

# **OPERATING FUND**



## **PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS**

**May 31, 2019**

A handwritten signature in blue ink, which appears to read "Rendell L. Jones", is positioned below the date. The signature is fluid and cursive, extending to the right.

**RENDELL L. JONES  
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**MANAGEMENT OVERVIEW  
MAY 31, 2019**

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**Balance Sheet**

Cash and cash equivalents had a month-end balance of approximately \$166.2 million. Its balance decreased by \$14.5 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 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 increased by \$2.4 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$333 thousand. Its balance decreased by approximately \$2.2 million from prior month primarily due to the receipt of the annual operating fee.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$1.4 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 \$1.2 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 \$14.5 million from prior month. In the current month, \$12.2 million was used by operating activities and \$2.2 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 \$111 thousand.

**Other Information**

The Agency had 67 vacancies as of month-end. Of the 67 vacancies, 9 were in the central office and 58 were in the regions and AMAC. The 67 vacancies represent 5.7 percent of total authorized staff of 1,178.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**BALANCE SHEETS  
As of May 31, 2019 and 2018  
(Dollars in thousands)**

	<b>May 2019</b>	<b>May 2018</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 166,267	\$ 157,128
Due from National Credit Union Share Insurance Fund	2,546	1,237
Employee advances	57	1
Other accounts receivable, Net	333	334
Prepaid expenses and other assets	7,692	3,506
Fixed assets - Net of accum. depreciation of \$39,966 as of May 31, 2019	28,180	26,000
Intangible assets - Net of accum. amortization of \$18,741 as of May 31, 2019	12,161	4,946
<b>TOTAL ASSETS</b>	<b>\$ 217,236</b>	<b>\$ 193,152</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued other liabilities	\$ 4,364	\$ 2,785
Obligations under capital leases	1,182	189
Accrued wages and benefits	10,737	14,175
Deferred revenue <sup>1</sup>	80,339	75,928
Accrued annual leave	20,215	19,643
Note payable to National Credit Union Share Insurance Fund	5,811	7,152
<b>TOTAL LIABILITIES</b>	<b>122,648</b>	<b>119,872</b>
 <b>FUND BALANCE</b>	 <b>94,588</b>	 <b>73,280</b>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <b>\$ 217,236</b>	 <b>\$ 193,152</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 May 31, 2019 and 2018**

**(Dollars in thousands)**

	<u>May 2019</u>	<u>Year-to-Date May 2019</u>	<u>Year-to-Date May 2018</u>
<b>REVENUES</b>			
Operating fees	\$ 11,478	\$ 57,392	\$ 54,235
Interest	352	987	598
Other	87	428	509
Total Revenues	<u>11,917</u>	<u>58,807</u>	<u>55,342</u>
<b>EXPENSES, NET<sup>1</sup></b>			
Employee wages and benefits	7,535	35,544	34,405
Travel	1,043	3,395	3,203
Rent, communications, and utilities	267	994	757
Contracted services	1,549	5,821	5,119
Depreciation and amortization	199	1,029	842
Administrative	107	1,500	1,082
Total Expenses, Net	<u>10,700</u>	<u>48,283</u>	<u>45,408</u>
<b>EXCESS OF REVENUES OVER / (UNDER) EXPENSES</b>	1,217	10,524	9,934
<b>FUND BALANCE—Beginning of period</b>	<u>93,371</u>	<u>84,064</u>	<u>63,346</u>
<b>FUND BALANCE—End of period</b>	<u>\$ 94,588</u>	<u>\$ 94,588</u>	<u>\$ 73,280</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 May 31, 2019 and 2018**

**(Dollars in thousands)**

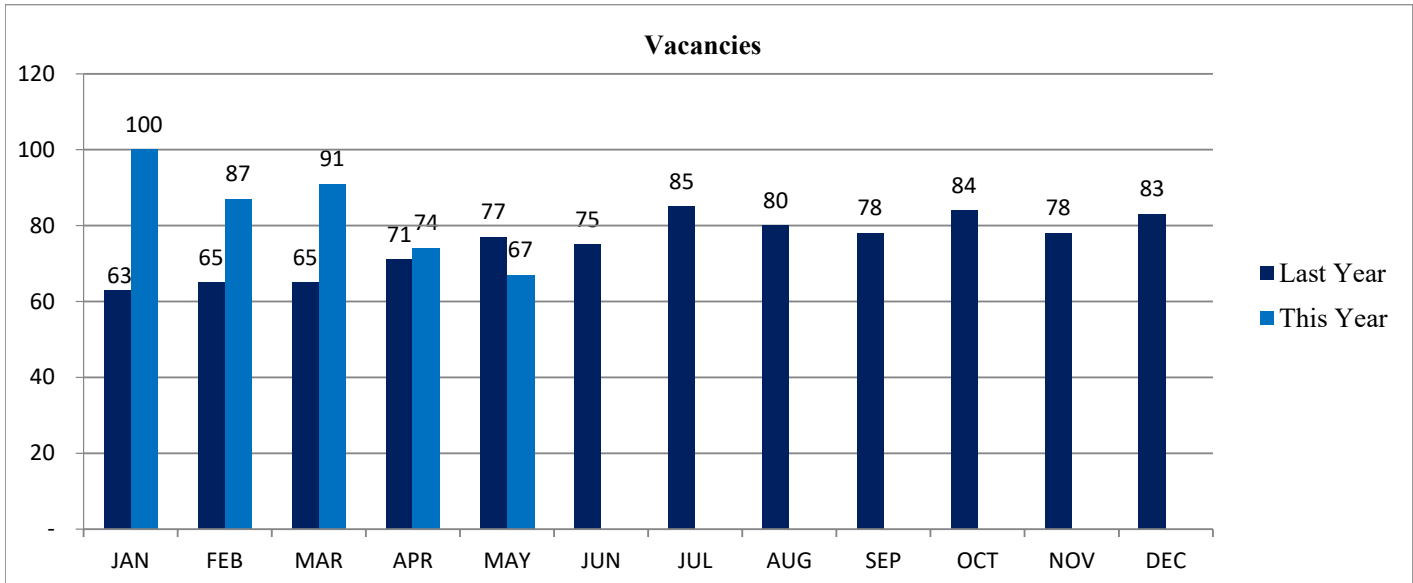
	<u>May 2019</u>	<u>Year-to-Date May 2019</u>	<u>Year-to-Date May 2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Excess of revenues over expenses	\$ 1,217	\$ 10,524	\$ 9,934
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	505	2,607	2,188
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(2,447)	1,477	3,916
Employee advances	(9)	286	10
Other accounts receivable, net	2,244	97	10
Prepaid expenses and other assets	(735)	(5,014)	(1,120)
(Decrease) increase in liabilities:			
Accounts payable	1,427	(5,910)	(4,726)
Accrued wages and benefits	(3,368)	(4,040)	1,895
Deferred revenue	(11,479)	80,339	75,928
Accrued annual leave	495	1,436	1,251
Accrued employee travel	-	(619)	(607)
Net Cash Used by Operating Activities	<u>(12,150)</u>	<u>81,183</u>	<u>88,679</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of fixed and intangible assets	<u>(2,219)</u>	<u>(5,949)</u>	<u>(735)</u>
Net Cash Used by Investing Activities	<u>(2,219)</u>	<u>(5,949)</u>	<u>(735)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(558)	(558)
Principal payments under capital lease obligations	<u>-</u>	<u>(531)</u>	<u>(22)</u>
Net Cash Used in Financing Activities	<u>(111)</u>	<u>(1,089)</u>	<u>(580)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	(14,480)	74,145	87,364
<b>CASH AND CASH EQUIVALENTS—Beginning of period</b>	<u>180,747</u>	<u>92,122</u>	<u>69,764</u>
<b>CASH AND CASH EQUIVALENTS—End of period</b>	<u>\$ 166,267</u>	<u>\$ 166,267</u>	<u>\$ 157,128</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>CASH PAYMENTS FOR INTEREST</b>	<u>\$ 10</u>	<u>\$ 50</u>	<u>\$ 51</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS**

**May 31, 2019**



	<b>May 2019</b>	<b>May 2018</b>
Fund Balance / Total assets	43.54%	37.94%
YTD interest income to average investments (annualized)	2.01%	1.34%
Annualized travel spend per employee	\$ 18,567	\$ 17,964
Net year to date cash inflow (outflow) in millions of dollars	\$74.1	\$87.4
Cash and overnight investments / Total assets	76.54%	81.35%
Overhead transfer rate	60.50%	61.50%

The balances in the supplement above are preliminary and unaudited.