

# **OPERATING FUND**



**PRELIMINARY & UNAUDITED  
FINANCIAL HIGHLIGHTS  
August 31, 2018**

A handwritten signature in blue ink, which appears 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  
AUGUST 31, 2018**

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**Balance Sheet**

Cash and cash equivalents had a month-end balance of approximately \$127.4 million. Its balance decreased by \$10.3 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 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 increased by \$610 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$209 thousand. Its balance increased by approximately \$51 thousand from prior month primarily due to the receivables from the Central Liquidity Facility for administrative expenses paid by the Operating Fund and payroll receivable.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$273 thousand for the month due to trade, relocation and inter-agency 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 \$1.4 million for the month. Operating fees reflects one-twelfth of the 2018 Operating Fees. 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 \$10.3 million from prior month. In the current month, \$9.8 million was used by operating activities. Investments in new capital assets were \$433 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 \$112 thousand.

**Other Information**

The Agency had 80 vacancies as of month-end. Of the 80 vacancies, 34 were in the central office and 46 were in the regions and AMAC. The 80 vacancies represent 6.7 percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION  
OPERATING FUND**

**BALANCE SHEETS**

**As of August 31, 2018 and 2017**

**(Dollars in thousands)**

	<b>August 2018</b>	<b>August 2017</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 127,384	\$ 97,395
Due from National Credit Union Share Insurance Fund	741	91
Employee advances	15	-
Other accounts receivable, Net	209	600
Prepaid expenses and other assets	3,610	2,967
Assets held for sale	243	-
Fixed assets - Net of accum. depreciation of \$39,875 as of August 31, 2018	25,474	27,631
Intangible assets - Net of accum. amortization of \$20,212 as of August 31, 2018	5,592	5,547
<b>TOTAL ASSETS</b>	<b>\$ 163,268</b>	<b>\$ 134,231</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 3,645	\$ 2,026
Obligations under capital leases	177	609
Accrued wages and benefits	10,960	9,609
Deferred revenue <sup>1</sup>	43,387	35,485
Accrued annual leave	19,590	19,071
Note payable to National Credit Union Share Insurance Fund	6,816	8,157
<b>TOTAL LIABILITIES</b>	<b>84,575</b>	<b>74,957</b>
 <b>FUND BALANCE</b>	 <b>78,693</b>	 <b>59,274</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 163,268</b>	 <b>\$ 134,231</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 August 31, 2018 and 2017**

**(Dollars in thousands)**

	<u>August 2018</u>	<u>Year-to-Date August 2018</u>	<u>Year-to-Date August 2017</u>
<b>REVENUES</b>			
Operating fees	\$ 10,847	\$ 86,776	\$ 70,970
Interest	229	1,296	464
Other	102	827	775
Total Revenues	<u>11,178</u>	<u>88,899</u>	<u>72,209</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	6,906	54,197	44,995
Travel	1,195	5,962	4,642
Rent, communications, and utilities	258	1,386	1,140
Contracted services	909	8,425	5,154
Depreciation and amortization	197	1,375	1,024
Administrative	318	2,207	1,234
Total Expenses, Net	<u>9,783</u>	<u>73,552</u>	<u>58,189</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	1,395	15,347	14,020
<b>FUND BALANCE—Beginning of period</b>	<u>77,298</u>	<u>63,346</u>	<u>45,254</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 78,693</u>	<u>\$ 78,693</u>	<u>\$ 59,274</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 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 August 31, 2018 and 2017**

**(Dollars in thousands)**

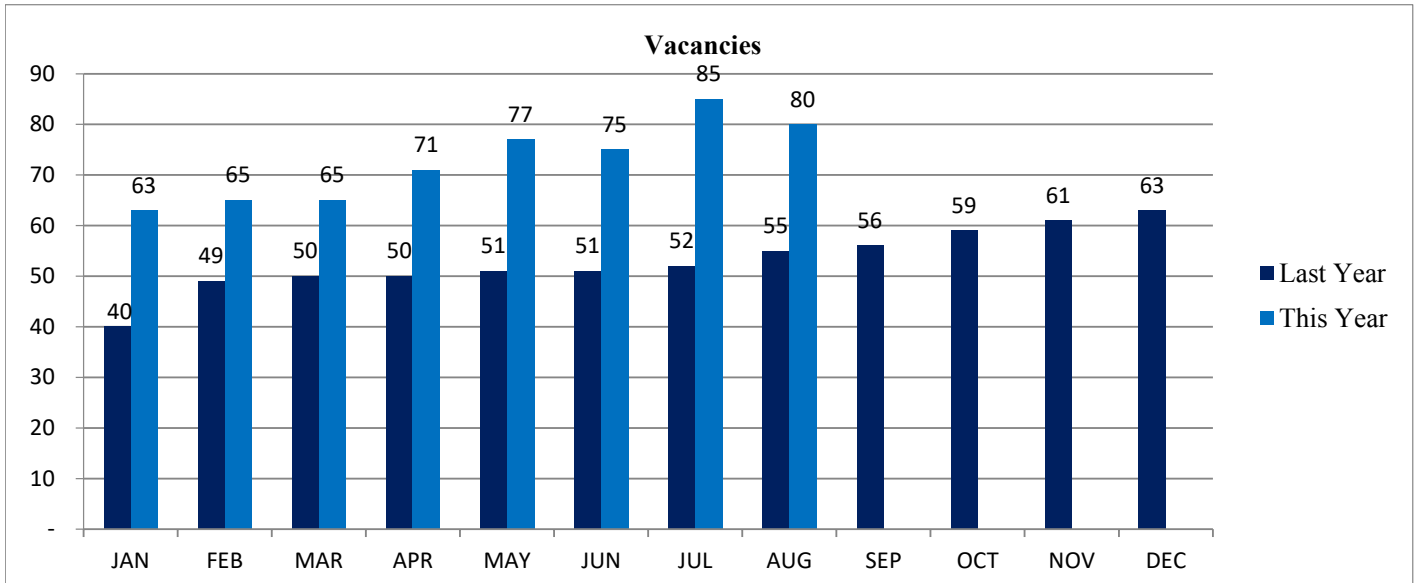
	<b>August 2018</b>	<b>Year-to-Date August 2018</b>	<b>Year-to-Date August 2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over expenses	\$ 1,395	\$ 15,347	\$ 14,020
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	545	3,605	3,170
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(610)	4,412	3,968
Employee advances	(13)	(4)	5
Other accounts receivable, net	(51)	135	(163)
Prepaid expenses and other assets	(142)	(1,224)	(1,123)
(Decrease) increase in liabilities:			
Accounts payable	(273)	(3,866)	(3,583)
Accrued wages and benefits	150	(1,320)	(661)
Deferred revenue	(10,846)	43,387	35,485
Accrued annual leave	79	1,198	902
Accrued employee travel	-	(607)	(601)
Net Cash Used by Operating Activities	(9,766)	61,063	51,419
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed and intangible assets	(433)	(2,272)	(2,122)
Proceeds from sale of employee residences held for sale	-	(243)	-
Net Cash Used in Investing Activities	(433)	(2,515)	(2,122)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(894)	(894)
Principal payments under capital lease obligations	-	(34)	(357)
Net Cash Used in Financing Activities	(112)	(928)	(1,251)
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(10,311)	57,620	48,046
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	137,695	69,764	49,349
<b>CASH AND CASH EQUIVALENTS—End of period</b>	\$ 127,384	\$ 127,384	\$ 97,395
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
<b>CASH PAYMENTS FOR INTEREST</b>	\$ 10	\$ 81	\$ 88

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

**August 31, 2018**



	<b>Aug 2018</b>	<b>Aug 2017</b>
Fund Balance / Total assets	48.20%	44.16%
YTD interest income to average investments (annualized)	2.10%	0.95%
Annualized travel spend per employee	\$ 20,964	\$ 18,406
Net year to date cash inflow (outflow) in millions of dollars	\$57.6	\$48.0
Cash and overnight investments / Total assets	78.02%	72.56%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.