

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

October 31, 2018

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**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
OCTOBER 31, 2018**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$115.9 million. Its balance decreased by \$5.7 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 \$2.6 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$80 thousand. Its balance decreased by approximately \$152 thousand from prior month primarily due to the parking and miscellaneous revenues accrual reversals and repayment of receivables from the Central Liquidity Facility for administrative expenses paid by the Operating Fund.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$2.5 million for the month primarily due to trade 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 \$3.0 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 \$5.7 million from prior month. In the current month, \$6.2 million was used by operating activities and \$590 thousand was provided by investments activities. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building was \$112 thousand.

Other Information

The Agency had 84 vacancies as of month-end. Of the 84 vacancies, 26 were in the central office and 58 were in the regions and AMAC. The 84 vacancies represent 7.1 percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of October 31, 2018 and 2017

(Dollars in thousands)

	October 2018	October 2017
ASSETS		
Cash and cash equivalents	\$ 115,880	\$ 90,126
Due from National Credit Union Share Insurance Fund	133	88
Employee advances	113	2
Other accounts receivable, Net	80	146
Prepaid expenses and other assets	3,014	2,890
Assets held for sale	216	-
Fixed assets - Net of accum. depreciation of \$40,382 as of October 31, 2018	26,936	27,447
Intangible assets - Net of accum. amortization of \$20,694 as of October 31, 2018	6,818	6,154
TOTAL ASSETS	\$ 153,190	\$ 126,853
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 6,820	\$ 6,241
Obligations under capital leases	1,638	410
Accrued wages and benefits	13,908	12,141
Deferred revenue ¹	21,693	17,742
Accrued annual leave	20,689	19,432
Accrued employee travel	-	-
Note payable to National Credit Union Share Insurance Fund	6,593	7,934
TOTAL LIABILITIES	71,341	63,900
 FUND BALANCE	 81,849	 62,953
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 153,190	 \$ 126,853

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 October 31, 2018 and 2017

(Dollars in thousands)

	<u>October 2018</u>	<u>Year-to-Date October 2018</u>	<u>Year-to-Date October 2017</u>
REVENUES			
Operating fees	\$ 10,848	\$ 108,470	\$ 88,712
Interest	228	1,737	632
Other	14	965	871
Total Revenues	<u>11,090</u>	<u>111,172</u>	<u>90,215</u>
EXPENSES, NET¹			
Employee wages and benefits	7,317	67,861	55,757
Travel	191	7,597	5,959
Rent, communications, and utilities	59	1,835	1,438
Contracted services	248	10,924	6,321
Depreciation and amortization	175	1,763	1,274
Administrative	78	2,689	1,767
Total Expenses, Net	<u>8,068</u>	<u>92,669</u>	<u>72,516</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	3,022	18,503	17,699
FUND BALANCE—Beginning of period	<u>78,827</u>	<u>63,346</u>	<u>45,254</u>
FUND BALANCE—End of period	<u>\$ 81,849</u>	<u>\$ 81,849</u>	<u>\$ 62,953</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 October 31, 2018 and 2017

(Dollars in thousands)

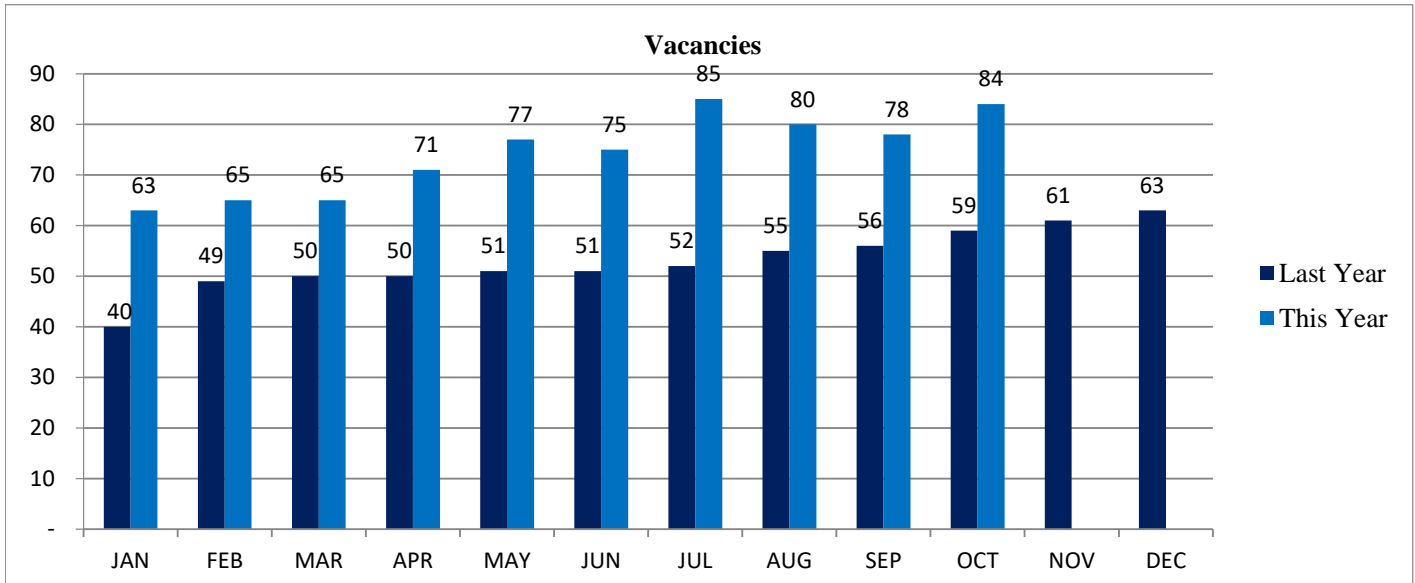
	October 2018	Year-to-Date October 2018	Year-to-Date October 2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 3,022	\$ 18,503	\$ 17,699
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	455	4,580	3,944
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	2,632	5,020	3,971
Employee advances	-	(102)	3
Other accounts receivable, net	152	264	291
Prepaid expenses and other assets	(460)	(628)	(1,046)
(Decrease) increase in liabilities:			
Accounts payable	(2,493)	(691)	632
Accrued wages and benefits	2,298	1,628	1,871
Deferred revenue	(10,848)	21,693	17,742
Accrued annual leave	761	2,297	1,263
Accrued employee travel	(1,696)	(607)	(601)
Net Cash Used by Operating Activities	(6,177)	51,957	45,769
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	590	(4,455)	(3,320)
Proceeds from sale of employee residences held for sale	-	(216)	-
Net Cash Provided by Investing Activities	590	(4,671)	(3,320)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(1,117)	(1,117)
Principal payments under capital lease obligations	-	(53)	(555)
Net Cash Used in Financing Activities	(112)	(1,170)	(1,672)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,699)	46,116	40,777
CASH AND CASH EQUIVALENTS—Beginning of period	121,579	69,764	49,349
CASH AND CASH EQUIVALENTS—End of period	\$ 115,880	\$ 115,880	\$ 90,126
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 1,480	\$ -
CASH PAYMENTS FOR INTEREST	\$ 10	\$ 102	\$ 109

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

October 31, 2018



	Oct 2018	Oct 2017
Fund Balance / Total assets	53.43%	49.63%
YTD interest income to average investments (annualized)	2.40%	1.09%
Annualized travel spend per employee	\$ 21,448	\$ 18,927
Net year to date cash inflow (outflow) in millions of dollars	\$46.1	\$41.0
Cash and overnight investments / Total assets	75.64%	71.05%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.