

OPERATING FUND



**PRELIMINARY & UNAUDITED
FINANCIAL HIGHLIGHTS
September 30, 2018**

A handwritten signature in blue ink, which appears to read "Rendell L. Jones", is positioned above the printed name and title.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
SEPTEMBER 30, 2018**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$121.6 million. Its balance decreased by \$5.8 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 increased by \$2 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$232 thousand. Its balance increased by approximately \$23 thousand from prior month primarily due to the receivables from the Central Liquidity Facility for administrative expenses paid by the Operating Fund and payroll receivable.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$5.7 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 \$134 thousand 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 \$5.8 million from prior month. In the current month, \$2.9 million was used by operating activities. Investments in new capital assets were \$2.7 million. Principal payments on the National Credit Union Share Insurance Fund note payable on the King Street Station Building and on capital lease obligations totaled \$130 thousand.

Other Information

The Agency had 78 vacancies as of month-end. Of the 80 vacancies, 20 were in the central office and 58 were in the regions and AMAC. The 78 vacancies represent 6.6 percent of total authorized staff of 1,188.

**NATIONAL CREDIT UNION SHARE ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of September 30, 2018 and 2017

(Dollars in thousands)

	<u>September 2018</u>	<u>September 2017</u>
ASSETS		
Cash and cash equivalents	\$ 121,579	\$ 92,905
Due from National Credit Union Share Insurance Fund	2,765	1,001
Employee advances	113	2
Other accounts receivable, Net	232	276
Prepaid expenses and other assets	2,554	2,609
Assets held for sale	216	-
Fixed assets - Net of accum. depreciation of \$40,161 as of September 30, 2018	26,667	27,713
Intangible assets - Net of accum. amortization of \$20,460 as of September 30, 2018	8,132	6,005
TOTAL ASSETS	<u>\$ 162,258</u>	<u>\$ 130,511</u>
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 9,313	\$ 3,361
Obligations under capital leases	1,638	410
Accrued wages and benefits	11,610	11,607
Deferred revenue ¹	32,541	26,614
Accrued annual leave	19,928	19,096
Accrued employee travel	1,696	1,681
Note payable to National Credit Union Share Insurance Fund	6,705	8,046
TOTAL LIABILITIES	<u>83,431</u>	<u>70,815</u>
 FUND BALANCE	 <u>78,827</u>	 <u>59,696</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u>\$ 162,258</u>	 <u>\$ 130,511</u>

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 September 30, 2018 and 2017

(Dollars in thousands)

	<u>September 2018</u>	<u>Year-to-Date September 2018</u>	<u>Year-to-Date September 2017</u>
REVENUES			
Operating fees	\$ 10,846	\$ 97,622	\$ 79,841
Interest	213	1,509	548
Other	124	951	792
Total Revenues	<u>11,183</u>	<u>100,082</u>	<u>81,181</u>
 EXPENSES, NET¹			
Employee wages and benefits	6,347	60,544	50,510
Travel	1,444	7,406	5,819
Rent, communications, and utilities	390	1,776	1,344
Contracted services	2,251	10,676	6,239
Depreciation and amortization	213	1,588	1,154
Administrative	404	2,611	1,673
Total Expenses, Net	<u>11,049</u>	<u>84,601</u>	<u>66,739</u>
 EXCESS OF REVENUES OVER / (UNDER) EXPENSES	 134	 15,481	 14,442
 FUND BALANCE—Beginning of period	 <u>78,693</u>	 <u>63,346</u>	 <u>45,254</u>
 FUND BALANCE—End of period	 <u>\$ 78,827</u>	 <u>\$ 78,827</u>	 <u>\$ 59,696</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 September 30, 2018 and 2017

(Dollars in thousands)

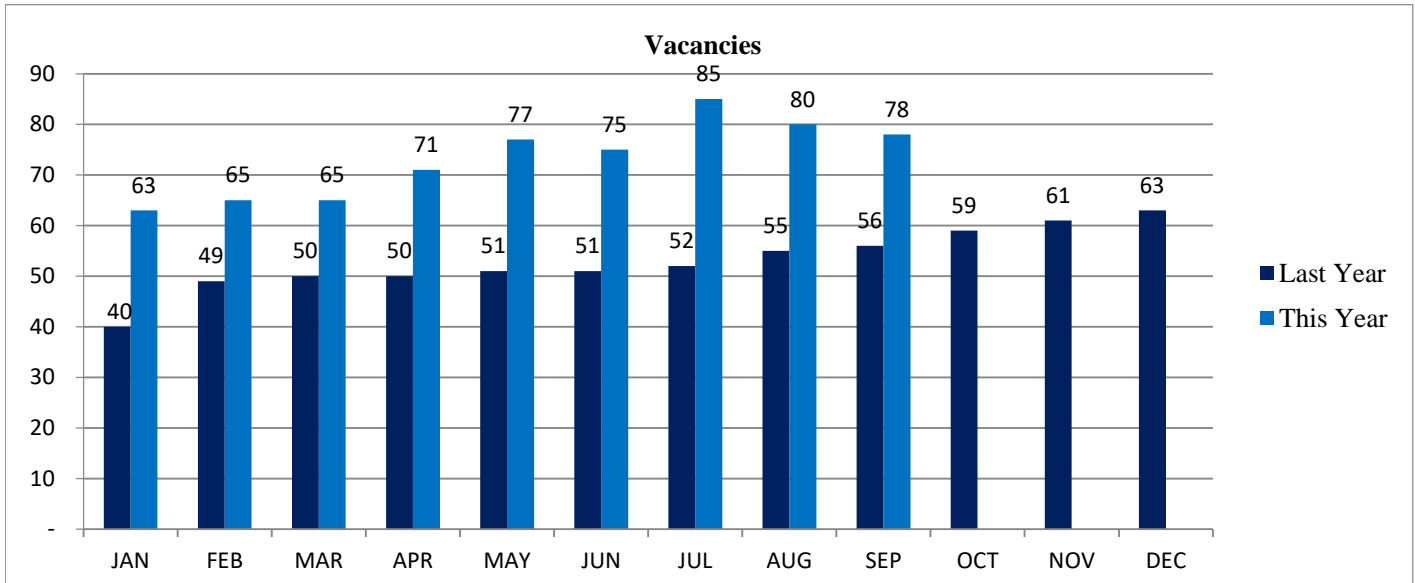
	<u>September 2018</u>	<u>Year-to-Date September 2018</u>	<u>Year-to-Date September 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 134	\$ 15,481	\$ 14,442
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	520	4,125	3,572
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(2,024)	2,388	3,058
Employee advances	(98)	(102)	3
Other accounts receivable, net	(23)	112	161
Prepaid expenses and other assets	1,056	(168)	(765)
(Decrease) increase in liabilities:			
Accounts payable	5,668	1,802	(2,248)
Accrued wages and benefits	650	(670)	1,337
Deferred revenue	(10,846)	32,541	26,614
Accrued annual leave	338	1,536	927
Accrued employee travel	1,696	1,089	1,080
Net Cash Used by Operating Activities	<u>(2,929)</u>	<u>58,134</u>	<u>48,181</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(2,773)	(5,045)	(3,065)
Proceeds from sale of employee residences held for sale	27	(216)	-
Net Cash Used in Investing Activities	<u>(2,746)</u>	<u>(5,261)</u>	<u>(3,065)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(111)	(1,005)	(1,005)
Principal payments under capital lease obligations	(19)	(53)	(555)
Net Cash Used in Financing Activities	<u>(130)</u>	<u>(1,058)</u>	<u>(1,560)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,805)	51,815	43,556
CASH AND CASH EQUIVALENTS—Beginning of period	<u>127,384</u>	<u>69,764</u>	<u>49,349</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 121,579</u>	<u>\$ 121,579</u>	<u>\$ 92,905</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ 1,480</u>	<u>\$ 1,480</u>	<u>\$ -</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 10</u>	<u>\$ 92</u>	<u>\$ 98</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

September 30, 2018



	Sep 2018	Sep 2017
Fund Balance / Total assets	48.58%	45.74%
YTD interest income to average investments (annualized)	2.24%	1.03%
Annualized travel spend per employee	\$ 23,107	\$ 20,521
Net year to date cash inflow (outflow) in millions of dollars	\$51.8	\$44.0
Cash and overnight investments / Total assets	74.93%	71.19%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.