

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

January 31, 2019

A handwritten signature in blue ink, which appears to read "Rendell L. Jones".

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
JANUARY 31, 2019**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$80.1 million. Its balance decreased by \$12.0 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 \$3.6 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$11.9 million. Its balance increased by approximately \$11.5 million from prior month primarily due to the unbilled receivable for the 2019 Operating Fee. The Operating Fee will be invoiced in March and collected in April.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$2.1 million for the month primarily due to vendor/trade and relocation 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 \$3.8 million for the month. Operating fees reflects one-twelfth of the estimated \$140.7 million 2019 Operating Fees, to be invoiced in March. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 60.5 percent of expenses to the Share Insurance Fund. Operating Fund expenses are higher in 2019 because the Overhead Transfer Rate dropped to 60.5 percent from 61.5 percent for the prior year.

Statements of Cash Flow

The cash position decreased \$12.0 million from prior month. In the current month, \$10.1 million was used by operating activities and \$1.8 million was used by investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building was \$111 thousand.

Other Information

The Agency had 100 vacancies as of month-end. Of the 100 vacancies, 33 were in the central office and 67 were in the regions and AMAC. The 100 vacancies represent 8.5 percent of total authorized staff of 1,178.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of January 31, 2019 and 2018

(Dollars in thousands)

	January 2019	January 2018
ASSETS		
Cash and cash equivalents	\$ 80,096	\$ 61,740
Due from National Credit Union Share Insurance Fund	415	714
Employee advances	112	11
Other accounts receivable, Net	11,878	10,968
Prepaid expenses and other assets	2,985	2,915
Fixed assets - Net of accum. depreciation of \$38,810 as of January 31, 2019	27,645	26,832
Intangible assets - Net of accum. amortization of \$17,797 as of January 31, 2019	10,694	5,424
TOTAL ASSETS	\$ 133,825	\$ 108,604
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 8,211	\$ 5,789
Obligations under capital leases	1,713	211
Accrued wages and benefits	11,605	10,876
Accrued annual leave	18,145	17,806
Note payable to National Credit Union Share Insurance Fund	6,258	7,599
TOTAL LIABILITIES	45,932	42,281
 FUND BALANCE	 87,893	 66,323
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 133,825	 \$ 108,604

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 January 31, 2019 and 2018

(Dollars in thousands)

	January 2019	Year-to-Date January 2019	Year-to-Date January 2018
REVENUES			
Operating fees	\$ 11,731	\$ 11,731	\$ 10,766
Interest	173	173	83
Other	72	72	96
Total Revenues	11,976	11,976	10,945
 EXPENSES, NET¹			
Employee wages and benefits	6,778	6,778	7,061
Travel	183	183	144
Rent, communications, and utilities	(10)	(10)	146
Contracted services	516	516	268
Depreciation and amortization	208	208	172
Administrative	472	472	177
Total Expenses, Net	8,147	8,147	7,968
 EXCESS OF REVENUES OVER / (UNDER) EXPENSES	 3,829	 3,829	 2,977
 FUND BALANCE—Beginning of period	 84,064	 84,064	 63,346
 FUND BALANCE—End of period	 \$ 87,893	 \$ 87,893	 \$ 66,323

¹Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 60.5% and 61.5% for 2019 and 2018, 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 January 31, 2019 and 2018

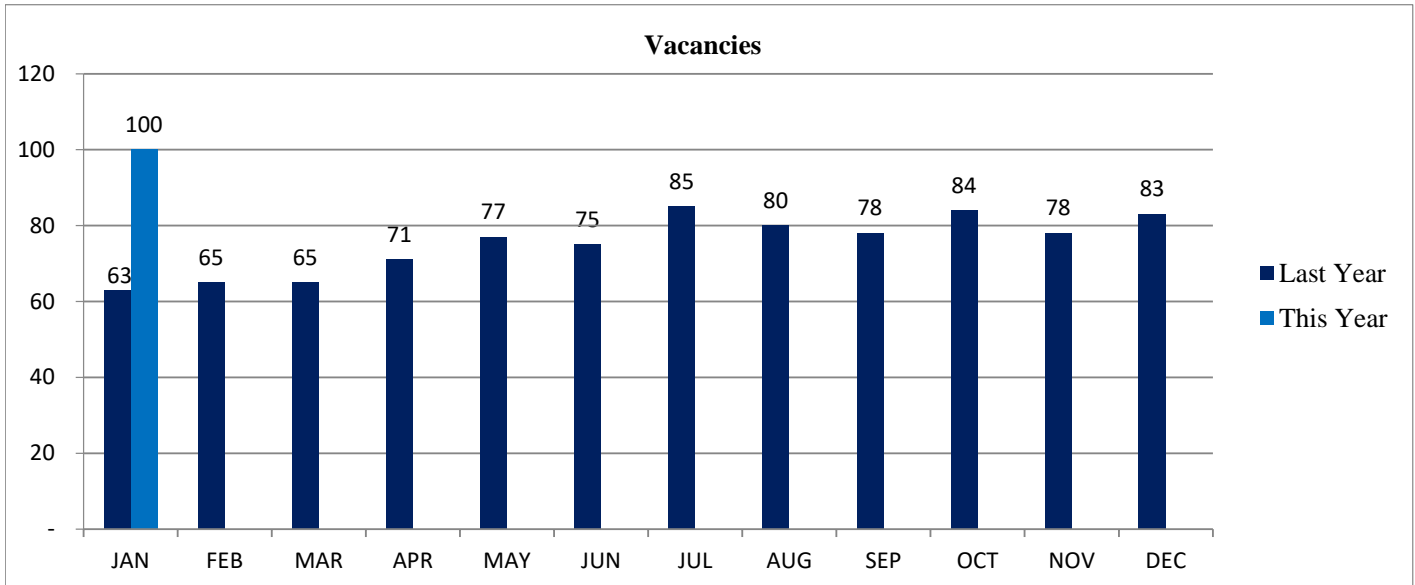
(Dollars in thousands)

	January 2019	Year-to-Date January 2019	Year-to-Date January 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 3,829	\$ 3,829	\$ 2,977
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	507	507	448
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	3,608	3,608	4,439
Employee advances	231	231	-
Other accounts receivable, net	(11,448)	(11,448)	(10,624)
Prepaid expenses and other assets	(307)	(307)	(529)
(Decrease) increase in liabilities:			
Accounts payable	(2,063)	(2,063)	(1,722)
Accrued wages and benefits	(3,172)	(3,172)	(1,404)
Accrued annual leave	(634)	(634)	(586)
Accrued employee travel	(619)	(619)	(607)
Net Cash Used by Operating Activities	(10,068)	(10,068)	(7,608)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(1,847)	(1,847)	(305)
Net Cash Used by Investing Activities	(1,847)	(1,847)	(305)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(111)	(111)
Net Cash Used in Financing Activities	(111)	(111)	(111)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(12,026)	(12,026)	(8,024)
CASH AND CASH EQUIVALENTS—Beginning of period	92,122	92,122	69,764
CASH AND CASH EQUIVALENTS—End of period	\$ 80,096	\$ 80,096	\$ 61,740
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
CASH PAYMENTS FOR INTEREST	\$ 11	\$ 11	\$ 10

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS
January 31, 2019



	Jan 2019	Jan 2018
Fund Balance / Total assets	65.68%	61.07%
YTD interest income to average investments (annualized)	2.74%	0.42%
Annualized travel spend per employee	\$ 5,156	\$ 3,989
Net year to date cash inflow (outflow) in millions of dollars	(\$12.0)	(\$8.0)
Cash and overnight investments / Total assets	59.85%	56.85%
Overhead transfer rate	60.50%	61.50%

The balances in the supplement above are preliminary and unaudited.