

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**April 30, 2017**

A handwritten signature in blue ink, appearing to read "Rendell L. Jones", with a long horizontal flourish extending to the right.

**RENDELL L. JONES  
CHIEF FINANCIAL OFFICER**

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## MANAGEMENT OVERVIEW

April 30, 2017

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### Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$128.2 million. Its balance increased by \$96.4 million for the month primarily due to the collection of annual operating fees that were due in April. 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 approximately \$2.2 million. Its balance decreased by approximately \$103.0 million primarily due to the receipt of annual operating fees. In April, \$102.7 million of the approximately \$106.5 million of billed operating fees were collected.

Prepaid expenses and other assets had a month-end balance of approximately \$2.3 million. Its balance increased by \$213 thousand for the month, primarily due to purchase of computer and web-based support services.

Accounts payable had a month-end balance of approximately \$3.8 million. Its balance includes trade and inter-agency payables.

Deferred revenue had a month-end balance of approximately \$71 million. Its balance decreased by approximately \$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 approximately \$2.2 million and net income year-to-date was approximately \$8.5 million. Interest income on overnight investments has averaged 0.39% year-to-date, versus 0.16% during the same period last year.

### Statements of Cash Flow

The cash position increased approximately \$96.4 million since last month. In the current month, approximately \$96.8 million was used by operating activities. Approximately \$292 thousand 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 \$8.6 million on the balance sheet.

### Other Information

The average annualized travel spend per Full-Time Equivalent (FTE) was \$15,139 this year, which is \$1,279 less than last year.

The Agency had 50 vacancies as of this month -- no change from the prior month. Of the 50 vacancies, 16 were in the central office and 34 were in the regions and AMAC. The 50 vacancies represent 4.1% percent of total authorized staff of 1,221.

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

	<b>April 2017</b>	<b>April 2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 128,193	\$ 101,106
Due from National Credit Union Share Insurance Fund	89	25
Employee advances	-	103
Other accounts receivable, Net	2,162	1,199
Prepaid expenses and other assets	2,327	1,827
Assets held for sale	-	153
Fixed assets - Net of accum. depreciation of \$36,267 as of April 30, 2017	28,499	30,840
Intangible assets - Net of accum. amortization of \$17,522 as of April 30, 2017	5,174	2,938
<b>TOTAL ASSETS</b>	<b>\$ 166,444</b>	<b>\$ 138,191</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 3,773	\$ 3,575
Obligations under capital leases	809	1,331
Accrued wages and benefits	10,392	10,222
Deferred revenue <sup>1</sup>	70,970	53,956
Accrued annual leave	18,169	17,243
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	8,604	9,945
<b>TOTAL LIABILITIES</b>	<b>112,717</b>	<b>96,272</b>
 <b>FUND BALANCE</b>	 <b>53,727</b>	 <b>41,919</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 166,444</b>	 <b>\$ 138,191</b>

<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 April 30, 2017 and April 30, 2016**  
**(Dollars in thousands)**

	<u>April 2017</u>	<u>Year-to-Date April 2017</u>	<u>Year-to-Date April 2016</u>
<b>REVENUES</b>			
Operating fees	\$ 8,871	\$ 35,485	\$ 26,978
Interest	50	115	38
Other	90	276	292
Total Revenues	<u>9,011</u>	<u>35,876</u>	<u>27,308</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits, net	5,193	22,129	18,467
Travel	682	1,913	1,787
Rent, communications, and utilities	178	418	305
Contracted services	518	1,954	1,560
Depreciation and amortization	127	519	438
Administrative	120	470	627
Total Expenses	<u>6,818</u>	<u>27,403</u>	<u>23,184</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	2,193	8,473	4,124
<b>FUND BALANCE—Beginning of period</b>	<u>51,534</u>	<u>45,254</u>	<u>37,795</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 53,727</u>	<u>\$ 53,727</u>	<u>\$ 41,919</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 April 30, 2017 and April 30, 2016**  
**(Dollars in thousands)**

	<u>April 2017</u>	<u>Year-to-Date April 2017</u>	<u>Year-to-Date April 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over expenses	\$ 2,193	\$ 8,473	\$ 4,124
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	393	1,607	1,630
Provision for loss on disposal of employee residences held for sale	-	-	13
(Gain) loss on fixed asset retirements	-	-	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(85)	3,970	3,919
Employee advances	1	5	(65)
Other accounts receivable	103,042	(1,725)	(867)
Prepaid expenses and other assets	(213)	(483)	(95)
(Decrease) increase in liabilities:			
Accounts payable	314	(1,836)	(2,069)
Accrued wages and benefits	(5)	122	3,046
Deferred revenue	(8,871)	70,970	53,956
Accrued annual leave	-	-	-
Accrued employee travel	-	(601)	(646)
Net cash provided by operating activities	<u>96,769</u>	<u>80,502</u>	<u>62,946</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(292)	(1,055)	(1,948)
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	-	-	211
Net cash used by investing activities	<u>(292)</u>	<u>(1,055)</u>	<u>(1,737)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(447)	(447)
Principal payments under capital lease obligations	-	(156)	(184)
Net cash used by financing activities	<u>(112)</u>	<u>(603)</u>	<u>(631)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	96,365	78,844	60,578
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>31,828</u>	<u>49,349</u>	<u>40,528</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 128,193</u>	<u>\$ 128,193</u>	<u>\$ 101,106</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH PAYMENTS FOR INTEREST</b>	<u>\$ 11</u>	<u>\$ 46</u>	<u>\$ 63</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 April 30, 2017 and April 30, 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>	70,617	68,510	(2,107)	-3.0%	69,501	68,652	(849)	-1.2%
<b>Travel</b>	9,488	5,923	(3,565)	-37.6%	9,764	6,643	(3,121)	-32.0%
<b>Rent, Comm., &amp; Utilities</b>	2,225	1,293	(932)	-41.9%	2,255	1,132	(1,123)	-49.8%
<b>Administrative</b>	4,471	3,063	(1,408)	-31.5%	5,234	3,964	(1,270)	-24.3%
<b>Contracted Services</b>	11,119	6,049	(5,070)	-45.6%	9,409	5,797	(3,612)	-38.4%
<b>TOTAL</b>	97,920	84,838	(13,082)	-13.4%	96,163	86,188	(9,975)	-10.4%

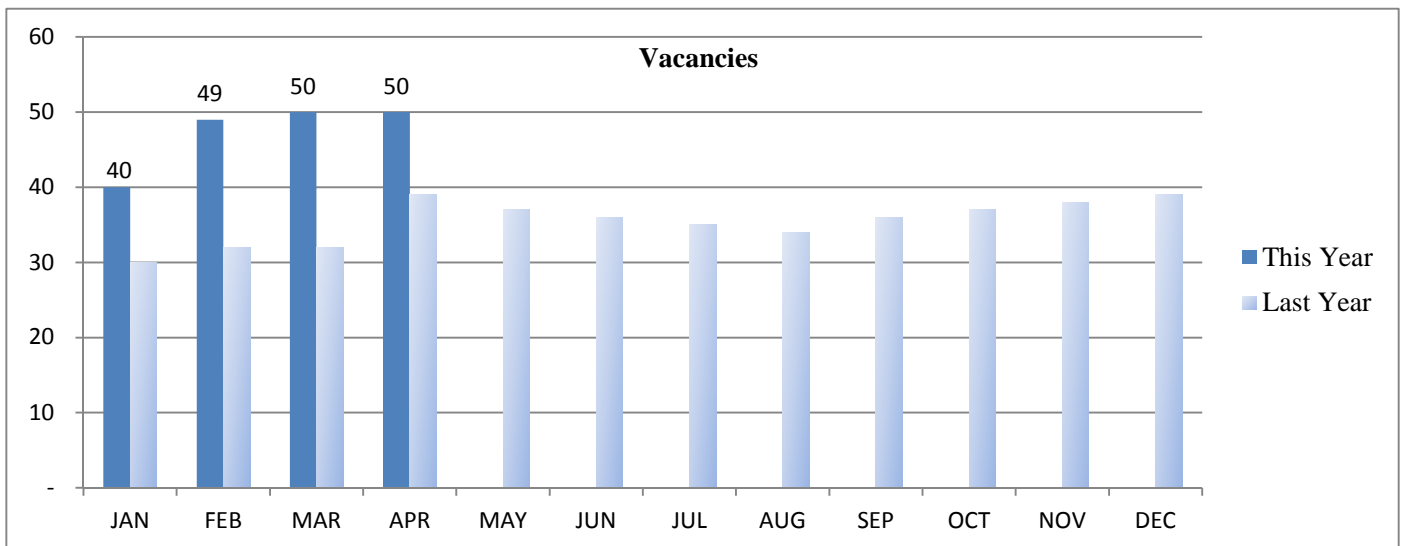
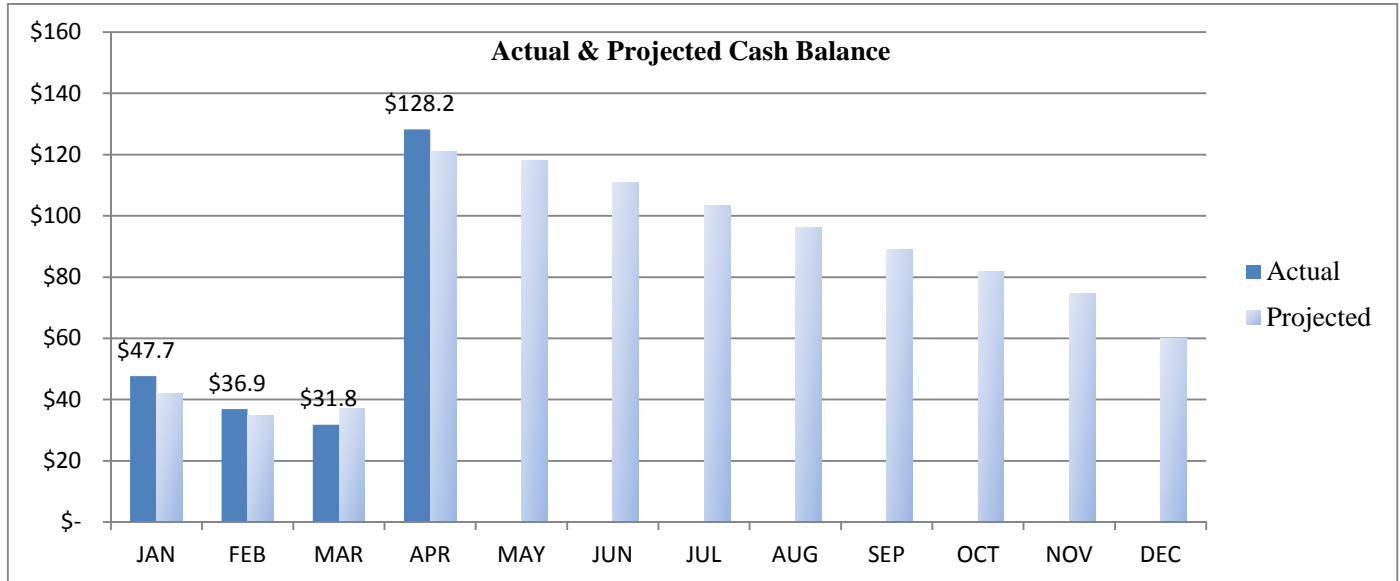
<sup>1</sup>Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

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



	<b>4/30/2017</b>	<b>4/30/2016</b>
Fund Balance / Total assets	32.28%	30.33%
YTD interest income to average investments (annualized)	0.39%	0.16%
Annualized travel spend per employee	\$15,139	\$16,418
Net year to date cash inflow (outflow) in millions of dollars	\$79	\$61
Cash and overnight investments / Total assets	77.02%	73.16%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.