

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
June 30, 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
JUNE 30, 2018**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$145.8 million. Its balance decreased by \$11.3 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 decreased by \$1.0 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$317 thousand. Its balance decreased by approximately \$17 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 \$514 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 \$2.1 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 \$11.3 million from prior month. In the current month, \$11.1 million was used by operating activities. Investments in new capital assets were \$110 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 \$124 thousand.

Other Information

The Agency had 75 vacancies as of month-end. Of the 75 vacancies, 29 were in the central office and 46 were in the regions and AMAC. The 75 vacancies represent 6.3 percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of June 30, 2018 and 2017

(Dollars in thousands)

	June 2018	June 2017
ASSETS		
Cash and cash equivalents	\$ 145,823	\$ 109,445
Due from National Credit Union Share Insurance Fund	200	72
Employee advances	1	-
Other accounts receivable, Net	317	811
Prepaid expenses and other assets	3,398	2,891
Fixed assets - Net of accum. depreciation of \$39,414 as of June 30, 2018	25,690	28,215
Intangible assets - Net of accum. amortization of \$19,693 as of June 30, 2018	4,943	5,367
TOTAL ASSETS	\$ 180,372	\$ 146,801
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 3,299	\$ 1,772
Obligations under capital leases	177	609
Accrued wages and benefits	9,318	7,253
Deferred revenue ¹	65,081	53,227
Accrued annual leave	20,086	19,460
Note payable to National Credit Union Share Insurance Fund	7,040	8,381
TOTAL LIABILITIES	105,001	90,702
 FUND BALANCE	 75,371	 56,099
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 180,372	 \$ 146,801

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 June 30, 2018 and 2017

(Dollars in thousands)

	<u>June 2018</u>	<u>Year-to-Date June 2018</u>	<u>Year-to-Date June 2017</u>
REVENUES			
Operating fees	\$ 10,847	\$ 65,082	\$ 53,227
Interest	233	831	277
Other	124	633	553
Total Revenues	<u>11,204</u>	<u>66,546</u>	<u>54,057</u>
EXPENSES, NET¹			
Employee wages and benefits	6,565	40,970	33,999
Travel	813	4,016	3,356
Rent, communications, and utilities	167	924	746
Contracted services	1,046	6,165	3,556
Depreciation and amortization	163	1,005	772
Administrative	359	1,441	783
Total Expenses, Net	<u>9,113</u>	<u>54,521</u>	<u>43,212</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	2,091	12,025	10,845
FUND BALANCE—Beginning of period	<u>73,280</u>	<u>63,346</u>	<u>45,254</u>
FUND BALANCE—End of period	<u>\$ 75,371</u>	<u>\$ 75,371</u>	<u>\$ 56,099</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 June 30, 2018 and 2017

(Dollars in thousands)

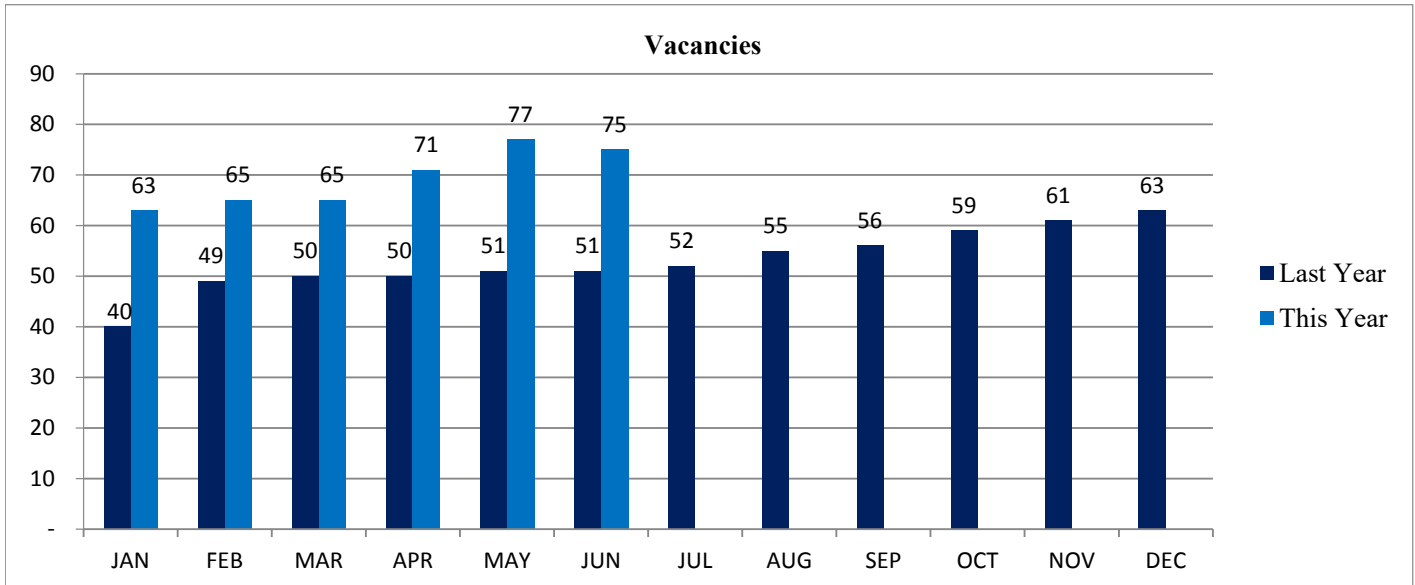
	June 2018	Year-to-Date June 2018	Year-to-Date June 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 2,091	\$ 12,025	\$ 10,845
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	423	2,611	2,391
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	1,037	4,953	3,987
Employee advances	-	10	5
Other accounts receivable, net	17	27	(374)
Prepaid expenses and other assets	108	(1,012)	(1,047)
(Decrease) increase in liabilities:			
Accounts payable	514	(4,212)	(3,837)
Accrued wages and benefits	(4,857)	(2,962)	(3,017)
Deferred revenue	(10,847)	65,081	53,227
Accrued annual leave	443	1,694	1,291
Accrued employee travel	-	(607)	(601)
Net Cash Used by Operating Activities	(11,071)	77,608	62,870
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(110)	(845)	(1,747)
Proceeds from sale of employee residences held for sale	-	-	-
Net Cash Used in Investing Activities	(110)	(845)	(1,747)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(670)	(670)
Principal payments under capital lease obligations	(12)	(34)	(357)
Net Cash Used in Financing Activities	(124)	(704)	(1,027)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,305)	76,059	60,096
CASH AND CASH EQUIVALENTS—Beginning of period	157,128	69,764	49,349
CASH AND CASH EQUIVALENTS—End of period	\$ 145,823	\$ 145,823	\$ 109,445
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
CASH PAYMENTS FOR INTEREST	\$ 10	\$ 61	\$ 67

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

June 30, 2018



	Jun 2018	Jun 2017
Fund Balance / Total assets	41.79%	38.21%
YTD interest income to average investments (annualized)	1.65%	0.70%
Annualized travel spend per employee	\$ 18,744	\$ 17,721
Net year to date cash inflow (outflow) in millions of dollars	\$76.1	\$60.0
Cash and overnight investments / Total assets	80.85%	74.55%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.