

TIPS & TECHNIQUES

A SFMS Desk Manual

R*STARS: TREA.4
Revised: 01/13/17

INVESTMENT TRANSACTIONS

OVERVIEW

This manual section covers recording R*STARS investment transactions for investments not subject to GASB 31 and is contained in the Oregon Accounting Manual (OAM) 15.15.00. The web site for the Oregon Accounting Manual is: <http://www.oregon.gov/das/Financial/Acctng/Pages/OAM.aspx>

Treasury investment principal and interest transactions are interfaced and processed on R*STARS as part of the deposit reconciliation subsystem. The deposit reconciliation process is covered in the SFMS Desk Manual Treas.1 - Deposit Reconciliation. The web site for the SFMS Desk Manual is: <http://www.oregon.gov/das/Financial/AcctgSys/Pages/deskmanual.aspx>

Agencies need to post investment activity promptly to ensure cash balances are not misstated. The Chief Financial Office's policy on all outgoing electronic funds transfers is that transactions must be posted within three business days.

This manual is separated into two categories – Investments at the Oregon State Treasury and Investments Held Outside Oregon State Treasury (at Bank). Examples of investment activity are shown in each category.

INVESTMENTS HELD AT THE OREGON STATE TREASURY NOT SUBJECT TO GASB 31

All of the examples in this category involve the deposit reconciliation process. Once a transaction clears the reconciliation process (which is described in SFMS Manual Treas.1), R*STARS generates transaction code 332 (or 332R) Record Cash for Reconciled Deposits. The transaction code (tcode) 332 updates the following general ledger accounts:

DR Acct 0070 Cash on Deposit with Treasurer
CR Acct 0065 Unreconciled Deposit

The 332R would have the opposite effect.

DR Acct 0065 Unreconciled Deposit
CR Acct 0070 Cash on Deposit with Treasurer

Whether 332 or 332R is generated is determined by the initiating tcode (the tcode used to post the investment transaction). If the initiating tcode debits 0065 then tcode 332 would generate, crediting 0065. If the initiating tcode credits 0065, then tcode 332R would generate, debiting 0065.

Example #1 Record Investment Purchased With A Premium

An agency with investments held at Treasury purchased an investment of \$1,000 par value with a premium of \$50. Accrued purchased interest on the investment was \$25. The total cash disbursed was \$1,075. The agency will need to record the following transaction codes:

Transaction code 140R - Receipt of Investment - or Mass Transit

DR Acct 0240 Investments-Designated	\$1000	
Or DR Acct 0929 Investments-Noncurrent		
DR Acct 0261 Premium on Investments	\$50	
CR Acct 0065 Unreconciled Deposit		\$1050

Explanation: Record investment purchase (Par) and investment premium.

Transaction code 183R - Recognize Accrued Interest Purch Rec'd

DR Acct 0580 Accrued Interest Purchased	\$25	
CR Acct 0065 Unreconciled Deposit		\$25

Explanation: Record accrued purchased interest.

Example #2 Record Investment Purchased With A Discount

An agency with investments held at Treasury purchases an investment for \$2,000 par value with a discount of \$100. Accrued purchased interest on the investment was \$25. The total cash disbursed was \$1,925. The agency will need to record the following transaction codes:

Transaction code 140R - Receipt of Investment - or Mass Transit

DR Acct 0240 Investments-Designated	\$2000	
Or DR Acct 0929 Investments-Noncurrent		
CR Acct 0065 Unreconciled Deposit		\$1900
CR Acct 0281 Discount on Investments		\$100

Explanation: Record investment purchase (Par) and investment discount.

Transaction Code 183R – Recognize Accrued Interest Purch Rec'd

DR Acct 0580 Accrued Interest Purchased	\$25	
CR Acct 0065 Unreconciled Deposit		\$25

Explanation: Record accrued purchased interest.

Example #3 Record Investment Sold With A Premium, At A Loss

An agency with investments held at Treasury sells an investment for \$990 with par value of \$1,000; unamortized premium of \$50, creating a loss of \$60. The sale occurs on the first of the month so amortization to the sale date is not required. The total cash received was \$990. The agency will need to record the following transaction codes:

Transaction code 140 - Receipt of Investment - or Mass Transit

DR Acct 0065 Unreconciled Deposit	\$1050	
CR Acct 0240 Investments-Designated		\$1000
Or CR Acct 0929 Investments-Noncurrent		
CR Acct 0261 Premium on Investments		\$50

Explanation: Record sale of investment (Par) with investment premium.

Transaction code 190R - Receipt of Revenue Not Accrued
(COBJ 2340 Gain (Loss) On Sale Of Investment)

DR Acct 3100 Revenue Control-Cash	\$60	
CR Acct 0065 Unreconciled Deposit		\$60

Explanation: Record the loss on the sale of the investment, using COBJ 2340.

Example #4 Record Investment Sold With A Discount, At A Gain

An agency with investments held at Treasury sells an investment for \$2,125 with par value of \$2,000; unamortized discount of \$75, creating a gain of \$200. The sale occurs on the first of the month so amortization to the sale date is not required. The total cash received was \$2,125. The agency will need to record the following transaction codes:

Transaction code 140 - Receipt of Investment - or Mass Transit

DR Acct 0065 Unreconciled Deposit	\$1925	
DR Acct 0281 Discount on Investments	\$75	
CR Acct 0240 Investments-Designated		\$2000
Or CR Acct 0929 Investments-Noncurrent		

Explanation: Record sale of investment (Par) with investment discount.

Transaction code 190 - Receipt of Revenue Not Accrued
(COBJ 2340 Gain (Loss) On Sale Of Investment)

DR Acct 0065 Unreconciled Deposit	\$200	
CR Acct 3100 Revenue Control-Cash		\$200

Explanation: Record the gain on the sale of the investment, using COBJ 2340.

Example #5 Record Interest Income On Investments

During the month, Treasury will interface interest income through the deposit reconciliation subsystem. Agencies can use transaction codes 182 or 190 for the investment income. For those investments originally purchased with accrued interest, transaction code 183 will need to be posted to recognize that not all of the interest received is revenue.

An agency with investments held at Treasury receives interest income from investments of \$100. The interest income includes \$25 of accrued purchased interest. The agency will need to record the following transaction codes:

Transaction code 182 - Recognize Interest Dist. from Treasury
(COBJ 0810 Income From Investments-Treasury)

Or

Transaction code 190 - Receipt of Revenue Not Accrued

DR Acct 0065 Unreconciled Deposit	\$75	
CR Acct 3100 Revenue Control-Cash		\$75

Explanation: Record interest income net of accrued purchased interest, using COBJ 0810.

Transaction code 183 - Recognized Accrued Interest Purch Rec'd

DR Acct 0065 Unreconciled Deposit	\$25	
CR Acct 0580 Accrued Interest Purchased		\$25

Explanation: Record reduction to original accrued interest purchased.

Example #6 Monthly Transactions (Amortization of Premium and Discount, Recording Treasury Fees)

a. An agency with investments held at Treasury amortizes \$10 of premium.

Transaction code 487R - Amort Investment Prem/Disc/Adj Val Acct FV
(COBJ 2345 Amortization Of Investment Premium)

DR Acct 3200 GAAP Revenue Offset	\$10	
CR Acct 0261 Premium On Investments		\$10

b. An agency with investments held at Treasury amortizes \$25 of discount.

Transaction code 487 - Amort Investment Prem/Disc/Adj Val Acct FV
(COBJ 2346 Amortization Of Investment Discount)

DR Acct 0281 Discount On Investments	\$25	
CR Acct 3200 GAAP Revenue Offset		\$25

c. An agency with investments held at State Treasury records Treasury charges of \$30.

Transaction code 167R - Recog Outgoing ACH/Wire Transfr/Tres Fee
(COBJ 4600 State Government Service Charges)
(Or other applicable Comptroller Object)

DR Acct 3500 Expenditure Control-Cash	\$30	
CR Acct 0065 Unreconciled Deposit		\$30

INVESTMENTS HELD OUTSIDE OREGON STATE TREASURY (AT BANK) NOT COVERED BY GASB 31

Example #7 Record Investment Purchased With A Premium

An agency with investments at bank purchases an investment for \$3,000 par value with a premium of \$30. Accrued purchased interest on the investment was \$10. The total cash in bank disbursed was \$3,040. The agency will need to record the following transaction code:

Transaction code 490 – Investments With Cash In Bank

DR Acct 0250 Investments-Other	\$3000	
Or DR Acct 0929 Investments-Noncurrent		
DR Acct 0261 Premium On Investments	\$30	
DR Acct 0580 Accrued Interest Purchased	\$10	
CR Acct 0077 Cash - In Bank		\$3040

Explanation: Record investment purchase (Par), investment premium and accrued interest purchased.

Example #8 Record Investment Purchased With A Discount

An agency with investments at bank purchases an investment for \$4,000 par value with a discount of \$80. Accrued purchased interest on the investment was \$20. The total cash in bank disbursed was \$3,940. The agency will need to record the following transaction code:

Transaction code 490 – Investments With Cash In Bank

DR Acct 0250 Investments-Other	\$4000	
Or DR Acct 0929 Investments-Noncurrent		
DR Acct 0580 Accrued Interest Purchased	\$20	
CR Acct 0077 Cash - In Bank		\$3940
CR Acct 0281 Discount On Investments		\$80

Explanation: Record investment purchase (Par), investment discount and accrued interest purchased.

Example #9 Record Investment Sold With A Premium, At A Gain

An agency with investments at bank sells an investment with par value of \$3,000 and unamortized premium of \$30, and a gain of \$60. The total cash in bank received was \$3,090. The agency will need to record the following transaction codes:

Transaction code 490R - Investments With Cash In Bank

DR Acct 0077 Cash - In Bank	\$3030	
CR Acct 0250 Investments-Other		\$3000
Or CR Acct 0929 Investments-Noncurrent		
CR Acct 0261 Premium On Investments		\$30

Explanation: Record sale of investment (Par), with investment premium.

Transaction code 481 - Recognize Investment Rev/Sale Cash Bank
(COBJ 2340 Gain (Loss) On Sale Of Investment)

DR Acct 0077 Cash - In Bank	\$60	
CR Acct 3100 Revenue Control-Cash		\$60

Explanation: Record the gain on the sale of the investment, using COBJ 2340.

Example #10 Record Investment Sold With A Discount, At A Loss

An agency with investment at bank sells an investment with par value of \$4,000 and unamortized discount of \$80, and a loss of \$150. The total cash in bank received was \$3,770. The agency will need to record the following transaction codes:

Transaction code 490R - Investments With Cash In Bank

DR Acct 0077 Cash - In Bank	\$3920	
DR Acct 0281 Discount On Investments	\$80	
CR Acct 0250 Investments-Other		\$4000
Or CR Acct 0929 Investments-Noncurrent		

Explanation: Record sale of investment (Par), with investment premium.

Transaction code 481R - Recognize Investment Rev/Sale Cash Bank
(COBJ 2340 Gain (Loss) On Sale Of Investment)

DR Acct 3100 Revenue Control-Cash	\$150	
CR Acct 0077 Cash - In Bank		\$150

Explanation: Record the loss on the sale of the investment, using COBJ 2340.

Example #11 Record Interest Income On Investments

An agency with investments at bank receives interest income from investments of \$100. The interest income includes \$25 of accrued purchased interest. The agency will need to record the following transaction codes:

Transaction code 481 - Recognize Investment Rev/Sale Cash Bank
(COBJ 0800 Interest And Investments)

DR Acct 0077 Cash - In Bank	\$75	
CR Acct 3100 Revenue Control-Cash		\$75

Explanation: Record interest income net of accrued purchased interest using COBJ 0800.

Transaction Code 490R - Investments With Cash In Bank

DR Acct 0077 Cash - In Bank	\$25	
CR Acct 0580 Accrued Interest Purchased		\$25

Explanation: Record reduction to original accrued interest purchased.

Example #12 Monthly Transactions (Amortization of Premium and Discount, Recording Bank Fees)

- a. An agency with investments at bank amortizes \$10 of premium.

Transaction code 487R - Amort Investment Prem/Disc/Adj Val Acct FV
(COBJ 2345 Amortization of Investment Premium)

DR Acct 3200 GAAP Revenue Offset	\$10	
CR Acct 0261 Premium On Investments		\$10

- b. An agency with investments at bank amortizes \$25 of discount.

Transaction code 487 - Amort Investment Prem/Disc/Adj Val Acct FV
(COBJ 2346 Amortization Of Investment Discount)

DR Acct 0281 Discount On Investments	\$25	
CR Acct 3200 GAAP Revenue Offset		\$25

- c. An agency with investments at bank records bank charges of \$30.

Transaction code 568 – Record Expenditure – Cash In Bank
(COBJ 4975 Agency Program Related Services)
(Or other applicable Comptroller Object.)

DR Acct 3500 Expenditure Control-Cash	\$30	
CR Acct 0077 Cash - In Bank		\$30