



Partnering in Your Financial Future

2015 | Annual Report



Federally Insured By NCUA

Chairman's Message

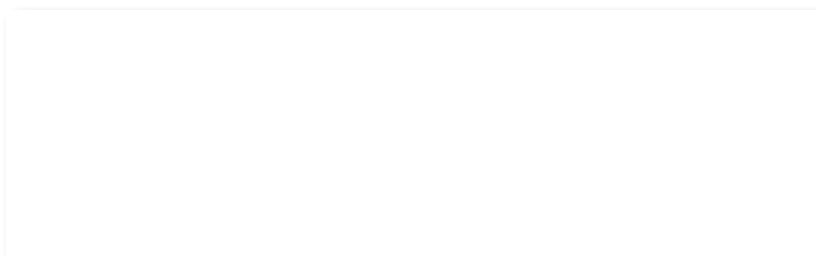
I am pleased to present your credit union's Annual Report for the year ended December 31, 2015. It was another successful year for us as we continue our primary strategic undertaking of outreach. The Board of Directors and I believe in credit unions and the unparalleled value that they provide. Our mission, then, is to communicate that value while finding new and better ways to strengthen our relationship with members and those in our field of membership.

During the year, the credit union welcomed Honorary Members of Long Beach Police Officers Association into our field of membership. We have long enjoyed a strong relationship with the Long Beach Police Department so it is fitting that we extend that relationship to those who support them. The potential addition of these 700 new members is what keeps our credit union growing and prosperous and we will continue to look for opportunities to extend membership to those who serve the great city of Long Beach.

Our products and services were enhanced and among the new products was a very competitive credit card consolidation program. The success of this product furthers our belief that credit unions are in it for our members. As we have helped members restructure their big-bank debt, we know they'll think of us first the next time they're in search of a financial product. We will continue to explore products that have this sort of high impact to our members.

Behind the scenes, the credit union has implemented an array of new technology to ensure the privacy and security of our member's data. Daily news reports of intrusions have not gone unnoticed by the Board and it is important for you to know that we are taking a proactive and aggressive stance in protecting your identity and financial information.

This year was the first year the Credit Union received the Press-Telegram's 2016 Readers Choice Award for "Favorite Credit Union".



We are enormously proud of this accomplishment, of our employees that ensure top-notch service, and are equally grateful for the confidence and support from our loyal membership.

Terry Evans
Chairman of the Board of Directors

Treasurer's Report

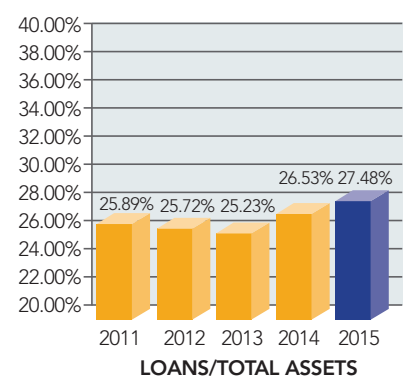
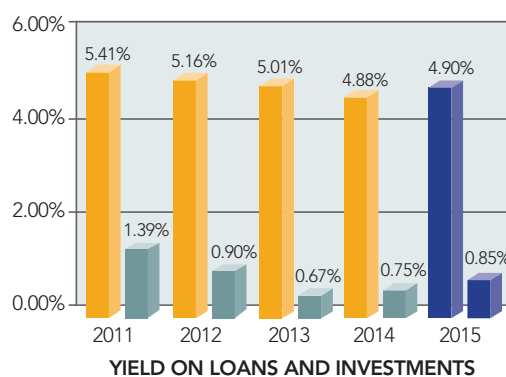
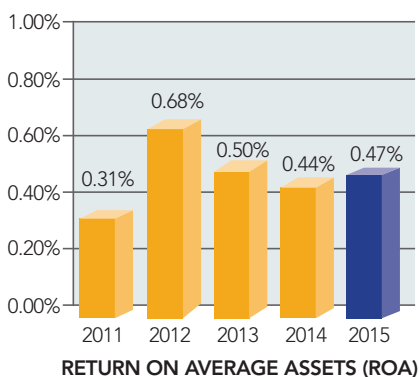
The credit union closed out 2015 with strong financial footing and profitable operating results. Net income for the year was \$1.4 million which propelled net worth from 9.95% to 10.66%. Total assets were down from \$306.8 million at December 31, 2014 to \$299.7 million at December 31, 2015 but loans increased \$1 million year-over-year.

While financial institutions are, for the most part, past the losses of the Great Recession, markets have been slow to resume a normal structure. The Federal Reserve anticipated a ramp-up in interest rates before the end of 2015 but was reluctant to move aggressively when economic indicators continue to show some weakness. As a result, these historically low rates continue to challenge us. We have improved our investment returns marginally by diversifying and purchasing mortgages but overall yields continue to disappoint. We look forward to raising our dividend rates, but we must first produce the income to do so.

Loans, our most productive asset on the balance sheet, have been difficult to generate given the slack in refinances and low home affordability. We will be reviewing our products and rates in the coming months to ensure that we are competitive and creating a win-win situation for the credit union and our members. Despite a lackluster close to 2015, we expect the economy to improve and with it, the consumer confidence that drives major purchases like automobiles and recreational vehicles.

The credit union has remained committed to prudent spending and our expense ratio remains well below our industry peers. However, we will continue to be challenged by ever-increasing regulatory burdens and by necessary investments in technology and information protection. Rest assured, however, that the Board of Directors will continue to watch the bottom line and the financial health of your credit union.

John Kruse
Secretary/Treasurer



Loans Investments

2015 Financials

Statement of Financial Condition

December 31, 2015

ASSETS

Cash and Cash Equivalents	\$ 56,732,189
Investments:	
Available for Sale (AFS)	107,000,834
Held to Maturity	48,269,000
Loans to Members, Net	82,161,897
Accrued Interest Receivable	455,464
Property and	
Equipment, Net	1,578,642
Share Insurance Deposit	2,535,864
Other Assets	939,681
Total Assets	\$ 299,673,571

LIABILITIES AND MEMBERS' EQUITY

Liabilities:

Members' Share	
Accounts	\$ 269,022,927
Accrued Expenses	
and Other Liabilities	1,854,200
Total Liabilities	270,877,127

Members' Equity:

Regular Reserve	20,000,000
Undivided Earnings	11,966,876
Unrealized Gain (Loss) on	
AFS Securities	(995,665)
Accumulated Other	
Comprehensive Income	(2,174,767)
Total Members' Equity	28,796,444
Total Liabilities and	
Members' Equity	\$ 299,673,571

Statement of Operations

December 31, 2015

INTEREST INCOME

Loans	\$ 4,015,389
Investments	1,833,510
Total Interest Income	5,848,899

INTEREST EXPENSE

Members' Share Accounts	913,908
Total Interest Expense	913,908

NET INTEREST INCOME 4,934,991

PROVISION FOR LOAN LOSSES

(354,327)

NET INTEREST INCOME
AFTER PROVISION
FOR LOAN LOSSES 5,289,318

NON-INTEREST INCOME

Fees and Charges	379,297
Other Income	41,805
Total Non-Interest Income	421,102

NON-INTEREST EXPENSE

Compensation and Benefits	2,755,595
Office Occupancy	156,348
Office Operations	1,380,533
Total Non-Interest	
Expense	4,292,476

NET INCOME \$ 1,417,944

Notes to Financial Statements

December 31, 2015

The financial statements of the Long Beach City Employees Federal Credit Union (Credit Union) are a partial presentation of the financial position and results of operations of the Credit Union as of and for the year ended December 31, 2015 and are not a complete presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Credit Union's audited financial statements for the year ended December 31, 2015 from which this selected information has been derived.

The Credit Union's full disclosure financial statements have been audited by Certified Public Accountants, Turner, Warren, Hwang & Conrad, for which an unqualified opinion was rendered on April 2, 2016. The audited financial statements, including auditors' report and notes to the financial statements will be provided upon request.

Supervisory Committee Report

The Supervisory Committee is appointed by the Board of Directors to provide oversight to credit union operations, ensuring that the credit union complies with regulations governing federally chartered credit unions. The Committee receives regular ongoing training to ensure that the credit union meets its federal requirements. The Committee meets monthly to identify risks and other issues facing the credit union, reviews the results of operations and annual inspections by regulators, and monitors any corrective action recommended during those examinations. A Committee member also attends all Board of Directors meetings to ensure that the Board is capably and thoughtfully conducting the business of the members.

The Committee also engages a public accounting firm to audit the annual financial statements of the credit union. The audit includes a verification of member data and the Committee relies on credit union members to report discrepancies on account statements. For the year ended December 31, 2015, the credit union had no unresolved discrepancies in accounts. It also received an unqualified opinion on its financial statements by CPAs Turner, Warren, Hwang & Conrad. The Committee has concluded, based on the results of examinations and audits, that the credit union is safe and sound.

On behalf of the members of the Committee, we look forward to another year working with the Board, management, staff and our members to ensure the continued success of the credit union.

John Keisler
Chairman, Supervisory Committee



Member Appreciation Event & Luncheon, August 2015

2015 Highlights



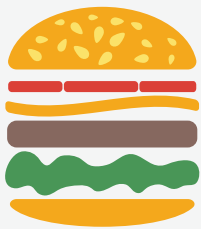
New Coin Machine installed in 2015 -

\$110,000 in member coin processed

Added Honorary Members of Long Beach Police Officers Association to our membership potential of 700+ new members



2015 Credit Card Consolidation Loan more than \$1 million in balances transferred from high-interest credit cards to a low rate. Saved members more than \$184,000 in interest.



Member Appreciation day -

Served more than 550 In-N-Out burgers and raffled off many prizes



Provided members with \$387,500 in Holiday Loans to make the season a bit brighter



Added 222 new members



Funded \$17,034,214 in loans to our members

Volunteers & Management

Board of Directors

Terry Evans
Chairman

Malcolm Oscarson
Vice Chairman

John Kruse
Secretary/Treasurer

Pat Burns

Paul Fujita

Amy Manning

Beverly Bartlow-Nieves

Supervisory Committee

John Keisler
Chairman

Ed Nelson
Vice Chairman

Eugene Fong

Linda Vu

Management

Kathleen O'Connell
Chief Executive Officer

Michele Megill
Chief Operating Officer

Autumn Hoffman
Chief Lending Officer

Vince DeVito
Manager, Information Technology

Mike Spray
Manager, Information Systems and Facilities

Sue Fredrickson
Manager of Accounting

Kelly Fair
Manager of Administration

Lisa Hess
Branch Manager



Toy Drive to support Long Beach Police Department Toy Patrol, December 2015



Winner of our Disney Family 4 Pk, Family Fun Days Promotion, Princess Valentina & Rubi Castro, May 2015

