

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

March 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
MARCH 31, 2019**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$54.6 million. Its balance decreased by \$11.4 million for the month primarily reflecting cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary 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 \$135 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$137.7 million. Its balance increased by approximately \$114.1 million from prior month primarily due to the receivable for the 2019 Operating Fee. The Operating Fee was invoiced in March and is due in April 2019.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$2.2 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 \$841 thousand 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 \$11.4 million from prior month. In the current month, \$8.8 million was used by operating activities and \$2.0 million was used by investing activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building and on capital lease obligations totaled \$643 thousand.

Other Information

The Agency had 91 vacancies as of month-end. Of the 91 vacancies, 18 were in the central office and 73 were in the regions and AMAC. The 91 vacancies represent 7.7 percent of total authorized staff of 1,178.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of March 31, 2019 and 2018

(Dollars in thousands)

	March 2019	March 2018
ASSETS		
Cash and cash equivalents	\$ 54,582	\$ 43,097
Due from National Credit Union Share Insurance Fund	2,023	900
Employee advances	48	1
Other accounts receivable, Net	137,702	130,477
Prepaid expenses and other assets	6,174	2,782
Fixed assets - Net of accum. depreciation of \$39,399 as of March 31, 2019	28,504	26,295
Intangible assets - Net of accum. amortization of \$18,310 as of March 31, 2019	10,180	4,942
TOTAL ASSETS	\$ 239,213	\$ 208,494
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 6,479	\$ 2,760
Obligations under capital leases	1,182	194
Accrued wages and benefits	12,417	11,068
Deferred revenue ¹	103,306	97,622
Accrued annual leave	19,417	18,992
Note payable to National Credit Union Share Insurance Fund	6,034	7,375
TOTAL LIABILITIES	148,835	138,011
 FUND BALANCE	 90,378	 70,483
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 239,213	 \$ 208,494

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 ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the periods ended March 31, 2019 and 2018

(Dollars in thousands)

	<u>March 2019</u>	<u>Year-to-Date March 2019</u>	<u>Year-to-Date March 2018</u>
REVENUES			
Operating fees	\$ 10,972	\$ 34,435	\$ 32,541
Interest	119	429	227
Other	112	268	314
Total Revenues	<u>11,203</u>	<u>35,132</u>	<u>33,082</u>
EXPENSES, NET¹			
Employee wages and benefits	6,832	20,870	20,539
Travel	710	1,557	1,517
Rent, communications, and utilities	267	716	416
Contracted services	1,932	4,007	2,237
Depreciation and amortization	235	636	520
Administrative	386	1,032	716
Total Expenses, Net	<u>10,362</u>	<u>28,818</u>	<u>25,945</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	841	6,314	7,137
FUND BALANCE—Beginning of period	<u>89,537</u>	<u>84,064</u>	<u>63,346</u>
FUND BALANCE—End of period	<u>\$ 90,378</u>	<u>\$ 90,378</u>	<u>\$ 70,483</u>

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 ADMINISTRATION
OPERATING FUND**

STATEMENTS OF CASH FLOWS

For the periods ended March 31, 2019 and 2018

(Dollars in thousands)

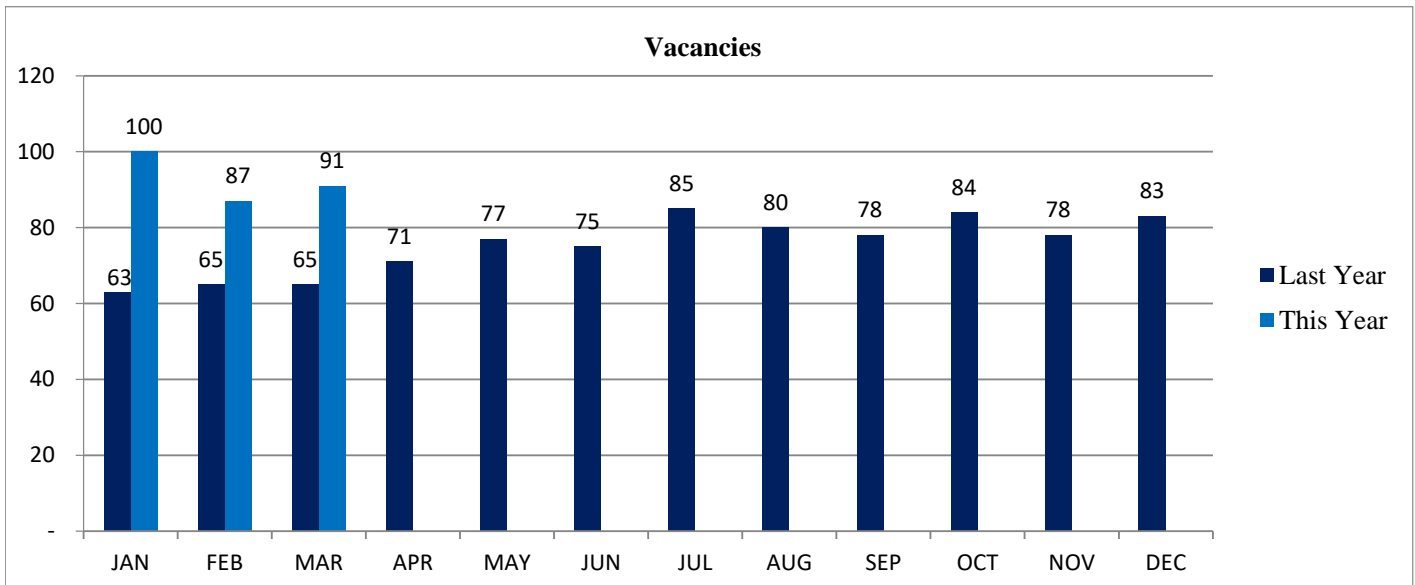
	<u>March 2019</u>	<u>Year-to-Date March 2019</u>	<u>Year-to-Date March 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 841	\$ 6,314	\$ 7,137
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	595	1,610	1,351
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(135)	2,000	4,253
Employee advances	(36)	295	10
Other accounts receivable, net	(114,071)	(137,272)	(130,133)
Prepaid expenses and other assets	(2,814)	(3,496)	(396)
(Decrease) increase in liabilities:			
Accounts payable	2,152	(3,795)	(4,751)
Accrued wages and benefits	723	(2,360)	(1,212)
Deferred revenue	103,306	103,306	97,622
Accrued annual leave	672	638	600
Accrued employee travel	-	(619)	(607)
Net Cash Used by Operating Activities	<u>(8,767)</u>	<u>(33,379)</u>	<u>(26,126)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	<u>(1,967)</u>	<u>(3,295)</u>	<u>(189)</u>
Net Cash Used by Investing Activities	<u>(1,967)</u>	<u>(3,295)</u>	<u>(189)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(335)	(335)
Principal payments under capital lease obligations	<u>(531)</u>	<u>(531)</u>	<u>(17)</u>
Net Cash Used in Financing Activities	<u>(643)</u>	<u>(866)</u>	<u>(352)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,377)	(37,540)	(26,667)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>65,959</u>	<u>92,122</u>	<u>69,764</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 54,582</u>	<u>\$ 54,582</u>	<u>\$ 43,097</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 10</u>	<u>\$ 31</u>	<u>\$ 30</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

March 31, 2019



	Mar 2019	Mar 2018
Fund Balance / Total assets	37.78%	33.81%
YTD interest income to average investments (annualized)	2.77%	0.45%
Annualized travel spend per employee	\$ 14,488	\$ 14,030
Net year to date cash inflow (outflow) in millions of dollars	(\$37.5)	(\$26.7)
Cash and overnight investments / Total assets	22.82%	20.67%
Overhead transfer rate	60.50%	61.50%

The balances in the supplement above are preliminary and unaudited.