

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

April 30, 2016

A handwritten signature in blue ink, appearing to read "Rendell L. Jones", is written over a light blue grid background.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

MANAGEMENT OVERVIEW

April 30, 2016

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$101.1 million. Its balance increased \$76.5 million in the month primarily due to the receipt of annual operating fees that were due in April. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Due from National Credit Union Share Insurance Fund (SIF) had a month-end balance of approximately \$25 thousand. Its balance decreased by approximately \$182 thousand in the month. This decrease was due to payment received.

Other accounts receivable had a month-end balance of approximately \$1.2 million. Its balance decreased by approximately \$99.9 million in the month. This decrease was due to the receipt of the annual operating fees that were due in April. In April \$80 million of the approximately \$80.9 million of billed operating fees were collected.

Fixed assets net of accumulated amortization had a month-end balance of approximately \$30.8 million. Its balance increased by approximately \$389 thousand in the month. This increase was due to the purchase of additional equipment.

Accounts payable had a month-end balance of approximately \$3.6 million. Its balance increased by approximately \$2.6 million in the month. This liability was primarily the result of the April estimate-to-actual true-up of monthly overhead expenses transferred via the overhead transfer rate (OTR) to the Share Insurance Fund and the outstanding payables for network/server equipment.

Deferred revenue had a month-end balance of approximately \$54 million. Its balance decreased by approximately \$27 million in the month. This decrease was due to the realization of January-April 2016 operating fees received in April.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$801 thousand and net income year-to-date was approximately \$4.1 million. Interest income on overnight investments has averaged 0.16% year-to-date, versus 0.01% during the same period last year.

Statements of Cash Flow

The cash position increased approximately \$76.5 million since last month. In the current month approximately \$77.5 million was provided by operating activities. Approximately \$1 million was invested in new capital assets. Approximately \$112 thousand in cash was used to repay the National Credit Union Share Insurance Fund note payable on the King Street Station Building, which has a balance of approximately \$9.9 million on the balance sheet.

Budget (Year-to-Date)

Agency expenses was under the year-to-date budget by \$10.0 million or 10.4%, compared to being under the year-to-date budget by approximately \$8.9 million or 9.7% during the same period last year. Of the total variance, employee pay and benefits was under budget by \$849 thousand or 1.2%. Travel cost were under budget by \$3.1 million or 32.0%. Contract services cost was under budget by \$3.6 million or 38.4%. The remaining expense categories combined were under budget by \$2.4 million or 32.0%. The under budget amounts are due to the use of straight line budget estimates. Actual costs will more clearly align with budgeted costs as the year progresses.

The average annualized travel spend per Full-Time Equivalent (FTE) was \$16,418 this year, which is \$596 less than last year.

Vacancies

The Agency had 39 vacancies as of this month—up 7 from the prior month. Of the 39 vacancies, 8 were in the central office and 31 were in the regions and the Asset Management and Assistance Center (AMAC). The 39 vacancies represent 3.1% percent of total authorized staff of 1,247.00.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of April 30, 2016 and 2015
(Dollars in thousands)

	April 2016	April 2015
ASSETS		
Cash and cash equivalents	\$ 101,106	\$ 88,179
Due from National Credit Union Share Insurance Fund	25	87
Employee advances	103	47
Other accounts receivable, Net	1,199	3,515
Prepaid expenses and other assets	1,827	2,486
Assets held for sale	153	396
Fixed assets - Net of accum. depreciation of \$32,392 as of April 30, 2016	30,840	31,078
Intangible assets - Net of accum. amortization of \$16,599 as of April 30, 2016	2,938	2,119
TOTAL ASSETS	\$ 138,191	\$ 127,907
LIABILITIES		
Accounts payable	\$ 3,575	\$ 1,854
Obligations under capital leases	1,331	821
Accrued wages and benefits	10,222	9,280
Deferred revenue ¹	53,956	52,600
Accrued annual leave	17,243	15,469
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	9,945	11,286
TOTAL LIABILITIES	96,272	91,310
FUND BALANCE	41,919	36,597
TOTAL LIABILITIES AND FUND BALANCE	\$ 138,191	\$ 127,907

¹The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
For the Periods Ended April 30, 2016 and April 30, 2015
(Dollars in thousands)

	<u>April 2016</u>	<u>Year-to-Date April 2016</u>	<u>Year-to-Date April 2015</u>
REVENUES			
Operating fees	\$ 6,816	\$ 26,978	\$ 26,300
Interest	10	38	3
Other	<u>70</u>	<u>292</u>	<u>398</u>
Total Revenues	<u>6,896</u>	<u>27,308</u>	<u>26,701</u>
EXPENSES, NET¹			
Employee wages and benefits, net	4,412	18,467	18,461
Travel	706	1,787	1,966
Rent, communications, and utilities	42	305	290
Contracted services	667	1,560	1,680
Depreciation and amortization	412	1,630	1,919
Administrative	<u>(144)</u>	<u>(565)</u>	<u>(784)</u>
Total Expenses	<u>6,095</u>	<u>23,184</u>	<u>23,532</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	<u>801</u>	<u>4,124</u>	<u>3,169</u>
FUND BALANCE—Beginning of period	<u>41,118</u>	<u>37,795</u>	<u>33,428</u>
FUND BALANCE—End of period	<u>\$ 41,919</u>	<u>\$ 41,919</u>	<u>\$ 36,597</u>

¹Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate set by the board of 73.1% and 71.8% for 2016 and 2015, respectively.

The balances in the statement above are preliminary and unaudited

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
STATEMENTS OF CASH FLOWS
For the Periods Ended April 30, 2016 and April 30, 2015
(Dollars in thousands)

	April 2016	Year-to-Date April 2016	Year-to-Date April 2015
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 801	\$ 4,124	\$ 3,169
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	412	1,630	1,919
Provision for loss on disposal of employee residences held for sale	-	13	36
(Gain) loss on fixed asset retirements	-	-	11
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	182	3,919	3,422
Employee advances	(55)	(65)	15
Other accounts receivable	99,880	(867)	(3,193)
Prepaid expenses and other assets	(66)	(95)	(341)
(Decrease) increase in liabilities:	-		
Accounts payable	2,609	(2,069)	(4,744)
Accrued wages and benefits	760	3,046	(3,593)
Deferred revenue	(26,978)	53,956	52,600
Accrued annual leave	-	-	-
Accrued employee travel	-	(646)	(491)
Net cash provided by operating activities	77,545	62,946	48,810
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(923)	(1,948)	(1,163)
Proceeds from insurance on fixed assets	-	-	-
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	-	211	212
Net cash used by investing activities	(923)	(1,737)	(951)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(447)	(447)
Principal payments under capital lease obligations	(1)	(184)	(173)
Net cash used by financing activities	(113)	(631)	(620)
NET INCREASE IN CASH AND CASH EQUIVALENTS	76,509	60,578	47,239
CASH AND CASH EQUIVALENTS—Beginning of period	24,597	40,528	40,940
CASH AND CASH EQUIVALENTS—End of period	\$ 101,106	\$ 101,106	\$ 88,179
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ 781
Cash Payments for Interest	\$ 15	\$ 63	\$ 71

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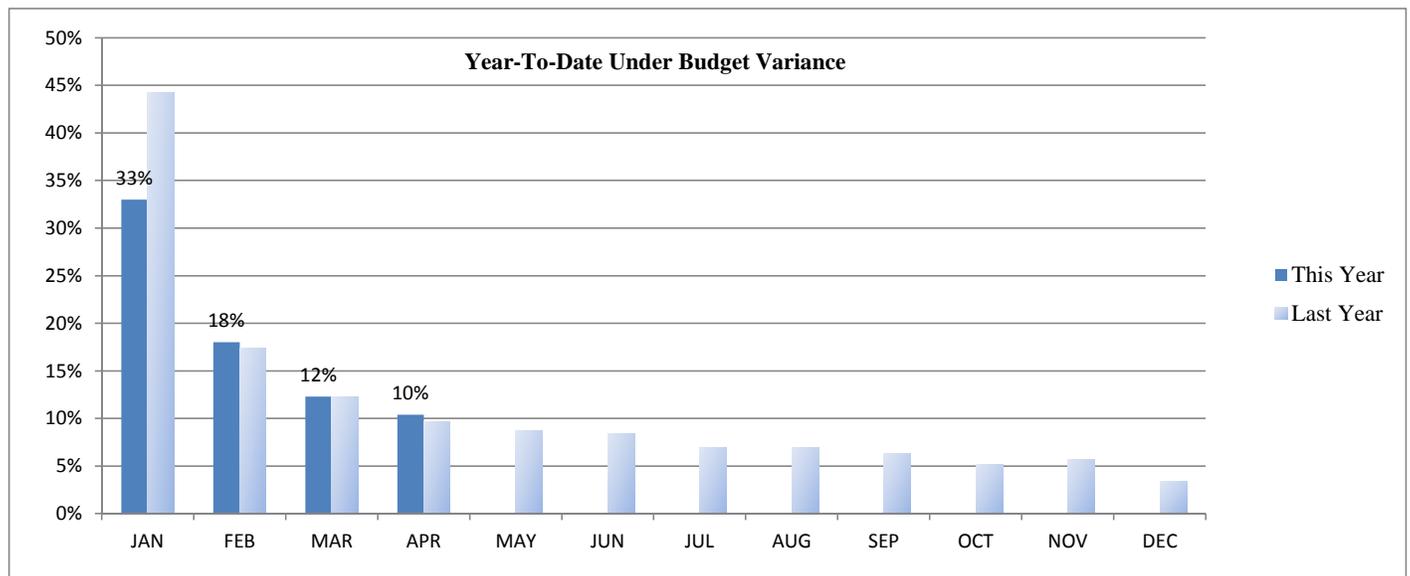
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)

As of April 30, 2016 and April 30, 2015

(Dollars in thousands)

	Year-To-Date 2016				Year-To-Date 2015			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	69,501	68,652	(849)	-1.2%	66,525	65,465	(1,060)	-1.6%
Travel	9,764	6,643	(3,122)	-32.0%	9,763	6,973	(2,790)	-28.6%
Rent, Comm., & Utilities	2,255	1,132	(1,123)	-49.8%	1,924	1,030	(894)	-46.5%
Administrative	5,234	3,964	(1,270)	-24.3%	5,445	4,026	(1,419)	-26.1%
Contracted Services	9,409	5,797	(3,612)	-38.4%	8,729	5,955	(2,774)	-31.8%
TOTAL	96,164	86,188	(9,976)	-10.4%	92,386	83,449	(8,937)	-9.7%



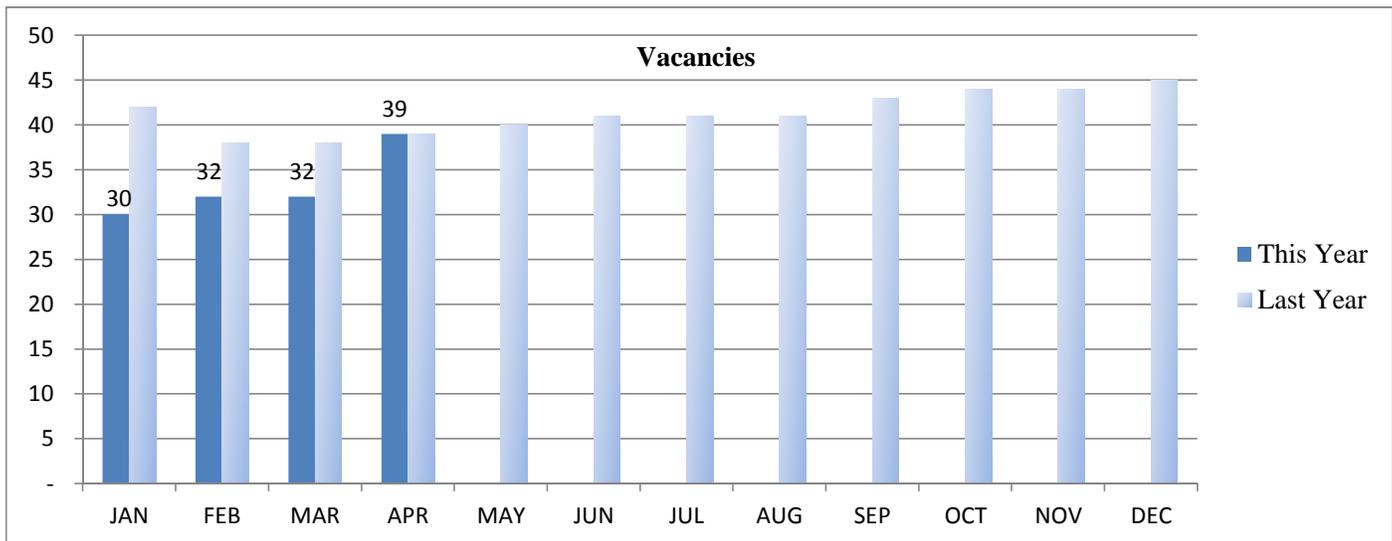
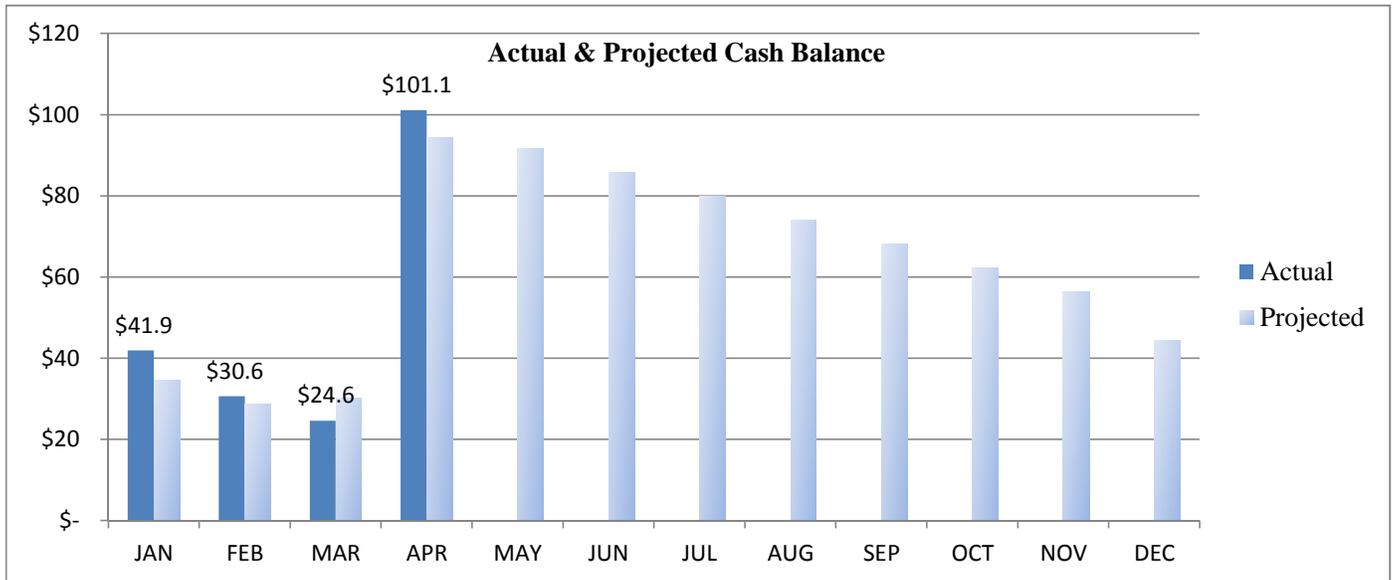
¹Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

The balances in the supplement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of April 30, 2016 and April 30, 2015



	4/30/2016	4/30/2015
Fund Balance / Total assets	30.33%	28.61%
YTD interest income to average investments (annualized)	0.16%	0.01%
Annualized travel spend per employee	\$16,418	\$17,014
Net year to date cash inflow (outflow) in millions of dollars	\$61	\$47
Cash and overnight investments / Total assets	73.16%	68.94%
Overhead transfer rate	73.10%	71.80%

The balances in the supplement above are preliminary and unaudited