

CONTROLLER'S REPORT

FEDERAL RESERVE BANK OF MINNEAPOLIS

FOR THE YEAR

1930.

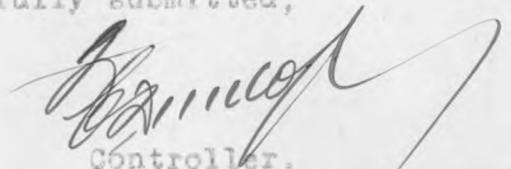
To the Directors:-

The results of our 1930 operations do not compare very favorably with those of 1929 if considered entirely from an earnings standpoint. However, in the face of a reduction of nearly \$700,000 in current income, we have been able, through recoveries of interest and expense and the curtailment of many expense items, to meet all requirements of the year, add \$250,000 to our self-insurance reserve and pay a small franchise tax to the Government.

Our staff numbered 255 persons at Minneapolis and 32 at Helena on January 1, 1931, making a net reduction of 10 during the year after allowing for 7 additional guards. While our employees have proved efficient in former years, the operations of most of our functions during the past year indicate that a further degree of efficiency has been reached.

All of our operations are covered in the report with comments made on the items of greatest importance. We have tried to present all of the facts clearly and hope the information given will be of benefit. The Controller's comments on Helena Branch are offered in addition to a separate report from the Branch Manager.

Respectfully submitted,


Controller.

January 1, 1931.

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COMPARATIVE STATEMENT OF RESOURCES

FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

	<u>December 31, 1930</u>	<u>December 31, 1929</u>
Gold Redemption Fund - F. R. Notes	\$ 801,645.23	\$ 3,970,478.75
Gold with Federal Reserve Agent	48,325,000.00	66,157,000.00
Gold Settlement Fund	10,075,951.06	18,085,009.19
Gold Coin and Bullion	3,570,487.50	3,109,615.00
Gold Certificates	1,638,000.00	1,144,000.00
Legal-tender notes	1,414,000.00	832,000.00
Silver Certificates	2,089,719.00	1,739,617.00
Standard Silver dollars	754,243.00	159,474.00
National bank notes	1,836,500.00	2,202,000.00
Federal Reserve bank notes	700.00	0
Subsidiary silver, nickels and cents	594,981.08	264,855.85
F. R. Notes of other F. R. Banks	805,000.00	2,276,500.00
Our Federal Reserve notes on hand	4,832,770.00	6,383,425.00
Mutilated F. R. Notes forwarded for redemption	312,800.00	680,700.00
Bills discounted	3,037,909.19	6,547,680.39
Member banks collateral notes	537,430.00	3,629,079.86
Bills bought in open market	7,583,714.68	6,610,659.65
Participation in investments through foreign banks	827,597.90	25,761.22
U. S. Government securities	27,302,184.02	16,873,330.61
Municipal Warrants	233,146.29	120,475.00
Premium on U. S. securities	3,273.51	3,521.95
Interest accrued	66,367.14	66,090.51
Expense current	976,867.27	1,022,009.00
Furniture and equipment	14,549.03	24,733.81
Dividends accrued	184,445.39	184,029.92
Transit items	9,576,628.44	11,793,609.69
Exchange for clearing house	191,239.81	286,109.71
Checks and other cash items	598,185.47	434,447.62
Banking House:		
Land	505,520.66	505,520.66
Buildings including vaults	1,418,281.50	1,418,281.50
Fixed machinery and equipment	636,162.54	636,162.54
Deferred charges	18,785.27	19,152.44
Claims account closed or suspended banks	1,389,324.85	1,767,559.61
Property acquired under foreclosure	23,966.09	27,135.62
Due from foreign banks	16,181.47	18,020.53
Difference account	320.50	446.23
Suspense Account - General	3,593.02	36,985.25
Fiscal Agency expenses, reimbursable	1,600.01	1,661.36
Reimbursable expenditures - postage	179.31	564.56
	<hr/>	<hr/>
	\$132,199,250.23	\$159,057,704.03
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COMPARATIVE STATEMENT OF LIABILITIES

FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

	<u>December 31, 1930</u>	<u>December 31, 1929</u>
Federal Reserve Notes outstanding	\$ 58,704,305.00	\$ 73,919,570.00
Member banks - Reserve account	48,446,573.20	56,861,437.99
Funds of closed banks held for receivers and others	54,946.33	128,120.81
U. S. Treasurer - General Account	1,272,005.88	1,579,331.12
Due to foreign banks	132,225.47	140,215.61
Non-member banks - Clearing account	14,445.08	14,923.28
Officers' Checks	67,449.45	108,939.09
Federal Reserve drafts	2,155.67	3,013.09
Other deposits		12,195.99
Government transit items	196,154.08	169,302.50
All other transit items	9,580,170.51	11,365,261.22
Accrued taxes other than franchise tax unpaid . .	67,500.00	164,019.57
Capital stock suspense account	1,900.00	0
Sundry items payable	1,298.70	1,722.83
Discount on U. S. Securities	13,582.57	15,371.76
Unearned discount	39,656.82	70,450.25
Reserve for self insurance	250,000.00	250,000.00
Reserve for depreciation on U. S. bonds	3,444.00	3,444.00
Reserve for possible losses account failed banks	254,709.66	311,571.19
Reserve for depreciation on fixed machinery and equipment - Minneapolis	322,450.28	260,444.93
Reserve for depreciation on fixed machinery and equipment - Helena	12,818.03	11,207.13
Reserve for depreciation on building - Minneapolis	128,328.15	102,662.52
Reserve for depreciation on building - Helena . .	78,618.74	75,918.74
Special credit account closed banks	979,919.27	1,381,601.90
Discount earned	400,992.87	1,357,980.49
Interest earned	814,587.37	536,835.04
Penalties on deficient reserves	7,644.01	12,474.96
Miscellaneous earnings	11,858.19	18,740.68
Profit and Loss	133,224.61	7,884.23
Capital Stock paid in	3,063,300.00	3,091,150.00
Surplus	7,142,986.29	7,081,913.11
	<hr/>	<hr/>
	\$132,199,250.23	\$159,057,704.03
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FEDERAL RESERVE BANK OF MINNEAPOLIS
STATEMENT OF PROFIT AND LOSS ACCOUNT FOR 1930.

Discount earned on bills discounted - Minneapolis	\$	\$ 140,657.48
Discount earned on bills discounted - Helena Branch		31,784.12
Discount earned on bills purchased		228,551.27
Interest earned on United States securities		747,483.68
Interest earned on municipal warrants		1,326.70
Interest earned on past due paper of closed banks		65,773.89
Deficient reserve penalties - Minneapolis		6,161.62
Deficient reserve penalties - Helena Branch		1,482.39
Participation in transactions with foreign banks		11,208.70
Sale of waste paper		115.15
Monthly letters sold		300.00
Service charges on collection items returned - Minneapolis		122.69
Service charges on collection items returned - Helena Branch		4.65
Clearing house fines		107.00
Interest on non-current funds - Helena Branch		3.10
Expense - Cost of Federal Reserve currency	56,930.59	
Other current expense - Minneapolis	829,067.25	
Expense current - Helena Branch	90,869.43	
Furniture and Equipment	14,548.03	
Reserve for depreciation on building - Minneapolis	25,665.63	
Reserve for depreciation on building - Helena Branch	2,700.00	
Reserve for depreciation on fixed machinery and equipment:		
Minneapolis	62,005.33	
Helena Branch	1,610.90	
General differences - Minneapolis	1.65	
Tellers differences - Minneapolis	350.21	
Transit and clearing differences - Minneapolis		37.74
Tellers differences - Helena Branch	10.50	
Transit differences - Helena Branch		4.12
Recovery of expenses in connection with closed banks		39,192.74
Sales and allowances of old furniture and equipment		2,356.50
Profit on sales of U. S. securities through Federal Reserve system special investment account		68,139.71
Post dated Government coupons charged off	27.63	
Recovery of post dated Government coupons		2.82
Loss on transit items account of failed banks	109.30	
Recovery of transit items previously charged off		735.53
Rebate of insurance premiums on F.R. notes received from Comptroller during period July 1 to Dec. 31, 1929		56.98
Two-thirds of dividend on employees group life insurance .. for policy year ended May 1, 1930		3,214.36
Transfer from Reserve for Taxes on account of reduction in Real Estate Taxes for the years 1927, 1928 and 1929		20,466.54
Unclaimed transit items credited to difference account in 1929. Ownership determined and amount credited to Member Bank	9.40	
Salary of employee taken from desk	92.48	
Miscellaneous costs incurred prior to 1930 and carried in property account of failed banks considered non-recover- able and charged off	677.71	
Settlement with member banks for loss of interest on called bonds	23.05	
Transfer from special reserve for possible losses		159,000.00
Reserve for self-insurance fund	250,000.00	
Dividends paid	184,445.39	
Transferred to Surplus (10% of balance of net earnings)....	914.40	
Franchise tax paid to United States Government (90% of balance of net earnings)	8,229.60	
	<u>\$1,528,288.48</u>	<u>\$1,528,288.48</u>

FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

SUMMARY REPORT OF EARNINGS, EXPENSES AND
PROFIT AND LOSS ACCOUNT DURING 1930.

Earnings	\$1,235,082.44	
Current expenses	<u>976,867.27</u>	
Current net earnings		\$ 258,215.17
Additions to current net earnings:		
Withdrawn from reserve for possible losses	\$ 159,000.00	
All other	<u>134,206.04</u>	293,206.04
Total Additions		\$ 551,421.21
Deductions from current net earnings:		
3% Reserve for depreciation on buildings:		
Minneapolis building	\$ 25,665.63	
Helena Branch building	2,700.00	
10% Reserve for depreciation on fixed machinery and equipment:		
Minneapolis building	62,005.33	
Helena Branch building	1,610.90	
Furniture and equipment	14,548.03	
Reserve for self-insurance fund	250,000.00	
All other	<u>1,301.93</u>	
Total deductions		\$ 357,831.82
Net earnings available for dividends, surplus, and franchise tax		\$ 193,589.39
Dividends paid		184,445.39
Transferred to surplus account		914.40
Franchise tax paid to United States Government		8,229.60
		<u>\$ 193,589.39</u>

FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH
STATEMENT OF EARNINGS, EXPENSES AND PROFIT AND LOSS ACCOUNT
SINCE ORGANIZATION

Earnings	\$ 31,008,489.
Expenses	<u>13,071,401.</u>
Net earnings before depreciation	\$17,937,088.
ADDITIONS TO EARNINGS:	
Withdrawn from reserve for possible losses	\$ 448,000.
Withdrawn from reserve for depreciation on U.S. Bonds	143,489.
Withdrawn from surplus to reduce book value of building	500,000.
All other	477,400.
TOTAL ADDITIONS	<u>\$ 1,568,869.</u>
DEDUCTIONS FROM EARNINGS:	
Reserve for self insurance	\$ 500,000.
Bank premises depreciation	1,789,804.
Furniture and equipment (Including \$40,000 for vault in New York Life Building)	498,120.
Reserve for possible losses	700,000.
Reserve for depreciation on U. S. Bonds	148,913.
Other Real Estate - Building site:	
Expense	\$ 60,407.
Income	<u>35,800.</u>
Net expense	24,607.
All other	168,514.
TOTAL DEDUCTIONS	<u>\$ 3,827,958.</u>
Net deductions	<u>\$ 2,259,089.</u>
Net earnings	<u>\$15,677,979.</u>
Distribution of net earnings:	
Dividends paid	\$ 2,918,339.
*Transferred to surplus	7,643,900.
Franchise tax paid to U. S. Government	5,115,740.
	<u>\$15,677,979.</u>

*\$500,000 was withdrawn from surplus account to reduce book value of building Dec. 31, 1927. The net balance in surplus account Jan. 1, 1931 there-fore is \$7,143,900.69.

DIVIDENDS PAID SINCE ORGANIZATION - BY YEARS

1916	-	\$ 57,719.87
1917	"	363,894.19
1918	"	168,102.97
1919	"	180,186.21
1920	"	195,870.65
1921	"	211,657.03
1922	"	213,774.01
1923	"	212,732.68
1924	"	202,827.98
1925	"	193,559.46
1926	"	187,602.25
1927	"	180,726.51
1928	"	181,202.86
1929	"	184,029.92
1930	"	184,445.39
		<u>\$ 2,918,338.98</u>

DETAIL STATEMENT OF SURPLUS ACCOUNT SINCE ORGANIZATION

January 4, 1918	Transferred to Surplus from Profit and Loss	\$ 37,500.00
December 31, 1918	"	688,871.82
March 4, 1919	" from Reserve for Franchise Tax	688,871.82
June 30, 1919	to Surplus from Profit and Loss	904,357.40
December 31, 1919	"	1,249,399.04
June 30, 1920	"	1,609,241.58
December 31, 1920	"	1,801,706.54
June 30, 1921	"	323,121.95
December 31, 1921	"	165,407.67
December 31, 1922	"	56,892.10
December 31, 1923	"	11,272.25
December 31, 1924	"	12,627.39
December 31, 1925	"	4,139.45
December 31, 1926	"	26,042.32
December 31, 1927	"	11,535.10
December 31, 1928	"	43,350.06
December 31, 1929	"	61,073.18
December 31, 1930	"	914.40
Total		<u>\$7,696,324.05</u>
Less:		
December 31, 1922	Additional franchise tax paid for the years 1920 and 1921	\$ 52,423.36
December 31, 1927	withdrawn from surplus to reduce book value of building	<u>500,000.00</u>
		552,423.36
Balance in surplus account	December 31, 1930	<u>\$7,143,900.69</u>

STATEMENT OF TOTAL FRANCHISE TAX PAID SINCE ORGANIZATION

December 31, 1918	Transferred from Profit and Loss	\$ 37,500.00
December 31, 1920	"	524,233.58
June 30, 1921	"	1,284,497.62
December 31, 1921	"	1,166,468.98
December 31, 1922	" on account of underpayment years 1920 and 1921	52,423.36
December 31, 1923	" from Profit and Loss	512,028.98
December 31, 1923	"	101,450.25
December 31, 1924	"	113,646.58
December 31, 1925	"	37,255.04
December 31, 1926	"	234,380.91
December 31, 1927	"	103,815.90
December 31, 1928	"	390,150.58
December 31, 1929	"	549,658.58
December 31, 1930	"	8,229.60
Total		<u>\$5,115,739.96</u>

PROFIT AND LOSS

Current income for 1930 representing the profit from regular earning assets, plus past due interest on closed bank paper, amounted to \$1,235,082.44, in comparison with \$1,926,031.17 received from the same sources in 1929. Recoveries of expenses incurred at closed banks, the crediting back of \$20,466.54 out of the amounts reserved for real estate tax payments in 1927, 1928 and 1929 and a nice profit from the sale of United States securities held in special investment account, helped out the situation materially in 1930. Profit and loss credits other than current income amounted to \$134,000 during 1930 compared to additions of \$22,000 during 1929.

Total current expense for 1930 was \$885,997.84 at Head Office and \$90,889.43 at Helena. The Head Office total includes \$56,930.59 of Federal reserve note costs. Comparisons with 1929 and the reasons for increases and decreases in the various income and expense items will be found elsewhere in this report.

During the year a number of the larger closed bank trusts were wound up and we recovered \$39,192.74 of expense incurred prior to 1930. Such recoveries made in 1929 amounted to \$12,448.19. For the years 1928 and 1929 we had assumed a loss of \$65,044.48 on United States securities sold by the Investment Committee. In the replacement of securities during 1930 the Committee reported a profit of \$68,138.71 as our share although the estimated profit for the year, given us in November was \$11,000 less.

Another substantial credit to profit and loss occurred in December through the settling of our tax matter. The actual amount available for credit was \$25,532.76 from which we deducted \$5,066.22, the balance due our attorneys for handling the case. In May 1928 we paid \$2,500 as a retainer making a total of \$7,566.22 paid our attorneys.

Old equipment turned in on new purchases during the year brought allowances of \$2,356.50. Under present ruling we must credit all allowances on old equipment direct to profit and loss account. Dividend on employees group life insurance, two-thirds of which

PROFIT AND LOSS (Contd)

represents a return on premiums paid during 1929 amounted to \$4,821.54. The proportion credited to profit and loss as 1929 recoveries was \$3,214.36. Other recoveries in 1930 were small, the chief item being \$735.53 received on various transit items charged off during prior years.

In addition to the above recoveries, we transferred under approval of the Federal Reserve Board from "Special Reserve for Losses" the sum of \$159,000. This leaves \$95,709.66 still available for losses at closed banks and the transfer made possible the building up of our Self-Insurance Reserve to \$500,000 also under approval of the Federal Reserve Board.

After we had provided for the current expenses, depreciation allowances, Self-Insurance fund increase and dividends, there remained \$9,144 available for Surplus and franchise tax. Accordingly, \$914.40 was credited to Surplus and \$8,229.60 paid to the Treasury Department as franchise tax for 1930. The following transactions were passed through the Profit and Loss account to complete the distribution for the year 1930:

CURRENT EXPENSES

Minneapolis	\$ 885,997.84	
Helena	<u>90,869.43</u>	\$ 976,867.27

The expenses of the past year were \$45,000 less than in 1929 and the reduction made was the best showing we have been able to bring about since coming into this building. At the beginning of 1930 with salary adjustments granted of \$24,000, it was necessary for us to reduce the total costs \$70,000 to attain the above result. As a matter of fact we paid \$6,500 of bills on the last day of 1930 which normally should have been paid in 1931, otherwise the expense total would show even a better comparison with former years. At Helena the costs were \$3,747.89 greater than in 1929 due to several unusual items. We believe the 1931 costs at the Branch will show a reduction of about \$2,500. At Minneapolis we believe a reduction of approximately \$20,000 may be expected from the total

PROFIT AND LOSS (Contd)

expense of 1930. How this will be accomplished and the reasons for the increases and decreases in the various expense items during 1930 will be indicated under EXPENSES.

FURNITURE AND EQUIPMENT

Minneapolis	\$ 13,925.31	
Helena	<u>622.72</u>	\$ 14,548.03

It has been our aim for some time to reach the point where purchases of equipment and replacements would not exceed \$15,000 yearly. The 1928 total was \$32,026.65 and the 1929 total \$24,732. Several machines were paid for at the close of 1930 on which payment was not due until 1931. We expect a further lowering of the expense of furniture and equipment in 1931. Particulars of our 1930 purchases and other information on office inventory will be found elsewhere in the report.

RESERVE FOR DEPRECIATION
ON BANK BUILDING

Minneapolis	\$ 25,665.63	
Helena	<u>2,700.00</u>	\$ 28,365.63

For the past five years at Helena and four years at Minneapolis there has been no change in the amounts set aside at the close of each year as building depreciation. These amounts are not used to reduce the Building Account as the Federal Reserve Board feels that the figure at which our property is carried on the books represents its replacement value. We feel that realizable value is the figure at which the building should be carried and this figure is at least \$500,000 less than the present book value of \$1,283,281.50. The Board's system policy prevents our getting a further reduction in value although we were granted a reduction of \$500,000 at the close of 1927. The amounts charged for Minneapolis and Helena represent 2 per cent of replacement value. Reserve for depreciation on Minneapolis building now amounts to \$153,993.78 and on the Helena building \$81,318.74.

PROFIT AND LOSS (Contd)

RESERVE FOR DEPRECIATION ON FIXED
MACHINERY AND EQUIPMENT

Minneapolis	\$ 62,005.33	
Helena	<u>1,610.90</u>	\$ 63,616.23

The above amounts represent 10 per cent of the original cost of the fixed machinery and equipment to which cost has been added a fair proportion of the architect's fees. Against a total original cost at Minneapolis of \$620,053.55, we now have a reserve for replacement of \$384,455.61 representing six year's accumulation on the total cost with 10 per cent additional allowed on the heating equipment used during 1934 while the building was being completed. At Helena the total depreciation allowed is \$14,428.93 leaving one year more to set up the full amount of original cost.

DIFFERENCE ACCOUNTS (Debit)

Minneapolis	\$ 314.12	
Helena	<u>6.38</u>	\$ 320.50

Total differences charged off are less in amount than for a normal year. Transit department differences have been small and show a net credit of \$41.86 during 1930. There were more tellers' differences than in 1929 but with no increase in the total amount.

RESERVE FOR SELF-INSURANCE \$250,000.00

As a result of transferring \$159,000 from our Special Reserve for Losses, recovering considerable expense and interest from closed banks and making material savings in other expense items, we were able to set aside the further amount of \$250,000 for self-insurance making the total amount now \$500,000. The Federal Reserve Board in approving the setting aside of the additional amount stated that tentatively the maximum fund for this bank would be placed at \$500,000. The Board also stated that using the Fund to supplant blanket secondary coverage had its approval. While final arrangements have not yet been completed for changing our coverage, we know that the saving in yearly premiums will be approximately \$5,000.

PROFIT AND LOSS (Contd)

DIVIDENDS PAID \$ 184,445.39

There was a small decrease in the capital stock held by members on December 31, 1930 from the total held at the close of 1929. The amount held on December 30, 1930 was \$3,063,300, a reduction of \$37,850 during the year, with average holdings \$3,074,000. At the end of 1928 holdings were \$3,008,600. There has been a small increase in the total dividend paid each year since 1927 with the total payment in 1930 \$415.47 greater than in 1929. Since our organization we have paid at the 6 per cent rate authorized by Law a total of \$2,918,338.98 in dividends.

ADDITION TO SURPLUS \$ 914.40

The amount added to Surplus at the close of 1930 is the smallest addition since 1918 when the first transfer to Surplus was made. All told \$7,696,324.05 has been placed in Surplus account since organization. An adjustment in 1922 required the withdrawal of \$53,423.36 and a transfer of this amount to the Treasury Department on account of under payment of franchise tax for the years 1920 and 1921. We also transferred \$500,000 to Building Account in 1927 so that the total amount in Surplus at close of business December 31, 1930 is \$7,143,900.69 and \$1,017,300.69 in excess of our subscribed Capital stock.

FRANCHISE TAX

Our ability to pay any franchise tax for 1930 was not due to the profit received from normal sources, but to unusual recoveries of interest and expense. These will not recur in 1931 so that if our record of continuous franchise tax payments is to be maintained it will be through heavier borrowing and at better rates. After providing for all expenses, depreciation allowances and the 6 per cent dividend, there remained \$9,144. Of this amount 90 per cent or \$8,229.60 was paid to the Treasurer of the United States as a franchise tax. Total tax paid the Government since organization is \$5,115,739.98.

COMPARATIVE STATEMENT OF GROSS EARNINGS
FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

<u>EARNINGS FROM</u>	<u>Minneapolis</u> <u>1930</u>	<u>Helena Branch</u> <u>1930</u>	<u>Combined</u> <u>1930</u>	<u>Combined</u> <u>1929</u>	<u>Combined</u> <u>1928</u>
Discounted bills	\$ 140,657.48	\$ 31,784.12	\$ 172,441.60	\$ 1,047,771.06	\$ 490,751.39
Purchased bills	228,551.27		228,551.27	310,209.43	609,535.19
United States Securities	747,483.68		747,483.68	388,603.50	512,433.11
Federal Intermediate Credit Bank Debentures				123,396.14	26,681.57
Municipal Warrants	1,326.70		1,326.70	7,001.45	373.60
Foreign Loans on Gold				1,425.72	
Deficient reserve penalties	6,161.62	1,482.39	7,644.01	12,474.96	7,763.14
Income from banking house					
Interest received on past due paper of closed banks	65,773.89		65,773.89	17,833.95	44,225.68
Interest on noncurrent funds, delayed wire transfers, etc.		3.10	3.10		46.66
Net profit on U. S. Securities sold				2,383.47	6,669.38
Participation in transactions with foreign banks	11,208.70		11,208.70	14,420.96	11,160.98
Sale of cancelled stamps, waste paper, money bags, etc.	115.15		115.15	196.44	193.26
Service charges on collection items returned unpaid	122.69	4.65	127.34	169.09	182.80
Monthly letters sold	300.00		300.00	9.00	
Clearing House fines	107.00		107.00	136.00	106.00
Net commission on hail insurance					181.30
Total Earnings	\$ 1,201,808.18	\$ 33,274.26	\$ 1,235,082.44	\$ 1,926,031.17	\$ 1,710,304.06

GROSS EARNINGS AND
AVERAGE RATE OF EARNINGS ON EARNING ASSETS
FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

	<u>1930</u>	<u>1929</u>
Earnings from:		
Discounted bills	\$ 172,441.60	\$ 1,047,771.06
Purchased bills	228,551.27	310,209.43
United States Securities	747,483.68	388,603.50
Federal Intermediate Credit Bank Debentures	0	123,396.14
Municipal Warrants	1,326.70	7,001.45
Foreign Loans on Gold	0	1,425.72
Deficient Reserve Penalties	7,644.01	12,474.96
Miscellaneous	77,635.18	35,148.91
Total	\$1,235,082.44	\$ 1,926,031.17
Monthly average of gross earnings	102,923.54	160,502.60
Monthly average of current expenses	81,405.61	85,167.42
Monthly proportion of operating profits	21,517.93	75,335.18
Monthly proportion of dividends paid	15,370.45	15,335.83
Monthly proportion of original cost of Federal Reserve notes including shipping charges to us	4,390.43	6,636.85
Rate per cent of current net earnings on paid Capital Stock	8.40	29.47

DAILY AVERAGE HOLDINGS OF EARNING ASSETS

	Bills Dis- counted	Bills Purchased	U. S. Securities	Federal Int. Credit Bank Debentures	Municipal Warrants	Foreign Loans on Gold	Total
1930	\$ 4,042,859	\$ 7,870,007	\$22,786,786	0	\$ 34,220	0	\$34,733,872
1929	21,624,673	6,328,387	9,812,359	2,579,658	140,326	28,340	40,513,743
1928	11,199,882	15,354,918	13,701,741	686,803	8,784	0	40,952,128

AVERAGE RATE OF EARNINGS ON EARNING ASSETS

	Bills Dis- counted	Bills Purchased	U. S. Securities	Federal Int. Credit Bank Debentures	Municipal Warrants	Foreign Loans on Gold	Total
1930	4.265%	2.904%	3.280%	0%	3.877%	0%	3.310%
1929	4.845	4.902	3.960	4.783	4.989	5.031	4.636
1928	4.382	3.970	3.740	3.885	4.253	0	4.004
1927	3.937	3.412	3.581	3.654	3.722	0	3.580
1926	4.000	3.548	3.850	3.827	4.000	4.500	3.793
1925	4.030	3.245	3.841	0	4.000	3.569	3.651
1924	4.458	3.720	3.899	0	4.374	3.000	4.084
1923	4.502	4.125	4.250	0	4.500	0	4.411
1922	5.119	0	3.427	0	4.752	0	4.640
1921	6.479	6.097	2.055	0	5.807	0	6.091
1920	6.223	5.259	2.016	0	0	0	5.755
1919	4.381	4.267	2.460	0	0	0	4.114

Discount rate effective	January 1, 1922	5½%
Discount rate lowered	January 11, 1922 to	5%
Discount rate lowered	August 15, 1922 to	4½%
Discount rate lowered	October 14, 1924 to	4%
Discount rate lowered	September 13, 1927 to	3½%
Discount rate raised	February 8, 1928 to	4%
Discount rate raised	April 25, 1928 to	4½%
Discount rate raised	May 14, 1929 to	5%
Discount rate lowered	February 8, 1930 to	4½%
Discount rate lowered	April 15, 1930 to	4%
Discount rate lowered	September 12, 1930 to	3½%

EARNINGS

Earned at Minneapolis	\$ 1,201,808.18	
Earned at Helena	<u>33,274.36</u>	\$ 1,235,082.44

The character of our earning assets changed again in 1930 as it has for a number of years. For several years up to 1928 investments in United States securities furnished our chief revenue. During 1928 the principal source of income was bankers' acceptances although accommodations to member banks and holdings of Governments each furnished a good share of the total. In 1929 we received 54.4 per cent of our total current income from discounts handled for member banks, largely the borrowings of the big Twin City banks on collateral loans. With increased borrowing from member banks it was natural for our allotments of bills and Governments to fall off materially from the amounts carried in 1928. The past year with city bank borrowing very meagre and country bank borrowing more active but for small amounts, we found it necessary to accept larger allotments of United States securities in order that we might cover our requirements. Bankers bills were not available in good volume for most of the year and the rates were too low for a small quantity to add sufficient to our earnings.

Current income was \$691,000 less in 1930 than for 1929. Had rates been maintained at the 1929 levels the loss of income would have been approximately \$268,000 as the average amount of earning assets carried throughout 1930 was \$34,734,000 in comparison with \$40,514,000 as a daily average during 1929. The drop in rates thus accounted for over 60 per cent of the reduced income for 1930. During 1929 we obtained a daily average earning rate of 4.636 per cent on our combined holdings of earning assets. For the past year the corresponding rate has been 3.310 per cent, the lowest average earning rate since the bank came into existence. The nearest approach to the above rate was 3.580 which prevailed in 1927.

Throughout 1929 there was ample income in each month to more than cover our needs with very material increases in the income during the closing five months of that year. In only two months

EARNINGS (Contd)

of 1930 was current income sufficient, January and March. All the other months failed to produce sufficient normal profit. In December we wound up several closed bank trusts and under Federal Reserve Board ruling credited to profit account \$43,358.18 of past due interest, otherwise the current income in December was little changed from previous months.

Since 1921, with one exception, our chief sources of revenue have been from outside our District. In 1929 due to the heavier local borrowing we obtained 61.1 per cent of our total income from within the District. For 1930 the lack of demand from our member banks made it necessary for us to depend on Government bond holdings to produce 60 per cent of our income. As will be noted from the following tables, 80 per cent of our earnings during the past year came from Government bonds and bankers bills including a small amount from our participation in transactions with Foreign banks.

INCOME FROM DISTRICT

	<u>1930</u>	<u>1929</u>	<u>1928</u>
Discounts for members	\$173,441.60	\$1,047,771.06	\$490,751.39
Warrants	1,326.70	7,001.45	373.60
Penalties for deficient reserves	7,644.01	12,474.96	7,763.14
Interest on past due paper of closed banks	65,773.89	17,833.95	44,325.66
Interest on Fed. Intermediate Credit Bank Debentures	0	91,493.36	14,815.29
Miscellaneous	652.59	510.53	710.02
	<u>\$247,838.79</u>	<u>\$1,177,085.31</u>	<u>\$558,639.12</u>

INCOME FROM WITHOUT DISTRICT

Discount from Purchased Bills	\$228,551.27	\$310,209.43	\$609,535.19
Interest on U.S. Securities	747,483.68	388,603.50	512,433.11
Int. on Fed. Int. Cr. Bank Debentures	0	31,902.78	11,866.38
Foreign Loans on Gold	0	1,425.72	0
Net Profit on U. S. Securities sold	0	2,383.47	6,669.38
Participation in transactions with Foreign Banks	11,208.70	14,420.96	11,160.98
	<u>\$987,243.65</u>	<u>\$748,945.86</u>	<u>\$1,151,664.94</u>

Rediscounts during 1930 averaged \$4,043,000 in comparison with an average of \$21,625,000 for 1929. At an average rate of 4.265

EARNINGS (Contd)

per cent during the past year, we obtained earnings of \$172,441.60. On the much greater volume in 1929 a profit of \$1,047,771.06 was had at an average rate of 4.845 per cent. After January 1930 there was little change in the average amount of borrowings from member banks. Most of the borrowings came from the country banks during 1930 while the city banks did practically all the borrowing throughout the previous year. On February 8, 1930 the discount rate was reduced from 5 per cent to 4½ per cent. This rate was followed by a reduction to 4 per cent on April 15 and a further reduction to 3½ per cent on September 13, which is the prevailing rate at this time. On December 31, 1930 we held \$3,575,000 of rediscounts and collateral loans. The similar accommodations at the close of 1929 were \$10,177,000.

Acceptances carried in 1930 averaged \$7,870,000 daily and \$1,542,000 greater than the daily average of the previous year. The acceptance rate fell rapidly however, during the past year with the result that a greater average holding of bills brought \$82,000 less income than in 1929. The average rate for bills in 1930 was 2.904 per cent with the December rate 1.913 per cent. Average holdings of \$6,328,000 in bills during 1929 produced \$310,209.43 of profit. Between January 1, 1930 and the close of the year the average rate on bills dropped 2.157 per cent. The lowest average rate on acceptances for any previous year was 3.245 per cent in 1925.

Throughout 1930 the monthly average of United States securities held has shown an increase and since February the monthly average earning rate on these securities has shown a decrease. From an average of \$18,778,000 held in January, holdings were added to until an average of \$26,481,000 was reached in December with \$27,302,000 actually carried at the close of the year. Monthly income from Governments increased from \$53,400.40 in January to \$64,745.11 for the closing month of 1930. Rates have fluctuated less than for other classes of earning assets with 3.748 the average rate at the beginning of the year and 2.879 per cent the average rate in December. Including the interest on Governments purchased for member banks and carried until final payment was made, we received a total of \$747,483.68 for the year from United States securities. In 1929 we had a daily average of \$9,812,000 in United States se-

EARNINGS (Contd)

curities compared to \$22,787,000 held on the average for the year just concluded. Average rate obtained in 1930 was 3.380 per cent with 3.960 per cent the average for 1929.

At the close of 1929 we held as our proportion of the United States securities handled through the Special Investment Committee at New York, the amount of \$8,789,000, this amount increasing to \$19,563,000 at the end of the year. Many exchanges of securities were made during the year by the Committee, most of them to our advantage. For the complete year our share of the profit on Governments sold was \$68,138.71. This was a very acceptable addition to our gross earnings and offset some former losses on United States securities. In 1928 we charged off \$51,348.45 as a loss on securities sold by the Committee and for 1929 we had a further loss of \$13,796.03. All the entries for the profit and loss mentioned were made direct to Profit and Loss Account.

Present prospects indicate that it will be necessary for us to continue for some time to obtain the major portion of our income from United States securities. However, we have reached the limit of the Governments which we may carry. The Law does not allow us to place United States securities with the Agent as collateral for note issues and the amount of gold we have free to cover daily fluctuations is not as much as it should be.

It is customary for several Michigan banks to discount with us during the latter part of each year, a small amount of Municipal Warrants which are usually retired by February of the following year. During the year we received \$1,326.70 in profit from this source. At the close of the year we held \$233,000 in Warrants with an average rate of 3.569 per cent obtained in December.

Deficient reserve penalties were much less than in 1929 with \$7,644.01 collected in comparison with \$12,474.96 for 1929. Of the reduction of \$4,830 in penalties collected, \$1,254.84 less was obtained at Minneapolis and \$3,576.11 less at Helena Branch. In 1930 215 banks were penalized at Minneapolis and 33 at Helena. During 1929 Minneapolis penalties covered 206 banks with 31 banks penalized at the Branch.

EARNINGS (Contd)

Collections of past due interest from closed bank trusts made a very substantial addition to our income in 1930. Of the total, \$65,445.08 represents interest on the daily liability of 18 closed banks finally recovered. We also collected \$328.81 of interest on advances made at closed banks to protect our interests.

Less profit was obtained on transactions with foreign banks in 1930. Our share of commissions paid by these banks on bills and securities bought for their account was \$11,208.70. Such commissions in 1929 amounted to \$14,420.96.

Miscellaneous income during 1930 was \$649.49 consisting of service charges on unpaid collection items; fines imposed by our Clearing House; sale of waste paper; monthly letters on condition sold financial houses.

The current income for the year gave average monthly earnings of \$102,923.54 at an average rate of 3.310 per cent. During the closing month of the year all classes of earning assets averaged \$37,289,000 on which the rate of income was 2.771 per cent. If the average rate falls no lower than in December, we will require approximately \$45,000,000 constantly employed to cover current needs for 1931. Some collections of interest and expense at closed banks will be made during 1931 but there is no thought of the amounts so obtained in 1931 approaching the collections made during the past year.

After allowing for current expenses only in 1930, the net income was equal to 8.40 per cent of our paid-in Capital Stock. The corresponding percentages were 29.47 in 1929 and 23.50 in 1928.

COMPARATIVE STATEMENT

CURRENT EXPENSES OF THE FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

	Minneapolis 1930	Helena Branch 1930	Combined 1930	Combined 1929	Combined 1928
Salaries:					
Bank Officers	\$ 107,867.03	\$ 14,200.00	\$ 122,067.03	\$ 117,783.28	\$ 117,503.16
Clerical Staff	303,678.78	35,260.15	338,938.93	346,319.30	350,451.88
Special Officers and Watchmen	28,218.00	6,455.00	34,673.00	31,324.50	29,961.74
All Other	58,995.26	2,572.50	61,567.76	57,963.49	65,635.52
Governors' Conferences	608.84		608.84	567.36	687.30
Federal Reserve Agents' Conferences	317.36		317.36	319.86	587.23
Federal Advisory Council	1,297.82		1,297.82	1,395.55	1,149.67
Directors' Meetings	5,209.38	1,320.00	6,529.38	6,563.55	6,793.41
*Traveling Expenses	11,632.04	1,288.84	12,920.88	14,716.36	20,146.40
Assessments for Federal Reserve Board expenses	18,503.91		18,503.91	19,433.16	18,930.68
Legal Fees	17,231.23	1,200.00	18,431.23	17,077.35	27,838.72
Insurance (Other than on currency & security shpts.)	27,021.18	3,699.62	30,720.80	30,755.24	30,899.14
Insurance on currency and security shipments	12,366.96	1,549.56	13,916.52	14,808.54	14,162.51
Taxes on banking house	67,500.00	1,899.45	69,399.45	77,128.25	86,306.27
Light, heat and power	16,207.15	994.58	17,201.73	17,966.84	17,370.17
Repairs and alterations banking house	5,074.75	1,080.29	6,155.04	7,096.92	7,655.99
Rent					90.00
Office and other supplies	16,140.78	1,396.67	17,537.45	18,503.62	19,402.48
Printing and stationery	17,658.20	1,788.74	19,446.94	18,601.12	19,369.73
Telephone	4,515.40	650.20	5,165.60	5,494.35	5,120.03
Telegraph	11,807.05	6,224.71	18,031.76	18,421.19	17,817.43
Postage	58,880.32	6,053.27	64,933.59	63,011.33	63,880.41
Expressage	11,097.35	1,132.26	12,229.61	11,047.47	8,398.73
Miscellaneous	27,238.46	2,103.59	29,342.05	43,322.84	47,813.95
Total exclusive of cost of currency	829,067.25	90,869.43	919,936.68	939,621.47	977,972.55
Federal Reserve Currency:					
Original cost, including shipping charges	52,685.13		52,685.13	79,642.17	20,992.08
Cost of redemption, including shipping charges	4,245.46		4,245.46	2,745.36	1,509.83
Total Current Expenses	\$ 885,997.84	\$ 90,869.43	\$ 976,867.27	\$ 1,022,009.00	\$ 1,000,474.46

*Other than those connected with Governors' and Agents' conferences and meetings of Directors and Advisory Council.

ITEMIZED STATEMENT SHOWING AMOUNTS INCLUDED IN MISCELLANEOUS EXPENSES

	Minneapolis 1930	Helena 1930	Combined 1930	Combined 1929	Combined 1928
Rental of furniture and equipment	\$ 37.57	\$ 8.65	\$ 46.22	\$ 63.57	\$ 126.34
Repairs and maintenance of furniture and equipment	274.49	675.13	949.62	1,107.30	1,058.83
Outside protection, vault inspection, time service, etc.	355.50	353.00	708.50	412.50	188.50
Outside cleaning services, water supply, and other misc. banking house expense	696.05	198.34	894.39	901.66	832.07
Licenses and permits	34.30	2.00	36.30	17.25	38.50
Local transportation--car fare	876.25		876.25	846.00	775.75
Local transportation--taxi hire	41.65		41.65	75.45	178.47
Post office box and postage-meter rental	402.00	40.33	442.33	392.00	237.00
Newspapers, periodicals, books, binding, etc.	1,684.53	111.00	1,795.53	1,815.48	1,879.34
Collection charges and protest fees absorbed	228.62	5.69	234.31	282.48	235.33
Clearing house membership dues		33.65	33.65	42.25	19.00
Copies of bank examination reports	6,482.91	267.75	6,750.66	7,318.50	7,515.50
Commercial agency credit reports and services	539.00	42.00	581.00	495.00	437.50
Employees' photographs	17.00	2.00	19.00	53.75	49.50
Medical service and physical examinations	33.00		33.00	32.00	161.00
Cafeteria (Net expense)	4,564.76		4,564.76	6,003.88	5,989.07
Entertainment of bankers and others not in bank's employ	622.04	28.70	650.74	511.89	147.35
Officers' dinners	.85		.85	88.16	184.90
Employees' dinners		25.85	25.85	965.00	100.74
Employees' education: American Institute of Banking	1,030.00		1,030.00	1,201.00	288.00
All Other	570.00		570.00	578.25	431.41
Federal Reserve Club	2,975.50	250.00	3,225.50	2,875.00	3,098.00
Membership dues and donations:					
American Bankers' Association	300.00	15.00	315.00	315.00	315.00
State and other Bankers' associations	260.00	42.00	302.00	292.00	292.00
Credit men's associations	41.00		41.00	785.00	185.00
American Acceptance Council	300.00		300.00	300.00	300.00
American Society of Agricultural Engineers	15.00		15.00	15.00	15.00
Twin City Bank Auditors' Conference	30.00		30.00	45.00	15.00
Tax Payers' Association	751.00		751.00	738.50	836.21
Minneapolis Police Benevolent Association	100.00		100.00	100.00	100.00
Minneapolis Fire Department	25.00		25.00	25.00	
International Sheriffs' & Protective Officers' Association				50.00	
National Industrial Conference Board, Inc.	100.00		100.00	100.00	
Montana Wool Growers Association		2.50	2.50	2.50	
Christmas donations	57.50		57.50	59.50	60.00
Metered Mailers Bureau, Inc.				36.00	
Ticker Service	1,500.00		1,500.00	216.33	
Counterfeits and discount on foreign currency and discount on mutilated silver coin	192.35		192.35	407.92	150.66
Abrasion on gold coin	4.94		4.94		7,000.00
Miscellaneous expense in connection with closed banks	1,861.37		1,861.37	13,756.72	14,572.98
Minneapolis Survey Commission	100.00		100.00		
Assay Charges on Gold Bars	34.28		34.28		
Commission on Crime Prevention	100.00		100.00		
TOTAL MISCELLANEOUS EXPENSES	\$27,238.46	\$2,103.59	\$29,342.05	\$43,322.84	\$47,813.95

EXPENSES

\$ 976,867.27

Minneapolis	\$885,997.84
Helena	90,869.43

Total expense for the year is \$45,000 less than in 1929 and bears out the prediction at the beginning of the year that the net reduction in 1930 should, with good fortune, approximate \$50,000. On the last day of December we put through about \$8,000 of expense items which normally would have been taken care of in January, otherwise the 1930 decrease in expense would have exceeded our estimates. Average monthly current expense during 1930 has been \$81,405.61 in comparison with a monthly average of \$85,167.42 in 1929. Changes in total expense in comparison with one year ago are a decrease of \$48,889.62 at Minneapolis and an increase of \$3,747.89 at the Branch.

As of January 1, 1930, salary adjustments of \$24,000 were granted the Staff so that if allowance is made for these increases the total expense for the year on the basis of the January payment has been lowered approximately \$75,000, which is the best net reduction obtained in any year of our existence. What work we have done on our Budget figures for 1931 indicates an expense approximately equal to the actual costs of 1930. These estimates provide for considerable expansion in some functions and are quite likely too high. If note costs are kept down to the expected figure and there is no unusual expansion in our principal functions, it will be possible to bring the 1931 costs \$20,000 below the expense of 1930.

SALARIES

\$ 557,246.72

Minneapolis	\$ 498,759.07
Helena	58,487.65

Net changes from 1929

Payments to Officers, net increase	\$ 4,283.75
" " Guards & Watchmen	
net increase	3,348.50
" " Non-clerical " "	3,604.27
	<u>\$ 11,236.52</u>
Payments to Clerical Staff, net decrease	7,380.37
Net increase	<u>\$ 3,856.15</u>

Total salary payments were \$3,856.15 greater than in 1929. Employees numbered 297 at the beginning of 1930 and 314 on January 1, 1929. We are starting 1931 with 255 employees at Minneapolis and 32 at Helena. Nine employees are classified as "extra help" and we are reimbursed for the salaries of 6 persons at Minneapolis by the Treasury

EXPENSES (Contd)

Department. Salary payments in 1930 would not have exceeded the payments in 1929 but for the employing of 6 extra guards at Minneapolis and one additional guard at Helena through the desire to increase our safety measures. The demise of Mr. Warren in June did not affect the yearly payments made officers as his salary was paid Mrs. Warren up to the close of 1930. Without anticipating any deletions from the Staff during 1931 the present basis, before any salary adjustments, indicates the pay-roll will be \$7,000 less for 1931 than for the past year. No persons other than pages, building workers and guards have been employed during the past year. During the same period 18 persons drawing yearly salaries of \$1,000 or better have left our employ.

GOVERNORS' CONFERENCES	\$ 608.84
FEDERAL RESERVE AGENTS' CONFERENCES	317.36
FEDERAL ADVISORY COUNCIL "	1,297.82

The above expense represents the traveling costs of the Governor and the Agent in attending two meetings of the Governors and Agents called by the Federal Reserve Board in 1930. The expense also includes the payments to the secretaries of the conferences. The Federal Advisory Council meets four times yearly and the above charge covers the traveling expense of our representative plus our proportion of the salary of the Secretary of the Council. These charges do not change much from year to year.

<u>DIRECTORS MEETINGS</u>	\$ 6,529.38
Minneapolis	\$5,209.38
Helena	1,320.00

Payments to Directors were less than for several years. Fewer meetings were held than in 1929, the February, March, May and August meetings being eliminated, reducing the payments at Minneapolis \$619.17 in comparison with 1929. At Helena payments were \$1,320 during 1930 compared to \$735 for the previous year. All the payments at Helena were for attendance at Executive Committee meetings as no directors meeting has been called since February 8, 1928.

EXPENSES (Contd)

TRAVELING EXPENSES \$12,920.88

Minneapolis \$11,632.04
Helena 1,288.84

Expense of this character has shown a consistent reduction for several years, the total in 1930 being \$1,800 less than in 1929. Total travel costs were \$20,146.40 in 1928 and \$28,057.79 in 1927. On account of the recent additions to our closed bank list it is likely there will be an increase in 1931 costs over those of 1930. The probability of our officers making more contacts with member banks during 1931 will also add to the costs of traveling.

ASSESSMENT FOR FEDERAL
RESERVE BOARD EXPENSES \$18,503.91

Our contribution towards the expenses of the Board were \$930 less than in 1929. The same rate of assessment is imposed on all the banks and is calculated on the amount of paid-in Capital Stock and Surplus of each bank. For the first half of 1931 the rate has been fixed at 81/1000 of 1 per cent on the paid-in Capital and Surplus. On this basis our total assessment for 1931 would be approximately \$2,000 less than in 1930 and be the smallest payment we have been called upon to make since the early years of the bank.

LEGAL FEES \$18,431.23

Minneapolis \$17,331.23
Helena 1,200.00

After showing a marked reduction in fees for 1929 in comparison with 1928, the total for 1930 shows an increase of \$1,353.88 over the previous year. However, there were no unusual charges in 1929, while in 1930 we paid \$3,118.37 additional fees to Judge Ueland in connection with the Brookings case. Regular retainers include \$9,000 yearly paid Messrs. Ueland and Ueland and \$3,600 paid T. B. Weir of which \$1,200 is Helena expense. The balance of the fees paid consisted of various small amounts paid our regular counsel and others for services rendered in protecting our interests at closed banks. None of the expense of our attorneys in connection with our tax controversy was charged against Legal fees during the year. Mr. Weir's retainer will be reduced to

EXPENSES (Contd)

\$1,200 for 1931 and it is hoped other legal items will not be any higher for 1931 than during the past year.

<u>INSURANCE</u> (Other than on currency and security shipments)	\$30,720.80
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Minneapolis	\$27,021.18
Helena	3,699.62

There is practically no change in the character of the policies or the premiums paid in comparison with 1929. The major part of the cost of coverage is represented by the premiums on our blanket bonds which cost \$20,000 with 7/8 of the expense borne at Minneapolis. In a short time we expect to eliminate our secondary blanket bond by making use of the Self-insurance reserve and save \$5,000 in yearly premium.

Employee's group life insurance premiums paid in 1930 amounted to \$6,720.55. Return premiums covering eight months of the year are not available until the following year but if applied to the expense of the current year would reduce the net expense to approximately \$3,300. Other of the more important types of insurance carried at Minneapolis and the yearly costs are as follows: Agent's and Assistant Agent's fidelity bonds \$400.00; Workmen's Compensation \$958.43; water damage \$156.25; Public and elevator liability \$317.04; Fire insurance on building \$800.00; Automobile liability insurance \$526.31.

<u>INSURANCE ON CURRENCY</u> <u>AND SECURITY SHIPMENTS</u>	\$13,916.52
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Minneapolis	\$12,366.96
Helena	1,549.56

The above charges were \$837 less at Minneapolis and \$55.03 less at Helena than in 1929. There were many more incoming currency shipments during 1930 than in 1929 through member banks reducing the amount of currency held in their vaults at the time when hold-ups are prevalent. Although the amount received was approximately the same as in 1929 we received 17,894 shipments compared to 14,654 in 1929. The reason for our absorbing less of insurance expense in 1930 is due to a reduction from 10 cents to 9 cents per \$1,000 in rates and to a greater recovery of shipping costs from banks for

EXPENSES (Contd)

whom we handled securities. There is little likelihood of shipping costs on money showing any further reduction in 1931.

TAXES ON BANK PREMISES \$69,399.45

Minneapolis \$67,500.00
Helena 1,899.45

The final settlement of our tax matter in December made possible an adjustment in the amount being reserved during 1930 for payment in 1931. During 1929 we reserved \$75,100 which was the maximum amount of taxes we would be required to pay had the case been decided adversely. In addition to lowering the tax expense \$7,600 in 1930 we had available in the reserve account after paying attorneys fees of \$5,086.22 the sum of \$20,466.54 which was credited direct to Profit and Loss. Our taxes for 1931 will be the same as in 1930 but will be reduced to approximately \$64,500 for 1932 and 1933.

At Helena the actual tax is known before the close of the year and the 1930 taxes are \$128.80 less than in 1929. No reduction was made in valuation of the property but the rate was lowered.

LIGHT, HEAT AND POWER \$17,201.73

Minneapolis \$16,207.15
Helena 994.58

During 1930 we paid for 140,455 gallons of fuel, most of which was purchased at a price of 4.6 cents per gallon. The price basis for most of 1929 was 5.94 cents per gallon. The net saving in oil costs over 1929 was approximately \$700. Power and light costs do not fluctuate a great deal. The net reduction in all of the above costs at Minneapolis was \$623.23 and at Helena \$141.88. Our fuel oil costs from October 1, 1930 to September 30, 1931 will be at the rate of 5.25 cents per gallon so that an increase in this class of expense will be evident in 1931. Branch costs have been lowered \$141.88 from one year ago due to the installation of mechanical stokers making it possible to burn slack coal costing \$5.50 per ton instead of lump coal costing about \$11.00 per ton.

EXPENSES (Contd)

REPAIRS AND ALTERATIONS

BANKING HOUSE \$ 8,155.04

Minneapolis \$5,074.75
Helena 1,080.29

Such expense for the past year was lower than for any other year since we came into the building, with the exception of 1926. Of the amount paid at Head Office \$2,166 represents the yearly payments on our five year maintenance contract with the Otis Elevator Company. This contract has been renewed for another five years at the same figure. Various alterations have been made in the heating arrangements, laundry facilities and in lifting the heavy garage doors. Repairs and alterations would be higher but for the fact that our own workmen are competent enough to make most repairs and changes.

At Helena one of the outside walls was repaired and stuccoed and other changes made to improve the protection of the bank. We do not expect that the normal cost of repairs and alterations at Minneapolis and Helena will be exceeded during 1931.

OFFICE AND OTHER SUPPLIES \$17,537.45

Minneapolis \$16,140.78
Helena 1,396.67

At the close of 1929 it was noted that the cost of office and building supplies was less than for any other year since coming into these premises. We now report a further reduction of \$1,102.25 at Minneapolis and a small increase at Helena. Some extra supplies were paid for at the Branch and here or the reduction would have been greater. There has been some lowering of prices and this, with less wastage, has resulted in consistently lowered costs.

PRINTING AND STATIONERY \$19,446.94

Minneapolis \$17,658.20
Helena 1,788.74

Printing and stationery costs have been steadily lowered since 1926 for which year they were \$25,568.08 for Minneapolis and Helena combined. Helena costs for 1930 are \$346.03 less than in 1929 with Minneapolis showing an increase of \$1,191.95 in comparison with such costs in 1929. However, we paid at Minneapolis during

EXPENSES (Contd)

December approximately \$1,700 of bills which, under normal circumstances, would be paid in January, consequently the reduced expense will be reflected in 1931. Careful revision of printed forms before ordering and close buying are the reasons for continued reduced costs. We can hardly expect the costs of 1931 to run below \$18,000 for Minneapolis and Helena.

<u>TELEPHONE</u>	\$ 5,165.60
Minneapolis	\$4,515.40
Helena	650.20

No change has been made in the exchange service at Minneapolis or Helena but the total expense is \$328.75 less than in 1929 due to fewer long distance calls.

<u>TELEGRAPH</u>	\$18,031.76
Minneapolis	\$11,807.05
Helena	6,224.71

Total expense shows a reduction of \$390 in comparison with 1929 with the Minneapolis costs increasing \$253.60 and those at Helena decreasing \$643.03. Our leased wire expense paid the Federal Reserve Board was \$7,397.94 and \$261.86 greater than the rental paid in 1929. We pay the Board for every word sent from Minneapolis, the incoming word expense being borne by the Federal Reserve Bank sending us the message. Costs per word fluctuate monthly, being based on the total number of words sent over the System wires. We sent a total of 429,325 words during 1930 in comparison with 439,214 sent in 1929. Commercial messages, largely requests for transfers and currency, were assumed to the amount of \$4,409.11 at Minneapolis. The private wire expense may not be regulated nor have we any control over the messages sent us by member banks. However, we do not believe the privilege is being abused.

Helena has only about \$10 monthly of private wire costs the balance being charges by the commercial companies. Reduction in requests from Montana members for transfers and currency shipments accounts for the major part of the saving.

EXPENSES (Contd)

<u>POSTAGE</u>	\$64,933.59
Minneapolis	\$58,880.32
Helena	6,053.27

In comparison with one year ago Helena postage expense shows no change, while Minneapolis shows an increase of \$1,945.80. As we made advance purchases of postage on December 31, 1930 to the amount of \$3,786 the net will show a reduction of \$1,840.20 in comparison with 1929. Our currency and coin shipments required 34 per cent of the total postage used in 1930. This not only includes the amount of postage we place on outgoing shipments, but the reimbursement of postage placed on shipments sent us by member banks. On currency and coin shipments we assumed \$18,754.34 of expense during 1930. During the previous year \$21,107.16 was assumed. The lessened weight of the small size note has some bearing on the expense but this has been offset somewhat by the increased number of shipments.

Postage stamps and meter impressions actually purchased in 1930 amounted to \$51,323.44 compared to purchases of \$54,235.12 in 1929.

<u>EXPRESSAGE</u>	\$12,229.61
Minneapolis	\$11,097.35
Helena	1,132.26

At Minneapolis the above expense comprises \$658.18 for our automobile maintenance; \$4,608.51 assumed on currency shipments; \$5,425.47 assumed on coin shipments and \$405.19 covering the cost of shipping transit items and Treasury warrants when a saving can be had over the ordinary mail expense.

Helena expressage expense is \$391.93 in excess of 1929 costs due largely to heavy incoming shipments from member banks of subsidiary coin.

FEDERAL RESERVE CURRENCY
Original cost and shipping charges \$52,685.13

Of the above total \$51,914.49 represents the printing and paper expense of notes prepared during 1930 with \$770.64 the shipping expense on notes brought to Minneapolis from Washington during the year. Up to the close of the Fiscal year ending June 30, 1930 cost of notes prepared was \$31,303.44 with \$20,611.05, the cost of

EXPENSES (Contd)

preparing notes during the last half of 1930. Prior to June 30, 1930 cost of preparing notes was \$89.50 per 1000 sheets. For the Fiscal year ending June 30, 1931 the price will be \$92.45 per 1000 sheets. No printing order for preparing our notes after June 30, 1931 has been given so that some of the work remaining on the present order may be carried over into the second half of the calendar year 1931. In any event note printing costs should show a substantial reduction in 1931. No note expense is borne by the Branch.

FEDERAL RESERVE CURRENCY

Cost of Redemption—shipping charges \$4,245.48

The redemption agency expense at Washington for Federal reserve notes is covered by assessing the various banks on the basis of the number of notes redeemed for each bank. The cost to all Federal reserve banks was increased during 1930 due to the greater quantity of old size notes retired as well as a considerable amount of the small size notes first issued on July 1, 1929. Included in the above cost is the shipping expense of notes from Helena as well as Minneapolis. At this time we are reserving \$250 monthly which, with \$1,300 already set aside should be ample to cover the 1931 redemption expense.

CAFETERIA (net expense) \$4,564.78

Under Federal Reserve Board ruling we are not authorized to absorb more than one-third of the total cost of food and service in our cafeteria. For several years we were unable to meet this condition. During the past year total cost of food and service was \$14,595.93 of which we could assume \$4,865.31 or \$300 more than was actually paid by the bank. This improvement has been brought about in the face of a decrease of \$1,100 in receipts from employees. Changes in the character of our service supplies and installing our own laundry have made the savings possible.

EXPENSES (Contd)

MISCELLANEOUS EXPENSES \$29,342.05

Minneapolis \$27,238.46
Helena 2,103.59

Reductions were brought about at Minneapolis in most of the miscellaneous costs incurred during the year, the chief item being a reduction of nearly \$12,000 in the various payments made in connection with our affairs at closed banks. During 1928 and 1929 we had paid substantial amounts as commissions to a number of representatives in lieu of salaries and expenses. The total cost of all classes of miscellaneous expense at closed banks in 1930 was \$1,861.37. This did not include traveling expenses of our regular representatives or any legal costs. Repairs to equipment and maintenance contracts required expenditures of \$949.62. Of this amount \$675.13 was spent at Helena where we have no regular mechanic such as at Head Office. Outside protection, etc., was increased from \$412.50 in 1929 to \$708.50 for 1930 due to electric alarm connections made by the Branch with the Helena police department.

Newspapers, books, binding, etc., cost \$1,795.53 or approximately the same as one year ago. Copies of reports of examination made by the National and State examiners cost \$8,750.66 and \$568 less than the similar expense in 1929. At Minneapolis we pay the Comptroller of the Currency \$5.00 for each copy furnished us and \$2.25 per copy for the extra copy furnished Helena of the Montana banks. Entertainment of bankers and others not in our employ called for \$650.74 in 1930, an increase of \$139 over 1929, due to a special dinner given upwards of 200 member bankers in November. Through savings made in our cafeteria we purchased additional equipment and will now be able to serve several hundred people at little extra cost except for food.

Our contribution towards the educational features of the local Chapter of the American Institute of Banking was \$1,030. We also contributed \$570 direct to our employees for educational purposes. For all activities conducted by the Federal Reserve Club the Bank paid out \$2,975.50 at Minneapolis and \$250 at Helena.

EXPENSES (Contd)

The principal membership dues and other donations were as follows: American Bankers' Association \$315.00; State and other Bankers' Associations \$302.00; American Acceptance Council \$300.00; Tax Payers' Association \$751.00; Minneapolis Police Benevolent Association \$100.00; National Industrial Conference Board \$100.00; State Commission on Crime Prevention \$100.00.

REIMBURSABLE EXPENDITURES
ACCOUNT FISCAL AGENCY OPERATIONS

The Treasury Department reimburses us only for expenses incurred in connection with new issues of U. S. Government securities. All other costs of our operations as Fiscal Agents of the United States are absorbed by the bank. The following table shows the expenditures for which we received reimbursement during 1930 and 1929. These figures are not included in our statements of expenses.

	<u>1930</u>	<u>1929</u>
Salaries-Officers	\$5,000.00	\$ 4,499.99
Salaries-Employees	9,572.00	9,107.00
Printing, Stationery & Office Supplies	2,190.30	2,040.83
Telephone	246.85	449.55
Telegraph	115.11	379.12
Postage	927.50	855.50
Furniture and Equipment	0	70.00
All Other	<u>2.50</u>	<u>0</u>
Total Expenditures	\$18,054.26	\$17,401.99*

*Includes War Finance Corporation Reimbursable Expense . . \$ 175.85

ACCOUNTING

During the past year we have continued the plan of making changes in our accounting procedure to increase the audit control of departments handling securities and cash. Early in the year the Fiscal Agency Department Sheet was revised so as to provide an automatic basis for control entries on the bank's general ledger. We are now able to issue a daily balance sheet of this department's condition; securities on hand in tellers cages and in reserve vault; amount due from Depository Banks and from the Secretary of the Treasury as assets and our liability to the Treasurer of the United States; the Secretary of the Treasury, and our customers as liabilities. This control on the bank's general ledger aids materially in the daily audit of this department's activities.

In May 1930 we devised a new plan of recording our purchases and sales of Government Securities for the account of member and non-member banks. This change permitted the discontinuance of the daily audit of earnings on these securities held pending payment by brokers and the purchasing banks, and the adoption of audits of the earnings for a period resulting in a saving of considerable clerical time.

A new plan of writing requisitions on the vault custodians to clip coupons from safekeeping securities was installed in the spring of the year. Under the former plan these requisitions were written on typewriters and the typists were obliged to foot the coupon amounts on portable adding machines. As the custodian, the vault auditor and collection clerks could not be certain that the totals were correct, much time was wasted by several employees checking the footings. Under the new plan of writing the requisitions, a combination typewriter and adding machine is used with a set up that makes the machine practically fully automatic and permits the use of the adding machine keyboard for describing the principal amount and listing and totaling the coupons. The use of the adding machine keyboard for the description of the principal amounts permits the saving of the time necessary to space to position and the typing of ciphers and punctuation on a typewriter.

ACCOUNTING (Contd)

A change in our form of report of net deposits was under consideration for some time, but was delayed to avoid the discarding of supplies in our stockroom and in the hands of our member banks. The amendment to Regulation D, however, permitting member banks to report their deposits as of the opening of business instead of the close of business each day, made necessary a new form to be used after November 1, 1930. The new Report of Net Deposits form requires only the daily totals of net demand and time deposits, the totals for the period, and the calculation of the required reserve on these totals. This change has reduced the clerical labor in the offices of our member banks in compiling the report.

During the year further progress was made in reducing the labor necessary to acknowledge receipt of deferred cash letters to our member banks and to other Federal Reserve Banks. The plan of crediting our member banks with the advice totals instead of the individual cash letters has been in operation for a full year, saving between three and four hundred postings daily on our member books and statements. By changing our member bank deferred credit advice, we were able to use the addressograph to print the names of the regular daily depositors and to thus save considerable typing time. By rearranging the description columns on the cash letter advices to other Federal Reserve Banks we were able to avoid one tabulation on a majority of the items, further reducing the clerical time of handling deferred cash letters. As a result of the changes made, only one operator is required to handle all the deferred advices, seventy-five per cent of two clerks' time being formerly taken for this work. A further saving as a result of these changes will be the replacing of but one combination adding machine and typewriter during 1931 of the two previously in use.

The plan of accounting between Branch and Head Office was changed during the year to enable each office to dispatch statements the current day and avoid the delay in forwarding caused by including the daily Gold Settlement Fund entries, the amounts of which cannot be ascertained until the following morning from the Federal Reserve Board wires.

With the constant increase in the volume of safe-keeping securities, we found it desirable to prepare a special collection letter for coupon and security collections. At the same time we revised our country collection form from a seven copy letter to five, omitting the acknowledgment and tracer copies. By preparing a new tracer form, we now notify our endorsers at the same time that we trace outstanding collections, protecting the bank more fully than under the former arrangement.

By adopting the plan of using the incoming return letters of other Federal Reserve Banks for our credit entries, we were able to eliminate the necessity of making out approximately 25 entries daily covering about 100 items.

We have been successful during the last few years in constantly reducing our costs for printing, stationery and office supplies thru a continual check of purchases and a study of the uses made of the forms, etc. The savings made thru these and other changes are reflected in the reduced costs of the various functions, the expense incident to the making of the changes being borne by the planning unit of the accounting department.

During the year we were able to refrain from purchasing several files needed for filing securities and a file for the Agent's Department, thru changes made in the fall of 1929 in our destruction schedule and the revision of our files.

Minor changes are constantly being made to keep the bank's operations running smoothly with the shifts in the volume of work of the various departments. A recent change was made in the handling of the exchanges of temporary securities for permanent bonds and the recovery of the postage and insurance expenses, to expedite the handling of the transactions, increase the audit control, and reduce the number of entries necessary on our books and those of our member banks. A plan was devised to estimate our daily closing reserve position and the excess coverage on deposits and Federal Reserve Notes, made necessary thru the relatively large amount of U. S. Securities in our earning assets as compared to discounts and rediscounts.

AUDITING FUNCTION
(Minneapolis Only)

Our procedure of auditing various accounts was materially revised during the years 1927, 1928 and 1929. During the past year it was not found necessary to make any important changes in our methods.

Audits conducted during the past year indicate that the operations of the bank are running smoothly and efficiently. No irregularities or differences of importance were disclosed. Any differences found were due to clerical errors and were promptly adjusted.

Since May 1, 1929 the Controller has had supervision of the accounting department as well as auditing. This arrangement has served to bring about closer co-operation between the two departments.

The cost of operating the auditing department was reduced from \$24,459.92 in 1929 to \$23,048.06 in 1930, a reduction of \$1,413.86. The re-allocation of the Controller's salary effected a reduction of \$1,500 in auditing costs. Clerical salaries in this department increased \$245.60, with small changes in other items of expense.

The personnel of the department remained the same throughout the year. Eight clerks are employed regularly and it is not likely that this number can be further reduced. We do not anticipate any further reduction in auditing costs for the year 1931.

A comparative statement of the number of employees and cost of operating the auditing department is given below:

	<u>1930</u>	<u>1929</u>
Number of Officers	.50	.73
Number of Employees	8.28	8.35
Salaries: Officers	\$ 4,000.00	\$ 5,500.00
Clerical	18,463.56	18,218.96
Traveling expense	0	175.43
Stationery and supplies	383.13	305.88
Telephone and telegraph	5.50	9.81
Postage	152.13	106.05
All Other	<u>142.78</u>	<u>143.79</u>
Total	\$23,048.06	\$ 24,459.92

BANK PREMISES REPORT DECEMBER 31, 1930.
FEDERAL RESERVE BANK OF MINNEAPOLIS, MINN.

BUILDING SITE

Original cost of land, including buildings, if any - - - - -	\$ 600,000.00
Incidental expenditures connected with purchase - - - - -	2,468.66
Total - - - - -	\$ 602,468.66
Less proceeds from sale of salvaged material - - - - -	\$ 1,948.00
Cost of building site - - - - -	\$ <u>600,520.66</u>

BUILDING

Preliminary expenditures - - - - -	\$ 3,000.48
Cost of constructions:	
Building exclusive of vaults & fixed machinery & equipment - - - - -	1,730,065.37
Vault constructions, including any additional structure or foundation made necessary by vault, and vault equipment - - - - -	323,750.54
Fixed machinery & equipment - - - - -	\$623,965.55*
Less sale and charge-off of 2 mechanical coal stokers (Original cost \$1,956 each) - - - - -	3,912.00
Miscellaneous building construction expense incurred by Federal Reserve Bank:	
Fees & Expenses: Architects - - - - -	148,027.79
Engineers - - - - -	15,846.00
Taxes - - - - -	74,350.00
Maintenance - - - - -	21,705.66
Cost of new Building - - - - -	<u>\$2,936,799.39</u>
Cost of building and building site - - - - -	<u>\$3,537,320.05</u>
Charge-offs:	
Depreciation allowances - - - - -	1,037,408.68
Taxes - - - - -	74,350.00
Maintenance - - - - -	21,705.66
Total - - - - -	<u>\$1,133,464.34</u>
Book value of property - - - - -	<u>\$2,403,855.71</u>

MEMORANDA

Reserves against depreciation:	
Building - - - - -	\$ 153,993.78
Fixed machinery and equipment - - - - -	(a) <u>384,455.63</u>
Total - - - - -	\$ 538,449.41

Floor space:	
(a) Occupied by Federal Reserve Bank - - - - -	124,739 Sq. Ft.
(b) Rented - - - - -	Ø Sq. Ft.
(c) Unoccupied - - - - -	Ø Sq. Ft.
(d) Total floor area in building - - - - -	124,739 Sq. Ft.

(A) Net after charging off \$782.40 which was previously reserved as depreciation on coal stokers.

*Includes \$100,000 of architect's fees and expenses.

BANK PREMISES REPORT DECEMBER 31, 1930.

Federal Reserve Branch Bank at Helena, Montana.

Original cost of land and building - - - - -	\$ 15,000.00
Cost of remodeling:	
Building, exclusive of vaults and fixed machinery and equipment - - + - - - -	57,642.93
Vault construction, including any additional structure or foundation made necessary by vault - - - - -	9,266.00
Vault equipment, including doors, lining, and all interior equipment - - - - -	66,580.53
Fixed machinery and equipment - - - - -	16,108.99
Fees:	
Architects - - - - -	5,433.57
Contractor's Commission - - - - -	<u>7,442.12</u>
Total cost - - - - -	\$177,474.14
Less proceeds from sale of salvaged material - - - - -	75.00
Cost of building and building site - - - - -	<u>\$177,399.14</u>
Depreciation allowances charged off:	
Charged to current net earnings - - - - -	<u>\$ 21,290.15</u>
Book value of property - - - - -	\$156,108.99

MEMORANDA

Reserves against depreciation:

Building - - - - -	\$ 31,318.74
Fixed Machinery and Equipment - - - - -	<u>14,428.93</u>
Total - - - - -	\$ 95,747.67

Floor Space:

Occupied by F. R. Bank - - - - -	4700 Sq. Ft.
Rented - - - - -	Ø Sq. Ft.
Unoccupied - - - - -	Ø Sq. Ft.
Total Floor area in building - - - - -	4700 Sq. Ft.

BANK PREMISES DEPRECIATION - MINNEAPOLIS

Charge-off of land - 1919 - - - - -		\$ 100,000.00
Charge-offs of building (including vault, but excluding fixed machinery and equipment) to reduce book value to estimated replacement cost:		
Taxes on building during period of construction		
1922 - - - - -	\$ 5,200.00	
1923 - - - - -	14,760.00	
1924 - - - - -	<u>54,390.00</u>	\$ 74,350.00
Cost of maintenance during period of construction		
1923 - - - - -	\$ 2,101.93	
1924 - - - - -	<u>19,603.73</u>	21,705.66
Charge-off of construction costs		
1920 - - - - -	\$ 100,000.00	
1921 - - - - -	3,381.40	
1922 - - - - -	6,446.87	
1923 - - - - -	20,361.04	
1924 - - - - -	219,316.89	
1925 - - - - -	30,463.84	
1926 - - - - -	<u>57,438.64</u>	437,408.68
		533,464.34
Dec. 31, 1927 Transferred from surplus to reduce book value of building		500,000.00
Reserve for depreciation on building		
1925 - - - - -	\$ 38,814.40	
1926 - - - - -	32,516.86	
1927 - - - - -	5,665.63	
1928 - - - - -	25,665.63	
1929 - - - - -	25,665.63	
1930 - - - - -	<u>25,665.63</u>	153,993.78
Reserve for depreciation on fixed machinery and equipment		
1924 - - - - -	\$ 12,814.73	
1925 - - - - -	52,396.55	
1926 - - - - -	(a) 71,222.95	
1927 - - - - -	62,005.35	
1928 - - - - -	62,005.35	
1929 - - - - -	62,005.35	
1930 - - - - -	<u>62,005.35</u>	384,455.63
Total depreciation on bank premises - Minneapolis - -		<u>\$ 1,671,913.75</u>

HELENA BRANCH

Charge-off of building (including vault, but excluding fixed machinery and equipment) to reduce book value to estimated replacement cost:		
1920 - - - - -		21,290.15
Reserve for depreciation on building		
1920 - - - - -	\$ 56,447.49	
1921 - - - - -	1,893.23	
1922 - - - - -	1,655.37	
1923 - - - - -	1,571.05	
1924 - - - - -	3,125.80	
1925 - - - - -	3,125.80	
1926 - - - - -	2,700.00	
1927 - - - - -	2,700.00	
1928 - - - - -	2,700.00	
1929 - - - - -	2,700.00	
1930 - - - - -	<u>2,700.00</u>	81,318.74
Reserve for depreciation on fixed machinery and equipment		
1922 - - - - -	1,610.90	
1923 - - - - -	(b) 1,541.73	
1924 - - - - -	1,610.90	
1925 - - - - -	1,610.90	
1926 - - - - -	1,610.90	
1927 - - - - -	1,610.90	
1928 - - - - -	1,610.90	
1929 - - - - -	1,610.90	
1930 - - - - -	<u>1,610.90</u>	14,428.93
Total depreciation on bank premises - Helena		<u>\$117,037.82</u>

(a) Net after deducting \$782.40 on account of sale and charge-off of two mechanical coal stokers; (b) Net after deducting \$69.17 for replacements.

FEDERAL RESERVE BANK OF MINNEAPOLIS
CHARGE-OFFS ON LAND, BUILDING, AND FIXED MACHINERY AND EQUIPMENT

	<u>Land</u>	<u>Building</u>	<u>Fixed machinery and Equipment</u>	<u>Total</u>
COST	\$600,520.66	\$2,416,745.84	\$523,965.55	\$3,541,232.05
1926 Adjustment of Architect's fees, transferred from building to fixed machinery and equipment		100,000.00	100,000.00	
1926 Sale and charge-off of two mechanical coal stokers			3,912.00	3,912.00
	<u>\$600,520.66</u>	<u>\$2,316,745.84</u>	<u>\$620,053.55</u>	<u>\$3,537,320.05</u>
CHARGED OFF:				
1919	\$100,000.00	\$	\$	\$
1920		100,000.00		
1921		3,381.40		
1922		11,646.87		
1923		37,222.97		
1924		293,310.62		
1925		30,463.84		
1926		57,438.64		
1927		500,000.00		
Total	<u>\$100,000.00</u>	<u>\$1,033,464.34</u>	<u>\$</u>	<u>\$1,133,464.34</u>
Book value gross	<u>\$500,520.66</u>	<u>\$1,283,281.50</u>	<u>\$620,053.55</u>	<u>\$2,403,855.71</u>

DEPRECIATION RESERVE AND NET BOOK VALUE

Depreciation Reserves				
1924		\$	\$ 12,814.73	
1925		38,814.40	52,396.55	
1926		32,516.86	71,222.95	
1927		5,665.63	62,005.35	
1928		25,665.63	62,005.35	
1929		25,665.63	62,005.35	
1930		25,665.63	62,005.35	
Total depreciation Reserves		\$ 153,993.78	\$384,455.63	\$ 538,449.41
Net Book value	<u>\$500,520.66</u>	<u>\$1,129,287.72</u>	<u>\$235,597.92</u>	<u>\$1,865,406.30</u>

HELENA BRANCH, FEDERAL RESERVE BANK OF MINNEAPOLIS
CHARGE-OFFS ON LAND, BUILDINGS, AND FIXED MACHINERY AND EQUIPMENT

	<u>Land</u>	<u>Building</u>	<u>Fixed Machinery and Equipment</u>	<u>Total</u>
Total cost	\$ 5,000.00	\$ 156,290.15	\$ 16,108.99	\$ 177,399.14
Charged off 1920	\$	\$ 21,290.15	\$	\$ 21,290.15
Book value gross	<u>5,000.00</u>	<u>135,000.00</u>	<u>16,108.99</u>	<u>156,108.99</u>

DEPRECIATION RESERVES AND NET BOOK VALUE

Depreciation Reserves				
1920		\$ 56,447.49	\$	
1921		1,893.23		
1922		1,655.37	1,610.90	
1923		1,571.05 (a)	1,541.73	
1924		3,125.80	1,610.90	
1925		3,125.80	1,610.90	
1926		2,700.00	1,610.90	
1927		2,700.00	1,610.90	
1928		2,700.00	1,610.90	
1929		2,700.00	1,610.90	
1930		2,700.00	1,610.90	
Total Depreciation Reserves		\$ 81,318.74	\$ 14,428.93	\$ 95,747.67
Net Book Value	<u>\$ 5,000.00</u>	<u>\$ 53,681.26</u>	<u>\$ 1,680.06</u>	<u>\$ 60,361.32</u>

(a) Net after deducting \$69.17 for replacements.

BANK PREMISES

Total cost of operating our building in 1930 was \$130,900.83 or within \$300 of our estimates after allowing for the adjustment in our taxes. We provided for \$75,100 of taxes in 1930 and were called on for payment of \$67,500. The expense of 1930 was approximately \$9,000 less than in 1929. For 1931 there should be little change from the costs of the past year.

Numerous changes have been made during the year but with expense of this character less than in 1929. Improvement has been made in heating arrangements to counteract a cold area of floor space in the Agent's department situated over the garages. Special radiation has been installed with blower fans which force heated air around the garage ceilings and the arrangement has proved successful.

Other improvements include laundry facilities installed in the basement and on the third floor, a water supply on the roof, further improvement of the heavy garage doors and a system of illuminated signs for the tellers cages. Many repairs are made by our regular building employees who are competent and satisfactory.

Contract for maintenance of our elevators with the Otis Elevator Company has been renewed for five years at the same cost as the previous contract. This is better than had been expected and is due to the excellent condition and careful operation of the elevators.

In the South East corner of the building we have but one elevator, although two elevator shafts were provided in the original design of the building. The present elevator is used almost entirely by the employees and is not equal to the demand for service during the morning and noon rush. On each Tuesday it has to be shut down for about an hour for inspection and is occasionally shut down for repairs. An additional passenger elevator would greatly improve the service to our employees, save time and avoid the tendency to crowd the elevator. It can be operated in rush hours by one of the janitors so that another elevator man will not be required.

Fuel consumption has been less than in the preceeding year due to a milder Winter. Our fuel oil contract year runs from October 1st. Price of oil for the year ending September 30, 1929 was \$5.94 per 100 gallons and for the year ending September 30, 1930 it has

BANK PREMISES (Contd)

been \$4.60 per 100 gallons, the lowest thus far. For the present fuel year our contract price is \$5.25 per 100 gallons. The average price over the five year period has been \$5.49.

BANK PREMISES (Depreciation)

The accompanying tables indicate the various amounts charged off the construction costs up to the close of 1936. Depreciation reserves have been set up since 1925 on the building. Since 1927 the amount of \$25,665.63 has been added each year representing 3 per cent of replacement cost. Prior to 1927 the replacement cost under the formula approved by the Federal Reserve Board was \$1,783,281.50 which, in our opinion, was too high. Since 1927 the replacement cost has been fixed at \$1,283,281.50 through a reduction of \$500,000 transferred to Building Account from Surplus. Even with another reduction of \$500,000 the value of the building proper on our books would still be too high.

Up to the close of 1930 charge-offs on the building, including vault and depreciation allowances on the building have amounted to \$1,187,458.12 and of this amount \$153,993.78 is the depreciation reserve accumulated over the past six years. Our fixed machinery and equipment cost \$620,053.55 including \$100,000 of architect's fees. The depreciation set up on machinery and equipment is at the rate of 10 per cent yearly. On December 31, 1930 we had \$384,455.63 reserved. In four years more we will have set aside an amount equal to the original cost.

Our land is carried at \$500,000. The original cost was \$800,000 with \$100,000 charged off at the close of 1919. No depreciation has been charged since and none will be asked. For tax purposes the land has been valued at \$627,900 and some years ago was given a value of \$667,000 by the real estate board. The net book value of our property is \$1,865,406.30. If we allow \$667,000 for the ground, the building would represent approximately \$1,200,000 and this value is, no doubt, \$500,000 more than we could obtain if the property were sold.

BANK PREMISES (Depreciation) (Contd)

At the Branch net book value is \$60,361.32. Since completion of the building in 1920 we have written off for depreciation on the building and vault \$102,608.89. Beginning with 1926 we have added to the depreciation reserve \$2,700 yearly representing 2 per cent on a replacement value of \$135,000. Land value has been placed at \$5,000 with no change to date. Fixed machinery and equipment cost \$15,108.99 on which reserves at the rate of 10 per cent have been set up yearly for 9 years. At the close of 1931 the full amount necessary for replacement will have been reserved. The only charge against the replacement reserve was \$69.17 in 1923 for new elevator cable. Book value at Helena is also greater than would be the realizable value.

BANK PREMISES (TAXES)

On October 18, 1930 we signed a stipulation agreement with the city assessor concluding the tax controversy we have had extending back to the 1927 taxes. There was never any doubt in our minds as to the result of our court action but rather than force the issue we agreed to a proposal for a graduated reduction in valuation over the period from 1927 to 1936. This arrangement does not give us the reduction we could have obtained by a court decision, but will effect a saving of approximately \$135,000 in taxes over the 1927-1936 period.

It will be recalled that the County Commissioners gave us a valuation for tax purposes of \$2,000,000 which figure was raised to \$2,500,000 by the State Tax Commission. Under the stipulation agreement the following are the figures on which our tax will be based during the period above mentioned.

VALUATION FOR TAX PURPOSES

1927	\$ 2,500,000	1932	\$ 2,150,000
1928	2,400,000	1933	2,150,000
1929	2,400,000	1934	2,050,000
1930	2,250,000	1935	2,050,000
1931	2,250,000	1936	2,000,000

BANK PREMISES (TAXES) (Contd)

On December 8 we made payment to the County Treasurer for the amounts withheld from the 1927-1928 and 1929 taxes, amounting in all to \$100,730.37. After paying this amount we had remaining in the tax reserve account for these years the sum of \$25,532.76. From this amount we deducted the balance of the fee paid Messrs. Kingman, Cross, Morley and Cant \$5,066.22 and credited \$20,466.54 to Profit and Loss. The total amount paid for legal services was \$7,566.22, a retaining fee of \$2,500 having been paid in May 1928.

Pending the settlement of our tax matter we were reserving during 1930 the sum of \$75,100 to be paid as taxes in 1931. As the taxes for 1930 have been fixed at \$67,590 we were able to credit back to current expense the amount of \$7,500.

For 1931 our taxes will be the same as in 1930 apart from any change in the rate. For 1932 there will be a further reduction of approximately \$3,000.

FURNITURE AND EQUIPMENT

After making allowance for old equipment sold or traded in during 1930 on new purchases, the total cost of furniture and equipment was \$12,191.53. This compares with our expense of \$21,082.81 in 1929 and \$28,777.27 in 1928. Our estimates for 1930 had been somewhat in excess of \$15,000 so that net costs have been nearly \$3,000 better than expected. Estimates for 1931 are \$13,000 and will be held below this figure unless our operating efficiency may be materially bettered by further expenditures. Due to the elimination of endorsements from cash letters and other changes in the transit department we are able to operate with fewer machines and less costly machines than formerly.

For several years we have been able to dispose of many adding machines at a better price than the trade-in allowance of the manufacturing company. During 1930 Minneapolis office sold or traded in adding machines and other equipment which originally cost \$16,452.88. We obtained \$2,264 for these items which were carried on our inventory at \$2,125. Including allowances of \$92.50 from Helena equipment disposed of we credited Profit and Loss \$2,356.50 on old equipment disposed of.

The classification of purchases at Minneapolis and Helena for 1930 is given below:

MINNEAPOLIS

13 Typewriters	\$ 1,029.80
10 Adding Machines	4,428.66
1 Adding Typewriter	1,229.96
9 Electric Fans	150.66
4 York Steel Chests	1,160.00
Filing Equipment	391.68
1 Buffalo 1 Elk 2 Moose Heads	272.00
18 Sorting Desks, 12 Iron Stands	1,242.00
15 Domore Health Chairs	292.50
Rebuilding Currency Cutting Machine	399.09
Essex Truck	791.11
1 Monroe Calculator	575.00
Other Miscellaneous Equipment	1,962.85
	<u>\$13,925.31</u>

HELENA

Scrubbing and Polishing Machine	131.00
Postage Machine	79.22
Mimeograph	215.00
Royal Typewriter	58.50
Miscellaneous Equipment	139.00
	<u>622.72</u>
	\$14,548.03
Resale of and allowances on old equipment	2,356.50
Net amount paid out of 1930 income	<u>\$12,191.53</u>

FURNITURE AND EQUIPMENT (Contd)

Adding machines and typewriters continue to represent over 50 per cent of our equipment purchases. A new Essex truck was procured for handling our mail and such other light hauling as is necessary. New style sorting desks were also installed in the transit department during the past year resulting in a marked improvement in the number of items handled per person.

Our inventory value has been increased but little up to the close of 1930 as we have written approximately 50 per cent off the purchases of 1929 plus the value of articles disposed of during the year. We have the values on most of furniture reduced to a low figure but have added nothing to the inventory for pieces of furniture, trucks, etc., constructed by our own workmen.

All adding machine and typewriter equipment is in excellent condition and very little outside expense is incurred except for parts, our own mechanic being a skilled workman. Through the reduction in the number of machines necessary for our work our equipment should have all the care necessary, and at Helena the reduced number of machines required will bring a lower expense for our maintenance contract at the Branch.

Since organization the amounts expended on furniture and equipment have been as follows:

Amount expended to close of 1929	\$ 443,571.53	\$
Purchased during 1930 - Minneapolis	13,925.31	
" " " - Helena	<u>622.72</u>	458,119.56
Less amounts received for furniture sold or traded in		<u>20,693.55</u>
Total expended		\$437,426.01
Inventory valuation at Minneapolis	\$ 122,752.58	
" " " Helena	<u>10,632.58</u>	\$133,385.12
Fire insurance carried at Minneapolis	\$ 25,000.00	
" " " Helena	<u>10,000.00</u>	\$ 35,000.00

CHANGES IN STAFF DURING 1930.

	<u>Jan. 1, 1931</u>	<u>Jan. 1, 1930</u>
Minneapolis Officers	11	11
Minneapolis Bank General	167 (9 ex. help)	168 (4 ex. help)
Minneapolis Closed Bank Department (Collectors and Clerks)	8*	10*
Minneapolis Transit Department	<u>56</u> 242	<u>63</u> 252
Helena Branch	32	31
Fiscal Agency: Paid by Bank	7	8
Reimbursable:		
Officers	1	1
Employees	<u>5</u> 13	<u>5</u> 14
	<u>287</u>	<u>297</u>

*Two Collectors in Closed Bank Department, who are working on a commission basis, are included in above number of employees on Jan. 1, 1931 and three such collectors are included in the figures for Jan. 1, 1930.

PERSONNEL

There was a net reduction of 9 persons on our Staff at Head Office and the Branch with 10 deletions at Minneapolis and an increase of one person at Helena. Eliminating those collectors at closed banks getting commissions in lieu of salaries and employees for whom we are reimbursed, we had a total of 288 persons on the pay-roll at the beginning of 1930 and 279 at the close of the year. The turnover consisted of 41 persons leaving and 32 new employees being added. Six guards were added at Minneapolis all on a \$1,200 yearly basis. The remaining additions at Minneapolis were building employees or junior clerks on a small scale of pay.

Including Mr. Warren there were 11 persons taken off the pay-roll who were receiving \$1,200 or more yearly. An extra guard at \$1,800 was hired temporarily at Helena. During the past four years 213 employees drawing yearly salaries totaling \$292,838.00 have been replaced by 159 persons on a salary basis of \$123,256.00 yearly. While much further reduction in the number of employees is hardly likely the plan of making clerical replacements from the Staff and hiring boys only will be continued. Unless there is some unforeseen expansion in work such increases in salary as were given as of January 1 will be provided for by changes during 1931.

Volume of work performed by our employees compares very favorably with previous years, this being especially true in the transit department. Cooperation between employees and between departments has never been better. The knowledge that positions are hard to obtain no doubt has its effect but we believe our employees are generally well satisfied.

COST OF PERSONNEL FUNCTION

<u>Administration</u>	<u>Number of Officers</u>	<u>Officers' Salaries</u>	<u>Other Expense</u>	<u>Total Expense</u>	
Year 1930	.30	\$ 1,590.02	\$ 24.86	\$ 1,614.88	
Year 1929	.33	1,590.00	0	1,590.00	
<u>Monthly Average</u>					
Year 1930		\$ 132.50	\$ 2.07	\$ 134.57	
Year 1929		132.50	0	132.50	
<u>Hiring Employees & Employees Records</u>	<u>Number of Employees</u>	<u>Employees' Salaries</u>	<u>Other Expense</u>	<u>Total Expense</u>	
Year 1930	1.21	\$ 2,462.81	\$ 87.93	\$ 2,550.74	
Year 1929	.95	1,914.98	107.78	2,022.76	
<u>Monthly Average</u>					
Year 1930		\$ 205.23	\$ 7.33	\$ 212.56	
Year 1929		159.58	8.98	168.56	
<u>Education and Training</u>	<u>Contribution to F. R. Club</u>	<u>Contribution to Am. Inst. Bkg.</u>	<u>Other Expense</u>	<u>Total Expense</u>	
Year 1930	\$ 2,975.50	\$ 1,030.00	\$ 537.06	\$ 4,542.56	
Year 1929	2,625.00	1,201.00	588.38	4,414.38	
<u>Monthly Average</u>					
Year 1930	\$ 247.96	\$ 85.83	\$ 44.76	\$ 378.55	
Year 1929	218.75	100.08	49.03	367.86	
<u>Welfare and Medical</u>	<u>Number of Employees</u>	<u>Employees' Salaries</u>	<u>Other Expense</u>	<u>Total Expense</u>	
Year 1930	1.00	\$ 1,800.00	\$ 321.03	\$ 2,121.03	
Year 1929	1.00	1,800.00	271.25	2,071.25	
<u>Monthly Average</u>					
Year 1930		\$ 150.00	\$ 26.75	\$ 176.75	
Year 1929		150.00	22.60	172.60	
<u>Cafeteria</u>	<u>Number of Employees</u>	<u>Employees' Salaries</u>	<u>Cost of Food</u>	<u>Other Expense</u>	<u>Total Expense</u>
Year 1930	5.75	\$ 5,902.78	\$ 7,782.42	\$ 910.73	\$14,595.93
			Less Receipts		10,031.17
			Net expense		4,564.76
Year 1929	5.96	\$ 5,869.50	\$ 9,291.81	\$ 2,015.61	\$17,176.92
			Less Receipts		11,173.04
			Net expense		\$ 6,003.88
<u>Monthly Average</u>					
Net Expense 1930					\$ 380.40
Net expense 1929					500.32
<u>Float Force</u>	<u>Number of Employees</u>	<u>Employees' Salaries not Distributed</u>	<u>Total Expense</u>		
Year 1930	1.76	\$ 3,391.65	\$ 3,391.65		
Year 1929	1.40	3,256.31	3,256.31		
<u>Monthly Average</u>					
Year 1930		\$ 282.64	\$ 282.64		
Year 1929		271.36	271.36		
<u>Total Personnel Function</u>	<u>Number of Officers</u>	<u>Number of Employees</u>	<u>Expense</u>		
Year 1930	.30	9.72	\$ 18,785.62		
Year 1929	.33	9.31	19,358.58		
<u>Monthly Average</u>					
Year 1930			\$ 1,565.47		
Year 1929			1,613.22		

MONTHLY BASIS OF SALARIES PAID BY BANK
BY FUNCTIONS
(Minneapolis Only)

Function	December 31, 1930		December 31, 1929	
	No.	Amount	No.	Amount
General Overhead				
Officers	2.15	\$ 3,912.74	2.15	\$ 3,687.60
Employees	2.10	425.15	2.40	493.49
Provision of Space				
Employees	22.82	2,945.20	22.11	2,820.77
Provision of Personnel				
Officers	.30	132.52	.30	120.00
Employees	9.78	1,175.47	9.45	1,046.94
General Service				
Officers	.85	356.73	.80	301.25
Employees	63.92	7,871.75	60.46	7,235.11
Insurance				
Officers	.10	41.67	.10	37.50
Failed Banks				
Officers	.80	679.28	.75	541.68
Employees	6.28	1,517.89	6.92	1,592.91
Loans, Rediscounts & Acceptances				
Officers	1.00	895.98	1.00	770.85
Employees	6.30	1,170.44	6.30	1,110.60
Securities				
Officers	1.34	620.92	.80	408.41
Employees	9.29	1,720.26	9.34	1,724.68
Currency and Coin				
Officers	.80	350.00	.40	183.36
Employees	17.50	3,035.15	19.50	3,072.13
Check Collection				
Officers	.40	176.70	.45	180.00
Employees	40.17	4,490.02	45.05	4,896.97
Non-Cash Collection				
Officers	.20	88.35	.20	80.00
Employees	14.78	1,860.81	15.70	1,896.86
Accounting				
Officers	.65	395.88	.55	306.25
Employees	12.85	2,187.42	15.35	2,424.21
Fiscal Agency				
Officers	.91	416.74	.90	375.00
Employees	10.75	1,884.88	11.95	1,956.31
Auditing				
Officers	.50	333.37	.60	375.00
Employees	8.00	1,504.92	8.00	1,417.00
Bank Relations				
Officers	.55	320.91	.55	320.87
Employees	1.15	323.44	1.05	241.69
Federal Reserve Note Issues				
Officers	.21	125.02	.21	122.51
Employees	.80	291.74	.75	230.03
Bank Examinations				
Officers	.94	587.50	.94	548.40
Employees	2.93	644.88	3.20	678.20
Statistical and Analytical				
Officers	.30	175.05	.30	175.02
Employees	7.88	1,257.74	5.00	741.79
Total Officers	12.00	\$ 9,609.36	11.00	\$ 8,733.70
Total Employees	237.30	34,307.16	242.53	33,579.69
Less Reimbursable:				
Salaries				
Officers	.91	416.74	.90	375.00
Employees	5.00	796.96	5.90	762.05

Salaries Paid by Bank:

Officers	11.09	\$ 9,192.62	10.10	\$ 8,358.70
Employees	232.30	33,510.20	236.63	32,817.64

GENERAL OVERHEAD CONTROLLABLE

<u>Administration</u>	<u>1930</u>	<u>1929</u>
Average number of officers 2.15		2.15
Salaries Officers	\$ 46,950.02	\$46,887.50
Average number of employees 2.22		2.26
Salaries employees	5,367.71	5,449.60
Directors' meetings	5,209.38	5,828.55
Traveling expenses	752.57	1,434.34
Officers and other dinners	214.77	369.95
Office supplies & stationery	973.48	715.64
Telephone and telegraph	472.29	475.70
Membership dues	965.00	950.00
Stenographic	183.97	217.00
All other	<u>3,025.21</u>	<u>2,547.23</u>
Total	\$ 64,114.40	\$ 64,875.51

All Other

Supplies furnished member banks	831.37	349.50
Publications	<u>106.70</u>	<u>-</u>
Grand total General Overhead Controllable	\$ 65,052.47	\$ 65,225.01

GENERAL OVERHEAD NON-CONTROLLABLE - MINNEAPOLIS

The following summary of expenses for this function is self-explanatory. It shows the expenses over which the officers of the bank have no direct control, as they are the result of established policies.

COST OF CURRENCY

	<u>1930</u>	<u>1929</u>
Federal Reserve Currency:		
Original cost, including shipping charges	\$ 52,685.13	79,642.17
Cost of redemption, inc. shipping charges	4,245.46	2,745.36
Shipping charges on currency to and from member and non-member banks	30,873.29	33,096.75
Shipping charges on coin to and from banks	9,255.95	8,949.37
Cost of shipments Head Office to Branch	528.67	427.98
Total	<u>\$ 97,588.50</u>	<u>\$124,862.63</u>

ALL OTHER

Governors', Federal Reserve Agents' and Federal Advisory Conferences	\$ 2,224.02	\$ 2,282.77
Federal Reserve Board expenses	18,503.91	19,433.16
Shipping charges on securities	<u>688.85</u>	<u>1,240.56</u>
Total	21,416.78	\$ 22,956.49

Grand Total General Overhead Non-Controllable	\$119,005.28	\$ 147,818.12
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COMPARATIVE FUNCTIONAL STATEMENT
SHOWING NUMBER OF OFFICERS, NUMBER OF EMPLOYEES AND EXPENSES
1930-1928
(Minneapolis Only)

	Number of Officers			Average Number Employees		
	1930	1929	1928	1930	1929	1928
General Overhead - Controllable	2.15	2.15	2.15	2.22	2.26	2.24
Provision of Space	-	-	-	22.43	22.16	21.90
Provision of Personnel	.30	.33	.45	9.72	9.31	8.98
General Service	.85	.81	.80	62.35	61.36	61.05
Insurance	.10	.10	.10	-	-	-
Failed Banks	.80	.96	1.15	6.14	7.17	11.59
Loans, Rediscounts & Acceptances	1.00	.95	.75	6.20	6.30	6.03
Securities	1.01	.75	.80	9.17	8.90	10.53
Currency and Coin	.59	.45	.40	18.16	19.62	17.87
Check Collections	.40	.45	.45	43.57	53.81	60.37
Non-Cash Collections	.20	.20	.20	15.03	16.25	16.68
Accounting	.65	.56	.85	12.97	15.09	16.89
Fiscal Agency	.91	.90	.90	11.46	12.49	17.20
Auditing	.50	.73	1.00	8.28	8.35	9.28
Bank Relations	.55	.55	.55	1.20	1.15	1.00
Federal Reserve Note Issues	.21	.21	.21	.80	.80	.77
Bank Examinations	.94	.94	.94	3.16	3.20	3.24
Statistical and Analytical	.30	.30	.30	6.03	5.05	5.37
	<u>11.46</u>	<u>11.34</u>	<u>12.00</u>	<u>238.89</u>	<u>253.27</u>	<u>270.99</u>

	Expenses 1930	Expenses 1929	Expenses 1928
General Overhead - Controllable	\$ 65,052.47	\$ 65,225.01	\$ 68,505.42
General Overhead - Non-Controllable	119,005.28	147,818.12	82,952.92
Provision of Space	130,900.83	139,746.80	146,283.37
Provision of Personnel	18,785.62	19,358.58	18,366.03
General Service	88,752.14	82,977.52	78,203.89
Postage	31,834.80	32,748.14	32,145.58
Insurance	26,343.98	26,216.80	26,226.02
Failed Banks	47,638.63	62,067.00	79,341.71
Loans, Rediscounts & Acceptances	27,292.35	26,465.54	24,490.64
Securities	28,302.25	26,127.31	28,922.23
Currency and Coin	46,808.64	48,520.22	39,322.99
Check Collections	77,873.79	88,661.60	95,335.25
Non-Cash Collections	25,931.55	27,824.39	27,341.55
Accounting	40,772.09	42,774.33	46,367.91
Fiscal Agency	35,812.87	37,589.74	47,087.76
Legal	6,814.63	6,973.22	12,826.21
Auditing	23,046.06	24,459.92	27,234.47
Bank Relations	9,809.04	8,293.56	6,772.90
Federal Reserve Note Issues	5,069.64	4,445.01	4,099.77
Bank Examinations	23,798.34	23,386.61	24,843.76
Statistical and Analytical	19,296.68	16,813.92	16,782.96
	<u>\$ 898,941.68</u>	<u>\$ 958,493.34</u>	<u>\$ 933,453.34</u>
Total Current Expenses	\$ 885,997.84	\$ 934,887.46	\$ 906,212.77
Total Reimbursable Expenditures	18,054.26	17,401.99	19,852.31
Protest Fees (Paid to employees in lieu of salaries)		4,159.31	4,087.85
Stock of Supplies	<u>5,110.42</u>	<u>2,044.58</u>	<u>3,300.41</u>
	<u>\$ 898,941.68</u>	<u>\$ 958,493.34</u>	<u>\$ 933,453.34</u>

DISCOUNT OPERATIONS
(Including Helena Branch)

The volume of accommodations extended the member banks of our District during 1930 was less than for any like period in over a dozen years. In number of items discounted there was practically no change from the previous year. The accommodations of 1929 were greater in volume than for any other year since organization because of the continued borrowing for large amounts by the Twin City banks through use of collateral notes. We discounted for 234 different banks during the past year in comparison with 249 using our facilities in 1929. More labor was performed in the Discount department than during 1929 because there was more farm paper offered in 1930.

With the falling off in demand from the city banks the number of pieces discounted during the year for Minnesota members was 2,553 compared to 4,727 pieces in the previous year. All the other States of our District showed increases in the number of pieces discounted with the exception of Michigan where there was a small decrease. The average daily of paper under discount for members in 1930 was \$4,043,000 in comparison with a daily average of \$21,625,000 for 1929. On the smaller average amount under discount the income produced at an average rate of 4.265 per cent in 1930 was less than one-sixth of the profit received from member bank discounts in 1929, with an average rate of 4.845 per cent. On December 31, 1930 we had under discount at Minneapolis and Helena \$3,575,000 of member bank paper all at $3\frac{1}{2}$ per cent. With borrowing on collateral note greatly reduced in 1930 the average amount of each piece under discount was \$8,000 compared to an average of \$90,000 for each note in 1929.

Open market purchases of acceptances during 1930 amounted to \$65,271,000 and consisted of 4,372 items. In the previous year purchases amounted to \$33,625,000 representing 3,077 items. We took all the bills available in 1930 but asked the Special Investment Committee in October 1929 to omit our allotments for a couple of months due to the demand from our own District. The general demand for bills during 1930 and the lack of other types of borrowing reduced acceptance rates rapidly during 1930 with 2.904 per cent the lowest average rate we ever obtained. In December we carried an average amount of \$6,755,000 in acceptances at an average rate of 1.913 per cent which will be lowered in January as the last bills received are discounted at a rate of

DISCOUNT OPERATIONS - MINNEAPOLIS AND HELENA BRANCH

Month	Number of Banks Served			Number of Items Received			Amount Rediscounted 000 Omitted		
	1930	1929	1928	1930	1929	1928	1930	1929	1928
January	94	69	59	818	705	419	\$ 32,408	\$ 48,870	\$ 12,335
February	70	64	44	421	318	247	7,583	41,352	17,722
March	88	75	52	735	573	369	5,353	62,295	37,681
April	90	104	78	745	1,153	683	10,878	137,899	60,115
May	107	133	81	1,074	1,542	655	5,517	55,781	34,690
June	96	133	97	1,156	1,590	988	6,567	59,381	33,965
July	107	121	105	1,059	897	11,620	3,896	97,191	62,111
August	70	74	90	410	762	6,182	1,892	107,529	74,070
September	57	65	66	546	657	422	2,263	123,923	73,130
October	95	95	81	1,358	1,191	718	5,723	124,188	82,379
November	93	110	100	998	1,115	722	2,762	96,601	78,207
December	101	85	75	1,776	735	717	3,477	80,237	58,952
Number different Banks	234	249	224	11,096	11,238	23,742	\$ 88,319	\$ 1,035,247	\$ 625,357

VOLUME OF REDISCOUNTS

Number pieces Rediscounted		Minnesota	North Dakota	South Dakota	Montana	Wisconsin	Michigan	Total
		1930	2,553	2,636	2,908	2,342	530	127
1929	4,727	2,594	1,754	1,587	422	154	11,238	
1928	19,837	2,008	1,091	460	220	126	23,742	
1927	2,930	2,555	2,657	1,554	206	138	10,040	
1926	5,006	1,959	3,755	1,569	140	85	12,514	
1925	4,385	1,474	3,655	1,575	267	136	11,492	
1924	8,928	5,504	7,450	4,838	601	92	27,413	
1923	10,204	5,982	8,518	9,501	977	210	35,392	
1922	13,655	6,633	11,014	14,403	1,750	478	47,933	
1921	40,644	14,945	24,395	19,718	3,717	815	104,234	

Total Amount Rediscounted		Minnesota	North Dakota	South Dakota	Montana	Wisconsin	Michigan	Total
		1930	\$ 68,927,462.98	\$ 5,715,117.80	\$ 4,861,818.08	\$ 4,033,193.40	\$ 2,230,165.12	\$ 2,550,968.26
1929	1,002,174,830.46	6,843,982.43	3,820,797.30	11,590,966.86	5,350,693.53	5,465,736.27	1,035,247,006.85	
1928	610,175,325.50	4,913,018.90	1,960,576.06	2,542,159.60	3,152,317.38	2,615,000.00	625,358,397.44	
1927	124,488,538.05	6,013,983.38	4,720,293.29	1,902,915.72	2,088,477.69	1,817,014.42	141,031,222.55	
1926	203,958,580.27	4,913,712.19	6,411,060.36	2,108,395.56	2,427,638.68	2,069,500.00	221,888,887.06	
1925	73,903,670.18	3,425,108.34	8,323,649.44	1,792,111.93	2,214,193.91	2,715,870.41	92,374,604.21	
1924	64,093,222.03	12,029,840.01	13,450,287.56	7,472,950.36	2,079,395.33	1,228,878.58	100,354,573.87	
1923	232,202,377.165	19,591,941.19	14,272,082.70	17,997,317.38	3,580,630.40	2,407,577.24	290,051,426.56	
1922	97,456,500.97	20,768,013.06	27,885,394.41	28,370,089.12	10,352,811.38	8,181,334.45	193,014,143.39	
1921	474,338,340.56	67,058,283.53	91,838,597.01	65,498,977.15	20,397,189.10	11,530,636.70	730,662,024.05	

STATEMENT OF BILLS PURCHASED

Paper purchased in the Open Market

	<u>1930</u>		<u>1929</u>	
	<u>Number of pieces</u>	<u>Amount</u>	<u>Number of pieces</u>	<u>Amount</u>
January	396	\$ 6,539,630.49	435	\$ 4,680,027.91
February	718	11,103,046.59	319	2,665,815.52
March	208	3,205,315.08	322	4,098,201.30
April	437	7,243,012.00	174	2,553,404.88
May	300	4,560,051.16	269	2,632,315.71
June	227	3,317,188.03	109	1,266,828.17
July	449	5,733,695.07	47	617,105.66
August	272	4,624,664.02	146	1,234,949.04
September	265	3,758,918.47	661	5,712,343.10
October	355	4,412,798.71	57	1,096,323.12
November	152	2,413,067.76	138	427,787.40
December	593	8,359,709.65	400	6,640,017.34
	<u>4,372</u>	<u>\$ 65,271,097.03</u>	<u>3,077</u>	<u>\$ 33,625,119.15</u>

Paper purchased from other Federal Reserve Banks

January	0	\$ 0	49	\$ 1,999,875.00
February	0	0	29	502,152.95
March	152	5,025,078.95	0	0
April	0	0	0	0
May	0	0	0	0
June	0	0	0	0
July	0	0	0	0
August	0	0	0	0
September	0	0	0	0
October	0	0	0	0
November	0	0	0	0
December	0	0	0	0
	<u>152</u>	<u>\$ 5,025,078.95</u>	<u>78</u>	<u>2,502,027.95</u>

COMPARATIVE STATEMENT SHOWING VOLUME OF WORK
NUMBER OF EMPLOYEES, SALARIES, AND EXPENSES OF LOANS, REDISCOUNTS,
AND ACCEPTANCES FUNCTION
 (Minneapolis Only)

	<u>Number of Notes Re-discounted</u>	<u>Number of Collateral Notes dis-counted</u>	<u>No. of Notes received as collateral to Bills Payable</u>	<u>No. of Notes received as collateral to general line</u>	<u>Number of Notes of Notes Rebated</u>	<u>Number of pieces of paper purchased</u>
Year 1930	8,102	652	702	1,378	3,264	4,524
Year 1929	8,038	1,613	1,172	931	5,343	3,155
<u>Monthly Average</u>						
Year 1930	675	54	58	115	272	377
Year 1929	670	134	98	77	445	263
	<u>Number of Officers</u>	<u>Officers' Salaries</u>	<u>Number of Employees</u>	<u>Employees' Salaries</u>	<u>Other Expenses</u>	<u>Total Expenses</u>
Year 1930	1.00	\$ 10,750.00	6.20	\$ 13,482.53	\$ 3,059.82	\$ 27,292.35
Year 1929	.95	10,104.18	6.30	13,317.00	3,044.36	26,465.54
<u>Monthly Average</u>						
Year 1930		\$ 895.83		\$ 1,123.54	\$ 254.99	\$ 2,274.36
Year 1929		842.02		1,109.75	253.70	2,205.47

CLOSED BANKS

At the close of business December 31, 1929, the unpaid liabilities of 55 closed member banks to us were \$475,207.63. During 1930, the number of member banks closing was 17 and of these 1 did not owe us anything on discounts. The remaining 16 banks added \$415,131.39 in liabilities, making a total of \$890,339.02.

Total collections made from all sources during 1930 amounted to \$388,692.83 and of this amount \$335,208.90 was applied to reduce the direct liability of closed banks, leaving a net balance due from these banks of \$555,130.12 at the close of 1930. Of this latter amount, the remaining liabilities of 11 banks totaling \$156,290.34 had been charged against the Special Reserve including \$56,886.53 from three banks charged during the past year. Names of the banks from which recovery may not be made and the uncollected liability of each, are given in the December report from the Closed Bank Department. On December 31, 1930 the number of banks on our closed list having liabilities to us was 52, including the eleven banks charged against the Special Reserve.

As security to the liabilities of the 41 banks on our closed list not yet paid or charged off amounting to \$398,839.78, we hold \$1,849,854.28 of paper. In addition, we hold \$173,288.68 of paper classed as worthless which was collateral from those banks whose indebtedness to us has been charged off.

Up to the close of 1930, 299 member banks with total liabilities to us of \$14,713,302.07 had closed and of this amount we have received payment of \$14,158,171.95 including full payment from 247 banks of their original liabilities, so that only \$555,130.12 remains due as indicated above. In addition, we have obtained \$334,002.71 in interest and \$275,562.38 of our collection expense. Unpaid expense accumulated as of December 31, 1930, was \$250,589.18. During the past year \$40,958.76 was credited as recovery of expense, the greater part of which was incurred in prior years; \$65,445.08 as interest collected from closed banks and \$328.81 as interest on other advances made to protect our interests. In addition to the

CLOSED BANKS (Contd)

recoveries mentioned, we have collected during 1930 in certain accounts \$39,707.22 more than the original liabilities due us and now hold \$48,902.45 which will eventually apply as recovery of interest or collection expense.

A material reduction was made in the expense of the Closed Bank Function during 1930. The average number of employees on this work during 1930 was 6.14 and in 1929 was 7.17. An average of .80 officers time was allocated to this function in 1930 as compared to .86 in 1929. Estimated expenses for 1931 show a slight increase over the 1930 expense, expenses for employees salaries and traveling expenses for 1931 being estimated as \$4,250 greater than in 1930 expense with an estimated decrease of \$3,975 in legal expense.

COMPARATIVE FUNCTIONAL EXPENSE

	1930	1929
Salaries - Officers	\$ 8,150.03	\$ 7,816.60
Salaries - Employees	17,269.36	18,531.19
Traveling expense	6,972.13	7,875.08
Printing, stationery and office supplies	181.35	316.88
Telephone and Telegraph	308.97	422.06
Legal Fees	10,475.45	8,968.40
All Other	<u>4,281.34</u>	<u>18,136.79</u>
Total	\$47,638.63	\$62,067.00
Average number of Officers	.80	.86
Average number of Employees	6.14	7.17

CURRENCY AND COIN FUNCTION

Total receipts and shipments of currency during 1930 show very little change from the 1929 totals but the fact that the amounts are so nearly equal is due to entirely different reasons. During 1929 when the change from the old series notes to the new series small size notes was being made we could expect a heavy increase in volume through exchanges besides which business conditions were good most of the year. In 1930 we had many banks making frequent shipments in and out to avoid carrying surplus amounts of cash especially in territory where hold-ups were prevalent. In other sections we were required to ship in substantial amounts when the prospect of a run on the banks was in evidence.

In December shipments to member banks amounted to \$22,763,000 or 50 per cent more than was shipped in November and \$5,000,000 in excess of the total shipped member banks during December 1929. The increased volume in December 1930 raised the total shipped for the year to \$199,028,000 and \$1,200,000 in excess of the 1929 shipments. Number of shipments made by Minneapolis was 17,428 in 1930. One year ago the number of shipments was 19,205 but this included the sample sets of new notes sent all banks in the District and small replacements sent direct to non-member banks which did not add materially to the total amount.

Receipts of currency decreased \$9,800,000 in the last quarter of 1930 compared to the same quarter in 1929 making the total received during 1930 \$224,900,000 compared to a total of \$238,100,000 in 1929. Total packages received at Minneapolis during 1930 numbered 17,902 or 3,200 more than received in the previous year.

Coin receipts at Minneapolis and Helena were 50 per cent greater in number of coins and \$940,000 more in amount than during 1929. Total coin receipts amounted to \$4,150,000 and shipments aggregated \$3,310,000. Standard silver dollars increased from \$159,000 on December 31, 1929 to \$754,000 at the close of 1930. We also hold \$510,000 in standards for the Treasury Department as cover for silver certificates issued. Smaller coin increased from \$233,000 to \$548,000 during 1930. All told we had \$1,714,000 in silver and minor coins at Minneapolis and \$145,000 at Helena.

At the close of the year we were carrying \$57,000 in bar gold as an added service to our member banks. This gold is used by manufacturers of jewelry and dental supplies. Through our efforts the banks save from \$10 to \$15 per \$5,000 purchased compared to their former arrangements.

COMPARATIVE STATEMENT OF CURRENCY AND COIN FUNCTION
SHOWING NUMBER OF PIECES HANDLED, NUMBER OF EMPLOYEES, SALARIES
AND EXPENSES 1930-1929
(Minneapolis Only)

ADMINISTRATION

	Number of Officers	Officers' Salaries	Number of Employees	Employees' Salaries	Other Expense	Total Expense
Year 1930	.59	\$ 3,226.81	-	\$ -	\$ 246.46	\$ 3,473.27
Year 1929	.45	2,475.00	.50	1,600.00	594.26	4,669.26
Monthly Average						
Year 1930		\$ 268.90		\$ 133.33	20.54	\$ 289.44
Year 1929		206.25			49.52	389.10

Receiving and Sorting

	Number of Employees	Employees' Salaries	Other Expense	Total Expense
Year 1930	12.13	\$ 21,320.26	\$ 1,705.81	\$ 23,026.07
Year 1929	12.30	19,924.14	2,204.26	22,128.40
Monthly Average				
Year 1930		\$ 1,776.69	\$ 142.15	\$ 1,918.84
Year 1929		1,660.34	183.69	1,844.03

Currency-All Other

	Number of Employees	Employees' Salaries	Other Expense	Total Expense
Year 1930	4.75	\$ 11,813.46	\$ 3,340.38	\$ 15,153.84
Year 1929	5.70	13,235.96	3,925.39	17,161.35
Monthly Average				
Year 1930		\$ 984.45	\$ 278.36	\$ 1,262.82
Year 1929		1,103.00	327.12	1,430.11

Coin

	Number of Employees	Employees Salaries	Other Expense	Total Expense
Year 1930	1.28	\$ 2,617.18	\$ 2,538.28	\$ 5,155.46
Year 1929	1.12	2,297.02	2,264.19	4,561.21
Monthly Average				
Year 1930		\$ 218.10	\$ 211.52	\$ 429.62
Year 1929		191.42	188.68	380.10

	Number of Bills Received and Counted		Number of Coins Received and Counted	
		Amount		Amount
Year 1930	42,805,350	\$ 212,889,000	18,056,818	\$ 4,367,349.
Year 1929	40,893,310	213,169,000	12,052,807	3,946,131.
Monthly Average				
Year 1930	3,567,112	\$ 17,741,000	1,504,735	\$ 363,946
Year 1929	3,574,442	17,764,000	1,004,401	328,844

CURRENCY AND COIN FUNCTION

Below is given a comparison of the Federal Reserve Note costs and redemption expense, as well as the shipping charges on currency and coin for 1930 and 1929 for the Head Office and Branch.

COST OF CURRENCY, GENERAL OVERHEAD NON-CONTROLLABLE
(Minneapolis Only)

	1930	1929
Original cost of F. R. Notes including shipping charges . . .	\$52,685.13	\$ 79,642.17
Redemption cost of F. R. Notes " " " . . .	4,245.46	2,745.36
Shipping charges on currency to Member Banks and from Member and Non-Member banks	30,873.29	33,096.75
Shipping charges on coin to Member Banks and from Member and Non-Member Banks	9,255.95	8,949.37
Shipping charges on currency and coin between Head Office and Branch	528.67	427.98
Total	<u>\$97,588.50</u>	<u>\$124,861.63</u>

HELENA BRANCH ONLY

Shipping charges on currency to Member Banks and from Member and Non-Member Banks	\$ 3,143.62	\$ 3,445.58
Shipping charges on coin to Member Banks and from Member and Non-Member Banks	1,179.74	1,071.28
Total	<u>\$ 4,323.36</u>	<u>\$ 4,516.86</u>

NUMBER OF CURRENCY SHIPMENTS RECEIVED FROM AND SHIPPED
TO MEMBER AND NON-MEMBER BANKS DURING 1930.
(Minneapolis Only)

	Received From	Shipped To	Received From	Shipped To	Total No. Shipments Received	Total No. Shipments Sent
	MEMBER BANKS		NON-MEMBER BANKS			
January	1,637	884	-	2	1,637	886
February	1,297	1,249	2	4	1,299	1,253
March	1,630	1,482	1	8	1,631	1,490
April	1,576	1,381	-	3	1,576	1,384
May	1,544	1,338	1	3	1,545	1,341
June	1,473	1,390	1	7	1,474	1,397
July	1,662	1,210	-	7	1,662	1,217
August	1,472	1,706	-	7	1,472	1,713
September	1,404	1,850	2	4	1,406	1,854
October	1,579	1,408	-	4	1,579	1,412
November	1,207	1,377	-	3	1,207	1,380
December	1,413	2,089	1	12	1,414	2,101
	<u>17,894</u>	<u>17,364</u>	<u>8</u>	<u>64</u>	<u>17,902</u>	<u>17,428</u>

COIN RECEIVED FROM AND SHIPPED TO MEMBER AND NON-MEMBER BANKS
MINNEAPOLIS AND HELENA 1930

	<u>RECEIVED</u>			<u>SHIPPED</u>		
	Minneapolis	Helena	Combined	Minneapolis	Helena	Combined
January	\$ 597,569	\$ 67,373	\$ 664,942	\$ 105,080	\$ 9,070	\$ 114,150
February	298,893	33,513	332,406	121,740	17,370	139,110
March	233,683	41,287	274,970	180,550	20,075	200,625
April	265,133	18,104	283,237	232,530	27,515	260,045
May	251,703	39,618	291,321	259,740	39,020	298,760
June	225,233	18,859	244,092	338,315	42,285	380,600
July	387,981	28,636	416,617	279,665	46,695	326,360
August	283,286	41,486	324,772	358,727	71,475	430,202
September	313,923	45,202	359,125	302,215	63,100	365,315
October	321,473	67,433	388,906	192,840	39,285	232,125
November	245,291	33,349	278,640	174,159	37,045	211,204
December	268,271	23,428	291,699	226,230	25,365	251,595
Total	\$3,692,439	\$ 458,288	\$4,150,727	\$2,771,791	\$438,300	\$3,210,091

CURRENCY RECEIPTS FROM AND SHIPMENTS TO MEMBER AND NON-MEMBER BANKS BY MONTHS
FEDERAL RESERVE BANK OF MINNEAPOLIS AND HELENA BRANCH

RECEIPTS

	From Member Banks	From Non-Member Banks	Total Receipts 1930	Total Receipts 1929
January	\$ 21,535,703	\$ 196,429	\$ 21,732,132	\$ 18,356,188
February	16,855,337	210,103	17,065,440	13,302,749
March	18,918,857	234,467	19,153,324	14,980,050
April	19,836,059	228,568	20,064,627	17,842,159
May	19,166,326	220,631	19,386,957	19,521,005
June	17,415,002	220,746	17,635,748	18,191,175
July	20,744,488	270,678	21,015,166	23,496,197
August	16,905,644	196,749	17,102,393	20,048,993
September	17,456,177	231,772	17,687,949	18,485,524
October	19,679,747	250,799	19,930,546	22,497,051
November	15,227,814	226,866	15,454,680	20,267,241
December	18,479,336	236,077	18,715,413	21,111,477
	\$ 222,220,490	\$ 2,723,885	\$ 224,944,375	\$ 228,099,809
Total				
1929	\$ 224,972,795	\$ 3,127,014	\$ 228,099,809	
1928	199,261,798	3,363,066	202,624,864	
1927	194,920,928	3,185,426	198,106,354	
1926	186,485,481	3,170,964	189,656,445	
1925	172,959,062	237,271	173,196,333	
1924	150,445,955	248,655	150,694,610	
1923	147,591,375	132,610	147,723,985	
1922	113,325,000	131,000	113,456,000	
1921	132,789,000	249,000	133,038,000	
1920	64,332,000	528,000	64,860,000	

SHIPMENTS

	To Member Banks	To Non-Member Banks	Total Shipments 1930	Total Shipments 1929
January	\$ 11,630,083	\$ 258,591	\$ 11,888,674	\$ 10,462,245
February	14,914,074	286,460	15,200,534	12,330,896
March	16,754,623	297,264	17,051,887	15,768,449
April	15,133,435	288,054	15,421,489	14,173,540
May	16,771,711	206,700	16,978,411	15,531,377
June	15,575,944	219,800	15,795,744	16,711,261
July	15,039,036	248,100	15,287,136	20,491,911
August	18,052,493	285,900	18,338,393	20,342,754
September	17,618,859	314,483	17,933,342	19,362,409
October	16,403,005	272,905	16,675,910	16,322,538
November	15,201,215	283,361	15,484,576	18,281,201
December	22,762,631	209,256	22,971,887	18,054,466
	\$ 195,857,109	\$ 3,170,874	\$ 199,027,983	\$ 197,833,047
Total				
1929	\$ 193,059,577	\$ 4,773,470	\$ 197,833,047	
1928	186,530,926	2,881,674	189,412,600	
1927	189,256,743	2,799,269	192,056,012	
1926	184,703,348	2,370,230	187,073,578	
1925	171,141,273	2,172,170	173,313,443	
1924	171,166,734	1,383,269	172,550,003	
1923	137,867,840	2,753,003	140,620,843	
1922	105,117,000	2,047,000	107,164,000	
1921	89,296,000	1,020,000	90,316,000	
1920	78,616,000	380,000	78,996,000	

SECURITIES FUNCTION
(Minneapolis Only)

At the close of 1930 we held \$146,972,362.34 in securities in safe-keeping for our member banks, an increase of \$20,110,626.25 over the close of 1929 with \$126,861,736.09. The total of securities held at the close of 1930 did not indicate the maximum increase during the year as we held \$153,865,000 on December 11. During the year the number of pieces in safe-keeping increased 27,010.

Miscellaneous securities increased \$23,126,837.09 and securities pledged to secure special deposits \$1,731,954.16. Government securities held as Collateral to Bills Payable and Rediscounts decreased \$15,326,025, and as Collateral to War Loan Deposit Accounts \$541,350. with an increase of \$11,069,210. in Government Securities held in safe-keeping, or a net decrease of \$4,798,165. in U. S. securities held in our custody other than pledged to secure special deposits.

The services of this function are apparently appreciated by our member banks and have resulted in considerable savings for them thru reduced insurance expenses and safe-keeping charges formerly paid to correspondent banks in the larger centers. We have been able to procure greatly reduced rates for banks desiring to maintain coverage on their securities in our custody and in addition have placed a \$10,000,000 burglary policy covering the securities of member banks in our vaults.

A comparison of our safe-keeping holdings as of December 31, 1930, and 1929 is given below:

	<u>1930</u>	<u>1929</u>
Miscellaneous Securities	\$ 82,607,391.78	\$ 59,480,554.69
Collateral to War Loan Deposits	4,135,000.00	4,676,350.00
Collateral to Bills Payable and Rediscounts	492,825.00	15,818,850.00
U. S. Government Securities	29,062,176.00	17,992,966.00
Pledged Securities	30,674,969.56	28,893,015.40
	<u>\$146,972,362.34</u>	<u>\$126,861,736.09</u>

Coupons clipped from securities during 1930 were 188,715 coupons as compared to 160,814 coupons clipped during 1929. Number of pieces held in safe-keeping as of December 31, 1930 are estimated at approximately 107,000.

Number of pieces received during the year was 72,203 and number of pieces delivered was 45,193 or a total of 117,396 pieces handled as compared to 71,848 pieces handled during 1929.

COMPARATIVE STATEMENT SECURITIES FUNCTION
1930-1929

	<u>ADMINISTRATION</u>		<u>OPERATIONS AND RECORDS</u>			<u>VAULT CUSTODY</u>	
	No. Officers & Employees	Total Expense	No. of Employees	Total Expense	No. of Employees	Total Expense	Grand Total Expense
Year 1930	1.01	\$ 6,130.34	5.24	\$11,664.29	3.93	\$10,507.62	\$28,302.25
Year 1929	.85	5,209.49	5.18	10,299.20	3.62	10,618.62	26,127.31

RESERVE POSITION

Average amount of member bank balances were quite uniform throughout 1930. Balances did not change a great deal during 1929 but the average amount held in 1929 was \$52,562,000 compared to an average of \$51,225,000 for 1930. During 10 months in 1930 the average amount of member bank balances was lower than for the corresponding months of 1929. During June and July 1930 the average balances were greater than during the same months of 1929. Combined balances at Minneapolis and Helena were highest during 1930 on November 6 when \$56,824,000 was held. The high point of reserve balances held in 1929 was on December 16 on which date the total was \$59,412,090. The low point of deposits was \$45,355,000 on August 5, 1930 and \$46,810,559 on June 11, 1929. Between December 31, 1929 and December 31, 1930 total member bank balances decreased \$8,400,000. Total member bank deposits divided by states all show decreases with \$6,000,000 of the reduction in Minnesota and \$1,500,000 in Montana.

Total gold holdings were reduced \$28,000,000 during the year with \$64,412,000 held on December 31, 1930. Withdrawals of gold from the Agent caused a net reduction of \$17,832,000 in his gold holdings. This was made possible by a decrease of \$15,224,000 in outstanding Federal reserve notes and by reducing the excess of collateral with the Agent. Excess carried at the close of 1929 was \$8,747,000 while on December 31, 1930 this excess was but \$174,000. As explained previously the necessity for carrying a large amount of United States securities to provide sufficient income for our needs leaves us with a relatively small amount of earning assets which are eligible as security for note issues. Any shortage in eligible security has to be made up with gold consequently we have little gold available for other purposes. There are two ways of correcting this condition, the first being an increase in the volume of discounting and the other the sale of Government bond holdings. By carefully watching our daily requirements and making prompt transfers between the Agent's gold fund and that of the Bank there should be no need of disposing of any of our Governments.

The reserve against notes and deposits combined has never fallen below 67 per cent during 1930 after being as low as 52.3 per cent in 1929. Reserve fluctuations have never been as moderate as during the past year, especially during the latter part of 1930. The highest point of reserve was 80.1 per cent reached on February 3rd.

DAILY AVERAGE MEMBER BANK RESERVE BALANCES BY MONTHS
Minneapolis and Helena, Combined.

<u>1930</u>		<u>1929</u>	
January	\$ 51,291,000	January	\$ 53,884,000
February	50,477,000	February	52,511,000
March	51,825,000	March	53,109,000
April	51,281,000	April	51,566,000
May	50,898,000	May	50,210,000
June	51,819,000	June	51,310,000
July	50,423,000	July	52,385,000
August	49,650,000	August	52,510,000
September	51,258,000	September	53,252,000
October	51,620,000	October	53,235,000
November	52,275,000	November	53,429,000
December	51,888,000	December	53,303,000

Daily Average Member Bank Balance, Minneapolis and Helena	1930	\$ 51,225,000
" " " " " "	" " " "	1929 52,562,000
" " " " " "	" " " "	1928 53,247,000
" " " " " "	" " " "	1927 50,650,000
" " " " " "	" " " "	1926 50,670,000
" " " " " "	" " " "	1925 53,076,000
" " " " " "	" " " "	1924 49,600,000
" " " " " "	" " " "	1923 47,813,000
" " " " " "	" " " "	1922 44,451,000
" " " " " "	" " " "	1921 41,535,000

MEMBER BANK RESERVE BALANCE FLUCTUATIONS

<u>HIGH</u>		<u>LOW</u>			
Minneapolis Only	Nov. 6, 1930	\$50,381,000	Minneapolis Only	Aug. 5, 1930	\$39,611,000
Helena Only	Jan. 1, 1930	7,355,000	Helena Only	Nov. 1, 1930	5,487,000
Combined	Nov. 6, 1930	56,824,000	Combined	Aug. 5, 1930	45,355,000
Combined	Dec. 16, 1929	59,412,090	Combined	June 11, 1929	46,810,559
Combined	Nov. 9, 1928	60,105,103	Combined	Aug. 7, 1928	48,493,619
Combined	Nov. 15, 1927	61,758,745	Combined	May 31, 1927	42,806,590
Combined	Jan. 12, 1926	56,686,133	Combined	June 3, 1926	45,505,455

COMPARISON OF MEMBER BANK RESERVE BALANCES
AS OF DECEMBER 31, 1930-1929-1928-1927-1926
(Thousands only, 000 omitted)

	<u>1930</u>	<u>1929</u>	<u>1928</u>	<u>1927</u>	<u>1926</u>
Michigan	\$ 2,672 M	\$ 2,743 M	\$ 3,128	\$ 2,859 M	\$ 2,815 M
Minnesota	30,616	36,651	34,679	34,337	31,660
Montana	5,808	7,354	7,496	7,062	6,307
No. Dakota	3,503	3,794	4,235	4,292	4,173
So. Dakota	3,629	3,998	4,092	3,917	3,535
Wisconsin	2,219	2,321	2,437	2,257	2,267
	\$48,447 M	\$56,861 M	\$56,067 M	\$54,724 M	\$50,757 M

DEFICIENT RESERVE PENALTIES

	<u>Minneapolis 1930</u>	<u>Helena 1930</u>	<u>Combined 1930</u>	<u>Combined 1929</u>
Total Penalties for 1930	\$ 6,161.62	\$1,482.39	\$ 7,644.01	\$ 12,474.96
Number of Banks Penalized	215	33	248	237
Maximum Penalty Rate	7%	7%	7%	7%

STATEMENT OF INVESTMENTS HELD DECEMBER 31, 1930.

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
First Liberty Loan Converted Bonds	1932-1947	4½%	\$ 788,400
Fourth Liberty Loan Bonds	1933-1938	4½	3,451,750
U. S. Treasury Bonds	1944-1954	4	165,900
U. S. Treasury Bonds	1940-1943	3 3/8	9,450
U. S. Conversion Bonds	1946	3	3,200
U. S. Conversion Bonds	1947	3	111,600
U. S. Panama Bonds	1961	3	500
U. S. Treasury Notes, Series B	1930-1932	3½	<u>3,065,850</u>
			\$ 7,594,650
Participation in Federal Reserve System Special Investment Account, U.S. Securities			19,563,500
U. S. Securities sold and held pending final payment			<u>144,033</u>
Total U. S. Securities			\$27,302,183
Municipal Warrants			\$ 233,146

GOLD HOLDINGS OF THE BANK AND FEDERAL
RESERVE AGENT AT CLOSE OF BUSINESS DECEMBER
31, 1930, AS COMPARED WITH DECEMBER 31, 1929.

	<u>1930</u>	<u>Held by Bank</u>	<u>1929</u>
Gold Bullion	\$ 56,952.50	\$ 0	
Gold Coin	3,513,535.00	3,109,615.00	
Gold Certificates	1,638,000.00	1,144,000.00	
Gold Settlement Fund	10,075,951.06	18,065,009.19	
Gold Redemption Fund	<u>801,645.23</u>	<u>3,970,478.75</u>	
Total Gold Held By Bank	\$16,086,083.79	\$26,309,102.94	
		<u>Held by Agent</u>	
	<u>1930</u>	<u>1929</u>	
Gold Coin	\$ 3,455,000.00	\$ 3,455,000.00	
Gold Certificates	8,370,000.00	10,702,000.00	
Gold with F. R. Board	<u>36,500,000.00</u>	<u>52,000,000.00</u>	
Total Gold with F. R. Agent	\$48,325,000.00	\$66,157,000.00	
Combined Gold Holdings	\$64,411,083.79	\$92,466,102.94	

TRANSFER AND CODING DEPARTMENT
(Minneapolis Only)

During 1930 the volume of transfers handled decreased but the amount increased as compared to 1929, 54,163 transfers totaling \$3,189,953,000 being handled in 1930 and 60,819 transactions totaling \$2,882,170 in 1929.

The transfers handled, other than for the 5% Redemption Fund of National Banks, were 39,555 in number totaling \$3,173,181,000 in 1930 and 45,600 in 1929 amounting to \$2,866,981,000.

The transfers for the 5% Redemption Fund of National Banks increased in amount over the 1929 figures despite the large retirements of the old size notes in earlier year. During 1930 14,608 transfers for \$16,772,000 were made for the account of the 5% Redemption Fund and in 1929 15,219 totaling \$15,189,000.

Incoming and outgoing wire transfers handled during 1930 exceeded any previous year in the history of the bank in amount. A comparison of the wire transfers handled from 1924 through 1930 follows:

<u>Year</u>	<u>Outgoing Wire Transfers</u>		<u>Incoming Wire Transfers</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
1930	11,044	\$ 905,284,000	16,297	\$ 1,662,546,000
1929	12,634	767,533,000	20,020	1,566,231,000
1928	11,908	705,041,000	18,921	1,545,018,000
1927	11,115	670,649,000	16,624	1,438,576,000
1926	10,174	609,695,000	16,839	1,381,174,000
1925	10,517	696,093,000	14,926	1,376,894,000
1924	11,943	700,576,000	14,561	1,344,636,000

Messages coded and decoded during the year, other than transfers, totaled 17,926, a decrease of 4,475 messages over 1929 with 22,401.

TELEGRAPH UNIT

Messages sent and received over the private wire decreased during 1930, 40,448 messages being sent and received as compared to 45,446 telegrams in 1929, a decrease of 4,998.

Number of words sent over the private wire in 1930 was 431,319 as compared to 439,214 in 1929, a decrease of 8,000 words. In 1928, however, we sent a total of 412,986 words over the private wire, so that in 1930, 18,228 more words were sent than in 1928.

**COMPARATIVE STATEMENT SHOWING NUMBER AND AMOUNT OF TRANSFERS MADE,
NUMBER OF EMPLOYEES, SALARIES AND OTHER EXPENSES.
(Minneapolis Only)
1930-1929**

	<u>Number of transfers made other than for 5% Redemption Fund of National Banks</u>		<u>Number of transfers for 5% Redemption Fund of National Banks</u>	
	(Wire and mail)	Amount		Amount
Year 1930	39,555	\$ 3,173,181,000.00	14,608	\$ 16,772,000.00
Year 1929	45,600	2,866,981,000.00	15,219	15,189,000.00
Monthly Average				
Year 1930	3,296	264,432,000.00	1,217	1,398,000.00
Year 1929	3,800	238,915,000.00	1,268	1,266,000.00

	<u>Number of Employees</u>	<u>Employees Salaries</u>	<u>Other Expense</u>	<u>Total Expense</u>
Year 1930	1.53	\$ 2,373.25	\$ 3,634.87	\$ 6,008.12
Year 1929	1.77	2,644.37	3,722.58	6,366.95
Monthly Average				
Year 1930		\$ 197.77	\$ 302.91	\$ 500.68
Year 1929		220.36	310.21	530.58

CODING UNIT

	<u>Number of Employees</u>	<u>Employees Salaries</u>	<u>Other Expense</u>	<u>Total Expense</u>
Year 1930	1.52	\$ 2,349.81	\$ 62.60	\$ 2,412.41
Year 1929	2.00	2,401.31	59.97	2,461.28
Monthly Average				
Year 1930		\$ 195.82	\$ 5.22	\$ 201.03
Year 1929		200.11	5.00	205.11

**OPERATIONS OF LEASED WIRE
1930-1928**

Month	<u>TELEGRAMS SENT</u>			<u>TELEGRAMS RECEIVED</u>		
	1930	1929	1928	1930	1929	1928
January	1,364	1,369	1,291	2,097	2,282	2,166
February	1,162	1,131	1,182	1,950	1,887	2,032
March	1,373	1,506	1,458	2,277	2,333	2,323
April	1,375	1,457	1,246	2,220	2,269	2,128
May	1,386	1,415	1,442	2,296	2,226	2,265
June	1,428	1,566	1,456	2,035	2,252	2,334
July	1,397	1,612	1,402	1,896	2,425	2,247
August	1,225	1,648	1,464	1,702	2,498	2,264
September	1,449	1,491	1,463	1,868	2,293	2,223
October	1,412	1,749	1,616	1,934	2,488	2,658
November	1,335	1,509	1,445	1,573	2,222	2,238
December	1,582	1,531	1,529	2,112	2,287	2,330
T otals	16,488	17,984	16,994	23,960	27,462	27,208

CHECK COLLECTION FUNCTION
(Minneapolis Only)

During 1930 this function handled 21,139,718 items totaling \$3,224,678,000, a decrease of 611,647 items and \$460,546,000 in amount as compared to 1929 with 21,751,365 items totaling \$3,685,224,000.

A comparison of the number of items handled, the average number of employees, the total expense of this function and the average number of items handled per employee for the year 1927 through 1930 follows:

Year	No. of Items	Average No. Employees	Total Expense	Daily Average No. of Items Per Person	Average Cost of Handling 1000 Items
1930	21,139,718	43.57	\$ 77,873.79	1634	\$ 3.62
1929	21,751,365	53.81	88,861.60	1356	4.01
1928	22,317,186	60.37	95,335.25	1243	4.21
1927	21,916,423	66.43	107,741.29	1108	4.83

Checks handled on member and non-member banks this district decreased 653,303 items, on Twin City banks 83,508 and items forwarded direct to member banks other Federal Reserve Districts 1,168 and to our Helena Branch 584 as compared to 1929. Checks and warrants handled on the Treasurer of the United States increased 76,092 and items forwarded to other Federal Reserve Banks 50,824 over the 1929 figures. A comparison of the number of items handled by the sub-divisions of the check collection department for the last three years follows:

Items Handled On

Twin City Banks (Clearings)	4,155,358	4,238,866	4,200,477
Member & Non-Member Banks			
This District	14,959,941	15,613,244	16,372,445
Other Federal Reserve Districts	1,088,568	1,037,744	920,503
Direct to Member Banks Other			
F. R. Districts	41,272	42,440	49,063
Helena, Montana	10,395	10,879	10,234
Treasurer of the United States	884,284	808,192	764,464
	<u>21,139,718</u>	<u>21,751,365</u>	<u>22,317,186</u>

The variations in the cost of handling 100 items and in the average number of items handled per person per day in the various units of the Transit Department for the years 1927 through 1930 are indicated in the following tables:

CHECK COLLECTION FUNCTION (Contd)
(Minneapolis Only)

	<u>Outgoing Country Checks</u>		<u>City Checks (Clearings)</u>		<u>Government Warrants</u>	
	<u>Ave. No.</u>	<u>Items</u>	<u>Costs</u>	<u>Ave. No.</u>	<u>Items</u>	<u>Costs</u>
1930	2,053		24.9¢	2,156		20.1¢
1929	1,551		29.5	2,071		20.7
1928	1,336		32.7	2,479		19.1
1927	1,169		39.4	2,458		18.0

It should be noted that the reduction of \$.46 per thousand items in the cost of handling Country checks was applicable to 16,100,000 items of the total of 21,140,000 handled and accounted for \$7,400 of the decreased expense.

A comparison of the 1930 check collections costs with the latest available figures for the other Federal Reserve Bank Head Offices, the costs for the first half of 1930, indicates our costs to be below the average for the twelve main offices. In the below table we have indicated the actual average costs for 100 items for the Head Offices for the first six months of 1930 and also the average of their average costs so as to give equal influence to the costs of each bank and avoid the effect of the large volume handled by the high cost banks.

	<u>City Checks Clearings</u>	<u>Government Warrants</u>	<u>Country Checks Outgoing</u>	<u>Return Items</u>
Our 1930 Costs	20.1 cents	27.2 cents	24.9 cents	\$1.33
Average Costs F. R. Bank Head Offices	28.1 "	37.1 "	36.5 "	1.54
Ave. of Ave. Costs for F. R. Head Offices	23.6 "	35.7 "	32.7 "	1.62

During 1930 we returned to our endorsers 367,000 items totaling \$26,639,000 as compared to 360,000 checks totaling \$30,830,000 in 1929. Included in these totals are items forwarded to us in error as the drawee banks are not on our lists, non-cash items forwarded as transit items, and all items returned by the drawee banks for various reasons.

The daily average number of cash letters received and sent, the number of banks reported closed and reopened, the number of banks added to and removed from our list during the years 1927 through 1930 are given below:

	<u>Letters Received (Daily)</u>	<u>Letters Sent (Daily)</u>	<u>Banks Reported Closed</u>	<u>Banks Reported Reopened</u>	<u>Banks Removed From List</u>	<u>Banks Added To Our List</u>
1930	1,351	1,312	160	7	70	2
1929	1,435	1,416	92	7	73	7
1928	1,604	1,496	102	12	91	8
1927	1,527	1,588	126	43	57	24

CHECK COLLECTION FUNCTION (Contd)
(Minneapolis Only)

During 1930 we received the full benefit of the plan of eliminating the recording of endorsers on our cash letters except on items \$500 and over and our letters to Montana Banks, commenced in 1929. Effective January 2, 1931 this plan was also adopted for Montana Banks, a like change being made by our Helena Branch.

A contributing factor to the large increase in outgoing country checks handled per person in 1930, 2,063 items as compared to 1,551 for 1929, an increase of 512 items, was the installation of new equipment. Sorting racks were built which enable our operators to sort faster and with less effort. New duplex adding machines were installed on low stands permitting the clerks to sit down in listing the outgoing cash letters. Several other minor changes made during the year aided in the marked decrease in the cost of handling transit items, as the increasing of the width of our cash letters to handle three columns of items instead of two, the elimination of the description of A.B.A. numbers of cash letters received on proof runs, the use of return letters received from other Federal Reserve Banks for our credit entries, and the taking over of the acknowledging of cash letters to other Federal Reserve Banks and our member banks by the Accounting Department.

COMPARATIVE STATEMENT SHOWING VOLUME OF WORK
NUMBER OF EMPLOYEES AND OTHER EXPENSES
CHECK COLLECTION DEPARTMENT
(Minneapolis Only)

	Number City checks handled	Number of Government Checks paid	Number of Country Checks Received	Number of Return Item Checks Handled		
Year 1930	4,132,000	885,000	16,104,000	367,000		
Year 1929	4,186,000	807,000	16,705,000	360,000		
Monthly Average						
Year 1930	344,333	73,750	1,342,000	30,583		
Year 1929	348,833	67,250	1,392,083	30,000		
	Number of Officers	Officers' Salaries	Number of Employees	Employees' Salaries	Other Expense	Total Expense
Year 1930	.40	\$2,119.97	43.57	\$57,184.80	\$18,569.02	\$77,873.79
Year 1929	.45	2,160.00	53.81	67,564.93	18,936.67	88,661.60
Monthly Average						
Year 1930		\$ 176.66		\$ 4,765.40	\$ 1,547.42	\$ 6,489.48
Year 1929		180.00		5,330.41	1,578.06	7,388.47

TWIN CITY CLEARINGS THROUGH FEDERAL RESERVE BANK
OF MINNEAPOLIS FOR 1930 and 1929.

DIRECT SENDINGS TO OTHER RESERVE BANKS
BY OUR MEMBER BANKS 1930 and 1929.

Month	Amt. of Items on Mpls. Bks.	Amt. of Items on St. Paul Bks.	Grand Total 1930	Grand Total 1929	Daily Average		Number of Items		Amount	
					Clearings	Amt. Held Over	1930	1929	1930	1929
January	\$138,798,019.37	\$70,804,164.75	\$209,602,184.12	\$236,870,397.34	\$116,168.12	\$120,388.32	\$113,503	\$119,544	\$10,980,520.95	\$11,770,152.61
February	123,124,949.78	64,405,232.33	187,530,182.11	201,722,369.06	98,742.87	225,960.42	94,899	105,095	8,888,893.22	10,067,856.04
March	149,377,621.15	75,784,066.04	225,161,687.19	249,167,926.68	107,571.92	162,752.71	100,092	119,493	9,338,183.71	11,412,137.99
April	149,142,107.15	75,592,989.81	224,735,096.96	244,868,684.25	101,340.77	154,305.52	98,206	131,761	9,112,790.68	13,491,013.03
May	154,147,014.21	74,234,128.11	228,381,142.32	241,300,133.40	99,437.15	106,748.31	97,082	122,647	9,658,921.99	12,927,373.57
June	155,524,195.21	75,886,268.74	231,410,463.95	246,551,100.58	124,679.57	109,877.79	99,250	116,626	9,843,463.45	12,536,063.38
July	153,331,565.89	72,409,493.03	225,741,058.92	273,078,719.98	122,404.15	130,268.54	120,607	128,090	11,726,438.61	15,087,733.93
August	138,522,585.62	61,975,125.43	200,497,711.05	276,021,677.42	82,391.19	94,798.85	110,137	124,926	10,342,464.42	13,319,870.57
September	162,557,413.21	71,559,958.80	234,117,372.01	288,347,470.44	105,820.13	140,823.77	112,305	115,549	11,487,835.01	12,739,894.97
October	162,724,402.02	76,491,914.65	239,216,316.67	304,559,554.16	113,116.61	151,860.31	121,306	127,831	12,238,075.92	15,030,596.45
November	147,827,524.17	68,734,384.71	216,561,908.88	259,821,868.45	98,228.80	150,579.80	112,537	117,501	11,153,574.52	11,963,034.38
December	153,630,516.00	70,097,834.06	223,728,350.06	254,228,967.47	112,450.84	135,000.32	132,226	123,846	12,344,975.77	11,140,138.89
Totals	\$1,788,707,913.78	\$857,975,560.46	\$2,646,683,474.24	\$3,076,538,869.23	\$1,282,352.12	\$1,683,364.66	\$1,312,150	\$1,452,909	\$127,116,138.25	\$151,485,865.81
Average by Months	\$149,058,992.82	\$71,497,963.37	\$220,556,956.19	\$256,378,239.10	\$106,862.67	\$140,280.39	\$109,346	\$116,249	\$10,593,011.52	\$12,623,822.16

Month	Daily Average Number of Transit Letters Received		Daily Average Number of Transit Letters Sent		Daily Average Number of Return Items Handled		Daily Average All Other Items Sent		Daily Average Transit Items Sent Direct-by Our Member Banks	
	1930	1929	1930	1929	1930	1929	1930	1929	1930	1929
January	1407	1477	1369	1460	1177	1160	67,006	69,854	4310	4598
February	1411	1508	1363	1467	1065	1044	71,419	72,955	4314	4777
March	1444	1500	1372	1480	1065	1147	69,548	74,236	3849	4780
April	1418	1480	1332	1422	1129	1056	73,448	72,116	3928	5068
May	1379	1483	1321	1417	1118	1128	71,297	70,042	3734	4717
June	1324	1396	1326	1433	1240	1223	72,774	70,196	3970	4665
July	1275	1358	1306	1424	1250	1257	66,763	68,315	4639	4927
August	1266	1358	1276	1386	1171	1128	62,209	60,423	4236	4627
September	1309	1427	1285	1391	1265	1309	67,971	72,088	4492	4815
October	1317	1364	1278	1383	1299	1265	70,613	74,108	4493	4734
November	1333	1437	1269	1362	1344	1301	74,272	75,344	5116	4896
December	1329	1438	1247	1363	1415	1313	73,208	79,260	5086	4954
Average by Months	1351	1435	1312	1416	1212	1194	70,035	71,578	4347	4796
	Daily Average Clearing Items Returned Unpaid		Daily Average Clearing Items Missent		Daily Average Out-of-Town Items Missent		Daily Average No. Drafts Received in other Than Twin City Exchange		Daily Average Number of Employees	
	1930	1929	1930	1929	1930	1929	1930	1929	1930	1929
January	49	47	23	36	16	22	272	298	54	69
February	51	45	17	37	18	22	276	299	53	67
March	50	50	17	42	18	25	286	294	53	68
April	52	49	15	46	21	30	262	279	53	66
May	50	53	12	39	20	28	273	282	53	65
June	52	46	15	46	24	21	264	281	55	61
July	55	50	17	31	24	23	267	272	57	65
August	54	48	12	26	20	20	250	267	58	62
September	55	46	12	33	28	29	259	265	55	56
October	56	47	17	27	22	28	255	263	49	54
November	56	55	18	28	20	22	260	261	50	53
December	55	48	15	26	22	17	258	261	50	53
Average by Months	53	49	16	35	21	24	265	277	53	61

FEDERAL RESERVE BANK OF MINNEAPOLIS
REPORT OF THE TRANSIT DEPARTMENT FOR THE YEAR 1930.

MONTH	CLEARINGS		MEMBER & NON-MEMBER		OTHER RESERVE BANKS		DIRECT TO BANKS IN OTHER RESERVE DISTRICTS		TO OUR HELENA BRANCH BY US	TREASURER OF THE UNITED STATES	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Number	Amount
1930											
January	346,595	\$ 146,219,553.79	1,226,763	\$ 74,762,871.89	98,351	\$25,157,742.25	3,829	\$4,362,530.79	902	65,733	\$8,082,966.32
February	321,915	128,967,248.06	1,102,001	63,370,623.61	76,140	19,290,239.46	3,541	4,024,079.23	777	66,654	7,297,214.37
March	384,153	160,984,604.40	1,256,080	74,404,451.98	97,698	24,002,804.21	3,960	4,997,006.65	833	65,542	8,368,521.86
April	357,779	157,882,691.62	1,288,446	76,420,241.11	103,572	25,399,988.24	3,878	5,079,143.42	827	81,691	8,995,234.85
May	366,865	162,998,280.85	1,315,855	76,653,021.08	100,556	23,597,881.41	3,432	4,939,983.19	847	76,158	8,445,475.60
June	346,004	164,270,196.17	1,274,662	79,924,663.26	97,860	23,123,447.87	3,143	5,501,546.09	888	76,224	9,795,495.64
July	329,507	158,293,724.93	1,227,765	77,007,456.24	99,092	22,461,574.97	3,318	4,539,579.04	863	75,291	9,321,549.32
August	317,339	145,247,230.10	1,126,859	69,811,362.58	78,756	19,359,465.15	2,992	4,755,366.19	754	70,143	8,586,550.48
September	336,282	168,383,225.13	1,220,706	79,397,267.13	79,695	22,514,806.16	3,177	5,808,937.46	825	68,502	9,990,279.59
October	365,443	173,486,053.36	1,367,324	84,779,349.52	91,378	23,616,132.69	3,619	5,814,456.85	965	88,820	11,190,045.87
November	323,745	150,326,451.20	1,174,822	67,922,978.10	73,918	19,646,546.20	3,105	5,547,954.05	795	70,376	7,938,416.98
December	359,731	165,263,663.52	1,378,658	75,289,520.26	91,552	23,385,107.68	3,278	5,332,689.52	1,019	79,150	8,907,642.10
Total	4,155,358	\$1,882,322,923.13	14,959,941	\$899,743,806.76	1,088,568	\$271,555,736.29	41,272	\$60,703,272.48	10,295	884,284	\$106,919,392.98
Monthly Av. No. Items	346,280		1,235,162		90,715		3,435		858	73,690	
Monthly Av. Amounts	\$ 156,860,243.58		\$ 74,978,650.56		\$ 22,629,644.69		\$ 5,058,606.04		\$ 286,111.73	\$ 8,909,949.41	
Grand Total Items					21,139,718						
Grand Total amounts					\$3,224,678,472.48						

MINNEAPOLIS AND HELENA BRANCH
 OPERATIONS OF CHECK CLEARING AND COLLECTION DEPARTMENT

Detailed Classification Numbers and Amounts of Items Handled by Months during 1930 with totals for 1926, 1927, 1928, 1929 and 1930.

(In thousands only .000 omitted)

Month 1930	ITEMS DRAWN ON BANKS IN OWN DISTRICT						ITEMS DRAWN ON BANKS NOT IN 9TH DISTRICT Other Federal Reserve Districts						TOTAL FOR 1930		TOTAL FOR 1929			
	Local Banks		Ourselves		Other Banks		Interchanged Branch and Head Office		Direct Sendings		Other Reserve Banks		Treasurer of United States		No.	Amount	No.	Amount
	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount	No.	Amount
Jan.	359	\$ 133,844	9	\$ 82,620	1370	\$84,061	2	\$ 1,058	4	\$ 4,363	105	\$27,610	77	\$ 9,344	1926	\$342,900	2009	\$370,533
Feb.	333	115,838	7	77,594	1235	71,570	2	780	4	4,024	82	21,054	79	8,839	1742	299,699	1775	310,881
Mar.	397	144,114	9	75,374	1412	83,063	2	1,022	4	4,997	104	26,340	77	9,738	2005	344,648	2063	372,673
April	370	143,043	8	77,923	1440	86,460	2	1,014	4	5,079	111	27,409	95	10,302	2030	351,230	2097	367,065
May	380	147,889	8	93,093	1479	86,628	2	1,182	3	4,940	109	26,175	90	9,985	2071	369,892	2041	374,374
June	358	144,550	7	82,807	1433	90,717	2	1,138	3	5,502	106	26,254	91	11,634	2000	362,602	1961	387,388
July	341	141,282	10	87,249	1382	87,012	2	779	3	4,540	107	25,169	92	11,234	1937	357,265	1987	424,720
Aug.	327	133,013	7	80,110	1265	79,233	2	1,648	3	4,755	86	21,626	86	10,391	1776	330,776	1947	421,510
Sept.	347	149,689	7	82,112	1366	89,998	2	1,441	3	5,809	87	25,562	86	11,906	1898	366,517	1948	428,368
Oct.	378	152,313	8	67,698	1527	95,687	2	1,438	4	5,814	98	26,977	107	13,257	2124	363,184	2231	472,789
Nov.	334	130,922	7	72,023	1313	77,574	2	1,176	3	5,548	82	22,632	85	9,670	1826	319,545	2017	394,665
Dec.	372	146,062	8	84,646	1533	85,919	2	1,479	3	5,333	101	27,050	94	10,609	2113	361,098	2199	386,616
Total	4296	\$ 1,682,559	95	\$ 963,249	16755	\$1,017,922	24	14,155	41	\$60,704	1178	\$ 303,858	1059	\$126,909	23448	\$ 4,169,356	24275	\$4,711,582
1930	---	---	---	---	---	---	---	---	---	---	---	---	---	---	23448	\$4,169,356	---	---
1929	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	24275	\$4,711,582
1928	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	24874	4,591,766
1927	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	24238	4,277,152
1926	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	25286	4,336,450

HELENA BRANCH

REPORT OF THE TRANSIT DEPARTMENT FOR THE YEAR 1930

	<u>Clearings</u>		<u>Drafts on Us</u>		<u>Member & Non-Member</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
January	17,000	\$ 9,346,000	3,000	\$ 7,742,000	143,000	\$ 9,298,000
February	15,000	6,568,000	2,000	6,619,000	133,000	8,199,000
March	17,000	8,266,000	3,000	7,659,000	156,000	8,659,000
April	16,000	8,326,000	3,000	8,213,000	152,000	10,040,000
May	17,000	8,398,000	2,000	8,001,000	163,000	9,975,000
June	16,000	8,142,000	2,000	8,582,000	158,000	10,792,000
July	16,000	8,883,000	3,000	9,115,000	154,000	10,005,000
August	14,000	7,762,000	2,000	7,294,000	138,000	9,422,000
September	15,000	8,569,000	2,000	8,548,000	145,000	10,601,000
October	17,000	8,435,000	2,000	8,623,000	160,000	10,908,000
November	14,000	8,352,000	2,000	7,515,000	138,000	9,651,000
December	17,000	9,222,000	2,000	8,516,000	154,000	10,629,000
Totals	191,000	\$ 100,269,000	28,000	\$ 96,427,000	1,794,000	\$ 118,179,000
Monthly Aver.						
Items	15,900		2,300		149,500	
Monthly Aver.						
Amount		\$ 8,356,000		\$ 8,036,000		\$ 9,847,000

	<u>To Head Office By Us</u>		<u>To Other Reserve Banks</u>		<u>Treasurer of U. S.</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
January	1,000	\$ 792,000	7,000	\$ 2,452,000	11,000	\$ 1,261,000
February	1,000	526,000	6,000	1,764,000	12,000	1,542,000
March	1,000	751,000	6,000	2,337,000	11,000	1,369,000
April	1,000	732,000	7,000	2,009,000	13,000	1,307,000
May	1,000	881,000	8,000	2,577,000	14,000	1,540,000
June	1,000	855,000	8,000	3,131,000	15,000	1,839,000
July	1,000	451,000	8,000	2,707,000	17,000	1,912,000
August	1,000	1,395,000	7,000	2,267,000	16,000	1,804,000
September	1,000	1,156,000	7,000	3,047,000	17,000	1,916,000
October	1,000	1,128,000	7,000	3,361,000	18,000	2,067,000
November	1,000	917,000	8,000	2,985,000	15,000	1,732,000
December	1,000	1,137,000	9,000	3,665,000	15,000	1,701,000
Totals	12,000	\$ 10,721,000	88,000	\$ 32,302,000	174,000	\$ 19,990,000
Monthly Aver.						
Items	1,000		7,300		14,500	
Monthly Aver.						
Amount		\$ 894,000		\$ 2,692,000		\$ 1,666,000

GRAND TOTAL OF ITEMS - 2,287,000

GRAND TOTAL OF AMOUNTS - \$377,888,000

NON-CASH COLLECTION FUNCTION
(Minneapolis Only)

The volume of collections handled in all units of this function decreased in comparison with 1929. Total number of items handled during 1930 was 717,979 totaling \$133,402,837.96 as compared to 789,870 collections totaling \$145,556,403.04 in 1929.

The amount of the city collections handled in 1930 was \$59,330,233.38 and in 1929 was \$60,242,842.82. Country collections received during 1930 totaled \$22,879,417.86 and in 1929 \$27,362,955.33. The value of security collections handled in 1930 was \$23,249,296.07 and in 1929 \$29,045,713.34. Government and Federal Land Bank coupons redeemed in 1930 totaled \$8,792,389.02 and in 1929 \$10,082,295.63.

Collections forwarded direct to other Federal Reserve Banks by our member banks in 1930 were 1,918 in number totaling \$19,351,496.63 and in 1929 2,426 collections totaling \$18,822,595.92.

COMPARATIVE STATEMENT SHOWING NUMBER OF NON-CASH COLLECTIONS HANDLED, NUMBER OF EMPLOYEES, SALARIES AND OTHER EXPENSES.

	Total No. Collections Handled	No. of Officers	Officers Salaries	No. of Employees	Employees Salaries	Other Expense	Total Expense
Year 1930	717,979	.20	\$1,059.98	15.03	\$21,732.30	\$3,139.27	\$25,931.55
Year 1929	789,870	.20	960.00	16.25	23,316.81	3,547.58	27,824.39
Monthly Average							
Year 1930	59,832		\$ 33.33		\$ 1,811.02	\$ 261.61	\$ 2,160.96
Year 1929	65,822		80.00		1,791.76	269.67	2,141.43

COMPARISON OF NUMBER OF ITEMS RECEIVED FOR COLLECTION
1930-1929
(Minneapolis Only)

	City Collections		Country Collections		Security Collections		Government Coupons	
	1930	1929	1930	1929	1930	1929	1930	1929
Jan.	8,368	10,310	4,284	4,882	5,068	4,952	34,302	38,338
Feb.	7,500	10,079	3,994	5,250	3,853	3,869	10,301	14,331
Mar.	6,460	10,538	4,058	5,734	3,623	4,157	22,515	25,029
Apr.	6,716	8,732	3,746	4,774	4,156	5,025	88,278	99,751
May	7,508	8,938	4,212	5,016	4,195	4,822	51,974	41,516
June	9,104	9,231	4,380	4,026	5,033	5,423	48,060	53,342
July	9,091	9,378	4,049	4,025	3,865	4,870	23,750	26,215
Aug.	12,902	12,568	3,948	3,913	3,423	4,174	11,019	12,095
Sept.	17,456	17,377	4,362	4,384	3,984	4,207	16,545	24,450
Oct.	14,911	16,380	4,802	5,150	4,635	4,864	95,838	106,787
Nov.	12,101	10,667	4,686	4,808	4,550	4,969	44,656	42,898
Dec.	13,103	11,221	4,518	4,731	5,620	5,732	40,581	51,470
Total	125,220	135,419	51,019	56,691	52,003	57,064	437,819	536,270

STATISTICAL AND ANALYTICAL

(Including Administration)

	<u>Number of Officers</u>	<u>Officers Salaries</u>	<u>Number of Employees</u>	<u>Employees Salaries</u>	<u>Other Expense</u>	<u>Total Expense</u>
Year 1930	.30	\$2,099.99	6.03	\$10,534.44	\$1,336.88	\$13,971.31
Year 1929	.30	2,100.04	4.05	8,035.85	1,780.98	11,916.87
Monthly Average						
Year 1930		\$ 175.00		\$ 877.87	\$ 111.41	\$ 1,164.28
Year 1929		175.00		669.65	148.41	993.07

MONTHLY LETTER

	<u>Postage</u>	<u>Printing and Stationery</u>	<u>Total</u>
Year 1930	\$ 907.00	\$ 2,531.25	\$ 3,438.25
Year 1929	599.17	2,422.12	3,021.29
Monthly Average			
Year 1930	\$ 75.58	\$ 210.94	\$ 286.52
Year 1929	49.93	201.84	251.77

LIBRARY

	<u>Number of Employees</u>	<u>Salaries</u>	<u>News Service & Subscriptions</u>	<u>Books</u>	<u>Other Expense</u>	<u>Total Expense</u>
Year 1930	1.02	\$ 1,125.00	\$ 342.85	\$ 318.32	\$ 100.95	\$ 1,887.12
Year 1929	1.00	1,020.00	506.92	229.89	118.95	1,875.76
Monthly Average						
Year 1930		\$ 93.75	\$ 28.57	\$ 26.53	\$ 8.41	\$ 157.26
Year 1929		85.00	42.24	19.16	9.91	156.31

BANK EXAMINATION

	<u>Number of Officers</u>	<u>Officers Salaries</u>	<u>Number of Employees</u>	<u>Employees Salaries</u>	<u>Other Expense</u>	<u>Total Expense</u>
Year 1930	.94	\$ 7,050.00	3.16	\$ 8,465.42	\$ 8,282.92	\$ 23,798.34
Year 1929	.94	6,580.00	3.20	8,184.00	8,622.61	23,386.61
Monthly Average						
Year 1930		\$ 587.50		\$ 705.45	\$ 690.24	\$ 1,983.19
Year 1929		548.33		682.00	718.55	1,948.88

FEDERAL RESERVE NOTE ISSUES

	<u>Number of Officers</u>	<u>Officers Salaries</u>	<u>Number of Employees</u>	<u>Employees Salaries</u>	<u>Other Expense</u>	<u>Total Expense</u>
Year 1930	.21	\$ 1,500.02	.80	\$ 3,500.03	\$ 69.59	\$ 5,069.64
Year 1929	.21	1,470.02	.80	2,915.87	59.12	4,445.01
Monthly Average						
Year 1930		\$ 125.00		\$ 291.67	\$ 5.80	\$ 422.47
Year 1929		122.50		242.99	4.93	370.42

BANK EXAMINATION DEPARTMENT

ANNUAL REPORT - 1930

Examinations or credit investigations of all state member banks in the Ninth Federal Reserve District were made during 1930, either by state authorities or by our examining force, with the exception of the Commercial Trust & Savings Bank of Mitchell, South Dakota. We had made arrangements with the State Superintendent of Banks of South Dakota to enter the Mitchell State member with their examiners in December 1930, but due to the number of state bank suspensions in South Dakota, the state examining force was tied up in suspended banks and the examination of the Mitchell bank had to be postponed until the early part of 1931. The credit investigations made by this department in various states in the Ninth Federal Reserve District were as follows:

	State Banks
Michigan	3
Minnesota	13
Montana	7
South Dakota	6
Wisconsin	3
	<u>32</u>

Summary of Credit Investigations and Mileage

	Credit Investigations	Number of Miles Traveled
H. D. Sharratt	25	7,908
H. C. Jones	6	3,165
A. A. Hoerr	3	1,720
	<u>32</u>	<u>12,793</u>

Office Work

Reports of Examination of National Banks

Number of reports received from the Chief National Bank Examiner's Office... 1,268
(The cost of these reports aggregated \$6,340.00 for the calendar year.)

119 duplicate copies of the reports of examination of Montana National Banks were received from the Chief Examiner's Office, and the cost of these additional copies aggregated \$267.75 for the year.

All of the criticisable paper contained in the reports of examination of banks that borrow, with the exception of Montana banks, was listed for the Discount Department.

Reports of Examination of State Member Banks

Number of reports of examination received from the various State Banking Departments in the Ninth District of state member banks examined independently by them was as follows:

State	Number of Reports	Cost
Michigan	4	\$ 82.50
Minnesota	1	-
Montana	12	60.00

Reports of credit investigations made by Federal reserve examiners in the Ninth District were typewritten in this office. One copy was retained for our files, one copy sent to the bank examined, and one copy forwarded to the State Banking Department. One copy was also forwarded to the Helena Branch on all state member banks in Montana. Analyses of all reports of examination or credit investigations, made by either Federal examiners or examiners from the State Departments, were made on Form 212-212a and forwarded to the Federal Reserve Board, showing a summary of the examiner's criticisms and comment on the condition of the bank by this Department.

Alphabetical lists of all criticised paper contained in the examination reports of all state banks, with the exception of Montana banks, were made for the Discount Department.

All examination reports, both state and national, and reports of credit investigations were analyzed on comparative analysis sheets, one copy being furnished Governor Geary and one copy to Deputy Governor Yaeger. These sheets contain a brief summary of the examiner's conclusions and a general statement as to the condition of the bank. Ratio and percentage analyses were also made and written up on cards filed in the Agent's Office, which indicate the progress made by each bank as shown by successive examinations. These ratio cards set forth by a percentage of capital stock and surplus "Degree of Solvency", "Credit Policy", and "Miscellaneous Administrative Facts", and the situation as to liquidity by a percentage of various asset accounts as to total deposits.

When state member banks were shown by reports of examination to be in an unsafe or unsatisfactory condition, special letters were written either to the bank or to the State Superintendent of Banks, calling attention to the unsatisfactory and criticised matters, with a request or direction that corrective action be taken. A list of closed banks and banks in a seriously overextended condition that were indebted to the Federal reserve bank as of May 31 and November 30 was compiled and forwarded to the Federal Reserve Board shortly after the close of business on each of the above dates.

Reports of Earnings and Dividends and Reports of Condition

Approximately 3,950 reports of earnings and dividends and reports of condition were received, checked, and recorded.

Applications for permission to exercise fiduciary powers approved, etc.

The following applications for permission to exercise fiduciary powers were approved by the Federal Reserve Board during 1930:

<u>Name of Bank</u>	<u>Location</u>	<u>Date Approved</u>	<u>Capital</u>	<u>Powers</u>
Lumbermens National Bank	Menominee, Mich.	6-6-30	\$100,000	Limited
Freeborn Co. Nat'l Bk. & Tr. Co.	Albert Lea, Minn.	1-30-30	100,000	Full
The Empire National Bank	St. Paul, Minn.	11-25-30	350,000	Full
First National Bank	Spring Valley, Minn.	8-30-30	50,000	Full
National Park Bank in	Livingston, Mont.	11-25-30	100,000	Full
First National Bank in	Miles City, Mont.	5-29-30	150,000	Full
Union Nat'l Bk. & Tr. Co. in	Minot, N. D.	4-15-30	100,000	Full
First National Bank	Aberdeen, S. D.	2- 7-30	100,000	Full
Deuel County National Bank	Clear Lake, S. D.	10-22-30	25,000	Full
Lake Norden National Bank	Lake Norden, S. D.	7-22-30	25,000	Limited
(Title changed 9-22-30 to First Nat'l Bank & Trust Co.)				

Seventeen applications of individuals for permission to serve at the same time as directors, officers, or employees of a member bank and not more than two other banking institutions under the Clayton Act, were received and approved by the Federal Reserve Board during 1930.

One hundred forty-eight applications affecting the stockholdings of member banks in the Federal reserve bank were received and approved during the year.

Applications for National Charters

Total number of applications referred to this office for recommendation.... 23
 (Of these, 17 were granted charters by the Comptroller of the Currency, charters were refused to 2, the organization was incomplete as to 3 on December 31, 1930, and 1 was abandoned.)

Information regarding suspended banks obtained from State Superintendents

During the year at the request of the Federal Reserve Board, we mailed Forms St.6386b to each State Superintendent of Banks, requesting information on suspended non-member banks. These forms show the capital, surplus, deposits, and borrowed money of the banks at the date of closing; also the primary cause of closing and contributing causes. When the information is received from the various State Superintendents, it is forwarded to the Federal Reserve Board.

Information was also forwarded to the Federal Reserve Board monthly in Forms St.6386a, 6386c, and 6386d, showing bank consolidations, organizations, liquidations, conversions, etc., and changes in group or chain banking.

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BANK CHANGES IN 1930

Total number of member banks in the district January 1, 1930		702
New national banks organized		17
State banks admitted		0
		<hr/> 719
National banks absorbed by non-member state institutions	15	
National banks absorbed by member state institution and non-member state institution	1	
National banks absorbed by other national banks	8	
National banks absorbed by other national banks and non-member state institution	1	
National banks consolidated with other national banks	2	
National banks succeeded by other national banks	8	
National banks liquidated	11	
State member banks converted to national banks	1	
State member banks succeeded by non-member state institutions	1	
State member banks withdrawals	6	
State member banks liquidated	2	56
		<hr/>
Total number of member banks at the end of the year		663
(Per stock book records.)		

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Membership

At the close of the year, there were 663 member banks in this district, as compared with 702 member banks at the beginning of the year. There was a net loss of 29 national banks and 10 state banks. The total membership at the close of 1930 was divided into 621 national banks and 42 state banks. The new members are:

<u>Name of Bank</u>	<u>Location</u>	<u>No. of Shares Subscribed</u>
The First National Bank in	Manistique, Mich.	39
Freeborn County National Bank & Trust Co. of	Albert Lea, Minn.	72
Farmers & Merchants National Bank in	Ivanhoe, Minn.	21
The Northwestern National Bank of	Litchfield, Minn.	60
The Continental National Bank of	Harlowton, Mont.	60
The First National Bank of	Carson, N. D.	18
First National Bank in	Garrison, N. D.	18
The Union National Bank & Trust Co. in	Minot, N. D.	75
First National Bank in	Neche, N. D.	18

<u>Name of Bank</u>	<u>Location</u>	<u>No. of Shares Subscribed</u>
The First National Bank of	Bison, S. D.	18
First National Bank in	Britton, S. D.	24
The First National Bank & Trust Co. of	Chamberlain, S. D.	21
Security National Bank of	Huron, S. D.	150
The First National Bank of	Leola, S. D.	21
First National Bank in	Mobridge, S. D.	36
The First National Bank of	Philip, S. D.	42
First National Bank in	Phillips, Wis.	21

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MEMBER BANKS SEVERING CONNECTIONS WITH THIS FEDERAL RESERVE BANK DURING 1930

NATIONAL BANKS ABSORBED BY NON-MEMBER STATE INSTITUTIONS

<u>Date</u>	<u>Name of Bank</u>	<u>Location</u>	<u>No. of Shares Surrendered</u>
4-9-30	First National Bank (Absorbed by Bank of Canby, Canby, Minn.)	Canby, Minn.	18
9-5-30	First National Bank (Absorbed by Cottonwood State Bank, Cottonwood, Minn.)	Cottonwood, Minn.	24
1-24-30	First National Bank (Absorbed by Farwell State Bank, Farwell, Minn.)	Farwell, Minn.	17
8-1-30	First National Bank (Absorbed by Exchange State Bank, Grand Meadow, Minn.)	Grand Meadow, Minn.	32
8-29-30	First National Bank (Absorbed by Murray County State Bank, Slayton, Minn.)	Iona, Minn.	19
4-21-30	First National Bank (Absorbed by Scanlan-Habberstad Bk. & Tr. Co., Lanesboro, Minn.)	Lanesboro, Minn.	36
5-31-30	First National Bank (Absorbed by Lac Qui Parle County Bank and Madison State Bank, Madison, Minn.)	Madison, Minn.	30
11-18-30	Saint Paul National Bank (Absorbed by First State Bank, St. Paul, Minn.)	St. Paul, Minn.	75
9-5-30	American National Bank (Absorbed by Forsyth State Bank, Forsyth, Mont.)	Forsyth, Mont.	21
6-27-30	Labor National Bank (Absorbed by Conrad Banking Company, Great Falls, Mont.)	Great Falls, Mont.	75
10-20-30	First National Bank (Absorbed by First State Bank, Ashley, N. D.)	Ashley, N. D.	18
9-26-30	First National Bank (Absorbed by First State Bank, Max, N. D.)	Max, N. D.	18
5-31-30	First National Bank (Absorbed by Union Bank of McVille, N. D.)	McVille, N. D.	21
3-24-30	First National Bank (Absorbed by Montpelier State Bank, Montpelier, N. D.)	Montpelier, N. D.	18
3-27-30	First National Bank (Absorbed by First State Bank, Reeder, N. D.)	Reeder, N. D.	26

NATIONAL BANKS ABSORBED BY MEMBER AND NON-MEMBER STATE INSTITUTIONS

7-7-30	First National Bank (Absorbed by Ravalli County Bank (member) and Citizens State Bank (non-member), Hamilton, Mont.)	Hamilton, Mont.	35
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NATIONAL BANKS ABSORBED BY OTHER NATIONAL BANKS

2-21-30	First National Bank (Absorbed by First National Bank, Breckenridge, Minn.)	Campbell, Minn.	21
5-7-30	First National Bank (Absorbed by Merchants National Bank, Sauk Centre, Minn.)	Sauk Centre, Minn.	60
6-5-30	First National Bank (Absorbed by Farmers National Bank, Chinook, Mont.)	Chinook, Mont.	90
5-5-30	Farmers National Bank (Absorbed by Continental National Bank, Harlowton, Mont.)	Harlowton, Mont.	19

NATIONAL BANKS ABSORBED BY OTHER NATIONAL BANKS (CONTINUED)

<u>Date</u>	<u>Name of Bank</u>	<u>Location</u>	<u>No. of Shares Surrendered</u>
5-14-30	Bathgate National Bank (Absorbed by First National Bank in Neche, N. D.)	Bathgate, N. D.	30
8-14-30	First National Bank (Absorbed by First National Bank, Cando, N. D.)	Egeland, N. D.	21
7- 7-30	First National Bank (Absorbed by Farmers & Merchants Nat'l Bank, Hatton, N. D.)	Hatton, N. D.	30
1- 9-30	First National Bank (Absorbed by Merchants National Bank, Willow City, N. D.)	Omamee, N. D.	21

NATIONAL BANK ABSORBED BY OTHER NATIONAL BANK AND NON-MEMBER STATE INSTITUTION

5-10-30	Transportation Brotherhoods Nat'l Bank, Minneapolis, Minn. (Absorbed by Marquette National Bank and Marquette Trust Company, Minneapolis, Minn.)		150
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NATIONAL BANKS CONSOLIDATED WITH OTHER NATIONAL BANKS

4- 4-30	Farmers National Bank (Consolidated with First National Bank, Blue Earth, Minn.)	Blue Earth, Minn.	45
2-24-30	Hillsboro National Bank (Consolidated with First National Bank, Hillsboro, N. D.)	Hillsboro, N. D.	36

NATIONAL BANKS SUCCEEDED BY OTHER NATIONAL BANKS

1- 9-30	Pipestone National Bank of (Succeeded by The Pipestone National Bank, Pipestone, Minn.)	Pipestone, Minn.	45
8-11-30	Farmers & Merchants National Bank of (Succeeded by Farm. & Mer. Nat'l Bank in Ivanhoe, Minn.)	Ivanhoe, Minn.	29
1- 7-30	National Park Bank of Livingston (Succeeded by National Park Bank in Livingston, Mont.)	Livingston, Mont.	120
5-31-30	Union National Bank of (Succeeded by Union Nat'l Bank & Trust Co., in Minot, N. D.)	Minot, N. D.	75
5-14-30	First National Bank of Neche (Succeeded by First National Bank in Neche, N. D.)	Neche, N. D.	30
6- 7-30	First National Bank of (Succeeded by First National Bank in Britton, S. D.)	Britton, S. D.	36
3-10-30	Farmers & Merchants National Bank of (Succeeded by Farm. & Mer. Nat'l Bank in Milbank, S. D.)	Milbank, S. D.	54
8- 2-30	First National Bank of (Succeeded by First National Bank in Moberg, S. D.)	Moberg, S. D.	36

NATIONAL BANKS LIQUIDATED DUE TO INSOLVENCY

8-29-30	First National Bank	Grass Range, Mont.	20
3-27-30	First National Bank	Roy, Mont.	18
4-28-30	First National Bank	Ambrose, N. D.	18
5-27-30	First National Bank	Edmore, N. D.	21
9- 9-30	First National Bank	Litchville, N. D.	24
1- 3-30	First National Bank	Mayville, N. D.	36
9-12-30	First National Bank	Northwood, N. D.	36
5-21-30	Citizens National Bank	Streeter, N. D.	22
6-20-30	First National Bank	Tower City, N. D.	17
12-17-30	First National Bank	Washburn, N. D.	18
5-31-30	Lake County National Bank	Madison, S. D.	54

STATE MEMBER BANKS CONVERTED TO NATIONAL BANKS

3-19-30	Bank of Philip (Converted to First National Bank of Philip, S. D.)	Philip, S. D.	42
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STATE MEMBER BANK SUCCEEDED BY NON-MEMBER STATE INSTITUTION

6-12-30	Commercial State Bank (Succeeded by Northwestern Bank of Gregory, S. D.)	Gregory, S. D.	36
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STATE MEMBER BANK WITHDRAWALS

<u>Date</u>	<u>Name of Bank</u>	<u>Location</u>	<u>No. of Shares Surrendered</u>
8-25-30	State Bank of Anoka	Anoka, Minn.	45
7-25-30	Swift County Bank, Inc.	Benson, Minn.	72
4-10-30	Farmers & Merchants State Bank	Hutchinson, Minn.	38
5-20-30	Ihlen State Bank	Ihlen, Minn.	18
6-30-30	Montana Trust & Savings Bank	Helena, Mont.	150
11-10-30	First State Bank	Stratford, S. D.	20

STATE MEMBER BANKS LIQUIDATED DUE TO INSOLVENCY

3-19-30	First State Bank	Spring Valley, Minn.	42
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STATE MEMBER BANKS VOLUNTARILY LIQUIDATED

8-11-30	Reed Point State Bank	Reed Point, Mont.	19
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MEMBER BANKS THAT HAVE BEEN ABSORBED BY OTHER BANKS AND WHICH HAVE NOT AS YET SURRENDERED THEIR STOCK IN THE FEDERAL RESERVE BANK

<u>Date</u>	<u>Name of Bank</u>	<u>Location</u>
12-22-30	First National Bank of (Succeeded by First National Bank in Manistique)	Manistique, Mich.
12-31-30	First National Bank (Taken over by Forest Lake State Bank, Forest Lake, Minn.)	Forest Lake, Minn.
11-29-30	First National Bank (Absorbed by Hancock National Bank, Hancock, Minn.)	Hancock, Minn.
12-14-25	National Bank of (Succeeded by First National Bank in Litchfield, Minn.)	Litchfield, Minn.
8-16-30	First National Bank in (Succeeded by Northwestern National Bank of Litchfield, Minn.)	Litchfield, Minn.
11- 8-30	Metropolitan National Bank (Absorbed by Northwestern National Bank, Minneapolis, Minn.)	Minneapolis, Minn.
12-20-30	Welcome National Bank (Absorbed by Welcome State Bank, Welcome, Minn.)	Welcome, Minn.
12- 4-30	Malta National Bank (Taken over by First State Bank, Malta, Mont.)	Malta, Mont.
11-12-30	First National Bank of (Succeeded by First National Bank in Garrison, N. D.)	Garrison, N. D.
12-20-30	First National Bank (Absorbed by Farmers State Bank, Petersburg, N. D.)	Petersburg, N. D.
12- 1-30	National Bank of Gary (Absorbed by First National Bank, Gary, N. D.)	Gary, S. D.
5-21-30	New First National Bank of (Absorbed by Miner County Bank of Howard, S. D.)	Howard, S. D.
8-16-30	First National Bank of (Succeeded by First National Bank in Phillips, Wis.)	Phillips, Wis.

CLOSED MEMBER BANKS THAT HAVE NOT AS YET SURRENDERED THEIR STOCK IN THE FEDERAL RESERVE BANK

12-22-30	First National Bank	Tyler, Minn.
7-26-30	First National Bank	Hobson, Mont.
11-22-30	First National Bank	Forman, N. D.
12- 3-30	First National Bank	Walhalla, N. D.
12- 5-30	First National Bank	Elk Point, S. D.
12-15-30	First National Bank	Goodwin, S. D.
12-11-30	Brown County Banking Company	Groton, S. D.
12-11-30	American National Bank	Redfield, S. D.
8-21-30	Farmers National Bank	Glenwood City, Wis.

MEMBER BANKS IN ACTUAL OPERATION DECEMBER 31, 1930

National Banks	600
State Banks	41
Total	<u>641</u>

FEDERAL RESERVE NOTES

On December 31 the Agent's records show outstanding Federal Reserve Notes amounting to \$58,704,305 or a reduction since the close of 1929 of \$15,215,265. The actual contraction in our notes in the hands of the public was \$13,298,000 due to the fact that \$1,917,265 more of notes was carried in the cash at the close of 1929 than on December 31, 1930.

For the first two months of 1930 our circulation held even with the issue of the previous year. In the following months there was a steady decrease until September with further decreases in October and November. The holiday season demand together with unfavorable developments at several points in our District brought about an increased need for our notes. To take care of demand in December we called upon the Agent to supply us with \$7,050,000 in notes. Allowing for the extra notes held in the cash the increase in circulation during the last month of the year was \$4,729,000. The major portion of the increase in December will no doubt be returned to us during January.

Of the \$58,704,305 in notes issued by the Agent and outstanding \$45,466,900 represents the new series notes and \$13,237,405 the large size old series notes which have not yet been presented for redemption. On July 1, 1929 when the small size note was first placed in circulation we had outstanding old series notes to the amount of \$71,575,000. At the close of 1929 we had outstanding \$36,267,000 of these notes. During the past year old series notes to the amount of \$23,030,165 have been redeemed and destroyed in addition to which \$8,012,000 of the larger denominations in the old series held by the Agent have been retired at Washington. Reduction in the old series notes from now on will likely be slow. Out of \$1,503,400 in notes destroyed during December, \$1,128,550 was the amount of the small size notes so retired. Total notes destroyed during 1930 was \$43,217,265 and of this amount \$13,175,100 represented the small size notes which have been issued during the past 18 months.

Since July 1, 1929 we have issued \$72,609,000 in new notes \$33,224,000 of which has been taken from the Agent during 1930. During the past year we have turned back to the Agent fit-for-use small size notes to the amount of \$11,050,000 and requisitioned only \$5,828,000. On December 31 the Agent held \$6,000,000 in used currency quite fit

FEDERAL RESERVE NOTES (Contd)

for further circulation. To prevent further accumulation and to save unnecessary note printing costs we are reducing materially the amount of new notes placed in shipments to member banks.

New silver certificates and legal tender notes mostly of small denominations were issued during 1930 to the amount of \$11,830,000 and \$12,042,000 respectively. New series gold certificates to the amount of \$9,475,000 were also issued making an additional supply of \$33,347,000 in new notes placed in circulation in our District during the year. Gold certificates return to us rapidly and are re-issued a number of times yearly.

On December 31, 1930 the Agent held \$28,610,000 in new notes which added to the fit notes held made a total of \$34,610,000 on hand. In addition to this amount there is held at Washington, printed and paid for, a stock amounting to \$69,700,000. With the notes to be printed before June 30, 1931 we should have a supply in all denominations sufficient for our needs during the next two and one-half years at least. In this connection we wish to mention that no printing order for notes has been given by us for the fiscal year beginning July 1, 1931 and we do not think such an order will be necessary until one year later. The saving on note costs has not been as great as was expected. The prices first quoted were \$89.50 per 1000 sheets of notes which resulted in a saving of about 16 per cent on the old cost. Since July the cost was advanced to \$92.45 per 1000 sheets reducing the saving to 13 per cent. However, it is apparent that the small size note when properly seasoned will last longer and shipping expense by mail is less.

In looking over the accompanying tables it will be noted how the ratio of issue by denominations has changed during the past year. The \$20 bill has always been popular but never more so than now. Of the amount in circulation on December 31 nearly 43 per cent was in 20's. Five dollar bills dropped from 26.5 per cent of the total amount in 1929 to 10.91 per cent last year. The percentage of \$10 bills was the lowest since 1926. When we note the increase^D percentages of the larger denominations it is apparent that a considerable portion of our notes is being taken out of circulation and hidden away.

FEDERAL RESERVE NOTES RECEIVED AND ISSUED BY AGENT DURING 1930

IN HANDS OF AGENT DECEMBER 31, 1929.

	<u>NEW</u>	<u>FIT FOR USE</u>	<u>TOTAL</u>
Fives	\$ 9,760,000	\$ -	\$ 9,760,000
Tens	11,720,000	-	11,720,000
Twenties	22,800,000	-	22,800,000
Fifties	975,000	350,000	1,325,000
Hundreds	1,550,000	-	1,550,000
Five Hundreds	1,329,000	278,000	1,507,000
Thousands	<u>1,500,000</u>	<u>150,000</u>	<u>1,650,000</u>
Total	\$ 49,534,000	\$ 778,000	\$50,312,000

	<u>RECEIVED FROM COMPTROLLER</u>	<u>RETURNED BY BANK</u>	<u>TOTAL RECEIVED</u>
	<u>NEW</u>	<u>FIT FOR USE</u>	
Fives	\$ 2,000,000	\$ 2,000,000	\$ 4,000,000
Tens	5,000,000	4,950,000	9,950,000
Twenties	2,000,000	3,900,000	5,900,000
Fifties	800,000	150,000	950,000
Hundreds	1,600,000	50,000	1,650,000
Five Hundreds	300,000	-	300,000
Thousands	<u>600,000</u>	<u>-</u>	<u>600,000</u>
Total	\$ 12,300,000	\$11,050,000	\$23,350,000

ISSUED TO BANK

	<u>NEW</u>	<u>FIT FOR USE</u>	<u>TOTAL</u>
Fives	\$ 2,660,000	\$ 1,600,000	\$ 4,260,000
Tens	9,880,000	1,800,000	11,680,000
Twenties	15,120,000	1,600,000	16,720,000
Fifties	1,050,000	350,000	1,400,000
Hundreds	1,900,000	50,000	1,950,000
Five Hundreds	1,139,000	278,000	1,417,000
Thousands	<u>1,475,000</u>	<u>150,000</u>	<u>1,625,000</u>
Total	\$ 33,224,000	\$ 5,828,000	\$39,052,000

IN HANDS OF AGENT DECEMBER 31, 1930

	<u>NEW</u>	<u>FIT FOR USE</u>	<u>TOTAL</u>
Fives	\$ 9,100,000	\$ 400,000	\$ 9,500,000
Tens	6,840,000	3,150,000	9,990,000
Twenties	9,680,000	2,300,000	11,980,000
Fifties	725,000	150,000	875,000
Hundreds	1,250,000	-	1,250,000
Five Hundreds	390,000	-	390,000
Thousands	<u>625,000</u>	<u>-</u>	<u>625,000</u>
Total	\$ 28,610,000	\$ 6,000,000	\$34,610,000

RATIO OF ISSUE BY DENOMINATIONS

	1930	1929	1928	1927	1926	1925	1924	1923
Fives	10.91%	26.5%	28.1%	25.4%	30.8%	29.9%	31.9%	28.9%
Tens	29.91	34.9	35.7	37.5	29.1	27.3	27.1	31.9
Twenties	42.82	33.1	30.9	33.3	33.3	30.9	29.3	32.8
Fifties	3.58	1.6	1.6	1.2	2.4	4.7	3.3	2.1
Hundreds	4.99	3.2	3.1	2.4	3.6	4.7	5.5	3.2
Five Hundreds	3.63	.2	.3	.1	.2	.8	1.4	.3
Thousands	<u>4.16</u>	<u>.5</u>	<u>.3</u>	<u>.1</u>	<u>.6</u>	<u>1.7</u>	<u>1.5</u>	<u>.8</u>
	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

FEDERAL RESERVE NOTES ISSUED TO BANK

COMPARATIVE BY MONTHS 1926-1930

	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>	<u>1930</u>
January	\$ 905,000	\$ 1,490,000	\$ 660,000	\$ 2,540,000	\$ 1,590,000
February	2,170,000	1,410,000	2,300,000	2,610,000	8,812,000
March	3,435,000	2,230,000	2,495,000	5,835,000	3,700,000
April	5,300,000	3,704,000	3,705,000	2,260,000	3,500,000
May	1,690,000	1,170,000	2,850,000	3,780,000	1,050,000
June	6,145,000	2,865,500	2,855,000	1,560,000	1,350,000
July	5,735,000	4,950,000	1,985,000	8,165,000	900,000
August	1,065,000	1,215,000	2,480,000	9,410,000	2,640,000
September	5,661,500	4,800,000	4,735,000	8,775,000	4,065,000
October	4,690,000	5,715,000	6,620,000	17,275,000	2,075,000
November	5,240,000	3,330,000	5,710,000	4,329,000	2,300,000
December	4,665,500	3,825,000	3,620,000	7,215,000	7,050,000
Total for Year	\$46,702,000	\$36,694,500	\$40,015,000	\$73,754,000	\$39,052,000

FEDERAL RESERVE NOTES DESTROYED AT
WASHINGTON

COMPARATIVE BY MONTHS 1926-1930.

	<u>1926</u>	<u>1927</u>	<u>1928</u>	<u>1929</u>	<u>1930</u>
January	\$ 3,081,900	\$ 2,849,400	\$ 2,605,300	\$ 3,435,600	\$ 5,345,100
February	2,266,500	2,283,300	2,372,100	2,037,350	11,453,015
March	3,005,200	2,197,885	1,611,650	2,421,850	4,187,800
April	2,821,100	1,990,650	2,390,355	1,974,250	4,535,250
May	2,177,600	1,927,300	2,163,300	2,929,250	3,296,750
June	2,927,300	1,829,050	2,447,800	1,189,000	1,953,550
July	2,706,200	1,465,150	2,595,550	3,251,250	2,987,100
August	2,499,600	1,960,500	2,053,800	5,783,050	1,928,100
September	2,836,100	1,792,850	1,868,050	4,512,750	1,724,900
October	2,927,000	1,442,000	2,034,200	17,559,900	2,615,200
November	2,062,700	2,580,250	2,862,880	5,354,700	1,687,100
December	2,524,750	1,652,000	1,803,050	4,686,000	1,503,400
Total for Year	\$31,835,950	\$23,970,335	\$26,808,035	\$55,134,950	\$43,217,265

FEDERAL RESERVE NOTES ISSUED AND
DESTROYED SINCE ORGANIZATION

	<u>Issued to Bank</u>	<u>Destroyed at Washington</u>
1914	\$ 260,000	\$ 0
1915	13,742,000	0
1916	9,880,000	895,955
1917	42,230,000	8,988,095
1918	57,140,000	9,421,540
1919	39,990,000	36,771,805
1920	39,450,000	40,766,785
1921	39,265,000	49,748,580
1922	43,360,000	32,784,320
1923	40,205,000	27,320,330
1924	52,030,000	28,173,395
1925	44,330,500	30,108,355
1926	46,702,000	31,835,950
1927	36,694,500	23,970,335
1928	40,015,000	26,808,035
1929	73,754,000	55,134,950
1930	39,052,000	43,217,265
Total	\$ 658,100,000	\$ 445,945,695

ISSUE, REISSUE AND DESTRUCTION OF FEDERAL RESERVE NOTES SINCE
OPENING OF BANK AS OF DECEMBER 31, 1930.

	<u>Received from Controller</u>	<u>Returned By Bank to Agent</u>	<u>Total</u>
Fives	\$ 166,400,000	\$ 30,000,000	\$ 196,400,000
Tens	171,760,000	54,950,000	226,710,000
Twenties	168,000,000	54,400,000	222,400,000
Fifties	10,000,000	4,250,000	14,250,000
Hundreds	16,000,000	5,750,000	21,750,000
Five Hundreds	2,900,000	1,100,000	4,000,000
Thousands	4,200,000	3,000,000	7,200,000
Total . . .	\$ 589,260,000	\$ 153,450,000	\$ 692,710,000

ISSUED TO BANK

	<u>NEW</u>	<u>Fit-For-Use</u>	<u>Total</u>
Fives	\$ 158,300,000	\$ 29,600,000	\$ 187,900,000
Tens	165,120,000	51,800,000	216,920,000
Twenties	157,170,000	52,100,000	209,270,000
Fifties	9,275,000	4,100,000	13,375,000
Hundreds	14,700,000	5,750,000	20,450,000
Five Hundreds	2,510,000	1,100,000	3,610,000
Thousands	3,575,000	3,000,000	6,575,000
Total . . .	\$ 510,650,000	\$ 147,450,000	\$ 658,100,000

DESTROYED AT WASHINGTON

	<u>Returned By Agent</u>	<u>Returned by Treasurer</u>	<u>Returned by Minneapolis</u>	<u>Returned by Other F.R.Bks.</u>	<u>Total</u>
Fives	\$ 4,260,000	\$ 3,885,255	\$ 76,816,000	\$ 65,366,680	\$ 150,327,935
Tens	2,545,000	4,441,720	70,897,000	67,058,690	144,942,410
Twenties	1,020,000	2,657,400	56,713,500	67,719,600	128,110,500
Fifties	25,000	225,500	4,354,000	2,935,950	7,520,450
Hundreds	30,000	310,300	5,889,000	4,516,100	10,745,400
Five Hundreds	none	46,500	1,396,500	410,000	1,853,000
Thousands	"	77,000	1,774,000	595,000	2,446,000
	\$ 7,880,000	\$ 11,643,675	\$ 217,820,000	\$ 208,602,020	\$ 445,945,695

	<u>In hands of Agent December 31, 1930</u>	<u>Outstanding December 31, 1930</u>
Fives	\$ 9,500,000	\$ 7,572,065
Tens	9,990,000	17,027,590
Twenties	11,980,000	26,759,500
Fifties	875,000	1,604,550
Hundreds	1,250,000	3,954,600
Five Hundreds	390,000	657,000
Thousands	625,000	1,129,000
Total	\$ 34,610,000	\$ 58,704,305

FISCAL AGENCY FUNCTIONS - 1930

Issues, redemptions or exchanges of various United States Government securities, including Treasury Savings certificates redeemed at this office, which were handled by the Fiscal Agency operated by us for the United States Government, numbered 34,044 pieces and amounted to \$80,475,397.75 as compared with 58,028 pieces amounting to \$128,941,796.25 in 1929.

This Agency also handled during 1930, 3,654 orders for the purchase of Government securities and 6,967 resales of Government securities totaling \$76,234,470. In addition, either delivery or payment, or both was handled for banks and trust companies on 785 transactions in Government securities amounting to \$69,794,400. There were also 659 transactions of miscellaneous general market securities aggregating \$2,758,200. Altogether, of these various transactions there were 13,265 totaling \$168,787,070, as compared with 13,788 totaling \$150,226,630 in 1929.

Delivery of 33,682 pieces totaling \$61,960,500 was made on purchase and resale transactions for other than our own account. In addition, on exchange transactions, such as denominational exchange, the exchange of coupon for registered securities, etc., 18,753 pieces were delivered amounting to \$27,784,050. The total number of pieces delivered was 53,435 amounting to \$89,744,550 in comparison with 74,814 totaling \$130,023,900 during the preceding year.

This Agency handled subscriptions, allotments, payments and security deliveries in this district on five offerings of United States Treasury Certificates of Indebtedness during 1930. In such operations 942 individual subscriptions contained in 259 different applications were received. The amount allotted on these subscriptions was \$12,162,000.

During 1930, 56 tenders amounting to \$803,000 were received on 8 offerings of Treasury bills. Of these, 6 tenders for Treasury Bills ranging from 1.62% to 3.40% and amounting to \$116,000 were accepted. During 1929, 2 tenders totaling \$75,000 were accepted on the one offering of Treasury bills made that year. By Act of Congress

FISCAL AGENCY FUNCTIONS (Contd)

approved June 17, 1930 Treasury bills were given an additional tax exemption feature so that any gain from the sale or other disposition of Treasury bills issued after that date are exempt from all taxation (except estate and inheritance taxes) and no loss from the sale or other disposition thereof is allowed as a deduction, or otherwise recognized, for the purpose of any tax imposed by the United States or any of its possessions.

Including the weekly circular giving current market quotations on the various outstanding government issues, 81 circular letters were sent to all banks and trust companies in the district during 1930 in connection with fiscal agency operations.

In September, the Secretary of the Treasury announced that all $3\frac{1}{2}\%$ Treasury Notes of Series A 1930-32, of which there were then about \$649,000,000 outstanding, and all Treasury Notes of Series B 1930-32 of which there were approximately \$500,000,000 outstanding, were called for redemption on March 15, 1931.

At the close of the year, there were 180 banks and trust companies in this district which were designated as special depositories of public moneys, thereby being qualified to make payment through their War Loan Deposit Accounts on a by credit basis for subscriptions to new offerings of Government securities, with the exception of Treasury bills. This is 15 less than the number of banks so designated at the close of the preceding year.

The Fiscal Agency operated by us for the Government redeemed 534,226 Government and Federal Land Bank coupons amounting to \$9,274,533.96 during 1930 as compared with 585,275 coupons amounting to \$10,546,329.95 during 1929.

GENERAL SERVICE

<u>ADMINISTRATION</u>		<u>PURCHASING & STOCKROOM</u>		<u>TELEPHONE</u>		
No. of Officers & Employees	Expense	Number of Employees	Expense	Number of Employees	Expense	
Year 1930	.85	\$ 4,299.58	1.03	\$ 3,175.59	2.09	\$ 7,446.15*
Year 1929	1.20	5,709.02	1.04	3,161.81	2.08	9,091.79**
Monthly Average						
Year 1930		\$ 358.30		\$ 264.63		\$ 620.51
Year 1929		475.75		263.48		757.65
<u>TELEGRAPH</u>		<u>MAIL</u>		<u>REGISTERED MAIL-EXPRESS</u>		
Number of Employees	Expense	Number of Employees	Expense	Number of Employees	Expense	
Year 1930	2.38	\$15,399.62	9.27	\$ 9,526.65	1.81	\$ 3,174.98
Year 1929	1.70	14,809.15	8.05	8,183.78	2.04	3,311.82
Monthly Average						
Year 1930		\$ 1,283.30		\$ 793.89		\$ 264.58
Year 1929		1,234.10		681.98		275.98
<u>DUPLICATING</u>		<u>PROTECTION</u>		<u>OFFICE BOYS & PAGES</u>		
Number of Employees	Expense	Number of Employees	Expense	Number of Employees	Expense	
Year 1930	2.11	\$ 3,786.66	19.86	\$32,776.06	4.62	\$ 3,432.83
Year 1929	3.00	4,583.69	17.07	26,643.74	5.55	3,834.48
Monthly Average						
Year 1930		\$ 315.56		\$ 2,731.34		\$ 286.07
Year 1929		381.97		2,220.31		319.54
<u>AUTOMOBILE</u>		<u>EQUIPMENT REPAIRS</u>		<u>VAULT MAINTENANCE</u>		
Number of Employees	Expense	Number of Employees	Expense	Number of Employees	Expense	
Year 1930	1.06	\$ 2,484.87	2.31	\$ 6,447.18	2.63	\$ 3,942.63
Year 1929	1.09	2,704.27	2.10	6,060.37	2.10	3,262.14
Monthly Average						
Year 1930		\$ 207.07		\$ 537.27		\$ 328.55
Year 1929		225.36		505.03		271.84
<u>FILES AND OLD RECORDS</u>		<u>STENOGRAPHIC</u>				
Number of Employees	Expense	Number of Employees	Expense			
Year 1930	4.00	\$ 5,846.55	7.66	\$ 13,968.34		
Year 1929	4.00	5,504.79	9.14	15,679.17		
Monthly Average						
Year 1930		\$ 487.21		\$ 1,164.03		
Year 1929		458.73		1,306.60		

* Toll charges distributed to various expense units \$ 1,014.80
 ** " " " " " " " " 2,326.08

FEDERAL RESERVE CLUB

The activities of the Federal Reserve Club have continued along the same lines of previous years and the interest of the employees has been maintained with equal enthusiasm. The membership at present is practically 100%.

Educational features of the past year have included the privilege of attending the various courses provided by the American Institute of Banking in their night classes, as well as classes at the University of Minnesota Extension Division. The sum of \$275.00, set aside for refunds for the year 1930, has been increased to \$450.00, to take care of refunds in full to all members taking advantage of the educational work prescribed above.

The Federal Reserve Club Savings Fund has enjoyed another successful year, and has been of great value in fostering the thrift habit among our members. At the present time there are 102 subscribers to the fund, who contribute approximately \$935.00 each pay-day, or a total of \$1,850.00 each month. While the number of subscribers has not changed since a year ago at this time, due to a reduction in employees, the amount of the monthly subscriptions has increased 27 $\frac{1}{4}$ %. After functioning 27 months, the Savings Fund holds \$19,500.00 in United States Government Bonds to secure \$19,614.58 of members' deposits. We cannot help but feel that our faith in this undertaking has been more than justified.

Club athletic activities include a variety of sports and members seeking recreation in that direction have a wide choice. Golf continues to be exceptionally popular and both the handicap match and the blind bogey tournament receive enthusiastic support.

That the spirit of charity still prevails in our membership is indicated by their generous gifts of time and money to make the Christmas Doll and Toy display more attractive than in previous years.

FEDERAL RESERVE CLUB (Contd)

Dolls and toys are purchased with funds donated by the officers and employees, and the dolls are dressed by the girls of the bank and wives of the men employees. After our Christmas party these dolls and toys are turned over to the Family Welfare Association for distribution to the poor children of the city.

An average attendance of 91% to the four major gatherings shows that the social activities of the club held during the past year have been exceptionally well attended and supported by the members. These functions have indeed established a feeling of harmony and goodfellowship throughout the membership.

The budget covering Club activities is classified as follows:

Athletics	\$	525.00
Welfare		175.00
House Committee		1,875.00
Educational Refunds		450.00
Girls Activities		375.00
Contingencies		200.00
	\$	<u>3,600.00</u>
Less Dues		<u>480.00</u>
To be provided by bank	\$	3,120.00

WELFARE-CAFETERIA

The function of the progressive welfare department of today is not only the first aid to the sick but the education of the employee along health lines. This is accomplished not only with daily contacts within the institution, but also through the study of conditions during visits to the homes. This has not only prevented disease but has increased the efficiency of the workers. Co-operation with an active Federal Reserve Club has promoted good fellowship and a friendly relationship throughout the bank.

A comparison of the services rendered and the expense incurred is presented in the following table:

Year	House Calls	Telephone Calls	Office Service To	
			Male Employees	Female Employees
1930	30	125	668	534
1929	34	115	566	500
			1930	1929
	Salaries	\$ 1,800.00	\$ 1,800.00	
	Medical Supplies	96.77	82.03	
	Outside Medical Fees	33.00	0	
	Office Supplies	180.31	149.95	
	Local Transportation	10.95	0	
	All Other Expense	0	33.80	
		\$ 2,121.03	\$ 2,065.78	

During 1930 we were able to comply with the Federal Reserve Board's instructions to absorb one-third or less of the Cafeteria costs, absorbing but \$4,564.76 or 31% of the total expense. In 1929 the bank's net expense for the Cafeteria was \$6,003.88 or 35% of the total expense. The saving of \$1,500 in expense to the bank was made possible through the use of china and glasseware in place of paper plates and cups and the washing of most of the laundry by Cafeteria employees. Cost of food decreased \$1,500 and receipts \$1,100 indicating the reduction in food prices.

COMPARATIVE CAFETERIA EXPENSE

	1930	1929
Salaries	\$ 660.00	\$ 600.00
Salaries-Cooks-Waitresses	5,242.78	5,269.50
Service Supplies	570.26	1,852.22
Glass, China, Furnishings	166.35	189.54
Gas Fuel	173.08	172.15
Cost of Food	7,782.42	9,291.81
Miscellaneous	1.04	1.70
	<u>\$14,594.93</u>	<u>\$17,175.92</u>
Less receipts	10,031.17	11,173.04
Net deficit	\$ 4,564.76	\$ 6,003.88

HELENA BRANCH

On November 13, 1930 the Branch was examined by Head Office auditor and a complete report made to the Executive Committee which indicated the operations at Helena were efficiently handled. Between the above date and the close of the year there was no material change in the volume of the various functions as will be noted in the separate report made by Mr. R. E. Towle, Managing Director of the Helena Branch.

Earnings and expenses were not as satisfactory as in 1929 but the percentage of decrease in income at Helena was not as great as at Minneapolis. Total earned at the Branch was \$33,274.26 in comparison with profit of \$42,502.88 for the previous year. As practically all of Helena's earnings are from rediscounts the income from this source was comparatively better than from other sections of our District. The expense total of \$90,869.43 was \$3,747.87 in excess of the total expenditures in 1929. Practically all of this increase represented salary adjustments made as of January 1, 1930 with an additional guard employed in August. Reference is made to changes in other expense items in the general discussion of EXPENSES.

The Budget figures submitted by the Branch for 1931 appear to be too high, especially if suggestions made at the recent examination are carried out. It will be possible to eliminate one transit clerk, the filing clerk and the extra guard although the first two deletions are not suggested until the employment situation improves. The guard is temporary and will not be needed after the new fortress is installed. Through the reduction in the retainer paid Counsel Weir the Helena share of the payment is lowered \$600 yearly. Repairs and alterations should be less in 1931 and the change in transit equipment should result in lower maintenance charges. In addition to the above, by changing the blanket coverage Helena's proportion of the premium will be reduced nearly \$600.

Montana member bank reserves were never as high during the year as on January 1, 1930, at which time they were \$7,355,000. The low mark was \$5,457,000 on November 1. On December 31, 1930 total deposits were \$5,808,000.

HELENA BRANCH (Contd)

Discounting was more active in 1930 with 2,342 notes discounted for 40 banks in comparison with 1,587 items handled for 45 banks in the previous year. The total amount discounted in 1930 however, was only \$4,033,000 compared to a total of \$11,591,000 discounted during the prior year. At the close of 1930 there was a total of \$372,577.38 under rediscount with no collateral loans or notes secured by Government obligations.

Non-cash items collected on points outside Helena numbered 12,115 and aggregated \$4,308,000. During the previous year 13,551 items for \$5,721,000 were collected. City items collected fell from 2,704 in 1929 to 2,408 in 1930 but the amount of \$1,713,000 collected in 1930 was \$37,000 in excess of the total collected in 1929.

There was quite a decrease in items handled by the transit department during 1930 compared to 1929. For the past year 2,287,000 items were handled amounting to \$377,888,000. In 1929 the items handled were 2,504,000 in number and \$470,513,000 in amount. A few more Government items and items on other Federal reserve districts were handled in 1930 than in 1929 but 1,989,100 items were handled on Montana banks during 1929 compared to 1,794,000 such items handled in 1930.

Currency carried at Helena was generally lower throughout 1930 than during the previous year. This was due partly to lessened demand and also to the desire to avoid holding a larger amount on hand than appeared necessary. Notes of other Federal reserve banks were promptly returned in order that we might accumulate all the excess we could in our gold fund and other classes of notes were sorted promptly for reissue or redemption. The total amount of currency handled in 1930 was \$45,916,000 or approximately \$1,500,000 less than in 1929. More money was shipped to and received from country banks than in 1929 with lessened volume with the Helena city banks in 1930 than for the previous year. During 1930 the number of shipments made country member banks was 1,756 for \$9,950,000 with 612 shipments to non-members for \$3,005,000. In the previous year 1,704 shipments for \$9,619,000 were sent member banks with non-member banks sent 566

HELENA BRANCH (Contd)

shipments aggregating \$2,745,000. Member banks sent in \$7,728,000 contained in 1,573 shipments during 1930 and 1,166 shipments amounting to \$7,600,000 during 1929. Over 50 per cent of the notes of other Federal reserve banks handled at Helena came from San Francisco District. Out of \$2,165,000 of fit and unfit notes of the other banks shipped out by Helena during the past year \$1,114,000 belonged to San Francisco. There was a heavy increase in coin sent by members compared to 1929 small coin held on December 31, 1930 amounting to \$94,000 compared to \$43,000 held at the close of 1929.

Safekeeping facilities were further extended during the year at Helena. From a total of \$5,742,000 held for various purposes on December 31, 1929 the volume increased by the close of 1930 to \$7,631,000. In addition the Custodies Department at Minneapolis held \$10,939,000 of securities for account of 35 Montana member banks.

Wire transfers decreased in number and amount during 1930. Total wire transfers numbered 4,363 for \$124,352,000 in 1930 compared to 5,419 transfers for \$166,697,000 in 1929.

COMPARATIVE FUNCTIONAL EXPENSE REPORT
HELENA BRANCH

	1930			1929		
	Average Number Of	Average Number Of	Amount	Average Number Of	Average Number Of	Amount
	Officers	Employees		Officers	Employees	
Gen'l Overhead-Controllable	1.00	0	\$9,458.17	1.00	0	\$8,634.09
Gen'l Overhead Non-Controllable	0	0	4,612.40	0	0	4,813.55
Provision of Space	.10	1.00	6,991.34	.10	1.09	6,375.28
Provision of Personnel	.05	.04	602.82	.05	.06	754.95
General Service	.32	9.36	14,314.48	.31	9.44	13,348.32
Postage	0	0	3,312.13	0	0	2,968.41
Insurance	0	0	3,470.00	0	0	3,580.39
Failed Banks	.05	.07	477.93	.05	.04	401.66
Loans, Rediscounts & Acceptances	.22	.08	1,702.38	.16	.03	1,120.69
Securities	.15	.67	2,801.11	.15	.52	2,049.07
Currency and Coin	.20	2.82	7,612.54	.20	2.93	7,504.44
Check Collection	.10	8.21	13,001.92	.16	8.56	14,031.24
Non-Cash Collection	.14	1.78	4,479.12	.14	1.62	4,210.85
Accounting	.22	4.14	14,805.93	.22	3.72	14,189.22
Fiscal Agency	0	.01	30.00	0	.02	63.12
Legal	0	0	1,200.00	0	0	1,200.00
Auditing	.27	.17	1,933.77	.26	.09	1,562.93
Bank Relations	0	0	30.90	0	0	31.95
Bank Examinations	0	0	298.13	0	0	359.62
Statistical & Analytical	0	0	124.50	0	0	150.49
Grand Total	2.82	28.35	\$91,270.57	2.80	28.12	\$87,350.27
Total Current Expense			\$90,869.43			\$87,121.54
Stock of Supplies			401.14			228.73
			\$91,270.57			\$87,350.27