

Note 7. Debt and Equity Securities

Debt and Equity Securities as of September 30, 2018

(In billions of dollars)	Cost	Adjustment	Book Value
Held-To Maturity			
Debt securities:			
Non-U.S. government	-	-	-
Mortgage/asset backed	0.2	-	0.2
Equity Securities:			
All other equity securities	3.5	-	3.5
Total Held-To-Maturity (Net Investment)	<u>3.7</u>	<u>-</u>	<u>3.7</u>
Available-for-Sale:			
Debt Securities:	<u>3.5</u>	<u>0.2</u>	<u>3.7</u>
Total Available-for-Sale (Fair Value)	3.5	0.2	3.7
Trading Securities:			
Debt Securities:			
Non-U.S. government	12.9	(0.2)	12.7
Commercial	0.2	-	0.2
Mortgage/asset backed.....	3.8	(0.1)	3.7
Corporate and other bonds	15.9	(0.2)	15.7
All other debt securities.....	2.5	(1.0)	1.5
Equity Securities:			
Unit Trust.....	16.3	9.5	25.8
Common Stocks.....	2.0	0.3	2.3
All other equity securities	14.3	0.9	15.2
Total Trading Securities (Fair Value)	<u>67.9</u>	<u>9.2</u>	<u>77.1</u>
			Total
Total debt and equity securities categorized as held-to-maturity, available-for-sale or trading			<u>84.5</u>
Total NRRIT debt and equity securities (Fair Value)			<u>25.8</u>
Total debt and equity securities.....			<u>110.3</u>

Debt and Equity Securities as of September 30, 2017			
(In billions of dollars)	Cost	Adjustment	Book Value
Held-To Maturity			
Debt securities:			
Non-U.S. government	-	-	-
Mortgage/asset backed	0.2	-	0.2
Equity Securities:			
All other equity securities	3.6	-	3.6
Total Held-To-Maturity (Net Investment)	3.8	-	3.8
Available-for-Sale:			
Debt Securities:	5.4	0.2	5.6
Total Available-for-Sale (Fair Value)	5.4	0.2	5.6
Trading Securities:			
Debt Securities:			
Non-U.S. government	12.2	0.6	12.8
Commercial	0.2	-	0.2
Mortgage/asset backed	3.9	-	3.9
Corporate and other bonds	16.4	0.6	17.0
All other debt securities.....	4.0	(0.1)	3.9
Equity Securities:			
Unit Trust.....	18.0	8.2	26.2
Common Stocks.....	2.1	0.1	2.2
All other equity securities	15.2	(0.1)	15.1
Total Trading Securities (Fair Value)	72.0	9.3	81.3
			Total
Total debt and equity securities categorized as held-to-maturity, available-for-sale or trading.....			<u>90.7</u>
*Total RRB debt and equity securities (Fair Value).....			<u>25.5</u>
Total debt and equity securities.....			<u>116.2</u>
*Includes amounts from NRRIT in 2017. In 2018, NRRIT amounts are reported separately.			

These debt and equity securities do not include nonmarketable Treasury securities that have been eliminated in consolidation. Held-to-maturity debt and equity securities are reported as total net investment, net of unamortized discounts and premiums. Available-for-sale debt and equity securities are reported at fair value, net of unrealized gain or loss. Trading debt and equity securities are reported at fair value, net of unrealized gain or loss.

NRRIT on behalf of the RRB, manages and invests railroad retirement assets that are to be used to pay retirement benefits to the nation's railroad workers under the Railroad Retirement Program. As an investment company, NRRIT is subject to different accounting standards that do not require the classifications presented above. Please refer to NRRIT's financial statements for more detailed information concerning this specific investment.

Certain significant consolidation entities apply financial accounting and reporting standards issued by the Financial Accounting Standards Board (FASB) (FASB standards), and such entities, as permitted by SFFAS No.47, are consolidated into the U.S. government's consolidated financial statements without conversion to financial and reporting standards issued by the FASAB (FASAB standards). PBGC, NRRIT, and TVA debt and equity securities are recorded at fair value and have been categorized based upon a fair value hierarchy, in accordance with FASB ASC Section 820, Fair Value Measures and Disclosures, in their respective financial statements.

Debt and Equity Securities as of September 30, 2018, and 2017

(In billions of dollars)	2018	2017
Pension Benefit Guaranty Corporation.....	62.0	66.7
National Railroad Retirement Investment Trust.....	25.8	-
Tennessee Valley Authority.....	11.5	11.4
*Railroad Retirement Board	-	25.5
All other	11.0	12.6
Total securities and investments	<u>110.3</u>	<u>116.2</u>

*Includes amounts from NRRIT in 2017. In 2018, NRRIT amounts are reported separately.

PBGC and TVA invest primarily in fixed maturity and equity securities, classified as trading. PBGC reported an unrealized loss related to trading securities as of September 30, 2018 of \$1.2 billion, and an unrealized gain related to trading securities as of September 30, 2017 of \$3.3 billion. TVA reported gains related to trading securities held as of September 30, 2018 and 2017 of \$1.6 billion and \$1.2 billion, respectively. The TVA balance includes \$8.4 billion and \$8.5 billion as of September 30, 2018, and 2017, respectively, for the Tennessee Valley Authority Retirement System (TVARS). TVARS includes unrealized gains of \$0.8 billion as of both September 30, 2018 and 2017. PBGC, NRRIT, and TVA base market values on the last sale of a listed security, on the mean of the “bid-and-ask” for nonlisted securities, or on a valuation model in the case of fixed income securities that are not actively traded. These valuations are determined as of the end of each fiscal year. Purchases and sales of securities are recorded on the trade date. Please refer to the individual financial statements of PBGC, NRRIT, and TVA for more detailed information related to debt and equity securities. These entities comprise 90.0 percent of the total reported debt and equity securities of \$110.3 billion as of September 30, 2018.