

2016 ANNUAL REPORT

*The  
Pathway  
to  
Greatness*

 **BELCO**  
COMMUNITY CREDIT UNION  
*Because life is for living.*

449 Eisenhower Blvd.  
Harrisburg, PA 17111  
[www.belco.org](http://www.belco.org)

 **BELCO**  
COMMUNITY CREDIT UNION  
*Because life is for living.*



## GOALS GUIDED BY OUR EARLY BEGINNINGS

Credit unions are voluntary financial cooperatives created to serve individuals without discrimination. Belco is a not for profit financial cooperative dedicated to meeting the financial needs in the diverse communities that we serve. We operate with a volunteer board of directors and a dedicated staff of professionals.

The guiding principles of credit unions were established in 1844, in Rochdale, England by the Rochdale Society of Equitable Pioneers. The fundamental values of financial cooperatives were equality, equity and mutual self-help. There are **seven cooperative principles** that guide credit unions today:

- Voluntary Membership
- Democratic Member Control
- Members' Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Cooperation among Cooperatives
- Concern for Community

Several of our 2017 goals demonstrate our commitment to the **seven cooperative principles** of credit unions:

- Launch an updated home banking platform that will improve members' current online and mobile banking experience and will foster **Members' Economic Participation**. Our new online and mobile banking product was launched in February 2017.
- **Cooperation among Cooperatives** comes to mind as we complete the merger of Belco Community Credit Union with Cornerstone Federal Credit Union by the end of 2017. This will expand the branch system for both credit unions in Cumberland and surrounding counties, and will result in:
  - An additional 35 talented staff members will join Belco from Cornerstone FCU.
  - Three Cornerstone branches and an in-school branch will combine with the existing 11 Belco branches to better serve the entire membership.
  - Through the merger, we will welcome new board members to join the existing Belco board of directors. This is an example of our full support of **Democratic Member Control**.
- Additionally, we will continue reviewing the location and condition of current branches and make needed improvements to add member convenience. It is our goal to foster full member participation in the cooperative.
- Because of our **Concern for Community**, Belco's outreach includes volunteer board participation with Mission Central, Big Brothers Big Sisters

of the Capital Region, and the Boys & Girls Club of Harrisburg. We also have volunteers who support Girl Scouts, Boy Scouts, local theatre, local youth sports clubs, food banks and many walks/runs for a variety of causes. We enjoy supporting what matters to our members, therefore, community involvement will continue to be a focus for Belco in 2017.



## FOCUSED ON FUTURE SUCCESS

Our Strategic Plan focuses on our three **Key Result Areas** that set the direction for each year: The Employee Experience, The Member Experience, and the Growth of Belco. When world-class service is delivered to our membership by satisfied and highly successful employees, the future financial success of Belco is the byproduct. We have consistently met our members' expectations of service and our employees' expectations in the workplace. Belco is growing, evidenced by a very financially successful year in 2016 that will fuel the growth of Belco in the years to come.

## The Belco Employee Experience

Belco is committed to creating a culture focused on being a high-performance workplace. **Education, Training and Information** for all staff demonstrates a commitment to excellent human resource practices, training, and development. Tuition reimbursement has been enhanced for 2017. We understand that financial success and member satisfaction are contingent upon employee satisfaction.

In 2016, our annual employee satisfaction rating improved dramatically, showing:

- 65% of Belco employees rated their satisfaction as very satisfied or extremely satisfied compared to the industry norm of 66% and the U.S. norm of 59%.
- Belco's rating on its benefits package came in at 19% higher than the Credit Union Industry average, and 25% higher than the national average among other employers.

We recognize that dedicated and satisfied employees are key components in providing the best possible service to our loyal members.

## The Belco Member Experience

Belco is committed to delivering excellent member service that meets the needs of our members in a consistent, professional, polite, and prompt manner. Our goal is to increase the percentage of members who consider Belco to be their primary financial institution to 67% by 12/31/2018. Our members' overall satisfaction has increased year over year:

- 62% of our members who answered the survey consider Belco to be their Primary Financial Institution, up from 61% the prior year.
- 62% of members surveyed are very satisfied, up from 60.8% in 2015.

- Our Voice of the Member survey, which captures the experiences of actual members who have rated their service experience, showed a performance score of 92.92% in 2016; we are striving to reach our goal to consistently exceed 95%.
- Services per household grew from 2.10 to 2.11 in 2016, which exceeded the goal of 2.05. This means members continue to take advantage of additional products and services with the credit union.

As a financial cooperative, we exist for the benefit of our members, and every member shares in the economic success of the organization. We will continue to deliver Gold Star Service to our members to guarantee exceptional service with every member interaction.

## Growth of Belco

Our goal is to continue to organically grow Belco in a safe and sound manner. We continue to execute our mission by helping each member to achieve financial success. By focusing on continued Member Satisfaction and Employee Job Satisfaction, we can expect that controlled and sustainable growth of the credit union will follow. Our long-term vision is to reach the scale and size necessary to maintain Belco as an economically-viable not for profit credit union.

This vision is what drives us to become more operationally efficient, while expanding our branch system to best serve our seven-county footprint. In 2017, our merger with Cornerstone Federal Credit Union will bring together two very long tenured credit unions founded for telephone company employees, and will grow membership by approximately

11,000 new members. It serves as an example of cooperation among financial cooperatives, and will provide value in the long run for our combined memberships. With the cost of doing business continually rising, it is important for credit unions to work together to improve efficiency by combining back office operations.

We thank you for your continued membership with Belco Community Credit Union. Our loyal board members and dedicated employees are committed to carrying out our Mission of meeting the needs of the communities we serve through exceptional service and financial education. Each member plays a vital role in making and keeping the credit union successful, and can share in the financial success of the organization by using credit union products and services and by making Belco your primary financial institution.

Sincerely,



*Amey R. Sgrignoli*  
**Amey R. Sgrignoli**  
President/CEO



*Stephanie F. Miller*  
**Stephanie F. Miller**  
Chairman of the Board



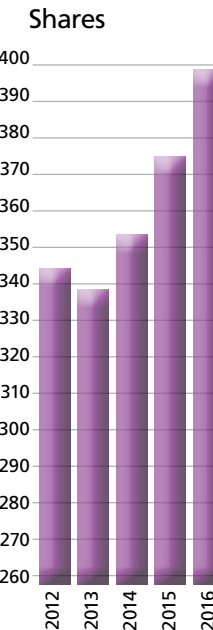
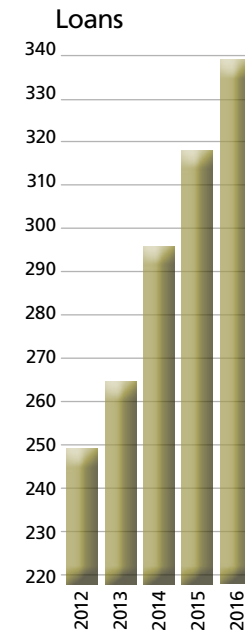
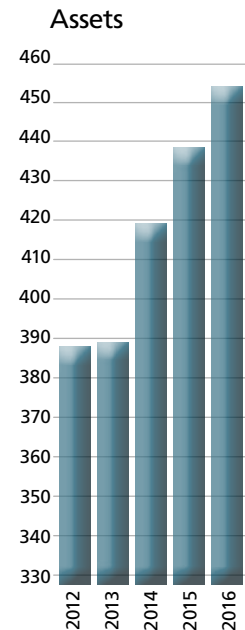


**BELCO COMMUNITY CREDIT UNION  
STATEMENTS OF FINANCIAL CONDITION, DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>ASSETS</b>		
Cash on Hand	5,051,887	6,109,561
Cash on Deposit	9,565,187	8,536,214
Cash Equivalents	0	0
Trading Securities	0	0
Available for Sale	46,560,575	50,808,171
Held to Maturity Securities	0	0
Deposits in Banks/S&L's	0	0
Mbrshp Capital at Corp CUs	1,620,260	1,620,260
Paid in Capital at Corp CUs	0	0
All Other Invest in Corp CUs	0	744,000
All Other Investments	0	0
<b>TOTAL INVESTMENTS</b>	<b>48,180,836</b>	<b>53,172,431</b>
<b>LOANS HELD FOR SALE</b>		
Unsecured Credit Card Loans	40,546,069	38,578,633
All Other Unsecured L/C	13,567,560	13,841,993
New Vehicle Loans	38,232,226	35,757,581
Used Vehicle Loans	63,147,900	57,558,830
Loan Participations	0	0
Prem/Disc Participations	0	0
Total 1st Mortgage/Re-Fixed	0	0
Mortgage Loans Svc	15,126,476	10,489,827
Prem/Disc Mortg Svc	113,022	84,482
Total 1st Mortgage/Re-Var	191,598	250,072
Total Other Real Estate Loan	94,140,997	92,979,831
Leases Receivable	0	0
Total All Other Loans/Lines	26,768,826	29,201,854
Total Mbr Bus/Comm Loans	46,949,579	39,154,163
<b>TOTAL LOANS</b>	<b>338,784,251</b>	<b>317,897,267</b>
Less Allow Loan Losses	-3,331,957	-3,238,824
Other Real Estate Owned	226,691	57,962
Repossessed Autos	82,566	32,095
Land & Building	22,756,863	22,766,032
Other Fixed Assets	1,956,255	2,421,001
Lease Improvements	0	16,963
NCUA Share Insurance	3,941,827	3,653,615
Other Assets	26,609,508	27,135,290
<b>TOTAL ASSETS</b>	<b>453,823,915</b>	<b>438,559,606</b>

**LIABILITIES & MEMBER EQUITY**

	2016	2015
<b>LIABILITIES</b>		
Total Borrowings	10,650,000	21,975,000
Accrued Div Payable	0	776
Accounts Payable	5,978,820	5,171,181
<b>TOTAL LIABILITIES</b>	<b>16,628,820</b>	<b>27,146,956</b>
<b>MEMBER EQUITY</b>		
Share Draft	93,008,332	85,520,906
Regular Shares	135,074,164	115,224,377
All Other Shares	169,171,927	173,740,619
<b>TOTAL SHARES</b>	<b>397,254,423</b>	<b>374,485,901</b>
<b>Undivided Earnings</b>	<b>34,530,955</b>	<b>32,865,970</b>
<b>Regular Reserve</b>	<b>6,690,260</b>	<b>6,690,260</b>
<b>Other Reserves</b>	<b>0</b>	<b>0</b>
<b>Loss/Gain Investments</b>	<b>804,785</b>	<b>773,807</b>
<b>Other Comprehensive Income</b>	<b>-5,380,707</b>	<b>-5,068,274</b>
<b>Net Income (Loss)</b>	<b>3,295,379</b>	<b>1,664,985</b>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>453,823,915</b>	<b>438,559,606</b>



**BELCO COMMUNITY CREDIT UNION  
STATEMENTS OF INCOME, DECEMBER 31, 2016 AND 2015**

	2016	2015
<b>INCOME</b>		
Interest on Loans	16,467,032.91	16,005,494.14
Income on Investments	1,268,214.02	1,268,133.65
<b>TOTAL INTEREST INCOME</b>	<b>17,735,246.93</b>	<b>17,273,627.79</b>
Dividends on Shares & Certificates	0	0
Interest on Deposits	1,653,777.37	1,784,849.78
Interest on Borrowed Money	109,353.76	104,241.08
<b>TOTAL INTEREST EXPENSE</b>	<b>1,763,131.13</b>	<b>1,889,090.86</b>
Provision For Loan Losses	2,028,334.46	2,545,398.36
<b>NET INTEREST INCOME AFTER PROVISION</b>	<b>13,943,781.34</b>	<b>12,839,138.57</b>
<b>Fee Income</b>	<b>4,215,186.43</b>	<b>3,789,701.69</b>
<b>Other Operating Income</b>	<b>3,080,696.74</b>	<b>2,717,216.64</b>
Gain (Loss) Investments	81,268.08	1,353.05
Gain (Loss) Disposition Asset	-39,169.34	-297,456.80
Other Non-Operating Income	1,163,643.69	705,643.03
<b>TOTAL NON-OPERATING INCOME</b>	<b>1,205,742.43</b>	<b>409,539.28</b>
<b>EXPENSE</b>		
Employee Compensation & Benefits	8,575,803.12	8,296,113.39
Travel & Conference Expense	340,179.72	338,575.95
Office Occupancy Expense	1,645,721.27	1,969,960.02
Office Operations Expense	2,012,724.94	2,010,179.42
Educational & Promotions	1,430,289.43	1,146,015.57
Loan Servicing Expense	1,853,916.32	1,608,535.10
Professional Outside Services	2,268,229.93	2,064,010.98
Member Insurance	0.00	0.00
Operating Fees (Examination)	95,165.00	85,176.34
Miscellaneous Operating Expenses	927,998.57	572,044.31
<b>TOTAL NON-INTEREST EXPENSE</b>	<b>19,150,028.30</b>	<b>18,090,611.08</b>
<b>NET INCOME (LOSS)</b>	<b>3,295,378.64</b>	<b>1,664,985.10</b>

Belco Community Credit Union would like to thank the dedicated team of volunteer officials on our Board of Directors and Supervisory Committee for their unbridled dedication and tireless commitment to making our credit union the best it can be.

In 2016, these individuals have supported our many efforts, both internally and externally, to grow the credit union and brand us as a service-focused financial institution. Each also played a key role in several endeavors to enhance member service, including the conversion to a new and improved online and mobile banking platform and the launching of a new website.

While focusing on our Mission – We are a locally based, not-for-profit credit union dedicated to meeting the needs of the communities we serve through exceptional service and financial education – they remain steadfast to our Core Values – Trust, Reliability, Unity, Service, and Transparency.

#### Board of Directors

Stephanie F. Miller, *Chair*  
 Donald B. Person, *Vice Chair*  
 Lavern R. Shearer, *Secretary*  
 Richard P. Myxter, *Asst. Secretary*  
 Beverly A. Lilley, *Treasurer*  
 Terry M. Hessler, *Asst. Treasurer*  
 Richard D. Lytle, *Director*  
 Margaret A. Minnich, *Director*  
 William F. O'Donnell, *Director*  
 Calvin C. Smith, *Director Emeritus*



#### Supervisory Committee

Jesus J. Barrera, *Chair*  
 Joseph V. Giammatteo, *Vice Chair*  
 Chris R. Feather, *Secretary*  
 Gina M. Bond, *Member*  
 Clemens B. Glunz, Jr., *Member*

#### Associate Volunteer Members

Eric E. Leidigh  
 Winnie A. Wetzler



Congratulations to the past year's recipients of the Gold Star Employee Award and the BelCore Employee Award. In November 2016, we introduced the BelCore Employee Award, which recognizes an exceptional action that exemplifies one or more of Belco's Core Values: Trust, Reliability, Unity, Service, and Transparency. We recognize all of these employees for making a difference in the lives of our members and their fellow employees.

#### Gold Star Employee Award:

##### April 2016

Courtney Whalen – *Paxton Street Branch*

##### May 2016

Morris Leitzell – *Corporate Planning & Support*

##### June 2016

Tammy Dietz – *Lending*

##### July 2016

Wendy Abplanalp – *Gettysburg Branch*

##### August 2016

Bob Hoke – *Finance*

##### September 2016

Ross Hoover – *Information Services*

##### October 2016

Andrea Miller – *Human Resources & Training*

#### BelCore Employee Award:

##### November 2016

Katrina Aquino – *Paxton Street Branch*  
 Gina Glessner – *Finance*  
 Victor Ledesma – *Sales Center*

##### December 2016

Hillary Trovinger – *Allentown Blvd. Branch*

##### January 2017

Jon Krause – *Regency Square Branch*

##### February 2017

Zack Dorman – *Finance*  
 Lauren Hale – *Lending*  
 Daniel Malone – *S. Duke Street Branch*