

*The  
Federal  
Reserve Bank  
of Philadelphia  
Annual Report*



### *About the cover:*

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These investors are in our Eastburn Court, looking over the application to open a Treasury Direct account. Individuals also come into the Bank every weekday to purchase Treasury securities and savings bonds.

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# *1986 Annual Report*

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## *President's Letter*

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*The Federal Reserve Bank of Philadelphia has split-level responsibilities. One level is as a team player, a member of a national System that makes decisions and takes actions that have an important impact on the country as a whole.*

*The other is more localized. This Bank also must provide leadership and services to make the Third District financial system and, in turn, the regional economy work better.*

*Continued*



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Maybe it's not always true that what's good for the District is good for the nation and vice versa, but in 1986 the Bank's crowning achievement most certainly satisfied both our national and our close-to-home responsibilities.

I refer to Treasury Direct. It is a brand new, nationwide book-entry system for U.S. Treasury securities which this Bank has been planning and developing for more than three years. In July we put Treasury Direct into operation with hardly a hitch. The computers in our building are linked to all Federal Reserve offices, and through them we are bringing Treasury Direct service to investors all over the country.



First Vice President  
Richard L. Smoot and  
President Edward G.  
Boehne

It is an all-win situation. The increased efficiency of Treasury Direct saves the U.S. Treasury tens of millions of dollars, while it also gives the nation's investors a lot of added safety and convenience. The Federal Reserve System has gained an expanded role in an important financial service, and this Bank winds up with a major new operation and the nice feeling that the entire project was introduced on time and under budget.

I like to think that Treasury Direct symbolizes the Bank's overall performance in 1986 — a successful fusion of our national and local responsibilities. Indeed 1986 was a year in which the Bank made many other important contributions on the System level and got the job done in the District as well.

There are three System-wide conferences that provide leadership for the Reserve Banks, and Philadelphia people were active in all of them. The Conference of Presidents and the Conference of First Vice Presidents were chaired in 1986 by me and the Bank's First Vice President, Dick Smoot, respectively. The Conference of Chairmen and Deputy Chairmen brings the leaders of the 12 Reserve Bank Boards together on a regular basis, and our Chairman, Bob Landis, headed the important Employee Benefits Committee.

In addition, our senior officers chair a number of other System committees, task forces and working groups, and the Bank's staff has made significant contributions to System projects such as Check Truncation and Inter-District Marketing.

On the Bank level, 1986 was a year of operational achievement. Not only was there Treasury Direct, but we began a two-year program that



will revamp every major operating system in the Bank. We had a number of reasons for such a major overhaul — such as controlling our unit costs and improving our efficiency — but our customers should only see better services at reasonable prices.

For example, 1986 brought more effective Automated Clearing House and funds transfer services as well as improved check availability. I believe that the Bank has reached the point where people naturally expect us to do a superior job, no matter what, and doing even better will be one of our biggest goals for 1987.

In a year that was highlighted by giant steps in automation, I am pleased to say that the Bank was guided by the principle that technology is for people and not the other way around. Several years ago we realized that something so new and different as Treasury Direct could be a bit scary for some less sophisticated investors, and we designed and carried out a national educational campaign.

With so much change in the Bank's operating services crammed into a short period, we acted again to improve people-to-people communication. In June 1986, we began a series of meetings with our customers all over the District to talk with them about our automation plans and to make sure we knew their needs during the changeover period. Excellence in communication was also the 1986 theme of "YOU ARE THIS BANK," a motivational program for our employees.

This Bank, through its Directors, President, and Research Department advisors, plays an important part in the determination of monetary policy. We found that 1986 was something of a good news-bad news year for the national economy. On the one hand, interest rates declined, and the economy expanded for the fourth year in a row. Inflation was "oiled" down to the lowest annual rate in over a decade. On the other hand, some industries and regions were left out of the expansion, notably in energy and agricultural related areas. Although the dollar declined, it didn't have the hoped-for impact on trade deficits. These were major disappointments nationally.

In contrast, the Third District economy continued to perform well in 1986. In terms of the unemployment rate, retail sales, and particularly housing, the District outdid the nation. Likewise, reports from our farms show little of the distress that still plagues the Midwest and other regions.

Third District banks also performed well relative to the nation, but the big news in 1986 was interstate banking. Pennsylvania and New Jersey both passed legislation to permit reciprocal interstate banking during the year (Delaware has allowed out-of-state banks to enter since 1981). Several interstate mergers had been announced between large Pennsylvania and New Jersey banks by the year's end and intense behind-the-scenes negotiations were continuing as various institutions prepared to compete on the new playing field.

This Bank also made preparations for interstate banking in 1986. Our Research Department studied its potential impact on financial markets and the Supervision and Regulation Department readied itself for an increasing number of applications.

In summary, I believe that the Bank got the job done on all levels of its responsibility in 1986. We accomplished a lot, both as a member of a national system and as a major provider of services to Third District institutions. In a year marked by achievements in operations and automation breakthroughs, we tried to keep the focus on the needs of people — the people we serve and those we employ.

*Edward G. Boehne*

Edward G. Boehne



## *1986 In Retrospect*

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*A year for the Bank is the sum total of many events, large and small, and here we list a representative sample. Most of the highlights are included along with a selection of other items, including some reports from the District economy. The intent is to create a balanced picture of our activities and accomplishments.*

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*The chronology is divided into calendar quarters to give a sense of flow and structure. We regret that we could mention by name only a small fraction of the people who made 1986 the fine year it was for the Bank.*

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## January Thru March

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At the first Board meeting of the year Chairman Bob Landis welcomed two new directors: Clarence McCormick, president of The Farmers and Merchants National Bank, Bridgeton, New Jersey, and Nicholas Riso, president of Giant Food Stores, Inc., Carlisle, Pennsylvania.

Treasury Direct underwent intensive testing as this nationwide book-entry system for U.S. Treasury securities began its final countdown. July was the target month.

In the auditorium, the Bank's Gospel Choir gave a concert in honor of Martin Luther King, Jr. This was one of 12 concerts during the year, six of which featured students from the Curtis Institute of Music.

After a series of explanatory meetings around the District, we implemented a new program to reduce risks that may arise when large volumes of funds are transferred by wire.



Production of the Treasury Direct video used throughout the System.



Students from the Curtis Institute of Music play to a full house in our auditorium.

The Bank offered HelpFinders confidential service to officers and employees to assist with solutions to personal problems.

The January/February issue of the Bank's *Business Review* came out with studies of the business cycle and of

relationships between productivity and the Federal deficit. Bank failure costs, the trade deficit, "junk" bonds, and what happened to M1 were among the other topics featured during the year.

Through the days of winter, our examiners were on the road to examine state member banks and inspect bank holding companies.

Almost 1,400 people toured the Bank during the first three months. They were escorted by the 10 retired employees in our successful part-time guide program.

The Federal Safety Council, Neighborhood Housing Services, Trust Officers Association, and Minority Business Women were among the outside groups that used the Bank's facilities in the first three months of 1986. We make meeting rooms available to appropriate groups that are sponsored by one of this Bank's officers.

Senior V.P. Jim Gaylord became the Chairman of the System Subcommittee on Personnel, which reviews benefits and other programs.

The first President's Idea Exchange of the year covered how to be a better listener. Dealing with stress was another topic in this management-level series.

Our President, Ed Boehne, presided over a meeting of the Conference of Federal Reserve Bank Presidents in the Board Room. As Chairman of the Conference for 1986, he conducted a total of seven meetings.

In February, we became one of the first four Reserve Banks to support active trading of mortgage-backed securities.



Employees from other Reserve Banks learn Treasury Direct procedures.



The Federal Reserve System agreed to comply with the spirit of the Gramm-Rudman deficit reduction effort and, early in the year, this Bank cut \$1.2 million from its 1986 budget.

*Employment increased in all Third District states, with especially strong*

*showings in southeastern Pennsylvania, central New Jersey, and Delaware.*

*Consumers boosted the economy as retail sales registered big gains over 1985, in some cases more than three times the national increase.*

## April Thru June

First Vice President Dick Smoot chaired a Conference of First Vice Presidents' meeting at this Bank. Reserve Banks' budget policy was a key item on the agenda. Another conference meeting was held in the Bank in November.

We began a special survey to evaluate our Fedline service and training. Fedline was introduced in 1985 to link smaller institutions to this Bank's mainframe via personal computers.

The 41st annual series of field meetings opened in Danville, Pennsylvania. Eight more of these dinner meetings for commercial bank directors and officers were held around the District in April and May. Attendance averaged 150.

Check information services for paying banks were expanded and now include 20 institutions, up from 12 a year ago.

The Bank's Board held a joint meeting with the directors of the Boston Reserve Bank in that city.



A "meet-the-artist" reception in the Eastburn Court.



One in a series of meetings with bankers to explain new electronic services.

In April, the District's 100th bank holding company was formed; six years ago only 25 such companies existed here.

Larry Murdoch, V.P. and Secretary, chaired the System Subcommittee on Public Information meeting in Seattle, Washington. The main order of business was educating investors about Treasury Direct.

New Automated Clearing House services were installed on schedule. ACH volume continued to grow rapidly in 1986, and the Bank purchased additional hardware for further expansion.

Federal judges from the Third Circuit came to the Bank for a day-long seminar on Economics and the Law, which we co-sponsored with the University of Pennsylvania.

First-line supervisors in various departments attended a series of seminars conducted by our Training Department.

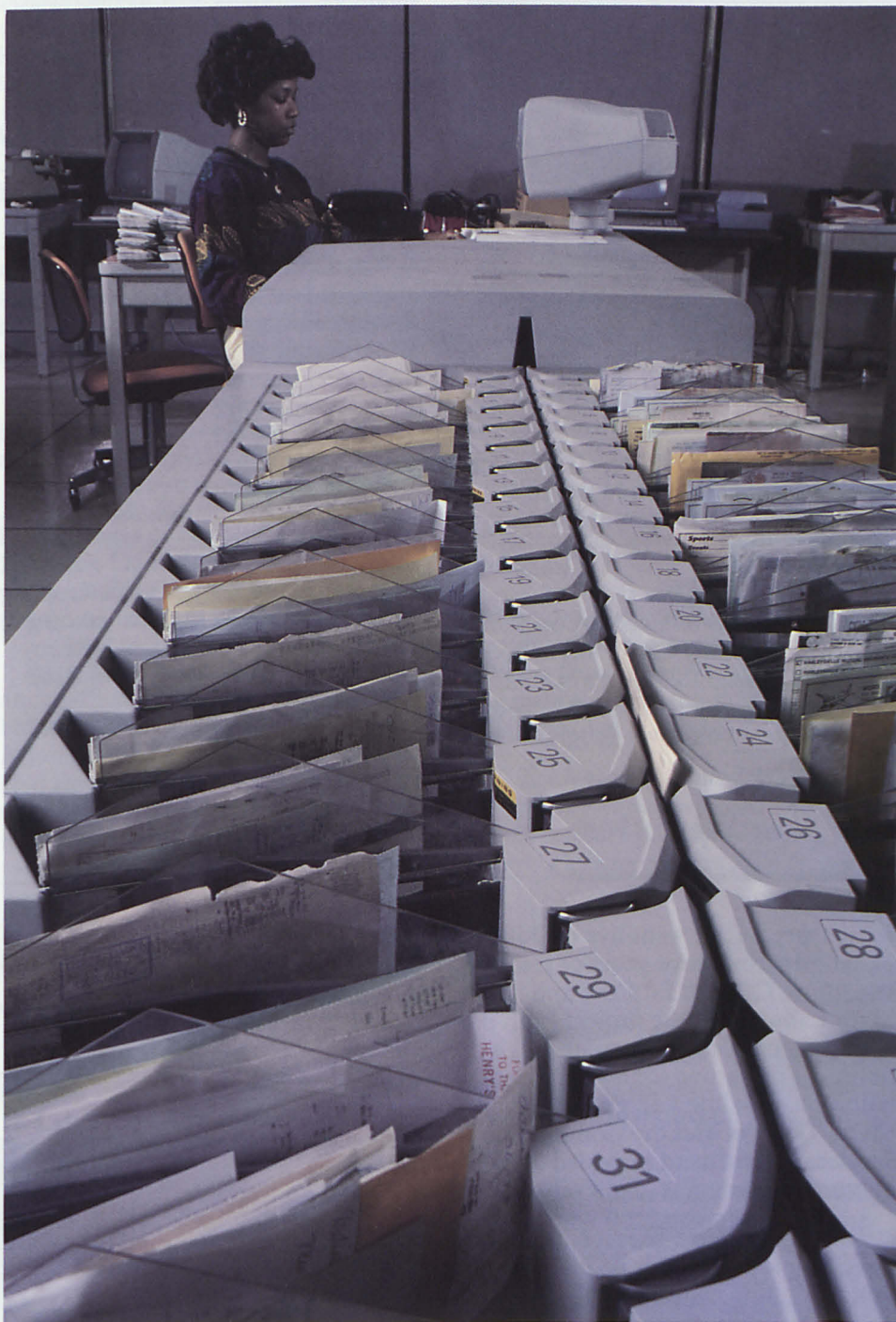
For the fourth year in a row, we hosted a reception for newly naturalized citizens. After taking their oaths in the Federal Court House, they came to the Bank for coffee and sweets.

Fedline capabilities were extended to include receipt of Automated Clearing House payments.



Clipping coupons is one of our Fiscal Department services.





Tracey Hambeau of the Checks Department sorts return items.



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Ed Coia and Mary Labaree, leaders in this Bank's development of the Treasury Direct Book-entry Securities System, discuss the department's operations.

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The Human Resources Department began a series of meetings for employees to explain the impact of the new tax legislation on Bank benefits.

George Butler, Chairman of the First Pennsylvania Bank, completed his service as this Bank's representative on the Federal Advisory Council. The council, which consists of a prominent banker from each Federal Reserve District, meets four times a year with the Fed's Governors in Washington.

Dynamic Calculated Availability became a reality on November 14 at 5:00 p.m. This is a new program that provides many check depositors with improved credit availability at a lower price. It came about because we now can analyze each individual check in a mixed deposit according to the location of the bank on which it is drawn.



Annie Ward helps a customer fill out a savings bond purchase application.

Ted Crone, our top regional economist, took over as host for the MIT Enterprise Forum, which meets regularly in our auditorium to promote the development of new firms.

In the latter part of 1986, Manager Bill Reardon and more than 30 employees from eight departments were working to develop the Bank's new Integrated Accounting System. Scheduled for introduction in 1987, it will increase standardization among Reserve Banks which, in turn, should help the System accommodate interstate banking.

Sales in the Savings Bond department boomed in 1986, up more than 30 percent. In the last week of October alone, Camille Ochman and her staff received more than 10,000 applications to buy bonds.

At the November Board meeting, Ed Boehne and Dick Smoot reported to directors on the state of the Bank. They said that most objectives for 1986 had been met and predicted that the Bank would achieve its net revenue targets for the year while keeping expenditures below targeted Gramm-Rudman budget levels. It did.



Jim McGowan of Temple University, who doesn't let his wheel chair keep him from skydiving, sailplaning and attempting to swim the English Channel, signs autographs as he helps kick off the Bank's United Way campaign.

Gus Adack, Senior V.P., reported that checks, Automated Clearing House, noncash, and cash operations all achieved full cost recovery in 1986, and the Bank as a whole did better than expected, thanks to cost-control and volume growth, particularly in checks.

We announced a new policy for pricing various consumer publications, and other Reserve Banks will be watching our experience in 1987.

On December 29, the Meridian Bank joined the Federal Reserve as a state member. In addition, four other banks applied for membership in 1986.

*Nineteen Hundred Eighty-Six ended on a positive note. All three states in the District had unemployment rates well below the national average. Even the manufacturing sector was showing signs of improvement, and the Bank's survey of manufacturers showed increases in employment.*



In the Cash Department, workers count and verify currency from banks in the 3rd District with the help of high-speed machinery.



## *Directors, Officers And Advisory Councils*

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*In late 1986, Nevius M. Curtis, chairman and chief executive officer of Delmarva Power and Light Co. of Wilmington, Delaware, was appointed chairman of the board. He replaces Robert M. Landis, whose term expired at the end of 1986. George E. Bartol, III, chairman and chief executive officer of Hunt Manufacturing Co. of Philadelphia, was named deputy chairman of the board, a position previously held by Mr. Curtis.*

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Two new directors also were selected for terms beginning January 1, 1987. George A. Butler, chairman and chief executive officer of First Pennsylvania Bank and First Pennsylvania Corp. of Philadelphia, was elected a Class A director by large member banks. He replaced John H. Walther. Peter A. Benoliel, chairman of the board of Quaker Chemical Corp. of Conshohocken, Pennsylvania, was appointed to a term as a Class C director, filling the seat formerly held by Robert M. Landis.



Incoming Chairman  
Nevius M. Curtis, (left)  
and outgoing Chairman  
Robert M. Landis.

## *Board Of Directors*

Chairman  
Robert M. Landis  
Partner, Dechert, Price &  
Rhoads  
Philadelphia, PA  
Deputy Chairman  
Nevius M. Curtis  
Chairman and Chief  
Executive Officer  
Delmarva Power & Light  
Company  
Wilmington, DE  
George E. Bartol, III  
Chairman, Hunt  
Manufacturing Company  
Philadelphia, PA

Clarence D. McCormick  
President, The Farmers and  
Merchants National Bank  
Bridgeton, NJ  
Nicholas Riso  
President and Chief  
Executive Officer  
Giant Food Stores, Inc.  
Carlisle, PA  
Charles F. Seymour  
Chairman and Chief  
Executive Officer  
Jackson-Cross Company  
Philadelphia, PA

Carl E. Singley  
Dean and Professor of Law  
Temple University School  
of Law  
Philadelphia, PA  
Ronald H. Smith  
President and Chief  
Executive Officer  
CCNB Bank, N.A.  
New Cumberland, PA  
John H. Walther  
Chairman and Chief  
Executive Officer  
New Jersey National Bank  
Pennington, NJ





Directors George E. Bartol, III, and Charles F. Seymour (seated, left to right), and Carl E. Singley, Ronald H. Smith, and John H. Walther (back row).



Directors Clarence D. McCormick and Nicholas Riso.



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## Officers

In official actions in 1986, Edward J. Coia was promoted to Vice President; Eugene E. Hendrzak became Assistant Vice President, Accounting; Theodore M. Crone and Robert H. DeFina both were named Research Officer and Economist; Richard A. Sheaffer was promoted to Securities Operations Officer; Mary Labaree was named Assistant Vice President, Treasury Direct; and Marie Tkaczyk was appointed Systems Development Officer, Computer Services.

J. Warren Bowman, Jr., joined the Bank as Vice President of Automation Planning and Administrative Services.

In new official assignments, Vish Viswanathan became Vice President, Check Operations; James B. Duffy was named Vice President, Cash Operations; and Judith H. Helmuth became Quality Assurance Officer, Business Planning and Development.

Edward G. Boehne  
President  
Richard L. Smoot  
First Vice President  
Konstanty G. Adack  
Executive Vice President  
Thomas K. Desch  
Senior Vice President and  
Lending Officer  
Donald F. Doros  
Senior Vice President  
James F. Gaylord  
Senior Vice President  
Hiliary H. Holloway  
Senior Vice President and  
General Counsel  
Richard W. Lang  
Senior Vice President and  
Director of Research  
William H. Stone, Jr.  
Senior Vice President  
Ronald D. Watson  
Senior Vice President  
J. Warren Bowman, Jr.  
Vice President  
Edward J. Coia  
Vice President  
Peter M. DiPlacido  
Vice President  
James B. Duffy  
Vice President  
Ronald G. Foley  
Vice President  
Malcolm T. Humphrey  
Vice President  
Donald J. McAneny  
Vice President and General  
Auditor  
Lawrence C. Murdoch, Jr.  
Vice President and  
Secretary  
Terence B. O'Brien  
Vice President  
Lawrence C. Santana, Jr.  
Vice President  
Vish P. Viswanathan  
Vice President

Jack P. Besse  
Assistant Vice President  
Robert J. Bucco  
EFT Services Officer  
James E. Burns  
Planning Officer and  
Assistant Secretary  
Theodore M. Crone  
Research Officer and  
Economist  
Robert H. DeFina  
Research Officer and  
Economist  
Robert A. Dobie  
Assistant Vice President  
Patrick L. Donahue  
Financial Services Officer  
Robert N. Downes, Jr.  
Applications Officer  
William Evans, Jr.  
Technical Services Officer  
Edward J. Fox  
National Account Officer  
Judith H. Helmuth  
Quality Assurance Officer  
Eugene E. Hendrzak  
Assistant Vice President  
Jerry Katz  
Assistant Vice President  
Alan L. Kiel  
Staffing and Development  
Officer  
Robert H. Klein  
Assistant Vice President  
Mary M. Labaree  
Assistant Vice President  
Thomas P. Lambinus  
Financial Accounting  
Officer  
Edward M. Mahon  
Assistant Counsel  
Frederick M. Manning  
Assistant Vice President  
and Community Affairs  
Officer

Stephen A. Meyer  
Research Officer and  
Economist  
Janice M. Moulton  
Research Officer and  
Economist  
Joseph J. Ponczka  
Assistant Vice President  
Edward G. Rutizer  
Assistant Vice President  
Louis N. Sanfelice  
Assistant Vice President  
and Assistant Secretary  
John B. Shaffer  
Assistant General Auditor  
Richard A. Sheaffer  
Securities Operations  
Officer  
Ronald R. Sheldon  
Data Services Officer  
Charles J. Sullivan, Jr.  
Assistant Vice President  
JoAnne Tarnoff  
Automation Planning  
Officer  
Marie Tkaczyk  
Systems Development  
Officer  
Elizabeth S. Webb  
Assistant Counsel  
Bernard Wennemer  
Examination Review  
Officer

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## *Advisory Councils*

The advisory councils created by this Bank's Board of Directors facilitate our communication with vital sectors of the regional economy.

Each council consists of 12 members drawn from throughout the District. The councils normally meet at least twice a year with President Boehne and other high-ranking executives from the Bank to exchange information and discuss problems and needs.

There are now four advisory councils. The 1986 membership is listed below.

### *Credit Union Advisory Council*

Chairman  
Richard M. Stoops  
Manager  
Nylon Capital Federal  
Credit Union  
Seaford, DE  
Deputy Chairman  
Peggy J. Bosma  
Manager  
Letterkenny Federal Credit  
Union  
Chambersburg, PA  
Betty L. Baker  
Manager  
Delaware State Employees  
Federal Credit Union  
Dover, DE  
Joseph Duffy  
Manager  
Philadelphia Inquirer and  
Daily News Employees  
Federal Credit Union  
Philadelphia, PA  
Milton E. Grosnick  
President  
Kimble Federal Credit  
Union  
Vineland, NJ  
Carl W. Knowlden  
Manager  
WAT Federal Credit Union  
Williamsport, PA  
John Ladd  
Manager  
609 Area Federal Credit  
Union  
Moorestown, NJ  
Carolyn O'Brien  
Treasurer/Manager  
Princeton University  
Employees Federal Credit  
Union  
Princeton, NJ  
Michael R. Prettyman  
Treasurer  
Defense Activities Federal  
Credit Union  
Mechanicsburg, PA  
Glenn Stuart, Jr.  
President/General Manager  
Wybro Federal Credit  
Union  
Paoli, PA

Charles T. Williams  
President  
Citadel Federal Credit  
Union  
Thorndale, PA  
Virginia Williams  
Treasurer/Manager  
Bridgeton Onized Federal  
Credit Union  
Bridgeton, NJ

### *Nonmember Bank Advisory Council*

Chairman  
John D. Wickert  
Chairman and CEO  
Dauphin Deposit Bank &  
Trust Company  
Harrisburg, PA  
Deputy Chairman  
Richard M. Linder  
Chairman and President  
The Drivers and  
Mechanics Bank  
York, PA  
Theodore D. Bessler  
President and CEO  
Garden State Bank  
Jackson, NJ  
John R. Beyer  
President and CEO  
Mid-State Bank and Trust  
Company  
Altoona, PA  
John R. Howell  
President  
First Valley Bank  
Bethlehem, PA  
Robert M. Hoyt  
Chairman, President  
and CEO  
Sussex Trust  
Laurel, DE  
Roy T. Peraino  
Chairman and CEO  
Continental Bank  
Philadelphia, PA  
F. Parker Renelt  
President and CEO  
Citizens State Bank  
Forked River, NJ  
William F. Sharp, Jr.  
President and CEO  
Lenape State Bank  
West Deptford, NJ

Bernard J. Taylor, II  
Chairman and CEO  
Wilmington Trust Company  
Wilmington, DE  
David Tressler  
Chairman and CEO  
Northeastern Bank of  
Pennsylvania  
Scranton, PA  
R.G. Zullinger  
President  
Farmers and Merchants  
Trust Company of  
Chambersburg  
Chambersburg, PA



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### *Small Business/ Agriculture Advisory Council*

Chairman  
John H. Wright  
Wright's Motor Sales  
Company of Hazleton  
Hazleton, PA

Deputy Chairman  
Donald Lynch  
Animal Health Sales  
Selbyville, DE

Roy L. Bomberger  
Bomberger's Store, Inc.  
Elm, PA

Sandra Graffius  
Milroy Enterprises, Inc.  
Sinking Springs, PA

Joseph R. Hartle, Jr.  
Lonely Spot Farm  
Bellefonte, PA

Donald G. Hershey  
Hershey Farms  
Lancaster, PA

Willie Johnson  
Fidelity Systems  
Philadelphia, PA

Dean Pappas  
Clement Pappas &  
Company, Inc.  
Seabrook, NJ

Ian Sydel  
Sydel's Egg Farm  
Hartley, DE

Charles A. Wiggs  
Town and Country Sheet  
Metal Corp.  
Hightstown, NJ

Robert A. Winner  
Pleasant Acres Dairy Farm  
Moorestown, NJ

John Yahner  
Yahner Brothers Farm  
Loretto, PA

Wendell T. Breithaupt  
President and CEO  
Trenton Savings Fund  
Society  
Trenton, NJ

Robert J. Colacicco  
President  
South Jersey Savings and  
Loan Association  
Turnersville, NJ

Armondo Felicetti  
President  
Fidelity Federal Savings  
and Loan Association  
Philadelphia, PA

Edward L. Frampton  
President  
First Federal Savings and  
Loan Association  
Pottstown, PA

David W. Lindstrom  
President  
Franklin Savings and Loan  
Association  
Salem, NJ

Joseph J. McLaughlin  
President and CEO  
Beneficial Mutual Savings  
Bank  
Philadelphia, PA

Oliver H. Reed, Jr.  
Assistant Secretary  
Peoples-Thrift Building  
and Loan Association  
Norristown, PA

Robert H. Trewhella  
President  
First Federal Savings and  
Loan Association  
Harrisburg, PA

Paul W. Williams  
President and CEO  
First Federal Savings and  
Loan Association  
Hazleton, PA

### *Thrift Institutions Advisory Council*

Chairman  
Ralph O. Williams  
Chairman, President  
and CEO  
First Federal Savings and  
Loan Association of  
Delaware  
Wilmington, DE

Deputy Chairman  
Stephen G. Harris, Jr.  
President and CEO  
Artisans' Savings Bank  
Wilmington, DE

Lynn S. Baker  
President  
First Federal Savings Bank  
Hanover, PA



## Statement of Condition

ASSETS	DECEMBER 31, 1986	DECEMBER 31, 1985
Gold certificate account	\$ 431,000,000	\$ 483,000,000
Special drawing rights certificates	162,000,000	195,000,000
Other cash	20,397,852	22,854,965
Loans and securities:		
Discounts and advances	178,250,000	154,362,000
Federal Agency obligations	250,690,569	288,124,345
United States Government securities	<u>6,327,830,175</u>	<u>6,226,478,136</u>
Total loans and securities	\$6,756,770,744	\$6,668,964,481
Other assets:		
Cash items in process of collection	596,827,502	532,997,108
Bank premises—net	46,842,992	48,284,412
Operating equipment—net	14,978,258	14,136,161
All other	535,849,077	458,415,701
Interdistrict settlement account	<u>(466,304,297)</u>	<u>(651,023,785)</u>
Total assets	<u>\$8,098,362,128</u>	<u>\$7,772,629,043</u>
<b>LIABILITIES AND CAPITAL ACCOUNTS</b>		
Note liabilities:		
Federal Reserve notes	\$5,513,225,564	\$5,869,593,020
Deposits:		
Reserve accounts of depository institutions	\$1,944,852,395	\$1,136,476,114
U.S. Treasury—general account	0	0
Foreign	6,900,000	7,350,000
All other	<u>8,334,284</u>	<u>28,147,423</u>
Total deposits	<u>\$1,960,086,679</u>	<u>\$1,171,973,537</u>
Other liabilities:		
Deferred availability cash items	381,505,200	485,284,275
All other	<u>70,613,685</u>	<u>80,686,411</u>
Total liabilities	\$7,925,431,128	\$7,607,537,243
Capital accounts:		
Capital paid in	86,465,500	82,545,900
Surplus	<u>86,465,500</u>	<u>82,545,900</u>
Total liabilities and capital accounts	<u>\$8,098,362,128</u>	<u>\$7,772,629,043</u>



## *Earnings and Expenses*

	<u>1986</u>	<u>1985</u>
Current earnings:		
From U.S. Government securities	\$532,214,470	\$580,130,971
From discounts, advances and miscellaneous sources	20,900,972	13,582,924
From services to depository institutions	<u>27,488,236</u>	<u>25,021,004</u>
Total current earnings	\$580,603,678	\$618,734,899
Net expenses:		
Operating expenses (after deducting reimbursable or recoverable expenses)	\$ 51,969,075	\$ 50,756,030
Cost of earnings credits	<u>8,790,331</u>	<u>8,966,615</u>
Total net expenses	\$ 60,759,406	\$ 59,722,645
Current net earnings	\$519,844,272	\$559,012,254
Additions to current net earnings:		
Gain on sales of Government securities	\$ 2,210,987	\$ 3,391,633
Gain on foreign currency transactions	90,648,998	59,292,121
Miscellaneous nonoperating income	<u>3,225</u>	<u>4,868</u>
Total additions	\$ 92,863,210	\$ 62,688,622
Deductions from current net earnings:		
Assessment by the Board of Governors:		
Board expenditures	\$ 4,522,900	\$ 3,747,700
Federal Reserve currency	5,848,170	5,869,244
Loss on foreign currency transactions	0	0
Miscellaneous nonoperating expenses	<u>5,913,742*</u>	<u>297,516</u>
Total deductions	\$ 16,284,812	\$ 9,914,460
Net additions	<u>\$ 76,578,398</u>	<u>\$ 52,774,162</u>
Net earnings before payment to U.S. Treasury	<u>\$596,422,670</u>	<u>\$611,786,416</u>
Dividends paid	\$ 4,964,654	\$ 4,852,310
Paid to U.S. Treasury (interest on Federal Reserve notes)	587,538,416	604,330,206
Transferred to Surplus, additions	<u>3,919,600</u>	<u>2,603,900</u>
	<u>\$596,422,670</u>	<u>\$611,786,416</u>

\*Nonreimbursed Treasury services



## *Operating Statistics*

	<u>1986</u>	<u>1985</u>
Millions of Dollars		
Loans to depository institutions	\$ 5,701	\$ 5,003
Currency received and counted	13,199	12,290
Coin received and counted	169	162
Checks handled:		
U.S. Government checks	23,919	25,413
All other	665,726	579,663
Issues, redemptions and exchanges of U.S. Government securities	3,888,293	2,457,929
Transfers of funds	5,527,775	4,753,287
Food stamps redeemed	421	434
Thousands of Items Processed		
Loans to depository institutions	1,344*	1,222*
Currency received and counted	1,015,700	988,400
Coin received and counted	1,010,300	944,300
Checks handled:		
U.S. Government	29,500	29,100
All other	803,500	720,000
Issues, redemptions and exchanges of U.S. Government securities	14,500	13,800
Transfers of funds	3,200	2,600
Food stamps redeemed	86,300	99,300

\*Unrounded data



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