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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548



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GENERAL GOVERNMENT
DIVISION

JUN 6 1972

Dear Mrs. Banuelos:

We have examined the financial statements of the accountability of the Treasurer of the United States at June 30, 1970 and 1971, for the safekeeping of public funds and other assets for which the Treasurer has custodial responsibility.

The accompanying financial statements (schedules 1, 2, and 3) were prepared by the Office of the Treasurer of the United States and in our opinion present fairly the accountability of the Treasurer of the United States at June 30, 1970 and 1971, in conformity with principles and standards of accounting prescribed by the Comptroller General of the United States, applied on a basis consistent with that of the preceding 2 years except that the individual account balances included in the general account of the Treasurer (schedule 1) are now presented on a final basis.

At June 30, 1970 and 1971, the Treasurer's accountability amounted to about \$74.5 billion and \$75.1 billion, respectively. These amounts consisted of:

	<u>June 30, 1970</u>	<u>June 30, 1971</u>
	(000,000 omitted)	
Gold	\$11,367	\$10,332
General account balance	\$9,291	\$10,117
Less gold balance in general account	<u>111</u> 9,180	<u>109</u> 10,008
Foreign currencies based on market rates of exchange	2	2
Securities held for safe- keeping	51,348	52,105
Unissued paper currency	<u>2,609</u>	<u>2,652</u>
Total Treasurer's accountability	<u>\$74,506</u>	<u>\$75,099</u>

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Prior to fiscal year 1970, the account balances included in the general account of the Treasurer were presented on a clearance basis, that is, the account balances were based primarily on the recording of documents evidencing financial transactions affecting the account of the Treasurer in accordance with the latest information available in the Office of the Treasurer as of the end of the fiscal year. The individual account balances included in the general account of the Treasurer did not include deposit and withdrawal transactions which were in transit as of June 30. We believe that presenting the account balances on a final basis is an improvement.

Our examination of the custodianship functions of the Treasurer for fiscal years 1970 and 1971 consisted principally of an examination on a test basis of records and financial transactions pertaining to the accountability of the Treasurer. Our work included observations of cash and security counts, confirmations of depositary balances, and other auditing procedures that we considered appropriate in the circumstances. The examination was performed principally in Washington, D.C.

Substantially all the gold and silver bullion shown in schedule 1 was held at Bureau of the Mint installations. We did not verify the existence of the bullion beyond observing, at selected locations, the work of Bureau of the Mint inspection committees. These committees take physical inventories of the monetary assets held; however, the committees accept the value of bullion held in sealed vaults, many of which have not been opened for years, as stated on joint seals verified by previous committees.

The statement of principles and standards of the accounting system for the public moneys in the Office of the Treasurer was approved by the Comptroller General on February 22, 1971. The accounting system design is scheduled to be submitted to the Comptroller General for approval in July 1972.

Sincerely yours,


Charles P. McAuley
Assistant Director

The Honorable Romana A. Banuelos
Treasurer of the United States
The Department of the Treasury

Account of the Treasurer of the United StatesAssets and Liabilities in the Accounts

At June 30, 1970 and 1971 [See GAO Note A]

<u>Gold</u>	<u>June 30, 1970</u>	<u>June 30, 1971</u>	<u>Increase or decrease (-)</u>
ASSETS:			
Gold	<u>\$11,367,017,795.81</u>	<u>\$10,332,133,694.60</u>	<u>\$-1,034,884,101.21</u>
LIABILITIES:			
Gold certificates, Series of 1934, outstanding	\$ 1,277,800.00	\$ 1,277,800.00	\$ -
Gold certificate fund, Board of Governors, Federal Reserve System	11,044,113,823.84	10,074,113,754.43	- 970,000,069.41
International Monetary Fund gold deposit	210,492,967.44	147,914,492.70	- 62,578,474.74
Gold balance	111,133,204.53	108,827,647.47	- 2,305,557.06
Total	<u>\$11,367,017,795.81</u>	<u>\$10,332,133,694.60</u>	<u>\$-1,034,884,101.21</u>
 <u>General Account</u>			
ASSETS:			
In Treasury offices:			
Gold balance (as above)	\$ 111,133,204.53	\$ 108,827,647.47	\$- 2,305,557.06
Silver dollars	3,043,904.00	3,044,550.00	646.00
Fractional coin	13,924,455.00	44,286,258.70	30,361,803.70
Paper currency	100,195,612.00	149,792,469.00	49,596,857.00
Coinage metal:			
Silver	74,965,793.79	37,508,652.72	- 37,457,141.07
Other	71,698,064.68	190,910,087.02	119,212,022.34
Unclassified collections, uncollected items, exchanges, etc. (net)	105,511,568.69	113,726,030.70	8,214,462.01
Subtotal	<u>480,472,602.69</u>	<u>648,095,695.61</u>	<u>167,623,092.92</u>
Deposits in:			
Federal Reserve banks:			
Available funds	1,004,735,249.80	1,274,384,418.36	269,649,168.56
In process of collection	354,921,404.19	419,322,676.55	64,401,272.36
Special depositaries, Treasury tax and loan accounts	6,929,180,111.57	7,371,986,499.42	442,806,387.85
National and other bank depositaries	113,777,484.27	142,596,682.04	28,819,197.77
Foreign depositaries	38,682,070.71	37,881,123.56	- 800,947.15
Funds in transit between depositaries	369,032,692.71	222,702,654.81	- 146,330,037.90
Subtotal	<u>8,810,329,013.25</u>	<u>9,468,874,054.74</u>	<u>658,545,041.49</u>
Total assets, Treasurer's account	9,290,801,615.94	10,116,969,750.35	826,168,134.41
Deduct net transactions in transit as of June 30	<u>- 274,905,835.42</u>	<u>- 206,249,711.46</u>	<u>+ 68,656,123.96</u>
General account balance as published in daily Treasury statements	<u>\$ 9,015,895,780.52</u>	<u>\$ 9,910,720,038.89</u>	<u>\$ 894,824,258.37</u>

The notes on page 6 are an integral part of this statement.

SCHEDULE 1

Account of the Treasurer of the United States

Assets and Liabilities in the Accounts

At June 30, 1970 and 1971 [See GAO Note A]

<u>Gold</u>	<u>June 30, 1970</u>	<u>June 30, 1971</u>	<u>Increase or decrease (-)</u>
ASSETS:			
Gold	<u>\$11,367,017,795.81</u>	<u>\$10,332,133,694.60</u>	<u>\$-1,034,884,101.21</u>
LIABILITIES:			
Gold certificates, Series of 1934, outstanding	\$ 1,277,800.00	\$ 1,277,800.00	\$ -
Gold certificate fund, Board of Governors, Federal Reserve System	11,044,113,823.84	10,074,113,754.43	- 970,000,069.41
International Monetary Fund gold deposit	210,492,967.44	147,914,492.70	- 62,578,474.74
Gold balance	<u>111,133,204.53</u>	<u>108,827,647.47</u>	<u>- 2,305,557.06</u>
Total	<u>\$11,367,017,795.81</u>	<u>\$10,332,133,694.60</u>	<u>\$-1,034,884,101.21</u>
 <u>General Account</u>			
ASSETS:			
In Treasury offices:			
Gold balance (as above)	\$ 111,133,204.53	\$ 108,827,647.47	\$- 2,305,557.06
Silver dollars	3,043,904.00	3,044,550.00	646.00
Fractional coin	13,924,455.00	44,286,258.70	30,361,803.70
Paper currency	100,195,612.00	149,792,469.00	49,596,857.00
Coinage metal:			
Silver	74,965,793.79	37,508,652.72	- 37,457,141.07
Other	71,698,064.68	190,910,087.02	119,212,022.34
Unclassified collections, uncollected items, exchanges, etc. (net)	<u>105,511,568.69</u>	<u>113,726,030.70</u>	<u>8,214,462.01</u>
Subtotal	<u>480,472,602.69</u>	<u>648,095,695.61</u>	<u>167,623,092.92</u>
Deposits in:			
Federal Reserve banks:			
Available funds	1,004,735,249.80	1,274,384,418.36	269,649,168.56
In process of collection	354,921,404.19	419,322,676.55	64,401,272.36
Special depositories, Treasury tax and loan accounts	6,929,180,111.57	7,371,986,499.42	442,806,387.85
National and other bank depositories	113,777,484.27	142,596,682.04	28,819,197.77
Foreign depositories	38,682,070.71	37,881,123.56	- 800,947.15
Funds in transit between depositories	<u>369,032,692.71</u>	<u>222,702,654.81</u>	<u>- 146,330,037.90</u>
Subtotal	<u>8,810,329,013.25</u>	<u>9,488,374,051.74</u>	<u>658,555,038.49</u>
Total assets, Treasurer's account	9,290,801,615.94	10,116,969,750.35	826,168,134.41
Deduct net transactions in transit as of June 30	<u>- 274,905,835.42</u>	<u>- 206,249,711.46</u>	<u>+ 68,656,123.96</u>
General account balance as published in daily Treasury statements	<u>\$ 9,015,895,780.52</u>	<u>\$ 9,910,720,038.89</u>	<u>\$ 894,824,258.37</u>

The notes on page 6 are an integral part of this statement.

SCHEDULE 2

Statement of Foreign Currencies
Held for the Treasurer of the United States
At June 30, 1970 and 1971

Name and location of depositary	June 30, 1970		June 30, 1971	
	Foreign currency	Approximate dollar amount (Note 1)	Foreign currency	Approximate dollar amount (Note 1)
Bank Negara Indonesia Djakarta, Indonesia	110,510.63 rupiahs	\$ 290.05	110,510.63 rupiahs	\$ 290.05
State Bank of Pakistan Karachi, Pakistan Account No. 1	10,214,776.31 rupees	2,130,297.45	10,214,776.31 rupees	2,146,863.45
State Bank of Pakistan Karachi, Pakistan Account No. 2	45,926.55 rupees	<u>9,578.00</u>	45,926.55 rupees	<u>9,652.49</u>
Total		<u>\$2,140,165.50</u>		<u>\$2,156,805.99</u>

Note 1 - Converted at market rate of exchange at June 30, 1970, and June 30, 1971, respectively, available to the United States for exchanging dollars for foreign currencies for official disbursements.

SCHEDULE 3

Comparative Statement of Securities
Held by the Treasurer of the United States
For Various Purposes
At June 30, 1970 and 1971

	<u>June 30, 1970</u>	<u>June 30, 1971</u>
	[See GAO Note B]	
AS COLLATERAL:		
To secure deposits of public moneys in depository banks	\$ 39,615,100	\$ 37,103,100
In lieu of sureties	3,632,850	5,005,250
IN CUSTODY FOR GOVERNMENT OFFICERS AND OTHERS:		
For the Secretary of the Treasury	36,600,036,156	37,384,997,232
For the Comptroller of the Currency	10,462,500	11,307,500
For the Federal Deposit Insurance Corporation	245,000,000	245,000,000
For the Rural Electrification Administration	154,048,600	147,157,000
For the District of Columbia	316,243,623	386,480,066
For the Commissioner of Indian Affairs	222,754,650	34,172,150
Foreign Obligations (Note 1)	12,032,489,451	12,028,276,451
Other (Note 2)	42,448,697	120,013,619
FOR GOVERNMENT SECURITY TRANSACTIONS:		
Unissued bearer securities	<u>1,681,304,250</u>	<u>1,705,536,950</u>
Total [See GAO Note C]	<u>\$51,348,035,877</u>	<u>\$52,105,049,318</u>

Note 1 - Issued by foreign governments to the United States for indebtedness arising from World War I.

Note 2 - Includes U.S. savings bonds in safekeeping for individuals.

The notes on page 6 are an integral part of this statement.

