

Summary of Legitimate Interseries Differences
between the
Annual Report of Deposits and Reservable Liabilities
(FR 2910a)
and the
Statement of Financial Condition
(NCUA 5300)

Credit Unions

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Background

“Interseries editing” compares data reported as of similar dates for analogous items from two different reports. Interseries editing enhances data quality by reconciling reporting discrepancies. Such discrepancies may be the result of a reporting error or may instead reflect legitimate differences between item definitions associated with the two reports. This document describes legitimate differences between the **Annual Report of Deposits and Reservable Liabilities (FR 2910a)** and the **Statement of Financial Condition (NCUA 5300)**, hereafter referred to in this document as the Call Report.

Interseries edits are performed for each credit union that reports the FR 2910a. The edits are based on data from the FR 2910a and the Call Report on June 30th each year.

A table showing the interseries item comparisons that are calculated each year appears in the next section, followed by a table summarizing most of the legitimate differences that might arise in reconciling those comparisons. Next, two types of legitimate differences are discussed in detail: *general legitimate differences* that are valid for any item comparison, and *specific legitimate differences* that are valid only for the particular items being compared.

Interseries Edits for Credit Unions

The following table shows the interseries item comparisons calculated for all credit unions that file the FR 2910a report.

Detailed Interseries Item Comparisons for Credit Unions			
FR 2910a		NCUA 5300	
Line	Description	Code	Description
1	Total transaction accounts, savings deposits, and small time deposits	018 - 638 - 639	Shares/Deposits, line 17 (Total shares and deposits) - Shares/Deposits, line 25 (Share certificates greater than or equal to \$100,000) - Shares/Deposits, line 26 (IRAs/Keoghs greater than or equal to \$100,000)
2.a	Net transaction accounts	902 - 730B	Shares/Deposits, line 9 (Share drafts) - Assets, line 2.c (Total cash on deposit)

Summary of Legitimate Differences for Credit Unions	
FR 2910a <i>less than</i> Call Report	FR 2910a <i>greater than</i> Call Report
<i>Total Transaction Accounts, Savings Deposits, and Small Time Deposits</i>	
FR 2910a excludes <i>large</i> non-member deposits in the form of share certificates or IRAs/Keoghs, while the Call Report comparison item may include these deposits.	FR 2910a includes primary obligations while the Call Report comparison item <i>does not</i> include primary obligations.
<i>Net Transaction Accounts</i>	
None.	- FR 2910a includes primary obligations with original maturities of less than seven days, while the Call Report comparison item <i>does not</i> include primary obligations. - FR 2910a must include in share drafts any share accounts whose withdrawal limits are routinely exceeded or are not monitored, while these balances are reported as share accounts on the Call Report. - In calculating net transaction accounts, the FR 2910a netting items include only demand balances due from depository institutions in the U.S. and CIPC. In addition to these amounts, the Call Report comparison-based netting item <i>also includes</i>: - Demand balances due from foreign depository institutions. - Balances which may not be subject to immediate withdrawal. - Balances due from Federal Reserve Banks. - Cash items payable immediately upon presentation to a depository institution outside the U.S.

Note: This table excludes interpretive differences because these legitimate differences are circumstance specific.

General Legitimate Differences

The following legitimate differences may apply to any interseries item comparison.

Consolidation

The FR 2910a report consolidates the head office and all branches (and operation subsidiaries and service corporations, if applicable) located in the 50 states of the United States, the District of Columbia, or on U.S. military facilities, wherever located. The Call Report also consolidates *non-U.S.* branches.

Primary Obligations

Deposit balances on the FR 2910a may include primary obligations while deposit balances on the Call Report do not.

Certain liabilities of the reporting institution issued to nonexempt entities (e.g., nondepositories, such as individuals or businesses) are considered primary obligations. Except for a special class of due bills, similar liabilities issued to exempt entities (e.g., depository institutions) are not considered primary obligations. Primary obligations are reported as deposits on the FR 2910a because they are subject to reserve requirements and are considered part of the monetary aggregates. On the Call Report, however, primary obligations are not reported as deposits. For more information on primary obligations and a complete listing of exempt and nonexempt entities, see the FR 2910a instructions under “B. General Definitions.”

Interpretive Differences

Some items may be classified on the Call Report as either deposits or accounts payable and other liabilities. On the FR 2910a, these items are generally reported as deposits. When reported as accounts payable and other liabilities on the Call Report, these items are omitted from the Call Report items used in interseries edit comparisons, making FR 2910a balances higher than Call Report balances when these items are present.

Examples of items that may be classified in this manner are: undistributed payments, advance payments of taxes and insurance, undistributed payroll deductions (withheld payroll taxes), and funds received in the course of servicing loans for others.

Fair Value

Deposit liabilities reported on the FR 2910a must be based on the reporting institution’s contractual liability to its counterparty, which includes any accrued interest. Institutions may elect to report their deposit liabilities at fair value on the Call Report. The balance reported at fair value on the Call Report may be greater than or less than the original value of the contractual liability reported on the FR 2910a.

Specific Legitimate Differences

The most common explanations given for valid legitimate differences are discussed in turn below.

1. Total Transaction Accounts, Savings Deposits, and Small Time Deposits

FR 2910a		NCUA 5300	
Line	Description	Code	Description
1	Total transaction accounts, savings deposits, and small time deposits	018	Shares/Deposits, line 17 (Total shares and deposits)
		- 638	- Shares/Deposits, line 25 (Share certificates greater than or equal to \$100,000)
		- 639	- Shares/Deposits, line 26 (IRAs/Keoghs greater than or equal to \$100,000)

Legitimate Difference:

Non-Member Deposits: To calculate the Call Report comparison item for total transaction accounts, savings deposits, and small time deposits, both large share certificates and large IRA/Keogh balances are subtracted from total shares and deposits. The total shares and deposits Call Report item, 018, includes member and non-member deposits, whereas both the large shares certificates item, 638, and the large IRA/Keogh item, 639, contain only member shares and deposits. To the extent that a DI has received large non-member deposits as either shares certificates or IRAs/Keoghs, the FR 2910a balance may be less than the Call Report balance.

Primary Obligations: FR 2910a balance may be greater than Call Report balance because primary obligations must be included in the FR 2910a item, while the Call Report comparison item *does not* include primary obligations.

2. Net Transaction Accounts

FR 2910a		NCUA 5300	
Line	Description	Code	Description
2.a	Net transaction accounts	902 -730B	Shares/Deposits, line 9 (Share drafts) - Assets, line 2.c (Total cash on deposit)

Legitimate Differences:

Primary Obligations: Total transaction accounts (FR 2910a Worksheet line 4) may be greater than total transaction accounts on the Call Report because primary obligations must be included in the FR 2910a item, while the Call Report comparison item *does not* include primary obligations.

Withdrawal Limits: FR 2910a balance may be greater than Call Report balance. FR 2910a reporting follows Regulation D, which limits the number of withdrawals from savings accounts for reserve requirement purposes. If withdrawal limits are routinely exceeded, or if a credit union does not monitor the number of withdrawals from its share accounts, affected share account balances must be reported as

share drafts on the FR 2910a, while these balances are reported as share accounts on the Call Report.

Netting Items:

On the FR 2910a, two items are netted (subtracted) from total transaction accounts in order to calculate net transaction accounts. These netting items are:

- Demand balances due from depository institutions in the U.S. (FR 2910a Worksheet line 5)
- Cash items in process of collection (FR 2910a Worksheet line 6).

The calculation of net transaction accounts based on the Call Report, however, involves netting the following additional balances. In each of the four cases listed below, the FR 2910a-based netting items are *lower* than the Call Report-based netting item. As a result, net transaction accounts are *greater* on the FR 2910a than on the Call Report.

Demand balances due from foreign depository institutions: The FR 2910a netting item (FR 2910a Worksheet line 5) includes only those demand balances that are due from U.S. depository institutions, while the Call Report netting item may also include demand balances that are due from foreign depository institutions.

Balances not subject to immediate withdrawal: The FR 2910a netting item (FR 2910a Worksheet line 5) includes not only those balances that are subject to *immediate* withdrawal by the reporting institution (i.e., no notice period prior to withdrawal is associated with these deposits, regardless of whether a notice period is ever actually exercised). The Call Report netting item also includes balances which may not be subject to immediate withdrawal.

Balances due from Federal Reserve Banks: The FR 2910a netting item (FR 2910a Worksheet line 5) does not include balances due from Federal Reserve Banks, while the Call Report netting item includes these balances.

CIPC payable outside the United States: The FR 2910a netting item (FR 2910a Worksheet line 6) includes only those cash items in process of collection that are payable immediately upon presentation in the United States. The Call Report netting item also includes cash items that are payable *outside* the United States.