

State Employees' Credit Union



Accounting Department

March 29, 2018

Mary Thor
National Credit Union Administration
Office of Examination and Insurance
1775 Duke Street
Alexandria, Virginia 22314-3428

RE: Comments on Call Report Modernization
83 FR 4518

Dear Ms. Thor,

State Employees' Credit Union (SECU) of Raleigh North Carolina provides the following comments on the National Credit Union Administration's (NCUA) proposed modernization to the Call Report form and instructions.

SECU serves over 2 million members and maintains \$37 billion in assets. In offering the comments below, we draw on our experience and insight gained from completing the call report form as well as assisting other credit unions with their call report forms.

We support NCUA's commitment to improve and modernize the call report and appreciate the opportunity to make comments to NCUA. The purpose of the modernization was "reducing the burden on credit unions, improving offsite supervision capability, and updating the organization of the forms and related instructions."

Reducing Regulatory Burden

We applaud and support the NCUA's attempt to reduce the overall regulatory burden while maintaining the responsibility to safeguard the NCUSIF. It was apparent in the reduction from 1,523 account codes to 919. However, our review indicated that much of the reduction was in the area of derivatives. SECU, like many other credit unions, do not have derivatives; therefore, this reduction would have minimal impact on the reporting burden. In fact, the burden to complete the Call Report would likely increase with the additional reporting in Risk Based Capital pages!

During our review, we noted several specific areas that could be improved upon. During the reduction process, Miscellaneous Equity (acct code 996) was removed. We currently report an amount to Miscellaneous Equity that does not appear to fit into any description on the revised Call Report. This line is needed to report alternative sources of capital.

We also suggest that an account is needed to distinguish Federal Reserve borrowing capacity from other borrowings and would like NCUA to add an account code for federal reserve borrowing capacity on page FC-N. It is important to include the Federal Reserve borrowing capacity to determine overall contingency funding sources.

We appreciate the auto-population of data found in the Risk Based Capital section (FC-T). However, it appears that additional amounts within this section could be auto-populated. For example, balances due from Federal Reserve Banks on page FC-T-2 is also entered on page FC-1.

To further reduce redundancy, we recommend that the information requested throughout the Call Report be designed to auto-populate the information found within the Risk Based Capital section (FC-T). For example, Unfunded Commitments for 1-4 Family Residential Properties (line 811D) on FC-N requests similar information to Unfunded Commitment requests found on (RB0091 and RB0092) on FC-T6. The information request made on FC-N could be adjusted to auto-populate on page FC-T6. We ask that the NCUA look for other opportunities to auto-populate data within the Call Report.

Changing GAAP Requirements

We acknowledge the ever-changing regulatory landscape and support proactive revisions to add new regulations and remove lines that are no longer relevant.

Overall Organization of Report Forms and Instructions

We recognize that the organization of the account codes was grouped logically; however, we would prefer the pages numbered. The page numbers assist with the overall ordering of the report. The revised instructions seemed lacking or ambiguous. While we appreciate the hyperlinks added to the detailed documentation, a first attempt at interpretation of the instructions with examples would be more beneficial and perhaps lead to better and more comparative data between the credit unions. Additionally, more detailed instructions would lessen the time and cost associated with the reporting requirements.

The mixture of account codes using the old format and the new format is confusing. For example, in the Cash and Deposits section on page FC-1, the account codes shift from 730B1 to AS0003 back to 730B2. The standardization of the account codes should occur at the same time the report structure is overhauled.

In conclusion, we acknowledge the attempt to reduce the burden of Call Report preparation, however, our evaluation indicates that the impact of the reduction will be minimal. Additionally, we are concerned about having the proper lead time to implement the required changes. SECU will need at a minimum six months to prepare for the proposed changes.

We appreciate the opportunity to provide comments on the NCUA's proposed call report modernization efforts.

Sincerely,



Rex Spivey
Chief Financial Officer
State Employees' Credit Union
Raleigh, North Carolina