Accounting Guidance of Special Importance to Electric Cooperatives

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Agenda

- Leases (ASC 842)
- Revenue from Contracts With Customers (ASC 606)
- Compensation—Retirement Benefits (ASC 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost
- Presentation of Debt Issuance Costs (ASC 835-30)

Leases (ASC 842)

Lessee Model Approaches

All leases (more than 12 months) are recognized on the lessee's balance sheet

Current U.S. GAAP (IFRS)	IASB	FASB
Capital (Finance) Leases	Type A	Type A
Operating Leases	Type A	Type B

All leases are the same.

Not all leases are the same. Classification is based on existing U.S. GAAP/IFRS.

Lessee Accounting Overview (ASC 842)

	Balance Sheet	Income Statement	Cash Flow Statement
Finance Leases	Right-of-Use Asset Lease Liability	Amortization Expense Interest Expense	Cash paid for principal and interest payment
Operating Leases	Right-of-Use Asset Lease Liability	Single Lease Expense on a straight-line basis	Cash paid for lease payments

Definition of a Lease

- Lease—A contract or part of a contract, that conveys the right to control the use of identified property, plant, or equipment (an identified asset) for a period of time in exchange for consideration.

- Indicia of control:
  - Customer has **right to obtain substantially all of the economic benefits from use of the asset throughout the period of use?**
  - Customer has **the right to direct how and for what purpose the identified asset is used throughout the period of use?**
  - Customer has **the right to operate the asset throughout the period of use without the supplier having the right to change those operating instructions**?
  - **Did the customer design the asset (or specific aspects of the asset) in a way that predetermines how and for what purpose the asset will be used throughout the period of use?**

Finance Lease:

a. The lease **transfers ownership** of the underlying asset to the lessee by the end of the lease term.

b. The lease grants the lessee an **option to purchase** the underlying asset that the lessee is reasonably certain to exercise.

c. The lease term is for the **major part of the remaining economic life** of the underlying asset. However, if the commencement date falls at or near the end of the economic life of the underlying asset, this criterion shall not be used for purposes of classifying the lease.

d. **The present value of the sum of the lease payments** and any residual value guaranteed by the lessee that is not already reflected in the lease payments in accordance with paragraph 842-10-30-5(f) **equals or exceeds substantially all of the fair value of the underlying asset.**

e. The underlying asset is of such a specialized nature that it is expected to have **no alternative use to the lessor** at the end of the lease term.

Implementation Issues:

- Modified Retrospective Approach
  - Practical Expedient means separate accounting for contracts that include both lease and nonlease components covering other goods or services.
  - However, lessees can elect a practical expedient to not separate lease and nonlease components where both components are accounted for and recognized as lease components. The consideration in the contract is allocated between those components.
  - FASB has included multiple practical expedients that may be elected, but must be elected as a package and applied consistently to all leases. These would allow lessees and lessors **not to reassess expired or existing contracts to determine whether they are subject to lease accounting guidance, not to reconsider lease classification at transition, and not to evaluate previously capitalized initial direct costs under the revised requirements. These expedients are only for leases in place at the transition date and cannot be applied to leases that are modified.**

Effective Date: Leases (ASC 842)

- 2019 for public business entities*…fiscal years beginning after December 15, 2018, including interim periods within those fiscal years.
- 2020 for all other entities…fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020.
- Early adoption is permitted.

*Note: A public business entity is a business entity meeting any one of the criteria below. Neither a not-for-profit or an employee benefit plan is a business entity.

1. It is required by the SEC to file or furnish financial statements, or does file or furnish financial statements (including voluntary filers), with the SEC (including other entities whose financial statements or financial information are required to be or are included in a filing).

2. It is required by the Securities Exchange Act of 1934 (the Act), as amended, or rules or regulations promulgated under the Act, to file or furnish financial statements with a regulatory agency other than the SEC.

3. It is required to file or furnish financial statements with a foreign or domestic regulatory agency in preparation for the sale of or for purposes of issuing securities that are not subject to contractual restrictions on transfer.

A public business entity (continued):

4. It has issued, or is a conduit bond obligor for, securities that are traded, listed or quoted on an exchange or an over-the-counter market.

5. It has one or more securities that are not subject to contractual restrictions on transfer, and it is required by law, contract or regulation to prepare U.S. GAAP financial statements (including footnotes) and make them publicly available on a periodic basis (for example, interim or annual periods). An entity must meet both of these conditions to meet this criterion.

An entity may meet the definition of a public business entity solely because its financial statements, or financial information is included in another entity's filing with the SEC. In that case, the entity is only a public business entity for purposes of financial statements that are filed or furnished with the SEC.

Example 9—Contract for Energy/Power

<u>Case A—Contract Contains a Lease</u>

•A utility company (Customer) enters into a contract with a power company (Supplier) to purchase all of the electricity produced by a new solar farm for 20 years.

•The solar farm is explicitly specified in the contract, and Supplier has no substitution rights.

•The solar farm is owned by Supplier, and the energy cannot be provided to Customer from another asset.

•Customer designed the solar farm before it was constructed—Customer hired experts in solar energy to assist in determining the location of the farm and the engineering of the equipment to be used.

•Supplier is responsible for building the solar farm to Customer's specifications and then operating and maintaining it. There are no decisions to be made about whether, when, or how much electricity will be produced because the design of the asset has predetermined these decisions. Supplier will receive tax credits relating to the construction and ownership of the solar farm, while Customer receives renewable energy credits that accrue from use of the solar farm.

Example 9—Contract for Energy/Power

- The contract contains a lease. **Customer has the right to use the solar farm for 20 years.**
- There is an **identified asset** because the solar farm is explicitly specified in the contract, and Supplier does not have the right to substitute the specified solar farm.
- Customer has **the right to control the use of the solar farm** throughout the 20-year period of use because:

Example 9—Contract for Energy/Power

- Customer has the right to obtain substantially all of the economic benefits from use of the solar farm over the 20-year period of use.
- Customer has exclusive use of the solar farm; it takes all of the electricity produced by the farm over the 20-year period of use as well as the renewable energy credits that are a by-product from use of the solar farm.
- Although Supplier will be receiving economic benefits from the solar farm in the form of tax credits, those economic benefits relate to the ownership of the solar farm rather than the use of the solar farm and, thus, are not considered in this assessment.

Example 9—Contract for Energy/Power

- Customer has the right to direct the use of the solar farm.
- Neither Customer nor Supplier decides how and for what purpose the solar farm is used during the period of use because those decisions are predetermined by the design of the asset (that is, the design of the solar farm has, in effect, programmed into the asset any relevant decision making rights about how and for what purpose the solar farm is used throughout the period of use).
- Customer does not operate the solar farm; Supplier makes the decisions about the operation of the solar farm. However, Customer's design of the solar farm has given it the right to direct the use of the farm (as described in paragraph 842-10-15-20(b)(2)).

Case B—Contract Does Not Contain a Lease

- Customer enters into a contract with Supplier to purchase all of the power produced by an explicitly specified power plant for three years.
- The power plant is owned and operated by Supplier.
- Supplier is unable to provide power to Customer from another plant.
- The contract sets out the quantity and timing of power that the power plant will produce throughout the period of use, which cannot be changed in the absence of extraordinary circumstances (for example, emergency situations).
- Supplier operates and maintains the plant on a daily basis in accordance with industry-approved operating practices.
- Supplier designed the power plant when it was constructed some years before entering into the contract with Customer; Customer had no involvement in that design.

- The contract **does not contain a lease**.
- There is an **identified asset because the power plant is explicitly specified in the contract, and Supplier does not have the right to substitute the specified plant**.
- Customer has the right to obtain substantially **all of the economic benefits from use of the identified power plant over the three-year period of use**. Customer will take all of the power produced by the power plant over the three year term of the contract.
- However, **Customer does not have the right to control the use of the power plant because it does not have the right to direct its use. Customer does not have the right to direct how and for what purpose the plant is used. How and for what purpose the plant is used (that is, whether, when, and how much power the plant will produce) are predetermined in the contract.**

- Customer has no right to change how and for what purpose the plant is used during the period of use, nor does it have any other decision-making rights about the use of the power plant during the period of use (for example, it does not operate the power plant) and did not design the plant.
- **Supplier is the only party that can make decisions about the plant during the period of use by making the decisions about how the plant is operated and maintained**. Customer has the same rights regarding the use of the plant as if it were one of many customers obtaining power from the plant.

Case C—Contract Contains a Lease

- Customer enters into a contract with Supplier to purchase all of the power produced by an explicitly specified power plant for 10 years. The contract states that Customer has rights to all of the power produced by the plant (that is, Supplier cannot use the plant to fulfill other contracts).
- Customer issues instructions to Supplier about the quantity and timing of the delivery of power. If the plant is not producing power for Customer, it does not operate.
- Supplier operates and maintains the plant on a daily basis in accordance with industry-approved operating practices.

- The contract contains a lease. **Customer has the right to use the power plant for 10 years.**
- **There is an identified asset**. The power plant is explicitly specified in the contract, and Supplier does not have the right to substitute the specified plant.
- **Customer has the right to control the use of the power plant** throughout the 10-year period of use because:

  a. **Customer has the right to obtain substantially all of the economic benefits from use of the power plant over the 10-year period of use**. Customer has exclusive use of the power plant; it has rights to all of the power produced by the power plant throughout the 10-year period of use.

- **Customer has the right to direct the use of the power plant**.

- **Customer makes the relevant decisions about how and for what purpose the power plant is used because it has the right to determine whether, when, and how much power the plant will produce** (that is, the timing and quantity, if any, of power produced) throughout the period of use.

- **Because Supplier is prevented from using the power plant for another purpose, Customer's decision making about the timing and quantity of power produced, in effect, determines when and whether the plant produces output.**

– Although the operation and maintenance of the power plant are essential to its efficient use, Supplier's decisions in this regard do not give it the right to direct how and for what purpose the power plant is used. Consequently, Supplier does not control the use of the power plant during the period of use. Instead, **Supplier's decisions are dependent on Customer's decisions about how and for what purpose the power plant is used**.

Sale/Leasebacks

- One of the stated goals of the new guidance is to provide fewer opportunities for organizations to structure leasing transactions to achieve particular accounting outcomes.
- Sale and leaseback transactions may not produce the same results under this guidance as they did under ASC 840. The transfer of the asset must meet the requirements for a sale found in ASC 606, Revenue From Contracts With Customers, for the original sale to have incurred.
- ASC 842 does not require re-assessment of transactions previously accounted for as a sale leaseback transaction.

Leases – Practical Expedients

- An entity need not reassess whether any expired or existing contracts are or contain leases.
- An entity need not reassess the lease classification for any expired or existing leases (that is, all existing leases that were classified as operating leases in accordance with Topic 840 will be classified as operating leases, and all existing leases that were classified as capital leases in accordance with Topic 840 will be classified as finance leases).
- An entity need not reassess initial direct costs for any existing leases.

RUS and Leases

- RUS has not yet issued any guidance on leases
- Currently coordinating with our program areas
- Studying the effect of the guidance on loan covenants and financial ratios
- Two separate issues for adoption
  1. Classification of leases
  2. Accounting for the lease payments

Revenue from Contracts With Customers (ASC 606)

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On May 28, 2014, the FASB issued a new accounting standards update, ASU 2014-09 Revenue From Contracts with Customers.

The core principle of this proposed guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue from Contracts With Customers (ASC 606)

To achieve that core principle, an entity would apply all of the following steps:

Step 1: Identify the contract with a customer.

Step 2: Identify the separate performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the separate performance obligations in the contract.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Effective Date (Reflecting One Year Deferral)

- For a public entity, the amendments are effective for annual reporting periods beginning after December 15, 2017 (along with interim periods). Earlier application is permitted only as of annual reporting periods beginning after December 15, 2016 (along with interim periods). A public entity in this instance is an entity that is any one of the following:
  1. A public business entity
  2. A not-for-profit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market
  3. An employee benefit plan that files or furnishes financial statements to the SEC.

- For all other entities, the amendments are effective for annual reporting periods beginning after December 15, 2018 (with interim periods beginning one year later). However, all other entities may elect to apply the guidance earlier but only as of either:

  1. An annual reporting period beginning after December 15, 2016, including interim periods within that reporting period.

  2. An annual reporting period beginning after December 15, 2016, and interim periods within annual reporting periods beginning one year after the annual reporting period in which the entity first applies the new guidance.

Revenue Recognition

- What does this mean to rural electric cooperatives?
- Recording unbilled revenue
- Electricity delivered after the billing date but before the end of the accounting period.
- Think of it as an account receivable for which the utility has not yet sent the customer a bill.

Revenue Recognition

- What it isn't…
  - It isn't a regulatory liability
  - It isn't a revenue deferral plan
- What it is (or could be)…
  - Ordinary operating revenue
  - Cumulative Effect on Prior Years of a Change in Accounting Principle (Acct 435.1)
    - Until the effective date, it would be considered a change from an acceptable accounting principle to another, albeit more acceptable accounting principle
    - But are you going to have to reallocate last year's capital credits?

Revenue Recognition

- To record unbilled revenue at the end of the period – an adjusting entry
  - Acct 173, Accrued utility revenue
    - Accts 440, 441, 442, etc. as appropriate
- Monthly, quarterly, annually???

Power and Utility Entities Revenue Recognition Task Force

Scope Clarification Regarding Tariff Sales to Regulated Customers

This implementation issue discusses whether revenues from sales under a regulated utility's tariff (other than revenues from alternative revenue programs specifically excluded from the scope of Topic 606) are within the scope of Topic 606

The period for public comment has closed (May 1, 2017).

Accounting for Contracts with Price and/or Volume Variability

This implementation issue discusses applying Topic 606 to variable-volume power & utilities contracts, and whether such contracts constitute variable consideration or whether optional volumes under such contracts represent a marketing offer for optional purchases.

Submitted to AICPA Revenue Recognition Working Group (RRWG)

Strip vs. Step Price Arrangements

This implementation issue will address strip (constant fixed price per unit delivered) and step (increasing fixed price per unit delivered) pricing conventions applied to the same seller performance (delivery of a fixed quantity of commodity units consecutively over a multi-year term).

Submitted to AICPA RRWG

Application of Series Guidance to Storable Commodities

This implementation issue will discuss considerations for applying the series guidance described in ASC 606-10-25-14 and 25-15 to sales involving commodities other than electricity.

Submitted to AICPA RRWG

Accounting for contract modifications

This implementation issue discusses blend-and-extend modifications (whether they include a financing element), as well as treatment of partial terminations.

Question submitted to FASB Joint Transition Resource Group for Revenue Recognition (TRG)

Partial terminations

This implementation issue discusses how to apply the guidance in Topic 606A to P&U contracts with a customer for a performance obligation satisfied over time, that is later terminated for only a discrete unsatisfied portion of that contract.

Submitted to AICPA RRWG

Accounting for Bundled Arrangements

This implementation issue discusses the requirement to assess multiple element arrangements under ASC 606, and the appropriate timing of revenue recognition for electricity and capacity sales.

Submitted to AICPA RRWG

Revenue Timing for Renewable Energy Credits

This implementation issue discusses the requirement to assess multiple element arrangements under ASC 606, and the appropriate timing of revenue recognition for Renewable Energy Credits (RECs).

Submitted to AICPA RRWG

Contributions in Aid of Construction

This implementation issue discusses the application of Topic 606 to regulated utility accounts for Contributions in Aid of Construction (CIAC).

Submitted to AICPA RRWG

Collectability

This implementation issue discusses how to assess whether regulated utility tariff sales meet the collectability criterion in Topic 606.

Submitted to AICPA RRWG

Income Statement Display of Alternative Revenue Programs

This implementation issue discusses income statement presentation of alternative revenue programs.

Submitted to AICPA RRWG

- With respect to CIAC, the Group looked at three scenarios:
- Construction where the contracting party doesn’t become a customer – such as government request to underground lines in a historic district – not in scope
- Contract to hook up a customer and they take service afterward under the tariff with no contract – the Group is arguing not in scope, RRWG (the overall AICPA working group on revenue recognition) initially talked about “implied” contract with customer

- Same as second except there is also a contract with the customer to take service for some term – the Group argued for current accounting, RRWG struggling to see why this isn't a contract with a customer and the CIAC payment is additional consideration for future service.

- And here is James Barker’s [Deloitte & Touche…co-chair of RRWG) summary of our technical inquiry with FASB staff:
- Randall [Hartman], Matt Kim and I participated on a call with the FASB staff to request a formal staff view on the industry's proposed treatment of CIAC post-adoption of ASC 606. The FASB staff said they would not object to the industry's position that CIAC is outside the scope of ASC 606 and therefore today's practice of reducing PP&E by the amount of CIAC received can continue. I will be drafting a short memo to share with the FASB staff to memorialize the discussion and will plan to share that with the full TF once the FASB staff has reviewed and agreed with the contents.

For now, I think we should view this answer as applying to regulated entities where the CIAC amounts are prescribed by regulation (i.e. not subject to negotiation between buyer and seller). There may be room for judgment related to CIAC arrangements for unregulated operations but our inquiry to the FASB staff was specific to treatment by regulated entities.

Compensation—Retirement Benefits (ASC 715):

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

- ASU 2017-7 —Compensation—Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost
- In March 2017, the FASB amended the Accounting Standards Codification by issuing ASU 2017-7 The new standard will not apply to the NRECA Retirement Security (R&S) Plan as that plan is accounted for under the multi-employer pension plan rules which essentially place the plan participants on the cash basis for their contributions to the plan. The new ASU will, however, apply to postretirement benefit plans of electric cooperatives.

The amendments in this Update require that an employer report the service cost component in the same line item or items as other compensation costs arising from services rendered by the pertinent employees during the period. The other components of net benefit cost as defined in paragraphs 715-30-35-4 and 715-60- 35-9 of the accounting standards codification are required to be presented in the income statement separately from the service cost component and outside a subtotal of income from operations, if one is presented.

If a separate line item or items are used to present the other components of net benefit cost, that line item or items must be appropriately described. If a separate line item or items are not used, the line item or items used in the income statement to present the other components of net benefit cost must be disclosed.

The amendments in this Update also allow only the service cost component to be eligible for capitalization when applicable (for example, as a cost of internally manufactured inventory or a self-constructed asset).

Most electric cooperatives include the entire net periodic benefits cost in their labor distribution. The potential impact of the ASU upon electric cooperatives will vary, depending on what proportion the service cost component is to the total net periodic benefits cost. The larger the service cost component, the less impact the ASU will have on the income statement when the non-service cost components of net periodic benefits cost which may have been previously capitalized are expensed.

- *Electric cooperatives may have to do two labor distribution calculations – one for service cost which will get expensed and capitalized, and one for the other components of net periodic benefits cost (the interest cost component, the expected return on plan assets for the period, the gain or loss component, the prior service cost or credit component, the transition asset or obligation component and the gain or loss recognized due to settlements or curtailments.) which will get expensed.*

Effective Date: Compensation—Retirement Benefits (ASC 715)

- 2018 for public business entities…fiscal years beginning after December 15, 2017, including interim periods within those fiscal years.
- 2019 for other entities…fiscal years beginning after December 15, 2018, and interim periods within fiscal years beginning after December 15, 2019.
- Early adoption is permitted (as of the beginning of an annual period in which no interim or annual financial statements have been issued or made available for issuance.

Presentation of Debt Issuance Costs (ASC 835-30)

Presentation of Debt Issuance Costs (ASC 835-30)

- The guidance in this Section does not apply to the amortization of premium and discount of assets and liabilities that are reported at fair value and the debt issuance costs of liabilities that are reported at fair value.
- The discount or premium resulting from the determination of present value in cash or noncash transactions is not an asset or liability separable from the note that gives rise to it.

Presentation of Debt Issuance Costs (ASC 835-30)

- The discount or premium shall be reported in the balance sheet as a direct deduction from or addition to the face amount of the note.
- Similarly, debt issuance costs related to a note shall be reported in the balance sheet as a direct deduction from the face amount of that note.
- The discount, premium, or debt issuance costs shall not be classified as a deferred charge or deferred credit.

Presentation of Debt Issuance Costs (ASC 835-30)

- The description of the note should include the effective interest rate.
- The face amount should also be disclosed in the financial statements or in the notes to the statements.
- Amortization of discount or premium should be reported as interest expense in the case of liabilities or as interest income in the case of assets.
- Amortization of debt issuance costs also should be reported as interest expense.

Effective Date: Presentation of Debt Issuance Costs

- 2016 for public business entities…fiscal years beginning after December 15, 2015, and interim periods within those fiscal years.
- 2016 for all other entities…fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning one year later.
- An entity shall apply the pending content retrospectively to all prior periods presented.

Presentation of Debt Issuance Costs (ASC 835-30)

- An entity shall disclose in the first fiscal year after the entity’s adoption date, and in the interim periods within the first fiscal year, the following:
  - The nature of and reason for the change in accounting principle
  - The transition method
  - A description of the prior-period information that has been retrospectively adjusted
  - The effect of the change on the financial statement line item (that is, the debt issuance cost asset and the debt liability)

RUS Depreciation on New Technology

RUS Depreciation on New Technology

- With the advent of new technology, RUS finds that there is not sufficient history on much of this technology to make determinations on service life.
- RUS recommends that borrowers use the manufacturer’s estimated useful service life.
- However, if the long range plans of the borrower indicate that they do not intend to keep the technology in place as long as the manufacturer’s estimate or if existing history indicates that it will not last as long as the manufacturer estimates, necessary adjustments to the service life should be well documented and disclosed.

RUS Depreciation on Inactive Plant

RUS Depreciation on Inactive Plant

Out of Service	Inactive, idle, standby, etc.
Transfer to account 105	Remains in account 101
Complete shut down, not easily restarted, disconnected from the grid	Can return to service with minimal interruption
Discontinue recording depreciation	Continue recording depreciation

Rural Development Performance Management

RDPM

- The purpose of the Rural Development Performance Management (RDPM) is to consolidate and modernize the data collection processes within RUS.
- The consolidation and modernization of the Broadband Collection and Analysis System (BCAS) and Data Collection System (DCS) will improve both internal and external user’s productivity and streamline the reporting process serving our varied borrowers.
- The project supports the RD initiative of “one look and feel” for internal RD systems.

RUS Accounting for Deferral Plans Under ASC 980

Expense or Revenue

RUS Accounting For Deferral Plans Under ASC 980

- USOA Section 1767.13
- Departures from the USOA only with RUS approval
- For five specific deferrals, no prior written approval required if the deferrals comply with ASC 980

No RUS Approval Required

1. Deferral and amortization of Prior Service Pension Costs, Remapping Costs, Preliminary Survey and Investigation Costs.
2. The deferral of any current period expense only if a borrower would have met each of its financial tests or coverage ratios had the deferral not been made.
3. Deferral of any cost that will be fully amortized in 12 months.
4. Accelerated amortization of any previously deferred expense.
5. Deferrals of revenues coincident with a moratorium imposed by NRECA on its Retirement Security Program, provided the sole purpose is of offsetting future pension costs.

RUS Approval Required

- RUS will consider approval of specific departures upon submission of:
  1. A detailed description of the departures.
  2. Specific accounting journal entries.
  3. The total dollar amount of departure and the impact on margins during the departure.
  4. A resolution from the Board of Directors.
  5. Any additional information needed to evaluate the departure.
- No departure can be implemented until final approval by RUS.

ASC 980

- ASC 980-10-05-8 – Unless an accounting order indicates the way a cost will be handled for rate-making purposes, it causes no economic effects that would justify deviation from the GAAP application to business entities in general. The mere issuance of an accounting order not tied to rate treatment does not change an entity's economic resources or obligations. In other words, the economic effect of regulatory decisions – not the mere existence of regulation – is the pervasive factor that determines the application of GAAP.

7 CFR 1773, Policy on Audits of RUS Borrowers and Grantees

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- Incorporates 2011 revisions to GAGAS, the clarified audit standards issued by the AICPA in 2011, and 2 CFR 200 issued by OMB in 2013 and adopted by USDA on December 26, 2014.
- Expands and clarifies its requirements as they pertain to grant recipients.
- Amends the peer review and reporting requirements.
- Expands the options for electronic filing.
- Clarifies other existing audit requirements.
- And it includes the USDA Anti-Discrimination Statement.

7 CFR 1773, Policy on Audits of RUS Borrowers and Grantees Next Steps

- Publication – planned not later than September 30, 2017
- Notification – by email to current RUS email lists, post notification on the RUS website
- Outreach – share with CFC and NRECA for distribution through their communications channels, encourage GFRs and field accountants to get the word out
- Training – planning a series of webinars to review the revised regulation in detail throughout the fall and winter

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