

	Entity <u>Assets</u>	Non-Entity <u>Assets</u>	<u>Total</u>
(2) Revolving Funds	\$ 30	0	\$30
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	30	0	30

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

## C1. Direct Loans After FY 1991:

Loan Programs	Loans Receivable, <u>Gross</u>	Interest Receivable	Foreclosed Property	Allowance for Subsidy Cost (Present Value)	Value of Assets Related Direct Loans
	135			47	88

## H. Subsidy Expense for Post-1991 direct Loans:

1. Current Year's Direct Loans

Loan Programs	Loans Defaults	Interest Supple- Fees	ments	Other	Total
					\$50

2. Direct Loan Modifications and Re-estimates

Loan Programs	Modifications	Re-estimates
(1) _____		(28)

**(Special Fund Illustration 2)**

## NOTES TO THE FINANCIAL STATEMENTS

Year 2

**Note 2. Fund Balances with Treasury:**

## A. Fund Balances:

	<u>Entity Assets</u>	<u>Non-Entity Assets</u>	<u>Total</u>
(2) Revolving Funds	\$ 39	0	\$39
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	39	0	39

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

## C1. Direct Loans After FY 1991

<u>Loan Programs</u>	<u>Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Foreclosed Property</u>	<u>Allowance for Subsidy Cost (Present Value)</u>	<u>Value of Assets Related Direct Loans</u>
	115			113	2

## H. Subsidy Expense for Post-1991 direct Loans:

1. Current Year's Direct Loans

<u>Loan Programs</u>	<u>Defaults</u>	<u>Fees</u>	<u>Interest Diff</u>	<u>Other</u>	<u>Total</u>
					\$0

2. Direct Loan Modifications and Re-estimates

<u>Loan Programs</u>	<u>Modifications</u>	<u>Re-estimates</u>
(1) _____		57

(Special Fund Illustration 2)

NOTES TO THE FINANCIAL STATEMENTS Year 3

**Note 2. Fund Balances with Treasury:**

A. Fund Balances:

	<u>Entity Assets</u>	<u>Non-Entity Assets</u>	<u>Total</u>
(2) Revolving Funds	\$ 11	0	\$11
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	11	0	11

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

C1. Direct Loans After FY 1991:

<u>Loan Programs</u>	<u>Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Foreclosed Property</u>	<u>Allowance for Subsidy Cost (Present Value)</u>	<u>Value of Assets Related Direct Loans</u>
	115			113	2

H. Subsidy Expense for Post-1991 direct Loans:

1. Current Year's Direct Loans

<u>Loan Programs</u>	<u>Defaults</u>	<u>Fees</u>	<u>Interest Diff</u>	<u>Other</u>	<u>Total</u>
					\$0

2. Direct Loan Modifications and Re-estimates

<u>Loan Programs</u>	<u>Modifications</u>	<u>Re-estimates</u>
----------------------	----------------------	---------------------

(1) \_\_\_\_\_

**Draft**

**Direct Loan Program  
Negative Subsidy  
ILLUSTRATION 3  
General Fund**

(1.) A discretionary loan program projects a negative subsidy of \$30 for a direct loan with a face value of \$175. The financing account records the anticipated fees to be collected from the borrower and borrowing authority to fund the loan and the negative subsidy. (For brevity, the transactions necessary to convert borrowing Authority to cash are not shown. For details of this event, please refer to the April, 1998 draft case study Accounting for Direct Loans Without Collateral.)

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx</u> no entry	<u>SF-133 tx</u> 4142 Borrow Auth      205 4060 Antic NonFED Coll      80 4450 Unapportioned      285	<u>SF-133 tx</u> no entry
<u>Proprietary</u> no entry	<u>Proprietary</u> 1010 Fund Bal/Treas      205 2510 Prin Pay Treas(G)      205	<u>Proprietary</u> no entry



(3.) The financing account sends the negative subsidy to a General Fund Receipt account upon the disbursement of the loan.

**OPTION 1**

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx</u> no entry  <u>Proprietary</u> 5730 Fin So tr w/o reimb(G) 30 6199 Adj Subsidy Exp(N) 30	<u>SF-133 tx</u> 4801 Undel Orders 30 4902 Expend Auth-pd 30  <u>Proprietary</u> 1399 Allow Subsidy(N) 30 1010 Fund Bal/Treas 30 (This amount will be reflected in the agency's 224 txs (disbursement) and show up in Treasury's General Fund.)	<u>SF-133 tx</u> no entry  <u>Proprietary</u> XXXX Treasury Cash 30 5720 Trf In w/o reimb 30

**OPTION 2**

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 tx</u> 4801 Undel Orders 30 4902 Expend Auth-pd 30  <u>Proprietary</u> 1399 Allow Subsidy(N) 30 6199 Adj Subsidy Exp(N) 30 5730 Fin So tr w/o reimb(G) 30 1010 Fund Bal/Treas 30 (This amount will be reflected in the agency's 224 txs (disbursement) and show up in Treasury's General Fund.)	<u>SF-133 tx</u> no entry  <u>Proprietary</u> XXXX Treasury Cash 30 5720 Trf In w/o reimb 30

**Draft**

**Payments Received and Paid**

(4.) The borrower paid principal (\$40) and interest (\$9) on his loan. (Principal amounts for borrower and Treasury are contrived. Collections and Payments were previously anticipated.)

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 txs</u> no entry	<u>SF-133 txs</u> 4263 Actual Col int 9 4262 Act coll Prinl 40 4060 Antic Non-Fed Coll 49	<u>SF-133 txs</u> no entry
<u>Proprietary</u> no entry	<u>Proprietary</u> 1010 Fund Bal/Treas 49 1350 loan rec (N) 40 5310 Int Inc- B(N) 9	<u>Proprietary</u> no entry



(5.) The agency calculates interest (\$14) and pays interest and principal (\$20) to Treasury.

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 tx[]s</u> 4610 Allotments 14 4902 Expended Auth-pd 14 4147 Act Pay Treasury 20 4047 Antic Pay Treasury 20  <u>Proprietary</u> 6310 Int Exp- Treasury(G) 14 2510 Prin Pay Treasury 20 1010 Fund Balw/Treasury 34	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> XXXX Treasury Cash 34 1350 Loans Receivable 20 5310 Int Rev 14

(6.) The agency amortizes the subsidy to fund the interest expense to Treasury. (Subsidy allowance will be amortized to pay any Treasury interest not covered by other income.)

Program Account	Financing Account	General Fund Receipt Account
<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> 1399 Allowance for Subsidy 5 5310 Int Inc -Subsidy 5	<u>SF-133 tx[]s</u> no entry  <u>Proprietary</u> no entry

**(General Fund Illustration 3-Negative Subsidy)**  
**CONSOLIDATED FINANCIAL STATEMENTS**

Department/Agency  
 Reporting Entity  
**BALANCE SHEET**  
 as of 30 September, Year 1  
 (Dollars)

**ASSETS**

Entity Asset:	
Intragovernmental Items, Federal	
Fund Balance with Treasury (Note 2) .....	\$42
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) .....	143
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 .....	<u>\$185</u>
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 .....	<u>\$185</u>

**(General Fund Illustration 3-Negative Subsidy)**

## 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) .....  
 Lease liabilities (Note 12)  
 Pensions, other retirement benefits and other  
 Post-employment benefits (Note 13)  
 Insurance liabilities (Note 14)  
 Other governmental liabilities (Note 11) *deferred Revenue* .....

## Total liabilities covered by budgetary resources

## Liabilities not Covered by Budgetary Resources:

## Intragovernmental liabilities:

Accounts payable 2510 + 2990 ..... 185  
 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..... 185Total Liabilities ..... \$185

## NET POSITION

Unexpended Appropriations (Note 15)..... 0  
 Cumulative Results of Operations ..... 0  
 Total Net Position..... 0

Total Liabilities and Net Position ..... \$185

(General Fund Illustration 3-Negative Subsidy)

Department/Agency  
Reporting Entity

CONSOLIDATING STATEMENT OF NET COST  
as of 31 September, Year 1  
(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	\$ 14	\$	\$14	\$ 0
With the Public	<u>(30)</u>			<u>(30)</u>
Total	(16)		14	(30)
Less earned revenue	<u>14</u>		<u>14</u>	<u>0</u>
Net program costs	(30)		0	(30)
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		(30)		

**(General Fund Illustration 3-Negative Subsidy)**

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	\$ (30)	\$	\$	\$
Financing Sources (other than exchange revenues)				
Appropriations Used	0			
Taxes				
Donations				
Imputed financing				
Transfers-in				
Transfers-out	30			
Net Results of Operations	0			
Prior period Adjustments				
Net Change in Cumulative Results of Operations	0			
Increase (decrease) in Unexpended Appropriations	0			
Change in Net Position				
Net Position-Beginning of Period	0			
Net Position-End of Period	0			

**(General Fund Illustration 3-Negative Subsidy)**

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

	<u>19x1</u>	<u>19xx</u>
<b>Budgetary Resources:</b>		
Budget authority (line 1) 4115 +4142+4119+4142	\$205	\$
Unobligated balances-beginning of period (line 2A)		
Spending authority from offsetting Collections (line 3)	76	
Adjustments (lines 4-6)	<u>(20)</u>	—
Total budgetary resources (line 7)	<u><u>261</u></u>	—
<b>Status of Budgetary Resources:</b>		
Obligations incurred (line 8)	219	
Unobligated balances-available (line 9)		
Unobligated balances-not available (line 10)	<u>42</u>	—
Total, status of budgetary resources (line 11)	<u><u>261</u></u>	<u>—</u>
<b>Outlays:</b>		
Obligations incurred (line 8)	219	
Less: Spending authority from offsetting collections and adjustments (Lines 3A,B,D, & 4A)	76	
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)	143	

**(General Fund Illustration 3-Negative Subsidy)**

## NOTES TO THE FINANCIAL STATEMENTS Year 1

**Note 2. Fund Balances with Treasury:****A. Fund Balances:**

	<u>Entity Assets</u>	<u>Non-Entity Assets</u>	<u>Total</u>
(2) Revolving Funds	\$ 42	0	\$42
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	42	0	42

**Note 7. Loans and Loan Guarantees, Non-Federal Borrowers:****C1. Direct Loans After FY 1991:**

<u>Loan Programs</u>	<u>Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Foreclosed Property</u>	<u>Allowance for Subsidy Cost (Present Value)</u>	<u>Value of Assets Related Direct Loans</u>
	135			8	143

**H. Subsidy Expense for Post-1991 direct Loans:****1. Current Year's Direct Loans**

<u>Loan Programs</u>	<u>Defaults</u>	<u>Fees</u>	<u>Interest Supple- ments</u>	<u>Other</u>	<u>Total</u>
					\$(30)

**2. Direct Loan Modifications and Re-estimates**

<u>Loan Programs</u>	<u>Modifications</u>	<u>Re-estimates</u>
----------------------	----------------------	---------------------

(1)\_\_\_\_\_

**Direct Loan Program  
Negative Subsidy  
ILLUSTRATION 4  
Special Fund**

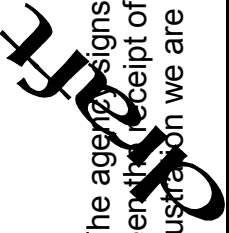
Draft

(1.) A loan program projects a negative subsidy of \$30 for a direct loan with a face value of \$175. This loan program sends negative subsidy to a **Special Fund Receipt Account**. The financing account records the anticipated fees to be collected from the borrower, anticipated loan and interest payments by borrower at year end, and borrowing authority to fund the loan and the negative subsidy. (Transactions to convert the Borrowing Authority to cash are not shown. For details of this event or other typical events associated with direct loans, please refer to the April, 1998 draft case study Accounting for Direct Loans Without Collateral.)

Program Account	Financing Account	Special Fund Receipt Account
<p><u>SF-133 tx[ ]s</u> no entry</p> <p><u>Proprietary</u> no entry</p>	<p><u>SF-133 tx[ ]s</u> 4142 Borrow Auth      205 4060 Antic NonFED Coll      80 4450 Unapportioned      285</p> <p><u>Proprietary</u> 1010 Fund Bal/Treas      205 2510 Prin Pay Treas(G)      205</p>	<p><u>SF-133 tx[ ]s</u> no entry</p> <p><u>Proprietary</u> no entry</p>



### Agency Disburses Direct Loan



(2.) The agency signs a loan contract and disburses a \$175 direct loan to a borrower. For simplification, steps that would take place between the receipt of the appropriation and the disbursement of the loan are not shown (apportionment, Allotment and obligation). In this illustration we are assuming Treasury interest rate of 7% and borrower interest rate of 5%.

Program Account	Financing Account	Special Fund Receipt Account
<p><u>SF-133 txs</u> no entry</p> <p><u>Proprietary</u> no entry</p>	<p><u>SF-133 txs</u> 4261 Actual Col Fees      27     4060 Antic Non-Fed Coll      27</p> <p>4801 Undel Orders      175     4902 Expend Auth-pd      175</p> <p><u>Proprietary</u> 1010 Fund Bal/Treas      27     1399 Allow Subsidy (N)      27 1350 Loan Rec (N)      175     1010 Fund Bal/Treas      175</p>	<p><u>SF-133 txs</u> no entry</p> <p><u>Proprietary</u> no entry</p>

(3.) The financing account sends the negative subsidy to a **Special Fund Receipt account** upon the disbursement of the loan.

**OPTION 1**

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx[ls]</u> no entry  <u>Proprietary</u> 5730 Fin So tr w/o reimb(G) 30 6199 Adj Subsidy Exp(N) 30	<u>SF-133 tx[ls]</u> 4801 Undel Orders 30 4902 Expend Auth-pd 30  <u>Proprietary</u> 1399 Allow Subsidy(N) 30 1010 Fund Bal/Treas 30	<u>SF-133 tx[ls]</u> no entry  <u>Proprietary</u> 1010 Fund Bal w/Treasury 30 5720 Fin So Tr in w/o Reimb 30

**OPTION 2**

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 tx[ls]</u> no entry  <u>Proprietary</u>	<u>SF-133 tx[ls]</u> 4801 Undel Orders 30 4902 Expend Auth-pd 30  <u>Proprietary</u> 1399 Allow Subsidy(N) 30 6199 Adj Subsidy Exp(N) 5730 Fin So tr w/o reimb(G) 30 1010 Fund Bal/Treas	<u>SF-133 tx[ls]</u> no entry  <u>Proprietary</u> 1010 Fund Bal w/Treasury 30 5720 Fin So Tr in w/o Reimb 30

**Payments Received and Paid**

(4.) The borrower paid principal (\$40) and interest (\$9) on his loan. (Principal amounts for borrower and Treasury are contrived. Collections and payments were previously anticipated.)

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 txs</u> 4263 Actual Col int 9 4262 Act coll Prinl 40 4060 Antic Non-Fed Coll 49  <u>Proprietary</u> 1010 Fund Bal/Treas 49 40 1350 loan rec (N) 5310 Int Inc- B(N) 9	<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry

(5.) The agency calculates interest (\$14) and pays interest and principal (\$20) to Treasury.

Program Account	Financing Account	Special Fund Receipt Account
<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry	<u>SF-133 txs</u> 4610 Allotments 34 4147 Act Pay Treasury 20 4902 Expended Auth-pd 14 <u>Proprietary</u> 6310 Int Exp- Treasury(G)14 2510 Prin Pay Treasury 20 1010 Fund Balw/Treasury 34	<u>SF-133 txs</u> no entry  <u>Proprietary</u> no entry

**General Fund Receipt Account**

Misc Receipt Account

SF-133 tx

no entry

Proprietary

XXXXX Treasury Cash 34

1350 Loans Rec 20

5310 Interest Rev 14

(6.) The agency amortizes the subsidy to fund the interest expense to Treasury. (Subsidy allowance will be amortized to cover Treasury interest expense not covered by all other revenues.)

Program Account	Financing Account	Special Fund Receipt Account
<p><u>SF-133 tx[ ]s</u> no entry</p> <p><u>Proprietary</u> no entry</p>	<p><u>SF-133 tx[ ]s</u> no entry</p> <p><u>Proprietary</u> 1399 Allowance for Subsidy 5 5310 Int Inc -Subsidy 5</p>	<p><u>SF-133 tx[ ]s</u> no entry</p> <p><u>Proprietary</u> no entry</p>

**Direct Loan Program  
Subsequent Use of Negative Subsidy  
4 (cont)**

(7.) In Year 2, the agency requests use of the Special Fund Receipts. With appropriation authority, the Special Fund Receipt amount is warranted to the Special Fund Expenditure Account for use by the agency. If this is a Special Fund Receipt - Available, these procedures are executed immediately.

Based upon the appropriation, Treasury issues a warrant to move the Special Fund Receipt amount to a Special Fund Expenditure account. (If this is an Available Receipt, the funds are moved automatically. No separate legal action is required and no physical warrant is issued.)

Special Fund Receipt Account	Special Fund Expenditure Account
<u>SF-133 tx[ ]s</u> no entry	<u>SF-133 tx[ ]s</u> 4119 Other Approp 30 4450 Unapport Auth 30
<u>Proprietary</u> 5730 Trf Out w/o Reimb 30 1010 Fund Bal w/Treasury30	<u>Proprietary</u> 1010 Fund Bal w/Treasury 30 3100 Unexpend Approp 30

(8.) Treasury moves the Special Fund Expenditure amount to the program account by use of an agency initiated 1151 (non-expenditure transfer).

Special Fund Expenditure Account	Program Account
SF-133 txs	SF-133 txs
4450 Unapport Auth 30	170 Tfr cur yr Auth 30
4175 Tfr cur yr auth 30	4450 Unapport Auth 30
Proprietary 3100 Unexpended Auth 30	Proprietary 1010 Fund Bal w/Treasury 30
1010 Fund Bal w/Treasury30	3100 Unexpend Approp 30

(9.) The program account transfers the subsidy to the financing account.

Program Account	Financing Account	Special Fund Receipt Account
SF-133 txs	SF-133 txs	SF-133 txs
4450 Unapport 30	4271 Actual Coll Sub 30	no entry
4902 Exp Auth -pd 30	4450 Unapport 30	
Proprietary	Proprietary	Proprietary
6100 Subsidy Exp(N) 30	1010 Fund Bal/Treas 30	no entry
1010 Fund Bal/Treas 30	1399 Allow Sub(N) 30	
3100 Unexp App 30		
5700 App Used(G) 30		



**(Special Fund Illustration 4 - Negative Subsidy)**  
**CONSOLIDATED FINANCIAL STATEMENTS**

Department/Agency  
Reporting Entity  
BALANCE SHEET  
as of 30 September, Year  
(Dollars)

<b><u>ASSETS</u></b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>
Entity Asset:		
Intragovernmental Items, Federal		
Fund Balance with Treasury (Note 2 ***)	\$72	72
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)	143	113
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	<u>\$215</u>	<u>185</u>
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	<u>\$215</u>	<u>185</u>

**(Special Fund Illustration 4 - Negative Subsidy)**

LIABILITIES	<u>Year 1</u>	<u>Year 2</u>
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) .....		
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> .....		
Total liabilities covered by budgetary resources		
Liabilities not Covered by Budgetary Resources:		
Intragovernmental liabilities:		
Accounts payable 2510 + 2990	185	185
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	<u>185</u>	<u>185</u>
Total Liabilities	<u>\$185</u>	<u>185</u>
NET POSITION		
Unexpended Appropriations (Note 15) .....		0
Cumulative Results of Operations	30	
Total Net Position	<u>30</u>	0
Total Liabilities and Net Position	<u>\$215</u>	<u>185</u>

(Special Fund Illustration 4 - Negative Subsidy)

Department/Agency  
Reporting Entity  
CONSOLIDATING STATEMENT OF NET COST  
as of 31 September, Year 1  
(Dollars)

	<u>Sub- organi- zation A</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
COSTS:			
Crosscutting Programs			
Program A:			
Intragovernmental	\$ 14	\$14	\$ 0
With the Public	<u>(30)</u>	<u>        </u>	<u>(30)</u>
Total	(16)	14	(30)
Less earned revenue	<u>14</u>	<u>14</u>	<u>0</u>
Net program costs	(30)	0	(30)
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 (30)

(Special Fund Illustration 4 - Negative Subsidy)

Department/Agency  
Reporting Entity

CONSOLIDATING STATEMENT OF NET COST  
as of 31 September, Year 2  
(Dollars)

	<u>Sub- organi- zation A</u>	<u>Intra- agency elimin- ations</u>	<u>Consol- idated Totals</u>
COSTS:			
Crosscutting Programs			
Program A:			
Intragovernmental	\$ 0	\$ 0	\$ 0
With the Public	<u>30</u>	<u>        </u>	<u>30</u>
Total	30	0	30
Less earned revenue	<u>0</u>	<u>0</u>	<u>0</u>
Net program costs	30	0	30
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 30

**(Special Fund Illustration 4 - Negative Subsidy)**

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

	Year 1	Year 2	Intra- agency elimin- ations	Consol- idated Totals
Net Cost of Operations	\$ (30)	30	\$	\$
Financing Sources (other than exchange revenues)				
Appropriations Used		30		
Taxes				
Donations				
Imputed financing				
Transfers-in	30			
Transfers-out	30			
Net Results of Operations	30	0		
Prior period Adjustments				
Net Change in Cumulative Results of Operations	30	0		
Increase (decrease) in Unexpended Appropriations	0	0		
Change in Net Position				
Net Position-Beginning of Period	0	30		
Net Position-End of Period	30	0		

**(Special Fund Illustration 4 - Negative Subsidy)**

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

	<u>19x1</u>	<u>19x2</u>
<b>Budgetary Resources:</b>		
Budget authority (line 1) 4115 +4142+4119+4142+4170	\$205	\$ 30
Unobligated balances-beginning of period (line 2A)		42
Spending authority from offsetting Collections (line 3)	76	30
Adjustments (lines 4-6)	<u>(20)</u>	
Total budgetary resources (line 7)	<u>261</u>	<u>102</u>
<b>Status of Budgetary Resources:</b>		
Obligations incurred (line 8)	219	30
Unobligated balances-available (line 9)		
Unobligated balances-not available (line 10)	<u>42</u>	<u>72</u>
Total, status of budgetary resources (line 11)	<u>261</u>	<u>102</u>
<b>Outlays:</b>		
Obligations incurred (line 8)	219	30
Less: Spending authority from offsetting collections and adjustments (Lines 3A,B,D, & 4A)	76	30
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)	143	0

**(Special Fund Illustration 4 - Negative Subsidy)**

NOTES TO THE FINANCIAL STATEMENTS Year 1

**Note 2. Fund Balances with Treasury:**

**A. Fund Balances:**

	<u>Entity Assets</u>	<u>Non-Entity Assets</u>	<u>Total</u>
(2) Revolving Funds	\$ 72	0	\$72
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>72</u>	<u>0</u>	<u>72</u>

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

C1. Direct Loans After FY 1991:

<u>Loan Programs</u>	<u>Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Foreclosed Property</u>	<u>Allowance for Subsidy Cost (Present Value)</u>	<u>Value of Assets Related Direct Loans</u>
	135			8	143

H. Subsidy Expense for Post-1991 direct Loans:

1. Current Year's Direct Loans

<u>Loan Programs</u>	<u>Defaults</u>	<u>Fees</u>	<u>Interest Diff</u>	<u>Other</u>	<u>Total</u>
					\$(30)

2. Direct Loan Modifications and Re-estimates

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

**(Special Fund Illustration 4 - Negative Subsidy)**

NOTES TO THE FINANCIAL STATEMENTS

Year 2

**Note 2. Fund Balances with Treasury:****A. Fund Balances:**

	Entity <u>Assets</u>	Non-Entity <u>Assets</u>	<u>Total</u>
(2) Revolving Funds	\$ 42	0	\$42
(3) Appropriated Funds	<u>0</u>	<u>0</u>	<u>0</u>
Total	42	0	42

**Note 7. Loans and Loan Guarantees, Non-Federal Borrowers:****C1. Direct Loans After FY 1991:**

<u>Loan Programs</u>	Loans Receivable, <u>Gross</u>	Interest <u>Receivable</u>	Foreclosed <u>Property</u>	Allowance for Subsidy Cost (Present <u>Value)</u>	Value of Assets Related Direct <u>Loans</u>
	135			8	143

**H. Subsidy Expense for Post-1991 direct Loans:****1. Current Year's Direct Loans**

<u>Loan Programs</u>	<u>Defaults</u>	<u>Fees</u>	Interest <u>Diff</u>	<u>Other</u>	<u>Total</u>
					\$30

**2. Direct Loan Modifications and Re-estimates**

<u>Loan Programs</u>	<u>Modifications</u>	<u>Re-estimates</u>
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