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Description of document:	US Department of the Treasury, US Mint Overview of Accounting Treatment of U.S. Gold
Requested date:	13-December-2007
Released date:	25-January-2008
Posted date:	26-February-2008
Title of Document	Overview of Accounting Treatment of U.S. Gold (Updated 11/30/2004)
Source of document:	Disclosure Officer United States Mint Office of the Executive Secretariat Judiciary Square Building, 7th Floor 633 Third Street, N.W. Washington, D.C. 20220

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DEPARTMENT OF THE TREASURY
UNITED STATES MINT
WASHINGTON, D.C. 20220

January 25, 2008

This is in response to your December 13, 2007, Freedom of Information Act (FOIA) request for various records regarding U.S. gold, etc.

Enclosed as responsive to your request are the following: Overview of Accounting Treatment of U.S. Gold (updated 11/30/2004); and public comments regarding the interim rule prohibiting the exportation, melting, or treatment of U.S. penny and nickel coins.

Please be advised that personally identifying information have been excised from this documentation in accordance with Title 5 of the United States Code, Section 552(b)(6): Personal privacy.

The United States Mint maintains no records that are responsive to your request for "any correspondence from the Department of Justice regarding the December 12, 2006, interim rule..."

Should you disagree with the FOIA determination, you may appeal this decision within 35 days from the date of this letter. Your appeal must be in writing, signed by you, and should be addressed to: Mr. Edmund C. Moy, Director, United States Mint, 8th Floor, 801-9th Street, N.W., Washington, D.C. 20220.

Sincerely,

A handwritten signature in black ink, appearing to read "Kathleen Saunders-Mitchell". The signature is fluid and cursive, with a large initial "K".

Kathleen Saunders-Mitchell
Disclosure Officer

Enclosures

Overview of Accounting Treatment of U.S. Gold

(Updated 11/30/2004)

How much total gold is owned and held by the U.S. Treasury Department?

As of October 31, 2004, the total gold owned by the U.S. Government is approximately 261.5 million fine troy ounces (FTOs). Of that amount, the U.S. Treasury Department holds approximately 248 million FTOs, all of which is secured and protected at U.S. Mint facilities. The Federal Reserve Bank of New York (FRB-NY) holds the remainder of U.S. Government-owned gold, or approximately 13.5 million FTOs, on behalf of the U.S. Treasury. Included in the Federal Reserve-held gold is approximately 2,300 ounces in bar and coin form that is on display at various Federal Reserve Banks and Branches. The Department of the Treasury's Financial Management Service (FMS) publishes the monthly *Status Report of U.S. Treasury Owned Gold* at <http://www.fms.treas.gov/gold>. This report, based on monthly reports prepared by the United States Mint and the FRB-NY, lists the gold holdings by location.

Where is this U.S. Treasury-held gold physically located?

Treasury-held gold that the United States Mint secures and protects is stored at Fort Knox, KY; West Point, NY; and Denver, CO. Treasury-held gold, in the form of gold coins and blanks, is held at various Mint facilities, including West Point, NY; Philadelphia, PA; and Washington, DC. A very small portion is periodically secured at Mint contractor facilities for fabrication into coin blanks.

Has the amount of gold owned and held by the U.S. Treasury Department changed much throughout the years?

The Mint began producing gold commemorative coins in 1984. Since then, the amount of Treasury-owned gold has decreased approximately two million ounces due to coin production. The Mint produces gold coins from Treasury-owned gold only when authorized to do so by legislation or by the Secretary of the Treasury. Additionally, the Mint has purchased over 14 million ounces of newly mined gold to produce the American Eagle gold proof and bullion coins since 1987.

Where are gold coins manufactured?

The West Point Mint manufactures all gold coins except in rare cases when authorizing legislation specifies another Mint location.

If gold coins are being manufactured and sold, why isn't the balance of Treasury gold being more rapidly depleted?

Gold commemorative coins manufactured since 1984 have used Treasury-owned gold. However, the largest gold coin program, the American Eagle program, uses newly mined American gold, not Treasury-owned gold, as raw material for the coins. The use of newly mined American gold is required by the legislation authorizing the American Eagle program.

What are the categories the Mint uses for Treasury-owned gold?

The Mint divides the Treasury-owned gold into two categories: Deep Storage and Working Stock. Technically, all Treasury-owned gold is United States Government-owned Reserve Gold. However, to make a distinction between the gold used in coin production and the gold not used in coin production, the Mint decided to use the terms Working Stock and Deep Storage.

The Working Stock gold, approximately one percent of the Treasury-owned gold, is available to the Mint for use in coin production. This gold is held as coin blanks, in bar form, or in ingots created from melting gold coins. The Working Stock gold is located primarily at the West Point Mint, although at times small amounts are sent to fabricators to be made into coin blanks.

The Deep Storage gold is held in vaults at the Fort Knox, West Point, and Denver Mint facilities. This gold is in sealed vaults that are not disturbed except for periodic gold audits conducted by the Treasury Office of Inspector General. The vast majority of this gold is in bar form, although there are small quantities of coins in this category.

How does the Mint report its gold holdings and activity?

The Mint prepares a monthly report for the Financial Management Service (FMS), the Treasury Bureau with responsibility for the government-wide accounting records. This Mint report, the *Statement of Assets and Liabilities*, shows the Mint's gold and silver holdings of Treasury-owned gold and silver as of the last day of the month. FMS prepares the monthly *Status Report of U.S. Treasury-Owned Gold* based upon reports from the Mint and the FRB-NY.

The Mint also prepares a second monthly report called a *Statement of Transactions* for FMS. The *Statement of Transactions* shows increases and decreases in gold and silver balances. This report becomes the basis for FMS to make the proper accounting entries to the gold and silver asset accounts on the government-wide accounting records.

On an annual basis, the Mint reports the Treasury-owned gold holdings on its audited financial statements. The Mint reports the Deep Storage gold as a custodial asset held for Treasury and the Working Stock gold as a component of the operating inventory of coinage metal (copper, nickel, zinc, platinum, silver, and gold). The term custodial is

used because the Mint holds the gold for the Treasury and the U.S. Government – the gold is not a Mint asset. The operating inventory balances are verified by the Mint's Independent Public Accountants that audit the Mint's financial records.

Finally, the Treasury Office of Inspector General issues an annual audit report on the Custodial Gold and Silver Reserves held by the Mint. This audit report covers only the Deep Storage component of the Treasury-owned gold. This audit report is available to the public and is also included in the Mint's published annual report.

What are gold certificates and how is the Mint involved?

The Mint does not issue gold certificates. The Financial Management Service (FMS) authorizes and directs the FRB-NY to issue or redeem gold certificates based on the amount of Treasury-owned gold held by the Mint and the FRB-NY. Each gold certificate represents one fine troy ounce of gold at the statutory value of \$42.2222 per fine troy ounce. The FRB-NY provides cash to fund daily government operations based on the number of gold certificates outstanding.