

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
May 31, 2006***

**Dennis Winans  
Chief Financial Officer**

**National Credit Union Administration Operating Fund**  
**Financial Highlights**  
**May 31, 2006**

**Balance Sheet**

Overnight Investments decreased \$3.9 million primarily for payment of operating expenses.

Accounts Receivable decreased \$247,000 due to the collection of operating fees; operating fees of \$63.3 million have been collected year-to-date with \$513,000 remaining to be collected.

Accounts Payable decreased \$115,000 due to payment of vendor invoices.

Accrued Employee Compensation increased \$1.2 million due to the accrual for 13 days at the end of May versus 10 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 \$175,000 for the month was \$505,000 higher than planned primarily due to increased revenue as well as employee pay and benefits expenses being under budget.

**Statement of Cash Flow**

Cash decreased by \$3.9 million for the month, reflecting payments for operating expenses, fixed assets, and notes payable in excess of receipts for operating fee assessments.

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

Agency spending was under budget by \$5.9 million or 9.4 percent. Pay and benefits were under budget by 3.9 percent. The remaining variance of \$4.1 million was derived mainly from travel, administrative, and contracted services.

**Vacancies**

The agency had 29 vacancies as of May 27, -- down 3 from April 29. Of the 29 vacancies, there were 12 vacancies in the central office, 3 vacancies in the regional offices and AMAC, and 14 vacancies in the field staff. The 29 vacancies represent 3.0 percent of total authorized staff of 957.92.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**May 31, 2006**

	May 2005	April 2006	May 2006
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$ 5,091.52	\$ 5,767.11	\$ 5,829.00
Overnight Investments	58,986,000.00	65,513,000.00	61,600,000.00
Accounts Receivable	521,347.46	1,856,311.58	1,609,319.12
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	911,587.64	892,021.90	855,555.38
Home Purchase Program	281,564.13	943,427.55	943,427.55
Other	(1,095.13)	(160.03)	0.00
<i>Total Current Assets</i>	<u>60,704,495.62</u>	<u>69,210,368.11</u>	<u>65,014,131.05</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	28,196,782.00	27,394,788.00	27,321,883.00
Capital Lease	867,477.13	2,636,118.08	2,561,043.87
Equipment	2,138,008.09	2,887,926.17	2,917,036.17
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>35,148,531.17</u>	<u>36,865,096.20</u>	<u>36,746,226.99</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 95,853,026.79</u></u>	<u><u>\$ 106,075,464.31</u></u>	<u><u>\$ 101,760,358.04</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	\$ 1,258,443.62	\$ 1,673,215.81	\$ 1,405,780.46
Accrued Employee Compensation	14,799,670.21	14,297,045.25	15,469,767.79
Other Current Liabilities	36,432,399.67	42,521,053.58	37,235,973.37
<i>Total Current Liabilities</i>	<u>52,490,513.50</u>	<u>58,491,314.64</u>	<u>54,111,521.62</u>
Non-Current Liabilities			
Notes Payable	24,583,854.94	23,354,662.25	23,242,917.46
Other	816,741.48	2,769,272.87	2,771,187.30
<i>Total Non-Current Liabilities</i>	<u>25,400,596.42</u>	<u>26,123,935.12</u>	<u>26,014,104.76</u>
<b>TOTAL LIABILITIES</b>	<u><u>77,891,109.92</u></u>	<u><u>84,615,249.76</u></u>	<u><u>80,125,626.38</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	14,934,623.95	18,920,096.18	18,920,096.18
Current Year Earnings	3,027,292.92	2,540,118.37	2,714,635.48
<b>TOTAL FUND BALANCE</b>	<u><u>17,961,916.87</u></u>	<u><u>21,460,214.55</u></u>	<u><u>21,634,731.66</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 95,853,026.79</u></u>	<u><u>\$ 106,075,464.31</u></u>	<u><u>\$ 101,760,358.04</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expenses**  
**May 31, 2006**

	May 2006 Monthly Actual	May 2006 Monthly Budget	May 2006 Year-To-Date Actual	May 2006 Year-To-Date Budget	May 2005 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$ 295,973.27	\$ 108,333.00	\$ 693,532.12	\$ 541,665.00	\$ 380,307.00
Program-related Income	5,314,935.00	5,204,167.00	26,377,258.78	26,020,835.00	25,795,329.39
Other Income	5,914.50	8,333.00	53,727.53	41,665.00	74,675.07
Total Revenue	<u>5,616,822.77</u>	<u>5,320,833.00</u>	<u>27,124,518.43</u>	<u>26,604,165.00</u>	<u>26,250,311.46</u>
<b>EXPENSES:</b>					
Employee Pay	3,248,503.76	3,364,700.00	15,245,996.56	15,799,461.00	14,543,801.66
Employee Benefits	878,688.20	911,295.00	4,056,108.06	4,279,126.00	3,812,747.14
Employee Travel	541,307.40	494,746.00	1,780,975.28	2,473,730.00	1,616,056.62
Rent/Communications/Utilities	165,161.66	142,878.00	654,313.34	714,390.00	596,034.18
Administrative Costs	343,377.36	419,259.00	1,796,219.16	2,096,295.00	1,873,480.76
Contracted Services	265,267.28	318,261.00	876,270.55	1,591,305.00	780,898.18
Total Expenses	<u>5,442,305.66</u>	<u>5,651,139.00</u>	<u>24,409,882.95</u>	<u>26,954,307.00</u>	<u>23,223,018.54</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 174,517.11</u>	<u>\$ (330,306.00)</u>	<u>\$ 2,714,635.48</u>	<u>\$ (350,142.00)</u>	<u>\$ 3,027,292.92</u>

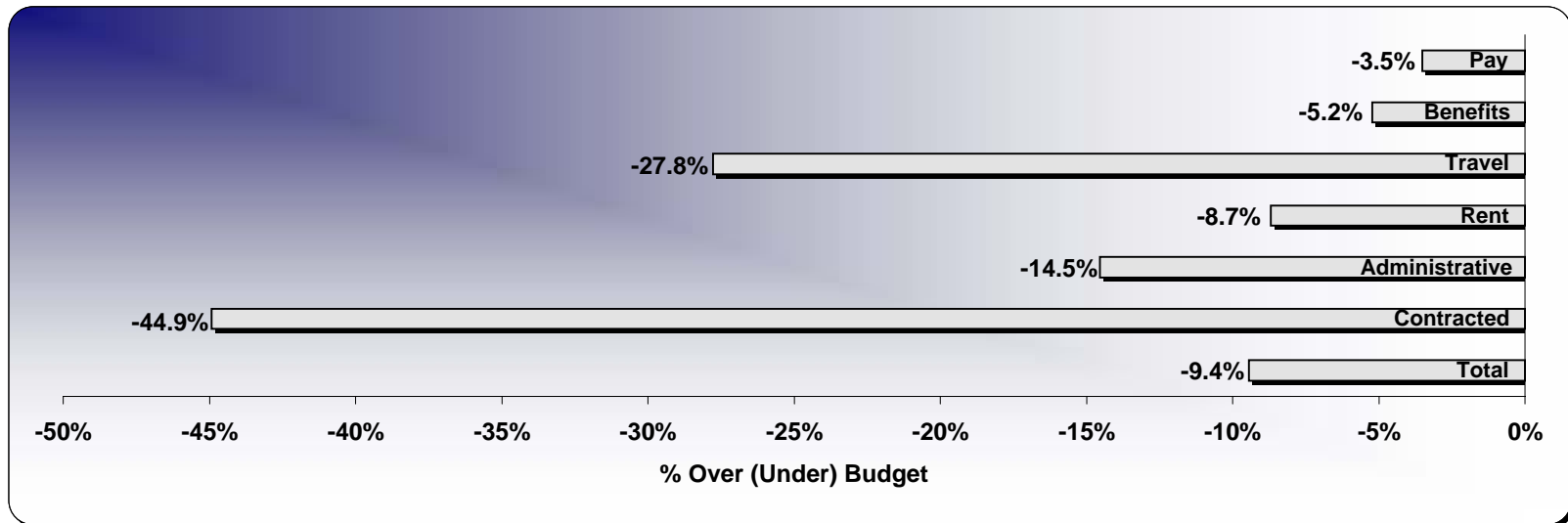
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**May 31, 2006**

	Month May 2005	Month May 2006	Y-T-D May 2005	Y-T-D May 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$ 1,264,298.06	\$ 667,458.34	\$ 61,781,639.81	\$ 63,267,462.19
Interest received from cash and cash equivalents	165,941.01	295,973.27	380,307.00	693,532.12
Other income received	11,598.40	5,914.50	74,675.07	53,727.53
(Cash paid for operating expenses)	(3,860,393.98)	(4,597,169.18)	(19,408,994.21)	(27,208,068.43)
<b>Net cash (used) in operating activities</b>	<u>(2,418,556.51)</u>	<u>(3,627,823.07)</u>	<u>42,827,627.67</u>	<u>36,806,653.41</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	(175,633.20)	(170,896.78)	(512,954.39)	(388,909.06)
Proceeds (purchases) home purchase program	248,717.85	0.00	(248,469.06)	(667,585.94)
<b>Net cash (used) in investing activities</b>	<u>73,084.65</u>	<u>(170,896.78)</u>	<u>(761,423.45)</u>	<u>(1,056,495.00)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(558,723.95)	(558,723.95)
(Capital lease payments)	(2,047.94)	(2,473.47)	(743,191.42)	(700,949.35)
<b>Net cash (used) in financing activities</b>	<u>(113,792.73)</u>	<u>(114,218.26)</u>	<u>(1,301,915.37)</u>	<u>(1,259,673.30)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(2,459,264.59)	(3,912,938.11)	40,764,288.85	34,490,485.11
Cash and cash equivalents at beginning of period	61,450,356.11	65,518,767.11	18,226,802.67	27,115,343.89
<b>Cash and cash equivalents at end of period</b>	<u>\$ 58,991,091.52</u>	<u>\$ 61,605,829.00</u>	<u>\$ 58,991,091.52</u>	<u>\$ 61,605,829.00</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	\$ 461,396.83	\$ 174,517.11	\$ 3,027,292.92	\$ 2,714,635.48
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	303,274.20	289,765.99	1,358,150.09	1,623,091.24
Unrealized (gain) loss	27,358.37	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	13,524.98	0.00	13,524.98	0.00
Interest expense on leases	325.00	2,309.38	11,916.54	9,828.08
Miscellaneous allowances	0.00	0.00	(0.00)	0.00
<b>Change in current assets and liabilities</b>				
<b>(Increase) decrease in assets:</b>				
SIF repayment of Operating Fund for leases	0.00	0.00	211,747.06	195,932.50
Accounts receivable	1,325,575.69	246,992.46	306,214.59	(442,733.30)
Interest receivable	0.00	0.00	0.00	2,605.57
Prepaid expenses	(248,561.80)	36,466.52	(323,580.54)	(451,691.85)
Other assets	595.13	(160.03)	1,095.13	(0.00)
<b>Increase (decrease) in liabilities:</b>				
Accounts payable	(44,394.01)	(267,435.35)	(1,060,135.85)	(2,986,347.42)
Accrued employee compensation	691,493.31	1,172,722.54	2,838,882.97	(1,042,037.91)
Other non current liabilities	(0.00)	2,078.52	(0.00)	2,830.24
Other current liabilities	(4,949,144.21)	(5,285,080.21)	36,371,041.67	37,180,540.78
<b>Total adjustments</b>	<u>(2,879,953.34)</u>	<u>(3,802,340.18)</u>	<u>39,800,334.75</u>	<u>34,092,017.93</u>
<b>Net cash (used) in operating activities</b>	<u>\$ (2,418,556.51)</u>	<u>\$ (3,627,823.07)</u>	<u>\$ 42,827,627.67</u>	<u>\$ 36,806,653.41</u>

**National Credit Union Administration Operating Fund  
(Before Overhead Transfer)  
Year-To-Date Budget Report Analysis  
May 31, 2006**

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	36,742,761	35,455,806	(1,286,955)	-3.5%	36,786,772	33,822,795	(2,963,977)	-8.1%
<b>Benefits</b>	9,952,759	9,432,809	(519,949)	-5.2%	9,509,460	8,866,854	(642,607)	-6.8%
<b>Travel</b>	5,735,150	4,141,803	(1,593,347)	-27.8%	5,341,207	3,758,271	(1,582,936)	-29.6%
<b>Rent, Communications, &amp; Utilities</b>	1,666,585	1,521,659	(144,926)	-8.7%	1,637,542	1,386,126	(251,416)	-15.4%
<b>Administrative</b>	4,887,608	4,177,254	(710,354)	-14.5%	4,374,320	4,356,932	(17,388)	-0.4%
<b>Contracted Services</b>	3,700,704	2,037,838	(1,662,865)	-44.9%	3,452,674	1,816,042	(1,636,632)	-47.4%
<b>TOTAL</b>	62,685,566	56,767,170	(5,918,396)	-9.4%	61,101,975	54,007,020	(7,094,955)	-11.6%

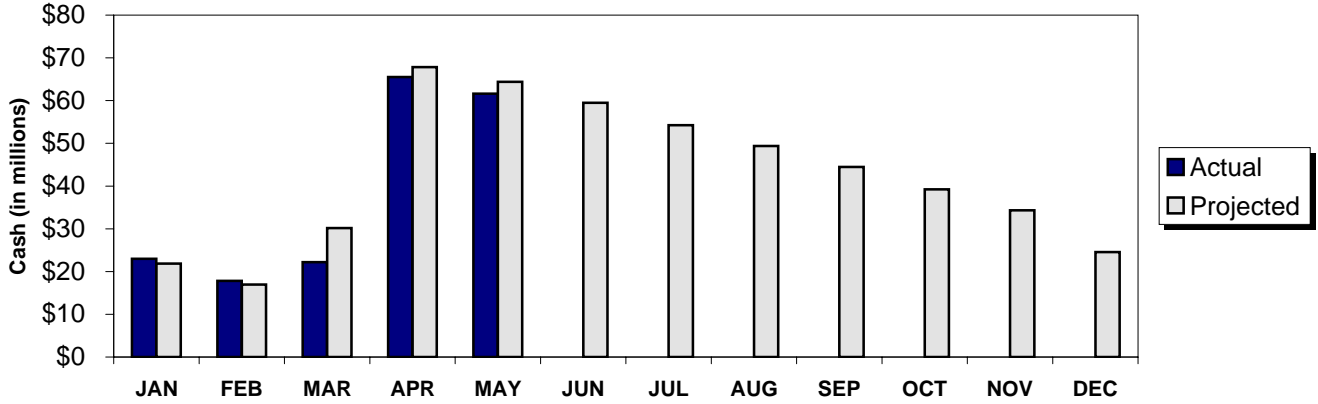
**Percent Over (Under) Budget  
May 31, 2006**



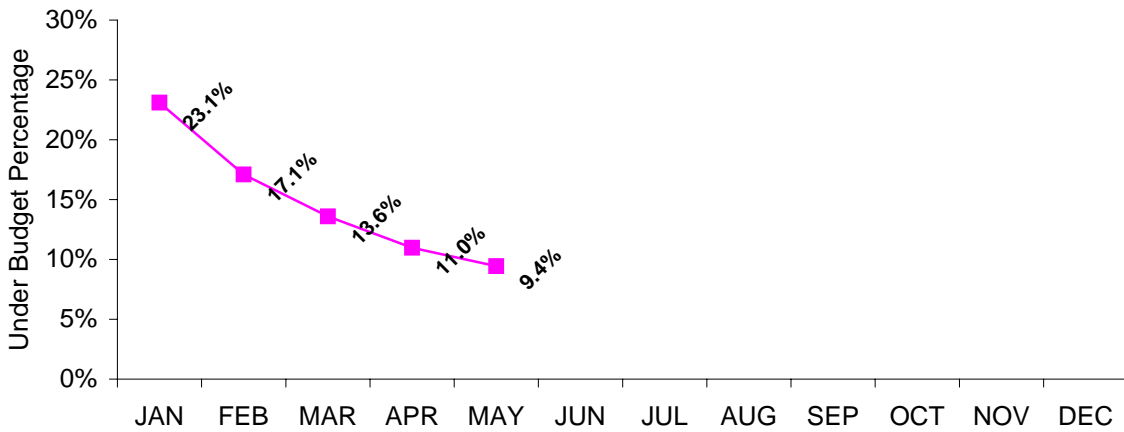
# National Credit Union Administration Operating Fund

Graphs  
May 31, 2006

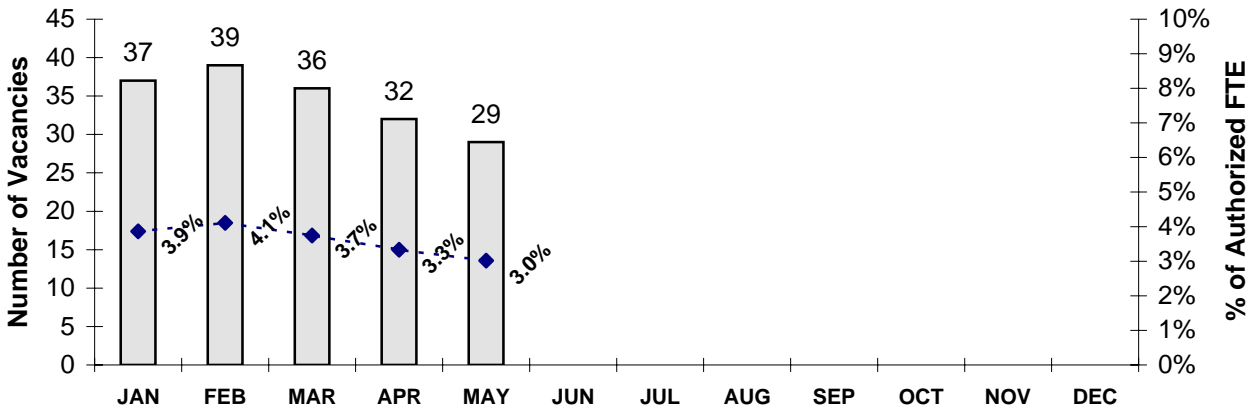
## Actual & Projected Cash Balance



## Year-To-Date Budget Variance



## Vacancies



**National Credit Union Administration Operating Fund**  
**Ratios**  
**May 31, 2006**

<b>BALANCE SHEET</b>	<b>May 2005</b>	<b>May 2006</b>
<u>Liquid assets / Total assets</u>	61.54%	60.54%
<u>Current assets / Total assets</u>	63.33%	63.89%
<u>Fixed assets / Total assets</u>	36.67%	36.11%
<u>Current liabilities / Total assets</u>	54.76%	53.18%
<u>Non current liabilities / Total assets</u>	26.50%	25.56%
<u>Retained earnings / Total assets</u>	18.74%	21.26%
 <b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Program related income / Total revenue</u>	98.27%	97.25%
<u>YTD Interest &amp; other income / Total revenue</u>	1.73%	2.75%
<u>YTD Expenses / Total revenue</u>	88.47%	89.99%
<u>YTD Net income / Total revenue</u>	11.53%	10.01%
<u>Monthly interest income to average investments (annualized)</u>	3.31%	5.59%
<u>YTD Travel, before overhead transfer, per full-time equivalent (annualized)</u>	\$9,386	\$10,377
 <b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$40.8	\$34.5
<u>Cash end of month - Cash beginning of year / Cash BOY</u>	223.7%	127.2%
<u>Cash and cash equivalents / Total assets</u>	61.5%	60.5%