

PROJECTED FISCAL YEAR 2016 OPERATING FEE REQUIREMENTS

(\$ in millions)

2016

| | | |
|-----------|---|-------------------|
| 1 | Proposed Operating Budget | \$ 290.916 |
| 2 | Overhead Transfer Rate 73.14% | \$ (212.776) |
| 3 | Interest Income | \$ (0.014) |
| 4 | Miscellaneous (rents, publication fees, FOIA fees) | \$ (1.130) |
| 5 | Net (sum lines 1 - 4) | \$ 76.996 |
| 6 | Operating Fund Mid-Session return adjustment | \$ (1.335) |
| 7 | Accrued Annual Leave (based on historical annual increase) | \$ (1.000) |
| 8 | Depreciation (building, leasehold, equipment) | \$ (5.500) |
| 9 | Capital Acquisitions | \$ 10.069 |
| 10 | Payment of King Street Note Payable (scheduled principal payments) | \$ 1.420 |
| 11 | Budgeted Operating Fee/Capital Requirements (sum lines 5 -10) | \$ 80.650 |
| 12 | Corporate Federal CU Operating Fees | \$ (0.250) |
| 13 | Natural Person FCU Operating Fees Required (sum lines 11 -12) | \$ 80.400 |
| 14 | Fees projected with Asset Growth of 4.75% | \$ (80.781) |
| 15 | Difference (lines 13 & 14) | \$ (0.381) |
| 16 | Average Rate Adjustment Indicated (line 15 divided by line 14) | -0.47% |

PROPOSED 2016 OPERATING FEE SCALE

2015 Natural Person Federal Credit Union Scale

| <u>Asset Level</u> | | <u>Operating Fee Assessment</u> | | | |
|--------------------|-----------------|---------------------------------|--------------|---------------------|-----------------|
| \$0 | \$1,000,000 | \$0.00 | | | |
| \$1,000,000 | \$1,217,346,609 | \$0.00 | + 0.00018284 | X total assets over | \$0.00 |
| \$1,217,346,609 | \$3,683,672,549 | \$222,579.65 | + 0.00005329 | X total assets over | \$1,217,346,609 |
| \$3,683,672,549 | and over | \$354,010.16 | + 0.00001779 | X total assets over | \$3,683,672,549 |

2016 (Proposed) Natural Person Federal Credit Union Scale

| | | |
|---------------------------------|--------|---------------------------------------|
| Projected FCU asset growth rate | 4.75% | Change in asset level dividing points |
| Operating fee rate change | -0.47% | Change in assessment rate percentages |

| <u>Asset Level</u> | | <u>Operating Fee Assessment</u> | | | |
|--------------------|-----------------|---------------------------------|--------------|---------------------|-----------------|
| \$0 | \$1,000,000 | \$0.00 | | | |
| \$1,000,000 | \$1,275,170,573 | \$0.00 | + 0.00018198 | X total assets over | \$0.00 |
| \$1,275,170,573 | \$3,858,646,995 | \$232,055.54 | + 0.00005304 | X total assets over | \$1,275,170,573 |
| \$3,858,646,995 | and over | \$369,083.13 | + 0.00001771 | X total assets over | \$3,858,646,995 |

FY2016 (Proposed) Corporate Federal Credit Union Scale

| <u>Asset Level</u> | | <u>Operating Fee Assessment</u> | | | |
|--------------------|---------------|---------------------------------|--------------|---------------------|---------------|
| \$50,000,000 | \$100,000,000 | \$10,593.90 | + 0.00019870 | X total assets over | \$50,000,000 |
| \$100,000,000 | and over | \$20,528.90 | + 0.00001230 | X total assets over | \$100,000,000 |

OPERATING FEE METHODOLOGY

A: Attachment 1 explanation:

| Natural Person Federal Credit Union Operating Fee Calculation Factors and Explanation | | Calculation Formula |
|---|---|------------------------------------|
| 1 | Proposed Annual Operating Fund Budget amount determines the baseline fee requirement. | |
| 2 | Overhead Transfer Rate calculated from the examiner time survey results, determines the amount of the budget to be reimbursed by the Share Insurance Fund. This amount is subtracted from the proposed budget amount. | OTR% x - 1 |
| 3 | Interest Income projected for the year is estimated based on the latest financial statements, and is subtracted from the budget. | |
| 4 | Miscellaneous (rents, publication fees, FOIA fees) is estimated based on the latest financial statements, and is subtracted from the budget. | |
| 5 | Net Adjustment to Budget | Sum lines 1 - 4 |
| 6 | Reduction of any Operating Fund Mid-Session return adjustment | <i>reduce cash collections</i> |
| 7 | Reduction of Accrued Annual Leave (based on historical annual amounts) | <i>reduce cash collections</i> |
| 8 | Depreciation (e. g. building, leasehold, and equipment estimate) | <i>reduce cash collections</i> |
| 9 | New investment projects requested in capital budget | <i>increase cash collections</i> |
| 10 | Annual payment of King Street Station Note Payable (scheduled principal payments) | <i>increase cash collections</i> |
| 11 | Budgeted Operating Fee/Capital Requirements | Sum lines 5 - 10 |
| 12 | Corporate federal credit union fees are collected and subtracted from natural person credit union fee requirement (based on corporate credit union scale) | |
| 13 | Natural Person Federal Credit Union Operating Fees Required | Sum lines 11 - 12 |
| 14 | Estimated Fee collections for end of year (December 31). This projection uses the current operating fee scale with estimated asset growth from an internal NCUA economic forecasting model. Based on the June 30 assets, the year end assets are projected using the estimated asset growth to calculate fee collection estimates for the following year. The operating fee assessment is applied against the year end credit union asset value. | |
| 15 | Difference between estimated operating fee collections and projected collections based on estimated asset growth. | Difference between lines 13 and 14 |
| 16 | Average Rate Adjustment Indicated (line 15 divided by line 14) | Line 15 divided by 14 |

B: Attachment 2 explanation:

| | |
|--|---------------------------------|
| Projected federal credit union asset growth = change in asset level dividing points. Every year, the asset level scale is adjusted by the same percentage as the estimated growth rate. | Percent growth noted on line 14 |
| Operating fee rate change = Change in assessment rate percentage | same as Line 16 |
| The Corporate Credit Union scale remains unchanged from year to year as the number of CCUs and the collections continue to decrease to an immaterial amount. | |