

National Credit Union Administration



Operating Fund

***Financial Highlights
September 30, 2006***

**Dennis Winans
Chief Financial Officer**

National Credit Union Administration Operating Fund
Financial Highlights
September 30, 2006

Balance Sheet

Cash had a month-end balance of \$500,000 for one day in order to accommodate fiscal year-end IPAC disbursements processed after the daily investment.

Overnight Investments decreased \$4.1 million for payment of operating expenses.

Accounts Receivable increased \$761,000 primarily due to increases in receivables from the Share Insurance Fund and the Central Liquidity Facility.

Accounts Payable increased \$2.3 million due to the accrual of expenses for the regional conferences and employee travel.

Accrued Employee Compensation had a net increase of \$504,000 due to an additional day of payroll accrual. In addition, in preparation for the September fiscal year-end close, employee unused annual leave and Employee Relocation Payable were adjusted.

Other Current Liabilities decreased \$5.3 million. This decrease is primarily due to recognizing deferred operating fee income. Deferred operating fee income is recognized evenly over the calendar period.

Statement of Revenue and Expense

Net income was \$507,000 lower than planned primarily due to the accrual of annual leave.

Statement of Cash Flow

Cash decreased by \$3.6 million for the month, reflecting payments for operating expenses, fixed assets, notes payable, and capital leases in excess of receipts from interest income and the home purchase program.

Budget (Year-to-Date)

Agency spending was under budget by \$5.4 million or 4.8 percent. Pay, benefits, and travel were under budget by 6.6 percent. The remaining variance of \$3.2 million was derived mainly from administrative and contracted services.

Vacancies

The agency had 30 vacancies as of September 30, 2006. Of the 30 vacancies, there were 19 vacancies in the central office, 3 vacancies in the regional offices and AMAC, and 8 vacancies in the field staff. The 30 vacancies represent 3.1 percent of total authorized staff of 957.92.

National Credit Union Administration Operating Fund
Balance Sheets & Changes in Fund Balance
September 30, 2006

	September 2005	August 2006	September 2006
ASSETS			
ASSETS:			
Current Assets			
Cash	\$ 5,402.12	\$ 5,205.59	\$ 500,636.45
Overnight Investments	38,504,000.00	46,401,000.00	42,305,000.00
Accounts Receivable	2,646,085.08	1,283,576.44	2,045,006.87
Interest Receivable	0.00	0.00	5,910.95
Prepaid Expenses	553,264.83	661,349.02	600,648.18
Home Purchase Program	447,607.00	414,453.79	381,372.90
Other	200.00	(1,314.07)	0.00
<i>Total Current Assets</i>	<u>42,156,559.03</u>	<u>48,764,270.77</u>	<u>45,838,575.35</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,905,148.00	27,341,094.10	27,268,188.10
Capital Lease	592,057.45	2,334,985.54	2,259,621.95
Equipment	2,758,310.09	2,802,555.09	2,726,170.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,201,779.49</u>	<u>36,424,898.68</u>	<u>36,200,244.09</u>
TOTAL ASSETS	<u><u>\$ 77,358,338.52</u></u>	<u><u>\$ 85,189,169.45</u></u>	<u><u>\$ 82,038,819.44</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Current Liabilities			
Accounts Payable	\$ 4,740,331.90	\$ 1,698,335.95	\$ 3,965,451.34
Accrued Employee Compensation	15,104,338.36	14,127,194.68	14,631,764.29
Other Current Liabilities	15,543,385.96	21,269,656.32	16,008,906.40
<i>Total Current Liabilities</i>	<u>35,388,056.22</u>	<u>37,095,186.95</u>	<u>34,606,122.03</u>
Non-Current Liabilities			
Notes Payable	24,136,875.78	22,907,683.09	22,795,938.30
Other	590,567.59	2,537,539.30	2,536,336.95
<i>Total Non-Current Liabilities</i>	<u>24,727,443.37</u>	<u>25,445,222.39</u>	<u>25,332,275.25</u>
TOTAL LIABILITIES	<u><u>60,115,499.59</u></u>	<u><u>62,540,409.34</u></u>	<u><u>59,938,397.28</u></u>
FUND BALANCE:			
Beginning Balance	14,934,623.95	18,920,096.18	18,920,096.18
Current Year Earnings	2,308,214.98	3,728,663.93	3,180,325.98
TOTAL FUND BALANCE	<u><u>17,242,838.93</u></u>	<u><u>22,648,760.11</u></u>	<u><u>22,100,422.16</u></u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 77,358,338.52</u></u>	<u><u>\$ 85,189,169.45</u></u>	<u><u>\$ 82,038,819.44</u></u>

National Credit Union Administration Operating Fund
Statement of Revenue & Expenses
September 30, 2006

	September 2006 Monthly Actual	September 2006 Monthly Budget	September 2006 Year-To-Date Actual	September 2006 Year-To-Date Budget	September 2005 Year-To-Date Actual
REVENUE:					
Interest Income	\$ 216,192.02	\$ 108,334.00	\$ 1,674,352.96	\$ 974,998.00	\$ 959,496.50
Program-related Income	5,314,785.98	5,204,166.00	47,644,991.00	46,837,502.00	46,481,673.03
Other Income	28,924.50	8,334.00	155,267.88	74,998.00	119,142.83
Total Revenue	<u>5,559,902.50</u>	<u>5,320,834.00</u>	<u>49,474,611.84</u>	<u>47,887,498.00</u>	<u>47,560,312.36</u>
EXPENSES:					
Employee Pay	3,245,370.63	3,072,117.00	27,786,944.78	28,526,804.00	26,994,723.50
Employee Benefits	891,803.32	832,052.00	7,617,085.08	7,726,199.00	7,068,468.71
Employee Travel	1,159,733.43	494,746.00	4,323,846.90	4,452,714.00	3,938,794.08
Rent/Communications/Utilities	222,541.12	142,878.00	1,261,842.66	1,285,902.00	1,271,061.44
Administrative Costs	114,599.09	419,259.00	3,120,820.32	3,773,331.00	4,128,478.72
Contracted Services	474,192.86	318,261.00	2,183,746.12	2,864,349.00	1,850,570.93
Total Expenses	<u>6,108,240.45</u>	<u>5,279,313.00</u>	<u>46,294,285.86</u>	<u>48,629,299.00</u>	<u>45,252,097.38</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (548,337.95)</u>	<u>\$ 41,521.00</u>	<u>\$ 3,180,325.98</u>	<u>\$ (741,801.00)</u>	<u>\$ 2,308,214.98</u>

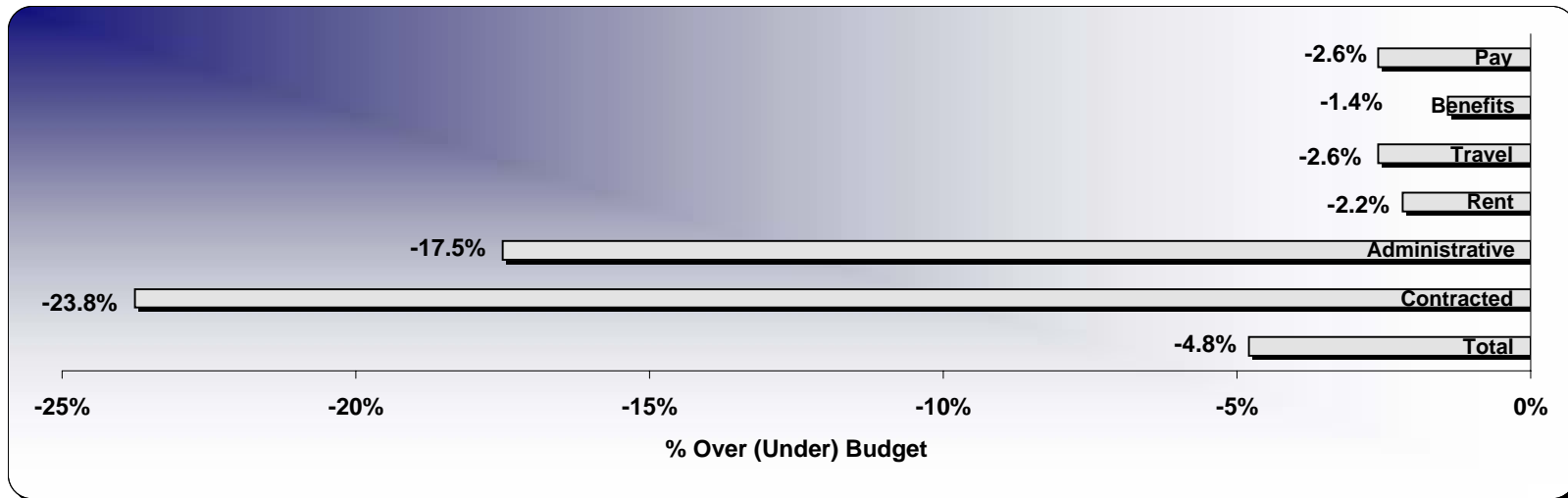
National Credit Union Administration Operating Fund
Statement of Cash Flow
September 30, 2006

	Month September 2005	Month September 2006	Y-T-D September 2005	Y-T-D September 2006
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income from operating fees	\$ 1,587.07	\$ 675.87	\$ 61,948,931.50	\$ 63,780,637.04
Interest received from cash and cash equivalents	132,002.08	216,192.02	959,496.50	1,674,352.96
Other income received	2,503.17	28,924.50	119,142.83	155,267.88
(Cash paid for operating expenses)	<u>(2,459,828.43)</u>	<u>(3,661,519.27)</u>	<u>(38,566,953.71)</u>	<u>(46,708,301.50)</u>
Net cash (used) in operating activities	<u>(2,323,736.11)</u>	<u>(3,415,726.88)</u>	<u>24,460,617.12</u>	<u>18,901,956.38</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds (purchases) of fixed assets	(387,515.55)	(70,624.00)	(1,626,665.89)	(1,027,019.88)
Proceeds (purchases) home purchase program	<u>1,000.00</u>	<u>0.00</u>	<u>(430,673.84)</u>	<u>(144,519.60)</u>
Net cash (used) in investing activities	<u>(386,515.55)</u>	<u>(70,624.00)</u>	<u>(2,057,339.73)</u>	<u>(1,171,539.48)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,005,703.11)	(1,005,703.11)
(Capital lease payments)	<u>(2,016.74)</u>	<u>(2,473.47)</u>	<u>(1,114,974.83)</u>	<u>(1,034,421.23)</u>
Net cash (used) in financing activities	<u>(113,761.53)</u>	<u>(114,218.26)</u>	<u>(2,120,677.94)</u>	<u>(2,040,124.34)</u>
NET INCREASE (DECREASE) IN CASH	(2,824,013.19)	(3,600,569.14)	20,282,599.45	15,690,292.56
Cash and cash equivalents at beginning of period	41,333,415.31	46,406,205.59	18,226,802.67	27,115,343.89
Cash and cash equivalents at end of period	<u>\$ 38,509,402.12</u>	<u>\$ 42,805,636.45</u>	<u>\$ 38,509,402.12</u>	<u>\$ 42,805,636.45</u>
RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Net income (loss)	<u>\$ (1,697,836.15)</u>	<u>\$ (548,337.95)</u>	<u>\$ 2,308,214.98</u>	<u>\$ 3,180,325.98</u>
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	286,461.20	295,278.59	2,451,514.09	2,807,184.96
Unrealized (gain) loss	16,161.91	0.00	87,640.02	0.00
(Gain) loss on disposal of fixed assets	0.00	0.00	1,839.00	0.00
(Gain) loss on disposal of homes	0.00	0.00	13,524.98	5,907.42
Interest expense on leases	584.00	928.03	16,810.02	8,088.15
Miscellaneous allowances	(0.00)	0.00	102.69	(0.00)
Change in current assets and liabilities				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	317,620.59	285,991.47
Accounts receivable	(1,878,802.42)	(761,430.43)	(1,818,523.03)	(878,421.05)
Interest receivable	0.00	(5,910.95)	0.00	(3,305.38)
Prepaid expenses	32,800.69	60,700.84	34,742.27	(196,784.65)
Other assets	230,222.75	31,766.82	(200.00)	33,080.89
Increase (decrease) in liabilities:				
Accounts payable	3,560,862.62	2,267,115.39	2,421,752.43	(426,676.54)
Accrued employee compensation	2,259,976.27	504,569.61	3,143,551.12	(1,880,041.41)
Other non current liabilities	0.00	343.09	(0.00)	13,132.73
Other current liabilities	<u>(5,134,166.98)</u>	<u>(5,260,749.92)</u>	<u>15,482,027.96</u>	<u>15,953,473.81</u>
Total adjustments	<u>(625,899.96)</u>	<u>(2,867,388.93)</u>	<u>22,152,402.14</u>	<u>15,721,630.40</u>
Net cash (used) in operating activities	<u>\$ (2,323,736.11)</u>	<u>\$ (3,415,726.88)</u>	<u>\$ 24,460,617.12</u>	<u>\$ 18,901,956.38</u>

**National Credit Union Administration Operating Fund
(Before Overhead Transfer)
Year-To-Date Budget Report Analysis
September 30, 2006**

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
Employee Pay	66,341,405	64,620,802	(1,720,603)	-2.6%	67,026,508	62,778,427	(4,248,081)	-6.3%
Benefits	17,967,907	17,714,151	(253,755)	-1.4%	17,320,265	16,438,299	(881,965)	-5.1%
Travel	10,323,269	10,055,458	(267,812)	-2.6%	9,614,173	9,159,986	(454,186)	-4.7%
Rent, Communications, & Utilities	2,999,853	2,934,518	(65,335)	-2.2%	2,947,575	2,955,957	8,382	0.3%
Administrative	8,797,694	7,257,722	(1,539,972)	-17.5%	7,873,776	9,601,113	1,727,338	21.9%
Contracted Services	6,661,267	5,078,479	(1,582,787)	-23.8%	6,214,813	4,303,653	(1,911,160)	-30.8%
TOTAL	113,091,394	107,661,130	(5,430,265)	-4.8%	110,997,109	105,237,436	(5,759,673)	-5.2%

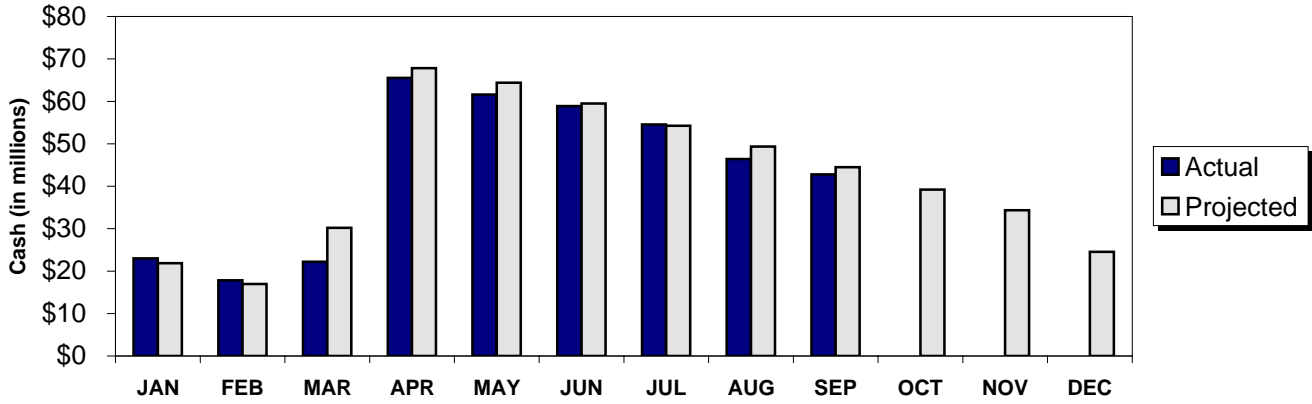
**Percent Over (Under) Budget
September 30, 2006**



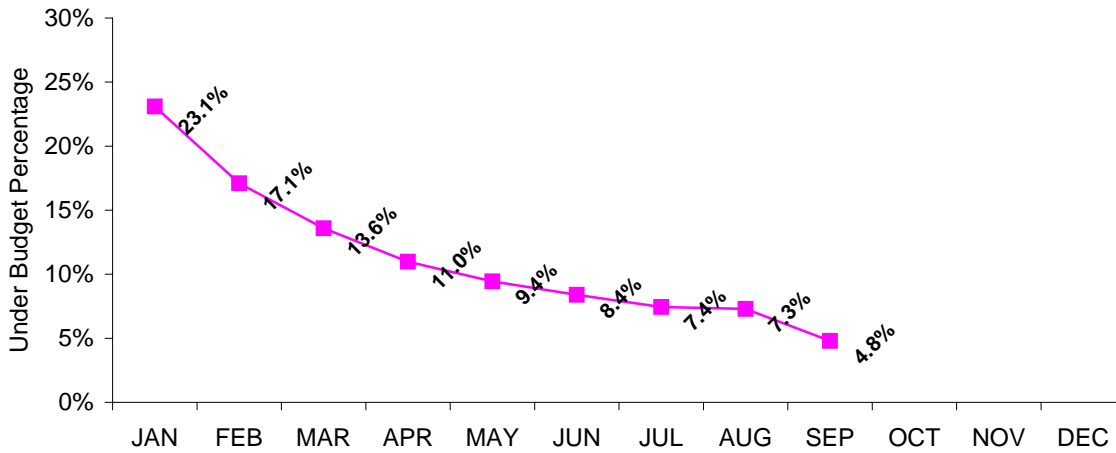
National Credit Union Administration Operating Fund

Graphs
September 30, 2006

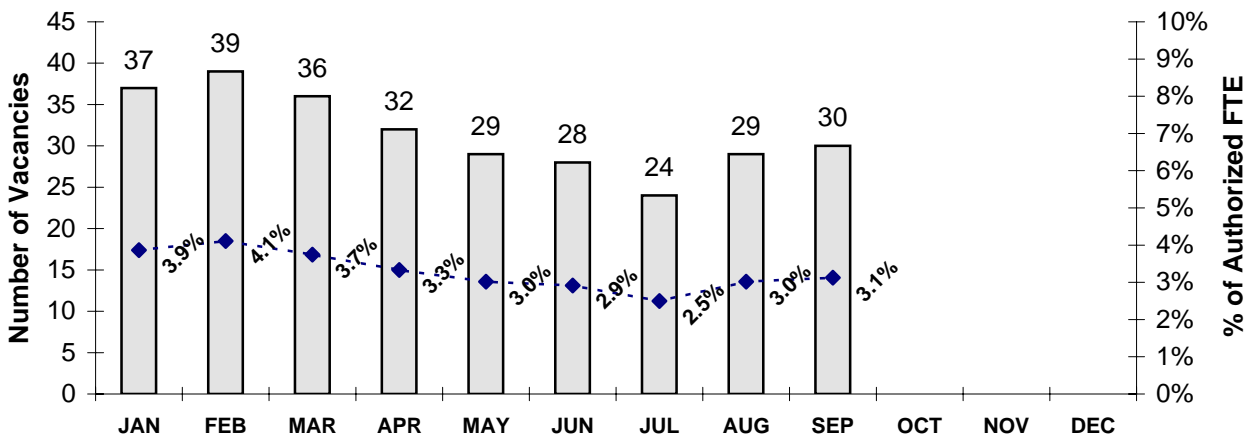
Actual & Projected Cash Balance



Year-To-Date Budget Variance



Vacancies



National Credit Union Administration Operating Fund
Ratios
September 30, 2006

BALANCE SHEET	September 2005	September 2006
<u>Liquid assets / Total assets</u>	49.78%	52.18%
<u>Current assets / Total assets</u>	54.50%	55.87%
<u>Fixed assets / Total assets</u>	45.50%	44.13%
<u>Current liabilities / Total assets</u>	45.75%	42.18%
<u>Non current liabilities / Total assets</u>	31.96%	30.88%
<u>Retained earnings / Total assets</u>	22.29%	26.94%
 STATEMENT OF REVENUE & EXPENSE		
<u>YTD Program related income / Total revenue</u>	97.73%	96.30%
<u>YTD Interest & other income / Total revenue</u>	2.27%	3.70%
<u>YTD Expenses / Total revenue</u>	95.15%	93.57%
<u>YTD Net income / Total revenue</u>	4.85%	6.43%
<u>Monthly interest income to average investments (annualized)</u>	3.97%	5.59%
<u>YTD Travel, before overhead transfer, per full-time equivalent (annualized)</u>	\$12,709	\$13,996
 CASH		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$20.3	\$15.7
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	111.3%	57.9%
<u>Cash and cash equivalents / Total assets</u>	49.8%	52.2%