

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
September 30, 2007***

**Dennis Winans  
Chief Financial Officer**

**National Credit Union Administration Operating Fund**  
**Financial Highlights**  
**September 30, 2007**

**Balance Sheet**

Cash had a month-end balance of \$500,000 in order to accommodate federal interagency fiscal year-end disbursements. The balance will decline back to its normal level of \$5,000 on October 1.

Overnight Investments decreased \$5.8 million for payment of operating expenses.

The Home Purchase Program decreased \$194,000 to reflect the market value decline on houses held.

Accrued Employee Compensation had a net increase of \$987,000. This is largely due to the increase of employee annual leave liability and accrued employee payroll.

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 \$1.5 million lower than planned. This is largely explained by: \$1 million in additional travel costs due to the September 30 cutoff; \$1 million in commercial invoice-related accruals; and lodging night bonus accrual of \$300,000.

**Statement of Cash Flow**

Cash decreased by \$5.3 million for the month, reflecting payments for operating expenses, fixed assets, notes payable, and capital leases in excess of receipts from interest and other income.

**Budget (Year-to-Date)**

Agency spending was under its year-to-date budget by \$4.2 million or 3.7 percent. Pay and benefits were under budget by 1.4 percent. The remaining variance of \$3.5 million was derived mainly from administrative and contracted services.

**Vacancies**

The agency had 26 vacancies as of September 29, 2006. Of the 26 vacancies, there were 18 vacancies in the central office, 9 vacancies in the regional offices and AMAC, and 1 net over-hire in the field staff. The 26 vacancies represent 2.7 percent of total authorized staff of 957.92.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**September 30, 2007**

	September 2006	August 2007	September 2007
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$ 500,636.45	\$ 5,952.01	\$ 500,252.60
Overnight Investments	42,305,000.00	47,749,000.00	41,967,000.00
Accounts Receivable	2,045,006.87	667,957.00	1,488,488.37
Interest Receivable	5,910.95	0.00	9,302.69
Prepaid Expenses	600,648.18	821,220.89	682,725.07
Home Purchase Program	381,372.90	871,439.60	677,779.00
Other	0.00	0.01	456.73
<i>Total Current Assets</i>	<u>45,838,575.35</u>	<u>50,115,569.51</u>	<u>45,326,004.46</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,268,188.10	26,471,977.00	26,861,947.00
Capital Lease	2,259,621.95	1,406,012.31	1,321,369.35
Equipment	2,726,170.09	2,053,530.00	1,938,604.00
Assets Under Construction	0.00	468,892.66	334,005.00
<i>Total Property, Plant, and Equipment</i>	<u>36,200,244.09</u>	<u>34,346,675.92</u>	<u>34,402,189.30</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 82,038,819.44</u></u>	<u><u>\$ 84,462,245.43</u></u>	<u><u>\$ 79,728,193.76</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	\$ 3,965,451.34	\$ 2,232,144.98	\$ 3,356,265.25
Accrued Employee Compensation	14,631,764.29	13,280,537.43	14,267,725.31
Other Current Liabilities	16,008,906.40	21,419,232.17	16,158,876.41
<i>Total Current Liabilities</i>	<u>34,606,122.03</u>	<u>36,931,914.58</u>	<u>33,782,866.97</u>
Non-Current Liabilities			
Notes Payable	22,795,938.30	21,566,745.61	21,455,000.82
Other	2,536,336.95	1,600,647.11	1,597,245.28
<i>Total Non-Current Liabilities</i>	<u>25,332,275.25</u>	<u>23,167,392.72</u>	<u>23,052,246.10</u>
<b>TOTAL LIABILITIES</b>	<u><u>59,938,397.28</u></u>	<u><u>60,099,307.30</u></u>	<u><u>56,835,113.07</u></u>
<b>FUND BALANCE:</b>			
Unappropriated	22,100,422.16	23,362,938.13	21,893,080.69
Appropriated	0.00	1,000,000.00	1,000,000.00
<b>TOTAL FUND BALANCE</b>	<u><u>22,100,422.16</u></u>	<u><u>24,362,938.13</u></u>	<u><u>22,893,080.69</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 82,038,819.44</u></u>	<u><u>\$ 84,462,245.43</u></u>	<u><u>\$ 79,728,193.76</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expenses**  
**September 30, 2007**

	September 2007 Monthly Actual	September 2007 Monthly Budget	September 2007 Year-To-Date Actual	September 2007 Year-To-Date Budget	September 2006 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$ 199,625.77	\$ 166,667.00	\$ 1,787,825.71	\$ 1,500,003.00	\$ 1,674,352.96
Program-related Income	5,326,812.02	5,299,167.00	47,912,782.42	47,692,503.00	47,644,991.00
Other Income	16,151.20	16,667.00	226,879.10	150,003.00	155,267.88
Total Revenue	<u>5,542,588.99</u>	<u>5,482,501.00</u>	<u>49,927,487.23</u>	<u>49,342,509.00</u>	<u>49,474,611.84</u>
<b>EXPENSES:</b>					
Employee Pay	3,448,964.63	3,103,232.70	30,820,329.65	31,084,669.31	27,786,944.78
Employee Benefits	913,010.22	873,421.87	8,218,658.38	8,479,204.35	7,617,085.08
Employee Travel	1,191,660.79	531,755.73	5,032,783.58	4,785,801.36	4,323,846.90
Rent/Communications/Utilities	443,834.83	154,645.41	1,457,692.44	1,391,808.06	1,261,842.66
Administrative Costs	617,725.78	466,576.13	3,275,446.36	4,199,184.82	3,120,820.32
Contracted Services	397,250.18	340,479.53	2,273,721.75	3,064,315.45	2,183,746.12
Total Expenses	<u>7,012,446.43</u>	<u>5,470,111.37</u>	<u>51,078,632.16</u>	<u>53,004,983.35</u>	<u>46,294,285.86</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ (1,469,857.44)</u>	<u>\$ 12,389.63</u>	<u>\$ (1,151,144.93)</u>	<u>\$ (3,662,474.35)</u>	<u>\$ 3,180,325.98</u>

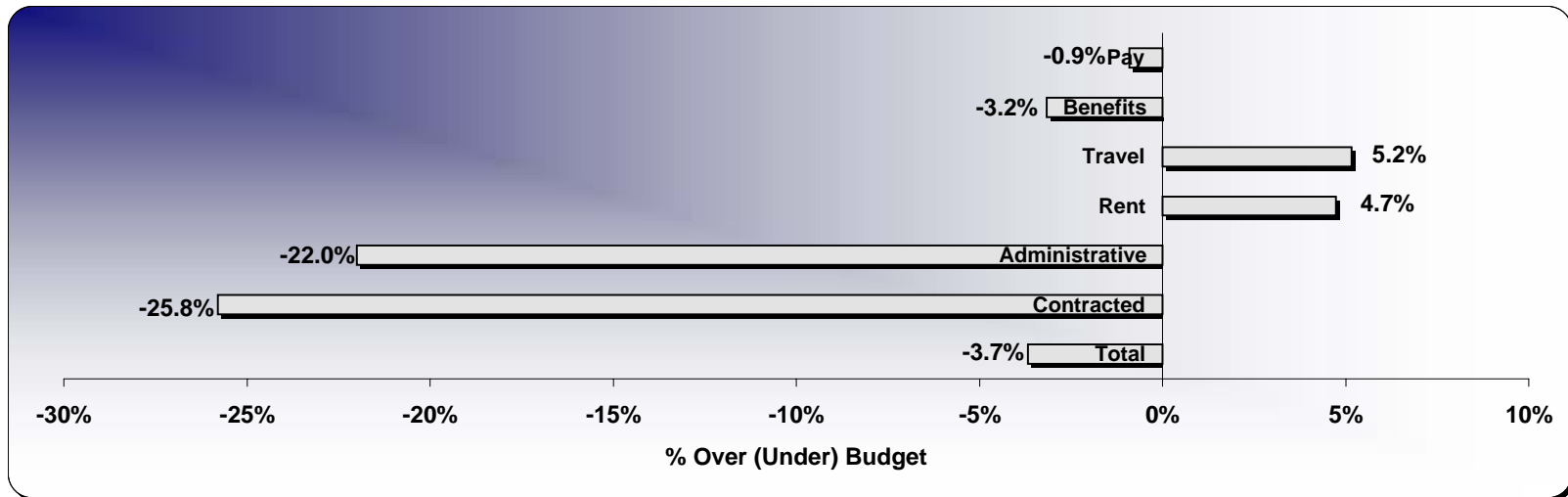
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**September 30, 2007**

	Month September 2006	Month September 2007	Y-T-D September 2006	Y-T-D September 2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$ 675.87	\$ 1,028.79	\$ 63,780,637.04	\$ 65,310,633.71
Interest received from cash and cash equivalents	216,192.02	199,625.77	1,674,352.96	1,795,619.18
Other income received	28,924.50	16,151.20	155,267.88	226,879.10
(Cash paid for operating expenses)	<u>(3,661,519.27)</u>	<u>(5,042,366.15)</u>	<u>(46,708,301.50)</u>	<u>(46,884,235.80)</u>
<b>Net cash (used) in operating activities</b>	<u>(3,415,726.88)</u>	<u>(4,825,560.39)</u>	<u>18,901,956.38</u>	<u>20,448,896.19</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(70,624.00)	(347,050.00)	(1,027,019.88)	(1,510,862.25)
Proceeds (purchases) home purchase program	0.00	0.00	(144,519.60)	136,925.58
<b>Net cash (used) in investing activities</b>	<u>(70,624.00)</u>	<u>(347,050.00)</u>	<u>(1,171,539.48)</u>	<u>(1,373,936.67)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,005,703.11)	(1,005,703.11)
(Capital lease payments)	<u>(2,473.47)</u>	<u>(3,344.23)</u>	<u>(1,034,421.23)</u>	<u>(996,214.94)</u>
<b>Net cash (used) in financing activities</b>	<u>(114,218.26)</u>	<u>(115,089.02)</u>	<u>(2,040,124.34)</u>	<u>(2,001,918.05)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(3,600,569.14)	(5,287,699.41)	15,690,292.56	17,073,041.47
Cash and cash equivalents at beginning of period	46,406,205.59	47,754,952.01	27,115,343.89	25,394,211.13
<b>Cash and cash equivalents at end of period</b>	<u>\$ 42,805,636.45</u>	<u>\$ 42,467,252.60</u>	<u>\$ 42,805,636.45</u>	<u>\$ 42,467,252.60</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<u>\$ (548,337.95)</u>	<u>\$ (1,469,857.44)</u>	<u>\$ 3,180,325.98</u>	<u>\$ (1,151,144.93)</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	295,278.59	291,536.62	2,807,184.96	2,463,946.46
Unrealized (gain) loss	0.00	193,660.60	0.00	193,660.60
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	0.00	0.00	5,907.42	32,587.98
Interest expense on leases	928.03	3,590.82	8,088.15	22,884.15
Miscellaneous allowances	(0.00)	0.00	(0.00)	0.00
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	0.00	0.00	285,991.47	270,176.91
Accounts receivable	(761,430.43)	(820,531.37)	(878,421.05)	(307,504.45)
Interest receivable	(5,910.95)	(9,302.69)	(3,305.38)	(1,509.22)
Prepaid expenses	60,700.84	138,495.82	(196,784.65)	(139,640.08)
Other assets	31,766.82	(456.72)	33,080.89	(456.73)
Increase (decrease) in liabilities:				
Accounts payable	2,267,115.39	1,124,120.27	(426,676.54)	500,703.76
Accrued employee compensation	504,569.61	987,187.88	(1,880,041.41)	2,502,551.40
Other non current liabilities	343.09	(3,648.42)	13,132.73	(48,558.26)
Other current liabilities	<u>(5,260,749.92)</u>	<u>(5,260,355.76)</u>	<u>15,953,473.81</u>	<u>16,111,198.60</u>
<b>Total adjustments</b>	<u>(2,867,388.93)</u>	<u>(3,355,702.95)</u>	<u>15,721,630.40</u>	<u>21,600,041.12</u>
<b>Net cash (used) in operating activities</b>	<u>\$ (3,415,726.88)</u>	<u>\$ (4,825,560.39)</u>	<u>\$ 18,901,956.38</u>	<u>\$ 20,448,896.19</u>

**National Credit Union Administration Operating Fund  
(Before Overhead Transfer)  
Year-To-Date Budget Report Analysis  
September 30, 2007**

	2007				2006			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	66,597,169	65,996,423	(600,745)	-0.9%	66,341,405	64,620,802	(1,720,603)	-2.6%
<b>Benefits</b>	18,172,134	17,598,840	(573,294)	-3.2%	17,967,907	17,714,151	(253,755)	-1.4%
<b>Travel</b>	10,247,969	10,776,839	528,869	5.2%	10,323,269	10,055,458	(267,812)	-2.6%
<b>Rent, Communications, &amp; Utilities</b>	2,980,318	3,121,397	141,079	4.7%	2,999,853	2,934,518	(65,335)	-2.2%
<b>Administrative</b>	8,991,831	7,013,804	(1,978,028)	-22.0%	8,797,694	7,257,722	(1,539,972)	-17.5%
<b>Contracted Services</b>	6,561,704	4,868,783	(1,692,920)	-25.8%	6,661,267	5,078,479	(1,582,787)	-23.8%
<b>TOTAL</b>	113,551,125	109,376,086	(4,175,039)	-3.7%	113,091,394	107,661,130	(5,430,265)	-4.8%

**Percent Over (Under) Budget  
September 30, 2007**

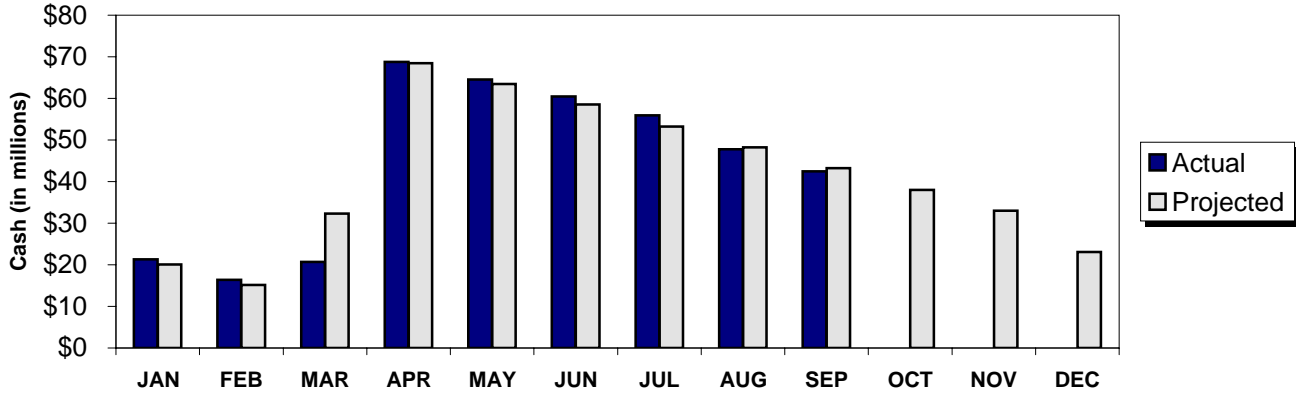


# National Credit Union Administration Operating Fund

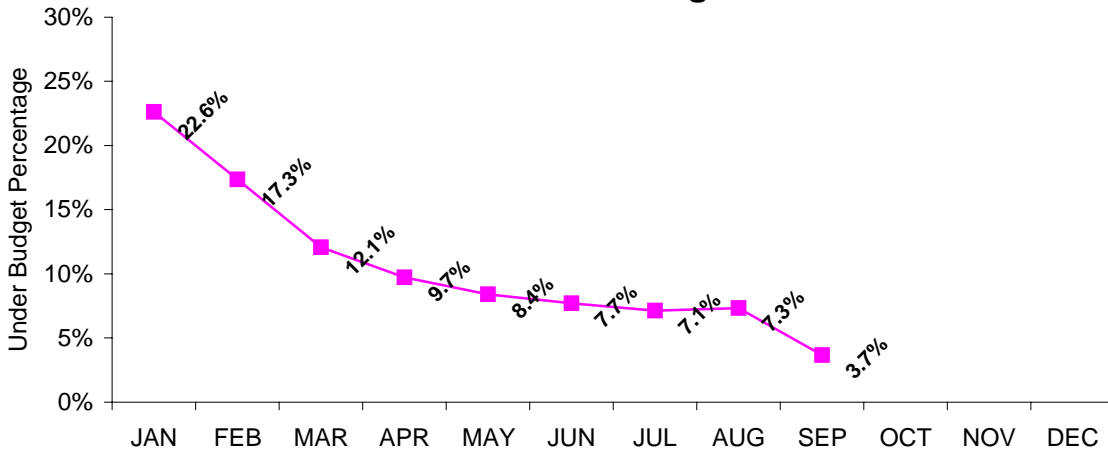
## Graphs

September 30, 2007

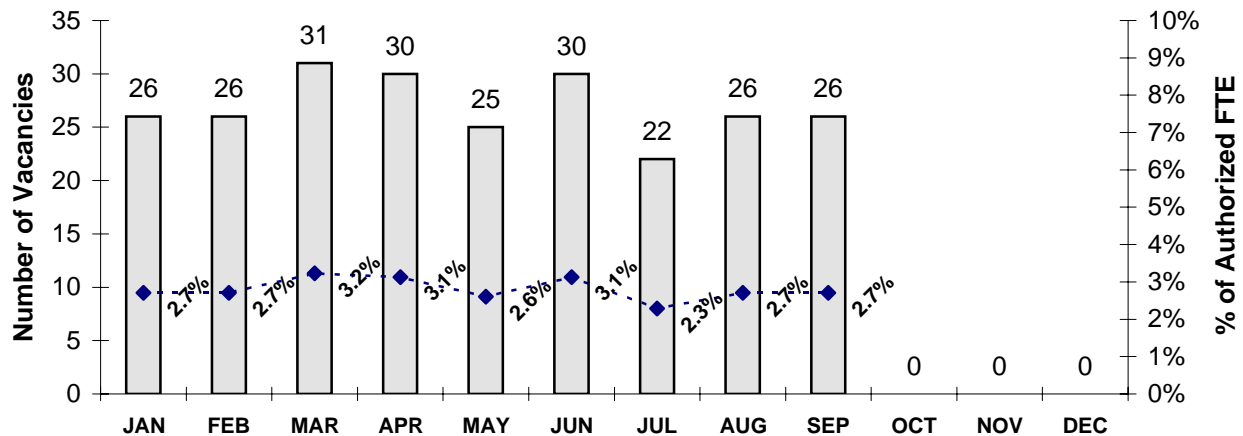
### Actual & Projected Cash Balance



### Year-To-Date Budget Variance



### Vacancies



**National Credit Union Administration Operating Fund**  
**Ratios**  
**September 30, 2007**

<b>BALANCE SHEET</b>	<b>September 2006</b>	<b>September 2007</b>
<u>Liquid assets / Total assets</u>	52.18%	53.27%
<u>Current assets / Total assets</u>	55.87%	56.85%
<u>Fixed assets / Total assets</u>	44.13%	43.15%
<u>Current liabilities / Total assets</u>	42.18%	42.37%
<u>Non current liabilities / Total assets</u>	30.88%	28.91%
<u>Retained earnings / Total assets</u>	26.94%	28.71%
 <b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Program related income / Total revenue</u>	96.30%	95.96%
<u>YTD Interest &amp; other income / Total revenue</u>	3.70%	4.04%
<u>YTD Expenses / Total revenue</u>	93.57%	102.31%
<u>YTD Net income / Total revenue</u>	6.43%	-2.31%
<u>Monthly interest income to average investments (annualized)</u>	5.85%	4.84%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$13,996	\$16,291
 <b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$15.7	\$17.1
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	57.9%	67.2%
<u>Cash and cash equivalents / Total assets</u>	52.2%	53.3%