

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
July 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
JULY 31, 2018**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$137.7 million. Its balance decreased by \$8.1 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 decreased by \$69 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$158 thousand. Its balance decreased by approximately \$159 thousand from prior month primarily due to the receipt of annual operating fee.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$619 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 \$1.9 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 \$8.1 million from prior month. In the current month, \$6.8 million was used by operating activities. Investments in new capital assets were \$1.2 million. 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 85 vacancies as of month-end. Of the 85 vacancies, 38 were in the central office and 47 were in the regions and AMAC. The 85 vacancies represent 7.2 percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of July 31, 2018 and 2017

(Dollars in thousands)

	July 2018	July 2017
ASSETS		
Cash and cash equivalents	\$ 137,695	\$ 103,652
Due from National Credit Union Share Insurance Fund	131	10
Employee advances	2	-
Other accounts receivable, Net	158	621
Prepaid expenses and other assets	3,468	2,921
Assets held for sale	243	-
Fixed assets - Net of accum. depreciation of \$39,646 as of July 31, 2018	25,749	27,930
Intangible assets - Net of accum. amortization of \$19,909 as of July 31, 2018	5,429	5,503
TOTAL ASSETS	\$ 172,875	\$ 140,637
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 3,918	\$ 2,507
Obligations under capital leases	177	609
Accrued wages and benefits	10,810	7,998
Deferred revenue ¹	54,233	44,356
Accrued annual leave	19,511	19,071
Note payable to National Credit Union Share Insurance Fund	6,928	8,269
TOTAL LIABILITIES	95,577	82,810
 FUND BALANCE	 77,298	 57,827
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 172,875	 \$ 140,637

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 July 31, 2018 and 2017

(Dollars in thousands)

	<u>July 2018</u>	<u>Year-to-Date July 2018</u>	<u>Year-to-Date July 2017</u>
REVENUES			
Operating fees	\$ 10,847	\$ 75,929	\$ 62,099
Interest	236	1,067	372
Other	92	725	655
Total Revenues	<u>11,175</u>	<u>77,721</u>	<u>63,126</u>
EXPENSES, NET¹			
Employee wages and benefits	6,321	47,291	39,193
Travel	751	4,767	3,987
Rent, communications, and utilities	204	1,128	918
Contracted services	1,351	7,516	4,466
Depreciation and amortization	173	1,178	899
Administrative	448	1,889	1,090
Total Expenses, Net	<u>9,248</u>	<u>63,769</u>	<u>50,553</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,927	13,952	12,573
FUND BALANCE—Beginning of period	<u>75,371</u>	<u>63,346</u>	<u>45,254</u>
FUND BALANCE—End of period	<u>\$ 77,298</u>	<u>\$ 77,298</u>	<u>\$ 57,827</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 July 31, 2018 and 2017

(Dollars in thousands)

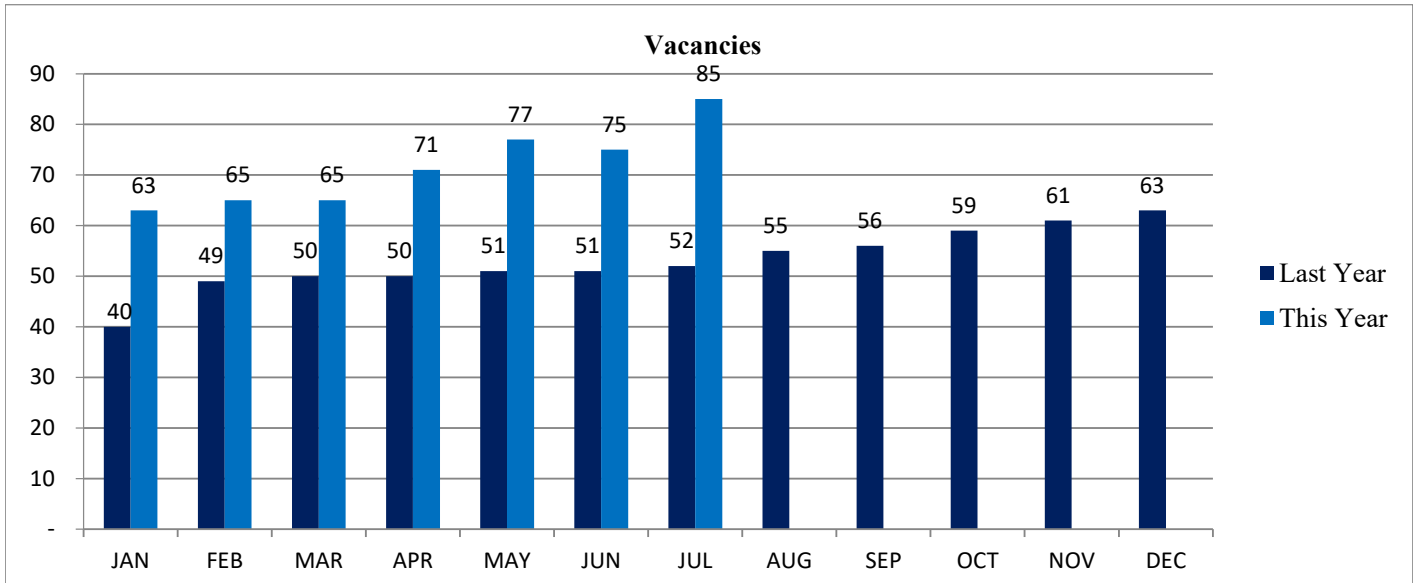
	July 2018	Year-to-Date July 2018	Year-to-Date July 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 1,927	\$ 13,952	\$ 12,573
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	449	3,060	2,784
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	69	5,022	4,049
Employee advances	(1)	9	5
Other accounts receivable, net	159	186	(184)
Prepaid expenses and other assets	(70)	(1,082)	(1,077)
(Decrease) increase in liabilities:			
Accounts payable	619	(3,593)	(3,102)
Accrued wages and benefits	1,492	(1,470)	(2,272)
Deferred revenue	(10,848)	54,233	44,356
Accrued annual leave	(575)	1,119	902
Accrued employee travel	-	(607)	(601)
Net Cash Used by Operating Activities	(6,779)	70,829	57,433
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(994)	(1,839)	(1,991)
Proceeds from sale of employee residences held for sale	(243)	(243)	-
Net Cash Used in Investing Activities	(1,237)	(2,082)	(1,991)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(782)	(782)
Principal payments under capital lease obligations	-	(34)	(357)
Net Cash Used in Financing Activities	(112)	(816)	(1,139)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,128)	67,931	54,303
CASH AND CASH EQUIVALENTS—Beginning of period	145,823	69,764	49,349
CASH AND CASH EQUIVALENTS—End of period	\$ 137,695	\$ 137,695	\$ 103,652
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
CASH PAYMENTS FOR INTEREST	\$ 10	\$ 71	\$ 78

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

July 31, 2018



	Jul 2018	Jul 2017
Fund Balance / Total assets	44.71%	41.12%
YTD interest income to average investments (annualized)	1.89%	0.83%
Annualized travel spend per employee	\$ 19,244	\$ 18,056
Net year to date cash inflow (outflow) in millions of dollars	\$67.9	\$54.0
Cash and overnight investments / Total assets	79.65%	73.70%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.