

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
September 30, 2013***

A handwritten signature in black ink, reading "Mary Ann Woodson". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

**Mary Ann Woodson  
Chief Financial Officer**

# **NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND**

## **FINANCIAL HIGHLIGHTS AS OF SEPTEMBER 30, 2013**

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### **Balance Sheets**

Cash and cash equivalents had a month-end balance of approximately \$58.2 million. Its balance decreased \$3.0 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 loss for the month was \$1,782,000 and net loss year to date was \$669,000. Interest income on overnight investments has averaged 0.05% year-to-date, versus 0.09% during the same period last year. As approved in the July 2013 Board meeting, employee wages and benefits in the month of August 2013 include the \$3.6 million cost of one-time performance-based lump sum comparability payments and adjustments to correct locality pay discrepancies.

### **Statements of Cash Flow**

The cash position decreased \$3.0 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$226,000 was invested in new capital assets and \$112,000 in cash was used to reduce or repay the NCUSIF note payable long-term liability, which has a balance of \$13.4 million on the balance sheet.

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

Agency spending was under the year-to-date budget by \$5.8 million or 3.1 percent, compared to being under the year-to-date budget by approximately \$4.7 million or 2.7 percent during the same period last year. Of the total variance, employee pay and benefits was over budget by \$0.6 million or 0.5%, travel was over budget by \$0.1 million or 0.5%, and the remaining expense categories combined were under budget by \$6.6 million or 20.0%.

The average annualized travel spend per FTE was \$22,943 this year, which is \$47 less than last year.

### **Vacancies**

The Agency had 15 vacancies as of this month -- down 7 from the prior month. The 15 vacancies represent 1.2% percent of total authorized staff of 1,262.50.

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## BALANCE SHEETS

AS OF SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012

(Dollars in thousands)

	9/30/2013	8/31/2013	9/30/2012
<b>ASSETS</b>			
CASH AND CASH EQUIVALENTS	\$ 58,166	\$ 61,146	\$ 56,213
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	2,247	2,180	3,225
EMPLOYEE ADVANCES	306	11	13
OTHER ACCOUNTS RECEIVABLE , Net	267	312	468
PREPAID EXPENSES AND OTHER ASSETS	1,666	1,667	1,470
ASSETS HELD FOR SALE	-	-	575
FIXED ASSETS — Net of accumulated depreciation of \$28,398 as of September 30, 2013	30,142	30,319	31,415
INTANGIBLE ASSETS — Net of accumulated amortization of \$12,573 as of September 30, 2013	<u>4,042</u>	<u>4,101</u>	<u>6,123</u>
<b>TOTAL</b>	<b><u>\$ 96,836</u></b>	<b><u>\$ 99,736</u></b>	<b><u>\$ 99,502</u></b>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ 26,442	\$ 32,190	\$ 25,621
Obligations under capital leases	64	78	83
Accrued wages and benefits	6,912	5,402	9,294
Accrued annual leave	15,065	13,832	14,451
Accrued employee travel	2,013	-	1,827
Note payable to National Credit Union Share Insurance Fund	<u>13,409</u>	<u>13,521</u>	<u>14,750</u>
Total Liabilities	63,905	65,023	66,026
<b>COMMITMENTS AND CONTINGENCIES</b>			
FUND BALANCE	<u>32,931</u>	<u>34,713</u>	<u>33,476</u>
<b>TOTAL</b>	<b><u>\$ 96,836</u></b>	<b><u>\$ 99,736</u></b>	<b><u>\$ 99,502</u></b>

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012 (Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2013	2012	2013	2012
REVENUES:				
Operating fees	\$ 69,834	\$ 66,599	\$ 7,759	\$ 7,318
Interest	19	32	2	4
Other	<u>1,047</u>	<u>1,049</u>	<u>91</u>	<u>108</u>
Total Revenues	70,900	67,680	7,852	7,430
EXPENSES, NET:				
Employee wages and benefits, net	52,649	50,313	6,298	7,209
Travel	8,169	8,031	1,504	1,530
Rent, communications, and utilities	1,419	1,494	171	101
Contracted services	5,769	4,817	1,130	1,112
Depreciation and amortization	3,986	4,749	452	658
Administrative	<u>(423)</u>	<u>(1,079)</u>	<u>79</u>	<u>(523)</u>
Total Expenses	<u>71,569</u>	<u>68,325</u>	<u>9,634</u>	<u>10,087</u>
EXCESS OF REVENUES (UNDER) / OVER EXPENSES	(669)	(645)	(1,782)	(2,657)
FUND BALANCE—Beginning of period	<u>33,600</u>	<u>34,121</u>	<u>34,713</u>	<u>36,133</u>
FUND BALANCE—End of period	<u>\$ 32,931</u>	<u>\$ 33,476</u>	<u>\$ 32,931</u>	<u>\$ 33,476</u>

# NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

## STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012 (Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2013	2012	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Excess of revenues over expenses	\$ (669)	\$ (645)	\$ (1,782)	\$ (2,657)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	3,986	4,749	452	658
Provision for loss on disposal of employee residences held for sale	27	158	-	42
(Gain) loss on fixed asset retirements	10	(3)	10	-
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	(207)	(2,043)	(67)	(3,225)
Employee advances	(281)	30	(295)	2
Other accounts receivable	(56)	417	45	(19)
Prepaid expenses and other assets	(611)	(455)	1	(143)
(Decrease) increase in liabilities:				
Accounts payable	21,838	18,547	(5,748)	(6,795)
Accrued wages and benefits	(3,266)	(1)	1,510	3,877
Accrued annual leave	1,233	1,752	1,233	1,752
Accrued employee travel	1,318	1,199	2,013	1,827
Net cash provided or (used) by operating activities	<u>23,322</u>	<u>23,705</u>	<u>(2,628)</u>	<u>(4,681)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Purchases of fixed and intangible assets	(1,484)	(3,141)	(226)	(338)
Proceeds from insurance on fixed assets	-	25	-	-
Purchases of employee residences held for sale	-	(995)	-	-
Proceeds from sale of employee residences held for sale	827	658	-	148
Net cash used by investing activities	<u>(657)</u>	<u>(3,453)</u>	<u>(226)</u>	<u>(190)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>				
Repayments of note payable to National Credit Union Share Insurance Fund	(1,006)	(1,006)	(112)	(112)
Principal payments under capital lease obligations	(14)	(15)	(14)	(15)
Net cash used by financing activities	<u>(1,020)</u>	<u>(1,021)</u>	<u>(126)</u>	<u>(127)</u>
NET INCREASE OR (DECREASE) IN CASH AND CASH EQUIVALENTS	21,645	19,231	(2,980)	(4,998)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>36,521</u>	<u>36,982</u>	<u>61,146</u>	<u>61,211</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 58,166</u>	<u>\$ 56,213</u>	<u>\$ 58,166</u>	<u>\$ 56,213</u>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES</b>				
Acquisition of equipment under capital lease	\$ -	\$ -	\$ -	\$ -
Cash Payments for Interest	<u>\$ 189</u>	<u>\$ 222</u>	<u>\$ 19</u>	<u>\$ 23</u>

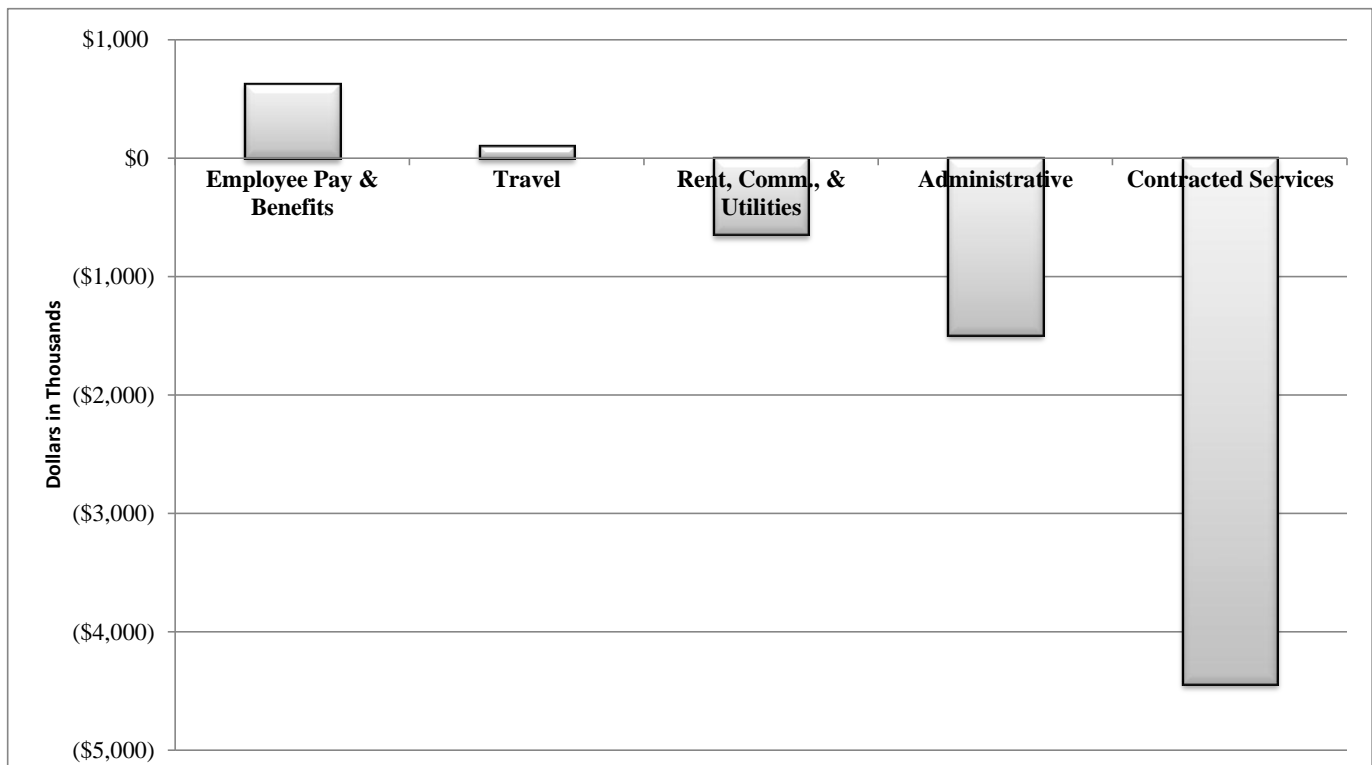
**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)  
AS OF SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012**

(Dollars in thousands)

	2013				2012			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay & Benefits	132,497	133,120	623	0.5%	124,875	126,545	1,670	1.3%
Travel	20,748	20,851	102	0.5%	20,636	20,351	(285)	-1.4%
Rent, Comm., & Utilities	4,033	3,393	(640)	-15.9%	4,260	3,677	(584)	-13.7%
Administrative	10,205	8,714	(1,491)	-14.6%	10,113	9,023	(1,090)	-10.8%
Contracted Services	18,615	14,178	(4,437)	-23.8%	16,158	11,740	(4,418)	-27.3%
<b>TOTAL</b>	<b>186,099</b>	<b>180,255</b>	<b>(5,844)</b>	<b>-3.1%</b>	<b>176,043</b>	<b>171,336</b>	<b>(4,707)</b>	<b>-2.7%</b>

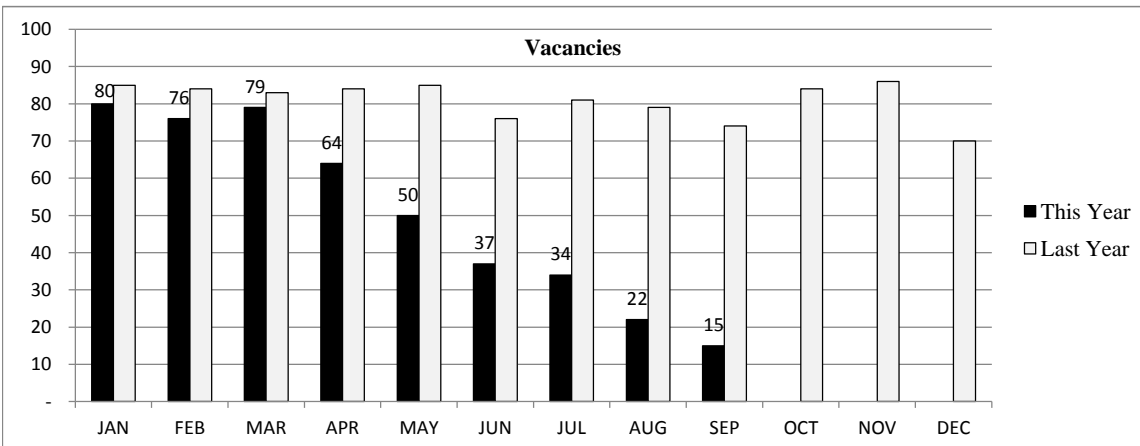
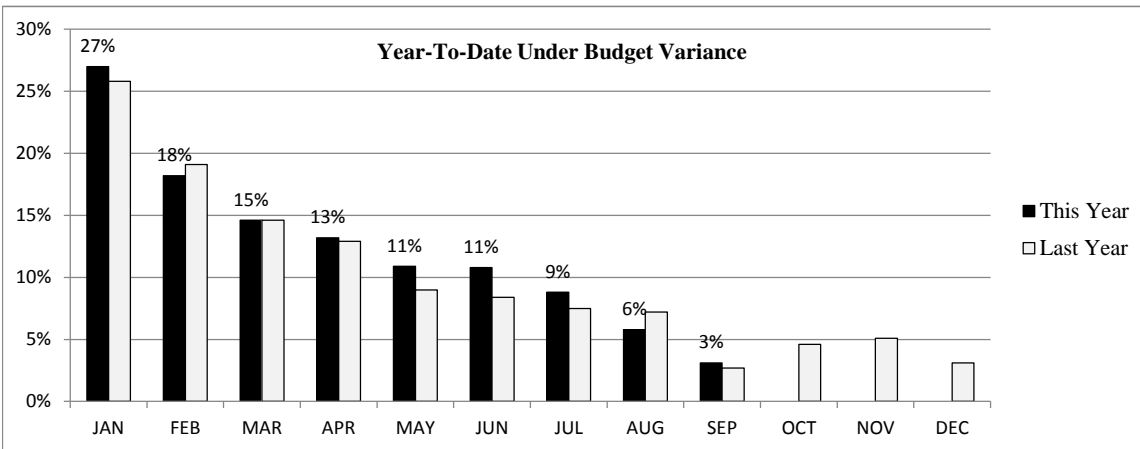
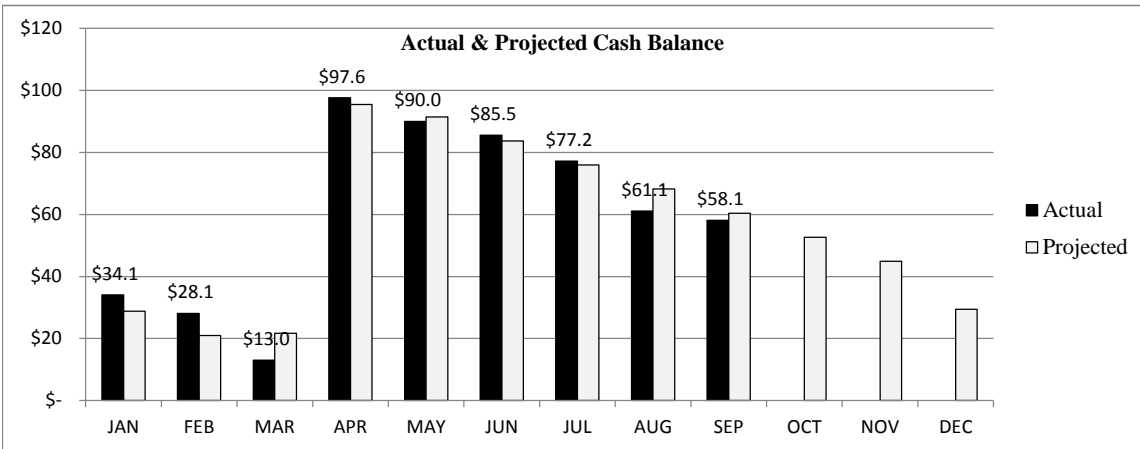
**Amount Over (Under) Budget**



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

**NATIONAL CREDIT UNION ADMINISTRATION  
OPERATING FUND**

**GRAPHS AND RATIOS  
AS OF SEPTEMBER 30, 2013 AND SEPTEMBER 30, 2012**



	9/30/2013	9/30/2012
Retained earnings / Total assets	34.01%	33.64%
YTD interest income to average investments (annualized)	0.05%	0.09%
Annualized travel spend per employee	\$22,943	\$22,990
Net year to date cash inflow (outflow) in millions of dollars	\$22	\$19
Cash and overnight investments / Total assets	60.07%	56.49%
Overhead transfer rate	59.10%	59.30%