

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

June 30, 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 with a long, sweeping tail.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
JUNE 30, 2019**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$158.0 million. Its balance decreased by \$8.3 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 \$526 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$230 thousand. Its balance decreased by approximately \$103 thousand 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 \$1.3 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 \$877 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 \$8.3 million from prior month. In the current month, \$7.4 million was used by operating activities and \$790 thousand 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 \$125 thousand.

Other Information

The Agency had 69 vacancies as of month-end. Of the 69 vacancies, 8 were in the central office and 61 were in the regions and AMAC. The 69 vacancies represent 5.9 percent of total authorized staff of 1,178. Annualized travel spend per employee is \$18 thousand.

Note: Minor modifications to the form and content of the Operating Fund's monthly financial highlights were made to conform to the annual financial statements.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of June 30, 2019 and 2018

(Dollars in thousands)

	June 2019	June 2018
ASSETS		
Cash and cash equivalents	\$ 157,978	\$ 145,823
Due from National Credit Union Share Insurance Fund	3,072	200
Employee advances	51	1
Other accounts receivable, Net	230	317
Prepaid expenses and other assets	5,949	3,398
Assets held for sale	447	-
Fixed assets - Net of accumulated depreciation of \$40,321 and \$39,414 as of June 30, 2019 and June 30, 2018, respectively	28,664	25,690
Intangible assets - Net of accumulated amortization of \$18,965 and \$19,693 as of June 30, 2019 and June 30, 2018, respectively	11,440	4,943
TOTAL ASSETS	\$ 207,831	\$ 180,372
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 5,615	\$ 3,299
Obligations under capital leases	1,169	177
Accrued wages and benefits	10,581	9,318
Deferred revenue ¹	68,860	65,081
Accrued annual leave	20,442	20,086
Note payable to National Credit Union Share Insurance Fund	5,699	7,040
TOTAL LIABILITIES	112,366	105,001
FUND BALANCE	95,465	75,371
TOTAL LIABILITIES AND FUND BALANCE	\$ 207,831	\$ 180,372

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 June 30, 2019 and 2018

(Dollars in thousands)

	June 2019	Year-to-Date June 2019	Year-to-Date June 2018
REVENUES			
Operating fees	\$ 11,479	\$ 68,871	\$ 65,082
Interest	300	1,287	831
Other	93	521	633
Total Revenues	11,872	70,679	66,546
 EXPENSES, NET¹			
Employee wages and benefits	6,456	42,000	40,970
Travel	682	4,077	4,016
Rent, communications, and utilities	447	1,441	924
Contracted services	2,527	8,348	6,165
Depreciation and amortization	230	1,259	1,005
Administrative	653	2,153	1,441
Total Expenses, Net	10,995	59,278	54,521
 EXCESS OF REVENUES OVER / (UNDER) EXPENSES			
	877	11,401	12,025
 FUND BALANCE—Beginning of period			
	94,588	84,064	63,346
 FUND BALANCE—End of period			
	\$ 95,465	\$ 95,465	\$ 75,371

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 June 30, 2019 and 2018

(Dollars in thousands)

	<u>June 2019</u>	<u>Year-to-Date June 2019</u>	<u>Year-to-Date June 2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 877	\$ 11,401	\$ 12,025
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	580	3,187	2,611
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(526)	951	4,953
Employee advances	6	292	10
Other accounts receivable, net	103	200	27
Prepaid expenses and other assets	1,743	(3,271)	(1,012)
(Decrease) increase in liabilities:			
Accounts payable	1,251	(4,659)	(4,212)
Accrued wages and benefits	(156)	(4,196)	(2,962)
Deferred revenue	(11,479)	68,860	65,081
Accrued annual leave	227	1,663	1,694
Accrued employee travel	-	(619)	(607)
Net Cash Used by Operating Activities	<u>(7,374)</u>	<u>73,809</u>	<u>77,608</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(343)	(6,292)	(845)
Purchases of assets held for sale	(447)	(447)	-
Net Cash Used by Investing Activities	<u>(790)</u>	<u>(6,739)</u>	<u>(845)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(670)	(670)
Principal payments under capital lease obligations	(13)	(544)	(34)
Net Cash Used in Financing Activities	<u>(125)</u>	<u>(1,214)</u>	<u>(704)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(8,289)	65,856	76,059
CASH AND CASH EQUIVALENTS—Beginning of period	<u>166,267</u>	<u>92,122</u>	<u>69,764</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 157,978</u>	<u>\$ 157,978</u>	<u>\$ 145,823</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>\$ 60</u>	<u>\$ 61</u>

The balances in the statement above are preliminary and unaudited.