

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 Department of the Treasury (Treasury) 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 (OMB). Proper reporting also will result in more accurate statements of available resources and program agency account activities.

Section 4315—Authority

The Secretary of the Treasury must prepare reports on U.S. Government financial operations in accordance with 31 U.S.C. 3513. Each executive agency must furnish data on its financial condition and operations to 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.

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.

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 they are deposited, collected, and available to Treasury. Agencies generally may consider funds available on the day of the deposit when an agency uses Fedwire or the Automated Clearing House (ACH) through the Treasury Lockbox Network. When an agency uses an SF 215: Deposit Ticket, funds generally are available 2 days after the date of the deposit. Refer to TFM Bulletin No. 94-07 for more detail about the availability of deposited funds.

Section 4330—Types of Securities

Treasury offers three types of securities:

- Market-based securities.
- Special issues.
- One-day certificates.

Available market-based securities are bills, notes, and bonds. Treasury issues bills at a discount with a maturity date of 1 year 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 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 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.

Market-based 1-day certificates mature the next business day. These securities earn interest at the daily Federal Reserve repurchase agreement rate.

Section 4335—Reporting Requirements

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. It also provides instructions for investment and redemption transactions for the following fund types.

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

Separate receipt accounts are not set up 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 for unrealized discount and earnings transactions:

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

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

CONTACTS

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For more information on the types of market-based securities, refer to Department of the Treasury Circular, Public Debt Series No. 1-93, 31 CFR Part 356.

APPENDICES LISTING

Appendix No.	Title
1	Revolving, Trust Revolving, and Deposit Funds
2	Special and Trust Funds