

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**May 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

May 31, 2017

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### **Balance Sheet**

Cash and cash equivalents had a month-end balance of approximately \$121.9 million. Its balance decreased by \$6.2 million for the month primarily reflecting operating expenses. The cash position is considered to be sufficient to cover current and future obligations of the Fund through April 2018.

Other accounts receivable had a month-end balance of approximately \$486 thousand. Its balance decreased by approximately \$1.7 million for the month primarily due to the continuing collections of annual operating fees.

Prepaid expenses and other assets had a month-end balance of approximately \$3.0 million. Its balance increased by \$657 thousand for the month, primarily due to the purchase of computer software subscriptions.

Accounts payable had a month-end balance of approximately \$1.9 million. Its balance includes trade and inter-agency payables.

Deferred revenue had a month-end balance of approximately \$62.1 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 \$1.0 million and net income year-to-date was approximately \$9.5 million. Interest income on overnight investments has averaged 0.55% year-to-date, versus 0.20% during the same

### **Statements of Cash Flow**

The cash position decreased approximately \$6.2 million since last month. In the current month approximately \$5.9 million was used by operating activities. Approximately \$187 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 \$8.5 million on the balance sheet.

### **Other Information**

The average annualized travel spend per Full-Time Equivalent (FTE) was \$16,538 this year, which is \$2,384 less than last year.

The Agency had 51 vacancies as of this month -- up 1 from the prior month. Of the 51 vacancies, 16 were in the central office and 35 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 May 31, 2017 and 2016**  
**(Dollars in thousands)**

	<b>May 2017</b>	<b>May 2016</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 121,949	\$ 94,759
Due from National Credit Union Share Insurance Fund	38	35
Employee advances	-	18
Other accounts receivable, Net	486	353
Prepaid expenses and other assets	2,984	2,301
Assets held for sale	-	153
Fixed assets - Net of accum. depreciation of \$36,522 as of May 31, 2017	28,243	30,529
Intangible assets - Net of accum. amortization of \$17,597 as of May 31, 2017	5,225	2,988
<b>TOTAL ASSETS</b>	<b>\$ 158,925</b>	<b>\$ 131,136</b>
 <b>LIABILITIES</b>		
Accounts payable	\$ 1,882	\$ 1,481
Obligations under capital leases	809	1,331
Accrued wages and benefits	12,715	11,785
Deferred revenue <sup>1</sup>	62,099	47,211
Accrued annual leave	18,169	17,243
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	8,493	9,834
<b>TOTAL LIABILITIES</b>	<b>104,167</b>	<b>88,885</b>
 <b>FUND BALANCE</b>	 <b>54,758</b>	 <b>42,251</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 158,925</b>	 <b>\$ 131,136</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 May 31, 2017 and May 31, 2016**  
**(Dollars in thousands)**

	<u>May 2017</u>	<u>Year-to-Date May 2017</u>	<u>Year-to-Date May 2016</u>
<b>REVENUES</b>			
Operating fees	\$ 8,871	\$ 44,356	\$ 33,722
Interest	83	198	57
Other	<u>57</u>	<u>333</u>	<u>411</u>
Total Revenues	<u>9,011</u>	<u>44,887</u>	<u>34,190</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits, net	5,836	27,965	23,106
Travel	698	2,611	2,573
Rent, communications, and utilities	158	576	473
Contracted services	1,075	3,029	2,287
Depreciation and amortization	127	646	546
Administrative	<u>86</u>	<u>556</u>	<u>749</u>
Total Expenses	<u>7,980</u>	<u>35,383</u>	<u>29,734</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	1,031	9,504	4,456
<b>FUND BALANCE—Beginning of period</b>	<u>53,727</u>	<u>45,254</u>	<u>37,795</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 54,758</u>	<u>\$ 54,758</u>	<u>\$ 42,251</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 May 31, 2017 and May 31, 2016  
(Dollars in thousands)**

	<u>May 2017</u>	<u>Year-to-Date May 2017</u>	<u>Year-to-Date May 2016</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Excess of revenues over expenses	\$ 1,031	\$ 9,504	\$ 4,456
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	392	1,999	2,030
Provision for loss on disposal of employee residences held for sale	-	-	13
(Gain) loss on fixed asset retirements	-	-	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	51	4,021	3,909
Employee advances	-	5	20
Other accounts receivable	1,676	(49)	(21)
Prepaid expenses and other assets	(657)	(1,140)	(569)
(Decrease) increase in liabilities:			
Accounts payable	(1,891)	(3,727)	(4,163)
Accrued wages and benefits	2,323	2,445	4,609
Deferred revenue	(8,871)	62,099	47,211
Accrued annual leave	-	-	-
Accrued employee travel	-	(601)	(646)
Net cash (used) or provided by operating activities	<u>(5,946)</u>	<u>74,556</u>	<u>56,849</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of fixed and intangible assets	(187)	(1,242)	(2,087)
Purchases of employee residences held for sale	-	-	-
Proceeds from sale of employee residences held for sale	-	-	211
Net cash used by investing activities	<u>(187)</u>	<u>(1,242)</u>	<u>(1,876)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(558)	(558)
Principal payments under capital lease obligations	-	(156)	(184)
Net cash used by financing activities	<u>(111)</u>	<u>(714)</u>	<u>(742)</u>
<b>NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(6,244)</b>	<b>72,600</b>	<b>54,231</b>
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>128,193</u>	<u>49,349</u>	<u>40,528</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 121,949</u>	<u>\$ 121,949</u>	<u>\$ 94,759</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>\$ 11</u>	<u>\$ 57</u>	<u>\$ 79</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 May 31, 2017 and May 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>	89,725	86,578	(3,147)	-3.5%	87,281	85,897	(1,384)	-1.6%
<b>Travel</b>	11,861	8,083	(3,778)	-31.9%	12,206	9,563	(2,643)	-21.7%
<b>Rent, Comm., &amp; Utilities</b>	2,781	1,782	(999)	-35.9%	2,819	1,759	(1,060)	-37.6%
<b>Administrative</b>	5,589	3,722	(1,867)	-33.4%	6,542	3,336	(3,206)	-49.0%
<b>Contracted Services</b>	13,899	9,379	(4,520)	-32.5%	11,761	8,502	(3,259)	-27.7%
<b>TOTAL</b>	123,855	109,544	(14,311)	-11.6%	120,609	109,057	(11,552)	-9.6%

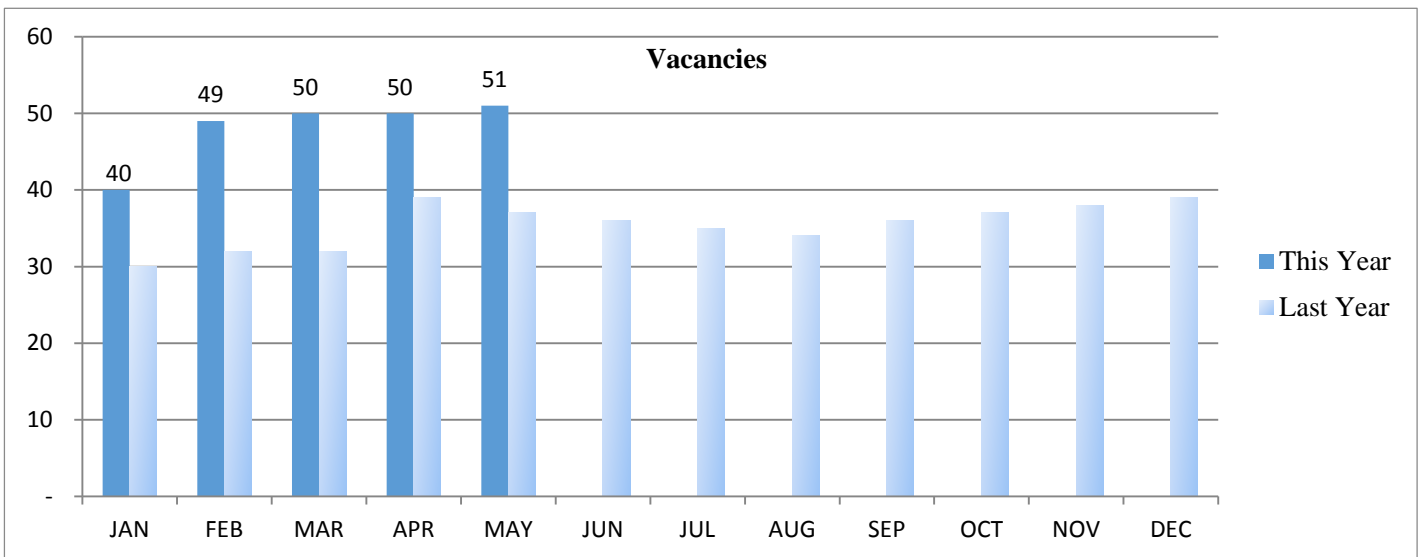
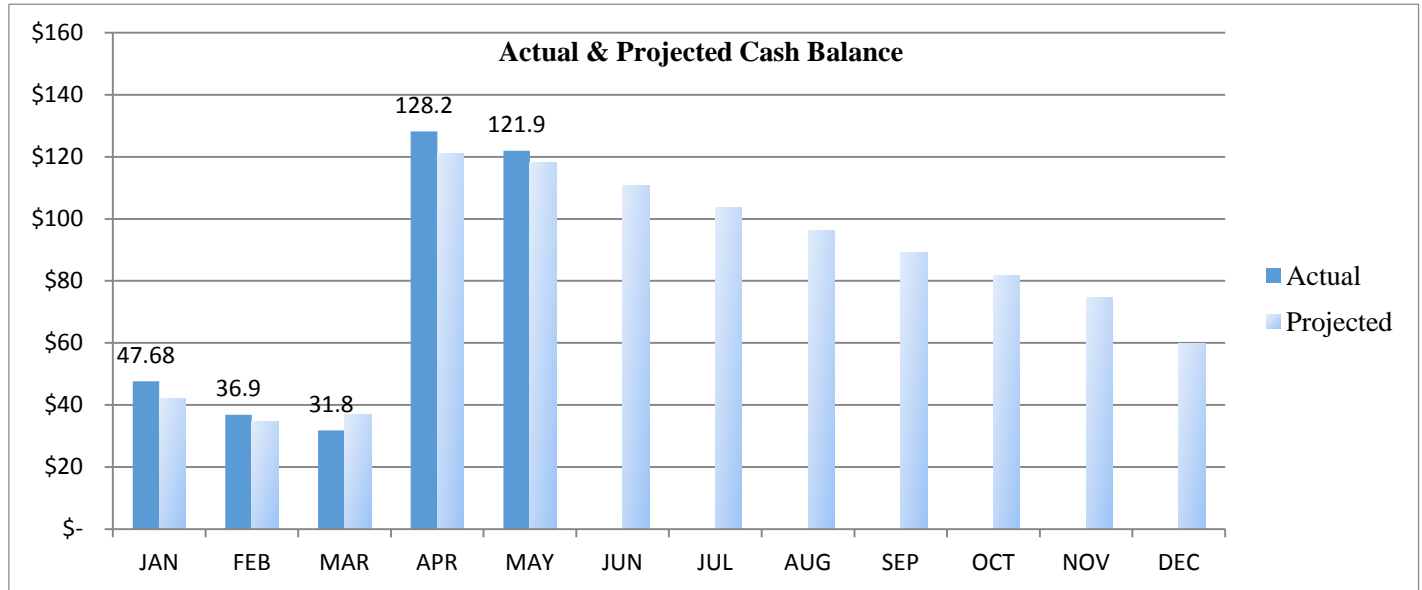
<sup>1</sup>Budget amounts reflect the Board-approved budget.

The balances in the supplement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

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



	<b>5/31/2017</b>	<b>5/31/2016</b>
Fund Balance / Total assets	34.46%	32.22%
YTD interest income to average investments (annualized)	0.55%	0.20%
Annualized travel spend per employee	\$16,538	\$18,922
Net year to date cash inflow (outflow) in millions of dollars	\$73	\$54
Cash and overnight investments / Total assets	76.73%	72.26%
Overhead transfer rate	67.70%	73.10%

The balances in the supplement above are preliminary and unaudited.