

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

January 31, 2016

A handwritten signature in blue ink, which appears to read "Rendell L. Jones".

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW January 31, 2016

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$41.9 million. Its balance increased \$1.3 million 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.

Other accounts receivable had a month-end balance of approximately \$7.0 million. Its balance increased by approximately \$6.7 million in the month. This increase was due to the monthly accrual of 2016 credit union operating fees due.

Accounts payable had a month-end balance of approximately \$6.9 million. Its balance increased by approximately \$1.3 million in the month. This increase was due to an estimate-to-actual difference of the Operating Fund overhead expenses transferred to the Share Insurance Fund.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$2.5 million and net income year-to-date was approximately \$2.5 million. Interest income on overnight investments has averaged 0.23% year-to-date, versus 0.03% during the same period last year.

Statements of Cash Flow

The cash position increased approximately \$1.3 million since last month. In the current month approximately \$1.3 million was used by operating activities. Approximately \$121 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 \$10.3 million on the balance sheet.

Budget (Year-to-Date)

Agency expenses was under the year-to-date budget by \$7.8 million or 33.0%, compared to being under the year-to-date budget by approximately \$10.3 million or 44.2% during the same period last year. Of the total variance, employee pay and benefits was under budget by \$1.0 million or 5.7%. Travel cost were under budget by \$2.0 million or 82.9%. Contract services cost was under budget by \$3.3 million or 142.2%. The remaining expense categories combined were under budget by \$1.5 million or 78.4%. 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 Equivalent (FTE) was \$4,122 this year, which is \$921 more than last year.

Vacancies

The Agency had 30 vacancies as of this month—down 15 from the prior month. Of the 30 vacancies, 5 were in the central office and 25 were in the regions and the Asset Management and Assistance Center (AMAC). The 30 vacancies represent 2.4% percent of total authorized staff of 1,247.00.

NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND
BALANCE SHEETS
As of January 31, 2016
(Dollars in thousands)

	January 2016	January 2015
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 41,867	\$ 34,310
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	1	-
EMPLOYEE ADVANCES	37	44
OTHER ACCOUNTS RECEIVABLE , Net	7,013	6,832
PREPAID EXPENSES AND OTHER ASSETS	1,834	2,136
ASSETS HELD FOR SALE	377	644
FIXED ASSETS — Net of accumulated depreciation of \$31,408 as of January 31, 2016	30,663	30,920
INTANGIBLE ASSETS — Net of accumulated amortization of \$16,359 as of January 31, 2016	2,271	2,653
TOTAL ASSETS	\$ 84,063	\$ 77,539
LIABILITIES		
Accounts Payable	\$ 6,939	\$ 7,148
Obligations under capital leases	1,515	996
Accrued wages and benefits	7,803	6,323
Deferred revenue (1)	-	-
Accrued annual leave	17,243	15,469
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	10,281	11,621
TOTAL LIABILITIES	43,781	41,557
FUND BALANCE	40,282	35,982
TOTAL LIABILITIES AND FUND BALANCE	\$ 84,063	\$ 77,539

(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 January 31, 2016 and January 31, 2015
(Dollars in thousands)**

	<u>January 2016</u>	<u>Year-to-Date January 2016</u>	<u>Year-to-Date January 2015</u>
REVENUES			
Operating fees	\$ 6,721	\$ 6,721	\$ 6,583
Interest	8	8	1
Other	<u>67</u>	<u>67</u>	<u>250</u>
Total Revenues	<u>6,796</u>	<u>6,796</u>	<u>6,834</u>
EXPENSES, NET (1)			
Employee wages and benefits, net	4,297	4,297	4,676
Travel	112	112	92
Rent, communications, and utilities	(46)	(46)	(47)
Contracted services	(220)	(220)	(395)
Depreciation and amortization	405	405	472
Administrative	<u>(239)</u>	<u>(239)</u>	<u>(518)</u>
Total Expenses	<u>4,309</u>	<u>4,309</u>	<u>4,280</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	<u>2,487</u>	<u>2,487</u>	<u>2,554</u>
FUND BALANCE—Beginning of period	<u>37,795</u>	<u>37,795</u>	<u>33,428</u>
FUND BALANCE—End of period	<u>\$ 40,282</u>	<u>\$ 40,282</u>	<u>\$ 35,982</u>

(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 73.1% and 71.8% for 2016 and 2015, 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 January 31, 2016 and January 31, 2015
(Dollars in thousands)

	<u>January 2016</u>	<u>Year-to-Date January 2016</u>	<u>Year-to-Date January 2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 2,487	\$ 2,487	\$ 2,554
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	405	405	472
Provision for loss on disposal of employee residences held for sale	-	-	-
(Gain) loss on fixed asset retirements	-	-	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	3,943	3,943	3,509
Employee advances	1	1	18
Other accounts receivable	(6,681)	(6,681)	(6,510)
Prepaid expenses and other assets	(102)	(102)	9
(Decrease) increase in liabilities:			
Accounts payable	1,295	1,295	550
Accrued wages and benefits	627	627	(6,550)
Deferred revenue	-	-	-
Accrued annual leave	-	-	-
Accrued employee travel	(646)	(646)	(491)
Net cash provided or (used) by operating activities	<u>1,329</u>	<u>1,329</u>	<u>(6,439)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Agency expenses was under the year-to-date budget by \$7.8 million or 33.0%, com	121	121	(79)
Proceeds from insurance on fixed assets	-	-	-
The average annualized travel spend per Full-Time Equivelant (FTE) was \$4,122 tl	-	-	-
Proceeds from sale of employee residences held for sale	-	-	-
Net cash provided or (used) by investing activities	<u>121</u>	<u>121</u>	<u>(79)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(111)	(112)
Principal payments under capital lease obligations	-	-	-
Net cash used by financing activities	<u>(111)</u>	<u>(111)</u>	<u>(112)</u>
NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>1,339</u>	<u>1,339</u>	<u>(6,630)</u>
CASH AND CASH EQUIVALENTS—Beginning of period	<u>40,528</u>	<u>40,528</u>	<u>40,940</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 41,867</u>	<u>\$ 41,867</u>	<u>\$ 34,310</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 783</u>
Cash Payments for Interest	<u>\$ 17</u>	<u>\$ 17</u>	<u>\$ 18</u>

The balances in the statement above are preliminary and unaudited

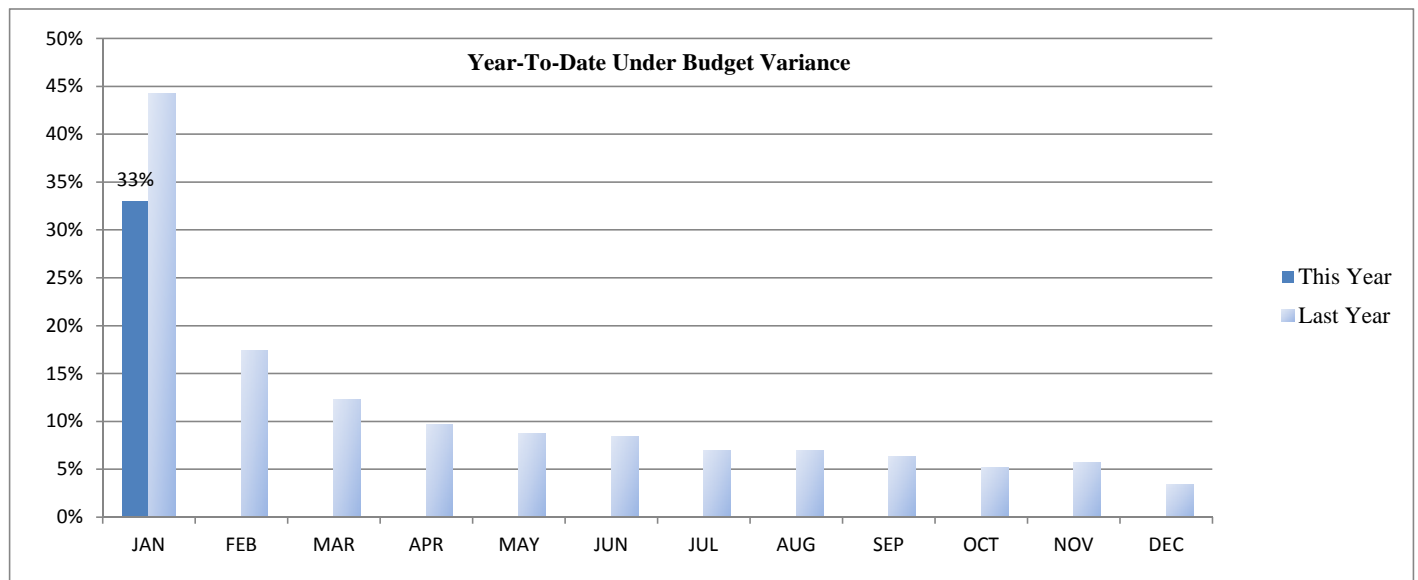
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

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

As of January 31, 2016 and January 31, 2015

(Dollars in thousands)

	Year-To-Date 2016				Year-To-Date 2015			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	16,971	15,997	(974)	-5.7%	16,825	14,076	(2,748)	-16.3%
Travel	2,441	418	(2,023)	-82.9%	2,441	327	(2,114)	-86.6%
Rent, Comm., & Utilities	564	(172)	(736)	-130.5%	481	(167)	(648)	-134.7%
Administrative	1,308	576	(732)	-55.9%	1,361	162	(1,199)	-88.1%
Contracted Services	2,352	(992)	(3,344)	-142.2%	2,182	(1,400)	(3,583)	-164.2%
TOTAL	23,637	15,828	(7,809)	-33.0%	23,290	12,998	(10,292)	-44.2%



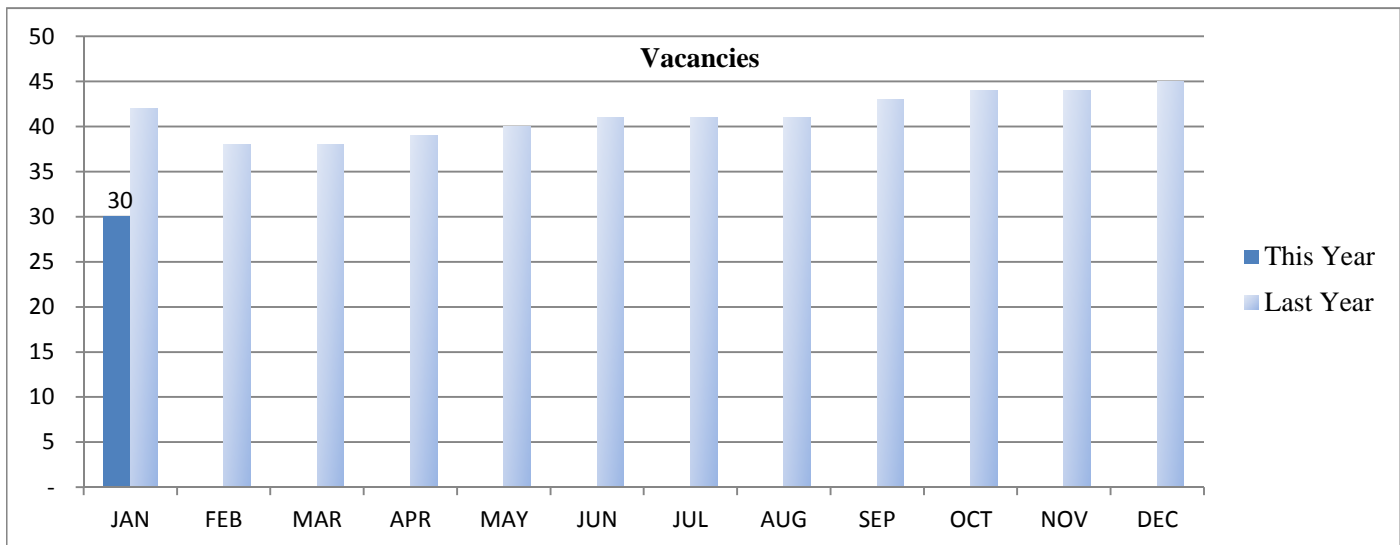
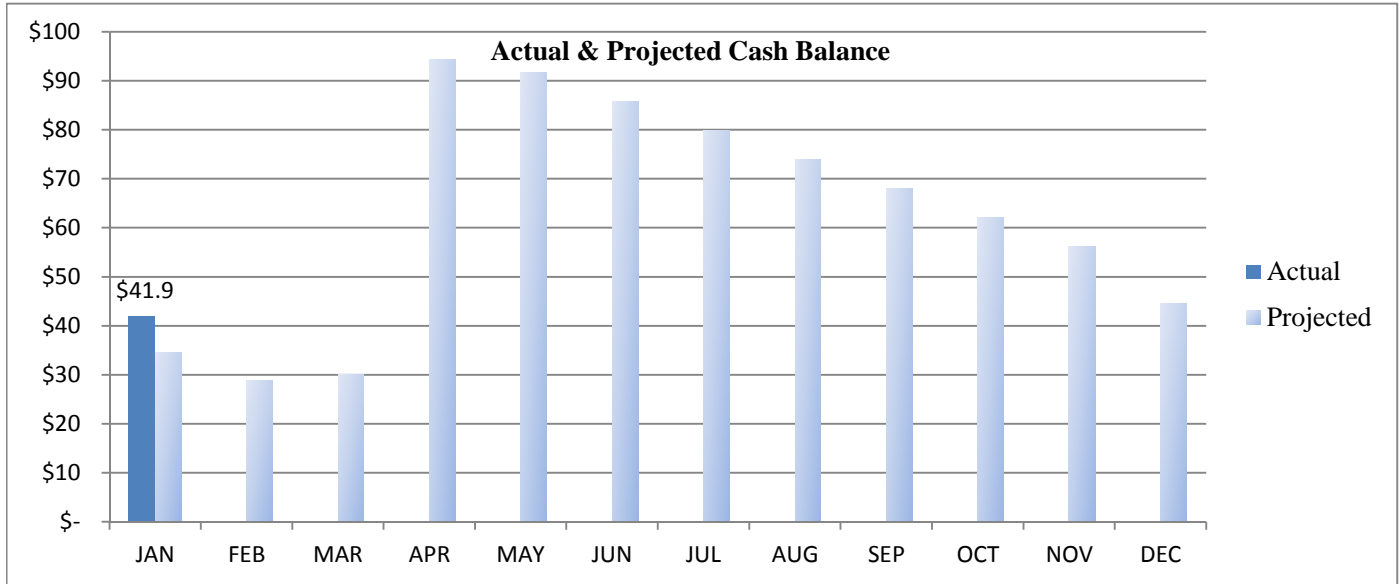
¹Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

The balances in the supplement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of January 31, 2016 and January 31, 2015



	1/31/2016	1/31/2015
Fund Balance / Total assets	47.92%	46.41%
YTD interest income to average investments (annualized)	0.23%	0.03%
Annualized travel spend per employee	\$4,122	\$3,201
Net year to date cash inflow (outflow) in millions of dollars	\$1	(\$7)
Cash and overnight investments / Total assets	49.80%	44.25%
Overhead transfer rate	73.10%	71.80%

The balances in the supplement above are preliminary and unaudited