

# **OPERATING FUND**



**PRELIMINARY & UNAUDITED  
FINANCIAL HIGHLIGHTS  
April 30, 2018**

A handwritten signature in blue ink, which appears to read "Rendell L. Jones", is positioned below the title. The signature is fluid and cursive, extending to the right.

**RENDELL L. JONES  
CHIEF FINANCIAL OFFICER**

## **NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND**

### **MANAGEMENT OVERVIEW APRIL 30, 2018**

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#### **Balance Sheet**

Cash and cash equivalents had a month-end balance of approximately \$162 million. Its balance increased by \$118.9 million for the month primarily due to the collection of annual operating fees that were due in April. The cash position is considered sufficient to cover current and future obligations of the Fund through April 2019.

Due from National Credit Union Share Insurance Fund represents the receivable for monies advanced by the Operating Fund for Share Insurance Fund expenses. The balance decreased by \$768 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$3.6 million. Its balance decreased by approximately \$126.8 million primarily due to the receipt of annual operating fee. In April, \$126.7 million of the approximately \$130.2 million of billed operating fee were collected.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$192 thousand for the month due to relocation and trade payables.

Accrued wages and benefits are earned by NCUA staff, but unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not used.

Note payable to National Credit Union Share Insurance Fund is the 1992 construction loan for the NCUA King Street Station building.

#### **Statements of Revenues, Expenses, and Changes in Fund Balance**

Revenues in excess of expenses totaled \$1.7 million for the month. Operating fees reflects one-twelfth of the 2018 Operating Fee. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 61.5 percent of expenses to the Share Insurance Fund. Operating Fund expenses are higher in 2018 because the Overhead Transfer Rate dropped to 61.5 percent from 67.7 percent for the prior year.

#### **Statements of Cash Flow**

The cash position increased \$118.9 million since the prior month. In the current month, \$119.3 million was used by operating activities. Investments in new capital assets were \$308 thousand. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building and on capital lease obligations totaled \$117 thousand.

#### **Other Information**

The Agency had 71 vacancies as of month-end. Of the 71 vacancies, 30 were in the central office and 41 were in the regions and AMAC. The 71 vacancies represent 6.0% percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION  
OPERATING FUND**

**BALANCE SHEETS**

**As of April 30, 2018 and 2017**

**(Dollars in thousands)**

	<b>April 2018</b>	<b>April 2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 161,952	\$ 128,193
Due from National Credit Union Share Insurance Fund	132	89
Employee advances	1	-
Other accounts receivable, Net	3,630	2,162
Prepaid expenses and other assets	3,586	2,327
Fixed assets - Net of accum. depreciation of \$38,933 as of April 30, 2018	26,130	28,499
Intangible assets - Net of accum. amortization of \$19,304 as of April 30, 2018	5,025	5,174
<b>TOTAL ASSETS</b>	<b>\$ 200,456</b>	<b>\$ 166,444</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 2,952	\$ 3,773
Obligations under capital leases	189	809
Accrued wages and benefits	11,845	10,392
Deferred revenue <sup>1</sup>	86,775	70,970
Accrued annual leave	19,242	18,169
Note payable to National Credit Union Share Insurance Fund	7,263	8,604
<b>TOTAL LIABILITIES</b>	<b>128,266</b>	<b>112,717</b>
 <b>FUND BALANCE</b>	 <b>72,190</b>	 <b>53,727</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 200,456</b>	 <b>\$ 166,444</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 SHARE ADMINISTRATION  
OPERATING FUND**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE**

**For the periods ended April 30, 2018 and 2017**

**(Dollars in thousands)**

	<b>April 2018</b>	<b>Year-to-Date April 2018</b>	<b>Year-to-Date April 2017</b>
<b>REVENUES</b>			
Operating fees	\$ 10,847	\$ 43,388	\$ 35,485
Interest	134	361	115
Other	85	399	276
Total Revenues	11,066	44,148	35,876
 <b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	6,564	27,103	22,129
Travel	799	2,316	1,913
Rent, communications, and utilities	155	571	418
Contracted services	1,371	3,608	1,954
Depreciation and amortization	150	670	519
Administrative	320	1,036	470
Total Expenses, Net	9,359	35,304	27,403
 <b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	 1,707	 8,844	 8,473
 <b>FUND BALANCE—Beginning of period</b>	 70,483	 63,346	 45,254
 <b>FUND BALANCE—End of period</b>	 \$ 72,190	 \$ 72,190	 \$ 53,727

<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 61.5% and 67.7% for 2018 and 2017, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION  
OPERATING FUND**

**STATEMENTS OF CASH FLOWS**

**For the periods ended April 30, 2018 and 2017**

**(Dollars in thousands)**

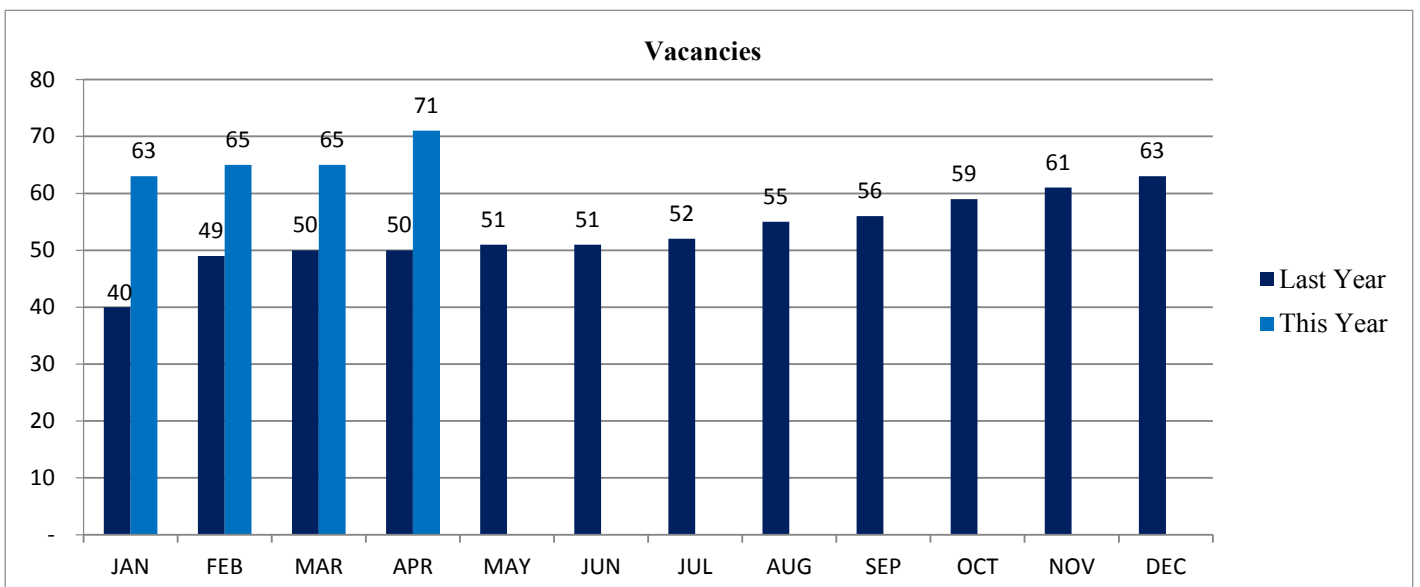
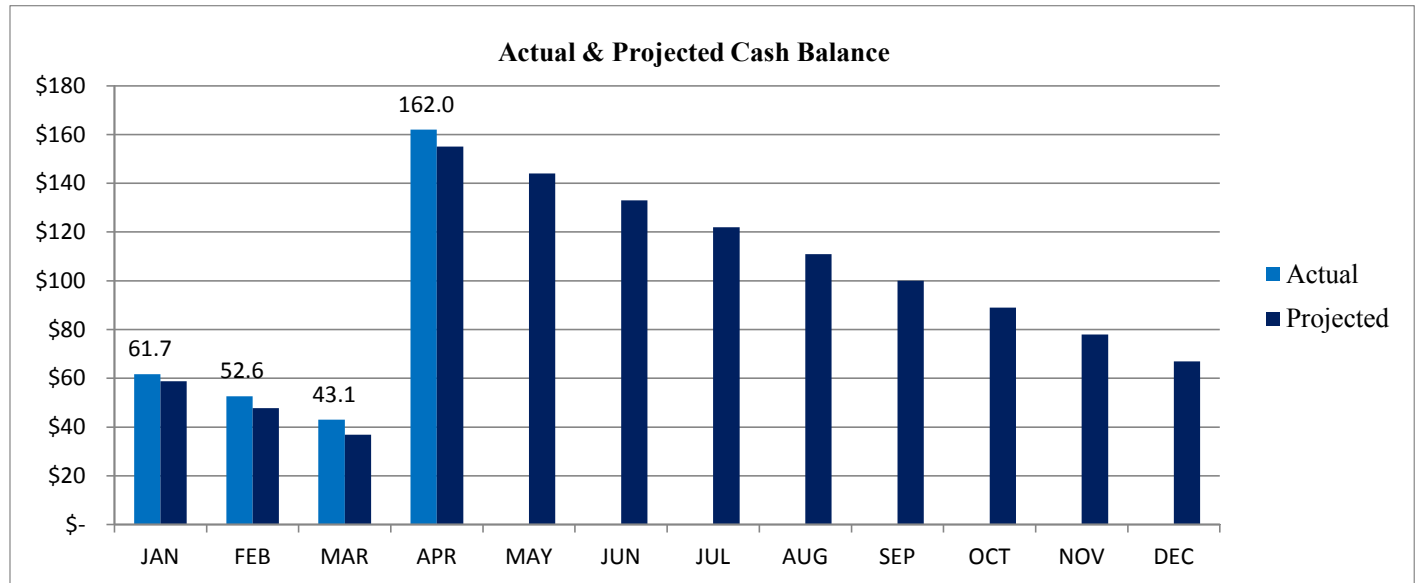
	<u>April 2018</u>	<u>Year-to-Date April 2018</u>	<u>Year-to-Date April 2017</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over expenses	\$ 1,707	\$ 8,844	\$ 8,473
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	390	1,741	1,607
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	768	5,021	3,970
Employee advances	-	10	5
Other accounts receivable, net	126,847	(3,286)	(1,725)
Prepaid expenses and other assets	(804)	(1,200)	(483)
(Decrease) increase in liabilities:			
Accounts payable	192	(4,559)	(1,836)
Accrued wages and benefits	777	(435)	122
Deferred revenue	(10,847)	86,775	70,970
Accrued annual leave	250	850	-
Accrued employee travel	-	(607)	(601)
Net Cash Provided by Operating Activities	<u>119,280</u>	<u>93,154</u>	<u>80,502</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed and intangible assets	(308)	(497)	(1,055)
Proceeds from sale of employee residences held for sale	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>(308)</u>	<u>(497)</u>	<u>(1,055)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(447)	(447)
Principal payments under capital lease obligations	<u>(5)</u>	<u>(22)</u>	<u>(156)</u>
Net Cash Used in Financing Activities	<u>(117)</u>	<u>(469)</u>	<u>(603)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	118,855	92,188	78,844
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>43,097</u>	<u>69,764</u>	<u>49,349</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 161,952</u>	<u>\$ 161,952</u>	<u>\$ 128,193</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>\$ 40</u>	<u>\$ 46</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

**April 30, 2018**



	<b>Apr 2018</b>	<b>Apr 2017</b>
Fund Balance / Total assets	36.01%	32.28%
YTD interest income to average investments (annualized)	0.99%	0.39%
Annualized travel spend per employee	\$ 16,156	\$ 15,139
Net year to date cash inflow (outflow) in millions of dollars	\$92.2	\$79.0
Cash and overnight investments / Total assets	80.79%	77.02%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.