

# Tri-Town Teachers Federal Credit Union

## 2008

# ANNUAL REPORT



“The Carriage House”

**54<sup>th</sup> ANNUAL MEETING**  
**May 5, 2009**

## TREASURER'S REPORT

REPORT OF THE OPERATIONS OF THE TRI-TOWN TEACHERS FEDERAL CREDIT UNION AS OF DECEMBER 31, 2008

Charter Number 10213

### POST-CLOSING STATEMENT OF FINANCIAL CONDITION

ASSETS		LIABILITIES AND EQUITY		STATEMENT OF INCOME	Year To Date
Loans	\$7,484,422.52	Accounts Payable	\$2,770.75	OPERATING INCOME	
Less: Allow for		Notes Payable		Int. on Loans	\$548,896.48
Loan Losses	\$116,811.94	Dividends Payable	\$35,382.20	Inc fm Investments	\$ 69,657.54
Net	\$7,367,610.58	Taxes payable	\$790.32	Other Operating Inc.	\$ 79,128.52
Accounts Receivable	(\$198,158.29)	Acc Loss Contingencies		<u>Total Income</u>	<u>\$697,679.54</u>
Share Drafts in Suspense		Accrued Expenses	\$ 17,885.39	OPERATING EXPENSES	
Cash	\$217,065.06	Retirement	\$176,216.55	Employee Expense	\$261,072.45
Investments	\$3,005,144.10	<u>Total Liabilities</u>	<u>\$ 233,045.21</u>	Travel & Conference	\$ 3,150.13
Accrued Income	\$2,291.63	Shares	\$6,167,983.61	Associations Dues	\$ 11,195.00
Prepaid Expenses	\$40,957.00	IRA's	\$ 478,157.40	Office Occupancy	\$ 81,028.98
Land	\$134,000.00	S/C Cert.	\$1,871,861.53	Office Operations	\$114,248.99
Building	\$360,185.78	Clubs	\$126,237.57	Education & Prom.	\$ 3,997.32
Furniture & Fixtures	\$51,207.81	Share Drafts	\$953,277.93	Outside Services	\$ 93,477.56
Deferred Compensation	\$ 175,235.07	Escrow Accounts	\$2,517.48	Prov For Losses	\$119,277.52
Security Deposits	\$50.00	Regular Reserves	\$434,119.81	Supv./Exam	\$ 2,234.94
		Undivided Earnings	\$888,388.20	Misc. Operations	\$ 14,900.24
Other Assets	\$0.00	<u>Total Equity</u>	<u>\$10,922,543.53</u>	<u>Total</u>	<u>\$704,533.13</u>
<u>Total Assets</u>	<u>\$11,155,588.74</u>	<u>Total Liabilities &amp; Equity</u>	<u>\$11,155,588.74</u>		
Loans made				<u>Inc. (Loss) Before Div.</u>	<u>\$ (6,853.59)</u>
a. year to date    237	\$4,167,969.71	Members	2284	Dividends	\$126,428.22
b. Since organ.  33,413	\$119,761,874.66	Potential Members	6000	Non-Oper. Gain (Loss)	\$ 21,600.00
Loans Chrg'd off Since Org.	\$1,319,431.92	Recoveries on Ln. Chrg'd off Since Organization	\$378,517.07	<u>Net Income</u>	<u>\$(96,781.57)</u>

## SUPERVISORY COMMITTEE REPORT

I am pleased to report that the NCUA has continued the favorable rating issued to Tri-Town Teachers during its last examination. In addition, the Supervisory Committee engaged an outside auditing firm, Anderson & French, to conduct a full and complete audit and review of the credit union's operations. The auditors determined that the credit union is operated in a safe and sound manner and is in conformity with accounting principles generally accepted in the United States.

Certain aspects of the operations need clarification and constant vigilance. Specifically, the Supervisory Committee needs to bolster its membership in order to meet the new requirements set forth in the Sarbanes-Oxley Act of 2002. Any credit union member is capable of joining the Supervisory Committee.

Submitted,  
 Damien Rinaldi, Chair, William Hoyt, Marc Feeley  
 Edward Bludnicki, Board Representative

## DID YOU KNOW?

Did you know that any member of your family can join the credit union? Any relative of a member by "Blood, Marriage, or Adoption" can become a member and enjoy the benefits of Credit Union Membership on their own.

## PRESIDENT'S REPORT – NELL MULLEN, PRESIDENT



Nell Mullen, Michelle Siegal, Shelley Hall, Marc Feeley, Wendy Cudmore, Carol Soloff, Ed Bludnicki

Welcome to the 54<sup>th</sup> Annual Meeting of your Credit Union.

There has been an increase in deposits coming into the Credit Union this year as a result of which the Credit Union is highly liquid. People have lost confidence in the other institutions and realize that the Credit Union is a safe harbor for their money. As a result we have an

increase in shares.

Members are borrowing more money to help them during these difficult financial times. The Credit Union continues to offer good rates for loans. We hope you will encourage family members to consider joining Tri-Town.

With the global economy in a recession your Credit Union for the first time in a decade is reporting a net loss. We have experienced an increase in delinquencies and as a result we have had to write off these loans and refer them to our attorney for collection. We may recover some of the funds in the future.

In the face of the present economy the board and staff have looked at ways for the Credit Union to reduce expenses. The following are a list of some of the ways that we have cut back on our expenses:

Item	Annual savings
Board packets for monthly meetings sent by email	\$ 480
Having Annual Meeting at Senior Center	\$ 4,000
Lease new scanner/printer from new vendor	\$ 1,200
No holiday party for board or staff	\$ 3,000
Board dinners after meetings	\$ 1,800
Lower dividend rate	\$18,000
No building rep. dinner meeting	\$ 3,700
Educational/conference meetings	\$ 1,200
Web Based Training	\$ 1,000
 Total	 \$34,380

We encourage members to do on- line- banking, this saves on mailing expenses.

We closely monitor loans and credit card balances so we can offer to help members with debts and refinancing loans.

The board and staff will continue to find ways to reduce our expenses.

The following are highlights of 2008:

- Shares increased by 11.62% to \$10,922,543.53
- Certificates increased 728.08% to \$1,871,861.53
- Total Assets increased by 11.29% to \$11,155,588.74
- Loans increased by 1.77% to \$7,484,422.52
- Loan Income increased by 2.52% to \$548,896.48
- Our Return on Assets is negative due to the loan losses stated above, however, your credit union remains financially sound.
- The number of Members decreased in 2008 to bring the total to 2,284 due to members closing inactive accounts with small balances and for relocation reasons.

The Board and Staff recognized the effects of the economy on Tri-Town and all financial institutions. We had to address the following concerns and trends:

- Delinquencies and Bankruptcies are beginning to stabilize, in line with industry wide experience. The amount budgeted for the Loan Loss Reserve was increased to better protect the Credit Union. The trend for 2009 continues to be favorable and within our budget.
- Fee Income and policies that were previously in place continue to produce additional income to offset the cost of administration.
- The demand for Loans increased our loan portfolio by \$129,858.71 or 1.77% from 2007 and generated \$13,495.18 or 2.52% more revenue than in 2007. This has produced favorable income results.
- The Credit Union had more cash available to invest in 2008, but this produced \$42,230.98 less in total income than in 2007.

Projecting the financial effects of the economy on a credit union of our size, as reflected by the decrease in total income, the Board and Staff realized that to maintain the Credit Union's sound financial condition and profitability we must continue to monitor the cost of dividends, expenditures and other income. This resulted in a dividend rate decrease from 1.00% to 0.50% in 2008.

These rates were implemented for the following reasons, and which we continue to monitor:

- To maintain a competitive interest rate for a similar product with that of other area financial institutions.
- To protect the Credit Union and its members, recognizing that our yield from income sources, investments, and interest on variable rate loans had declined significantly.
- To maintain liquid capital for safety, soundness, and execution of timely alternate investments, due to changes in the economy.

The Board and the ALM Committee continue to monitor operations, competitive loan programs, and dividend rates to maintain the financial soundness of the Credit Union while still providing personal service and affordable products to its members. Risk Based Loan Pricing, program begun in 2006, is used to set interests rates. This helps meet these program goals. Thanks to the Staff, the VISA Program continues to be a success for our membership and has generated additional income. We must continue to maintain a favorable loan yield and find alternative products and ways to produce the revenues to support operations and dividends

Our thanks go to the ALM Committee for their professional advice and guidance on investment acquisitions and interest rate projections, and to the Supervisory Committee for their work with NCUA and the outside audit. Our thanks to David Ritch and the Staff who maintain our Web Site to keep members informed of events and products. The address is [www.tritownteachers.org](http://www.tritownteachers.org).

Tri-Town Scholarships are again being offered to gain the interest of youth in the Credit Union. Application information was distributed in January and is available in our office.

The On-Line Account Access and our On-line Bill Payment Program continue to be successful by providing convenience to our members. Thanks go to our Manager and Staff for the successful operation of these projects.

The Board and staff performed a major revision the business plan with member suggestions and current trends with emphasis on maintaining our fiscal soundness. We welcome your thoughts and ideas that can improve your credit union and keep it user friendly. The goal of the Board of Directors and the Manager is to provide members with borrowing and investment opportunities that meet or exceed that of other financial institutions. With the share dividend rate now at 0.50% for the first quarter of 2009 and our low cost loan rates, we compare favorably to other financial institutions.

On behalf of Tri-Town I would like to thank the members of the Board of Directors for their support and dedicated efforts, the Manager for his continued financial guidance, and the Staff for making 2008 a success. We will continue to face the challenges and new opportunities of 2009 with continued success.



#### **MANAGER'S REPORT – DAVID A. RITCH**

Well another year has passed and it was a year that few of us will forget. The national economic events that took place have affected us all and left us in a position that we have never been before.

At the end of 2008, Tri-Town Teachers Federal Credit Union posted the largest loss in its history. The reason for this loss can be traced directly to the economic turndown that took us all by surprise. Many of our members were affected negatively by this downturn and it affected their ability to repay their loans. This has led to an increase in delinquencies and loan losses. It was these loans losses that led to our loss in 2008. Our transfers to the Allowance for Loan Losses account in 2008 totaled \$119,228.00 and our net loss for the year was \$96,782.00. Without the loan losses we would have had a net income of \$22,446.00 for the year.

Whenever we suffer loan losses such as we have we re-examine the loans in questions to see if there was a flaw in the decision making process. In most cases, the decisions made were sound decisions at the time. It was an unforeseeable change in the circumstances for the borrowers that led to the loss. We are not alone in this situation. A record number of financial institutions reported losses for 2008, and many continue to do so in 2009.

Despite this loss, Tri-Town is a well capitalized safe and sound credit union. To be considered well capitalized by the National Credit Union Administration (NCUA), we must maintain a capital level of at least 7.0%. As of December 31, 2008 our capital ratio was 12.90%, well above federal requirements.

There were positive trends in 2008 as well. Our ability to pay a decent rate on our share certificates produced a share growth rate of 14.75% for 2008 as opposed to a decline of 9.10% for 2007. This trend has continued into 2009 and our asset size is setting new records every month. This is a sign that the membership has lost confidence in other financial institutions, but not in Tri-Town. On behalf of the Board and Staff, I want to thank the members for this show of confidence and their appreciation of the efforts we have made to earn it.

This puts us in a different position than many other financial institutions. You may have heard of the “Credit Crunch” where individuals are having difficulty borrowing money. This is not the case at Tri-Town. We have plenty of money to lend and are lending money at a faster pace than last year. Our loan rates are competitive and have not increased. While many institutions have raised rate and increased fees, we have not. Our VISA card rates are among the lowest and fairest around. We do not have any hidden fees or sudden rate increases that sneak up on you and we never will.

National events in 2009 have influenced our bottom line as well. In January of this year NCUA, our federal regulatory agency, took control of two large corporate credit unions on the west coast. While Tri-Town did not have any deposits in either of these institutions, all credit unions are paying for the cost of these takeovers. The final cost is yet to be determined, but it is unlikely, with these outside expenses, that Tri-Town will have a profitable year in 2009. There are measures before congress right now that may allow us to spread the cost over several years, but they are not law. As of right now we will be facing outside costs that may total in excess of \$99,000.00 in 2009.

Despite these pending losses, Tri-Town Teachers Federal Credit Union is a safe, sound and well capitalized financial institution that will continue to operate as it always has, in the best interests of its members. We have money to lend and services to offer our members at the lowest possible cost. This is the function we have had for the last fifty-four years and we see no reason to change now. As the old saying goes "If it ain't broke, don't fix it". We encourage our members to tell their family members to consider joining our credit union to avail themselves of our great loan rates and other fine services.

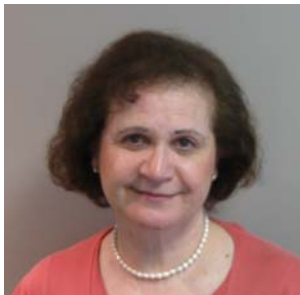
## YOUR CREDIT UNION STAFF



David Ritch, a credit union member for more than 37 years, has been with Tri-Town for more than 26 years, beginning in January of 1983. Starting as a Student Loan Officer, he became Assistant Manager in 1984 and Manager in 1988. During his tenure we have moved our office twice, upgraded computer systems four times and grown from a small back office credit union to a full service financial institution.



John Coniglio, Assistant Manager, came to Tri-Town in 2004 as a second career after many years in the telecommunications industry. His experience in business has been helpful in stepping up our marketing efforts and bringing new programs to life such as the VISA Platinum Rewards card, the Electronic delivery of statements, and Online Bill Payment. His most recent contribution was spearheading our office renovations this past summer.



Barbara Octavio, Operations Specialist, joined us in November of 2008 after several years as a Real Estate Agent. She has taken over the duties of the ATM's, ACH, Share Drafts, Certificates, Check Orders, Credit Card Processing, as well as assisting with Member Services. Some of you may remember Barbara from a few years ago when she worked in our office as a temp for several weeks.



Faith Vogel joined us in October of 2006. As our Member Service Representative she has direct contact with the membership on a daily basis. Like the rest of us she, too, wears different hats during the course of the day while performing other office duties.

## OUR 2009 SCHOLARSHIP RECEIPTS

**SAMATHA WILLIAMS** Samantha is the daughter of a credit union member. A graduate of Wilton High School, she is currently a sophomore at the University of Connecticut. Majoring in psychology, she plans on obtaining her Master degree and working as either a social worker or a guidance counselor for troubled families.

**VICTORIA PRITCHARD** Victoria is the daughter of two credit union members and a member in her own right. Currently a freshman at Western New England College in Springfield, Massachusetts she is studying multiple areas in the School of Business. Her eventual goal is to attend law school and become an attorney.

### Account Services

Regular Share Accounts  
Holiday Clubs  
Individual Retirement Accounts  
Coverdell Education Savings Accounts  
Audio Response System

### Web Based Services

Online Account Access  
Online Check Ordering  
Online Bill Payment

### Loan Services

New Auto Loans  
Personal Loans  
Home Mortgages  
VISA Platinum Rewards Credit Card

### Insurance Services

Credit Life Insurance  
Group Accident Insurance  
Guaranteed Asset Protection (GAP) Insurance  
Group Discount Auto & Home Owners Insurance

### Other Services

Loan Counseling  
Direct Deposit  
American Express Gift Checks  
Family Membership  
New & Used Automobile Guide  
Once a Member, Always a Member

### Credit Union Services

Share Draft (checking) Accounts  
Vacation Clubs  
Roth IRA Accounts  
Term Share Certificates

Online Loan Applications  
Informational Web Site  
Online Statements (Visa & All Other Accounts)

Used Auto Loans  
Home Equity Line of Credit Loans  
Share Draft Line of Credit  
Fixed Rate Home Equity Loans

Credit Disability Insurance  
Long Term Care Insurance

Payroll Deduction  
American Express Travelers Checks  
Notary Public Service  
ATM Cards & VISA Debit Cards  
Consumer Reports Magazine  
All Transactions Confidential

Accounts Federally Insured up to at least \$100,000.00 by NCUA

## OUR BUSINESS PARTNERS

**Fairfield Computer Associates** – Evan Marto, 203-665-6415 is offering a 15% discount on all equipment, maintenance and consulting services

**3,4 Open the Door Pre-School** – Cindi Zeoli, President, 203-454-1924 offers a 10% discount on specified programs. Call for details

**Joe's Pizza and Italian Restaurant** – 143 Post Road East, Westport. (across from the Post Office)

**M & M Group Benefits** – 800-799-2738, [www.mmgroupbenefits.com](http://www.mmgroupbenefits.com), Discount Auto and Homeowners Insurance (M & M Group Benefits is a co-sponsor of our annual scholarship program.)

**Enterprise Car Sales** – 203-876-6330, Late model. Low Mileage Used Cars, No Haggle Pricing, Certified Vehicles

# WHO'S WHO IN THE CU

## BUILDING REPRESENTATIVES

### WESTON

High School	Kara Swezey
Middle School	Joanne McDonough
Interim School	Karen Andrade
Hurlbutt	Stephanie Gallo
Administration	Alfia Pimpinella

### WESTPORT

Stepping Stones	Ellen DeMagistris
TSO	Barbara Kochiss
Staples & PSA	Laura Blair
Teachers Center	

Bedford Middle	Fred Chromanski
Coleytown Mid	Debra Spath
Long Lots	Regina Keating
Coleytown Elem	Jim Andrews
Kings Highway	Donna Skolnick
Greens Farms Elem	Rosalind Liljengren
Saugatuck Elem	Peter Von Euler

### FIORE & FIORE, Attorneys at Law

John Fiore

### WILTON

Central Office	Carol Soloff
High School	Bill Hoyt
Middlebrook	Jim Abbott
Cider Mill	Michael Hossler
Miller	Dianne Thulin
Driscoll	Dianne Thulin
Nursing and	
Home Care	

### MUNICIPAL

Fire	Paul Wholforth
Police	Linda Vena
Recreation	Sheila Kavey
Highway	Mark Allen
Library	Janet Martin
Waste Water	Tom McGrath
Town Hall	Paula Castiglia
EMS	
Town Hall, HR	Beverly Newell
Senior Center	Susan Pfister

### SUPERVISORY COMMITTEE

Damien Rinaldi, Chair  
Bill Hoyt  
Marc Feeley  
Peggy Klein  
Ed Bludnicki, Board Rep.

### STAFF

David A. Ritch, Manager  
John Coniglio, Asst. Manager.  
Barbara Octavio, Operations  
Faith Vogel, Member Services

### NOMINATING COMM.

Peggy Klein

### ALM COMMITTEE

Ed Bludnicki  
David Ritch

## BOARD MEMBERS PAST AND PRESENT

Margaret Bierbaum	Raymond Walsh	Alma Denman
Michael Chappa	Juliette Gatzweiler	Hans Johnson
Jay Van Zandt	Gordon Hall	Florence Walker
Barbara Albright	Samuel Judell	Muriel Burke
E. G. Lee Wall	Virginia Betts	Kendall Reynolds
Gail Gravit	Robert Ittner	Gary Kincaid
Robert Shook	Louise Mariani	Joseph Robidoux
Ray Wanke	Richard Holms	Ed Duffy Jr.
Maureen Boylan	David Harrison	Gijsbert Beekhuizen
Linnea Gugel	Peter Concilio	Donald Digennaro
Eileen Bengston	Richard T. Russell	Nell Mullen*
Anthony Pinzone	Susan Dilloway	Carol Soloff*
Edward Bludnicki*	David Heinmiller	Marc Feeley*
Dorothy Tinsley	Virginia Merchant	Louise Stein
Wendy Cudmore*	Shelley Hall*	Michelle Siegal*

## PRESIDENTS PAST AND PRESENT

Margaret Scholtz  
William Amundsen  
Ella Williams  
Edward Pierce  
A. Wayne Ross Jr.  
Harold Anderson  
Gerald Mohyde  
Peter Meehan  
John T. Williams  
Lonny Clark  
Donald Miklus  
Nell Mullen\*

\*presently serving

In addition to the above, there are those individuals who have served on committees, as Building Representatives and in other ways in the past who are far too numerous to mention by name. It is these individuals, with their volunteer service that makes the Credit Union Movement unique and has given this Credit Union the resources to thrive as it has over the years. All these individuals must share in the credit for the success of our Credit Union.

**Tri-Town Teachers  
Federal Credit Union has  
lots of money to lend and  
we are asking our  
members to let their  
family members know  
that we are eager to help.  
Please inform family  
members about us and  
invite them to join us.**