



Audit Report



OIG-17-013

FINANCIAL MANAGEMENT

Report on the Bureau of the Fiscal Service Funds Management Branch Schedules for Selected Trust Funds as of and for the Year Ended September 30, 2016

November 15, 2016

Office of
Inspector General

Department of the Treasury

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

OFFICE OF
INSPECTOR GENERAL

November 15, 2016

**MEMORANDUM FOR SHERYL MORROW, COMMISSIONER
BUREAU OF THE FISCAL SERVICE**

FROM: James Hodge /s/
Director, Financial Audit

SUBJECT: Report on the Bureau of the Fiscal Service Funds
Management Branch Schedules for Selected Trust Funds as
of and for the Year Ended September 30, 2016

I am pleased to transmit the attached subject report. Under a contract monitored by our office, KPMG LLP (KPMG), an independent certified public accounting firm, examined the assertions of the Bureau of the Fiscal Service (Fiscal Service) Funds Management Branch (FMB) pertaining to the Schedule of Assets and Liabilities of Selected Trust Funds as of September 30, 2016, and the related Schedule of Activity of Selected Trust Funds for the year then ended (Schedules), and the related notes to the Schedules. These Schedules relate solely to the functions performed by FMB 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,
- Leaking Underground Storage Tank Trust Fund,
- Oil Spill Liability Trust Fund,
- Harbor Maintenance Trust Fund,
- Inland Waterways Trust Fund, and
- South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund

The contract required that the examination be performed in accordance with U.S. generally accepted government auditing standards and the attestation standards established by the American Institute of Certified Public Accountants.

In its examination of FMB's assertions, KPMG found that FMB's assertions (which are included in the Independent Accountants' Report on Management's Assertions)

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are fairly stated, in all material respects, based on the measurement and disclosure criteria set forth in Note 1 to the Schedules.

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an examination of assertions performed in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on FMB's assertions. KPMG is responsible for the attached independent accountants' report dated November 14, 2016, and the conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with U.S. generally accepted government auditing standards.

Should you have any questions, please contact me at (202) 927-0009, or a member of your staff may contact Mark S. Levitt, Manager, Financial Audit, at (202) 927-5076.

Attachment

cc: David A. Lebryk
Fiscal Assistant Secretary

DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Schedules and Notes for Selected Trust Funds

As of and for the Year Ended September 30, 2016

**DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH**

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**I. INDEPENDENT ACCOUNTANTS' REPORT ON
MANAGEMENT'S ASSERTIONS**



KPMG LLP
Suite 12000
1801 K Street, NW
Washington, DC 20006

Independent Accountants' Report on Management's Assertions

Inspector General, Department of the Treasury, and
Commissioner, Bureau of the Fiscal Service

We have examined the following assertions of Funds Management Branch (FMB) of the Bureau of the Fiscal Service (Fiscal Service) of the Department of the Treasury (Treasury) with respect to the applicable accounts of each trust fund included on the accompanying Schedule of Assets and Liabilities of Selected Trust Funds as of September 30, 2016, and the related Schedule of Activity of Selected Trust Funds for the year then ended (Schedules), and the related notes to the Schedules:

- Fund balance with Treasury is reported based on the balance reported by Treasury's Fiscal Service in the Government-wide Accounting's (GWA) Central Accounting and Reporting System (CARS) Account Statement and reconciling transactions identified and recorded by FMB.
- Interest receivables are calculated and reported by FMB based on the investment terms received and recorded by FMB from Fiscal Service's Federal Investments and Borrowings Branch (FIBB) in the investment confirmations and monthly statements of account.
- Investments, net are calculated and reported at net cost based on the cost and premium/discount amounts reported to FMB in the investment confirmations and monthly statements of account received from FIBB.
- The market value of investments is calculated and reported by FMB using the recorded investment cost and the market rates published in the September 30, 2016, Treasury Quote file and unrealized gains and losses are calculated and reported by FMB as the difference between the market value and the investments, net.
- Other payables are reported based on amounts received and recorded by FMB from the program agencies responsible for the respective trust fund activity.
- Program agency equity is calculated and reported by FMB as the difference between the assets of the trust fund and the other payables received and recorded by FMB from the program agencies responsible for the respective trust fund activity.
- Interest revenue is reported based on the amounts received and recorded by FMB from FIBB in the monthly statements of account and accrued interest and amortization calculated by FMB. Amortization of any premiums and discounts on investments is calculated and reported by FMB based on the investment terms reported to FMB by FIBB 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, transfers in from program agencies, premiums, cost recoveries, and other income are reported based on the amounts received and recorded by FMB from the Fiscal Service's GWA, and the program agencies responsible for the respective trust fund activity.



- Tax revenues, tax adjustments, and tax refunds are reported based on the amounts received and recorded by FMB from Treasury's Office of Tax Analysis, Internal Revenue Service, the Fiscal Service's GWA and U.S. Customs and Border Protection.
- Transfers to program agencies are calculated and reported based on the disbursement request amounts received and recorded by FMB from the program agencies responsible for the respective trust fund activity and the disbursement amounts returned and recorded by FMB from the program agencies responsible for the respective trust fund activity.
- Reimbursements to the Fiscal Service and the General Fund are reported based on the disbursement request amounts received and recorded by FMB from various Fiscal Service, Treasury, and other government offices.

FMB's management is responsible for the assertions. 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 standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States 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, FMB's assertions referred to above relating to the applicable accounts of each trust fund reported on the accompanying Schedule of Assets and Liabilities of Selected Trust Funds as of September 30, 2016, 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 of Selected Trust Funds.

This report is intended solely for the information and use of the management of the Bureau of the Fiscal Service, program agencies responsible for their respective trust fund activity, the Department of the Treasury Office of Inspector General, the Office of Management and Budget, the Government Accountability Office, 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

November 14, 2016

**II. SCHEDULE OF ASSETS AND LIABILITIES OF
SELECTED TRUST FUNDS**

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DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Schedule of Assets and Liabilities of Selected Trust Funds

As of September 30, 2016

	Federal Supplementary Medical Insurance Trust Fund	Federal Hospital Insurance Trust Fund	Highway Trust Fund	Airport and Airway Trust Fund	Hazardous Substance Superfund Trust Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:					
Fund balance with Treasury	\$ 2,925,518,294	\$ (1,416,163)	\$ 2,510,976,146	\$ 871,040,999	\$ 438,580
Interest receivables	456,305,648	1,800,038,087	—	59,955,702	3,282,432
Investments, net	<u>63,335,543,000</u>	<u>192,209,143,000</u>	<u>64,628,822,268</u>	<u>13,400,278,000</u>	<u>4,804,620,758</u>
Total assets	<u>\$ 66,717,366,942</u>	<u>\$ 194,007,764,924</u>	<u>\$ 67,139,798,414</u>	<u>\$ 14,331,274,701</u>	<u>\$ 4,808,341,770</u>
Liabilities:					
Other Payables	\$ 3,288,674,000	\$ —	\$ —	\$ —	\$ —
Program Agency Equity	<u>63,428,692,942</u>	<u>194,007,764,924</u>	<u>67,139,798,414</u>	<u>14,331,274,701</u>	<u>4,808,341,770</u>
Total liabilities	<u>\$ 66,717,366,942</u>	<u>\$ 194,007,764,924</u>	<u>\$ 67,139,798,414</u>	<u>\$ 14,331,274,701</u>	<u>\$ 4,808,341,770</u>

See accompanying notes to the schedules of selected trust funds.

DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Schedule of Assets and Liabilities of Selected Trust Funds

As of September 30, 2016

	<u>Leaking Underground Storage Tank Trust Fund</u>	<u>Oil Spill Liability Trust Fund</u>	<u>Harbor Maintenance Trust Fund</u>	<u>Inland Waterways Trust Fund</u>	<u>South Dakota Terrestrial Wildlife Habitat Trust Fund</u>
Assets:					
Fund balance with Treasury	\$ 13,829,704	\$ 24,359,293	\$ 106,291,631	\$ 5,592,106	\$ —
Interest receivables	—	8,166,776	16,963,883	—	540,708
Investments, net	<u>500,831,280</u>	<u>4,964,741,850</u>	<u>8,704,560,659</u>	<u>51,758,396</u>	<u>111,721,389</u>
Total assets	<u>\$ 514,660,984</u>	<u>\$ 4,997,267,919</u>	<u>\$ 8,827,816,173</u>	<u>\$ 57,350,502</u>	<u>\$ 112,262,097</u>
Liabilities:					
Other Payables	\$ —	\$ —	\$ —	\$ —	\$ —
Program Agency Equity	<u>514,660,984</u>	<u>4,997,267,919</u>	<u>8,827,816,173</u>	<u>57,350,502</u>	<u>112,262,097</u>
Total liabilities	<u>\$ 514,660,984</u>	<u>\$ 4,997,267,919</u>	<u>\$ 8,827,816,173</u>	<u>\$ 57,350,502</u>	<u>\$ 112,262,097</u>

See accompanying notes to the schedules of selected trust funds.

**III. SCHEDULE OF ACTIVITY OF
SELECTED TRUST FUNDS**

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DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Schedule of Activity of Selected Trust Funds

For the Year Ended September 30, 2016

	Federal Supplementary Medical Insurance Trust Fund	Federal Hospital Insurance Trust Fund	Highway Trust Fund	Airport and Airway Trust Fund	Hazardous Substance Superfund Trust Fund
Revenues:					
Interest revenue	\$ 2,027,520,948	\$ 7,855,354,030	\$ 123,877,383	\$ 266,740,607	\$ 37,311,172
Penalties, fines, and administrative fees	—	871,436,651	119,512,749	—	7,277,393
Transfers in from program agencies	296,205,950,278	24,084,145,160	70,100,000,000	21,751,659	811,684,242
Tax revenues and adjustments	2,853,265,553	250,472,346,172	41,224,100,859	14,419,641,684	—
Tax refunds	—	—	—	(13,441,633)	—
Premiums	77,400,921,335	3,595,317,995	—	—	—
Cost recoveries	—	—	—	—	30,832,838
Other income	18,111,515	67,785,378	—	—	—
Total revenues	378,505,769,629	286,946,385,386	111,567,490,991	14,694,692,317	887,105,645
Disposition of revenues:					
Transfers to program agencies	384,893,640,221	290,295,461,325	54,775,880,585	14,039,713,074	1,292,167,691
Reimbursements to Fiscal Service and the General Fund	548,262	96,899,151	—	—	—
Total disposition of revenues	384,894,188,483	290,392,360,476	54,775,880,585	14,039,713,074	1,292,167,691
Net increase/(decrease) in program agency equity	\$ <u>(6,388,418,854)</u>	\$ <u>(3,445,975,090)</u>	\$ <u>56,791,610,406</u>	\$ <u>654,979,243</u>	\$ <u>(405,062,046)</u>

See accompanying notes to the schedules of selected trust funds.

DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Schedule of Assets and Liabilities of Selected Trust Funds

As of September 30, 2016

	<u>Leaking Underground Storage Tank Trust Fund</u>	<u>Oil Spill Liability Trust Fund</u>	<u>Harbor Maintenance Trust Fund</u>	<u>Inland Waterways Trust Fund</u>	<u>South Dakota Terrestrial Wildlife Habitat Trust Fund</u>
Revenues:					
Interest revenue	\$ 960,586	\$ 28,460,169	\$ 60,722,525	\$ 225,706	\$ 2,524,029
Penalties, fines, and administrative fees	—	173,491,500	—	—	—
Transfers in from program agencies	—	75,478,372	—	—	—
Tax revenues and adjustments	202,681,209	508,292,665	1,310,511,230	110,901,747	—
Tax refunds	—	—	—	—	—
Premiums	—	—	—	—	—
Cost recoveries	—	46,765,892	—	—	—
Other income	—	—	—	—	—
Total revenues	<u>203,641,795</u>	<u>832,488,598</u>	<u>1,371,233,755</u>	<u>111,127,453</u>	<u>2,524,029</u>
Disposition of revenues:					
Transfers to program agencies	218,000,000	154,630,054	1,294,588,000	108,000,000	7,000,000
Reimbursements to Fiscal Service and the General Fund	—	127,749	—	—	—
Total disposition of revenues	<u>218,000,000</u>	<u>154,757,803</u>	<u>1,294,588,000</u>	<u>108,000,000</u>	<u>7,000,000</u>
Net increase/(decrease) in program agency equity	\$ <u>(14,358,205)</u>	\$ <u>677,730,795</u>	\$ <u>76,645,755</u>	\$ <u>3,127,453</u>	\$ <u>(4,475,971)</u>

See accompanying notes to the schedules of selected trust funds.

**IV. NOTES TO THE SCHEDULES OF
SELECTED TRUST FUNDS**

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DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Notes to the Schedules of Selected Trust Funds

September 30, 2016

(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 Treasury-managed Trust Funds that are serviced by the Funds Management Branch (FMB) of the Bureau of the Fiscal Service (Fiscal Service) of the Department of the Treasury (Treasury). The Trust Funds were created by legislation enacted by the U.S. Congress.

FMB acts as a service organization which processes receipts, disbursements, and transfers related to the trust funds based upon information received and recorded by FMB from Treasury's Office of Tax Analysis (OTA) and the Internal Revenue Service (IRS), U.S. Customs and Border Protection, the program agencies responsible for their trust fund activity, and other Treasury bureaus and offices. As part of its functions, Fiscal Service 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 FMB.

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 function performed by FMB, and the related activity, in accordance with the measurement and criteria discussed below.

(c) Basis of Accounting

The Schedules are prepared using the accrual basis of accounting in accordance with U.S generally accepted accounting principles.

(d) Fund Balance with Treasury

The Trust Funds do not maintain cash in commercial bank accounts. Treasury processes cash receipts and disbursements. Fund Balance with Treasury represents net revenue, disposition of revenue, and investment activity. Fund balance with Treasury is reported based on the balance reported by Treasury's Fiscal Service in the Government-wide Accounting's (GWA) Central Accounting and Reporting System (CARS) Account Statement and reconciling transactions identified and recorded by FMB. A year end transfer (see Note 1j) caused a fund to report a negative Fund Balance with Treasury at the end of the fiscal year.

DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Notes to the Schedules of Selected Trust Funds

September 30, 2016

(e) Interest Receivables

Interest receivables are calculated and reported by FMB based on the investment terms received and recorded by FMB from Fiscal Service's Federal Investments & Borrowings Branch (FIBB) in the investment confirmations and monthly statements of account.

(f) Investments, Net

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, in the judgment of the program agencies, 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 FIBB.

FMB follows Treasury fiscal investment policy guidelines. FMB 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, net are calculated and reported at net cost based on the cost and premium/discount amounts reported to FMB in the investment confirmations and monthly Statements of Account received from FIBB. The market value of investments is calculated and reported by FMB using the recorded investment cost and the market rates published in the September 30, 2016 *Treasury Quote* file (the last work day of the fiscal year) and unrealized gains and losses are calculated and reported by FMB as the difference between the market value and the investments, net. The investments are exposed to various risks such as interest rate and market risks. Such risks, and the resulting investment market values, may be influenced by changes in economic conditions and market perceptions and expectations. Accordingly, it is at least reasonably possible that material changes to the market values of the investments can occur in the near term.

(g) Other Payables and Program Agency Equity

Other payables are reported based on amounts received and recorded by FMB from the program agencies responsible for the respective trust fund activity. As of September 30, 2016, the other payables balance of \$3,288,674,000 is reported as an advance received and recorded by FMB in the Federal Supplementary Medical Insurance Trust Fund.

Program agency equity is calculated and reported by FMB as the difference between the assets of the trust fund and the other payables received and recorded by FMB from the program agencies responsible for the respective trust fund activity.

DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Notes to the Schedules of Selected Trust Funds

September 30, 2016

(h) Interest Revenue

Interest revenue is reported based on the amounts received and recorded by FMB from FIBB in the monthly Statements of Account and accrued interest and amortization calculated by FMB. Amortization of any premiums and discounts on investments is calculated and reported by FMB based on the investment terms reported to FMB by FIBB 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.

(i) Revenues

Pursuant to authorizing legislation, revenue activity recorded in the trust funds consists primarily of interest, penalties, fines, administrative fees, transfers in from program agencies, tax revenues, tax adjustments, tax refunds, premiums, cost recoveries, and other income, which are transferred from the General Fund of the Treasury or from program agencies to the Trust Funds.

Penalties, fines, administrative fees, transfers in from program agencies, premiums, cost recoveries, and other income are reported based on the amounts received and recorded by FMB from Fiscal Service's GWA and the program agencies responsible for the respective trust fund activity.

Tax revenues, tax adjustments, and tax refunds are reported based on the amounts received and recorded by FMB from Treasury's Office of Tax Analysis (OTA), Internal Revenue Service, Fiscal Service's GWA, and U.S. Customs and Border Protection. OTA estimates the tax revenues each month based on projected tax receipts and provides the estimates to Fiscal Service's Budget Reports Division. Fiscal Service's Budget Reports Division transfers the amount of estimated taxes to the trust fund accounts. The IRS or program agencies certify the tax revenues generally within two quarters after the taxes are estimated (i.e., 1st quarter estimate is certified in the 3rd quarter) and provide this certification to Fiscal Service's Budget Reports Division. Fiscal Service's Budget Reports Division 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. Fiscal Service's Budget Reports Division reports the tax adjustments to FMB. As a result of the timing of the certifications, the Schedule of Activity includes certified tax revenues (i.e. actual tax revenues) for the first three quarters of the fiscal year and estimated tax revenues for the last quarter of the fiscal year.

(j) Transfers to Program Agencies

Dispositions from the Trust Funds are made in accordance with the authorizing legislation to the program agencies, which are responsible for the ultimate disposition of such funds, to cover program administration and related costs as defined by law. Transfers to program agencies are calculated, recorded, and reported by FMB based on the disbursement request amounts received from the program agencies responsible for the respective trust fund activity and the disbursement amounts returned and recorded by FMB from the program agencies responsible for the respective trust fund activity.

**DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH**

Notes to the Schedules of Selected Trust Funds

September 30, 2016

(k) Reimbursements to Treasury Bureaus and the General Fund

In the case of certain trust funds, Fiscal Service is authorized by law to receive direct reimbursement from the trust funds for certain administrative expenses. Also, the Secretary of the Treasury is directed by law to charge trust funds to reimburse the General Fund for administrative expenses incurred by other Treasury bureaus in performing activities related to administering the trust funds. These reimbursement amounts are determined by Treasury based on its assessment of the estimated cost of the services provided. Reimbursements to Fiscal Service and the General Fund are reported based on the disbursement request amounts received and recorded by FMB from various Fiscal Service offices.

(2) Investments, Net

Federal Supplementary Medical Insurance Trust Fund

Investments at September 30, 2016, are non-marketable, par value intra governmental securities with a cost of \$63,335,543,000.

Federal Hospital Insurance Trust Fund

Investments at September 30, 2016, are non-marketable, par value intra governmental securities with a cost of \$192,209,143,000.

Highway Trust Fund

The investments at September 30, 2016, are non-marketable, market-based intra governmental securities as follows:

	Cost	Net amortized (premium)/ discount	Net investments	Market value
One-day certificates	\$64,628,822,268	—	64,628,822,268	64,628,822,268
Total	<u>\$64,628,822,268</u>	<u>—</u>	<u>64,628,822,268</u>	<u>64,628,822,268</u>

Airport and Airway Trust Fund

Investments at September 30, 2016, are non-marketable, par value intra governmental securities with a cost of \$13,400,278,000.

**DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH**

Notes to the Schedules of Selected Trust Funds

September 30, 2016

Hazardous Substance Superfund Trust Fund

Investments at September 30, 2016, are non-marketable, market-based intra governmental securities as follows:

	<u>Cost</u>	<u>Net amortized (premium)/ discount</u>	<u>Net investments</u>	<u>Market value</u>
One-day certificates	\$1,311,104,072	—	1,311,104,072	1,311,104,072
Notes	3,491,674,733	1,841,953	3,493,516,686	3,508,299,298
Total	<u>\$4,802,778,805</u>	<u>1,841,953</u>	<u>4,804,620,758</u>	<u>4,819,403,370</u>

The net unrealized gain on investments is \$14,782,612 at September 30, 2016.

Leaking Underground Storage Tank Trust Fund

The investments at September 30, 2016, are non-marketable, market-based intra governmental securities as follows:

	<u>Cost</u>	<u>Net amortized (premium)/ discount</u>	<u>Net investments</u>	<u>Market value</u>
One-day certificates	\$500,831,280	—	500,831,280	500,831,280
Total	<u>\$500,831,280</u>	<u>—</u>	<u>500,831,280</u>	<u>500,831,280</u>

Oil Spill Liability Trust Fund

The investments at September 30, 2016, are non-marketable, market-based intra governmental securities as follows:

	<u>Cost</u>	<u>Net amortized (premium)/ discount</u>	<u>Net investments</u>	<u>Market value</u>
One-day certificates	\$1,246,785,869	—	1,246,785,869	1,246,785,869
Bills and notes	3,741,753,449	(23,797,468)	3,717,955,981	3,731,868,965
Total	<u>\$4,988,539,318</u>	<u>(23,797,468)</u>	<u>4,964,741,850</u>	<u>4,978,654,834</u>

The net unrealized gain on investments is \$13,912,984 at September 30, 2016.

**DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH**

Notes to the Schedules of Selected Trust Funds

September 30, 2016

Harbor Maintenance Trust Fund

The investments at September 30, 2016, are non-marketable, market-based intra governmental securities as follows:

	Cost	Net amortized (premium)/ discount	Net investments	Market value
One-day certificates	\$967,982,382	—	967,982,382	967,982,382
Bills and notes	7,797,683,809	(61,105,532)	7,736,578,277	7,759,645,449
Total	<u>\$8,765,666,191</u>	<u>(61,105,532)</u>	<u>8,704,560,659</u>	<u>8,727,627,831</u>

The net unrealized gain on investments is \$23,067,172 at September 30, 2016.

Inland Waterways Trust Fund

The investments at September 30, 2016, are non-marketable, market-based intra governmental securities as follows:

	Cost	Net amortized (premium)/ discount	Net investments	Market value
One-day certificates	\$51,758,396	—	51,758,396	51,758,396
Total	<u>\$51,758,396</u>	<u>—</u>	<u>51,758,396</u>	<u>51,758,396</u>

South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund

The investments at September 30, 2016, are non-marketable, market-based intra governmental securities as follows:

	Cost	Net amortized (premium)/ discount	Net investments	Market value
One-day certificates	\$2,251,119	—	2,251,119	2,251,119
Notes	109,245,651	224,619	109,470,270	113,058,986
Total	<u>\$111,496,770</u>	<u>224,619</u>	<u>111,721,389</u>	<u>115,310,105</u>

The net unrealized gain on investments is \$3,588,716 at September 30, 2016.

**DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH**

Notes to the Schedules of Selected Trust Funds

September 30, 2016

(3) Change in Program Agency Equity

Federal Supplementary Medical Insurance Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	Amount
Balance, beginning of year	\$69,817,111,796
Decrease in balance	(6,388,418,854)
Balance, end of year	\$63,428,692,942

Federal Hospital Insurance Trust Fund

Change in the program agency equity for the year ended September 30, 2016, is:

	Amount
Balance, beginning of year	\$197,453,740,014
Decrease in balance	(3,445,975,090)
Balance, end of year	\$194,007,764,924

Highway Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	Amount
Balance, beginning of year	\$10,348,188,008
Increase in balance	56,791,610,406
Balance, end of year	\$67,139,798,414

Airport and Airway Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	Amount
Balance, beginning of year	\$13,676,295,458
Increase in balance	654,979,243
Balance, end of year	\$14,331,274,701

**DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH**

Notes to the Schedules of Selected Trust Funds

September 30, 2016

Hazardous Substance Superfund Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	Amount
Balance, beginning of year	\$5,213,403,816
Decrease in balance	(405,062,046)
Balance, end of year	\$4,808,341,770

Leaking Underground Storage Tank Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	Amount
Balance, beginning of year	\$529,019,189
Decrease in balance	(14,358,205)
Balance, end of year	\$514,660,984

Oil Spill Liability Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	Amount
Balance, beginning of year	\$4,319,537,124
Increase in balance	677,730,795
Balance, end of year	\$4,997,267,919

Harbor Maintenance Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	Amount
Balance, beginning of year	\$8,751,170,418
Increase in balance	76,645,755
Balance, end of year	\$8,827,816,173

DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE FUNDS MANAGEMENT BRANCH

Notes to the Schedules of Selected Trust Funds

September 30, 2016

Inland Waterways Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	<u>Amount</u>
Balance, beginning of year	\$54,223,049
Increase in balance	<u>3,127,453</u>
Balance, end of year	<u><u>\$57,350,502</u></u>

South Dakota Terrestrial Wildlife Habitat Restoration Trust Fund

Change in program agency equity for the year ended September 30, 2016, is:

	<u>Amount</u>
Balance, beginning of year	\$116,738,068
Decrease in balance	<u>(4,475,971)</u>
Balance, end of year	<u><u>\$112,262,097</u></u>

(4) Related Parties

FMB, 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 program agencies, OTA, IRS, and Fiscal Service's Budget Reports Division determine the amounts to be deposited in the trust funds. The program agencies determine the disposition of the trust fund balances.

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Treasury OIG Website

Access Treasury OIG reports and other information online:

<http://www.treasury.gov/about/organizational-structure/ig/Pages/default.aspx>

Report Waste, Fraud, and Abuse

OIG Hotline for Treasury Programs and Operations – Call toll free: 1-800-359-3898

Gulf Coast Restoration Hotline – Call toll free: 1-855-584.GULF (4853)

Email: Hotline@oig.treas.gov

Submit a complaint using our online form:

<https://www.treasury.gov/about/organizational-structure/ig/Pages/OigOnlineHotlineForm.aspx>