



**Attachment to the Investment Policy  
Inland Waterways Trust Fund  
20X8861  
Investment Information**

**Purpose**

The purpose of this document is to define the investment portfolio policy for the Inland Waterways Trust Fund.

The authority for investing the Trust Fund is provided by 26 USC §9602, which states, "It shall be the duty of the Secretary of the Treasury to invest such portion of any Trust Fund established by subchapter A as is not, in his judgment, required to meet current withdrawals."

The program agency administering the Fund and the Trust Fund Management Branch (TFMB) at the Bureau of the Public Debt each agree to this policy.

**Background**

The Inland Waterways Trust Fund was established in Fiscal Year 1984, pursuant to section 203 of the Inland Waterways Revenue Act of 1978 (Public Law 95-502). The Trust Fund was continued pursuant to section 1405 of the Water Resources Development Act of 1986 (Public Law 99-662, codified at 26 USC 9506).

The purpose of the fund is to hold appropriated amounts from taxes on fuel used in commercial transportation on inland waterways in trust until the funds are appropriated for the payment of construction and rehabilitation expenditures for navigation on the inland and coastal waterways of the United States.

An annual report to Congress, required by 26 USC 9602(a), is submitted by the Secretary of the Treasury covering the financial condition and results of operations of the Fund during the past fiscal year and those expected during the next five fiscal years. The Financial Management Service Bureau of the United States Treasury publishes this information in the March issue of the Treasury Bulletin available at <http://fms.treas.gov/bulletin/b15.pdf>.

**Portfolio Management**

The program agency administering the Inland Waterways Trust Fund is U.S. Army Corps of Engineers.

During FY 2008, the 60% overnight limit was sufficient to meet the cash flow needs of the Fund, since we did not have to early redeem a security. Disbursements of the fund continue to exceed receipts, and this trend will continue until the Fund is depleted sometime in FY09. This policy resulted in keeping a larger percentage of the fund liquid. The Fund's investment portfolio currently consists of the overnight security, and a market-based bill that matures on 12/04/2008.

The investment policy for Fiscal Year 2009 is to continue investing the majority of the Fund in the overnight security (approximately 60%), and the remainder in a 3 month market-based bill.



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**Portfolio as of August 31, 2008**

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY 912795H95	ONE DAY 1.900% 09/02/2008 MK BILL 12/04/2008	73,423,645.51 62,917,000.00	73,423,645.51 62,299,923.91	08/29/2008 06/05/2008	09/02/2008 12/04/2008
		<u>136,340,645.51</u>	<u>135,723,569.42</u>		

**Portfolio as of August 31, 2007**

<u>Security Number</u>	<u>Security Description</u>	<u>Shares/Par</u>	<u>Cost Basis</u>	<u>Issue Date</u>	<u>Maturity Date</u>
ONE DAY 912795C74	ONE DAY 5.100% 09/04/2007 MK BILL 02/14/2008	139,986,886.30 76,001,000.00	139,986,886.30 74,481,381.29	08/31/2007 08/16/2007	09/04/2007 02/14/2008
		<u>215,987,886.30</u>	<u>214,468,267.59</u>		

Additional details about the Fund's portfolio can be found at the following web site:

<http://www.federalinvestments.gov/dfi/dfifederalinvestreports.htm>