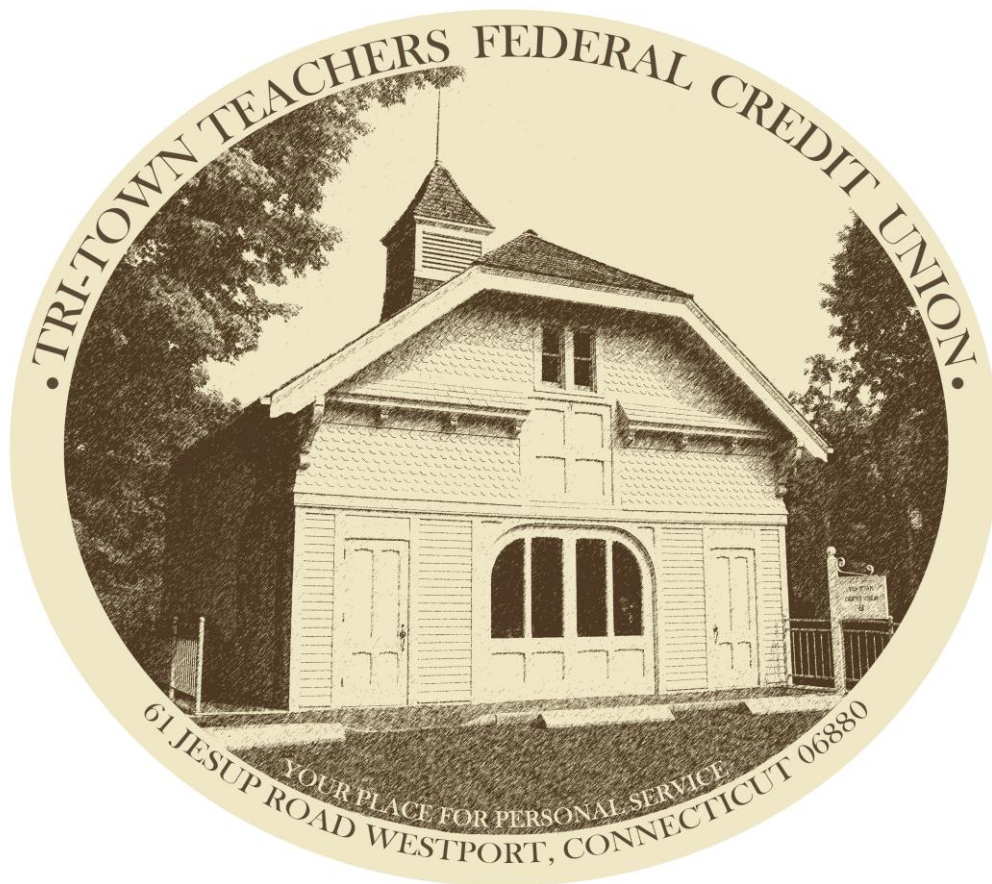


# Tri-Town Teachers Federal Credit Union

# 2010

# ANNUAL REPORT



“The Carriage House”

**56<sup>th</sup> ANNUAL MEETING**  
**May 3, 2011**

## TREASURER'S REPORT

REPORT OF THE OPERATIONS OF THE TRI-TOWN TEACHERS FEDERAL CREDIT UNION AS OF DECEMBER 31, 2010

Charter Number 10213

### POST-CLOSING STATEMENT OF FINANCIAL CONDITION

| ASSETS                      |                        | LIABILITIES AND EQUITY                             |                        | STATEMENT OF INCOME            | Year To Date        |
|-----------------------------|------------------------|--|------------------------|--------------------------------|---------------------|
| Loans                       | \$8,578,148.75         | Accounts Payable                                   | \$2,938.61             | OPERATING INCOME               |                     |
| Less: Allow for             |                        | Notes Payable                                      |                        | Int. on Loans                  | \$587,428.32        |
| Loan Losses                 | \$94,888.16            | Dividends Payable                                  | \$8,864.53             | Inc fm Investments             | \$120,923.12        |
| Net                         | \$8,483,260.59         | Taxes payable                                      | \$950.25               | Other Operating Inc.           | \$ 89,571.47        |
| Accounts Receivable         | (\$94,620.66)          | Acc Loss Contingencies                             |                        | <u>Total Income</u>            | <u>\$797,922.91</u> |
| Share Drafts in Suspense    |                        | Accrued Expenses                                   | \$31,835.64            | OPERATING EXPENSES             |                     |
| Cash                        | \$79,272.00            | Retirement   | \$205,290.07           | Employee Expense               | \$283,921.27        |
| Investments                 | \$7,158,884.19         | <u>Total Liabilities</u>                           | <u>\$ 249,879.10</u>   | Travel & Conference            | \$ 1,989.02         |
| Accrued Income              | \$40,233.78            | Shares   | \$8,891,511.72         | Associations Dues              | \$ 12,468.00        |
| Prepaid Expenses            | \$33,840.41            | IRA's  | \$ 463,943.27          | Office Occupancy               | \$ 74,018.79        |
| Land                        | \$134,000.00           | S/C Cert.  | \$4,414,818.35         | Office Operations              | \$108,082.01        |
| Building                    | \$295,900.82           | Clubs  | \$132,520.63           | Education & Prom.              | \$ 3,769.21         |
| Furniture & Fixtures        | \$8,567.70             | Share Drafts                                       | \$1,029,831.04         | Outside Services               | \$125,418.16        |
| Deferred Compensation       | \$ 205,290.07          | Escrow Accounts                                    | \$858.17               | Prov For Losses                | \$                  |
| Security Deposits           | \$50.00                | Regular Reserves                                   | \$434,119.81           | Supv./Exam                     | \$ 3,946.18         |
|                             |                        | Undivided Earnings                                 | \$727,251.69           | Misc. Operations               | \$ 8,508.38         |
| Other Assets                | \$0.00                 | <u>Total Equity</u>                                | <u>\$16,094,854.68</u> | <u>Total</u>                   | <u>\$622,121.02</u> |
| <u>Total Assets</u>         | <u>\$16,344,733.78</u> | <u>Total Liabilities &amp; Equity</u>              | <u>\$16,344,733.78</u> |                                |                     |
| Loans made                  |                        |  |                        | <u>Inc. (Loss) Before Div.</u> | <u>\$175,801.89</u> |
| a. year to date     291     | \$5,572,101.74         | Members  | 2312                   | Dividends                      | \$125,938.35        |
| b. Since organ.   34,011    | \$130,415,889.19       | Potential Members                                  | 6000                   | Non-Oper. Gain (Loss)          | \$ 18,000.00        |
| Loans Chrg'd off Since Org. | \$1,446,352.60         | Recoveries on Ln. Chrg'd<br>off Since Organization | \$412,453.41           | NCUA Stabilization Costs       | \$ 41,044.12        |
|                             |                        |  |                        | <u>Net Income</u>              | <u>\$ 26,819.42</u> |

## SUPERVISORY COMMITTEE REPORT

The newly formed committee had its initial monthly meeting this past February. We have reviewed requirements that are expected of the committee and started completing initial monthly duties. In the last meeting the committee met with the auditors Anderson & Company, P.C. The auditors provided additional guidance with respect to policy and procedures. The committee will be reviewing the current audit report when it is made available and develop a plan of action to address deficiencies, if any. It is our intention to learn required processes and meet our obligations as quickly as possible with guidance from Tri-Town Teachers manager only as needed.

Submitted,  
 Steven P. Castro, Chair, Charles Klein, Frederick Cort and  
 Peggy Klein, 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 – WENDY CUDMORE, PRESIDENT**



Welcome to the 56th Annual Meeting of the Tri-Town Teachers Federal Credit Union. This has been another very challenging year for your Credit Union, but ultimately a good one. For the first time in three years we made a profit! Our net earnings for 2010 were \$26,819.42 and our expenses were under budget by 1.79%.

Even with these earnings, we had to contend with an increase in delinquent loans and a required payment Tri-Town was assessed by the National Credit Union Association (NCUA). This assessment was to cover credit union failures mainly in the Western U.S. The Corporate Credit Union system fell into trouble in a manner similar to the big banks. However, unlike banks, Credit Unions have never taken taxpayer funds to fix their problems. NCUA, our federal regulatory agency, instead assessed all credit unions a fee to cover the costs of the bailout. Our share of this expense for 2010 was \$41,044.12. We will most likely have to pay another fee this year, perhaps for a lesser amount.

However, the good news is people are borrowing money from Tri-Town because people realize that the Credit Union is a safe place for their money. In fact, for the second consecutive year we issued over 5 million dollars in loans or a total of \$5,572,101, an increase of 8.44% from 2009 and generated \$12,671.11 or 2.20% more revenue than in 2009. This has produced favorable income results.

On the down side, we've had to write off a number of loans, due to the increase in member delinquencies, and refer them to our attorney for collection. However, we have also reached out to our members who are having financial difficulties and in a number of cases have been able to create work-out loans for them. This is a win-win situation. Generally the member combines their debts and pays a lower amount each month, which they like, even though it's for a longer duration. The Credit Union keeps a member, continues to collect on the loans, and incurs no attorney fees. It works. We encourage members who are having financial difficulties to contact the CU and discuss the possibilities.

The following are highlights of 2010:

- Shares declined by 3.28 % to \$ 14,933,483.
- Certificates decreased 33.61 % to \$4,414,818. (Note: This is following an increase of 255.23% in 2009.)
- Total Assets declined by 2.95 % to \$16,344,734.
- Loans increased by 6.81 % to \$8,578,149
- Loan Income increased by 2.20 % to \$587,428
- Our Yield on Assets is at 4.193 % as of 12/31/2010.
- The number of Members increased in 2010 to bring the total to 2,312 as more potential members realized the advantage of credit union membership.

As 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 have increased, as they have industry-wide. The amount budgeted for the Loan Loss Reserve was increased to better protect the Credit Union. The trend has continued for 2011 and we have again increased the Loan Loss Reserve.
- Fee Income and policies that were previously raised to bring our fees in line with other banking institutions continue to produce additional income to offset the cost of administration.
- The Credit Union had more cash available to invest in 2010; this produced \$62,993 more in total income than in 2009.

Projecting the financial effects of a larger but profitable size, as reflected by the increase in loans and interest 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 0.35% to 0.25% in 2010. These rates were implemented to:

- Maintain an interest rate competitive with similar products of other area financial institutions. This has resulted in increased balances in share accounts.
- Protect the Credit Union and its members, recognizing that our yield from income sources, investments, and interest on variable rate loans can vary significantly.
- Maintain liquid capital for safety, soundness, and execution of timely alternate investments, due to changes in the economy.

The Board and Staff have been working on three large projects.

1. The staff is continuing to write procedural manuals for their jobs.
2. The Board and Management are writing a succession plan for all positions.

3. The Manager and the Board are investigating replacement corporate credit unions to determine which will best meet our needs. Hopefully the corporate CU we select will also be able to assist us with investment acquisitions and interest rate projections.

The Board and the Asset/Liability Management 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 interest 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 for the Credit Union totaling \$95,655 in 2010 or a return in excess of 10.3% in 2010. We must continue to maintain a favorable loan yield and find other alternative products and ways to produce additional 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. We'd also like to thank the former Supervisory Committee for their dedication along with the recently reconstituted Supervisory Committee for their monitoring of our practices and their work with NCUA and the outside auditors. Special thanks to David Ritch, the Staff, and Bill Mathews, our webmaster, who maintain our Web Site to keep members informed of events and products. The web address is [www.tritownteachers.org](http://www.tritownteachers.org). And thanks to Nell Mullen for making the arrangements for the Annual Meeting.

Two \$500 Tri-Town Scholarships are again being offered to gain the interest of youth in the Credit Union. Application information was distributed in January and was available in our office. The On-Line Account Access and our Online Bill Payment Program continue to be successful in providing convenience to our members. Thanks go to our Manager and Staff for the successful operation of these projects. The Board and Staff continue to update the business plan based on 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 .2 % for the first quarter of 2011 and our low cost loan rates, Tri-Town compares favorably to other financial institutions.

On behalf of Tri-Town I would like to thank the Board of Directors for their support and dedication, the Manager for his continued financial guidance, and the Staff for making 2010 a success. We will continue to face the challenges and new opportunities of 2011 to achieve continued success.



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

For the past two years I have come to you to report large losses due to outside forces such as Corporate Credit Union failures and loan delinquencies caused by the continued recession. While these expenses did continue into 2010, they were less than prior years. Despite these continued expenses we were able to end the year on a positive note with a Net Income of almost \$27,000.00. This is an improvement of almost \$215,000.00 over 2009's loss.

There are several reasons for this. Total income was up 8.57%, Operating Expenses were down 5.91%, and Dividend Expenses were down 22.91%. The most significant drop was in the area of Non-Operating Expenses. This area was down 76.57%. Non-Operating Expenses are where the costs of the Corporate Credit Union failures are recorded. This expense was down to \$41,044.00 from \$116,643.00.

Another area of improvement was in the area of loan charge offs. Loan's charged off declined by 45% in 2010 while recoveries on loans charged off doubled. These actions lessened the hit to our Capital Ratio increasing it to 7.69% from 7.43%. This put us in the "well capitalized" category, the highest category. Another measure of a credit union's strength is its Net Worth Ratio. This is another Capital Ratio after deducting potential losses. Our Net Worth Ratio at the end of 2009 was 6.74%, "adequately capitalized". At the end of 2010 this ratio was 7.11% or "well capitalized", a nice improvement.

Other good news from 2010, loans were up nearly 7.0% for the second year in a row. The massive growth in shares from 2009 did not continue into 2010. Shares remained relatively stable throughout the year. This is good news because it shows that most members still feel that Tri-Town is a safe haven for their money.

While things are looking better, we are not out of the woods yet. Expenses for the Corporate Credit Union failures will continue to affect us for up to the next ten years. This is because Credit Unions cannot and will not use taxpayer funds to bail ourselves out. We have received three bankruptcy filings since the first of the year causing more than \$35,000.00 in loan losses. Loan

Delinquencies, however, have improved over this time last year so the outlook is not entirely grim. We continue to work with members who are in financial difficulty and continue to pursue collection of loans that have been charged off.

One area that has seen a recent upsurge in activity is that of Real Estate loans. We have Real Estate loans pending which will increase our loan portfolio by 12%. We are purchasing software to perform analytical calculations required for us to invest in higher yielding, more complex, but still safe investments. Both of these measures will help to increase our income and continue to build Capital to strengthen our base.

In last year's report I said I was optimistic about 2010. Despite some pitfalls early in 2011 I am still optimistic about not only this year, but the following years as well. Looking to the future I can see Tri-Town continuing as a strong, independent financial institution for many years to come.

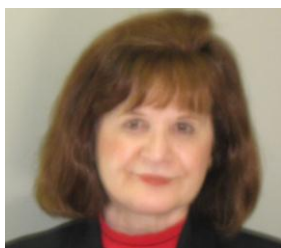
## YOUR CREDIT UNION STAFF



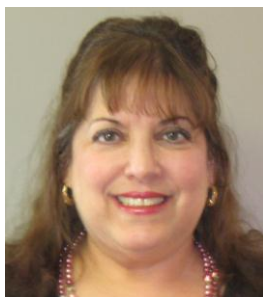
David Ritch, a credit union member for more than 39 years, has been with Tri-Town for more than 28 years, beginning in January of 1983. Starting as a Student Loan Officer, he became Assistant Manager in 1984 and Manager in 1988. During his tenure we have moved our office twice, upgraded computer systems 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 accomplishment was the conversion of our ATM program to a new network of surcharge-free ATM's. He is also our Loan Officer and is eager to help our members with their financial needs.



Barbara Octavio, Operations Specialist, joined us in November of 2008 after several years as a Real Estate Agent. Prior to that she had a long time career at General Electric Co. 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. Faith's most enjoyable time of the day is working directly with the members.

**DID YOU KNOW?** – We have a FREE online bill pay service with our checking accounts, as well as a debit card with

SURCHARGE FREE cash withdrawals.

## OUR 2011 SCHOLARSHIP RECEIPTS

**CHELSEA BINKOWSKI** Chelsea is a student at Northeastern University School of Pharmacy in Boston pursuing a Doctor of Pharmacy degree with a minor in Business Administration. Despite her busy school schedule she finds time to participate in the Peer Health Exchange Program in Boston and volunteer for the American Cancer Society. She is the granddaughter of a very proud credit union member.

**REBECCA HOUSE** Rebecca is the daughter of a credit union member and plans to attend Wheelock College in Boston to pursue her dream to become a Special Education Teacher. She demonstrates her commitment to this goal as a volunteer for the CT Special Olympics as well as in the Middlebury Elementary School Special Education Classroom. She will shortly graduate from Pomperaug Regional High School in Southbury.

| <b>Account Services</b>   | <b>Credit Union Services</b>                  |
|---|---|
| Regular Share Accounts  | Share Draft (checking) Accounts               |
| Holiday Clubs   | Vacation Clubs                                |
| Individual Retirement Accounts  | Roth IRA Accounts                             |
| Coverdell Education Savings Accounts  | Term Share Certificates                       |
| Audio Response System   |   |
| <b>Web Based Services</b>   |   |
| Online Account Access   | Online Loan Applications                      |
| Online Check Ordering   | Informational Web Site                        |
| Online Bill Payment   | Online Statements (Visa & All Other Accounts) |
| <b>Loan Services</b>  |   |
| New Auto Loans  | Used Auto Loans                               |
| Personal Loans  | Home Equity Line of Credit Loans              |
| Home Mortgages  | Share Draft Line of Credit                    |
| VISA Platinum Rewards Credit Card   | Fixed Rate Home Equity Loans                  |
| <b>Insurance Services</b>   |   |
| Credit Life Insurance   | Credit Disability Insurance                   |
| Group Accident Insurance  | Long Term Care Insurance                      |
| Guaranteed Asset Protection (GAP) Insurance   |   |
| Discount Auto & Home Owners Insurance & Life Insurance (CUNA Mutual & Liberty Mutual) |   |
| <b>Other Services</b>   |   |
| Loan Counseling   | Payroll Deduction                             |
| Direct Deposit  | Notary Public Service                         |
| Family Membership   | ATM Cards & VISA Debit Cards (surcharge free) |
| New & Used Automobile Guide   | Consumer Reports Magazine                     |
| Once a Member, Always a Member  | All Transactions Confidential                 |

Accounts Federally Insured up to at least \$250,000.00 by NCUA

## OUR BUSINESS PARTNERS

**Enterprise Car Sales** – 203-876-6330, Late model, Low Mileage Used Cars, No Haggle Pricing, Certified Vehicles. Our members have had great experiences with their cars.

**Member Connect** – 800-779-7905 Low cost Auto, Home Owners, and Life Insurance through CUNA Mutual and Liberty Mutual Insurance Companies. Many Members have reduced their insurance bills up to 25% a year.

# WHO'S WHO IN THE CU

## BUILDING REPRESENTATIVES

### WESTON

|                |                  |
|----------------|------------------|
| High School    | Kara Swezey      |
| Middle School  | Joanne McDonough |
| Interim School | Cheryl Churchill |
| Hurlbutt       | Stephanie Gallo  |
| Administration | Alfia Pimpinella |

### WESTPORT

|                 |                     |
|-----------------|---------------------|
| Stepping Stones | Ellen DeMagistris   |
| TSO             | Barbara Kochiss     |
| Staples & PSA   | Laura Blair         |
| Teachers Center | Horatio Ballesteros |

|                   |                     |
|-------------------|---------------------|
| 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     |

### FIGLIO & FIGLIO, Attorneys at Law

John Fiore

### WILTON

|                          |                 |
|--------------------------|-----------------|
| Central Office           | Carol Soloff    |
| High School              | Laurie Getner   |
| Middlebrook              | Jim Abbott      |
| Cider Mill               | Michael Hossler |
| Miller                   | Dianne Thulin   |
| Driscoll                 | Dianne Thulin   |
| Nursing and<br>Home Care | Melissa Bell    |

### 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

Steven Castro, Chair  
Fred Cort  
Charles Klein  
Peggy Klein, Board Rep.

### STAFF

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

### NOMINATING COMM.

John C. White

### ALM COMMITTEE

Ed Bludnicki  
David Ritch

## BOARD MEMBERS PAST AND PRESENT

|                   |                      |
|-------------------|----------------------|
| Margaret Bierbaum | Raymond Walsh        |
| Michael Chappa    | Juliette Gatzweiller |
| Jay Van Zandt     | Gordon Hall          |
| Barbara Albright  | Samuel Judell        |
| E. G. Lee Wall    | Virginia Betts       |
| Gail Gravit       | Robert Ittner        |
| Robert Shook      | Louise Mariani       |
| Ray Wanke         | Richard Holms        |
| Maureen Boylan    | David Harrison       |
| Linnea Gugel      | Peter Concilio       |
| Eileen Bengston   | Richard T. Russell   |
| Anthony Pinzone   | Susan Dilloway       |
| Edward Bludnicki* | David Heinmiller     |
| Dorothy Tinsley   | Virginia Merchant    |
| Shelley Hall*     | Michelle Siegal      |
| Ruth Cavayero*    |                      |

## 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        |
| Wendy Cudmore*     |
| *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**

**Offers these benefits:**

- **Low interest loans**
  - **Used Auto-Up to full NADA retail value**
  - **New Auto-Up to full retail price**
  - **Personal-Up to \$20,000**
  - **Home Equity-Variable & Fixed**
  - **First Mortgages w/CUC Mortgage**
  
- **Low interest Visa Credit Card-with rewards**
  - **Double Points 5 months a year**
  - **No fee balance transfers**
  
- **New Visa Debit/ATM Card**
  - **Surcharge Free ATM withdrawals**
  - **Account updates automatically**
  
- **Free bill pay service with Checking**

**Please ask your family to consider joining  
and keep our credit union growing!!!**