

## PRESIDENTS REPORT

Construction, remodel, refurbish; Whatever term you use, it was a dusty, noisy and at times inconvenient year. Now that the work is all done, it's great, well worth it.

How we bank has changed significantly. Going to the bank to cash a check or use the drive up is being replaced with Debit Cards and Mobile Banking. Our facility was built for people coming into the office to get cash. What they needed was a place to visit with staff who can assist them with their financial needs. Our office today reflects that change.

To accomplish this major undertaking involved all the staff and volunteers. A big THANK YOU to you for all your help on this project. Our summer in the old house was an experience and an enjoyable one at that. We were the only credit union with the Teller Counter in the Dining Room! To all the members who came to the office last summer, thank you for your patience and good will.

While we worked on the building, North Monroe was closed for most of the summer while it was rebuilt. Most of the property owners along the street updated their buildings as well. I have to say the street looks good and the SCCU property really stands out.

Our financial results for 2018 were good. We increased our dividend rates, granted more loans, enhanced our credit card program and posted our largest profit in the last 15 years.

You've probably heard that credit unions are different. At our core is our charter as a not-for-profit financial cooperative. We exist to serve our member-owners. Unlike other financial institutions, we do not issue stock or pay dividends to outside stockholders. Instead, earnings are returned to our member-owners in the form of lower loan rates, higher interest on loans, and lower fees. That's the credit union difference.

It is your participation as a member-owner that makes us strong. When you fully participate in our services and programs you make SCCU even stronger. Membership eligibility extends to your family, friends and co-workers and makes SCCU grow. Members helping members, it's a business model that has worked at SCCU since 1934.

The outlook for 2019 is promising. The economy is still strong and we are growing in deposits and loans. Investments in technology for the membership is our focus in 2019. These new programs will allow you to bank whenever you want with ease and top-notch security

My door is always open so please stop by and let's chat about YOUR Credit Union.

Sincerely,

Gene Fitzpatrick, President

## **CHAIRMAN'S REPORT**

Established in 1934, the Spokane City Credit Union continues to provide trusted financial services for you and your family. This last year has seen many changes.

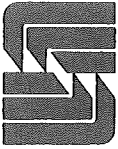
The remodeling of the Credit Union has been completed. In addition to freshening up the interior and exterior appearance, badly needed upgrades to the heating and air conditioning systems, lighting, and landscaping were made. This remodel will position the Credit Union to efficiently serve the needs of our members for years to come. If you haven't seen it, be sure and stop by to take a look. Also, check out our new, state of the art sign.

Our president, Gene Fitzpatrick, and our dedicated staff didn't stop there. In addition to living through a remodel, new loan programs, convenience services, and streamlined loan processing systems have been initiated to provide better services for our members.

With all these changes and improvements, we haven't forgotten that our greatest asset continues to be you, our members. It's the members that make the Spokane City Credit Union great. Feel free to contact me or any member of your management team with your comments or recommendations.

We look forward to a bright future as we continually strive to improve the services to our members. Thank you for being a part of the SCCU!

Sincerely,  
Gene Jakubczak, Chair



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# SPOKANE CITY CREDIT UNION SUPERVISORY COMMITTEE

## SUPERVISORY COMMITTEE 2018 ANNUAL REPORT TO THE MEMBERSHIP

The Supervisory Committee consisted of Vince Beck, Chuck Zigmund and Chairperson, Dave Christiansen. Vince has been involved with Credit Unions for many years. Vince came from another Credit Union who merged with Spokane City Credit Union. He has served on credit committees at both Credit Unions until his election to our Supervisory Committee nine years ago. Chuck Zigmund is a long-time member who began his term in March 2015 and brings many years of commitment to the Spokane Community as an engineer at several businesses. Dave is the Vice President of Operations for Starplex/Crowd Management Services and has been on the committee for twenty-four years.

The Supervisory Committee is required to ensure that:

- Management's financial reporting objectives have been met.
- Management practices and procedures safeguard members' assets.

To meet these two general requirements, the Supervisory Committee is responsible for determining whether the Credit Union Management has established and maintained effective internal controls to achieve the Credit Union's financial reporting objectives. The Supervisory committee makes these determinations primarily through conducting audits and verifications.

The Supervisory Committee engaged the accounting firms of Moss-Adams to examine the credit unions financial records and the required BSA Audit and furnish their reports to the Board of Directors. The findings of these audits and our own examinations are subject to annual review by the Division of Credit Unions in Olympia. SCCU continues to focus on the credit union's financial safety and soundness, security, and to respond to all regulatory requirements. The staff, board and committees proactively seek ways to improve services, looking for the best service possible.

This past year the Supervisory Committee was required to do a verification of accounts to ensure the safety of those accounts of our members. A flier was sent in each member's month end statement for December. The Supervisory committee worked with data processing companies and direct mail to ensure the accounts were all accounted for.

Management is also working hard to provide quality loans to qualified members and is looking for new innovative programs to deliver this quality service. We have hired consultants to assist us with auditing those programs to ensure you are receiving the best possible service. Costs of those services are reviewed prior to their implementation. Management consistently monitors its peers in the market to ensure we are competitive. The Supervisory Committee is proud to serve the Credit Union members and its staff who are the best in the business.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Dave Christiansen'.

Dave Christiansen, Chairperson

**NOMINATING COMMITTEE REPORT**  
**March 31, 2019**

The Nominating Committee for the Spokane City Credit Union (SCCU) submits the following report to the members of SCCU.

The Nominating Committee was given the task of providing qualified candidates for the elections of two Board positions and a Supervisory Committee position. All terms are for three years.

A Call for Nominations was posted for members to contact SCCU to express their interest to serve on the Board of Directors or Supervisory Committee.

The Nominating Committee submits that all the following named candidates listed have indicated in writing a willingness to serve in good faith. The Nominating Committee attests that each candidate is qualified to serve.

The Candidates for the Board are as follows:

David Eash. - Incumbent  
Jerry Niepomnik – Incumbent

The Candidate for the Supervisory Committee is as follows:

Dave Christiansen – Incumbent

As there was only one candidate for each position, it is proclaimed that David Eash, Jerry Niepomnik and Dave Christiansen are all elected to a three-year term.

Respectfully submitted,

Harry McLean Jr.

## CREDIT COMMITTEE REPORT

The Spokane City Credit Union Credit Committee is accountable for safeguarding credit union member's savings while balancing the member's need to borrow. The committee works closely with the Board of Directors and Management to promote SCCU as a member's first choice when borrowing money. Loan approval is based on the member's credit worthiness, capacity to repay the loan, and collateral.

Spokane City Credit Union continues to provide member loans at very competitive interest rates. In 2018 we had very strong loan growth and delinquency remained low throughout the year. In addition, SCCU was able to achieve the following:

- Total Loans increased by 22% for a total of \$34,727,870.
- Real estate loans increased by 48% for a total of \$12,909,757.
- Net charge offs ended 2018 at .17% with our peer group at .49%.
- Delinquent Loans to Total Loans ration at the end 2018 was .14% vs our peer group with .61%.

It is the goal of Spokane City Credit Union to provide and build safe, secure and steady loan growth provides greater opportunity to pay higher dividends on member savings.

SCCU continues to focus on consistent and thoughtful review, decisions and funding of loans for our members with competitive interest rates.

We pride ourselves with providing members a financial institution serving member needs above all else.

Sincerely,

Corin Morse, Credit Committee Chairperson

# TREASURER REPORT

December 31, 2018

The financial results of Spokane City Credit Union for the year 2018 improved, as a reflection of continuing improvement in the economy and member services. Both the loan rates paid by the member borrowers and the dividend/interest rates paid to the member savers increased slightly in 2018, as a reflection of the national economy and market conditions. As a member owned financial cooperative, your Credit Union Board and Management are committed to providing competitive financial products for our members.

Membership: we have 5048 members. Our membership is open to those who live, work, worship and attend school in Washington State. Our core group, City of Spokane employees and Spokane Transit employees, have remained loyal members and continue to be our best referrals to co-workers.

Member Shares: our member shares increased by 3%. We continue to be competitive on our rates for shares, retirement, term and deposit accounts. The National Credit Union Share Insurance Fund (NCUSIF) is the federal fund created by Congress in 1970 to insure member's deposits in federally insured credit unions. In 2010 the NCUA' standard maximum share insurance amount was established at \$250,000. All our credit union deposits utilize this level of coverage.

Loans: our loan portfolio again increased in 2018, this year by a strong 22%. Since the Home Mortgage program is now in house, in 2018 we originated over \$4 million in new Real Estate loans for our members. Our dealer loan process is now automated, so members can get instant loan approval at the dealer. Visa and debit cards now have enhanced chip technology, and we have instant issue debit cards. We continue to be competitive with our Visa rates, our Real Estate rates, and our vehicle rates, which include motorcycles, boats and RVs. Both loan delinquency and charge offs remained very low in 2018. Your Credit Union Board and Management continues to stress strong underwriting and competitive loan products for our members.

Net Income: our net earnings increased to \$216,292 in 2018. Our income is primarily from loan interest which pays dividends and our operating expenses. Your Credit Union Board and Management will continue to offer cost saving products and services for our member, while continuing to monitor expenses to enhance profitability

Capital: our net worth is over 9% at the end of 2017. This is above the regulatory 7% "well capitalized" minimum classification.

You, the members, are the reason for our credit union success by availing yourself of our excellent financial services. You will be the reason for our continued success by telling others of the many great financial opportunities we offer. Thank You.

Respectfully submitted.

Ed Bowers, Treasurer

**TREASURER REPORT**  
**BALANCE SHEET**  
December 31, 2018

<b>ASSETS</b>		<b>LIABILITIES, RESERVES AND UNDIVIDED EARNINGS</b>	
Loans receivable	\$34,567,282	Shares	\$19,363,233
Investments @cost	\$1,913,056	Share drafts	\$7,195,387
Cash & equivalents	\$2,764,218	Preferred share investment	\$4,240,057
Building & land	\$1,497,178	Individual retirement acct.	\$1,769,946
Other assets	\$973,971	Term share certificate	\$4,896,646
		Other liabilities	\$249,097
		Regular reserves	\$1,028,913
		Undivided earnings	\$2,972,426
<b>TOTAL</b>	<b>\$41,715,705.00</b>	<b>TOTAL</b>	<b>\$41,715,705.00</b>

**STATEMENT OF INCOME, EXPENSES, AND DISTRIBUTION OF NET INCOME**  
For the Year Ended: December 31, 2018

		Distribution of net income and dividend/interest payments	
Income	\$2,073,742	Shares	\$61,309
Expense	\$1,771,874	Certificates	\$24,267
		To undivided earning	216,292
<b>TOTAL</b>	<b>\$301,868</b>	<b>TOTAL</b>	<b>\$301,868</b>

# ANNUAL MEETING MINUTES

April 12, 2018

The 84rd Annual Meeting of the Spokane City Credit Union was held on April 12, 2018 at the Garland Theater, Spokane, WA. The meeting was called to order by Board Chair Gene Jakubczak. at 7:01 P.M.

A quorum was ascertained by an apparent attendance of approximately 175 members.

Minutes of the April 20, 2017 Annual Meeting were approved as distributed.

Gene Fitzpatrick, President introduced the staff and volunteers and thanked them for their commitment to the credit union and their work during the year.

There was a Motion, Second, and Carry to accept written annual reports from the Board Chair, Supervisory Committee, Treasurer, Credit Committee and President. The reports were posted on the screen and distributed in booklet form.

There was no old business.

Boyd Lusarreta, Architect from MMEC was introduced. The credit union is planning to do a remodel of the facility and site in 2018. Gene Fitzpatrick and Boyd reviewed the scope of the project, showed drawings and went over the construction timeline. The office will be vacated for the summer and relocated to the house next door while the building is under construction. The staff will move back into the facility in September and site work will be completed in mid November.

New Business included an election in which there were two Board positions and one Supervisory Committee position open. Nominating Committee Chair Corin Morse reported the results.

The following were duly elected:

Board Position #1	Harry McLean Jr.
Board Position #2	Gene Jakubczak

Supervisory Committee Position #2 Chuck Zigmund

Board Chair Gene Jakubczak thanked the members in attendance for their support of SCCU.

Meeting adjourned at 7:23 P.M.

Members who stayed enjoyed music from the Craig Catlett Trio, the movie "The Pacific Crest Trail" and participated in prize drawings.

Respectfully submitted,  
Corin Morse, Secretary and Gene Jakubczak Board Chair