

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**September 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

September 30, 2017

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### Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$92.9 million. Its balance decreased by \$4.5 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 \$276 thousand. Its balance decreased by approximately \$324 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 \$2.6 million. Its balance decreased by \$358 thousand for the month, which was primarily due to the quarterly amortization of these prepaid assets.

Accounts payable had a month-end balance of approximately \$3.4 million. Its balance includes trade and inter-agency payables.

Deferred revenue had a month-end balance of approximately \$26.6 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 \$0.4 million and net income year-to-date was approximately \$14.4 million. Interest income on overnight investments has averaged 1.03% year-to-date, versus 0.31% during the same period last year.

### Statements of Cash Flow

The cash position decreased approximately \$4.5 million since last month. In the current month, approximately \$3.2 million was used by operating activities. Approximately \$943 thousand was invested in new capital assets. Approximately \$111 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 \$8.0 million on the balance sheet.

### Other Information

The average annualized travel spend per Full-Time Equivalent (FTE) was \$20,521 this year, which is \$2,902 less than last year.

The Agency had 56 vacancies as of this month -- up 1 from the prior month. Of the 56 vacancies, 13 were in the central office and 43 were in the regions and AMAC. The 56 vacancies represent 4.6% percent of total authorized staff of 1,221.

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

	<u>September 2017</u>	<u>September 2016</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 92,905	\$ 68,531
Due from National Credit Union Share Insurance Fund	1,001	3,956
Employee advances	2	275
Other accounts receivable, Net	276	300
Prepaid expenses and other assets	2,609	2,612
Assets held for sale	-	150
Fixed assets - Net of accum. depreciation of \$37,637 as of September 30, 2017	27,713	30,129
Intangible assets - Net of accum. amortization of \$17,892 as of September 30, 2017	6,005	3,339
<b>TOTAL ASSETS</b>	<u>\$ 130,511</u>	<u>\$ 109,292</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 3,361	\$ 3,488
Obligations under capital leases	410	1,004
Accrued wages and benefits	11,607	11,198
Deferred revenue <sup>1</sup>	26,614	20,234
Accrued annual leave	19,096	19,012
Accrued employee travel	1,681	1,864
Note payable to National Credit Union Share Insurance Fund	8,046	9,387
<b>TOTAL LIABILITIES</b>	<u>70,815</u>	<u>66,187</u>
 <b>FUND BALANCE</b>	 <u>59,696</u>	 <u>43,105</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u>\$ 130,511</u>	 <u>\$ 109,292</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 September 30, 2017 and 2016**  
**(Dollars in thousands)**

	<u>September 2017</u>	<u>Year-to-Date September 2017</u>	<u>Year-to-Date September 2016</u>
<b>REVENUES</b>			
Operating fees	\$ 8,871	\$ 79,841	\$ 60,700
Interest	84	548	128
Other	17	792	823
Total Revenues	8,972	81,181	61,651
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	5,515	50,510	42,217
Travel	1,177	5,819	5,729
Rent, communications, and utilities	204	1,344	1,023
Contracted services	1,085	6,239	4,725
Depreciation and amortization	130	1,154	979
Administrative	439	1,673	1,668
Total Expenses, Net	8,550	66,739	56,341
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	422	14,442	5,310
<b>FUND BALANCE—Beginning of period</b>	59,274	45,254	37,795
<b>FUND BALANCE—End of period</b>	\$ 59,696	\$ 59,696	\$ 43,105

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

	<u>September 2017</u>	<u>Year-to-Date September 2017</u>	<u>Year-to-Date September 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over expenses	\$ 422	\$ 14,442	\$ 5,310
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	402	3,572	3,658
Provision for loss on disposal of employee residences held for sale	-	-	16
(Gain) loss on fixed asset retirements	-	-	8
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(910)	3,058	(12)
Employee advances	(2)	3	(237)
Other accounts receivable	324	161	32
Prepaid expenses and other assets	358	(765)	(880)
(Decrease) increase in liabilities:			
Accounts payable	1,335	(2,248)	(2,156)
Accrued wages and benefits	1,998	1,337	4,022
Deferred revenue	(8,871)	26,614	20,234
Accrued annual leave	25	927	1,769
Accrued employee travel	1,681	1,080	1,218
Net cash (used) or provided by operating activities	<u>(3,238)</u>	<u>48,181</u>	<u>32,982</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(943)	(3,065)	(3,631)
Proceeds from sale of employee residences held for sale	-	-	211
Net cash used by investing activities	<u>(943)</u>	<u>(3,065)</u>	<u>(3,420)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(1,005)	(1,005)
Principal payments under capital lease obligations	(198)	(555)	(554)
Net cash used by financing activities	<u>(309)</u>	<u>(1,560)</u>	<u>(1,559)</u>
<b>NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS</b>	(4,490)	43,556	28,003
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>97,395</u>	<u>49,349</u>	<u>40,528</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 92,905</u>	<u>\$ 92,905</u>	<u>\$ 68,531</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43</u>
<b>CASH PAYMENTS FOR INTEREST</b>	<u>\$ 10</u>	<u>\$ 98</u>	<u>\$ 137</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 September 30, 2017 and September 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>	161,916	156,377	(5,539)	-3.4%	158,398	156,939	(1,459)	-0.9%
<b>Travel</b>	21,263	18,016	(3,247)	-15.3%	21,831	21,299	(532)	-2.4%
<b>Rent, Comm., &amp; Utilities</b>	5,034	4,162	(872)	-17.3%	5,110	3,804	(1,306)	-25.6%
<b>Administrative</b>	10,011	8,753	(1,258)	-12.6%	11,676	7,154	(4,522)	-38.7%
<b>Contracted Services</b>	25,211	19,315	(5,896)	-23.4%	21,374	17,566	(3,808)	-17.8%
<b>TOTAL</b>	223,435	206,623	(16,812)	-7.5%	218,389	206,762	(11,627)	-5.3%

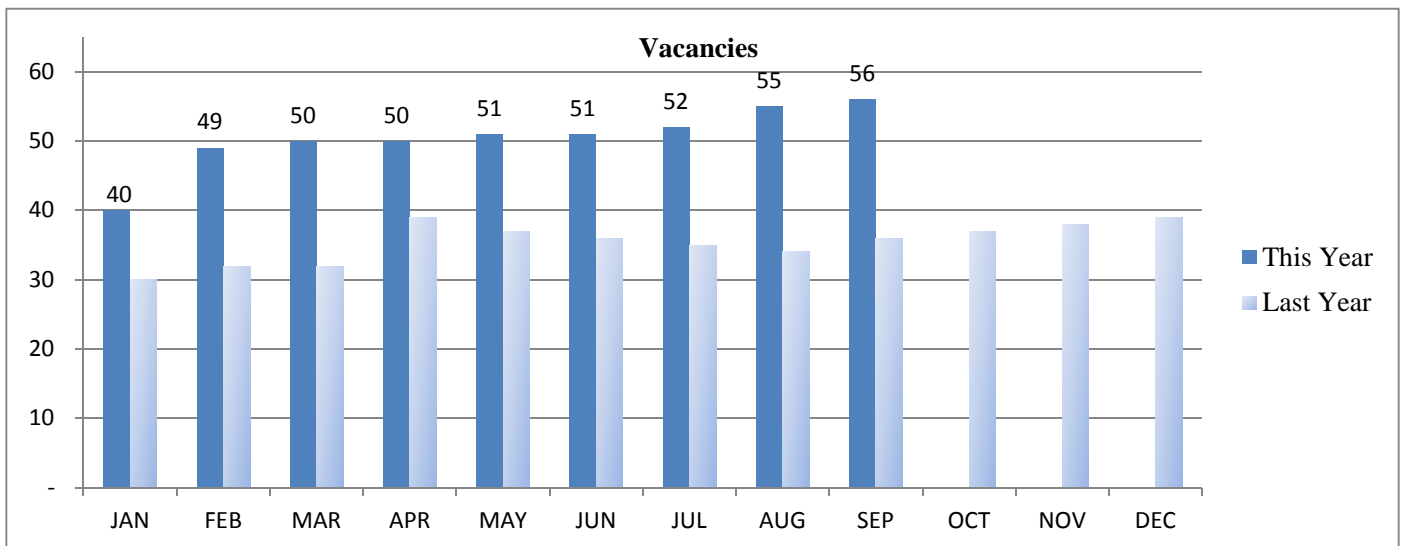
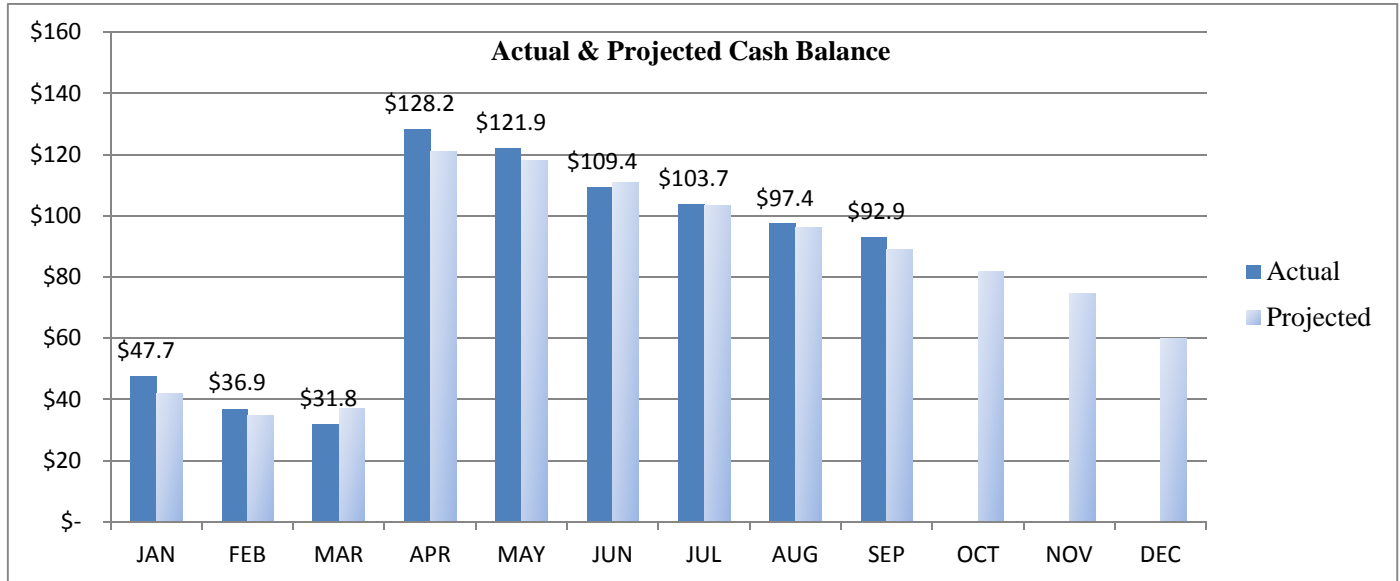
<sup>1</sup>Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

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



	<b>9/30/2017</b>	<b>9/30/2016</b>
Fund Balance / Total assets	45.74%	39.44%
YTD interest income to average investments (annualized)	1.03%	0.31%
Annualized travel spend per employee	\$20,521	\$23,423
Net year to date cash inflow (outflow) in millions of dollars	\$44	\$28
Cash and overnight investments / Total assets	71.19%	62.70%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.