



ANNUAL REPORT 2017

Report of the Chair

Eighteen years ago, I was elected to the ATFCU Board of Directors. Abilene Teachers was a much different place in the year 2000. There were two branches and membership was limited to educators in Abilene and the sixteen counties surrounding it. Digital banking, now such an integral part of our lives, was being introduced. There was no Facebook - Mark Zuckerberg was a high school sophomore. The September 11, 2001 attacks and the Great Recession, both of which would cause increased regulation, were still in the future.

Clearly, it has been an exciting and challenging time to serve on the Board. Charter expansions in 2003 and 2006 allowed the credit union to serve all residents of Taylor and Callahan Counties. The figures below illustrate the significance of that expansion.

	December 2000	December 2017
Total Assets	\$ 133,000,000	\$ 431,122,631
Loans (net)	\$ 92,310,184	\$ 292,015,488
Members	19,804	46,732
FT Employees	51	131

Our members have benefitted from a major expansion in services, particularly services offered electronically. We have become a recognized corporate citizen, supporting numerous efforts to improve life in the Abilene region. Our Skip-A-Payment program has been heralded nationally as members have donated more than \$1.7 million in the past 15 years to the Boys and Girls Club of Abilene.

The task of the Board of Directors is to guide and provide oversight to ATFCU's operations. The credit union board is not paid, which means that we dedicate our energy out of a desire to provide a better banking alternative. I am very grateful for the dedicated volunteers with whom I work. With them, I thank you for your loyalty to Abilene Teachers Federal Credit Union.

Karen Turner, Chairman of the Board

J. Nolan Kelley, Vice Chairman

Emily Meador, Treasurer

Royce Curtis, Secretary

Joe Alcorta Jr.

Keith Dowell

Chris Faehnle

Robin Hamilton

Linda Peel



Supervisory Committee Report

One of the primary responsibilities of the Supervisory Committee is to ensure that the financial statements of Abilene Teachers FCU are fairly and accurately presented. The committee employed Davis, Kinard & Co, PC (now Eide Bailey LLC) to perform the 2017 comprehensive annual audit. Our auditors expressed an unqualified opinion, meaning that they have no reservations about the reporting.

The National Credit Union Administration (NCUA) conducted ATFCU's most recent regulatory examination in November 2016. The examination findings continue to be positive and reflect the sound financial position of Abilene Teachers FCU. As a result of previous, positive exams, the credit union was placed on an extended schedule and will not have its next appraisal until 2018.

The Supervisory Committee periodically mails account transaction verifications to random members. We appreciate your cooperation in returning these forms as requested. Your timely input is a valuable resource for the management team of the credit union.

We continue to strive to provide the best possible financial experience to our members. If you have a question about your account that has not been resolved to your satisfaction, please contact us directly at P.O. Box 6198, Abilene, TX 79608.

Lee Nell Gann, Chair

Pam Nicholas

J. Nolan Kelley, Board

Representative

Marian Piersall

David Jones

Jackie Stowe

Treasurer's Report

Statement of Income

2017

2016

2015

2014

OPERATING INCOME				
Interest on Loans	13,638,186	12,376,538	11,617,601	11,694,178
Interest on Investments	1,446,018	842,587	869,172	813,569
Other Income	7,673,771	7,748,523	7,339,533	6,317,829
Total Income	22,757,975	20,967,648	19,826,307	18,825,577
OPERATING EXPENSES				
Salaries and Benefits	7,471,815	7,041,680	6,715,487	6,364,866
Member Insurance	64,000	56,000	54,000	38,000
Office Occupancy	815,751	804,348	791,514	774,603
Office Operations	2,975,942	2,958,564	2,828,342	2,749,764
Miscellaneous Expense	6,632,776	7,275,349	5,425,243	4,690,793
Total Expenses	17,960,284	18,135,942	15,814,586	14,618,027
Income	4,797,691	2,831,706	4,015,839	4,207,550
DISTRIBUTION OF INCOME				
Dividends to Members	1,102,616	1,104,642	1,147,762	1,561,412
Reserves & Undivided Earnings	3,695,075	1,727,064	2,868,077	2,646,138

Statement of Financial Condition

2017

2016

2015

2014

ASSETS				
Loans (net)	292,015,488	284,802,316	295,203,157	290,054,047
Investments	115,789,750	113,052,001	96,720,537	92,595,051
Other Assets	23,317,393	23,834,431	21,654,375	22,534,513
Total Assets	431,122,631	421,688,748	413,578,070	405,183,611
LIABILITIES AND EQUITY				
Accounts Payable	5,662,968	4,981,777	3,594,404	3,677,145
Shares	171,336,113	163,653,789	159,254,726	152,021,329
Share Drafts	95,157,548	89,627,351	86,433,520	76,844,624
Share Certificates	68,407,386	76,412,376	78,820,970	89,106,873
IRA's	29,663,923	29,813,838	30,001,895	30,929,164
Reserves	60,894,693	57,199,617	55,472,554	52,604,477
Total	431,122,631	421,688,748	413,578,070	405,183,611

Emily Meador, Treasurer

President's Report

The local economy improved in 2017 as market prices for oil improved significantly. It was a successful year for the credit union as we added 1,497 new members, grew assets to \$431,122,631, and increased in loans (net) to \$292,015,488. Reserves increased at an adequate pace to maintain a strong financial foundation.

We introduced and enhanced several products during 2017. The Skip-A-Payment promotion became fully automated and 40% of member requests were handled through this improved portal. Stickley on Security, a comprehensive fraud education program, was added to our website and is available without charge. EMV chips were added to our instant-issue debit cards and members can now choose from more than 50 designs. Deductible assistance was added to new GAP policies.

Our community focus remains strong. After the Abilene Police Department unexpectedly lost two dogs early in 2017, ATFCU donated funds to replace one of them. Barco made his public debut in our Antilley lobby on July 24 and then hit the streets. During October, staff members raised money to purchase body armor for Barco and two other K9 officers. The 2017 Skip-a-Payment program resulted in a gift of \$142,540 to the Abilene Boys and Girls Club. We supported Abilene's smallest citizens with a corporate gift of \$92,409 to the West Texas March of Dimes.

Data breaches, particularly Equifax and Sonic Drive In, created challenges in 2017. Few details were revealed, meaning our responses were determined with limited knowledge. In the case of Sonic, we proactively replaced nearly 13,000 ATFCU credit and debit cards. Processing and mailing costs are borne entirely by the credit union in these situations. We urge retailers to tighten data security and provide increased consumer safety.

I wish to thank Karen Turner for 18 years of Board Service, ten of those as Chair. Karen was instrumental in the formation and administration of our scholarship program. She has been an effective voice for our members and we will miss her fast paced leadership style.

Donna Douglas, Senior Loan Officer Extraordinaire, achieved her 30th service anniversary in 2017. Donna's friendly and knowledgeable demeanor personifies the spirit of ATFCU.

Abilene Teachers Federal Credit Union exists to provide superior, affordable financial services to the working families of west central Texas. We are celebrating our 68th year of cooperative service in 2018. We pledge to continue our focus on service excellence, fiscal conservatism and the highest ethical standards. Thank you for your support.

James Boyd, President/CEO