

## FINANCING VEHICLES AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE

This chapter contains descriptions of and data on financing vehicles and the Board of Governors of the Federal Reserve listed below.

- The Financing Corporation functions as a financing vehicle for the FSLIC Resolution Fund. It operates under the supervision and control of the Federal Housing Finance Board.
- The Resolution Funding Corporation provided financing for the Resolution Trust Corporation (RTC) and is subject to the general oversight and direction of the Secretary of the Treasury.

The Board of Governors of the Federal Reserve System's transactions are not included in the budget because of its unique status in the conduct of monetary policy. The Board provides data on its administrative budget on a calendar year basis, which is included here for information. Its budget schedules and statements are not subject to review by the President.

### FINANCING VEHICLES

#### FINANCING CORPORATION

The Financing Corporation (FICO) is a mixed-ownership government corporation, chartered by the Federal Home Loan Bank Board pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987, as amended (the "Act"). FICO's sole purpose was to function as a financing vehicle for the FSLIC Resolution Fund, formerly the Federal Savings and Loan Insurance Corporation (FSLIC). FICO operates under the supervision and control of the Federal Housing Finance Board (the "Finance Board"). Pursuant to the Act, FICO was authorized to issue debentures, bonds and other obligations subject to limitations contained in the Act, the net proceeds of which were to be used solely to purchase capital certificates issued by the FSLIC Resolution Fund, or to refund any previously issued obligations. The Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 terminated the FICO's borrowing authority.

The Act provided formulas pursuant to which the Federal Home Loan Banks made capital contributions to FICO at the direction of the Finance Board for the purchase of FICO capital stock. FICO used the proceeds received from the sales of such capital stock to purchase non-interest bearing securities for deposit in a segregated account as required by the Act. The non-interest bearing securities held in the segregated account will be the primary source of repayment of the principal of the FICO obligations. Securities in the segregated account are kept separate from other FICO accounts and funds but are not specifically pledged as collateral for the payment of obligations. The primary source of payment of interest on the obligations is the receipt of assessments imposed on and collected from institutions' accounts which are insured by the Bank Insurance Fund (the "BIF") and the Savings Association Insurance Fund (the "SAIF").

Statement of Operations (in millions of dollars)

	99-4033	1998 actual	1999 actual	2000 est.	2001 est.
0101 Revenue .....		926	938	951	965
0102 Expense .....		-795	-795	-795	-796
0105 Net income or loss (-) .....		131	143	156	169

Balance Sheet (in millions of dollars)

	99-4033	1998 actual	1999 actual	2000 est.	2001 est.
<b>ASSETS:</b>					
Investments in US securities:					
1102 Segregated accounts investment, net		1,606	1,749	1,905	2,074
1801 Cash, cash equivalents, and interest receivable .....		266	266	269	269
1901 Other assets .....		11	11	10	10
1999 Total assets .....		1,884	2,026	2,184	2,353
<b>LIABILITIES:</b>					
2202 Interest payable .....		236	236	236	236
2203 Debt .....		8,145	8,146	8,147	8,149
2207 Other .....		67	65	67	65
2999 Total liabilities .....		8,447	8,447	8,450	8,449
<b>NET POSITION:</b>					
3100 FICO capital stock purchased by FHLBanks .....		680	680	680	680
<b>Cumulative results of operations:</b>					
3300 Cumulative results of operations .....		927	1,069	1,225	1,394
3300 FSLIC capital certificates .....		-8,170	-8,170	-8,170	-8,170
3999 Total net position .....		-6,563	-6,421	-6,265	-6,096
4999 Total liabilities and net position .....		1,884	2,026	2,185	2,353

#### RESOLUTION FUNDING CORPORATION

The Resolution Funding Corporation (the "REFCORP") is a mixed-ownership government corporation established by Title V of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The sole purpose of REFCORP was to provide financing for the Resolution Trust Corporation (the "RTC"). Pursuant to FIRREA, REFCORP was authorized to issue debentures, bonds, and other obligations, subject to limitations contained in the Act and regulations established by the Thrift Depositor Protection Oversight Board. The proceeds of the debt (less any discount, plus any premium, net of issuance cost) were used solely to purchase nonredeemable capital certificates of the RTC or to refund any previously issued obligations.

Until October 29, 1998, REFCORP was subject to the general oversight and direction of the Thrift Depositor Protection Oversight Board. At that time, the Oversight Board was abolished and its authority and duties were transferred to the Secretary of the Treasury. The day-to-day operations of REFCORP are under the management of a three-member Directorate comprised of the Director of the Office of Finance of the Federal Home Loan Banks and two members selected from among the presidents of the twelve Federal Home Loan Banks ("the FHLBanks"). Members of the Directorate serve without compensation, and REFCORP is not permitted to have any paid employees.

FIRREA and the regulations adopted by the Thrift Depositor Protection Oversight Board and the Secretary of the Treasury provide formulas pursuant to which the Federal Home Loan Banks made capital contributions to REFCORP's Principal Fund and continue to make interest payments on outstanding REFCORP obligations. FIRREA also provides that the U.S. Treasury cover any interest shortfall. Funds designated for the Principal Funds were used to purchase zero-coupon bonds. The zero-coupon bonds will be held in the Principal Fund and are the primary source of repayment of the principal of the obligations at maturity.

## RESOLUTION FUNDING CORPORATION—Continued

## Statement of Operations (in millions of dollars)

	99-4029	1998 actual	1999 actual	2000 est.	2001 est.
0101 Revenue .....		2,965	2,995	3,023	3,054
0102 Expense .....		-2,626	-2,626	-2,626	-2,626
0105 Net income or loss (-) .....		339	369	397	428

## Balance Sheet (in millions of dollars)

	99-4029	1998 actual	1999 actual	2000 est.	2001 est.
<b>ASSETS:</b>					
Investments in US securities:					
1102 Principal fund account investment, net .....		4,504	4,868	5,263	5,689
1206 Assessments receivable for interest expense .....		888	881	881	881
1999 Total assets .....		5,393	5,750	6,144	6,570
<b>LIABILITIES:</b>					
2202 Accrued interest payable on long-term obligations .....		888	881	881	881
2203 Debt .....		30,069	30,067	30,064	30,062
2999 Total liabilities .....		30,957	30,948	30,945	30,943
<b>NET POSITION:</b>					
3100 Nonvoting capital stock issued to FHLBanks .....		2,513	2,513	2,513	2,513
Cumulative results of operations:					
3300 Cumulative results of operations .....		2,153	2,519	2,916	3,344
3300 RTC nonredeemable capital certificates .....		-31,286	-31,286	-31,286	-31,286
3300 Contributed capital—principal fund assessments .....		1,056	1,056	1,056	1,056
3999 Total net position .....		-25,564	-25,198	-24,801	-24,373
4999 Total liabilities and net position .....		5,393	5,750	6,144	6,570

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

## Program and Financing (in millions of dollars)

	99-4450	1998 actual	1999 est.	2000 est.
<b>Obligations by program activity:</b>				
09.01 Monetary and economic policy .....		81	80	85
09.02 Services to financial institutions and the public .....		3	4	4
09.03 Supervision and regulation of financial institutions .....		67	71	78
09.04 System policy direction and oversight .....		35	36	35
09.09 Subtotal: Board operating expenses .....		186	191	202
09.10 Office of Inspector General operating expenses .....		3	3	3
10.00 Total new obligations .....		189	194	205
<b>Budgetary resources available for obligation:</b>				
22.00 New budget authority (gross) .....		189	194	205
23.95 Total new obligations .....		-189	-194	-205
<b>New budget authority (gross), detail:</b>				
Mandatory:				
69.00 Offsetting collections (cash) .....		189	194	205
<b>Change in unpaid obligations:</b>				
72.40 Unpaid obligations, start of year: Obligated balance, start of year .....				
73.10 Total new obligations .....		189	194	205
73.20 Total outlays (gross) .....		-189	-194	-205

74.40 Unpaid obligations, end of year: Obligated balance, end of year .....			
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## Outlays (gross), detail:

86.97 Outlays from new mandatory authority .....	189	194	205
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## Offsets:

Against gross budget authority and outlays:

88.40 Offsetting collections (cash) from: Non-Federal sources .....	-189	-194	-205
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## Net budget authority and outlays:

89.00 Budget authority .....			
90.00 Outlays .....			

The figures presented may differ from other Board financial material because they are prepared in accordance with OMB guidelines which vary from the Board's budget and accounting procedures.

The Federal Reserve System operates under the provisions of the Federal Reserve Act of 1913, as amended, and other acts of Congress.

**Program.**—To carry out its responsibilities under the Act, the Board determines general monetary, credit, and operating policies for the System as a whole and formulates the rules and regulations necessary to carry out the purposes of the Federal Reserve Act. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

**Financing.**—Under the provisions of section 10 of the Federal Reserve Act, the Board of Governors levies upon the Federal Reserve banks, in proportion to their capital and surplus, an assessment sufficient to pay its estimated expenses. The Board, under the Act, determines and prescribes the manner in which its obligations are incurred and its expenses paid. Funds derived from assessments are deposited in the Federal Reserve Bank of Richmond, and the Act provides that such funds "shall not be construed to be Government funds or appropriated moneys." No Government appropriation is required to support operations of the Board.

The information presented pertains to Board operations only. Expenditures made on behalf of the Federal Reserve banks for production, issuance, retirement, and shipment of Federal Reserve notes are not included, since they are reimbursed in full by the Federal Reserve banks.

## Object Classification (in millions of dollars)

	99-4450	1998 actual	1999 est.	2000 est.
<b>Reimbursable obligations:</b>				
Personnel compensation:				
11.1 Full-time permanent .....		104	110	114
11.3 Other than full-time permanent .....		2	2	2
11.5 Other personnel compensation .....		2	2	2
11.9 Total personnel compensation .....		108	114	118
12.1 Civilian personnel benefits .....		19	17	18
21.0 Travel and transportation of persons .....		5	5	5
23.3 Communications, utilities, and miscellaneous charges .....		10	10	11
24.0 Printing and reproduction .....		2	3	2
25.1 Advisory and assistance services .....		4	4	4
25.2 Other services .....		21	20	21
26.0 Supplies and materials .....		6	8	7
31.0 Equipment .....		11	10	16
99.0 Subtotal, reimbursable obligations .....		186	191	202
25.2 Allocation Account: Other services .....		3	3	3
99.9 Total new obligations .....		189	194	205

## FINANCING VEHICLES AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE

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The Board of Governors of the Federal Reserve System's transactions are not included in the budget because of its unique status in the conduct of monetary policy. The Board provides data on its administrative budget on a calendar year basis, which is included here for information. Its budget schedules and statements are not subject to review by the President.

### FINANCING VEHICLES

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The Act provided formulas pursuant to which the Federal Home Loan Banks made capital contributions to FICO at the direction of the Finance Board for the purchase of FICO capital stock. FICO used the proceeds received from the sales of such capital stock to purchase non-interest bearing securities for deposit in a segregated account as required by the Act. The non-interest bearing securities held in the segregated account will be the primary source of repayment of the principal of the FICO obligations. Securities in the segregated account are kept separate from other FICO accounts and funds but are not specifically pledged as collateral for the payment of obligations. The primary source of payment of interest on the obligations is the receipt of assessments imposed on and collected from institutions' accounts which are insured by the Bank Insurance Fund (the "BIF") and the Savings Association Insurance Fund (the "SAIF").

#### Statement of Operations (in millions of dollars)

Identification code 99-4033-0-3-373		1999 actual	2000 actual	2001 est.	2002 est.
0101	Revenue .....	938	953	965	979
0102	Expense .....	-795	-795	-796	-795
0105	Net income or loss (-) .....	143	158	169	185

#### Balance Sheet (in millions of dollars)

Identification code 99-4033-0-3-373		1999 actual	2000 actual	2001 est.	2002 est.
<b>ASSETS:</b>					
Investments in US securities:					
1102	Segregated accounts investment, net	1,749	1,905	2,074	2,258
1801	Cash, cash equivalents, and interest receivable .....	266	279	286	287
1901	Other assets .....	11	10	10	9
1999	Total assets .....	2,026	2,194	2,370	2,554
<b>LIABILITIES:</b>					
2202	Interest payable .....	236	236	236	236
2203	Debt .....	8,146	8,147	8,149	8,150
2207	Other .....	65	76	82	80
2999	Total liabilities .....	8,447	8,459	8,467	8,466
<b>NET POSITION:</b>					
3100	FICO capital stock purchased by FHLBanks .....	680	680	680	680
Cumulative results of operations:					
3300	Cumulative results of operations .....	1,069	1,225	1,394	1,578
3300	FSLIC capital certificates .....	-8,170	-8,170	-8,170	-8,170
3999	Total net position .....	-6,421	-6,265	-6,096	-5,912
4999	Total liabilities and net position .....	2,026	2,194	2,371	2,554

#### RESOLUTION FUNDING CORPORATION

The Resolution Funding Corporation (the "REFCORP") is a mixed-ownership government corporation established by Title V of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The sole purpose of REFCORP was to provide financing for the Resolution Trust Corporation (the "RTC"). Pursuant to FIRREA, REFCORP was authorized to issue debentures, bonds, and other obligations, subject to limitations contained in the Act and regulations established by the Thrift Depositor Protection Oversight Board. The proceeds of the debt (less any discount, plus any premium, net of issuance cost) were used solely to purchase nonredeemable capital certificates of the RTC or to refund any previously issued obligations.

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FIRREA, as amended, and the regulations adopted by the Thrift Depositor Protection Oversight Board and the Secretary of the Treasury provide formulas pursuant to which the Federal Home Loan Banks made capital contributions to REFCORP's Principal Fund and continue to make interest payments on outstanding REFCORP obligations. FIRREA also provides that the U.S. Treasury cover any interest shortfall. Funds designated for the Principal Funds were used to purchase zero-coupon bonds. The zero-coupon bonds will be held in the Principal Fund and are the primary source of repayment of the principal of the obligations at maturity.

## RESOLUTION FUNDING CORPORATION—Continued

## Statement of Operations (in millions of dollars)

Identification code 99-4029-0-3-373	1999 actual	2000 actual	2001 est.	2002 est.
0101 Revenue .....	2,995	3,029	3,054	3,088
0102 Expense .....	-2,626	-2,626	-2,626	-2,626
0105 Net income or loss (-) .....	369	403	428	462

## Balance Sheet (in millions of dollars)

Identification code 99-4029-0-3-373	1999 actual	2000 actual	2001 est.	2002 est.
<b>ASSETS:</b>				
Investments in US securities:				
1102 Principal fund account investment, net .....	4,868	5,264	5,689	6,149
1206 Assessments receivable for interest expense .....	881	887	888	888
1999 Total assets .....	5,750	6,151	6,577	7,037
<b>LIABILITIES:</b>				
2202 Accrued interest payable on long-term obligations .....	881	888	888	888
2203 Debt .....	30,067	30,064	30,062	30,060
2999 Total liabilities .....	30,948	30,952	30,950	30,948
<b>NET POSITION:</b>				
3100 Nonvoting capital stock issued to FHLBanks .....	2,513	2,513	2,513	2,513
Cumulative results of operations:				
3300 Cumulative results of operations .....	2,519	2,916	3,344	3,806
3300 RTC nonredeemable capital certificates .....	-31,286	-31,286	-31,286	-31,286
3300 Contributed capital—principal fund assessments .....	1,056	1,056	1,056	1,057
3999 Total net position .....	-25,198	-24,801	-24,373	-23,910
4999 Total liabilities and net position .....	5,750	6,151	6,577	7,038

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

## Program and Financing (in millions of dollars)

Identification code 99-4450-0-3-803	2000 actual	2001 est.	2002 est.
<b>Obligations by program activity:</b>			
09.01 Monetary and economic policy .....	83	85	96
09.02 Services to financial institutions and the public .....	4	4	4
09.03 Supervision and regulation of financial institutions .....	74	75	85
09.04 System policy direction and oversight .....	36	37	42
09.09 Subtotal: Board operating expenses .....	197	201	227
09.10 Office of Inspector General operating expenses .....	3	3	3
10.00 Total new obligations .....	200	204	230
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....	200	204	230
23.95 Total new obligations .....	-200	-204	-230
<b>New budget authority (gross), detail:</b>			
Mandatory:			
69.00 Offsetting collections (cash) .....	200	204	230
<b>Change in unpaid obligations:</b>			
Unpaid obligations, start of year:			
72.40 Unpaid obligations, start of year .....	26	26	26
72.99 Obligated balance, start of year .....	26	26	26
73.10 Total new obligations .....	200	204	230
73.20 Total outlays (gross) .....	-200	-204	-230
Unpaid obligations, end of year:			
74.40 Unpaid obligations, end of year .....	26	26	26

74.99 Obligated balance, end of year .....	26	26	26
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## Outlays (gross), detail:

86.97 Outlays from new mandatory authority .....	184	189	215
86.98 Outlays from mandatory balances .....	16	15	15
87.00 Total outlays (gross) .....	200	204	230

## Offsets:

Against gross budget authority and outlays:

88.40 Offsetting collections (cash) from: Non-Federal sources .....	-200	-204	-230
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## Net budget authority and outlays:

89.00 Budget authority .....			
90.00 Outlays .....			

The figures presented may differ from other Board financial material because they are prepared in accordance with OMB guidelines which vary from the Board's budget and accounting procedures.

The Federal Reserve System operates under the provisions of the Federal Reserve Act of 1913, as amended, and other acts of Congress.

**Program.**—To carry out its responsibilities under the Act, the Board determines general monetary, credit, and operating policies for the System as a whole and formulates the rules and regulations necessary to carry out the purposes of the Federal Reserve Act. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

**Financing.**—Under the provisions of section 10 of the Federal Reserve Act, the Board of Governors levies upon the Federal Reserve banks, in proportion to their capital and surplus, an assessment sufficient to pay its estimated expenses. The Board, under the Act, determines and prescribes the manner in which its obligations are incurred and its expenses paid. Funds derived from assessments are deposited in the Federal Reserve Bank of Richmond, and the Act provides that such funds "shall not be construed to be Government funds or appropriated moneys." No Government appropriation is required to support operations of the Board.

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## Object Classification (in millions of dollars)

Identification code 99-4450-0-3-803	2000 actual	2001 est.	2002 est.
<b>Reimbursable obligations:</b>			
Personnel compensation:			
11.1 Full-time permanent .....	110	114	129
11.3 Other than full-time permanent .....	3	3	3
11.5 Other personnel compensation .....	2	2	2
11.9 Total personnel compensation .....	115	119	134
12.1 Civilian personnel benefits .....	16	19	19
21.0 Travel and transportation of persons .....	6	5	5
23.3 Communications, utilities, and miscellaneous charges .....	12	11	12
24.0 Printing and reproduction .....	2	2	3
25.1 Advisory and assistance services .....	5	5	5
25.2 Other services .....	19	20	20
26.0 Supplies and materials .....	6	7	7
31.0 Equipment .....	16	13	22
99.0 Subtotal, reimbursable obligations .....	197	201	227
25.2 Allocation Account: Other services .....	3	3	3
99.9 Total new obligations .....	200	204	230

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#### Statement of Operations (in millions of dollars)

Identification code 99-4033-0-3-373		2000 actual	2001 actual	2002 est.	2003 est.
0101	Revenue .....	953	953	979	996
0102	Expense .....	-795	-795	-796	-795
0105	Net income or loss (-) .....	158	158	183	201

#### Balance Sheet (in millions of dollars)

Identification code 99-4033-0-3-373		2000 actual	2001 actual	2002 est.	2003 est.
<b>ASSETS:</b>					
Investments in US securities:					
1102	Segregated accounts investment, net	1,905	2,074	2,258	2,459
1801	Cash, cash equivalents, and interest receivable .....	279	287	287	287
1901	Other assets .....	10	9	9	8
1999	Total assets .....	2,194	2,370	2,554	2,754
<b>LIABILITIES:</b>					
2202	Interest payable .....	236	236	236	236
2203	Debt .....	8,147	8,148	8,150	8,151
2207	Other .....	76	82	80	78
2999	Total liabilities .....	8,459	8,466	8,466	8,465
<b>NET POSITION:</b>					
3100	FICO capital stock purchased by FHLBanks .....	680	680	680	680
Cumulative results of operations:					
3300	Cumulative results of operations .....	1,225	1,394	1,578	1,779
3300	FSLIC capital certificates .....	-8,170	-8,170	-8,170	-8,170
3999	Total net position .....	-6,265	-6,096	-5,912	-5,711
4999	Total liabilities and net position .....	2,194	2,370	2,554	2,754

#### RESOLUTION FUNDING CORPORATION

The Resolution Funding Corporation (the "REFCORP") is a mixed-ownership government corporation established by Title V of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The sole purpose of REFCORP was to provide financing for the Resolution Trust Corporation (the "RTC"). Pursuant to FIRREA, REFCORP was authorized to issue debentures, bonds, and other obligations, subject to limitations contained in the Act and regulations established by the Thrift Depositor Protection Oversight Board. The proceeds of the debt (less any discount, plus any premium, net of issuance cost) were used solely to purchase nonredeemable capital certificates of the RTC or to refund any previously issued obligations.

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RESOLUTION FUNDING CORPORATION—Continued

Statement of Operations (in millions of dollars)

Identification code 99-4029-0-3-373	2000 actual	2001 actual	2002 est.	2003 est.
0101 Revenue .....	3,029	3,054	3,088	3,126
0102 Expense .....	-2,626	-2,626	-2,626	-2,626
0105 Net income or loss (-) .....	403	428	462	500

Balance Sheet (in millions of dollars)

Identification code 99-4029-0-3-373	2000 actual	2001 actual	2002 est.	2003 est.
<b>ASSETS:</b>				
Investments in US securities:				
1102 Principal fund account investment, net .....	5,264	5,689	6,149	6,646
1206 Assessments receivable for interest expense .....	887	888	888	888
1999 Total assets .....	6,151	6,577	7,037	7,534
<b>LIABILITIES:</b>				
2202 Accrued interest payable on long-term obligations .....	888	888	888	888
2203 Debt .....	30,064	30,062	30,060	30,058
2999 Total liabilities .....	30,952	30,950	30,948	30,946
<b>NET POSITION:</b>				
3100 Nonvoting capital stock issued to FHLBanks .....	2,513	2,513	2,513	2,512
Cumulative results of operations:				
3300 Cumulative results of operations .....	2,916	3,344	3,806	4,305
3300 RTC nonredeemable capital certificates .....	-31,286	-31,286	-31,286	-31,286
3300 Contributed capital—principal fund assessments .....	1,056	1,056	1,056	1,057
3999 Total net position .....	-24,801	-24,373	-23,911	-23,412
4999 Total liabilities and net position .....	6,151	6,577	7,037	7,534

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Program and Financing (in millions of dollars)

Identification code 99-4450-0-3-803	2000 actual	2001 est.	2002 est.
<b>Obligations by program activity:</b>			
09.01 Monetary and economic policy .....	85	94	96
09.02 Services to financial institutions and the public .....	4	4	4
09.03 Supervision and regulation of financial institutions .....	75	83	86
09.04 System policy direction and oversight .....	37	41	42
09.09 Subtotal: Board operating expenses .....	201	222	228
09.10 Office of Inspector General operating expenses .....	3	3	4
09.11 Building acquisition .....		66	
10.00 Total new obligations .....	204	291	232
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....	204	291	232
23.95 Total new obligations .....	-204	-291	-232
<b>New budget authority (gross), detail:</b>			
Mandatory:			
69.00 Offsetting collections (cash) .....	204	291	232
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	26	26	26
73.10 Total new obligations .....	204	291	232
73.20 Total outlays (gross) .....	-204	-291	-230
74.40 Obligated balance, end of year .....	26	26	26

Outlays (gross), detail:

86.97 Outlays from new mandatory authority .....	188	276	217
86.98 Outlays from mandatory balances .....	16	15	15
87.00 Total outlays (gross) .....	204	291	230

Offsets:

Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources .....	-204	-291	-232

Net budget authority and outlays:

89.00 Budget authority .....			
90.00 Outlays .....			-2

The figures presented may differ from other Board financial material because they are prepared in accordance with OMB guidelines which vary from the Board's budget and accounting procedures.

The Federal Reserve System operates under the provisions of the Federal Reserve Act of 1913, as amended, and other acts of Congress.

*Program.*—To carry out its responsibilities under the Act, the Board determines general monetary, credit, and operating policies for the System as a whole and formulates the rules and regulations necessary to carry out the purposes of the Federal Reserve Act. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

*Financing.*—Under the provisions of section 10 of the Federal Reserve Act, the Board of Governors levies upon the Federal Reserve banks, in proportion to their capital and surplus, an assessment sufficient to pay its estimated expenses. The Board, under the Act, determines and prescribes the manner in which its obligations are incurred and its expenses paid. Funds derived from assessments are deposited in the Federal Reserve Bank of Richmond, and the Act provides that such funds "shall not be construed to be Government funds or appropriated moneys." No Government appropriation is required to support operations of the Board.

The information presented pertains to Board operations only. Expenditures made on behalf of the Federal Reserve banks for production, issuance, retirement, and shipment of Federal Reserve notes are not included, since they are reimbursed in full by the Federal Reserve banks.

Object Classification (in millions of dollars)

Identification code 99-4450-0-3-803	2000 actual	2001 est.	2002 est.
<b>Reimbursable obligations:</b>			
Personnel compensation:			
11.1 Full-time permanent .....	114	127	133
11.3 Other than full-time permanent .....	3	3	3
11.5 Other personnel compensation .....	2	2	2
11.9 Total personnel compensation .....	119	132	138
12.1 Civilian personnel benefits .....	20	20	21
21.0 Travel and transportation of persons .....	5	5	6
23.3 Communications, utilities, and miscellaneous charges .....	12	12	8
24.0 Printing and reproduction .....	2	2	2
25.1 Advisory and assistance services .....	5	5	5
25.2 Other services .....	18	19	21
26.0 Supplies and materials .....	6	8	8
31.0 Equipment .....	14	19	19
32.0 Land and structures .....		66	
99.0 Reimbursable obligations .....	201	288	228
25.2 Allocation Account: Other services .....	3	3	4
99.9 Total new obligations .....	204	291	232

## FINANCING VEHICLES AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE

This chapter contains descriptions of and data on financing vehicles and the Board of Governors of the Federal Reserve listed below.

- The Financing Corporation functions as a financing vehicle for the FSLIC Resolution Fund. It operates under the supervision and control of the Federal Housing Finance Board.
- The Resolution Funding Corporation provided financing for the Resolution Trust Corporation (RTC) and is subject to the general oversight and direction of the Secretary of the Treasury.

The Board of Governors of the Federal Reserve System's transactions are not included in the budget because of its unique status in the conduct of monetary policy. The Board provides data on its administrative budget on a calendar year basis, which is included here for information. Its budget schedules and statements are not subject to review by the President.

### FINANCING VEHICLES

#### FINANCING CORPORATION

The Financing Corporation (FICO) is a mixed-ownership government corporation, chartered by the Federal Home Loan Bank Board pursuant to the Federal Savings and Loan Insurance Corporation Recapitalization Act of 1987, as amended (the "Act"). FICO's sole purpose was to function as a financing vehicle for the FSLIC Resolution Fund, formerly the Federal Savings and Loan Insurance Corporation (FSLIC). FICO operates under the supervision and control of the Federal Housing Finance Board (the "Finance Board"). Pursuant to the Act, FICO was authorized to issue debentures, bonds and other obligations subject to limitations contained in the Act, the net proceeds of which were to be used solely to purchase capital certificates issued by the FSLIC Resolution Fund, or to refund any previously issued obligations. The Resolution Trust Corporation Refinancing, Restructuring, and Improvement Act of 1991 terminated the FICO's borrowing authority.

The Act provided formulas pursuant to which the Federal Home Loan Banks made capital contributions to FICO at the direction of the Finance Board for the purchase of FICO capital stock. FICO used the proceeds received from the sales of such capital stock to purchase non-interest bearing securities for deposit in a segregated account as required by the Act. The non-interest bearing securities held in the segregated account will be the primary source of repayment of the principal of the FICO obligations. Securities in the segregated account are kept separate from other FICO accounts and funds but are not specifically pledged as collateral for the payment of obligations. The primary source of payment of interest on the obligations is the receipt of assessments imposed on and collected from institutions' accounts which are insured by the Bank Insurance Fund (the "BIF") and the Savings Association Insurance Fund (the "SAIF").

#### Statement of Operations (in millions of dollars)

Identification code 99-4033-0-3-373	2001 actual	2002 actual	2003 est.	2004 est.
0101 Revenue .....	966	983	996	1,014
0102 Expense .....	-795	-795	-795	-795
0105 Net income or loss (-) .....	171	188	201	219

#### Balance Sheet (in millions of dollars)

Identification code 99-4033-0-3-373	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Investments in US securities:				
1102 Segregated accounts investment, net	2,118	2,258	2,459	2,677
1801 Cash, cash equivalents, and interest receivable .....	157	283	283	283
1901 Other assets .....	9	9	8	8
1999 Total assets .....	2,284	2,550	2,750	2,968
<b>LIABILITIES:</b>				
2202 Interest payable .....	156	235	236	236
2203 Debt .....	8,149	8,150	8,151	8,152
2207 Other .....	30	76	74	72
2999 Total liabilities .....	8,335	8,461	8,461	8,460
<b>NET POSITION:</b>				
3100 FICO capital stock purchased by FHLBanks .....	680	680	680	680
Cumulative results of operations:				
3300 Cumulative results of operations .....	1,439	1,579	1,779	1,998
3300 FSLIC capital certificates .....	-8,170	-8,170	-8,170	-8,170
3999 Total net position .....	-6,051	-5,911	-5,711	-5,492
4999 Total liabilities and net position .....	2,284	2,550	2,750	2,968

#### RESOLUTION FUNDING CORPORATION

The Resolution Funding Corporation (the "REFCORP") is a mixed-ownership government corporation established by Title V of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA). The sole purpose of REFCORP was to provide financing for the Resolution Trust Corporation (the "RTC"). Pursuant to FIRREA, REFCORP was authorized to issue debentures, bonds, and other obligations, subject to limitations contained in the Act and regulations established by the Thrift Depositor Protection Oversight Board. The proceeds of the debt (less any discount, plus any premium, net of issuance cost) were used solely to purchase nonredeemable capital certificates of the RTC or to refund any previously issued obligations.

Until October 29, 1998, REFCORP was subject to the general oversight and direction of the Thrift Depositor Protection Oversight Board. At that time, the Oversight Board was abolished and its authority and duties were transferred to the Secretary of the Treasury. The day-to-day operations of REFCORP are under the management of a three-member Directorate comprised of the Director of the Office of Finance of the Federal Home Loan Banks and two members selected from among the presidents of the twelve Federal Home Loan Banks ("the FHLBanks"). Members of the Directorate serve without compensation, and REFCORP is not permitted to have any paid employees.

FIRREA, as amended, and the regulations adopted by the Thrift Depositor Protection Oversight Board and the Secretary of the Treasury provide formulas pursuant to which the Federal Home Loan Banks made capital contributions to REFCORP's Principal Fund and continue to make interest payments on outstanding REFCORP obligations. FIRREA also provides that the U.S. Treasury cover any interest shortfall. Funds designated for the Principal Funds were used to purchase zero-coupon bonds. The zero-coupon bonds will be held in the Principal Fund and are the primary source of repayment of the principal of the obligations at maturity.

## RESOLUTION FUNDING CORPORATION—Continued

## Statement of Operations (in millions of dollars)

Identification code 99-4029-0-3-373	2001 actual	2002 actual	2003 est.	2004 est.
0101 Revenue .....	3,059	3,094	3,126	3,167
0102 Expense .....	-2,626	-2,626	-2,626	-2,626
0105 Net income or loss (-) .....	433	468	500	541

## Balance Sheet (in millions of dollars)

Identification code 99-4029-0-3-373	2001 actual	2002 actual	2003 est.	2004 est.
<b>ASSETS:</b>				
Investments in US securities:				
1102 Principal fund account investment, net .....	5,802	6,149	6,646	7,185
1206 Assessments receivable for interest expense .....	886	888	888	888
1999 Total assets .....	6,688	7,037	7,534	8,073
<b>LIABILITIES:</b>				
2202 Accrued interest payable on long-term obligations .....	888	886	888	888
2203 Debt .....	30,060	30,061	30,058	30,055
2999 Total liabilities .....	30,948	30,947	30,946	30,943
<b>NET POSITION:</b>				
3100 Nonvoting capital stock issued to FHLBanks .....	2,513	2,513	2,513	2,513
Cumulative results of operations:				
3300 Cumulative results of operations .....	3,456	3,806	4,304	4,846
3300 RTC nonredeemable capital certificates .....	-31,286	-31,286	-31,286	-31,286
3300 Contributed capital—principal fund assessments .....	1,057	1,057	1,057	1,057
3999 Total net position .....	-24,260	-23,910	-23,412	-22,870
4999 Total liabilities and net position .....	6,688	7,037	7,534	8,073

## BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

## Program and Financing (in millions of dollars)

Identification code 99-4450-0-3-803	2001 actual	2002 est.	2003 est.
<b>Obligations by program activity:</b>			
09.01 Monetary and economic policy .....	95	97	106
09.02 Services to financial institutions and the public .....	5	5	5
09.03 Supervision and regulation of financial institutions .....	89	91	100
09.04 System policy direction and oversight .....	36	36	40
09.09 Subtotal: Board operating expenses .....	225	229	251
09.10 Office of Inspector General operating expenses .....	3	4	4
09.11 Building acquisition .....	66		
10.00 Total new obligations .....	294	233	255
<b>Budgetary resources available for obligation:</b>			
22.00 New budget authority (gross) .....	294	233	255
23.95 Total new obligations .....	-294	-233	-255
<b>New budget authority (gross), detail:</b>			
Mandatory:			
69.00 Offsetting collections (cash) .....	294	233	255
<b>Change in obligated balances:</b>			
72.40 Obligated balance, start of year .....	26	26	26
73.10 Total new obligations .....	294	233	255
73.20 Total outlays (gross) .....	-294	-233	-255
74.40 Obligated balance, end of year .....	26	26	26

## Outlays (gross), detail:

86.97 Outlays from new mandatory authority .....	279	218	240
86.98 Outlays from mandatory balances .....	15	15	15
87.00 Total outlays (gross) .....	294	233	255

## Offsets:

Against gross budget authority and outlays:			
88.40 Offsetting collections (cash) from: Non-Federal sources .....	-294	-233	-255

## Net budget authority and outlays:

89.00 Budget authority .....			
90.00 Outlays .....			

The figures presented may differ from other Board financial material because they are prepared in accordance with OMB guidelines which vary from the Board's budget and accounting procedures.

The Federal Reserve System operates under the provisions of the Federal Reserve Act of 1913, as amended, and other acts of Congress.

**Program.**—To carry out its responsibilities under the Act, the Board determines general monetary, credit, and operating policies for the System as a whole and formulates the rules and regulations necessary to carry out the purposes of the Federal Reserve Act. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

**Financing.**—Under the provisions of section 10 of the Federal Reserve Act, the Board of Governors levies upon the Federal Reserve banks, in proportion to their capital and surplus, an assessment sufficient to pay its estimated expenses. The Board, under the Act, determines and prescribes the manner in which its obligations are incurred and its expenses paid. Funds derived from assessments are deposited in the Federal Reserve Bank of Richmond, and the Act provides that such funds "shall not be construed to be Government funds or appropriated moneys." No Government appropriation is required to support operations of the Board.

The information presented pertains to Board operations only. Expenditures made on behalf of the Federal Reserve banks for production, issuance, retirement, and shipment of Federal Reserve notes are not included, since they are reimbursed in full by the Federal Reserve banks.

## Object Classification (in millions of dollars)

Identification code 99-4450-0-3-803	2001 actual	2002 est.	2003 est.
<b>Reimbursable obligations:</b>			
Personnel compensation:			
11.1 Full-time permanent .....	125	133	144
11.3 Other than full-time permanent .....	3	3	3
11.5 Other personnel compensation .....	2	2	2
11.9 Total personnel compensation .....	130	138	149
12.1 Civilian personnel benefits .....	22	21	30
21.0 Travel and transportation of persons .....	4	6	6
22.0 Transportation of things .....		1	1
23.3 Communications, utilities, and miscellaneous charges .....	11	8	8
24.0 Printing and reproduction .....	2	2	2
25.1 Advisory and assistance services .....	5	5	5
25.2 Other services .....	23	21	23
26.0 Supplies and materials .....	8	8	8
31.0 Equipment .....	20	19	19
32.0 Land and structures .....	66		
99.0 Reimbursable obligations .....	291	229	251
25.2 Allocation Account: Other services .....	3	4	4
99.9 Total new obligations .....	294	233	255