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AND FISCAL AGENT

FEDERAL RESERVE BOARD

WASHINGTON

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

June 1, 1917.

Dear Sir:

The activities of the Federal reserve banks as fiscal agents for the Government, and especially in connection with the sale of Liberty Bonds, seem to require some additional accounting. With the exception of Receipts deposited with the Federal Reserve Bank to the credit of the Treasurer of the United States, general account, or to the credit of such other deposit accounts that may be opened at the request of the Treasury Department, no record of the transactions handled by the Fiscal Agent Department should be entered upon the general books of a Federal reserve bank, or upon Daily Statement Form 34.

Forms suggested for use in handling subscriptions were approved at the meeting of representatives of Federal reserve banks held in Washington on May 17. Copies have since been sent to each Federal reserve bank by the Treasury Department.

In the opinion of the Board, it is desirable and necessary that each Federal reserve bank should keep a full and complete record of all transactions handled by the Fiscal Agent Department, and that such general ledger and other accounts be kept as will permit of a proper system of audit and control. For that purpose, your bank is requested to open in a special ledger the accounts shown on the daily statement enclosed herewith, and to make entries in the manner indicated in the memorandum attached thereto. In order that the Board may be advised as to the Fiscal Agent Department accounts, your bank is requested to forward a copy of the daily statement beginning Monday, June 18, and each day thereafter until further notice. A supply of the necessary forms will be sent in the course of a few days.

Very truly yours,

Governor.

Enclosure.

Fiscal Agent Accounts -

LIBERTY LOAN BONDS.

1. PRIOR TO ALLOTMENT:

Subscriptions Received

DebitCredit

- | | |
|--|--------------------------------|
| <p>(a) Receipts deposited with
Federal Reserve Bank,
General Account.
Liberty Loan Account.
Full Payment Account.</p> <p>(b) Certificates of Indebtedness.</p> <p>(c) Unpaid Balances,
Liberty Loan Bond Subscriptions</p> | <p>Subscriptions Received.</p> |
|--|--------------------------------|

2. WHEN ALLOTMENTS HAVE BEEN ANNOUNCED:

- (a) Adjust subscription account

DebitCredit

- | | |
|--|--|
| <p>Subscriptions Received</p> <p>(This entry will close
account)</p> <p>(b) Adjust Receipts
Transfer balances,
Liberty Loan Account
Full Payment Account
Certificates of Indebtedness
to account.
Receipts deposited to credit of
General Account,
Treasurer of United States.</p> | <p>Subscriptions Allotted.</p> <p>Unpaid balances on Liberty Bond
Subscriptions Received</p> |
|--|--|

After adjusting entries are made all receipts will thereafter be deposited to credit General Account, Treasurer of United States, unless other instructions are issued.

3. PAYMENTS AFTER ALLOTMENTS HAVE BEEN ANNOUNCED:

DebitCredit

- | | |
|---|---|
| <p>(a) Receipts deposited for credit
General Account, Treasurer of
United States.</p> <p>(b) Depository Banks,
Liberty Loan Deposit, balances
due to Treasurer of United States</p> | <p>(a) Unpaid balances on Liberty
Bond Subscriptions.</p> |
|---|---|

Individual ledger accounts should be kept for each of the several depository banks, showing all deposits and withdrawals. Boston Ledger is suggested:

4. CASH AND OTHER ITEMS CARRIED OVER FOR FOLLOWING DAY'S BUSINESS AND ITEMS CARRIED PENDING COLLECTION.

<u>Debit</u>	<u>Credit</u>
Cash and other items	Suspense account

When items are collected, make necessary adjustments in above accounts, also, give credit to subscribers and charge "Receipts Deposited".

5. INTEREST RECEIVED:

Credit to this account, interest received from depository banks, also, interest received in adjustment at time of full, or final, payment of bond subscriptions. Charge corresponding amount to account "Receipts Deposited". Payment of interest on certificates of indebtedness should not be entered in this account.

INTERIM CERTIFICATES.

- (a) When received

<u>Debit</u>	<u>Credit</u>
Interim Certificates on hand Separate accounts	Interim Certificates, Received from Secretary of Treasury.
20 per cent paid	
40 " " "	
70 " " "	
Full amt. "	

- (b) When deliveries are made

<u>Debit</u>	<u>Credit</u>
Interim Certificates Delivered to subscribers	Interim Certificates on hand 20 per cent paid 40 " " " 70 " " " Full amt. "

- (c) When Certificates are surrendered

<u>Debit</u>	<u>Credit</u>
Interim Certificates on hand	Interim Certificates delivered to subscribers.

LIBERTY LOAN BONDS.

7.

(a) When received

<u>Debit</u>	<u>Credit</u>
Liberty Bonds on hand	Liberty Bonds received from Secretary of Treasury

(b) When deliveries are made

<u>Debit</u>	<u>Credit</u>
Liberty Bonds delivered to subscribers.	Liberty Bonds on hand.

8. TREASURY CERTIFICATES OF INDEBTEDNESS:

(a) When allotted.

<u>Debit</u>	<u>Credit</u>
1. Receipts deposited with Federal Reserve Bank, credit General Account, Treas. of United States.	Treasury Certificates of Indebtedness allotments.
2. Depository Banks, Treasury Certificate proceeds. deposited; balances due to Treas. of United States.	

Individual ledger accounts should be kept for each of the separate depository banks, showing all deposits and withdrawals.

(b) Interest account.

Credit to this account, interest received from depository banks. Charge a corresponding account to "Receipts deposited".

9. INTEREST PAID ON CERTIFICATES OF INDEBTEDNESS SHOULD NOT BE ENTERED IN THIS ACCOUNT BUT TREATED IN MANNER INDICATED BELOW:

1. Certificate deposited prior to June 15, 1917.

After allotments have been announced the certificate will be deposited by the Fiscal Agent's department, with Reserve Bank as a cash receipt at face value. The Reserve Bank will issue its cashier's check to the subscriber, for interest to June 15.

The Reserve Bank will then add the interest to the face amount of certificate and charge the combined amount to the General Account, Treasurer of the United States, returning the certificate with other warrants paid.

2- Certificate deposited after June 15, 1917.

Fiscal Agent's department will add interest to date of payment to the face amount of certificate, accept the combined amount in the same manner as a cash receipt and deposit it with the Reserve Bank for credit of General Account, Treasurer of United States. The Reserve Bank will, in turn, collect the certificate and interest by charging the amount to the General Account, Treasurer of the United States, and forward the certificate to the Treasurer in the same manner as a Treasury warrant for credit at face value, plus accrued interest.

3 - Maturing Certificate of Indebtedness, not presented in payment or part payment for Liberty Bonds -

Should be handled by the Banking Department and not the Fiscal Agent's Department.

When presented on or after date of maturity the certificate should be treated in the same manner as a Treasury warrant; paid with interest to maturity and charged to the General Account of Treasurer of the United States.

10. CUSTODY OF COLLATERAL.

1- Security for Liberty Loan Deposits with depositary banks to the credit of Treasurer of United States,

- (a) Held by Reserve Bank,
- (b) Held by other custodians.

2- Security for deposit of proceeds of Treasury Certificate, with depositary banks to the credit of Treasurer of United States.

- (a) Held by Reserve Banks.

Adequate records should be maintained showing the securities held, deliveries, substitutions and withdrawals.