

National Credit Union Administration



Operating Fund

***Financial Highlights
October 31, 2012***

Mary Ann Woodson

**Mary Ann Woodson
Chief Financial Officer**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

FINANCIAL HIGHLIGHTS AS OF OCTOBER 31, 2012

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$53.7 million. Its balance decreased \$2.5 million in the month primarily for the payment of operating expenses. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$1,202,000 primarily due to the reversal in October of expense accruals recorded only for September financial reporting. Certain accruals are only recorded at September and December. Net income year to date was \$557,000. Interest income on overnight investments has averaged 0.10% during the year, versus 0.05% during the same period last year.

Statements of Cash Flow

The cash position decreased \$2.5 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$26,000 was invested in new capital assets and \$111,000 in cash was used to reduce or repay the NCUSIF note payable long-term liability, which has a balance of \$14.6 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$9.0 million or 4.6 percent, compared to being under the year-to-date budget by approximately \$7.5 million or 4.0 percent during the same period last year. Of the total variance, employee pay and benefits was over budget by \$1.8 million or 1.3%, travel was under budget by \$2.3 million or 9.9%, and the remaining expense categories combined were under budget by \$8.5 million or 25.1%.

The average annualized travel spend per FTE has been \$20,999 this year, which is \$28 less than last year.

Vacancies

The Agency had 84 vacancies as of this month -- up 10 from the prior month. Of the 84 vacancies, 39 were in the central office and 45 were in the regions and AMAC. The 84 vacancies represent 6.7% percent of total authorized staff of 1,261.50.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS

AS OF OCTOBER 31, 2012 AND OCTOBER 31, 2011

(Dollars in thousands)

	10/31/2012	9/30/2012	10/31/2011
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 53,701	\$ 56,213	\$ 49,947
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	84	3,225	-
EMPLOYEE ADVANCES	14	13	57
OTHER ACCOUNTS RECEIVABLE	231	468	761
PREPAID EXPENSES AND OTHER ASSETS	1,470	1,470	1,231
ASSETS HELD FOR SALE	575	575	643
FIXED ASSETS — Net of accumulated depreciation of \$26,799 as of October 31, 2012	31,181	31,415	31,131
INTANGIBLE ASSETS — Net of accumulated amortization of \$10,111 as of October 31, 2012	<u>5,755</u>	<u>6,123</u>	<u>7,236</u>
TOTAL	<u>\$ 93,011</u>	<u>\$ 99,502</u>	<u>\$ 91,006</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 18,025	\$ 25,621	\$ 20,019
Obligations under capital leases	83	83	10
Accrued wages and benefits	11,135	9,294	6,544
Accrued annual leave	14,451	14,451	13,988
Accrued employee travel	-	1,827	-
Note payable to National Credit Union Share Insurance Fund	<u>14,639</u>	<u>14,750</u>	<u>15,980</u>
Total Liabilities	58,333	66,026	56,541
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>34,678</u>	<u>33,476</u>	<u>34,465</u>
TOTAL	<u>\$ 93,011</u>	<u>\$ 99,502</u>	<u>\$ 91,006</u>

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE
FOR THE PERIODS ENDED OCTOBER 31, 2012 AND OCTOBER 31, 2011
(Dollars in thousands)**

	YEAR-TO-DATE		MONTH	
	2012	2011	2012	2011
REVENUES:				
Operating fees	\$ 73,998	\$ 71,831	\$ 7,399	\$ 7,183
Interest	38	17	6	
Other	<u>1,061</u>	<u>875</u>	<u>12</u>	<u>94</u>
Total Revenues	75,097	72,723	7,417	7,277
EXPENSES, NET:				
Employee wages and benefits, net	56,146	52,081	5,833	4,966
Travel	8,114	7,905	83	144
Rent, communications, and utilities	1,523	1,533	29	75
Contracted services	4,773	4,576	(44)	87
Other	<u>3,984</u>	<u>5,071</u>	<u>314</u>	<u>322</u>
Total Expenses	<u>74,540</u>	<u>71,166</u>	<u>6,215</u>	<u>5,594</u>
EXCESS OF REVENUES OVER EXPENSES	557	1,557	1,202	1,683
FUND BALANCE—Beginning of period	<u>34,121</u>	<u>32,908</u>	<u>33,476</u>	<u>32,782</u>
FUND BALANCE—End of period	<u>\$ 34,678</u>	<u>\$ 34,465</u>	<u>\$ 34,678</u>	<u>\$ 34,465</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED OCTOBER 31, 2012 AND OCTOBER 31, 2011 (Dollars in thousands)

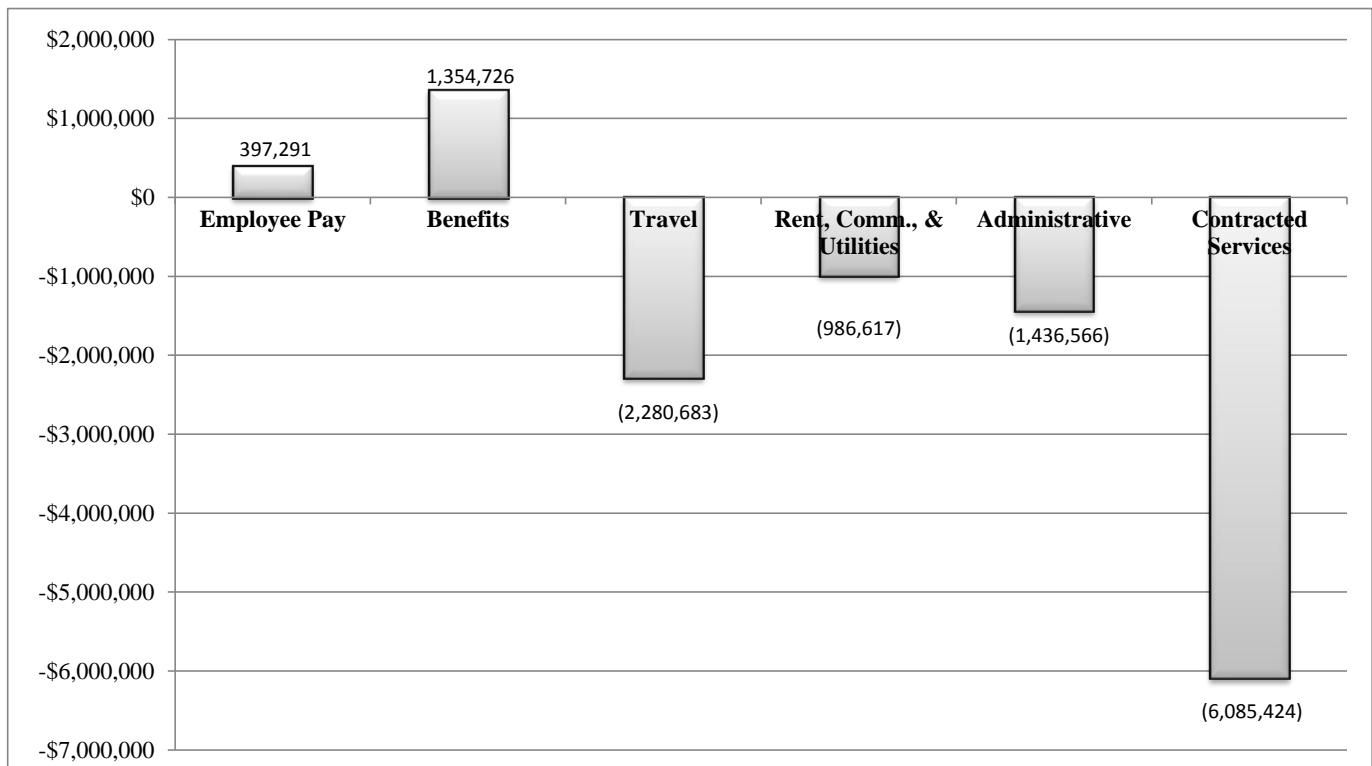
	YEAR-TO-DATE		MONTH	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess of revenues over expenses	\$ 557	\$ 1,557	\$ 1,202	\$ 1,683
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	5,208	3,876	459	473
Provision for loss on disposal of employee residences held for sale	158	235	-	9
(Gain) loss on fixed asset retirements	114	-	117	-
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	1,098	2,857	3,141	3,247
Employee advances	29	(7)	(1)	58
Other accounts receivable	654	(412)	237	206
Prepaid expenses and other assets	(455)	140	-	370
(Decrease) increase in liabilities:				
Accounts payable	10,951	14,976	(7,596)	(7,059)
Accrued wages and benefits	1,840	(2,037)	1,841	619
Accrued annual leave	1,752	2,587	-	-
Accrued employee travel	(628)	(532)	(1,827)	(1,805)
Net cash provided by operating activities	<u>21,278</u>	<u>23,240</u>	<u>(2,427)</u>	<u>(2,199)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed assets	(3,115)	(4,626)	26	(13)
Proceeds from disposal of fixed assets	25	-	-	-
Purchases of employee residences held for sale	(995)	(1,097)	-	(307)
Proceeds from sale of employee residences held for sale	<u>658</u>	<u>915</u>	<u>-</u>	<u>180</u>
Net cash used in investing activities	<u>(3,427)</u>	<u>(4,808)</u>	<u>26</u>	<u>(140)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of note payable to National Credit Union Share Insurance Fund	(1,117)	(1,117)	(111)	(111)
Principal payments under capital lease obligations	<u>(15)</u>	<u>(13)</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>(1,132)</u>	<u>(1,130)</u>	<u>(111)</u>	<u>(111)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,719	17,302	(2,512)	(2,450)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>36,982</u>	<u>32,645</u>	<u>56,213</u>	<u>52,397</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 53,701</u>	<u>\$ 49,947</u>	<u>\$ 53,701</u>	<u>\$ 49,947</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 245</u>	<u>\$ 291</u>	<u>\$ 23</u>	<u>\$ 28</u>

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
AS OF OCTOBER 31, 2012 AND OCTOBER 31, 2011**

	2012				2011			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay	104,665,844	105,063,135	397,291	0.4%	102,047,442	102,098,484	51,042	0.1%
Benefits	34,937,691	36,292,417	1,354,726	3.9%	30,962,385	28,633,358	(2,329,027)	-7.5%
Travel	22,929,327	20,648,644	(2,280,683)	-9.9%	20,562,856	20,172,205	(390,651)	-1.9%
Rent, Comm., & Utilities	4,733,653	3,747,036	(986,617)	-20.8%	4,212,165	3,733,195	(478,970)	-11.4%
Administrative	11,236,827	9,800,261	(1,436,566)	-12.8%	11,435,739	12,349,108	913,369	8.0%
Contracted Services	17,953,380	11,867,956	(6,085,424)	-33.9%	16,415,937	11,163,792	(5,252,145)	-32.0%
TOTAL	196,456,722	187,419,449	(9,037,273)	-4.6%	185,636,524	178,150,142	(7,486,382)	-4.0%

Amount Over (Under) Budget

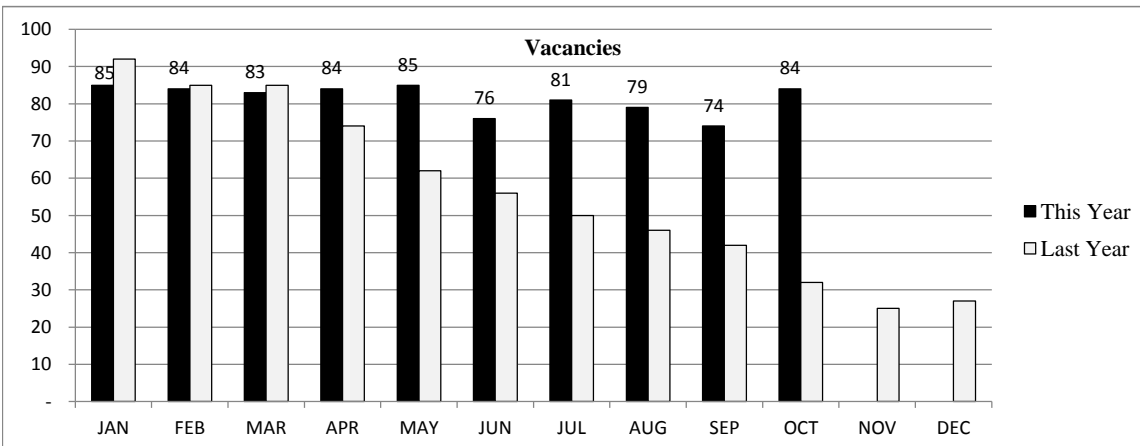
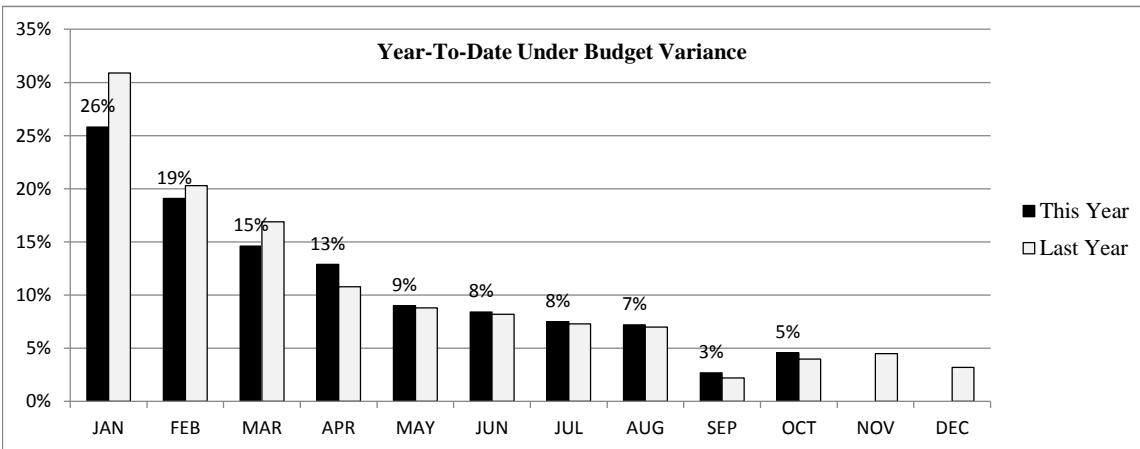
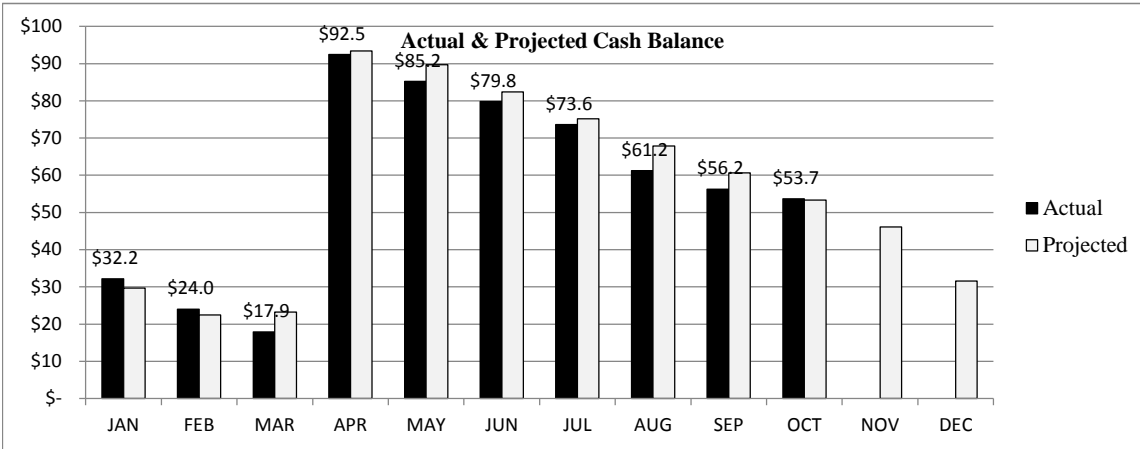


Budget amounts reflects mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF OCTOBER 31, 2012 AND OCTOBER 31, 2011



	10/31/2012	10/31/2011
Retained earnings / Total assets	37.28%	37.87%
YTD interest income to average investments (annualized)	0.10%	0.05%
Annualized travel spend per employee	\$20,999	\$21,027
Net year to date cash inflow (outflow) in millions of dollars	\$17	\$17
Cash and overnight investments / Total assets	57.74%	54.88%
Overhead transfer rate	59.30%	58.90%