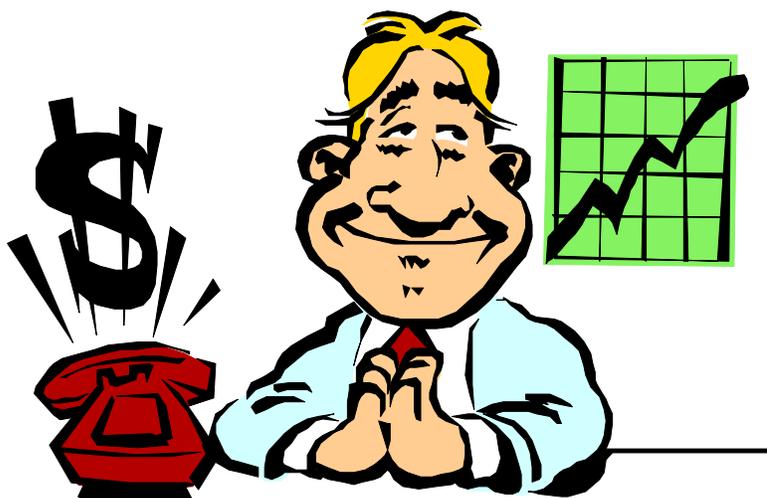


**ACCOUNTING FOR DIRECT LOANS AND LOAN GUARANTEES
OBLIGATED PRIOR TO 1992 UNDER THE CREDIT
REFORM ACT OF 1990
(Liquidating Account)**

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

September 22, 1998



Liquidating Account

NATURE AND PURPOSE OF THE CASE

This case was developed by the Financial Management Service (FMS), Department of the Treasury, to provide an illustration of accounting for basic receipt and spending transactions related to a direct loan and guaranteed loan liquidating account under the Credit Reform Act of 1990 (P.L. 101-508). The transactions are for a fund from the closing process, September 30, 1991, just before the October 1, 1991, effective date of accounting under the Act. This agency failed to convert to the proper accounting until this year, 1997. Therefore the transactions after the initial conversion are from 1997 and reflect the most current accounting, SGL (Standard General Ledger) accounts, and reporting.

The case assumes that (a) the program was ongoing (and hence, administrative costs would be borne by the program fund rather than the liquidating fund), (b) there were no instances of seized collateral property or guaranteed loans which, after default, were collected directly by the liquidating fund, (c) there were bad debts which had to be covered by the permanent indefinite appropriation provided in the Credit Reform Act, and (d) there were modifications of both direct and guaranteed loans such that the loans and guarantees involved were transferred to the financing fund. Transactions related to (d) are also illustrated in the program and financing funds involved.

This case provides the required treatment for a liquidating account and does not attempt to calculate interest or subsidy amounts, which are assumed for purposes of illustration. (The Office of Management and Budget (OMB) provides guidance on the methodology for computing subsidy amounts, and interest rates computations used.) The case sets forth an overall conceptual framework for both budgetary and proprietary accounts. Budgetary and proprietary entries are provided for each transaction, and proprietary financial statements are illustrated at fiscal year-end:

Questions may be directed to the Financial Standards and Reporting Division (202) 874-9980.

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CONCEPTUAL FRAMEWORK

The basic budgetary accounting equation to be satisfied by the liquidating program fund accounting entries is as follows. Numbers shown are SGL account numbers.

<u>Budgetary Authority/Resources</u>	=	<u>Status of Budgetary Authority/Resources</u>
<u>Anticipated Resources</u>		4450 Unapportioned Authority
4001 Total Anticipated Resources		4510 Apportionments-Available
4060 Anticipated Non-Federal Collections		4590 Apportionments-Unavailable
4070 Anticipated Federal Collections		4610 Allotments
<u>Actual Resources</u>		4630 Funds Not Available for Commitment/Obligation
4119 Other Appropriations (PIA)		4801 Undelivered Orders-Unpaid
4201 Total Actual Resources		4802 Undelivered Orders-Paid
4261 Actual Collections of Fees		4901 Expended Authority-Unpaid
4262 Actual Collections of Loan Principle		4902 Expended Authority-Paid
4263 Actual Collections of Loan Interest		
4274 Actual Program Fund Subsidy - Indefinite		
4276 Actual Collections from Financing Fund		
<u>Contra Resources</u>		
4047 Anticipated Payments to Treasury		
4147 Actual Payments to Treasury		
4391 Restorals, Withdrawals, and Writeoffs		

- Notes:
1. Agencies may use commitment accounting if they find it useful and appropriate. Commitment accounting is not used in the case.
 2. The status accounts for are for all other resources jointly. Thus, when an obligation is placed, it is not necessary to identify it as being related

Liquidating Account

specifically to borrowing authority or a type of collection.

3. Anticipated collections from non-federal sources cannot be obligated or expended until collected. This would include collections related to such things as loans receivable, accrued interest receivable, and proceeds from the sale of collateral.
4. Subsidiary data elements in an apportionment ledger will be used to capture information on the status of interest paid to Treasury and payments to the financing fund.
5. On October 1, 1991, all resources and related status accounts are carried forward as indicated in the Post-Closing Trial Balance. The liquidating fund operates as a revolving fund, however any unexpected defaults may be funded by the Permanent Indefinite Appropriation and any funds remaining after liquidating all obligations will be returned to Treasury.

The basic proprietary accounting equation to be satisfied by the Liquidating fund accounting entries is as follows:

{Pre-Credit Reform}

ASSETS = LIABILITIES + NET POSITION (Equity)
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The specific proprietary accounts used in the case are:

Assets

1010 Fund Balance With Treasury
1310 Accounts Receivable
1319 Allowance for Loss on Accounts Receivable
1340 Interest Reveivable
1350 Loans Receivable
1359 Allowance for Loss on Loans Receivable
1921 Receivable from Appropriations

Liquidating Account

Liabilities

2110 Accounts Payable
2510 Principal Payable to Treasury
2590 Resources Payable to Treasury
2920 Estimated Liability to Lenders for Future Loan Defaults

Capital

3100 Unexpended Appropriations
3310 Cumulative Results of Operations

Financing Sources and Revenues

5700 Appropriated Capital Used
5300 Interest Income - Loans
5900 Fees Income

Expenses

6100 Bad Debts Expense
6100 Fees Expense
6310 Interest Expense - Treasury
7290 Loss on Transfer of Direct Loans to Financing Fund
7290 Loss on Transfer of Loan Guarantees to Financing Fund

* For consistency, we have used current SGL accounts even they were different or nonexistent in 1991.

[Note: The proprietary accounting equation after adjustments are made to the liquidating account in preparation for credit reform accounting is shown below. The capital accounts are closed and transferred to the liability account, Resources Payable to Treasury.]

{Post-Credit Reform}

ASSETS = LIABILITIES + RESOURCES PAYABLE TO TREASURY
--

Liquidating Account

TRANSACTIONS—CLOSEOUT OF FISCAL YEAR 1991

Prior to recording transactions, the case assumes the following post-closing trial balances at September 30, 1991, before adjustments related to implementing credit reform are made.

Budgetary Post-Closing Trial Balance September 30, 1991		
4201 Total Actual Resources	\$ 305,000	
4450 Unapportioned Authority		\$ 263,000
4801 Undelivered Orders - Unpaid		42,000
	<u>305,000</u>	<u>305,000</u>

Proprietary Post-Closing Trial Balance September 30, 1991		
1010 Fund Balance with Treasury	\$ 210,000	
1319 Allowance for Loss on Accounts Receivable		\$ 15,000
1340 Interest Receivable	95,000	
1350 Loans Receivable	700,000	
1359 Allowance for Loss on Loans Receivable		145,000
2510 Principal Payable to Treasury		305,000
2920 Estimated Liability to Lenders for Future Loan Defaults		200,000
3100 Unexpended Appropriations		765,000
3310 Cumulative Results of Operations	<u>425,000</u>	
	<u>1,430,000</u>	<u>1,430,000</u>

Liquidating Account

The first two transactions following are necessary to adjust the accounts in preparation for credit reform accounting, which begins October 1, 1991.

1. Adjusted the proprietary accounts to consolidate all unobligated net resources as resources payable to Treasury. The Unapportioned Authority remaining on October 1, 1991 contains \$168,000 in cancelled program appropriations, (the cash will be returned to Treasury) and \$95,000 in uncollected interest income from the public (these will be removed from the budgetary resource account and recognized when collected).

Budgetary

4450 Unapportioned Authority	263,000	
4047 Anticipated Payments to Treasury		168,000
4391 Restorals, Writeoffs, & Withdrawals*		95,000

* This is a one-time use of account 4391 to maintain the identity of the 95,000 that will be reported on line 6 of the SF-133.

Proprietary

3100 Unexpended Appropriation	765,000	
3310 Cumulative Results of Operations		425,000
2590 Resources Payable to Treasury		340,000

2. Paid all cash not needed to satisfy obligations to Treasury to reduce the amount payable. Normally any excess cash is used to reduce principal payable to treasury, since this account incurs interest expense. In this illustration, the contact has a prepayment partly hence only part of the principal is reduced and the rest is applied to resources to payable to Treasury. [In an actual situation, enough cash would be kept to satisfy obligations and expected working capital needs until the next collections were made, unless legislation or agreement with OMB examiners provides otherwise. This case does not illustrate working capital, and it is assumed that obligations will be paid before additional collections are made. Note that anticipated bad debts and defaults do not constitute obligations for purposes of holding cash.]

Liquidating Account

Budgetary

4047 Anticipated Payments to Treasury	168,000	
4147 Actual Payments to Treasury		168,000

Proprietary

2510 Principal Payable to Treasury	50,000	
2590 Resources Payable to Treasury	118,000	
1010 Fund Balance with Treasury		168,000

[Amount was computed as \$210,000 cash balance less \$42,000 in unpaid obligations.]

After these entries are recorded, the budgetary and proprietary trial balances on the next page results. These are the trial balances with which the liquidating fund will begin on October 1, 1991.

Budgetary Trial Balance October 1, 1991		
4201 Total Actual Resources	\$ 305,000	
4147 Actual Payments to Treasury		\$ 168,000
4391 Restorals, Writeoffs, and Withdrawals		95,000
4801 Undelivered Orders - Unpaid		42,000
	<u>305,000</u>	<u>305,000</u>

Proprietary Trial Balance October 1, 1991		
1010 Fund Balance with Treasury	\$ 42,000	
1319 Allowance for Loss on Accounts Receivable		\$ 15,000
1340 Interest Receivable	95,000	
1350 Loans Receivable	700,000	
1359 Allowance for Loss on Loans Receivable		145,000
2510 Principal Payable to Treasury		255,000
2920 Estimated Liability to Lenders for Future Loan Defaults		200,000
2590 Resources Payable to Treasury		222,000
	<u>837,000</u>	<u>837,000</u>

TRANSACTIONS—1996

Liquidating Account

3. The SF-132, "Request for apportionment," was sent to OMB. Per agreement with the budget examiner, (1) anticipated collections of principal, \$200,000, interest, \$90,000, fees of \$2,000, and direct loan financing fund receipts, \$73,000, were to be used to fund (2) interest to Treasury, \$14,000, and (3) payments to the guaranteed loan financing fund, \$16,000. Collections not used to fund items (2) and (3) are to be returned to Treasury along with the \$263,000 of cash brought forward from 30 September 1991. In addition, it was estimated that \$85,000 of default claims would be presented and these will be funded from collections.

Budgetary

4070 Anticipated Federal Collections	73,000	
4060 Anticipated Non-Federal Collections	292,000	
4047 Anticipated Payments to Treasury		250,000
4450 Unapportioned Authority		115,000

Proprietary

none

4. The Office of Management and Budget approved the SF-132 as submitted.

Budgetary

4450 Unapportioned Authority	115,000	
4510 Apportionments - Available		73,000
4590 Apportionments - Unavailable		42,000

Proprietary

none

<u>Subsidiary apportionment ledger entries:</u>	
<u>Objects</u>	<u>Apportionments</u>
Treasury Interest	\$ 14,000
Financing Fund Payments	16,000
Defaults	85,000

Liquidating Account

SF-132 APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

BUDGETARY RESOURCES

1. BUDGET AUTHORITY

- A. Appropriations
- B. Borrowing Authority
- C. Contract Authority
- D. Net Transfers, Current Year Authority (+ or -)
- E. Other

2. UNOBLIGATED BALANCE

- A. Brought Forward October 1 263,000
- B. Net Transfers Prior Year Balance, Actual (+ or -)
- C. Anticipated Transfers Prior Year Balance (+ or -)

3. SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS

- A. Earned:
 - 1. Collected
 - 2. Receivable from Federal Sources
- B. Change in Unfilled Customer Orders:
 - 1. Advance Received (+ or -)
 - 2. Without Advance from Federal Sources
- C. Anticipated for Rest of Year:
 - 1. Advance for Anticipated Order
 - 2. Without Advance 365,000
- D. Transfers from Trust Funds:
 - 1. Collected
 - 2. Anticipated

4. RECOVERIES OF PRIOR YEAR OBLIGATIONS

- A. Actual
- B. Anticipated

5. TEMPORARILY NOT AVAILABLE PURSUANT TO PUBLIC LAW _____

6. PERMANENTLY NOT AVAILABLE

- A. Cancellations of Expired and No-Year Accounts
- B. Enacted Rescissions of Prior Year Balances (-)
- C. Capital Transfers and Redemption of Debt (-)
- D. Other Authority Withdrawn (-)
- E. Pursuant to Public Law _____
- F. Anticipated for Rest of Year (+ or -) 513,000

7. TOTAL BUDGETARY RESOURCES 115,000

Liquidating Account

(CONTINUED)

APPLICATION OF BUDGETARY RESOURCES

8. APPORTIONED

A. Category A

- (1) First Quarter
- (2) Second Quarter
- (3) Third Quarter
- (4) Fourth Quarter

B. Category B

(1) Treasury Interest	14,000
(2) Defaults	85,000
(3) Payments to Financing Fund	16,000

9. WITHHELD PENDING RECISSION

10. DEFERRED

11. UNAPPORTIONED BALANCE OF REVOLVING FUND

12. TOTAL BUDGETARY RESOURCES 115,000

Liquidating Account

5. The Agency Head allotted the full apportionment for collections. [Remember, however, that the agency may only use non-federal collection authority as monies are received, regardless of when related receivables may be accrued.]

Budgetary

4510 Apportionments	73,000	
4610 Allotments		73,000

Proprietary

none

Subsidiary apportionment ledger entries:

<u>Objects</u>	<u>Apportionments</u>	<u>Allotments</u>
Treasury Interest	\$ (14,000)	\$14,000
Financing Fund Payments	(16,000)	16,000
Defaults	(85,000)	85,000

6. The liquidating fund disbursed the \$40,000 in direct loans obligated as of September 30.

Budgetary

4801 Undelivered Orders - Unpaid	40,000	
4902 Expended Authority - Paid		40,000

Proprietary

1350 Loans Receivable	40,000	
1010 Fund Balance with Treasury		40,000

Subsidiary apportionment ledger entry:

<u>Authority</u>	<u>Objects</u>	<u>Obligations</u>	<u>Expended</u>
	Direct Loans	(\$ 40,000)	\$40,000

Liquidating Account

7. Interest supplements (to buy down interest rates) of \$2,000 which had been obligated but not disbursed at September 30 were paid in conjunction with guaranteed loans which had been made previously.

Budgetary

4801 Undelivered Orders - Unpaid	2,000	
4902 Expended Authority - Paid		2,000

Proprietary

6100 Interest Supp Expense	2,000	
1010 Fund Balance with Treasury		2,000

<u>Subsidiary apportionment ledger entry:</u>		
<u>Objects</u>	<u>Obligations</u>	<u>Expended Authority</u>
Interest Supplements	(\$ 2,000)	\$ 2,000

8. Collected \$200,000 of principal and \$60,000 of interest on loans and \$1,500 in fees from borrowers.

Budgetary

4261 Actual Collection of Fees	1,500	
4262 Actual Collection of Loan Principal	200,000	
4263 Actual Collection of Loan Interest	60,000	
4060 Anticipated Non-Federal Collections		261,500

{Non-Federal Collections are now available for use. This is the amount of Anticipated Non-Federal collections that we did not plan to pay to Treasury (292,000-250,000=42,000)}

4590 Apportionments - Unavailable	42,000	
4610 Allotments		42,000

Liquidating Account

Proprietary

1010 Fund Balance with Treasury	261,500	
1340 Interest Receivable		60,000
1350 Loans Receivable		200,000
5900 Fees Income		1,500

9. Private lenders reported defaults on guaranteed loans in the amount of \$80,000. [This will be funded by collections instead of any new appropriations.]

Budgetary

4610 Allotments	80,000	
4901 Expended Authority - Unpaid		80,000

Proprietary

2920 Estimated Liability to Lenders for Future Loan Defaults	80,000	
2110 Accounts Payable		80,000

Subsidiary apportionment ledger entry:

<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>
Guaranteed Loan Defaults	(\$ 80,000)	\$ 80,000

10. The private lenders in transaction #9 were paid.

Budgetary

4901 Expended Authority - Unpaid	80,000	
4902 Expended Authority - Paid		80,000

Proprietary

2110 Accounts Payable	80,000	
1010 Fund Balance with Treasury		80,000

11. Direct loans on the books at a face value of \$93,000 and accrued interest of \$7,000 were

Liquidating Account

modified. The present value of the loans and interest before the modification was \$70,000; the present value of the additional cost to the government from the modifications was estimated at \$5,000; and the related allowance for bad debts was \$20,000. In accordance with Credit Reform legislation, the loan was transferred to the financing fund for direct loans, and the financing fund paid the liquidating fund in the amount of the present value of the loans.

Budgetary

4276 Actual Collections from Financing Fund	70,000	
4070 Anticipated Federal Collections		70,000

Proprietary

1010 Fund Balance with Treasury	70,000	
1359 Allowance for Loss on Loan Receivable	20,000	
7290 Loss on trf of Direct Loan	10,000	
1350 Loans Receivable		93,000
1340 Interest Receivable		7,000

[Notes:

1. The loss on transfer of direct loans to the financing fund is caused because of the difference between the cash received for the loan (which is the present value of the expected cash flows involved before modification) and the carrying, or book value of the loan in the liquidating fund (which is the loan principal and interest receivable less the related allowance for bad debts). Note that the financing fund has a related gain on transfer, such that if the liquidating and financing funds were consolidated, the loss and gain would cancel each other for the consolidated entity.

2. The loss on transfer of loans will result in a decrease in resources payable to Treasury. This is because the liquidating fund originally expected \$80,000 to be collected (gross loans 100,000 - expected defaults of 20,000, but the collections from the financing fund, 70,000, was 10,000 less) and paid to the financing fund. This will be effected during the closing process (see entry 19b).]

* * * * *

Liquidating Account

Commensurate entries required in the program fund and the direct loan financing fund [to accommodate transaction (11.) from the Liquidating fund] are set forth below and on the next page.

PROGRAM FUND

The following entries would be made in the program fund to record the payment of the subsidy from the program fund to the financing fund.

Budgetary

4610 Allotments	5,000	
4902 Expended Authority - Paid		5,000

Proprietary

6100 Subsidy Expense - Modification	5,000	
1010 Fund Balance with Treasury		5,000

Liquidating Account

Financing Fund for Direct Loans

The following entries would be made in the financing fund for direct loans.

(1) Receive Subsidy from Program Fund

Budgetary

4272 Actual Program Fund Subsidy	5,000	
4450 Unapportioned Authority		5,000

Proprietary

1010 Fund Balance with Treasury	5,000	
1399 Allowance for Subsidy		5,000

(2) Borrow the difference between the required disbursement and subsidy received

Budgetary

4142 Resources Realized from Borrowing Authority	65,000	
4145 Borrowing Authority Converted to Cash		65,000

Proprietary

1010 Fund Balance with Treasury	65,000	
2510 Principal Payable to Treasury		65,000

(3) Disburse funds to the Liquidating Fund

Budgetary

4610 Allotments	70,000	
4902 Expended Authority - Paid		70,000

Proprietary

1350 Loans Receivable	93,000	
1340 Interest Receivable	7,000	
1399 Allowance for Subsidy		30,000
1010 Fund Balance with Treasury		70,000

Liquidating Account

* * * * *

Liquidating Fund

12. Loan guarantees were modified. The face value of the loans guaranteed was \$100,000; the present value of the expected net cash outflows to the government was \$10,000; the present value of the additional cost to the government resulting from the modifications was \$3,000; and the estimated liability to lenders for defaults was \$8,000. The \$10,000 present value of expected cash outflows was paid to the guaranteed loan financing fund.

Budgetary

4610 Allotments	10,000	
4902 Expended Authority - Paid		10,000

Proprietary

2920 Estimated Liability to Lenders for Future Loan Defaults	8,000	
7290 Loss on trf of Loan Guarantee	2,000	
1010 Fund Balance with Treasury		10,000

<u>Subsidiary apportionment ledger entry:</u>		
<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>
Modified Loan Guarantees	(\$ 10,000)	\$10,000

[Notes:

1. The loss on transfer of loan guarantees to the financing fund is caused because of the difference between the cash paid (which is the present value of the expected cash flows involved before modification) and the related estimated liability for default payments on the books of the liquidating fund.

2. The loss on transfer of loans will result in a decrease in resources payable to Treasury. This is because the liquidating fund originally expected \$8,000 in estimated defaults but the present value of expected cash flows for defaults was \$10,000, representing a \$2,000 loss. This will be effected during the closing process (see entry

Liquidating Account

19b.)]

* * * * *

Commensurate general ledger entries required in the program fund and the guaranteed loan financing fund [to accommodate transaction (12.) in the Liquidating Fund] are set forth below and on the next page.

<u>PROGRAM FUND</u>		
<p>The following entries would be made in the program fund to record the payment of the subsidy from the program fund to the financing fund.</p>		
<u>Budgetary</u>		
4610 Allotments	3,000	
4902 Expended Authority - Paid		3,000
<u>Proprietary</u>		
6100 Subsidy Expense - Modification	3,000	
1010 Fund Balance with Treasury		3,000

Liquidating Account

Financing Fund for Loan Guarantees

The following entries would be made in the financing fund for loan guarantees.

(1) Receive Subsidy from Program Fund

Budgetary

4272 Actual Program Fund Subsidy	3,000	
4450 Unapportioned Authority		3,000

Proprietary

1010 Fund Balance with Treasury	3,000	
2180 Loan Guarantee Liability		3,000

(2) Receive funds from Liquidating fund.

Budgetary

4275 Actual collections from Liquidating fund	10,000	
4450 Unapportioned Authority		10,000

Proprietary

1010 Fund Balance with Treasury	10,000	
2180 Loan Guarantee Liability		10,000

Liquidating Account

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Liquidating Fund

13. Direct loans in the amount of \$50,000, with related accrued interest of \$12,000, defaulted and were written off.

Budgetary

none

Proprietary

1359 Allowance for Loss on Loans Receivable	50,000	
1319 Allowance for Loss on Accounts Receivable	12,000	
1350 Loans Receivable		50,000
1340 Interest Receivable		12,000

14. A review of direct and guaranteed loans at year-end indicated that \$140,000 of direct loans and interest and \$160,000 of guaranteed loans and interest were expected to default.

Budgetary

none

Proprietary

6100 Bad Debts Expense	123,000	
1359 Allowance for Loss on Loans Receivable		65,000
2920 Estimated Liability to Lenders for Future Loan Defaults		48,000
1319 Allowance for Loss on Accounts Receivable		10,000

[The amount for bad debts expense is computed as (1) \$140,000 required in the allowance account less the \$75,000 balance before this adjustment plus (2) \$160,000 required in the estimated liability to lenders account less the \$112,000 balance before this adjustment.]

Liquidating Account

15. Interest of \$12,000 on prior loans from Treasury was paid at fiscal year-end.

Budgetary

4610 Allotments	12,000	
4902 Expended Authority - Paid		12,000

Proprietary

6100 Interest Expense	12,000	
1010 Fund Balance with Treasury		12,000

Subsidiary apportionment ledger entry:

<u>Objects</u>	<u>Allotments</u>	<u>Expended Authority</u>
Loan Interest	(\$ 12,000)	\$12,000

16. Interest of \$25,000 on loans receivable was accrued at fiscal year-end.

Budgetary

none

Proprietary

1340 Interest Receivable	25,000	
5300 Interest Income		25,000

A trial balance of budgetary and proprietary accounts at this point are shown on the next two pages.

Liquidating Account

Budgetary Pre-Closing Trial Balance Unadjusted		
4047 Anticipated Payments to Treasury		\$ 250,000
4060 Anticipated Non-Federal Collections	\$ 30,500	
4070 Anticipated Federal Collections	3,000	
4147 Actual Payments to Treasury		168,000
4201 Total Actual Resources	305,000	
4261 Actual Collection of Fees	1,500	
4262 Actual Collection of Loan Principal	200,000	
4263 Actual Collection of Loan Interest	60,000	
4276 Actual Collection from Financing Fund	70,000	
4391 Restorals, Writeoffs, & Withdrawals		95,000
4610 Allotments		13,000
4902 Expended Authority - Paid		144,000
	<u>670,000</u>	<u>670,000</u>

Proprietary Pre-Closing Trial Balance Unadjusted		
1010 Fund Balance with Treasury	\$ 229,500	
1319 Allowance for Loss on Accounts Receivable		\$ 135,000
1340 Interest Receivable	41,000	
1350 Loans Receivable	397,000	
1359 Allowance for Loss on Loans Receivable		140,000
2510 Principal Payable to Treasury		255,000
2590 Resources Payable to Treasury		222,000
2920 Estimated Liability to Lenders for Future Loan Defaults		160,000
5300 Interest Income - Borrowers		25,000
5900 Fees Income		1,500
6100 Bad Debt Expense	123,000	
6100 Interest Supplement Expense	2,000	
6310 Interest Expense - Treasury	12,000	
7290 Loss on Trf direct Loan	10,000	
7290 Loss on Trf Loan Guarantee	2,000	
	<u>816,000</u>	<u>816,000</u>

Liquidating Account

17. The fund's unobligated cash balance not required for future use was paid to Treasury.

Budgetary

4047 Anticipated Payments to Treasury	229,500	
4147 Actual Payments to Treasury		229,500

Proprietary

2510 Principal Payable to Treasury	229,500	
1010 Fund Balance with Treasury		229,500

The following adjusting entries are required prior to reporting budgetary data.

(1) close anticipated resources

Budgetary

4047 Anticipated Payments to Treasury	20,500	
4610 Allotments	13,000	
4060 Anticipated Non-Federal Collections		30,500
4070 Anticipated Federal Collections		3,000

Pre-closing adjusted trial balances of budgetary and proprietary accounts are shown below and on the next two pages.

Budgetary Pre-Closing Trial Balance Septmeber 30, 1996		
4147 Actual Payments to Treasury		\$ 397,500
4201 Total Actual Resources	\$ 305,000	
4261 Actual Collection of Fees	1,500	
4262 Actual Collection of Loan Principal	200,000	
4263 Actual Collection of Loan Interest	60,000	
4276 Actual Collection from Financing Fund	70,000	
4391 Restorals, Writeoffs, & Withdrawals		95,000
4902 Expended Authority - Paid		144,000
	636,500	636,500

Liquidating Account

Proprietary Pre-Closing Trial Balance September 30, 1996		
1010 Fund Balance with Treasury	\$ 0	
1319 Allowance for Loss on Accounts Receivable		\$ 135,000
1340 Interest Receivable	41,000	
1350 Loans Receivable	397,000	
1359 Allowance for Loss on Loans Receivable		140,000
2510 Principal Payable to Treasury		25,500
2590 Resources Payable to Treasury		222,000
2920 Estimated Liability to Lenders for Future Loan Defaults		160,000
5300 Interest Income - Borrowers		25,000
5900 Fees Income		1,500
6100 Bad Debt Expense	123,000	
6100 Interest Supplement Expense	2,000	
6310 Interest Expense - Treasury	12,000	
7290 Loss on Trf direct Loan	10,000	
7290 Loss on Trf Loan Guarantee	2,000	
	<u>587,000</u>	<u>587,000</u>

Closing entries were prepared.

C-1.1 To record consolidation of actual net funded resources.

Budgetary

4147 Actual Payments to Treasury	397,500	
4391 Restorals, Writeoffs, & Withdrawals	95,000	
4276 Collections from Financing Fund		70,000
4261 Actual Collection of Fees		1,500
4262 Actual Collection of Loan Principal		200,000
4263 Actual Collection of Loan Interest		60,000
4201 Total Actual Resources		161,000

C-2 To close expended authority

4902 Expended Authority - Paid	144,000	
4201 Total Actual Resources		144,000

Liquidating Account

Proprietary

5900 Fees Earned	1,500	
5300 Interest Income - Treasury	25,000	
2590 Resources Payable to Treasury	122,500	
6100 Bad Debt Expense		123,000
6100 Interest Supplement Expense		2,000
6310 Interest Expense - Treasury		12,000
7290 Loss on Tfr to Direct Loans Financing Fund		10,000
7290 Loss on Tfr to Loan Guarantees Financing Fund		2,000

[Note that income serves to increase amounts payable to Treasury because related cash receipts must be paid to Treasury unless used for some other purpose approved by OMB. Expenses not funded by appropriations, on the other hand, serve to decrease amounts payable to Treasury. Hence, both income and unfunded expenses are closed to the account "Resources Payable to Treasury."]

After closing, all budgetary accounts have a zero balance. A post-closing trial balance of proprietary accounts appears below.

Proprietary Post-Closing Trial Balance September 30, 1996		
1010 Fund Balance with Treasury	\$ 0	
1319 Allowance for Loss on Accounts Receivable		\$ 13,000
1340 Interest Receivable	41,000	
1350 Loans Receivable	397,000	
1359 Allowance for Loss on Loans Receivable		140,000
2510 Principal Payable to Treasury		25,500
2590 Resources Payable to Treasury		99,500
2920 Estimated Liability to Lenders for Future Loan Defaults		160,000
	<u>438,000</u>	<u>438,000</u>

Liquidating Account

SF-133 REPORT ON BUDGET EXECUTION LOAN GUARANTEE PROGRAM FUND YEAR 1996

BUDGETARY RESOURCES

1.	BUDGET AUTHORITY	
	A. Appropriations	
	B. Borrowing Authority	
	C. Contract Authority	
	D. Net Transfers, Current Year Authority (+ or -)	
	E. Other	
2.	UNOBLIGATED BALANCE	
	A. Brought Forward October 1	263,000
	B. Net Transfers Prior Year Balance, Actual (+ or -)	
	C. Anticipated Transfers Prior Year Balance (+ or -)	
3.	SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS	
	A. Earned:	
	1. Collect	331,500
	2. Receivable from Federal Sources	
	B. Change in Unfilled Customer Orders:	
	1. Advance Received (+ or -)	
	2. Without Advance from Federal Sources	
	C. Anticipated for Rest of Year:	
	1. Advance for Anticipated Order	
	2. Without Advance	
	D. Transfers from Trust Funds:	
	1. Collected	
	2. Anticipated	
4.	RECOVERIES OF PRIOR YEAR OBLIGATIONS	
	A. Actual	
	B. Anticipated	
5.	TEMPORARILY NOT AVAILABLE PURSUANT TO PUBLIC LAW _____	
6.	PERMANENTLY NOT AVAILABLE	
	A. Cancellations of Expired and No-Year Accounts	
	B. Enacted Rescissions of Prior Year Balances (-)	
	C. Capital Transfers and Redemption of Debt (-)	397,000
	D. Other Authority Withdrawn (-)	95,000
	E. Pursuant to Public Law _____	
	F. Anticipated for Rest of Year (+ or -)	_____
7.	TOTAL BUDGETARY RESOURCES	<u>102,500</u>

Liquidating Account

SF-133 REPORT ON BUDGET EXECUTION (CONTINUED)

8.	OBLIGATIONS INCURRED	
	A. Category A, Direct Obligations	
	B. Category B, Direct Obligations	
	(1) Defaults	80,000
	(2) Modification Expense	10,000
	(3) Treasury Interest	12,000
	C. Not Subject to Apportionment	
	D. Reimbursable Obligations	
9.	UNOBLIGATED BALANCE AVAILABLE	
	A. Apportioned	
	1. Balance Currently Available	
	2. Anticipated	
	B. Exempt From Apportionment	
	C. Other Available	
10.	UNOBLIGATED BALANCE NOT AVAILABLE	
	A. Apportioned for Subsequent Periods	
	B. Deferred	
	C. Withheld Pending Rescission	
	D. Other	_____
11.	TOTAL STATUS OF BUDGETARY RESOURCES	<u>102,000</u>
	RELATION OF OBLIGATIONS TO OUTLAYS	
12.	OBLIGATED BALANCE, NET AS OF OCTOBER 1	42,000
13.	OBLIGATED BALANCE TRANSFERRED, NET (+ or -)	
14.	OBLIGATED BALANCE, NET, END OF PERIOD	
	A. Accounts Receivable (-)	
	B. Unfilled Customer Orders (-):	
	1. Federal Sources Without Advance	
	2. Federal Sources With Advance	
	3. Non-Federal Sources With Advance	
	C. Undelivered Orders	
	D. Accounts Payable	
15.	OUTLAYS:	
	A. Disbursements	144,000
	B. Collections	(331,500)

Liquidating Account

SGL CROSSWALK

SF-133 REPORT ON BUDGET EXECUTION FOR LOAN GUARANTEES

Federal Resources:

Line 2a	4201 Total Actual Resources - 4801 Undelivered Orders - Unpaid
Line 3a1	4261 Actual Collection of Fees 4262 Actual Collection of Loan Principal 4263 Actual Collection of Loan Interest 4276 Actual Collection from Financing Fund
Line 6c	4147 Actual Payments to Treasury
Line 6d	4391 Restorals, Writeoffs, & Withdrawals
Line 7	Computation
Line 8b1	4801 Undelivered Orders - Unpaid* 4802 Undelivered Orders - Paid* 4901 Expended Authority - Unpaid* 4902 Expended Authority - Paid*
Line 8b2	4801 Undelivered Orders - Unpaid* 4802 Undelivered Orders - Paid* 4901 Expended Authority - Unpaid* 4902 Expended Authority - Paid*
Line 11	Computation
Line 12	4801 Undelivered Orders - Unpaid (B)
Line 15a	4902 Expended Authority - Paid
Line 15b	4261 Actual Collection of Fees 4262 Actual Collection of Loan Principal 4263 Actual Collection of Loan Interest 4276 Actual Collection from Financing Fund

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

Liquidating Account

PROGRAM AND FINANCING SCHEDULE PROGRAM ACCOUNT

Obligations by program activity

00.02	Defaults	80,000
00.03	Modification Expense	10,000
00.09	Treasury Interest	<u>12,000</u>
10.00	Total obligations	102,000

Budgetary resources available for obligation

22.00	New budget authority (gross)	331,500
23.95	New obligations	102,000

New budget authority (gross), detail:

Current:

40.00	Appropriation	
-------	---------------------	--

Change in unpaid obligations

unpaid obligations, start of year:

73.10	New obligations	102,000
73.20	Total outlays (gross)	144,000

Unpaid obligations, end of year:

74.40	Obligated balance: Appropriation	
-------	--	--

Outlay (gross), detail:

86.90	Outlays from new current authority	102,000
87.00	Total outlays (gross)	144,000

Net budget authority and outlays:

89.00	Budget authority	0
90.00	Outlays	(187,500)

Liquidating Account

SGL CROSSWALK

PROGRAM AND FINANCING SCHEDULE FOR LOAN GUARANTEES

Line 00.02	4801 Undelivered Orders*- Unpaid 4901 Expended Authority*- Unpaid 4902 Expended Authority*- Paid
Line 00.03	4801 Undelivered Orders*- Unpaid 4901 Expended Authority*- Unpaid 4902 Expended Authority*- Paid
Line 00.09	4801 Undelivered Orders*- Unpaid 4901 Expended Authority*- Unpaid 4902 Expended Authority*- Paid
Line 10.00	Computation (should be the same as 73.10)
Line 22.00	
Line 23.95	4801 Undelivered Orders - Unpaid 4901 Expended Authority - Unpaid 4902 Expended Authority - Paid
Line 40.00	4115 Current Definite Appropriation - Subsidy 4117 Current Definite Appropriation - Admin Costs
Line 73.95	4801 Undelivered Orders - Unpaid 4901 Expended Authority - Unpaid 4902 Expended Authority - Paid
Line 74.40	4801 Undelivered Orders - Unpaid 4901 Expended Authority - Unpaid
Line 86.90	4902 Expended Authority - Paid
Line 87.00	4902 Expended Authority - Paid
Line 89.00	4115 Current Definite Appropriation - Subsidy 4117 Current Definite Appropriation - Admin Costs
Line 90.00	Computation (Line 10.00 - Line 74.40)

Liquidating Account

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

Liquidating Account

reserved for FMS 2108

Liquidating Account

SGL CROSSWALK

FMS 2108 FOR LOAN GUARANTEES

COLUMN 5 1010 Fund Balance With Treasury

COLUMN 7 1921 Receivable from Appropriations

COLUMN 9 4801 Undelivered Orders - Unpaid

COLUMN 10 4901 Expended Authority - Unpaid

COLUMN 11 4450 Unapportioned Authority - Available

Liquidating Account

CONSOLIDATED FINANCIAL STATEMENTS—YEAR 1996

Department/Agency

Reporting Entity

STATEMENT OF FINANCIAL POSITION

as of 30 September, Year 1997

(Dollars)

ASSETS

Entity Asset:

Intragovernmental Items, Federal

Fund Balance with Treasury (Note 2) \$0

Investments (Note 4)

Accounts Receivable, Net (Note 5)

Interest Receivable (net)

Other assets (Note 6)

Governmental

Investments (Note 4)

Accounts Receivable, net (Note 5)

Interest Receivable (net)

Credit program receivables and related foreclosed property, net (Note 7) 285,000

Cash and other monetary assets (Note 3)

Inventory and related property, net (Note 8)

General property, plant, and equipment, net (Note 9)

Other assets (Note 6)

Total entity assets \$ 285,000

Non-Entity Assets:

Intragovernmental

Fund balance with Treasury (Note 2)

Accounts receivable, net (Note 5)

Interest receivable (net)

Other assets (Note 6)

Governmental

Accounts receivable, net (Note 5)

Interest receivable (net)

Cash and other monetary assets (Note 3)

Other assets (Note 6)

Total non-entity assets

Total Assets \$285,000

Liquidating Account

LIABILITIES

Liabilities Covered by Budgetary Resources:

Intragovernmental liabilities:

Accounts payable	25,500
Interest payable	
Other intragovernmental liabilities (Note 11)	99,500

Governmental Liabilities:

Accounts payable	
Interest payable	
Liabilities for loan guarantees (Note 7)	160,000
Lease liabilities (Note 12)	
Pensions, other retirement benefits and other Post-employment benefits (Note 13)	
Insurance liabilities (Note 14)	
Other governmental liabilities (Note 11) <i>deferred Revenue</i>	<u> </u>
Total liabilities covered by budgetary resources	<u>285,000</u>

Liabilities not Covered by Budgetary Resources:

Intragovernmental liabilities:

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

Governmental liabilities:

Accounts payable	
Debt (Note 10)	
Lease liabilities (Note 12)	
Pensions, other retirement benefits and other post-employment benefits (Note 13)	
Insurance liabilities (Note 14)	
Other governmental liabilities (Note 11)	
Total liabilities not covered by budgetary resources	
Total Liabilities	<u>\$285,000</u>

NET POSITION

Unexpended Appropriations (Note 15)	0
Cumulative Results of Operations	
Total Net Position	<u> </u>

Total Liabilities and Net Position	<u>\$285,000</u>
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Liquidating Account

Depart/agency

Reporting entity

CONSOLIDATING STATEMENT OF CHANGES IN NET POSITION

For the year ended September 30, 1996

Liquidating accounts have no owners equity or capital accounts, therefor we are not including this statement.

Liquidating Account

Depart/agency
 Reporting entity
 STATEMENT OF BUDGETARY RESOURCES
 For the year ended September 30, 1996

	<u>1997</u>	<u>19xx</u>
Budgetary Resources:		
Budget authority (line 1)	\$	\$
Unobligated balances-beginning of period (line 2A)	263,000	
Spending authority from offsetting Collections (line 3)	331,500	
Adjustments (lines 4-6)	<u>513,500</u>	
Total budgetary resources (line 7)	<u>102,000</u>	
Status of Budgetary Resources:		
Obligations incurred (line 8)	102,000	
Unobligated balances-available (line 9)		
Unobligated balances-not available (line 10)		
Total, status of budgetary resources (line 11)		<u>102,000</u>
Outlays:		
Obligations incurred (line 8)	102,000	
Less: Spending authority from offsetting collections and adjustments (Lines 3A,B,D, & 4A)	331,500	
Obligated balance, net - beginning of period (Line 12)	42,000	
Obligated balance transferred, net (line 13)		
Less: obligated balance, net - end of period (Line 14)		
Total Outlays (line 15)		(187,500)

Liquidating Account

Department/agency
Reporting entity
STATEMENT OF FINANCING
For the year ended September 30, 1996

Obligations and Nonbudgetary Resources

Obligations incurred	102,000
Less: Spending authority for offsetting collections and adjustments	331,500
Donations not in the budget	
Financing imputed for cost subsidies	
Transfers-in (out)	
Exchange revenue not in the budget	
Other	
Total obligations as adjusted, and Nonbudgetary resources	(187,500)

Resources That Do Not Fund Net Cost of Operations

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

Costs That Do Not Require Resources

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

Financing Sources Yet to be Provided

Net Cost of Operations 0

Liquidating Account

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

Obligations and Nonbudgetary Resources

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

Resources That Do Not Fund Net Cost of Operations

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

Costs That Do Not Require Resources

Depreciation and amortization
Revaluation of assets and liabilities
Other **2320 Deferred Credits**
Total costs that do not require resources

Financing Sources Yet to be Provided

Net Cost of Operations 0

Liquidating Account

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

<u>Loan Programs</u>	<u>Loans Receivable, Gross</u>	<u>Interest Receivable</u>	<u>Allowance For Loan Losses</u>	<u>Foreclosed Property</u>	<u>Value of Assets Related to Direct Loans</u>
	397,000	41,000	(153,000)		285,000

F. Guaranteed Loans Outstanding:

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

*100%

Liquidating Account

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

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

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

<u>Loan Programs</u>	Liabilities for Losses on Pre-1992 Guarantees, Estimated <u>Future Default Claims</u>	Liabilities for Loan Guarantees for Post-1991 Guarantees, <u>Present Value</u>	Total Liabilities for Loan <u>Guarantees</u>
(1) _____	\$ 160,000	\$	\$ 160,000
(2) _____			
Total			

Liquidating Account

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

<u>Loan Programs</u>	<u>Outstanding Principal, Guaranteed Loans, Face Value</u>	<u>Amount of Outstanding Principal Guaranteed</u>
(1) _____	\$ 8040 GLL Current year	
(2) _____		
Total		

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

<u>Loan Programs</u>	<u>Liabilities for Losses on Pre-1992 Guarantees, Present Value</u>	<u>Liabilities for Loan Guarantees for Post-1991 Guarantees, Present Value</u>	<u>Total Liabilities for Loan Guarantees</u>
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Liquidating Account

(1) _____	\$		\$		\$
(2) _____					
Total					

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

<u>Loan Programs</u>	<u>Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims</u>	<u>Liabilities for Loan Guarantees for Post-1991 Guarantees, Present Value</u>	<u>Total Liabilities for Loan Guarantees</u>
(1) _____	\$	\$ 2180 Loan Guarantee Liability	
(2) _____			
Total			

Liquidating Account

TRANSACTIONS—ALL SUBSEQUENT YEARS

20. An SF-132 for "all subsequent years" is sent to OMB. It indicates that \$290,000 is estimated for collection of loan principal, \$83,000 of loan interest. It also estimates \$310,000 from permanent indefinite appropriations to fund defaults on direct and guaranteed loans. The resources were to be used to fund \$310,000 in defaults and \$40,000 in interest payments to Treasury. The balance of collection were to be paid to Treasury.

Budgetary

4121 Loan Subsidy Appropriation - Indefinite - Current	310,000	
4060 Anticipated Non-Federal Collections	373,000	
4047 Anticipated Payments to Treasury		333,000
4450 Unapportioned Authority		350,000

Proprietary

none

21. The Office of Management and Budget approved the SF-132 resources and apportioned \$310,000 for defaults and \$40,000 for interest payments to Treasury. The agency received a warrant from Treasury for the Permanent Indefinite Authority.

Budgetary

4450 Unapportioned Authority	350,000	
4510 Apportionments - Available		310,000
4590 Apportionments - Unavailable		40,000

Liquidating Account

Proprietary

1010 Fund Balance With Treasury	310,000	
2590 Resources Payable to Treasury		310,000

* Recall that the Liquidating Account has no Unexpended Appropriations and that any funds not listed as liabilities will be returned to Treasury.

Subsidiary apportionment ledger entry:

<u>Apportionment</u>	<u>Objects</u>	<u>Unapportioned</u>	
	Treasury Interest	(\$ 40,000)	\$40,000
	Defaulted Loan Guarantees	(310,000)	310,000

22. The Agency Head allotted the full apportionment for collections. [See cautionary note with transaction #6. The additional \$40,000 needed for defaults will be available upon receipt from non-federal sources.]

Budgetary

4510 Apportionments - Available	310,000	
4610 Allotments		310,000

Proprietary

none

Subsidiary apportionment Ledger entries:

<u>Objects</u>	<u>Apportionment</u>	<u>Allotment</u>
Treasury Interest	(\$ 40,000)	\$ 40,000
Defaulted Loan Guarantees	(\$270,000)	\$270,000

Liquidating Account

APPORTIONMENT AND REAPPORTIONMENT SCHEDULE

BUDGETARY RESOURCES

1. BUDGET AUTHORITY	
A. Appropriations	310,000
B. Borrowing Authority	
C. Contract Authority	
D. Net Transfers, Current Year Authority (+ or -)	
E. Other	
2. UNOBLIGATED BALANCE	
A. Brought Forward October 1	0
B. Net Transfers Prior Year Balance, Actual (+ or -)	
C. Anticipated Transfers Prior Year Balance (+ or -)	
3. SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS	
A. Earned:	
1. Collected	
2. Receivable from Federal Sources	
B. Change in Unfilled Customer Orders:	
1. Advance Received (+ or -)	
2. Without Advance from Federal Sources	
C. Anticipated for Rest of Year:	
1. Advance for Anticipated Order	
2. Without Advance	373,000
D. Transfers from Trust Funds:	
1. Collected	
2. Anticipated	
4. RECOVERIES OF PRIOR YEAR OBLIGATIONS	
A. Actual	
B. Anticipated	
5. TEMPORARILY NOT AVAILABLE PURSUANT TO PUBLIC LAW _____	
6. PERMANENTLY NOT AVAILABLE	
A. Cancellations of Expired and No-Year Accounts	
B. Enacted Rescissions of Prior Year Balances (-)	
C. Capital Transfers and Redemption of Debt (-)	
D. Other Authority Withdrawn (-)	
E. Pursuant to Public Law _____	
F. Anticipated for Rest of Year (+ or -)	333,000
7. TOTAL BUDGETARY RESOURCES	<u>350,000</u>

Liquidating Account

(CONTINUED)

APPLICATION OF BUDGETARY RESOURCES

8. APPORTIONED

A. Category A

- (1) First Quarter
- (2) Second Quarter
- (3) Third Quarter
- (4) Fourth Quarter

B. Category B

- (1) Treasury Interest 40,000
- (2) Defaults 310,000
- (3) Payments to Financing Fund

9. WITHHELD PENDING RECISSION

10. DEFERRED

11. UNAPPORTIONED BALANCE OF REVOLVING FUND

12. TOTAL BUDGETARY RESOURCES 350,000

Liquidating Account

23. Private lenders presented claims for \$170,000 in defaulted principal and interest guaranteed by the government.

Budgetary

4610 Allotments	170,000	
4801 Undelivered Orders - Unpaid		170,000

Proprietary

none

<u>Subsidiary apportionment ledger entry:</u>		
<u>Objects</u>	<u>Allotment</u>	<u>Obligated</u>
Defaulted Loan Guarantees	(\$170,000)	\$170,000

24. Paid the lender claims from the previous transaction.

Budgetary

4801 Undelivered Orders - Unpaid	170,000	
4902 Expended Authority - Paid		170,000

Proprietary

2920 Estimated Liability to Lenders for Future Loan Defaults	170,000	
1010 Fund Balance with Treasury		170,000

Liquidating Account

Subsidiary apportionment ledger entry:

<u>Objects</u>	<u>Obligation</u>	<u>Authority</u>	Expended
Defaulted Loan Guarantees	(\$170,000)	\$170,000	

25. Accrued interest receivable on loans amounted to \$85,000

Budgetary

none

Proprietary

1340 Interest Receivable	85,000	
5300 Interest Revenue		85,000

26. Collections on direct loan principal amounted to \$248,000 and on direct loan interest, \$59,000.

Budgetary

4262 Actual Collections of Loan Principal	248,000	
4263 Actual Collections of Loan Interest	59,000	
4060 Anticipated Non-Federal Collections		307,000

{Additional \$40,000 is now available}

4590 Apportionments - Unavailable	40,000	
4610 Allotments		40,000

Proprietary

1010 Fund Balance with Treasury	307,000	
1350 Loans Receivable		248,000
1340 Interest Receivable		59,000

Liquidating Account

27. The remaining loans and interest were written off.

Budgetary

none

Proprietary

1359 Allowance for Loss on Loans Receivable	149,000	
1319 Allowance for Loss on Accounts Receivable	67,000	
1350 Loans Receivable		149,000
1340 Interest Receivable		67,000

Computations:

	<u>Loans</u>	<u>Interest</u>
Balance at October 1	\$397,000	\$41,000
Accrual of interest (trans. #25)	--	85,000
Amounts collected (trans. #26)	<u>(248,000)</u>	<u>(59,000)</u>
Amounts to be written off	<u>\$149,000</u>	<u>\$67,000]</u>

28. The adjustment for bad debts expense was recorded. There were no further defaults on loan guarantees.

Budgetary

none

Proprietary

6100 Bad Debt Expense	73,000	
1359 Allowance for Loss on Loans Receivable		9,000
1319 Allowance for Loss on Accounts Receivable		54,000
2920 Estimated Liability to Lenders for Future Loan Defaults		10,000

Liquidating Account

Computation:

Estimated Liability to Lenders for Future Loan Defaults October 1	\$160,000	
Less Defaults in Transaction #24	<u>(170,000)</u>	\$10,000
Allowance for Bad Debts October 1	153,000	
Writeoffs in Transaction #28	<u>216,000</u>	<u>63,000</u>
Adjustment Required		<u>\$73,000</u>

29. Interest on Treasury debt amounting to \$38,000 was paid to Treasury.

Budgetary

4610 Allotments	38,000	
4902 Expended Authority - Paid		38,000

Proprietary

6310 Interest Expense	38,000	
1010 Fund Balance with Treasury		38,000

Subsidiary apportionment ledger entry:

<u>Expended</u> <u>Authority</u>	<u>Objects</u>	<u>Allotments</u>
Treasury Interest		\$38,000
	(\$ 38,000)	

Pre-closing trial balances of budgetary and proprietary accounts after the "all subsequent years" transactions are shown on the next page. They are followed by related budgetary information.

Liquidating Account

Budgetary Pre-Closing Trial Balance Unadjusted		
4047 Anticipated Payments to Treasury		\$ 333,000
4060 Anticipated Non-Federal Collections	\$ 66,000	
4121 Loan Subsidy Appropriation	310,000	
4262 Actual Collection of Loan Principal	248,000	
4263 Actual Collection of Loan Interest	59,000	
4610 Allotments		142,000
4902 Expended Authority - Paid		<u>208,000</u>
	<u>683,000</u>	<u>683,000</u>

Proprietary Pre-Closing Trial Balance Unadjusted		
1010 Fund Balance with Treasury	\$409,000	
2510 Principal Payable to Treasury		\$ 25,500
2590 Resources Payable to Treasury		409,500
5300 Interest Income - Borrowers		85,000
6100 Bad Debt Expense	73,000	
6310 Interest Expense - Treasury	<u>38,000</u>	
	<u>520,000</u>	<u>520,000</u>

17. Treasury principal and cash balance not required for future use was paid to Treasury.

Budgetary

4047 Anticipated Payments to Treasury	409,000	
4147 Actual Payments to Treasury		409,000

Proprietary

2510 Principal Payable to Treasury	25,500	
2590 Resources Payable to Treasury	383,500	
1010 Fund Balance with Treasury		409,000

The following adjusting entries are required prior to reporting budgetary data.

Liquidating Account

1) close anticipated resources

Budgetary

4610 Allotments	142,000	
4047 Anticipated Payments to Treasury		76,000
4060 Anticipated Non-Federal Collections		66,000

Pre-closing adjusted trial balances of budgetary and proprietary accounts are shown below and on the next two pages.

Budgetary Pre-Closing Trial Balance September 30, 1997		
4147 Actual Payments to Treasury		\$ 409,000
4121 Appropriation - PIA	\$ 310,000	
4262 Actual Collection of Loan Principal	248,000	
4263 Actual Collection of Loan Interest	59,000	
4902 Expended Authority - Paid	<u> </u>	<u>208,000</u>
	<u>617,000</u>	<u>617,000</u>

Proprietary Pre-Closing Trial Balance September 30, 1997		
2590 Resources Payable to Treasury		\$ 26,000
5300 Interest Income - Borrowers		85,000
6100 Bad Debt Expense	\$73,000	
6310 Interest Expense - Treasury	<u>38,000</u>	
	<u>111,000</u>	<u>111,000</u>

Liquidating Account

Closing entries were prepared.

C-1.1 To record consolidation of actual net funded resources.

Budgetary

4147 Actual Payments to Treasury	409,000	
4201 Total Actual Resources	208,000	
4262 Actual Collection of Loan Principal		248,000
4263 Actual Collection of Loan Interest		59,000
4121 Appropriations - PIA		310,000

C-2 To close expended authority

4902 Expended Authority - Paid	208,000	
4201 Total Actual Resources		208,000

Proprietary

5300 Interest Income - Treasury	85,000	
2590 Resources Payable to Treasury	26,000	
6100 Bad Debt Expense		73,000
6310 Interest Expense - Treasury		38,000

[Note that income serves to increase amounts payable to Treasury because related cash receipts must be paid to Treasury unless used for some other purpose approved by OMB. Expenses not funded by appropriations, on the other hand, serve to decrease amounts payable to Treasury. Hence, both income and unfunded expenses are closed to the account "Resources Payable to Treasury."]

After closing, all have a zero balance.

Liquidating Account

SF-133 REPORT ON BUDGET EXECUTION LOAN GUARANTEE PROGRAM FUND YEAR 1997

BUDGETARY RESOURCES

1. BUDGET AUTHORITY	
A. Appropriations 4121	310,000
B. Borrowing Authority	
C. Contract Authority	
D. Net Transfers, Current Year Authority (+ or -)	
E. Other	
2. UNOBLIGATED BALANCE	
A. Brought Forward October 1	
B. Net Transfers Prior Year Balance, Actual (+ or -)	
C. Anticipated Transfers Prior Year Balance (+ or -)	
3. SPENDING AUTHORITY FROM OFFSETTING COLLECTIONS	
A. Earned:	
1. Collect	307,000
2. Receivable from Federal Sources	
B. Change in Unfilled Customer Orders:	
1. Advance Received (+ or -)	
2. Without Advance from Federal Sources	
C. Anticipated for Rest of Year:	
1. Advance for Anticipated Order	
2. Without Advance	
D. Transfers from Trust Funds:	
1. Collected	
2. Anticipated	
4. RECOVERIES OF PRIOR YEAR OBLIGATIONS	
A. Actual	
B. Anticipated	
5. TEMPORARILY NOT AVAILABLE PURSUANT TO PUBLIC LAW _____	
6. PERMANENTLY NOT AVAILABLE	
A. Cancellations of Expired and No-Year Accounts	
B. Enacted Rescissions of Prior Year Balances (-)	
C. Capital Transfers and Redemption of Debt (-)	409,000
D. Other Authority Withdrawn (-)	
E. Pursuant to Public Law _____	
F. Anticipated for Rest of Year (+ or -)	
7. TOTAL BUDGETARY RESOURCES	<u>208,000</u>

Liquidating Account

SF-133 REPORT ON BUDGET EXECUTION (CONTINUED)

8.	OBLIGATIONS INCURRED	
	A. Category A, Direct Obligations	
	B. Category B, Direct Obligations	
	(1) Defaults	170,000
	(2) Treasury Interest	38,000
	C. Not Subject to Apportionment	
	D. Reimbursable Obligations	
9.	UNOBLIGATED BALANCE AVAILABLE	
	A. Apportioned	
	1. Balance Currently Available	
	2. Anticipated	
	B. Exempt From Apportionment	
	C. Other Available	
10.	UNOBLIGATED BALANCE NOT AVAILABLE	
	A. Apportioned for Subsequent Periods	
	B. Deferred	
	C. Withheld Pending Rescission	
	D. Other	_____
11.	TOTAL STATUS OF BUDGETARY RESOURCES	<u>208,000</u>
	RELATION OF OBLIGATIONS TO OUTLAYS	
12.	OBLIGATED BALANCE, NET AS OF OCTOBER 1	
13.	OBLIGATED BALANCE TRANSFERRED, NET (+ or -)	
14.	OBLIGATED BALANCE, NET, END OF PERIOD	
	A. Accounts Receivable (-)	
	B. Unfilled Customer Orders (-):	
	1. Federal Sources Without Advance	
	2. Federal Sources With Advance	
	3. Non-Federal Sources With Advance	
	C. Undelivered Orders	
	D. Accounts Payable	
15.	OUTLAYS:	
	A. Disbursements	208,000
	B. Collections	(307,000)

Liquidating Account

*****end of case*****