

National Credit Union Administration



Operating Fund

***Financial Highlights
October 31, 2014***

Mary Ann Woodson

**Mary Ann Woodson
Chief Financial Officer**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

FINANCIAL HIGHLIGHTS AS OF OCTOBER 31, 2014

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$54.9 million. Its balance decreased \$1.0 million in the month primarily for the payment of operating expenses and overhead cost due from the Share Insurance Fund. The cash position is considered to be sufficient to cover current and future obligations of the Fund.

Due from National Credit Union Share Insurance Fund (SIF) had a month-end balance of approximately \$0.0 million. Its balance decreased by \$2.5 million in the month primarily due to the estimated to actual adjustment of SIF overhead expenses transferred.

Accounts payable had a month-end balance of approximately \$17.4 million. Its balance decreased by approximately \$4.3 million in the month primarily due to the recognition of monthly operating fees that were received and deferred in a prior month.

Statements of Revenues, Expenses, and Changes in Fund Balance

Net income for the month was \$1,016,000 and net income year to date was \$1,979,000. Interest income on overnight investments has averaged 0.03% year-to-date, versus 0.07% during the same period last year.

Statements of Cash Flow

The cash position decreased \$1.0 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$219,000 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 \$12.0 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$15.7 million or 7.1 percent, compared to being under the year-to-date budget by approximately \$10.5 million or 5.1 percent during the same period last year. Of the total variance, employee pay and benefits was under budget by \$5.6 million or 3.5%, travel was under budget by \$2.1 million or 8.9%, and the remaining expense categories combined were under budget by \$8.0 million or 21.1%.

The average annualized travel spend per FTE was \$21,112 this year, which is \$166 less than last year.

Vacancies

The Agency had 39 vacancies as of this month -- no change from the prior month. Of the 39 vacancies, 11 were in the central office and 28 were in the regions and AMAC. The 39 vacancies represent 3.1% percent of total authorized staff of 1,262.50.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS

AS OF OCTOBER 31, 2014 AND OCTOBER 31, 2013

(Dollars in thousands)

	10/31/2014	9/30/2014	10/31/2013
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 54,879	\$ 55,850	\$ 53,316
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	-	2,450	92
EMPLOYEE ADVANCES	77	78	326
OTHER ACCOUNTS RECEIVABLE , Net	147	270	247
PREPAID EXPENSES AND OTHER ASSETS	1,836	1,799	1,764
ASSETS HELD FOR SALE	644	996	-
FIXED ASSETS — Net of accumulated depreciation of \$27,653	29,486	29,524	29,984
INTANGIBLE ASSETS — Net of accumulated amortization of \$15,446 as of October 31, 2014	<u>2,623</u>	<u>2,810</u>	<u>3,817</u>
TOTAL	<u>\$ 89,692</u>	<u>\$ 93,777</u>	<u>\$ 89,546</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 17,391	\$ 21,739	\$ 18,661
Obligations under capital leases	103	103	64
Accrued wages and benefits	9,503	8,084	8,195
Accrued annual leave	16,282	16,282	15,065
Accrued employee travel	-	2,061	-
Note payable to National Credit Union Share Insurance Fund	<u>11,957</u>	<u>12,068</u>	<u>13,298</u>
Total Liabilities	55,236	60,337	55,283
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>34,456</u>	<u>33,440</u>	<u>34,263</u>
TOTAL	<u>\$ 89,692</u>	<u>\$ 93,777</u>	<u>\$ 89,546</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED OCTOBER 31, 2014 AND OCTOBER 31, 2013 (Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
REVENUES:				
Operating fees	\$ 64,896	\$ 77,594	\$ 6,490	\$ 7,760
Interest	13	25	1	6
Other	<u>987</u>	<u>1,100</u>	<u>45</u>	<u>53</u>
Total Revenues	65,896	78,719	6,536	7,819
EXPENSES, NET ¹ :				
Employee wages and benefits, net	47,915	58,305	4,761	5,656
Travel	6,658	8,348	193	179
Rent, communications, and utilities	1,123	1,513	63	94
Contracted services	4,667	6,045	252	276
Depreciation and amortization	4,937	4,441	449	455
Administrative	<u>(1,383)</u>	<u>(596)</u>	<u>(198)</u>	<u>(173)</u>
Total Expenses	<u>63,917</u>	<u>78,056</u>	<u>5,520</u>	<u>6,487</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	1,979	663	1,016	1,332
FUND BALANCE—Beginning of period	<u>32,477</u>	<u>33,600</u>	<u>33,440</u>	<u>32,931</u>
FUND BALANCE—End of period	<u>\$ 34,456</u>	<u>\$ 34,263</u>	<u>\$ 34,456</u>	<u>\$ 34,263</u>

¹ Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate set by the board of 69.2% and 59.1% for 2014 and 2013, respectively.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS

FOR THE PERIODS ENDED OCTOBER 31, 2014 AND OCTOBER 31, 2013

(Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess of revenues over expenses	\$ 1,979	\$ 663	\$ 1,016	\$ 1,332
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	4,924	4,442	444	456
Provision for loss on disposal of employee residences held for sale	122	27	(7)	-
(Gain) loss on fixed asset retirements	13	10	-	-
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	3,313	1,948	2,450	2,155
Employee advances	(39)	(301)	1	(20)
Other accounts receivable	56	(36)	123	20
Prepaid expenses and other assets	(458)	(709)	(37)	(98)
(Decrease) increase in liabilities:				
Accounts payable	12,673	14,057	(4,348)	(7,781)
Accrued wages and benefits	(1,853)	(1,983)	1,419	1,283
Accrued employee travel	1,711	1,233	-	-
	<u>(1,068)</u>	<u>(695)</u>	<u>(2,061)</u>	<u>(2,013)</u>
Net cash provided or (used) by operating activities	<u>21,373</u>	<u>18,656</u>	<u>(1,000)</u>	<u>(4,666)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed and intangible assets	(2,507)	(1,557)	(219)	(73)
Proceeds from insurance on fixed assets	-	-	-	-
Purchases of employee residences held for sale	(1,125)	-	-	-
Proceeds from sale of employee residences held for sale	<u>359</u>	<u>827</u>	<u>359</u>	<u>-</u>
Net cash (used) or provided by investing activities	<u>(3,273)</u>	<u>(730)</u>	<u>140</u>	<u>(73)</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>(17)</u>	<u>(14)</u>	<u>-</u>	<u>-</u>
Net cash used by financing activities	<u>(1,134)</u>	<u>(1,131)</u>	<u>(111)</u>	<u>(111)</u>
NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS	16,966	16,795	(971)	(4,850)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>37,913</u>	<u>36,521</u>	<u>55,850</u>	<u>58,166</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 54,879</u>	<u>\$ 53,316</u>	<u>\$ 54,879</u>	<u>\$ 53,316</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES				
Acquisition of equipment under capital lease	\$ 61	\$ -	\$ -	\$ -
Cash Payments for Interest	<u>\$ 192</u>	<u>\$ 210</u>	<u>\$ 19</u>	<u>\$ 21</u>

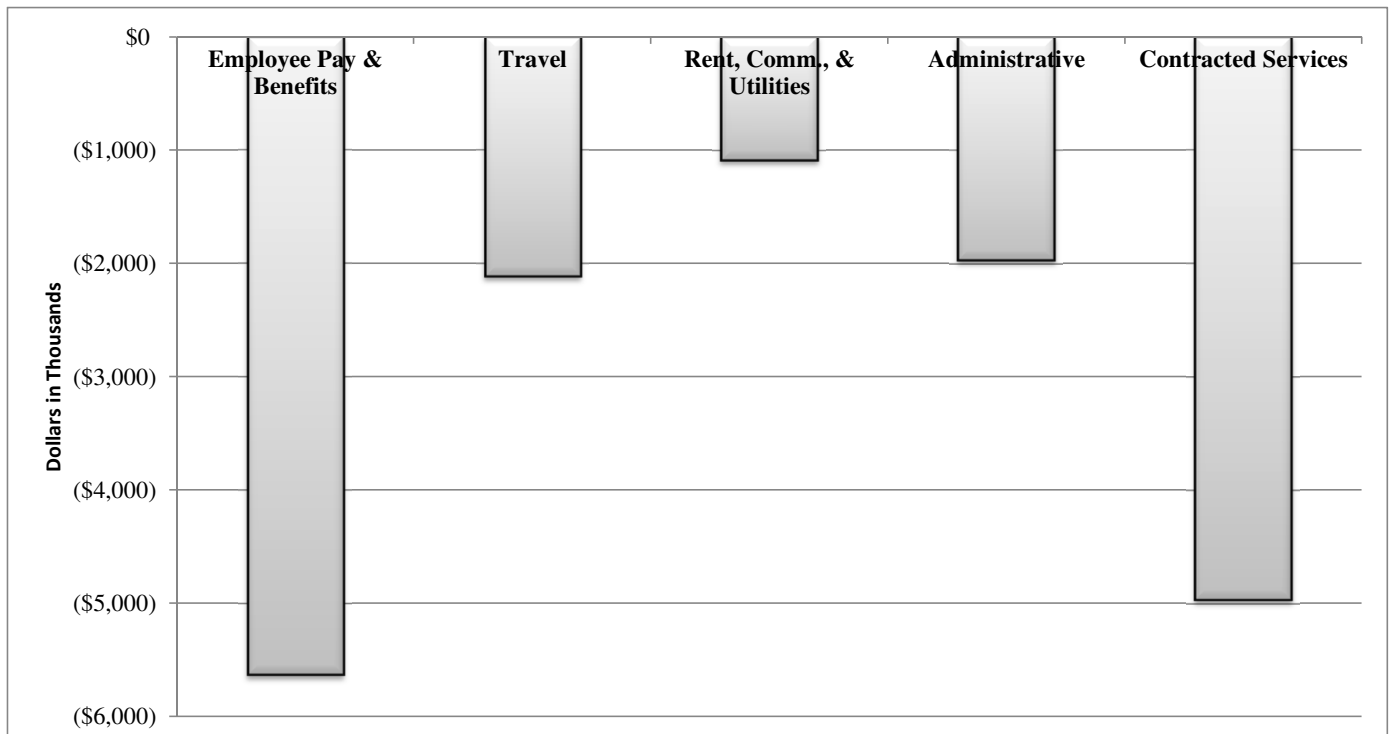
**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
AS OF OCTOBER 31, 2014 AND OCTOBER 31, 2013**

(Dollars in thousands)

	Year-To-Date 2014				Year-To-Date 2013			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay & Benefits	161,193	155,569	(5,624)	-3.5%	148,125	147,590	(535)	-0.4%
Travel	23,724	21,617	(2,108)	-8.9%	23,054	21,556	(1,498)	-6.5%
Rent, Comm., & Utilities	4,727	3,647	(1,080)	-22.8%	4,481	3,702	(779)	-17.4%
Administrative	13,057	11,095	(1,962)	-15.0%	11,339	9,409	(1,930)	-17.0%
Contracted Services	20,102	15,143	(4,959)	-24.7%	20,684	14,880	(5,803)	-28.1%
TOTAL	222,803	207,071	(15,732)	-7.1%	207,683	197,138	(10,545)	-5.1%

Amount Over (Under) Budget

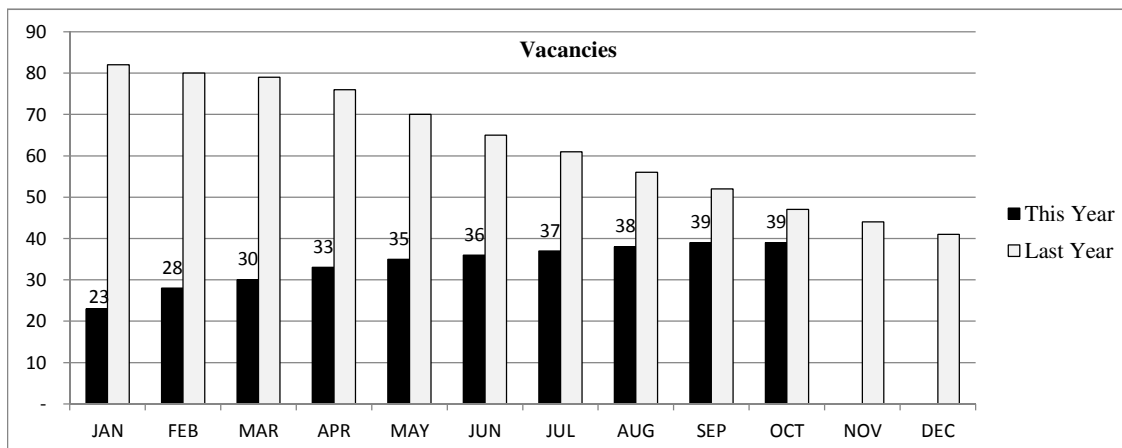
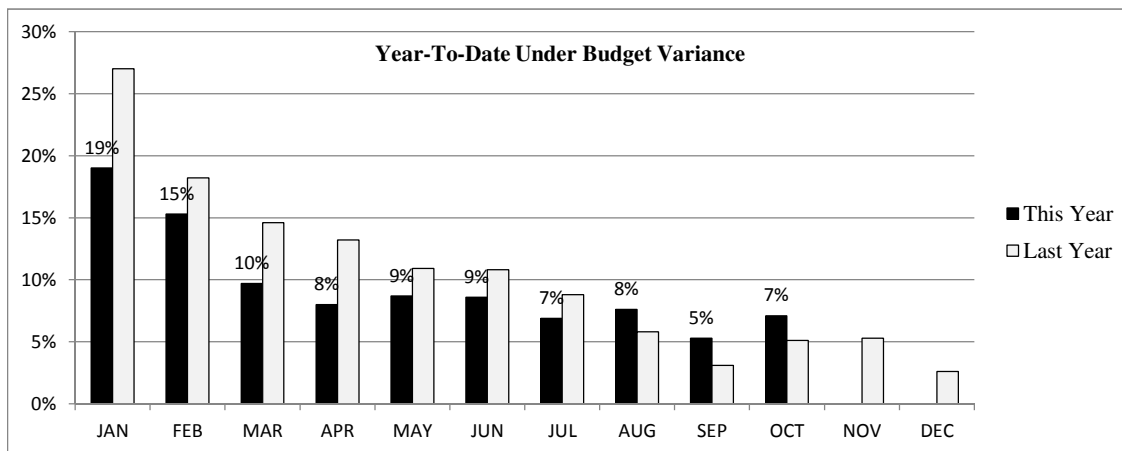
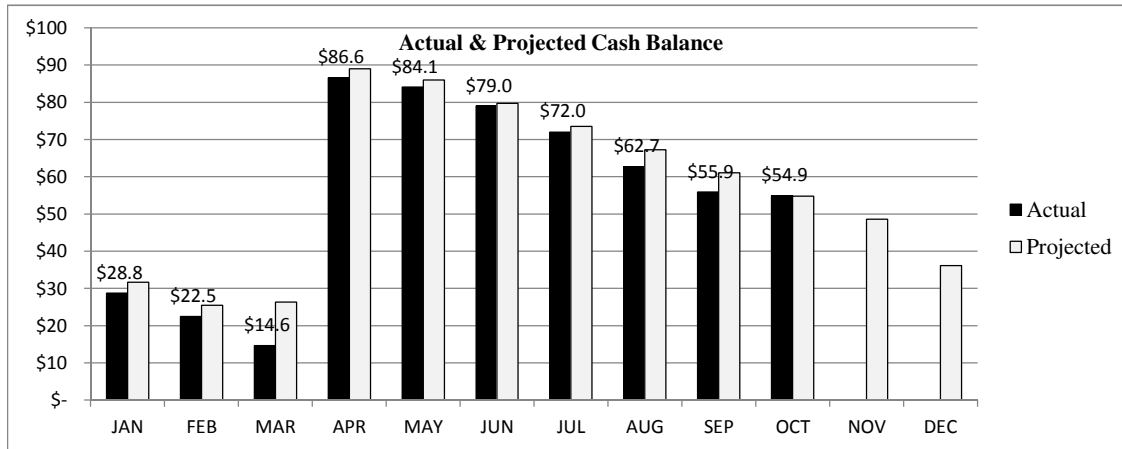


Budget amounts reflect the Board-approved base budget plus mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF OCTOBER 31, 2014 AND OCTOBER 31, 2013



	10/31/2014	10/31/2013
Retained earnings / Total assets	38.42%	38.26%
YTD interest income to average investments (annualized)	0.03%	0.07%
Annualized travel spend per employee	\$21,112	\$21,278
Net year to date cash inflow (outflow) in millions of dollars	\$17	\$17
Cash and overnight investments / Total assets	61.19%	59.54%
Overhead transfer rate	69.20%	59.10%