

EX OFFICIO MEMBERS

CARTER GLASS
SECRETARY OF THE TREASURY
CHAIRMAN
JOHN SKELTON WILLIAMS
COMPTROLLER OF THE CURRENCY

ADDRESS REPLY TO
FEDERAL RESERVE BOARD

FEDERAL RESERVE BOARD

WASHINGTON

538
W. P. G. HARDING, GOVERNOR
ALBERT STRAUSS, VICE GOVERNOR
ADOLPH C. MILLER
CHARLES S. HAMLIN
HENRY A. MOEHLENPAH
W. T. CHAPMAN, SECRETARY
R. G. EMERSON, ASSISTANT SECRETARY
W. M. IMLAY, FISCAL AGENT

January 30, 1920.
St. 882

SUBJECT: Monthly reports of Earnings,
Expenses, and Fiscal Agency
Disbursements, Forms 95, 96,
and 97-a.

Dear Sir:

There are being forwarded to you today under separate cover copies of forms 95 and 96 and copies of form 97-a for use during the calendar year 1920.

With a view of insuring greater uniformity in the treatment of certain items such as Bank Premises, Cost of Federal Reserve Note issues, etc., it will be appreciated if you will instruct your Accounting Department to follow the methods outlined below in the preparation of the monthly earnings and expense reports.

FORM 96 - I. EXPENSES OF OPERATION

ASSESSMENT ACCOUNT EXPENSES OF FEDERAL RESERVE BOARD: As requested in the Board's letter St. 820 of January 2, current expenses should be debited and profit and loss credited at and as of the last day of each month from January to June with one-sixth of the amount of the assessment for the expenses of the Board for the six-month period ending June 30, 1920.

CURRENCY SHIPMENTS TO AND FROM MEMBER AND NON-MEMBER BANKS AND BETWEEN THE FEDERAL RESERVE BANK AND ITS BRANCH OR BRANCHES: The item "Currency shipments to and from member and non-member banks" heretofore shown below operating expenses on form 96 has been changed to read as above and is now shown among operating expenses immediately after item GOAL, repairs and alterations.

CURRENCY SHIPMENTS (OTHER THAN FEDERAL RESERVE AND FEDERAL RESERVE BANK NOTES) TO AND FROM WASHINGTON OR A SUB-TREASURY: The amounts reported against this new item plus amounts reported against the immediately preceding item should represent the total cost to the Federal Reserve Bank of currency shipments other than the cost of shipping Federal Reserve and Federal Reserve Bank notes to and from Washington or a Sub-Treasury or to another Federal Reserve Bank for credit or redemption.

FORM 96 - II. OTHER CURRENT EXPENSES

FEDERAL RESERVE CURRENCY (ORIGINAL COST INCLUDING SHIPPING CHARGES): This item is intended to represent total payments made to the United States Treasury on account of printing new Federal Reserve and Federal Reserve Bank notes and the cost of shipping such notes from Washington to the Federal Reserve banks and their branches.

MISCELLANEOUS CHARGES ACCOUNT FEDERAL RESERVE CURRENCY: The cost of shipping Federal Reserve and Federal Reserve Bank notes to Washington or to another Federal Reserve Bank for credit or redemption as well as the cost to the Federal Reserve Bank of redeeming such notes at Washington should be reported against this item.

TAXES ON FEDERAL RESERVE BANK NOTE CIRCULATION: Taxes accrued on Federal Reserve Bank notes should be estimated as at the close of business on the last day of each month and the amount thereof charged to current expenses and credited to account "Reserved for Sundry Expenses" of form 34.

BANK PREMISES: In cases where bank premises are owned but not occupied as a banking house the income from rentals, if any, and expenses connected with such premises should be kept separate from expenses connected with bank premises actually occupied as a banking house. The excess of income over expense, if any, derived from bank premises not occupied as a banking house should be reported against "Miscellaneous Earnings," item LYON of form 95. In case the expenses connected with such bank premises are in excess of income therefrom the net excess should be reported against item GNAT, "Bank Premises," on form 96. Amounts reported against bank premises in the second column of form 96 should represent, however, the net excess of expense over income for the period from January 1 to the end of the report month and inversely net earnings from bank premises reported among "Miscellaneous Earnings" in the second amount column of form 95, should represent the net earnings for the period from January 1 to the end of the report month. Income from rentals as well as expenses on account of taxes and fire insurance should be kept, as far as practicable, on an accrual basis in order that the actual net income or expense from bank premises may be shown on your monthly earnings and expense reports.

The cost of new buildings or other expenses which are charged to your bank premises account, item BILD of form 34, should be reported only against memorandum item GONG on reverse side of form 96.

Expenses connected with bank premises occupied as a banking house should be shown among operating expenses on form 96, taxes and fire insurance (which should be kept on an accrual basis) against item GIVE and minor repairs and alterations against item GOAL.

FORM 95 - EARNINGS

DISCOUNT PROFIT OR LOSS ON BILLS REDISCOUNTED WITH OR SOLD TO ANOTHER FEDERAL RESERVE BANK: Net earnings resulting from the rediscount of discounted paper or the sale of bankers' acceptances to another Federal Reserve Bank at a lower rate than that at which the paper was originally discounted or purchased should be credited to earnings on discounted or purchased bills as the case may be, while any loss resulting from the rediscount or sale of such paper to another Federal Reserve Bank at a rate in excess of that at which the paper was originally acquired should be deducted from earnings on discounted or purchased bills as shown on the daily balance sheet, form 34, and on the monthly earnings report, form 95.

INTEREST ON PAST DUE PAPER: Past due paper should be carried among the earning assets of your bank and interest earned on such paper credited to earnings on discounted bills.

MEMORANDUM ITEMS

MEMORANDA ON REVERSE SIDE OF FORM 96: The memorandum items heretofore shown at the bottom of form 95 have been transferred to the reverse side of form 96. In the past amounts reported against these memorandum items have represented total expenditures on account of note issues, bank premises, furniture and equipment, etc., regardless of whether or not such expenditures were immediately charged to current expenses. Beginning with January, 1920, however, it is requested that only such amounts be reported against the memorandum items as represent expenditures which are not charged to current expenses during the month in which the expense occurred. For example, the cost of office furniture which is taken up on your books as an asset and shown against caption Furniture and Equipment of form 34, should be reported against memorandum item GLEN of form 96, while office furniture which is charged to current expenses at time of purchase should be reported against item GHUR.

Very truly yours,

Assistant Secretary.

Letter sent to Chairman of each Federal Reserve Bank.