

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

February 28, 2018

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

RENDELL L. JONES
CHIEF FINANCIAL OFFICER

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
FEBRUARY 28, 2018**

Balance Sheet

Cash and cash equivalents decreased by \$9.2 million for the month primarily reflecting 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 monies advanced by the Operating Fund for Share Insurance Fund expenses. The balance decreased by \$601 thousand for the month for reimbursements by the Share Insurance Fund.

Other accounts receivable, net are primarily the unbilled receivable for the 2018 Operating Fee in order to recognize year-to-date revenue from the Operating Fee. The Operating fee will be invoiced in March and collected in April, at which time, the unbilled receivable becomes deferred revenue.

Accounts payable are trade and inter-agency payables. The balance decreased by \$764 thousand 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 \$2.9 million for the month. Operating fees reflects one-twelfth of the estimated \$129.2 million 2018 Operating Fee, to be invoiced in March. 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 \$9.2 million since the prior month. In the current month, \$8.6 million was used by operating activities. Investments in new capital assets were \$495 thousand and \$112 thousand in cash was used to repay the National Credit Union Share Insurance Fund note payable on the King Street Station Building.

Other Information

The Agency had 65 vacancies as of month-end. Of the 65 vacancies, 39 were in the central office and 26 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 February 28, 2018 and 2017

(Dollars in thousands)

	<u>February 2018</u>	<u>February 2017</u>
ASSETS		
Cash and cash equivalents	\$ 52,588	\$ 36,974
Due from National Credit Union Share Insurance Fund	113	1
Employee advances	43	15
Other accounts receivable, Net	21,789	17,856
Prepaid expenses and other assets	3,081	2,446
Assets held for sale	-	-
Fixed assets - Net of accum. depreciation of \$38,419 as of February 28, 2018	26,593	28,737
Intangible assets - Net of accum. amortization of \$18,976 as of February 28, 2018	5,707	4,784
TOTAL ASSETS	<u>\$ 109,914</u>	<u>\$ 90,813</u>
 LIABILITIES		
Accounts payable	\$ 5,025	\$ 3,075
Obligations under capital leases	211	957
Accrued wages and benefits	9,489	10,474
Deferred revenue ¹	-	-
Accrued annual leave	18,528	18,169
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	7,487	8,828
TOTAL LIABILITIES	<u>40,740</u>	<u>41,503</u>
 FUND BALANCE	 <u>69,174</u>	 <u>49,310</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 109,914</u>	 <u>\$ 90,813</u>

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 February 28, 2018 and 2017

(Dollars in thousands)

	<u>February 2018</u>	<u>Year-to-Date February 2018</u>	<u>Year-to-Date February 2017</u>
REVENUES			
Operating fees	\$ 10,767	\$ 21,533	\$ 17,501
Interest	69	152	43
Other	111	207	49
Total Revenues	<u>10,947</u>	<u>21,892</u>	<u>17,593</u>
EXPENSES, NET¹			
Employee wages and benefits	6,525	13,586	11,646
Travel	656	800	561
Rent, communications, and utilities	31	177	104
Contracted services	510	778	816
Depreciation and amortization	174	346	257
Administrative	200	377	153
Total Expenses, Net	<u>8,096</u>	<u>16,064</u>	<u>13,537</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,851	5,828	4,056
FUND BALANCE—Beginning of period	<u>66,323</u>	<u>63,346</u>	<u>45,254</u>
FUND BALANCE—End of period	<u>\$ 69,174</u>	<u>\$ 69,174</u>	<u>\$ 49,310</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 February 28, 2018 and 2017

(Dollars in thousands)

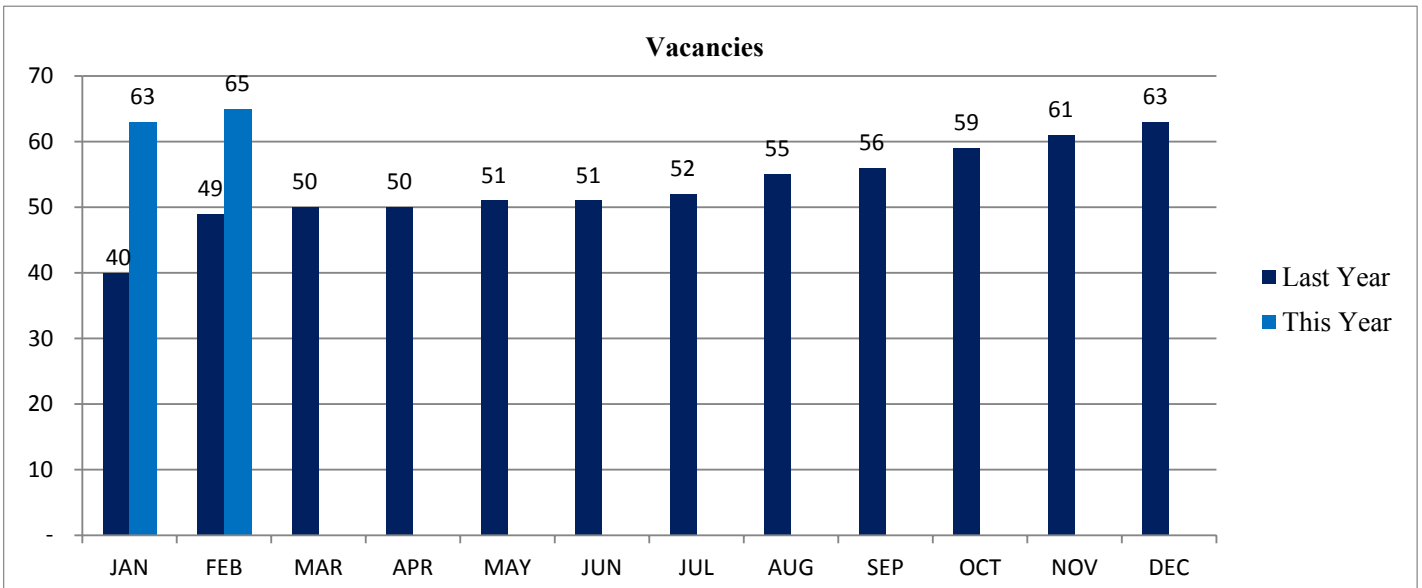
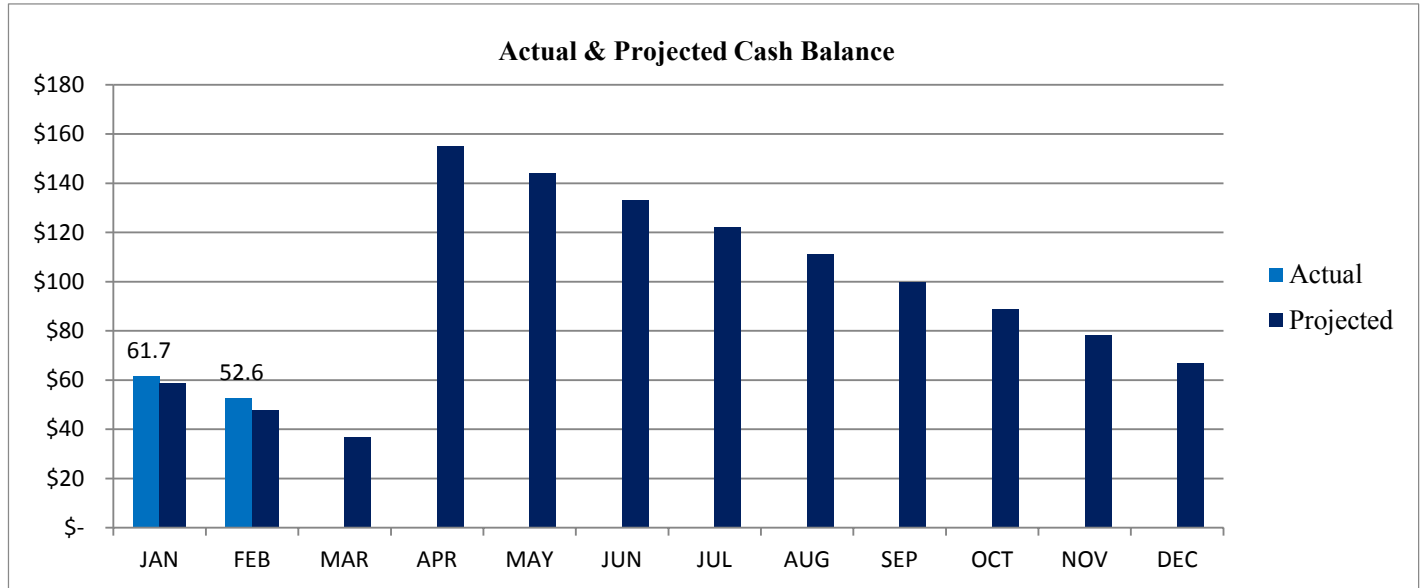
	<u>February 2018</u>	<u>Year-to-Date February 2018</u>	<u>Year-to-Date February 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Excess of revenues over expenses	\$ 2,851	\$ 5,828	\$ 4,056
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	451	899	795
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	601	5,040	4,058
Employee advances	(32)	(32)	(10)
Other accounts receivable	(10,821)	(21,445)	(17,419)
Prepaid expenses and other assets	(166)	(695)	(602)
(Decrease) increase in liabilities:			
Accounts payable	(764)	(2,486)	(2,633)
Accrued wages and benefits	(1,387)	(2,791)	204
Deferred revenue	-	-	-
Accrued annual leave	722	136	-
Accrued employee travel	-	(607)	(601)
Net cash used by operating activities	<u>(8,545)</u>	<u>(16,153)</u>	<u>(12,152)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of fixed and intangible assets	(495)	(800)	-
Proceeds from sale of employee residences held for sale	-	-	-
Net cash used by investing activities	<u>(495)</u>	<u>(800)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(223)	(223)
Principal payments under capital lease obligations	-	-	-
Net cash used by financing activities	<u>(112)</u>	<u>(223)</u>	<u>(223)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,152)	(17,176)	(12,375)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>61,740</u>	<u>69,764</u>	<u>49,349</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 52,588</u>	<u>\$ 52,588</u>	<u>\$ 36,974</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>\$ 20</u>	<u>\$ 24</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

February 28, 2018



	Feb 2018	Feb 2017
Fund Balance / Total assets	62.93%	54.30%
YTD interest income to average investments (annualized)	0.41%	0.60%
Annualized travel spend per employee	\$ 11,081	\$ 8,863
Net year to date cash inflow (outflow) in millions of dollars	(\$17.2)	(\$12.4)
Cash and overnight investments / Total assets	47.84%	40.71%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.