

Membership Makes The Difference!

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Doches Credit Union Staff

Main Office

Jamie Flores
Cody Derouen
Kristi Spencer
James Muse
Zoila Pacheco
Laura Daniels
Amanda Gallegos
Kelly McClure
Jason Cuadra
Bonifacio Chavez

Center Branch

Emily Price
Paula Lloyd
Damaria Balderas

University Drive Branch

Yessica Holliman
Priscila Chalco
Traniecia LaRode
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Geana Russell
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Center Branch

792 Hurst Street
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2017 ANNUAL MEETING

**Thursday, February 23rd
& Friday, February 24th**

DCU
DOCHES CREDIT UNION



Meeting Agenda

- Thursday, February 23rd at 12:00 pm
 - Welcome: Chairman of the Board
 - Ascertain Quorum
 - Distribute Annual Meeting Packets
 - Election Instructions
 - Ballot
 - Minutes from the 2016 Annual Meeting
 - Performance Reports
 - Audit Committee Report
 - Member Comments/ Suggestions/ Questions
 - Door Prizes - Attendance award at opening of meeting
(Must be present to win)
- Thursday, February 23rd & Friday, February, 24th
 - Board Member Elections
 - Snacks & refreshments available at all branches
- Friday, February 24th at 5:00 pm
 - Ballot Collection at all branches
 - Annual Meeting Door Prizes Drawing (need not be present to win)
- Adjourn

Board of Directors

	<u>Term</u>
Orren Schmidt, Chairman	2018
Freddie Gibson, Vice Chairman	2018
Joshua Moore	2019
Edeska Barnes	2018
Selita Hoya	2017
Joyce Strickland	2017
Pam Pagano	2017
Joseph Ramirez	2017
Clara Bryant	Advisory

About Doches Credit Union

Doches Credit Union is a not-for-profit financial cooperative that provides a full line of affordable financial services to our member-owners. Founded on November 7th, 1951 in the oldest town in Texas, Doches Credit Union has grown to serve over 7,000 members and more than \$40 million in assets. The original field of membership was for employees of Southwestern Bell and Lufkin Conroe Telephone Exchange. This field of membership has since grown to include all community members that live, work, or that worship in Nacogdoches, Shelby, Sabine and San Augustine counties.

Doches Credit Union's overall mission is to create a quality, life-long financial relationship with our members by providing valuable financial products and services that meet their financial needs. Our vision is to advocate the credit union philosophy of "People Helping People" by providing exceptional financial services to all qualified members within our field of membership.

DCU's philosophy begins and ends with understanding and meeting member needs. Member-owners are at the forefront of all decisions made. As a result, DCU offers a full array of financial services including low-rate consumer loans, high-yield savings programs, systematic savings and investments, free checking and debit options, and online services. For more than 60 years, DCU has been an important contributor to the local economy. We remain dedicated to serving the communities in which we operate, and we would like to thank you for your membership.



President's Report/Consolidated Statement Financial Condition

Description	2015	2016
Total Loans	\$21,250,621	\$24,100,740
Allowance for Loan Loss	(101,103)	(124,154)
Cash/Deposits	1,107,521	2,305,036
Total Investments	17,030,521	14,600,302
Other Assets/Receivables	1,596,295	1,427,356
Prepaid Expense/Insurances	144,670	169,614
Total Assets	\$40,938,582	\$42,478,896
Total Liabilities	\$(124,964)	\$40,795
Total Member Deposits	35,609,796	\$36,916,761
Total Capital	5,453,750	\$5,521,340
Total Liabilities/Capital	\$41,063,546	\$42,438,101
Total Income	\$1,947,775	\$2,038,395
Total Expense	1,560,208	\$1,716,804
Total Dividends	131,581	\$143,783
Non-Operating Income	0	\$0
Net Income	\$256,415	\$177,806

Loans Outstanding Increased	13%
Deposits Increased	3.67%
Assets Increased	3.67%
Capital Increased	3.72%
Year End 2016 Total Members	7,882
2,179 New Loans in 2016 Totaling \$15,132,887	

Total Income was over budget

Total Expense was over budget

Net Income was over budget

New Products in 2017

- Groovecar on DCU Website
- Mobile App
- New Credit Cards with incentives

2017 ANNUAL REPORT



Membership Makes The Difference!

MINUTES FOR THE 64TH ANNUAL MEETING OF

DOCHES CREDIT UNION

FEBRUARY 4-5, 2016

920 NW STALLINGS, NACOGDOCHES, TEXAS

Directors Present: Orren Schmidt, Pam Pagano, Joyce Strickland, Joey Michelle, Edeska Barnes,

Selita Hoya

Directors Absent: Freddie Gibson, Joshua Moore

Chairman Orren Schmidt called the meeting to order at 12:10 P.M. on Thursday, February 4, 2016. A quorum was present, so Selita Hoya opened the meeting with a prayer. Mr. Schmidt welcomed everyone present and introduced Jamie Flores as our new CEO.

Minutes were presented from the last Annual Meeting. Pam Pagano motioned for their approval,

Edeska Barnes seconded the motion, and it was approved by those present.

Jamie Flores asked if anyone had any questions about the financial reports.

She reminded everyone that voting will continue until 5 P.M. on Friday, and that ballots will be collected from each location and tallied.

Jamie thanked everyone for coming, and gave special thanks to the staff for their hard work in getting everything together for the meeting. She noted that names of staff members are listed in the annual meeting packet and all are available to answer any questions members might have.

Jamie invited everyone to get refreshments before leaving and thanked everyone for coming.

Chairman _____ Date _____

Secretary _____ Date _____

Audit Committee Report for 2016

Doches Credit Union is a state chartered credit union regulated by the Texas Credit Union Department (TCUD Austin, Texas) and by the National Credit Union Administration (NCUA Washington, DC) and is subject to their rules and regulations. In addition, the deposits of our member-owners are insured by the National Share Insurance Fund, a Federal Government entity under the direction of the NCUA. Exams and audits performed for 2016 are noted below.

ACH (Automated Clearing House) Audit June 2016 by Credit Union Resources

Objective: Audit ACH transactions in accordance with the ACH rules and regulations.

Recommendations: Update written policies to address various ACH notifications and retain audit reports.

ACH Risk Assessment, March 2016 by Credit Union Resources

Objective: Determine if ACH-related systems, processes, control, and compliance are sufficient to adequately mitigate risk.

Recommendations: Update procedures, provide additional training, test recovery plans annually, and maintain user authority levels in processing systems.

Bank Secrecy Act (BSA) Audit March 2016 by Credit Union Resources

Objectives: Ensure compliance with the Bank Secrecy Act.

Recommendations: Annual review of policies by the Board of Directors, additional training and obtaining more specific information on Cash Transaction Reports.

Supervisory Committee Annual Review May 2016 by Credit Union Resources

Objective: Audit accounting procedures, general ledger balances, lending procedures and documentation, and compliance with Rules and Regulations.

Recommendations: Update allowance for loan loss and repossession policies, modify currency ordering procedures, review insurance on all branch facilities, and improve written documentation on loans.

748 Security Risk Assessment August 2016 by Credit Union Resources

Objective: Review DCU's E-Commerce policies, evaluate its Information Security Policies and Program, Information Systems and Technology Compliance, and Network Topology and Facilities

Recommendations: Provide additional training; change security procedures, equipment; develop, expand policies regarding social networking; perform a business impact assessment.

Website Review July 2016 by Credit Union Resources

Objective: Review website for compliance with applicable rules and regulations.

Recommendations: Add pop-ups disclaimer for third party links, add links and/or notices for required disclosures.

Vault Audit June 2016 by Credit Union Staff Members

Objective: verify vault balances at all branches.

Recommendations: combine two drawers at one location and adjust a drawer balance for a mutilated bill.

ATM Safety Evaluation August 2016 by Credit Union Resources

Objective: Evaluate the adequacy of lighting, obstructions near the ATM, safety instructions provided to members, and proper notifications.

Recommendations: Develop procedures to periodically check lighting

Disaster Recovery Test September 2016 by Fiserv/ Cusa Service Center

Objective: Verify proper configurations of firewalls, verify software/hardware infrastructure is ready to support actual disaster event, verify procedures and documentation are accurate, and verify back office processes are functional.

Recommendations: None, successful test

Safe Activity Review November 2016 by Credit Union

Objective: Review compliance with mortgage lending regulations.

Recommendations: None, fully complaint

990T Tax Return October 2016 by Axley & Rode LLP

Objective: File 2015 tax return.

Account Verifications December 2016 by Credit Union Resources

Objective: Verify that member account statements accurately reflect transactions and respond to member questions about specific transactions. Awaiting report from auditors, expected by April 2017.

Report of Examination December 2016 by Texas Credit Union Department Examiners

Objective: Assess adequacy of the financial condition and operating performance, determine compliance with codes, rules, board policies, sound business practices, and other laws and regulations.

Recommendations: Develop report to track loan concentrations by risk tier, establish loan portfolio diversification standards, monitor auto dealer statistics, and modify investment policy regarding board reporting requirements.