

Report of the Chairman of the Board of Directors

To our member owners, once again, thank you for your continued loyal support...and welcome to East County Schools Federal Credit Union!

During 2016, we welcome you to continue visiting our offices, taking advantage of convenient on line services, helpful investments and loans. Our Staff members often remark that one of many events that make their day enjoyable is the member "reunions" in the lobby.

2015 resulted in a re-confirmation and focus on our personalized services and products. Our volunteer Board of Directors and Supervisory Committee working with the Management Team completed our strategic review of all policies, procedures, compliance requirements and safety & soundness aspects of our business.

Our internal, third party and Regulatory examinations continue to reflect that our efforts are on track. We recognize what we do well can always be better.

We are listening to you and welcome your suggestions and comments.

Through our expanded financial services partners, what you need and want, we are ready to provide. Together with our wonderful staff—the "faces" of your Credit Union- we responsibly continue to meet your financial needs with quality service and meaningful products.

Our increasing efforts at expanding our ties with the local and greater East County Educational Community will lead to mutual success. As did our dedicated volunteers of the past, we continue to commit our current efforts to the Core Values of our success. Those are: integrity, honesty, trust, the welfare of our member-owners, the highest service quality and safety & soundness.

We have been here for you since June 19, 1956 and will continue to be ready to serve your financial needs. Spread the word. 2016 is going to be a great year to share your Credit Union with your family, friends and work associates.

Regards,



Ernest Ewin,
Chairman of the Board

Report of the Supervisory Committee

The Supervisory Committee's primary function is to monitor the Credit Union's financial operations and ensure that the Board of Directors and the Management Team operate in accordance with the regulations established by the National Credit Union Administration (NCUA), the credit union's bylaws and other state and federal law. The committee members oversee the annual independent audit of the Credit Union and report the findings of each year's audit to the Board of Directors and the members.

Richards & Associates, CPA's, completed the Credit Union's Annual Audit of Financial Condition for the period ending June 30, 2015. In their report, the independent auditors expressed an unqualified opinion on the Credit Union's financial statements and confirmed that Grossmont Schools FCU's financial condition continues to be strong.

In addition to the annual audit, OCM & CO along with Richards & Associates were used to perform internal audit projects. During 2015 those projects included a review of the system of internal controls in each operational area. All compliance audits were completed as mandated by federal and state regulators. The Supervisory Committee worked with Management to address any reported issues. Action has been taken to enhance the scope and depth of the required audits, with additional reviews of lending practices, branch operations, compliance audits, fraud prevention and internal controls. Computer/system security and fraud prevention continue to be an industry wide concern.

These detailed audit reports have proven to be of assistance to the Credit Union's Management and, of course, helps the Supervisory Committee comply with our oversight responsibilities that include the requirement to (1) provide the annual audit, (2) safeguard assets, (3) review internal controls, (4) work with the auditor, (5) ensure corrective actions are taken, (6) meet with federal examiners, (7) research member complaints and (8) perform biannual verification of member accounts.

Respectfully submitted,



Robert Cornelius,
Chairman of the Supervisory Committee

Report of the President/CEO

2015 was a pivotal year for your credit union. Perhaps the most significant change in the past 12 years was our name change to East County Schools Federal Credit Union. This was a move to more accurately define who we serve, and it was not taken lightly. We conducted focus groups of non-members from our K-8 districts, as well as a group of tenured members, some of whom have been member-owners for more than 35 years. One message from our tenured member-owners was at the heart of our plans from the beginning ... Don't change who you serve; remain focused on the East County Education community, and no others. Fortunately for everyone, that was never in doubt. We are rich in tradition of serving our East County school employees, and to do otherwise would diminish our ability to hold true to our mission of providing Value, Trust, and Exceptional Service to our member-owners.

We continue to serve on a variety of Education Foundations, Site Councils, and other education centric initiatives in our East County region. As an indication of our growing significance among our East County School Districts, the credit union was recognized by the California School Boards' Association with their prestigious "Community Partner of the Year" award among all San Diego County school districts.

2015 also saw significant growth in loans to members as the education community begins to recover from the funding declines that have affected virtually everyone in our community.

In closing I would like to recognize and honor two of our board members that are retiring from the board at this time. Our Vice-Chair Pat Price and our Chairman Ernie Ewin have served our member-owners with pride and distinction. Their leadership has been invaluable to the credit union and we wish them the very best in their future.



Steven A. Devan,
President & Chief Executive Officer

2015

ANNUAL REPORT

President/CEO,
Board of Directors Chairman,
Supervisory Committee Chairman,
Financial Statements



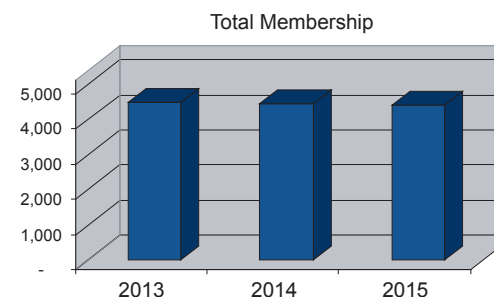
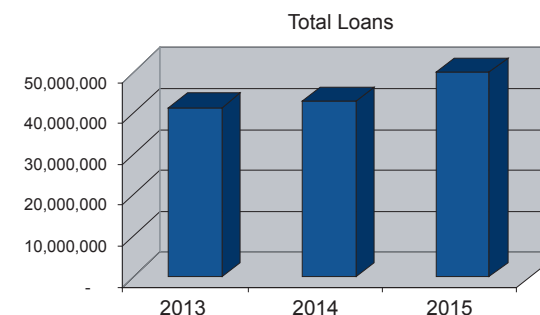
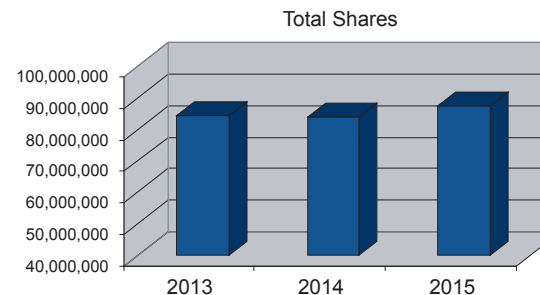
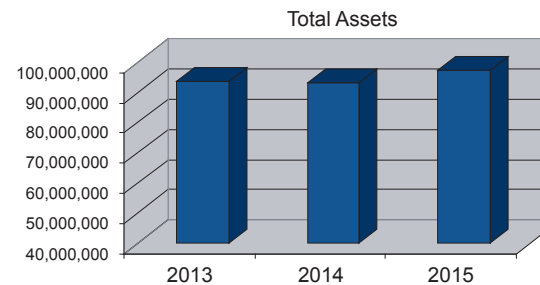
 **EAST COUNTY SCHOOLS**
FEDERAL CREDIT UNION

ASSETS	2013	2014	2015
Members' Loans	41,389,815	42,946,408	52,881,987
Cash In Bank & Change Fund	547,540	425,960	478,506
Western Corp FCU	8,497,114	3,167,387	1,662,664
Other Investments	39,786,114	43,888,078	39,162,170
All Other Assets	3,821,951	3,275,233	3,556,037
Allowance for Loan Losses	-294,762	-188,762	-214,896
Total Assets	93,747,772	93,514,304	97,526,468

LIABILITIES AND CAPITAL	2013	2014	2015
Accounts Payable	482,466	346,976	591,223
Other Liabilities	658,433	567,814	600,480
Share Drafts	18,799,344	19,077,671	21,879,168
Regular Shares	14,024,744	17,613,750	19,172,819
Money Market Shares	28,029,553	26,320,071	26,666,573
IRA Shares	4,826,854	4,147,653	4,059,913
Share Certificates	18,870,393	17,071,987	15,954,556
Total Members' Shares	84,550,888	84,231,132	87,733,028
Regular Reserves	4,132,774	4,132,774	4,132,774
Undivided Earnings	3,923,213	4,245,949	4,486,349
Unrealized G/L Investments		-10,341	-17,386
Total Liabilities and Capital	93,747,772	93,514,304	97,526,468

INCOME	2013	2014	2015
Interest On Loans	2,010,879	1,950,669	1,972,161
Income From Investments	416,494	491,208	482,199
Other Operating Income	440,851	421,432	436,463
Total Gross Income	2,868,224	2,863,309	2,890,823
Total Operating Expenses	2,098,952	2,293,712	2,431,655
Net Operating Income	769,272	569,598	459,168
Dividends To Members	352,127	310,077	272,323
Total Non-Operating Income (Expense)	25,725	63,215	53,555
Net Income After Dividends	442,869	322,736	240,400

MEMBER AND LOAN INFORMATION	2013	2014	2015
Number of Members, Year End	4,466	4,416	4,397
Number of Loans Made During the Year	476	593	602
Dollar Amount of Loans	19,963,231	16,674,415	29,286,424
Number of Delinquent Loans (60 Days & Over)	14	11	7
Dollar Amount of Delinquent Loans	259,916	229,790	204,706
Dollar Amount of Delinquent Loans Net Charge Off	80,253	37,172	29,594
Loss Ratio	0.19%	0.09%	0.06%



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Board of Directors

Ernest Ewin, Chairman
 Pat Price, Vice-Chairman
 Patricia Floyd, Secretary
 Ezequiel Cardenas, Treasurer
 Scott Buxbaum, Member

Supervisory Committee

Robert Cornelius, Chairman
 John Dunne, Member
 Alba Orr, Member
 Ezequiel Cardenas, Member
 Stephen Halfaker, Member

Management Team

Steven A. Devan, President/CEO
 Rita L. Winton, VP Lending & Operations
 Robert Nolan, VP Finance
 Chris Whitney, VP Info Technology

