

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

March 31, 2018

A handwritten signature in blue ink, appearing to read "Rendell L. Jones", is positioned above the printed name and title.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

MANAGEMENT OVERVIEW MARCH 31, 2018

Balance Sheet

Cash and cash equivalents decreased by \$9.5 million for the month primarily reflecting cash disbursements for operating expenses. The cash position is considered sufficient to cover current and future obligations of the Fund through April 2018.

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 increased by \$787 thousand for the month.

Other accounts receivable, net are primarily the outstanding invoices for the 2018 Operating Fee. The Operating fee was invoiced in March and due April 17, 2018.

Accounts payable are trade and inter-agency payables. The balance decreased by \$2.3 million for the month due to net payments.

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

Accrued annual leave represents unused leave earned by NCUA staff.

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 \$1.3 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 decreased \$9.5 million since the prior month. In the current month, \$9.2 million was used by operating activities. Investments in new capital assets were \$189 thousand and principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building and on capital lease obligations totaled \$129 thousand.

Other Information

The Agency had 65 vacancies as of month-end. Of the 65 vacancies, 29 were in the central office and 36 were in the regions and AMAC. The 65 vacancies represent 5.5% percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of March 31, 2018 and 2017

(Dollars in thousands)

	March 2018	March 2017
ASSETS		
Cash and cash equivalents	\$ 43,097	\$ 31,828
Due from National Credit Union Share Insurance Fund	900	4
Employee advances	1	1
Other accounts receivable, Net	130,477	105,204
Prepaid expenses and other assets	2,782	2,114
Assets held for sale	-	-
Fixed assets - Net of accum. depreciation of \$38,703 as of March 31, 2018	26,295	28,704
Intangible assets - Net of accum. amortization of \$19,145 as of March 31, 2018	4,942	5,062
TOTAL ASSETS	\$ 208,494	\$ 172,917
 LIABILITIES		
Accounts payable	\$ 2,760	\$ 3,459
Obligations under capital leases	194	801
Accrued wages and benefits	11,068	10,397
Deferred revenue ¹	97,622	79,841
Accrued annual leave	18,992	18,169
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	7,375	8,716
TOTAL LIABILITIES	138,011	121,383
 FUND BALANCE	 70,483	 51,534
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 208,494	 \$ 172,917

¹The 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 March 31, 2018 and 2017

(Dollars in thousands)

	<u>March 2018</u>	<u>Year-to-Date March 2018</u>	<u>Year-to-Date March 2017</u>
REVENUES			
Operating fees	\$ 11,008	\$ 32,541	\$ 26,614
Interest	75	227	65
Other	107	314	186
Total Revenues	<u>11,190</u>	<u>33,082</u>	<u>26,865</u>
EXPENSES, NET¹			
Employee wages and benefits	6,953	20,539	16,936
Travel	717	1,517	1,231
Rent, communications, and utilities	239	416	240
Contracted services	1,459	2,237	1,436
Depreciation and amortization	174	520	392
Administrative	339	716	350
Total Expenses, Net	<u>9,881</u>	<u>25,945</u>	<u>20,585</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,309	7,137	6,280
FUND BALANCE—Beginning of period	<u>69,174</u>	<u>63,346</u>	<u>45,254</u>
FUND BALANCE—End of period	<u>\$ 70,483</u>	<u>\$ 70,483</u>	<u>\$ 51,534</u>

¹Operating 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 March 31, 2018 and 2017

(Dollars in thousands)

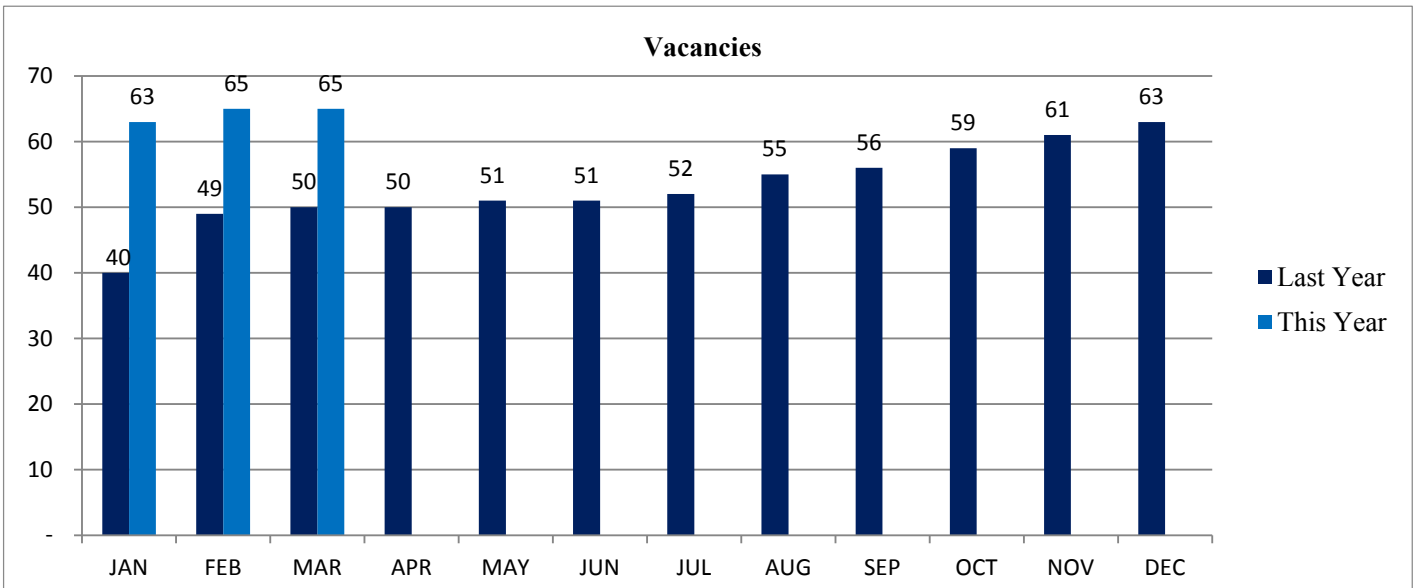
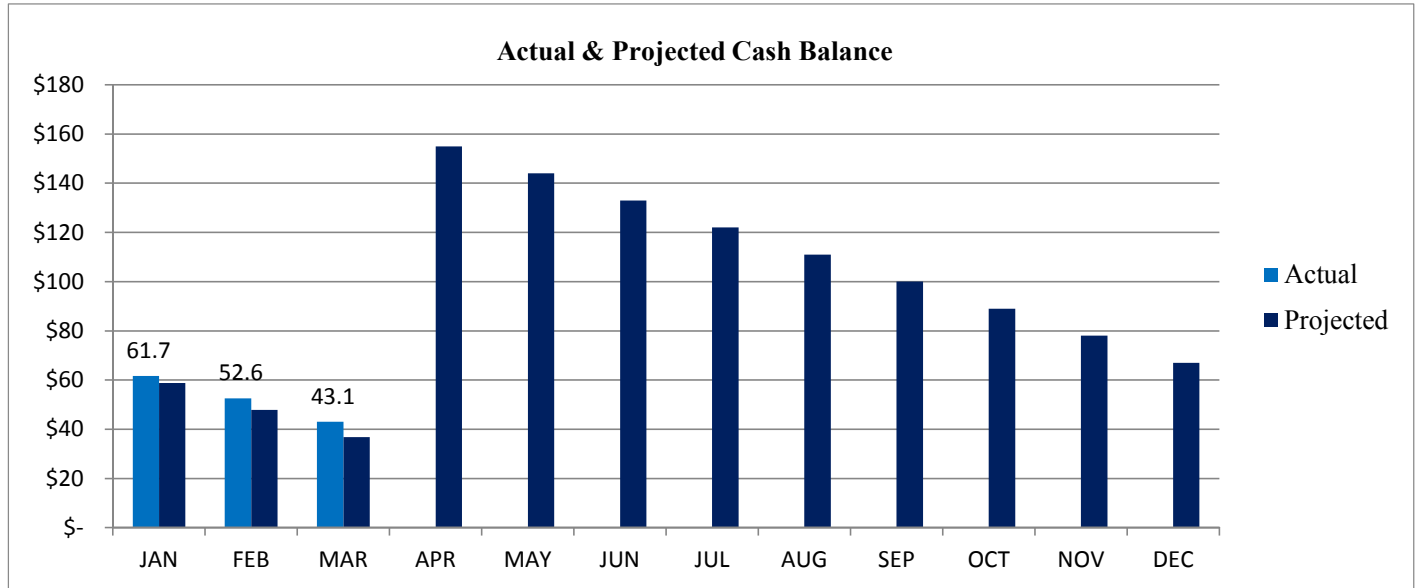
	<u>March 2018</u>	<u>Year-to-Date March 2018</u>	<u>Year-to-Date March 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 1,309	\$ 7,137	\$ 6,280
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	452	1,351	1,214
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(787)	4,253	4,055
Employee advances	42	10	4
Other accounts receivable	(108,688)	(130,133)	(104,767)
Prepaid expenses and other assets	299	(396)	(270)
(Decrease) increase in liabilities:			
Accounts payable	(1,465)	(4,751)	(2,150)
Accrued wages and benefits	1,579	(1,212)	127
Deferred revenue	97,622	97,622	79,841
Accrued annual leave	464	600	-
Accrued employee travel	-	(607)	(601)
Net cash used by operating activities	<u>(9,173)</u>	<u>(26,126)</u>	<u>(16,267)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(189)	(189)	(763)
Proceeds from sale of employee residences held for sale	-	-	-
Net cash used by investing activities	<u>(189)</u>	<u>(189)</u>	<u>(763)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(335)	(335)
Principal payments under capital lease obligations	(17)	(17)	(156)
Net cash used by financing activities	<u>(129)</u>	<u>(352)</u>	<u>(491)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,491)	(26,667)	(17,521)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>52,588</u>	<u>69,764</u>	<u>49,349</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 43,097</u>	<u>\$ 43,097</u>	<u>\$ 31,828</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 10</u>	<u>\$ 30</u>	<u>\$ 24</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

March 31, 2018



	Mar 2018	Mar 2017
Fund Balance / Total assets	33.81%	29.80%
YTD interest income to average investments (annualized)	0.45%	0.64%
Annualized travel spend per employee	\$ 14,030	\$ 12,977
Net year to date cash inflow (outflow) in millions of dollars	(\$26.7)	(\$17.5)
Cash and overnight investments / Total assets	20.67%	18.41%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.