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ANNUAL REPORT

Your Finances. Our Promise.

Baltimore County Employees
Federal Credit Union

www.bcefcu.com

Welcome to Our 61st Annual Meeting

Dear Fellow Members,

On behalf of the entire Board of Directors, volunteers, and staff, we are pleased to report our results for 2023, the 60th anniversary year of Your Credit Union. Throughout the year we celebrated you, our loyal members, with member appreciation gifts, charitable donations for new members, and youth member awards.

While the Credit Union was celebrating its 60th year, the Federal Reserve Bank's Federal Open Market Committee (FOMC) was working to achieve its goals of maximum employment and reducing the rate of inflation. To achieve these goals, the FOMC raised the federal funds rate three times to the target range of 5.25% - 5.50%. The results of the FOMC actions have been mixed as economic activity has remained steady, the unemployment rate has remained low, and the rate of inflation has continued at an elevated pace.

The continued rise in interest rates led to reduced loan demand and originations which surpassed \$105 million during 2023. Modest growth was experienced in the automobile and personal loan categories while stronger growth of \$25 million occurred in the real estate loan portfolios. The real estate lending portfolio continues to be bolstered by our very popular 15/15 adjustable-rate first mortgage loan.

In addition to federal funds rate increases, the Federal Reserve Bank's Federal Open Market Committee has been reducing the money supply to lower the rate of inflation. The reduction in the money supply has created an increase in the competition for deposits amongst financial institutions. The increased competition for deposits has resulted in higher dividend rates, especially for certificates of deposit. For the year ending 2023, our members' share certificates rose \$18.5 million and total dividends paid to members increased ninety-five percent (95%) to \$3.7 million.

The growth of the U.S. Gross Domestic Product remained steady due to strong levels of consumer spending. Accordingly, our Visa debit card and credit card sales increased 5% to more than \$150 million for the first time. Additionally, our members earned more than \$400 thousand in rewards points and redeemed more than \$500 thousand in rewards points for travel, merchandise, and cash.



In the fall of 2023, we conducted our Member Relationship Survey. More than 17,000 email invitations were sent to members requesting feedback on our products and services. Our Net Promotor Score remains above the national average and the ease of conducting business with us has improved. We are pleased with the survey results and remain committed to improving the member experience. New this year was the implementation of a chip-enabled replacement debit card and an upgraded Visa credit card website that is mobile-friendly and includes several enhanced features such as *Card Lock* to help prevent unauthorized card usage.

The accomplishments this past year were only made possible through the hard work of our many wonderful and talented volunteers and staff. We are extremely grateful for the consistently *high marks* they receive for the personalized service they provide in a friendly, caring, and trustworthy manner. In doing so, we continue to build lasting and rewarding relationships.

As always, whether you are looking for a safe and secure place to save or to borrow funds for a new home, home improvements, or an automobile, we are honored to be your financial partner. We thank you for your continued support and invite your family members and colleagues to experience the *Credit Union* difference.

M. Jeffrey Mayhew
Board Chair

David P. Hagar
President

Summary Balance Sheets

BALTIMORE COUNTY EMPLOYEES FEDERAL CREDIT UNION As of December 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	\$ 15,630,764	\$ 16,546,392
Loans to members, net	316,914,028	284,014,519
Mortgage loans held for sale	-	-
Investment securities available for sale	153,647,507	189,720,554
National Credit Union Share Insurance Fund deposit	4,529,191	4,624,443
Perpetual contributed capital	33,740	33,740
Federal Home Loan Bank stock	352,300	255,000
Accrued interest receivable	1,107,584	1,146,640
Property and equipment	3,334,122	3,482,516
Prepaid expenses and other assets	2,585,638	3,244,883
	<u>\$ 498,134,874</u>	<u>\$ 503,068,687</u>
Total assets		
	<u>\$ 498,134,874</u>	<u>\$ 503,068,687</u>
Liabilities and Members' Equity		
Liabilities		
Members' share accounts	\$ 459,951,116	\$ 478,795,316
Federal Reserve Bank borrowing	10,000,000	-
Net pension liability	682,456	578,616
Official checks payable	287,779	368,991
Accrued expenses and other liabilities	2,278,165	2,089,416
	<u>473,199,516</u>	<u>481,832,339</u>
Total liabilities		
	<u>473,199,516</u>	<u>481,832,339</u>
Members' equity		
Regular reserve	3,458,704	3,458,704
Undivided earnings	37,398,452	36,888,254
Equity of merged credit union	98,630	98,630
Defined benefit pension plan	(1,722,748)	(1,790,997)
Unrealized loss on investment securities available for sale	(14,297,680)	(17,418,243)
	<u>24,935,358</u>	<u>21,236,348</u>
Total members' equity		
	<u>24,935,358</u>	<u>21,236,348</u>
Total liabilities and members' equity	<u>\$ 498,134,874</u>	<u>\$ 503,068,687</u>

These summary financial statements do not constitute a complete presentation. The complete set of audited financial statements, including the statements of comprehensive income and the notes to the financial statements, are available at the Credit Union office during normal hours of operation.

Summary Statements of Income

BALTIMORE COUNTY EMPLOYEES FEDERAL CREDIT UNION
As of December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Interest income		
Interest on loans	\$ 11,288,013	\$ 8,904,160
Interest on investments	<u>2,793,170</u>	<u>3,321,995</u>
	<u>14,081,183</u>	<u>12,226,155</u>
Interest expense		
Dividends on members' shares	3,740,494	1,910,017
Interest on borrowings	<u>199,879</u>	<u>3,968</u>
	<u>3,940,373</u>	<u>1,913,985</u>
Net interest income	10,140,810	10,312,170
Provision for credit losses	<u>500,500</u>	<u>610,000</u>
Net interest income after provision for credit losses	<u>9,640,310</u>	<u>9,702,170</u>
Noninterest income		
Card services	2,103,832	1,989,228
Share account fees	709,042	681,849
Rental income	72,930	82,125
Gain on sale of mortgage loans	53,248	44,741
Other	<u>272,716</u>	<u>239,954</u>
	<u>3,211,768</u>	<u>3,037,897</u>
Noninterest expense		
Compensation and benefits	6,108,434	5,699,802
Office occupancy	764,477	782,565
Office operations	3,084,072	2,792,938
Education and promotion	585,478	440,478
ATM and card servicing	910,035	824,602
Other	<u>889,384</u>	<u>895,627</u>
	<u>12,341,880</u>	<u>11,436,012</u>
Net income	<u>\$ 510,198</u>	<u>\$ 1,304,055</u>

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Supervisory Committee Report



The annual audit of the accounts and financial records of the Baltimore County Employees Federal Credit Union, as of December 31, 2023, was conducted by YHB CPAs and Consultants. The year-end financial statements as of December 31, 2023, were also audited by YHB CPAs and Consultants.

In addition, the records of the Credit Union were evaluated for compliance with regulations and laws by the federal examiners employed by the National Credit Union Administration (NCUA).

The Supervisory Committee meets monthly to test and verify various financial records of the Credit Union. The Committee is proud to report that all records and accounts are kept in a satisfactory manner by the personnel at the Credit Union.

The Supervisory Committee also serves as a membership representative. If members have an unresolved financial matter with the Credit Union, they are encouraged to contact the Committee confidentially by writing to:

Supervisory Committee
Baltimore County Employees Federal Credit Union
P.O. Box 6785
Towson, MD 21285-6785

Loan Report

Baltimore County Employees Federal Credit Union helps members obtain affordable loans with convenient repayment terms while ensuring the security of our members' investments. In 2023, 12,603 loans were approved totaling \$106,009,692. Since BCEFCU began in 1963, 347,376 loans have been approved totaling \$1,983,506,523. More than \$2 billion in total lending will be reached in 2024.

Supervisory Committee

David Bayer, *Chair*
Dave Phillips
Bonnie Tryhubenko

2024 Scholarship Recipients

Aidan Galloway	Virginia Tech
Elena Heins	Stevenson University
Craig Weaver	Community College of Baltimore County
Delaney Edwards	Sewanee: The University of the South
Kya Henderson	Towson University

2023–2024 Board of Directors

Jeff Mayhew,
Chair

Bruce Keller,
Vice-Chair

Geoff Bond,
Secretary

Bud Oettel,
Administrative Officer

Douglas Burgess

Lisa Eicholtz

David Flowers

Kris Ghimire

Te-Sheng Huang

Paul Hudson,
Director Emeritus

Milestone Service

In 2023, 11 staff members celebrated five-year milestone anniversaries:

Tae Allen – 20 years

Adam Chase – 10 years

Stephanie Dulina – 5 years

Daphne Helldorfer – 5 years

Mary Holmack – 15 years

Despina Matsos – 20 years

Jennifer Merriken – 20 years

Jeanna Squires – 5 years

Chiquita Stokes – 20 years

Jeff Sutton – 5 years

Jamie Trent – 20 years

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www.bcefcu.com

410-828-4730 • 800-234-4730

TOWSON

23 W. Susquehanna Avenue
Towson, Maryland 21204

GBMC Healthcare

Physicians Pavilion North
6535 N. Charles Street
Baltimore, Maryland 21204

PERRY HALL

8640 Ridgely's Choice Drive
Baltimore, Maryland 21236

Insured by NCUA

