

## OFFICIALS AND STAFF

### BOARD OF DIRECTORS

TERRY BATES.....CHAIRMAN  
MATTHEW LANGFORD ..... VICE CHAIRMAN  
THOMAS HIGGINS..... SECRETARY  
CINDA JOHNSON.....TREASURER  
MARC LUSK  
ANTHONY SENA  
HECTOR MENDOZA

### SUPERVISORY COMMITTEE

GLENN LAVENDER .....CHAIRPERSON  
DONNA SMITH  
ROSEMARY ROBINSON  
MICKEY BROWN

### STAFF

FRANK FRAZZITTA ..... CHIEF EXECUTIVE OFFICER  
LYNNETTE PADILLA ..... VICE PRESIDENT  
JEFF WOODINGTON ..... CONTROLLER  
HOLLY INGRAM ..... MEMBER SERVICES SUPERVISOR  
MELONIE JASSO ..... TELLER  
JANET MCPHERSON..... LOAN OFFICER  
KATIE STOOKEY..... LOAN OFFICER  
DESIREE RAMIREZ..... LOAN CLERK  
CLARA KINNEY ..... ACCOUNTING CLERK

## PRESIDENT'S REPORT

### City Federal Credit Union

RECORD RESULTS: I am pleased to report that City FCU has just achieved the most successful year in its history. We accomplished many objectives and set new milestones in 2018. We recognized record net income of \$401,000 and increased our capital to \$3.8 million. We continued to invest in safety and soundness. Our Lending operations resulted in 1,250 loans for \$10 million dollars for our members in 2018. We are especially pleased that we were able to make over 600 loans to underserved members.

The credit union is committed to building on these strengths. We are now positioned to look forward and build our business and serve additional members in 2019.

BRANCHING OUT: We are seeking a location for a new branch. Our planned new branch is the credit union's first expansion in our history. The branch has two purposes. The first is to provide a geographically different location than our downtown branch to increase member convenience. The second is to offer the experience of being a credit union member to others in the Amarillo community. We will keep our members informed as our plans achieve each new milestone.

BATTER UP: Why the Sod Poodles? Why Amarillo Baseball? The credit union recognizes its downtown heritage and feels a special relationship and a need to support our downtown area. We have a multi-year commitment with the baseball team to increase awareness of the credit union. The clincher is that we have become the official sponsor (with Amarillo Baseball) of the Amarillo Area Rotary Baseball League and are privileged to provide jerseys and hats for 2019.

REMEMBER US: Tell your friends, your kids, your co-workers and your neighbors about the credit union. Let them know that we are a special institution and with their help, we can make a future Amarillo greater than we have ever imagined. Join the credit union.

AND THANK YOU: The opportunity to serve our members is a privilege. We value the daily exchanges that we have with our members. We know you have many choices in choosing where to obtain financial services. We thank you for choosing us.

Respectfully Submitted  
Frank Frazzitta  
Chief Executive Officer

## MISSION STATEMENT

“City Federal Credit Union is committed to exceed our members expectations to meet their *financial happiness*, while providing a *heartfelt* and *long-lasting relationship*.”

## CORE VALUES

- Service-driven
- Relationship-Focused
- Integrity
- Member Delighted
- Innovative
- Accountability
- Entrepreneurial
- Enjoyable Atmosphere



**CITY FEDERAL**  
C R E D I T U N I O N

ANNUAL REPORT | **2018**

## BOARD OF DIRECTORS REPORT

It has been an honor to serve as Chairman of the Board of Directors again this year. The Board is responsible for oversight and direction of the Credit Union. Our continued success depends on the input and guidance of CEO Frank Frazzitta and his Leadership Team. The Board remains confident in the direction of City Federal Credit Union under the leadership of CEO Frazzitta.

I am pleased to report that 2018 continued our four-year history of positive growth. The financial balance sheet remains strong and stable. All operational areas including asset and loan growth improved for the fourth straight year. Over \$10,000,000 in loans were funded this year which is our all-time record. Net income also achieved a historical high of \$401,000. Though membership growth remains moderate the pace of that growth has increased slightly. Credit union operating results and procedures were again rated highly by independent examiners during our annual audit. City Federal compares favorably with other banks and credit unions both large and small.

New initiatives and improved services continue to be added. Savings and IRA rates have been increased and are among the highest in the area. Our ATM network has been expanded and fees reduced or eliminated. Bill Pay should be rolled out in the early part of this year. However, membership growth remains a concern. To address this the field of membership was expanded to include the Friends of the Library in 2017, and there has been increased focus on improving our outreach to new City employees. These steps have contributed to a net gain of 52 members in 2018, in addition to a gain of 42 new members in 2017.

Other exciting developments are coming for 2019. City Federal is an official sponsor of the Amarillo Sod Poodles baseball team. City Federal will also sponsor the West Texas Youth Baseball League. Finally, we are in the developmental stage for City Federal's second branch location.

The Board wishes to express their appreciation to the staff of City Federal. The success of the past year would not have been possible without their hard work and dedication. The Board would like to recognize the Supervisory Committee for their oversight efforts. The members of the Committee volunteer many hours annually to provide oversight, helping to insure the integrity and security of credit union operations.

The Board remains very optimistic about the future of City Federal Credit Union. We thank you, our members, for your trust and support as we move forward. We know you have many options for your financial services and are honored you have chosen us.

Respectfully submitted,  
Terry Bates, Chairman

## 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. Every few months a committee member attends a board meeting to ensure we are all working towards the same goals. 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 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.

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. A verification of all Credit Union accounts is conducted every two years; the last one was performed 2018 with no negative responses.

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 December of 2018. NCUA Federal Examiners did an examination in September of 2017. 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.

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.

*Glenn Lavender*

Glenn Lavender  
Chairperson

## STATEMENT OF FINANCIAL CONDITION

### YEAR ENDED DECEMBER 31, 2018

<b>ASSETS</b>	<b>2018</b>	<b>2017</b>
CASH AND EQUIVALENTS	\$3,604,446	\$2,080,712
INVESTMENTS	\$271,520	\$1,469,520
LOANS	\$31,107,392	\$30,463,238
LESS ALLOWANCE FOR LOAN LOSSES	<u>\$203,825</u>	<u>\$101,494</u>
NET LOANS OUTSTANDING	\$30,903,567	\$30,361,743
FIXED ASSETS	\$409,648	\$441,476
ACCRUED INTEREST	\$175,724	\$118,963
OTHER ASSETS	<u>\$309,000</u>	<u>\$331,490</u>
TOTAL ASSETS	<u>\$35,673,904</u>	<u>\$34,803,904</u>
<b>LIABILITIES</b>		
ACCOUNTS PAYABLE & ACCRUED EXPENSES	\$396,931	\$488,248
SHARE DEPOSITS	\$18,917,533	\$18,886,384
SHARE DRAFT (CHECKING) ACCOUNTS	\$5,009,906	\$4,590,259
TERM SHARE CERTIFICATES	\$1,326,881	\$1,005,866
INDIVIDUAL RETIREMENT ACCOUNTS	\$2,231,033	\$2,700,523
NON-MEMBER SHARE CERTIFICATES	\$3,986,000	\$3,728,000
TOTAL LIABILITIES	<u>\$31,868,293</u>	<u>\$31,399,280</u>
<b>MEMBERS EQUITY</b>		
REGULAR RESERVES (STATUTORY REQUIREMENT)	\$640,292	\$640,292
OTHER RESERVES		
UNDIVIDED EARNINGS	\$2,764,330	\$2,510,763
NET INCOME (LOSS)	<u>\$401,000</u>	<u>\$253,567</u>
TOTAL MEMBERS EQUITY	<u>\$3,806,622</u>	<u>\$3,404,622</u>
<b>TOTAL LIABILITIES &amp; MEMBERS EQUITY</b>	<u>\$35,673,904</u>	<u>\$34,803,904</u>

## STATEMENT OF OPERATIONS

### YEAR ENDED DECEMBER 31, 2018

<b>INCOME</b>	<b>2018</b>	<b>2017</b>
INTEREST ON LOANS	\$1,684,787	\$1,327,323
INCOME FROM INVESTMENTS	\$25,385	\$62,630
FEE INCOME	\$262,465	\$216,328
OTHER OPERATING INCOME	\$21,635	\$2,877
NON-OPERATING INCOME	\$0	\$0
TOTAL INCOME	<u>\$1,994,272</u>	<u>\$1,609,157</u>
<b>EXPENSES</b>		
COMPENSATION & BENEFITS	\$642,648	\$602,367
OFFICE OCCUPANCY	\$45,279	\$45,279
OFFICE OPERATIONS	\$186,269	\$186,269
OTHER EXPENSE	\$280,285	\$280,285
PROVISION FOR LOAN LOSSES	\$285,136	\$120,000
TOTAL EXPENSES	<u>\$1,490,457</u>	<u>\$1,234,200</u>
NET INCOME BEFORE DIVIDENDS	\$503,815	\$374,957
DIVIDENDS	<u>-\$153,405</u>	<u>-\$121,390</u>
GAIN OR LOSS ON ASSETS	\$50,590	-\$0
NET INCOME	<u>\$401,000</u>	<u>\$253,567</u>
<b>KEY RATIOS</b>		
NET WORTH/ASSETS	10.67%	9.78%
RETURN ON AVERAGE ASSETS	1.14%	0.75%
OPERATING EXPENSE	3.42%	3.30%
LOANS/ASSETS	87.20%	87.53%
DELINQUENT LOANS/LOANS	1.05%	1.14%
NET CHARGEOFFS	0.60%	0.35%
ASSET GROWTH	2.50%	6.45%
MEMBERS	2,638	2,638
MEMBERSHIP GROWTH	1.97%	1.59%