

National Credit Union Administration



Operating Fund

***Financial Highlights
September 30, 2012***

Mary Ann Woodson

**Mary Ann Woodson
Chief Financial Officer**

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

FINANCIAL HIGHLIGHTS AS OF SEPTEMBER 30, 2012

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$56.2 million. Its balance decreased \$5.0 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 \$2,657,000 primarily due to expense accruals recorded only for September and December financial reporting. Net loss year to date was \$645,000. Interest income on overnight investments has averaged 0.09% during the year, versus 0.05% during the same period last year.

Statements of Cash Flow

The cash position decreased \$5.0 million since last month. Operating activities generated the major portion of the net change in cash. Also, \$338,000 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 \$14.8 million on the balance sheet.

Budget (Year-to-Date)

Agency spending was under the year-to-date budget by \$4.7 million or 2.7 percent, compared to being under the year-to-date budget by approximately \$3.6 million or 2.2 percent during the same period last year. Of the total variance, employee pay and benefits was over budget by \$1.7 million or 1.3%, travel was under budget by \$0.3 million or 1.4%, and the remaining expense categories combined were under budget by \$6.1 million or 20.0%.

The average annualized travel spend per FTE has been \$22,990 this year, which is \$96 more than last year. Travel expenses tend to be higher in even-numbered years due to the biannual NCUA national conference.

Vacancies

The Agency had 74 vacancies as of this month -- down 5 from the prior month. Of the 74 vacancies, 37 were in the central office and 37 were in the regions and AMAC. The 74 vacancies represent 5.9% percent of total authorized staff of 1,261.50.

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

BALANCE SHEETS

AS OF SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2011

(Dollars in thousands)

	9/30/2012	8/31/2012	9/30/2011
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 56,213	\$ 61,211	\$ 52,397
DUE FROM NATIONAL CREDIT UNION SHARE INSURANCE FUND	3,225	-	3,247
EMPLOYEE ADVANCES	13	15	115
OTHER ACCOUNTS RECEIVABLE	468	449	967
PREPAID EXPENSES AND OTHER ASSETS	1,470	1,327	1,601
ASSETS HELD FOR SALE	575	766	525
FIXED ASSETS — Net of accumulated depreciation of \$27,032 as of September 30, 2012	31,415	31,557	31,319
INTANGIBLE ASSETS — Net of accumulated amortization of \$11,165 as of September 30, 2012	<u>6,123</u>	<u>6,260</u>	<u>7,508</u>
TOTAL	<u>\$ 99,502</u>	<u>\$ 101,585</u>	<u>\$ 97,679</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES:			
Accounts payable	\$ 25,621	\$ 32,416	\$ 27,078
Obligations under capital leases	83	58	10
Accrued wages and benefits	9,294	5,417	5,925
Accrued annual leave	14,451	12,699	13,988
Accrued employee travel	1,827	-	1,805
Note payable to National Credit Union Share Insurance Fund	<u>14,750</u>	<u>14,862</u>	<u>16,091</u>
Total Liabilities	66,026	65,452	64,897
COMMITMENTS AND CONTINGENCIES			
FUND BALANCE	<u>33,476</u>	<u>36,133</u>	<u>32,782</u>
TOTAL	<u>\$ 99,502</u>	<u>\$ 101,585</u>	<u>\$ 97,679</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2011 (Dollars in thousands)

	YEAR-TO-DATE		MONTH	
	2012	2011	2012	2011
REVENUES:				
Operating fees	\$ 66,599	\$ 64,648	\$ 7,318	\$ 7,271
Interest	32	17	4	1
Other	<u>1,049</u>	<u>781</u>	<u>108</u>	<u>115</u>
Total Revenues	67,680	65,446	7,430	7,387
EXPENSES, NET:				
Employee wages and benefits, net	50,313	47,115	7,209	6,300
Travel	8,031	7,761	1,530	1,675
Rent, communications, and utilities	1,494	1,458	101	275
Contracted services	4,817	4,489	1,112	179
Other	<u>3,670</u>	<u>4,749</u>	<u>135</u>	<u>1,046</u>
Total Expenses	<u>68,325</u>	<u>65,572</u>	<u>10,087</u>	<u>9,475</u>
EXCESS OF REVENUES OVER EXPENSES	(645)	(126)	(2,657)	(2,088)
FUND BALANCE—Beginning of period	<u>34,121</u>	<u>32,908</u>	<u>36,133</u>	<u>34,870</u>
FUND BALANCE—End of period	<u>\$ 33,476</u>	<u>\$ 32,782</u>	<u>\$ 33,476</u>	<u>\$ 32,782</u>

NATIONAL CREDIT UNION ADMINISTRATION OPERATING FUND

STATEMENTS OF CASH FLOWS FOR THE PERIODS ENDED SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2011 (Dollars in thousands)

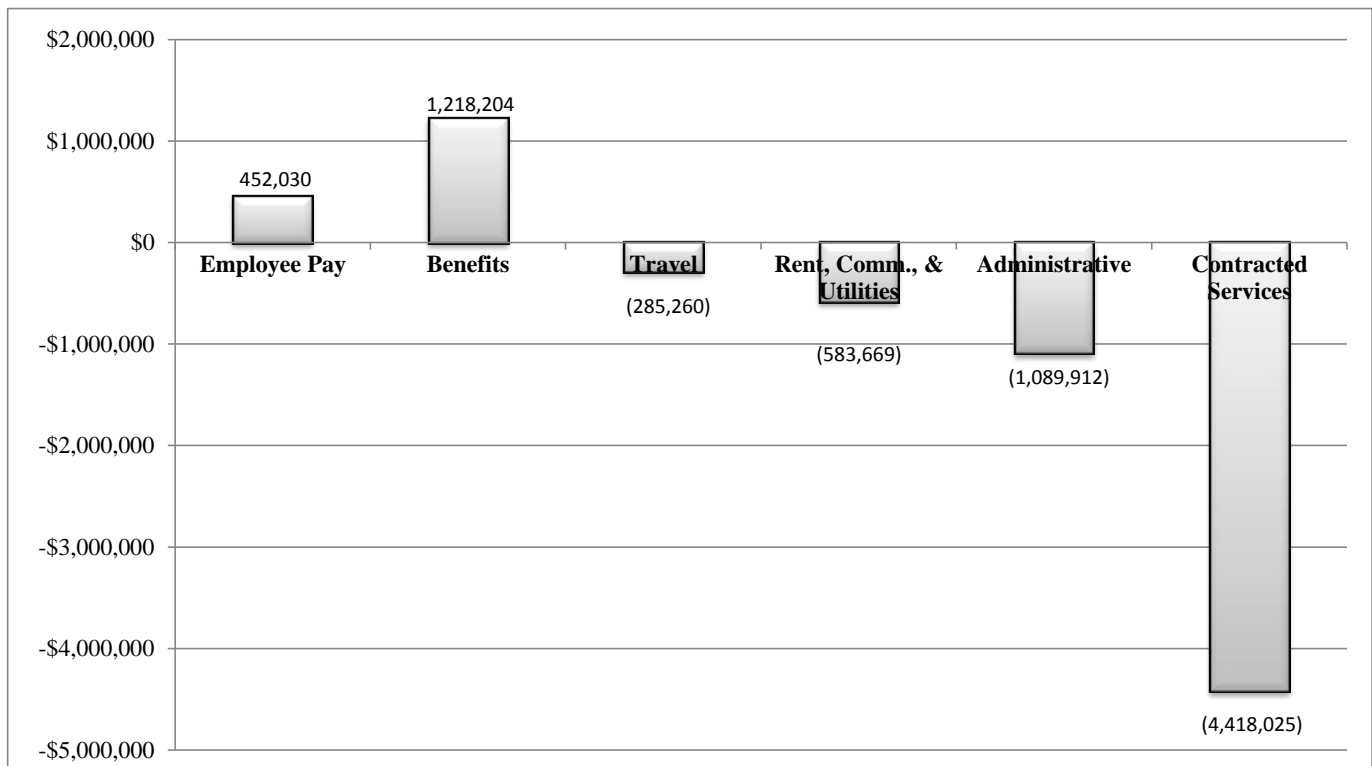
	YEAR-TO-DATE		MONTH	
	2012	2011	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES:				
Excess of revenues over expenses	\$ (645)	\$ (126)	\$ (2,657)	\$ (2,088)
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:				
Depreciation and amortization	4,749	3,403	658	358
Provision for loss on disposal of employee residences held for sale	158	226	42	93
(Gain) loss on fixed asset retirements	(3)	-	-	-
(Increase) decrease in assets:				
Due from National Credit Union Share Insurance Fund	(2,043)	(390)	(3,225)	(2,929)
Employee advances	30	(65)	2	55
Other accounts receivable	417	(618)	(19)	(747)
Prepaid expenses and other assets	(455)	(230)	(143)	417
(Decrease) increase in liabilities:				
Accounts payable	18,547	22,035	(6,795)	(4,273)
Accrued wages and benefits	(1)	(2,656)	3,877	(4,143)
Accrued annual leave	1,752	2,587	1,752	2,587
Accrued employee travel	1,199	1,273	1,827	1,805
Net cash provided by operating activities	<u>23,705</u>	<u>25,439</u>	<u>(4,681)</u>	<u>(8,865)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Purchases of fixed assets	(3,141)	(4,613)	(338)	(3,155)
Proceeds from disposal of fixed assets	25	-	-	-
Purchases of employee residences held for sale	(995)	(790)	-	(278)
Proceeds from sale of employee residences held for sale	658	735	148	-
Net cash used in investing activities	<u>(3,453)</u>	<u>(4,668)</u>	<u>(190)</u>	<u>(3,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:				
Repayments of note payable to National Credit Union Share Insurance Fund	(1,006)	(1,006)	(112)	(112)
Principal payments under capital lease obligations	(15)	(13)	(15)	(13)
Net cash used in financing activities	<u>(1,021)</u>	<u>(1,019)</u>	<u>(127)</u>	<u>(125)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,231	19,752	(4,998)	(12,423)
CASH AND CASH EQUIVALENTS—Beginning of period	<u>36,982</u>	<u>32,645</u>	<u>61,211</u>	<u>64,820</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 56,213</u>	<u>\$ 52,397</u>	<u>\$ 56,213</u>	<u>\$ 52,397</u>
CASH PAYMENTS FOR INTEREST	<u>\$ 222</u>	<u>\$ 263</u>	<u>\$ 23</u>	<u>\$ 27</u>

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**YEAR-TO-DATE BUDGET REPORT ANALYSIS (BEFORE OVERHEAD TRANSFER RATE)
AS OF SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2011**

	2012				2011			
	BUDGET	ACTUAL	DIFF	%	BUDGET	ACTUAL	DIFF	%
Employee Pay	93,623,117	94,075,147	452,030	0.5%	92,211,544	92,262,370	50,826	0.1%
Benefits	31,251,604	32,469,809	1,218,204	3.9%	27,978,059	25,904,893	(2,073,166)	-7.4%
Travel	20,636,394	20,351,134	(285,260)	-1.4%	18,506,571	19,709,012	1,202,441	6.5%
Rent, Comm., & Utilities	4,260,288	3,676,618	(583,669)	-13.7%	3,790,948	3,551,274	(239,674)	-6.3%
Administrative	10,113,144	9,023,233	(1,089,912)	-10.8%	10,292,165	11,564,115	1,271,950	12.4%
Contracted Services	16,158,042	11,740,017	(4,418,025)	-27.3%	14,774,343	10,952,853	(3,821,490)	-25.9%
TOTAL	176,042,590	171,335,958	(4,706,632)	-2.7%	167,553,630	163,944,517	(3,609,113)	-2.2%

Amount Over (Under) Budget

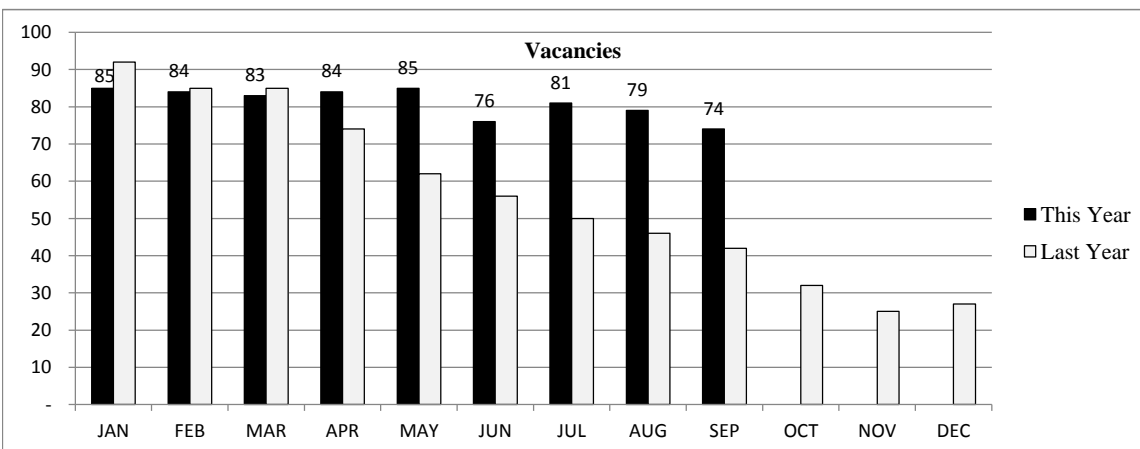
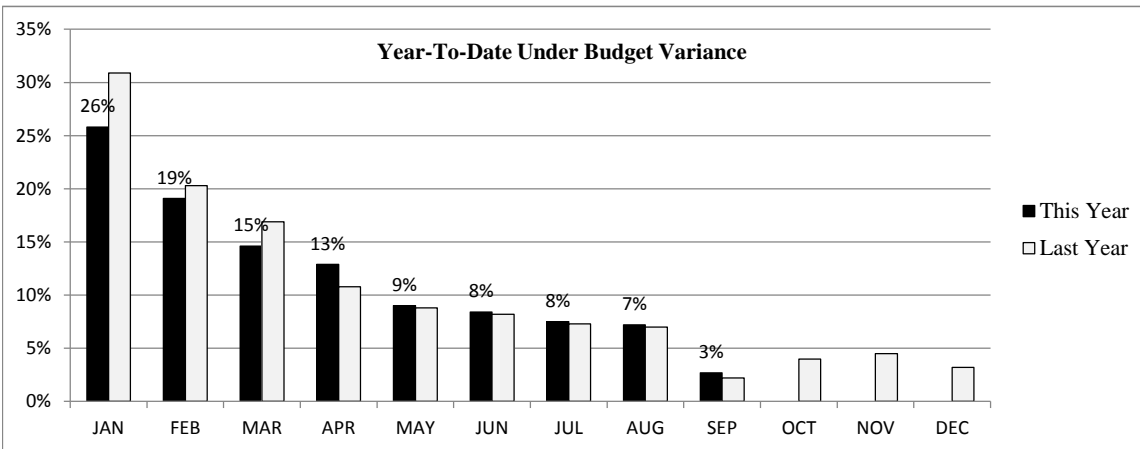
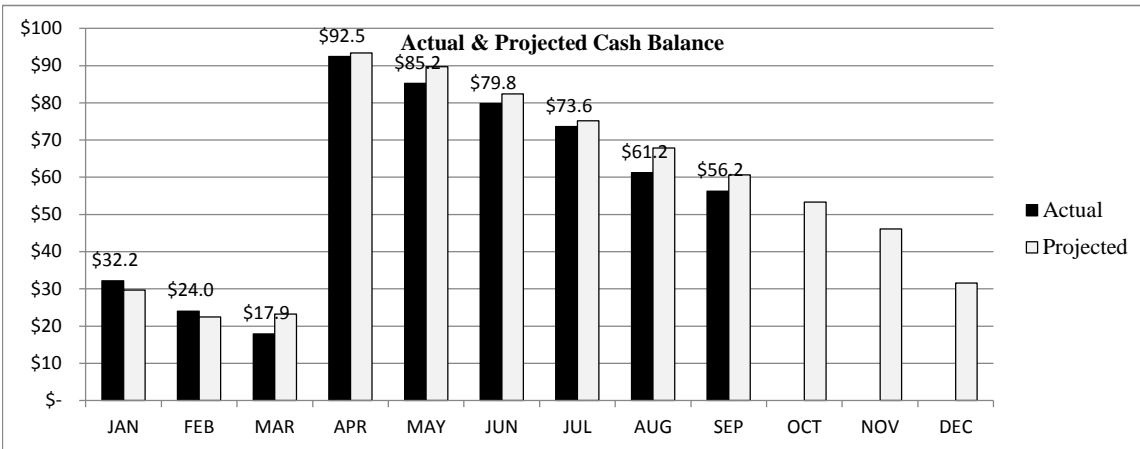


Budget amounts reflects mid-session adjustments.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

GRAPHS AND RATIOS

AS OF SEPTEMBER 30, 2012 AND SEPTEMBER 30, 2011



	9/30/2012	9/30/2011
Retained earnings / Total assets	33.64%	33.56%
YTD interest income to average investments (annualized)	0.09%	0.05%
Annualized travel spend per employee	\$22,990	\$22,894
Net year to date cash inflow (outflow) in millions of dollars	\$19	\$20
Cash and overnight investments / Total assets	56.49%	53.64%
Overhead transfer rate	59.30%	58.90%