

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
October 31, 2008***

**Mary Ann Woodson  
Chief Financial Officer**

***National Credit Union Administration Operating Fund***  
***Financial Highlights***  
***October 31, 2008***

**Balance Sheet**

Overnight Investments decreased \$8.0 million for payment of operating expenses.

Accounts Receivable decreased \$2.1 million primarily due to an overhead transfer reimbursement from the Share Insurance Fund.

Accounts Payable decreased \$1.6 million due to payment of employee payables (e.g., travel reimbursement claims) and vendor invoices.

Accrued Employee Compensation decreased \$3.6 million due to the accrual for 5 days at the end of October versus 12 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.8 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 \$768,000 higher than planned primarily due to all expense categories, with the exception of Employee Pay, being under budget.

**Statement of Cash Flow**

Cash decreased by \$8.4 million for the month, reflecting payments for operating expenses, fixed assets, home purchase program, notes payable, and capital leases in excess of receipts from interest and other income.

Operating expenses had a significant increase from October 2007 due to three pay periods in the current month.

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

Agency spending was under budget by \$5.1 million or 3.8 percent. Benefits and travel were under budget by 1.0 percent. The remaining variance of \$3.9 million was derived mainly from administrative and contracted services.

**Vacancies**

The agency had 28 vacancies as of October 25, 2008. Of the 28 vacancies, there were 12 in the central offices, 10 in the regional offices and AMAC, and 6 vacancies in the field staff. The 28 vacancies represent 2.9 percent of total authorized staff of 964.92.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**October 31, 2008**

	October 2007	September 2008	October 2008
<b>ASSETS</b>			
<b>ASSETS:</b>			
Current Assets			
Cash	\$ 5,920.20	\$ 500,931.82	\$ 100,618.57
Overnight Investments	38,582,000.00	43,891,000.00	35,875,000.00
Accounts Receivable	342,660.07	2,255,957.02	177,647.05
Interest Receivable	0.00	0.00	0.00
Prepaid Expenses	563,504.94	847,144.31	750,648.99
Home Purchase Program	922,955.77	733,500.00	774,766.61
Other	0.00	0.00	118,683.00
<i>Total Current Assets</i>	<u>40,417,040.98</u>	<u>48,228,533.15</u>	<u>37,797,364.22</u>
Property, Plant, and Equipment			
Land	3,946,263.95	3,946,263.95	3,946,263.95
Buildings	26,783,017.00	25,924,209.00	25,845,159.00
Capital Lease	1,249,233.11	485,916.54	414,152.30
Equipment	1,810,588.00	1,544,596.00	1,482,990.00
Assets Under Construction	334,005.00	1,111,412.45	1,111,412.45
<i>Total Property, Plant, and Equipment</i>	<u>34,123,107.06</u>	<u>33,012,397.94</u>	<u>32,799,977.70</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 74,540,148.04</u></u>	<u><u>\$ 81,240,931.09</u></u>	<u><u>\$ 70,597,341.92</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Current Liabilities			
Accounts Payable	\$ 2,422,394.23	\$ 4,375,202.81	\$ 2,726,260.43
Accrued Employee Compensation	15,226,666.01	16,141,315.07	12,541,529.22
Other Current Liabilities	10,765,631.04	17,735,170.36	11,964,851.64
<i>Total Current Liabilities</i>	<u>28,414,691.28</u>	<u>38,251,688.24</u>	<u>27,232,641.29</u>
Non-Current Liabilities			
Notes Payable	21,343,256.03	20,114,063.34	20,002,318.55
Other	1,372,788.59	687,391.07	455,798.87
<i>Total Non-Current Liabilities</i>	<u>22,716,044.62</u>	<u>20,801,454.41</u>	<u>20,458,117.42</u>
<b>TOTAL LIABILITIES</b>	<u>51,130,735.90</u>	<u>59,053,142.65</u>	<u>47,690,758.71</u>
<b>FUND BALANCE:</b>			
Unappropriated	22,409,412.14	21,187,788.44	21,906,583.21
Appropriated	1,000,000.00	1,000,000.00	1,000,000.00
<b>TOTAL FUND BALANCE</b>	<u>23,409,412.14</u>	<u>22,187,788.44</u>	<u>22,906,583.21</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>\$ 74,540,148.04</u></u>	<u><u>\$ 81,240,931.09</u></u>	<u><u>\$ 70,597,341.92</u></u>

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expenses**  
**October 31, 2008**

	October 2008 Monthly Actual	October 2008 Monthly Budget *	October 2008 Year-To-Date Actual	October 2008 Year-To-Date Budget *	October 2007 Year-To-Date Actual
<b>REVENUE:</b>					
Interest Income	\$ 13,646.70	\$ 175,000.00	\$ 769,269.11	\$ 1,750,000.00	\$ 1,964,743.42
Program-related Income	5,909,050.06	6,088,000.00	60,617,035.72	60,880,000.00	53,238,158.82
Other Income	6,920.90	33,000.00	159,553.19	330,000.00	253,635.30
Total Revenue	<u>5,929,617.66</u>	<u>6,296,000.00</u>	<u>61,545,858.02</u>	<u>62,960,000.00</u>	<u>55,456,537.54</u>
<b>EXPENSES:</b>					
Employee Pay	3,699,985.28	3,665,760.24	37,226,423.64	36,672,968.93	34,359,066.07
Employee Benefits	950,772.15	1,043,305.97	9,816,747.06	10,433,061.53	9,002,256.43
Employee Travel	177,256.93	662,711.62	6,137,664.90	6,626,395.44	5,285,706.05
Rent/Communications/Utilities	26,826.08	163,539.41	1,501,255.22	1,488,212.04	1,502,679.51
Administrative Costs	272,729.05	444,664.92	3,611,284.76	4,446,649.64	3,651,185.91
Contracted Services	83,253.40	365,378.44	2,730,204.45	3,638,418.14	2,290,457.05
Total Expenses	<u>5,210,822.89</u>	<u>6,345,360.60</u>	<u>61,023,580.03</u>	<u>63,305,705.73</u>	<u>56,091,351.02</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES</b>	<u>\$ 718,794.77</u>	<u>\$ (49,360.60)</u>	<u>\$ 522,277.99</u>	<u>\$ (345,705.73)</u>	<u>\$ (634,813.48)</u>

\* Reflects approved mid-session budget with category re-allocations and no change in total from the original approved budget.

**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**October 31, 2008**

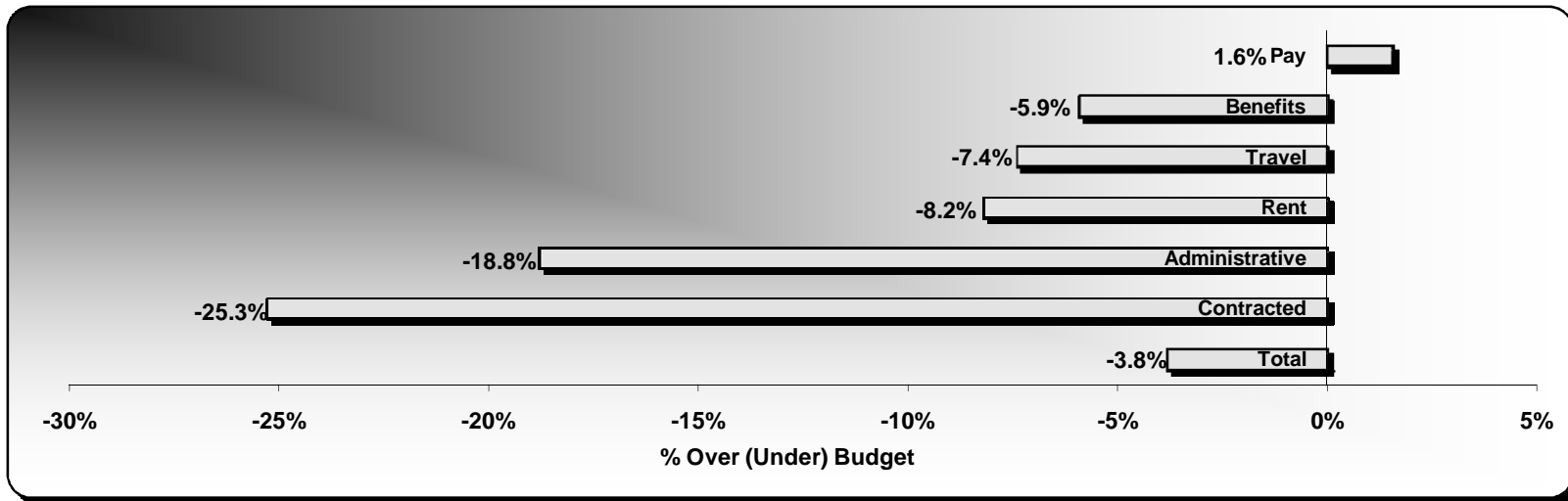
	Month October 2007	Month October 2008	Y-T-D October 2007	Y-T-D October 2008
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Income from operating fees	\$ 724.82	\$ 814.74	\$ 65,311,358.53	\$ 72,421,640.26
Interest received from cash and cash equivalents	176,917.71	13,646.70	1,972,536.89	769,269.11
Other income received	26,756.20	6,920.90	253,635.30	159,553.19
(Cash paid for operating expenses)	<u>(3,406,136.72)</u>	<u>(7,935,761.19)</u>	<u>(50,290,372.52)</u>	<u>(57,787,387.08)</u>
<b>Net cash (used) in operating activities</b>	<u>(3,201,737.99)</u>	<u>(7,914,378.85)</u>	<u>17,247,158.20</u>	<u>15,563,075.48</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Proceeds (purchases) of fixed assets	0.00	(24,460.00)	(1,510,862.25)	(1,263,563.61)
Proceeds (purchases) home purchase program	<u>(240,257.62)</u>	<u>(41,266.61)</u>	<u>(103,332.04)</u>	<u>(63,167.97)</u>
<b>Net cash (used) in investing activities</b>	<u>(240,257.62)</u>	<u>(65,726.61)</u>	<u>(1,614,194.29)</u>	<u>(1,326,731.58)</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)	<u>(325,592.00)</u>	<u>(324,463.00)</u>	<u>(1,321,806.94)</u>	<u>(1,318,765.98)</u>
<b>Net cash (used) in financing activities</b>	<u>(437,336.79)</u>	<u>(436,207.79)</u>	<u>(2,439,254.84)</u>	<u>(2,436,213.88)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	(3,879,332.40)	(8,416,313.25)	13,193,709.07	11,800,130.02
Cash and cash equivalents at beginning of period	42,467,252.60	44,391,931.82	25,394,211.13	24,175,488.55
<b>Cash and cash equivalents at end of period</b>	<u>\$ 38,587,920.20</u>	<u>\$ 35,975,618.57</u>	<u>\$ 38,587,920.20</u>	<u>\$ 35,975,618.57</u>
<b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
<b>Net income (loss)</b>	<u>\$ 516,331.45</u>	<u>\$ 718,794.77</u>	<u>\$ (634,813.48)</u>	<u>\$ 522,277.99</u>
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>				
Depreciation and amortization	279,082.24	236,880.24	2,743,028.70	2,676,268.42
Unrealized (gain) loss	0.00	0.00	193,660.60	141,345.49
(Gain) loss on disposal of fixed assets	0.00	0.00	0.00	0.00
(Gain) loss on disposal of homes	(4,919.15)	0.00	27,668.83	147,889.94
Interest expense on leases	(2,988.35)	0.00	19,895.80	16,292.21
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	90,058.97	90,058.97	360,235.88	360,235.88
Accounts receivable	1,145,828.30	2,078,309.97	838,323.85	403,433.25
Interest receivable	9,302.69	0.00	7,793.47	0.00
Prepaid expenses	119,220.13	96,495.32	(20,419.95)	47,414.25
Other assets	456.73	(118,683.00)	(0.00)	(118,683.00)
Increase (decrease) in liabilities:				
Accounts payable	(933,871.02)	(1,648,942.38)	(433,167.26)	(205,343.53)
Accrued employee compensation	958,940.70	(3,599,785.85)	3,461,492.10	(356,244.01)
Other non current liabilities	14,064.69	2,811.83	(34,493.57)	(1,080.67)
Other current liabilities	<u>(5,393,245.37)</u>	<u>(5,770,318.72)</u>	<u>10,717,953.23</u>	<u>11,929,269.26</u>
<b>Total adjustments</b>	<u>(3,718,069.44)</u>	<u>(8,633,173.62)</u>	<u>17,881,971.68</u>	<u>15,040,797.49</u>
<b>Net cash (used) in operating activities</b>	<u>\$ (3,201,737.99)</u>	<u>\$ (7,914,378.85)</u>	<u>\$ 17,247,158.20</u>	<u>\$ 15,563,075.48</u>

**National Credit Union Administration Operating Fund  
(Before Overhead Transfer)  
Year-To-Date Budget Report Analysis  
October 31, 2008**

	2008				2007			
	BUDGET *	ACTUAL	DIFFERENCE	% DIFF	BUDGET	ACTUAL	DIFFERENCE	% DIFF
<b>Employee Pay</b>	76,370,006	77,555,049	1,185,043	1.6%	74,637,194	73,574,017	(1,063,177)	-1.4%
<b>Benefits</b>	21,735,545	20,451,556	(1,283,988)	-5.9%	20,310,335	19,276,780	(1,033,555)	-5.1%
<b>Travel</b>	13,806,494	12,786,802	(1,019,692)	-7.4%	11,386,633	11,318,428	(68,204)	-0.6%
<b>Rent, Communications, &amp; Utilities</b>	3,407,072	3,127,615	(279,457)	-8.2%	3,311,464	3,217,729	(93,735)	-2.8%
<b>Administrative</b>	9,263,853	7,523,510	(1,740,344)	-18.8%	9,990,924	7,818,385	(2,172,538)	-21.7%
<b>Contracted Services</b>	7,612,051	5,687,926	(1,924,125)	-25.3%	7,290,782	4,904,619	(2,386,163)	-32.7%
<b>TOTAL</b>	132,195,020	127,132,458	(5,062,562)	-3.8%	126,927,332	120,109,959	(6,817,372)	-5.4%

\* Reflects approved mid-session budget with category re-allocations and no change in total from the original approved budget.

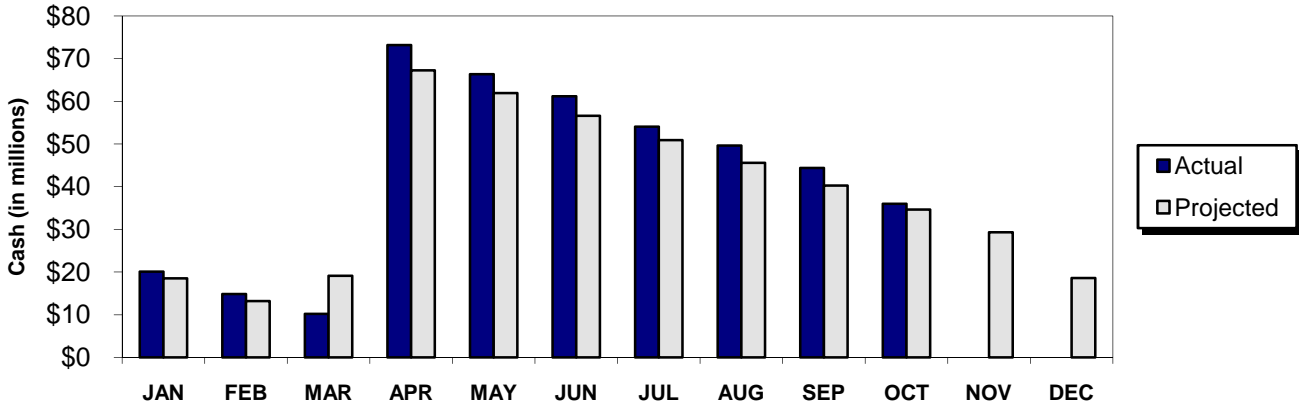
**Percent Over (Under) Budget  
October 31, 2008**



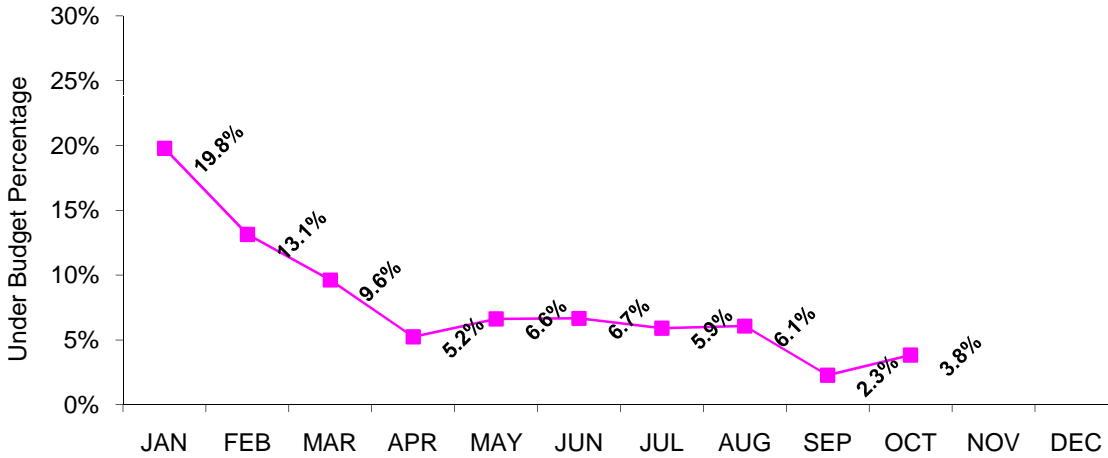
# National Credit Union Administration Operating Fund

Graphs  
October 31, 2008

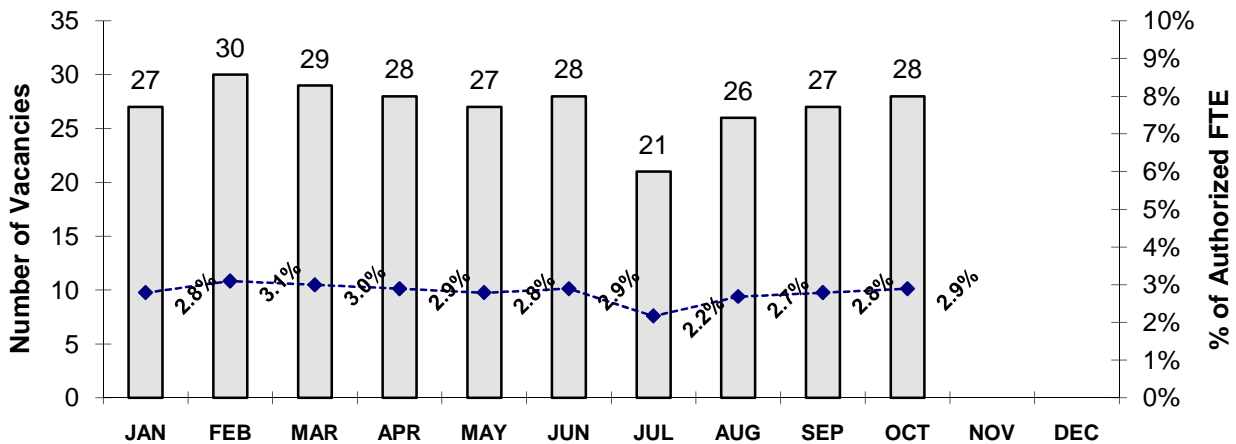
## Actual & Projected Cash Balance



## Year-To-Date Budget Variance



## Vacancies



**National Credit Union Administration Operating Fund**  
**Ratios**  
**October 31, 2008**

<b>BALANCE SHEET</b>	<b>October 2007</b>	<b>October 2008</b>
<u>Liquid assets / Total assets</u>	51.77%	50.96%
<u>Current assets / Total assets</u>	54.22%	53.54%
<u>Fixed assets / Total assets</u>	45.78%	46.46%
<u>Current liabilities / Total assets</u>	38.12%	38.57%
<u>Non current liabilities / Total assets</u>	30.47%	28.98%
<u>Retained earnings / Total assets</u>	31.41%	32.45%
 <b>STATEMENT OF REVENUE &amp; EXPENSE</b>		
<u>YTD Program related income / Total revenue</u>	96.00%	98.49%
<u>YTD Interest &amp; other income / Total revenue</u>	4.00%	1.51%
<u>YTD Expenses / Total revenue</u>	101.14%	99.15%
<u>YTD Net income / Total revenue</u>	-1.14%	0.85%
<u>Monthly interest income to average investments (annualized)</u>	5.27%	0.37%
<u>YTD Travel per full-time equivalent, before overhead transfer, (annualized)</u>	\$15,399	\$17,751
 <b>CASH</b>		
<u>Net year to date cash inflow (outflow) in millions of dollars</u>	\$13.2	\$11.8
<u>Cash end of month - Cash beginning of year / Cash beginning of year</u>	52.0%	48.8%
<u>Cash and cash equivalents / Total assets</u>	51.8%	51.0%