

**Report On the Treasury Bureau of the
Public Debt Trust Fund Management
Branch Schedules and Notes for
Selected Trust Funds
for the Period
October 1, 1999 to September 30, 2000**

OIG-01-040

February 14, 2001



Office of Inspector General

The Department of the Treasury



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY

WASHINGTON, D.C. 20220

February 14, 2001

MEMORANDUM FOR VAN ZECK, COMMISSIONER
BUREAU OF THE PUBLIC DEBT

FROM: *William H. Pugh*
William H. Pugh,
Deputy Assistant Inspector General
for Financial Management and Information
Technology Audits

SUBJECT: Report on the Treasury Bureau of the Public Debt
Trust Fund Management Branch Schedules and Notes
for Selected Trust Funds for the Period
October 1, 1999 to September 30, 2000

I am pleased to transmit the attached Report on the Treasury Bureau of the Public Debt (BPD) Trust Fund Management Branch (TFMB) Schedule of Assets and Liabilities and the related Schedule of Activity of Selected Trust Funds as of and for the year ended September 30, 2000 (the Schedules). These Schedules relate solely to the functions performed by TFMB as custodian of the following Trust Funds' monies and investments:

- Federal Supplementary Medical Insurance Trust Fund,
- Federal Hospital Insurance Trust Fund,
- Highway Trust Fund,
- Airport and Airway Trust Fund,
- Hazardous Substance Superfund Trust Fund,
- Aquatic Resources Trust Fund,
- Leaking Underground Storage Tank Trust Fund, and
- Oil Spill Liability Trust Fund.

We contracted with KPMG LLP, an Independent Public Accountant (IPA), to examine BPD's assertions pertaining to the Schedules. The IPA performed its examination in accordance with the American Institute of Certified Public Accountants' Statements on Standards for Attestation Engagements and generally accepted government auditing standards. The following IPA reports are incorporated in the attachment:

- Independent Auditors' Report on Management's Assertions;
and
- Independent Auditors' Report on Compliance with Laws and Regulations.

The IPA concluded that the BPD's assertions (which are included in the IPA's Report on Management's Assertions) pertaining to the Schedules are fairly stated, in all material respects based on the measurement and disclosure criteria set forth in note 1 to the Schedules.

The IPA's report on compliance with laws and regulations contained one instance of noncompliance relating to the Office of Management and Budget (OMB) Circular A-127 requiring Federal entities to use an integrated financial management system that eliminates the need to input transactions more than once. For part of the year, BPD recorded certain transactions on both a computer spreadsheet and on its accounting systems. During the year, BPD implemented a new, integrated financial management system that resolved this matter.

My staff's review of the IPA's working papers determined that the work was performed in accordance with generally accepted government auditing standards. Should you have any questions, please contact me at (202) 927-5430, or a member of your staff may contact Mike Fitzgerald, Director, Financial Audits at (202) 927-5789.

Attachment

cc: Donald V. Hammond
Under Secretary for Domestic Finance, and
Fiscal Assistant Secretary

**U.S. Department of the Treasury
Bureau of the Public Debt
Trust Fund Management Branch**

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I. Independent Auditors' Report on Management's Assertions



2001 M Street, N.W.
Washington, D.C. 20036

Independent Auditors' Report on Management's Assertions

Inspector General, U.S. Department of the Treasury, and
Commissioner, Bureau of the Public Debt:

We have examined the following assertions of the Trust Fund Management Branch (TFMB) of the Bureau of the Public Debt (BPD) of the U.S. Department of the Treasury (Treasury) with respect to the accounts of each trust fund included on the accompanying Schedule of Assets and Liabilities of Selected Trust Funds as of September 30, 2000 and the related Schedule of Activity of Selected Trust Funds for the year then ended:

- Fund balance with Treasury is reported based on the balance reported by Treasury's Financial Management Service (FMS) in the Treasury Fund Statement 6653 Undisbursed Appropriation Account Ledger and appropriate reconciling transactions.
- Taxes receivable and other accrued liabilities are reported based on tax revenue adjustments reported to TFMB by FMS subsequent to September 30, 2000 and prior to December 31, 2000.
- Interest receivable is calculated and reported by TFMB based on the investment terms reported to TFMB by BPD's Federal Investment Branch (FIB) in the investment confirmations and monthly statements of account.
- Other receivable is reported based on amounts reported to TFMB by the program agencies responsible for the respective trust fund activity.
- Investments are reported at net cost based on the cost amounts reported to TFMB in the investment confirmations received from FIB and the unamortized premiums and discounts calculated by TFMB based on investment terms received from FIB.
- The market value of investments is calculated and reported by TFMB using the recorded investment cost and the market rates published in the September 30, 2000 *Treasury Quote Sheets*.
- Program agency equity is reported based on the net assets available to the program agencies.



- Available program agency equity is reported based on amounts reported to TFMB by the program agencies responsible for the respective trust fund activity.
- Other program agency equity is calculated by TFMB as the difference between the total net assets available to the program agency and the available program agency equity reported to TFMB by the program agencies responsible for the respective trust fund activity.
- Interest revenue is reported based on the amounts reported to TFMB by FIB in the Monthly Statement of Account and accrued interest and amortization calculated by TFMB. Amortization of any premiums and discounts on investments is calculated and reported by TFMB based on the investment terms reported to TFMB by FIB using the straight-line method for investments with a term equal to or less than one year and using the level yield method which approximates the interest method for investments with a term of greater than one year.
- Penalties, fines, administrative fees, donated revenue, transfers in from program agencies, premiums, cost recoveries, transfer in from trans-Alaska pipeline liability fund and other income are reported based on the amounts reported to TFMB by FMS and the program agencies responsible for the respective trust fund activity.
- Tax revenues and refunds are reported based on the amounts reported to TFMB by FMS.
- Losses on disposition of investments are calculated and reported by TFMB based on the difference between the investment proceeds reported to TFMB by FIB and the book value as of the date the investments are redeemed.
- Transfers to program agencies are reported based on the disbursement request amounts received by TFMB from the program agencies responsible for the respective trust fund activity.
- Reimbursements to Treasury bureaus and the General Fund are reported based on the disbursement request amounts determined by various Treasury bureaus, including BPD and FMS.

These assertions are the responsibility of BPD's management. Our responsibility is to express an opinion on these assertions based on our examination. Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the applicable standards contained in *Government Auditing Standards* and, accordingly, included examining on a test basis, evidence supporting the assertions stated above and performing such other procedures, as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, TFMB's assertions referred to above relating to the accounts of each trust fund reported on the accompanying Schedule of Assets and Liabilities of Selected Trust Funds as of September 30, 2000, and the related Schedule of Activity of Selected Trust Funds for the year then ended, are fairly stated, in all material respects based on the measurement and disclosure criteria set forth in note 1 to the schedules.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 31, 2000, on our tests of compliance with certain provisions of laws and regulations applicable to BPD's management of the trust funds. We also issued reports dated December 1, 2000 and December 15, 2000, in accordance with the AICPA's Statement on Auditing Standards (SAS) No. 70, *Service Organizations*, SAS No. 78 *Consideration of Internal Control in a Financial Statement Audit*, and SAS No. 88 *Service Organizations and Reporting on Consistency* related to our examination of the controls at the Federal Investment Branch and Trust Fund Management Branch, respectively. These reports should be read in conjunction with this report in considering the results of our attestation engagement.

This report is intended solely for the information and use of BPD's management, the U.S. Department of the Treasury's Office of Inspector General, program agencies responsible for the respective trust fund activity, Office of Management and Budget and the U. S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 31, 2000

**II. Independent Auditors' Report on Compliance with
Laws and Regulations**



2001 M Street, N.W.
Washington, D.C. 20036

Independent Auditors' Report on Compliance with Laws and Regulations

Inspector General, U.S. Department of the Treasury, and
Commissioner, Bureau of the Public Debt:

We have examined assertions of the Trust Fund Management Branch of the Bureau of the Public Debt (BPD) of the U.S. Department of the Treasury with respect to the accounts of each of the following trust funds included on the Schedule of Assets and Liabilities of Selected Trust Funds as of September 30, 2000 and the related Schedule of Activity of Selected Trust Funds for the year then ended, and have issued our report thereon dated December 31, 2000:

- Federal Supplementary Medical Insurance Trust Fund
- Federal Hospital Insurance Trust Fund
- Highway Trust Fund
- Airport and Airway Trust Fund
- Hazardous Substance Superfund Trust Fund
- Aquatic Resources Trust Fund
- Leaking Underground Storage Tank Trust Fund
- Oil Spill Liability Trust Fund

We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants (AICPA) and the applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The management of BPD is responsible for complying with laws and regulations applicable to the management of the trust funds. As part of obtaining reasonable assurance about whether the assertions with respect to the accounts of each of the trust funds referred to above are free of material misstatement, we performed tests of BPD's compliance with certain provisions of laws and regulations related to the management of the trust funds, noncompliance with which could have a direct and material effect on the determination of the schedule amounts, and certain provisions of other laws and regulations specified in Office of Management and Budget (OMB), Bulletin No. 01-02 *Audit Requirements for Federal Financial Statements*, including certain requirements referred to in the Federal Financial Management Improvement Act (FFMIA) of 1996. We limited our tests of compliance to the provisions described in the preceding sentence, and we did not test compliance with all laws and regulations applicable to BPD's management of the trust funds. However, providing an opinion on compliance with laws and regulations was not an objective of our examination, and, accordingly, we do not express such an opinion.



The results of our tests of compliance with the laws and regulations described in the preceding paragraph of this report, exclusive of FFMIA, disclosed no instances of noncompliance that are required to be reported herein under *Government Auditing Standards* or OMB Bulletin No. 01-02.

We performed tests of compliance with FFMIA section 803(a) requirements, which indicate whether the financial management systems used to manage the trust funds substantially comply with (1) Federal financial management systems requirements, (2) applicable Federal accounting standards, and (3) the United States Government Standard General Ledger at the transaction level. The results of our tests disclosed an instance described below where the financial management systems used to manage the trust funds did not substantially comply with Federal financial management systems requirements.

OMB Circular A-127 requires Federal entities to use an integrated financial management system that eliminates unnecessary duplication of transaction entry. BPD is responsible for managing the trust funds' financial systems. We noted that during the period October 1, 1999 through March 31, 2000, BPD recorded receipt, investment, and disbursement transactions on a computer spreadsheet, known as a cash sheet, and recorded the transactions again in the SOLOMON and Unemployment Trust Fund accounting systems. BPD entered the transactions twice because the accounting systems did not enable BPD to easily monitor cash balances. During the year ended September 30, 2000, BPD implemented a new accounting system that eliminated the duplicate transaction entry. As a result this matter is considered resolved and we make no recommendations regarding this matter.

The results of our tests disclosed no instances in which the financial management systems used to manage the trust funds did not substantially comply with applicable Federal accounting standards and the United States Government Standard General Ledger at the transaction level.

This report is intended solely for the information and use of BPD's management, the U.S. Department of the Treasury's Office of Inspector General, program agencies responsible for the respective trust fund activity, OMB and the U. S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

December 31, 2000

III. Schedule of Assets and Liabilities of Selected Trust Funds

U.S. Department of the Treasury
 Bureau of the Public Debt - Trust Fund Management Branch
 Schedule of Assets and Liabilities of Selected Trust Funds
 As of September 30, 2000

	Federal Supplementary Medical Insurance <u>Trust Fund</u>	Federal Hospital Insurance <u>Trust Fund</u>	Highway <u>Trust Fund</u>	Airport and Airway <u>Trust Fund</u>
ASSETS				
Fund Balance with Treasury	\$ 3,738	1,617	(742,365,537)	41,098,786
Taxes Receivable	-	1,312,913,899	-	225,857,000
Interest Receivable	755,298,807	2,877,090,633	-	182,349,447
Other Receivable	-	484,427,000	-	-
Investments (Net)	45,074,975,000	168,858,696,000	31,022,975,000	13,096,852,000
Total Assets	\$ 45,830,277,545	173,533,129,149	30,280,609,463	13,546,157,233
LIABILITIES				
Other Accrued Liabilities	\$ -	158,259,067	-	34,617,000
Program Agency Equity:				
Available	-	-	-	2,692,078,124
Other	45,830,277,545	173,374,870,082	30,280,609,463	10,819,462,109
Total Program Agency Equity	45,830,277,545	173,374,870,082	30,280,609,463	13,511,540,233
Total Liabilities	\$ 45,830,277,545	173,533,129,149	30,280,609,463	13,546,157,233

The accompanying notes are an integral part of the schedules.

Continued

U.S. Department of the Treasury
 Bureau of the Public Debt - Trust Fund Management Branch
 Schedule of Assets and Liabilities of Selected Trust Funds
 As of September 30, 2000

	Hazardous Substance Superfund <u>Trust Fund</u>	Aquatic Resources <u>Trust Fund</u>	Leaking Underground Storage Tank <u>Trust Fund</u>	Oil Spill Liability <u>Trust Fund</u>
ASSETS				
Fund Balance with Treasury	\$ 1,985,943	8,540,435	(724,719)	(3,639)
Taxes Receivable	-	-	221,000	-
Interest Receivable	42,674	23,172,082	26,113	4,360,592
Other Receivable	-	-	-	-
Investments (Net)	3,960,270,501	1,191,437,845	1,592,630,773	1,159,248,647
Total Assets	\$ 3,962,299,118	1,223,150,362	1,592,153,167	1,163,605,600
LIABILITIES				
Other Accrued Liabilities	\$ -	-	2,892,000	-
Program Agency Equity:				
Available	-	676,757,297	-	169,637,545
Other	3,962,299,118	546,393,065	1,589,261,167	993,968,055
Total Program Agency Equity	3,962,299,118	1,223,150,362	1,589,261,167	1,163,605,600
Total Liabilities	\$ 3,962,299,118	1,223,150,362	1,592,153,167	1,163,605,600

The accompanying notes are an integral part of the schedules.

IV. Schedule of Activity of Selected Trust Funds

U.S. Department of the Treasury
 Bureau of the Public Debt - Trust Fund Management Branch
 Schedule of Activity of Selected Trust Funds
 For the Year Ended September 30, 2000

	Federal Supplementary Medical Insurance <u>Trust Fund</u>	Federal Hospital <u>Insurance Trust Fund</u>	Highway <u>Trust Fund</u>	Airport and Airway <u>Trust Fund</u>
REVENUES				
Interest Revenue	\$ 3,454,645,691	10,824,135,560	-	818,049,449
Penalties, Fines, and Administrative Fees	-	-	12,909,380	-
Donated Revenue	5,501	5,501	-	-
Transfers In from Program Agencies	65,562,021,173	1,758,804,152	-	-
Tax Revenue	-	150,546,419,821	35,974,138,000	9,975,681,000
Tax Refunds	-	-	(1,014,433,196)	(45,761,135)
Premiums	20,514,770,907	1,391,796,026	-	-
Cost Recoveries	-	-	-	-
Transfer In from Trans-Alaska Pipeline Liability Fund	-	-	-	-
Losses on Disposition of Investments	-	-	-	-
Other Income	2,955,616	759,604	163,330	-
Total Revenues	89,534,398,888	164,521,920,664	34,972,777,514	10,747,969,314
DISPOSITION OF REVENUES				
Transfers to Program Agencies	89,299,982,916	129,621,674,540	32,719,412,787	9,922,688,092
Reimbursements to Treasury Bureaus and the General Fund	294,211	40,200,176	-	-
Total Disposition of Revenues	89,300,277,127	129,661,874,716	32,719,412,787	9,922,688,092
Net Increase/(Decrease) in Program Agency Equity	\$ 234,121,761	34,860,045,948	2,253,364,727	825,281,222

The accompanying notes are an integral part of the schedules.

Continued

U.S. Department of the Treasury
 Bureau of the Public Debt - Trust Fund Management Branch
 Schedule of Activity of Selected Trust Funds
 For the Year Ended September 30, 2000

	Hazardous Substance Superfund <u>Trust Fund</u>	Aquatic Resources <u>Trust Fund</u>	Leaking Underground Storage Tank <u>Trust Fund</u>	Oil Spill Liability <u>Trust Fund</u>
REVENUES				
Interest Revenue	\$ 235,739,925	63,465,872	78,956,301	62,131,373
Penalties, Fines, and Administrative Fees	725,472	-	-	33,461,537
Donated Revenue	-	-	-	-
Transfers In from Program Agencies	700,000,000	-	-	-
Tax Revenue	5,067,546	376,046,134	187,941,000	5,000
Tax Refunds	-	-	(6,624,958)	-
Premiums	-	-	-	-
Cost Recoveries	230,508,056	-	-	6,645,108
Transfer In from Trans-Alaska Pipeline Liability Fund	-	-	-	181,846,967
Losses on Disposition of Investments	-	(883)	-	(77,895)
Other Income	-	-	-	-
Total Revenues	1,172,040,999	439,511,123	260,272,343	284,012,090
DISPOSITION OF REVENUES				
Transfers to Program Agencies	1,628,890,653	356,633,566	65,718,303	148,188,662
Reimbursements to Treasury Bureaus and the General Fund	-	-	-	2,141
Total Disposition of Revenues	1,628,890,653	356,633,566	65,718,303	148,190,803
Net Increase/(Decrease) in Program Agency Equity	\$ (456,849,654)	82,877,557	194,554,040	135,821,287

The accompanying notes are an integral part of the schedules.

V. Notes to the Schedules

U.S. Department of the Treasury - Bureau of the Public Debt
Trust Fund Management Branch
Notes to the Schedules
September 30, 2000

Note 1 - Summary of Significant Accounting Policies

A. Reporting Entity

The accompanying Schedule of Assets and Liabilities of Selected Trust Funds and related Schedule of Activity of Selected Trust Funds (Schedules) pertain to the aspects of certain trust funds that are serviced by the Trust Fund Management Branch (TFMB) of the Bureau of the Public Debt (BPD) of the U.S. Department of the Treasury (Treasury). The trust funds were created by legislation enacted by Congress.

TFMB acts as a service organization which processes receipts, disbursements and transfers related to the trust funds based upon information provided by the Internal Revenue Service (IRS) and the Office of Tax Analysis (OTA), the program agencies responsible for the trust fund activity, Treasury's Financial Management Service (FMS) and other Treasury bureaus. As part of its functions, BPD also manages the investments, maintains related accounting records and supporting documentation, and reports financial activity. The financial activity reported in these Schedules is limited to the activities performed by TFMB.

The program agencies are responsible for administering, regulating, and monitoring the program activities funded by the trust funds. The program agencies make all decisions regarding dispositions from the trust funds. As such, these Schedules do not include information regarding the ultimate disposition of amounts transferred from the trust funds to the program agencies.

B. Basis of Presentation

The Schedules have been prepared to report the assets and liabilities of the trust funds under the functions performed by TFMB, and the related activity, in accordance with applicable financial presentation guidelines to the extent those guidelines apply to the limited activities performed by TFMB.

C. Basis of Accounting

The Schedules are prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles applicable to Federal government entities.

U.S. Department of the Treasury - Bureau of the Public Debt
Trust Fund Management Branch
Notes to the Schedules
September 30, 2000

Note 1 - Summary of Significant Accounting Policies, Continued

D. Fund Balance with Treasury

The trust funds do not maintain cash in commercial bank accounts. Cash receipts and disbursements are processed by the Treasury. The fund balance with Treasury represents the net revenue, disposition of revenue, and investment activity.

E. Taxes Receivable and Other Accrued Liabilities

OTA estimates the tax revenues each month based on projected tax receipts and provides the estimates to FMS. FMS transfers the amount of estimated taxes to the trust fund accounts. The IRS or program agencies generally certify the tax revenues two quarters after the taxes are estimated (i.e., 1st quarter estimate is certified in the 3rd quarter) and provide this certification to FMS. FMS calculates the tax adjustment as the difference between the taxes estimated by OTA and taxes certified by the IRS/program agencies and adjusts the trust fund accounts accordingly. FMS reports the tax adjustments to TFMB.

As of September 30, 2000, TFMB recorded a tax receivable or other accrued liability for the amount of tax adjustments received from FMS that relate to taxes estimated in fiscal 2000 and prior years, not processed by FMS as of September 30, 2000, but received from FMS prior to December 31, 2000.

F. Investments

Pursuant to authorizing legislation, the Secretary of the Treasury shall invest, at the direction of the program agencies, such portion of the trust fund balances as is not necessary to meet current withdrawals. Such investments shall be in non-marketable par value or non-marketable market-based securities as authorized by legislation. Par value securities are special issue bonds or certificates of indebtedness that bear interest determined by legislation or the Treasury. Market based securities are Treasury securities that are not traded on any securities exchange, but mirror the prices of marketable securities with similar terms. Both par value and market-based securities are issued and redeemed by the Federal Investment Branch of BPD.

U.S. Department of the Treasury - Bureau of the Public Debt
Trust Fund Management Branch
Notes to the Schedules
September 30, 2000

Note 1 - Summary of Significant Accounting Policies, Continued

TFMB follows Treasury fiscal investment policy guidelines. TFMB determines the term of the securities purchased based on direction provided by the program agencies. The securities are acquired and held in the name of the Secretary of the Treasury for the trust funds. The interest on and proceeds from the sale or redemption of any security held for the trust funds are credited to the appropriate trust fund. Investments are selected for liquidation based on the following order: earliest maturity date, lowest prevailing interest rate, and first security in first security out.

Investments are valued at cost and adjusted for amortization of premiums and discounts, if applicable. The premiums and discounts are recognized as adjustments to interest income, utilizing the straight-line method for short term securities (i.e., bills) and the level yield method for longer term securities (i.e., notes). The level yield method approximates the interest method of amortization. Interest on investments is accrued as it is earned.

G. Available and Other Program Agency Equity

Available program agency equity is determined by the program agencies and represents the amount of program agency equity that may be transferred as of September 30, 2000 to the program agencies at the request of the program agencies. The remaining balance of program agency equity is reported as other program agency equity.

H. Trust Fund Activity

Pursuant to authorizing legislation, revenue activity recorded in the trust funds consists primarily of interest, penalties, fines, administrative fees, transfers in from program agencies, taxes (net of refunds), premiums, cost recoveries, and other income, which are designated to be appropriated and transferred from the Treasury General Fund to the trust funds. Dispositions from the trust funds are made in accordance with authorizing legislation to the program agencies, which are responsible for the ultimate disposition of such funds, to cover program and related costs as defined by law.

U.S. Department of the Treasury - Bureau of the Public Debt
Trust Fund Management Branch
Notes to the Schedules
September 30, 2000

Note 1 - Summary of Significant Accounting Policies, Continued

I. Reimbursements to Treasury Bureaus and the Treasury General Fund

In the case of certain trust funds, BPD and FMS are authorized by law to receive direct reimbursement from the trust funds for certain administrative expenses. Also, the Secretary of the Treasury is authorized by law to charge trust funds to reimburse the Treasury General Fund for administrative expenses incurred by other Treasury bureaus, in performing activities related to the trust funds. The reimbursement amounts are determined by the Treasury bureaus.

Note 2 - Investments

Federal Supplementary Insurance Trust Fund

The investments at September 30, 2000, are non-marketable par value intragovernmental securities with a cost of \$45,074,975,000.

Federal Hospital Insurance Trust Fund

The investments at September 30, 2000, are non-marketable par value intragovernmental securities with a cost of \$168,858,696,000.

Highway Trust Fund

The investments at September 30, 2000, are non-marketable par value intragovernmental securities with a cost of \$31,022,975,000. In accordance with Public Law 105-277, 112 Statute 2681, investments held by the Highway Trust Fund ceased earning interest after September 30, 1998.

Airport and Airway Trust Fund

The investments at September 30, 2000, are non-marketable par value intergovernmental securities with a cost of \$13,096,852,000.

U.S. Department of the Treasury - Bureau of the Public Debt
Trust Fund Management Branch
Notes to the Schedules
September 30, 2000

Note 2 – Investments, Continued

Hazardous Substances Superfund Trust Fund

The investments at September 30, 2000, are non-marketable market-based intragovernmental securities as follows:

Investment Category	Cost	Unamortized Discount	Net Investments	Market Value
One-day Certificates	\$238,895,000	N/A	\$238,895,000	\$238,895,000
Bills	3,887,555,000	(\$166,179,499)	3,721,375,501	3,720,336,139
Total	<u>\$4,126,450,000</u>	<u>(\$166,179,499)</u>	<u>\$3,960,270,501</u>	<u>\$3,959,231,139</u>

The market value for investments is calculated using rates for September 30, 2000, as published in the *Treasury Quote Sheets*. The net unrealized loss on the securities is \$1,039,362, at September 30, 2000.

Aquatic Resources Trust Fund

Investments at September 30, 2000, are non-marketable market-based intragovernmental securities as follows:

Investment Category	Cost	Unamortized Discount	Net Investments	Market Value
One-day Certificates	\$369,113,000	N/A	\$369,113,000	\$369,113,000
Bills and Notes	822,767,000	(\$442,155)	822,324,845	820,389,096
Total	<u>\$1,191,880,000</u>	<u>(\$442,155)</u>	<u>\$1,191,437,845</u>	<u>\$1,189,502,096</u>

The market value of investments is calculated using rates for September 30, 2000, as published in the *Treasury Quote Sheets*. The net unrealized loss on investments is \$1,935,749, at September 30, 2000.

U.S. Department of the Treasury - Bureau of the Public Debt
Trust Fund Management Branch
Notes to the Schedules
September 30, 2000

Note 2 – Investments, Continued

Leaking Underground Storage Tank Trust Fund

Investments at September 30, 2000, are non-marketable market-based intragovernmental securities as follows:

Investment Category	Cost	Unamortized Discount	Net Investments	Market Value
One-day Certificates	\$146,184,000	N/A	\$146,184,000	\$146,184,000
Bills	1,522,780,000	(\$76,333,227)	1,446,446,773	1,446,174,057
Total	<u>\$1,668,964,000</u>	<u>(\$ 76,333,227)</u>	<u>\$1,592,630,773</u>	<u>\$1,592,358,057</u>

The market value of investments is calculated using rates for September 30, 2000, as published in the *Treasury Quote Sheets*. The net unrealized loss on investments is \$272,716 at September 30, 2000.

Oil Spill Liability Trust Fund

The investments at September 30, 2000, are non-marketable market-based intragovernmental securities as follows:

Investment Category	Cost	Unamortized Discount	Net Investments	Market Value
One-day Certificates	\$77,206,000	N/A	\$77,206,000	\$ 77,206,000
Bills and Notes	1,121,413,000	(39,370,353)	1,082,042,647	1,083,309,062
Total	<u>\$ 1,198,619,000</u>	<u>(\$ 39,370,353)</u>	<u>\$ 1,159,248,647</u>	<u>\$1,160,515,062</u>

The market value of investments is calculated using rates for September 30, 2000, as published in the *Treasury Quote Sheets*. The net unrealized gain on investments is \$1,266,415 at September 30, 2000.

U.S. Department of the Treasury - Bureau of the Public Debt
Trust Fund Management Branch
Notes to the Schedules
September 30, 2000

Note 3 - Change in Program Agency Equity

Federal Supplementary Medical Insurance Trust Fund

Change in program agency equity, for the year ended September 30, 2000, is:

Balance, beginning of year	\$ 45,596,155,784
Increase in balance	<u>234,121,761</u>
Balance, end of year	<u>\$ 45,830,277,545</u>

Federal Hospital Insurance Trust Fund

Change in program agency equity, for the year ended September 30, 2000, is:

Balance, beginning of year	\$138,514,824,134
Increase in balance	<u>34,860,045,948</u>
Balance, end of year	<u>\$173,374,870,082</u>

Highway Trust Fund

Change in program agency equity for the year ended September 30, 2000, is:

Balance, beginning of year	\$28,027,244,736
Increase in balance	<u>2,253,364,727</u>
Balance, end of year	<u>\$ 30,280,609,463</u>

Airport and Airway Trust Fund

Change in program agency equity for the year ended September 30, 2000, is:

Balance, beginning of year	\$12,686,259,011
Increase in balance	<u>825,281,222</u>
Balance, end of year	<u>\$13,511,540,233</u>

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Note 3 - Change in Program Agency Equity, Continued

Hazardous Substances Superfund Trust Fund

Change in program agency equity for the year ended September 30, 2000, is:

Balance, beginning of year	\$4,419,148,772
Decrease in balance	<u>(456,849,654)</u>
Balance, end of year	<u>\$3,962,299,118</u>

Aquatic Resources Trust Fund

Changes in program agency equity for the year ended September 30, 2000, is:

Balance, beginning of year	\$1,140,272,805
Increase in balance	<u>82,877,557</u>
Balance, end of year	<u>\$1,223,150,362</u>

Leaking Underground Storage Tank Trust Fund

Change in program agency equity for the year ended September 30, 2000, is:

Balance, beginning of year	\$1,394,707,127
Increase in balance	<u>194,554,040</u>
Balance, end of year	<u>\$1,589,261,167</u>

Oil Spill Liability Trust Fund

Change in program agency equity for the year ended September 30, 2000, is:

Balance, beginning of year	\$1,027,784,313
Increase in balance	<u>135,821,287</u>
Balance, end of year	<u>\$1,163,605,600</u>

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Note 4 - Contingencies

In the opinion of BPD management and legal counsel, there are no known administrative proceedings, legal actions, or claims that will result in a decision which will materially alter the assets, liabilities or activity of the trust funds.

Note 5 - Related Parties

TFMB, on behalf of the Secretary of the Treasury, compiles amounts deposited into the trust funds, invests receipts in Treasury securities, redeems securities and transfers funds to the program agencies, maintains accounting records for receipts and disbursements of the trust funds, and reports trust fund financial activity to the program agencies and other interested parties. The IRS and OTA determine the amounts to be deposited in the trust funds. The program agencies determine the disposition of the trust fund balances. BPD is authorized by law to receive direct reimbursement from certain trust funds for administrative expenses.