

The 64th GENCO Federal Credit Union Annual Membership Meeting was held in the Brazos Room at the Waco Convention Center on March 18, 2017.

The meeting was called to order by Chairman Robert Black at 7:00p.m. Chairman Black welcomed everyone to the 64th Annual Membership Meeting of GENCO Federal Credit Union.

Before the invocation, Chairman Black asked everyone to bow their heads in a moment of silence in memory of those members who had passed away since the last meeting and for the men and women in uniform. Scott Hedges delivered the invocation.

Chairman Black recognized everyone seated at the head table.

Chairman Black then reported that, according to the Federal Credit Union by-laws, fifteen members constitute a quorum and that there were in excess of 275 members present; therefore a quorum was declared present and the meeting continued.

Chairman Black reported that the agenda for the meeting along with the annual report is printed and on the table.

Chairman Black announced that "Robert's Rules of Order Newly Revised" would be the Parliamentary Authority for the meeting.

Cathy Restivo was appointed recording secretary.

Chairman Black announced the meeting was being recorded and if anyone wished to speak they must be a member of GENCO Federal Credit Union and they must use a microphone, state their full name and place of employment, and be recognized.

Chairman Black announced a duly appointed Committee had approved the minutes of the 63rd Annual Membership Meeting. The minutes are printed in the Annual Report. There were no questions.

Chairman Black appointed the following committee to approve the minutes of the 64th Annual Membership Meeting: Ronnie Selman, Marcia Horn, and Jerry Cross, Chairperson.

Chairman Black said the Board of Directors Report was printed in the annual report and he delivered his remarks.

President Neil Ling recognized Kelley Perkins, Marketing Director, and thanked her for the audio visual presentation and all the hard work to make this meeting so successful. The President then reviewed the financial statements and presented the President's Report.

Larry Bone delivered the Supervisory Committee Report.

Chairman Black reported that there was no unfinished business. He asked if there was any new business other than the election to come before this meeting. There was no new business.

Chairman Black called on Kim Payne, Chairwoman of the Nominating Committee, to deliver the Nominating Committee Report. Ms. Payne recognized the other members of the Nominating Committee: Jerry Cross and Mary Needler. Ms. Payne reported that three, three-year terms on the Board of Directors were expiring at this meeting. The committee met and nominated Robert Black, Cathy Restivo and Jerry McDonald to serve on the Board of Directors. Ms. Payne delivered a brief biography of the three nominees.

Chairman Black stated that the bylaws of GENCO Federal Credit Union allow nominations for the Board of Directors by petition and when there is more than one nominee per position, the elections will be by mail ballot. There were no nominations by petition. Therefore the Chair declared Robert Black, Cathy Restivo, and Jerry McDonald elected to the Board of Directors for three-year terms, 2017-2020.

Chairman Black then called on President Neil Ling for other special recognitions. The President then recognized all GENCO Federal Credit Union employees present at the meeting as well as retired employees, former Supervisory Committee members, Credit Committee members, Board members and former General Tire employees.

Chairman Black said there was no further business to come before the meeting and declared the 64th Annual Membership Meeting of GENCO Federal Credit Union adjourned at 7:21 p.m.

Respectfully submitted,

Jerry Cross, Chairman, Marcia Horn & Ronnie Selman
March 18, 2017

- BOARD OF DIRECTORS
 ROBERT BLACK
 CHAIRMAN
 LARRY DAVIS
 VICE CHAIRMAN
 MARY NEEDLER
 TREASURER
 CATHY RESTIVO
 SECRETARY
 TRAVIS COTTEN
 BOARD MEMBER
 LARRY BONE
 BOARD MEMBER
 JERRY MCDONALD
 BOARD MEMBER
 SUPERVISORY COMMITTEE
 LARRY BONE
 CHAIRMAN OF THE SUPERVISORY COMMITTEE
 KIM PAYNE
 COMMITTEE MEMBER
 JERRY MCDONALD
 COMMITTEE MEMBER

GENCO
 FEDERAL CREDIT UNION

GENCOFCU.ORG


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 REFLECTIONS 1
 7



GENCO
 FEDERAL CREDIT UNION

2017 ANNUAL REPORT



- I. Call to Order
- II. Invocation
- III. Determination of Quorum
- IV. Minutes of the 64th Annual Membership Meeting
- V. Report of the Board of Directors
- VI. Report of the President
- VII. Report of the Supervisory Committee
- VIII. Unfinished Business
- IX. Elections
- X. Recognitions
- XI. Adjournment
- XII. Cash Door Prizes

CHAIRMAN'S ADDRESS

On behalf of the Board of Directors, I would like to welcome you to the 65th annual meeting of GENCO FCU. It is my privilege to join with you today in recognizing our credit union achievements and the success we have experienced in serving our members and the community.

By exercising sound business practices and service strategies, we can help you navigate your financial future. We take this responsibility very seriously. It is our fiduciary responsibility to each and every one of you to make sure we are establishing strong, clear policies that direct the management and staff in their day-to-day operations of GENCO.

Our credit union's management and staff has done an excellent job of helping GENCO remain healthy and strong from the prolonged recession that has gripped our nation and local economies as well as being accountable to the highest standards demanded by the board of directors, our auditors and federal examiners, and most importantly you the members.

On behalf of the Board of Directors and the entire staff of GENCO Federal Credit Union, thank you for your continued membership and support. We look forward to serving you and being your financial partner in the years ahead.

Respectfully Submitted,
Robert Black

CHAIRMAN OF THE BOARD – GENCO FEDERAL CREDIT UNION



PRESIDENT'S ADDRESS

On behalf of the management team and employees of GENCO Federal Credit Union, I want to welcome you to our 65th Annual Meeting. Looking back on this past year of tremendous growth and progress, I am filled with gratitude for your trust and involvement in the credit union. As member-owners, you are an integral part of the credit union, and it is because of your participation that I can report another successful year at GENCO Federal Credit Union.

Belonging to a credit union makes you a member/owner of your financial institution. Your participation is critical to our success and I want to thank you for that! We are proud of our local roots and the credit union continues to grow and thrive serving the good hard working people in the McLennan and Angelina County communities.

Last year, we made considerable investments in our technological infrastructure to help us take on the growing needs of our members which improved service and efficiency for all members.

- ◆ Instant issue ATM/Debit cards
- ◆ EMV chip upgrades to our credit and debit cards
- ◆ Remodeling our drive-thrus with digital upgrades to enhance our member experience
- ◆ Continual and ongoing technology enhancements to the safety and security of our member data
- ◆ Partnering with higher education to help impact our younger generations

Listening to you, our members, allows us to help you get the most out of your credit union. To do this, we created more opportunities for feedback through a new email membership survey campaign. This new survey increased our feedback from 110 surveys in 2016 to 1,202 surveys in 2017 which is nearly a 1000% increase. Your feedback is invaluable in helping us measure our level of service and learn more about your needs and decide what we can do to make your experience even better. The survey scores have been fantastic and we appreciate you affirming that our employees continue to deliver a high level of service to our members.

Over the course of the past year, membership grew by 2.55% and GENCO ended the year 37,354 members strong. As our membership grew, and we continued to better our products and services, our total deposits grew 4.08% to \$255 million and our total assets grew as well and stood at \$291 million by the end of 2017. In addition, loans increased 7.35% from the previous year and closed the year at \$191 million. In 2017, GENCO provided in excess of \$93 million in new loans to members giving you the means for those important expenses in life, like a new home or home repair/remodel, a new car, a college education, and many more expenses that pop up daily.

Additionally, I am very proud of our Board and staff for their loyalty and dedication to GENCO with 17 Service Awards given out in 2017, ranging from 5 – 35 years employed. A group of nearly 100 employees who come to work every day as a team with the goal of listening to member needs and providing solutions to improve our members' financial and daily lives. We are also very fortunate to have a dedicated volunteer Board of Directors and Supervisory Committee leading the credit union and making policy and decisions with the number one goal being: What is best for GENCO's members. We can never thank them enough for their time and volunteer spirit.

Our local economies are growing and we can build upon this progress and continue to do more for our members in the days and years to come. We are proud of our local heritage and consider our self to be a part of the local community. We will continue to strive to meet the needs of our members and promote the credit union philosophy of "People Helping People." Together with you, we look forward to another wonderful year in 2018.

Sincerely, **Neil Ling** PRESIDENT – GENCO FEDERAL CREDIT UNION

SUPERVISORY COMMITTEE REPORT

GENCO Federal Credit Union's Supervisory Committee, made up of three volunteer members, independently evaluates the strength and soundness of GENCO's operations and activities. We work alongside internal auditors, the Board of Directors, the President and employees of GENCO to ensure that the assets are safeguarded by upholding procedures that comply with Generally Accepted Accounting Principles. The committee is also responsible for responding to member concerns and oversees the audited financial statements to confirm that they represent a fair and accurate picture of the financial condition of GENCO.

The annual audit is one way to ensure the security of member deposits and provide a practical way for members to verify the authenticity and accuracy of reports from elected officials.

The committee retained the services of certified public accountants (CPAs) from Clifton Larson Allen LLP and reviewed the financial condition, policies and internal controls of the Credit Union as of June 30, 2017.

The review was performed in accordance with requirements set forth in Part 715 of NCUA Rules and Regulations.

The NCUA (National Credit Union Administration), a U.S. government agency, completed its examination as of March 31, 2017 and reviewed the report with the Board of Directors and Supervisory Committee.

Based on the results of the written and oral reports of the auditors and examiners, we conclude that GENCO Federal Credit Union is in excellent order. Further, it is our opinion that the financial statements presented herein are a true and accurate report of GENCO Federal Credit Union's financial condition.

Respectfully Submitted, **Larry Bone**
CHAIRMAN, SUPERVISORY COMMITTEE

Photo: Courtesy of Billy Hathorn



	2017	2016
assets		
Cash on Hand & in Bank	\$ 3,396,502.65	\$ 2,962,759.65
Loans to Members (Net)	190,484,399.72	177,459,183.40
Investments	81,730,913.97	83,698,390.64
Buildings & Land	8,880,907.94	9,085,781.88
Furniture & Fixtures	665,670.91	683,445.07
Other Assets	6,060,120.11	5,762,949.31
TOTAL ASSETS	\$ 291,218,515.30	\$ 279,652,509.95
liabilities and equity		
Shares (Member Savings).....	\$ 255,785,527.59	\$ 245,769,154.76
Accounts Payable	0.00	0.00
Other Liabilities.....	118,035.80	80,643.43
Dividends Payable	258,344.99	242,292.84
Reserves	8,523,807.37	8,523,807.37
Undivided Earnings	26,532,799.55	25,036,611.55
TOTAL LIABILITIES & EQUITY	\$ 291,218,515.30	\$ 279,652,509.95
income		
Interest on Loans to Members.....	\$ 7,116,914.10	\$ 6,929,648.25
Income from Investments	1,078,842.05	893,040.15
Other Income	5,762,421.55	5,404,550.19
TOTAL INCOME	\$ 13,958,177.70	\$ 13,227,238.59
expenses		
Compensation	\$ 4,031,189.01	\$ 3,907,952.28
Employee Benefits.....	1,000,246.68	955,629.63
Training & Conferences.....	52,901.88	58,981.81
Dues & Subscriptions	65,062.90	80,535.27
Office Occupancy	700,431.35	712,629.21
Office Operations	2,901,845.37	2,675,182.02
Education & Promotion.....	394,265.29	388,552.87
Loan Servicing.....	137,287.27	131,838.671
Professional Services	809,816.93	718,273.09
Provision for Loan Losses	956,025.80	875,811.66
NCUA Assessment.....	0.00	0.00
Miscellaneous Operating	164,307.25	168,791.84
TOTAL EXPENSES	\$ 11,213,379.73	\$ 10,674,178.35
Income Before Dividends	\$ 2,744,793.18	\$ 2,553,060.24
Dividends	1,246,451.15	1,235,311.68
Gain/(Loss) on Assets.....	1,608.42	62,786.92
Other Non-Operating Gain/(Loss)	0.00	0.00
NET INCOME	\$ 1,499,950.45	\$ 1,380,535.48