

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

July 31, 2015

A handwritten signature in blue ink, appearing to read "Rendell L. Jones", with a long, sweeping flourish extending to the right.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
July 31, 2015**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$68.9 million. Its balance decreased \$13.1 million in the month primarily due to monthly payroll accrual timing differences, monthly realization of deferred revenue, repayment to the Share Insurance Fund for estimate to actual differences in overhead expenses transferred, purchase of fixed assets and repayment of National Credit Union Share Insurance Fund long-term note payable. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Accounts receivable had a month-end balance of approximately \$447 thousand. Its balance decreased by approximately \$96 thousand in the month primarily due to payment received from the Central Liquidity Facility for 2nd quarter rent, payroll and overhead.

Accrued wages and benefits had a month-end balance of approximately \$6.4 million. Its balance decreased by approximately \$5.2 million in the month primarily due to monthly payroll accrual timing differences.

Deferred revenue had a month-end balance of approximately \$32.8 million. Its balance decreased by approximately \$6.6 million in the month due to the recognition of operating fee revenue.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$108 thousand and net income year-to-date was \$4.4 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 decreased approximately \$13.1 million since last month. In the current month approximately \$12.6 million was used for operating expenses. Approximately \$243 thousand was invested in new capital assets. Approximately \$207 thousand was invested in employee residences held for sale. Approximately \$112 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 \$11.0 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$11.3 million or 7.0%, compared to being under the year-to-date budget by approximately \$10.7 million or 6.9% during the same period last year. Of the total variance, employee pay and benefits was under budget by \$2.2 million or 1.9%. Travel cost were under budget by \$2.2 million or 13.1%. Contract services cost was under budget by \$3.8 million or 25.0%. The under budget amounts for travel and contract services are due to the use of straight line estimates used in this report. Actual costs will more clearly align with budgeted costs as the year progresses. The remaining expense categories combined were under budget by \$3.0 million or 23.9%.

The average annualized travel spend per Full-Time Equivalent (FTE) was \$20,400 this year, which is \$75 more than last year.

Vacancies

The Agency had 41 vacancies as of this month—no change from the prior month. Of the 41 vacancies, 9 were in the central office and 32 were in the regions and the Asset Management and Assistance Center (AMAC). The 41 vacancies represent 3.2% percent of total authorized staff of 1,268.70.

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

	July 2015	July 2014
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 68,897	\$ 72,015
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	82	747
EMPLOYEE ADVANCES	55	120
OTHER ACCOUNTS RECEIVABLE , Net	447	182
PREPAID EXPENSES AND OTHER ASSETS	2,457	1,689
ASSETS HELD FOR SALE	207	-
FIXED ASSETS — Net of accumulated depreciation of \$30,501	32,255	29,788
INTANGIBLE ASSETS — Net of accumulated amortization of \$16,812 as of July 31, 2015	2,333	2,629
TOTAL ASSETS	\$ 106,733	\$ 107,170
LIABILITIES		
Accounts payable	\$ 1,500	\$ 1,803
Obligations under capital leases	1,894	59
Accrued wages and benefits	6,363	11,992
Deferred revenue (1)	32,763	32,448
Accrued annual leave	15,469	14,571
Note payable to National Credit Union Share Insurance Fund	10,951	12,292
TOTAL LIABILITIES	68,940	73,165
FUND BALANCE	37,793	34,005
TOTAL LIABILITIES AND FUND BALANCE	\$ 106,733	\$ 107,170

(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 July 31, 2015 and July 30, 2014
(Dollars in thousands)**

	<u>July 2015</u>	<u>Year-to-Date July 2015</u>	<u>Year-to-Date July 2014</u>
REVENUES			
Operating fees	\$ 6,620	\$ 46,067	\$ 45,427
Interest	2	6	10
Other	<u>90</u>	<u>677</u>	<u>712</u>
Total Revenues	<u>6,712</u>	<u>46,750</u>	<u>46,149</u>
EXPENSES, NET (1)			
Employee wages and benefits, net	4,806	32,298	33,191
Travel	682	4,124	4,478
Rent, communications, and utilities	200	650	800
Contracted services	602	3,237	3,665
Depreciation and amortization	408	3,295	3,450
Administrative	<u>(94)</u>	<u>(1,219)</u>	<u>(963)</u>
Total Expenses	<u>6,604</u>	<u>42,385</u>	<u>44,621</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	<u>108</u>	<u>4,365</u>	<u>1,528</u>
FUND BALANCE—Beginning of period	<u>37,685</u>	<u>33,428</u>	<u>32,477</u>
FUND BALANCE—End of period	<u>\$ 37,793</u>	<u>\$ 37,793</u>	<u>\$ 34,005</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 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 July 31, 2015 and July 31, 2014
(Dollars in thousands)**

	July 2015	Year-to-Date July 2015	Year-to-Date July 2014
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 108	\$ 4,365	\$ 1,528
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	408	3,295	3,450
Provision for loss on disposal of employee residences held for sale	-	47	-
(Gain) loss on fixed asset retirements	-	11	-
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(7)	3,427	2,566
Employee advances	1	7	(82)
Other accounts receivable	96	(125)	21
Prepaid expenses and other assets	(134)	(312)	(311)
(Decrease) increase in liabilities:			
Accounts payable	(1,264)	(5,098)	(2,915)
Accrued wages and benefits	(5,158)	(6,510)	636
Deferred revenue	(6,620)	32,763	32,448
Accrued employee travel	-	(491)	(1,068)
Net cash (used) or provided by operating activities	(12,570)	31,379	36,273
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(243)	(2,679)	(1,389)
Proceeds from insurance on fixed assets	-	-	-
Purchases of employee residences held for sale	(207)	(207)	-
Proceeds from sale of employee residences held for sale	-	596	-
Net cash used by investing activities	(450)	(2,290)	(1,389)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(782)	(782)
Principal payments under capital lease obligations	-	(350)	-
Net cash used by financing activities	(112)	(1,132)	(782)
NET (DECREASE) OR INCREASE IN CASH AND CASH EQUIVALENTS	(13,132)	27,957	34,102
CASH AND CASH EQUIVALENTS—Beginning of period	82,029	40,940	37,913
CASH AND CASH EQUIVALENTS—End of period	\$ 68,897	\$ 68,897	\$ 72,015
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 2,030	\$ -
Cash Payments for Interest	\$ 18	\$ 123	\$ 135

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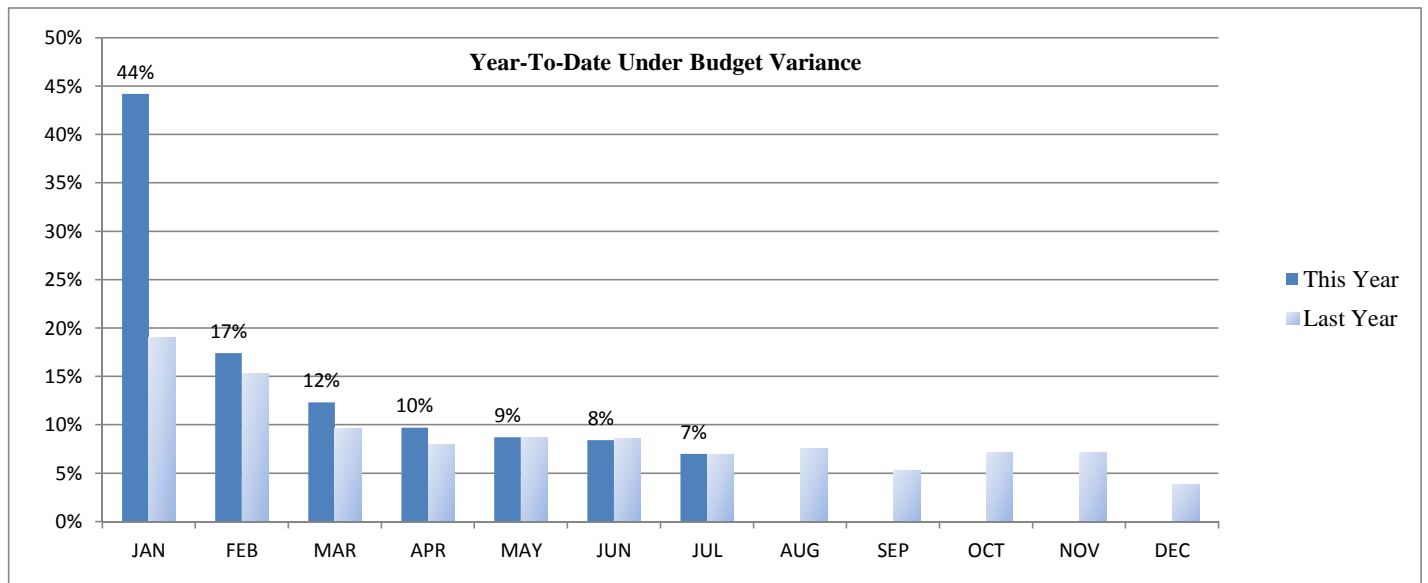
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

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

As of July 31, 2015 and July 31, 2014

(Dollars in thousands)

	Year-To-Date 2015				Year-To-Date 2014			
	BUDGET ¹	ACTUAL	DIFF	%	BUDGET ¹	ACTUAL	DIFF	%
Employee Pay & Benefits	116,751	114,531	(2,219)	-1.9%	112,391	107,763	(4,628)	-4.1%
Travel	16,827	14,623	(2,204)	-13.1%	16,637	14,538	(2,099)	-12.6%
Rent, Comm., & Utilities	3,164	2,306	(858)	-27.1%	3,309	2,598	(711)	-21.5%
Administrative	9,533	7,361	(2,172)	-22.8%	9,049	8,072	(976)	-10.8%
Contracted Services	15,311	11,479	(3,833)	-25.0%	14,132	11,889	(2,243)	-15.9%
TOTAL	161,586	150,300	(11,286)	-7.0%	155,519	144,861	(10,658)	-6.9%



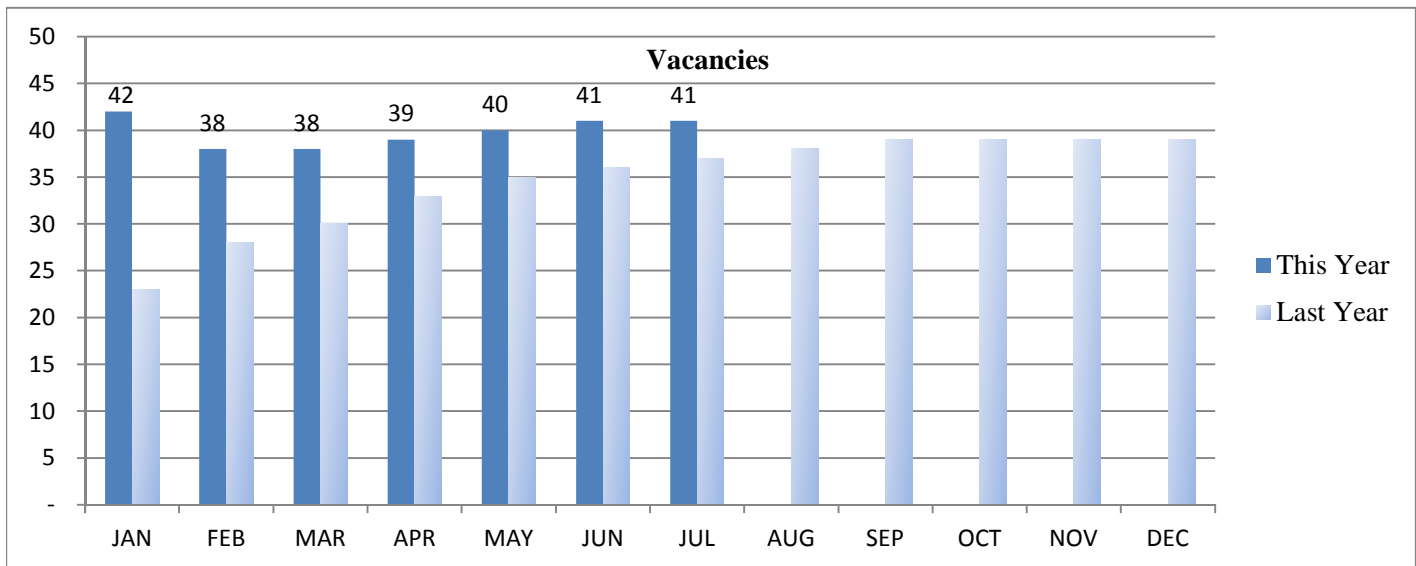
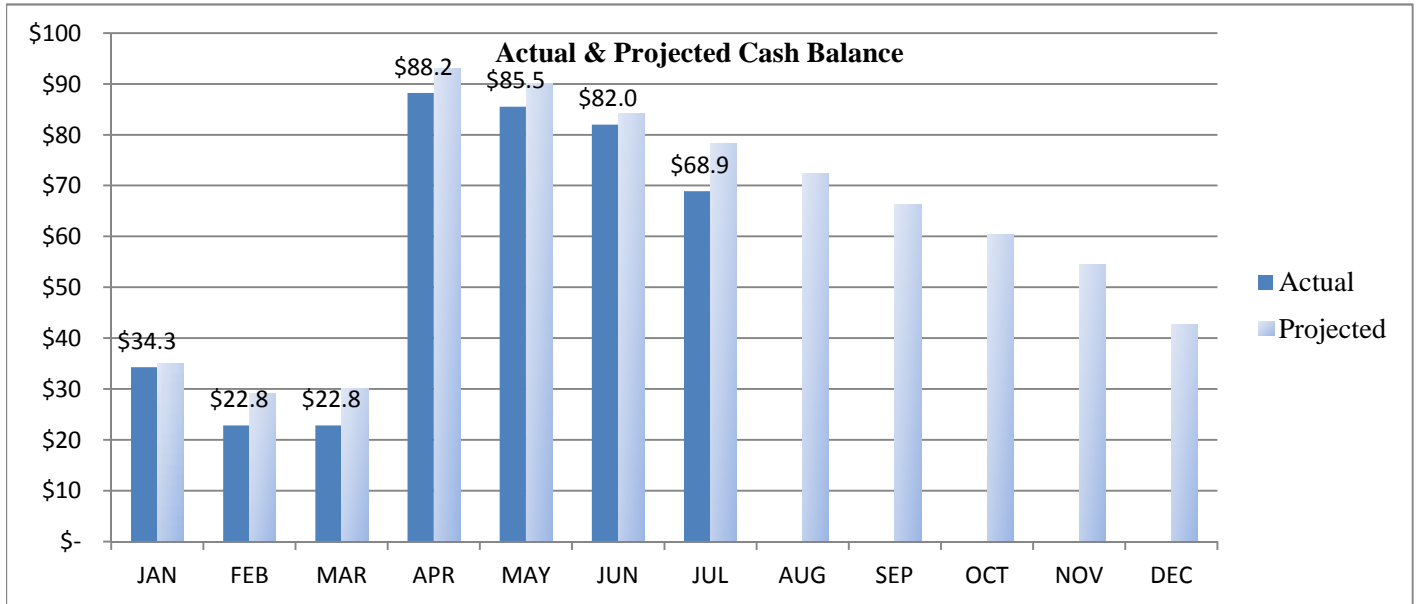
¹Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

The balances in the supplement above are preliminary and unaudited

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

As of July 31, 2015 and July 31, 2014



	7/31/2015	7/31/2014
Fund Balance / Total assets	35.41%	31.73%
YTD interest income to average investments (annualized)	0.02%	0.03%
Annualized travel spend per employee	\$20,400	\$20,325
Net year to date cash inflow (outflow) in millions of dollars	\$28	\$34
Cash and overnight investments / Total assets	64.55%	67.20%
Overhead transfer rate	71.80%	69.20%

The balances in the supplement above are preliminary and unaudited