FINAL DRAFT GUIDE FOR BASIC ACCOUNTING AND REPORTING FOR LOAN GUARANTEE PROGRAMS WITHOUT COLLATERAL IN FEDERAL CREDIT PROGRAM

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Version History

Version Number	Date	Description of Change
1.0	03/14/06	Corrected memorandum entries for Transaction 1-6, 1-9, 1-17. 88XX transactions were transposed.

TABLE OF CONTENTS

OVERVIEW

This guide is designed for those who:

- Formulate and execute Federal credit program budgets, including accounting for assets, liabilities, net position, income, and expenses, and budgetary resources;
- Prepare agency financial statements;
- Audit the agency financial statements;
- Manage or provide service to participants in loan guarantee programs;
- Design and maintain computer systems for financial programs;
- Instruct others in basic accounting and reporting for loan guarantee programs without collateral.

The 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 loan guarantee scenarios. Users may download the guide from the Financial Management Service (FMS) Web site at www.fms.treas.gov/ussgl.

In order to understand and gain the most from the guide, users must have a working knowledge of the following:

- Budgetary and proprietary accounting, reporting, and terminology;
- The United States Government Standard General Ledger (USSGL) accounts for basic annual operating appropriations and revolving funds; AND
- The Credit Reform Act and other requirements established by the Act;
- The concepts of Federal credit program accounting and reporting, fund structures, and terminology.

This guide is a study in accounting and reporting for a discretionary loan guarantee program under the Federal Credit Reform Act of 1990, as amended, for loan guarantees obligated after September 30, 1991. Loan guarantees are any guarantee, insurance, or other pledge for the payment of all or a part of the principal or interest on any debt obligation of a non-Federal borrower to a non-Federal lender, except for the insurance of deposits, shares, or other withdrawals in financial institutions. Loans that are financed by the Federal Financing Board pursuant to agency loan guarantee authority are treated as direct loans rather than loan guarantees.[2]

[1]See §1.2, p.2, *Form and Content of Agency Financial Statements,* ~~U.S. Office of Management and~~OMB Budget Bulletin 01-09, dated September 2001.

[2]OMB Circular No. A-11 (2003), Section 185.3(m)

Transactions are presented over a 1-year period (fiscal year 1) for a fictitious Federal agency with a single loan guarantee program with no risk categories. Transactions for fiscal year 2 show the disposition of the re-estimated subsidy accrued in fiscal year 1. Common transactions and reports are covered in addition to transactions unique to Federal credit program accounting. However, since accounting for accruals and undelivered orders with advances are not unique to credit reform accounting, they are not presented. In addition, transactions involving collateral are excluded, since they are covered in a separate guide. Entries are made in general journal form, using USSGL accounts, and are summarized in trial balances for each year.

The transactions covered are:

- Formulation, apportionment, and allotment of the budget;
- Receipt of subsidy and administrative expense appropriations;
- Payment of administrative expenses;[3]
- Commitment to make loan guarantees;
- Transfer of subsidy from the program to the financing fund;
- Collection of guarantee fees;
- Payment of interest supplements;
- Payment of default claims
- Assuming defaulted guaranteed loans and interest for direct collection
- Collection of loan principal and interest on defaulted guaranteed loans;
- Modification of guarantee terms, with resulting adjustment to program level;
- Collection of interest from Treasury;
- Accrual of interest from borrowers;
- Writeoff of bad debts without receiving collateral;
- Recording the interest accumulation factor on the loan guarantee liability and loan assets;
- Recording of data on guaranteed loans supplied by third-party lenders;
- Accrual and receipt or disbursement of upward subsidy re-estimates and related interest; AND
- Closing entries.

While financing funds may borrow money if there is not enough Fund Balance With Treasury to meet requirements for disbursements, in general, financing funds obtain money for disbursements primarily from:

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[3] *The illustration is for the payment of administrative expenses without prior obligation through undelivered orders or accounts payable. Though administrative expenses will usually be obligated before payment, there is nothing about the transactions unique to credit program accounting, and they are not shown.*

- Offsetting collections, including those from the program fund (for basic and upward re-estimated subsidy);
- Treasury (for interest); AND
- Non-Federal sources (such as guarantee fees from program participants or collections of defaulted guaranteed loan principal and interest from borrowers). For borrowing authority transactions, see the Direct Loan Guide.[4]

The yearend agency reports are listed below:

- Balance Sheet;
- Statement of Net Cost;
- Statement of Changes in Net Position;
- Statement of Budgetary Resources;
- Statement of Financing;
- FMS 2108: Yearend Closing Statement;
- Program and Financing Schedule; AND
- Credit Program Footnote (including the Schedule of Changes in the Allowance for Subsidy).

An SF 132: Apportionment and Reapportionment Schedule report is furnished at the beginning of each year.

This guide includes three appendices. Appendix 1 discusses basic differences encountered in mandatory programs. Appendix 2 provides the recording and reporting for downward reestimates of subsidy for both a discretionary and a mandatory program. Appendix 3 provides a listing of key references related to credit program accounting. If the references change, this document will be updated accordingly and published on the FMS Web site at www.fms.treas.gov/ussgl.

Users may send questions to the FMS Web site at www.fms.treas.gov/GL by using the online USSGL Issue Form. This Web site also provides a list of the USSGL representatives and their telephone numbers. Users may contact the Director, USSGL Division, FMS, for information through the Lotus e-mail system.

[4] Borrowing Authority transactions are not covered in this guide because it is covered in the Direct Loan Guide, where borrowing from Treasury is standard.

CONCEPTUAL FRAMEWORK

This guide uses numbers and titles for USSGL accounts. When necessary, titles for USSGL accounts are expanded by using brackets to capture, clarify, or add specific information, for illustrative purposes only. For example, administrative expense, "[Administrative Expense]" is included after the title for USSGL 6100 account, "Operating Expenses/Program Costs." In the same manner, for interest supplement expense, "[Interest Supplement]," is included after the title for the USSGL 6100 account. The USSGL Supplement, Section II, contains definitions for USSGL accounts.

Entries are in general journal form, using USSGL accounts, and are summarized in trial balances for each year. Note that the financing fund is used only in the transactions for Post-Credit Reform scenarios, and the liquidating fund is used only in the transactions for Pre-Credit Reform scenarios.

USSGL accounts that, by themselves, do not directly provide the reporting that is illustrated, are supplemented with additional detail. The entries made and the 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 to accomplish the same result.

ACCOUNT TABLES

The following tables identify the accounts used in the guide to record transactions and prepare reports. Since the transactions are not comprehensive, the tables do not contain all accounts that agencies may use in day-to-day activities.

PROGRAM FUND BUDGETARY ACCOUNTS

RESOURCES

Anticipated
4120 Appropriations Anticipated - Indefinite

Realized
4115 Loan Subsidy Appropriation
4117 Loan Administrative Expense Appropriation
4118 Reestimated Loan Subsidy Appropriation
4201 Total Actual Resources-Collected

STATUS OF RESOURCES

Unobligated
4450 Unapportioned Authority
4510 Apportionments
4590 Apportionments Unavailable - Anticipated Resources
4610 Allotments - Realized Resources
4650 Allotments - Expired Authority

Obligated
4801 Undelivered Orders – Obligations, Unpaid
4902 Delivered Orders – Obligations, Paid [Re-estimated Subsidy and Interest]
4902 Delivered Orders – Obligations, Paid [Other]

PROGRAM FUND PROPRIETARY ACCOUNTS

ASSETS
1010 Fund Balance With Treasury
1310 Accounts Receivable Subsidy Receivable From Financing Fund

LIABILITIES
2170 Subsidy Payable to Financing Account

NET POSITION
3100 Unexpended Appropriations - Cumulative
3101 Unexpended Appropriations – Appropriations Received
3107 Unexpended Appropriations - Used
3310 Cumulative Results of Operations

FINANCING SOURCES
5700 Expended Appropriations

EXPENSES
6100 Operating Expenses/Program Costs [Administrative Expense]
6100 Operating Expenses/Program Costs [Basic and Modified Subsidy]
6800 Future Funded Expenses [Subsidy Re-estimate – Technical][5]
6800 Future Funded Expenses [Subsidy Re-estimate - Interest Rate]

[5]This relates to upward re-estimates.

FINANCING FUND BUDGETARY ACCOUNTS

RESOURCES

Anticipated

4060 Anticipated Collections From Non-Federal Sources
4070 Anticipated Collections From Federal Sources

Realized

4201 Total Actual Resources - Collected
4221 Unfilled Customer Orders Without Advance
4261 Actual Collection of Business-Type Fees
4262 Actual Collection of Loan Principal
4263 Actual Collection of Loan Interest
4271 Actual Program Fund Subsidy Collected
4273 Interest Collected From Treasury

STATUS OF RESOURCES

Unobligated

4450 Unapportioned Authority
4510 Apportionments
4590 Apportionments Unavailable - Anticipated Resources
4610 Allotments - Realized Resources

Obligated

4801 Undelivered Orders – Obligations, Unpaid
4902 Delivered Orders – Obligations, Paid [Other]

FINANCING FUND PROPRIETARY ACCOUNTS

ASSETS
1010 Fund Balance With Treasury
1310 Accounts Receivable [Subsidy Receivable From Program Fund]
*1340 Interest Receivable [Defaulted Guaranteed Loans]
1350 Loans Receivable [Defaulted Guaranteed]
1399 Allowance for Subsidy [Defaulted Guaranteed Loan Assets]

LIABILITIES
2180 Loan Guarantee Liability
2190 Other Accrued Liabilities [Subsidy Payable to Misc. Receipt Account]
2190 Other Accrued Liabilities [Subsidy Payable to Program Fund]

NET POSITION
[6]3310 Cumulative Results of Operations

FINANCING SOURCES
[7]5312 Interest Revenue – Loans Receivable/Uninvested Funds [Treasury]
5730 Financing Sources Transferred Out Without Reimbursement [Non-Budgetary]

EXPENSES
6330 Other Interest Expenses [Interest Accumulation Factor on Present Value of Loan Guarantee Liability]
6790 Other Expenses Not Requiring Budgetary Resources [Interest Accumulation Factor on Present Value of Assets]

*It may be necessary for Agencies to separately report Credit Reform loans receivable, interest receivable, foreclosed property and the related allowance for subsidy between those related to direct loans and those related to loan guarantees. Agencies may do this by using fund symbols or attributes associated with the USSGL accounts involved. This guide provides the basic USSGL accounts involved, and uses brackets to add information to the titles for the USSGL accounts.

[6]This account must be zero after closing because the financing fund cannot have a net cost of operations or net position. OMB A-11, Section 185, Exhibit E illustrates that the financing is designed to break even and thus have a zero results of operations. If the subsidy amount is material, a payable to transfer it to a designated miscellaneous receipt fund is accrued. If it is immaterial, a receivable from the program fund is accrued for the deficiency.

[7]Account 5312 [Borrowers] was used in the direct loans case for interest income received from borrowers. Interest income on defaulted guaranteed loans assumed for direct collection is accounted for differently and does not involve 5312 [Borrowers], which

FINANCING FUND MEMORANDUM ACCOUNTS
FOR THE LOAN GUARANTEE LEVEL AND STATUS

Accounts and Normal Balances
8010 Guaranteed Loan Level (Normal Balance Dr.)
8015 Guaranteed Loan Level - Unapportioned (Cr.)
8020 Guaranteed Loan Level - Apportioned (Cr.)*
8040 Guaranteed Loan Level - Used Authority (Cr.)
8045 Guaranteed Loan Level - Unused Authority (Cr.)

Conceptual Framework
Pre-closing equation: 8010 = 8015 + 8020 + 8040 + 8045.
Post-closing equation: 8010 = 8040 + 8045

*While there are reporting requirements for agencies to track only the amount of the guaranteed loan level that is apportioned or unapportioned, the USSGL reserves three accounts 8025, 8030, and 8035 for agencies to track the status in more detail for committed and obligated amounts. This guide uses only the minimum number of accounts needed.

is not shown in the chart of accounts.

FINANCING FUND MEMORANDUM ACCOUNTS TO REPORT ACTIVITY IN THE LOAN GUARANTEE LIABILITY

Account	Description	Normal Balance
Beginning and Contra Balances		
9XXA	Loan Guarantee Liability - Beginning Balance	Dr. (negative) or Cr. (positive)
9XXB	Loan Guarantee Liability - Contra	Dr. (positive) or Cr. (negative)
Basic Subsidy		
9XXC	Loan Guarantee Liability - Basic Subsidy Expense - Interest Supplements	Cr.
9XXD	Loan Guarantee Liability - Basic Subsidy Expense - Defaults	Cr.
9XXE	Loan Guarantee Liability - Basic Subsidy Expense - Fees and Other Collections	Dr.
Adjustments		
9XXF	Loan Guarantee Liability - Adj - Guarantee Modifications	Dr. (Downward) or Cr. (Upwd)
9XXG	Loan Guarantee Liability - Adj - Fees Received	Cr.
9XXH	Loan Guarantee Liability - Adj - Interest Supplements Paid	Dr.
9XXI	Loan Guarantee Liability - Adj - Foreclosed Property and Loans Acquired	Cr.
9XXJ	Loan Guarantee Liability - Adj - Claim Payments to Lenders	Dr.
9XXK	Loan Guarantee Liability - Adj - Interest Accumulation	Dr. (negative) or Cr. (positive)
Re-estimates		
9XXL	Loan Guarantee Liability - Subsidy Re-estimates - Int. . Rate	Dr. (Dnwd) or Cr. (Upwd)
9XXM	Loan Guarantee Liability - Subsidy Re-estimates - Other	Dr. (Dnwd) or Cr. (Upwd)

Conceptual Framework

Pre-closing: 9XXA+ 9XXC+ 9XXF+9XXL = 9XXB

Post-closing: 9XXA = 9XXB

Note: These accounts assist in the detailing activity in account 2180, Loan Guarantee Liability, and are used to produce the schedule of changes in the liability. These accounts are not in the USSGL chart of accounts. Since there is no requirement to report comparably detailed activity in USSGL account 1399 related to defaulted guaranteed loans (as opposed to USSGL account 1399 related to direct loans), no accounts or transactions are provided for it in Foreclosed Property Guide.

LOAN GUARANTEE PROGRAMS

FISCAL YEAR 1

The loan guarantee Agency has been authorized to guarantee loans beginning in fiscal year 1. It has authority to guarantee 100 percent of the principal and related interest of $100,000 in loans. The agency has a single, discretionary loan guarantee program with no risk categories.[8] For fiscal year 1, Congress has authorized annual appropriations for basic subsidy, modified subsidy, and administrative expenses and provided that the program is subject to the Credit Reform Act of 1990, as amended.

TRANSACTIONS TO BE RECORDED IN THE PROGRAM FUND

1. The agency's subsidy model indicated that, for the $100,000 of loan guarantees, a 21.5 percent subsidy was indicated as follows:

    - Present value of expected defaults is 20 percent, or $20,000;
    - Present value of guarantee fees to be collected is $500 (all anticipated this year), or –(.5) percent; and
    - Present value of interest supplements to be paid to third-party lenders as loans are guaranteed, to buy down interest rates, is 2 percent or $2,000.

2. The agency has appropriated administrative expenses for fiscal year 1 in the amount of $5,000.

3. The agency estimates the following financing fund collections for the year:

    - $21,500 of subsidy from the program fund;

[8]Programs that have risk categories must maintain separate financing fund accounting for each risk category. While annual appropriations for basic and modified subsidy, which are common in discretionary loan guarantee programs, are illustrated, some programs may have multi-year or permanent indefinite appropriations provided for these purposes in their underlying legislation. Accounting for these types of appropriations is essentially the same as it would be for basic operating appropriations or revolving fund.

- $1,200 of interest from Treasury on unused balances in the financing fund;
- $510[9] for program participants for guarantee fees; and
- $50 for principal and $200 for interest on defaulted guaranteed loans.

4. The agency expects to use financing fund resources as follows:

- $3,500 for payment of default claims; and
- $2,000 for payment of interest supplements.

[9]Note that this is higher than the $500 of fees in the subsidy model, because $500 is the present value of the fees, and $510 is the actual amount of fees expected to be collected.

Based on the above information the agency has prepared the following requests for apportionment:

Loan Guarantee Agency
SF 132 Apportionment/Reapportionment Schedule
Fiscal Year 1

Program Level
Guaranteed Loan Level
Current Year: 100,000

Budgetary Resources	**Program Fund**	**Financing Fund**
Budget authority:		
1A. Appropriations	26,500	
3C. Anticipated for rest of year without advance		23,460
7. Total budgetary resources	26,500	23,460
Application of Budgetary Resources		
Budget authority:		
Category B:		
8B1. Direct loan subsidy	21,500	
8B1. Defaults		3,500
8B2. Administrative expense	5,000	
8B2. Interest supplements		2,000
11. Unapportioned balance of revolving fund		17,960
12. Total budgetary resources	26,500	23,460

TRANSACTIONS YEAR 1

1-1. To record enactment of appropriation. *(TC A104, A142, E102)*

Program Fund		
4115 Loan Subsidy Appropriation	21,500	
4117 Loan Administrative Expense Appropriation	5,000	
4450 Unapportioned Authority		26,500
1010 Fund Balance With Treasury	26,500	
3101 Unexpended Appropriations – Appropriations Received		26,500
Financing Fund		
4060 Anticipated Collections from Non-Federal Sources	760	
4070 Anticipated Collections from Federal Sources	22,700	
4450 Unapportioned Authority		23,460
Memorandum Accounts - Loan Guarantee Level[10]		
8010 Guaranteed Loan Level	100,000	
8015 Guaranteed Loan Level - Unapportioned		100,000

1-2. OMB approved the agency's request for apportionment, and the agency recorded the apportionment. *(TC A116, A116CR, A118CR, E104)*

Program Fund		
4450 Unapportioned Authority	26,500	
4510 Apportionments		26,500
Financing Fund[11]		
4450 Unapportioned Authority	5,500	
4590 Apportionments Unavailable - Anticipated Resources		5,500

[10]Although the agency is guaranteeing 100 percent of the loans made by third-party lenders, Federal budget rules provide that the 100 percent figure would still be used as the loan level even if the guarantee was for less than 100 percent. The figure also would be 100 percent of principal only even if defaulted interest was guaranteed as well. See OMB Circular A-11, Preparation, Submission and Execution of the Budget (June 2003), §185.11(c).

[11]$5,500 needed to pay defaults and interest supplements, $3,500 and $2,000 is apportioned.

Memorandum Accounts - Loan Guarantee Level

8015 Guaranteed Loan Level - Unapportioned	100,000	
8020 Guaranteed Loan Level - Apportioned		100,000

1-3 Issued a blanket authorization to allot anticipated resources as they were realized, not to exceed the amount of the apportionment. *(TC A120)*

Program Fund

4510 Apportionments	26,500	
4610 Allotments - Realized Resources		26,500

Financing Fund

None (there are no realized resources to allot. All resources are anticipated.)[12]

1-4. The agency paid administrative expenses of $4,950. It placed no undelivered orders nor made accruals before payment. *(TC B106, B134)*

Program Fund

4610 Allotments - Realized Resources	4,950	
4902 Delivered Orders – Obligations, Paid [Other]		4,950
6100 Operating Expenses/Program Costs [Administrative Expenses]	4,950	
1010 Fund Balance With Treasury		4,950
3107 Unexpended Appropriations - Used	4,950	
5700 Expended Appropriations		4,950

1-5. The agency agreed to make $90,000 in guarantees, subject to the third-party lenders and their borrowers meeting conditions placed on them. *(TC B204R, new, A122, E106)*

Obligated subsidy to be transferred to financing fund.

Program Fund[13]

[12]Note that in accordance with §121.7 of OMB Circular A-11, only realized resources may be obligated.

[13]$90,000 in loan commitments x 21.5 percent subsidy = $19,350.

4610 Allotments - Realized Resources	19,350	
4801 Undelivered Orders – Obligations, Unpaid		19,350

To recognize the subsidy to be transferred from the program fund.

Financing Fund

4221 Unfilled Customer Orders Without Advance	19,350	
4070 Anticipated Collections From Federal Sources		19,350

To record allotment.[14]

4590 Apportionments Unavailable - Anticipated Resources	5,500	
4610 Allotments - Realized Resources		5,500

Memorandum Accounts - Loan Guarantee Level

8020 Guaranteed Loan Level - Apportioned	90,000	
8040 Guaranteed Loan Level – Used Authority		90,000

1-6. Third-party lenders disbursed $87,000 of the guaranteed loans, and the agency transferred subsidy from the program to the financing fund. *(A146, B134, C104, E108)*

To record payment of subsidy to financing fund.

Program Fund[15]

4801 Undelivered Orders – Obligations, Unpaid	18,705	
4902 Delivered Orders – Obligations, Paid [Other]		18,705
6100 Operating Expenses/Program Costs [Basic and Modified Subsidy Expense]	18,705	
1010 Fund Balance With Treasury		18,705
3107 Unexpended Appropriations - Used	18,705	
5700 Expended Appropriations		18,705

Financing Fund[16]

[14] Note that the unfilled customer order from the program fund constitutes a realized resource. Only the $5,500 apportioned in transaction 1-2 can be allotted.

[15] $87,000 in guaranteed loans disbursed x the 21.5 percent subsidy rate = $18,705.

[16] Note that no additional allotment is made, because the full $5,500 that OMB apportioned was allotted in transaction 1-5.

4271 Actual Program Fund Subsidy Collected	18,705	
4221 Unfilled Customer Orders Without Advance		18,705
1010 Fund Balance With Treasury	18,705	
2180 Loan Guarantee Liability		18,705
Memorandum Accounts - Loans Disbursed		
8050 Guaranteed Loan Principal Outstanding	87,000	
8053 Guaranteed Loan New Disbursements by Lender		87,000
Memorandum Accounts - Loan Guarantee Liability (LGL) Activity[17]		
9XXB LGL - Contra	18,705	
9XXE LGL - Basic Subsidy - Fees & Other Coll.		435
9XXC LGL - Basic Subsidy - Interest Supplements.		1,740
9XXD LGL - Basic Subsidy - Defaults		17,400

1-7. The agency collected fees of $480 from the program participants as a condition of making the guarantees. (C117)

To record collection of fees.

Financing Fund		
4261 Actual Collection of Business-Type Fees	480	
4060 Anticipated Collections from Non-Federal Sources		480
1010 Fund Balance With Treasury	480	
2180 Loan Guarantee Liability		480
Memorandum Accounts - Loan Guarantee Liability (LGL) Activity		
9XXB LGL - Contra	480	
9XXG LGL - Adjustments - Fees Received		480

1-8. The agency paid interest supplements of $1,940 to the third party-lenders. It had made no previous accrual. (TC B104)

[17] Per the subsidy model discussed in the guide agency parameters, the dollar amounts are computed by multiplying the $87,000 in loans disbursed x 20 percent for the default component, 2 percent for the interest differential,-(.5) percent for the fees, and 21.5 percent for the total.

Financing Fund

4610 Allotments - Realized Resources	1,940	
4902 Delivered Orders – Obligations, Paid [Other]		
	1,940	
2180 Loan Guarantee Liability	1,940	
1010 Fund Balance With Treasury		1,940

Memorandum Accounts - Loan Guarantee Liability (LGL) Activity

9XXH LGL - Adjustments - Interest Supplements Paid	1,940	
9XXB LGL - Contra		
		1,940

********Though separated here for purposes of illustration, agencies would normally record transactions 1-6 - 1-8 simultaneously.*********

1-9. The agency paid third-party lender claims of $3,500 for defaulted loan principal. *(B104, E110)*

Financing Fund

4610 Allotments – Realized Resources	3,500	
4902 Delivered Orders – Obligations, Paid [Other]		3,500
2180 Loan Guarantee Liability	3,500	
1010 Fund Balance with Treasury		3,500

Memorandum Accounts - Loans Disbursed

8065 Guaranteed Loan Collections, Defaults, and Adjustments	3,500	
8050 Guaranteed Loan Principal Outstanding		3,500

Memorandum Accounts - Loan Guarantee Liability (LGL) Activity

9XXJ LGL - Adjustments - Claim Payments to Lenders	3,500	
9XXB LGL - Contra		3,500

1-10. The agency acquired receivables for loans of $3,500 and interest of $1,250 in conjunction with the defaults. The agency will attempt to collect this money directly from the borrowers. The present value of cash flows related to the loans is estimated to be $3,000. *(TC C220)*

To establish accounts receivable for defaulted loan.

Financing Fund[18]

1340 Interest Receivable [Defaulted Guaranteed Loans]	1,250	
1350 Loans Receivable [Defaulted Guaranteed Loans]	3,500	
1399 Allow. for Subs. [Defaulted Guaranteed Loans]		1,750
2180 Loan Guarantee Liability		3,000

Memorandum Accounts - Loan Guarantee Liability (LGL) Activity

9XXB LGL - Contra	3,000	
9XXI LGL - Adj - Foreclosed Property and Loans Acquired		3,000

*** * * * * Though separated here for illustrative purposes, agencies would normally record transactions 1-9 and 1-10 simultaneously. * * * * ***

1-11. The agency collected principal of $40 and interest of $200 were collected on the loans acquired in transaction 1-10. *(TC C109)*

Financing Fund[19]

4262 Actual Collection of Loan Principal	40	
4263 Actual Collection of Loan Interest	200	
4060 Anticipated Collections From Non-federal Sources		240
1010 Fund Balance With Treasury	240	
1340 Interest Receivable [Defaulted Guaranteed Loans]		200
1350 Loans Receivable [Defaulted Guaranteed]		40

1-12. After consultation and agreement with OMB, the agency decided to exercise a clause in the program's legislation allowing it to modify the terms of some of the guarantees because of economic downtrends, reducing the present value of those guarantees by $1,000.[20] The agency transferred $1,000 from the

[18]Interest receivable amount may also be combined with 1350 instead of being separated between 1340 and 1350.

[19]If interest receivable at the time of default had been recorded as part of loans receivable, the entire $240 would be credited to 1350. See transaction 1-10.

[20]Before making the modifications, the agency must be certain that it has sufficient unobligated resources for subsidy in the program fund. In this guide, the amount of unobligated resources, as represented by allotments related to the subsidy, amounted

program fund to the financing fund and reduced the authorized loan guarantee level from $100,000 to $95,349.[21]

The agency submitted a new request for apportionment (SF-132) for the financing fund, showing the reduced loan guarantee level, and OMB approved it.[22,] **Since the agency had already apportioned subsidy monies in the program fund, a new request for apportionment of program fund resources is not required.**

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to $2,150 ($21,500 from transaction 1-3 less $19,350 from transaction 1-5).

[21]The subsidy rate for fiscal year 1 is 21.5 percent. The original subsidy authorized to support $100,000 in loan guarantees was $21,500. The remaining subsidy, after the modification, is $20,500. This $20,500 will support the making of only $95,349 in new loans ($20,500/.215).

[22]The transaction assumes that because the original and modified subsidy transactions occurred in such close proximity, the actual Treasury interest rate at the time of the modification is the same as the cohort rate. See OMB Circular A-11, §§185.3(s) and 185.7 for additional information. A more comprehensive modification transaction is illustrated in the separate guide on pre-credit Reform accounting. Note that whereas at the start of the fiscal year, all collections were anticipated on line 3(c), the actual collections to date just before the modification now appear on line 3(a)1, with those still anticipated on line 3(c).

Loan Guarantee Agency
SF 132 Apportionment/Reapportionment Schedule
Fiscal Year 1

Program Level
Guaranteed Loan Level
Current Year: 95,349

Budgetary Resources	Financing Fund
Budget authority:	
Spending authority from offsetting collections (gross):	
3A1. Receivable from Federal source	19,425
3C. Anticipated for rest of year without advance	4,035
7. Total budgetary resources	23,460

Application of Budgetary Resources	Financing Fund
Budget authority:	
Category B:	
8B1. Defaults	3,500
8B2. Interest supplements	2,000
11. Unapportioned balance of revolving fund	17,960
12. Total budgetary resources	23,460

- *OMB Circular No. A-11, (June 2003) Section 185.20, Capital transfers and redemption of debt (line 6C) are not obligations and therefore do not need to be apportioned on line 8. However, you do need to plan for repayments and show your estimated debt repayments as a negative on line 6C when you submit your SF 132.*

- *OMB Circular No. A-11, (June 2003) Section 185.19, for financing accounts, additional interest payment amounts to Treasury (i.e. amounts exceeding your estimate on the most recent approved apportionment) are automatically apportioned.*

1-12. Transactions for 1–12 *(B104, B106, C104, B134)*

To transfer funds to financing funds for modification.

Program Fund

4610 Allotments - Realized Resources	1,000	
4902 Delivered Orders – Obligations, Paid [Other]		1,000
6100 Operating Expenses/Program Costs [Basic and Modified Subsidy Expense]	1,000	
1010 Fund Balance With Treasury		1,000
3107 Unexpended Appropriations - Used	1,000	
5700 Expended Appropriations		1,000

To record collection from program fund.

Financing Fund

4271 Actual Program Fund Subsidy Collected	1,000	
4070 Anticipated Collections From Federal Sources		1,000
1010 Fund Balance With Treasury	1,000	
2180 Loan Guarantee Liability		1,000

Memorandum Accounts - Loan Guarantee Liability (LGL) Activity

9XXB LGL - Contra	1,000	
9XXF LGL - Adj - Guarantee Modifications		1,000

Memorandum Accounts - Loan Guarantee Level[23]

8020 Loan Guarantee Level - Apportioned	4,651	
8010 Guaranteed Loan Level		4,651

1-13. Treasury credited $1,160 to the financing fund for interest the fund earned on its unused Fund Balance With Treasury during the year. (C109)

Financing Fund

4273 Interest Collected From Treasury	1,160	
4070 Anticipated Collections from Federal Sources		1,160

[23]Original loan level, $100,000, less revised loan level, $95,349 = $4,651.

1010 Fund Balance With Treasury	1,160	
5312 Interest Revenue – Loans Receivable/Uninvested Funds [Treasury]		1,160

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Trial balances for the agency are shown on the following pages, with each trial balance a single column netting to zero. For all trial balances presented in this guide, "N/A" indicates that the account is not applicable to the fund. The chart of accounts for each trial balance is found in the previous section on "conceptual framework".

TRIAL BALANCE
(TRANSACTIONS 1-1 THROUGH 1-13)

Accounts	**Program Fund**	**Financing Fund**
Budgetary	*Dr./(Cr.)*	*Dr./(Cr.)*
4060	N/A	40
4070	N/A	1,190
4115	21,500	N/A
4117	5,000	N/A
4221	N/A	645
4261	N/A	480
4262	N/A	40
4263	N/A	200
4271	N/A	19,705
4273	N/A	1,160
4450	0	(17,960)
4610	(1,200)	(60)
4801	(645)	0
4902	(24,655)	(5,440)
	$ 0	**$ 0**

TRIAL BALANCE
(TRANSACTIONS 1-1 THROUGH 1-13)

Accounts *Proprietary*	**Program Fund** *Dr./(Cr.)*	**Financing Fund** *Dr./(Cr.)*
1010	1,845	16,145
1340	N/A	1,050
1350	N/A	3,460
1399	N/A	(1,750)
2180	N/A	(17,745)
3101	(26,500)	N/A
3107	24,655	N/A
5312	N/A	(1,160)
5700	(24,655)	N/A
6100[Admin.]	4,950	N/A
6100[Mod. Sub.]	19,705	N/A
	$ 0	**$ 0**

Loan Guarantee Level (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8010	$95,349
8020	(5,349)
8040	(90,000)
	$ 0

Loans Disbursed (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8050	$83,500
8053	(87,000)
8065	3,500
	$ 0

Loan Guarantee Liability Activity (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
9XXB	17,745
9XXC	(1,740)
9XXD	(17,400)
9XXE	435
9XXF	(1,000)
9XXG	(480)
9XXH	1,940
9XXI	(3,000)
9XXJ	3,500
	$ 0

TRANSACTIONS (CONTINUED)

1-14. The agency accrued loan interest of $5 on the defaulted guaranteed loan principal[24]. *(C220)*

Financing Fund

1340 Interest Receivable [Defaulted Guaranteed Loans]	5	
1399 Allowance for Subsidy		5

1-15. The agency determined that it could not collect $10 of loan principal and $20 of loan interest and wrote off the receivables.[25] (D210)

Financing Fund

1399 Allow. for Subsidy [Defaulted Guar. Loan Assets	30	
1340 Interest Receivable [Defaulted Guaranteed Loans]		20
1350 Loans Receivable [Defaulted Guaranteed]		10

[24]Note that unlike in direct loan programs, interest income accrued on defaulted guaranteed loans receivable is credited to the allowance for subsidy account, whether collectible or not. Similarly, interest income collected without first being accrued also would be credited to allowance for subsidy account.

[25]This determination of uncollectibility would be made only after attempting to collect the receivables under provisions of the Federal Debt Collection Act.

1-16. The agency accrued interest of $1,180 on its loan guarantee liability and $20 on the present value of its loans. *Note: The interest accumulation factor[26] must net to the amount of interest income received from Treasury–$1,160 (see transaction 1-13).*

(D366 & D516)

Financing Fund

1399 Allowance for Subs. [Defaulted Guar. Loan Assets]	20	
6790 Other Expenses Not Requiring Budgetary Resources [Interest Accumulation Factor on Present Value of Assets]		20
6330 Other Interest Expenses [Interest Accumulation Factor on Present Value of LGL]	1,180	
2180 Loan Guarantee Liability		1,180

Memorandum Accounts - Loan Guarantee Liability (LGL) Activity

9XXB LGL - Contra	1,180	
9XXK LGL - Adj - Interest Accumulation		1,180

1-17. Third-party lenders reported that they had collected $10,000 on guaranteed loans in the cohort.

(E110)

Memorandum Accounts for Loans Disbursed

8065 Guaranteed Loan Collections, Defaults, and Adjustments	10,000	
8050 Guaranteed Loan Principal Outstanding		10,000

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[26] The FCRA requires that the rates for discounting cashflows, financing account borrowing, and financing account interest earnings be identical and based on the Treasury rate in effect during the period of loan disbursement. If your loans disburse in segments over several years, several interest rates will be applicable to an individual loan or group of loans. The correct interest rates are provided for you in the OMB Credit Subsidy Calculator available form your OMB representative.

For loan guarantee financing accounts, the interest rate for cash accumulations related to each loan guarantee is determined by the date that the commercial lender disburses the loan being guaranteed. Because commercial lenders may not report to you in a timely manner, you can use an estimated fourth quarter amount for disbursements and collections when you report to Treasury a the end of the fiscal year, adjusting this estimate as actual lender data is accumulated.

1-18. At year-end the agency determined that an upward technical subsidy expense re-estimate related to the loan guarantee liability of $42 was required (including interest). In addition, it determined that a downward technical subsidy re-estimate of $6 was required (including interest) for the receivables. Thus, there is a net technical upward adjustment of $36 required. There also was a downward interest rate re-estimate of $12 for the loan guarantee liability and $1 on the allowance for subsidy. (B324, B324R, C228)

Program Fund		
6800 Future Funded Expenses		
[Subsidy Expense - Re-estimates – Technical]	36	
2170 Subsidy Payable to Financing Account		23
6800 Future Funded Expenses		
[Subsidy Expense - Re-estimates - Interest Rate]		13
Financing Fund		
1310 Accounts Receivable		
[Subsidy Receivable from Program Fund]	23	
1399 Allow. for Subs. [Defaulted Guar. Loans Rec.]	7	
2180 Loan Guarantee Liability		30
Memorandum Accounts - Loan Guarantee Liability (LGL) Activity		
9XXB LGL - Contra	30	
9XXL LGL - Subsidy Re-estimates - Interest Rate	12	
9XXM LGL - Subsidy Re-estimates - Other		42

Per OMB Circular No. A-11 (2003), Section 185.6(F), all increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other. No such netting can occur between cohorts.[27]

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[27]Breakout of #1-18 (for clarity); Per OMB Circular No. A-11 (2003), Section 185.6(F), all increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other. No such netting can occur between cohorts.
At year-end it was determined that an upward technical subsidy expense re-estimate related to the loan guarantee liability of $42 was required (including interest). *(B324, C228)*

Program Fund		
6800 Future Funded Expenses [Subsidy Expense - Re-estimates – Technical]	42	
2170 Subsidy Payable to Financing Account		42
Financing Fund		
1310 Accounts Receivable [Subsidy Receivable from Program Fund]	42	
2180 Loan Guarantee Liability		42
Memorandum Accounts - Loan Guarantee Liability (LGL) Activity		
9XXB LGL - Contra	42	
9XXM LGL - Subsidy Re-estimates - Other		42

In addition, it was determined that a downward technical subsidy re-estimate of $6 was required (including interest) for the receivables. *(B324R, C228)*

Program Fund		
2170 Subsidy Payable to Financing Account	6	
6800 Future Funded Expenses [Subsidy Expense - Re-estimates – Technical]		6
Financing Fund		
1399 Allow. for Subs. [Defaulted Guar. Loans Rec.]	6	
1310 Accounts Receivable [Subsidy Receivable from Program Fund]		6

There was also a downward interest rate re-estimate of $12 for the loan guarantee liability and $1 on the allowance for subsidy. *(C228, B324R)*

Program Fund		
2170 Subsidy Payable to Financing Account	12	
6800 Future Funded Expenses [Subsidy Expense - Re-estimates - Interest Rate]		12
Financing Fund		
2180 Loan Guarantee Liability	12	
1399 Allow. for Subs. [Defaulted Guar. Loans Rec.]	1	
1310 Accounts Receivable [Subsidy Receivable from Program Fund]		13
Memorandum Accounts - Loan Guarantee Liability (LGL) Activity		
9XXL LGL - Subsidy Re-estimates - Interest Rate	12	
9XXB LGL - Contra		12

****Note: that there is a net technical upward adjustment of $36. These transactions is recorded simultaneously, but shown here separately for clarity.****

PRE-CLOSING ENTRIES

To close anticipated resources *(TC F112)*
Financing Fund Budgetary

4450 Unapportioned Authority	1,230	
4060 Anticipated Collections from Non-Federal Sources		40
4070 Anticipated Collections from Federal Sources		1,190

FISCAL YEAR 1 PRE-CLOSING TRIAL BALANCE

Accounts *Budgetary*	**Program Fund** *Dr./(Cr.)*	**Financing Fund** *Dr./(Cr.)*
4115	21,500	N/A
4117	5,000	N/A
4221	N/A	645
4261	N/A	480
4262	N/A	40
4263	N/A	200
4271	N/A	19,705
4273	N/A	1,160
4450	0	(16,730)
4590	N/A	0
4610	(1,200)	(60)
4801	(645)	0
4902 [Other]	(24,655)	(5,440)
	$ 0	**$ 0**

FISCAL YEAR 1 PRE-CLOSING TRIAL BALANCE (Continued)

Accounts *Proprietary*	**Program Fund** *Dr./(Cr.)*	**Financing Fund** *Dr./(Cr.)*
1010	$ 1,845	$16,145
1310 [Subsidy Recv.]	N/A	23
1340	N/A	1,035
1350	N/A	3,450
1399	N/A	(1,698)
2170	(23)	N/A
2180	N/A	(18,955)
3101	(26,500)	N/A
3107	24,655	N/A
5312 [Treasury]	N/A	(1,160)
5700	(24,655)	N/A
6100 [Admin.]	4,950	N/A
6100 [Subsidy]	19,705	N/A
6330 [Int. on PV Assets]	N/A	(20)
6790 [Int. on PV LGL]	N/A	1,180
6800 [Subs. Reest. Tech.]	36	0
6800 [Subs. Reest. Int.]	(13)	0
	$ 0	**$ 0**

FISCAL YEAR 1 PRE-CLOSING TRIAL BALANCE (Continued)

Loan Guarantee Level (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8010	$95,349
8015	0
8020	(5,349)
8040	(90,000)
8045	0
	$ 0

Loans Disbursed (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8050	$73,500
8053	(87,000)
8065	13,500
8070	0
	$ 0

Loan Guarantee Liability Activity (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
9XXB	$18,955
9XXC	(1,740)
9XXD	(17,400)
9XXE	435
9XXF	(1,000)
9XXG	(480)
9XXH	1,940
9XXI	(3,000)
9XXJ	3,500
9XXK	(1,180)
9XXL	12
9XXM	(42)
	$ 0

1-19 The agency made closing entries.

Program Fund Budgetary				
To consolidate net cash resources *(F214, F204)*				
4902 Delivered Orders – Obligations, Paid	24,655			
4201 Total Actual Resources – Collected			1,845	
4115 Loan Subsidy Appropriation			21,500	
4117 Loan Administrative Expense Appropriation			5,000	
To close unobligated authority *(F210)*				
4610 Allotments - Realized Resources		1,200		
4650 Allotments - Expired Authority			1,200	
Program Fund Proprietary				
To close financing sources and expenses (*F228)*				
5700 Expended Appropriations	24,655			
3310 Cumulative Results of Operations	23			
6800 Future Funded Expenses [Re-estimated Subsidy Expense - Interest Rate]	13			
6100 Operating Expenses/Program Costs [Administrative Expenses]			4,950	
6100 Operating Expenses/Program Costs [Basic and Modified Subsidy Expense]			19,705	
6800 Future Funded Expenses [Re-estimated Subsidy Expense – Technical]				36
To consolidate unexpended appropriations (*F233)*				
3101 Unexpended Appropriations – App. Received	26,500			
3100 Unexpended Appropriations - Cumulative			1,845	
3107 Unexpended Appropriations - Used			24,655	
Financing Fund Budgetary				
To consolidate net cash resources *(F214, F204)*				
4902 Delivered Orders – Obligations, Paid	5,440			
4201 Total Actual Resources - Collected	16,145			
4261 Actual Collection of Business-Type Fees			480	
4262 Actual Collection of Loan Principal			40	
4263 Actual Collection of Loan Interest			200	
4271 Actual Program Fund Subsidy Collected			19,705	
4273 Interest Collected From Treasury			1,160	

<u>To close unobligated authority</u> *(F210)*

4610 Allotments - Realized Resources	60		
4450 Unapportioned Authority			60

<u>Financing Fund Proprietary</u>

<u>To close financing sources and expenses</u> *(F228)*[28]

5312 Interest Revenue – Loans Receivable/Uninvested Funds [Treasury]	1,160		
6330 Other Interest Expenses [Interest Accumulation Factor on PV of Loan Assets]		20	
6790 Other Expenses Not Requiring Budgetary Resources [Interest Accumulation Factor on PV of LGL]			

~~1~~1,180

<u>Memorandum Accounts - Loan Guarantee Level</u> *(F236)*

8020 Guaranteed Loan Level - Apportioned	5,349	
8045 Guaranteed Loan Level - Unused Authority		5,349

<u>Memorandum Accounts - Loans Disbursed</u> *(F238 & F239)*

8053 Guaranteed Loans New Disbursements by Lenders	87,000	
8070 Guaranteed Loan Cumulative. Disbursements by Lenders		87,000
8070 Guaranteed Loan Cumulative. Disbursements by Lenders	13,500	
8065 Guaranteed Loans Collections, Defaults, and Adjustments		

~~1~~13,500

<u>Memorandum Accounts–Loan Guarantee Liability (LGL) Activity</u>

9XXC LGL - Basic Subsidy Expense - Interest Supplements		1,740		
9XXD LGL - Basic Subsidy Expense - Defaults		17,400		
9XXF LGL - Adjustments - Guarantee Modifications		1,000		
9XXG LGL - Adjustments - Fees Received	480			
9XXI LGL - Adj.- Foreclosed Property and Loans Acquired		3,000		
9XXK LGL - Adjustments - Interest Accumulation	1,180			
9XXM LGL - Subsidy Re-estimates - Other (Technical)		42		
9XXA LGL - Cumulative			18,955	
9XXE LGL - Basic Subsidy Expense - Fees and Other Collections				435
9XXH LGL - Adjustments - Interest Supplements Paid			1,940	
9XXJ A/S - Adjustments - Claim Payments to Lenders			3,500	

[28]Note that the cumulative results of operations from this activity are zero. The financing fund cannot have a net position after closing. Assets must equal liabilities.

YEAR 1 POST-CLOSING TRIAL BALANCE

Accounts *Budgetary*	**Program Fund** *Dr./(Cr.)*	**Financing Fund** *Dr./(Cr.)*
4115	$ 0	N/A
4201	1,845	16,145
4221	N/A	645
4450	0	(16,790)
4650	(1,200)	N/A
4801	(645)	0
	$ 0	**$ 0**

Accounts *Proprietary*	**Program Fund** *Dr./(Cr.)*	**Financing Fund** *Dr./(Cr.)*
1010	$ 1,845	$16,145
1310[Subs. Recv]	N/A	23
1340	N/A	1,035
1350	N/A	3,450
1399	N/A	(1,698)
2170	(23)	N/A
2180	N/A	(18,955)
3100	(1,845)	N/A
3310	23	0
	$ 0	**$ 0**

YEAR 1 POST-CLOSING TRIAL BALANCE (Continued)

Loan Guarantee Level (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8010	$95,349
8015	0
8020	0
8040	(90,000)
8045	(5,349)
	$ 0

Loans Disbursed (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8050	$73,500
8053	0
8065	
8070	(73,500)
	$ 0

Loan Guarantee Liability Activity (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
9XXA	$(18,955)
9XXB	18,955
	$ 0

FINANCIAL STATEMENTS YEAR 1

Loan Guarantee Agency
Balance Sheet
September 30, FY-1

	Program Fund	Financing Fund	Total
Assets			
Intragovernmental			
1. Fund Balance With Treasury (1010)	1,845	16,145	17,990
3. Accounts receivable (1310)		23	23
4. Loan receivables (1340, 1350, 1399)		2,787	2,787
15. Total assets	1,845	18,955	20,800
Liabilities			
16. Accounts payable (2170)	23		23
21. Loan guarantee liability (2180)		18,955	18,955
27. Total liabilities	23	18,955	18,978
Net Position			
29. Unexpended appropriations (3100)	1,845		1,845
30. Cum. results of operations (3310)	(23)		(23)
31. Total net position	1,822	0	1,822
32. Total liabilities and net position	1,845	18,955	20,800

Loan Guarantee Agency
Statement of Net Cost
for Fiscal Year Ended September 30, FY-1

	Program Fund	Financing Fund	Total
Program Costs			
4. Gross costs with the public (6100,6330,6790, 6800)	24,678	1,160	25,838
5. Less: Earned revenues from the public (5312)		1,160	1,160
6. Net cots with the public	24,678	0	24,678
7. Total net cost	24,678	0	24,678
10. Net cost of operations	24,678	0	24,678

Loan Guarantee Agency
Statement of Changes in Net Position
for Fiscal Year Ended September 30, FY-1

	Program Fund		Financing Fund[29]		Total	
	Cumulative Results of Operations	Unexpended Approp.	Cumulative Results of Operations	Unexpended Approp.	Cumulative Results of Operations	Unexpended Approp.
1. Beginning balances					0	0
4. Appropriations received (3101)		26,500				26,500
7. Appropriations used (3107,5700)	24,655	(24,655)			24,655	(24,655)
16. Total financing sources	24,655	1,845				
17. Net cost of operations	24,678	-			24,678	-
18. Ending balances	(23)	1,845			(23)	1,845

[29] Note that the column for unexpended appropriations would not be applicable, because the financing fund does not have appropriations. Of course, in an actual agency situation, the statement would reflect both the program and financing fund transactions for the year, and hence, both columns would appear.

Loan Guarantee Agency
Statement of Budgetary Resources
for Fiscal Year Ended September 30, FY-1

	Budgetary	Non-budgetary Financing Account	Total
Budgetary Resources			
1A. Appropriations (4115E,4117E)	26,500		26,500
3. Spending authority from offsetting collection activity (+) :			
A1. Earned: Collected (4261E, 4262E, 4263E, 4271E, 4273E)		21,585	21,585
B2. Change in unfilled customer orders without advance from Federal sources (4221E)		645	645
7. Total resources	$26,500	$22,230	$48,730
Status of Budgetary Resources			
8. Obligation incurred:	25,300	5,440	30,740
9. Unobligated balance,			
A1. Balance, currently available (4610)	1,200	60	1,260
10. Unobligated balance not available:			
D. Other (4450)		16,730	16,730
11. Total status of resources	$26,500	$22,230	$48,730
Relationship of Obligations to Outlays:			
14. Obligated balance, net, end of period:			
B. Unfilled customers from Federal sources (4221E).		(645)	(645)
C. Undelivered orders (4801E)	645		645
15. Outlays:			
A. Disbursements (-)(4902E)	$24,655	5,440	30,095
B. Collections (+) (4261E - 4263E, 4271E and 4272E)		(21,585)	(21,585)
17. Net Outlays	24,655	(16,145)	8,510

Loan Guarantee Agency
Statement of Financing
for Fiscal Year Ended September 30, FY-1

	Program Fund	Financing Fund	Total
Resources Used to Finance Activities:			
Budgetary Resources Obligated			
1. Obligations incurred (4801 E-B, 4902E)	25,300	5,440	30,740
2. Less Spending authority from offsetting collections and recoveries (4221E, 4261E, 4262E, 4263E, 4271E, 4273E)		(22,230)	(22,230)
3. Obligations net of offsetting collections and recoveries (1-2)	25,300	(16,790)	8,510
5. Net obligations (3..4)	25,300	(16,790)	8,510
11. Total resources used to finance activities	25,300	(16,790)	8,510
Resources Used to Finance Items not a Part of Net Cost of Operations:			
12. Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (4801 E-B, 4221E)	645	(645)	0
14. Budgetary offsetting collections and receipts that do not effect the Net cost of operations			
14A. Credit program collections that increase liabilities for loan guarantees or allowances for subsidy (4261E, 4262E, 4271E, 4273E)		(21,585)	(21,585)
15. Resources that finance the acquisition of assets or liquidations of liabilities (4902(loan portion))		5,440	5,440
17. Total resources used to finance items not a part of net cost of operations (12…16)	645	(16,790)	(16,145)
18. Total resources used to finance the net cost of operations (11-17)	24,655	0	24,655
Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:			
21. Upward/downward re-estimates of credit expenses (6800E)	23		23
22. Increase in exchange revenue receivable from public (1340 accrued amount)			
24. Total components of net cost of operations that will or generate resources in the future period	23		23
28. Total components of net of cost of operation that will not	0		0

require or generate resources in the current period (25..27)		
29. Total components of net cost of operations that will require or generate resources in the current period (24 + 28)	23	23
30. Net Cost of Operation (18 + 29)	24,678	24,678

Loan Guarantee Agency
Year End Closing Statement (2108)
September 30, FY-1

Indefinite Borrowing Authority – Financing Account

Column 5 Adjustments (1010)	16,145
Column 8 Unfilled customer orders	645
Column 11 Unobligated balance (4610 & 4450)	16,790

Program Account

Column 5 Post closing unexpended balance (1010 E)	1,845
Column 9 Undelivered orders and contracts (4801 E)	645
Column 11 Unobligated balance (CALC 5+6+7+8-9-10)	1,200
Also equals (4610 E)	1,200

BUDGET PROGRAM AND FINANCING SCHEDULE PRIOR-YEAR ACTUAL COLUMN FOR YEAR 1 REPORTING

	Program Fund	Financing Fund
OBLIGATIONS BY PROGRAM ACTIVITY		
1000 Total new obligations (4801 E-B, 4902E)	25,300	5,440
BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION		
2200 New budget authority, (gross)	26,500	22,230
2395 Total new obligations	(25,300)	(5,440)
2398 Unobligated balance expiring or withdrawn (4610E)	1,200	
2440 Unobligated balance carried forward, end of year (4450E, 4610E)		16,790
NEW BUDGET AUTHORITY (GROSS), DETAIL		
4000 Appropriation (4115E & 4117)	26,500	
6800 Spending authority for offsetting collections (4261E, 4262E, 4263E, 4271E, 4273E)		21,585
6810 Change in unfilled customer payments from federal sources (4221E)		645
6890 Spending authority for offsetting collections (total discretionary)		22,230
7000 Total new budget authority (Gross)	26,500	22,230
CHANGE IN OBLIGATED BALANCES		
7310 Total new obligations	25,300	5,440
7320 Total outlays (gross) (4902E)	24,655	5,440
7440 Obligated balance, end of year (4801E)	645	
OUTLAYS (GROSS), DETAIL		
8690 Outlays from new discretionary authority (4902E)	24,655	5,440
NET BUDGET AUTHORITY AND OUTLAYS		
8900 Budget authority (net)	26,500	22,230
9000 Outlays (net)	24,655	5,440

Loan Guarantee Agency
Note 8: Credit Program Note[30]
September 30, FY-1

I. Defaulted Guaranteed Loans from Post – 1991 Guarantees:

Loans receivable, gross (1350)	3,450
Interest receivable (1340)	1,035
Less allowance for subsidy (1399)	(1,698)
Value of assets related to loan receivables, net	$2,787

J. Guaranteed Loans Outstanding:

J1. Guaranteed Loans Outstanding:

Outstanding loan principal (8050)	$73,500
Guaranteed loan principal (8050)	$73,500[31]

J2. New Guaranteed Loans Disbursed:

Outstanding loan principal (8053)	$87,000

J3. New Loans Disbursed:

Outstanding loan principal (8053)	$87,000

K. Liability for Loan Guarantees:

K1. Liability for Loan Guarantees

Post 1991 Loan guarantees, liability (2180)	$18,955

L Subsidy Expense for Loan Guarantees by Program and Component:

L1. Subsidy Expense for New Loan Guarantees

Interest differential (9XXC)	1,740
Defaults (9XXD)	17,400
Fees (9XXE)	(435)
Total	$18,705

L2. Modifications and Reestimates:

Total modifications (9XXF)	1,000
Interest rate (6800)	(13)
Technical (6800)	36

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[30]The information presented here is for the applicable sections of note 8 in OMB's Bulletin 01-09, Form and Content of Agency Financial Statements for loan guarantee programs, which can be quantified.

[31]Because the agency guaranteed 100 percent of the loans, both the principal outstanding and the amount guaranteed are the same.

Total re-estimates	1,023
L3. Total Loan Guarantee Subsidy Expense	$19,728

M. Composition of Subsidy Rate:[32]
(From budget model)

Component	*Percent*
Defaults	20.0
Interest supplements	2.0
Fees	(0.5)
Total	21.5

N. Reconciliation of Beginning and Ending Balances of Allowance for Subsidized Costs[33]

Beginning balance of loan guarantee liability, October 1	$ 0
Add: subsidy expense for guaranteed loans disbursed during the reporting years by component:	
a. Interest supplement costs (9XXC)	1,740
b. Default costs (net of recoveries) (9XXD)	17,400
c. Fees and other collections (9XXE)	(435)
Total of the above subsidy expense components	$18,705
Adjustments:	
a. Loan guarantee modifications (9XXF)	1,000
b. Fees received (9XXG)	480
c. Interest supplements used (9XXH)	(1,940)
d. Foreclosed property and loans acquired (9XXI)	3,000
e. Claim payment to lenders (9XXJ)	(3,500)
f. Interest accumulation on liability balance (9XXK)	1,180
Ending balance of the loan guarantee liability before reestimates	220
Add or subtract subsidy reestimates by component:	
a. Interest reestimate rate (9XXL)	(12)
b. Technical/default reestimate	42
Total of the above reestimate components	30

[32]This information is obtained from the subsidy model.

[33]The information called for contains a repeat of the detail in Section E, Subsidy Expense for Direct Loan by Program and Component. The example provided here summarizes the information rather than repeating the detail.

Ending balance of the loan guarantee liability	$18,955

O. Administrative Expense:

Loan guarantee programs (6100)	$4,950[34]

[34]Since the agency operates only a loan guarantee program, and the administrative expense is already set forth in the Statement of Net Cost, Section O could be omitted in the guide. It is provided here for illustrative purposes only.

FISCAL YEAR 2

In fiscal year 1, the agency accrued an upward adjustment of subsidy expense. Although the expense was recognized in fiscal year 1, budgetary resources to fund it were not provided until the following year, fiscal year 2. The examples of transactions for this year are limited to those relating to the disposition of the upward subsidy re-estimate accrued at the end of the preceding year. Appendix 2, discusses the accrual and disposition for a downward re-estimate, and the related reporting for that in the year of accrual and the year of disposition.

Normally, in the second fiscal year, there would be transactions for a new cohort of loans. The accounting for the old and new cohort should be separated. The basic transactions are the same for the second cohort for fiscal year 1 for the first cohort. Transactions, in the next year, for the first cohort would be similar, except there are no new loans. Loans obligated but not disbursed at the end of fiscal year 1 would be disbursed, and transactions subsequent to disbursement would be similar to fiscal year 1.

TRANSACTIONS YEAR 2

2-1. The agency prepared a request for apportionment for $23 of appropriations in the program fund to be transferred to the financing fund. It will use the apportionment to repay principal on the debt to Treasury. It prepared a request for the financing fund. The SF-132 constituting the request is shown on the next page. *(TC A104, A140)*

To record enactment of appropriations.

Program Fund[35]

4118 Re-estimated Loan Subsidy Appropriation	23	
4450 Unapportioned Authority		23
1010 Fund Balance With Treasury	23	
3101 Unexpended Appropriations - Received		23

Financing Fund

4070 Anticipated Collections from Federal Sources	23	
4450 Unapportioned Authority		23

Loan Guarantee Agency
SF 132 Apportionment/Reapportionment Schedule
Fiscal Year 2

Budgetary Resources	**Program Fund**	**Financing Fund**
Budget authority:		
1E. Other	23	
2A. Brought forward, Oct.1	1,200	16,790
3C. Anticipated for rest of year without advance		23
7. Total budgetary resources	1,223	16,813
Application of Budgetary Resources		
Budget authority:		
Category B:		
8B1.Direct loan subsidy	1,223	
11. Unapportioned Balance		16,813
12. Total budgetary resources	1,223	16,813

[35] Note that this is a permanent indefinite appropriation, as opposed to the annual appropriation for basic and modified subsidy that used in fiscal year 1. OMB states that a permanent indefinite appropriation is anticipated and can only be realized with OMB approval, at which time the Fund Balance With Treasury also is recognized. Therefore, there is no entry to Fund Balance With Treasury recorded.

2-2. OMB approved and authorized both requests for apportionment.[36] (TC A116)

Program Fund

4450 Unapportioned Authority	23	
4510 Apportionments		23

Financing Fund

No entry[37]

2-3. To record allotment of authority. (TC A120)

Program Fund

4510 Apportionments	23	
4610 Allotments - Realized Resources		23

Financing Fund

No entry

2-4. The agency transferred the re-estimated subsidy from the program fund to the financing fund. (TC A150, B105, B134, C104)

Program Fund

4610 Allotments - Realized Resources	23	
4902 Delivered Orders – Obligations, Paid [Re-est. Subsidy and Interest]		23

To record reclassification of future funded expenses.

6100 Operating Expense/Program Costs	23	
6800 Future Funded Expense		23
2170 Subsidy Payable to Financing Account	23	
1010 Fund Balance With Treasury		23
3107 Unexpended Appropriations - Used	23	
5700 Expended Appropriations		23

[36] For enacted legislation other than an appropriation act, as in this case an indefinite appropriation, provides budget authority in the form of an appropriation, agencies must submit a letter to Treasury requesting the appropriation (warrant). See TFM 2030.10.

[37] Although OMB would apportion resources to the financing fund for paying interest supplements and defaults, the transactions and reports in this section of the guide are limited to the disposition of the re-estimated subsidy accrued at the end of fiscal year 1.

Financing Fund

4271 Actual Program Fund Subsidy Collected	23	
4070 Anticipated Collections from Federal Sources		23
1010 Fund Balance With Treasury	23	
1310 Accounts Receivable [Subsidy Receivable from Program Fund]		23

FISCAL YEAR 2 PRE-CLOSING TRIAL BALANCE

Accounts *Budgetary*	**Program Fund** *Dr./(Cr.)*	**Financing Fund** *Dr./(Cr.)*
4118	23	N/A
4201	1,845	16,145
4221	N/A	645
4271	N/A	23
4450	0	(16,813)
4650	(1,200)	N/A
4801	(645)	0
4902[Reest. Sub. Int]	(23)	0
	$ 0	**$ 0**

Accounts *Proprietary*	**Program Fund** *Dr./(Cr.)*	**Financing Fund** *Dr./(Cr.)*
1010	$ 1,845	$16,168
1340	N/A	1,035
1350	N/A	3,450
1399	N/A	(1,698)
2170	0	N/A
2180	N/A	(18,955)
3100	(1,845)	N/A
3101	(23)	N/A
3107	23	N/A
3310	23	0
5700	(23)	N/A
6100	23	N/A

6800	(23)	N/A
	$ 0	**$ 0**

FISCAL YEAR 2 PRE-CLOSING TRIAL BALANCE

Loan Guarantee Level (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8010	$95,349
8015	0
8020	0
8040	(90,000)
8045	(5,349)
	$ 0

Loans Disbursed (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8050	$73,500
8053	0
8065	
8070	(73,500)
	$ 0

Loan Guarantee Liability Activity
(Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
9XXA	$(18,955)
9XXB	18,955
	$ 0

2-5. The agency made closing entries. (TC F214, F228, F233, F204)

Program Fund Budgetary

To consolidate net cash resources (TC F214, F204)

4902 Delivered Orders – Obligations, Paid [Re-est. Subsidy and Interest]	23	
4118 Reestimated Loan Subsidy Appropriation		23

Program Fund Proprietary

To close financing sources and expenses (TC F228)

6800 Future Funded Expenses	23	
5700 Expended Appropriations	23	
3310 Cumulative Results of Operations		23
6100 Operating Expenses/Program./Costs		
3101 Unexpended Appropriations – Approp. Received	23	
3107 Unexpended Appropriations - Used		23

Financing Fund[38]

To consolidate net cash resources (TC F204)

4201 Total Actual Resources - Collected	23	
4271 Actual Program Fund Subsidy Collected		23

FISCAL YEAR 2 POST-CLOSING TRIAL BALANCE

Accounts	**Program Fund**	**Financing Fund**
Budgetary	*Dr./(Cr.)*	*Dr./(Cr.)*
4201	1,845	16,168
4221	N/A	645
4450	0	(16,813)
4650	(1,200)	N/A
4801	(645)	0
	$ 0	$ 0

[38]Note that there are no closing entries required for the financing fund, because there were no transactions involving financing sources or expenses.

FISCAL YEAR 2 POST-CLOSING TRIAL BALANCE (Continued)

Accounts *Proprietary*	**Program Fund** *Dr./(Cr.)*	**Financing Fund** *Dr./(Cr.)*
1010	$ 1,845	$16,168
1340	N/A	1,035
1350	N/A	3,450
1399	N/A	(1,698)
2170	0	N/A
2180	N/A	(18,955)
3100	(1,845)	N/A
	$ 0	$ 0

Loan Guarantee Level (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8010	$95,349
8015	0
8020	0
8040	(90,000)
8045	(5,349)
	$ 0

Loans Disbursed (Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
8050	$73,500
8053	0
8065	
8070	(73,500)
	$ 0

Loan Guarantee Liability Activity
(Financing Fund Only)

Memorandum Accounts	*Dr./(Cr.)*
9XXA	$(18,955)
9XXB	18,955
	$ 0

FINANCIAL STATEMENTS YEAR 2

Since the net cost is zero, the statement is not presented.

Loan Guarantee Agency
Balance Sheet
September 30, FY-2

	Program Fund	Financing Fund	Total
Assets			
Intragovernmental			
1. Fund balance with treasury (1010)	1,845	16,168	18,013
4. Loans receivable (1340, 1350, 1399)		2,787	2,787
6. Total intragovernmental	1,845	18,955	20,800
15. Total assets	1,845	18,955	20,800
Liabilities			
21. Loan guarantee liability (2180)		18,955	18,955
27. Total liabilities		18,955	18,955
Net Position			
29. Unexpended appropriations (3100)	1,845		1,845
30. Cum. results of operations (3310)			
31. Total net position	1,845	-	1,845
32. Total liabilities and net position	1,845	18,955	20,800

Loan Guarantee Agency
Statement of Changes in Net Position
for Fiscal Year Ended September 30, FY-2

	Program Fund		Financing Fund		Total	
	Cumulative Results of Operations	Unexpended Approp.	Cumulative Results of Operations	Unexpended Approp.	Cumulative Results of Operations	Unexpended Approp.
1. Beginning balances	(23)	1,845			(23)	1,845
4. Appropriations received (3101)		23				23
7. Appropriations used (3107,5700)	23	(23)			23	(23)
17. Net cost of operations	0	-			0	-
18. Ending balances	0	1,845			0	1,845

Loan Guarantee Agency
Statement of Budgetary Resources
For Fiscal Year Ended September 30, FY-2

	Budgetary	Non-budgetary Financing Account	Total
Budgetary Resources			
1A. Appropriations (4118E)	23	0	23
2A. Beginning of period (4201E, 4221E, 4801E)	1,200	16,790	18,013
3A. Spending authority from Offsetting Collections: Earned (4271E)		23	
7. Total budgetary resources	$1,223	$16,813	$18,036
Status of Budgetary Resources			
8. Obligation incurred:			
A1. Direct (4801E-B, 4902)	23		23
10. Balance not available:			
D. Other (4650E, 4450E)	1,200	16,813	18,013
11. Total status of budgetary resources	$1,223	$16,813	$18,036
Relationship of Obligations to Outlays:			
12. Obligations balance, beg (4801E/4221E)	645		645
14B. Unfilled cust orders from Federal sources (4221E)		(645)	(645)
14C. Undelivered orders (4801E)	645		645
15. Outlays:			
15A. Disbursements (-)(4902E)	23		23
15B. Collections (+) (4271E)		(23)	(23)
17. Net Outlays	23	(23)	0

Loan Guarantee Agency
Statement of Financing
for Fiscal Year Ended September 30, FY-2

	Program Fund	Financing Fund	Total
Resources Used to Finance Activities:			
Budgetary Resources Obligated			
1. Obligations incurred (4801 E-B, 4902E)	23	0	23
2. Less Spending authority from offsetting collections and recoveries (4221E-B, 4261E, 4262E, 4263E, 4271E, 4273E)		(23)	(23)
3. Obligations net of offsetting collections and recoveries (1..2)	23	(23)	0
5. Net obligations (3..4)	23	(23)	0
11. Total resources used to finance activities	23	(23)	0
Resources Used to Finance Items not a Part of Net Cost of Operations:			
12. Change in budgetary resources obligated for goods, services and benefits ordered but not yet provided (4221E)		(0)	(0)
13. Resources that Fund Expenses Recognized in Prior Periods. (2170 or 6800)	23		23
14A. Credit program collections that increase liabilities for loan guarantees or allowances for subsidy (4271E)		(23)	(23)
17. Total resources used to finance items not a part of net cost of operations (12.. 16)	23	(23)	0
18. Total resources used to finance the net cost of operations (11-17)	0	0	0
30. Net Cost of Operation (18 + 29)	0	0	0

Loan Guarantee Agency
FMS 2108 Year End Closing Statement
September 30, FY-2

Financing Account

Column 5 Postclosing Unexpended Balance (1010E)	16,168
Column 8 Unfilled Customer Orders (4221E)	645
Column 11 Unobligated Balance (4450)	(16,813)

Program Account

Column 5 Postclosing Unexpended Balance (1010 E)	1,845
Column 9 Undelivered Orders and Contracts (4801 E)	645
Column 11 Unobligated Balance (4650)	(1,200)

LOAN GUARANTEE AGENCY

BUDGET PROGRAM AND FINANCING (P&F) SCHEDULE PRIOR-YEAR ACTUAL COLUMN FOR YEAR 2 REPORTING

	Program Fund	Financing Fund
OBLIGATIONS BY PROGRAM ACTIVITY		
1000 Total new obligations (4902E)	23	
BUDGETARY RESOURCES AVAILABLE FOR OBLIGATION		
2140 Unobligated balance carried forward		16,790
2200 New budget authority, (gross)	23	23
2390 Total budgetary resources available for obligation	23	16,813
2395 Total new obligations	(23)	
2440 Unobligated balance carried forward, end of year (4450E)		16,813
NEW BUDGET AUTHORITY (GROSS), DETAIL		
4000 Appropriation (4118E)	23	
6800 Spending authority from offsetting collections (4271E)		23
7000 Total new budget authority (Gross)	23	23
CHANGE IN OBLIGATED BALANCES		
7240 Obligated balance, start of year (4801B, 4221B)	645	(645)
7310 Total new obligations	23	
7320 Total outlays (gross) (4902E)	23	
7440 Obligated balance, end of year (4221E)		(645)
OUTLAYS (GROSS), DETAIL		
8690 Outlays from discretionary balances (4902E)	23	
NET BUDGET AUTHORITY AND OUTLAYS		
8900 Budget authority (net)	23	23
9000 Outlays (net)	23	

APPENDIX 1: ACCOUNTING FOR MANDATORY LOAN GUARANTEE PROGRAMS

INTRODUCTION

The scenarios presented in this guide were for common transactions undertaken by a discretionary loan guarantee program. This appendix discusses two key differences between discretionary and mandatory loan guarantee programs, and shows how the entries in the guide would differ for a mandatory program with typical funding characteristics.

BASIC DIFFERENCES BETWEEN DISCRETIONARY AND MANDATORY PROGRAMS

In a discretionary program, Congress sets a funding level, and program agencies make loans up to the amount that can be supported from subsidy in their program fund. Usually, annual or multi-year appropriations provide program fund subsidy, although Congress can give no-year (permanent indefinite) appropriations should it choose to do so.

Annual appropriation authority expires at the end of the fiscal year that it funds, and multi-year appropriations expire at the end of the last year of their period of availability. For example, appropriations good for three years expire at the end of the third year funded. Agencies cannot place any new obligations against expired authority, generally, they have five years after the date of expiration to fill obligations and pay liabilities before both the obligated and unobligated authority is canceled and cannot be used for any purposes. Congress sometimes provides for different periods of expiration.[39]

The government also operates mandatory (entitlement) loan guarantee programs, in which Congress usually authorizes permanent indefinite appropriations for subsidy. If the amount of subsidy requested by qualified loan applicants, who meet the program criteria established by Congress, exceeds the subsidy monies by drawing additional appropriations. Congress may mandate that the agency concur with the additional funding or may place a cap on the total funding. These no-year appropriations do not have a date of expiration, and agencies may use unobligated subsidy appropriation authority as long funded as the programs remain authorized by the Congress.

[39]The legislation providing for this is Public Law 101-510, a separate part of the Defense Appropriation Act of 1990, applying more broadly to most Federal agencies. The USSGL Board has published a document entitled Budgetary Accounting in the Federal Government that is available through its Web site at www.fms.treas.gov/USSGL/bag.html.

Congress may provide appropriations for administrative expenses that have annual, multi-year, or no-year expiration. Most commonly, both discretionary and mandatory loan guarantee programs have annual administrative expense appropriations. Thus, no differences in accounting for administrative expenses will be presented. However, multi-year administrative expense appropriations in other than the last year covered, and no-year administrative expense appropriations, would be accounted for in the same manner as will be shown for no-year appropriations of subsidy authority.

Another difference between discretionary and mandatory loan guarantee programs is that when downward adjustments to subsidy are called for during the subsidy re-estimation process to properly value loan guarantees at the estimated value of their cash-flows, discretionary programs must generally return the excess money in their financing fund to Treasury by transferring it to a designated miscellaneous receipt account. Mandatory programs generally may recycle this excess by transferring it back to their program account. While these are the typical situations, Congress may also provide do the following:

- Provide for recycling of downward reestimates for a discretionary program; or

- Provide that agencies cannot recycle downward re-estimates in a mandatory program and must return them to Treasury.

Recording and reporting downward reestimates of subsidy for both a discretionary and a mandatory program is discussed in Appendix 2 (recall that the agency in the guide illustrated accrual and disposition of an upward adjustment).

Both discretionary and mandatory loan guarantee programs generally have the same transactions. Agencies must formulate budgetary resources, apportioned by OMB, and allot and account for them as follows:

- Making loans based on a combination of program fund subsidy and financing fund borrowing from Treasury;
- Making collections from Federal and non-Federal sources and using the collections to repay the principal and interest on the loan from Treasury;
- Reestimating to determine the present value of the loans and interest receivable and adjusting the accounts as required;
- Closing the books at yearend; and so forth.

Where there are differences in the type of subsidy appropriations provided and disposition of downward re-estimates, the journal entries to record the same transaction usually will differ as well. The next section discusses those differences.

DIFFERENCES IN JOURNAL ENTRIES FOR MANDATORY PROGRAMS

The transactions illustrated for the discretionary loan guarantee program guide are virtually the same as those be undertaken in a mandatory program. However, four of the journal entries would be different. The transactions involved, and the budgetary and proprietary entries a mandatory program with no-year subsidy authority, but with the same amount of funding and other parameters as the discretionary program, would make are set forth below.[40] Note that only certain entries in fiscal year 1 are affected. There would be no change from the discretionary program entries in fiscal year 2.

Changes from entries illustrated for the discretionary program are highlighted in bold type. For each transaction presented, only the fund entities (including memorandum accounts) for which there is a change are presented. If a fund entity (including memorandum accounts) present for a transaction in the discretionary program guide is not present in the transactions illustrated below, a mandatory program would make the same entries for those fund entities. A discussion of changes follows the revised entries for each transaction.

1-1. The agency prepares the budget formulation. (TC A102, A104)

Program Fund

4120 Appropriations Anticipated - Indefinite	**21,500**	
4117 Loan Administrative Expense Appropriation	5,000	
4450 Unapportioned Authority		26,500
1010 Fund Balance With Treasury	**5,000**	
3101 Unexpended Appropriations - Received		**5,000**

Explanation of difference

Because the program fund has permanent indefinite authority for its subsidy, agencies must anticipate the amount of the appropriations they will receive in order to prepare the budget formulation. The agency normally will not realize the appropriations until OMB has approved the amount. Accordingly, the agency must make two changes in the program fund entry. First,

[40]It is important to note these assumptions, because they form the basis for changes to be discussed. It is possible that variations, even within the assumptions, could exist and that entries could differ still further. For example, OMB might decide on a lesser amount of subsidy funding than the agency anticipated in its request and if needed, increase the amount later (see transactions 1-1 and 1-2). The more specific assumption in this appendix is that the nature of transactions and amounts between the discretionary and mandatory programs is the same.

it uses the account for anticipated appropriations, 4120, instead of the account for realized subsidy appropriations, 4115. Second, because the subsidy money is not realized at this point, it records only the amount of the administrative expense appropriation, which is an annual appropriation, as the amount of Fund Balance With Treasury. . Note that there is no change for the financing fund or memorandum account entries.

1-2. OMB approved the agency's requests for apportionment without change, and the agency recorded the apportionment. (A104, A116)

Program Fund

4115 Loan subsidy Appropriation	**21,500**	
4120 Appropriations Anticipated - Indefinite		**21,500**
4450 Unapportioned Authority	**26,500**	
4510 Apportionments		**26,500**
1010 Fund Balance With Treasury	**21,500**	
3101 Unexpended Appropriations - Received		**21,500**

Explanation of Difference

There are two differences here. First, because the subsidy appropriation was anticipated and not realized until OMB concurred with the amount, the agency makes an entry to realize the appropriation. Second, along with the realization, the agency must record the related Fund Balance With Treasury. Note that the combination of entries 1-1 and 1-2 yields the same account balances for both the discretionary and mandatory programs.

1-12. After consultation and agreement with OMB, the agency decided to exercise a clause in the program's legislation allowing it to modify the terms of some of the guarantees because of economic downtrends. This reduced the present value of those guarantees by $1,000.[41] The agency transferred the $1,000 from the program fund to the financing fund~~,~~ ~~and the authorized loan guarantee level was~~ ~~reduced from $100,000 to $95,349. A new request for apportionment (SF-132) for the financing fund, showing the reduced loan guarantee~~

[41]Before making the modifications, the agency must be certain that it has sufficient unobligated resources for subsidy in the program fund. In this guide, the amount of unobligated resources, as represented by allotments related to the subsidy, amounted to $2,150 ($21,500 from transaction 1-3 less $19,350 from transaction 1-5).

~~level, was submitted to and approved by OMB.~~

~~*Memorandum Accounts - Loan Guarantee Level*~~
~~8020 Loan Guarantee Level - Apportioned 4,651~~
~~8010 Guaranteed Loan Level 4,651~~

Explanation of Difference
Here the basic transaction is the same–the agency is making modifications to loan guarantee terms that cost the government $1,000. However, some of the related procedures are different. In the discretionary program, the agency had to reduce the loan guarantee level. This was because the subsidy appropriation was annual, so the agency had to use subsidy to modify loan guarantees and could not use the subsidy to making new guarantees (recall that an agency can only make the amount of loan guarantees that its subsidy monies can support).

In a mandatory program in which an agency can draw additional monies, with OMB approval, from a permanent indefinite appropriation, there is no need to reduce the program level. The agency can recover the $1,000 subsidy by drawing an additional $1,000 from the appropriation subsidy. This is not illustrated because, we know from the discretionary program guide, the agency did not use the full amount of subsidy, even reduced by the $1,000 used for modifications, to make loans. However, the agency would not make the entry to reduce the loan level, unless OMB directed the agency to reduce it.

TRIAL BALANCES AND FINANCIAL STATEMENTS

Pre- and post-closing trial balances, financial statements, and the quantitative portion of the credit program note for the mandatory program would be the same as for the discretionary program for both fiscal years, with the exception that the guaranteed loan level probably would remain at $100,000 instead of having been reduced to $95,349. The pre-closing trial balance of memorandum accounts for the loan guarantee level would thus be:

Memorandum Accounts–Loan Guarantee Level (Financing Fund Only)

8010	**$100,000**
8015	-0-
8020	**(10,000)**
8040	(90,000)
8045	-0-
	$ -0-

The closing entry for these accounts would be:

1-19 The agency made the following closing entries.

Memorandum Accounts - Loan Guarantee Level (F234)

8020 Guaranteed Loan Level - Apportioned	**10,000**	
8045 Guaranteed Loan Level - Unused Authority		**10,000**

And the post-closing trial balance would be:

Memorandum Accounts–Loan Guarantee Level (Financing Fund Only)

8010	**$100,000**
8015	-0-
8020	-0-
8040	(90,000)
8045	**(10,000)**
	$ 0

Narrative descriptions about funding and loan levels authorized would be different, but are not illustrated for either program. (The narrative about program level and nature of subsidy funding would be different, because the program loan level was reduced in the discretionary program but not in the mandatory program, and the subsidy appropriation in the mandatory program was no-year authority, as opposed to annual authority in the discretionary case.)

APPENDIX 2: ACCOUNTING FOR DOWNWARD RE-ESTIMATESIN DISCRETIONARY AND MANDATORY LOAN GUARANTEE PROGRAMS

INTRODUCTION

The nature of downward subsidy re-estimates for loans and interest receivable is the same for both discretionary and mandatory loan guarantee programs. In both cases, the present value of the receivables is understated at yearend, meaning that the agency:

- Collected more subsidy money than necessary to fund future net cash outflows;
- Must adjust the value of the receivables accordingly; and
- Must relinquish the excess subsidy amount from the financing fund.

Like the upward subsidy re-estimates, the agency must make an accrual for the adjustment to subsidy expense at yearend, but will make the actual transfer of cash in the following year.

The difference in the accounting between the two types of programs is that normally, the agency must transfer the excess subsidy monies in the discretionary program's financing fund, with interest, to a designated miscellaneous receipt fund in the Treasury general fund. However, the excess in the mandatory program and transfer it to the program fund.

The following sections illustrate accounting and reporting for a downward subsidy re-estimate. For purposes of the illustration, the same figures are used as in the upward r-estimate, except that the reestimate will be downward. The re-estimate components are:[42]

	2180 Loan Guarantee Liability	1399 Allowance for Subsidy	Total

[42]The direct loan guide's readership may notice that the components of the re-estimate were further separated into principal and interest, and they were accounted for in that detail via the memorandum accounts for the allowance for subsidy activity so that the interest could be separately reported to OMB in its Schedule P, "Program and Financing Schedule." This was doable using the allowance for subsidy activity memorandum accounts because there was only one group of accounts being adjusted for the re-estimate–the loan asset accounts, adjusted by changing the value of the allowance for subsidy. However, in a loan guarantee program, there is an adjustment both to the allowance for subsidy and to the loan guarantee liability, and there is no requirement to separately report the adjustment to the allowance for subsidy in a loan guarantee program. Hence, using memorandum accounts for both the principal and interest portions of the technical or interest rate re-estimate amounts could not be computed from only the memorandum accounts for the loan guarantee liability activity accounts, since they would not include that breakout for the allowance for subsidy. Accordingly, agencies would either have to further break out their series 6800 accounts (Future-funded Expenses) for this, or manually insert the information into Schedule P, based on information from the subsidy model.

Technical Re-estimate	-$42	+$6	-$36
Interest-rate Re-estimate	+$12	+$1	+$13
Total	-$30	+$7	**-$23**

Note that it is the total re-estimate to subsidy expense of -$23 that denotes the transaction as a downward re-estimate.[43] It makes no difference whether the individual technical and interest rate re-estimates for any account or in total are positive or negative; only the total for the entire re-estimate, which is bolded in the table, determines the direction of re-estimate. There is no separate accounting for individual upward or downward components; some accounting is for an upward re-estimate and some is for a downward re-estimate. The accounting is based solely on the total re-estimate.

DISCRETIONARY PROGRAM

The entries to accrue the downward re-estimate described in the preceding section in a discretionary program are shown below. Note that, unlike for an upward re-estimate, the program fund is not involved.

Fiscal Year 1

1. To record the technical re-estimate. (D366)

Financing Fund

2180 Loan Guarantee Liability	42	
6800 Future Funded Expenses [Subsidy Expense Re-estimate – Technical]		36
1399 Allowance for Subsidy [Defaulted Guar. Loans]		6

2. To record the interest rate re-estimate. (D366)

6800 Future Funded Expenses [Subsidy Expense Re-estimate – Technical]	13	
2180 Loan Guarantee Liability		12
1399 Allowance for Subsidy [Defaulted Guar. Loans]		1

3. To accrue the transfer-out to the misc. receipt fund

5730 Financing Sources Transfer. Out Without Reimbursement	23	
2190 Other Accrued Liabilities [Subsidy Payable to Misc. Receipt Fund]		23

[43] Per OMB Circular No. A-11 (2003), Section 185.6(F), all increases or decreases in subsidy cost for different risk categories within the same cohort will be netted against each other. No such netting can occur between cohorts.

Explanation of entries:
The first entry adjusts the present value of the loan guarantee liability and the allowance for subsidy for the technical re-estimate; the second does so for the interest rate re-estimate. The agency could combine the two entries into a single entry, but both entries are shown separately here for purposes of clarity. The third entry accrues the payable to the miscellaneous receipt fund that will result in Fund Balance With Treasury transferred from the financing fund to the miscellaneous receipt fund in Year 2. As with upward adjustments, the budget rules are that the actual cash transfer will not take place until the following year. Hence, the accrual is made in year 1, and the payment is made in year 2.

Memorandum Accounts–Loan Guarantee Liability (LGL) Activity

9XXM A/S - Subsidy Re-estimates - Technical	42	
9XXL A/S - Subsidy Re-estimates - Interest Rate		12
9XXB Loan Guarantee Liability		30

Explanation of entry:
This entry compiles the effect of the proprietary entries shown just before it on the loan guarantee liability. There is no requirement to report the effect on the allowance for subsidy in a loan guarantee program.

Miscellaneous Receipt Fund

1310 Accounts Receivable [from Credit Agency Financing Fund]	23	
5720 Financing Sources Transferred In Without Reimbursement		23

Financial Statement Effects
The effect of the proprietary entries on the financial statements and credit program note is as follows:

- The net debit to account 2180 would reduce that account in the credit program note, and would reduce the value of the loan guarantee liability on the Balance Sheet.

- The net credit to account 1399 would increase the credit program assets in the credit program note and their value on the Balance Sheet.

- The net credit to accounts 6800 [Subsidy Expense Re-estimate – Technical] and 6800[Subsidy Expense Re-estimate – Interest Rate] would reduce subsidy expense and the net cost of operations, yielding, solely for this transaction, a net cost of operations of -$23.

- The statement of budgetary resources would not be affected, because there are no budgetary entries made for the accrual of downward re-estimates.

- The statements of changes in net position and of financing, solely for the downward re-estimate transactions in year 1, are shown below. Note that on the statement of financing, the handling of accrued downward re-estimates is not symmetrical to the handling of accrued upward re-estimates in a discretionary program.

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN NET POSITION
DISCRETIONARY PROGRAM
(Resulting From Downward Re-estimate Transactions in Fiscal Year 1)

	Cumulative Results of Operations[44]	Unexpended Approp. [45]
1. Balance October 1 (3310B)		$0
13. Transfers-in/out without reimbursement (5730)	23	
17. Net cost of operations	(23)	
18 Ending balance September 30	$0	

[44]Remember that the financing fund cannot have a balance in cumulative results of operations after closing. Hence, the beginning balance of cumulative results of operations must be zero.

Note that the requirement for net position to be zero after closing does not mean that there cannot be a net cost of operations. The requirement is that all accounts, which close to cumulative results of operations, must net to zero. In this guide, there is a negative expense account balance, resulting in a net cost of operations of -$23; and there is a non-budgetary transfer out of that same amount.

[45]Note that the column for unexpended appropriations would not be applicable, because the financing fund does not have appropriations. Of course, in an actual agency situation, the statement would reflect both the program and financing fund transactions for the year, and hence, both columns would appear.

STATEMENT OF FINANCING
DISCRETIONARY PROGRAM
(Resulting From Downward Re-estimate Transactions in Year 1)

Resources Used To Finance Activities:

1. Transfers in/out without reimbursement (Accrued transfers-out of downward subsidy re-estimate)	$(23)
30. Net cost of operations	$(23)

Credit Program Note:
The effect of the memorandum account entries would be primarily on the credit program note. The same amounts as for the upward re-estimate would be shown in sections E and G of the note, but the algebraic signs would be reversed. The same amounts as for the upward re-estimate would be shown in sections L and N of the note, but the algebraic signs would be reversed.

Fiscal Year 2

In year 2, the agency would transfer cash to satisfy the liability to the miscellaneous receipt fund from the credit agency's financing fund. The following entries would be required.

Financing Fund

4. To obtain an apportionment[46] (TC A116)

4450 Unapportioned Authority	23	
4510 Apportionments		23

5. To allot the apportionment (TC A120)

4510 Apportionments	23	
4610 Allotments - Realized Resources		23

6. To reclassify amount unfunded (re-estimate) to funded.

6800 Future Funded Expenses [Subsidy Expense Re-estimate – Technical]	23	
6199 Adjustments to Subsidy Expense		23

[46] Note that the excess monies would already have been collected in fiscal year 1. Hence, they would be part of the unobligated balance of resources forward and would reside as part of the balance of account 4450 at the beginning of fiscal year 2.

7. To transfer the money (TC B106, B110)

4610 Allotments - Realized Resources	23	
4902 Delivered Orders – Obligations, Paid [Re-est. subsidy and interest]		23
2190 Other Accrued Liabilities [Subsidy Payable to Misc. Receipt Acct.]	23	
1010 Fund Balance With Treasury		23

Miscellaneous Receipt Fund

1010 Fund Balance With Treasury	23	
1310 Accounts Receivable [from Credit Agency Financing Fund]		23

Financial Statement Effects

The proprietary entry to transfer the money would of course reduce the liability and the Fund Balance With Treasury on the balance sheet. There would be no effect on either the statements of net cost or of changes in net position.

The statements of budgetary resources and of financing would appear as shown below (for these transactions only).

STATEMENT OF BUDGETARY RESOURCES
DISCRETIONARY PROGRAM
(Resulting From Downward Re-estimate Transactions in Fiscal Year 2)

	Budgetary Resources	Non-Budgetary
Unobligated balance forward	$ -0-	$23
Status of Budgetary Resources		
8. Obligations incurred (4902)	$ 0	$23
Relationship of Obligations to Outlays		
Outlays		
15A. Disbursements (4902)	0	$23
16. Distributed offsetting receipts	23	
17. Net outlays	$23	$23

Appendix 2

STATEMENT OF FINANCING
DISCRETIONARY PROGRAM
(Resulting from Downward Re-estimate Transactions in Fiscal Year 2)

Budgetary Resources Obligated	
1. Obligations incurred (4902)	23
4. Less Offsetting receipts	23
5. Net obligations	0
7. Transfers in/out without reimbursement (5730)	(23)
11. Total resources used to finance activities	(23)
Resources Used to Finance Items Not a Part of the Net Cost of Operations	
16. Other (5730)	(23)
17. Total resources used to finance items not a part of net cost	0
30. Net cost of operations	$ 0

Appendix 2

MANDATORY PROGRAM

In both a mandatory and a discretionary program, a downward re-estimate is caused by the present value of loan assets on the books being less than the present value of their cash flows, or the loan guarantee liability being more than the liability of its cash flows, in net for the two. Accordingly, agencies must adjust the value on the books to the computed present value at the balance sheet date, and must remove the excess subsidy money collected[47] from the financing fund. Unlike a discretionary program, however, agencies generally give back the excess subsidy in a mandatory program to the program fund for reuse rather than transferring to a Treasury miscellaneous receipt fund.

As in a discretionary program, agencies make the adjustment of the present value of the receivables and the accrual of the payable to transfer the funds is made at the end of the year to which the re-estimate applies, with no effect on the budgetary accounts. Then, in the next year, they transfer the monies out of the financing fund, and recognize the monies in the budgetary accounts. The entries to accomplish this in a mandatory program are shown below, using the same parameters as for the discretionary program discussed in the preceding section.

Fiscal Year 1

1. To record receivable from Financing Fund.

Program Fund

1310 Accounts Receivable		
[Re-estimated Subsidy Receivable from Financing Fund]	23	
5720 Financing Sources Transfer In Without Reimb.		23

Explanation of entry:
This entry accrues the receivable as a non-budgetary transfer-in from the financing fund.

2. To record the technical re-estimate. (D366)

Financing Fund

2180 Loan Guarantee Liability	42	
6800 Future Funded Expenses		
[Subsidy Expense Re-estimate – Technical]		36
1399 Allowance for Subsidy [Defaulted Guar. Loans]		6

3. To record the interest rate re-estimate. (D366)

[47] If the present value of the cash flows is greater than expected, less subsidy is needed.

6800 Future Funded Expenses		
[Subsidy Expense Re-estimate - Interest Rate]	13	
2180 Loan Guarantee Liability		12
1399 Allowance for Subsidy [Defaulted Guar. Loans]		1

4. To accrue the transfer-out to the program fund

5730 Financing Sources Transfer Out Without Reimbursement	23	
2190 Other Accrued Liabilities		
[Subsidy Payable to Program Fund]		23

Explanation of entries:
The first entry adjusts the present value of the loan guarantee liability and the allowance for subsidy for the technical re-estimate; the second does so for the interest rate re-estimate. The agency could combine the two entries into a single entry, but both entries are shown separately here for purposes of clarity. The third entry accrues the payable to the program fund that will result in Fund Balance With Treasury transferred from the financing fund to the program fund in year 2. As with upward adjustments, the budget rules are that the actual cash transfer will not take place until the following year. Hence, the accrual is made in year 1, and the payment is made in year 2.

Memorandum Accounts–Loan Guarantee Liability (LGL) Activity

9XXM A/S - Subsidy Re-estimates - Technical	42	
9XXL A/S - Subsidy Re-estimates - Interest Rate		12
9XXB Loan Guarantee Liability		30

Explanation of entry:
This entry compiles the effect of the proprietary entries shown just before it on the loan guarantee liability. There is no requirement to report the effect on the allowance for subsidy in a loan guarantee program.

Financial Statement Effects
The effect of the proprietary entries on the financial statements and credit program note is as follows:

- The net debit to account 2180 would reduce that account in the credit program note, and would reduce the value of the loan guarantee liability on the Balance Sheet.
- The net credit to account 1399 would increase the credit program assets in the credit program note and their value on the Balance Sheet.

- The net credit to accounts 6800[Subsidy Re-estimate – Technical] and 6800[Subsidy Re-estimate – Interest Rate] would reduce subsidy expense and the net cost of operations, yielding, solely for this transaction, a net cost of operations of -$23.

- Accounts 1310[Subsidy Receivable from Financing Fund] and 2190 [Subsidy Payable to Program Fund] would be eliminated against each other in the consolidation process and would not appear on the Balance Sheet. Similarly, accounts 5720 and 5730 would be eliminated, and would not appear on the Statement of Changes in Net Position or on the Statement of Financing.

- The Statement of Budgetary Resources would not be affected, because there are no budgetary entries made for the accrual of downward re-estimates.

- The Statements of Changes in Net Position and of Financing, solely for the downward re-estimate transactions in year 1, are shown below. Note that on the Statement of Financing, the handling of accrued downward re-estimates is not symmetrical to the handling of accrued upward re-estimates in a discretionary program.

Appendix 2

FINANCIAL STATEMENTS

INFORMATION FOR CONSOLIDATING THE CUMULATIVE RESULTS OF OPERATIONS COLUMN FOR THE STATEMENT OF CHANGES IN NET POSITION MANDATORY PROGRAM (Resulting From Downward Re-estimate Transactions in Year 1)

	Cumulative Results of Operations		
	Program Fund	**Financing Fund**	**Total**
1. Beginning balance October 1 (3310B)	0[48]	0[49]	0
13. Transfers in/out without reimbursements (5720/5730)	23	(23)	0
17. Net cost of operations	0	23[50]	23
18. Ending balance September 30	$ 23	$ 0	$23

[48]A balance of zero is assumed for purposes of illustrations. In an actual situation, the beginning balance of account 3310 in the program fund would be used.

[49]Remember that the financing fund cannot have a balance in cumulative results of operations after closing. Hence, the beginning balance of cumulative results of operations must be zero.

[50]Note that because the net cost of operations is negative, meaning that there is, in essence, a "profit" generated by the negative subsidy expense, the amount increases cumulative results of operations.

Note that the requirement for net position to be zero after closing does not mean that there cannot be a net cost of operations. The requirement is that all accounts that close to cumulative results of operations must net to zero. In this guide, there is a negative expense account balance, resulting in a net cost of operations of -$23; and there is a non-budgetary transfer out of that same amount.

STATEMENT OF FINANCING
MANDATORY PROGRAM
(Resulting From Downward Re-estimate Transactions in Year 1)

Resources Used to Finance Activities $ -0-[51]

Components of Net Cost of Operations That Will Not Require or Generate Resources in the Current Period:

21. Upward/downward re-estimates of credit subsidy expense (6800)	(23)
30. Net cost of operations	$(23)

The effect of the memorandum account entries would be primarily on the credit program note. The same amounts as for the upward re-estimate in the case would be shown in sections L and N of the note, but the algebraic signs would be reversed.

FISCAL YEAR 2

5. To anticipate the collection from the financing fund. (A140)

Program Fund

4070 Anticipated Collections from Federal Sources	23	
4450 Unapportioned Authority		23

6. To receive an apportionment for the collection. (A118)

4450 Unapportioned Authority	23	
4590 Apportionments Unavailable - Anticipated Resources		23

7. To collect the receivable from the financing fund[52]. (C104)

4271 Actual Program Fund Subsidy Collected	23	
4070 Anticipated Collections from Federal Sources		23

[51] This is zero because (1) there are no budgetary resources, and (2) the non-budgetary transfers-in and -out canceled to zero in the consolidation process.

[52] The collection could also be allotted at this time by making the entry:

4590 Apportionments Unavailable - Anticipated Resources	23	
4610 Allotments - Realized Resources		23

1010 Fund Balance With Treasury	23	
1310 Accounts Receivable		
[Re-estimated Subsidy Receivable from Financing Fund]		23

8. To receive the apportionment of the beginning unobligated balance of resources[53]. (A116)

Financing Fund

4450 Unapportioned Authority	23	
4510 Apportionments		23

9. To allot the apportionment. (A120)

4510 Apportionments	23	
4610 Allotments - Realized Resources		23

10. To transfer the money to the program fund. (B204 and B110)

4610 Allotments - Realized Resources	23	
4902 Delivered Orders – Obligations, Paid:		
[Subsidy and Interest Re-estimates]		23
2190 Other Accrued Liabilities		
[Re-estimated Subsidy Payable to Program Fund]	23	
1010 Fund Balance With Treasury		23

Effect on Financial Statements

The proprietary entries to transfer the money would have no effect on the consolidated balance sheet, but would increase fund balance with Treasury and reduce the receivable from the financing fund in the program fund, and would reduce both fund balance with Treasury and the payable to the program fund in the financing fund. There would be no effect on either the statements of net cost or of changes in net position.

The statements of budgetary resources and of financing would appear as shown below (for these transactions only):

[53]Note that the excess subsidy monies would already have been collected in fiscal year 1. Hence, they would be part of the unobligated balance of resources forward and would reside as part of the balance of account 4450 at the beginning of fiscal year 2.

STATEMENT OF BUDGETARY RESOURCES
MANDATORY PROGRAM
(Resulting From Downward Re-estimate Transactions in Year 2)

	Budgetary Resources	Non-Budgetary
Budgetary Resources		
2. Unobligated Balance Forward	$ 0[54]	$23
3. Spending authority from offsetting collections (4271)	23	0
7. Total budgetary resources	23	23
Status of Budgetary Resources		
8. Obligations incurred (4902)	$ 0	$23
10. Unobligated unavailable (4450)	23	0
11. Total status of budgetary resources	$23	$23
Relationship of Obligations to Outlays		
15. Outlays		
15A. Disbursements (4902)	0	$23
15B. Collections (4271)	(23)	
17. Net Outlays	(23)	23

[54] The program's fund beginning unobligated balance of resources of zero is assumed for illustrative purposes. In an actual situation, the beginning amount in 4450 would be inserted.

Appendix 2

STATEMENT OF FINANCING
MANDATORY PROGRAM
(Resulting From Downward Re-estimate Transactions in Year 2)

Budgetary Resources Obligated	
1. Obligations incurred (4902)	$23
2. Less Offsetting collections	(23)
3. Obligations net of offsetting collections	$0
Resources Which Did Not Finance Net Cost of Operations	
13. Resources that fund expenses recognized in prior periods (Collection of downward subsidy re-estimate)(2190)	(23)
15. Resources that finance the acquisition of assets (4902)	23
total resources not financing costs	0
30. Net cost of operations	$ 0

APPENDIX 3: REFERENCES

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

OFFICE OF MANAGEMENT AND BUDGET

- OMB Bulletin 01-09, *Form and Content of Agency Financial Statements for Audit*
- OMB Circular 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) No. 1, *Selected Assets and Liabilities*

- SFFAS No. 2, *Accounting for Direct Loans and Loan Guarantees*
- SFFAS No. 3, *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 Loans and Loan Guarantees*
- SFFAS No. 19, *Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees*
- 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

TREASURY FINANCIAL MANAGEMENT SERVICE

- *U.S. Government Standard General Ledger* (codified in *Treasury Financial Manual*)
- *Budgetary Accounting in the Federal Government*
- Illustrative Cases in Accounting for Credit Programs (USSGL Division)
- Present Value Monograph
- USSGL Division (Office of Financial Management, Treasury) at (202) 874-9980