

VOLUME 4, CHAPTER 7: “INVESTMENTS AND OTHER ASSETS”**SUMMARY OF MAJOR CHANGES**

All changes are denoted by **blue font**.

Substantive revisions are denoted by an * symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by **bold, italic, blue, and underlined font**.

The previous version dated September 2011 is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
Multiple	Updated/added Standard General Ledger account numbers and definitions in accordance with Fiscal Year (FY) 2013 DoD Standard Chart of Accounts and FY 2013 DoD General Ledger Account Definitions and Usage Guidance.	Update
Multiple	Changed the name of the Bureau of Public Debt to The Bureau of the Fiscal Service in accordance with U.S. Treasury Financial Manual Transmittal #S2 13-01.	Update
070203.E.	Clarified trust fund portfolio reconciliation is quarterly in accordance with U.S. Treasury’s Governmentwide Treasury Account Symbol Adjusted Trial Balance System.	Update

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CHAPTER 7

INVESTMENTS AND OTHER ASSETS

0701 GENERAL

This chapter prescribes the accounting requirements for recording transactions in those asset accounts not covered in Volume 4, Chapters 2 through 6. These requirements are consistent with and implement the general accounting policy for assets prescribed in Volume 4, Chapter 1. Other assets are those assets not used directly in performing the Department of Defense (DoD) mission. These assets consist of securities held in various trust funds, assets acquired through means other than appropriations and assets awaiting disposal.

0702 ACCOUNTING POLICY FOR INVESTMENTS AND OTHER ASSETS

070201. Account References

The following paragraphs describe the accounts used to record financial transactions related to investments and other assets owned by the DoD. The United States Standard General Ledger Standard Financial Information Structure Transaction Library, [USSGL SFIS Transaction Library](#) specifies the accounting entries for these accounts. Financial record retention requirements are in Volume 1, Chapter 9.

070202. Investments

“Investments” represent the value of securities and other assets held for the production of revenues in the form of interest, dividends, rentals or lease payments, net of premiums and discounts.

*070203. Account 161000.0400

Investments in U.S. Treasury Securities Issued by the Bureau of the [Fiscal Service-Non-Marketable Market Based](#):

A. Use this account to record the par value of U.S. Treasury securities held by the DoD Components [for non-marketable market based](#) Treasury securities.

B. The DoD Components holding such securities shall maintain an investment subsidiary ledger that provides the name, type, amount, acquisition date, acquisition cost, yield or interest rate, discount or premium, maturity date, and other applicable information for each investment.

C. Maintain a subsidiary account for each trust fund that invests in U.S. Treasury securities.

D. The disposition of a U.S. Treasury security may result in a gain or loss. A comparison of principal proceeds, the book value of a U.S. Treasury security, and any remaining unamortized premium or discount will determine whether there is a gain or loss.

*E. Reconcile [quarterly](#) the “Investments in U.S. Treasury Securities Issued by the Bureau of the [Fiscal Service-Non-Marketable Market Based](#)” account balance with the trust fund portfolios. Such reconciliations also should occur whenever there is a change in trust fund managers or other employees having access to the securities, or when there is a substantial addition, disposition, or replacement in the composition of the portfolio.

F. Unless otherwise provided for by law, securities held by DoD trust funds are U.S. Treasury securities. The Treasury issues no certificates. Instead, Treasury notifies trust fund managers of portfolio increases or decreases using the “Transaction Confirmation.”

G. Source documents for entries to the account include U.S. Treasury securities, the “Transaction Confirmation,” collection and disbursement vouchers, amortization schedules, and journal vouchers.

*070204. [Accounts 161100.0400, 161200.0400, 161300.0500, and 161300.0600](#)

Discount on U.S. Treasury Securities Issued by the Bureau of the [Fiscal Service– Non-Marketable Market Based](#) (Account [161100.0400](#)), Premium on U.S. Treasury Securities Issued by the Bureau of the [Fiscal Service- Non-Marketable Market Based](#) (Account [161200.0400](#)), Amortization of Discount on U.S. Treasury Securities Issued by the Bureau of the [Fiscal Service-Non-Marketable Market Based-Discount](#) (Account [161300.0500](#)) and [Amortization of Premium on U.S. Treasury Securities Issued by the Bureau of the Fiscal Service-Non-Marketable Market Based-Premium](#) (Account [161300.0600](#)):

A. Use Accounts [161100.0400](#) and [161200.0400](#) to record the unamortized discount or premium on U.S. Treasury securities issued by the Bureau of the [Fiscal Service](#). Use Accounts [161300.0500](#) and [161300.0600](#) to record the amortization of discount or premium on U.S. Treasury securities issued by the Bureau of the [Fiscal Service](#).

B. A subsidiary account for unamortized premiums or discounts shall be maintained for each trust fund for determining the gain or loss on the disposition of securities held by each trust fund. This information also is needed for reporting on the financial status of each trust fund.

C. The income derived from U.S. Treasury securities other than Treasury bills shall be the interest stated on the face of the securities adjusted for the amortized premium or discount. For Treasury bills, the difference between the purchase price and the price received at the time of sale or maturity is income.

D. Amortize premiums and discounts over the life of the securities using the interest method. Under the interest method of amortization, an amount of interest equal to the book value (cost plus or minus unamortized premium or discount) of the investment times the

effective interest rate. Thus calculated interest is the effective interest of the investment. The difference between the effective interest and the stated interest (par value times the stated interest rate) is the amount by which the discount or premium should be amortized for the accounting period. The effective interest rate (yield to maturity) may be calculated using a financial calculator or the RATE function in Excel.

E. Source documents for entries to this account include amortization schedules and journal vouchers.

*070205. Other Investments (Account 169000.0700)

Use “Other Investments-[MHPI-Limited Partnership](#)” to record DoD investments in limited partnerships under the Military Housing Privatization Initiative, authorized by Public Law 104-106, [Section 2801](#).

*070206. Other Assets (Account 199000.9000)

Use “Other Assets” to record the value of assets not otherwise classifiable to a specific asset account [excluding assets under contract financing payments](#). Establish applicable subsidiary accounts as necessary to meet management and reporting needs. Source documents for entries to this account include receiving reports and journal vouchers.

*070207. Other Assets – Contract Financing Payments (199000.0100)

Use this account to record the authorized amount of advance or prepayment disbursements to a contractor prior to acceptance of supplies or services by the government under terms and conditions of a contract financing payment clause, defined by Federal Acquisition Regulation, [Part 32](#), Contract Financing. This includes advance payments, performance-based payments, commercial advances and interim payments, progress payments based on cost, and interim payments under certain cost reimbursement contracts.