

**§ 1770.27**

business, and affairs of the borrower in accordance with the methods and principles of accounting prescribed by the state regulatory body having jurisdiction over the borrower and by the Federal Communications Commission (FCC) in its Uniform System of Accounts for telecommunications companies (47 CFR part 32), as those methods and principles of accounting are supplemented from time to time by RUS.

(b) This subpart implements those standard provisions of the RUS and RTB security instruments by prescribing accounting principles, methodologies, and procedures applicable to all telecommunications borrowers for particular situations.

**§ 1770.27 Definitions.**

As used in this part:

*Borrower* is an RUS telecommunications borrower.

*Cushion of Credit Account* is a 5 percent interest bearing account established by RUS in which all voluntary payments or overpayments on Rural Electric and Telephone Revolving Funds after October 1, 1987, are deposited.

*FCC* is the Federal Communications Commission.

*Part 32* is 47 CFR part 32, Uniform System of Accounts, issued by the Federal Communications Commission.

*RAO* is the Responsible Accounting Officer of the Federal Communications Commission.

*RE Act* is the Rural Electrification Act of 1936, as amended (7 U.S.C. 901 *et seq.*).

*RETRF* is the Rural Electric and Telephone Revolving Fund.

*RTB* is the Rural Telephone Bank.

*RUS* is the Rural Utilities Service, an agency of the United States Department of Agriculture, or its predecessor or successor.

**§§ 1770.28-1770.45 [Reserved]**

**APPENDIX TO SUBPART C OF PART 1770—  
ACCOUNTING METHODS AND PROCEDURES  
REQUIRED OF ALL BORROWERS**

All borrowers shall maintain and keep their books of accounts and all other books and records which support the entries in such books of accounts in accordance with

**7 CFR Ch. XVII (1-1-05 Edition)**

the accounting principles prescribed in this appendix.

*Numerical Index*

*Number and Title*

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

*Subject Matter Index*

*Number*

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

*101 Postretirement Benefits*

A. Statement of Financial Accounting Standards No. 106, Employers' Accounting for Postretirement Benefits Other than Pensions (Statement No. 106), requires reporting entities to accrue the expected cost of postretirement benefits during the years the employee provides service to the entity. For purposes of applying the provisions of Statement No. 106, members of the board of directors are considered to be employees of the cooperative. Prior to the issuance of Statement No. 106, most reporting entities accounted for postretirement benefit costs on a "pay-as-you-go" basis; that is, costs were recognized when paid, not when the employee provided service to the entity in exchange for the benefits. (Statement 106 is available from the Financial Accounting Standards Board, 401 Merritt 7, P.O. Box 5116, Norwalk, CT, 06856-5116.)

B. As defined in Statement No. 106, a postretirement benefit plan is a deferred compensation arrangement in which an employer promises to exchange future benefits for an employee's current services. Postretirement benefit plans may be funded or unfunded. Postretirement benefits include, but are not