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 for reporting security transactions on the Statement of Transactions and/or reconciling their GWA Account Statement. 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 Rate - For floating rate notes, the index rate is tied to the highest accepted discount rate of the most recent 13-week Treasury bill.

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 market 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.

Spread - The fixed amount that is added to the index rate in order to determine the interest rate of the floating rate note (FRN) over its life. The spread is determined at the auction where the floating rate note is first offered. The spread is the highest accepted discount margin in that auction.

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. Refer to I TFM 5-6500 (Voucher Date, Deposit Date, and Funds Availability Date) for guidance on the funds availability date.

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, bonds, and FRNs. Treasury issues bills at a discount with a maturity date of one 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. FRN's have a fixed principal, are issued with a stated spread and have interest paid quarterly. Interest rates also have an index rate component which is based on the 13-week Treasury bill auctioned weekly. They have maturities of at least 1 year but not 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 one 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 five 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, FRNs, 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 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.
The Bureau of the Fiscal Service (Fiscal Service) processes the billing for investment, redemption, and interest payment transactions using the Intra-governmental Payment and Collection System (IPAC). A Business Event Type Code (BETC) is assigned based on fund type and transaction event. Therefore, the offset to agency account reporting is in Section II of the Statement of Transactions, if applicable.

### 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. The associated BETC is recorded by Fiscal Service. Below are the subclasses and BETCs that are typically used:

- 88-Investment in U.S. securities (par)
  - INVTSEC-Investments in US Treasury Securities, Debit

- 98-Redemption of U.S. securities (par)
  - REDTSEC-Redemption (Sale) of US Treasury Securities, Credit

- 75-Unrealized discount on Treasury securities
  - UNRLDISC-Unrealized Discount, Credit
  - UNRLDIAJ-Unrealized Discount, Debit

- 76-Earnings on Treasury securities
  - COLLINT-Interest Earnings, Credit
  - COLINDEC-Interest Earnings, Debit

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. The associated BETC is recorded by Fiscal Service. Below are the subclasses and BETCs that are typically used:

- 88-Investment in U.S. securities (par)
  - INVTSEC-Investments in US Treasury Securities, Debit

- 98-Redemption of U.S. securities (par)
  - REDTSEC-Redemption (Sale) of US Treasury Securities, Credit

- 75-Unrealized discount on Treasury securities
  - UNRLDISC-Unrealized Discount, Credit
  - UNRLDIAJ-Unrealized Discount, Debit

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.

  - COLAVRCT-Collection to an Available Receipt Account, Credit
  - COLAVDEC-Collection to an Available Receipt Account, Debit

See Appendix 2 for more detail about special and trust funds.
Section 4340-Reporting Requirements for Investments in Marketable Securities

Agencies must report changes in investments or redemptions in Marketable Securities to the Fiscal Service monthly on the Statement of Transactions. 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 Fiscal Service, Financial Reporting and Statement Team (FRST), within 3 business days of such purchases (see Contacts section below). 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 Treasury Inflation-Protected Securities, they must report to Fiscal Service 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.

CONTACTS

Direct questions concerning investments in Government Account Series to:

Federal Investments Branch  
Fiscal Accounting Operations  
Bureau of the Fiscal Service  
Department of the Treasury  
PO Box 1328, Room 102  
Parkersburg, WV 26106-1328  
Telephone: 304-480-5151  
Email: fedinvestor@fiscal.treasury.gov  
Website: Federal Investments

For more information on the types of market-based securities, refer to the Investment Fund Operating Circular.

Direct questions concerning investments in Marketable Securities to:

Financial Reporting and Statement Team
Appendices Listing

<table>
<thead>
<tr>
<th>Appendix No.</th>
<th>Title</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>Government Account Series - Revolving, Trust Revolving, and Deposit Funds</td>
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<tr>
<td>2</td>
<td>Government Account Series - Special and Trust Funds</td>
</tr>
<tr>
<td>3</td>
<td>Marketable Securities - Revolving, Trust Revolving, and Deposit Funds</td>
</tr>
<tr>
<td>4</td>
<td>Marketable Securities - Special and Trust Funds</td>
</tr>
</tbody>
</table>
GOVERNMENT ACCOUNT SERIES
REVOLVING, TRUST REVOLVING, AND DEPOSIT FUNDS

Market-Based Securities – Discounts, premiums, and earned interest are explained below.

Discount

**Investment.** Assume a bill was purchased on December 19, 2013, with a par value of $1,000,000, at a price of 94.701778.

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

\[
\text{Discount} = \text{Principal} - \left(\frac{\text{Principal} \times \text{Price}}{100}\right)
\]

\[
\text{Discount} = 1,000,000 - \left(\frac{1,000,000 \times 94.701778}{100}\right)
\]

**USGGL Transaction Codes for Agency**

B128 – To record the purchase of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B166 - To record the purchase of Federal securities acquired at a discount by a nonfiduciary deposit fund.
## GWA Account Statement

### Transactions

#### Search Criteria
- **Agency:** REVOLVING FUND - (020)
- **FMS Organization:** - (00)
- **Account Type:** All (Expenditure)
- **Fund Type:** All
- **OGAC Treasury Account Symbol:**
  - SP: NIA
  - ATA: NIA
  - AID: 020
  - BPOA: NIA
  - EPOA: NIA
  - A: X
  - MAIN: XX45
  - SUB: 000
- **Balance Display:** Accounting
- **Accounting Period:** 2014 Fiscal Year, Month of December
- **Business Event Type:** All

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**Maturity.** Assume the security is held to maturity. This would result in earnings of $52,982.22.

The principal is recorded as a receipt with a subclass 98. The discount on purchase is reversed by recording a negative receipt with a subclass 75. The earned discount is recorded as a receipt with a subclass 76.

### USSGL Transaction Codes for Agency

C124 – To record the maturity of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C125 - To record the maturity of Federal securities acquired at a discount in a nonfiduciary deposit fund.
Early Redemption. Assume this security was sold on April 30, 2014, at a price of 99.166000. This would result in net earnings of $44,642.22.

The principal is recorded as a receipt with a subclass 98. The discount on purchase is reversed by recording a negative receipt with a subclass 75. The earned discount is recorded as a receipt with a subclass 76.

Discount = Principal – (Principal * Price) / 100

Discount = 1,000,000 – (1,000,000 * 99.166) / 100

Earned Discount = Orig Disc – Current Disc

Earned Discount = 52,982.22 – 8,340.00

USSGL Transaction Codes for Agency

C608 – To record the sale of Federal securities purchased at a discount and sold at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund. The sale may result in a gain or a loss.

C611 - To record the sale of Federal securities purchased at a discount and sold at a discount by a nonfiduciary deposit fund. The sale may result in a gain or loss.
Premium

**Investment.** Assume a bond was purchased on August 15, 2013, with a par value of $2,500,000, at a price of 101.250000.

The principal is recorded as a disbursement with a subclass 88. The premium is recorded as a negative receipt using subclass 76.

\[
\text{Premium} = \frac{(\text{Price} - 100) \times \text{Principal}}{100}
\]

\[
\text{Premium} = \left(\frac{101.25 - 100}{100}\right) \times 2,500,000
\]

**USSGL Transaction Codes for Agency**

B126 - To record the purchase of Federal securities acquired at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B165 - To record the purchase of Federal securities acquired at a premium by a nonfiduciary deposit fund.

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**GWA Account Statement**

**Transactions**

**Search Criteria**

- **Agency:** REVOLVING FUND - (020)
- **FMS Organization:** - (05)
- **Account Type:** All (Expenditure)
- **Fund Type:** All
- **CGAC Treasury Account Symbol:** SP AT AID BPOA EPOA A MAIN SUB
- **Balance Display:** Accounting
- **Accounting Period:** 2013 Fiscal Year, Month of August
- **Business Event Type:** All

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<td>08/15/2013</td>
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</table>
Maturity. Assume this bond is held to maturity. The earned interest would be $98,437.50.

The principal is recorded as a receipt with a subclass 98. The earned interest is recorded as a positive receipt with subclass 76.

\[
\text{Earned} = \text{Principal} \times \text{Rate} \\
\text{Interest} \quad 2 \\
\text{Earned} = 2,500,000 \times 0.07875 \\
\text{Interest} \quad 2
\]

**USSGL Transaction Codes for Agency**

C122 - To record the maturity of Federal securities acquired at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C123 - To record the maturity of securities acquired at a premium by a nonfiduciary deposit fund.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.
Early Redemption. Assume this bond was sold on April 24, 2015, at a price of 102.062500. This would result in earnings of $88,544.54.

The principal is recorded as a receipt with a subclass 98. The premium and earned interest is recorded as a receipt using subclass 76.

Premium = (Price – 100) * Principal

Days from last Earned = Principal * Rate * interest payment
Interest = # of days in interest period / 2

Premium = (102.0625 – 100) * 2,500,000

Premium + Earned Interest = (76)

51,562.50 + 36,982.04 = 88,544.54

USSGL Transaction Codes for Agency
C602 - To record the sale of Federal securities purchased at a premium and sold at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund. The sale may result in a gain or loss.

C603 - To record the sale of Federal securities purchased at a premium and sold at a premium by a nonfiduciary deposit fund. The sale may result in a gain or a loss.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

GWA Account Statement

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</table>
Early Redemption. Assume this bond was sold on April 24, 2015, at a price of 98.500000. This would result in a loss of $517.96.

The principal is recorded as a receipt with a subclass 98. The discount is recorded as a negative receipt and earned interest as a positive receipt using subclass 76.

\[
\text{Discount} = \frac{\text{Principal} - (\text{Principal} \times \text{Price})}{100}
\]

\[
\text{Discount} = \frac{2,500,000 - (98.5 \times 2,500,000)}{100}
\]

Days from last

\[
\text{Earned} = \text{Principal} \times \text{Rate} \times \text{interest period}
\]

\[
\text{Interest} = \# \text{ of days in interest period} \times 2
\]

\[
\text{Earned} = 2,500,000 \times 0.07875 \times 68
\]

\[
\text{Interest} = 181 \times 2
\]

Discount – Earned Interest = (76)

\[
37,500.00 - 36,982.04 = 517.96
\]
Earned Interest

Assume the bond was purchased on October 11, 2013, after the issue date of August 15, 2013, with a par value of $2,500,000, at a price of 101.250000.

The principal is recorded as a disbursement with a subclass 88. The premium and earned interest is recorded as a negative receipt with a subclass 76.

\[
\text{Premium} = \frac{(\text{Price} - 100) \times \text{Principal}}{100}
\]

\[
\text{Premium} = \frac{(101.25 - 100) \times 2,500,000}{100}
\]

\[
\text{Days from last Earned} = \frac{\text{Principal} \times \text{Rate} \times \text{interest Period}}{\text{# of days in interest period} \times 2}
\]

\[
\text{Earned} = \frac{2,500,000 \times .07875 \times 57}{184 \times 2}
\]

\[
\text{Premium} + \text{Earned Interest} = \frac{76}{31,250.00 + 30,494.23 = 61,744.23}
\]

**Request Details**

- **Account:** 20X##45 REVOLVING FUND
- **Transaction Date:** 10/11/2013
- **Amount Type:** Face
- **Security:** 9128210EH7 MK BOND 7.875% 02/15/2021
- **Amount Entered:** $2,500,000.00

**Request Results**

- **Memo Number:** 00307441
- **Transaction Code:** Buy
- **Price:** 101.250000
- **Principal:** $2,500,000.00
- **Discount:** $0.00
- **Premium:** $31,250.00
- **Accrued Interest Purchased:** $30,494.23
- **Sales Price:** $2,561,744.23

**USSGL Transaction Codes for Agency**

- **B126:** To record the purchase of Federal securities acquired at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
- **B165:** To record the purchase of Federal securities acquired at a premium by a nonfiduciary deposit fund.
- **B129:** To record the purchase of accrued interest on Federal securities by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
- **B133:** To record the purchase of accrued interest on Federal securities by a nonfiduciary deposit fund.
### GWA Account Statement

#### Transactions

**Search Criteria**
- **Agency**: REVOLVING FUND - (020)
- **FMS Organization**: - (00)
- **Account Type**: All (Expenditure)
- **Fund Type**: All
- **CGAC Treasury Account Symbol**: SP ATA AID BPOA FPOA A MAIN SUB
- **NIA N/A 020 NIA N/A X XX45 000**
- **Balance Display**: Accounting
- **Accounting Period**: 2014 Fiscal Year, Month of October
- **Business Event Type**: All

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<tr>
<td>Total</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Interest Payment.** Marketable interest payments are either semiannual for notes and bonds or quarterly for FRNs. Assume semiannual interest was paid on February 15, 2014. The payment amount was recorded as a receipt.

The interest is recorded as a receipt with subclass 76.

\[
\text{Earned} = \text{Principal} \times \text{Rate}  \\
\text{Interest} = \frac{\text{# of interest payments per year}}{2}  \\
\text{Earned} = 2,500,000 \times 0.07875  \\
\text{Interest} = \frac{2}{2}  \\
\]

**USSGL Transaction Codes for Agency**

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

---

**GWA Account Statement**

<table>
<thead>
<tr>
<th>Transactions</th>
<th>Search Criteria</th>
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<tbody>
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</tr>
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<tr>
<td>---------</td>
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<td>000</td>
</tr>
<tr>
<td>98,437.50</td>
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<tr>
<td>98,437.50</td>
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</table>
Special Issue Securities

**Investment.** Assume a special issue certificate of indebtedness was purchased on August 19, 2013.

The principal is recorded as a disbursement with a subclass 88.

### USSGL Transaction Codes for Agency

B124 - To record the purchase of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B132 - To record the purchase of Federal securities acquired at par value by a nonfiduciary deposit fund.

---

**Request Details**

- **Account:** 20x##45 REVOLVING FUND
- **Transaction Date:** 08/19/2013
- **As Of Date:** 08/19/2013
- **Amount Type:** Face
- **Security:** SSA C/I 08/19/2013 SSA C/I 4.625% 06/30/2014
- **Amount Entered:** $8,000,000.00

**Request Results**

- **Memo Number:** 00315644
- **Transaction Code:** Buy
- **Price:** 100.000000
- **Principal:** $8,000,000.00
- **Accrued Interest Purchased:** $0.00
- **Sales Price:** $8,000,000.00

### GWA Account Statement

**Transactions**

**Search Criteria**

- **Agency:** REVOLVING FUND - (020)
- **FMS Organization:** - (00)
- **Account Type:** All (Expenditure)
- **Fund Type:** All
- **CGAC Treasury Account Symbol:** SP ATA AID BPOA EPOA A MAIN SUB
  - N/A N/A 020 N/A N/A X XX45 000
- **Balance Display:** Accounting
- **Accounting Period:** 2013 Fiscal Year, Month of August
- **Business Event Type:** All

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<td>000</td>
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</table>

**Net Activity:** $8,000,000.00

Significant Account: Investment in US Treasury Securities, Excl. (INVTSSEC)
Maturity or Early Redemption. When special issue securities mature or are redeemed early, the investor receives the principal plus earned interest. Assume the security is redeemed on November 30, 2013.

The principal is recorded as a receipt with a subclass 98. The earned interest is recorded as a receipt with a subclass 76.

\[
\text{Days Earned} = \text{Principal} \times \text{Rate} \times \text{Outstanding Days in interest period} \times 2
\]

\[
\text{Earned} = 8,000,000 \times 0.04625 \times 103
\]

\[
\text{Interest} = 184 \times 2
\]

**USSGL Transaction Codes for Agency**

C120 - To record the maturity of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C121 - To record the maturity of securities acquired at par value by a nonfiduciary deposit fund.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

---

**GWA Account Statement**

Transactions

Search Criteria

Agency: REVOLVING FUND - (020)
PMS Organization: - (00)
Account Type: All (Expenditure)
Fund Type: All
CGAC Treasury Account Symbol: SP ATA AID EPOA EPOA A MAIN SUB NIA NIA 020 NIA NIA X XX45 000
Balance Display: Accounting
Accounting Period: 2014 Fiscal Year, Month of November
Business Event Type: All

2 Records

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<td>Redemption Date Treasury Securities Credit (REDTSRC)</td>
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<td></td>
<td>Total</td>
<td>8,103,559.78</td>
<td>0.00</td>
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</table>
**Interest Payment.** 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.

The interest is recorded as a receipt with a subclass 76.

![FedInvest webpage](image)

**Days**
\[
\text{Earned} = \text{Principal} \times \text{Rate} \times \text{Outstanding} \quad \text{Interest} = \text{Days in interest period} \times 2
\]

\[
\text{Earned} = \frac{8,000,000 \times 0.04625}{134}
\]

\[
\text{Interest} = 184 \times 2
\]

**USSGL Transaction Codes for Agency**

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

---

**GWA Account Statement**

**Transactions**

**Search Criteria**
- **Agency:** REVOLVING FUND - (020)
- **FMS Organization:** - (06)
- **Account Type:** All (Expenditure)
- **Fund Type:** All
- **COGAC Treasury Account Symbol:** NIA NIA 020 NIA NIA X XX45 000
- **Balance Display:** Accounting
- **Accounting Period:** 2014 Fiscal Year, Month of December
- **Business Event Type:** All

**1 Record**

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<tr>
<td>Interest Earnings: Gain—(COLLINT)</td>
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<td>12/31/2013</td>
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<td>Net Activity: 134,728.26</td>
<td>Subtotal</td>
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<td></td>
<td></td>
<td>205555002</td>
<td>71</td>
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</table>

**Net Activity: 134,728.26**

**Total**

| | | | | 134,728.26 | 0.00 |

| | | | | 134,728.26 | 0.00 |
**One-Day Certificates**

**Investment.** Assume a one-day certificate was purchased on March 19, 2014.

The principal is recorded as a disbursement with a subclass 88.

---

**USSGL Transaction Codes for Agency**

- **B124** - To record the purchase of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

- **B132** - To record the purchase of Federal securities acquired at par value by a nonfiduciary deposit fund.

---

**GWA Account Statement**

**Transactions**

**Search Criteria**

- **Agency:** REVOLVING FUND - (020)
- **FMS Organization:** - (00)
- **Account Type:** All (Expenditure)
- **Fund Type:** All
- **OGAC Treasury Account Symbol:** SP AT A ID BPOA EPOA A MAIN SUB
- **Balance Display:** Accounting
- **Accounting Period:** 2014 Fiscal Year, Month of March
- **Business Event Type:** All

**1 Record**

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<tbody>
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<td>Total</td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</table>
**Maturity.** When one-day securities mature, the investor receives the principal plus earned interest.

The principal is recorded as a receipt with a subclass 98. The earned interest is recorded as a receipt with subclass 76.

\[
\text{Earned} = \text{Principal} \times \text{Rate}
\]

Interest \[ \frac{360}{360} \]

\[
\text{Earned} = 5,600,000 \times .0127
\]

Interest \[ \frac{360}{360} \]

**USGGL Transaction Codes for Agency**

C120 – To record the maturity of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C121 - To record the maturity of securities acquired at par value by a nonfiduciary deposit fund.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.
Inflation-Protected Security Investment. Assume a Treasury Inflation-Protected Security (TIPS) was purchased on July 16, 2013, with a par value of $100,000,000 at a price of 98.125000.

The net principal and inflation compensation is recorded as a disbursement with a subclass 88. The discount is recorded as a receipt with a subclass 75 and earned interest as a negative receipt with a subclass 76.

\[
\text{Inflation Compensation} = (\text{Principal} \times \text{Index ratio}) - \text{Principal} \\
\text{Discount} = (\text{Principal} \times \text{Index ratio}) - (\text{Principal} \times \text{Rate}) \times \text{Price}/100 \\
\text{Days} \\
\text{Earned Interest} = \text{Principal} \times \text{Rate} \times \text{Outstanding} \times \text{Index Ratio} \\
\text{Days in interest period} \times 2 \\
\text{Earned Interest} = \frac{100,000,000 \times 0.03625 \times 92 \times 1.135490}{183 \times 2}
\]

USSGL Transaction Codes for Agency

B128 – To record the purchase of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B166 - To record the purchase of Federal securities acquired at a discount by a nonfiduciary deposit fund.

B129 – To record the purchase of accrued interest on Federal securities by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B133 - To record the purchase of accrued interest on Federal securities by a nonfiduciary deposit fund.

Below are the Transaction Codes used to record the Inflation Compensation

B124 - To record the purchase of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B132 - To record the purchase of Federal securities acquired at par value by a nonfiduciary deposit fund.
**Maturity.** Assume this TIPS is held to maturity and the index ratio is 1.554940.

The net principal and inflation compensation is recorded 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. The earned interest is recorded as a positive receipt using subclass 76.

\[
\text{Inflation Compensation} = (\text{Index Ratio} \times \text{Principal}) - \text{Principal}
\]

\[
\text{Inflation Compensation} = (1.554940 \times 100,000,000) - 100,000,000
\]

\[
\text{Earned Interest} = \text{Principal} \times \text{Rate} \times \text{Index Ratio}^2
\]

\[
\text{Earned Interest} = 100,000,000 \times 0.03625 \times 1.554940
\]

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

\[
(76) = 2,818,328.75 + 2,129,043.75
\]

---

**GWA Account Statement**

<table>
<thead>
<tr>
<th>Account</th>
<th>Description</th>
<th>Sub Acct</th>
<th>Sub Class</th>
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<th>Decrease to Balance</th>
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<tr>
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<tbody>
<tr>
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<td>Interest Earnings, Credit - (COLINT)</td>
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<td>160,441,372.50</td>
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</tbody>
</table>

Total Net Activity: 150,312,328.75

Subtotal: 160,441,372.50

Total: 2,129,043.75
Early Redemption. Assume this TIPS was redeemed on August 6, 2015, at a price per hundred of 101.750 and the index ratio was 1.19852.

The net principal and inflation compensation is recorded as a receipt with a subclass 98. The premium and earned interest is recorded 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.

Days
Earned Interest = Prin*Rate*Outstanding*Index Ratio
Days in interest period * 2
Earned Interest = 100,000,000*.03625*113*1.198520
183 * 2
Premium = (Price – 100) * Principal * Index Ratio
100
Premium = (101.750 – 100) * 100,000,000 * 1.198520
100

(76) = Earned Interest + Premium + Original Discount at purchase of security
(76) = $1,341,376.38 + 2,097,410.00 + 2,129,043.75

GWA Account Statement

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<tr>
<th>Account</th>
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<th>Sub Class</th>
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<td>2,129,043.75</td>
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</table>
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 daily inflation compensation is recorded as a receipt with a subclass 76. In addition, the reinvestment is recorded as a disbursement with a subclass 88.

**USSGL Transaction Codes for Agency**

Below are the Transaction Codes used to record the Inflation Compensation

- C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.
- B124 - To record the purchase of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
- C418 - To record interest receivable on securities held by Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
- B132 - To record the purchase of Federal securities acquired at par value by a nonfiduciary deposit fund.
- C417 - To record interest receivable on securities held by a nonfiduciary deposit fund.

---

**GWA Account Statement**

<table>
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<td>04/09/2014</td>
<td>256,050.00</td>
<td>256,050.00</td>
<td>256,050.00</td>
<td>256,050.00</td>
<td>71</td>
<td></td>
</tr>
</tbody>
</table>
**Interest Payment.** 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 interest is recorded as a receipt with a subclass 76.

\[
\text{Earned} = \text{Principal} \times \text{Rate} \times \text{Index Ratio}
\]

\[
\text{Interest}^2
\]

\[
\text{Earned} = 100,000,000 \times 0.03625 \times 1.142315
\]

\[
\text{Interest}^2
\]

**USGSL Transaction Codes for Agency**

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

---

**GWA Account Statement**

**Transactions**

**Search Criteria**

- **Agency:** REVOLVING FUND - (020)
- **FMS Organization:** - (00)
- **Account Type:** All (Expenditure)
- **Fund Type:** All
- **CFMAC Treasury Account Symbol:** N/A
- **Balance Display:** Accounting
- **Accounting Period:** 2014 Fiscal Year, Month of April
- **Business Event Type:** All

**1 Record**

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<th>Sub Class</th>
<th>Acting Period</th>
<th>Posting Date</th>
<th>Increase to Balance</th>
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</tr>
</thead>
<tbody>
<tr>
<td>020 X XX45 000</td>
<td>000</td>
<td>000</td>
<td>04/14/2014</td>
<td>04/15/2014</td>
<td>2,070,445.94</td>
<td>0.00</td>
<td>20652002</td>
<td>71</td>
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<tr>
<td>Interest Earnings, Credit--(COLLNT)</td>
<td>000</td>
<td>000</td>
<td>04/14/2014</td>
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<td>2,070,445.94</td>
<td>0.00</td>
<td>20652002</td>
<td>71</td>
</tr>
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</table>

**Net Activity: 2,070,445.94**

<table>
<thead>
<tr>
<th>Subtotal</th>
<th>Total</th>
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</thead>
<tbody>
<tr>
<td>2,070,445.94</td>
<td>2,070,445.94</td>
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</table>

<table>
<thead>
<tr>
<th>Subtotal</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,070,445.94</td>
<td>2,070,445.94</td>
</tr>
<tr>
<td>2,070,445.94</td>
<td>2,070,445.94</td>
</tr>
</tbody>
</table>
Zero-Coupon Bonds

Investment. 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 principal is recorded as a disbursement with a subclass 88. The discount is recorded as a receipt using a subclass 72.

**USSGL Transaction Codes for Agency**

B128 – To record the purchase of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B166 - To record the purchase of Federal securities acquired at a discount by a nonfiduciary deposit fund.
**Daily Amortization.** There is no corresponding transaction confirmation for the amortization of discount. The agency’s amortization can be calculated by running a tax lot balance report from prior day (to obtain the beginning balance) and a current day (to obtain the ending balance) and the difference between the ending balance and the beginning balance is the current day’s amortization.

The amortization of discount is recorded as a receipt with a subclass 76 and a negative receipt with a subclass 72.

**USSGL Transaction Codes for Agency**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>E113</td>
<td>To record the amortization of the discount on a U.S. Treasury Zero Coupon Bond in a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.</td>
</tr>
<tr>
<td>E119</td>
<td>To record the amortization of the discount on a U.S. Treasury Zero Coupon Bond issued by the Bureau of the Fiscal Service in nonfiduciary deposit fund.</td>
</tr>
</tbody>
</table>

---

**GWA Account Statement**

**Transactions**

**Search Criteria**
- Agency: REVOLVING FUND - (020)
- FMS Organization: - (00)
- Account Type: All (Expenditure)
- Fund Type: All
- CGAC Treasury Account Symbol: SP ATA AID BP OA E PO A X MAIN SUB
- Balance Display: Accounting
- Accounting Period: 2014 Fiscal Year, Month of November
- Business Event Type: All

**2 Records**

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<th>ALC</th>
<th>Trans Code</th>
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</thead>
<tbody>
<tr>
<td>020 000</td>
<td>000</td>
<td></td>
<td>11/2013</td>
<td>11/30/2013</td>
<td>4,630.00</td>
<td></td>
<td></td>
<td>71</td>
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</tbody>
</table>

**Amortization of Investments in U.S. Securities, Debt (UNAMODAO)**

<table>
<thead>
<tr>
<th>BETC Code</th>
<th>Sub Accnt</th>
<th>Sub Class</th>
<th>Acting Period</th>
<th>Posting Date</th>
<th>Increase to Balance</th>
<th>Decrease to Balance</th>
<th>ALC</th>
<th>Trans Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>000</td>
<td>000</td>
<td></td>
<td>11/2013</td>
<td>11/30/2013</td>
<td>4,630.00</td>
<td></td>
<td></td>
<td>71</td>
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</table>

**Interest Earnings, Credit (COLLINT)**

<table>
<thead>
<tr>
<th>BETC Code</th>
<th>Sub Accnt</th>
<th>Sub Class</th>
<th>Acting Period</th>
<th>Posting Date</th>
<th>Increase to Balance</th>
<th>Decrease to Balance</th>
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<th>Trans Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>000</td>
<td>000</td>
<td></td>
<td>11/2013</td>
<td>11/30/2013</td>
<td>4,630.00</td>
<td></td>
<td></td>
<td>71</td>
</tr>
</tbody>
</table>

**Net Activity: 0.00**

<table>
<thead>
<tr>
<th>Subtotal</th>
<th>4,630.00</th>
<th>4,630.00</th>
</tr>
</thead>
</table>

**Total**

| Total     | 4,630.00 | 4,630.00 |
**Early Redemption, Net Gain.** When a zero-coupon security or a portion of the security is early redeemed, 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.

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  
Discount Adjustment (Sales Price – Carrying Value) = $330,236

Thus, an adjustment of $330,236 needs to be made (Sales Price – Carrying value). Record the adjustment as a receipt with a subclass 76 and a negative receipt with a subclass 72.

---

**GWA Account Statement**

<table>
<thead>
<tr>
<th>Transactions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Search Criteria</strong></td>
<td></td>
</tr>
<tr>
<td>Agency:</td>
<td>REVOLVING FUND - (020)</td>
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<tr>
<td>FMS Organization:</td>
<td>- (00)</td>
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<td>All (Expenditure)</td>
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<tr>
<td>Fund Type:</td>
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<td>CGAC Treasury Account Symbol:</td>
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<td><strong>2 Records</strong></td>
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<tr>
<td><strong>BETC</strong></td>
<td>Sub Acct.</td>
</tr>
<tr>
<td>Account 020 X XX45 000 Net Activity: 0.00</td>
<td>000</td>
</tr>
<tr>
<td>Amortization of Investments in U.S. Securities, Deficit (UNAMDIAJ)</td>
<td>000</td>
</tr>
<tr>
<td>Interest Earnings, Credit - (COLLUNT)</td>
<td>000</td>
</tr>
<tr>
<td><strong>Net Activity: 0.00</strong></td>
<td>Subtotal</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>330,236.00</td>
</tr>
</tbody>
</table>
The Principal amount is recorded as a receipt with a subclass 98. The Discount (Par – Sales Price) is recorded as a negative receipt with a subclass 72.

**USSGL Transaction Codes for Agency**

C611 - To record the sale of Federal securities purchased at a discount and sold at a discount by a nonfiduciary deposit fund. The sale may result in a gain or loss.

C618 - To record the sale prior to maturity of investments in U.S. Treasury Zero Coupon Bonds issued by the Bureau of the Fiscal Service to a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
Early Redemption, Net Loss. 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.

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  
Discount Adjustment (Sales Price – Carrying Value) = ($229,764)

Thus, an adjustment of ($229,764) needs to be made (Sales price – Carrying value). Record the adjustment as a negative receipt with a subclass 76 and a receipt with a subclass 72.

---

### GWA Account Statement

<table>
<thead>
<tr>
<th>Transactions</th>
<th>Sub Class</th>
<th>Actng Period</th>
<th>Posting Date</th>
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<th>Decrease to Balance</th>
<th>ALC</th>
<th>Trans Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account 628 X XX45 000 Net Activity: 0.00</td>
<td>Sub Class</td>
<td>Actng Period</td>
<td>Posting Date</td>
<td>Increase to Balance</td>
<td>Decrease to Balance</td>
<td>ALC</td>
<td>Trans Code</td>
</tr>
<tr>
<td>Interest Earnings, Debit (COLINCDC)</td>
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<td>08/14/2014</td>
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<td>20852002</td>
<td>71</td>
</tr>
<tr>
<td>Amortization of Investments in U.S. Securities, Credits (UNADMIDC)</td>
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<td>08/2014</td>
<td>08/14/2014</td>
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<td>20852002</td>
<td>71</td>
</tr>
<tr>
<td>Net Activity: 0.00</td>
<td>Subtotal</td>
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<td></td>
<td>229,764.00</td>
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<tr>
<td>Total</td>
<td>229,764.00</td>
<td>229,764.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The Principal amount is recorded as a receipt with a subclass 98. The Discount (Par – Sales Price) is recorded as a negative receipt with a subclass 72.

**USSGL Transaction Codes for Agency**

C611 - To record the sale of Federal securities purchased at a discount and sold at a discount by a nonfiduciary deposit fund. The sale may result in a gain or loss.

C618 - To record the sale prior to maturity of investments in U.S. Treasury Zero Coupon Bonds issued by the Bureau of the Fiscal Service to a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
**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.

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

Principal is recorded as a receipt with a subclass 98.

---

**USSGL Transaction Codes for Agency**

C128 - To record the maturity of a U.S. Treasury Zero Coupon Bond by a Treasury Appropriation Fund Symbol (TAFS).
Market-Based Securities – Discounts, premiums, and earned interest are explained below.

Discount

Investment. Assume a bill was purchased on December 19, 2013, with a par value of $1,000,000, at a price of 94.701778.

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

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

Discount = \frac{1,000,000 - (1,000,000 \times 94.701778)}{100}

USSGL Transaction Codes for Agency

B128 - To record the purchase of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B166 - To record the purchase of Federal securities acquired at a discount by a nonfiduciary deposit fund.
Maturity. Assume the security is held to maturity. This would result in earnings of $52,982.22.

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

USSGI Transaction Codes for Agency

C124 - To record the maturity of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C125 - To record the maturity of Federal securities acquired at a discount in a nonfiduciary deposit fund.
Early Redemption. Assume this security was sold on April 30, 2014, at a price of 99.166000. This would result in net earnings of $44,642.22.

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

\[
\text{Discount} = \text{Principal} - \left( \frac{\text{Principal} \times \text{Price}}{100} \right) \\
\text{Discount} = 1,000,000 - \left( \frac{1,000,000 \times 99.166}{100} \right) \\
\text{Earned Discount} = \text{Original Disc.} - \text{Current Disc.} \\
\text{Earned Discount} = 52,982.22 - 8,340.00
\]

USSGL Transaction Codes for Agency

C608 – To record the sale of Federal securities purchased at a discount and sold at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund. The sale may result in a gain or a loss.

C611 – To record the sale of Federal securities purchased at a discount and sold at a discount by a nonfiduciary deposit fund. The sale may result in a gain or a loss.

GWA Account Statement

Transactions

Search Criteria

Agency: SPECIAL FUND - (020)
FMS Organization: - (03)
Account Type: All (Expenditure)
Fund Type: All
GSAC Treasury Account Symbol: N/A N/A 020 N/A N/A X X X X 00
Balance Display: Accounting
Accounting Period: 2014 Fiscal Year, Month of April
Business Event Type: All

3 Records

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<tbody>
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<td>000</td>
<td>04/2014</td>
<td>04/02/2014</td>
<td>0</td>
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<td>52,982.22</td>
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<tr>
<td>000</td>
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<td>04/02/2014</td>
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<td>52,982.22</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</table>
**Premium Investment.** Assume a bond was purchased on August 15, 2013, with a par value of $2,500,000, at a price of 101.250000.

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

\[
\text{Premium} = (\text{Price} - 100) \times \frac{\text{Principal}}{100}
\]

\[
\text{Premium} = (101.25 - 100) \times \frac{2,500,000}{100}
\]

<table>
<thead>
<tr>
<th>USSGL Transaction Codes for Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>B126 - To record the purchase of Federal securities acquired at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.</td>
</tr>
<tr>
<td>B165 - To record the purchase of Federal securities acquired at a premium by a nonfiduciary deposit fund.</td>
</tr>
</tbody>
</table>
Maturity. Assume this bond is held to maturity. The earned interest would be $98,437.50.

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

\[
\text{Earned} = \text{Principal} \times \text{Rate}
\]

\[
\text{Interest} = 2,500,000 \times 0.07875
\]

\[
\text{Interest} = 2
\]

USGGL Transaction Codes for Agency

C122 - To record the maturity of Federal securities acquired at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C123 - To record the maturity of securities acquired at a premium by a nonfiduciary deposit fund.

A195 - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.
**Early Redemption.** Assume this bond was sold on April 24, 2015, at a price of 102.062500. This would result in earnings of $88,544.54.

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

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

Premium = \( \frac{(102.0625 - 100) \times 2,500,000}{100} \)

\[\text{Premium} = 51,562.50\]

\[\text{Earned Interest} = 2,500,000 \times 0.07875 \times 181 \times 2 = 36,982.04\]

\[\text{Premium} + \text{Earned Interest} = 88,544.54\]

**USSGL Transaction Codes for Agency**

- C602 - To record the sale of Federal securities purchased at a premium and sold at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund. The sale may result in a gain or loss.

- C603 - To record the sale of Federal securities purchased at a premium and sold at a premium by a nonfiduciary deposit fund. The sale may result in a gain or a loss.

- A195 - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

- C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.
Early Redemption. Assume this bond was sold on April 24, 2015, at a price of 98.500000. This would result in a loss of $517.96.

Discount = Principal – (Principal * Price) \[ \frac{100}{100} \]

Discount = 2,500,000 – (98.5 * 2,500,000) \[ \frac{100}{100} \]

Days from last Earned = Principal * Rate * interest period
Interest # of days in interest period * 2
Earned = \[ \frac{2,500,000 \times 0.07875 \times 68}{181 \times 2} \]

Discount – Earned Interest = .2
37,500.00 – 36,982.04 = 517.96

USSGL Transaction Codes for Agency
C604 - To record the sale of Federal securities purchased at a premium and sold at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund. The sale results in a loss.

C605 - To record the sale of Federal securities purchased at a premium and sold at a discount by a nonfiduciary deposit fund. The sale will result in a loss.

A195 - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.
Earned Interest

Assume the bond was purchased on October 11, 2013, after the issue date of August 15, 2013, with a par value of $2,500,000, at a price of 101.250000.

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

Premium = (Price – 100) * Principal
= (101.25 – 100) * 2,500,000
= 31,250.00

Days from last Earned = Principal * Rate * interest Period
= 2,500,000 * .07875 * 57
= 30,494.23

Interest = 184 * 2

Premium + Earned Interest = 31,250.00 + 30,494.23 = 61,744.23

USSGL Transaction Codes for Agency
B126 - To record the purchase of Federal securities acquired at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
B165 - To record the purchase of Federal securities acquired at a premium by a nonfiduciary deposit fund.
B129 - To record the purchase of accrued interest on Federal securities by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
B133 - To record the purchase of accrued interest on Federal securities by a nonfiduciary deposit fund.
**Interest Payment.** Marketable interest payments are either semiannual for notes and bonds or quarterly for FRNs. The accounting transactions are posted the same for semiannual and quarterly interest payments. Assume semiannual interest was paid on February 15, 2014. The payment amount was recorded as a receipt.

The interest is recorded as a receipt using the receipt (point) account for earnings.

\[
\text{Earned} = \text{Principal} \times \text{Rate} \\
\text{Interest} = \frac{\text{# of interest payments per year}}{2}
\]

\[
\text{Earned} = 2,500,000 \times 0.07875 \\
\text{Interest} = 2
\]

### Request Details

- **Account:** 20X#45 SPECIAL FUND
- **Transaction Date:** 02/15/2014
- **Actual Settle Date:** 02/18/2014
- **Amount Type:** N/A
- **Security:** 9128210EH7 MK BOND 7.875% 02/15/2021
- **Amount Entered:** N/A

### Request Results

- **Memo Number:** 00317215
- **Transaction Code:** Int. Payments
- **Price:** 0.000000
- **Earned Interest:** $98,437.50
- **Sales Price:** $98,437.50

### USSGL Transaction Codes for Agency

A195 - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

### GWA Account Statement

#### Transactions

Search Criteria

- **Agency:** SPECIAL FUND - (020)
- **FMS Organization:** - (00)
- **Account Type:** All (Expenditure)
- **Fund Type:** All
- **CGAC Treasury Account Symbol:** SP
- **Balance Display:** Accounting Period: 2014 Fiscal Year, Month of February
- **Business Event Type:** All

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| Collection To An Available Receipt Account, Credit (COLAVRCT) | 000 | 02/01/2014 | 02/15/2014 | 98,437.50 | 0.00 | 20552002 | 17 |

| Net Activity: 98,437.50 | Subtotal | 98,437.50 | 0.00 |

| Total | 98,437.50 | 0.00 |
Special Issue Securities

**Investment.** Assume a special issue certificate of indebtedness was purchased on August 19, 2013.

The principal is recorded as a disbursement with a subclass 88.

**USSSL Transaction Codes for Agency**

- B124 - To record the purchase of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
- B132 - To record the purchase of Federal securities acquired at par value by a nonfiduciary deposit fund.

**GWA Account Statement**

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</table>
Maturity or Early Redemption. When special issue securities mature or are redeemed early, the investor receives the principal plus earned interest. Assume the security is redeemed on November 30, 2013.

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

\[
\text{Days Earned} = \text{Principal} \times \text{Rate} \times \text{Outstanding Interest} \\
\times \text{Days in interest period} \times 2
\]

\[
\text{Earned} = 8,000,000 \times 0.04625 \times 103 \\
\text{Interest} = 184 \times 2
\]

USSGL Transaction Codes for Agency

- **C120** – To record the maturity of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

- **C121** - To record the maturity of securities acquired at par value by a nonfiduciary deposit fund.

- **A195** - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

- **C156** - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

GWA Account Statement

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**Interest Payment.** 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.

The interest is recorded as a receipt using the receipt (point) account for earnings.

\[
\text{Days Earned} = \frac{\text{Principal} \times \text{Rate} \times \text{Outstanding Days}}{\text{Days in interest period} \times 2}
\]

\[
\text{Interest} = \frac{8,000,000 \times 0.04625 \times 134}{184 \times 2}
\]

**USSGL Transaction Codes for Agency**

- **A195** - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.
- **C156** - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

---

**GWA Account Statement**

**Transactions**

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Net Activity: 134,728.26

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<tr>
<td>Total</td>
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</tr>
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</table>

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June 2015
One-Day Certificates

**Investment.** Assume a one-day certificate was purchased on March 19, 2014.

The principal is recorded as a disbursement with a subclass 88.

**Request Details**

- **Account:** 20X##45 SPECIAL FUND
- **Transaction Date:** 03/19/2014
- **Amount Type:** Face
- **Security:** ONE DAY 03/19/2014 ONE DAY 1.27% 03/20/2014
- **Amount Entered:** $5,600,000.00

**Request Results**

- **Memo Number:** 00315101
- **Transaction Code:** Buy
- **Price:** 100.000000
- **Principal:** $5,600,000.00
- **Accrued Interest Purchased:** $0.00
- **Sales Price:** $5,600,000.00

**USSGL Transaction Codes for Agency**

- **B124** - To record the purchase of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
- **B132** - To record the purchase of Federal securities acquired at par value by a nonfiduciary deposit fund.

**GWA Account Statement**

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**Net Activity:** $5,600,000.00

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<td>Total</td>
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</table>
Maturity. When one-day securities mature, the investor receives the principal plus earned interest.

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

\[
\text{Earned} = \text{Principal} \times \text{Rate}
\]

\[
\text{Interest} = 360
\]

\[
\text{Earned} = 5,600,000 \times 0.0127
\]

\[
\text{Interest} = 360
\]

**USSGL Transaction Codes for Agency**

C120 – To record the maturity of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C121 - To record the maturity of securities acquired at par value by a nonfiduciary deposit fund.

A195 - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.
Inflation-Protected Security

**Investment.** Assume a Treasury Inflation-Protected Security (TIPS) was purchased on July 16, 2013, with a par value of $100,000,000 at a price of 98.125000.

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

\[
\text{Inflation Compensation} = (\text{Principal} \times \text{Index ratio}) - \text{Principal}
\]
\[
\text{Inflation Compensation} = (100,000,000 \times 1.135490) - 100,000,000
\]

\[
\text{Discount} = (\text{Principal} \times \text{Index ratio}) - (\text{Principal} \times \text{Rate}) \times \text{Price}/100
\]
\[
\text{Discount} = (100,000,000 \times 1.135490) - (100,000,000 \times 1.135490) \times 98.125000/100
\]

\[
\text{Days}
\]
\[
\text{Earned Interest} = \text{Principal} \times \text{Rate} \times \text{Outstanding} \times \text{Index Ratio}
\]
\[
\text{Days in interest period} \times 2
\]
\[
\text{Earned Interest} = \frac{100,000,000 \times .03625 \times 92 \times 1.135490}{183 \times 2}
\]

**USSGL Transaction Codes for Agency**

B128 – To record the purchase of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B166 - To record the purchase of Federal securities acquired at a discount by a nonfiduciary deposit fund.

B129 – To record the purchase of accrued interest on Federal securities by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B133 - To record the purchase of accrued interest on Federal securities by a nonfiduciary deposit fund.

**Below are the Transaction Codes used to record the Inflation Compensation**

B124 - To record the purchase of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B132 - To record the purchase of Federal securities acquired at par value by a nonfiduciary deposit fund.
Maturity. Assume this TIPS is held to maturity and the index ratio is 1.554940.

The net principal and inflation compensation is recorded 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.

\[
\text{Inflation Compensation} = (\text{Index Ratio} \times \text{Principal}) - \text{Principal}
\]

\[
\text{Inflation Compensation} = (1.554940 \times 100,000,000) - 100,000,000
\]

\[
\text{Earned Interest} = \frac{\text{Principal} \times \text{Rate} \times \text{Index Ratio}}{2}
\]

\[
\text{Earned Interest} = \frac{100,000,000 \times .03625 \times 1.554940}{2}
\]

\[
(2) = \text{Earned Interest} + \text{Original Discount at purchase of security}
\]

\[
(2) = 2,818,328.75 + 2,129,043.75
\]

### USSGL Transaction Codes for Agency

**C124** - To record the maturity of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

**C125** - To record the maturity of Federal securities acquired at a discount in a nonfiduciary deposit fund.

**A195** - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

**C156** - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

**Below are the Transaction Codes used to record the Inflation Compensation**

**C120** - To record the maturity of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

**C121** - To record the maturity of securities acquired at par value by a nonfiduciary deposit fund.

\[
(2) = \frac{\text{Earned Interest} \times \text{Index Ratio}}{2}
\]

\[
(2) = \frac{100,000,000 \times .03625 \times 1.554940}{2}
\]

### GWA Account Statement

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Early Redemption. Assume this TIPS was redeemed on August 6, 2015, at a price per hundred of 101.75 and the index ratio was 1.19852.

The net principal and inflation compensation is recorded as a receipt with a subclass 98. The premium and earned interest is recorded 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.

Days

\[ \text{Days} = \frac{\text{Earned Interest}}{2} \]

\[ \text{Days} = \frac{1,341,376.38 + 2,097,410.00 + 2,129,043.75}{183} = 2 \]

Premium = \( (\text{Price} - 100) \times \text{Principal} \times \text{Index Ratio} \)

\[ \text{Premium} = (101.75 - 100) \times 100,000,000 \times 1.198520 \]

\[ \text{Premium} = 2,097,410.00 \]

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

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

\[ \frac{.2}{2} = 1,341,376.38 \]

\[ \frac{.2}{2} = 1,341,376.38 + 2,097,410.00 + 2,129,043.75 \]

USSGL Transaction Codes for Agency

C606 – To record the sale of Federal securities purchased at a discount and sold at a premium by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund. The sale results in a gain.

C607 - To record the sale of Federal securities purchased at a discount and sold at a premium by a nonfiduciary deposit fund. The sale will result in a gain.

A195 - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

Below are the Transaction Codes used to record the Inflation Compensation

C120 - To record the maturity of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C121 - To record the maturity of securities acquired at par value by a nonfiduciary deposit 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 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 daily inflation compensation is recorded as a receipt using the receipt (point) account for earnings. In addition, the reinvestment is recorded as a disbursement with a subclass 88.

USSGL Transaction Codes for Agency

Below are the Transaction Codes used to record the Inflation Compensation

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.

B124 - To record the purchase of Federal securities acquired at par value by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

C418 - To record interest receivable on securities held by Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B132 - To record the purchase of Federal securities acquired at par value by a nonfiduciary deposit fund.

C417 - To record interest receivable on securities held by a nonfiduciary deposit fund.

A195 - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

GWA Account Statement

Transactions

Search Criteria
Agency: SPECIAL FUND - (020)
FMS Organization: - (00)
Account Type: All (Expenditure)
Fund Type: All
CGAC Treasury Account Symbol: SP AIA AID BPOA EPOA A MAIN SUB
Balance Display: Accounting
Accounting Period: 2014 Fiscal Year, Month of April
Business Event Type: All

2 Records

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Net Activity: 0.00

Subtotal 250,050.00

Total 250,050.00
**Interest Payment.** 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 interest is recorded as a receipt using the receipt (point) account for earnings.

\[
\text{Earned} = \text{Principal} \times \text{Rate} \times \text{Index Ratio} \\
\text{Interest} = 2 \\
\text{Earned} = \frac{100,000,000 \times 0.03625 \times 1.142315}{2}
\]

**USSGL Transaction Codes for Agency**

A195 - To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

C156 - To record the collection of interest receivable from securities held by a nonfiduciary deposit fund.
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.

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

USSGL Transaction Codes for Agency

B128 - To record the purchase of Federal securities acquired at a discount by a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

B166 - To record the purchase of Federal securities acquired at a discount by a nonfiduciary deposit fund.

GWA Account Statement

Transactions

Search Criteria
Agency: SPECIAL FUND - (020)
FMS Organization: All (Expenditure)
Account Type: 00
Fund Type: All
Treasury Account Symbol: N/A
Balance Display: Accounting
Accounting Period: 2014 Fiscal Year, Month of November
Business Event Type: All

2 Records

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**Daily Amortization.** There is no corresponding transaction confirmation for the amortization of discount. The agency’s amortization can be calculated by running a tax lot balance report from prior day (to obtain the beginning balance) and a current day (to obtain the ending balance) and the difference between the ending balance and the beginning balance is the current day’s amortization.

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

**USSGL Transaction Codes for Agency**

E113 – To record the amortization of the discount on a U.S. Treasury Zero Coupon Bond in a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

E119 - To record the amortization of the discount on a U.S. Treasury Zero Coupon Bond issued by the Bureau of the Fiscal Service in a nonfiduciary deposit fund.

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**GWA Account Statement**

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<td>600</td>
<td>000</td>
<td>000</td>
<td>11/2013</td>
<td>11/30/2013</td>
<td>4,530.00</td>
<td>0.00</td>
<td>20552002</td>
<td>71</td>
</tr>
<tr>
<td>600</td>
<td>000</td>
<td>000</td>
<td>11/2013</td>
<td>11/30/2013</td>
<td>4,530.00</td>
<td>0.00</td>
<td>20552002</td>
<td>17</td>
</tr>
</tbody>
</table>

Net Activity: 0.00

Subtotal: 4,530.00

Total: 4,530.00
**Early Redemptions, Net Gain.** When a zero-coupon security or a portion of the security is early redeemed, 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.

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
  
  \[(\text{Par} – \text{Original discount} + \text{Discount Amortization})\]
- **Sales price** = $51,010,000
- **Discount Adjustment (Sales Price – Carrying Value)** = $330,236

Thus, an adjustment of $330,236 needs to be made (Sales price – Carrying value). Record the adjustment as a receipt with (point) account for earnings and a negative receipt with a subclass 72.

---

**GWA Account Statement**

<table>
<thead>
<tr>
<th>Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Agency:</strong> SPECIAL FUND - (020)</td>
</tr>
<tr>
<td><strong>FMS Organization:</strong> - (00)</td>
</tr>
<tr>
<td><strong>Account Type:</strong> All (Expenditure)</td>
</tr>
<tr>
<td><strong>Fund Type:</strong> All</td>
</tr>
<tr>
<td><strong>CGAC Treasury Account Symbol:</strong> N/A</td>
</tr>
<tr>
<td><strong>Balance Display:</strong> Accounting</td>
</tr>
<tr>
<td><strong>Accounting Period:</strong> 2014 Fiscal Year, Month of August</td>
</tr>
<tr>
<td><strong>Business Event Type:</strong> All</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2 Records</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Account:</strong> 020 X XX45 000 Net Activity: 0.00</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>BETC</strong></th>
<th><strong>Sub Acct</strong></th>
<th><strong>Sub Class</strong></th>
<th><strong>Acting Period</strong></th>
<th><strong>Posting Date</strong></th>
<th><strong>Increase to Balance</strong></th>
<th><strong>Decrease to Balance</strong></th>
<th><strong>ALC</strong></th>
<th><strong>Trans Code</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>000</td>
<td>08/2014</td>
<td>08/14/2014</td>
<td></td>
<td></td>
<td>330,236.00</td>
<td>20552002</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>000</td>
<td>08/2014</td>
<td>08/14/2014</td>
<td></td>
<td></td>
<td>330,236.00</td>
<td>20552002</td>
<td>17</td>
<td></td>
</tr>
</tbody>
</table>

- **Collected Team Available Receipt Account Credit (COLAVRCTR)
- **Net Activity: 0.00**

**Subtotal** 330,236.00 330,236.00
**Total** 330,236.00 330,236.00
The Principal amount is recorded as a receipt with a subclass 98. The Discount (Par – Sales Price) is recorded as a negative receipt with a subclass 72.

Request Details

Account Number: 20X#45 SPECIAL FUND ZERO
Transaction Date: 08/14/2014
As Of Date: 08/14/2014
Inventory Method: Specific ID
Security: ZERO 05/15/2026 ZERO COUPON BOND 05/15/26
Amount Entered: Not Available

Price Information

Memo Number: 00343749
Transaction Code: SELL
Price: $51,010,000.00
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

USSGL Transaction Codes for Agency

C611 - To record the sale of Federal securities purchased at a discount and sold at a discount by a nonfiduciary deposit fund. The sale may result in a gain or loss.

C618 - To record the sale prior to maturity of investments in U.S. Treasury Zero Coupon Bonds issued by the Bureau of the Fiscal Service to a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.

GWA Account Statement

Transactions

Search Criteria

Agency: SPECIAL FUND - (020)
FMS Organization: - (03)
Account Type: All (Expenditure)
Fund Type: All
CGAC Treasury Account Symbol: SP ATA AID BPOA EPO A MAIN SUB
Balance Display: Accounting
Accounting Period: 2014 Fiscal Year, Month of August
Business Event Type: All

2 Records

<table>
<thead>
<tr>
<th>BESC</th>
<th>Sub Acct.</th>
<th>Sub Class</th>
<th>Accting Period</th>
<th>Posting Date</th>
<th>Increase to Balance</th>
<th>Decrease to Balance</th>
<th>ALC</th>
<th>Trans Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>020</td>
<td>X XX45 000</td>
<td>Net Activity: 51,010,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>000</td>
<td>08/2014</td>
<td>08/14/2014</td>
<td>48,990,000.00</td>
<td>20552002</td>
<td>71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>000</td>
<td>08/2014</td>
<td>08/14/2014</td>
<td>100,000,000.00</td>
<td>20552002</td>
<td>71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Activity: 51,010,000.00</td>
<td>Subtotal</td>
<td>100,000,000.00</td>
<td>48,990,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>100,000,000.00</td>
<td>48,990,000.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Early Redemption, Net Loss. 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.

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  
Discount Adjustment (Sales Price – Carrying Value) = ($229,764)

Thus, an adjustment of ($229,764) needs to be made (Sales price – Carrying value). Record the adjustment as a negative receipt with a (point) account for earnings and a receipt with a subclass 72.

GWA Account Statement

<table>
<thead>
<tr>
<th>Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search Criteria</td>
</tr>
<tr>
<td>Agency: SPECIAL FUND - (020)</td>
</tr>
<tr>
<td>FMS Organization: - (02)</td>
</tr>
<tr>
<td>Account Type: All (Expenditure)</td>
</tr>
<tr>
<td>Fund Type: All</td>
</tr>
<tr>
<td>COAC Treasury Account Symbol: SP ATA AD BPOA EPOA A MAIN SUB</td>
</tr>
<tr>
<td>N/A N/A 020 N/A N/A X XX45 000</td>
</tr>
<tr>
<td>Balance Display: Accounting Period: 2014 Fiscal Year, Month of August</td>
</tr>
<tr>
<td>Business Event Type: All</td>
</tr>
</tbody>
</table>

2 Records

<table>
<thead>
<tr>
<th>RETC</th>
<th>Sub Acct</th>
<th>Sub Class</th>
<th>Accting Period</th>
<th>Posting Date</th>
<th>Increase to Balance</th>
<th>Decrease to Balance</th>
<th>ALC</th>
<th>Trans Code</th>
</tr>
</thead>
</table>
| Collection of an Available/Receipt Account  
Debt (CCLAVDDEC) | 000 | 08/2014 | 08/14/2014 | | 229,764.00 | | 2052002 | 17 |
| Amortization of investments in U.S. Securities, Credit- 
(UNAVCSSC) | 000 | 08/2014 | 08/14/2014 | 229,764.00 | | 2052002 | 71 |
| Net Activity: 0.00 | | | Subtotal | | 229,764.00 | 229,764.00 | |
| | | | Total | | 229,764.00 | 229,764.00 | |
The Principal amount is recorded as a receipt with a subclass 98. The Discount (Par – Sales Price) is recorded as a negative receipt with a subclass 72.

**USSGL Transaction Codes for Agency**

C611 - To record the sale of Federal securities purchased at a discount and sold at a discount by a nonfiduciary deposit fund. The sale may result in a gain or loss.

C618 - To record the sale prior to maturity of investments in U.S. Treasury Zero Coupon Bonds issued by the Bureau of the Fiscal Service to a Treasury Appropriation Fund Symbol (TAFS) other than a nonfiduciary deposit fund.
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.

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

Principal is recorded as a receipt with a subclass 98.

**USSGL Transaction Codes for Agency**

C128 - To record the maturity of a U.S. Treasury Zero Coupon Bond by a Treasury Appropriation Fund Symbol (TAFS).
MARKETABLE SECURITIES
REVOLVING, TRUST REVOLVING, AND DEPOSIT FUNDS

The source documents shown in Appendix 3 are examples of a Brokers Statement of Account; the same or similar information should be available on the agencies' Brokers Statement.

Marketable Securities
Discounts, premiums, and earned interest are explained below.

Discount. Assume a bill, note, FRN (Floating Rate Note), or a bond was purchased on May 27, 2012, with a par value of $1,000,000, at a price per hundred of 94.701778.

Discount = Principal – (Principal * Price)
100

Discount = 1,000,000 – (1,000,000 * 94.701778)
100

Discount = 52,982.22
Record the principal as a disbursement with a subclass 88. Record the discount as a receipt using a subclass 75.

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(88)##X####</td>
<td>52,982.22</td>
<td>1,000,000.00</td>
</tr>
<tr>
<td>(75)##X####</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

| This Month | 947,017.78 |

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

**SGL Transaction Codes for Agency**

B128 – To record the purchase of Federal securities acquired at a discount.
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 with a subclass 76.

### Account Holdings

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>SECURITY SUB-ACCOUNT</th>
<th>SCHED. REINV.</th>
<th>NEXT PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSIP Description Maturity Date</td>
<td>No. Par Amount Issue Date Purchase Price/$100 Rate Yield/ Disc Rate (%)</td>
<td>No. Term Date Type Amount</td>
<td></td>
</tr>
</tbody>
</table>

### Transaction History

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/18/12</td>
<td>912796DD8</td>
<td>BILL 11/18/412</td>
<td>Redemption</td>
<td></td>
<td>- 1,000,000</td>
</tr>
</tbody>
</table>

### Statement of Transactions

#### Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(98)##X####</td>
<td>1,000,000.00</td>
<td></td>
</tr>
<tr>
<td>(75)##X####</td>
<td>52,982.22 CR</td>
<td></td>
</tr>
<tr>
<td>(76)##X####</td>
<td>52,982.22</td>
<td></td>
</tr>
</tbody>
</table>

#### Section II

1. Add Payment Transactions Accomplished:

   This Month: -1,000,000.00

### SGL Transaction Codes for Agency

C124 – To record the maturity of Federal securities acquired at a discount.
Assume this security was sold on September 30, 2012, at a price per hundred of 99.166000. This would result in net earnings of $44,642.22.

**ACCOUNT HOLDINGS**

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>SECURITY SUB-ACCOUNT</th>
<th>SCHED. REINV.</th>
<th>NEXT PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSIP</td>
<td>Description Maturity Date</td>
<td>No. Par Amount Issue Date</td>
<td>Purchase Price/$100</td>
</tr>
<tr>
<td>Total Par</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TRANSACTION HISTORY**

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/30/12</td>
<td>912796DD8</td>
<td>BILL 11/18/412</td>
<td>Transfer Out</td>
<td>- 1,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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.

Discount = \[ \frac{\text{Principal} - (\text{Principal} \times \text{Price})}{100} \]

Discount = \[ \frac{1,000,000 - (1,000,000 \times 99.166000)}{100} \]

Discount = 8,340.00

Earned Disc. = Original Disc. – Current Disc.

Earned Disc. = 52,982.22 – 8,340.00

Earned Disc. = 44,642.22

**STATEMENT OF TRANSACTIONS**

Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(98)##X####</td>
<td>1,000,000.00</td>
<td></td>
</tr>
<tr>
<td>(75)##X####</td>
<td>52,982.22 CR</td>
<td></td>
</tr>
<tr>
<td>(76)##X####</td>
<td>44,642.22</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

This Month                            -991,660.00

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

**SGL Transaction Codes for Agency**

C606 – To record the sale of Federal securities purchased at a discount. The sale results in a gain.
**Premium.** Assume a note, FRN, or bond was purchased on August 15, 2012, with a par value of $2,500,000, at a price per hundred of 101.250000.

![ACCOUNT HOLDINGS](image)

**MK BOND 7.875%**
02/15/21

![TRANSACTION HISTORY](image)

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

\[
\text{Premium} = \left( \frac{\text{Price} - 100}{100} \right) \times \text{Principal}
\]

\[
\text{Premium} = \left( \frac{101.250000 - 100}{100} \right) \times 2,500,000
\]

\[
\text{Premium} = 31,250.00
\]

**STATEMENT OF TRANSACTIONS**

**Section I**

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) (88)##X####</td>
<td>(76)##X####</td>
<td>2,500,000.00</td>
</tr>
<tr>
<td></td>
<td>31,250.00 CR</td>
<td></td>
</tr>
</tbody>
</table>

**Section II**

1. Add Payment Transactions Accomplished:

| This Month                           | 2,531,250.00 |

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

**SGL Transaction Codes for Agency**

B126 – To record the purchase of Federal securities at a premium.
Assume this note, FRN, or bond is held to maturity.

\[
\text{Earned Interest} = \text{Principal} \times \text{Rate} \\
\text{Earned Interest} = 2,500,000 \times 0.07875 \\
\text{Earned Interest} = 98,437.50
\]

Assume this note, FRN, or bond is held to maturity.

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
<th>(98)##X####</th>
<th>(76)##X####</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/15/21</td>
<td>9128210EH7</td>
<td>MK BOND 7.875%</td>
<td>Redemption</td>
<td>-2,500,000.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

\[
\text{Earned Interest} = \frac{\text{Principal} \times \text{Rate}}{2} \\
\text{Earned Interest} = \frac{2,500,000 \times 0.07875}{2} \\
\text{Earned Interest} = 98,437.50
\]

<table>
<thead>
<tr>
<th>Section I</th>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(98)##X####</td>
<td>2,500,000.00</td>
<td></td>
</tr>
<tr>
<td>(76)##X####</td>
<td></td>
<td>98,437.50</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

This Month -2,598,437.50

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

SGL Transaction Codes for Agency

C122 – To record the maturity of Federal securities acquired at a premium.
Assume this note, FRN, or bond was sold on April 24, 2013, at a price per hundred of 102.062500.

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

\[
\text{Premium} = \frac{(\text{Price} - 100) \times \text{Principal}}{100}
\]

\[
\text{Days from last Earned} = \text{Principal} \times \text{Rate} \times \text{interest period}
\]

\[
\text{Interest} \times \# \text{ of days in interest period} \times 2
\]

Premium = \(\frac{(102.062500 - 100) \times 2,500,000}{100}\)

Premium = 51,562.50

Premium + Earned Interest = 88,544.54

STATEMENT OF TRANSACTIONS

Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account (1)</th>
<th>Receipts and Revolving Fund Repayments (2)</th>
<th>Net Disbursements (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(98)##X####</td>
<td>2,500,000.00</td>
<td></td>
</tr>
<tr>
<td>(76)##X####</td>
<td>88,544.54</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

This Month -2,588,544.54

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

SGL Transaction Codes for Agency

C602 – To record the sale of Federal securities purchased at a premium and sold at a premium.
Assume this note, FRN, or bond was sold on April 24, 2013, at a price per hundred of 98.500000.

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.

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

\[
\text{Discount} = \frac{2,500,000 - (2,500,000 \times 98.500000)}{100} = 37,500.00
\]

Discount – Earned Interest = 517.96

Discount – Earned Interest = 517.96

Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account (1)</th>
<th>Receipts and Revolving Fund Repayments (2)</th>
<th>Net Disbursements (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(98)##X####</td>
<td>2,500,000.00</td>
<td>-2,499,482.04</td>
</tr>
<tr>
<td>(76)##X####</td>
<td>517.96 CR</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

This Month

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

SGL Transaction Codes for Agency

C604 – To record the sale of Federal securities purchased at a premium and sold at a discount.
**Earned Interest.** Assume the note, FRN, or bond was purchased on October 11, 2013, with a par value of $2,500,000, at a price per hundred of 101.250000.

### Premium + Earned Interest = 61,744.23

\[
\text{Premium} = (\text{Price} - 100) \times \frac{\text{Principal}}{100}
\]

\[
\text{Premium} = (101.250000 - 100) \times \frac{2,500,000}{100} = 31,250.00
\]

\[
\text{Earned Interest} = \text{Principal} \times \text{Rate} \times \text{Interest Period}
\]

\[
\text{Earned Interest} = 2,500,000 \times 0.07875 \times 57 = 30,494.23
\]

### STATEMENT OF TRANSACTIONS

**Section I**

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(88)##X####</td>
<td>61,744.23 CR</td>
<td>2,500,000.00</td>
</tr>
</tbody>
</table>

**Section II**

1. Add Payment Transactions Accomplished:

   - This Month
   - 2,561,744.23

## SGL Transaction Codes for Agency

**B129** – To record the purchase of accrued interest on Federal securities.
When the semiannual interest was paid on February 15, 2014, the amount was recorded as a receipt.

\[
\text{Earned Interest} = \frac{\text{Principal} \times \text{Rate}}{2}
\]

\[
\text{Earned Interest} = \frac{2,500,000 \times 0.07875}{2} = 98,437.50
\]

Record the interest as a receipt with subclass 76.

\[
\text{Earning Interest} = \frac{\text{Principal} \times \text{Rate}}{2}
\]

\[
\text{Earning Interest} = \frac{2,500,000 \times 0.07875}{2} = 98,437.50
\]

### STATEMENT OF TRANSACTIONS

**Section I**

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(76)##X####</td>
<td>98,437.50</td>
<td></td>
</tr>
</tbody>
</table>

**Section II**

1. Add Payment Transactions Accomplished:

This Month

-98,437.50

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

### SGL Transaction Codes for Agency

A195 – To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

---

June 2015
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, 2012, with an index ratio of 1.135490.

![ACCOUNT HOLDINGS](image)

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>SECURITY SUB-ACCOUNT</th>
<th>SCHED. REINV.</th>
<th>NEXT PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSIP</td>
<td>Description Maturity Date</td>
<td>No. Par Amount Issue Date</td>
<td>Purchase Price/$100 Par Yield/ Rate (%) Disc Rate (%)</td>
</tr>
<tr>
<td>9128210FD5</td>
<td>MK TIPS 3.625%</td>
<td>100,000,000</td>
<td>100,000,000</td>
</tr>
<tr>
<td></td>
<td>04/15/28</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

![TRANSACTION HISTORY](image)

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/16/12</td>
<td>9128210FD5</td>
<td>MK TIPS 3.625%</td>
<td>Transfer In</td>
<td>+100,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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/tipscpi/tipscpi.htm](http://www.treasurydirect.gov/instit/annceresult/tipscpi/tipscpi.htm) and reference the Daily Index Ratio for the security being purchased as of the purchase date.
Inflation Compensation is calculated as follows:

\[
\text{Inflation} = (\text{Principal} \times \text{Index ratio}) - \text{Principal Compensation}
\]

\[
\text{Inflation} = (100,000,000 \times 1.13549) - 100,000,000 \\
\text{Compensation}
\]

\[
\text{Inflation} = 13,549,000.00 \\
\text{Compensation}
\]

Discount is calculated as follows:

\[
\text{Discount} = (\text{Principal} \times \text{Index ratio}) - ((\text{Principal} \times \text{Index ratio}) \times \text{Price}/100)
\]

\[
\text{Discount} = (100,000,000 \times 1.135490) - ((100,000,000 \times 1.135490) \times .981250)
\]

\[
\text{Discount} = 2,129,043.75
\]

Earned Interest is calculated as follows:

\[
\text{Days} \\
\text{Earned Interest} = \frac{\text{Principal} \times \text{Rate} \times \text{Outstanding} \times \text{Index Ratio}}{\text{Days in interest period} \times 2}
\]

\[
\text{Earned Interest} = \frac{100,000,000 \times .03625 \times 92 \times 1.135490}{183 \times 2}
\]

\[
\text{Earned Interest} = 1,034,660.97
\]
<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(88)##X####</td>
<td></td>
<td>113,549,000.00</td>
</tr>
<tr>
<td>(75)##X####</td>
<td>2,129,043.75</td>
<td></td>
</tr>
<tr>
<td>(76)##X####</td>
<td>1,034,660.97 CR</td>
<td></td>
</tr>
</tbody>
</table>

1. Add Payment Transactions Accomplished:

   This Month: 112,454,617.22

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

**SGL Transaction Codes for Agency**

C417 or C418 – To record the accrual of inflation earned on Federal securities.
Assume this security is held to maturity and the index ratio is 1.554840.

Inflation = (Principal * Index Ratio) - Principal
Compensation

Earned = Principal * Rate * Index Ratio
Interest

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

Earned = 100,000,000 * .03625 * 1.554840
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
(1)

Receipts and Repayments
Revolving Fund
(2)

Net Disbursements
(3)

(98)#X#### 155,484,000.00
(75)#X#### 2,129,043.75 CR
(76)#X#### 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.

SGL Transaction Codes for Agency

C124 – To record the sale of Federal securities purchased at a discount.
Assume this security was redeemed on August 6, 2014, at a price per hundred of 101.750000, and the index ratio was 1.198520.

Inflation = (Principal * Index Ratio) - Principal Compensation

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

Inflation = 19,852,000.00 Compensation

Premium = (Price – 100) * Principal * Index Ratio

Premium = (101.750 – 100) * 100,000,000 * 1.198520

Premium = 101,750 – 100,000,000,000 * 1.198520

Premium = 2,097,410.00

Days Earned = Principal * Rate * Outstanding * Index Ratio

Interest Days in interest period * 2

Earned = 100,000,000 * .03625 * 113 * 1.198520

Interest 183 * 2

Earned = 1,341,376.38

Interest
### STATEMENT OF TRANSACTIONS

#### Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(98)##X####</td>
<td>119,852,000.00</td>
<td></td>
</tr>
<tr>
<td>(75)##X####</td>
<td>2,129,043.75 CR</td>
<td></td>
</tr>
<tr>
<td>(76)##X####</td>
<td>5,567,830.13</td>
<td></td>
</tr>
</tbody>
</table>

#### Section II

1. Add Payment Transactions Accomplished:

| This Month                          | -123,290,786.38                      |

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

### SGL Transaction Codes for Agency

C606 – To record the sale of Federal securities purchased at a discount and sold at a premium.
**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

<table>
<thead>
<tr>
<th>Security Description</th>
<th>Daily Inflation Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MK TIPS 4.25% 01/15/10</td>
<td>$154,200.00</td>
</tr>
<tr>
<td>MK TIPS 3.50% 01/15/11</td>
<td>$169,200.00</td>
</tr>
<tr>
<td>MK TIPS 3.875% 01/15/09</td>
<td>$183,950.00</td>
</tr>
<tr>
<td>MK TIPS 3.625% 01/15/08</td>
<td>$128,400.00</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$635,750.00</strong></td>
</tr>
</tbody>
</table>

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.

##STATEMENT OF TRANSACTIONS##

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Disbursements</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(88)##X####</td>
<td>635,750.00</td>
<td>635,750.00</td>
</tr>
<tr>
<td>(76)##X####</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

---

**ACCOUNT HOLDINGS**

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Description</th>
<th>Total Par</th>
<th>Maturity Date</th>
<th>Security Sub-Account</th>
</tr>
</thead>
<tbody>
<tr>
<td>9128210FD5</td>
<td>MK TIPS 3.625%</td>
<td>100,000,000</td>
<td>100,000,000</td>
<td>98.125000</td>
</tr>
</tbody>
</table>

---

**TRANSACTION HISTORY**

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/15/14</td>
<td>9128210FD5</td>
<td>MK TIPS 3.625%</td>
<td>Interest Payment</td>
<td>2,070,445.94</td>
<td>2,070,445.94</td>
</tr>
</tbody>
</table>

Record the interest as a receipt with a subclass 76.

\[
\text{Earned} = \text{Principal} \times \text{Rate} \times \text{Index Ratio} \\
\text{Interest} = \frac{2}{2}
\]

\[
\text{Earned} = 100,000,000 \times 0.03625 \times 1.142315 \\
\text{Interest} = \frac{2}{2}
\]

\[
\text{Earned} = 2,070,445.94 \\
\text{Interest}
\]

---

**STATEMENT OF TRANSACTIONS**

Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
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</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(76)##X####</td>
<td>2,070,445.94</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

   This Month: \(-2,070,445.94\)

---

**SGL Transaction Codes for Agency**

A195 – To record the collection of revenue for non-revolving trust and special funds that were previously accrued.
MARKETABLE SECURITIES
SPECIAL AND TRUST FUNDS

The source documents shown in Appendix 4 are examples of a Brokers Statement of Account; the same or similar information should be available on the agencies’ Brokers Statement.

** Marketable Securities**

Discounts, premiums, and earned interest are explained below.

**Discount.** Assume a bill, note, FRN (Floating Rate Note), or bond was purchased on May 27, 2012, with a par value of $1,000,000, at a price per hundred of 94.701778.

\[
\text{Discount} = \frac{\text{Principal} - (\text{Principal} \times \text{Price})}{100}
\]

\[
\text{Discount} = \frac{1,000,000 - (1,000,000 \times 94.701778)}{100}
\]

\[
\text{Discount} = 52,982.22
\]

**ACCOUNT HOLDINGS**

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>CUSIP</th>
<th>Description</th>
<th>Maturity Date</th>
<th>Total Par</th>
<th>Issue Date</th>
<th>Purchase Price/$100</th>
<th>Yield Rate</th>
<th>Disc Rate</th>
<th>No. Term</th>
<th>Date Payment</th>
</tr>
</thead>
<tbody>
<tr>
<td>BILL</td>
<td>912796DD8</td>
<td>BILL 11/18/12</td>
<td>11/18/12</td>
<td>1,000,000</td>
<td>94.701778</td>
<td>11/18/12</td>
<td>Par</td>
<td>1,000,000</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TRANSACTION HISTORY**

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>05/27/12</td>
<td>912796DD8</td>
<td>BILL 11/18/12</td>
<td>Transfer In</td>
<td>+ 1,000,000</td>
<td></td>
</tr>
</tbody>
</table>

Discount = Principal – (Principal * Price)

Discount = 1,000,000 – (1,000,000 * 94.701778)

Discount = 52,982.22
Record the principal as a disbursement with a subclass 88. Record the discount as a receipt using a subclass 75.

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(88)##X####</td>
<td>1,000,000.00</td>
<td></td>
</tr>
<tr>
<td>(75)##X####</td>
<td>52,982.22</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

This Month 947,017.78

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

**SGL Transaction Codes for Agency**

B128 – To record the purchase of Federal securities acquired at a discount.
If this security is held to maturity the earnings would be $52,982.22.

### ACCOUNT HOLDINGS

<table>
<thead>
<tr>
<th>CUSIP Description</th>
<th>Total Par</th>
<th>SECURITY SUB-ACCOUNT</th>
<th>SCHED. REINV.</th>
<th>NEXT PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maturity Date</td>
<td></td>
<td>No. Par</td>
<td>Issue Date</td>
<td>Purchase Price/$100</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Amount</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### TRANSACTION HISTORY

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>11/18/12</td>
<td>912796DD8</td>
<td>BILL 11/18/12</td>
<td>Redemption</td>
<td>- 1,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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**

<table>
<thead>
<tr>
<th>Appropriation</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) (98)###X####</td>
<td>(2) (75)###X####</td>
<td>(3) ##X####.2</td>
</tr>
<tr>
<td>1,000,000.00</td>
<td>52,982.22 CR</td>
<td>52,982.22</td>
</tr>
</tbody>
</table>

**Section II**

1. Add Payment Transactions Accomplished:

| This Month | -1,000,000.00 |

### SGL Transaction Codes for Agency

C124 – To record the maturity of Federal securities acquired at a discount.
Assume this security was sold on September 30, 2012, at a price per hundred of 99.166000. This would result in net earnings of $44,642.22.

Discount = Principal – (Principal * Price) \[\text{Discount} = 1,000,000 \times (1 - \frac{99.166000}{100})\]

Discount = 8,340.00

Earned Disc. = Original Disc. – Current Disc.

Earned Disc. = 52,982.22 – 8,340.00

Earned Disc. = 44,642.22

SGL Transaction Codes for Agency

C606 – To record the sale of Federal securities purchased at a discount. The sale results in a gain.
Premium. Assume a note, FRN, or bond was purchased on August 15, 2012, with a par value of $2,500,000, at a price per hundred of 101.250000.

\[
\text{Premium} = (\text{Price} - 100) \times \text{Principal} \\
= \frac{(101.250000 - 100) \times 2,500,000}{100}
= 31,250.00
\]

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

### STATEMENT OF TRANSACTIONS

#### Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(88)##X####</td>
<td>31,250.00 CR</td>
<td>2,500,000.00</td>
</tr>
<tr>
<td>##X####.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Section II

1. Add Payment Transactions Accomplished:

- This Month: 2,531,250.00

---

**SGL Transaction Codes for Agency**

B126 – To record the purchase of Federal securities at a premium.
Assume this note, FRN, or bond is held to maturity.

Earned Interest = Principal * Rate

\[
\text{Earned Interest} = 2,500,000 \times 0.07875 \times 2
\]

\[
\text{Earned Interest} = \frac{2,500,000 \times 0.07875}{2}
\]

\[
\text{Earned Interest} = 98,437.50
\]

**STATEMENT OF TRANSACTIONS**

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
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<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(98)##X####</td>
<td>2,500,000.00</td>
<td></td>
</tr>
<tr>
<td>##X####.2</td>
<td>98,437.50</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

   This Month  -2,598,437.50

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

**SGL Transaction Codes for Agency**

C122 – To record the maturity of Federal securities acquired at a premium.
Assume this note, FRN, or bond was sold on April 24, 2013, at a price per hundred of 102.062500.

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.

\[
\text{Premium} = \left( \frac{\text{Price} - 100}{100} \right) \times \text{Principal}
\]

\[
\text{Earned Interest} = \text{Principal} \times \text{Rate} \times \text{Interest Period} \times \frac{\# \text{ of days in interest period}}{2}
\]

\[
\text{Premium} = \left( 102.062500 - 100 \right) \times 2,500,000
\]

\[
\text{Premium} = 51,562.50
\]

\[
\text{Premium + Earned Interest} = 88,544.54
\]

STATEMENT OF TRANSACTIONS

<table>
<thead>
<tr>
<th>Section I</th>
<th>Section II</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appropriation</td>
<td>This Month</td>
</tr>
<tr>
<td>Fund or Receipt Account</td>
<td></td>
</tr>
<tr>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>(98)##X####</td>
<td>-2,588,544.54</td>
</tr>
<tr>
<td>##X####.2</td>
<td></td>
</tr>
</tbody>
</table>

SGL Transaction Codes for Agency

C602 – To record the sale of Federal securities purchased at a premium and sold at a premium.
Assume this note, FRN, or bond was sold on April 24, 2013, at a price per hundred of 98.500000.

Discount = \frac{\text{Principal} - \left( \text{Principal} \times \text{Price} \right)}{100}

\text{Earned} = \text{Principal} \times \text{Rate} \times \text{interest period} \times \text{Interest} \times \frac{\text{# of days in interest period}}{2}

Discount = 2,500,000 - \left( 2,500,000 \times 98.500000 \right)

\text{Earned} = 2,500,000 \times .07875 \times 68

\text{Discount} = 37,500.00

\text{Earned Interest} = 36,982.04

Discount – Earned Interest = 517.96

STATEMENT OF TRANSACTIONS

Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>(98)##X####</td>
<td>2,500,000.00</td>
<td></td>
</tr>
<tr>
<td>##X####.2</td>
<td>517.96 CR</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

This Month -2,499,482.04

##X#### - Represents the Treasury Account Symbol of the investing fund. Add SGL Transaction code.

SGL Transaction Codes for Agency

C604 – To record the sale of Federal securities purchased at a premium and sold at a discount.
**Earned Interest.** Assume the note, FRN, or bond was purchased on October 11, 2013, with a par value of $2,500,000, at a price per hundred of 101.250000.

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Description</th>
<th>Total Par</th>
<th>Issue Date</th>
<th>Purchase Price/$100</th>
<th>Yield/Discount Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>9128210EH7</td>
<td>MK BOND 7.875%</td>
<td>2,500,000</td>
<td>10/11/13</td>
<td>101.250000</td>
<td></td>
</tr>
</tbody>
</table>

**Transaction History**

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/11/13</td>
<td>9128210EH7</td>
<td>MK BOND 7.875%</td>
<td>Transfer In</td>
<td>+ 2,500,000</td>
<td></td>
</tr>
</tbody>
</table>

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.

- **Premium** = \( \frac{(\text{Price} - 100) \cdot \text{Principal}}{100} \)
- **Earned Interest** = \( \text{Principal} \cdot \text{Rate} \cdot \text{interest period} \) * 2
- **Days from last Earned** = \( \frac{\text{Principal} \cdot \text{Rate} \cdot \text{interest period} \cdot 2}{184} \)

Premium = \( \frac{(101.250000 - 100) \cdot 2,500,000}{100} \)

Premium = 31,250.00

Earned Interest = 30,494.23

**Earned + Interest** = 61,744.23

**Statement of Transactions**

<table>
<thead>
<tr>
<th>Section I</th>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(88)#X###.2</td>
<td>61,744.23 CR</td>
<td>2,500,000.00</td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

This Month 2,561,744.23

---

**SGL Transaction Codes for Agency**

B129 – To record the purchase of accrued interest on Federal securities.
When the semiannual interest was paid on February 15, 2012, the amount was recorded as a receipt. Interest payments are made on notes, FRNs, and bonds.

\[
\text{Earned Interest} = \text{Principal} \times \text{Rate}\n\]

\[
\text{Earned Interest} = 2,500,000 \times 0.07875\n\]

\[
\text{Earned Interest} = 98,437.50\n\]

When the semiannual interest was paid on February 15, 2012, the amount was recorded as a receipt. Interest payments are made on notes, FRNs, and bonds.

---

**ACCOUNT HOLDINGS**

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>SECURITY SUB-ACCOUNT</th>
<th>SCHED. REINV.</th>
<th>NEXT PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSIP Description</td>
<td>Total Par</td>
<td>No. Par Amount</td>
<td>Issue Date</td>
</tr>
<tr>
<td>9128210EH7</td>
<td>2,500,000</td>
<td>2,500,000</td>
<td>101.250000</td>
</tr>
<tr>
<td>MK BOND 7.875%</td>
<td>02/15/21</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**TRANSACTION HISTORY**

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>02/15/14</td>
<td>9128210EH7</td>
<td>MK BOND 7.875%</td>
<td>Interest Payment</td>
<td>98,437.50</td>
<td></td>
</tr>
</tbody>
</table>

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

\[
\text{Earned Interest} = \frac{\text{Principal} \times \text{Rate}}{2}\n\]

\[
\text{Earned Interest} = \frac{2,500,000 \times 0.07875}{2}\n\]

\[
\text{Earned Interest} = 98,437.50\n\]

---

**STATEMENT OF TRANSACTIONS**

**Section I**

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>###X####.2</td>
<td>98,437.50</td>
<td></td>
</tr>
</tbody>
</table>

**Section II**

1. Add Payment Transactions Accomplished:

This Month

-98,437.50

###X#### - Represents the Treasury Account Symbol of the investing fund. Add SGL Transaction code.
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, 2012, with an index ratio of 1.135490.

![ACCOUNT HOLDINGS](image1)

<table>
<thead>
<tr>
<th>CUSIP</th>
<th>Description</th>
<th>Par Value</th>
<th>Index Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>9128210FD5</td>
<td>MK TIPS 3.625%</td>
<td>100,000,000</td>
<td>98.125000</td>
</tr>
</tbody>
</table>

![TRANSACTION HISTORY](image2)

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/16/12</td>
<td>9128210FD5</td>
<td>MK TIPS 3.625%</td>
<td>Transfer In</td>
<td>+ 100,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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/annaceresult/tipscpi/tipscpi.htm](http://www.treasurydirect.gov/instit/annaceresult/tipscpi/tipscpi.htm) and reference the Daily Index Ratio for the security being purchased as of the purchase date (see screen image below).
The index ratio as shown in the above chart for the purchase date of July 16, 2012, was 1.13549.

Inflation Compensation is calculated as follows:

\[
\text{Inflation} = (\text{Principal} \times \text{Index ratio}) - \text{Principal}
\]

\[
\text{Inflation} = (100,000,000 \times 1.13549) - 100,000,000
\]

\[
\text{Inflation} = 13,549,000.00
\]

Discount is calculated as follows:

\[
\text{Discount} = (\text{Principal} \times \text{Index ratio}) - ((\text{Principal} \times \text{Index ratio}) \times \text{Price}/100)
\]

\[
\text{Discount} = (100,000,000 \times 1.135490) - ((100,000,000 \times 1.135490) \times .981250)
\]

\[
\text{Discount} = 2,129,043.75
\]

Earned Interest is calculated as follows:

\[
\text{Earned Interest} = \frac{\text{Principal} \times \text{Rate} \times \text{Outstanding} \times \text{Index Ratio}}{\text{Days in interest period} \times 2}
\]

\[
\text{Earned Interest} = \frac{100,000,000 \times .03625 \times .92 \times 1.135490}{183 \times 2}
\]

\[
\text{Earned Interest} = 1,034,660.97
\]
##X#### - Represents the Treasury Account Symbol of the investing fund.

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

### ACCOUNT HOLDINGS

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>SECURITY SUB-ACCOUNT</th>
<th>SCHED. REINV.</th>
<th>NEXT PAYMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CUSIP Description</td>
<td>Total Par Amount</td>
<td>Issue Date</td>
<td>Purchase Price/$100</td>
</tr>
</tbody>
</table>

### TRANSACTION HISTORY

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/15/28</td>
<td>9128210FD5</td>
<td>MK TIPS 3.625%</td>
<td>Redemption</td>
<td>- 100,000,000</td>
<td></td>
</tr>
</tbody>
</table>

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

\[ \text{Earned Interest} = \frac{\text{Principal} \times \text{Rate} \times \text{Index Ratio}}{2} \]

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

\[ \text{Earned Interest} = \frac{100,000,000 \times .03625 \times 1.554840}{2} \]

Inflation = 55,484,000.00

\[ \text{Earned Interest} = 2,818,147.50 \]

Original Discount + Earned Interest = 4,947,191.25
## STATEMENT OF TRANSACTIONS

### Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(98)##X####</td>
<td>155,484,000.00</td>
<td></td>
</tr>
<tr>
<td>(75)##X####</td>
<td>2,129,043.75 CR</td>
<td></td>
</tr>
<tr>
<td>##X####.2</td>
<td>4,947,191.25</td>
<td></td>
</tr>
</tbody>
</table>

### Section II

1. Add Payment Transactions Accomplished:

   **This Month**  -158,302,147.50

## SGL Transaction Codes for Agency

C124 – To record the sale of Federal securities purchased at a discount.

##X#### - Represents the Treasury Account Symbol of the investing fund.
Assume this security was redeemed on August 6, 2014, at a price per hundred of 101.750000, and the index ratio was 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.

\[
\text{Inflation} = (\text{Principal} \times \text{Index Ratio}) - \text{Principal} \\text{Compensation}
\]

\[
\text{Inflation} = (100,000,000 \times 1.198520) - 100,000,000 \\text{Compensation}
\]

\[
\text{Inflation} = 19,852,000.00 \\text{Compensation}
\]

\[
\text{Premium} = \left(\frac{\text{Price} - 100}{100}\right) \times \text{Principal} \times \text{Index Ratio}
\]

\[
\text{Premium} = \left(\frac{101.750 - 100}{100}\right) \times 100,000,000 \times 1.198520
\]

\[
\text{Premium} = 2,097,410.00
\]

\[
\text{Earned} = \frac{\text{Principal} \times \text{Rate} \times \text{Outstanding} \times \text{Index Ratio}}{\text{Days in interest period} \times 2} \\text{Interest}
\]

\[
\text{Earned} = \frac{100,000,000 \times 0.03625 \times 113 \times 1.198520}{183 \times 2}
\]

\[
\text{Earned} = 1,341,376.38 \\text{Interest}
\]
Point Account = Premium + Earned Interest + Original Discount

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

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(98)##X#####</td>
<td>119,852,000.00</td>
<td></td>
</tr>
<tr>
<td>(75)##X#####</td>
<td>2,129,043.75 CR</td>
<td></td>
</tr>
<tr>
<td>##X#####.2</td>
<td>5,567,830.13</td>
<td></td>
</tr>
</tbody>
</table>

Section II

1. Add Payment Transactions Accomplished:

This Month: -123,290,786.38

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

SGL Transaction Codes for Agency

C606 – To record the sale of Federal securities purchased at a discount and sold at a premium.
**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.

<table>
<thead>
<tr>
<th>Security Description</th>
<th>Daily Inflation Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MK TIPS 4.25% 01/15/10</td>
<td>$154,200.00</td>
</tr>
<tr>
<td>MK TIPS 3.50% 01/15/11</td>
<td>$169,200.00</td>
</tr>
<tr>
<td>MK TIPS 3.875% 01/15/09</td>
<td>$183,950.00</td>
</tr>
<tr>
<td>MK TIPS 3.625% 01/15/08</td>
<td>$128,400.00</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$635,750.00</strong></td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Security Description</th>
<th>Daily Inflation Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>MK TIPS 4.25% 01/15/10</td>
<td>$154,200.00</td>
</tr>
<tr>
<td>MK TIPS 3.50% 01/15/11</td>
<td>$169,200.00</td>
</tr>
<tr>
<td>MK TIPS 3.875% 01/15/09</td>
<td>$183,950.00</td>
</tr>
<tr>
<td>MK TIPS 3.625% 01/15/08</td>
<td>$128,400.00</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>$635,750.00</strong></td>
</tr>
</tbody>
</table>

### STATEMENT OF TRANSACTIONS

<table>
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<tr>
<th>Appropriation Fund or Receipt Account</th>
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<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(88)##X####</td>
<td>635,750.00</td>
<td>635,750.00</td>
</tr>
<tr>
<td>##X####.2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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.

### ACCOUNT HOLDINGS

<table>
<thead>
<tr>
<th>CUSIP Description</th>
<th>Total Par</th>
<th>Issue Date</th>
<th>Purchase Price/$100</th>
<th>Yield/Discount Rate</th>
<th>Index Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>MK TIPS 3.625%</td>
<td>100,000,000</td>
<td>04/15/28</td>
<td>98.125000</td>
<td>1.142315</td>
<td>98.125000</td>
</tr>
</tbody>
</table>

### TRANSACTION HISTORY

<table>
<thead>
<tr>
<th>Date</th>
<th>CUSIP</th>
<th>Description</th>
<th>Transaction Type</th>
<th>Payment Amount</th>
<th>Effect on Par Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/15/14</td>
<td>9128210FD5</td>
<td>MK TIPS 3.625%</td>
<td>Interest Payment</td>
<td>2,070,445.94</td>
<td></td>
</tr>
</tbody>
</table>

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

\[
\text{Earned} = \text{Principal} \times \text{Rate} \times \text{Index Ratio} \\
\text{Interest} = \frac{100,000,000 \times 0.03625 \times 1.142315}{2} \\
\text{Interest} = 2,070,445.94
\]

SGL Transaction Codes for Agency

A195– To record the collection of revenue for non-revolving trust and special funds that were previously accrued.

### STATEMENT OF TRANSACTIONS

#### Section I

<table>
<thead>
<tr>
<th>Appropriation Fund or Receipt Account</th>
<th>Receipts and Revolving Fund Repayments</th>
<th>Net Disbursements</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>(2)</td>
<td>(3)</td>
</tr>
<tr>
<td>##X###.2</td>
<td>2,070,445.94</td>
<td></td>
</tr>
</tbody>
</table>

#### Section II

1. Add Payment Transactions Accomplished:

<table>
<thead>
<tr>
<th>This Month</th>
<th>-2,070,445.94</th>
</tr>
</thead>
</table>

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