

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

November 30, 2018

A handwritten signature in blue ink, which appears to read "Rendell L. Jones". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**RENDELL L. JONES
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
NOVEMBER 30, 2018**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$101.3 million. Its balance decreased by \$14.5 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 \$28 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$122 thousand. Its balance increased by approximately \$42 thousand from prior month primarily due to the receivables from the Central Liquidity Facility for administrative and payroll expenses paid by the Operating Fund.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$763 thousand 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 \$2.8 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 \$14.5 million from prior month. In the current month, \$13.8 million was used by operating activities and \$679 thousand was used 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 78 vacancies as of month-end. Of the 78 vacancies, 16 were in the central office and 62 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 November 30, 2018 and 2017

(Dollars in thousands)

	November 2018	November 2017
ASSETS		
Cash and cash equivalents	\$ 101,337	\$ 80,894
Due from National Credit Union Share Insurance Fund	161	86
Employee advances	114	2
Other accounts receivable, Net	122	195
Prepaid expenses and other assets	3,424	2,920
Assets held for sale	216	-
Fixed assets - Net of accum. depreciation of \$40,244 as of November 30, 2018	26,847	27,541
Intangible assets - Net of accum. amortization of \$20,145 as of November 30, 2018	7,148	6,378
TOTAL ASSETS	\$ 139,369	\$ 118,016
 LIABILITIES		
Accounts payable and accrued other liabilities	\$ 6,057	\$ 3,189
Obligations under capital leases	1,638	410
Accrued wages and benefits	9,868	13,583
Deferred revenue ¹	10,847	8,871
Accrued annual leave	19,861	19,359
Accrued employee travel	-	103
Note payable to National Credit Union Share Insurance Fund	6,481	7,822
TOTAL LIABILITIES	54,752	53,337
 FUND BALANCE	 84,617	 64,679
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 139,369	 \$ 118,016

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 November 30, 2018 and 2017

(Dollars in thousands)

	<u>November 2018</u>	<u>Year-to-Date November 2018</u>	<u>Year-to-Date November 2017</u>
REVENUES			
Operating fees	\$ 10,846	\$ 119,316	\$ 97,583
Interest	200	1,937	713
Other	96	1,061	966
Total Revenues	<u>11,142</u>	<u>122,314</u>	<u>99,262</u>
 EXPENSES, NET¹			
Employee wages and benefits	6,286	74,147	61,233
Travel	721	8,318	6,742
Rent, communications, and utilities	155	1,990	1,553
Contracted services	859	11,783	7,014
Depreciation and amortization	161	1,924	1,393
Administrative	192	2,881	1,902
Total Expenses, Net	<u>8,374</u>	<u>101,043</u>	<u>79,837</u>
 EXCESS OF REVENUES OVER / (UNDER) EXPENSES	 2,768	 21,271	 19,425
 FUND BALANCE—Beginning of period	 <u>81,849</u>	 <u>63,346</u>	 <u>45,254</u>
 FUND BALANCE—End of period	 <u>\$ 84,617</u>	 <u>\$ 84,617</u>	 <u>\$ 64,679</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 November 30, 2018 and 2017

(Dollars in thousands)

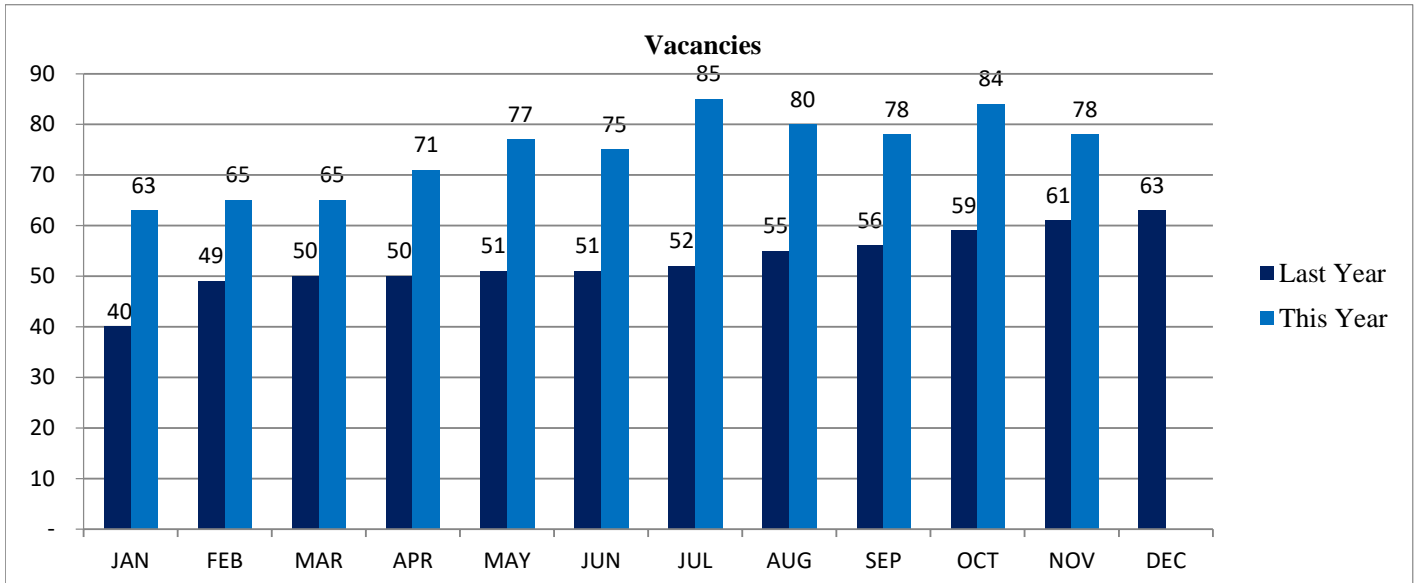
	<u>November 2018</u>	<u>Year-to-Date November 2018</u>	<u>Year-to-Date November 2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over expenses	\$ 2,768	\$ 21,271	\$ 19,425
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:			
Depreciation and amortization	438	5,018	4,313
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(28)	4,992	3,973
Employee advances	(1)	(103)	3
Other accounts receivable, net	(42)	222	242
Prepaid expenses and other assets	(410)	(1,038)	(1,076)
(Decrease) increase in liabilities:			
Accounts payable	(763)	(1,454)	(2,420)
Accrued wages and benefits	(4,040)	(2,412)	3,313
Deferred revenue	(10,846)	10,847	8,871
Accrued annual leave	(828)	1,469	1,190
Accrued employee travel	-	(607)	(498)
Net Cash Used by Operating Activities	<u>(13,752)</u>	<u>38,205</u>	<u>37,336</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(679)	(5,134)	(4,007)
Proceeds from sale of employee residences held for sale	-	(216)	-
Net Cash Used by Investing Activities	<u>(679)</u>	<u>(5,350)</u>	<u>(4,007)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	(112)	(1,229)	(1,229)
Principal payments under capital lease obligations	-	(53)	(555)
Net Cash Used in Financing Activities	<u>(112)</u>	<u>(1,282)</u>	<u>(1,784)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,543)	31,573	31,545
CASH AND CASH EQUIVALENTS—Beginning of period	<u>115,880</u>	<u>69,764</u>	<u>49,349</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 101,337</u>	<u>\$ 101,337</u>	<u>\$ 80,894</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ 1,480</u>	<u>\$ -</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 10</u>	<u>\$ 112</u>	<u>\$ 118</u>

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

November 30, 2018



	Nov 2018	Nov 2017
Fund Balance / Total assets	60.71%	54.81%
YTD interest income to average investments (annualized)	2.77%	1.19%
Annualized travel spend per employee	\$ 21,234	\$ 19,480
Net year to date cash inflow (outflow) in millions of dollars	\$31.6	\$32.0
Cash and overnight investments / Total assets	72.71%	68.54%
Overhead transfer rate	61.50%	67.70%

The balances in the supplement above are preliminary and unaudited.