

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**July 31, 2017**

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

**RENDELL L. JONES  
CHIEF FINANCIAL OFFICER**

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## MANAGEMENT OVERVIEW

July 31, 2017

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### Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$103.7 million. Its balance decreased by \$5.8 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 \$621 thousand for the month. Its balance decreased by approximately \$190 thousand primarily due to the repayment of receivables from the Temporary Corporate Credit Union Stabilization Fund for administrative expenses paid by the Operating Fund.

Prepaid expenses and other assets had a month-end balance of approximately \$2.9 million. Its balance increased by \$30 thousand for the month, which was primarily due to annual subscriptions for computer software.

Accounts payable had a month-end balance of approximately \$2.5 million. Its balance includes trade and inter-agency payables.

Deferred revenue had a month-end balance of approximately \$44.3 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 \$1.7 million and net income year-to-date was approximately \$12.6 million. Interest income on overnight investments has averaged 0.83% year-to-date, versus 0.27% during the same period last year.

### Statements of Cash Flow

The cash position decreased approximately \$5.8 million since last month. In the current month, approximately \$5.4 million was used by operating activities. Approximately \$244 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 \$8.3 million on the balance sheet.

### Other Information

The average annualized travel spend per Full-Time Equivalent (FTE) was \$18,056 this year, which is \$2,067 less than last year.

The Agency had 52 vacancies as of this month -- up 1 from the prior month. Of the 52 vacancies, 15 were in the central office and 37 were in the regions and AMAC. The 52 vacancies represent 4.3% percent of total authorized staff of 1,221.

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

	<b>July 2017</b>	<b>July 2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 103,652	\$ 81,765
Due from National Credit Union Share Insurance Fund	10	12
Employee advances	-	7
Other accounts receivable, Net	621	275
Prepaid expenses and other assets	2,921	2,253
Assets held for sale	-	150
Fixed assets - Net of accum. depreciation of \$37,155 as of July 31, 2017	27,930	30,406
Intangible assets - Net of accum. amortization of \$17,747 as of July 31, 2017	5,503	3,255
<b>TOTAL ASSETS</b>	<b>\$ 140,637</b>	<b>\$ 118,123</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 2,507	\$ 6,185
Obligations under capital leases	609	1,147
Accrued wages and benefits	7,998	6,423
Deferred revenue <sup>1</sup>	44,356	33,722
Accrued annual leave	19,071	17,243
Note payable to National Credit Union Share Insurance Fund	8,269	9,610
<b>TOTAL LIABILITIES</b>	<b>82,810</b>	<b>74,330</b>
 <b>FUND BALANCE</b>	 <b>57,827</b>	 <b>43,793</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 140,637</b>	 <b>\$ 118,123</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 July 31, 2017 and 2016**  
**(Dollars in thousands)**

	<b>July 2017</b>	<b>Year-to-Date July 2017</b>	<b>Year-to-Date July 2016</b>
<b>REVENUES</b>			
Operating fees	\$ 8,872	\$ 62,099	\$ 47,211
Interest	95	372	95
Other	102	655	578
Total Revenues	9,069	63,126	47,884
 <b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits, net	5,194	39,193	32,129
Travel	631	3,987	3,829
Rent, communications, and utilities	172	918	676
Contracted services	910	4,466	3,370
Depreciation and amortization	127	899	762
Administrative	307	1,090	1,120
Total Expenses	7,341	50,553	41,886
 <b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	 1,728	 12,573	 5,998
<b>FUND BALANCE—Beginning of period</b>	56,099	45,254	37,795
<b>FUND BALANCE—End of period</b>	\$ 57,827	\$ 57,827	\$ 43,793

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

	<b>July 2017</b>	<b>Year-to-Date July 2017</b>	<b>Year-to-Date July 2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over expenses	\$ 1,728	\$ 12,573	\$ 5,998
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	393	2,784	2,834
Provision for loss on disposal of employee residences held for sale	-	-	16
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	62	4,049	3,932
Employee advances	-	5	31
Other accounts receivable	190	(184)	57
Prepaid expenses and other assets	(30)	(1,077)	(521)
(Decrease) increase in liabilities:			
Accounts payable	735	(3,102)	541
Accrued wages and benefits	745	(2,272)	(753)
Deferred revenue	(8,871)	44,356	33,722
Accrued annual leave	(389)	902	-
Accrued employee travel	-	(601)	(646)
Net cash (used) or provided by operating activities	(5,437)	57,433	45,211
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(244)	(1,991)	(3,035)
Proceeds from sale of employee residences held for sale	-	-	211
Net cash used by investing activities	(244)	(1,991)	(2,824)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(782)	(782)
Principal payments under capital lease obligations	-	(357)	(368)
Net cash used by financing activities	(112)	(1,139)	(1,150)
<b>NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS</b>	(5,793)	54,303	41,237
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	109,445	49,349	40,528
<b>CASH AND CASH EQUIVALENTS—End of period</b>	\$ 103,652	\$ 103,652	\$ 81,765
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
<b>CASH PAYMENTS FOR INTEREST</b>	\$ 11	\$ 78	\$ 108

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 July 31, 2017 and July 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>	125,448	121,337	(4,111)	-3.3%	120,903	114,531	(6,372)	-5.3%
<b>Travel</b>	16,553	12,344	(4,209)	-25.4%	16,435	14,623	(1,812)	-11.0%
<b>Rent, Comm., &amp; Utilities</b>	3,915	2,843	(1,072)	-27.4%	3,957	2,306	(1,651)	-41.7%
<b>Administrative</b>	7,802	6,157	(1,645)	-21.1%	8,945	6,997	(1,948)	-21.8%
<b>Contracted Services</b>	19,511	13,825	(5,686)	-29.1%	16,513	11,479	(5,034)	-30.5%
<b>TOTAL</b>	173,229	156,506	(16,723)	-9.7%	166,753	149,936	(16,817)	-10.1%

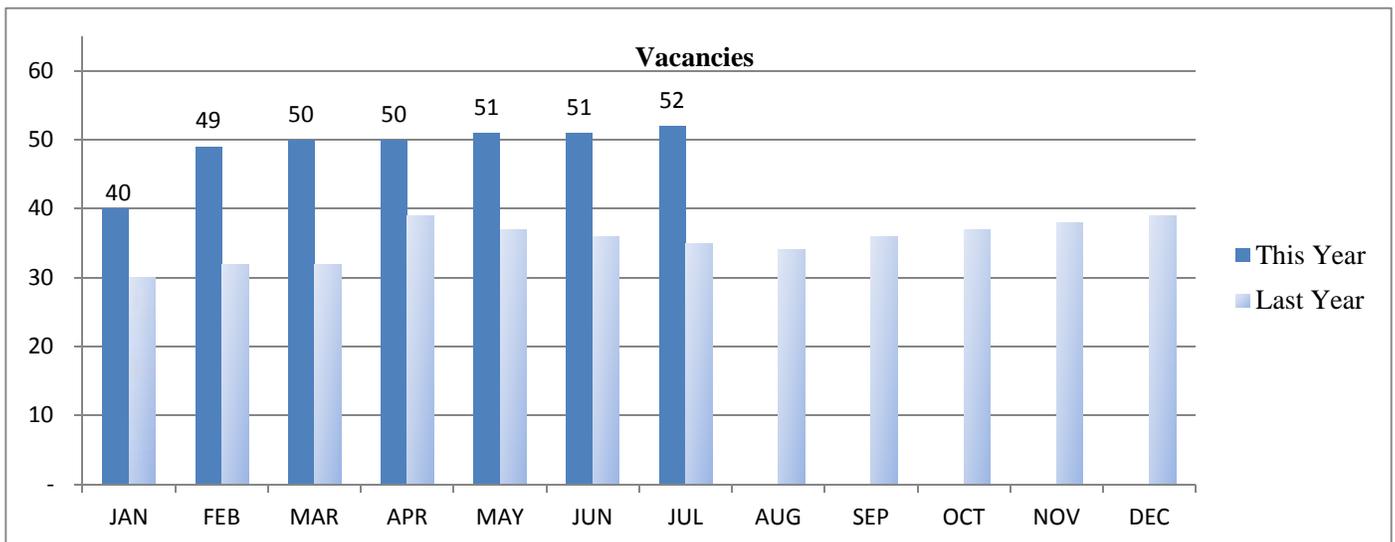
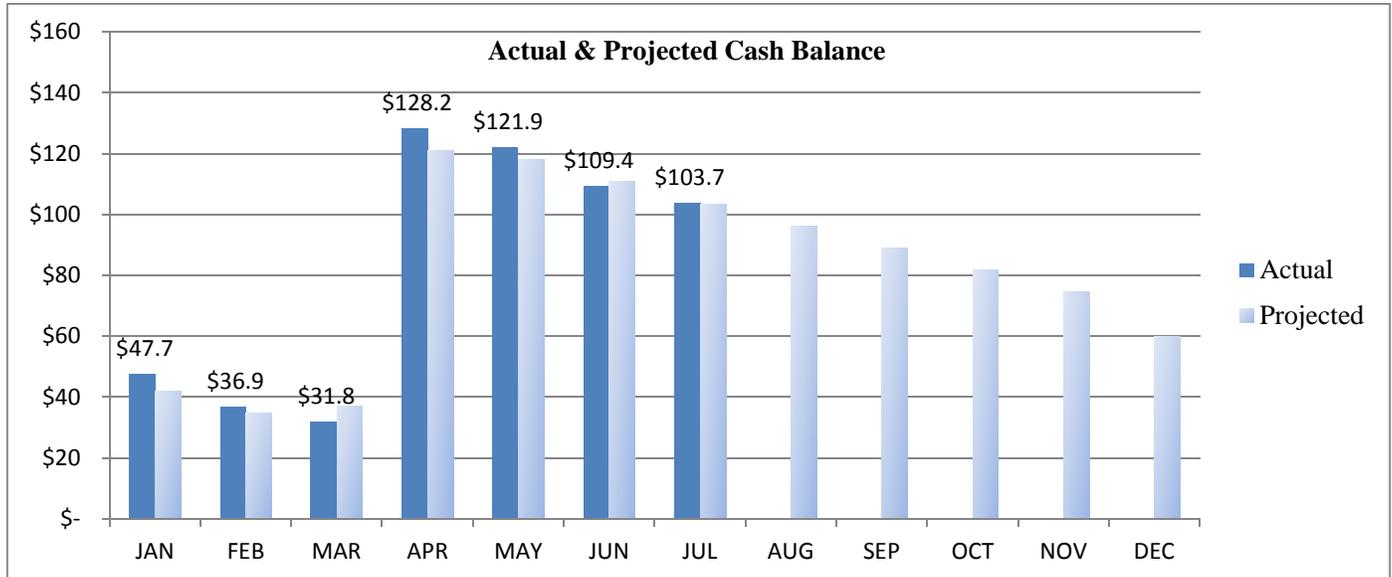
<sup>1</sup>Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

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



	<b>7/31/2017</b>	<b>7/31/2016</b>
Fund Balance / Total assets	41.12%	37.07%
YTD interest income to average investments (annualized)	0.83%	0.27%
Annualized travel spend per employee	\$18,056	\$20,123
Net year to date cash inflow (outflow) in millions of dollars	\$54	\$41
Cash and overnight investments / Total assets	73.70%	69.22%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.