

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

May 31, 2018

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

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
MAY 31, 2018**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$157.1 million. Its balance decreased by \$4.8 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 \$1.1 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$334 thousand. Its balance decreased by approximately \$3.3 million primarily due to the receipt of annual operating fee.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$167 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 \$1.1 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 \$4.8 million since the prior month. In the current month, \$4.5 million was used by operating activities. Investments in new capital assets were \$238 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 \$111 thousand.

Other Information

The Agency had 77 vacancies as of month-end. Of the 77 vacancies, 37 were in the central office and 40 were in the regions and AMAC. The 77 vacancies represent 6.5% percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

**BALANCE SHEETS
As of May 31, 2018 and 2017
(Dollars in thousands)**

	May 2018	May 2017
ASSETS		
Cash and cash equivalents	\$ 157,128	\$ 121,949
Due from National Credit Union Share Insurance Fund	1,237	38
Employee advances	1	-
Other accounts receivable, Net	334	486
Prepaid expenses and other assets	3,506	2,984
Fixed assets - Net of accum. depreciation of \$39,178 as of May 31, 2018	26,000	28,243
Intangible assets - Net of accum. amortization of \$19,506 as of May 31, 2018	4,946	5,225
TOTAL ASSETS	\$ 193,152	\$ 158,925
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 2,785	\$ 1,882
Obligations under capital leases	189	809
Accrued wages and benefits	14,175	12,715
Deferred revenue ¹	75,928	62,099
Accrued annual leave	19,643	18,169
Note payable to National Credit Union Share Insurance Fund	7,152	8,493
TOTAL LIABILITIES	119,872	104,167
 FUND BALANCE	 73,280	 54,758
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 193,152	 \$ 158,925

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 May 31, 2018 and 2017

(Dollars in thousands)

	<u>May 2018</u>	<u>Year-to-Date May 2018</u>	<u>Year-to-Date May 2017</u>
REVENUES			
Operating fees	\$ 10,847	\$ 54,235	\$ 44,356
Interest	237	598	198
Other	110	509	333
Total Revenues	<u>11,194</u>	<u>55,342</u>	<u>44,887</u>
EXPENSES, NET¹			
Employee wages and benefits	7,302	34,405	27,965
Travel	887	3,203	2,611
Rent, communications, and utilities	186	757	576
Contracted services	1,511	5,119	3,029
Depreciation and amortization	172	842	646
Administrative	46	1,082	556
Total Expenses, Net	<u>10,104</u>	<u>45,408</u>	<u>35,383</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,090	9,934	9,504
FUND BALANCE—Beginning of period	<u>72,190</u>	<u>63,346</u>	<u>45,254</u>
FUND BALANCE—End of period	<u>\$ 73,280</u>	<u>\$ 73,280</u>	<u>\$ 54,758</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 May 31, 2018 and 2017

(Dollars in thousands)

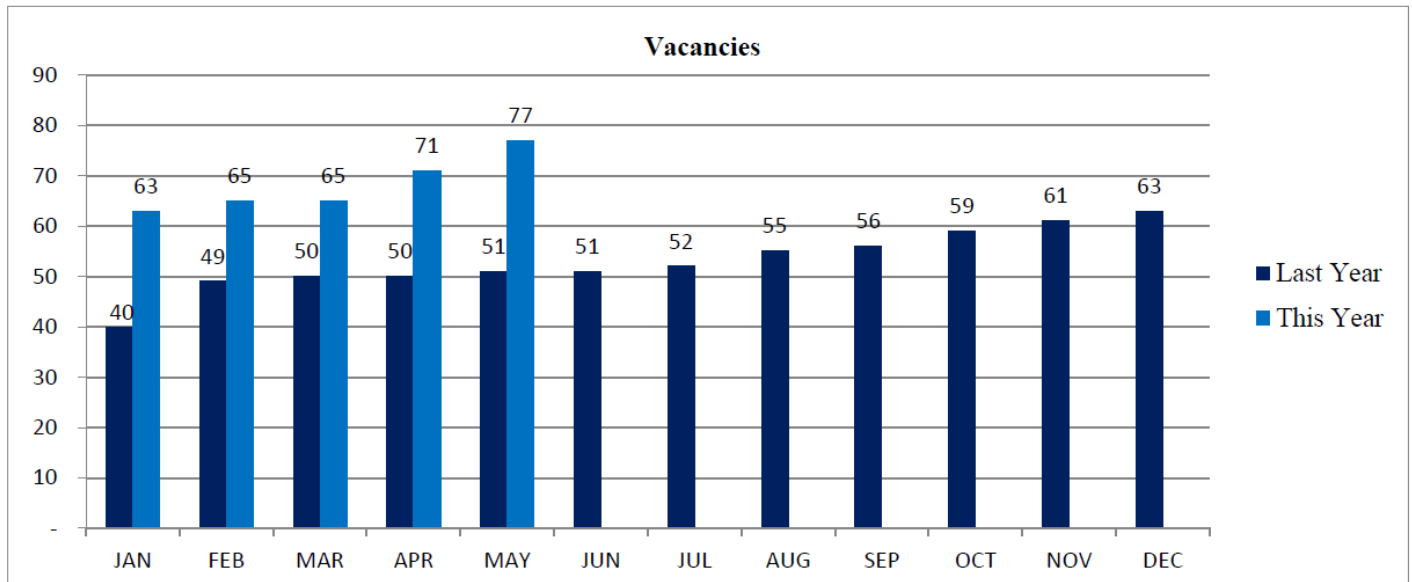
	May 2018	Year-to-Date May 2018	Year-to-Date May 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 1,090	\$ 9,934	\$ 9,504
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	447	2,188	1,999
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(1,105)	3,916	4,021
Employee advances	-	10	5
Other accounts receivable, net	3,296	10	(49)
Prepaid expenses and other assets	80	(1,120)	(1,140)
(Decrease) increase in liabilities:			
Accounts payable	(167)	(4,726)	(3,727)
Accrued wages and benefits	2,330	1,895	2,445
Deferred revenue	(10,847)	75,928	62,099
Accrued annual leave	401	1,251	-
Accrued employee travel	-	(607)	(601)
Net Cash Used by Operating Activities	(4,475)	88,679	74,556
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(238)	(735)	(1,242)
Proceeds from sale of employee residences held for sale	-	-	-
Net Cash Used in Investing Activities	(238)	(735)	(1,242)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(558)	(558)
Principal payments under capital lease obligations	-	(22)	(156)
Net Cash Used in Financing Activities	(111)	(580)	(714)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,824)	87,364	72,600
CASH AND CASH EQUIVALENTS—Beginning of period	161,952	69,764	49,349
CASH AND CASH EQUIVALENTS—End of period	\$ 157,128	\$ 157,128	\$ 121,949
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
CASH PAYMENTS FOR INTEREST	\$ 11	\$ 51	\$ 57

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

May 31, 2018



	May 2018	May 2017
Fund Balance / Total assets	37.94%	34.46%
YTD interest income to average investments (annualized)	1.34%	0.55%
Annualized travel spend per employee	\$ 17,964	\$ 16,538
Net year to date cash inflow (outflow) in millions of dollars	\$87.4	\$73.0
Cash and overnight investments / Total assets	81.35%	76.73%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.