

**FEDERAL CREDIT PROGRAM
BASIC ACCOUNTING AND REPORTING GUIDE
FOR DIRECT LOAN AND LOAN GUARANTEE
PROGRAMS WITHOUT COLLATERAL
(PRE-CREDIT REFORM)**

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DRAFT

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OVERVIEW

This guide is designed for those who:

- Formulate and execute Federal credit program budgets, including accounting for assets, liabilities, net position, income, expenses, and budgetary resources;
- Prepare agency financial statements;
- Audit the agency financial statements;
- Manage or provide service to participants in direct loan programs;
- Design and maintain computer systems for financial programs;

AND

- Instruct others in basic accounting and reporting for direct loan programs.

This guide is illustrative, rather than authoritative, and is categorized as “other accounting literature” in the hierarchy of accounting principles for Federal entities.¹ It supersedes the original and subsequent pre-Credit Reform scenarios. Users may download the guide from the Financial Management Service (FMS) Web site at www.fms.treas.gov/ussgl/creditreform.

In order to understand and gain the most from this guide, the user should have a working knowledge of the following:

- Budgetary and proprietary accounting, related reporting, and terminology;
- The U. S. Government Standard General Ledger (USSGL) accounts for basic annual operating appropriations and revolving funds;
- The concepts of Federal credit program accounting and reporting, fund structures, and terminology;

AND

- The Credit Reform Act and other requirements established by the Act.

This guide illustrates accounting and reporting for a Federal credit program with direct loans and loan guarantees obligated prior to October 1, 1991, funded by no-year authority from an appropriation carried forward from September 30, 1990, and offsetting collections. Accounting is based on net realizable value (for direct loans and loan assets) or net expected value (for loan guarantee liabilities).²

¹See OMB Bulletin No. 01-09, dated September 2001, §1.2, p.2.

²Paragraph 40 of Statement of Federal Financial Accounting Standards (SFFAS) No. 2 provides that the accounting may be performed on a present value basis at the discretion of program agencies. Present value accounting is covered in the other three guides in this series.

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The guide covers common transactions and reports with the focus on transactions unique to Federal credit program accounting. For example, the guide does not present undelivered orders with advances, because they are not unique to credit program accounting. It excludes transactions involving collateral and borrowing and repaying monies from Treasury, since they are covered in separate guides. Users may visit the FMS Web site at www.fms.treas.gov/ussgl to view other guides.

Transactions are presented over a 1-year period for a fictitious Federal agency with a single direct loan and loan guarantee program, which began operations prior to October 1, 1991.

The transactions covered are:

- Formulation, apportionment, and allotment of the budget;
- Payment of administrative expenses;³
- Disbursement for new direct loans and commitment of new loan guarantees;
- Collection of guarantee fees;
- Collection of loan principal and interest on direct loans and defaulted guaranteed loans;
- Payment of interest supplements;
- Payment of default claims;
- Assuming defaulted guaranteed loans and interest for direct collection;
- Modification of direct loan and loan guarantee terms, with resulting transfer of the loans and guarantees to the financing fund;
- Accrual of interest from borrowers;
- Writeoff of bad debts without receiving collateral;
- Accrual of bad debts expense;
- Transfer of excess funds to Treasury; and
- Closing entries.

The guide illustrates the following yearend agency reports and notes:

- Balance Sheet;
- Statement of Net Cost;
- Statement of Net Position;
- Statement of Financing;
- Statement of Budgetary Resources;
- FMS 2108: Yearend Closing Statement;
- Program and Financing Schedule;
- Credit Program Footnote.

³The illustration is for payment of administrative expenses without prior obligation through undelivered orders or accounts payable.

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An SF 132: Apportionment and Reapportionment Schedule, is illustrated at the beginning of the year and is revised once during the year. In addition, Appendix 1 provides a listing of key references.

Except for the Request for Apportionment, which is not subject to Federal generally accepted accounting principles (FEDGAAP), these reports are in compliance with FEDGAAP, as promulgated by the Federal Accounting Standards Advisory Board (FASAB) and the U.S. Office of Management and Budget (OMB). Like the journal entries for the underlying transactions, the reports are illustrative. Agencies may have other ways of formatting their reports that meet the authoritative requirements. The SF 132, which is not required to be audited and published with the audited financial statements, is in compliance with OMB regulations. Agencies must prepare and format the SF 132 as illustrated in this guide, unless an agency has direction from or agreement with OMB to do otherwise.

Direct questions regarding this guide to the USSGL Division at www.fms.treas.gov/ussgl, using the USSGL Issue Form, or to:

Director, USSGL Division
Accounting Systems and Standards Directorate
Governmentwide Accounting
Financial Management Service
3700 East-West Highway
Hyattsville, MD 20872

The USSGL Web site also includes a list of USSGL representatives and their telephone numbers.

CONCEPTUAL FRAMEWORK

The guide uses USSGL account numbers and, generally, titles. When necessary, the guide expands USSGL account titles, using brackets, to capture specific information required for reporting. For example, brackets are used to capture information to separate administrative expense from interest supplement expense, both of which would be merged into account 6100 if no other designation were made. For administrative expense, “[Administrative Expense]” is included after the title for USSGL account 6100, “Operating Expenses/Program Costs.” In the same manner, for interest supplement expense, “[Interest Supplement Expense]” is included after the title for USSGL account 6100. The USSGL Supplement, Section II, contains definitions for USSGL accounts.

Entries are made in general journal form, using USSGL accounts, and are summarized in trial balances for each year. When necessary, the USSGL accounts are subdivided or otherwise supplemented with more detail to provide the illustrated reporting. The entries made and the

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method chosen to illustrate the detail provide only one way of accounting. Agencies may have other ways of structuring their ledgers and making journal entries that accomplish the same result.

ACCOUNT TABLES

The following account tables identify the accounts used in the guide to record transactions and prepare reports, and the structure under which they fall. Because the transactions are not comprehensive, the tables do not contain all accounts that agencies may use in their actual agency program. The USSGL Supplement, Section I, contains the complete chart of USSGL accounts.

BUDGETARY ACCOUNTS USED

RESOURCES

Anticipated

- 4047 Anticipated Transfers to the General Fund of the Treasury
- 4060 Anticipated Collections From Non-Federal Sources
- 4070 Anticipated Collections From Federal Sources

Realized

- 4119 Other Appropriations Realized
- 4201 Total Actual Resources - Collected
- 4261 Actual Collections of Business-Type Fees
- 4262 Actual Collections of Loan Principal
- 4263 Actual Collections of Loan Interest
- 4276 Actual Collections From Financing Fund
- 4151 Actual Capital Transfers to the General Fund of the Treasury,
Current-Year Authority

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**BUDGETARY ACCOUNTS USED
(CONCLUDED)**

STATUS OF RESOURCES

Unobligated

4450 Unapportioned Authority

4510 Apportionments

4590 Apportionments - Anticipated Resources – Programs Subject to Apportionment

4610 Allotments - Realized Resources

Obligated

4801 Undelivered Orders – Obligations, Unpaid

4901 Delivered Orders – Obligations, Unpaid

4902 Delivered Orders – Obligations, Paid [Loans Made]

4902 Delivered Orders – Obligations, Paid [Other]

4902 Delivered Orders – Obligations, Paid [Defaults]

4902 Delivered Orders – Obligations, Paid [Transfer of Liabilities to Financing Fund]

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PROPRIETARY ACCOUNTS USED

ASSETS⁴

1010 Fund Balance With Treasury
1340 Interest Receivable [Direct Loans]
1340 Interest Receivable [Defaulted Guaranteed Loans]
1349 Allowance for Loss on Interest Receivable [Direct Loans]
1349 Allowance for Loss on Interest Receivable [Defaulted Guaranteed Loans]
1350 Loans Receivable [Direct]
1350 Loans Receivable [Defaulted Guaranteed]
1359 Allowance for Loss on Loans Receivable [Direct]
1359 Allowance for Loss on Loans Receivable [Defaulted Guaranteed]

LIABILITIES

2110 Accounts Payable
2180 Loan Guarantee Liability

NET POSITION

3100 Unexpended Appropriations - Cumulative
3107 Unexpended Appropriations - Used
3310 Cumulative Results of Operations

**PROPRIETARY ACCOUNTS USED
(CONCLUDED)**

FINANCING SOURCES (including gains)

5200 Revenue From Services Provided
5312 Interest Revenue - Loans Receivable/Uninvested Funds [From Borrowers]
5700 Expended Appropriations
5765 Nonexpenditure Financing Sources - Transfers Out
7190 Other Gains

EXPENSES (including losses)

6100 Operating Expenses/Program Costs [Administrative Expense]
6100 Operating Expenses/Program Costs [Interest Supplement Expense]
6720 Bad Debt Expense
7210 Losses on Disposition of Assets - Other

⁴Interest receivable and loans receivable are broken out by those related to direct loans and those related to loan guarantee programs to facilitate the separate reporting required. See OMB Bulletin No. 01-09, footnote 8.

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SCENARIO

This section presents transactions, including closing entries, along with interim and yearend trial balances for the fiscal year. Users should note the various caveats provided in prior sections of this guide when reviewing the information.

OMB authorized the agency, which operates under no-year authority, to make direct loans and to guarantee 100 percent of loans and interest for program participants prior to fiscal 1992. Loans and guarantees that were obligated before that date are accounted for in the agency's liquidating fund, illustrated in this scenario. The agency will pay its costs from the unobligated balance of an existing no-year appropriation and new collections and will return monies in excess of the amount per an agreement with OMB. An authorized agency official will provide blanket allotment authority for all realized resources, as they are realized, up to the amount apportioned by OMB. The agency accounts for loans receivable on its books using net realizable value. It accounts for the loan guarantee liability using the net estimated amount payable. The agency does not use present value accounting. Present value accounting is illustrated in the direct loans, loan guarantee, and foreclosed property guides.

Budgetary and proprietary trial balances at the beginning of the year are shown below. Note that loans and interest receivable are divided into those relating to direct loans and those relating to loan guarantees, to facilitate the separate reporting required.⁵

⁵See OMB Bulletin No. 01-09, instructions for footnote number 8.

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Beginning-of-Year Trial Balances

Budgetary	Debit	Credit
4201 Total Actual Resources - Collected	\$4,000	
4450 Unapportioned Authority		\$3,600
4801 Undelivered Orders – Obligations, Unpaid		300
4901 Delivered Orders – Obligations, Unpaid		<u>100</u>
	<u>\$4,000</u>	<u>\$4,000</u>
Proprietary	Debit	Credit
1010 Fund Balance With Treasury	\$ 4,000	
1340 Interest Receivable [Direct Loans]	400	
1340 Interest Receivable [Defaulted Guaranteed Loans]	300	
1349 Allowance for Loss on Interest Receivable [Direct Loans]		\$ 100
1349 Allowance for Loss on Interest Receivable [Def. Guar. Loans]		200
1350 Loans Receivable [Direct]	3,250	
1350 Loans Receivable [Defaulted Guaranteed]	1,750	
1359 Allowance for Loss on Loans Receivable [Direct]		2,500
1359 Allowance for Loss on Loans Receivable [Defaulted Guaranteed]		1,000
2110 Accounts Payable		100
2180 Loan Guarantee Liability		9,000
3100 Unexpended Appropriations - Cumulative		3,000
3310 Cumulative Results of Operations ⁶	<u>6,200</u>	<u>0</u>
	<u>\$15,900</u>	<u>\$15,900</u>

During the year, the agency expected to receive collections as follows:

Principal on loans receivable	\$850
Interest on loans receivable	150
Ongoing guarantee fees from borrowers	<u>50</u>
	<u>\$1,050</u>

⁶Prior illustrative guidance provided for use of USSGL account 2970, “Resources Payable to Treasury,” to represent the difference between assets and the other liabilities. This was designated before the issuance of SFFAS No. 7, *Accounting for Revenue and Other Financing Sources*, which prohibits accrual of unapportioned or unlegislated appropriations across years and mandates that appropriations used be computed in the same manner as in the Federal Budget (see paragraphs 72 and 217 of SFFAS No. 7). In the prior guidance, account 2970 took the place of USSGL accounts 3100, “Unexpended Appropriations – Cumulative” and 3310, “Cumulative Results of Operations,” and no appropriations used were recognized. A debit balance in account 2970 was, in effect, a receivable for appropriations. In addition, a procedure of closing expenses and revenues into account 2970 was illustrated. In compliance with SFFAS No. 7, and in recognition of the reality of the long ongoing life of many liquidating funds, the guidance in this guide illustrates the difference between assets and liabilities in accounts 3100 and 3310, and illustrates closing entries for income and expense made into account 3310.

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The agency expected to make the following disbursements:

Beginning undelivered orders	\$ 300
Beginning accounts payable	100
Administrative expenses	275
Interest supplements	25
Default claims	<u>1,200</u>
	<u>\$1,900</u>

Per agreement with OMB, the agency will return to Treasury all cash in excess of \$3,030.⁷ The \$120 expected to be returned at yearend, is computed as follows:

Beginning balance of cash	\$4,000
Anticipated cash receipts	1,050
Anticipated cash disbursements	<u>(1,900)</u>
Expected cash balance at yearend	\$3,150
Cash reserve allowed	<u>(3,030)</u>
Anticipated cash to be returned to Treasury	<u>\$ 120</u> ⁸

TRANSACTIONS

1. The agency prepared the budget formulation. (TC A140, A142)

4060 Anticipated Collections From Non-Federal Sources	1,050	
4047 Anticipated Transfers to the General Fund of the Treasury		120
4450 Unapportioned Authority		930

⁷The figure here is arbitrary. OMB Circular No. A-11, Section 185.3(k), provides that agencies must transfer unobligated balances of liquidating fund entities at fiscal yearend to the General Fund of the Treasury unless OMB approves otherwise (see Section 51.12).

⁸If a cash deficit were projected instead, the agency may have made up the deficit with either appropriations or borrowing. Accounting for receipt and use of appropriations is covered in the direct loans and loan guarantees guide. Accounting for borrowing is covered in the direct loan guide.

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An SF-132: Apportionment and Reapportionment Schedule, for this transaction appears below.

**Direct Loan and Loan Guarantee Agency
SF-132 Apportionment and Reapportionment Schedule**

Budgetary Resources

Unobligated balance:

2A. Brought forward, October 1	\$3,600
3C. Anticipated for rest of year, without advance	1,050
6F. Anticipated rest of year	(120)
7. Total budgetary resources	\$4,530

Application of Budgetary Resources

8. Apportioned	\$1,530
11. Unapportioned balance of revolving fund	3,000
12. Total status of budgetary resources	\$4,530

2. OMB approved the agency request for apportionment without change, and the agency recorded the apportionment. (TC A116, A118)

4450 Unapportioned Authority	1,530	
4510 Apportionments [of Realized Resources]		600 ⁹
4590 Apportionments - Anticipated Resources - Programs Subject to Apportionment		930

3. A properly designated agency official apportioned the full amount of realized resources and issued a blanket authorization to allot anticipated resources as they were realized, not to exceed the amount of the apportionment. (TC A120)

4510 Apportionments	600	
4610 Allotments - Realized Resources		600

The agency received the following collections during the year:

Principal on direct loans receivable	\$550
Principal on defaulted guaranteed loans receivable	250
Interest on direct loans receivable	90
Interest on defaulted guaranteed loans receivable	70
Ongoing guarantee fees from borrowers	55

⁹This is a portion of the beginning balance of USSGL account 4450, "Unapportioned Authority."

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4. To record the collections. (TC C109)

4261 Actual Collections of Business-Type Fees	55	
4262 Actual Collections of Loan Principal	800	
4263 Actual Collections of Loan Interest	160	
4060 Anticipated Collections From Non-Federal Sources		1,015
1010 Fund Balance With Treasury	1,015	
1340 Interest Receivable [Direct Loans]		90
1340 Interest Receivable [Defaulted Guaranteed Loans]		70
1350 Loans Receivable [Direct]		550
1350 Loans Receivable [Defaulted Guaranteed]		250
5200 Revenue From Services Provided		55

5. To allot the authority from the collections. (TC A122)

4590 Apportionments - Anticipated Resources - Programs Subject to Apportionment	930	
4610 Allotments - Realized Resources		930 ¹⁰

The agency made the following cash disbursements during the year:

Administrative expenses	\$ 485
Interest supplements	25
Direct loans	10
Accounts payable at beginning of year	100
Defaults	1,250

The amount paid for administrative expenses included the \$300 of undelivered orders at the beginning of the year (bills for which totaled \$300) plus an additional \$185.

¹⁰Note that the amount of the authority allotted is limited to the apportionment related to anticipated collections, as reflected by the balance of USSGL account 4590, "Apportionments - Anticipated Resources – Programs Subject to Apportionment."

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6. To record disbursements. (TC B104, B110, B134, C206)

4610 Allotments - Realized Resources	1,470	
4801 Undelivered Orders – Obligations, Unpaid		300
4901 Delivered Orders – Obligations, Unpaid		100
4902 Delivered Orders – Obligations, Paid [Loans Made]		10
4902 Delivered Orders – Obligations, Paid [Other]		610
4902 Delivered Orders – Obligations, Paid [Defaults]		1,250
1350 Loans Receivable [Direct]		10
2110 Accounts Payable		100
2180 Loan Guarantee Liability		1,250
6100 Operating Expenses/Program Costs [Administrative Expense]		485
6100 Operating Expenses/Program Costs [Interest Supplement Expense]		25
1010 Fund Balance With Treasury		1,870
3107 Unexpended Appropriations - Used	1,870	
5700 Expended Appropriations		1,870

The agency acquired receivables on payment of the default claims in the preceding transaction. The agency's practice is to separately record the interest and principal as shown below.^{11,12}

Loan principal - gross	\$800
Loan principal - realizable value	230
Loan interest - gross	450
Loan interest - realizable value	375

¹¹Some agencies will record both the principal and interest as a single amount in USSGL account 1350, "Loans Receivable [Defaulted Guaranteed]." This is appropriate if subsequent interest charges are based on the total amount of principal and interest receivable acquired by virtue of the default payment.

¹²Though shown separately here for purposes of illustration, the agency could combine the entry for this transaction with the proprietary entry in transaction 5.

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7. To record loans and interest receivable from non-Federal sources for defaulted guaranteed loans. (TC C220, D852)

1340 Interest Receivable [Defaulted Guaranteed Loans]	450	
1350 Loans Receivable [Defaulted Guaranteed]	800	
1349 Allowance for Loss on Interest Receivable [Defaulted Guar. Loans]		75
1359 Allowance for Loss on Loans Receivable [Defaulted Guaranteed]		570
2180 Loan Guarantee Liabilities		605

The agency guaranteed the full amount of principal and interest on a \$20 loan disbursed this year by the third-party lender involved. The guarantee had been committed prior to fiscal 1992. In accordance with the terms of the guarantee, the agency charged no guarantee fees. No entries are required.¹³

Trial Balance (transactions 1 through 7)

Budgetary	Debit	Credit
4047 Anticipated Transfers to the General Fund of the Treasury		\$ 120
4060 Anticipated Collections From Non-Federal Sources	\$ 35	
4201 Total Actual Resources - Collected	4,000	
4261 Actual Collections of Business-Type Fees	55	
4262 Actual Collections of Loan Principal	800	
4263 Actual Collections of Loan Interest	160	
4450 Unapportioned Authority		3,000
4510 Apportionments [of Realized Resources]		-0-
4590 Apportionments - Anticipated Resources - Programs Subject to Apportionment		-0-
4610 Allotments - Realized Resources		60
4801 Undelivered Orders – Obligations, Unpaid		-0-
4901 Delivered Orders – Obligations, Unpaid		-0-
4902 Delivered Orders – Obligations, Paid [Loans Made]		10
4902 Delivered Orders – Obligations, Paid [Other]		610
4902 Delivered Orders – Obligations, Paid [Defaults]		<u>1,250</u>
	<u>\$5,050</u>	<u>\$5,050</u>

¹³Under pre-Credit Reform accounting, the budget recognizes cash inflows and outflows related to loan guarantees when they occur, rather than when guarantees are made. Since there was no cash to or from the Government with this transaction, no budgetary entries are prepared. See OMB Circular No. A-11, Sec. 185.3(k), for further information. It would be possible to make a proprietary entry recognizing the estimated bad debts (default) expense related to the guarantee at this time, but the scenario restates bad debt expense via an adjusting entry at yearend instead. Either method is acceptable.

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Proprietary	Debit	Credit
1010 Fund Balance With Treasury	\$ 3,145	
1340 Interest Receivable [Direct Loans]	310	
1340 Interest Receivable [Defaulted Guaranteed Loans]	680	
1349 Allowance for Loss on Interest Receivable [Direct Loans]		\$ 100
1349 Allowance for Loss on Interest Receivable [Def. Guar. Loans]		275
1350 Loans Receivable [Direct]	2,710	
1350 Loans Receivable [Defaulted Guaranteed]	2,300	
1359 Allowance for Loss on Loans Receivable [Direct]		2,500
1359 Allowance for Loss on Loans Receivable [Defaulted Guaranteed]		1,570
2110 Accounts Payable		-0-
2180 Loan Guarantee Liability		8,355
3100 Unexpended Appropriations - Cumulative		3,000
3107 Unexpended Appropriations - Used	1,870	
3310 Cumulative Results of Operations	6,200	
5200 Revenue From Services Provided		55
5700 Expended Appropriations		1,870
6100 Operating Expenses/Program Costs [Administrative Expense]	485	
6100 Operating Expenses/Program Costs [Interest Supplement Expense]	<u>25</u>	<u>0</u>
	<u>\$17,725</u>	<u>\$17,725</u>

Information for Modifications

The agency obtained approval from OMB to modify the terms of direct loans and loan guarantees. The information was as follows:

The agency modified the terms of \$100 of direct loans. The net realizable value was \$85, and the net present value was \$75. The agency was to sell the loans to the financing fund. All interest on the loans had been paid to date.

The agency modified the terms for \$275 of guaranteed loans. The expected value of the liability from guaranteeing the loans was \$90, and the present value was \$83. The agency transferred the guarantees to the financing fund.¹⁴

The agency prepared a new SF-132, which is illustrated below.

¹⁴Note that this results in a modification of the loan guarantee liability relating to guaranteed loans that have not defaulted. Defaulted guaranteed loans receivable on the agency's books are not affected by the modification.

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**Direct Loan and Loan Guarantee Agency
SF-132: Apportionment and Reapportionment Schedule**

Budgetary Resources

Unobligated balance:

2A. Brought forward, October 1	\$ 600
3A. Earned	1,015
3C. Anticipated for rest of year, without advance	110
5. Temporarily not available pursuant to public law	(112)
7. Total budgetary resources	\$1,613

Application of Budgetary Resources

8. Apportioned	\$1,583
11. Unapportioned balance of revolving fund	30
12. Total status of budgetary resources	\$1,613

The agency compiled information for a new SF-132 as shown in the table below, with crosswalks shown in square brackets.

Line 2A	Remains at \$600
Line 3A	\$1,015 [4261, 4262, 4263]
Line 3C	\$110 [account 4060, \$35, + \$75 to be received from the financing fund]
Line 5	\$112* [see note below]
Line 7	\$1,613 [lines 2A + 3A + 3C - 5]
Line 8	\$1,583 [\$1,500 originally anticipated + \$83 to be paid to the financing fund]
Line 11	Remains at \$30
Line 12	\$1,613 [lines 8 + 11]
*Computation of cash to be paid to Treasury:	
Balance of cash after the previous transactions	\$145 [1010]
Anticipated additional receipts	110 [Line 3C]
Anticipated additional payments	(113) [Line 8 - ? 4801, 4901, 4902]
Anticipated ending balance of cash available	\$142
Amount needed to carry into the next year	(30) [Line 11]
Cash to be returned to Treasury	<u>\$112</u>

OMB approved the new SF-132 as requested.

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8. The agency recorded the submission of the new SF-132. (TC A140, A142R)

4070 Anticipated Collections From Federal Sources	75	
4047 Anticipated Transfers to the General Fund of the Treasury	8	
4450 Unapportioned Authority		83

9. The agency recorded OMB approval of the SF-132. (TC A118)

4450 Unapportioned Authority	83	
4590 Apportionments - Anticipated Resources - Programs Subject to Apportionment		83

10. The agency transferred the direct loans to the financing fund, which paid the present value.
(TC C109, D208, A122)

4276 Actual Collections From Financing Fund	75	
4070 Anticipated Collections From Federal Sources		75
1010 Fund Balance With Treasury	75	
1359 Allowance for Loss on Loans Receivable [Direct]	15	
7210 Losses on Disposition of Assets – Other [on Modification and Sale of Loans Receivable]	10	
1350 Loans Receivable [Direct]		100
4590 Apportionments - Anticipated Resources - Programs Subject to Apportionment	75	
4610 Allotments - Realized Resources		75

11. The agency transferred the loan guarantees to the financing fund, along with payment of the present value. (TC B104, B134)

4610 Allotments - Realized Resources	83	
4902 Delivered Orders – Obligations, Paid [Transfer of Liabilities to Financing Fund]		83
2180 Loan Guarantee Liability	90	
1010 Fund Balance With Treasury		83
7190 Other Gains [on Disp. of Loan Guar. Liab. Modified and Transferred]		7
3107 Unexpended Appropriations – Used	83 ¹⁵	
5700 Expended Appropriations		83

¹⁵See the note for this entry in transaction 5, which applies here.

**FEDERAL CREDIT PROGRAM BASIC ACCOUNTING AND REPORTING GUIDE
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Trial Balance (transactions 1 through 11)

<i>Budgetary</i>	<i>Debit</i>	<i>Credit</i>
4047 Anticipated Transfers to the General Fund of the Treasury		\$ 112
4060 Anticipated Collections From Non-Federal Sources	\$ 35	
4070 Anticipated Collections From Federal Sources	-0-	
4201 Total Actual Resources - Collected	4,000	
4261 Actual Collections of Business-Type Fees	55	
4262 Actual Collections of Loan Principal	800	
4263 Actual Collections of Loan Interest	160	
4276 Actual Collections From Financing Fund	75	
4450 Unapportioned Authority		3,000
4510 Apportionments [of Realized Resources]		-0-
4590 Apportionments - Anticipated Resources - Programs Subject to Apportionment		8
4610 Allotments - Realized Resources		52
4801 Undelivered Orders – Obligations, Unpaid		-0-
4901 Delivered Orders – Obligations, Unpaid		-0-
4902 Delivered Orders – Obligations, Paid [Loans Made]		10
4902 Delivered Orders – Obligations, Paid [Other]		610
4902 Delivered Orders – Obligations, Paid [Defaults]		1,250
4902 Delivered Orders – Obligations, Paid [Transfer to Fin. Fund]		<u>83</u>
	<u>\$5,125</u>	<u>\$5,125</u>
<i>Proprietary</i>	<i>Debit</i>	<i>Credit</i>
1010 Fund Balance With Treasury	\$3,137	
1340 Interest Receivable [Direct Loans]	310	
1340 Interest Receivable [Defaulted Guaranteed Loans]	680	
1349 Allowance for Loss on Interest Receivable [Direct Loans]		\$ 100
1349 Allowance for Loss on Interest Receivable [Def. Guar. Loans]		275
1350 Loans Receivable [Direct]	2,610	
1350 Loans Receivable [Defaulted Guaranteed]	2,300	
1359 Allowance for Loss on Loans Receivable [Direct]		2,485
1359 Allowance for Loss on Loans Receivable [Defaulted Guaranteed]		1,570
2110 Accounts Payable		-0-
2180 Loan Guarantee Liability	8,265	
3100 Unexpended Appropriations – Cumulative		3,000
3107 Unexpended Appropriations - Used	1,953	
3310 Cumulative Results of Operations	6,200	
5200 Revenue From Services Provided		55
5700 Expended Appropriations		1,953

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Trial Balance Cont.

6100 Operating Expenses/Program Costs [Administrative Expense]	485	
6100 Operating Expenses/Program Costs [Interest Supplement Expense]	25	
7190 Other Gains [Disp. of Loan Guar. Liab. Modified and Transferred]		7
7210 Losses on Disposition of Assets - Other [Modification and Sale of Loans Receivable]	<u>10</u>	
	<u>\$17,710</u>	<u>\$17,710</u>

12. The agency accrued \$35 of interest on direct loans and \$30 on defaulted guaranteed loans receivable at yearend. (TC C216)

1340 Interest Receivable [Direct Loans]	35	
1340 Interest Receivable [Defaulted Guaranteed Loans]	30	
5312 Interest Revenue - Loans Receivable/Uninvested Funds [Borrowers]		65

13. The agency wrote off bad debts as follows: interest receivable on direct loans, \$10; interest receivable on defaulted guaranteed loans, \$40; direct loans receivable, \$200; defaulted guaranteed loans receivable, \$50. (TC D208, D212)

1349 Allowance for Loss on Interest Receivable [Direct Loans]	10	
1349 Allowance for Loss on Interest Receivable [Def. Guar. Loans]	40	
1359 Allowance for Loss on Loans Receivable [Direct]	200	
1359 Allowance for Loss on Loan Receivable [Defaulted Guaranteed]	50	
1340 Interest Receivable [Direct Loans]		10
1340 Interest Receivable [Defaulted Guaranteed Loans]		40
1350 Loans Receivable [Direct]		200
1350 Loans Receivable [Defaulted Guaranteed]		50

14. The agency accrued bad debts expense as follows: interest receivable on direct loans, \$20; interest receivable on defaulted guaranteed loans, 70; direct loans receivable, \$80; defaulted guaranteed loans receivable, \$45; loan guarantee liability, \$200. (TC D204)

6720 Bad Debt Expense	415	
1349 Allowance for Loss on Interest Receivable [Direct Loans]		20
1349 Allowance for Loss on Interest Receivable [Def. Guar. Loans]		70
1359 Allowance for Loss on Loans Receivable [Direct]		80
1359 Allowance for Loss on Loans Receivable [Defaulted Guaranteed]		45
2180 Loan Guarantee Liability		200

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15. The agency transferred cash in excess of \$3,030 to Treasury. (TC B136 modified)

4047 Anticipated Transfers to the General Fund of the Treasury	107 ¹⁶	
4151 Actual Capital Transfers to the General Fund of the Treasury, Current-Year Authority		107
5765 Nonexpenditure Financing Sources - Transfers Out ¹⁷	107	
1010 Fund Balance With Treasury		107

16. The agency recorded closing of anticipated accounts. (TC F112, F114)

4450 Unapportioned Authority	22	
4047 Anticipated Transfers to the General Fund of the Treasury	5	
4590 Apportionments – Anticipated Resources - Programs Subject to Apportionment	8	
4060 Anticipated Collections from Non-Federal Sources		35

Pre-Closing Trial Balances (transactions 1through13)

Budgetary	Debit	Credit
4201 Total Actual Resources – Collected [Net]	4,000	
4261 Actual Collections of Business-Type Fees	55	
4262 Actual Collections of Loan Principal	800	
4263 Actual Collections of Loan Interest	160	
4276 Actual Collections From Financing Fund	75	
4151 Actual Capital Transfers to the General Fund of the Treasury, Current-Year Authority		107
4450 Unapportioned Authority		2,978
4610 Allotments - Realized Resources		52
4902 Delivered Orders – Obligations, Paid [Loans Made]		10
4902 Delivered Orders – Obligations, Paid [Other]		610
4902 Delivered Orders – Obligations, Paid [Defaults]		1,250
4902 Delivered Orders – Obligations, Paid [Transfer to Fin. Fund]		83
	<u>\$5,090</u>	<u>\$5,090</u>

¹⁶Ending Fund Balance With Treasury, \$3,137, - reserve allowed by OMB, \$3,030, = \$107.

¹⁷ This guide now illustrates revenues and expenses closing into USSGL 3310 Cumulative Results of Operations. This may result in the liquidating fund having a balance in USSGL 3310. If agencies deem it necessary to have a zero balance in USSGL 3310, then a pre-closing proprietary entry may be made in the liquidating fund to adjust the cumulative results of operations to zero and to create a liability to Treasury. Refer to the USSGL TFM Supplement.

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Proprietary	Debit	Credit
1010 Fund Balance With Treasury	\$ 3,030	
1340 Interest Receivable [Direct Loans]	335	
1340 Interest Receivable [Defaulted Guaranteed Loans]	670	
1349 Allowance for Loss on Interest Receivable [Direct Loans]		\$ 110
1349 Allowance for Loss on Interest Receivable [Def. Guar. Loans]		305
1350 Loans Receivable [Direct]	2,410	
1350 Loans Receivable [Defaulted Guaranteed]	2,250	
1359 Allowance for Loss on Loans Receivable [Direct]		2,365
1359 Allowance for Loss on Loans Receivable [Defaulted Guaranteed]		1,565
2180 Loan Guarantee Liability		8,465
3100 Unexpended Appropriations - Cumulative		3,000
3107 Unexpended Appropriations - Used	1,953	
3310 Cumulative Results of Operations	6,200	
5200 Revenue From Services Provided		55
5312 Interest Revenue - Loans Receivable/Uninvested Funds [Borrowers]		65
5700 Expended Appropriations		1,953
5765 Nonexpenditure Financing Sources - Transfers-Out	107	
6100 Operating Expenses/Program Costs [Administrative Expense]	485	
6100 Operating Expenses/Program Costs [Interest Supplement Expense]	25	
6720 Bad Debt Expense	415	
7190 Other Gains [Disp. of Loan Guar. Liab. Modified and Transferred]		7
7210 Losses on Disposition of Assets – Other [Modification/Sale of Loans Receivable]	10	
	<u>\$17,890</u>	<u>\$17,890</u>

17. The agency made budgetary closing entries. (TC F204, F214, F210)

4902 Delivered Orders – Obligations, Paid [Loans Made]	10	
4902 Delivered Orders – Obligations, Paid [Other]	610	
4902 Delivered Orders – Obligations, Paid [Defaults]	1,250	
4902 Delivered Orders – Obligations, Paid [Transfer to Fin. Fund]	83	
4151 Actual Capital Transfers to the General Fund of the Treasury, Current-Year Authority		107
4201 Total Actual Resources - Collected [Net]		970
4261 Actual Collections of Business-Type Fees		55
4262 Actual Collections of Loan Principal		800
4263 Actual Collections of Loan Interest		160
4276 Actual Collections From Financing Fund		75
4610 Allotments - Realized Resources	52	

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4450 Unapportioned Authority 52

18. The agency made proprietary closing entries. (TC F228, F230, F231, F233)

5200 Revenue From Services Provided	55	
5312 Interest Revenue - Loans Receivable/ Uninvested Funds [from Borrowers]	65	
5700 Expended Appropriations	1,953	
7190 Other Gains [Disp. of Loan Guar. Liab. Modified/Transferred]	7	
3310 Cumulative Results of Operations		1,038
5765 Nonexpenditure Financing Sources - Transfers Out		107
6100 Operating Expenses/Program Costs [Administrative Expense]		485
6100 Operating Expenses/Program Costs [Interest Supplement Expense]		25
6720 Bad Debt Expense		415
7210 Losses on Disposition of Assets – Other [Modification/Sale of Loans Receivable]		10
3100 Unexpended Appropriations - Cumulative	1,953	
3107 Unexpended Appropriations - Used		1,953

Post-Closing Trial Balances (transactions 1 through 17)

Budgetary	Debit	Credit
4201 Total Actual Resources - Collected [Net]	3,030	
4450 Unapportioned Authority		3,030
	<u>\$3,030</u>	<u>\$3,030</u>
Proprietary	Debit	Credit
1010 Fund Balance With Treasury	\$ 3,030	
1340 Interest Receivable [Direct Loans]	335	
1340 Interest Receivable [Def. Guar. Loans]	670	
1349 Allowance for Loss on Interest Receivable [Direct Loans]		\$ 110
1349 Allowance for Loss on Interest Receivable [Def. Guar. Loans]		305
1350 Loans Receivable [Direct]	2,410	
1350 Loans Receivable [Defaulted Guaranteed]	2,250	
1359 Allowance for Loss on Loans Receivable [Direct]		2,365
1359 Allowance for Loss on Loans Receivable [Defaulted Guaranteed]		1,565
2180 Loan Guarantee Liability		8,465
3100 Unexpended Appropriations - Cumulative		1,047
3310 Cumulative Results of Operations	<u>5,162</u>	
	<u>\$13,857</u>	<u>\$13,857</u>

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FINANCIAL STATEMENTS

**Direct Loan and Loan Guarantee Agency
Balance Sheet
As of September 30, 20XX**

ENTITY ASSETS

Intragovernmental Assets

1. Fund Balance With Treasury (1010)	\$3,030
4. Loans Receivable (1340E) (1349E) (1350E) (1359E)	<u>1,320</u>
15. Total Assets	<u>\$4,350</u>

Liabilities with the Public

21. Loan Guarantee Liability (2180E)	8,465
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Net Position

29. Unexpended Appropriations (3100E)	\$1,047
30. Cumulative Results of Operations (Deficit) (3310E)	<u>(5,162)</u>
31. Total Net Position	<u>(4,115)</u>
32. Total Liabilities and Net Position	<u>\$4,350</u>

**Direct Loan and Loan Guarantee Agency
Statement of Net Cost
for Fiscal Year Ended September 30, 20XX**

Program Costs

4. Gross Cost With the Public (6100E) (6720E) (7210E)	\$935
5. Less: Earned Revenue From the Public (5200E) (5312E)	120
6. Net Costs With the Public	\$815
8. Costs Not Assigned to Programs (7190E)	(7)
10. Net Cost of Operations	<u>\$808</u>

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**Direct Loan and Loan Guarantee Agency
Statement of Changes in Net Position
for Fiscal Year Ended September 30, 20XX**

	Cumulative Results of Operations	Unexpended Appropriations
1. Beginning Balances (3310E) (3100E)	\$(6,200)	\$3,000
7. Appropriations Used (5700E) (3107E)	1,953	(1,953)
10. Transfers In/Out Without Reimb. (5765E)	(107)	
17. Net Cost of Operations	(808)	
18. Ending Balances	\$(5,162)	\$1,047

**Direct Loan and Loan Guarantee Agency
Statement of Financing
for Fiscal Year Ended September 30, FY-L**

1. Obligations Incurred (4081E-B)(4901 E-B)(4902)		\$1,553
2. Less: Spending Authority From Offset Collections/Recoveries (4261)(4263)(4276)		<u>1,090</u>
3. Obligations Net of Offsetting Collections/Recoveries		<u>463</u>
5. Net Obligations		<u>463</u>
11. Total Resources Used To Finance Activities		\$463
Resources Used To Finance Items Not Part of the Net Cost of Operations		
12. Change in Budgetary Resources Obligated for but Not Provided (4801)		(301)
14. Collections That Increase Liabilities for Loan Guarantees or Allowance Subsidies (4262,4263,4276)		(1,035)
15. Resources That Finance Acquisition of Assets or Liquidation of Liabilities (4902)		<u>1,343</u>
17. Total Resources Used To Finance Items Not Part of the Net Cost		8
18. Total Resources Used To Finance the Net Cost of Operations		\$455
Components Not Requiring or Generating Resources in Current Period		
22. Increase in Exchange Revenue From the Public (1340)		<u>(65)</u>
24. Total Components of Net Cost That Will Require/Generate Resources		(65)
26. Revaluation of Assets or Liabilities (7210, 7190)		3
27. Other (6720)		415
28. Total Components of Net Cost That Will Not Require/Generate Resources		418
29. Total Components of Net Cost That Will Not Require/Generate Resources in the Current Period		<u>353</u>
30. Net Cost of Operations		<u>\$808</u>

**FEDERAL CREDIT PROGRAM BASIC ACCOUNTING AND REPORTING GUIDE
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**Direct Loan and Loan Guarantee Agency
Statement of Budgetary Resources
for Fiscal Year Ended September 30, FY-L**

Budgetary Resources	
2A. Unobligated balance beginning of period (4201B) (4801B) (4901B)	\$ 3,600
3A1. Spending authority from offset collected, earned (4261E) (4262E) (4263E) (4276E)	1,090
6C. Capital Transfers and Redemption of Debt (4151E)	<u>(107)</u>
7. Total Budgetary Resources	\$4,583
Status of Budgetary Resources	
8. Obligations incurred (4801E-B) (4901E-B) 4902E)	1, 553
9A1. Balance currently available (4610E)	52
10D. Other (4450E)	<u>2,978</u>
11. Total Status of Budgetary Resources	\$4,583
Relationship of Obligations to Outlays	
12. Obligated balance	400
15A. Disbursements (4902)	1,953
15B. Collections (-) (4261,4262,4263,4276)	1,090
15C. Outlays	863
16. Less: Offsetting receipts	
17. Net Outlays	\$ 863

**Direct Loan and Loan Guarantee Agency
FMS 2108: Yearend Closing Statement
for Fiscal Year Ended September 30, FY-L**

Column 5 Post Closing Unexpended Balance (1010)	3,030
Column 11 Unobligated Balance (4450, 4610)	3,030

**FEDERAL CREDIT PROGRAM BASIC ACCOUNTING AND REPORTING GUIDE
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**Direct Loan and Loan Guarantee Agency
Budget Program and Financing (P&F) Schedule
for Fiscal Year Ended September 30, FY-L**

BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION	
2140 Unobligated balance carried forward, start of year (4201B) (4801B) (4901B)	\$3,600
2440 Unobligated balance carried forward, end of year (4450E) (4610E)	3,030
NEW BUDGETARY AUTHORITY (GROSS), DETAIL	
6800 Spending authority from offsetting collections (4261E) (4262E) (4263E) (4276E)	1,090
CHANGE IN OBLIGATED BALANCES	
7240 Obligated balance, start of year (4801B) (4901B)	400
7320 Total outlays (gross) (-) (4902E)	(1,953)
OUTLAYS (GROSS), DETAIL	
8700 Total outlays (4902E)	1,953
OFFSETS	
8800 Federal sources (4276E)	(75)
8840 Non-Federal sources (4261E) (4262E) (4263E)	(1,015)
8890 Total offsetting collections (cash) (-)	(1,090)
NEW BUDGET AUTHORITY AND OUTLAYS	
8900 Budget authority (net)	(1,090)
9000 Outlays (net)	863

**FEDERAL CREDIT PROGRAM BASIC ACCOUNTING AND REPORTING GUIDE
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(PRE-CREDIT REFORM)**

Quantitative Dollar Information for Credit Program Footnote

This section sets forth the pertinent detail available from the scenario for the required credit program footnote¹⁸ and characterizes the loan guarantee liability as being “pre-Credit Reform.”

CREDIT PROGRAM FOOTNOTE				
<i>For loans and guarantees obligated before fiscal 1991:</i>				
	Loans Receivable	Interest Receivable	Allowance for Losses	Net Receivables
Direct Loans	\$2,410 (1350)	\$ 335 (1340)	\$2,475 (1349, 1359)	\$ 270
Defaulted Guaranteed Loans	<u>2,250</u> (1350)	<u>670</u> (1340)	<u>1,870</u> (1349, 1359)	<u>1,050</u>
Totals	<u>\$4,660</u>	<u>\$1,005</u>	<u>\$4,345</u>	<u>\$1,320</u> [Must = Bal Sheet Amount]
Loan Guarantee Liability for loans guaranteed before fiscal 1992: <u>\$8,465</u>				[2180; Must = Bal. Sheet Amount]

¹⁸See OMB Bulletin No. 01-09, footnote 8.

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APPENDIX: REFERENCES

This appendix lists some key references and Web sites for users who want to obtain additional information.

OFFICE OF MANAGEMENT AND BUDGET

- OMB Bulletin No. 01-09, *Form and Content of Agency Financial Statements*
- OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*
- OMB Credit Model
 - OMB Publications Office at 202-395-7332
 - Office of Federal Financial Management 202-395-3993
 - Web site: **www.whitehouse.gov/omb**

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

Statement of Federal Financial Accounting Standards (SFFAS)

- SFFAS No. 1, *Accounting for Selected Assets and Liabilities*
- SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*
- SFFAS No. 3, *Accounting for Inventory and Related Property*
- SFFAS No. 7, *Accounting for Revenue and Other Financing Sources* (including related implementation guide)
- SFFAS No. 18, *Amendments to Accounting Standards for Direct and Guaranteed Loans*
- SFFAS No. 19, *Technical Amendments to Accounting Standards for Direct and Guaranteed Loans*
- Statement of Federal Financial Accounting Concepts No. 2, *Entity and Display* (as amended by SFFAS No. 7)

Accounting and Auditing Policy Committee, Technical Release No. 3: *Preparing and Auditing Direct Loan and Loan Guarantee Subsidies Under the Federal Credit Reform Act*

- FASAB Staff at 202-512-7350
- Web site: **www.fasab.gov**

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TREASURY FINANCIAL MANAGEMENT SERVICE

- *U.S. Government Standard General Ledger* (codified in *Treasury Financial Manual*)
- *Budgetary Accounting in the Federal Government*
- Illustrative Scenarios in Accounting for Credit Programs (USSGL Division)
- Present Value Monograph

USSGL Division (Office of Financial Management, Treasury) at 202-874-9980.