



Treasury Financial Manual

Transmittal Letter No. 642

Volume I

To: Heads of Government Departments, Agencies, and Others Concerned

1. Purpose

This transmittal letter releases revisions to I TFM 2-4300: Reporting Instructions for Accounts Invested in Department of the Treasury Securities. This chapter provides detailed reporting instructions for disclosing principal, premium, discount, inflation compensation, and earned interest on accounts invested in Department of the Treasury securities.

2. Page Changes

Remove

Table of Contents for Part 2 (T/L 637)

I TFM 2-4300 (T/L 618)

Insert

Table of Contents for Part 2

I TFM 2-4300

3. Effective Date

This transmittal letter is effective immediately.

4. Inquiries

Direct questions concerning this transmittal letter to:

Federal Investment Branch
Office of Public Debt Accounting
Bureau of the Public Debt
Department of the Treasury
P.O. Box 396
Parkersburg, WV 26106-0396
Telephone: 304-480-5151

Date: November 13, 2007

Kenneth R. Papaj
Commissioner

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Part 2—Chapter 4300

REPORTING INSTRUCTIONS FOR ACCOUNTS INVESTED IN DEPARTMENT OF THE TREASURY SECURITIES

This chapter provides detailed reporting instructions for disclosing principal, premium, discount, inflation compensation, and earned interest on accounts invested in the Department of the Treasury's (Treasury's) securities.

Section 4310—Scope and Applicability

Agencies use these instructions to report security transactions on FMS 224: Statement of Transactions. Agency adherence to these reporting instructions assures parity in budget data between Treasury and the Office of Management and Budget. Proper reporting also will result in more accurate statements of available resources and program agency account activities.

Section 4315—Authority

According to 31 U.S.C. 3513, the Secretary of the Treasury must prepare reports on the financial operations of the U.S. Government. This code also requires that each executive agency furnish information and reports about its financial condition and operations if requested by the Secretary of the Treasury.

Section 4320—Definitions

Accrued Interest—This is interest earned on a security instrument that has not been paid or received.

Base Consumer Price Index (CPI) — The Base CPI reflects the CPI on the issue date or dated date of a security.

Consumer Price Index (CPI)—The CPI measures the average change over time in the prices paid by urban consumers for a number of fixed goods compared to the base price of those same goods at a specific time in the past. The base price level is set as 100.

Dated Date—The dated date refers to the date Treasury uses to calculate interest for the first interest period.

Discount—The discount is the difference between the price and the par value when less than par value is paid or received for a security.

Earned Interest Realized—The earned interest is interest earned and paid on a security instrument.

Index Ratio—The index ratio is figured by dividing the current CPI by the Base CPI.

Inflation Compensation—Inflation compensation represents the index ratio times the par value minus the par value.

Par Value—Par value represents the stated or face amount of a security.

Premium—The premium is the difference between the price and the par value when more than par value is paid or received for a security.

Price—This represents the real price for a security as of noon on the day of the investment or redemption.

Principal—Principal represents the stated or face amount of a security.

Purchase of Accrued Interest—The purchase of accrued interest represents the amount of interest purchased when a security is purchased between interest payment dates.

Secondary Market—Secondary markets are exchanges and over-the-counter markets where securities are bought and sold subsequent to original issuance.

Subclass—A subclass is a prefix used to classify transactions in expenditure accounts.

Unrealized Discount—The unrealized discount is the value of the discount carried until a security is redeemed or matures.

Section 4325—Availability of Funds

Agencies may not invest funds before the funds are deposited, collected, and considered available to Treasury. Generally agencies may consider funds available on the day of the deposit when an agency uses Fedwire or the Automated Clearing House through the Treasury Lockbox Network. When an agency uses an SF 215: Deposit Ticket, generally funds are available 2 days after the date of the deposit. Refer to Treasury Financial

Manual Bulletin No. 94-07 for more detail about the availability of deposited funds.

Section 4330—Categories of Securities

Agencies with the proper investment authority have the choice of investing in either Government Account Series Securities, Marketable Securities, or both.

4330.10—Government Account Series Securities

Government Account Series Securities consist of the following:

- Market-based securities;
- Special issues;
- One-day certificates;
- Inflation-protected securities;

AND

- Zero-coupon bonds.

Available market-based securities are bills, notes, and bonds. Treasury issues bills at a discount with a maturity date of 6 months or less. Treasury issues notes and bonds at a discount or premium. Notes and bonds carry a stated rate of interest, payable semiannually. Notes mature in 2 to 10 years, while market-based bonds mature in more than 10 years.

Treasury sells special issues, available in certificates of indebtedness and bonds, at par. Special issues carry a stated interest rate payable semiannually. Treasury redeems special issues at par plus accrued interest. Certificates of indebtedness mature in 1 year or less. Special issue bonds mature in 1 to 15 years.

One-day certificates mature the next business day. These securities earn interest at the daily Federal Reserve repurchase agreement rate.

Treasury issues inflation-protected market-based securities at a discount or premium. These securities carry a stated rate of interest, payable semiannually. Treasury adjusts the par value of the

security on a daily basis using the index ratio to reflect inflation compensation.

Treasury issues zero-coupon bonds at a discount. These securities are Treasury fixed-principal bonds having maturities of at least 5 years and on dates that coincide with the maturity dates of marketable Treasury Separate Trading of Registered Interest and Principal Securities (STRIPS).

4330.20—Marketable Securities

Marketable Securities are those bills, notes, bonds, and Treasury Inflation-Protected Securities available for purchase and resale on the secondary market. Federal agencies must have specific investment authority granted by an act of the Congress before purchasing Marketable Securities. After authority is granted, agencies may purchase these securities directly from Treasury through the Legacy Treasury Direct System or on the secondary market through an independent brokerage firm.

Section 4335—Reporting Requirements for Investments in Government Account Series Securities

To accurately reflect the public debt, agencies record principal transactions for Government accounts at par value. Because discount, premium, and accrued-interest transactions affect the various funds differently, this chapter explains these transactions by fund type. The subsections below provide agencies with instructions on the fund types to use for investment and redemption transactions.

4335.10—Revolving (4000 Series), Trust Revolving (8400 Series) and Deposit (6000 Series) Funds

Separate receipt accounts are not established for revolving, trust revolving, and deposit funds. Therefore, agencies record all transactions against the expenditure account according to subclass.

In general, agencies use the following subclasses:

- 88—Investment in U.S. securities (par);
- 98—Redemption of U.S. securities (par);
- 75—Unrealized discount on Treasury securities;

AND

- 76—Earnings on Treasury securities.

See Appendix 1 for more detail about revolving, trust revolving, and deposit funds.

4335.20—Special (5000 Series) and Trust (8000 Series) Funds

Agencies use separate receipt accounts to distinguish between the different types of activities. In general, they use the following subclasses:

- 88—Investment in U.S. securities (par);
- 98—Redemption of U.S. securities (par);

AND

- 75—Unrealized discount.

Use point account .002 (commonly referred to as .2) with the 4-digit appropriation fund or receipt account Treasury Account Symbol to classify realized earnings as receipts.

See Appendix 2 for more detail about special and trust funds.

The Bureau of the Public Debt (BPD) processes the billing for investment and redemption transactions using the Intra-governmental Payment and Collection System. Therefore, the offset to agency account reporting is in Section II of the Statement of Transactions.

Section 4340—Reporting Requirements for Investments in Marketable Securities

Agencies must report changes in investments or redemptions in Marketable Securities to the Financial Management Service monthly on the Statement of Transactions. The Statement of Transactions is either the FMS 224 or the FMS 1219 and FMS 1220. Agencies record principal transactions at par value on the Statement of Transactions. If agencies purchase Marketable Securities through an independent brokerage firm, they must notify the BPD, Financial Reporting Team, within 3 business days of such purchases. This notification should report all outstanding investments at the Committee on Uniform Security Identification Procedures (CUSIP) level, listing the CUSIP number and the par value.

If agencies invest in Marketable Securities through Treasury's Legacy Treasury Direct System, they need only

provide BPD with their Legacy Treasury Direct System account number. BPD will retrieve security purchase information from the system.

If agencies invest in Treasury Inflation Protected Securities, they must report to BPD any inflation compensation adjustments on these securities.

Examples of various transactions and their related Statement of Transactions entries are shown in Appendix 3 for Revolving (4000 Series), Trust Revolving (8400 Series), and Deposit (6000 Series) Funds.

Appendix 4 illustrates the same transactions for Special (5000 Series) and Trust (8000 Series) Funds.

The subclasses used to report investments in Marketable Securities are as follows:

- 88—Investment in U.S. securities (par);

- 98—Redemption of U.S. securities (par);
- 75—Unrealized discount on Treasury securities;

AND

- 76—Earnings on Treasury securities.

Section 4345—Marketable Security Reporting Requirements to the Intragovernmental Fiduciary Confirmation System (IFCS)

Agencies that invest in Marketable Securities must add these investments to their investments in the Government Accounts Series when reporting U.S. Government Standard General Ledger balances to the IFCS.

CONTACTS

Direct questions concerning investments in Government Account Series to:

Federal Investment Branch
Office of Public Debt Accounting
Bureau of the Public Debt
Department of the Treasury
P.O. Box 396
Parkersburg, WV 26106-0396
Telephone: 304-480-5151
FAX: 304-480-5212
E-mail: fedinvestor@bpd.treas.gov
Web site: <http://www.federalinvestments.gov>

For more information on the types of market-based securities, refer to the Investment Fund Operating Circular located on the following Web site: <http://www.treasurydirect.gov/govt/apps/fip/library/library.htm>.

Direct questions concerning investments in Marketable Securities to:

Financial Reporting Team
Office of Public Debt Accounting
Bureau of the Public Debt
Department of the Treasury
P.O. Box 396
Parkersburg, WV 26106-0396
Telephone: 304-480-5161
FAX: 304-480-5176
E-mail: frt@bpd.treas.gov

APPENDICES LISTING

Appendix No.	Title
1	Government Account Series - Revolving, Trust Revolving, and Deposit Funds
2	Government Account Series - Special and Trust Funds
3	Marketable Securities - Revolving, Trust Revolving, and Deposit Funds
4	Marketable Securities - Special and Trust Funds

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**GOVERNMENT ACCOUNT SERIES
REVOLVING, TRUST REVOLVING, AND DEPOSIT FUNDS**

Market-Based Securities

Discounts, premiums, and earned interest are explained below.

Discount. Assume a bill was purchased on May 27, 2004, with a par value of \$1,000,000, at a price of 94.701778.

The screenshot shows the FedInvest website interface. The main content area is titled "Request Details" and "Price Information".

Request Details

- Account Number: 20X##45 REVOLVING FUND
- Transaction Date: 05/27/2004
- As Of Date: 05/27/2004
- Inventory Method: N/A
- Amount Type: Face
- Security: 912795RM5 MK BILL 11/18/2004
- Amount Entered: Not Available

Price Information

- Memo Number: 00248209
- Transaction Code: BUY
- Price: 94.701778
- Principal: \$1,000,000.00
- Discount: \$52,982.22
- Premium: \$0.00
- Earned Interest: \$0.00
- Inflation Compensation: N/A
- Sales Price: \$947,017.78
- Index Ratio: N/A

Record the principal as a disbursement with a subclass 88. Record the discount as a receipt using a subclass 75.

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Discount} = 1,000,000 - \frac{(1,000,000 * 94.701778)}{100}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		1,000,000.00
(75)20X##45	52,982.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		947,017.78

If this security is held to maturity, the earnings would be \$52,982.22.

Request Details	
Account Number:	20X##45 REVOLVING FUND
Transaction Date:	11/18/2004
As Of Date:	11/18/2004
Inventory Method:	N/A
Amount Type:	N/A
Security:	912795RM5 MK BILL 11/18/2004
Amount Entered:	Not Available
Price Information	
Memo Number:	00253154
Transaction Code:	MATU
Price:	100.000000
Principal:	\$1,000,000.00
Discount:	\$0.00
Premium:	\$0.00
Earned Interest:	\$0.00
Inflation Compensation:	N/A
Sales Price:	\$1,000,000.00
Index Ratio:	N/A

Record the principal as a receipt with a subclass 98. Reverse the discount on purchase by recording a negative receipt with a subclass 75. Record the earned discount as a receipt with a subclass 76.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	1,000,000.00	
(75)20X##45	52,982.22 CR	
(76)20X##45	52,982.22	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		-1,000,000.00

Assume this security was sold on September 30, 2004, at a price of 99.166000. This would result in net earnings of \$44,642.22.

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Request Details

Account Number: 20X##45 REVOLVING FUND
 Transaction Date: 09/30/2004
 As Of Date: 09/30/2004
 Inventory Method: FIFO
 Amount Type: Face
 Security: 912795RM5 MK BILL 11/18/2004
 Amount Entered: Not Available

Price Information

Memo Number: 00249311
 Transaction Code: SELL
 Price: 99.166000
 Principal: \$1,000,000.00
 Discount: \$8,340.00
 Premium: \$0.00
 Earned Interest: \$0.00
 Inflation Compensation: N/A
 Sales Price: \$991,660.00
 Index Ratio: N/A

Record the principal as a receipt with a subclass 98. Reverse the discount on purchase by recording a negative receipt with a subclass 75. Record the earned discount as a receipt with a subclass 76.

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Discount} = 1,000,000 - \frac{(1,000,000 * 99.166)}{100}$$

$$\text{Earned Discount} = \text{Orig Disc} - \text{Current Disc}$$

$$\text{Earned Discount} = 52,982.22 - 8,340.00$$

STATEMENT OF TRANSACTIONS		
	Section I	
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	1,000,000.00	
(75)20X##45	52,982.22 CR	
(76)20X##45	44,642.22	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		-991,660.00

Premium. Assume a bond was purchased on August 15, 2004, with a par value of \$2,500,000, at a price of 101.250000.

Record the principal as a disbursement with a subclass 88. Record the premium as a negative receipt using subclass 76.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Premium} = \frac{(101.25 - 100) * 2,500,000}{100}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45 (76)20X##45	31,250.00 CR	2,500,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		2,531,250.00

Assume this bond is held to maturity.

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Request Details

Account Number: 20X##45 REVOLVING FUND
 Transaction Date: 02/15/2021
 As Of Date: 02/15/2021
 Inventory Method: N/A
 Amount Type: N/A
 Security: 9128210EH7 MK BOND 7.875% 02/15/2021
 Amount Entered: Not Available

Price Information

Memo Number: 00828491
 Transaction Code: MATU
 Price: 100.000000
 Principal: \$2,500,000.00
 Discount: \$0.00
 Premium: \$0.00
 Earned Interest: \$98,437.50
 Inflation Compensation: N/A
 Sales Price: \$2,598,437.50
 Index Ratio: N/A

Record the principal as a receipt with a subclass 98. Record the earned interest as a positive receipt with subclass 76.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875}{2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	2,500,000.00	
(76)20X##45	98,437.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,598,437.50

Assume this bond was sold on April 24, 2006, at a price of 102.062500.

The screenshot shows the FedInvest website interface. At the top, there is a navigation menu with options like 'Account Summary', 'Buy Securities', 'Sell Securities', 'Pending Requests', 'View Securities', and 'Update Profile'. Below the menu, there are links for 'FedInvest Home', 'Today's Prices', 'Overnight Rates', 'Prior Days Prices', and 'News'. The main content area is titled 'Request Details' and contains the following information:

- Account Number:** 20X##45 REVOLVING FUND
- Transaction Date:** 04/24/2006
- As Of Date:** 04/24/2006
- Inventory Method:** N/A
- Amount Type:** Face
- Security:** 9128210EH7 MK BOND 7.875% 02/15/2021
- Amount Entered:** Not Available

Below this, there is a 'Price Information' section with the following details:

- Memo Number:** 00287497
- Transaction Code:** SELL
- Price:** 102.062500
- Principal:** \$2,500,000.00
- Discount:** \$0.00
- Premium:** \$51,562.50
- Earned Interest:** \$36,982.04
- Inflation Compensation:** N/A
- Sales Price:** \$2,588,544.54
- Index Ratio:** N/A

Record the principal as a receipt with a subclass 98.
Record the premium and earned interest as a receipt using subclass 76.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Premium} = \frac{(102.0625 - 100) * 2,500,000}{100}$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest payment}}{\# \text{ of days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875 * 68}{181 * 2}$$

$$\text{Premium} + \text{Earned Interest} = (76)$$

$$51,562.50 + 36,982.04 = 88,544.54$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45 (76)20X##45	2,500,000.00 88,544.54	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,588,544.54

Assume this bond was sold on April 24, 2006, at a price of 98.500000.

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Account Summary → View Transactions → Confirmation

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Request Details

Account Number: 20X##45 REVOLVING FUND
 Transaction Date: 04/24/2006
 As Of Date: 04/24/2006
 Inventory Method: FIFO
 Amount Type: Face
 Security: 9128210EH7 MK BOND 7.875% 02/15/2021
 Amount Entered: Not Available

Price Information

Memo Number: 00287497
 Transaction Code: SELL
 Price: 98.500000
 Principal: \$2,500,000.00
 Discount: \$37,500.00
 Premium: \$0.00
 Earned Interest: \$36,982.04
 Inflation Compensation: N/A
 Sales Price: \$2,499,482.04
 Index Ratio: N/A

Record the principal as a receipt with a subclass 98. Record the discount as a negative receipt and earned interest as a positive receipt using subclass 76.

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Discount} = 2,500,000 - \frac{(98.5 * 2,500,000)}{100}$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest period}}{\# \text{ of days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875 * 68}{181 * 2}$$

$$\text{Discount} - \text{Earned Interest} = (76)$$

$$37,500.00 - 36,982.04 = 517.96$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	2,500,000.00	
(76)20X##45	517.96 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,499,482.04

Earned Interest. Assume the bond was purchased on October 11, 2004, with a par value of \$2,500,000, at a price of 101.250000.

The screenshot shows the FedInvest account summary for a bond purchase. The page includes navigation tabs for Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. The transaction details are as follows:

Request Details

- Account Number: 20X##45 REVOLVING FUND
- Transaction Date: 10/11/2004
- As Of Date: 10/11/2004
- Inventory Method: N/A
- Amount Type: Face
- Security: 9128210EH7 MK BOND 7.875% 02/15/2021
- Amount Entered: Not Available

Price Information

- Memo Number: 00307441
- Transaction Code: BUY
- Price: 101.250000
- Principal: \$2,500,000.00
- Discount: \$0.00
- Premium: \$31,250.00
- Earned Interest: \$30,494.23
- Inflation Compensation: N/A
- Sales Price: \$2,561,744.23
- Index Ratio: N/A

Record the principal as a disbursement with a subclass 88. Record premium and earned interest as a negative receipt with a subclass 76.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Premium} = \frac{(101.25 - 100) * 2,500,000}{100}$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest Period}}{\# \text{ of days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875 * 57}{184 * 2}$$

$$\text{Premium} + \text{Earned Interest} = (76)$$

$$31,250.00 + 30,494.23 = 61,744.23$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		2,500,000.00
(76)20X##45	61,744.23 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		2,561,744.23

When the semiannual interest was paid on February 15, 2005, the amount was recorded as a receipt.

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Account Summary Buy Securities Sell Securities Pending Requests View Securities Update Profile

Account Summary → View Transactions → Confirmation

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Request Details

Account Number: 20X##45 REVOLVING FUND
 Transaction Date: 02/15/2005
 As Of Date: 02/15/2005
 Inventory Method: N/A
 Amount Type: N/A
 Security: 9128210EH7 MK BOND 7.875% 02/15/2021
 Amount Entered: Not Available

Price Information

Memo Number: 00317215
 Transaction Code: INT. PAY.
 Price: 0.000000
 Principal: \$0.00
 Discount: \$0.00
 Premium: \$0.00
 Earned Interest: \$98,437.50
 Inflation Compensation: N/A
 Sales Price: \$98,437.50
 Index Ratio: N/A

Record the interest as a receipt with subclass 76.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875}{2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45	98,437.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-98,437.50

Special Issue Securities

Investment. Assume a special issue certificate of indebtedness was purchased on August 19, 2004.

The screenshot shows the FedInvest website interface. At the top, there is a navigation menu with options: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. Below this, there are links for FedInvest Home, Today's Prices, Overnight Rates, Prior Days Prices, and News. The main content area is titled 'Confirmation' and includes a link for a printable version. The 'Request Details' section lists: Account Number: 20X##45 REVOLVING FUND, Transaction Date: 08/19/2004, As Of Date: 08/19/2004, Inventory Method: N/A, Amount Type: Face, Security: SSA C/I 08/19/2004 SSA C/I 4.625% 06/30/2005, and Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00315644, Transaction Code: BUY, Price: 100.000000, Principal: \$8,000,000.00, Discount: \$0.00, Premium: \$0.00, Earned Interest: \$0.00, Inflation Compensation: N/A, Sales Price: \$8,000,000.00, and Index Ratio: N/A.

Record the principal as a disbursement with a subclass 88.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		8,000,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		8,000,000.00

Redemption. When special issue securities mature or are redeemed early, the investor receives the principal plus earned interest.

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Account Summary Buy Securities Sell Securities Pending Requests View Securities Update Profile

FedInvest Home | Today's Prices | Overnight Rates | Prior Days Prices | News

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Request Details

Account Number: 20X##45 REVOLVING FUND
 Transaction Date: 11/30/2004
 As Of Date: 11/30/2004
 Inventory Method: Par Value Special Issue
 Amount Type: Need
 Security: SSA C/I 08/19/2004 SSA C/I 4.625% 06/30/2005
 Amount Entered: Not Available

Price Information

Memo Number: 00322444
 Transaction Code: SELL
 Price: 100.000000
 Principal: \$8,000,000.00
 Discount: \$0.00
 Premium: \$0.00
 Earned Interest: \$103,559.78
 Inflation Compensation: N/A
 Sales Price: \$8,103,559.78
 Index Ratio: N/A

Record the principal as a receipt with a subclass 98.
 Record the earned interest as a receipt with a subclass 76.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Outstanding}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{8,000,000 * .04625 * 103}{184 * 2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	8,000,000.00	
(76)20X##45	103,559.78	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		-8,103,559.78

Semiannual Interest. Assume this security is held to maturity. Semiannual interest is paid on December 31 and on June 30 on the number of days the security is outstanding. Therefore, the amount of interest paid on December 31 is 134,728.26.

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Account Summary → View Transactions → Confirmation

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Request Details

Account Number: 20X##45 REVOLVING FUND
 Transaction Date: 12/31/2004
 As Of Date: 12/31/2004
 Inventory Method: N/A
 Amount Type: N/A
 Security: SSA C/I 08/19/2004 SSA C/I 4.625% 06/30/2005
 Amount Entered: Not Available

Price Information

Memo Number: 00323978
 Transaction Code: INT. PAY.
 Price: 0.000000
 Principal: \$0.00
 Discount: \$0.00
 Premium: \$0.00
 Earned Interest: \$134,728.26
 Inflation Compensation: N/A
 Sales Price: \$134,728.26
 Index Ratio: N/A

Record the interest as a receipt with a subclass 76.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Outstanding}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{8,000,000 * .04625 * 134}{184 * 2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account	Receipts and Revolving Fund Repayments	Net Disbursements
(1)	(2)	(3)
(76)20X##45	134,728.26	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		-134,728.26

1-Day Certificates

Investment. Assume a 1-day certificate was purchased on August 19, 2004.

The screenshot shows the FedInvest website interface. At the top, there is a navigation menu with options like 'Account Summary', 'Buy Securities', 'Sell Securities', 'Pending Requests', 'View Securities', and 'Update Profile'. Below the menu, there are links for 'FedInvest Home', 'Today's Prices', 'Overnight Rates', 'Prior Days Prices', and 'News'. The main content area is titled 'Confirmation' and includes a link for a printable version. Under 'Request Details', the following information is listed: Account Number: 20X##45 REVOLVING FUND, Transaction Date: 08/19/2004, As Of Date: 08/19/2004, Inventory Method: N/A, Amount Type: Face, Security: ONE DAY 08/19/2004 ONE DAY 1.27% 08/20/2004, and Amount Entered: Not Available. Under 'Price Information', the details are: Memo Number: 00315101, Transaction Code: BUY, Price: 100.000000, Principal: \$5,600,000.00, Discount: \$0.00, Premium: \$0.00, Earned Interest: \$0.00, Inflation Compensation: N/A, Sales Price: \$5,600,000.00, and Index Ratio: N/A.

Record the principal as a disbursement with a subclass 88.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		5,600,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		5,600,000.00

Maturity. When 1-day securities mature, the investor receives the principal plus earned interest.

The screenshot shows the FedInvest website interface. At the top, there are navigation links: Help, FAQ, Contact Us, Legal Notices, and Log Off. Below this is a menu bar with options: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. The main content area is titled 'Confirmation' and includes a link for a printable version. The 'Request Details' section lists: Account Number: 20X##45 REVOLVING FUND, Transaction Date: 08/20/2004, As Of Date: 08/20/2004, Inventory Method: N/A, Amount Type: N/A, Security: ONE DAY 08/19/2004 ONE DAY 1.27% 08/20/2004, and Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00315403, Transaction Code: MATU, Price: 100.000000, Principal: \$5,600,000.00, Discount: \$0.00, Premium: \$0.00, Earned Interest: \$197.56, Inflation Compensation: N/A, Sales Price: \$5,600,197.56, and Index Ratio: N/A.

Record the principal as a receipt with a subclass 98.
Record earned interest as a receipt with subclass 76.

$$\begin{array}{r} \text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{360} \end{array}$$

$$\begin{array}{r} \text{Earned Interest} = \frac{5,600,000 * .0127}{360} \end{array}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	5,600,000.00	
(76)20X##45	197.56	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		-5,600,197.56

Inflation Protected Security

Investment. Assume a Treasury Inflation Protected Security (TIPS) was purchased on July 16, 2003, with a par value of \$100,000,000 at a price of 98.125000.

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Account Summary | Buy Securities | Sell Securities | Pending Requests | View Securities | Update Profile

Account Summary → View Transactions → Confirmation

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Request Details

Account Number: 20X##45 REVOLVING FUND
 Transaction Date: 07/16/2003
 As Of Date: 07/16/2003
 Inventory Method: N/A
 Amount Type: Face
 Security: 912810FD5 MK TIPS 3.625% 04/15/28
 Amount Entered: Not Available

Price Information

Memo Number: 00198597
 Transaction Code: BUY
 Price: 98.125000
 Principal: \$100,000,000.00
 Discount: \$2,129,043.75
 Premium: \$0.00
 Earned Interest: \$1,034,660.97
 Inflation Compensation: \$13,549,000.00
 Sales Price: \$112,454,617.22
 Index Ratio: 1.135490

Record the net principal and inflation compensation as a disbursement with a subclass 88. Record the discount as a receipt with a subclass 75 and earned interest as a negative receipt with a subclass 76.

$$\text{Inflation Compensation} = (\text{Principal} * \text{Index ratio}) - \text{Principal}$$

$$\text{Inflation Compensation} = (100,000,000 * 1.135490) - 100,000,000$$

$$\text{Discount} = (\text{Principal} * \text{Index ratio}) - (\text{Principal} * \text{Rate}) * \text{Price}/100$$

$$\text{Discount} = (100,000,000 * 1.135490) - (100,000,000 * 1.135490) * 98.125000/100$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Outstanding} * \text{Index Ratio} * \text{Days}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{100,000,000 * .03625 * 92 * 1.135490}{183 * 2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45 (75)20X##45 (76)20X##45	2,129,043.75 1,034,660.97 CR Section II	113,549,000.00
1. Add Payment Transactions Accomplished:		
This Month		112,454,617.22

Assume this TIPS is held to maturity and the index ratio is 1.554940.

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Account Summary → View Transactions → Confirmation

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Request Details

Account Number: 20X##45 REVOLVING FUND
Transaction Date: 04/15/2028
As Of Date: 04/15/2028
Inventory Method: N/A
Amount Type: N/A
Security: 9128210FD5 MK TIPS 3.625% 04/15/28
Amount Entered: Not Available

Price Information

Memo Number: 00387572
Transaction Code: MATU
Price: 100.000000
Principal: \$100,000,000.00
Discount: \$0.00
Premium: \$0.00
Earned Interest: \$2,818,328.75
Inflation Compensation: \$55,494,000.00
Sales Price: \$158,312,328.75
Index Ratio: 1.554940

Record the net principal and inflation compensation as a receipt with a subclass 98. In addition, reclassify the original discount at investment as earnings by recording a negative receipt using subclass 75 and a positive receipt using subclass 76. Record earned interest as a positive receipt using subclass 76.

$$\text{Inflation Compensation} = (\text{Index Ratio} * \text{Principal}) - \text{Principal}$$

$$\text{Inflation Compensation} = (1.554940 * 100,000,000) - 100,000,000$$

$$\text{Interest} = \frac{\text{Principal} * \text{Rate} * \text{Index Ratio}}{2}$$

$$\text{Interest} = \frac{100,000,000 * .03625 * 1.554940}{2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	155,494,000.00	
(75)20X##45	2,129,043.75 CR	
(76)20X##45	4,947,372.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-158,312,328.75

Assume this TIPS was redeemed on August 6, 2005, at a price per hundred of 101.750 and the index ratio was 1.198520.

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Record the net principal and inflation compensation as a receipt with a subclass 98. Record the premium and earned interest as a receipt with a subclass 76. In addition, reclassify the original discount at investment as earnings by recording a negative receipt to subclass 75 and a positive receipt using subclass 76.

$$\text{Earned Interest} = \frac{\text{Prin} * \text{Rate} * \text{Outstanding} * \text{Index Ratio}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{100,000,000 * .03625 * 113 * 1.198520}{183 * 2}$$

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal} * \text{Index Ratio}}{100}$$

$$\text{Premium} = \frac{(101.750 - 100) * 100,000,000 * 1.198520}{100}$$

$$(76) = \text{Earned Interest} + \text{Premium} + \text{Original Discount at purchase of security}$$

$$(76) = \$1,341,376.38 + 2,097,410.00 + 2,129,043.75$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	119,852,000.00	
(75)20X##45	2,129,043.75 CR	
(76)20X##45	5,567,830.13	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-123,290,786.38

Daily Inflation Compensation. It is critical that Treasury accurately reflects the outstanding public debt at all times. Therefore, on a daily basis, Treasury must record the inflated value of all TIPS securities. This is done by adjusting the carrying value of the investment on a daily basis by the current day index ratio in relation to the prior day index ratio. Treasury pays the investing fund the inflation compensation earned and immediately reinvests the inflation to inflate the principal. **Note:** The inflation compensation can be negative as well as positive, therefore decreasing the carrying value of the security.

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Account Summary | Buy Securities | Sell Securities | Pending Requests | View Securities | Update Profile

FedInvest Home | Today's Prices | Overnight Rates | Prior Days Prices | News

Account Summary → View Transactions → Choose Account → Daily Inflation Compensation

Inflation Compensation

Account Number: 20X##45 REVOLVING FUND

Date: 06/18/2004 to 06/18/2004

Security Description	Daily Inflation Compensation
MK TIPS 4.25% 01/15/10	\$154,200.00
MK TIPS 3.50% 01/15/11	\$169,200.00
MK TIPS 3.875% 01/15/09	\$183,950.00
MK TIPS 3.625% 01/15/08	\$128,400.00
Total:	\$635,750.00

Record the daily inflation compensation as a receipt with a subclass 76. In addition, record the reinvestment as a disbursement with a subclass 88.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		635,750.00
(76)20X##45	635,750.00	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		0.00

Semiannual Interest. When the semiannual interest is paid, the amount is based on the original principal plus the inflation compensation earned to date. Assume the index ratio on the payment date is 1.142315.

The screenshot shows the FedInvest website interface. At the top, there is a navigation bar with links for Help, FAQ, Contact Us, Legal Notices, and Log Off. Below this is a secondary navigation bar with buttons for Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. The main content area is titled 'Confirmation' and includes a link for a printable version. Under 'Request Details', the following information is listed: Account Number: 20X##45 REVOLVING FUND; Transaction Date: 10/15/2004; As Of Date: 10/15/2004; Inventory Method: N/A; Amount Type: N/A; Security: 9128210FD5 MK TIPS 3.625% 04/15/28; Amount Entered: Not Available. Under 'Price Information', the following is listed: Memo Number: 00200241; Transaction Code: INT. PAY.; Price: 0.000000; Principal: \$0.00; Discount: \$0.00; Premium: \$0.00; Earned Interest: \$2,070,445.94; Inflation Compensation: \$0.00; Sales Price: \$2,070,445.94; Index Ratio: 0.000000.

Record the interest as a receipt with a subclass 76.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Index Ratio}}{2}$$

$$\text{Earned Interest} = \frac{100,000,000 * .03625 * 1.142315}{2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45	2,070,445.94	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,070,445.94

Zero-Coupon Bonds

Discount. Zero-coupon bonds are sold at a deep discount. In this example, assume a zero-coupon bond is purchased with a par value of \$100,000,000 at a sale price of \$50,397,404.

The screenshot shows the FedInvest website interface. At the top, there are navigation links: Help, FAQ, Contact Us, Legal Notices, and Log Off. Below that is a menu with options: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. A secondary menu includes FedInvest Home, Today's Prices, Overnight Rates, Prior Days Prices, and News. The main content area shows a breadcrumb trail: Account Summary → View Transactions → Confirmation. A link for a printable version is provided. The 'Request Details' section includes: Account Number: 20X##45 REVOLVING FUND ZERO; Transaction Date: 11/01/2005; As Of Date: 11/01/2005; Inventory Method: N/A; Amount Type: N/A; Security: ZERO 05/15/2018 ZERO COUPON BOND 05/15/18; Amount Entered: Not Available. The 'Price Information' section includes: Memo Number: 00341479; Transaction Code: BUY; Price: 50.3974; Principal: \$100,000,000.00; Discount: \$49,602,596.00; Premium: \$0.00; Earned Interest: \$0.00; Inflation Compensation: N/A; Sales Price: \$50,397,404.00; Index Ratio: N/A.

Record the principal as a disbursement with a subclass 88. Record the discount as a receipt using a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		100,000,000.00
(72)20X##45	49,602,596.00	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		50,397,404.00

Monthly Amortization. There is no corresponding transaction confirmation for the amortization of discount because the agency's calculated interest method of amortization may be different from Treasury's.

Record the amortization of discount as a receipt with a subclass 76 and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45	4,530.00	
(72)20X##45	4,530.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Monthly Market Value Adjustment. It is critical that Treasury accurately reflects the outstanding public debt at all times. Therefore, on a monthly basis, Treasury must adjust (increase or decrease) the carrying value of the zero coupon bonds to reflect the current market price. A worksheet with the current market values of the zero coupon bonds outstanding for each agency is provided by Treasury for calculating the adjustment. The following examples reflect the reporting on the Statement of Transactions when either an increase or a decrease in market price occurs:

In this example, the current market price is more than the carrying value of the security.

Assume the following:

Par value = \$100,000,000	Original discount = \$49,602,596
Agency's Discount Amortization = \$280,860	Current market price = \$51,000,000
Agency's Carrying value = \$50,678,264	Market Adjustment (prior month balance) = \$250,000
(Par - Original discount + Discount Amortization)	

Revolving Fund									
Zero Coupon Bonds Market Value									
30-Nov-05									
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mtk Val Adj.	Prior Mtk Val Adj.	Current Mtk Val Adj.
						input by agency		input by agency	
*912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	51,000,000.00	50,678,264.00	321,736.00	250,000.00	71,736.00
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	51,000,000.00	50,678,264.00	321,736.00	250,000.00	71,736.00
Redeemed Securities:									
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	51,000,000.00	50,678,264.00	321,736.00	250,000.00	71,736.00
*New Issue									

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of \$71,736 needs to be made (Current market price – Carrying value – balance of the Market Adjustment account). Record the monthly market value adjustment as a receipt with a subclass 76 and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account	Receipts and Revolving Fund Repayments	Net Disbursements
(1)	(2)	(3)
(76)20X##45	71,736.00	
(72)20X##45	71,736.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

In this example, the current market price is less than the carrying value of the security.

Assume the following:

Par value = \$100,000,000	Original discount = \$49,602,596
Agency's Discount Amortization = \$280,860	Current market price = \$50,500,000
Agency's Carrying value = \$50,678,264	Market Adjustment (prior month balance) = \$250,000
(Par - Original discount + Discount Amortization)	

Revolving Fund									
Zero Coupon Bonds Market Value									
30-Nov-05									
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mtk Val Adj.	Prior Mtk Val Adj.	Current Mtk Val Adj.
						input by agency		input by agency	
*912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	50,500,000.00	50,678,264.00	(178,264.00)	250,000.00	(428,264.00)
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	50,500,000.00	50,678,264.00	(178,264.00)	250,000.00	(428,264.00)
Redeemed Securities:									
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	50,500,000.00	50,678,264.00	(178,264.00)	250,000.00	(428,264.00)
*New Issue									

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of (\$428,264) needs to be made (Current market price – Carrying value – balance of the Market Adjustment account).

Record the monthly market value adjustment as a negative receipt with a subclass 76 and a receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account	Receipts and Revolving Fund Repayments	Net Disbursements
(1)	(2)	(3)
(76)20X##45	428,264.00 CR	
(72)20X##45	428,264.00	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Early Redemptions. When a zero-coupon security or a portion of the security is early redeemed, the accrued amortization and the adjustment to market price to the date of sale must be recorded. Also, the discount account must be cleared.

In this example, assume that a zero-coupon bond has been early redeemed and the sales price is more than the carrying value of the security.

Record the amortization of discount from last month end to the redemption date as a receipt with a subclass 76 and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45	1,500.00	
(72)20X##45	1,500.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Assume the following at the redemption date after amortization has been posted:

- Par value = \$100,000,000
- Original discount = \$49,602,596
- Agency's Discount Amortization = \$282,360
- Agency's Carrying value = \$50,679,764
- (Par - Original discount + Discount Amortization)
- Sales price = \$51,010,000
- Market Adjustment (prior month balance) = \$321,736

Revolving Fund									
Zero Coupon Bonds Market Value									
31-Dec-05									
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mtk Val Adj.	Prior Mtk Val Adj.	Current Mtk Val Adj.
						input by agency		input by agency	
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	51,010,000.00	50,679,764.00	330,236.00	321,736.00	8,500.00
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	51,010,000.00	50,679,764.00	330,236.00	321,736.00	8,500.00
Redeemed Securities:									
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	51,010,000.00	50,679,764.00	330,236.00	321,736.00	
TOTAL ALL CUSIPs		0	0.00	0.00	0.00	0.00	0.00	0.00	8,500.00
* New Issue									

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of \$8,500 needs to be made (Current market price – Carrying value – balance of the Market Adjustment account).

Record the monthly market value adjustment as a receipt with a subclass 76 and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45	8,500.00	
(72)20X##45	8,500.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

The T-account summarizing the activity hitting the unamortized discount account (subclass 72) is as follows:

(72)20X##45	
Purchase	49,602,596
Amortization	282,360
Mkt.Val.Adjustment	330,236
Balance:	48,990,000

The screenshot shows the FedInvest website interface. At the top, there is a navigation bar with links for Help, FAQ, Contact Us, Legal Notices, and Log Off. Below this is a secondary navigation bar with buttons for Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. The main content area is titled 'Confirmation' and includes a link for a printable version. The 'Request Details' section lists the following information:

- Account Number: 20X##45 REVOLVING FUND ZERO
- Transaction Date: 11/14/2005
- As Of Date: 11/14/2005
- Inventory Method: Specific ID
- Amount Type: Face
- Security: ZERO 05/15/2018 ZERO COUPON BOND 05/15/18
- Amount Entered: Not Available

The 'Price Information' section lists the following details:

- Memo Number: 00343749
- Transaction Code: SELL
- Price: 51.010000
- Principal: \$100,000,000.00
- Discount: \$48,990,000.00
- Premium: \$0.00
- Earned Interest: \$0.00
- Inflation Compensation: N/A
- Sales Price: \$51,010,000.00
- Index Ratio: N/A

The early redemption is accounted for by recording:

Principal amount as a receipt with a subclass 98.
Discount (Par – Sales Price) as a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	100,000,000.00	
(72)20X##45	48,990,000.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-51,010,000.00

In this example, assume that a zero-coupon bond has been early redeemed and the sales price is less than the carrying value of the security.

Record the amortization of discount from last month end to the redemption date as a receipt with a subclass 76 and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45 (72)20X##45	1,500.00 1,500.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Assume the following at the redemption date after amortization has been posted:

- Par value = \$100,000,000
- Original discount = \$49,602,596
- Agency's Discount Amortization = \$282,360
- Agency's Carrying value = \$50,679,764
(Par - Original discount + Discount Amortization)
- Sales price = \$50,450,000
- Market Adjustment (prior month balance) = (\$178,264)

Revolving Fund Zero Coupon Bonds Market Value 31-Dec-05									
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mtk Val Adj.	Prior Mtk Val Adj.	Current Mtk Val Adj.
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	50,450,000.00	50,679,764.00	(229,764.00)	(178,264.00)	(51,500.00)
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	50,450,000.00	50,679,764.00	(229,764.00)	(178,264.00)	(51,500.00)
Redeemed Securities:									
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	50,450,000.00	50,679,764.00	(229,764.00)	(178,264.00)	
TOTAL ALL CUSIPs		0	0.00	0.00	0.00	0.00	0.00	0.00	(51,500.00)
* New Issue									

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of (\$51,500) needs to be made (Current market price – Carrying value – balance of the Market Adjustment account).

Record the monthly market value adjustment as a negative receipt with a subclass 76 and a receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45 (72)20X##45	51,500.00 CR 51,500.00	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

The T-account summarizing the activity hitting the unamortized discount account (subclass 72) is as follows:

(72)20X##45			
Purchase	49,602,596	Amortization	282,360
Mkt.Val.Adjustment	229,764		
Balance:	49,550,000		

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Account Summary Buy Securities Sell Securities Pending Requests View Securities Update Profile

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Request Details

Account Number: 20X##45 REVOLVING FUND ZERO
 Transaction Date: 11/14/2005
 As Of Date: 11/14/2005
 Inventory Method: Specific ID
 Amount Type: Face
 Security: ZERO 05/15/2018 ZERO COUPON BOND 05/15/18
 Amount Entered: Not Available

Price Information

Memo Number: 00343749
 Transaction Code: SELL
 Price: 50.450000
 Principal: \$100,000,000.00
 Discount: \$49,550,000.00
 Premium: \$0.00
 Earned Interest: \$0.00
 Inflation Compensation: N/A
 Sales Price: \$50,450,000.00
 Index Ratio: N/A

The early redemption is accounted for by recording:

Principal amount as a receipt with a subclass 98.
 Discount (Par – Sales Price) as a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	100,000,000.00	
(72)20X##45	49,550,000.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-50,450,000.00

Maturity. At maturity, an agency receives the par value of the security. The discount should be fully amortized, therefore the carrying value will be equal to the par value.

Record the amortization of discount from last month end to the maturity date as a receipt with a subclass 76 and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45 (72)20X##45	1,500.00 1,500.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Assume the following at the maturity date after amortization has been posted:

- Par value = \$100,000,000
- Original discount = \$49,602,596
- Agency's Discount Amortization = \$49,602,596
- Agency's Carrying value = \$100,000,000
(Par - Original discount + Discount Amortization)
- Maturity price = \$100,000,000
- Market Adjustment (prior month balance) = \$50,000

Revolving Fund Zero Coupon Bonds Market Value 15-May-18									
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mtk Val Adj.	Prior Mtk Val Adj.	Current Mtk Val Adj.
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	100,000,000.00	100,000,000.00	0.00	50,000.00	(50,000.00)
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	100,000,000.00	100,000,000.00	0.00	50,000.00	(50,000.00)
Redeemed Securities:									
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	100,000,000.00	100,000,000.00	0.00	50,000.00	
TOTAL ALL CUSIPs		0	0.00	0.00	0.00	0.00	0.00	0.00	(50,000.00)
* New Issue									

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of (\$50,000) needs to be made (Maturity price – Carrying value – balance of the Market Adjustment account).

Record the market value adjustment as a negative receipt with a subclass 76 and a receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)20X##45	50,000.00 CR	
(72)20X##45	50,000.00	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		0.00

The T-account summarizing the activity hitting the unamortized discount account (subclass 72) is as follows:

(72)20X##45			
Purchase	49,602,596	Amortization	49,602,596
Mkt.Val.Adjustment	50,000	Mkt.Val.Adjustment	50,000
Balance:	0		

The screenshot shows the FedInvest website interface. At the top, there is a navigation menu with links for Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. Below the navigation, there is a breadcrumb trail: Account Summary → View Transactions → Confirmation. A link for a printable version is provided. The main content area is titled "Request Details" and contains the following information:

- Account Number:** 20X##45 REVOLVING FUND ZERO
- Transaction Date:** 05/15/2018
- As Of Date:** 05/15/2018
- Inventory Method:** N/A
- Amount Type:** N/A
- Security:** ZERO 05/15/2018 ZERO COUPON BOND 05/15/18
- Amount Entered:** Not Available

Below this, the "Price Information" section lists:

- Memo Number:** 01568249
- Transaction Code:** MATURITY
- Price:** 100.000000
- Principal:** \$100,000,000.00
- Discount:** \$0.00
- Premium:** \$0.00
- Earned Interest:** \$0.00
- Inflation Compensation:** N/A
- Sales Price:** \$100,000,000.00
- Index Ratio:** N/A

Principal is recorded as a receipt with a subclass 98.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account	Receipts and Revolving Fund Repayments	Net Disbursements
(1)	(2)	(3)
(98)20X##45	100,000,000.00	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-100,000,000.00

NOTES

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**GOVERNMENT ACCOUNT SERIES
SPECIAL AND TRUST FUNDS**

Market-Based Securities

Discounts, premiums, and earned interest are explained below.

Discount. Assume a bill was purchased on May 27, 2004, with a par value of \$1,000,000, at a price of 94.701778.

Record the principal as a disbursement with a subclass 88. Record the discount as a receipt using a subclass 75.

$$\text{Discount} = \frac{\text{Principal} - (\text{Principal} * \text{Price})}{100}$$

$$\text{Discount} = \frac{1,000,000 - (1,000,000 * 94.701778)}{100}$$

STATEMENT OF TRANSACTIONS

Section I

Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		1,000,000.00
(75)20X##45	52,982.22	

Section II

1. Add Payment Transactions Accomplished:

This Month		947,017.78
------------	--	------------

If this security is held to maturity, the earnings would be \$52,982.22.

Record the principal as a receipt with a subclass 98. Reverse the discount on purchase by recording a negative receipt with a subclass 75. Record the earned discount as a receipt using the receipt (point) account for earnings.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45 (75)20X##45 20X##45.2	1,000,000.00 52,982.22 CR 52,982.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-1,000,000.00

Assume this security was sold on September 30, 2004, at a price of 99.166000. This would result in net earnings of \$44,642.22.

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Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 09/30/2004
 As Of Date: 09/30/2004
 Inventory Method: FIFO
 Amount Type: Face
 Security: 912795RM5 MK BILL 11/18/2004
 Amount Entered: Not Available

Price Information

Memo Number: 00249311
 Transaction Code: SELL
 Price: 99.166000
 Principal: \$1,000,000.00
 Discount: \$8,340.00
 Premium: \$0.00
 Earned Interest: \$0.00
 Inflation Compensation: N/A
 Sales Price: \$991,660.00
 Index Ratio: N/A

Record the principal as a receipt with a subclass 98. Reverse the discount on purchase by recording a negative receipt with a subclass 75. Record the earned discount as a receipt using the receipt (point) account for earnings.

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Discount} = 1,000,000 - \frac{(1,000,000 * 99.166)}{100}$$

$$\text{Earned Discount} = \text{Orig Disc} - \text{Current Disc}$$

$$\text{Earned Discount} = 52,982.22 - 8,340.00$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	1,000,000.00	
(75)20X##45	52,982.22 CR	
20X##45.2	44,642.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-991,660.00

Premium. Assume a bond was purchased on August 15, 2004, with a par value of \$2,500,000, at a price of 101.250000.

The screenshot shows the FedInvest website interface. At the top, there is a navigation bar with links for Help, FAQ, Contact Us, Legal Notices, and Log Off. Below this is a secondary navigation bar with buttons for Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. The main content area is titled 'Confirmation' and includes a link for a printable version. The 'Request Details' section lists the following information: Account Number: 20X##45 SPECIAL FUND; Transaction Date: 08/15/2004; As Of Date: 08/15/2004; Inventory Method: N/A; Amount Type: Face; Security: 9128210EH7 MK BOND 7.875% 02/15/2021; Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00248597; Transaction Code: BUY; Price: 101.250000; Principal: \$2,500,000.00; Discount: \$0.00; Premium: \$31,250.00; Earned Interest: \$0.00; Inflation Compensation: N/A; Sales Price: \$2,531,250.00; Index Ratio: N/A.

Record the principal as a disbursement with a subclass 88. Record the premium as a negative receipt using the receipt (point) account for earnings.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Premium} = \frac{(101.25 - 100) * 2,500,000}{100}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45 20X##45.2	31,250.00 CR	2,500,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		2,531,250.00

Assume this bond is held to maturity.

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Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 02/15/2021
 As Of Date: 02/15/2021
 Inventory Method: N/A
 Amount Type: N/A
 Security: 9128210EH7 MK BOND 7.875% 02/15/2021
 Amount Entered: Not Available

Price Information

Memo Number: 00828491
 Transaction Code: MATU
 Price: 100.000000
 Principal: \$2,500,000.00
 Discount: \$0.00
 Premium: \$0.00
 Earned Interest: \$98,437.50
 Inflation Compensation: N/A
 Sales Price: \$2,598,437.50
 Index Ratio: N/A

Record the principal as a receipt with a subclass 98. Record the earned interest as a positive receipt using the receipt (point) account for earnings.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875}{2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45 20X##45.2	2,500,000.00 98,437.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,598,437.50

Assume this bond was sold on April 24, 2006, at a price of 102.0625.

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Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 04/24/2006
 As Of Date: 04/24/2006
 Inventory Method: N/A
 Amount Type: Face
 Security: 9128210EH7 MK BOND 7.875% 02/15/2021
 Amount Entered: Not Available

Price Information

Memo Number: 00287497
 Transaction Code: SELL
 Price: 102.062500
 Principal: \$2,500,000.00
 Discount: \$0.00
 Premium: \$51,562.50
 Earned Interest: \$36,982.04
 Inflation Compensation: N/A
 Sales Price: \$2,588,544.54
 Index Ratio: N/A

Record the principal as a receipt with a subclass 98.
 Record the premium and earned interest as a receipt using the receipt (point) account for earnings.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Premium} = \frac{(102.0625 - 100) * 2,500,000}{100}$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest payment}}{\# \text{ of days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875 * 68}{181 * 2}$$

$$\text{Premium} + \text{Earned Interest} = .2$$

$$51,562.50 + 36,982.04 = 88,544.54$$

STATEMENT OF TRANSACTIONS

Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	2,500,000.00	
20X##45.2	88,544.54	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,588,544.54

Assume this bond was sold on April 24, 2006, at a price of 98.500000.

Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 04/24/2006
 As Of Date: 04/24/2006
 Inventory Method: FIFO
 Amount Type: Face
 Security: 9128210EH7 MK BOND 7.875% 02/15/2021
 Amount Entered: Not Available

Price Information

Memo Number: 00287497
 Transaction Code: SELL
 Price: 98.500000
 Principal: \$2,500,000.00
 Discount: \$37,500.00
 Premium: \$0.00
 Earned Interest: \$36,982.04
 Inflation Compensation: N/A
 Sales Price: \$2,499,482.04
 Index Ratio: N/A

Record the principal as a receipt with a subclass 98. Record the discount as a negative receipt and earned interest as a positive receipt using the receipt (point) account for earnings.

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Discount} = 2,500,000 - \frac{(98.5 * 2,500,000)}{100}$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest}}{\# \text{ of days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875 * 68}{181 * 2}$$

$$\text{Discount} - \text{Earned Interest} = .2$$

$$37,500.00 - 36,982.04 = 517.96$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account	Receipts and Revolving Fund Repayments	Net Disbursements
(1)	(2)	(3)
(98)20X##45	2,500,000.00	
20X##45.2	517.96 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,499,482.04

Earned Interest. Assume the bond was purchased on October 11, 2004, with a par value of \$2,500,000, at a price of 101.25.

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Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 10/11/2004
 As Of Date: 10/11/2004
 Inventory Method: N/A
 Amount Type: Face
 Security: 9128210EH7 MK BOND 7.875% 02/15/2021
 Amount Entered: Not Available

Price Information

Memo Number: 00307441
 Transaction Code: BUY
 Price: 101.250000
 Principal: \$2,500,000.00
 Discount: \$0.00
 Premium: \$31,250.00
 Earned Interest: \$30,494.23
 Inflation Compensation: N/A
 Sales Price: \$2,561,744.23
 Index Ratio: N/A

Record the principal as a disbursement with a subclass 88. Record the premium and earned interest as a negative receipt using the receipt (point) account for earnings.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Premium} = \frac{(101.25 - 100) * 2,500,000}{100}$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest}}{\text{\# of days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875 * 57}{184 * 2}$$

$$\text{Premium} + \text{Earned Interest} = .2$$

$$31,250.00 + 30,494.23 = 61,744.23$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45 20X##45.2	61,744.23 CR	2,500,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		2,561,744.23

When the semiannual interest was paid on February 15, 2005, the amount was recorded as a receipt.

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Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 02/15/2005
 As Of Date: 02/15/2005
 Inventory Method: N/A
 Amount Type: N/A
 Security: 9128210EH7 MK BOND 7.875% 02/15/2021
 Amount Entered: Not Available

Price Information

Memo Number: 00317215
 Transaction Code: INT. PAY.
 Price: 0.000000
 Principal: \$0.00
 Discount: \$0.00
 Premium: \$0.00
 Earned Interest: \$98,437.50
 Inflation Compensation: N/A
 Sales Price: \$98,437.50
 Index Ratio: N/A

Record the interest as a receipt using the receipt (point) account for earnings.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875}{2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2	98,437.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-98,437.50

Special Issue Securities

Investment. Assume a special issue certificate of indebtedness was purchased on August 19, 2004.

The screenshot shows the FedInvest website interface. At the top, there is a navigation menu with options: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. Below this, there are links for FedInvest Home, Today's Prices, Overnight Rates, Prior Days Prices, and News. The main content area is titled 'Confirmation' and includes a link for a printable version. The 'Request Details' section lists the following information: Account Number: 20X##45 SPECIAL FUND; Transaction Date: 08/19/2004; As Of Date: 08/19/2004; Inventory Method: N/A; Amount Type: Face; Security: SSA C/I 08/19/2004 SSA C/I 4.625% 06/30/2005; Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00315644; Transaction Code: BUY; Price: 100.000000; Principal: \$8,000,000.00; Discount: \$0.00; Premium: \$0.00; Earned Interest: \$0.00; Inflation Compensation: N/A; Sales Price: \$8,000,000.00; Index Ratio: N/A.

Record the principal as a disbursement with a subclass 88.

STATEMENT OF TRANSACTIONS		
Appropriation Fund or Receipt Account (1)	Section I Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		8,000,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		8,000,000.00

Redemption. When special issue securities mature or are redeemed early, the investor receives the principal plus earned interest.

Request Details

Account Number: 20X##45 SPECIAL FUND
Transaction Date: 11/30/2004
As Of Date: 11/30/2004
Inventory Method: Par Value Special Issue
Amount Type: Need
Security: SSA C/I 08/19/2004 SSA C/I 4.625% 06/30/2005
Amount Entered: Not Available

Price Information

Memo Number: 00322444
Transaction Code: SELL
Price: 100.000000
Principal: \$8,000,000.00
Discount: \$0.00
Premium: \$0.00
Earned Interest: \$103,559.78
Inflation Compensation: N/A
Sales Price: \$8,103,559.78
Index Ratio: N/A

Record the principal as a receipt with a subclass 98.
 Record the earned interest as a receipt using the receipt (point) account for earnings.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{8,000,000 * .04625 * 103}{184 * 2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	8,000,000.00	
20X##45.2	103,559.78	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-8,103,559.78

Semiannual Interest. Assume this security is held to maturity. Semiannual interest is paid on December 31 and on June 30 on the number of days the security is outstanding. Therefore, the amount of interest paid on December 31 is 134,728.26.

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Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 12/31/2004
 As Of Date: 12/31/2004
 Inventory Method: N/A
 Amount Type: N/A
 Security: SSA C/I 08/19/2004 SSA C/I 4.625% 06/30/2005
 Amount Entered: Not Available

Price Information

Memo Number: 00323978
 Transaction Code: INT. PAY.
 Price: 0.000000
 Principal: \$0.00
 Discount: \$0.00
 Premium: \$0.00
 Earned Interest: \$134,728.26
 Inflation Compensation: N/A
 Sales Price: \$134,728.26
 Index Ratio: N/A

Record the interest as a receipt using the receipt (point) account for earnings.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Outstanding Days}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{8,000,000 * .04625 * 134}{184 * 2}$$

STATEMENT OF TRANSACTIONS		
	Section I	
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2	134,728.26 Section II	
1. Add Payment Transactions Accomplished:		
This Month		-134,728.26

1-Day Certificates

Investment. Assume a 1-day certificate was purchased on August 19, 2004.

The screenshot shows the FedInvest website interface. At the top, there are navigation links: Help, FAQ, Contact Us, Legal Notices, and Log Off. Below this is a menu bar with options: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. A secondary menu bar includes FedInvest Home, Today's Prices, Overnight Rates, Prior Days Prices, and News. The main content area shows the breadcrumb path: Account Summary → View Transactions → Confirmation. A link for a printable version is provided. The 'Request Details' section lists: Account Number: 20X##45 SPECIAL FUND, Transaction Date: 08/19/2004, As Of Date: 08/19/2004, Inventory Method: N/A, Amount Type: Face, Security: ONE DAY 08/19/2004 ONE DAY 1.27% 08/20/2004, and Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00315101, Transaction Code: BUY, Price: 100.000000, Principal: \$5,600,000.00, Discount: \$0.00, Premium: \$0.00, Earned Interest: \$0.00, Inflation Compensation: N/A, Sales Price: \$5,600,000.00, and Index Ratio: N/A.

Record the principal as a disbursement with a subclass 88.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		5,600,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		5,600,000.00

Maturity. When 1-day securities mature, the investor receives the principal plus earned interest.

The screenshot shows the FedInvest website interface. At the top, there is a navigation bar with links for Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. Below this is a sub-navigation bar with links for FedInvest Home, Today's Prices, Overnight Rates, Prior Days Prices, and News. The main content area is titled 'Confirmation' and includes a link for a printable version. The 'Request Details' section lists: Account Number: 20X##45 SPECIAL FUND, Transaction Date: 08/20/2004, As Of Date: 08/20/2004, Inventory Method: N/A, Amount Type: N/A, Security: ONE DAY 08/19/2004 ONE DAY 1.27% 08/20/2004, and Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00315403, Transaction Code: MATU, Price: 100.000000, Principal: \$5,600,000.00, Discount: \$0.00, Premium: \$0.00, Earned Interest: \$197.56, Inflation Compensation: N/A, Sales Price: \$5,600,197.56, and Index Ratio: N/A.

Record the principal as a receipt with a subclass 98. Record earned interest as a receipt using the receipt (point) account for earnings.

$$\begin{array}{r} \text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{360} \end{array}$$

$$\begin{array}{r} \text{Earned Interest} = \frac{5,600,000 * .0127}{360} \end{array}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45 20X##45.2	5,600,000.00 197.56	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-5,600,197.56

Inflation Protected Security

Investment. Assume a Treasury Inflation Protected Security (TIPS) was purchased on July 16, 2003, with a par value of \$100,000,000 at a price of 98.125000.

The screenshot shows the FedInvest website interface. At the top, there are navigation links: Help, FAQ, Contact Us, Legal Notices, and Log Off. Below that is a menu with options: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. A secondary menu includes FedInvest Home, Today's Prices, Overnight Rates, Prior Days Prices, and News. The main content area shows the path: Account Summary → View Transactions → Confirmation. A link for a printable version is provided. The 'Request Details' section lists: Account Number: 20X##45 SPECIAL FUND, Transaction Date: 07/16/2003, As Of Date: 07/16/2003, Inventory Method: N/A, Amount Type: Face, Security: 9128210FD5 MK TIPS 3.625% 04/15/28, and Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00198597, Transaction Code: BUY, Price: 98.125000, Principal: \$100,000,000.00, Discount: \$2,129,043.75, Premium: \$0.00, Earned Interest: \$1,034,660.97, Inflation Compensation: \$13,549,000.00, Sales Price: \$112,454,617.22, and Index Ratio: 1.135490.

Record the net principal and inflation compensation as a disbursement with a subclass 88. Record the discount as a receipt with a subclass 75 and earned interest as a negative receipt using the receipt (point) account for earnings.

$$\text{Inflation Compensation} = (\text{Principal} * \text{Index ratio}) - \text{Principal}$$

$$\text{Inflation Compensation} = (100,000,000 * 1.135490) - 100,000,000$$

$$\text{Discount} = (\text{Principal} * \text{Index ratio}) - (\text{Principal} * \text{Rate}) * \text{Price}/100$$

$$\text{Discount} = (100,000,000 * 1.135490) - (100,000,000 * 1.135490) * 98.125000/100$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Outstanding} * \text{Index Ratio}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{100,000,000 * .03625 * 92 * 1.135490}{183 * 2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		113,549,000.00
(75)20X##45	2,129,043.75	
20X##45.2	1,034,660.97 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		112,454,617.22

Assume this TIPS is held to maturity and the index ratio is 1.554940.

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Account Summary Buy Securities Sell Securities Pending Requests View Securities Update Profile

FedInvest Home | Today's Prices | Overnight Rates | Prior Days Prices | News

Account Summary → View Transactions → Confirmation

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Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 04/15/2028
 As Of Date: 04/15/2028
 Inventory Method: N/A
 Amount Type: N/A
 Security: 9128210FD5 MK TIPS 3.625% 04/15/28
 Amount Entered: Not Available

Price Information

Memo Number: 00387572
 Transaction Code: MATU
 Price: 100.000000
 Principal: \$100,000,000.00
 Discount: \$0.00
 Premium: \$0.00
 Earned Interest: \$2,818,328.75
 Inflation Compensation: \$55,494,000.00
 Sales Price: \$158,312,328.75
 Index Ratio: 1.554940

Record the net principal and inflation compensation as a receipt with a subclass 98. In addition, reclassify the original discount at investment as earnings by recording a negative receipt using subclass 75 and a positive receipt using the receipt (point) account for earnings. Record earned interest as a positive receipt using the receipt (point) account for earnings.

$$\text{Inflation Compensation} = (\text{Index Ratio} * \text{Principal}) - \text{Principal}$$

$$\text{Inflation Compensation} = (1.554940 * 100,000,000) - 100,000,000$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Index Ratio}}{2}$$

$$\text{Earned Interest} = \frac{100,000,000 * .03625 * 1.554940}{2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45 (75)20X##45 20X##45.2	155,494,000.00 2,129,043.75 CR 4,947,372.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-158,312,328.75

Assume this TIPS was redeemed on August 6, 2005, at a price of 101.750, and the index ratio was 1.198520.

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Account Summary Buy Securities Sell Securities Pending Requests View Securities Update Profile

FedInvest Home | Today's Prices | Overnight Rates | Prior Days Prices | News

Account Summary → View Transactions → Confirmation

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Request Details

Account Number: 20X##45 SPECIAL FUND
 Transaction Date: 08/06/2005
 As Of Date: 08/06/2005
 Inventory Method: FIFO
 Amount Type: Face
 Security: 9128210FD5 MK TIPS 3.625% 04/15/28
 Amount Entered: Not Available

Price Information

Memo Number: 00201581
 Transaction Code: SELL
 Price: 101.750000
 Principal: \$100,000,000.00
 Discount: \$0.00
 Premium: \$2,097,410.00
 Earned Interest: \$1,341,376.38
 Inflation Compensation: \$19,852,000.00
 Sales Price: \$123,290,786.38
 Index Ratio: 1.198520

Record the net principal and inflation compensation as a receipt with a subclass 98. Record the premium and earned interest as a receipt using the receipt (point) account for earnings. In addition, reclassify the original discount at investment as earnings by recording a negative receipt to subclass 75 and a positive receipt using the receipt (point) account for earnings.

$$\text{Interest} = \frac{\text{Days}}{\text{Days in interest period}} * \text{Prin} * \text{Rate} * \text{Outstanding} * \text{Index Ratio}$$

$$\text{Interest} = \frac{113}{183} * 2 * 100,000,000 * 0.03625 * 1.198520$$

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal} * \text{Index Ratio}}{100}$$

$$\text{Premium} = \frac{(101.750 - 100) * 100,000,000 * 1.198520}{100}$$

$$.2 = \text{Earned Interest} + \text{Premium} + \text{Original Discount at purchase of security}$$

$$.2 = \$1,341,376.38 + 2,097,410.00 + 2,129,043.75$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	119,852,000.00	
(75)20X##45	2,129,043.75 CR	
20X##45.2	5,567,830.13	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		-123,290,786.38

Daily Inflation Compensation. It is critical that Treasury accurately reflects the outstanding public debt at all times. Therefore, on a daily basis, Treasury must record the inflated value of all TIPS securities. This is done by adjusting the carrying value of the investment on a daily basis by the current day index ratio in relation to the prior day index ratio. Treasury pays the investing fund the inflation compensation earned and immediately reinvests the inflation to inflate the principal. **Note:** The inflation compensation can be negative as well as positive, therefore decreasing the carrying value of the security.

The screenshot shows the FedInvest website interface. At the top, there are navigation links: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. Below this is a breadcrumb trail: Account Summary → View Transactions → Choose Account → Daily Inflation Compensation. The main content area is titled 'Inflation Compensation' and shows the following details:

- Account Number:** 20X##45 SPECIAL FUND
- Date:** 06/18/2004 to 06/18/2004

Security Description	Daily Inflation Compensation
MK TIPS 4.25% 01/15/10	\$154,200.00
MK TIPS 3.50% 01/15/11	\$169,200.00
MK TIPS 3.875% 01/15/09	\$183,950.00
MK TIPS 3.625% 01/15/08	\$128,400.00
Total:	\$635,750.00

Record the daily inflation compensation as a receipt using the receipt (point) account for earnings. In addition, record the reinvestment as a disbursement with a subclass 88.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45 20X##45.2	635,750.00	635,750.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Semiannual Interest. When the semiannual interest is paid, the amount is based on the original principal plus the inflation compensation earned to date. Assume the index ratio on the payment date is 1.142315.

Record the interest as a receipt using the receipt (point) account for earnings.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Index Ratio}}{2}$$

$$\text{Earned Interest} = \frac{100,000,000 * .03625 * 1.142315}{2}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2	2,070,445.94	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,070,445.94

Zero-Coupon Bonds

Discount. Zero-coupon bonds are sold at a deep discount. In this example, assume a zero-coupon bond is purchased with a par value of \$100,000,000 at a sale price of \$50,397,404.

The screenshot shows the FedInvest website interface. At the top, there are navigation links: Help, FAQ, Contact Us, Legal Notices, and Log Off. Below that is a menu with options: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. A secondary navigation bar includes FedInvest Home, Today's Prices, Overnight Rates, Prior Days Prices, and News. The main content area shows the breadcrumb path: Account Summary → View Transactions → Confirmation. A link for a printable version is provided. The 'Request Details' section lists: Account Number: 20X##45 SPECIAL FUND ZERO, Transaction Date: 11/01/2005, As Of Date: 11/01/2005, Inventory Method: N/A, Amount Type: N/A, Security: ZERO 05/15/2018 ZERO COUPON BOND 05/15/18, and Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00341479, Transaction Code: BUY, Price: 50.3974, Principal: \$100,000,000.00, Discount: \$49,602,596.00, Premium: \$0.00, Earned Interest: \$0.00, Inflation Compensation: N/A, Sales Price: \$50,397,404.00, and Index Ratio: N/A.

Record the principal as a disbursement with a subclass 88. Record the discount as a receipt using a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)20X##45		100,000,000.00
(72)20X##45	49,602,596.00	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		50,397,404.00

Monthly Amortization. There is no corresponding transaction confirmation for the amortization of discount because the agency's calculated interest method of amortization may be different from Treasury's.

Record the amortization of discount as a receipt using the receipt (point) account for earnings and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2	4,530.00	
(72)20X##45	4,530.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Monthly Market Value Adjustment. It is critical that Treasury accurately reflects the outstanding public debt at all times. Therefore, on a monthly basis, Treasury must adjust (increase or decrease) the carrying value of the zero coupon bonds to reflect the current market price. A worksheet with the current market values of the zero coupon bonds outstanding for each agency is provided by Treasury for calculating the adjustment.

The following examples reflect the reporting on the Statement of Transactions when either an increase or a decrease in market price occurs. In this example, the current market price is more than the carrying value of the security.

Assume the following:

Par value = \$100,000,000	Original discount = \$49,602,596
Agency's Discount Amortization = \$280,860	Current market price = \$51,000,000
Agency's Carrying value = \$50,678,264	Market Adjustment (prior month balance) = \$250,000
(Par - Original discount + Discount Amortization)	

Special Fund									
Zero Coupon Bonds Market Value									
30-Nov-05									
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mtk Val Adj.	Prior Mtk Val Adj.	Current Mtk Val Adj.
*912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	51,000,000.00	50,678,264.00	321,736.00	250,000.00	71,736.00
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	51,000,000.00	50,678,264.00	321,736.00	250,000.00	71,736.00
Redeemed Securities:									
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	51,000,000.00	50,678,264.00	321,736.00	250,000.00	71,736.00
* New Issue									

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of \$71,736 needs to be made (Current market price – Carrying value – balance of the Market Adjustment account). Record the monthly market value adjustment as a receipt using the receipt (point) account for earnings and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2	71,736.00	
(72)20X##45	71,736.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Early Redemptions. When a zero-coupon security or a portion of the security is early redeemed, the accrued amortization and the adjustment to market price to the date of sale must be recorded. Also, the discount account must be cleared.

In this example, assume that a zero-coupon bond has been early redeemed and the sales price is more than the carrying value of the security.

Record the amortization of discount from last month end to the redemption date as a receipt (point) account for earnings and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2 (72)20X##45	1,500.00 1,500.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Assume the following at the redemption date after amortization has been posted:

- Par value = \$100,000,000
- Original discount = \$49,602,596
- Agency's Discount Amortization = \$282,360
- Agency's Carrying value = \$50,679,764
- (Par - Original discount + Discount Amortization)
- Sales price = \$51,010,000
- Market Adjustment (prior month balance) = \$321,736

Special Fund									
Zero Coupon Bonds Market Value									
31-Dec-05									
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mkt Val Adj.	Prior Mkt Val Adj.	Current Mkt Val Adj.
						input by agency		input by agency	
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	51,010,000.00	50,679,764.00	330,236.00	321,736.00	8,500.00
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	51,010,000.00	50,679,764.00	330,236.00	321,736.00	8,500.00
Redeemed Securities:									
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	51,010,000.00	50,679,764.00	330,236.00	321,736.00	
TOTAL ALL CUSIPs		0	0.00	0.00	0.00	0.00	0.00	0.00	8,500.00
* New Issue									

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of \$8,500 needs to be made (Current market price – Carrying value – balance of the Market Adjustment account).

Record the monthly market value adjustment as a receipt (point) account for earnings and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2	8,500.00	
(72)20X##45	8,500.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

The T-account summarizing the activity hitting the unamortized discount account (subclass 72) is as follows:

(72)20X##45	
Purchase	49,602,596
Amortization	282,360
Mkt.Val.Adjustment	330,236
Balance:	48,990,000

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Account Summary → View Transactions → Confirmation

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Request Details

Account Number: 20X##45 SPECIAL FUND ZERO
 Transaction Date: 11/14/2005
 As Of Date: 11/14/2005
 Inventory Method: Specific ID
 Amount Type: Face
 Security: ZERO 05/15/2018 ZERO COUPON BOND 05/15/18
 Amount Entered: Not Available

Price Information

Memo Number: 00343749
 Transaction Code: SELL
 Price: 51.010000
 Principal: \$100,000,000.00
 Discount: \$48,990,000.00
 Premium: \$0.00
 Earned Interest: \$0.00
 Inflation Compensation: N/A
 Sales Price: \$51,010,000.00
 Index Ratio: N/A

The early redemption is accounted for by recording:

Principal amount as a receipt with a subclass 98.
 Discount (Par – Sales Price) as a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	100,000,000.00	
(72)20X##45	48,990,000.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-51,010,000.00

In this example, assume that a zero-coupon bond has been early redeemed and the sales price is less than the carrying value of the security.

Record the amortization of discount from last month end to the redemption date as a receipt (point) account for earnings and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2 (72)20X##45	1,500.00 1,500.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Assume the following at the redemption date after amortization has been posted:

- Par value = \$100,000,000
- Original discount = \$49,602,596
- Agency's Discount Amortization = \$282,360
- Agency's Carrying value = \$50,679,764
- (Par - Original discount + Discount Amortization)
- Sales price = \$50,450,000
- Market Adjustment (prior month balance) = (\$178,264)

Special Fund Zero Coupon Bonds Market Value 31-Dec-05									
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mtk Val Adj.	Prior Mtk Val Adj.	Current Mtk Val Adj.
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	50,450,000.00	input by agency 50,679,764.00	(229,764.00)	input by agency (178,264.00)	(51,500.00)
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	50,450,000.00	50,679,764.00	(229,764.00)	(178,264.00)	(51,500.00)
Redeemed Securities:									
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	50,450,000.00	50,679,764.00	(229,764.00)	(178,264.00)	
TOTAL ALL CUSIPs		0	0.00	0.00	0.00	0.00	0.00	0.00	(51,500.00)
* New Issue									

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of (\$51,500) needs to be made (Current market price – Carrying value – balance of the Market Adjustment account).

Record the monthly market value adjustment as a negative receipt (point) account for earnings and a receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2 (72)20X##45	51,500.00 CR 51,500.00	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

The T-account summarizing the activity hitting the unamortized discount account (subclass 72) is as follows:

(72)20X##45			
Purchase	49,602,596	Amortization	282,360
Mkt.Val.Adjustment	229,764		
Balance:	49,550,000		

The screenshot shows the FedInvest website interface. At the top, there is a navigation bar with links for Help, FAQ, Contact Us, Legal Notices, and Log Off. Below this is a secondary navigation bar with buttons for Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. The main content area displays the path: Account Summary → View Transactions → Confirmation. A link for a printable version is provided. The 'Request Details' section lists: Account Number: 20X##45 SPECIAL FUND ZERO, Transaction Date: 11/14/2005, As Of Date: 11/14/2005, Inventory Method: Specific ID, Amount Type: Face, Security: ZERO 05/15/2018 ZERO COUPON BOND 05/15/18, and Amount Entered: Not Available. The 'Price Information' section lists: Memo Number: 00343749, Transaction Code: SELL, Price: 50.450000, Principal: \$100,000,000.00, Discount: \$49,550,000.00, Premium: \$0.00, Earned Interest: \$0.00, Inflation Compensation: N/A, Sales Price: \$50,450,000.00, and Index Ratio: N/A.

The early redemption is accounted for by recording:

Principal amount as a receipt with a subclass 98.
Discount (Par – Sales Price) as a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	100,000,000.00	
(72)20X##45	49,550,000.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-50,450,000.00

Maturity. At maturity, an agency receives the par value of the security. The discount should be fully amortized, therefore the carrying value will be equal to the par value.

Record the amortization of discount from last month end to the maturity date as a receipt (point) account for earnings and a negative receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2 (72)20X##45	1,500.00 1,500.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

Assume the following at the maturity date after amortization has been posted:

- Par value = \$100,000,000
- Original discount = \$49,602,596
- Agency's Discount Amortization = \$49,602,596
- Agency's Carrying value = \$100,000,000
(Par - Original discount + Discount Amortization)
- Maturity price = \$100,000,000
- Market Adjustment (prior month balance) = \$50,000

Special Fund Zero Coupon Bonds Market Value 15-May-18										
CUSIP	Maturity Date	Face	PURCHASE PRICE	ORIGINAL DISCOUNT	11/30/2005 Market Value	11/30/2005 Carrying Value	Cumulative Mtk Val Adj.	Prior Mtk Val Adj.	Current Mtk Val Adj.	
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	100,000,000.00	input by agency 100,000,000.00	0.00	input by agency 50,000.00		(50,000.00)
TOTAL ALL CUSIPs		100,000,000	50,397,404.00	49,602,596.00	100,000,000.00	100,000,000.00	0.00	50,000.00		(50,000.00)
Redeemed Securities:										
912833KR0	05/15/2018	100,000,000	50,397,404.00	49,602,596.00	100,000,000.00	100,000,000.00	0.00	50,000.00		
TOTAL ALL CUSIPs		0	0.00	0.00	0.00	0.00	0.00	0.00		(50,000.00)
* New Issue										

(Note: Treasury does not provide "input by agency" amounts above.)

Thus, an adjustment of (\$50,000) needs to be made (Maturity price – Carrying value – balance of the Market Adjustment account).

Record the market value adjustment as a negative receipt (point) account for earnings and a receipt with a subclass 72.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
20X##45.2 (72)20X##45	50,000.00 CR 50,000.00	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

The T-account summarizing the activity hitting the unamortized discount account (subclass 72) is as follows:

(72)20X##45			
Purchase	49,602,596	Amortization	49,602,596
Mkt.Val.Adjustment	50,000	Mkt.Val.Adjustment	50,000
Balance:	0		

The screenshot shows the FedInvest website interface. At the top, there is a navigation menu with options: Account Summary, Buy Securities, Sell Securities, Pending Requests, View Securities, and Update Profile. Below the navigation, there are links for FedInvest Home, Today's Prices, Overnight Rates, Prior Days Prices, and News. The main content area is titled "Request Details" and contains the following information:

Request Details

- Account Number: 20X##45 SPECIAL FUND ZERO
- Transaction Date: 05/15/2018
- As Of Date: 05/15/2018
- Inventory Method: N/A
- Amount Type: N/A
- Security: ZERO 05/15/2018 ZERO COUPON BOND 05/15/18
- Amount Entered: Not Available

Price Information

- Memo Number: 01568249
- Transaction Code: MATURITY
- Price: 100.000000
- Principal: \$100,000,000.00
- Discount: \$0.00
- Premium: \$0.00
- Earned Interest: \$0.00
- Inflation Compensation: N/A
- Sales Price: \$100,000,000.00
- Index Ratio: N/A

Principal is recorded as a receipt with a subclass 98.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)20X##45	100,000,000.00	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-100,000,000.00

NOTES

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**MARKETABLE SECURITIES
REVOLVING, TRUST REVOLVING, AND DEPOSIT FUNDS**

The source documents shown in Appendix 3 are Statement of Accounts from the U.S. Department of the Treasury’s Legacy Treasury Direct System. If the investment was done through an independent brokerage firm, the same information should be available on the firm’s Brokers Statement.

Marketable Securities

Discounts, premiums, and earned interest are explained below.

Discount. Assume a bill was purchased on May 27, 2004, with a par value of \$1,000,000, at a price per hundred of 94.701778.

<i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)				STATEMENT OF ACCOUNT Page 1 of 2		
ACCOUNT HOLDINGS						
SECURITY		SECURITY SUB-ACCOUNT			SCHED. REINV.	NEXT PAYMENT
CUSIP	Total Par	No. Par	Issue	Purchase	Yield/ Disc	No. Term
Description		Amount	Date	Price/\$100	Rate	
Maturity Date				of Par	(%)	
912795RM5	1,000,000	1,000,000		94.701778		
BILL						11/18/04
11/18/04						Par
						1,000,000

TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
05/27/04	912795RM5	BILL 11/18/04	Transfer In		+ 1,000,000

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Discount} = 1,000,000 - \frac{(1,000,000 * 94.701778)}{100}$$

$$\text{Discount} = 52,982.22$$

Record the principal as a disbursement with a subclass 88. Record the discount as a receipt using a subclass 75.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X####		1,000,000.00
(75)##X####	52,982.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		947,017.78

##X#### - Represents the Treasury Account Symbol of the investing fund.

If this security is held to maturity the earnings would be \$52,982.22.

TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2					
ACCOUNT HOLDINGS							
SECURITY		SECURITY SUB-ACCOUNT			SCHED. REINV.	NEXT PAYMENT	
CUSIP	Total Par	No. Par	Issue	Purchase	Yield/ Disc	No. Term	Date
Description		Amount	Date	Price/\$100	Rate		Type
Maturity Date				of Par	(%)		Amount
					(%)		
TRANSACTION HISTORY							
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance		
11/18/04	912795RM5	BILL 11/18/04	Redemption		- 1,000,000		

Record the principal as a receipt with a subclass 98. Reverse the discount on purchase by recording a negative receipt with a subclass 75. Record the earned discount as a receipt with a subclass 76.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X####	1,000,000.00	
(75)##X####	52,982.22 CR	
(76)##X####	52,982.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-1,000,000.00

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this security was sold on September 30, 2004, at a price per hundred of 99.166000. This would result in net earnings of \$44,642.22.

<p>TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>	<p>STATEMENT OF ACCOUNT Page 1 of 2</p>				
ACCOUNT HOLDINGS					
SECURITY	SECURITY SUB-ACCOUNT	SCHED. REINV.	NEXT PAYMENT		
CUSIP Total Par	No. Par Issue Purchase Yield/ Disc	No. Term	Date		
Description Maturity Date	Amount Date Price/\$100 Rate		Type		
	of Par (%) (%)		Amount		
TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
09/30/04	912795RM5	BILL 11/18/04	Transfer Out		-1,000,000

Record the principal as a receipt with a subclass 98. Reverse the discount on purchase by recording a negative receipt with a subclass 75. Record the earned discount as a receipt with a subclass 76.

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Earned Disc.} = \text{Original Disc.} - \text{Current Disc.}$$

$$\text{Discount} = 1,000,000 - \frac{(1,000,000 * 99.166000)}{100}$$

$$\text{Earned Disc.} = 52,982.22 - 8,340.00$$

$$\text{Discount} = 8,340.00$$

$$\text{Earned Disc.} = 44,642.22$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X####	1,000,000.00	
(75)##X####	52,982.22 CR	
(76)##X####	44,642.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-991,660.00

##X#### - Represents the Treasury Account Symbol of the investing fund.

Premium. Assume a bond was purchased on August 15, 2004, with a par value of \$2,500,000, at a price per hundred of 101.250000.

TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2		
ACCOUNT HOLDINGS				
SECURITY	SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT
CUSIP Description Maturity Date Total Par	No. Par Amount	Issue Date Purchase Price/\$100 of Par	Yield/ Disc Rate (%) Rate (%) No. Term	Date Type Amount

9128210EH7	2,500,000	2,500,000	101.250000
MK BOND 7.875%			
02/15/21			

TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
08/15/04	9128210EH7	MK BOND 7.875%	Transfer In		+ 2,500,000

Record the principal as a disbursement with a subclass 88. Record the premium as a negative receipt using subclass 76.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Premium} = \$31,250.00$$

$$\text{Premium} = \frac{(101.250000 - 100) * 2,500,000}{100}$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X####		2,500,000.00
(76)##X####	31,250.00 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		2,531,250.00

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this bond is held to maturity.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>		<p>STATEMENT OF ACCOUNT Page 1 of 2</p>		
ACCOUNT HOLDINGS				
SECURITY	SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT
CUSIP Total Par	No. Par Issue	Purchase Yield/ Disc	No. Term	Date
Description	Amount Date	Price/\$100 Rate		Type
Maturity Date		of Par (%) (%)		Amount
TRANSACTION HISTORY				
Date	CUSIP	Description	Transaction Type	Payment Amount Effect on Par Balance
02/15/21	9128210EH7	MK BOND 7.875%	Redemption	-2,500,000

Record the principal as a receipt with a subclass 98. Record the earned interest as a positive receipt with subclass 76.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875}{2}$$

$$\text{Earned Interest} = 98,437.50$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X####	2,500,000.00	
(76)##X####	98,437.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,598,437.50

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this bond was sold on April 24, 2006, at a price per hundred of 102.062500.

TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2					
ACCOUNT HOLDINGS							
SECURITY		SECURITY SUB-ACCOUNT			SCHED. REINV.	NEXT PAYMENT	
CUSIP	Total Par	No. Par	Issue	Purchase	Yield/ Disc	No. Term	Date
Description		Amount	Date	Price/\$100	Rate		Type
Maturity Date				of Par	(%)		Amount
TRANSACTION HISTORY							
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance		
04/24/06	9128210EH7	MK BOND 7.875%	Transfer Out		- 2,500,000		

Record the principal as a receipt with a subclass 98. Record the premium and earned interest as a receipt using subclass 76.

$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$ $\text{Premium} = \frac{(102.062500 - 100) * 2,500,000}{100}$ $\text{Premium} = 51,562.50$	$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest period}}{\# \text{ of days in interest period} * 2}$ $\text{Earned Interest} = \frac{2,500,000 * .07875 * 68}{181 * 2}$ $\text{Earned Interest} = 36,982.04$
---	---

Premium + Earned Interest = 88,544.54

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X####	2,500,000.00	
(76)##X####	88,544.54	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,588,544.54

##X#### - Represents the Treasury Account Symbol of the investing fund.

Earned Interest. Assume the bond was purchased on October 11, 2004, with a par value of \$2,500,000, at a price per hundred of 101.250000.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>		<p>STATEMENT OF ACCOUNT Page 1 of 2</p>			
ACCOUNT HOLDINGS					
SECURITY	SECURITY SUB-ACCOUNT			SCHED. REINV.	NEXT PAYMENT
CUSIP Total Par Description Maturity Date	No. Par Issue Amount Date Purchase Yield/ Disc Price/\$100 Rate of Par (%) (%)	No. Term	Date Type Amount		
9128210EH7 2,500,000 MK BOND 7.875% 02/15/21	2,500,000 101.250000				

9128210EH7 2,500,000 2,500,000 101.250000
 MK BOND 7.875%
 02/15/21

TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
10/11/04	9128210EH7	MK BOND 7.875%	Transfer In		+ 2,500,000

Record the principal as a disbursement with a subclass 88. Record premium and earned interest as a negative receipt with a subclass 76.

<p>Premium = $\frac{(\text{Price} - 100) * \text{Principal}}{100}$</p> <p>Premium = $\frac{(101.250000 - 100) * 2,500,000}{100}$</p> <p>Premium = 31,250.00</p>	<p style="text-align: right;">Days from last</p> <p>Earned Interest = $\frac{\text{Principal} * \text{Rate} * \text{interest period}}{\# \text{ of days in interest period} * 2}$</p> <p>Earned Interest = $\frac{2,500,000 * .07875 * 57}{184 * 2}$</p> <p>Earned Interest = 30,494.23</p> <p>Premium + Earned Interest = 61,744.23</p>
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STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X####		2,500,000.00
(76)##X####	61,744.23 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		2,561,744.23

##X#### - Represents the Treasury Account Symbol of the investing fund.

When the semiannual interest was paid on February 15, 2005, the amount was recorded as a receipt.

TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2					
ACCOUNT HOLDINGS							
SECURITY		SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT		
CUSIP	Total Par	No. Par	Issue	Purchase	Yield/ Disc	No. Term	Date
Description		Amount	Date	Price/\$100	Rate		Type
Maturity Date				of Par	(%)		Amount

9128210EH7	2,500,000	2,500,000		101.250000			
MK BOND 7.875%							
02/15/21							

TRANSACTION HISTORY						
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par	Balance
02/15/05	9128210EH7	MK BOND 7.875%	Interest Payment	98,437.50		

Record the interest as a receipt with subclass 76.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875}{2}$$

$$\text{Earned Interest} = 98,437.50$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account	Receipts and Revolving Fund Repayments	Net Disbursements
(1)	(2)	(3)
(76)##X####	98,437.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-98,437.50

##X#### - Represents the Treasury Account Symbol of the investing fund.

Inflation Protected Security

Investment. Assume a Treasury Inflation Protected Security (TIPS) was purchased with a par value of \$100,000,000 at a price per hundred of 98.125000 on July 16, 2003, with an index ratio of 1.135490.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>		<p>STATEMENT OF ACCOUNT Page 1 of 2</p>		
ACCOUNT HOLDINGS				
SECURITY	SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT
CUSIP Description Maturity Date	Total Par	No. Par Amount	Issue Date Purchase Price/\$100 of Par	Yield/ Disc Rate (%) Rate (%) No. Term
9128210FD5 MK TIPS 3.625% 04/15/28	100,000,000	100,000,000	98.125000	

9128210FD5 100,000,000 100,000,000 98.125000
MK TIPS 3.625%
04/15/28

TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
07/16/03	9128210FD5	MK TIPS 3.625%	Transfer In		+ 100,000,000

Record the net principal and inflation compensation as a disbursement with a subclass 88. Record the discount as a receipt with a subclass 75 and earned interest as a negative receipt with a subclass 76.

In order to determine the earned interest, the index ratio is required for the day the security was purchased. Access this ratio online at <http://www.treasurydirect.gov/instit/annceresult/tipsdpi/tipsdpi.htm> and reference the Daily Index Ratio for the security being purchased as of the purchase date.



TREASURY INFLATION-INDEXED SECURITIES				
Ref CPI and Index Ratios for				
<u>July 2003</u>				
Security: Description: CUSIP Number: Dated Date: Original Issue Date: Additional Issue Date(s): Maturity Date: Ref CPI on Dated Date:	3-3/8% 10-Year Notes Series A-2007 9128272M3 January 15, 1997 February 6, 1997 April 15, 1997 January 15, 2007 158.43548	3-5/8% 10-Year Notes Series A-2008 9128273T7 January 15, 1998 January 15, 1998 October 15, 1998 January 15, 2008 161.55484	3-5/8% 30-Year Bonds Bonds of April 2028 912810FD5 April 15, 1998 April 15, 1998 July 15, 1998 April 15, 2028 161.74000	
Date	Ref CPI	Index Ratio	Index Ratio	Index Ratio
July 1 2003	183.80000	1.16009	1.13769	1.13639
July 2 2003	183.79032	1.16003	1.13763	1.13633
July 3 2003	183.78065	1.15997	1.13757	1.13627
July 4 2003	183.77097	1.15991	1.13751	1.13621
July 5 2003	183.76129	1.15985	1.13745	1.13615
July 6 2003	183.75161	1.15979	1.13739	1.13609
July 7 2003	183.74194	1.15973	1.13733	1.13603
July 8 2003	183.73226	1.15967	1.13727	1.13597
July 9 2003	183.72258	1.15961	1.13721	1.13591
July 10 2003	183.71290	1.15954	1.13716	1.13585
July 11 2003	183.70323	1.15948	1.13710	1.13579
July 12 2003	183.69355	1.15942	1.13704	1.13573
July 13 2003	183.68387	1.15936	1.13698	1.13567
July 14 2003	183.67419	1.15930	1.13692	1.13561
July 15 2003	183.66452	1.15924	1.13686	1.13555
July 16 2003	183.65484	1.15918	1.13680	1.13549
July 17 2003	183.64516	1.15912	1.13674	1.13543

The index ratio as shown in the above chart for the purchase date of July 16, 2003, was 1.13549.

Inflation Compensation is calculated as follows:

$$\text{Inflation Compensation} = (\text{Principal} * \text{Index ratio}) - \text{Principal}$$

$$\text{Inflation Compensation} = (100,000,000 * 1.13549) - 100,000,000$$

$$\text{Inflation Compensation} = 13,549,000.00$$

Discount is calculated as follows:

$$\text{Discount} = (\text{Principal} * \text{Index ratio}) - ((\text{Principal} * \text{Index ratio}) * \text{Price}/100)$$

$$\text{Discount} = (100,000,000 * 1.13549) - ((100,000,000 * 1.13549) * .981250)$$

$$\text{Discount} = 2,129,043.75$$

Earned Interest is calculated as follows:

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Outstanding} * \text{Index Ratio} * \text{Days}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{100,000,000 * .03625 * 92 * 1.135490}{183 * 2}$$

$$\text{Earned Interest} = 1,034,660.97$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X#### (75)##X#### (76)##X####	2,129,043.75 1,034,660.97 CR	113,549,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		112,454,617.22

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this security is held to maturity and the index ratio is 1.554840.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>	<p>STATEMENT OF ACCOUNT Page 1 of 2</p>																														
<p>ACCOUNT HOLDINGS</p>																															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">SECURITY</th> </tr> <tr> <td style="font-size: small;"> CUSIP Total Par Description Maturity Date </td> </tr> </table>	SECURITY	CUSIP Total Par Description Maturity Date	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="text-align: center;">SECURITY SUB-ACCOUNT</th> </tr> <tr> <td style="font-size: small;">No. Par</td> <td style="font-size: small;">Issue</td> <td style="font-size: small;">Purchase</td> <td style="font-size: small;">Yield/ Disc</td> </tr> <tr> <td style="font-size: small;">Amount</td> <td style="font-size: small;">Date</td> <td style="font-size: small;">Price/\$100</td> <td style="font-size: small;">Rate</td> </tr> <tr> <td></td> <td></td> <td style="font-size: small;">of Par</td> <td style="font-size: small;">Rate</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="font-size: small;">(%)</td> </tr> </table>	SECURITY SUB-ACCOUNT				No. Par	Issue	Purchase	Yield/ Disc	Amount	Date	Price/\$100	Rate			of Par	Rate				(%)	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">SCHED. REINV.</th> </tr> <tr> <td style="font-size: small;">No. Term</td> </tr> </table>	SCHED. REINV.	No. Term	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">NEXT PAYMENT</th> </tr> <tr> <td style="font-size: small;">Date</td> </tr> <tr> <td style="font-size: small;">Type</td> </tr> <tr> <td style="font-size: small;">Amount</td> </tr> </table>	NEXT PAYMENT	Date	Type	Amount
SECURITY																															
CUSIP Total Par Description Maturity Date																															
SECURITY SUB-ACCOUNT																															
No. Par	Issue	Purchase	Yield/ Disc																												
Amount	Date	Price/\$100	Rate																												
		of Par	Rate																												
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Amount																															
<p>TRANSACTION HISTORY</p>																															
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="font-size: small;">Date</th> <th style="font-size: small;">CUSIP</th> <th style="font-size: small;">Description</th> <th style="font-size: small;">Transaction Type</th> <th style="font-size: small;">Payment Amount</th> <th style="font-size: small;">Effect on Par Balance</th> </tr> <tr> <td style="font-size: small;">04/15/28</td> <td style="font-size: small;">9128210FD5</td> <td style="font-size: small;">MK TIPS 3.625%</td> <td style="font-size: small;">Redemption</td> <td></td> <td style="font-size: small;">- 100,000,000</td> </tr> </table>				Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance	04/15/28	9128210FD5	MK TIPS 3.625%	Redemption		- 100,000,000																
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance																										
04/15/28	9128210FD5	MK TIPS 3.625%	Redemption		- 100,000,000																										

Record the net principal and inflation compensation as a receipt with a subclass 98. In addition, reclassify the original discount at investment as earnings by recording a negative receipt using subclass 75 and a positive receipt using subclass 76. Record earned interest as a positive receipt using subclass 76.

Inflation = (Principal * Index Ratio) - Principal
 Compensation

Earned Interest = $\frac{\text{Principal} * \text{Rate} * \text{Index Ratio}}{2}$

Inflation = (100,000,000 * 1.554840) - 100,000,000
 Compensation

Earned Interest = $\frac{100,000,000 * .03625 * 1.554840}{2}$

Inflation = 55,484,000.00
 Compensation

Earned Interest = 2,818,147.50

Original Discount + Earned Interest = 4,947,191.25

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X#### (75)##X#### (76)##X####	155,484,000.00 2,129,043.75 CR 4,947,191.25 Section II	
1. Add Payment Transactions Accomplished:		
This Month		-158,302,147.50

##X#### - Represents the Treasury Account Symbol of the investing fund.

Subclass 76 = Premium + Earned Interest + Original Discount

$$5,567,830.13 = 2,097,410.00 + 1,341,376.38 + 2,129,043.75$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X####	119,852,000.00	
(75)##X####	2,129,043.75 CR	
(76)##X####	5,567,830.13	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		-123,290,786.38

##X#### - Represents the Treasury Account Symbol of the investing fund.

Daily Inflation Compensation. It is critical that Treasury accurately reflects the outstanding public debt at all times. Therefore, on a daily basis, Treasury must record the inflated value of all TIPS securities. This is done by adjusting the carrying value of the investment by the current day index ratio in relation to the prior day index ratio. Treasury pays the investing fund the inflation compensation earned and immediately reinvests the inflation to adjust the principal. **Note:** The inflation compensation can be negative as well as positive, therefore decreasing the carrying value of the security.

Account Number: ##X#### REVOLVING FUND

Date: 06/18/2004 to 06/18/2004

Record the total of the daily inflation compensation for the month as a receipt with a subclass 76. In addition, record the reinvestment as a disbursement with a subclass 88.

Security Description	Daily Inflation Compensation
MK TIPS 4.25% 01/15/10	\$154,200.00
MK TIPS 3.50% 01/15/11	\$169,200.00
MK TIPS 3.875% 01/15/09	\$183,950.00
MK TIPS 3.625% 01/15/08	\$128,400.00
Total:	\$635,750.00

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X####		635,750.00
(76)##X####	635,750.00	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		0.00

##X#### - Represents the Treasury Account Symbol of the investing fund.

Semiannual Interest. When the semiannual interest is paid, the amount is based on the original principal plus the inflation compensation earned to date. Assume the index ratio on the payment date is 1.142315.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>		<p>STATEMENT OF ACCOUNT Page 1 of 2</p>			
ACCOUNT HOLDINGS					
SECURITY	SECURITY SUB-ACCOUNT			SCHED. REINV.	NEXT PAYMENT
CUSIP Description Maturity Date	Total Par	No. Par Amount	Issue Date	Purchase Price/\$100 Yield/Rate (%) Disc Rate (%)	No. Term Date Type Amount

9128210FD5	100,000,000	100,000,000	98.125000
MK TIPS 3.625%			
04/15/28			

TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
10/15/04	9128210FD5	MK TIPS 3.625%	Interest Payment	2,070,445.94	

Record the interest as a receipt with a subclass 76.

Earned Interest = $\frac{\text{Principal} * \text{Rate} * \text{Index Ratio}}{2}$

Earned Interest = $\frac{100,000,000 * .03625 * 1.142315}{2}$

Earned Interest = 2,070,445.94

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(76)##X####	2,070,445.94	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,070,445.94

##X#### - Represents the Treasury Account Symbol of the investing fund.

NOTES

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**MARKETABLE SECURITIES
SPECIAL AND TRUST FUNDS**

The source documents shown in Appendix 4 are Statement of Accounts from the U.S. Department of the Treasury’s Legacy Treasury Direct System. If the investment was done through an independent brokerage firm, the same information should be available on the firm’s Brokers Statement.

Marketable Securities

Discounts, premiums, and earned interest are explained below.

Discount. Assume a bill was purchased on May 27, 2004, with a par value of \$1,000,000, at a price per hundred of 94.701778.

<i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)				STATEMENT OF ACCOUNT Page 1 of 2			
ACCOUNT HOLDINGS							
SECURITY		SECURITY SUB-ACCOUNT				SCHED. REINV.	NEXT PAYMENT
CUSIP	Total Par	No. Par	Issue	Purchase	Yield/ Disc	No. Term	Date
Description		Amount	Date	Price/\$100	Rate		Type
Maturity Date				of Par	(%)		Amount
912795RM5	1,000,000	1,000,000		94.701778			11/18/04
BILL							Par
11/18/04							1,000,000
TRANSACTION HISTORY							
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par	Balance	
05/27/04	912795RM5	BILL 11/18/04	Transfer In		+ 1,000,000		

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Discount} = 1,000,000 - \frac{(1,000,000 * 94.701778)}{100}$$

$$\text{Discount} = 52,982.22$$

Record the principal as a disbursement with a subclass 88. Record the discount as a receipt using a subclass 75.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X####		1,000,000.00
(75)##X####	52,982.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		947,017.78

##X#### - Represents the Treasury Account Symbol of the investing fund.

If this security is held to maturity the earnings would be \$52,982.22.

<i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2					
ACCOUNT HOLDINGS							
SECURITY		SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT		
CUSIP	Total Par	No. Par	Issue	Purchase Price/\$100 of Par	Yield/ Disc Rate (%)	No. Term	Date Type Amount
Description	Maturity Date	Amount	Date	Rate (%)	Rate (%)		
TRANSACTION HISTORY							
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance		
11/18/04	912795RM5	BILL 11/18/04	Redemption		- 1,000,000		

Record the principal as a receipt with a subclass 98. Reverse the discount on purchase by recording a negative receipt with a subclass 75. Record the earned discount as a receipt using the receipt (point) account for earnings.

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X####	1,000,000.00	
(75)##X####	52,982.22 CR	
##X####.2	52,982.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-1,000,000.00

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this security was sold on September 30, 2004, at a price per hundred of 99.166000. This would result in net earnings of \$44,642.22.

<p>TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>		<p>STATEMENT OF ACCOUNT Page 1 of 2</p>		
ACCOUNT HOLDINGS				
SECURITY	SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT
CUSIP Total Par	No. Par Issue	Purchase Price/\$100 Yield/ Disc Rate	No. Term	Date
Description Maturity Date	Amount Date	of Par (%) (%)		Type Amount
TRANSACTION HISTORY				
Date	CUSIP	Description	Transaction Type	Payment Amount Effect on Par Balance
09/30/04	912795RM5	BILL 11/18/04	Transfer Out	- 1,000,000

Record the principal as a receipt with a subclass 98. Reverse the discount on purchase by recording a negative receipt with a subclass 75. Record the earned discount as a receipt using the receipt (point) account for earnings.

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Earned Disc.} = \text{Original Disc.} - \text{Current Disc.}$$

$$\text{Discount} = 1,000,000 - \frac{(1,000,000 * 99.166000)}{100}$$

$$\text{Earned Disc.} = 52,982.22 - 8,340.00$$

$$\text{Discount} = 8,340.00$$

$$\text{Earned Disc.} = 44,642.22$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X####	1,000,000.00	
(75)##X####	52,982.22 CR	
##X####.2	44,642.22	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-991,660.00

##X#### - Represents the Treasury Account Symbol of the investing fund.

Premium. Assume a bond was purchased on August 15, 2004, with a par value of \$2,500,000, at a price per hundred of 101.250000.

TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2		
ACCOUNT HOLDINGS				
SECURITY	SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT
CUSIP Description Maturity Date Total Par	No. Par Amount	Issue Date Purchase Price/\$100 of Par	Yield/ Disc Rate Rate (%) (%)	No. Term Date Type Amount

9128210EH7 MK BOND 7.875% 02/15/21	2,500,000	2,500,000	101.250000
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TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
08/15/04	9128210EH7	MK BOND 7.875%	Transfer In		+ 2,500,000

Record the principal as a disbursement with a subclass 88. Record the premium as a negative receipt using the receipt (point) account for earnings.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Premium} = \frac{(101.250000 - 100) * 2,500,000}{100}$$

$$\text{Premium} = 31,250.00$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X#### ##X####.2	31,250.00 CR Section II	2,500,000.00
1. Add Payment Transactions Accomplished:		
This Month		2,531,250.00

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this bond is held to maturity.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>	<p>STATEMENT OF ACCOUNT Page 1 of 2</p>		
ACCOUNT HOLDINGS			
SECURITY	SECURITY SUB-ACCOUNT	SCHED. REINV.	NEXT PAYMENT
CUSIP Total Par	No. Par Issue Purchase Yield/ Disc	No. Term	Date
Description Maturity Date	Amount Date Price/\$100 Rate		Type
	of Par (%) (%)		Amount
TRANSACTION HISTORY			
Date	CUSIP	Description	Transaction Type Payment Amount Effect on Par Balance
02/15/21	9128210EH7	MK BOND 7.875%	Redemption -2,500,000

Record the principal as a receipt with a subclass 98. Record the earned interest as a positive receipt using the receipt (point) account for earnings.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875}{2}$$

$$\text{Earned Interest} = 98,437.50$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X#### ##X####.2	2,500,000.00 98,437.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,598,437.50

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this bond was sold on April 24, 2006, at a price per hundred of 102.062500.

TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2			
ACCOUNT HOLDINGS					
SECURITY	SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT	
CUSIP Description Maturity Date Total Par	No. Par Amount Issue Date Purchase Price/\$100 of Par Yield/ Disc Rate (%) Rate (%)	No. Term	Date Type Amount		
TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
04/24/06	9128210EH7	MK BOND 7.875%	Transfer Out	-2,500,000	

Record the principal as a receipt with a subclass 98. Record the premium and earned interest as a receipt using the receipt (point) account for earnings.

$$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest period}}{\# \text{ of days in interest period} * 2}$$

$$\text{Premium} = \frac{(102.062500 - 100) * 2,500,000}{100}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875 * 68}{181 * 2}$$

Premium = 51,562.50

Earned Interest = 36,982.04

Premium + Earned Interest = 88,544.54

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X#### ##X####.2	2,500,000.00 88,544.54	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,588,544.54

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this bond was sold on April 24, 2006, at a price per hundred of 98.500000.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>	<p>STATEMENT OF ACCOUNT Page 1 of 2</p>																
<p>ACCOUNT HOLDINGS</p>																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">SECURITY</th> <th style="text-align: center;">Total Par</th> </tr> <tr> <td style="font-size: small;">CUSIP Description Maturity Date</td> <td></td> </tr> </table>	SECURITY	Total Par	CUSIP Description Maturity Date		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="text-align: center;">SECURITY SUB-ACCOUNT</th> <th style="text-align: center;">SCHED. REINV.</th> <th style="text-align: center;">NEXT PAYMENT</th> </tr> <tr> <td style="font-size: small;">No. Par Amount</td> <td style="font-size: small;">Issue Date</td> <td style="font-size: small;">Purchase Price/\$100 of Par</td> <td style="font-size: small;">Yield/ Disc Rate Rate (%) (%)</td> <td style="font-size: small;">No. Term</td> <td style="font-size: small;">Date Type Amount</td> </tr> </table>	SECURITY SUB-ACCOUNT				SCHED. REINV.	NEXT PAYMENT	No. Par Amount	Issue Date	Purchase Price/\$100 of Par	Yield/ Disc Rate Rate (%) (%)	No. Term	Date Type Amount
SECURITY	Total Par																
CUSIP Description Maturity Date																	
SECURITY SUB-ACCOUNT				SCHED. REINV.	NEXT PAYMENT												
No. Par Amount	Issue Date	Purchase Price/\$100 of Par	Yield/ Disc Rate Rate (%) (%)	No. Term	Date Type Amount												
<p>TRANSACTION HISTORY</p>																	
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Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance												
04/24/06	9128210EH7	MK BOND 7.875%	Transfer Out		- 2,500,000												

Record the principal as a receipt with a subclass 98. Record the discount as a negative receipt and earned interest as a positive receipt using the receipt (point) account for earnings.

$$\text{Discount} = \text{Principal} - \frac{(\text{Principal} * \text{Price})}{100}$$

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest period}}{\# \text{ of days in interest period} * 2}$$

$$\text{Discount} = 2,500,000 - \frac{(2,500,000 * 98.500000)}{100}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875 * 68}{181 * 2}$$

$$\text{Discount} = 37,500.00$$

$$\text{Earned Interest} = 36,982.04$$

$$\text{Discount} - \text{Earned Interest} = 517.96$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X#### ##X####.2	2,500,000.00 517.96 CR	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,499,482.04

##X#### - Represents the Treasury Account Symbol of the investing fund.

Earned Interest. Assume the bond was purchased on October 11, 2004, with a par value of \$2,500,000, at a price per hundred of 101.250000.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>	<p>STATEMENT OF ACCOUNT Page 1 of 2</p>																
<p>ACCOUNT HOLDINGS</p>																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: center;">SECURITY</th> <th style="text-align: center;">Total Par</th> </tr> <tr> <td style="font-size: small;">CUSIP Description Maturity Date</td> <td></td> </tr> </table>	SECURITY	Total Par	CUSIP Description Maturity Date		<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="4" style="text-align: center;">SECURITY SUB-ACCOUNT</th> <th style="text-align: center;">SCHED. REINV.</th> <th style="text-align: center;">NEXT PAYMENT</th> </tr> <tr> <td style="font-size: small;">No. Par Amount</td> <td style="font-size: small;">Issue Date</td> <td style="font-size: small;">Purchase Price/\$100 of Par</td> <td style="font-size: small;">Yield/ Disc Rate Rate (%) (%)</td> <td style="font-size: small;">No. Term</td> <td style="font-size: small;">Date Type Amount</td> </tr> </table>	SECURITY SUB-ACCOUNT				SCHED. REINV.	NEXT PAYMENT	No. Par Amount	Issue Date	Purchase Price/\$100 of Par	Yield/ Disc Rate Rate (%) (%)	No. Term	Date Type Amount
SECURITY	Total Par																
CUSIP Description Maturity Date																	
SECURITY SUB-ACCOUNT				SCHED. REINV.	NEXT PAYMENT												
No. Par Amount	Issue Date	Purchase Price/\$100 of Par	Yield/ Disc Rate Rate (%) (%)	No. Term	Date Type Amount												

9128210EH7	2,500,000	2,500,000	101.250000
MK BOND 7.875%			
02/15/21			

TRANSACTION HISTORY						
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance	
10/11/04	9128210EH7	MK BOND 7.875%	Transfer In		+ 2,500,000	

Record the principal as a disbursement with a subclass 88. Record premium and earned interest as a negative receipt using the receipt (point) account for earnings.

$\text{Premium} = \frac{(\text{Price} - 100) * \text{Principal}}{100}$ $\text{Premium} = \frac{(101.250000 - 100) * 2,500,000}{100}$ $\text{Premium} = 31,250.00$	$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Days from last interest period}}{\# \text{ of days in interest period} * 2}$ $\text{Earned Interest} = \frac{2,500,000 * .07875 * 57}{184 * 2}$ $\text{Earned Interest} = 30,494.23$
---	---

Premium + Earned Interest = 61,744.23

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X#### ##X####.2	61,744.23 CR Section II	2,500,000.00
1. Add Payment Transactions Accomplished:		
This Month		2,561,744.23

##X#### - Represents the Treasury Account Symbol of the investing fund.

When the semiannual interest was paid on February 15, 2005, the amount was recorded as a receipt.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>		<p>STATEMENT OF ACCOUNT Page 1 of 2</p>					
ACCOUNT HOLDINGS							
SECURITY	SECURITY SUB-ACCOUNT			SCHED. REINV.	NEXT PAYMENT		
CUSIP Description Maturity Date	Total Par	No. Par Amount	Issue Date	Purchase Price/\$100 of Par	Yield/ Disc Rate (%)	No. Term	Date Type Amount

9128210EH7	2,500,000	2,500,000	101.250000
MK BOND 7.875%			
02/15/21			

TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
02/15/05	9128210EH7	MK BOND 7.875%	Interest Payment	98,437.50	

Record the interest as a receipt using the receipt (point) account for earnings.

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate}}{2}$$

$$\text{Earned Interest} = \frac{2,500,000 * .07875}{2}$$

$$\text{Earned Interest} = 98,437.50$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account	Receipts and Revolving Fund Repayments	Net Disbursements
(1)	(2)	(3)
##X####.2	98,437.50	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-98,437.50

##X#### - Represents the Treasury Account Symbol of the investing fund.

Inflation Protected Security

Investment. Assume a Treasury Inflation Protected Security (TIPS) was purchased with a par value of \$100,000,000, at a price per hundred of 98.125000 on July 16, 2003, with an index ratio of 1.135490.

TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2		
ACCOUNT HOLDINGS				
SECURITY	SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT
CUSIP Description Maturity Date Total Par	No. Par Amount Issue Date Purchase Price/\$100 of Par	Yield/ Disc Rate (%) Rate (%)	No. Term	Date Type Amount
9128210FD5 MK TIPS 3.625% 04/15/28	100,000,000 100,000,000	98.125000		

9128210FD5 100,000,000 100,000,000 98.125000
 MK TIPS 3.625%
 04/15/28

TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
07/16/03	9128210FD5	MK TIPS 3.625%	Transfer In		+ 100,000,000

Record the net principal and inflation compensation as a disbursement with a subclass 88. Record the discount as a receipt with a subclass 75 and earned interest as a negative receipt using the receipt (point) account for earnings.

In order to determine the earned interest, the index ratio is required for the day the security was purchased. Access this ratio online at <http://www.treasurydirect.gov/instit/anncceresult/tipscpi/tipscpi.htm> and reference the Daily Index Ratio for the security being purchased as of the purchase date.



TREASURY INFLATION-INDEXED SECURITIES				
Ref CPI and Index Ratios for				
<u>July 2003</u>				
Security: Description: CUSIP Number: Dated Date: Original Issue Date: Additional Issue Date(s): Maturity Date: Ref CPI on Dated Date:		3-3/8% 10-Year Notes Series A-2007 9128272M3 January 15, 1997 February 6, 1997 April 15, 1997 January 15, 2007 158.43548	3-5/8% 10-Year Notes Series A-2008 9128273T7 January 15, 1998 January 15, 1998 October 15, 1998 January 15, 2008 161.55484	3-5/8% 30-Year Bonds Bonds of April 2028 912810FD5 April 15, 1998 April 15, 1998 July 15, 1998 April 15, 2028 161.74000
Date	Ref CPI	Index Ratio	Index Ratio	Index Ratio
July 1 2003	183.80000	1.16009	1.13769	1.13639
July 2 2003	183.79032	1.16003	1.13763	1.13633
July 3 2003	183.78065	1.15997	1.13757	1.13627
July 4 2003	183.77097	1.15991	1.13751	1.13621
July 5 2003	183.76129	1.15985	1.13745	1.13615
July 6 2003	183.75161	1.15979	1.13739	1.13609
July 7 2003	183.74194	1.15973	1.13733	1.13603
July 8 2003	183.73226	1.15967	1.13727	1.13597
July 9 2003	183.72258	1.15961	1.13721	1.13591
July 10 2003	183.71290	1.15954	1.13716	1.13585
July 11 2003	183.70323	1.15948	1.13710	1.13579
July 12 2003	183.69355	1.15942	1.13704	1.13573
July 13 2003	183.68387	1.15936	1.13698	1.13567
July 14 2003	183.67419	1.15930	1.13692	1.13561
July 15 2003	183.66452	1.15924	1.13686	1.13555
July 16 2003	183.65484	1.15918	1.13680	1.13549
July 17 2003	183.64516	1.15912	1.13674	1.13543

The index ratio as shown in the above chart for the purchase date of July 16, 2003, was 1.13549.

Inflation Compensation is calculated as follows:

$$\text{Inflation Compensation} = (\text{Principal} * \text{Index ratio}) - \text{Principal}$$

$$\text{Inflation Compensation} = (100,000,000 * 1.13549) - 100,000,000$$

$$\text{Inflation Compensation} = 13,549,000.00$$

Discount is calculated as follows:

$$\text{Discount} = (\text{Principal} * \text{Index ratio}) - ((\text{Principal} * \text{Index ratio}) * \text{Price}/100)$$

$$\text{Discount} = (100,000,000 * 1.13549) - ((100,000,000 * 1.13549) * .981250)$$

$$\text{Discount} = 2,129,043.75$$

Earned Interest is calculated as follows:

$$\text{Earned Interest} = \frac{\text{Principal} * \text{Rate} * \text{Outstanding} * \text{Index Ratio} * \text{Days}}{\text{Days in interest period} * 2}$$

$$\text{Earned Interest} = \frac{100,000,000 * .03625 * 92 * 1.135490}{183 * 2}$$

$$\text{Earned Interest} = 1,034,660.97$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X#### (75)##X#### ##X####.2	2,129,043.75 1,034,660.97 CR	113,549,000.00
Section II		
1. Add Payment Transactions Accomplished:		
This Month		112,454,617.22

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this security is held to maturity and the index ratio is 1.554840.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>	<p>STATEMENT OF ACCOUNT Page 1 of 2</p>		
ACCOUNT HOLDINGS			
SECURITY	SECURITY SUB-ACCOUNT	SCHED. REINV.	NEXT PAYMENT
CUSIP Total Par	No. Par Issue Purchase Yield/ Disc	No. Term	Date
Description Maturity Date	Amount Date Price/\$100 Rate		Type
	of Par (%) (%)		Amount
TRANSACTION HISTORY			
Date	CUSIP	Description	Transaction Type Payment Amount Effect on Par Balance
04/15/28	9128210FD5	MK TIPS 3.625%	Redemption - 100,000,000

Record the net principal and inflation compensation as a receipt with a subclass 98. In addition, reclassify the original discount at investment as earnings by recording a negative receipt using subclass 75 and a positive receipt using the receipt (point) account for earnings. Record earned interest as a positive receipt using the receipt (point) account for earnings.

Inflation = (Principal * Index Ratio) - Principal
 Compensation

Earned = $\frac{\text{Principal} * \text{Rate} * \text{Index Ratio}}{2}$
 Interest

Inflation = (100,000,000 * 1.554840) - 100,000,000
 Compensation

Earned = $\frac{100,000,000 * .03625 * 1.554840}{2}$
 Interest

Inflation = 55,484,000.00
 Compensation

Earned = 2,818,147.50
 Interest

Original Discount + Earned Interest = 4,947,191.25

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account	Receipts and Revolving Fund Repayments	Net Disbursements
(1)	(2)	(3)
(98)##X####	155,484,000.00	
(75)##X####	2,129,043.75 CR	
##X####.2	4,947,191.25	
	Section II	
1. Add Payment Transactions Accomplished:		
This Month		-158,302,147.50

##X#### - Represents the Treasury Account Symbol of the investing fund.

Assume this security was redeemed on August 6, 2005, at a price per hundred of 101.750000, and the index ratio was 1.198520.

TreasuryDirect www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)		STATEMENT OF ACCOUNT Page 1 of 2					
ACCOUNT HOLDINGS							
SECURITY		SECURITY SUB-ACCOUNT		SCHED. REINV.	NEXT PAYMENT		
CUSIP	Total Par	No. Par	Issue	Purchase Price/\$100 of Par	Yield/ Disc Rate (%)	No. Term	Date Type Amount
Description		Amount	Date				
Maturity Date							
TRANSACTION HISTORY							
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance		
08/06/05	9128210FD5	MK TIPS 3.625%	Redemption		- 100,000,000		

Record the net principal and inflation compensation as a receipt with a subclass 98. Record the premium and earned interest as a receipt using the receipt (point) account for earnings. In addition, reclassify the original discount at investment as earnings by recording a negative receipt to subclass 75 and a positive receipt using the receipt (point) account for earnings.

Inflation = (Principal * Index Ratio) - Principal
 Compensation

Inflation = (100,000,000 * 1.198520) - 100,000,000
 Compensation

Inflation = 19,852,000.00
 Compensation

Premium = $\frac{(Price - 100) * Principal * Index Ratio}{100}$

Premium = $\frac{(101.750 - 100) * 100,000,000 * 1.198520}{100}$

Premium = 2,097,410.00

Earned Interest = $\frac{Principal * Rate * Outstanding * Index Ratio}{Days \text{ in interest period} * 2}$

Earned Interest = $\frac{100,000,000 * .03625 * 113 * 1.198520}{183 * 2}$

Earned Interest = 1,341,376.38

Point Account .2 = Premium + Earned Interest + Original Discount

$$5,567,830.13 = 2,097,410.00 + 1,341,376.38 + 2,129,043.75$$

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(98)##X#### (75)##X#### ##X####.2	119,852,000.00 2,129,043.75 CR 5,567,830.13	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-123,290,786.38

##X#### - Represents the Treasury Account Symbol of the investing fund.

Daily Inflation Compensation. It is critical that Treasury accurately reflects the outstanding public debt at all times. Therefore, on a daily basis, Treasury must record the inflated value of all TIPS securities. This is done by adjusting the carrying value of the investment by the current day index ratio in relation to the prior day index ratio. Treasury pays the investing fund the inflation compensation earned and immediately reinvests the inflation to adjust the principal. **Note:** The inflation compensation can be negative as well as positive, therefore decreasing the carrying value of the security.

Account Number: ##X#### SPECIAL FUND

Date: 06/18/2004 to 06/18/2004

Record the total of the daily inflation compensation for the month as a receipt using the receipt (point) account for earnings. In addition, record the reinvestment as a disbursement with a subclass 88.

Security Description	Daily Inflation Compensation
MK TIPS 4.25% 01/15/10	\$154,200.00
MK TIPS 3.50% 01/15/11	\$169,200.00
MK TIPS 3.875% 01/15/09	\$183,950.00
MK TIPS 3.625% 01/15/08	\$128,400.00
Total:	\$635,750.00

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
(88)##X#### ##X####.2	635,750.00 Section II	635,750.00
1. Add Payment Transactions Accomplished:		
This Month		0.00

##X#### - Represents the Treasury Account Symbol of the investing fund.

Semiannual Interest. When the semiannual interest is paid, the amount is based on the original principal plus the inflation compensation earned to date. Assume the index ratio on the payment date is 1.142315.

<p><i>TreasuryDirect</i> www.treasurydirect.gov 1-800-722-2678 1-304-480-6464 (Outside the U.S.)</p>		<p>STATEMENT OF ACCOUNT Page 1 of 2</p>					
ACCOUNT HOLDINGS							
SECURITY	SECURITY SUB-ACCOUNT			SCHED. REINV.	NEXT PAYMENT		
CUSIP Description Maturity Date	No. Par Amount	Issue Date	Purchase Price/\$100 of Par	Yield/ Rate (%)	Disc Rate (%)	No. Term	Date Type Amount
9128210FD5 MK TIPS 3.625% 04/15/28	100,000,000	100,000,000	98.125000				

TRANSACTION HISTORY					
Date	CUSIP	Description	Transaction Type	Payment Amount	Effect on Par Balance
10/15/04	9128210FD5	MK TIPS 3.625%	Interest Payment	2,070,445.94	

Record the interest as a receipt using the receipt (point) account for earnings.

Earned Interest = $\frac{\text{Principal} * \text{Rate} * \text{Index Ratio}}{2}$

Earned Interest = $\frac{100,000,000 * .03625 * 1.142315}{2}$

Earned Interest = 2,070,445.94

STATEMENT OF TRANSACTIONS		
Section I		
Appropriation Fund or Receipt Account (1)	Receipts and Revolving Fund Repayments (2)	Net Disbursements (3)
##X####.2	2,070,445.94	
Section II		
1. Add Payment Transactions Accomplished:		
This Month		-2,070,445.94

##X#### - Represents the Treasury Account Symbol of the investing fund.

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