

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

February 28, 2019

A handwritten signature in blue ink, which appears to read "Rendell L. Jones". The signature is fluid and cursive, written in a professional style.

RENDELL L. JONES
CHIEF FINANCIAL OFFICER

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
FEBRUARY 28, 2019**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$66.0 million. Its balance decreased by \$14.1 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 \$1.5 million for the month.

Other accounts receivable, net had a month-end balance of approximately \$23.6 million. Its balance increased by approximately \$11.8 million from prior month primarily due to the unbilled receivable for the 2019 Operating Fee. The Operating Fee will be invoiced in March and collected in April.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$3.9 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 \$1.6 million for the month. Operating fees reflects one-twelfth of the estimated \$140.7 million 2019 Operating Fees, to be invoiced in March. 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 \$14.1million from prior month. In the current month, \$14.5 million was used by operating activities and \$519 thousand was provided by investing 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 87 vacancies as of month-end. Of the 87 vacancies, 19 were in the central office and 68 were in the regions and AMAC. The 87 vacancies represent 7.4 percent of total authorized staff of 1,178.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of February 28, 2019 and 2018

(Dollars in thousands)

	February 2019	February 2018
ASSETS		
Cash and cash equivalents	\$ 65,959	\$ 52,588
Due from National Credit Union Share Insurance Fund	1,888	113
Employee advances	12	43
Other accounts receivable, Net	23,631	21,789
Prepaid expenses and other assets	3,360	3,081
Fixed assets - Net of accum. depreciation of \$39,087 as of February 28, 2019	27,515	26,593
Intangible assets - Net of accum. amortization of \$18,028 as of February 28, 2019	9,797	5,707
TOTAL ASSETS	\$ 132,162	\$ 109,914
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 4,327	\$ 5,025
Obligations under capital leases	1,713	211
Accrued wages and benefits	11,694	9,489
Accrued annual leave	18,745	18,528
Note payable to National Credit Union Share Insurance Fund	6,146	7,487
TOTAL LIABILITIES	42,625	40,740
 FUND BALANCE	 89,537	 69,174
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 132,162	 \$ 109,914

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 February 28, 2019 and 2018

(Dollars in thousands)

	February 2019	Year-to-Date February 2019	Year-to-Date February 2018
REVENUES			
Operating fees	\$ 11,732	\$ 23,463	\$ 21,533
Interest	137	310	152
Other	84	156	207
Total Revenues	11,953	23,929	21,892
 EXPENSES, NET¹			
Employee wages and benefits	7,260	14,038	13,586
Travel	664	847	800
Rent, communications, and utilities	459	449	177
Contracted services	1,559	2,075	778
Depreciation and amortization	193	401	346
Administrative	174	646	377
Total Expenses, Net	10,309	18,456	16,064
 EXCESS OF REVENUES OVER / (UNDER) EXPENSES	 1,644	 5,473	 5,828
FUND BALANCE—Beginning of period	87,893	84,064	63,346
FUND BALANCE—End of period	\$ 89,537	\$ 89,537	\$ 69,174

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 February 28, 2019 and 2018

(Dollars in thousands)

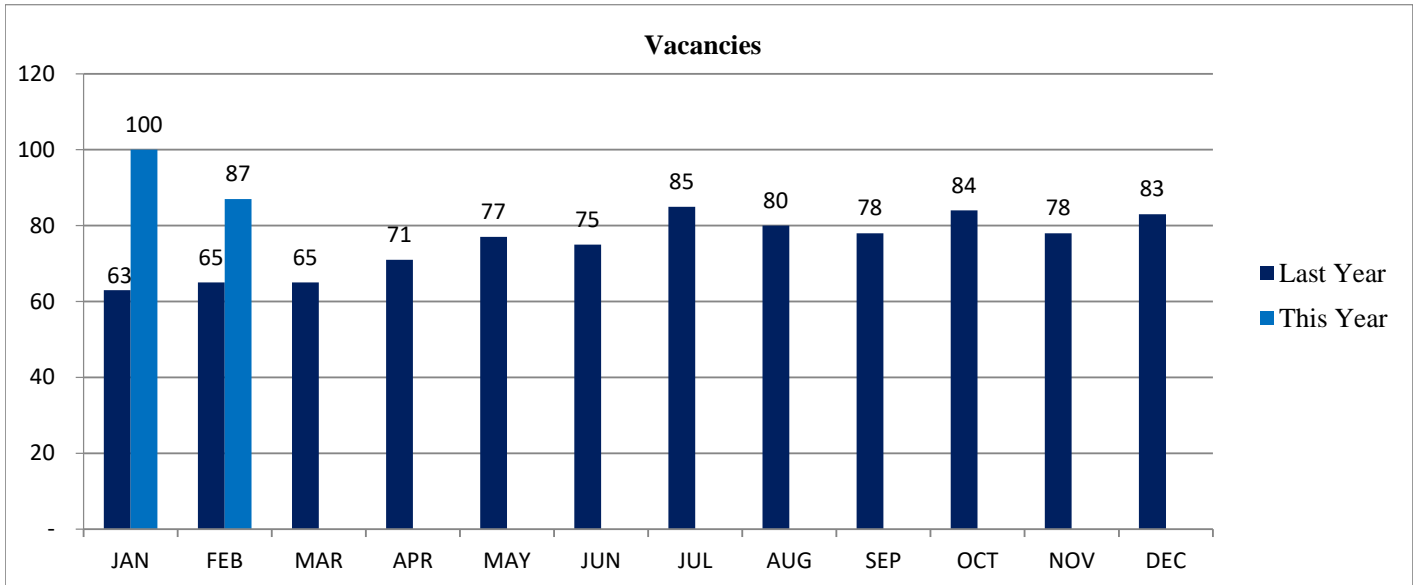
	<u>February 2019</u>	<u>Year-to-Date February 2019</u>	<u>Year-to-Date February 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 1,644	\$ 5,473	\$ 5,828
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	508	1,015	899
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(1,473)	2,135	5,040
Employee advances	100	331	(32)
Other accounts receivable, net	(11,753)	(23,201)	(21,445)
Prepaid expenses and other assets	(375)	(682)	(695)
(Decrease) increase in liabilities:			
Accounts payable	(3,884)	(5,947)	(2,486)
Accrued wages and benefits	89	(3,083)	(2,791)
Deferred revenue	-	-	-
Accrued annual leave	600	(34)	136
Accrued employee travel	-	(619)	(607)
Net Cash Used by Operating Activities	<u>(14,544)</u>	<u>(24,612)</u>	<u>(16,153)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	<u>519</u>	<u>(1,328)</u>	<u>(800)</u>
Net Cash Provided by Investing Activities	<u>519</u>	<u>(1,328)</u>	<u>(800)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	<u>(112)</u>	<u>(223)</u>	<u>(223)</u>
Net Cash Used in Financing Activities	<u>(112)</u>	<u>(223)</u>	<u>(223)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,137)	(26,163)	(17,176)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>80,096</u>	<u>92,122</u>	<u>69,764</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 65,959</u>	<u>\$ 65,959</u>	<u>\$ 52,588</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 9</u>	<u>\$ 20</u>	<u>\$ 20</u>

The balances in the statement above are preliminary and unaudited.

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GRAPHS AND RATIOS

February 28, 2019



	Feb 2019	Feb 2018
Fund Balance / Total assets	67.75%	62.93%
YTD interest income to average investments (annualized)	2.69%	0.41%
Annualized travel spend per employee	\$ 11,788	\$ 11,081
Net year to date cash inflow (outflow) in millions of dollars	(\$26.2)	(\$17.2)
Cash and overnight investments / Total assets	49.91%	47.84%
Overhead transfer rate	60.50%	61.50%

The balances in the supplement above are preliminary and unaudited.