

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
June 30, 2006***

**Dennis Winans  
Chief Financial Officer**

**National Credit Union Administration Operating Fund**  
**Financial Highlights**  
**June 30, 2006**

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**Balance Sheet**

Overnight Investments decreased \$2.7 million primarily for payment of operating expenses.

Accounts Receivable decreased \$487,000 due to the collection of operating fees; operating fees of \$63.8 million have been collected year-to-date with \$27,000 remaining to be collected.

Accounts Payable increased \$567,000 due to recognition of workers' compensation obligations.

Accrued Employee Compensation increased \$930,000 due to the accrual for 15 days at the end of June versus 13 days in the previous month. On the first working day of the month, accruals are reversed.

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

**Statement of Revenue and Expenses**

Net income of \$304,000 for the month was \$449,000 higher than planned primarily due to increased revenue as well as expenses being under budget.

**Statement of Cash Flow**

Cash decreased by \$2.7 million for the month, reflecting payments for operating expenses, fixed assets, and notes payable in excess receipts for operating fee assessments and interest income.

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

Agency spending was under budget by \$6.3 million or 8.4 percent. Pay and benefits were under budget by 3 percent. The remaining variance of \$4.6 million was derived mainly from travel, administrative, and contracted services.

**Vacancies**

The agency had 28 vacancies (excluding summer interns) as of June 24 -- down 1 from May 27. Of the 28 vacancies, there were 14 vacancies in the central office, 4 vacancies in the regional offices and AMAC, and 10 vacancies in the field staff. The 28 vacancies represent 2.9 percent of total authorized staff of 957.92.

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

	June 2005	May 2006	June 2006
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$ 5,592.71	\$ 5,829.00	\$ 5,464.62
Overnight Investments	54,559,000.00	61,600,000.00	58,865,000.00
Accounts Receivable	651,250.30	1,609,319.12	980,827.33
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	748,928.43	855,555.38	753,298.37
Home Purchase Program	281,564.13	943,427.55	943,427.55
Other	(1,060.03)	0.00	0.00
<i>Total Current Assets</i>	<u>56,245,275.54</u>	<u>65,014,131.05</u>	<u>61,548,017.87</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,123,871.00	27,321,883.00	27,248,972.00
Capital Lease	816,228.27	2,561,043.87	2,485,754.87
Equipment	2,083,921.09	2,917,036.17	2,925,088.17
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>34,970,284.31</u>	<u>36,746,226.99</u>	<u>36,606,078.99</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 91,215,559.85</u></u>	<u><u>\$ 101,760,358.04</u></u>	<u><u>\$ 98,154,096.86</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	\$ 1,088,550.20	\$ 1,405,780.46	\$ 1,973,113.94
Accrued Employee Compensation	15,603,246.60	15,469,767.79	16,400,073.98
Other Current Liabilities	31,062,082.34	37,235,973.37	31,940,573.02
<i>Total Current Liabilities</i>	<u>47,753,879.14</u>	<u>54,111,521.62</u>	<u>50,313,760.94</u>
Non-Current Liabilities			
Notes Payable	24,472,110.15	23,242,917.46	23,131,172.67
Other	815,930.48	2,771,187.30	2,770,128.19
<i>Total Non-Current Liabilities</i>	<u>25,288,040.63</u>	<u>26,014,104.76</u>	<u>25,901,300.86</u>
<b>TOTAL LIABILITIES</b>	<u><u>73,041,919.77</u></u>	<u><u>80,125,626.38</u></u>	<u><u>76,215,061.80</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	14,934,623.95	18,920,096.18	18,920,096.18
Current Year Earnings	3,239,016.13	2,714,635.48	3,018,938.88
<b>TOTAL FUND BALANCE</b>	<u><u>18,173,640.08</u></u>	<u><u>21,634,731.66</u></u>	<u><u>21,939,035.06</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 91,215,559.85</u></u>	<u><u>\$ 101,760,358.04</u></u>	<u><u>\$ 98,154,096.86</u></u>

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

	June 2006 Monthly Actual	June 2006 Monthly Budget	June 2006 Year-To-Date Actual	June 2006 Year-To-Date Budget	June 2005 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$ 260,377.19	\$ 108,333.00	\$ 953,909.31	\$ 649,998.00	\$ 525,202.40
Program-related Income	5,319,381.06	5,204,167.00	31,696,639.84	31,225,002.00	30,966,269.35
Other Income	15,183.50	8,333.00	68,911.03	49,998.00	84,652.92
Total Revenue	<u>5,594,941.75</u>	<u>5,320,833.00</u>	<u>32,719,460.18</u>	<u>31,924,998.00</u>	<u>31,576,124.67</u>
<b>EXPENSES:</b>					
Employee Pay	3,096,263.17	3,218,409.00	18,342,259.73	19,017,870.00	17,559,513.26
Employee Benefits	1,031,310.54	871,674.00	5,087,418.60	5,150,800.00	4,594,939.00
Employee Travel	453,508.79	494,746.00	2,234,484.07	2,968,476.00	2,101,671.63
Rent/Communications/Utilities	121,874.74	142,878.00	776,188.08	857,268.00	761,117.13
Administrative Costs	350,710.48	419,259.00	2,146,929.64	2,515,554.00	2,298,409.34
Contracted Services	236,970.63	318,261.00	1,113,241.18	1,909,566.00	1,021,458.18
Total Expenses	<u>5,290,638.35</u>	<u>5,465,227.00</u>	<u>29,700,521.30</u>	<u>32,419,534.00</u>	<u>28,337,108.54</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 304,303.40</u>	<u>\$ (144,394.00)</u>	<u>\$ 3,018,938.88</u>	<u>\$ (494,536.00)</u>	<u>\$ 3,239,016.13</u>

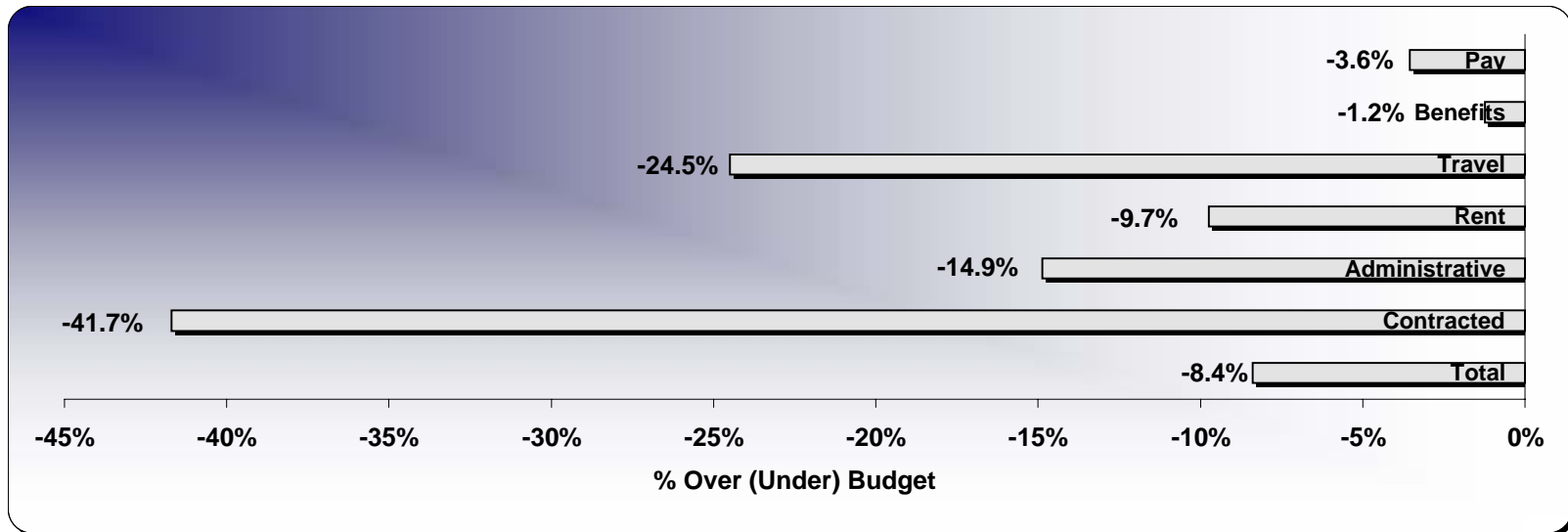
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**June 30, 2006**

	Month June 2005	Month June 2006	Y-T-D June 2005	Y-T-D June 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$ 147,937.27	\$ 486,869.03	\$ 61,929,577.08	\$ 63,754,331.22
Interest received from cash and cash equivalents	144,895.40	260,377.19	525,202.40	953,909.31
Other income received	9,977.85	15,183.50	84,652.92	68,911.03
(Cash paid for operating expenses)	<u>(4,557,510.78)</u>	<u>(3,230,388.84)</u>	<u>(23,966,504.99)</u>	<u>(30,438,457.27)</u>
<b>Net cash (used) in operating activities</b>	<u>(4,254,700.26)</u>	<u>(2,467,959.12)</u>	<u>38,572,927.41</u>	<u>34,338,694.29</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(58,924.76)	(153,187.00)	(571,879.15)	(542,096.06)
Proceeds (purchases) home purchase program	0.00	0.00	(248,469.06)	(667,585.94)
<b>Net cash (used) in investing activities</b>	<u>(58,924.76)</u>	<u>(153,187.00)</u>	<u>(820,348.21)</u>	<u>(1,209,682.00)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(670,468.74)	(670,468.74)
(Capital lease payments)	<u>(1,129.00)</u>	<u>(2,473.47)</u>	<u>(744,320.42)</u>	<u>(703,422.82)</u>
<b>Net cash (used) in financing activities</b>	<u>(112,873.79)</u>	<u>(114,218.26)</u>	<u>(1,414,789.16)</u>	<u>(1,373,891.56)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(4,426,498.81)	(2,735,364.38)	36,337,790.04	31,755,120.73
Cash and cash equivalents at beginning of period	58,991,091.52	61,605,829.00	18,226,802.67	27,115,343.89
<b>Cash and cash equivalents at end of period</b>	<u>\$ 54,564,592.71</u>	<u>\$ 58,870,464.62</u>	<u>\$ 54,564,592.71</u>	<u>\$ 58,870,464.62</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<u>\$ 211,723.21</u>	<u>\$ 304,303.40</u>	<u>\$ 3,239,016.13</u>	<u>\$ 3,018,938.88</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	237,171.62	293,335.00	1,595,321.71	1,916,426.24
Unrealized (gain) loss	0.00	0.00	71,478.11	0.00
(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	13,524.98	0.00
Interest expense on leases	318.00	1,020.20	12,234.54	10,848.28
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	211,747.06	195,932.50
Accounts receivable	(129,902.84)	628,491.79	176,311.75	185,758.49
Interest receivable	0.00	0.00	0.00	2,605.57
Prepaid expenses	162,659.21	102,257.01	(160,921.33)	(349,434.84)
Other assets	(35.10)	0.00	1,060.03	(0.00)
Increase (decrease) in liabilities:				
Accounts payable	(169,893.42)	567,333.48	(1,230,029.27)	(2,419,013.94)
Accrued employee compensation	803,576.39	930,306.19	3,642,459.36	(111,731.72)
Other non current liabilities	0.00	394.16	(0.00)	3,224.40
Other current liabilities	<u>(5,370,317.33)</u>	<u>(5,295,400.35)</u>	<u>31,000,724.34</u>	<u>31,885,140.43</u>
<b>Total adjustments</b>	<u>(4,466,423.47)</u>	<u>(2,772,262.52)</u>	<u>35,333,911.28</u>	<u>31,319,755.41</u>
<b>Net cash (used) in operating activities</b>	<u>\$ (4,254,700.26)</u>	<u>\$ (2,467,959.12)</u>	<u>\$ 38,572,927.41</u>	<u>\$ 34,338,694.29</u>

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

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	44,227,604	42,656,418	(1,571,186)	-3.6%	44,346,706	40,836,077	(3,510,628)	-7.9%
<b>Benefits</b>	11,978,606	11,831,206	(147,400)	-1.2%	11,462,161	10,685,905	(776,257)	-6.8%
<b>Travel</b>	6,882,180	5,196,475	(1,685,705)	-24.5%	6,409,448	4,887,608	(1,521,840)	-23.7%
<b>Rent, Communications, &amp; Utilities</b>	1,999,902	1,805,089	(194,813)	-9.7%	1,965,050	1,770,040	(195,010)	-9.9%
<b>Administrative</b>	5,865,129	4,992,860	(872,269)	-14.9%	5,249,184	5,345,138	95,954	1.8%
<b>Contracted Services</b>	4,440,845	2,588,933	(1,851,912)	-41.7%	4,143,209	2,375,484	(1,767,725)	-42.7%
<b>TOTAL</b>	75,394,264	69,070,980	(6,323,285)	-8.4%	73,575,758	65,900,252	(7,675,506)	-10.4%

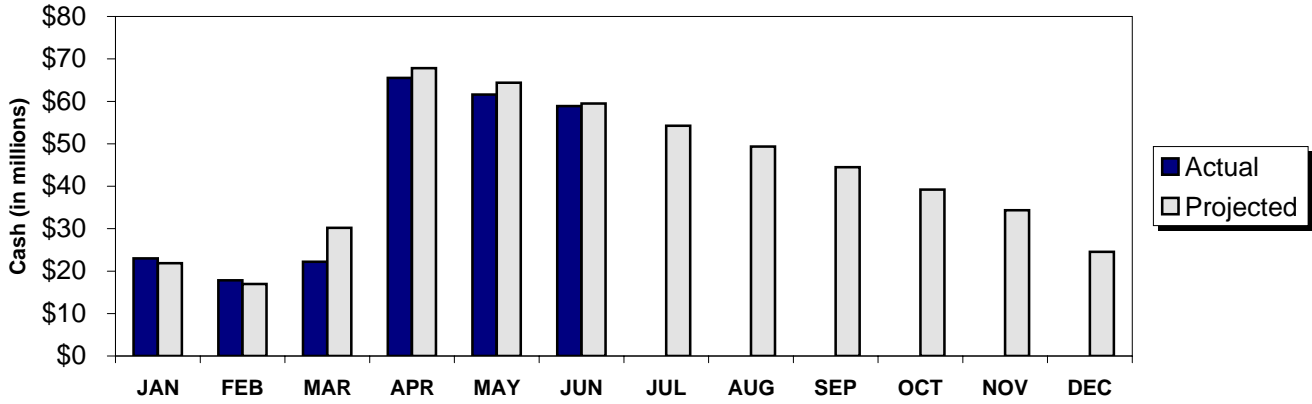
**Percent Over (Under) Budget**  
**June 30, 2006**



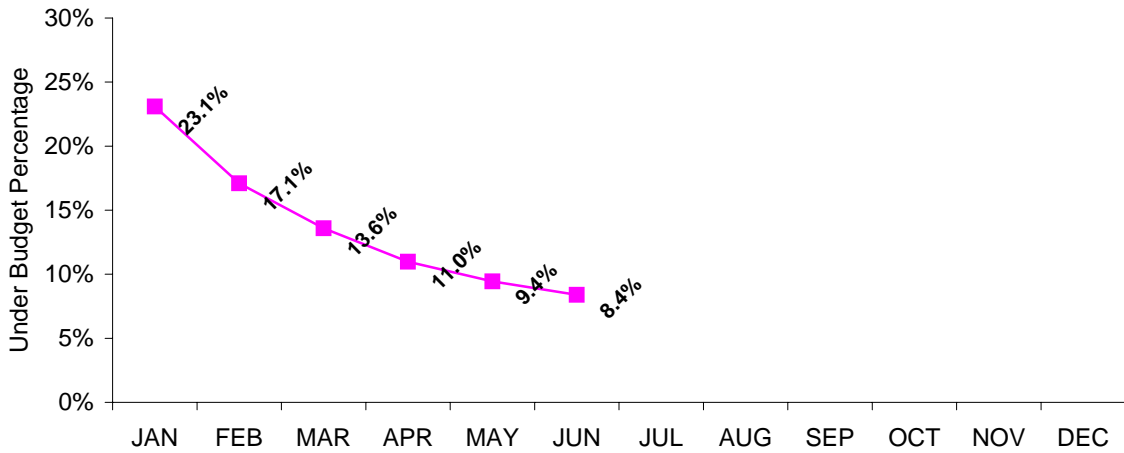
# National Credit Union Administration Operating Fund

Graphs  
June 30, 2006

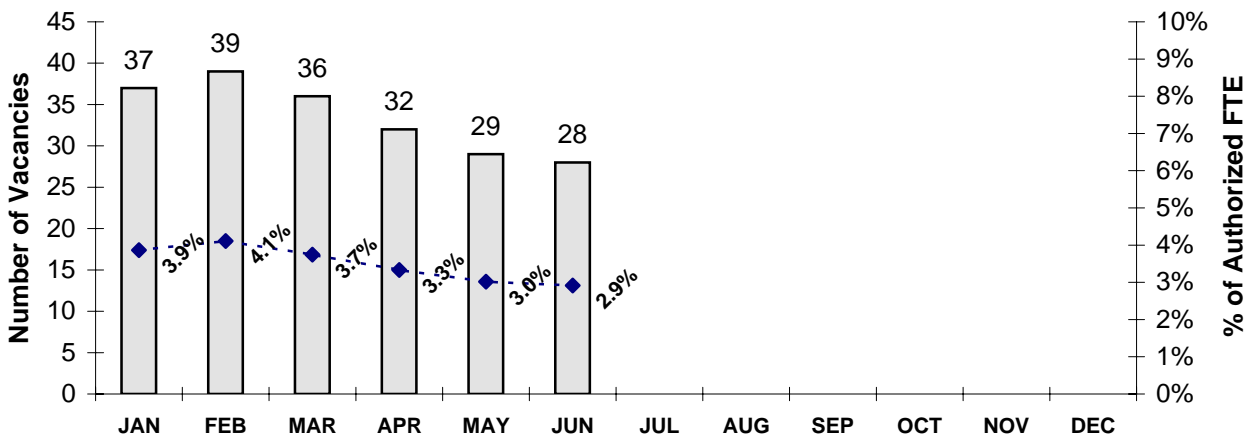
## Actual & Projected Cash Balance



## Year-To-Date Budget Variance



## Vacancies



**National Credit Union Administration Operating Fund**  
**Ratios**  
**June 30, 2006**

<b>BALANCE SHEET</b>	<b>June 2005</b>	<b>June 2006</b>
<u>Liquid assets / Total assets</u>	59.82%	59.98%
<u>Current assets / Total assets</u>	61.66%	62.71%
<u>Fixed assets / Total assets</u>	38.34%	37.29%
<u>Current liabilities / Total assets</u>	52.35%	51.26%
<u>Non current liabilities / Total assets</u>	27.72%	26.39%
<u>Retained earnings / Total assets</u>	19.92%	22.35%
 <b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Program related income / Total revenue</u>	98.07%	96.87%
<u>YTD Interest &amp; other income / Total revenue</u>	1.93%	3.13%
<u>YTD Expenses / Total revenue</u>	89.74%	90.77%
<u>YTD Net income / Total revenue</u>	10.26%	9.23%
<u>Monthly interest income to average investments (annualized)</u>	3.06%	5.19%
<u>YTD Travel, before overhead transfer, per full-time equivalent (annualized)</u>	\$10,172	\$10,849
 <b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$36.3	\$31.8
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	199.4%	117.1%
<u>Cash and cash equivalents / Total assets</u>	59.8%	60.0%