

OFFICIALS AND STAFF
CITY FEDERAL CREDIT UNION

BOARD OF DIRECTORS

TERRY BATES.....CHAIRMAN
MATTHEW LANGFORD..... VICE CHAIRMAN
THOMAS HIGGINSSECRETARY
CINDA JOHNSON.....TREASURER
MARC LUSK
ANTHONY SENA

SUPERVISORY COMMITTEE

DONNA SMITHCHAIRPERSON
ANDREA MCDONALD
ROSEMARY ROBINSON

STAFF

FRANK FRAZZITTACHIEF EXECUTIVE OFFICER
LYNNETTE PADILLA LENDING MANAGER
VIRGINIA WILLIAMS.....UTILITY TELLER
LAURA CARTERLOAN OFFICER
TAMMY DUKE.....LOAN OFFICER
IRETTA KIMBELL PART TIME TELLER
CHLOE WALKER.....TELLER
TERESA WILDE..... TELLER
CHRISTINA COGHILLSTAFF ACCOUNTANT
CLARA KINNEYMEMBER SERVICES
.REPRESENTATIVE

STATEMENT OF OPERATIONS
CITY FEDERAL CREDIT UNION

YEAR ENDED DECEMBER 31

INCOME	2016	2015
INTEREST ON LOANS	\$1,054,057	\$662,263
INCOME FROM INVESTMENTS	\$133,355	\$176,781
FEE INCOME	\$190,839	\$83,573
OTHER OPERATING INCOME	\$5,449	\$84,909
NON-OPERATING INCOME	\$0	\$0
TOTAL INCOME	\$1,383,700	\$1,007,526
EXPENSES		
COMPENSATION & BENEFITS	\$538,612	\$468,932
OFFICE OCCUPANCY	\$43,635	\$32,364
OFFICE OPERATIONS	\$143,298	\$108,866
OTHER EXPENSE	\$253,441	\$174,826
PROVISION FOR LOAN LOSSES	\$90,206	\$14,576
TOTAL EXPENSES	\$1,069,192	\$799,564
NET INCOME BEFORE DIVIDENDS	\$314,508	\$207,962
DIVIDENDS	-\$92,480	-\$24,657
GAIN OR LOSS ON ASSETS	-\$0	-\$503
NET INCOME	\$222,028	\$182,802
KEY RATIOS		
NET WORTH/ASSETS	9.64%	9.44%
RETURN ON AVERAGE ASSETS	0.70%	0.63%
OPERATING EXPENSE	3.07%	2.71%
LOANS/ASSETS	70.27%	56.37%
DELINQUENT LOANS/LOANS	2.00%	0.43%
NET CHARGEOFFS	0.74%	0.30%
ASSET GROWTH	5.46%	15.72%
MEMBERS	2,596	2,652
MEMBERSHIP GROWTH	-2.11%	-3.32%

Mission Statement

“City Federal Credit Union believes in the philosophy of people helping people and operates for the sole purpose of providing quality financial services and products to members in a professional manner at the lowest possible cost.”

**2016
ANNUAL
REPORT**



STATEMENT OF FINANCIAL CONDITION

CITY FEDERAL CREDIT UNION

YEAR ENDED DECEMBER 31

ASSETS	2016	2015
CASH AND EQUIVALENTS	\$1,839,657	\$510,755
INVESTMENTS	\$7,109,445	\$12,448,819
LOANS	\$22,975,775	\$17,475,244
LESS ALLOWANCE FOR LOAN LOSSES	\$64,606	\$43,960
NET LOANS OUTSTANDING	\$22,911,169	\$17,431,284
FIXED ASSETS	\$412,112	\$283,956
ACCRUED INTEREST	\$94,640	\$61,298
OTHER ASSETS	\$329,436	\$266,888
TOTAL ASSETS	<u>\$32,696,459</u>	<u>\$31,003,000</u>
LIABILITIES		
ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$214,604	\$512,896
SHARE DEPOSITS	\$18,378,526	\$17,230,944
SHARE DRAFT (CHECKING) ACCOUNTS	\$4,722,671	\$4,739,517
TERM SHARE CERTIFICATES	\$951,522	\$713,036
INDIVIDUAL RETIREMENT ACCOUNTS	\$2,402,082	\$2,001,580
NON-MEMBER SHARE CERTIFICATES	\$2,876,000	\$2,876,000
TOTAL LIABILITIES	<u>\$29,545,405</u>	<u>\$28,073,973</u>
MEMBERS EQUITY		
REGULAR RESERVES (STATUTORY REQUIREMENT)	\$640,292	\$640,292
OTHER RESERVES		
UNDIVIDED EARNINGS	\$2,288,735	\$2,105,933
NET INCOME (LOSS)	\$222,028	\$182,802
TOTAL MEMBERS EQUITY	\$3,151,055	\$2,929,027
TOTAL LIABILITIES & MEMBERS EQUITY	<u>\$32,696,459</u>	<u>\$31,003,000</u>

BOARD OF DIRECTORS REPORT

CITY FEDERAL CREDIT UNION

It has been an honor to serve as Chairman of the Board of Directors this past year. I thank each of the Board members, Supervisory Committee, and staff for their continued support and dedication in working to ensure City Federal Credit Union thrives in today's modern financial marketplace. I sincerely thank the members of the Credit Union for their support and challenge each of you to recruit friends, family, co-workers to join the team to grow our membership and share the benefits.

The Board of Directors continues to operate under the guidance of the City Federal Credit Union Mission Statement, which is: "City Federal Credit Union believes in the philosophy of providing quality financial services and products to members in a professional manner at the lowest possible cost." I am able to report to the membership; the Credit Union continues to be financially stable receiving favorable reviews from the regulatory examiners and auditors. The strength and sound operation of the Credit Union is a testament to the quality of management and staff working behind the scenes each day to provide exceptional service to members.

In 2016 the Credit Union is pleased to have upgraded its overall membership services with an emphasis on service quality, ease of use, and electronic access. In addition to increasing the Credit Union's capital, over \$300,000 was distributed to members through increased dividends, the reduction or elimination of fees, and new services at no cost.

I would like to thank the members for their patience and continued support in a time of significant change. We believe that the resulting increase in services and improved efficiency will lead to a more satisfying financial experience for our members. As always, we welcome your input and feedback. The Board remains pleased with the current fiscal strength and direction of the Credit Union and confident in the abilities of President Frank Frazzitta and his excellent staff.

Terry Bates
Chairman

PRESIDENT'S REPORT

CITY FEDERAL CREDIT UNION

HOW CAN WE SERVE YOU? I am delighted to share with all the credit union employees my thanks for all the major system and service changes that were installed in 2016 for our membership.

As we proceeded through YEAR TWO of our credit union services upgrade project, we began building our services. This has been an exhausting process with employee training and retraining, system glitches, oops, and ouches, and member patience. I will say that our members have truly been patient and embraced what we have been creating for them. Let me take a moment to tell you what we did.

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| 1. New Debit Cards (Do you love those pictures)? | 10. New Credit Cards |
| 2. With EMV Chips | 11. With EMV Chip |
| 3. And Improved Outstanding Debit Card Service | 12. Mobile Phone Credit Card APP |
| 4. Instant Issuance of Debit Cards | 13. And Improved Outstanding Credit Card Service |
| 5. New Core System Sharetec | 14. We put in Video drive through screen service |
| 6. New Home Banking web application | 15. We funded our first Home Equity Loan |
| 7. Mobile Phone App | 16. We created a Tax Return Loan |
| 8. Online Loan Application App | 17. We had our first Cyber Black Friday Special |
| 9. New Web Site | 18. Groove Car Auto Shopping |

DOLLAR STRONG! Overall, we have had the best year in the credit union's history. All 69 of them. We originated \$6 million dollars in loans and passed out over \$8 million in currency and generated strong operating results for our membership. Net income for the year was \$221,000. This is a 21% increase over 2015 net income results of \$183,000.

LET'S GROW TOGETHER! The credit union's strength and health depends on its membership. We are entering PHASE THREE of the credit union's modernization strategy. Do your colleagues at the city and your family know what the credit union can offer them? Do they know that we have every financial service convenience available in Amarillo? Can they be part of a movement that values people helping people and creates savings and value that they can't get anywhere else?

WE NEED EACH OTHER! The credit union is built upon the foundation of the strength of our common bond of credit union membership and its roots in City of Amarillo employment and other employment groups. The credit union sincerely needs your help in attracting new members.

THANK THE TEAM! I am very pleased with the hard work and the results of the credit union's employees and its management team. They have put in extra hours and gone far beyond the call of duty to truly deliver to you a financial home that you will want stay with for life.

Respectfully Submitted
Frank Frazzitta
Chief Executive Officer

SUPERVISORY COMMITTEE REPORT

CITY FEDERAL CREDIT UNION

The Supervisory Committee is responsible for various audits and related activities as prescribed by the National Credit Union Administration regulatory agency. We follow an approved Plan of Action as our guideline for procedures to be performed during monthly meetings and at various times throughout the year. We learn accepted policies and procedures by viewing educational webinars or by attending other training as available. Loan documentation is routinely assessed, new and closed accounts are confirmed, cash counts are performed on a random basis, dormant account activity and other reports are reviewed. The committee has also contracted with Waypoint Advisory Services to perform some of the procedures requiring more in-depth audit knowledge such as reviewing staff and officials' accounts, doing test balances of the general ledger, and validating bank statement reconciliations.

A verification of all Credit Union accounts is conducted every two years; the last one was done in the summer of 2016 with no negative responses. When Credit Union officials and staff perform various mandatory actions during the year such as the ACH audit and the Disaster Recovery Test, at least one representative from the Committee is present. A Bank Secrecy Act Audit is performed annually.

Based on audit requirements and standards for credit unions set forth by National Credit Union Administration (NCUA) Rules and Regulations, Waypoint Advisory Services performed a comprehensive review in November of 2016. NCUA Federal Examiners did an examination in June of 2016. In the reports provided to the Supervisory Committee by these agencies, both expressed confidence in the performance of the credit union and its staff. No major exceptions were noted in either case.

Based on these various verifications and assessments, I believe our Credit Union to be in sound financial condition.

I am excited about the growth and modernization within the institution, and am pleased to see the services offered to our members continue to improve. I appreciate the opportunity to work with such a supportive and committed group of officers, staff and committee members.

Donna Smith
Chairperson