

Federal Investments

Tools and Tips

Brandon Hersman: Accountant, Division of Federal Investments, BPD

Susan Chapman, Director, Division of Federal Investments, BPD

Kim Poling, Lead Accountant, Division of Federal Investments, BPD

Topics

- ▶ Resources Available
 - ▶ What's New?
 - ▶ User Forms
 - ▶ Responsibilities
 - ▶ Calculations
 - ▶ Contingency Planning
 - ▶ Contact Information
- 

Resources Available



TreasuryDirect.gov

▶ <http://www.treasurydirect.gov/>



The screenshot shows a vertical navigation menu with a blue header 'APPLICATIONS & PROGRAMS'. Under this header, there is a dropdown menu for 'Federal Investments Program' with sub-items: 'FedInvest', 'New Customers & Forms', 'Online Library', and 'News'. Below this are links for 'SLGS', 'Trust Funds Program', 'Federal Borrowings Program', and 'Security Liquidations & Proceeds'. A grey section titled 'ACCOUNT CENTER' contains 'Log in now' with links for 'SLGSafe®' and 'FedInvest®', and a link for 'Set up an account'.

FedInvest[®]

U.S. Department of the Treasury

Federal Investments Program Overview

The Federal Investments Program:

- Provides investment services to federal government entities that have funds on deposit with the U.S. Treasury and have legislative authority to invest those funds.
- Represents more than one-third of the public debt outstanding, providing services to about 250 Trust, Deposit and Special Funds.

Investments of the Funds are generally restricted to special non-marketable par value or market based book entry securities.

Learn more by visiting [FedInvest](#).

Our Mission is:

- To account for and report on the Federal Investment Program, and to document and ensure compliance with statutory authorities and other Treasury policies related to the Government Account Series (GAS) securities.
- To manage certain Federal Government Trust Funds on behalf of the Secretary of the Treasury who is designated by law or by express agreement as the managing trustee.
- To formulate accounting policies and standards for the management of the Federal Investment Program and the Government Trust Funds.

Online Library

- ▶ Investment Fund Operating Circular
- ▶ Treasury Responsibilities in Investment Fund Administration
- ▶ Treasury Financial Manual (TFM) – Reporting Instructions
- ▶ Intragovernmental Business Rules for Federal Entities
- ▶ New Customer Form
- ▶ Investment/Redemption Request Form

Investment Fund Operating Circular

- ▶ Communicates the policies and procedures of Treasury in regard to government accounts that invest
- ▶ Outlines the responsibilities of Treasury versus the Program Agency

Treasury Responsibilities in Investment Fund Administration

- ▶ Created for the Secretary of the Treasury in November of 2000
- ▶ Provides a review of the administration of accounts with investment authority
- ▶ Documents Treasury's role
- ▶ Evaluates appropriateness and efficiency

Treasury Financial Manual (TFM) – Reporting Instructions

- ▶ Volume I, Chapter 4300 of TFM
- ▶ Reporting Instructions for accounts invested in Department of the Treasury Securities
- ▶ Detailed Reporting Instructions for:
 - Principal
 - Premium
 - Discount
 - Inflation Compensation
 - Earned Interest

Intragovernmental Business Rules

- ▶ Volume I, Chapter 4300 –Appendix 10 of TFM
- ▶ Applies to all intragovernmental business:
 - Specifically transactions that entail the exchange of goods and services, investments and borrowings, and transfers between Federal entities
- ▶ Provides guidance for recording and reconciling intragovernmental exchange, fiduciary, and nonexchange activities
- ▶ Applicable to all accounting systems

What's New?



What's New?

- ▶ Over the past year, BPD has implemented many new features in FedInvest
- ▶ Continuous evaluation to improve functionality
- ▶ Paperless movement

FedInvest

- ▶ Market Value data elements on FedInvest reports

Create Security Balance Report

Filter

Account

Date

Sort Order Primary

Sort Order Secondary

Data Elements

[Select All](#) [Remove All](#)

Account Description <input type="checkbox"/>	Security Description <input type="checkbox"/>
Security Number <input type="checkbox"/>	Shares/Par <input type="checkbox"/>
Initial Discount <input type="checkbox"/>	Initial Premium <input type="checkbox"/>
Cost <input type="checkbox"/>	Market Value <input type="checkbox"/>
Amortization <input type="checkbox"/>	Inflation Compensation <input type="checkbox"/>
Accrued Interest <input type="checkbox"/>	Coupon Rate <input type="checkbox"/>
Maturity Date <input type="checkbox"/>	

FedInvest

- ▶ Added the Year to Date Interest Expense/Revenue report

Custom Report Search

Account

Account: 00X0004 TEST ACCOUNT

Date: 06/2012

Report: Interest Expense/Revenue

```

=====
Run Date:07/02/2012      INTEREST EXPENSE/REVENUE REPORT      F2      FIB6320      Page:      1
Run Time:08:50:27:64    00X0004 TEST ACCOUNT
                          (6320 REPORT)
                          09/30/2011 TO 06/30/2012====
:      BPD INTEREST EXPENSE / AGENCY REVENUE      BPD      AGENCY
-----
Accrued Interest Ending Balance      1,377,270.66      -1,377,270.66
Accrued Interest Beginning Balance   -304,755.24      304,755.24
Interest Payments/Collected         1,710,621.33      -1,710,621.33
Accrued Inflation Compensation Ending      .00      .00
Accrued Inflation Compensation Beg      .00      .00
Inflation Purchased/Sold              .00      .00
Amortization Ending Balance          -2,835,409.55      2,835,409.55
Amortization Beginning Balance        296,947.49      -296,947.49
Amortization on Redemptions           82,842.68      -82,842.68
Agency Interest Revenue (5311)
-----
Initial Discount on Redemptions       90,764.01      -90,764.01
Initial Premium on Redemptions       -7,921.33      7,921.33
Amortization on Redemptions          -82,842.68      82,842.68
Forfeited Discount/Premium            .00      .00
Agency Gain/Loss (7111/7211)
-----
BPD Interest Expense (6320)
-----
327,517.37
-----
AGENCY
-----
-327,517.37
=====
  
```

FedInvest

- ▶ Text change for View/Remove Pending Requests link

The screenshot displays the FedInvest website interface. At the top, the logo "FedInvest" is shown in blue and green, with "U.S. Department of the Treasury" underneath. Below the logo is a navigation bar with four tabs: "FedInvest" (orange), "Today's Prices" (blue), "Overnight Rates" (blue), and "Historical Prices" (blue). Below the navigation bar, the "Home" section is highlighted in orange. Under "Home", there are three main categories: "User Profile Management" with a link to "Manage My Profile"; "Account Summary" with links to "Search For Transactions", "View Transaction", and "View Securities"; and "Security Management" with links to "Buy Security", "Sell Security", and "View/Remove Pending Requests".

FedInvest
U.S. Department of the Treasury

FedInvest Today's Prices Overnight Rates Historical Prices

Home

User Profile Management

- [Manage My Profile](#)

Account Summary

- [Search For Transactions](#)
- [View Transaction](#)
- [View Securities](#)

Security Management

- [Buy Security](#)
- [Sell Security](#)
- [View/Remove Pending Requests](#)

Paperless

- ▶ BPD is moving toward a more paperless environment
- ▶ New forms can be completed on screen and emailed for processing
- ▶ Adobe digital signatures are available for most Adobe users
- ▶ Paper savings of up to 6,000 pages a month for FY2012

User Forms



New User Request Form

- ▶ The FedInvest user request form is available on TreasuryDirect.gov
- ▶ 100% electronic
- ▶ The form can be signed with a digital signature in Adobe
- ▶ Preferred method of submitting the form is electronically by email

Investment/Redemption Request Form

- ▶ The Investment/Redemption request form is available on TreasuryDirect.gov in the FedInvest online library
- ▶ 100% electronic
- ▶ The form can be signed with a digital signature in Adobe
- ▶ Preferred method of submitting the form is electronically by email

Responsibilities



Responsibilities

- ▶ Cash Control
- ▶ Transaction Entry
- ▶ User Information
- ▶ Supervisor Recertification

Cash Control

- ▶ It is the responsibility of the agency to manage investments based on cash needs
- ▶ Agencies should practice a “Buy and Hold” strategy

Transaction Entry

- ▶ Agencies are responsible for entering transactions in FedInvest
- ▶ Under special circumstances, BPD can enter transactions for the agency
- ▶ FedInvest closes promptly at 3 p.m.
- ▶ BPD completes a daily analysis to determine which agencies have not invested

User Information

- ▶ FedInvest user information is located under the CRM tab in FedInvest

FedInvest[®]

U.S. Department of the Treasury

[Help](#) [Logout](#) 1.5.2.3



07/16/2012 07:32 AM EDT

User

Save successful.

User

GAS Accounts

Notifications

[Edit](#)

First Name	Brandon	
Last Name	Hersman	
LDAP Username	bhersman	
Agency/Organization	Federal Investments Branch	
User Status	ENABLED	
Address Line 1	200 3rd St.	Phone 304-480-5168
Address Line 2		Fax 304-480-5212
City	Parkersburg	Email Brandon.Hersman@bpd.treas.gov
State	WV	
Zip Code	26106 -	

User Information

- ▶ Users can set notifications for various system generated processes



[Help](#) [Logout](#) 1.5.2.3



07/20/2012 10:51 AM EDT

User » **Hersman, Brandon**

User

GAS Accounts

Notifications

Daily Prices are Loaded

Daily Prices Applied

Interest Rate for One Day

Interest/Maturity Payments - One Day Securities

Interest/Maturity Payments - All Other Securities

Par Value Sell(s) Posted

Supervisor Recertification

- ▶ Each year, BPD conducts a thorough review of all FedInvest users
- ▶ BPD contacts agency supervisors to ensure the system reflects the most current information
- ▶ Agencies are responsible for validating or resubmitting a form with any necessary changes

Calculations



Calculations

- ▶ Amortization
 - Level Yield (Notes and Bonds)
 - Straight Line (Bills)
- ▶ Interest
- ▶ Transaction Processing
 - Buy
 - Available or Face
 - Sell
 - Specific ID or FIFO
 - Face or Need
 - One Days, Market based, Special Issues or TIPS
- ▶ Published Reports

Amortization

Annual Rate	0.0500000	as decimal
Maturity Date	12/31/2035	
Settle Date	01/27/2011	
Face Amount	1,000,000,000.00	
Index Ratio on Date of Purchase	1.000000	not Inflation-Indexed use 1.0
Market Price	111.000000	per 100
Inflated Principal		
Face * Index Ratio	1,000,000,000.00	
Mkt. Price of Infltd. Prin.		
Infltd. Prin. * Mkt. Price/100	1,110,000,000.00	
Cost Used for Yield & Amortization		
Face - Infltd. Prin. + Mkt. Pr. Of Infltd. Prin.	1,110,000,000.00	
Price Used for Yield & Amortization		
Cost Used for Yld.&Amort. / Face	111.000000	
Price Rounded (based on purchase)	111	
Yield From Purchase Data	4.278059200	
Use If Amortization Does Not Match		
Amortization to match (from FedInvest for purchase date)	<input type="text"/>	
Date of Amortization to be matched	<input type="text"/>	
Adjusted Yield	0.042780592000	
Yield as a decimal	4.278059200	

Amortization

	Page	111.00000000	
	Price	1,110,000,000.00	
	Carrying	Amortization	Amortization
Date	Value	to Date	Since Previous Date
01/27/2011	1,109,993,129.45	6,870.55	
01/31/2011	1,109,965,638.74	34,361.26	27,490.72
02/28/2011	1,109,772,843.20	227,156.80	192,795.54
03/31/2011	1,109,558,653.42	441,346.58	214,189.78
04/30/2011	1,109,350,632.41	649,367.59	208,021.00
05/31/2011	1,109,134,909.38	865,090.62	215,723.03
06/30/2011	1,108,925,513.35	1,074,486.65	209,396.03
07/31/2011	1,108,711,795.21	1,288,204.79	213,718.13
08/31/2011	1,108,497,313.64	1,502,686.36	214,481.58
09/30/2011	1,108,289,021.38	1,710,978.62	208,292.26

Interest

Accrued Interest on One day certificates		
$\text{Rate} / 360 * \# \text{ of days outstanding} * \text{Par}$		
Accrued Interest on Notes, Bonds & Majority of special issue securities		
$\text{Coupon Rate} / 2 / \# \text{ of days in the Half year} * \text{Par} * \# \text{ of days outstanding}$		
Accrued Interest on Civil Service & Postal Service Retiree Health Special Issues		
$\text{Coupon Rate} / 365 * \text{Par} * \# \text{ of days outstanding (including leap day)}$		
Accrued Interest on Railroad special issue securities		
$\text{Coupon Rate} / 365 * \text{Par} * \# \text{ of days outstanding (including leap day)}$		
365 is constant, even in leap years.		

Contingency Planning



Contingency Planning

- ▶ System Issues
- ▶ Natural Disasters
- ▶ Unscheduled Federal Holidays
- ▶ Other

System Issues

▶ Agency Side

- Internet connection issues, agencies can:
 - Email (if available)
 - Phone (with email follow-up when available)

▶ BPD Side

- If FedInvest is unavailable, BPD can:
 - Accept transaction requests via email and call in (with BPD management Approval and email follow-up when available)

Natural Disasters

- ▶ BPD has contingency procedures to continue to process transactions via FedInvest
- ▶ FedInvest is available from almost anywhere with an internet connection

Unscheduled Federal Holidays

- ▶ FedInvest will usually be available during:
 - Early Dismissals
 - Days of Remembrance
 - Extra Holidays
- ▶ In the rare event that FedInvest is unavailable, customers will be notified via e-mail.

Other

- ▶ For the instance of an unscheduled holiday, agencies can post date transactions
- ▶ Market-based, TIPS and One days can be posted dated
- ▶ Special Issues and Zero Coupon Bond transactions can not be post-dated

Contact Information

The Federal Investments Branch

fedinvestor@bpd.treas.gov

(304) 480-5151

