

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**July 31, 2019**

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

**RENDELL L. JONES  
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**MANAGEMENT OVERVIEW  
JULY 31, 2019**

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**Balance Sheet**

Cash and cash equivalents had a month-end balance of approximately \$147.2 million. Its balance decreased by \$10.7 million for the month primarily reflecting cash disbursements for operating expenses and capital expenditures, and decrease in investment. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2020.

Due from National Credit Union Share Insurance Fund represents the receivable for advances by the Operating Fund for Share Insurance Fund expenses. The balance decreased by \$1.2 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$120 thousand. Its balance decreased by approximately \$110 thousand from prior month primarily due to the quarterly payments from the CLF to reimburse the Operating Fund for payroll, rent and administration costs.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$905 thousand 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 \$1.6 million for the month. Operating fees reflects one-twelfth of the 2019 Operating Fees. 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 \$10.7 million from prior month. In the current month, \$7.5 million was used by operating activities and \$3.1 million was used by investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building totaled \$112 thousand.

**Other Information**

The Agency had 65 vacancies as of month-end. Of the 65 vacancies, 9 were in the central office and 56 were in the regions and AMAC. The 65 vacancies represent 5.5 percent of total authorized staff of 1,178. Annualized travel spend per employee is \$19 thousand.

**Note:** Minor modifications to the form and content of the Operating Fund's monthly financial highlights were made to conform to the annual financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**BALANCE SHEETS**

**As of July 31, 2019 and 2018**

**(Dollars in thousands)**

	<b>July 2019</b>	<b>July 2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 147,243	\$ 137,695
Due from National Credit Union Share Insurance Fund	1,828	131
Employee advances	20	2
Other accounts receivable, Net	120	158
Prepaid expenses and other assets	6,175	3,468
Assets held for sale	447	243
Fixed assets - Net of accumulated depreciation of \$40,616 and \$39,646 as of July 31, 2019 and July 31, 2018, respectively	28,623	25,749
Intangible assets - Net of accumulated amortization of \$19,200 and \$19,909 as of July 31, 2019 and July 31, 2018, respectively	14,077	5,429
<b>TOTAL ASSETS</b>	<b>\$ 198,533</b>	<b>\$ 172,875</b>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 6,520	\$ 3,918
Obligations under capital leases	1,169	177
Accrued wages and benefits	10,796	10,810
Deferred revenue <sup>1</sup>	57,382	54,233
Accrued annual leave	20,055	19,511
Note payable to National Credit Union Share Insurance Fund	5,587	6,928
<b>TOTAL LIABILITIES</b>	<b>101,509</b>	<b>95,577</b>
<b>FUND BALANCE</b>	<b>97,024</b>	<b>77,298</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 198,533</b>	<b>\$ 172,875</b>

<sup>1</sup>The 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 ADMINISTRATION  
OPERATING FUND**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE**

**For the periods ended July 31, 2019 and 2018**

**(Dollars in thousands)**

	<u>July 2019</u>	<u>Year-to-Date July 2019</u>	<u>Year-to-Date July 2018</u>
<b>REVENUES</b>			
Operating fees	\$ 11,478	\$ 80,349	\$ 75,929
Interest	283	1,570	1,067
Other	69	590	725
Total Revenues	<u>11,830</u>	<u>82,509</u>	<u>77,721</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	7,256	49,256	47,291
Travel	890	4,967	4,767
Rent, communications, and utilities	216	1,657	1,128
Contracted services	1,115	9,463	7,516
Depreciation and amortization	209	1,468	1,178
Administrative	585	2,738	1,889
Total Expenses, Net	<u>10,271</u>	<u>69,549</u>	<u>63,769</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	1,559	12,960	13,952
<b>FUND BALANCE—Beginning of period</b>	<u>95,465</u>	<u>84,064</u>	<u>63,346</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 97,024</u>	<u>\$ 97,024</u>	<u>\$ 77,298</u>

<sup>1</sup>Operating 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 ADMINISTRATION  
OPERATING FUND**

**STATEMENTS OF CASH FLOWS**

**For the periods ended July 31, 2019 and 2018**

**(Dollars in thousands)**

	<b>July 2019</b>	<b>Year-to-Date July 2019</b>	<b>Year-to-Date July 2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over (under) expenses	\$ 1,559	\$ 12,960	\$ 13,952
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	529	3,716	3,060
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	1,244	2,195	5,022
Employee advances	31	323	9
Other accounts receivable, net	110	310	186
Prepaid expenses and other assets	(226)	(3,497)	(1,082)
(Decrease) increase in liabilities:			
Accounts payable	905	(3,754)	(3,593)
Accrued wages and benefits	215	(3,981)	(1,470)
Deferred revenue	(11,478)	57,382	54,233
Accrued annual leave	(387)	1,276	1,119
Accrued employee travel	-	(619)	(607)
Net Cash Used by Operating Activities	(7,498)	66,311	70,829
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed and intangible assets	(3,125)	(9,417)	(1,839)
Purchases of assets held for sale	-	(447)	(243)
Net Cash Used by Investing Activities	(3,125)	(9,864)	(2,082)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(782)	(782)
Principal payments under capital lease obligations	-	(544)	(34)
Net Cash Used in Financing Activities	(112)	(1,326)	(816)
<b>NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(10,735)	55,121	67,931
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	157,978	92,122	69,764
<b>CASH AND CASH EQUIVALENTS—End of period</b>	\$ 147,243	\$ 147,243	\$ 137,695
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -
<b>CASH PAYMENTS FOR INTEREST</b>	\$ 10	\$ 70	\$ 71

The balances in the statement above are preliminary and unaudited.