

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**June 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

June 30, 2017

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### **Balance Sheet**

Cash and cash equivalents had a month-end balance of approximately \$109.4 million. Its balance decreased by \$12.5 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 \$811 thousand for the month. Its balance increased by approximately \$325 thousand primarily due to accrued income for parking and retail rent along with June receivables from the Temporary Corporate Credit Union Stabilization Fund and Central Liquidity Facility for each fund's administrative expenses paid by the Operating Fund.

Prepaid expenses and other assets had a month-end balance of approximately \$2.9 million. Its balance decreased by \$93 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 \$1.8 million. Its balance includes trade and inter-agency payables.

Deferred revenue had a month-end balance of approximately \$53.2 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 \$1.3 million and net income year-to-date was approximately \$10.8 million. Interest income on overnight investments has averaged 0.70% year-to-date, versus 0.23% during the same period last year.

### **Statements of Cash Flow**

The cash position decreased approximately \$12.5 million since last month. In the current month, approximately \$11.7 million was used by operating activities. Approximately \$505 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 \$8.4 million on the balance sheet. Approximately \$201 thousand was used to make quarterly capital lease payments.

### **Other Information**

The average annualized travel spend per Full-Time Equivalent (FTE) was \$17,721 this year, which is \$2,180 less than last year.

The Agency had 51 vacancies as of this month -- no change from the prior month. Of the 51 vacancies, 15 were in the central office and 36 were in the regions and AMAC. The 51 vacancies represent 4.2% percent of total authorized staff of 1,221.

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

	<b>June 2017</b>	<b>June 2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 109,445	\$ 91,046
Due from National Credit Union Share Insurance Fund	72	45
Employee advances	-	22
Other accounts receivable, Net	811	218
Prepaid expenses and other assets	2,891	1,865
Assets held for sale	-	150
Fixed assets - Net of accum. depreciation of \$36,838 as of June 30, 2017	28,215	30,342
Intangible assets - Net of accum. amortization of \$17,672 as of June 30, 2017	5,367	3,166
<b>TOTAL ASSETS</b>	<b>\$ 146,801</b>	<b>\$ 126,854</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 1,772	\$ 2,034
Obligations under capital leases	609	1,147
Accrued wages and benefits	7,253	13,407
Deferred revenue <sup>1</sup>	53,227	40,467
Accrued annual leave	19,460	17,243
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	8,381	9,722
<b>TOTAL LIABILITIES</b>	<b>90,702</b>	<b>84,020</b>
 <b>FUND BALANCE</b>	<b>56,099</b>	<b>42,834</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 146,801</b>	<b>\$ 126,854</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 June 30, 2017 and 2016**  
**(Dollars in thousands)**

	<u>June 2017</u>	<u>Year-to-Date June 2017</u>	<u>Year-to-Date June 2016</u>
<b>REVENUES</b>			
Operating fees	\$ 8,871	\$ 53,227	\$ 40,467
Interest	79	277	75
Other	<u>220</u>	<u>553</u>	<u>494</u>
Total Revenues	<u>9,170</u>	<u>54,057</u>	<u>41,036</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits, net	6,034	33,999	27,778
Travel	745	3,356	3,246
Rent, communications, and utilities	170	746	597
Contracted services	527	3,556	2,797
Depreciation and amortization	126	772	657
Administrative	<u>227</u>	<u>783</u>	<u>922</u>
Total Expenses	<u>7,829</u>	<u>43,212</u>	<u>35,997</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	1,341	10,845	5,039
<b>FUND BALANCE—Beginning of period</b>	<u>54,758</u>	<u>45,254</u>	<u>37,795</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 56,099</u>	<u>\$ 56,099</u>	<u>\$ 42,834</u>

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

	<u>June 2017</u>	<u>Year-to-Date June 2017</u>	<u>Year-to-Date June 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over expenses	\$ 1,341	\$ 10,845	\$ 5,039
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	392	2,391	2,442
Provision for loss on disposal of employee residences held for sale	-	-	16
(Gain) loss on fixed asset retirements	-	-	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(34)	3,987	3,899
Employee advances	-	5	16
Other accounts receivable	(325)	(374)	114
Prepaid expenses and other assets	93	(1,047)	(133)
(Decrease) increase in liabilities:			
Accounts payable	(110)	(3,837)	(3,610)
Accrued wages and benefits	(5,462)	(3,017)	6,231
Deferred revenue	(8,872)	53,227	40,467
Accrued annual leave	1,291	1,291	-
Accrued employee travel	-	(601)	(646)
Net cash (used) or provided by operating activities	<u>(11,686)</u>	<u>62,870</u>	<u>53,835</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(505)	(1,747)	(2,490)
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	-	-	211
Net cash used by investing activities	<u>(505)</u>	<u>(1,747)</u>	<u>(2,279)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(670)	(670)
Principal payments under capital lease obligations	(201)	(357)	(368)
Net cash used by financing activities	<u>(313)</u>	<u>(1,027)</u>	<u>(1,038)</u>
<b>NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS</b>	(12,504)	60,096	50,518
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>121,949</u>	<u>49,349</u>	<u>40,528</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 109,445</u>	<u>\$ 109,445</u>	<u>\$ 91,046</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH PAYMENTS FOR INTEREST</b>	<u>\$ 10</u>	<u>\$ 67</u>	<u>\$ 93</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 June 30, 2017 and June 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>	108,002	105,262	(2,740)	-2.5%	105,060	103,265	(1,795)	-1.7%
<b>Travel</b>	14,233	10,389	(3,844)	-27.0%	14,647	12,067	(2,580)	-17.6%
<b>Rent, Comm., &amp; Utilities</b>	3,337	2,309	(1,028)	-30.8%	3,383	2,218	(1,165)	-34.4%
<b>Administrative</b>	6,707	4,814	(1,893)	-28.2%	7,851	5,868	(1,983)	-25.3%
<b>Contracted Services</b>	16,679	11,010	(5,669)	-34.0%	14,113	10,398	(3,715)	-26.3%
<b>TOTAL</b>	148,958	133,784	(15,174)	-10.2%	145,054	133,816	(11,238)	-7.7%

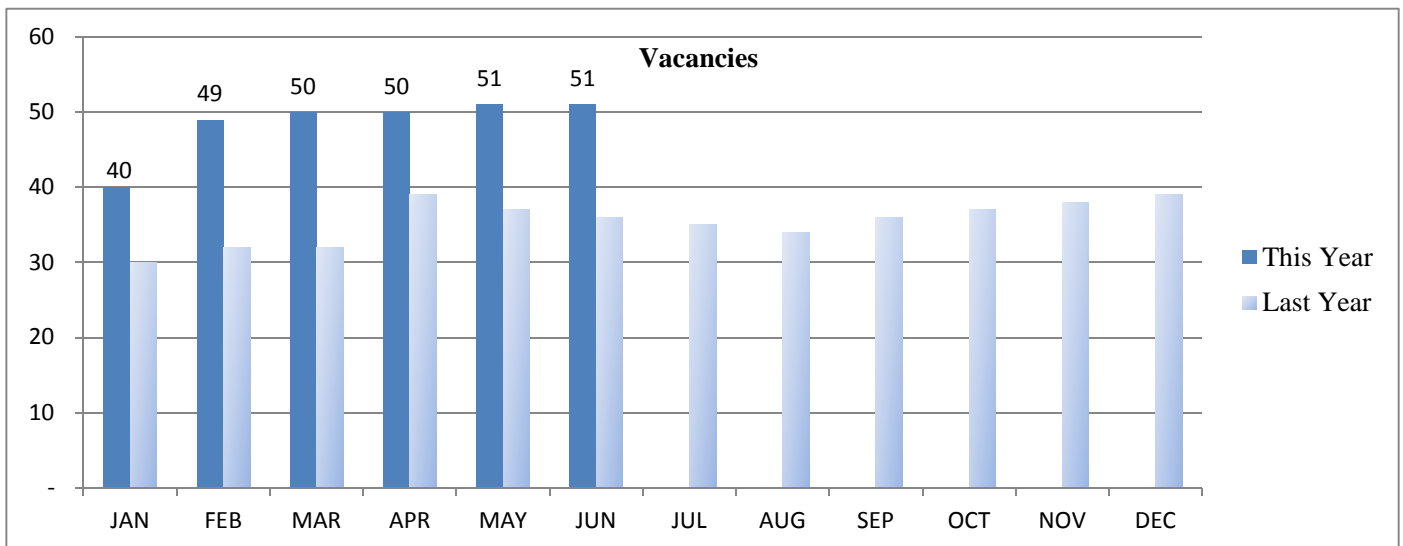
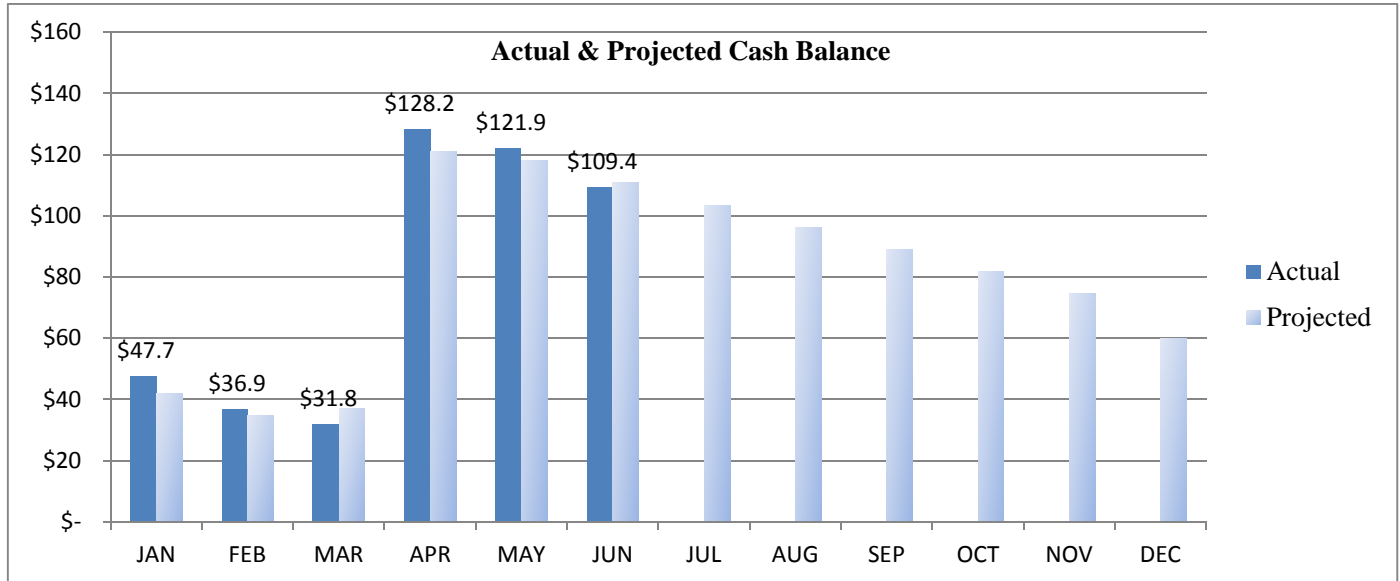
<sup>1</sup>Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

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



	<b>6/30/2017</b>	<b>6/30/2016</b>
Fund Balance / Total assets	38.21%	33.77%
YTD interest income to average investments (annualized)	0.70%	0.23%
Annualized travel spend per employee	\$17,721	\$19,901
Net year to date cash inflow (outflow) in millions of dollars	\$60	\$51
Cash and overnight investments / Total assets	74.55%	71.77%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.