

The third phase of the engagement required TCBA to review loan conversion reconciliation worksheets prepared by another firm. The objectives of our review were to analyze the variances reported on the reconciliation worksheets and determine the impact of the variances on RTC's current accounting records and whether additional funds were due to the RTC from the servicers.

During the fourth phase of the engagement, we tested interest paid-through dates converted from RTC FIN databases to determine whether this information was accurately transmitted, thereby reducing the risk of miscalculations of accrued interest due. Our analysis disclosed that this information was accurately converted in each instance for the sample items tested.

The final phase of this engagement included the preparation of a report that analyzed the results of the 1098/1099 statement preparation services phase of the engagement from the perspective of providing information to the RTC regarding how the current year's engagement should be conducted, including our recommendations for improvements.

### **Preparation of Receivership Tax Returns**

TCBA prepared receivership federal and state tax returns for RTC's Tax Department as a subcontractor to Grant Thornton, LLP. We were engaged to prepare consolidated Federal and State tax returns for 13 thrifts and

subsidiaries under RTC supervision. In addition, we also:

- Calculated Federal financial assistance (FFA) received under RTC draft procedures for determining the annual amount of Federal financial assistance provided for federal tax purposes.
- Calculated taxable and deferred FFA under Internal Revenue Service Code Section 597 and the related Proposed Regulations.
- Drafted disclosure statements under Proposed Section 597 regulations and other pertinent Internal Revenue Code Sections.

### **FDIC Benefit Plan Termination Services**

TCBA assisted the Federal Deposit Insurance Corporation in timely termination of employee benefit plans for failed financial institutions. As part of this contract TCBA performed all actions necessary to efficiently terminate and distribute the employee benefit plan assets and provided oversight of the duties assigned to other service providers of the plan. The types of plans that we terminated included defined benefit plans (standards and distressed), defined contribution plans, and employee stock ownership plans. The project also required TCBA to automate employee payroll information, severance, travel, and relocation payments. This computerized information was used by TCBA at year-

end to prepare W2s, 1099s, and W3s and quarterly 941s and 940 payroll forms.

### **Year-end Tax Reporting Services**

TCBA was engaged by the RTC Asset Operations Department to perform all the necessary processing and control functions required by the Valley Forge Office of RTC to meet year-end reporting needs for those loan assets which were owned or administered by the RTC (as a receiver or conservator or the owner of record). Specific tasks included:

- Confirmation of all mailings with documented tracking of year-end loan reporting for forms 1098 and 1099, tax and interest statements.
- Development and operation of a tickler system providing expeditious response to asset-specific inquiries.
- Responding to all written, physical and telephone inquiries; maintaining a tracking system of responses; and coordinating with all RTC departments.
- Coordination, preparation, assimilation and confirmation of year-end loan reporting for forms 1098 and 1099, tax and interest statements.