

*International Monetary Fund*

United States transactions with the International Monetary Fund require special attention. All other international financial organizations to which the United States subscribes capital are lending organizations. The International Monetary Fund is, however, more like a bank in which funds are deposited and from which funds in the form of needed foreign currencies may be withdrawn. The operations of the Fund are monetary in character; they help finance the international payments positions of the United States and other member countries. The transactions of the Fund are monetary exchanges through which the United States receives international reserve assets. The U.S. net position with the International Monetary Fund is in reality a foreign exchange asset comparable to gold or convertible foreign currencies owned by the Treasury. Therefore, in the Commission's view:

*Subscriptions, drawings, and other transactions reflecting net changes in the U.S. position with the International Monetary Fund should be excluded from budget receipts and expenditures.*

This change is in keeping with the character of these transactions and will make budget totals better indicators of the impact of the budget on both the domestic economy and the balance of international payments.

*Deposit funds*

The present consolidated cash budget includes on a net basis the transactions of a large number of deposit funds, most of which represent receipts or expenditures in transit, banking-type transactions of the Treasury, or suspense accounts. Examples include the funds into which amounts withheld from Federal salaries for the purchase of savings bonds or for the payment of State income taxes are temporarily deposited. Inclusion of such deposit fund transactions is appropriate for a budget which attempts to be on a cash income and outgo basis, but it is not appropriate if expenditures are to be measured on an accrual basis.

Actually there are some deposit funds serving slightly different purposes, and the Commission has not attempted a fund-by-fund review and analysis of these. The Commission understands, however, that the Treasury Department and the Bureau of the Budget are presently engaged in a thoroughgoing review of the nature of each of the deposit funds, some of which may more closely resemble trust funds than suspense account or banking-type deposit funds.

*The Commission recommends that the Treasury Department and the Bureau of the Budget continue to review and analyze deposit funds, and to remove from the budget totals, those for which removal would be consistent with stating budget expenditures on an accrual basis. There are no doubt some deposit funds which should continue to be included in the*