

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

October 31, 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, with a long horizontal stroke extending to the right.

RENDELL L. JONES
CHIEF FINANCIAL OFFICER

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
OCTOBER 31, 2019**

Balance Sheet

Cash and cash equivalents had a month-end balance of approximately \$113.0 million. The balance decreased by \$17.0 million for the month due to 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 expenses paid by the Operating Fund. The balance decreased by \$602 thousand for the month.

Other accounts receivable, net had a month-end balance of approximately \$1.2 million. Its balance decreased by approximately \$66 thousand from prior month primarily due to the quarterly payments from the CLF to reimburse the Operating Fund for payroll, rent and administration costs.

Accounts payable are trade, relocation and inter-agency payables. The balance decreased by \$2.1 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 \$1.8 million 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 \$17.0 million from prior month. In the current month, \$15.7 million was used by operating activities and \$1.2 million 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 63 vacancies as of month-end. Of the 63 vacancies, 4 were in the central office and 59 were in the regions and Asset Management and Assistance Center (AMAC). The 63 vacancies represent 5.3 percent of total authorized staff of 1,182. Annualized travel spend per employee is \$20 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 October 31, 2019 and 2018

(Dollars in thousands)

	October 2019	October 2018
ASSETS		
Cash and cash equivalents	\$ 112,981	\$ 115,880
Due from National Credit Union Share Insurance Fund	1,502	133
Employee advances	7	113
Other accounts receivable, Net	1,189	80
Prepaid expenses and other assets	5,257	3,014
Assets held for sale	-	216
Fixed assets - Net of accumulated depreciation of \$40,798 and \$40,382 as of October 31, 2019 and October 31, 2018, respectively	30,903	26,936
Intangible assets - Net of accumulated amortization of \$19,925 and \$20,694 as of October 31, 2019 and October 31, 2018, respectively	16,810	6,818
TOTAL ASSETS	\$ 168,649	\$ 153,190
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 6,244	\$ 6,820
Obligations under capital leases	1,189	1,638
Accrued wages and benefits	10,132	13,908
Deferred revenue ¹	22,955	21,693
Accrued annual leave	20,601	20,689
Note payable to National Credit Union Share Insurance Fund	5,252	6,593
TOTAL LIABILITIES	66,373	71,341
FUND BALANCE	102,276	81,849
TOTAL LIABILITIES AND FUND BALANCE	\$ 168,649	\$ 153,190

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 October 31, 2019 and 2018

(Dollars in thousands)

	October 2019	Year-to-Date October 2019	Year-to-Date October 2018
REVENUES			
Operating fees	\$ 11,478	\$ 114,776	\$ 108,470
Interest	179	2,214	1,737
Other	128	888	965
Total Revenues	11,785	117,878	111,172
 EXPENSES, NET¹			
Employee wages and benefits	7,597	70,792	67,861
Travel	570	7,483	7,597
Rent, communications, and utilities	191	2,468	1,835
Contracted services	1,184	14,088	10,924
Depreciation and amortization	221	2,095	1,763
Administrative	199	2,740	2,689
Total Expenses, Net	9,962	99,666	92,669
 EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,823	18,212	18,503
 FUND BALANCE—Beginning of period	100,453	84,064	63,346
 FUND BALANCE—End of period	\$ 102,276	\$ 102,276	\$ 81,849

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 October 31, 2019 and 2018
(Dollars in thousands)**

	October 2019	Year-to-Date October 2019	Year-to-Date October 2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ 1,823	\$ 18,212	\$ 18,503
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	(118)	4,623	4,580
Provision for loss on disposal of assets held for sale	-	47	-
(Gain) loss on fixed asset retirements	-	-	
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	602	2,521	5,020
Employee advances	-	336	(102)
Other accounts receivable, net	66	(759)	264
Prepaid expenses and other assets	(408)	(2,579)	(628)
(Decrease) increase in liabilities:			
Accounts payable	(2,084)	(4,030)	(691)
Accrued wages and benefits	(3,434)	(4,645)	1,628
Deferred revenue	(11,478)	22,955	21,693
Accrued annual leave	444	1,822	2,297
Accrued employee travel	(1,086)	(619)	(607)
Net Cash (Used)/Provided by Operating Activities	(15,673)	37,884	51,957
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	(1,169)	(15,302)	(4,455)
Purchases of assets held for sale	-	(447)	(216)
Proceeds from sale of assets held for sale	-	400	-
Net Cash Used by Investing Activities	(1,169)	(15,349)	(4,671)
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	-	(559)	(53)
Net Cash Used in Financing Activities	(112)	(1,676)	(1,170)
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(16,954)	20,859	46,116
CASH AND CASH EQUIVALENTS—Beginning of period	129,935	92,122	69,764
CASH AND CASH EQUIVALENTS—End of period	\$ 112,981	\$ 112,981	\$ 115,880
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	\$ -	\$ 35	\$ 1,480
CASH PAYMENTS FOR INTEREST	\$ 9	\$ 96	\$ 102

The balances in the statement above are preliminary and unaudited.