

FINANCING VEHICLES AND THE BOARD OF GOVERNORS OF THE FEDERAL RESERVE

This chapter contains descriptions of and data on financing vehicles and the Board of Governors of the Federal Reserve. The Financing Corporation functions as a financing vehicle for the Federal Savings and Loan Insurance Corporation (FSLIC) Resolution Fund. The Resolution Funding Corporation provided financing for the Resolution Trust Corporation (RTC) and is subject to the general oversight and direction of the Secretary of the Treasury.

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

Amounts are on a calendar year basis, with the exception of the 2012 balance sheets for the Financing Corporation and Resolution Funding Corporation, which are as of September 30, 2012.

FINANCING CORPORATION

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

The Act provided formulas pursuant to which the Federal Home Loan Banks make capital contributions to FICO. FICO used the proceeds received from the sales of such capital stock to purchase non-interest bearing securities for deposit in a segregated account as required by the Act. The non-interest bearing securities held in the segregated account are the primary source of repayment of the principal of FICO obligations. Securities in the segregated account are kept separate from other FICO accounts and funds, but are not specifically pledged as collateral for the payment of obligations. The primary source of payment of interest on the obligations is the receipt of assessments imposed on and collected from institutions' accounts which are insured by the Federal Deposit Insurance Corporation's Deposit Insurance Fund.

Balance Sheet (in millions of dollars)

Identification code 39-4980-0-4-373	2011 actual	2012 actual
ASSETS:		
Federal assets: Investments in US securities:		
1102 Segregated accounts investment, net	4,968	5,297
Other Federal assets:		
1801 Cash, cash equivalents	209	293
1901 Other assets	8	8
1999 Total assets	5,185	5,598
LIABILITIES:		
Non-Federal liabilities:		
2202 Interest payable	157	236
2203 Debt	8,151	8,152
2207 Other	79	82
2999 Total liabilities	8,387	8,470

NET POSITION:		
3100 FICO capital stock purchased by FHLBanks	680	680
3300 Cumulative results of operations	4,288	4,617
3300 FSLIC capital certificates	-8,170	-8,170
3999 Total net position	-3,202	-2,873
4999 Total liabilities and net position	5,185	5,597

RESOLUTION FUNDING CORPORATION

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

Until October 29, 1998, REFCORP was subject to the general oversight and direction of the Thrift Depositor Protection Oversight Board. At that time, the Oversight Board was abolished and its authority and duties were transferred to the Secretary of the Treasury. The day-to-day operations of REFCORP are under the management of a three-member Directorate comprised of the Director of the Office of Finance of the Federal Home Loan Banks and two members selected from among the presidents of the 12 Federal Home Loan Banks (FHLBanks). Members of the Directorate serve without compensation, and REFCORP is not permitted to have any paid employees.

FIRREA, as amended, and the regulations adopted by the Thrift Depositor Protection Oversight Board and the Secretary of the Treasury required that Federal Home Loan Banks (FHLBs) contribute 20 percent of net earnings annually to assist in the payment of interest on bonds issued by REFCORP until such time as the total payments are equivalent to a \$300 million annual annuity with a final maturity date of April 15, 2030. The FHLBs fulfilled this obligation on August 5, 2011.

Balance Sheet (in millions of dollars)

Identification code 39-4981-0-4-373	2011 actual	2012 actual
ASSETS:		
Federal assets: Investments in US securities:		
1102 Principal fund account investment, net	12,636	13,398
1206 Non-Federal assets: Assessments receivable for interest expense	886	888
1999 Total assets	13,522	14,286
LIABILITIES:		
Non-Federal liabilities:		
2202 Accrued interest payable on long-term obligations	886	888
2203 Debt	30,071	30,070
2999 Total liabilities	30,957	30,958
NET POSITION:		
3100 Nonvoting capital stock issued to FHLBanks	2,513	2,513
3300 Cumulative results of operations	10,282	11,045
3300 RTC nonredeemable capital certificates	-31,286	-31,286
3300 Contributed capital - principal fund assessments	1,056	1,056
3999 Total net position	-17,435	-16,672
4999 Total liabilities and net position	13,522	14,286

BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

Program and Financing (in millions of dollars)

Identification code 39-4982-0-4-803	2011 actual	2012 est.	2013 est.
Obligations by program activity:			
0801 Monetary and economic policy	99	112	126
0802 Federal Reserve System policy direction	37	33	36
0803 Supervisory, regulatory, and legal services	146	173	182
0804 Support and security services	158	187	201
0805 Extraordinary items		1	16
0809 Reimbursable program activities, subtotal	440	506	561
0810 Office of Inspector General operating expenses	12	16	26
0900 Total new obligations	452	522	587
Budgetary Resources:			
Financing authority:			
Spending authority from offsetting collections, mandatory:			
1800 Collected	452	522	587
1850 Spending auth from offsetting collections, mand (total)	452	522	587
1930 Total budgetary resources available	452	522	587
Change in obligated balance:			
Unpaid obligations:			
3010 Obligations incurred, unexpired accounts	452	522	587
3020 Financing disbursements (gross)	-452	-522	-587
Financing authority and disbursements, net:			
Mandatory:			
4090 Financing authority, gross	452	522	587
4110 Financing disbursements, gross	452	522	587
Offsets against gross financing authority and disbursements:			
Offsetting collections (collected) from:			
4123 Non-Federal sources	-452	-522	-587

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

To carry out its responsibilities under this Act, the Board determines general monetary, credit, and operating policies for the System as a whole and formulates the rules and regulations ne-

cessary to carry out the purposes of the Federal Reserve Act. The Board's principal duties consist of exerting an influence over credit conditions and supervising the Federal Reserve banks and member banks.

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

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

Object Classification (in millions of dollars)

Identification code 39-4982-0-4-803	2011 actual	2012 est.	2013 est.
Reimbursable obligations:			
Personnel compensation:			
11.1 Full-time permanent	270	297	323
11.3 Other than full-time permanent	3	3	3
11.5 Other personnel compensation	2	2	2
11.9 Total personnel compensation	275	302	328
12.1 Civilian personnel benefits	52	61	65
13.0 Benefits for former personnel	5	7	11
21.0 Travel and transportation of persons	15	14	15
22.0 Transportation of things	1	1	1
23.3 Communications, utilities, and miscellaneous charges	9	9	11
24.0 Printing and reproduction	2	2	3
25.1 Advisory and assistance services	41	61	80
25.2 Other services from non-Federal sources	21	22	26
26.0 Supplies and materials	12	15	15
31.0 Equipment	19	28	32
99.9 Total new obligations	452	522	587