

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
October 31, 2006***

**Dennis Winans  
Chief Financial Officer**

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

**Balance Sheet**

Overnight Investments decreased \$3.2 million for payment of operating expenses.

Accounts Receivable decreased \$1.1 million primarily due to the receipt of payment on the operating receivable from the Share Insurance Fund.

Accounts Payable decreased \$1.2 million due to payment of routine vendor invoices.

Accrued Employee Compensation had a net increase of \$758,000 due to the accrual for 12 days at the end of October versus 10 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.4 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 \$914,000 higher than planned primarily due to increased revenue as well as all expense categories being under budget.

**Statement of Cash Flow**

Cash decreased by \$3.7 million for the month, reflecting payments for operating expenses, notes payable, and capital leases in excess of receipts from interest income.

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

Agency spending was under budget by \$7.8 million or 6.2 percent. Pay, benefits, and travel were under budget by 3.4 percent. The remaining variance of \$4.2 million was derived mainly from administrative and contracted services.

**Vacancies**

The agency had 23 vacancies as of October 28, 2006. Of the 23 vacancies, there were 17 vacancies in the central offices, 3 vacancies in the regional offices and AMAC, and 3 vacancies in the field staff. The 23 vacancies represent 2.4 percent of total authorized staff of 957.92.

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

	October 2005	September 2006	October 2006
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$ 5,224.11	\$ 500,636.45	\$ 5,587.47
Overnight Investments	36,972,000.00	42,305,000.00	39,109,000.00
Accounts Receivable	377,708.31	2,045,006.87	933,324.24
Interest Receivable	0.00	5,910.95	0.00
Prepaid Expenses	594,894.37	600,648.18	524,504.00
Home Purchase Program	281,564.13	381,372.90	381,372.90
Other	40.00	0.00	66,146.19
<i>Total Current Assets</i>	<u>38,231,430.92</u>	<u>45,838,575.35</u>	<u>41,019,934.80</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	27,832,237.00	27,268,188.10	27,195,277.10
Capital Lease	505,844.10	2,259,621.95	2,184,271.95
Equipment	2,620,710.09	2,726,170.09	2,585,059.09
Other	0.00	0.00	0.00
<i>Total Property, Plant, and Equipment</i>	<u>34,905,055.14</u>	<u>36,200,244.09</u>	<u>35,910,872.09</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 73,136,486.06</u></u>	<u><u>\$ 82,038,819.44</u></u>	<u><u>\$ 76,930,806.89</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	\$ 4,631,165.25	\$ 3,965,451.34	\$ 2,765,470.06
Accrued Employee Compensation	15,049,444.20	14,631,764.29	15,389,891.51
Other Current Liabilities	10,408,981.66	16,008,906.40	10,628,337.93
<i>Total Current Liabilities</i>	<u>30,089,591.11</u>	<u>34,606,122.03</u>	<u>28,783,699.50</u>
Non-Current Liabilities			
Notes Payable	24,025,130.99	22,795,938.30	22,684,193.51
Other	331,818.42	2,536,336.95	2,304,444.34
<i>Total Non-Current Liabilities</i>	<u>24,356,949.41</u>	<u>25,332,275.25</u>	<u>24,988,637.85</u>
<b>TOTAL LIABILITIES</b>	<u><u>54,446,540.52</u></u>	<u><u>59,938,397.28</u></u>	<u><u>53,772,337.35</u></u>
<b>FUND BALANCE:</b>			
Beginning Balance	14,934,623.95	18,920,096.18	18,920,096.18
Current Year Earnings	3,755,321.59	3,180,325.98	4,238,373.36
<b>TOTAL FUND BALANCE</b>	<u><u>18,689,945.54</u></u>	<u><u>22,100,422.16</u></u>	<u><u>23,158,469.54</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 73,136,486.06</u></u>	<u><u>\$ 82,038,819.44</u></u>	<u><u>\$ 76,930,806.89</u></u>

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

	October 2006 Monthly Actual	October 2006 Monthly Budget	October 2006 Year-To-Date Actual	October 2006 Year-To-Date Budget	October 2005 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$ 203,778.62	\$ 108,334.00	\$ 1,878,131.58	\$ 1,083,332.00	\$ 1,091,789.55
Program-related Income	5,313,737.00	5,204,166.00	52,958,728.00	52,041,668.00	51,651,813.03
Other Income	6,190.00	8,334.00	161,457.88	83,332.00	129,042.38
Total Revenue	<u>5,523,705.62</u>	<u>5,320,834.00</u>	<u>54,998,317.46</u>	<u>53,208,332.00</u>	<u>52,872,644.96</u>
<b>EXPENSES:</b>					
Employee Pay	3,087,871.60	3,218,409.00	30,874,816.38	31,745,213.00	29,845,072.06
Employee Benefits	864,211.80	871,674.00	8,481,296.88	8,597,873.00	7,635,595.59
Employee Travel	79,223.36	494,746.00	4,403,070.26	4,947,460.00	4,018,464.95
Rent/Communications/Utilities	38,247.82	142,878.00	1,300,090.48	1,428,780.00	1,341,273.69
Administrative Costs	311,849.09	419,259.00	3,432,669.41	4,192,590.00	4,306,674.01
Contracted Services	84,254.57	318,261.00	2,268,000.69	3,182,610.00	1,970,243.07
Total Expenses	<u>4,465,658.24</u>	<u>5,465,227.00</u>	<u>50,759,944.10</u>	<u>54,094,526.00</u>	<u>49,117,323.37</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 1,058,047.38</u>	<u>\$ (144,393.00)</u>	<u>\$ 4,238,373.36</u>	<u>\$ (886,194.00)</u>	<u>\$ 3,755,321.59</u>

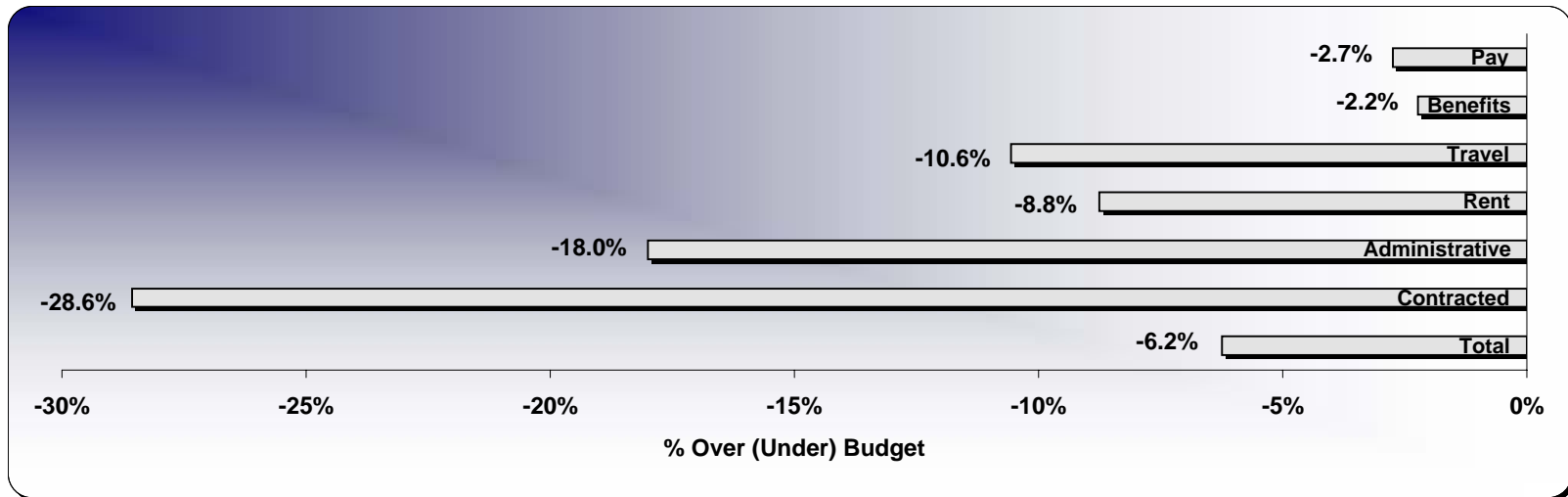
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**October 31, 2006**

	Month October 2005	Month October 2006	Y-T-D October 2005	Y-T-D October 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$ 268.24	\$ 300.00	\$ 61,949,199.74	\$ 63,780,937.04
Interest received from cash and cash equivalents	132,293.05	203,778.62	1,091,789.55	1,878,131.58
Other income received	9,899.55	6,190.00	129,042.38	161,457.88
(Cash paid for operating expenses)	(1,360,113.30)	(3,463,521.34)	(39,927,067.01)	(50,171,822.84)
<b>Net cash (used) in operating activities</b>	<u>(1,217,652.46)</u>	<u>(3,253,252.72)</u>	<u>23,242,964.66</u>	<u>15,648,703.66</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	0.00	0.00	(1,626,665.89)	(1,027,019.88)
Proceeds (purchases) home purchase program	164,696.71	0.00	(265,977.13)	(144,519.60)
<b>Net cash (used) in investing activities</b>	<u>164,696.71</u>	<u>0.00</u>	<u>(1,892,643.02)</u>	<u>(1,171,539.48)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
(Repayments) of notes payable	(111,744.79)	(111,744.79)	(1,117,447.90)	(1,117,447.90)
(Capital lease payments)	(367,477.47)	(326,051.47)	(1,482,452.30)	(1,360,472.70)
<b>Net cash (used) in financing activities</b>	<u>(479,222.26)</u>	<u>(437,796.26)</u>	<u>(2,599,900.20)</u>	<u>(2,477,920.60)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(1,532,178.01)	(3,691,048.98)	18,750,421.44	11,999,243.58
Cash and cash equivalents at beginning of period	38,509,402.12	42,805,636.45	18,226,802.67	27,115,343.89
<b>Cash and cash equivalents at end of period</b>	<u>\$ 36,977,224.11</u>	<u>\$ 39,114,587.47</u>	<u>\$ 36,977,224.11</u>	<u>\$ 39,114,587.47</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<u>\$ 1,447,106.61</u>	<u>\$ 1,058,047.38</u>	<u>\$ 3,755,321.59</u>	<u>\$ 4,238,373.36</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	296,724.35	289,372.00	2,748,238.44	3,096,556.96
Unrealized (gain) loss	0.00	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	1,346.16	0.00	14,871.14	5,907.42
Interest expense on leases	2,854.77	862.89	19,664.79	8,951.04
Miscellaneous allowances	0.00	0.00	102.69	(0.00)
<b>Change in current assets and liabilities</b>				
(Increase) decrease in assets:				
SIF repayment of Operating Fund for leases	105,873.53	90,058.97	423,494.12	376,050.44
Accounts receivable	2,268,376.77	1,111,682.63	449,853.74	233,261.58
Interest receivable	0.00	5,910.95	0.00	2,605.57
Prepaid expenses	(41,629.54)	76,144.18	(6,887.27)	(120,640.47)
Other assets	160.00	(66,146.19)	(40.00)	(33,065.30)
Increase (decrease) in liabilities:				
Accounts payable	(109,166.65)	(1,199,981.28)	2,312,585.78	(1,626,657.82)
Accrued employee compensation	(54,894.16)	758,127.22	3,088,656.96	(1,121,914.19)
Other non current liabilities	0.00	3,237.00	(0.00)	16,369.73
Other current liabilities	(5,134,404.30)	(5,380,568.47)	10,347,623.66	10,572,905.34
<b>Total adjustments</b>	<u>(2,664,759.07)</u>	<u>(4,311,300.10)</u>	<u>19,487,643.07</u>	<u>11,410,330.30</u>
<b>Net cash (used) in operating activities</b>	<u>\$ (1,217,652.46)</u>	<u>\$ (3,253,252.72)</u>	<u>\$ 23,242,964.66</u>	<u>\$ 15,648,703.66</u>

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

	2006				2005			
	BUDGET	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	73,826,247	71,801,899	(2,024,349)	-2.7%	74,248,809	69,407,144	(4,841,664)	-6.5%
<b>Benefits</b>	19,993,752	19,546,807	(446,945)	-2.2%	19,188,283	17,757,199	(1,431,084)	-7.5%
<b>Travel</b>	11,470,299	10,258,663	(1,211,637)	-10.6%	10,682,414	9,345,267	(1,337,147)	-12.5%
<b>Rent, Communications, &amp; Utilities</b>	3,333,170	3,041,368	(291,802)	-8.8%	3,275,083	3,119,241	(155,842)	-4.8%
<b>Administrative</b>	9,775,215	8,016,280	(1,758,935)	-18.0%	8,748,640	10,015,521	1,266,881	14.5%
<b>Contracted Services</b>	7,401,408	5,286,994	(2,114,414)	-28.6%	6,905,348	4,581,961	(2,323,387)	-33.6%
<b>TOTAL</b>	125,800,091	117,952,010	(7,848,080)	-6.2%	123,048,577	114,226,333	(8,822,244)	-7.2%

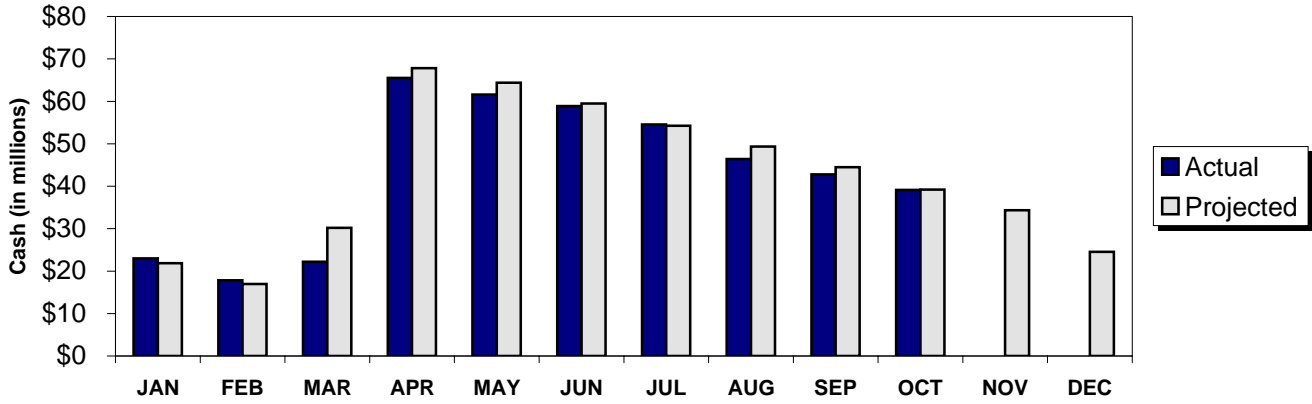
**Percent Over (Under) Budget  
October 31, 2006**



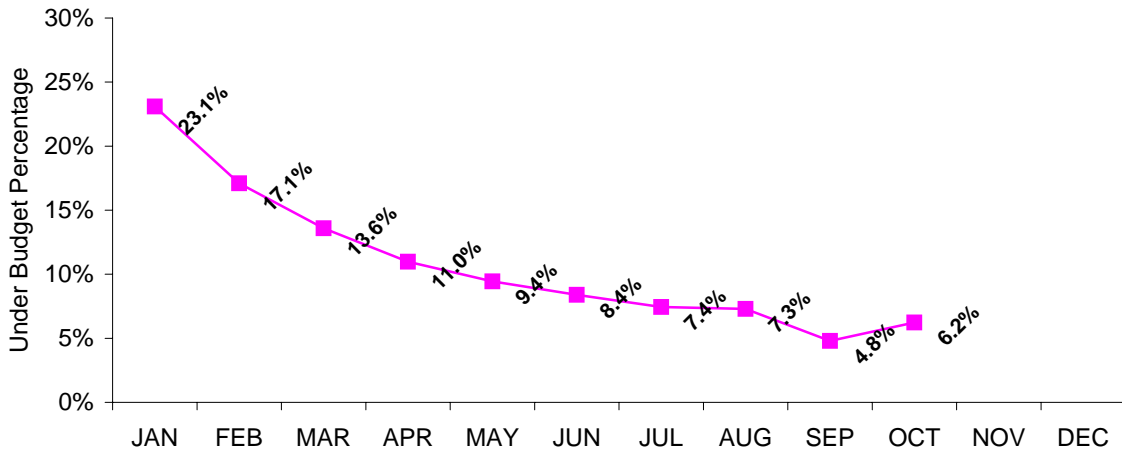
# National Credit Union Administration Operating Fund

Graphs  
October 31, 2006

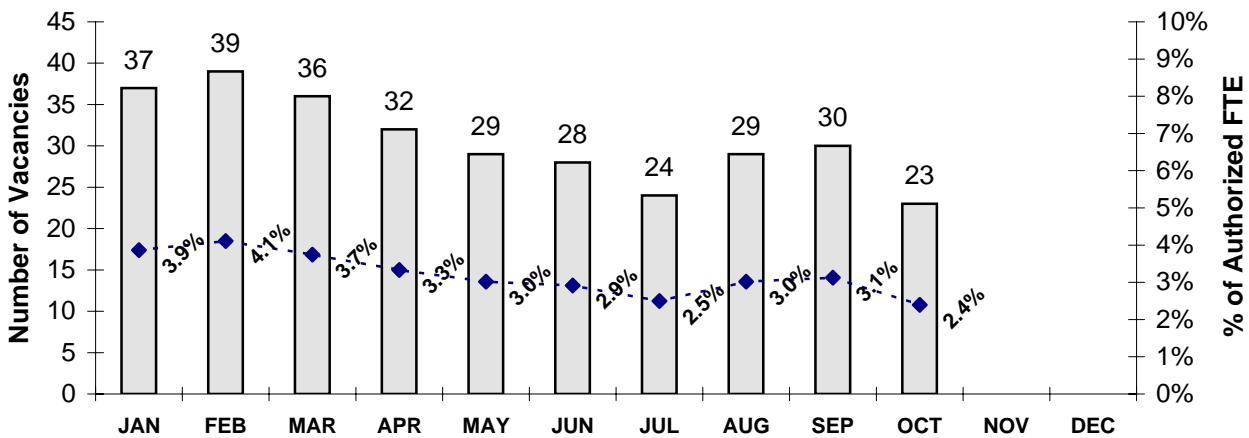
## Actual & Projected Cash Balance



## Year-To-Date Budget Variance



## Vacancies



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

<b>BALANCE SHEET</b>	<b>October 2005</b>	<b>October 2006</b>
<u>Liquid assets / Total assets</u>	50.56%	50.84%
<u>Current assets / Total assets</u>	52.27%	53.32%
<u>Fixed assets / Total assets</u>	47.73%	46.68%
<u>Current liabilities / Total assets</u>	41.14%	37.42%
<u>Non current liabilities / Total assets</u>	33.30%	32.48%
<u>Retained earnings / Total assets</u>	25.55%	30.10%
 <b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Program related income / Total revenue</u>	97.69%	96.29%
<u>YTD Interest &amp; other income / Total revenue</u>	2.31%	3.71%
<u>YTD Expenses / Total revenue</u>	92.90%	92.29%
<u>YTD Net income / Total revenue</u>	7.10%	7.71%
<u>Monthly interest income to average investments (annualized)</u>	4.21%	5.30%
<u>YTD Travel, before overhead transfer, per full-time equivalent (annualized)</u>	\$11,670	\$12,827
 <b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$18.8	\$12.0
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	102.9%	44.3%
<u>Cash and cash equivalents / Total assets</u>	50.6%	50.8%