

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**August 31, 2017**

A handwritten signature in blue ink, which appears to read "Rendell L. Jones", is positioned below the date. The signature is fluid and cursive.

**RENDELL L. JONES  
CHIEF FINANCIAL OFFICER**

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## MANAGEMENT OVERVIEW

August 31, 2017

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### Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$97.4 million. Its balance decreased by \$6.3 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 approximately \$600 thousand. Its balance decreased by approximately \$21 thousand primarily due to the repayment of receivables from the Central Liquidity Facility for administrative expenses paid by the Operating Fund.

Prepaid expenses and other assets had a month-end balance of approximately \$3.0 million. Its balance increased by \$46 thousand for the month, which was primarily due to annual subscriptions for computer software.

Accounts payable had a month-end balance of approximately \$2.0 million. Its balance includes trade and inter-agency payables.

Deferred revenue had a month-end balance of approximately \$35.5 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 \$1.4 million and net income year-to-date was approximately \$14.0 million. Interest income on overnight investments has averaged 0.95% year-to-date, versus 0.30% during the same period last year.

### Statements of Cash Flow

The cash position decreased approximately \$6.3 million since last month. In the current month, approximately \$6.0 million was used by operating activities. Approximately \$131 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 \$8.2 million on the balance sheet.

### Other Information

The average annualized travel spend per Full-Time Equivalent (FTE) was \$18,406 this year, which is \$2,364 less than last year.

The Agency had 55 vacancies as of this month -- up 3 from the prior month. Of the 55 vacancies, 14 were in the central office and 41 were in the regions and AMAC. The 55 vacancies represent 4.5% percent of total authorized staff of 1,221.

**NATIONAL CREDIT UNION ADMINISTRATION**  
**OPERATING FUND**  
**BALANCE SHEETS**  
**As of August 31, 2017 and 2016**  
**(Dollars in thousands)**

	<b>August 2017</b>	<b>August 2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 97,395	\$ 73,199
Due from National Credit Union Share Insurance Fund	91	59
Employee advances	-	10
Other accounts receivable, Net	600	344
Prepaid expenses and other assets	2,967	2,660
Assets held for sale	-	150
Fixed assets - Net of accum. depreciation of \$37,422 as of August 31, 2017	27,631	30,210
Intangible assets - Net of accum. amortization of \$17,822 as of August 31, 2017	5,547	3,187
<b>TOTAL ASSETS</b>	<b>\$ 134,231</b>	<b>\$ 109,819</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 2,026	\$ 1,953
Obligations under capital leases	609	1,147
Accrued wages and benefits	9,609	8,752
Deferred revenue <sup>1</sup>	35,485	26,978
Accrued annual leave	19,071	17,243
Note payable to National Credit Union Share Insurance Fund	8,157	9,498
<b>TOTAL LIABILITIES</b>	<b>74,957</b>	<b>65,571</b>
 <b>FUND BALANCE</b>	 <b>59,274</b>	 <b>44,248</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 134,231</b>	 <b>\$ 109,819</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 August 31, 2017 and 2016**  
**(Dollars in thousands)**

	<b>August 2017</b>	<b>Year-to-Date August 2017</b>	<b>Year-to-Date August 2016</b>
<b>REVENUES</b>			
Operating fees	\$ 8,871	\$ 70,970	\$ 53,956
Interest	92	464	114
Other	120	775	689
Total Revenues	9,083	72,209	54,759
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	5,802	44,995	36,947
Travel	655	4,642	4,517
Rent, communications, and utilities	222	1,140	792
Contracted services	688	5,154	3,941
Depreciation and amortization	125	1,024	867
Administrative	144	1,234	1,242
Total Expenses, Net	7,636	58,189	48,306
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	1,447	14,020	6,453
<b>FUND BALANCE—Beginning of period</b>	57,827	45,254	37,795
<b>FUND BALANCE—End of period</b>	\$ 59,274	\$ 59,274	\$ 44,248

<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 August 31, 2017 and 2016  
(Dollars in thousands)**

	<b>August 2017</b>	<b>Year-to-Date August 2017</b>	<b>Year-to-Date August 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over expenses	\$ 1,447	\$ 14,020	\$ 6,453
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	386	3,170	3,225
Provision for loss on disposal of employee residences held for sale	-	-	16
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(81)	3,968	3,885
Employee advances	-	5	28
Other accounts receivable	21	(163)	(12)
Prepaid expenses and other assets	(46)	(1,123)	(928)
(Decrease) increase in liabilities:			
Accounts payable	(481)	(3,583)	(3,691)
Accrued wages and benefits	1,611	(661)	1,576
Deferred revenue	(8,871)	35,485	26,978
Accrued annual leave	-	902	-
Accrued employee travel	-	(601)	(646)
Net cash (used) or provided by operating activities	(6,014)	51,419	36,884
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(131)	(2,122)	(3,162)
Proceeds from sale of employee residences held for sale	-	-	211
Net cash used by investing activities	(131)	(2,122)	(2,951)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(894)	(894)
Principal payments under capital lease obligations	-	(357)	(368)
Net cash used by financing activities	(112)	(1,251)	(1,262)
<b>NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS</b>	(6,257)	48,046	32,671
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	103,652	49,349	40,528
<b>CASH AND CASH EQUIVALENTS—End of period</b>	\$ 97,395	\$ 97,395	\$ 73,199
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
<b>CASH PAYMENTS FOR INTEREST</b>	\$ 10	\$ 88	\$ 123

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 August 31, 2017 and August 31, 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>	144,546	139,302	(5,244)	-3.6%	140,619	137,349	(3,270)	-2.3%
<b>Travel</b>	18,917	14,372	(4,545)	-24.0%	19,405	16,791	(2,614)	-13.5%
<b>Rent, Comm., &amp; Utilities</b>	4,474	3,530	(944)	-21.1%	4,542	2,946	(1,596)	-35.1%
<b>Administrative</b>	8,898	6,990	(1,908)	-21.4%	10,378	7,837	(2,541)	-24.5%
<b>Contracted Services</b>	22,327	15,956	(6,371)	-28.5%	18,999	14,650	(4,349)	-22.9%
<b>TOTAL</b>	199,162	180,150	(19,012)	-9.5%	193,943	179,573	(14,370)	-7.4%

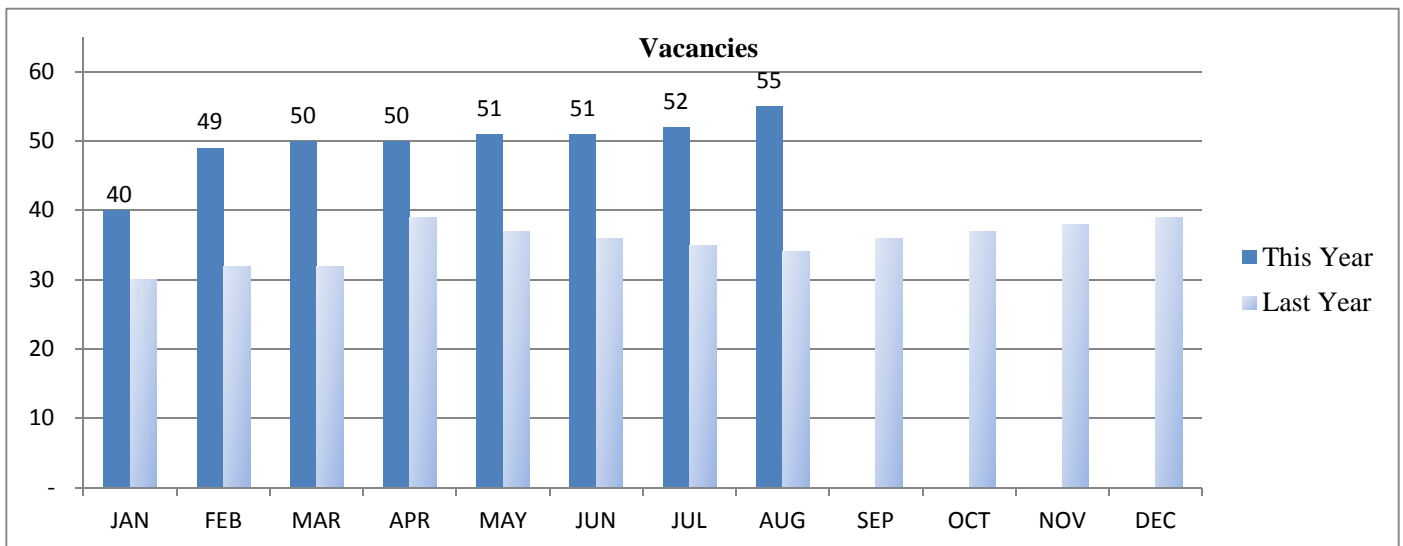
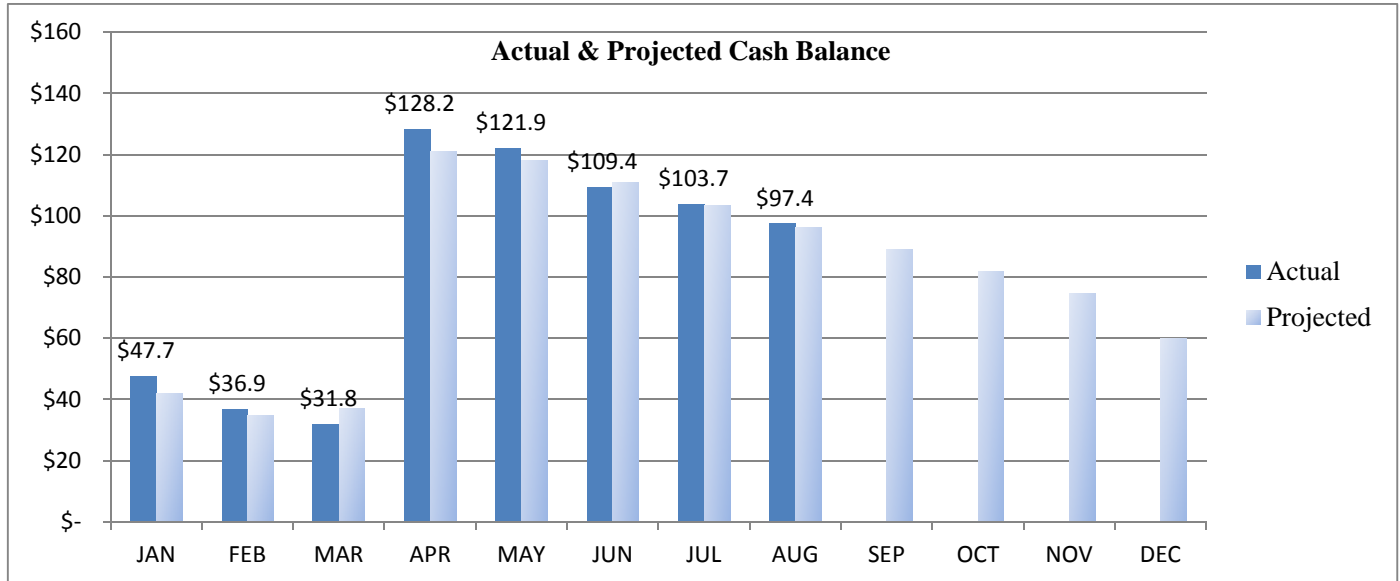
<sup>1</sup>Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

**As of August 31, 2017 and August 31, 2016**



	<b>8/31/2017</b>	<b>8/31/2016</b>
Fund Balance / Total assets	44.16%	40.29%
YTD interest income to average investments (annualized)	0.95%	0.30%
Annualized travel spend per employee	\$18,406	\$20,770
Net year to date cash inflow (outflow) in millions of dollars	\$48	\$33
Cash and overnight investments / Total assets	72.56%	66.65%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.