# 1993 Annual Report

FEDERAL RESERVE BANK OF RICHMOND

Automation Consolidation within the Federal Reserve

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# **Contents**

From the Chairman	2
From the President	4
Federal Reserve	
Automation Services	6
Highlights	13
Directors/Federal Reserve	
Bank of Richmond	15
Directors/Baltimore Office	16
Directors/Charlotte Office	17
Small Business and	
Agriculture Advisory Council	18
Operations Advisory Committee	19
Comparative Financial Statements	20
Summary of Operations	22
Officers	23
Fifth District Offices	24

Cover photo: The command center for FRAS operations in the Richmond Federal Reserve Bank building.



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Anne Marie Whittemore Chairman

Henry J. Faison Deputy Chairman

1993, inflation declined while the national economy grew at a moderate pace and added twice as many jobs as in 1992. The paths to these positive outcomes were uneven, however, as were economic developments in the Fifth Federal Reserve District. At times during the year, therefore, the Bank directors and president faced mixed economic signals when they deliberated about appropriate monetary policy and made their decisions and recommendations. There never was any doubt, though, that the Bank would continue the legacy of Robert P. Black, president from 1973 to 1993, who saw in price stability the best opportunity for sustainable economic growth.

One of the most significant changes during my tenure as a director and chairman was the Bank's physical and organizational absorption of the headquarters and data center for the new function, Federal Reserve Automation Services. FRAS, which will eventually consolidate the mainframe computer applications of all Reserve Banks at three sites including Richmond, is featured in this report. The acquisition of FRAS was at once a tremendous vote of confidence for the Bank and a substantial challenge. The other directors and I are pleased and proud that although FRAS consolidation is not yet complete, the major organizational and physical hurdles have been surmounted.

This year marked the beginning of Al Broaddus' tenure as president. It was a year in which Al demonstrated both dynamic leadership and vision. The strategic plan, strongly endorsed by the directors, was Al's initiative and coalesced the Bank officers and staff in a major undertaking and accomplishment. The directors participated throughout the planning process, ultimately approving a plan that outlines goals for the Bank and positions the Bank to respond to changes in the banking and central banking environment to the year 2000.

Importantly, too, the planning process sharpened director and staff understanding of the Bank's functions and the ability of the staff to adapt to unanticipated changes. The Bank is ready for the challenges and changes ahead of it.

I leave my position on the board in the good hands of Chairman Henry Faison. The Bank will continue its excellence under the strong leadership of Al Broaddus and Jimmie Monhollon. The directors and staff can be proud of the Bank for its accomplishments and its continued service to its members and other constituents whom I thank, on behalf of all the directors and Bank staff, for their continued support.

On a personal note, I will cherish the good memories of a challenging and fulfilling experience as a director and chairman of the Federal Reserve Bank of Richmond. I served with outstanding fellow directors who became my good friends, and I have had the pleasure of knowing and working with many members of the Bank staff. The staff are the heart and soul of the Bank, for they embrace the Bank's basic values of integrity, service, respect for the individual, and excellence-well-established values that were strongly endorsed by Bob Black and continued by Al Broaddus. I am proud to have been a part of this institution and hope that you share with me a respect for the Federal Reserve System and the excellent role our Bank plays in our region and our nation.

> Care Maire Whiteane Chairman of the Board



Jimmie R. Monhollon First Vice President

J. Alfred Broaddus, Jr. President

last year's message from the president, my predecessor, Bob Black, noted with satisfaction and pride that he was ending his long and distinguished career at a time when economic activity was rising and inflation was declining. I am pleased that the progress Bob noted has continued in 1993. Although the growth of output and jobs has remained moderate this year, there has been a steady acceleration over the course of

the year. Moreover, inflation has remained low and appeared to be trending lower during the second half of the year. Within the Fifth District, the downsizing in the defense sector had a clearly negative impact on local areas with a significant military presence or other defense-related installations. Activity strengthened in most other areas, however, in concert with the continuing recovery of the national economy.

My colleagues and I at this Bank firmly support the Federal Reserve System's longer-term objective of eliminating inflation as a significant factor in the economic and financial decisions of American households and businesses. We do so because of our conviction that the System can make its greatest contribution to sustained growth in production and jobs by achieving and maintaining a stable price level.

Our Bank—like the Federal Reserve System as a whole—faces significant further changes in the years immediately ahead, and these changes present both considerable challenges and important opportunities. With this in mind, at the beginning of the year the Bank's senior management team made strategic planning one of its highest priorities. The planning process, which involved all the Bank's officers and many other staff members at all offices, was completed with the board's adoption of a comprehensive plan on November 10. The plan establishes concrete goals and actions that we believe will enable us to meet fully and effectively the challenges that lie ahead. Moreover, the planning process itself has energized us and sharpened our sense of teamwork and commitment.

While focusing substantial attention on the future through the planning process, the Bank completed an unusually full and challenging agenda in 1993. We provided significant human resources support to the Federal Reserve Automation Services operation over the course of the year, and we completed construction of a large below-grade structure to house air control and auxiliary power equipment devoted to FRAS. Our Bank supervisory staff continued to adjust to the rapidly changing structure of the Fifth District banking industry, and the Bank sponsored several workshops and seminars aimed at both lenders and borrowers on topics related to community reinvestment and the access to credit of small businesses and other special groups. Additionally, in the research and public information area, we revamped the Bank's flagship Economic Quarterly publication and completed a major revision of Instruments of the Money Market, our popular survey of financial markets and products.

Finally, the Bank continued its efforts to promote economic education and growth internationally. Two of our officers taught Russian bankers in a program sponsored by the Russian-American Bankers Forum, and we hosted several meetings and tours for foreign groups interested in learning more about the Federal Reserve, our Bank, and the U.S. banking and financial system.

This was my first year as the leader of this exceptional organization, and I am very proud of our accomplishments. I want to thank our board of directors for their strong support throughout the year-especially for their advice and guidance in the strategic planning process. Most of all I am grateful to our outstanding staff at all six of our offices. Their dedication and hard work are the central ingredients in our success.

). Affel Bookder, J.

To improve service and reduce costs, the 12 Reserve Banks are consolidating their mainframe computer operations under Federal Reserve Automation Services, which operates mainframe computers at three sites including the Federal Reserve Bank of Richmond, FRAS headquarters.



Carl Powell, director of automation resources.

# FEDERAL RESERVE AUTOMATION SERVICES

the two years since Carl Powell, director of automation resources for the Federal Reserve System, arrived in Richmond as the first Federal Reserve Automation Services (FRAS) employee, FRAS has grown to occupy a large part of the Richmond Federal Reserve Bank building, including a below-grade expansion to house supporting electrical and mechanical equipment. In addition, a number of key positions in FRAS have been filled by people who had previously worked for the Richmond Fed. Because of its significant impact on the Bank, FRAS is featured in this year's *Annual Report*.

This article covers the origin and purpose of FRAS, its administration, the advantages of automation consolidation in the Federal Reserve, and the role that the Richmond Bank and its staff have played in helping FRAS get established. There will no doubt be further opportunities for consolidation in the Federal Reserve. That in mind, the article concludes with a reminder that the regional presence of the Federal Reserve Banks is essential for much of what the Federal Reserve does.

# The Creation of FRAS

The FRAS concept originated in a 1989 study of the feasibility of consolidating Federal Reserve functions conducted by the Minneapolis, Chicago, St. Louis, and Kansas City Reserve Banks. That report, known as the *Midwest Consolidation Feasibility Study*, concluded that mainframe computer operations were an attractive candidate for consolidation. It found that mainframe consolidation was feasible and had a large cost-saving potential for the four Federal Reserve Districts involved in the study.

The author is senior vice president and director of research at the Federal Reserve Bank of Richmond. The article was written with the belp of Nita Jones, FRAS public relations specialist, and Roy Fauber, senior vice president, Federal Reserve Bank of Richmond.

The following spring, an Automation Study Group composed of representatives from each Reserve Bank and the Board of Governors was formed to evaluate the case for consolidating automation functions in the Federal Reserve System. The Group recommended that the Reserve Banks consolidate mainframe computer operations and associated automation staffs. During the spring of 1991, the Conference of Presidents and the Conference of First Vice Presidents of the Federal Reserve Banks formed the Automation Consolidation Steering Committee to oversee and direct the consolidation effort—and FRAS was born.

One of the first big decisions that the Steering Committee faced was the choice of number and location of consolidation sites. In discussions with a consultant specializing in relocations, the Committee began by considering 39 potential sites, which included all 12 Federal Reserve Banks, their branches, the Culpeper, Virginia, contingency site, and the Federal Reserve Bank of New York's operations center in East Rutherford, New Jersey. The sites were then ranked on the basis of three criteria: susceptibility to natural disasters, cost and stability of electrical power, and quality and availability of labor.

For susceptibility to natural disasters, the consultant considered earthquakes, hurricanes, and tornadoes. This concern immediately ruled out places like San Francisco and Miami. In order to rank locations according to reliability of electrical power, the consultant also researched local power outages and expansions planned by local utility companies over the next ten years. Last, the consultant looked at the availability of labor, particularly people with automation skills, at all the potential sites.

On the basis of the above criteria, possible sites were reduced from 39 to 12. The consultant was then asked to evaluate such things as housing, schools, and the cost of living at each remaining possibility. All 12 locations were found acceptable in quality of life considerations, but lack of space eliminated nine more sites from consideration, leaving the Richmond and Dallas Reserve Banks, and the New York Federal Reserve Bank's East Rutherford site. Dallas and East Rutherford were both completing construction of new facilities and would have adequate space. Richmond had space available and was selected as the third of three consolidation sites, as well as the headquarters location for the FRAS organization.

Technologically, the Federal Reserve could have established just one automation center. Three centers were chosen at different sites to provide a "dual layer" of backup, with each center backed up by the other two.

The Federal Reserve Bank of Dallas, a consolidation center location.

#### **Automation Consolidation**

Prior to consolidation, each Reserve Bank's automation facility generally had three components:

1) One or more large mainframe computers and associated communications networks that linked the Reserve Bank with other Reserve Banks and with depository institutions that use the Fed's financial services and associated operations staff.

2) A technical staff consisting of systems programmers and analysts who supported both computer systems and general environmental operating software.

3) Applications programmers who developed and supported computer programs that provided specific business services.

Consolidation of the automation facilities of the 12 Federal Reserve Banks' computer operations is affecting the hardware and the technical support staffs most significantly. Existing mainframe computers at Reserve Banks (except those dedicated to check processing) are being replaced by new mainframes located in the FRAS automation centers in Dallas, East Rutherford, and Richmond. A large number of data processing personnel at the Reserve Banks are also being replaced by FRAS staff located in the three consolidation centers. Applications programming will remain decentralized, however, with certain Reserve Banks continuing to support System "shared" applications, new "centralized" applications, and their own "unique" applications.

Each FRAS facility processes specific business applications. Dallas operates applications that are unique to each of six Reserve Bank Districts. District-unique applications include payroll systems and personnel support functions. Richmond operates such applications for the other six Banks, in addition to handling U.S. Treasury applications and the existing funds and securities transfer systems. East Rutherford currently operates the new central reserve accounting system, along with other related applications. New software applications for the funds transfer, securities transfer, and automated clearinghouse businesses are currently being developed by designated Reserve Banks for implementation in 1994. Once the software packages have been developed and installed, these business applications for all the Reserve Banks will be centralized in East Rutherford. Richmond will serve as the "first level" backup site for key applications such as funds and securities transfers and reserve accounting. Dallas will serve as the "second level" backup site

## The Advantages of Automation Consolidation

Automation consolidation is expected to yield a number of operational advantages. The first is that it will reduce costs by reducing the redundancy in processing similar applications in 12 Federal Reserve Banks. While there will be significant savings in hardware, the bulk of the savings will come from downsizing technical support staffs at the Reserve Banks. Reserve Banks are making every effort to find other positions for displaced employees. Wherever possible, FRAS has filled its positions with Federal Reserve personnel.

While cost reduction is a substantial benefit of consolidation, it is by no means the only, or necessarily the primary, factor. Prior to consolidation there were 12 different points of possible failure, because if any one of the Federal Reserve Districts had a problem, the other 11 Districts could be affected. What's more, before consolidation the Federal Reserve System had only one contingency site in Culpeper to back up 10 of the 12 Districts. (New York and San Francisco had their own backup sites.) Perhaps the greatest benefit of consolidation is that the Federal Reserve System now has additional backup. Moreover, the standardized hardware and environmental software greatly simplify contingency backup for computer and communications failures.

The depository institutions that are customers of the Federal Reserve's financial services will also benefit from improved

reliability and availability. Timely performance of critical services such as funds and securities transfer is increasingly important and is a key element in implementing payment system risk control programs. In addition, increased standardization of products, uniform quality of service, and lower prices will put the Federal Reserve in a better position to provide financial services to interstate banking customers.



The Federal Reserve Bank of New York's East Rutherford Operations Center, a consolidation center location.

# The Role of the Federal Reserve Bank of Richmond

The Richmond Bank is home for the administrative headquarters of FRAS which, under the director of automation resources, includes five FRAS divisions. The Business Support Office is responsible for project management, District transition and strategic planning activities, and central applications planning and coordination. The Computer Operations and Data Security Division is responsible for the day-to-day management of the consolidated data centers in Dallas, East Rutherford, and Richmond, as well as for data security functions. The Technical Support Division has responsibilities for technical services, resource planning, procurements and contracts, and facilities planning. The National Network Services Division provides a single management focus for all of the Federal Reserve System's network communication activities. These include the FEDNET Project Management Office at the Boston Fed, which is supporting the development of a new national network, and the National Network Management Control Center at the Chicago Fed. A fifth area handles the financial control and general support functions for FRAS.

As of December 1993, approximately 260 FRAS staff members called Richmond their home; about 65 more are located in Dallas, and 45 in East Rutherford. FRAS will eventually occupy over five floors of space in the 24-story Richmond Bank. Operations personnel at each FRAS site control the mainframes from command

centers. Richmond's command center alone has more than 130 CRT screens and is operated 24 hours a day, seven days a week. In early 1994, a new national network operations center will be established at the Richmond Bank. This center will share, with the control center located at the Chicago Fed, the operation of the Federal Reserve's new national network, FEDNET.

The three new data processing centers at the heart of FRAS occupy 33,000 square feet of space in the Richmond Bank, 40,000 square feet at the new Dallas Bank, and 26,000 square feet of the operations center in East Rutherford. In addition,



The expansion of Richmond's belowgrade facilities was completed in the spring of 1993.

Richmond has expanded its below-grade facilities by 32,000 square feet to house heating, venting, and air conditioning equipment, the uninterruptible power supply, and the diesel generators needed to support the FRAS data processing center located in the Bank.

FRAS receives direction from the Automation Consolidation Steering Committee, but presents its budget and officer appointments to the Richmond Fed board of directors, and it relies heavily on vital support functions of the Richmond Bank. The Richmond Fed's Personnel Department has skillfully handled relocations of more than 77 FRAS employees who have moved here from other Reserve Banks. Moreover, FRAS has staffed 71 of its positions with people from the Richmond Bank.

Staff in Information Systems at the Richmond Bank have also played a leading role by being the first Reserve Bank to convert its workloads to FRAS. Last spring Richmond completed the "migration" of both electronic payments applications and District-unique workloads to FRAS. Each Reserve Bank is responsible for its own transition. Nevertheless, according to the FRAS transition coordinator, "Richmond has been a pioneer and pilot throughout the transition…not only for the long hours spent in preparation and testing, but for the information the Bank has shared with other Districts. Because of these contributions…[other] Districts will not have to reinvent the wheel."

As Reserve Banks make the transition to FRAS, they will continue to be responsible for many of their own automation functions. However, FRAS has taken on responsibility for mainframe computer operations, systems programming, and environmental software support. In Richmond's case the Information Systems Division is divided into two major departments. The Computer Operations and Technical Support Department is responsible for remote execution of District-unique jobs on the FRAS mainframes, the District's communications network (which includes connections to financial institutions), and the Bank's nonmainframe computer operations. The Business Application Systems Department is responsible for developing and supporting the Bank's mainframe and nonmainframe computer programs, as well as several Federal Reserve and U.S. Treasury applications for which the Bank is the System's designated support site.

## A Concluding Note: The Advantages of a Regional Presence

Now that consolidation of "back office" automation is becoming a reality and FRAS is beginning to deliver its promised benefits, it is well to remember that a "front office" regional presence is essential for much of what the Federal Reserve does. The regional nature of the Federal Reserve System allows Reserve Bank personnel to develop close working relationships with depository institutions, community leaders, and the public at large.

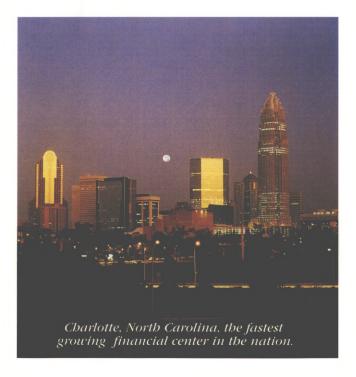
These relationships foster a mutual understanding that enhances the effectiveness with which the Federal Reserve delivers financial services and collects monetary and banking data. Knowledge of local economies made possible by regional decentralization also helps the Federal Reserve supervise and examine depository institutions. Moreover, the Federal Reserve Banks and their branches track regional economies in order to provide information for the Beige Book report on conditions in the 12 Districts and for the Bank presidents' participation on the Federal Open Market Committee. Last but not least, Reserve Bank personnel take advantage of their regional role within the Federal Reserve to acquire a full understanding of the concerns of small and large businesses, financial institutions, and consumers and to foster an understanding of Federal Reserve banking and monetary policies.

Increasingly powerful data processing and communication capabilities may create further opportunities for consolidation of functions within the Federal Reserve. The evaluation of such opportunities, however, should respect the "front office" regional presence that has served the Federal Reserve System and the nation so well over the years.

#### HIGHLIGHTS

#### **Automation, Operations and Internal Support**

During the year, the Bank improved service to depository institutions by testing and implementing several advanced electronic services. One of these allows all Fifth District depository institutions to receive automated clearinghouse information electronically. Another is a new voice response system which enables Treasury tax and loan depositories to submit advices of credit electronically and to receive the information they need to manage their accounts. In addition, the Bank continued its tests of image technology by extending to small depository institutions a pilot program to process check-return information. By eliminating the need to transport checks to these institutions, image technology reduces the cost and delivery time of checkreturn information. Also, the Richmond Fed and other Reserve Banks worked together to develop new shared software to support cash and check operations. The cash software will become available in 1994, and the Baltimore and Charleston offices successfully converted to new checkprocessing software. The check software, some of



which was developed by the Baltimore staff, will be installed in the other Fifth District offices in 1994.

Some automation enhancements in 1993 improved service for the U.S. Treasury. The Bank implemented a system that streamlines and consolidates the payments and reports for Treasury letters of credit, which had been handled manually. The Richmond Office developed this system and now maintains it for all Reserve Banks. Also, the Treasury selected the Bank to develop and operate a new service that will provide automated payments and information to state agencies, universities and other institutions receiving federal grants.

The Bank provided extensive support for the expansion of Federal Reserve Automation Services, featured in this Report's article. The Bank coordinated staff recruitment, relocation, and payroll processing for FRAS and built a 32,000-square-foot below-grade structure to house air conditioning equipment, an uninterruptible power supply system, and auxiliary generators for the new FRAS data processing center.

#### **Meetings and Other Activities**

Bank President Al Broaddus made several presentations regarding economic developments to banking, business, and community leaders around the District. Three of these followed meetings of the directors of the Richmond, Baltimore, and Charlotte offices.

In September, the Bank joined with the Board of Governors and the National Women's Business Council to present a seminar on how women entrepreneurs can improve their access to capital.

Several events occurred in October. The Bank and three Richmond universities cosponsored a debate between Dr. Henry J. Aaron of the Brookings Institution and Dr. Gail R. Wilensky of Project Hope. The debate on health care reform, the fourth economics lecture in a series that began in 1990, was moderated by Dr. Louis R. Rossiter of the Medical College of Virginia and held in the Bank's auditorium before an audience of business and community leaders.

Also in October, the Bank sponsored a bankers' forum that featured a discussion by a panel of representatives from three superregional bank holding companies headquartered in the District. The panel discussed the structure of their organizations, their accounting operations, and their automation strategies and how these relate to data reporting and reserve maintenance in multiple Federal Reserve Districts. Included among the approximately 135 attendees were staff from the Federal Reserve Banks and the Board of Governors.

In October, too, the Charlotte Office hosted its twenty-first annual Operations and Policy Seminar, which was attended by more than 160 representatives of North and South Carolina financial institutions.

In the course of the year, the Bank cosponsored with bankers' associations several seminars and workshops on the Community Reinvestment Act and the profitability of community development lending.

Two new programs were introduced by the Baltimore and Charlotte offices. Baltimore inaugurated an annual awards program to recognize the top graduate in economics at each of several area colleges. Charlotte began a new program to encourage individual volunteerism and to coordinate Bankwide volunteer projects. In the first group project, over 40 Charlotte Office employees cleaned up a playground and sorted donated clothing for an underprivileged community.

Some programs were for foreign visitors. Two Russian central bankers, an economist and a banking supervisor, completed their internships at the Richmond Office. Their visits were cosponsored by the Russian-American Exchange Foundation and the School of Business of Virginia Commonwealth University. Bruce J. Summers, senior vice president, and Marsha S. Shuler, assistant vice president, taught 250 Russian bankers at the Academy for Advanced Studies in Banking and Finance in a program sponsored by the Russian-American Bankers Forum. The Russian bankers spent three weeks at commercial banks around the United States, including ten banks in the Fifth District. During their visit, 19 Russian bankers and their Fifth District hosts came to the

Bank for a short course in U.S. central banking.

The Bank's Richmond, Charlotte and Baltimore offices hosted several other foreign delegations. Included among these were groups from China, Hungary, Japan, Slovakia, Tanzania and a delegation from four southern African nations.

The Richmond Fed redesigned the *Economic Quarterly* and published the sixteenth edition of *Buying Treasury Securities* and the seventh edition of *Instruments of the Money Market*. Also, with its publication of *Economic Profiles* for West Virginia, Maryland and the District of Columbia, the Bank completed its statistical series of books on Fifth District jurisdictions.

#### Administration

The directors approved a strategic plan for the Bank. Mr. Broaddus and other senior officers presented the plan to the Bank staff.

In October, the Richmond Fed hosted the System Personnel Officers Conference, which focused on leadership development.

Mr. Broaddus was chairman of the System Committee on Management Systems, Budgets and Planning.

Mr. Monhollon was chairman of the System Committee on Cash Services. James D. Reese, senior vice president, chaired its subcommittee.

Walter A. Varvel, senior vice president in charge of the Charlotte Office, chaired the System Subcommittee on Business Development and was national product manager for the Federal Reserve's Functional Cost and Profit Analysis Program.

Mr. Goodfriend coedited the proceedings of a System Conference on Operating Procedures and the Conduct of Monetary Policy.

Mr. Summers led a Board of Governors' study on expanded hours of operation of the Fedwire funds and securities transfer services.

H. Lewis Garrett, senior vice president and general auditor, was chairman of the Audit Automation and Consolidation Committee of the Conference of General Auditors. This committee and its subcommittee are responsible for administering and leading audit coverage of Federal Reserve Automation Services.

# Federal Reserve Bank of Richmond (December 31, 1993)



(Standing) Webb C. Hayes IV, Charles E. Weller, James G. Lindley, Paul A. DelaCourt, R. E. Atkinson, Jr. (Seated) L. Newton Thomas, Jr., Henry J. Faison, Anne Marie Whittemore, Stephen Brobeck

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Chief Executive Officer
First Union Corporation
Charlotte, North Carolina

# Baltimore Office (December 31, 1993)



(Standing) Daniel R. Baker, Michael R. Watson, Claudine B. Malone, Thomas J. Hughes, Richard M. Adams (Seated) F. Levi Ruark, Rebecca Hahn Windsor

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(Left to right) L. Glenn Orr, Jr., Dorothy H. Aranda, Anne M. Allen, Jim M. Cherry, Jr., David B. Jordan, William E. Masters, Harold D. Kingsmore

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Educational Systems Employees
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#### Charles C. Schmitt

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League, Inc.
Parkersburg, West Virginia

#### Rick A. Wieczorek

President
District of Columbia Credit
Union League
Washington, D.C.

#### Frank L. Zaubi

Senior Vice President and Group Executive Wachovia Operational Services Corporation Winston-Salem, North Carolina

CONDITION		
Assets  Gold certificate account Special Drawing Rights certificate account Coin Loans to depository institutions Federal agency obligations U.S. government securities Bills Notes Bonds	December 31, 1993 \$ 899,000,000.00 652,000,000.00 66,664,434.39 65,000,000.00 361,803,779.06 12,508,901,522.51 10,302,126,663.67 3,086,639,170.04	December 31, 1992 \$ 941,000,000.00 652,000,000.00 94,595,854.14 0 423,239,907.33 11,087,595,746.37 9,241,012,297.60 2,739,729,693.16
Total U.S. government securities  Cash items in process of collection Bank premises Furniture and equipment (net) Other assets Interdistrict settlement account Accrued service income	25,897,667,356.22 501,742,124.09 138,618,569.74 153,529,571.22* 2,212,833,953.92 598,286,734.97 5,981,127.29	23,068,337,737.13 759,696,580.42 127,741,167.29 111,542,026.25 2,140,972,905.43 -219,493,926.60 5,977,509.78
TOTAL ASSETS	\$31,553,127,650.90	\$ 28,105,609,761.17
Liabilities  Federal Reserve notes Deposits Depository institutions Foreign Other	\$ 28,034,847,897.00 2,356,864,209.97 9,563,200.00 31,537,576.38	\$ 25,083,024,408.00 2,025,420,207.92 8,937,700.00 32,359,845.17
Total deposits  Deferred availability cash items Other liabilities	2,397,964,986.35 477,144,405.72 186,183,061.83	2,066,717,753.09 391,600,862.50 144,142,737.58
TOTAL LIABILITIES  Capital Accounts  Capital paid in	\$31,096,140,350.90 228,493,650.00	\$ 27,685,485,761.17 210,062,000.00
Surplus  TOTAL LIABILITIES AND CAPITAL ACCOUNTS	\$31,553,127,650.90	\$ 28,105,609,761.17

<sup>\*</sup>Includes \$111,584,927.29 in 1993 and \$83,447,193.14 in 1992 for Federal Reserve Automation Services.

EARNINGS AND EXPENSES		
Earnings	1993	1992
Loans to depository institutions	\$ 230,415.87	\$ 336,934.17
FDIC assumed indebtedness	1 200 605 452 00	1 252 241 162 52
Interest on U.S. government securities Foreign currencies	1,309,605,453.09 85,509,214.61	1,353,341,162.52 136,035,262.50
Income from services	65,142,479.48	65,425,788.97
Other earnings	251,348.24	312,603.70
Total current earnings	\$1,460,738,911.29	\$ 1,555,451,751.86
Expenses		
Operating expenses	185,472,700.89*	137,199,484.55*
Cost of earnings credits	10,500,337.76	11,456,444.50
Net expenses	195,973,038.65	148,655,929.05
CURRENT NET EARNINGS	\$1,264,765,872.64	\$ 1,406,795,822.81
Additions to current net earnings	2 02 702 /2	0.51/101.05
Profit on sales of U.S. government securities (net) Profit on foreign exchange transactions	3,037,703.43 18,266,352.43	9,514,181.85 0
All other	4,333.72	11,215.24
Total additions	21,308,389.58	9,525,397.09
Deductions from current net earnings		(0.0(1.005.15
Losses on foreign exchange transactions All other	0 36,520,950.00	69,361,025.17 120,020.32
Total deductions	36,520,950.00	69,481,045.49
Total deductions	30,320,930.00	09,461,043.49
Net additions or deductions	-15,212,560.42	-59,955,648.40
Cost of unreimbursed Treasury services	2,875,704.56	2,891,350.66
Assessment for expenses of Board of Governors Federal Reserve currency costs	9,619,500.00 29,323,293.00	8,474,000.00 25,527,479.00
NET EARNINGS BEFORE PAYMENTS TO U.S. TREASURY	\$1,207,734,814.66	\$ 1,309,947,344.75
Distribution of Net Earnings	+	7 7-
	ć 12.061.200.01	¢ 11 /6/ 752 00
Dividends paid Payments to U.S. Treasury (interest on Federal Reserve notes)	\$ 13,061,398.81 1,176,241,765.85	\$ 11,464,752.08 1,258,927,692.67
Transferred to surplus	18,431,650.00	39,554,900.00
TOTAL	\$1,207,734,814.66	\$ 1,309,947,344.75
Surplus Account		
Balance at close of previous year	\$ 210,062,000.00	\$ 170,507,100.00
Addition of profits for year	18,431,650.00	39,554,900.00
BALANCE AT CLOSE OF CURRENT YEAR	\$ 228,493,650.00	\$ 210,062,000.00
Capital Stock Account (representing amount paid in, which is 50% of amount subscribed)		
Balance at close of previous year	\$ 210,062,000.00	\$ 170,507,100.00
Issued during the year	26,139,150.00	45,416,850.00
Canceled during the year	236,201,150.00 7,707,500.00	215,923,950.00 5,861,950.00
BALANCE AT CLOSE OF CURRENT YEAR	\$ 228,493,650.00	\$ 210,062,000.00
DALANCE AT CLOSE OF CURRENT TEAR	9 220,493,030.00	Ψ 210,002,000.00

<sup>\*</sup>Includes \$59,654,828.00 in 1993 and \$18,954,789.00 in 1992 for Federal Reserve Automation Services.

Operation	Nur	Number		Amount (\$thousands)	
Currency and coin processed Currency received and verified Currency verified and destroyed Coin bags received and verified	1993 2,093,672,000 660,012,000 271,203	1992 2,082,143,000 804,601,000 268,068	1993 27,225,822 6,423,583 208,064	1992 26,873,914 9,137,511 204,914	
Checks handled Commercial—processed* Commercial—packaged items U.S. government	1,521,814,000 446,289,000 56,677,000	1,566,529,000 396,730,000 58,289,000	1,120,853,000 179,026,000 103,779,000	1,083,768,000 140,396,000 116,857,000	
Collections items handled U.S. government coupons paid Noncash items	14,362 0	20,369 58,626	6,833	15,241 128,768	
Commercial book-entry transfers originated	237,340	280,808	2,462,115,000	2,618,241,000	
Funds transfers sent and received	6,379,386	5,902,670	10,434,014,000	8,814,639,000	
Food stamps redeemed	325,731,000	324,018,000	1,568,573	1,659,451	
Loans advanced	266	432	2,428,552	2,228,727	

<sup>\*</sup>Excluding checks on this Bank.

(December 31, 1993)

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