

2016



# ANNUAL

REPORT



**U. S. Postal Service**  
**FEDERAL CREDIT UNION**

Federally Insured by NCUA



# CHAIRMAN'S REPORT

At our Board of Directors meetings, you will often hear directors saying, "It's all about the members!" That filter is how your Board and the management approach business. Our purpose is to provide you the tools, guidance and recommendations to help you become better off financially and better able to actively manage your money based on your individual needs. That is who we are and what we are about – helping members become better able and better off. By having this mission, we make a strong Credit Union.

We recognize that our members have many challenges. We know life is complicated, so we try to make our products and services simple and easy to use. Our staff listens and, more importantly, can help explain any of our products and services and how they can empower you. We seek to help members become stronger financially and better able to manage their money.

Nationally, the historically low interest rates of the last 10 years have been very hard on those who rely on earnings from savings. We want to give back to those providing growth for your Credit Union. This growth is reflected in the stellar 1.40% one-year certificate still available to all members. This rate is higher than the currently offered two-year government bond. Some members need extra help when starting to construct their financial house. That is why we designed the 1.99% Starter Certificate. We hear that some people are not prepared for retirement. To help you be more prepared, we researched guaranteed IRA returns and then we offered the highest IRA share rate in the country. Our personal service representatives are willing to help you build a road map from the early years into retirement.

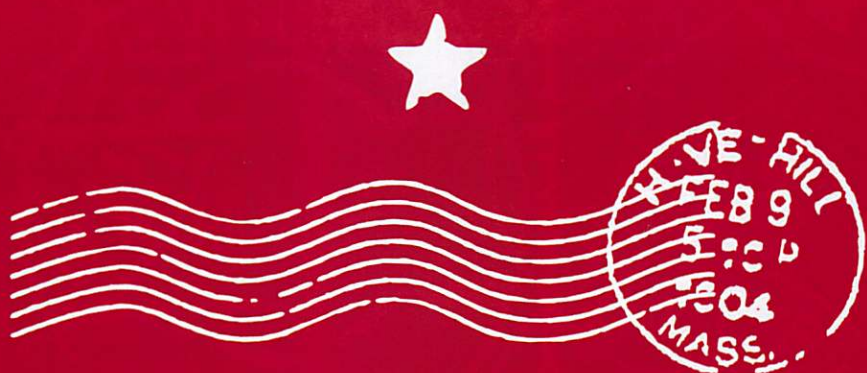
We are never content with where we are and where you are, because our underlying value and mission is to help members control, manage and build their financial house. After all, it's all about the members!

Respectfully submitted,

**Michael E. McCartney**

*Chairman, USPS FCU Board of Directors*





# STATEMENTS OF FINANCIAL CONDITION

Years Ended December 31, 2016 and 2015

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
Cash and cash equivalents	\$8,240,266	\$6,858,229
Investments:		
Available-for-sale	28,773,804	33,898,064
Other	62,476,661	57,112,005
Federal Home Loan Bank (FHLB) stock	274,400	270,600
Loans receivable, net of allowance for loan losses	106,376,240	102,906,558
Accrued interest receivable	453,636	468,536
Premises and equipment, net	96,243	125,009
National Credit Union Share Insurance Fund deposit	1,714,517	1,717,971
Assets acquired in liquidation	286,567	827,735
Other assets	1,135,805	1,272,100
Total Assets	\$209,828,139	\$205,456,807
 <b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>LIABILITIES</b>		
Members' share and savings accounts	\$183,963,004	\$180,253,588
Dividend payable	173,912	217,637
Accrued expenses and other liabilities	1,564,430	1,352,426
Total liabilities	185,701,346	181,823,651
Commitments and contingent liabilities		
 <b>MEMBERS' EQUITY</b>		
Regular reserve	2,115,817	2,115,817
Appropriated undivided earnings	21,718,208	21,718,208
Undivided earnings	398,545	100
Accumulated other comprehensive loss	(105,777)	(200,969)
Total Members' Equity	24,126,793	23,633,156
Total Liabilities and Members' Equity	\$209,828,139	\$205,456,807



# SERVICES

## SAVINGS

Share Savings Accounts  
Share Certificates  
Money Market Savings Accounts  
IRAs and Certificates  
Money Market Certificate Accounts  
Club Accounts  
Special Purpose Accounts  
Youth Accounts

## CONVENIENCE SERVICES

Access Checking Accounts  
Interest Checking Accounts  
Money Market Checking Accounts  
Overdraft Line of Credit Protection  
USPS FCU Visa® Check Card  
QUE 24-Hour Telephone Teller  
Virtual Branch (Online Banking,  
Mobile Banking with Remote  
Deposit and BillPayer)  
Direct Deposit and Payroll Deduction  
Automatic Preauthorized Payments  
Over 72,000 Surcharge-Free  
ATM Locations  
Wire Transfers  
Shared Branching  
24/7 Lending Service Center  
e-Signatures

## LOANS

First Mortgages  
Home Equity Loans and Home  
Equity Lines of Credit  
New, Used Vehicle/RV Loans  
Personal Loans  
Education Loans  
Private Student Loan Consolidation  
Share or Certificate Secured Loans  
Visa® Platinum and Visa Platinum Reward  
Credit Cards  
Instant Online Loan Approval

## ADDITIONAL BENEFITS

Family Membership  
Financial Counseling  
Scholarships  
Excess Share Insurance  
Relationship Rewards  
Home Advantage Service  
Enterprise Car Sales  
United Buying Service  
Autoland  
Family Legal Access Plan  
Debt Protection  
Discounted Home and Auto Insurance  
Discounted Identity Theft Protection  
Accident, Death and Disability Insurance  
Low-Cost Term Life Insurance

---

## CONTACT INFORMATION

7905 Malcolm Road, Suite 311, Clinton, MD 20735-1730  
Phone: 301-856-5000 • 1-800-USPS FCU (877-7328)  
Fax: 301-856-4061  
Email: [uspsfcu@uspsfcu.org](mailto:uspsfcu@uspsfcu.org)  
[www.uspsfcu.org](http://www.uspsfcu.org)

An Independent Auditing Firm has audited the accompanying statements of financial condition of U.S. Postal Service Federal Credit Union as of December 31, 2016, and 2015, and the related statements of income, members' equity and cash flows (not presented herein) for the years then ended; in their report dated March 16, 2017, they expressed an unmodified opinion on those financial statements. These financial statements are the responsibility of the Credit Union's management. The Independent Auditing Firm's responsibility is to express an opinion on these financial statements based on their audits. The condensed financial statements do not constitute a complete set. The complete set, including the statements of changes in members' equity, cash flows and notes to the financial statements, is available in the Credit Union office. We do business in accordance with the Federal Fair Housing Law and the Equal Opportunity Act. It is illegal to discriminate against any person because of race, color, religion, sex or national origin.



# STATEMENTS OF INCOME

Years Ended December 31, 2016 and 2015

	2016	2015
<b>INTEREST INCOME</b>		
Interest on loans receivable	\$5,770,702	\$5,924,141
Interest on investments	1,074,223	959,306
Interest income	6,844,925	6,883,447
<b>INTEREST EXPENSE</b>		
Dividends on members' share and savings accounts	965,719	851,575
Interest expense	965,719	851,575
<b>NET INTEREST INCOME</b>	5,879,206	6,031,872
<b>PROVISION FOR LOAN LOSSES</b>	268,876	163,449
<b>NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES</b>	5,610,330	5,868,423
<b>NON-INTEREST INCOME</b>		
Fees and service charges	1,800,998	1,751,671
Other non-interest income	1,096,298	1,139,610
Other gains and losses, net	11,046	-
Non-interest income	2,908,342	2,891,281
	8,518,672	8,759,704
<b>NON-INTEREST EXPENSE</b>		
Compensation and employee benefits	3,993,471	3,900,017
Professional and outside services	1,728,722	1,798,788
Operations	1,007,256	966,980
Loan servicing	855,821	888,255
Occupancy	349,185	327,848
Education and promotion	185,772	183,382
Loss on sale of investments, net	-	59,507
Loss on disposition of assets acquired in liquidation, net	-	5,003
Non-interest expense	8,120,227	8,129,780
<b>NET INCOME</b>	\$398,445	\$629,924



# BOARD MEMBERS



**Michael E. McCartney**  
*Chairman*



**Richard E. Gatewood**  
*Vice Chairman/  
Director of Technology/  
Operations*



**Thomas Dale Jr.**  
*Secretary/Treasurer/  
Director of Finance and  
Strategic Planning*



**Gilbert A. Ford, Jr.**  
*Director of Marketing*



**Timothy S. Gavagan**  
*Director*



**Charles A. McCullough II**  
*Esq., Director*



**Richard Yessian**  
*Director of Human  
Resources*



## **SUPERVISORY COMMITTEE**

**Chairman:** William Batterton

**Member:** Amy Rose

**Member:** Richard Strasser, Jr.

**Member:** Leonardo Green

**Member:** Mark S. Berthold