

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**November 30, 2017**

A handwritten signature in blue ink, appearing to read "Rendell L. Jones", is positioned above the name and title.

**RENDELL L. JONES  
CHIEF FINANCIAL OFFICER**

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## MANAGEMENT OVERVIEW

November 30, 2017

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### **Balance Sheet**

Cash and cash equivalents had a month-end balance of \$80.9 million. Its balance decreased by \$9.2 million for the month primarily reflecting operating expenses. The cash position is considered sufficient to cover current and future obligations of the Fund through April 2018.

Other accounts receivable had a month-end balance of \$195 thousand. Its balance increased by \$49 thousand primarily due to payment of expenses for Central Liquidity Facility by the Operating Fund.

Prepaid expenses and other assets had a month-end balance of \$2.9 million. Its balance increased by \$30 thousand for the month, which primarily represents the addition of prepaid software licenses partially offset by the monthly amortization expense.

Accounts payable had a month-end balance of \$3.2 million. Its balance includes trade and inter-agency payables.

Deferred revenue had a month-end balance of \$8.9 million. Its balance decreased by \$8.9 million due to the recognition of deferred operating fees for the month.

### **Statements of Revenues, Expenses, and Changes in Fund Balance**

Net income for the month was \$1.7 million and net income year-to-date was \$19.4 million. Interest income on overnight investments has averaged 1.19% year-to-date, versus 0.33% during the same period last year.

### **Statements of Cash Flow**

The cash position decreased \$9.2 million since last month. In the current month, \$8.4 million was used by operating activities. Investments in new capital assets were \$687 thousand. 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 \$7.8 million on the balance sheet.

### **Other Information**

The average annualized travel spend per Full-Time Equivalent (FTE) was \$19,480 this year, which is \$1,998 less than last year.

The Agency had 61 vacancies as of this month -- up 2 from the prior month. Of the 61 vacancies, 13 were in the central office and 48 were in the regions and AMAC. The 61 vacancies represent 5.0% percent of total authorized staff of 1,221.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND  
BALANCE SHEETS  
As of November 30, 2017 and 2016  
(Dollars in thousands)**

	<u>November 2017</u>	<u>November 2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 80,894	\$ 66,128
Due from National Credit Union Share Insurance Fund	86	130
Employee advances	2	6
Other accounts receivable, Net	195	314
Prepaid expenses and other assets	2,920	2,765
Assets held for sale	-	-
Fixed assets - Net of accum. depreciation of \$38,228 as of November 30, 2017	27,541	29,474
Intangible assets - Net of accum. amortization of \$18,014 as of November 30, 2017	6,378	3,451
<b>TOTAL ASSETS</b>	<u>\$ 118,016</u>	<u>\$ 102,268</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 3,189	\$ 9,275
Obligations under capital leases	410	986
Accrued wages and benefits	13,583	12,362
Deferred revenue <sup>1</sup>	8,871	6,745
Accrued annual leave	19,359	17,243
Accrued employee travel	103	-
Note payable to National Credit Union Share Insurance Fund	7,822	9,163
<b>TOTAL LIABILITIES</b>	<u>53,337</u>	<u>55,774</u>
 <b>FUND BALANCE</b>	 <u>64,679</u>	 <u>46,494</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u>\$ 118,016</u>	 <u>\$ 102,268</u>

<sup>1</sup>The 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 November 30, 2017 and 2016**  
**(Dollars in thousands)**

	<u>November 2017</u>	<u>Year-to-Date November 2017</u>	<u>Year-to-Date November 2016</u>
<b>REVENUES</b>			
Operating fees	\$ 8,871	\$ 97,583	\$ 74,189
Interest	81	713	159
Other	95	966	950
Total Revenues	<u>9,047</u>	<u>99,262</u>	<u>75,298</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	5,476	61,233	50,259
Travel	783	6,742	6,420
Rent, communications, and utilities	115	1,553	1,277
Contracted services	693	7,014	5,505
Depreciation and amortization	119	1,393	1,193
Administrative	135	1,902	1,945
Total Expenses, Net	<u>7,321</u>	<u>79,837</u>	<u>66,599</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	1,726	19,425	8,699
<b>FUND BALANCE—Beginning of period</b>	<u>62,953</u>	<u>45,254</u>	<u>37,795</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 64,679</u>	<u>\$ 64,679</u>	<u>\$ 46,494</u>

<sup>1</sup>Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 67.7% and 73.1% for 2017 and 2016, 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 November 30, 2017 and 2016  
(Dollars in thousands)**

	<u>November 2017</u>	<u>Year-to-Date November 2017</u>	<u>Year-to-Date November 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over expenses	\$ 1,726	\$ 19,425	\$ 8,699
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	369	4,313	4,456
Provision for loss on disposal of employee residences held for sale	-	-	27
(Gain) loss on fixed asset retirements	-	-	8
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	2	3,973	3,814
Employee advances	-	3	32
Other accounts receivable	(49)	242	18
Prepaid expenses and other assets	(30)	(1,076)	(1,033)
(Decrease) increase in liabilities:			
Accounts payable	(3,052)	(2,420)	3,631
Accrued wages and benefits	1,442	3,313	5,186
Deferred revenue	(8,871)	8,871	6,745
Accrued annual leave	(73)	1,190	-
Accrued employee travel	103	(498)	(646)
Net cash (used) or provided by operating activities	<u>(8,433)</u>	<u>37,336</u>	<u>30,937</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(687)	(4,007)	(3,905)
Proceeds from sale of employee residences held for sale	-	-	350
Net cash used by investing activities	<u>(687)</u>	<u>(4,007)</u>	<u>(3,555)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(1,229)	(1,229)
Principal payments under capital lease obligations	-	(555)	(553)
Net cash used by financing activities	<u>(112)</u>	<u>(1,784)</u>	<u>(1,782)</u>
<b>NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS</b>	(9,232)	31,545	25,600
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>90,126</u>	<u>49,349</u>	<u>40,528</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 80,894</u>	<u>\$ 80,894</u>	<u>\$ 66,128</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24</u>
<b>CASH PAYMENTS FOR INTEREST</b>	<u>\$ 20</u>	<u>\$ 118</u>	<u>\$ 151</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**YEAR-TO-DATE BUDGET TO ACTUAL EXPENSES (BEFORE OVERHEAD TRANSFER RATE)**

As of November 30, 2017 and 2016

(Dollars in thousands)

	Year-To-Date 2017				Year-To-Date 2016			
	BUDGET <sup>1</sup>	ACTUAL	DIFF	%	BUDGET <sup>1</sup>	ACTUAL	DIFF	%
<b>Employee Pay &amp; Benefits</b>	198,233	189,575	(8,658)	-4.4%	193,149	186,835	(6,314)	-3.3%
<b>Travel</b>	26,093	20,872	(5,221)	-20.0%	26,682	23,867	(2,815)	-10.6%
<b>Rent, Comm., &amp; Utilities</b>	6,163	4,809	(1,355)	-22.0%	6,246	4,747	(1,499)	-24.0%
<b>Administrative</b>	12,296	7,283	(5,013)	-40.8%	13,997	8,404	(5,593)	-40.0%
<b>Contracted Services</b>	30,532	21,716	(8,816)	-28.9%	26,397	20,465	(5,932)	-22.5%
<b>TOTAL</b>	273,317	244,254	(29,063)	-10.6%	266,471	244,318	(22,153)	-8.3%

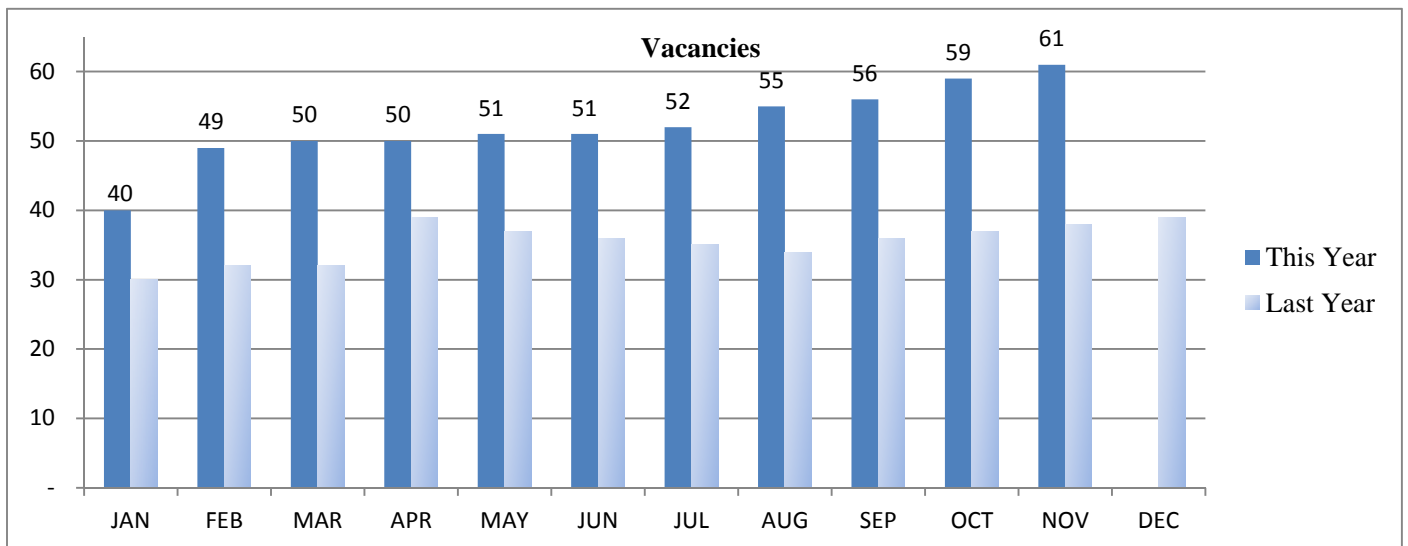
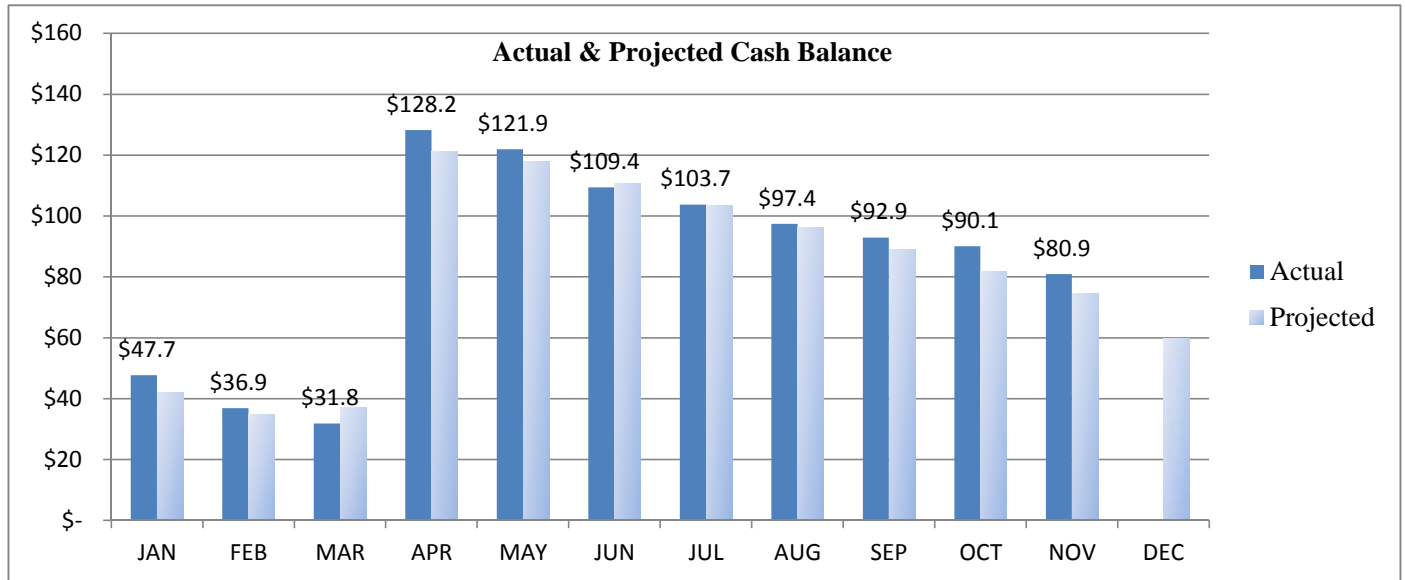
<sup>1</sup>Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

**As of November 30, 2017 and 2016**



	<b>11/30/2017</b>	<b>11/30/2016</b>
Fund Balance / Total assets	54.81%	45.46%
YTD interest income to average investments (annualized)	1.19%	0.33%
Annualized travel spend per employee	\$19,480	\$21,478
Net year to date cash inflow (outflow) in millions of dollars	\$32	\$26
Cash and overnight investments / Total assets	68.54%	64.66%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.