



SERVING OUR MEMBERS FOR 83 YEARS — 1934 to 2017

# ANNUAL REPORT 2016





# United Energy Credit Union Shareholders Meeting Agenda

March 14, 2017

## **Social and Refreshments**

### **Call Meeting to Order**

Determine if quorum of 25 eligible members are present

### **Invocation**

### **Recognition of retired employees and guests**

### **Read minutes from last year's meeting and approve**

## **Reports**

### **Report of the Board of Directors**

Wanda Peterfeso, Chairperson

### **Report of Audit Committee**

Joy Kristl, Chairperson

### **Report of the Delinquent Loan Committee**

Glenn Markwardt, Chairperson

### **Report of the President/Treasurer**

Debbie Hendrix

## **Unfinished Business**

Motion to ratify acts and deeds of the Board of Directors  
for the period between the date of the last annual meeting  
to the date of present annual meeting

### **Report of Nominating Committee**

Nomination for Board of Directors  
Pass out ballots (if required)

## **Other Business**

### **Prizes**

**Thank persons responsible for refreshments, etc.**  
**Report results of elections - motion to destroy ballots**

## **Adjourn**

**Pictures of Door Prize Winners**



## Report of the Chairman of the Board

United Energy Credit Union achieved another profitable year in 2016. The key drivers for our continued success in maintaining a sound bottom line include a proactive debt management approach, a well-managed loan program and a strong member focus. Since our last annual meeting, the board members and roles remain unchanged and this continuity has helped us achieve our annual goals.

We continued to be diligent in 2016 to follow our loan and debt recovery processes and policies to ensure ongoing success in this area of our business. Additionally, in 2016 we began to position ourselves from a technical standpoint to enable “Mobiliti”; a best-in-class mobile banking and payments solution which allows members to manage their accounts from a smart phone. Currently Mobiliti is running as a pilot program but will be ready to roll out to the membership in April 2017.

The Humble office continues to get local area new members who live or work in proximity to the office. The Downtown branch maintains service for many of our existing members and we add new members predominantly from CenterPoint at this location as well.

We are satisfied with the services we offer and are always looking for new opportunities to provide our members with excellent member service. From a member focus perspective, improvements we can make to better serve our membership and increase our loan portfolio will be pursued.

Thank you for your continued membership; we look forward to another great year!



Wanda Peterfeso  
Delinquent Loan Committee Chairperson

# Report of the President /Treasurer



**D**ata breaches continued to be in the headlines in 2016. Cybersecurity ranked high on our list of priority items and so we hired a company to perform an IT Risk Assessment. The risk assessment is performed in an effort to achieve, maintain, and demonstrate security compliance while improving security. The assessment included an external penetration test, information security assessment, web compliance, and remote social engineering. Results of the assessment were gathered, prioritized, and recommendations were provided. All recommendations were analyzed and resolutions implemented or considered for future implementation. The overall results showed that United Energy Credit Union has a strong set of controls in place to reduce risks to the confidentiality and integrity of member and credit union data.

Credit unions are different than banks. We don't create a fee or raise loan rates just because shareholders want a larger return. Though we have to make a profit to keep the doors open, we make decisions with our members in mind. We distribute our profits back to you in the form of new products and services and convenient branch locations. Did you know that we have more than 5,500 branches available all over the United States? We share locations with other credit unions which makes doing business with United Energy Credit Union easier than ever. Go to our website at [www.unitedenergycu.com](http://www.unitedenergycu.com) and click on the Information Desk to find a location near you.

As our credit union membership grows, so do our assets, which is one of the primary indicators of how well our members are receiving the products and services we offer. Our current assets are \$25,240,443 which is up almost 3% from 2015. Just as you are committed to your financial institution, we are committed to you. The credit union invested a significant amount of money to upgrade our infrastructure and our operating system in 2016 so that we could position ourselves to offer the following new services in 2017:

**Loancierge** - a new lending product that will improve efficiency and allow us to underwrite loans more expeditiously.

**Mobiliti** - a mobile banking solution that will allow members to manage their accounts and pay bills from their smart phone.

**Virtual Branch Loan** - a more sophisticated online loan application that will integrate with our new loan product allowing members to complete the loan application process from anywhere at any time.

**Card Valet** - a new app that will allow members "on-the-go" control over where, when, and how their debit card can be used as well as providing an electronic alert solution that members will be able to customize.

**Web Sign** - a secure way to sign credit union documents without driving to a branch.

We have an excellent team of professionals who report to work every day with the intention of helping our members meet their financial goals. This credit union's many accomplishments would not have been possible without their energy, optimism, commitment, and wholehearted belief in our cause.

We also have a highly capable volunteer board of directors that shares an enormous amount of time, knowledge, and expertise in guiding this organization. Their passion is inspiring, and I thank them for their loyal service. In closing, I'm highly optimistic about our future, and on behalf of the entire staff, we look forward to a happy and successful 2017.



Debbie Hendrix

President/Treasurer



## Report of the Delinquent Loan Committee Chairperson

United Energy Credit Union ended 2016 with a combined total of loans and credit card balances of \$13,478,930.12. The delinquent amount at the end of the year was \$151,144.64 which represents a year-end delinquency ratio of 1.12% compared to 0.98% at the end of 2015. The Charge-off amount at the end of the year was \$63,038.81 which represents a year end charge-off ratio of 0.46% compared to \$126,032.77 which represented a year end charge-off ratio 0.93% at the end of 2015.

We continued to use Blake Credit Associates to collect some of our delinquent accounts and will retain their services for 2017 as deemed necessary. As in the past, all delinquent accounts are reported to the Credit Bureaus on a monthly basis.

We will continue to utilize the services of a credit union attorney to minimize any losses that may occur from bankruptcy or other debt problems. As the law allows, we will continue to report member losses to the Internal Revenue Service that will be reported as income to that member.

With the ever-changing rules and laws affecting our attempt to collect delinquent accounts, we will continue to maintain up-to-date collection policies and procedures.

The goal of the Delinquent Loan Committee is to oversee any debt collection efforts. We will continue to do our best to reduce delinquency and to keep loan losses to a minimum and acceptable level. I would like to express my appreciation to each member of the committee for their outstanding work this past year.



Glen Markwardt  
Delinquent Loan Committee Chairperson

# Report of the Internal Audit/Audit Committee Chairperson



The Audit Committee oversees the management and financial records of the Credit Union to ensure its financial condition is fairly represented. The Audit Committee's primary role is to oversee the safety and soundness of this credit union so that our members can feel confident that their investments are safe. Here are just a few of the duties performed by the Audit Committee in 2015:

- Served as the principal communication link between the external auditors and the credit union management team and reviewed the terms of scope of this audit.
- Obtained a reasonable understanding of the elements of internal controls that are important to safeguarding the assets of the Credit Union.
- Reviewed weekly reports to ensure that management and staff are complying with the policies and procedures which have been put in place to protect the credit union.

In meeting their responsibility, the Audit Committee contracted for an independent audit of the financial statements by A. John Weaver and Associates. In February, 2016 Mr. Weaver performed a comprehensive annual review of the accounting records, loans, general procedures, and internal controls that included the period from September 1, 2014 through December 31, 2015. It is his opinion that the credit union's financial statements fairly represent the financial condition of United Energy Credit Union. The annual audit was performed in accordance with the requirements set forth in Section 5.07 of the Texas Credit Union Laws and Regulations and included any additional procedures deemed necessary.

In addition, the Credit Union Department of the State of Texas performed an examination of United Energy Credit Union in April 2016, covering the period from January 1, 2015 through March 31, 2016. The Report of Examination was provided to the board with no material exceptions noted. Internal controls, with regard to the overall records and operations, were found to be adequate and in good condition.

During 2016, the Audit Committee performed surprise cash counts on teller cash drawers and the Credit Union vaults, audited new & closed accounts and loans, and several other procedures within the credit union.

Based on the results of the above-referenced activities and reports generated from them, it is the opinion of the Audit Committee that the records and affairs of United Energy Credit Union are in order. The Audit Committee welcomes questions or comments from the members at anytime. We remain dedicated in our efforts to provide reviews and audits of all aspects of United Energy Credit Union operations to protect each and every member. Members may write to the Audit Committee at 8790 FM 1960 Bypass West, Humble, TX 77338.



Joy Kristl

Internal Auditor/Audit Committee Chairperson



## 2012-2016 Balance of Accounts

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Cash	1,493,985	2,585,498	2,119,725	2,299,542	1,557,698
Other Investments	9,956,000	7,701,000	8,246,000	8,667,000	6,234,000
Petty Cash/Change Funds	174,263	234,997	139,414	126,646	146,726
Personal Loans	12,802,409	13,196,090	12,402,603	10,931,462	12,970,898
Credit Card Loans	676,521	712,418	754,965	784,596	908,780
Investments Accrued Income	7,868	4,039	3,860	3,240	1,907
Loans Accrued Income	31,877	36,341	46,481	59,825	76,520
Office Equipment	50,939	148,613	237,302	319,627	404,218
NCUA/NCUSIF	190,025	184,248	175,373	168,155	165,240
Allowance for Loan/CP Losses	(183,846)	(225,523)	(252,954)	(321,286)	(368,622)
Other Receivables	10,178	5,810	2,599	7,047	583
Share Draft Returns Clearing	1,380	2,958	1,307	1,331	4,948
Prepaid Expenses	19,129	28,357	41,966	49,095	48,986
Other Assets	9,715	9,715	9,881	9,715	9,715
<b>TOTAL ASSETS</b>	<b>25,240,443</b>	<b>24,624,561</b>	<b>23,928,522</b>	<b>23,105,995</b>	<b>22,161,597</b>

<b>LIABILITIES</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Shares	10,568,127	10,413,090	9,710,401	9,080,913	7,715,470
Checking Accounts	3,144,697	2,852,120	2,215,977	1,843,197	1,686,385
Deposit Accounts	4,219,277	4,048,161	4,267,584	4,480,106	5,062,379
IRA Accounts	2,257,082	2,370,071	2,814,355	2,750,941	2,735,290
Accounts Payable	27,876	66,675	108,332	123,217	263,682
Accrued Interest Payable	21,639	21,751	23,293	24,142	30,104
Other Accrued Expense	319,151	113,405	72,919	150,785	106,912
Reserve Fund	1,022,386	1,022,386	1,022,386	1,022,386	1,022,386
Undivided Earnings	3,637,364	3,608,106	3,580,812	3,553,271	3,519,700
Unapplied ATM	22,844	108,796	112,463	77,037	19,289
<b>TOTAL LIABILITIES</b>	<b>25,240,443</b>	<b>24,624,561</b>	<b>23,928,522</b>	<b>23,105,995</b>	<b>22,161,597</b>



# Profit and Loss Statement



<b>INCOME</b>	<b>2016</b>	<b>2015</b>	<b>INCREASE/ DECREASE</b>	<b>2017 BUDGET ESTIMATE</b>
Interest on Loans	950,136.58	1,005,949.17	(55,812.59)	965,000
Credit Card Income	71,451.50	81,449.90	(9,998.40)	70,000
Investment Income	92,329.66	60,864.12	31,465.54	125,000
Fee Income	663,666.69	640,089.08	23,577.61	676,000
Other Income	72,640.82	68,789.93	3,850.89	75,000
<b>Total Income</b>	<b>1,850,225.25</b>	<b>1,857,142.20</b>	<b>(6,916.95)</b>	<b>1,911,000</b>
<b>Expenses</b>				
Salaries & Benefits	654,759.25	681,971.96	(27,212.71)	668,000
Travel & Conference	9,999.96	9,999.96	0	10,000
Association Dues	9,081.33	8,666.55	414.78	9,000
Office Operations	709,500.43	588,760.18	120,740.25	621,000
Educational & Promotion	10,194.84	10,243.56	(48.72)	10,000
Loan Servicing	61,401.54	63,983.75	(2,582.21)	76,000
Professional & Outside Services	291,582.77	250,838.93	40,743.84	322,000
Operating Fee	5,558.68	6,005.64	(446.96)	7,000
Examiners Fee	6,999.96	6,999.96	0	8,500
Annual Meeting & Dinner	9,801.33	10,082.49	(281.16)	10,000
Miscellaneous Expenses	6,966.51	5,641.62	1,324.89	7,000
<b>Cost of Funds</b>				
Interest on Deposit Accounts	26,546.59	24,475.02	2,071.57	33,000
Interest on IRA Accounts	29,325.83	32,788.24	(3,462.41)	28,000
Interest on Share Accounts	21,330.93	20,890.65	440.28	27,000
<b>Provision for Loan/CP/ Investment Losses</b>	<b>(32,082.89)</b>	<b>108,500.00</b>	<b>(140,582.89)</b>	<b>62,000</b>
<b>Total Expenses</b>	<b>1,820,967.06</b>	<b>1,829,848.51</b>	<b>(8,881.45)</b>	<b>1,898,500</b>
<b>Non Operating Income (Expense)</b>				
NCUSIF Corporate Stabilization Exp	0	0	0	0
<b>Unappropriated Earnings</b>	<b>29,258.19</b>	<b>27,293.69</b>	<b>1,964.50</b>	<b>12,500</b>
Distribution				
Undivided Earnings PYTD	3,608,106.10	3,580,812.41	27,293.69	3,637,364.29
Undivided Earnings YTD	3,637,364.29	3,608,106.10	29,258.19	3,649,864.29
<b>Net Change To Undivided Earnings</b>	<b>29,258.19</b>	<b>27,293.69</b>	<b>1,964.50</b>	<b>12,500</b>





# Credit Union Directors and Committees

## Board of Directors

Wanda Peterfeso  
Chairman  
*Term expires 2018*

Melinda Sutherland  
Vice Chairman  
*Term expires 2018*

Debbie Hendrix  
President/Treasurer  
*Term expires 2018*

Clara Holub, Secretary  
*Term expires 2017*

Charles Dolezel  
*Term expires 2018*

Tommy Carter  
*Term expires 2019*

Cedric Wilson  
*Term expires 2019*

Glen Markwardt  
*Term expires 2017*

## Committee Chairmen

Executive Committee, Melinda Sutherland  
Asset/Liability Management Committee, Debbie Hendrix  
Investment Committee, Debbie Hendrix  
Policy & Planning Committee, Charles Dolezel  
Audit Committee, Joy Kristl  
Credit Committee, Debbie Hendrix  
Delinquent Loan Committee, Glen Markwardt  
Education Committee, Cedric Wilson  
Nominating Committee, Judy Smith

## Executive Committee

Melinda Sutherland, Chairperson  
Wanda Peterfeso  
Debbie Hendrix  
Clara Holub  
Glen Markwardt

## Asset/Liability Management Committee

Debbie Hendrix, Chairperson  
(All Executive Committee Members)

## Investment Committee

Debbie Hendrix, Chairperson  
(All Executive Committee Members)

## Policy & Planning Committee

Charles Dolezel, Chairperson

## Audit Committee

Joy Kristl, Chairperson

## Credit Committee

Debbie Hendrix, Chairperson  
Jenifer Kayda, Credit/Collection Supervisor  
(All Board of Directors)

## Delinquent Loan Committee

Glen Markwardt, Chairperson  
Jenifer Kayda, Credit/Collection Supervisor  
(All Board of Directors)

## Education Committee

Cedric Wilson, Chairperson  
Theresa Smith

## Nominating Committee

Judy Smith, Chairperson  
Linda Hulse  
Randy Haddick

## Credit Union Staff

### Member Services Staff

Rochelle Cosey - Member Service Representative  
Nikki Jones-Gombash - Member Service Representative  
Nancy Razo - Member Service Representative

### Back Office Staff

Debbie Hendrix - President  
Catherine Brickner - Accounting Supervisor  
Ann Bumpers - Accounting Specialist  
Amber Stanley - Contract Accounting  
Tonia Dikeman - Contract IT  
Joy Kristl - Contract

### Credit and Collections Staff

Jenifer Kayda - Credit/Collections Supervisor  
Cindy Dickey - Loan Officer  
Jen Hoppas-Hyde - Loan Officer



# Credit Union Representatives

## Houston Area Representatives

### Conroe

David Caraway

### South Houston Complex D

Lydia Mireles  
William Lumpkin  
Roger Krenek

### Baytown Warehouse

Bea Christopher

## East District - Navigation (Warehouse, Facility, Lockwood)

Sarah Aranzeta  
Sonya Jones  
Sandy Batrez  
Terri Kirkland  
Lori Stanley  
Mechele DuBose  
Cecile Fake  
Gloria Gomez  
Olga Arredando

## West District - Bellaire

Mercy Guerrero  
Jon Bridges

## CNP-T

Jessica Grant  
Shonda Royston-Johnson  
Steve Palmer  
Lynette Sealy  
Daniel (Danny) Chauvin

## Humble Service Center

Joann Estes

## Reliant

Natalie Arriaga

## Southeast Texas District - Texas Rural

Whitney Bell, Beaumont  
Stephanie Reese - Texas City

## Texas Coast Area Representatives

Melinda Limones, Alvin  
Debbie Hafer, Richmond

## Louisiana Area Representatives

Dorothy Eaves, Deridder  
Robert Menard, Crowley  
Diane Breaux, Broussard  
Kathy Jolet, New Iberia  
Todd Hebert, Broussard  
Glynn (Matt) Dyer, Oakdale  
Keith Broussard, Lake Charles

## Mississippi Area Representatives

Mary Jo Zummo, Byram  
Lee Donaldson, Laurel  
Mary Benson, Byram



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