

Report of the Chairman of the Board of Directors

Thanks to our member-owners, staff and management, 2017 was another great year for East County Schools Federal Credit Union (ECSFCU).

“Instant Issue” Debit cards were launched; meaning new cards are available instantly for new debit card account holders or for those who had a card lost or stolen. No more waiting....

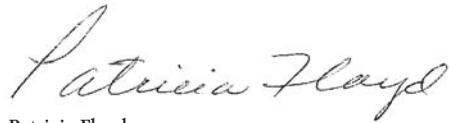
We upgraded to a new and improved Online Banking platform and added “card controls” to our mobile banking along with updated and improved Bill Pay.

We added three new school districts to our financial relationships and vehicle leasing program.

In October, we had a “Vision” planning meeting. Everything was on the table except for our Field of Membership. We are dedicated to providing the best services to our East County Schools with our focus only on them and their needs. There were many great ideas and all were included in our vision for the future of the ECSFCU for the short and long term plans to keep improving our relationships with our members and their families. Everyone at the meeting voted on the ideas and suggestions so we could prioritize. Nothing was left on the table.

We are excited about 2018. If you know someone who would like to join, remember we can come to you. we really like to personalize our visits and communications with you.

Regards,



Patricia Floyd
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 and deficiencies of each year's audit to the Board of Directors and the members.

Richards & Associates completed the Credit Union's Annual Audit of Financial Condition for the period ending June 30, 2017. In their report, the independent auditors expressed an unqualified opinion on the Credit Union's financial statements and confirmed that East County School's Federal Credit Union's financial position continues to be strong.

In addition to the annual audit, Richards & Associates and Doeren Mayhew, CPA's and Advisors were used to perform internal audit projects. During 2017 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,



Bradley Wilkinson
Chairman

Report of the President/CEO

During 2016, East County Schools Federal Credit Union's Board, Management and staff made significant strides in terms of organizational awareness throughout our local school district personnel. To follow-up on that progress, we raised the bar even higher throughout 2017.

Developing deep relationships with our school District Cabinet Members and Bargaining Unit Leadership is a very effective way to tell our story. This helps to establish trust in our quest to serve district employees with financial benefits that are often times not available from our competitors.

As mentioned by our Chairperson, Patricia Floyd, a significant new program was developed this year to assist our districts with their lease financing needs. In 2017 we financed the acquisition of 8 busses for the Grossmont Union High School District. In addition, we financed two maintenance trucks for La Mesa-Spring Valley Schools. We also have preliminary approval from another local school district for 8 busses of their own. Each of these transactions were awarded subject to competitive bidding, and serves to underscore our commitment to our local school districts, as well as their employee benefits.

Another highlight from our efforts last year came as a result of our Vision Planning meeting. East County Schools Federal Credit Union gained national attention from credit unions wanting to learn more about this planning session that included key district stakeholders, as well as all of our staff and volunteers. We invited District Cabinet Members, Human Resource personnel and Bargaining Unit Leadership. When re-envisioning your future, who better to help define your future than those who are dedicated to serving your Field-of-Membership? Their input was invaluable, and their take-away was to see first-hand how we “Walk-the-Talk”. Throughout this visioning process there was only one idea that was not up for debate, and that was who we serve.

In closing, I would like to recognize and thank Karen Burnworth for her “second tour of duty” as a Board Member. Karen has elected not to seek another term due to her travel and time demands with one of her other volunteer commitments. Thank you Karen for your dedication and stewardship during your cumulative time as a Board Member of this credit union. You have performed a great service for the member-owners of East County Schools Federal Credit Union.



Steven A. Devan
President & Chief Executive Officer

2017

ANNUAL REPORT

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

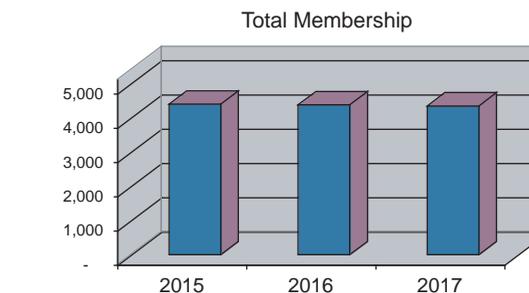
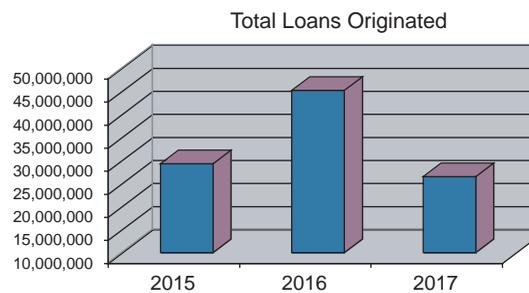
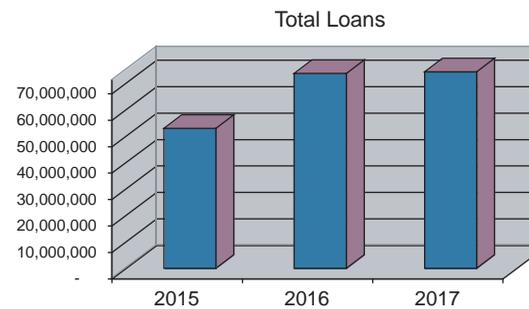
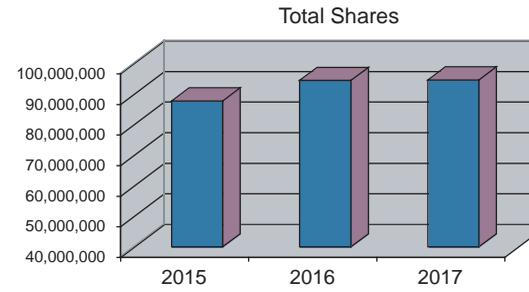
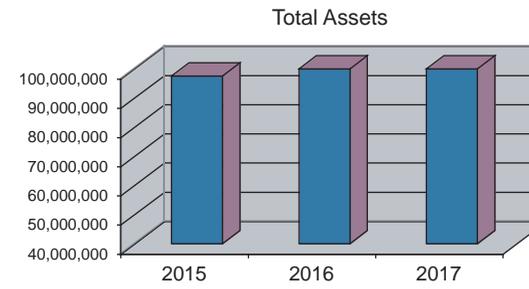


ASSETS	2015	2016	2017
Members' Loans	52,881,987	73,637,848	74,269,555
Cash In Bank & Change Fund	478,506	489,806	572,051
Catalyst Corporate FCU	1,662,664	635,818	472,105
Other Investments	39,162,170	32,389,258	30,535,578
All Other Assets	3,556,037	3,626,572	3,774,670
Allowance for Loan Losses	-214,896	-240,902	-243,843
Total Assets	97,526,468	110,538,401	109,380,115

LIABILITIES AND CAPITAL	2015	2016	2017
Accounts Payable	591,223	1,608,980	545,377
Other Liabilities	600,480	5,559,552	4,760,224
Share Drafts	21,879,168	23,774,864	23,894,760
Regular Shares	19,172,819	21,905,664	23,185,727
Money Market Shares	26,666,573	29,364,748	29,142,125
IRA Shares	4,059,913	3,613,330	3,525,812
Share Certificates	15,954,556	15,743,751	14,840,435
Total Members' Shares	87,733,028	94,402,357	94,588,860
Regular Reserves	4,132,774	4,132,774	4,132,774
Undivided Earnings	4,486,349	4,853,368	5,391,519
Unrealized G/L Investments	-17,386	-18,630	-38,639
Total Liabilities and Capital	97,526,468	110,538,401	109,380,115

INCOME	2015	2016	2017
Interest On Loans	1,972,161	2,467,784	2,904,732
Income From Investments	482,199	492,311	473,420
Other Operating Income	436,463	434,501	434,044
Total Gross Income	2,890,823	3,394,596	3,812,196
Total Operating Expenses	2,431,655	2,825,723	3,035,157
Net Operating Income	459,168	568,873	777,039
Dividends To Members	272,323	262,857	292,987
Total Non-Operating Income (Expense)	53,555	61,004	-56,606
Net Income After Dividends	240,400	367,019	540,658

MEMBER AND LOAN INFORMATION	2015	2016	2017
Number of Members, Year End	4,397	4,375	4,342
Number of Loans Made During the Year	602	564	555
Dollar Amount of Loans	29,286,424	45,250,624	26,467,440
Number of Delinquent Loans (60 Days & Over)	7	18	22
Dollar Amount of Delinquent Loans	204,706	228,206	75,286
Dollar Amount of Delinquent Loans Net Charge Off	29,594	76,552	82,270
Loss Ratio	0.06%	0.13%	0.11%



1069 Graves Avenue, Suite 100
 El Cajon, CA 92021-4573
 619-588-1515
 www.EastCountySchools.org

Board of Directors

- Patricia Floyd, Chairman
- Ezequiel Cardenas, Vice-Chairman
- Karen Burnworth, Secretary
- Scott Buxbaum, Treasurer
- Paul Schnaubelt, Member

Supervisory Committee

- Bradley Wilkinson, Chairman
- John Dunne, Committee Member
- David Feliciano, Committee Member
- Stephen Halfaker, Committee Member
- Alba Orr, Committee Member

Management Team

- Steven A. Devan, President/CEO
- Daniel Kitchen, VP Lending & Marketing
- Robert Nolan, VP Finance
- Chris Whitney, VP Info Technology

