

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
October 31, 2015**

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
October 31, 2015**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$60.6 million. Its balance increased \$789 thousand in the month primarily due to the collection of an intra-fund receivable due from the Share Insurance Fund, increase in payables, and increase in accrued wages. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Accounts payable had a month-end balance of approximately \$4.0 million. Its balance increased by approximately \$1.8 million in the month. This increase was due to the estimate-to-actual difference of the Operating Fund overhead expenses transferred to the Share Insurance Fund.

Accrued wages and benefits had a month-end balance of approximately \$10.8 million. Its balance increased by approximately \$1.5 million in the month. This increase was primarily due to the monthly payroll accrual timing differences.

Deferred revenue had a month-end balance of approximately \$13.0 million. Its balance decreased by approximately \$6.7 million in the month due to the recognition of the monthly operating fee revenue.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$1.5 million and net income year-to-date was approximately \$4.9 million. Interest income on overnight investments has averaged 0.02% year-to-date, versus 0.03% during the same period last year.

Statements of Cash Flow

The cash position increased approximately \$789 thousand since last month. In the current month approximately \$1.0 million was provided by operating activities. Approximately \$147 thousand was invested in new capital assets. Approximately \$111 thousand in cash was used to reduce or repay the National Credit Union Share Insurance Fund note payable long-term liability, which has a balance of approximately \$10.6 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$11.9 million or 5.2%, compared to being under the year-to-date budget by approximately \$15.7 million or 7.1% during the same period last year. Of the total variance, employee pay and benefits was under budget by \$1.2 million or 0.7%. Travel cost were under budget by \$2.5 million or 10.2%. Contract services cost was under budget by \$4.6 million or 21.1%. The remaining expense categories combined were under budget by \$3.6 million or 20.0%. 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 Equivelant (FTE) was \$21,064 this year, which is \$48 less than last year.

Vacancies

The Agency had 44 vacancies as of this month—up 1 from the prior month. Of the 44 vacancies, 9 were in the central office and 35 were in the regions and the Asset Management and Assistance Center (AMAC). The 44 vacancies represent 3.5% percent of total authorized staff of 1,268.70.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of October 31, 2015
(Dollars in thousands)

	October 2015	October 2014
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 60,612	\$ 54,879
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	52	-
EMPLOYEE ADVANCES	40	77
OTHER ACCOUNTS RECEIVABLE , Net	211	147
PREPAID EXPENSES AND OTHER ASSETS	1,989	1,836
ASSETS HELD FOR SALE	171	644
FIXED ASSETS — Net of accumulated depreciation of \$31,166 as of October 31, 2015	31,586	29,486
INTANGIBLE ASSETS — Net of accumulated amortization of \$17,094 as of October 31, 2015	1,538	2,623
TOTAL ASSETS	\$ 96,199	\$ 89,692
LIABILITIES		
Accounts payable	\$ 4,002	\$ 4,412
Obligations under capital leases	1,697	103
Accrued wages and benefits	10,848	9,503
Deferred revenue (1)	13,029	12,979
Accrued annual leave	17,646	16,282
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	10,616	11,957
TOTAL LIABILITIES	57,838	55,236
FUND BALANCE	38,361	34,456
TOTAL LIABILITIES AND FUND BALANCE	\$ 96,199	\$ 89,692

(1) 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 October 31, 2015 and October, 2014
(Dollars in thousands)**

	October 2015	Year-to-Date October 2015	Year-to-Date October 2014
REVENUES			
Operating fees	\$ 6,656	\$ 65,744	\$ 64,896
Interest	1	10	13
Other	166	973	987
Total Revenues	6,823	66,727	65,896
EXPENSES, NET (1)			
Employee wages and benefits, net	4,593	46,651	47,915
Travel	197	6,167	6,658
Rent, communications, and utilities	51	920	1,123
Contracted services	239	4,873	4,667
Depreciation and amortization	475	5,696	4,937
Administrative	(254)	(2,513)	(1,383)
Total Expenses	5,301	61,794	63,917
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,522	4,933	1,979
FUND BALANCE—Beginning of period	36,839	33,428	32,477
FUND BALANCE—End of period	\$ 38,361	\$ 38,361	\$ 34,456

(1) Operating 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 71.8% and 69.2% for 2015 and 2014, 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 October 31, 2015 and October 31, 2014
(Dollars in thousands)

	October 2015	Year-to-Date October 2015	Year-to-Date October 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 1,522	\$ 4,933	\$ 1,979
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	(542)	4,679	4,924
Provision for loss on disposal of employee residences held for sale	-	83	122
(Gain) loss on fixed asset retirements	1,006	1,018	13
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	4,217	3,457	3,313
Employee advances	9	22	(39)
Other accounts receivable	48	111	56
Prepaid expenses and other assets	(36)	156	(458)
(Decrease) increase in liabilities:			
Accounts payable	1,838	(2,596)	(306)
Accrued wages and benefits	1,529	(2,025)	(1,853)
Deferred revenue	(6,667)	13,029	12,979
Accrued annual leave	-	2,177	1,711
Accrued employee travel	(1,877)	(491)	(1,068)
Net cash provided by operating activities	1,047	24,553	21,373
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(147)	(3,607)	(2,507)
Proceeds from insurance on fixed assets	-	-	-
Purchases of employee residences held for sale	-	(207)	(1,125)
Proceeds from sale of employee residences held for sale	-	596	359
Net cash used by investing activities	(147)	(3,218)	(3,273)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(1,117)	(1,117)
Principal payments under capital lease obligations	-	(546)	(17)
Net cash used by financing activities	(111)	(1,663)	(1,134)
NET INCREASE IN CASH AND CASH EQUIVALENTS	789	19,672	16,966
CASH AND CASH EQUIVALENTS—Beginning of period	59,823	40,940	37,913
CASH AND CASH EQUIVALENTS—End of period	\$ 60,612	\$ 60,612	\$ 54,879
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 2,030	\$ 61
Cash Payments for Interest	\$ 17	\$ 173	\$ 192

The balances in the statement above are preliminary and unaudited

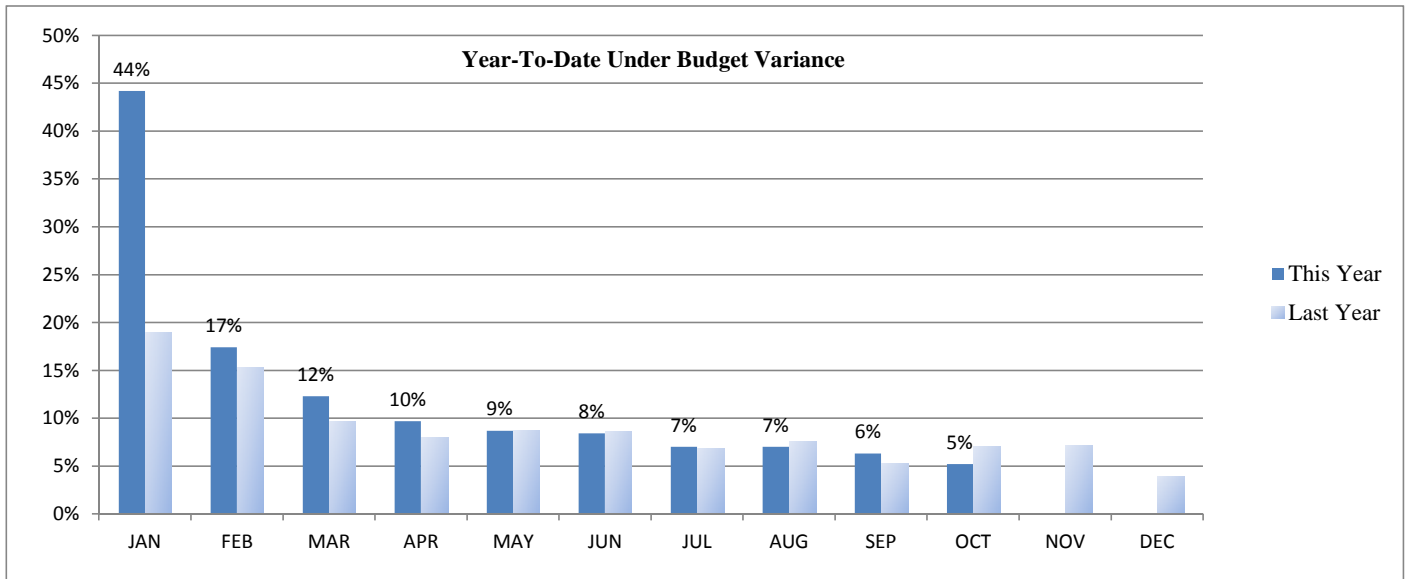
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

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

As of October 31, 2015 and October 31, 2014

(Dollars in thousands)

	Year-To-Date 2015				Year-To-Date 2014			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	166,677	165,431	(1,245)	-0.7%	161,193	155,569	(5,624)	-3.5%
Travel	24,008	21,555	(2,452)	-10.2%	23,724	21,617	(2,108)	-8.9%
Rent, Comm., & Utilities	4,553	3,260	(1,293)	-28.4%	4,727	3,647	(1,080)	-22.8%
Administrative	13,621	11,287	(2,334)	-17.1%	13,057	11,095	(1,962)	-15.0%
Contracted Services	21,869	17,253	(4,616)	-21.1%	20,102	15,143	(4,959)	-24.7%
TOTAL	230,727	218,787	(11,940)	-5.2%	222,803	207,071	(15,732)	-7.1%



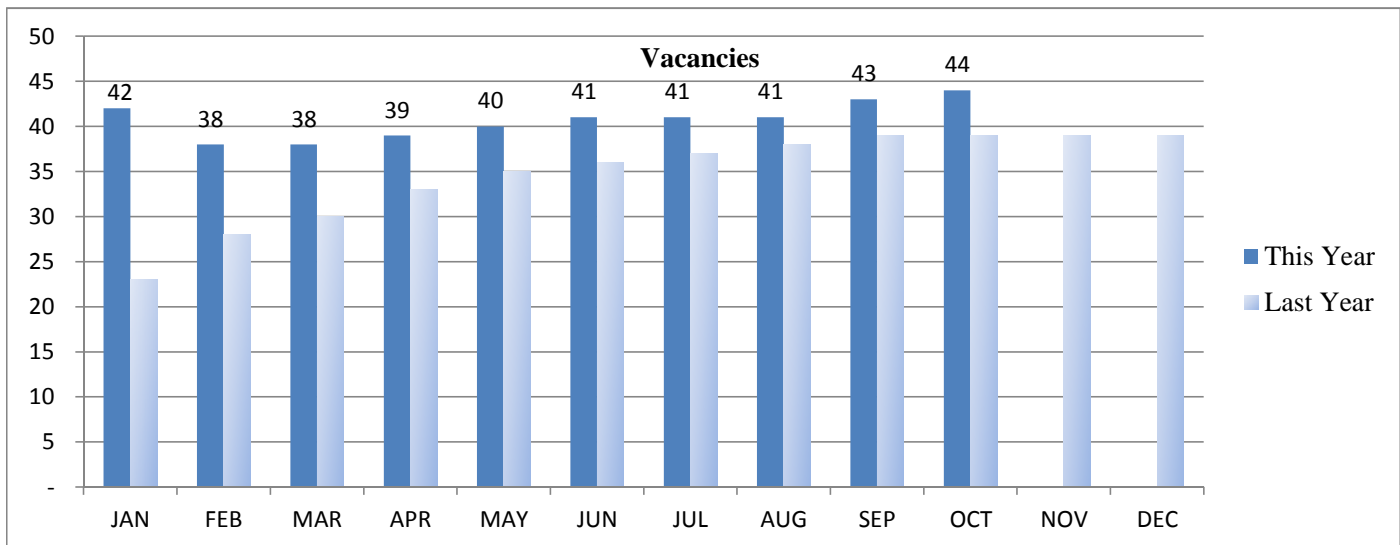
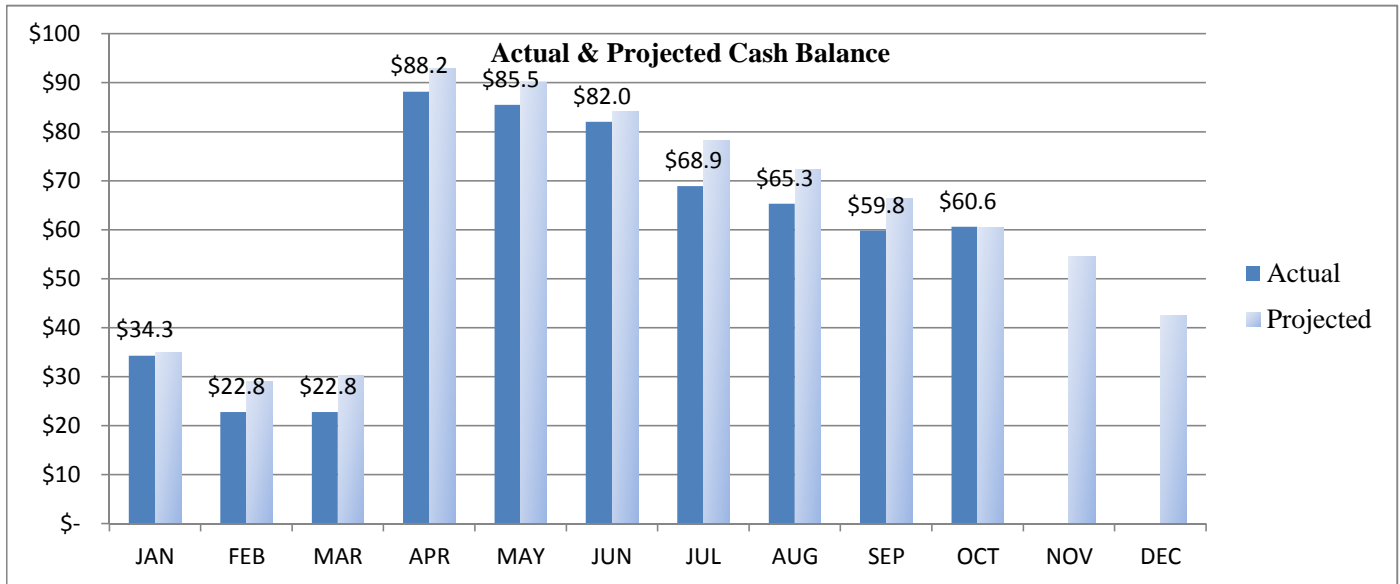
¹Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

The balances in the supplement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of October 31, 2015 and October 31, 2014



	10/31/2015	10/31/2014
Fund Balance / Total assets	39.88%	38.42%
YTD interest income to average investments (annualized)	0.02%	0.03%
Annualized travel spend per employee	\$21,064	\$21,112
Net year to date cash inflow (outflow) in millions of dollars	\$20	\$17
Cash and overnight investments / Total assets	63.01%	61.19%
Overhead transfer rate	71.80%	69.20%

The balances in the supplement above are preliminary and unaudited