

**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**88th ANNUAL REPORT**  
**DECEMBER 31, 2023**

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## **AGENDA**

Registration of Members

Board Chair's Welcome Message

Nominations by Nominating Committee Chairman

Election of Board of Directors

Dinner is Served

Entertainment

Treasurer's Report

Report of Election Results

New Business

Corrections or Additions to Previous Meeting

Adjournment

Reading of Door Prizes

## Message from the Board Chair

Welcome all to the 89<sup>th</sup> annual meeting of the Santa Barbara Teacher's Federal Credit Union (SBTFCU). It is an honor for me to be a first-time chair for our Board of Directors, and to stand alongside the 9,501 members and their families who have employment ties to our county's school districts. We are also celebrating the first-ever annual meeting of SBTFCU to be held in North County, made possible through the special efforts of Supervisors Sandi Patel and Irene Mata.

As a director, I've learned our total assets represent more than dollars generated by our members' monetary shares. These assets not only include other *quantitative* factors in loans, fees, investments, operating expenses, charge-offs, and interest rates, but also reflect the *qualitative*, found in audits, policies, security measures, management, personal service, and community involvement. If I were to acknowledge another significant non-tangible element of our total assets, it would be the trust that our members have endowed upon our credit union. Your trust enables the Santa Barbara Teacher's Federal Credit Union to not only flourish, but to stand out among its peers. I have the privilege to see this trait first-hand in our board meetings, workshops, correspondence, and in the day-to-day operations of our branches.

New features for 2023 were found in upgrades to our online banking system provided by Symitar. We are pleased to offer the following:

- A two-factor authentication logon and device recognition that advances security.
- Members' ability to initiate an online "conversation" with staff while logged on and receive a response within the hour.
- Debit-card control that enables a member to suspend their debit card if misplaced or stolen.
- Secure uploading or downloading of documents through the banking portal.
- Enhanced search mode allowing members to search by merchant name, e.g.

Included in our annual "report card" are the numbers for which we are held accountable. Overall, these numbers represent that SBTFCU remains well positioned as we narrowly missed a recession in 2023 while experiencing a bout with inflation. I've lost count on how many times management, auditors, brokers, and training facilitators indicate that SBTFCU represents a favorable outlier among our credit union peers when it comes to ratios measuring net worth, delinquency, operating expenses, return on assets, etc. To better understand our position, our esteemed CEO, Roy McLaughlin, assists the Board and Supervisory Committee by periodically providing income scenarios showing the potential liabilities and profits likely to occur when interest rates fluctuate.

You would also be pleased to know, as I discovered, the measures of quality control that occur multiple times throughout the year and conducted by teams of individuals from both external and internal sources. For the past year, these sources included the National Credit Union Association (NCUA), Carroll & Associates, Compuvision, Turner-Warren-Hwang-Conrad, Becknet Network Engineering, IRR-Analytics and our Supervisory Committee. Additionally, our BSA Officer, Daniela Cisneros, conducts annual training and testing for the Board of Directors, Supervisory Committee and staff with provisions of the Bank Secrecy Act, a federal law requiring financial institutions to detect and prevent money laundering.

Lastly, I must acknowledge our credit union's employees who directly and indirectly interact with members to provide a high caliber of service through their effort, dedication, and friendliness.

On behalf of our staff, and volunteer Supervisory Committee and Board of Directors, thank you for your loyalty and taking the time to attend our annual meeting. Please consider making this a tradition in the years to come.

Sincerely,

Peter T. Rojas  
Board of Directors Chair

**Minutes of the 87th Annual Meeting  
of the  
Santa Barbara Teachers Federal Credit Union  
Saturday, April 15, 5:30 pm**

**1.Registration of Members**

Credit Union employees verified and registered 75 members and employees at the meeting.

**2. Board Chairman's Welcome Message**

President Steve Shelton called the meeting to order at 5:30 pm

President's Message

Welcome everyone!

It is so nice to be able to gather once again for this annual celebration! And it really is a celebration as we continue to be grateful for the simple things like gathering together for a meal and time for a little reflection. However, before we go any further, I would like to acknowledge some people without whom we wouldn't even be here.

First, our members remain loyal in their commitment to, as well as trust in, our credit union. As Roy recently reminded me, our conscientious members consistently repay over 99.9% of their loans back. This allows us to keep our loan rates low. Thank you.

I would now like to recognize the dedication of our outstanding and seasoned staff who do their best to provide friendly, accurate, and efficient service to all the members at each of our branches. They are such a critical foundation for our entire credit union community. Thanks to each staff member for a continued professional commitment that so often makes us feel like family. Additionally, I want to underscore the great leadership of Sandy Patel who holds everything together so well in the north county. Thanks so much.

Next let me express my gratitude for our very active Supervisory Committee that, among many other tasks, coordinates a dozen audits of the credit union each year with the veteran leadership of Jack Meyer and Bob Ayer. Thank you for your continued service to all of us.

This brings me to our highly dedicated Board of Directors who are dedicated to putting the members' interest first. As the board chair, I have the opportunity to witness my colleagues' thoughtful discussion and deliberation on the many critical issues our credit union faces every year. And while my primary task is to facilitate our board meetings, I must confess that all the heavy lifting necessary to provide effective support to our credit union is done by all other board members. I'm very grateful to the board for always making careful decisions with a long-term view in mind. Thank you, Board!

This brings us to the steady leadership of our CEO, Roy McLaughlin. Where do I begin to adequately detail the positive impact Roy continues to have on our credit union's success this year? He understands the balance between caution and action, the wisdom of responding versus reacting, and the delicate intuition gained through experience.

Even though we have experienced another challenging year, our credit union did a great job moderating our interest rate risks. By far the biggest change in 2022 was the dramatic rise in interest rates. At the beginning of 2022 the prediction was that rates would be raised from 0.25% to 1.00% during the year. This was a potential problem for us, however, fortunately we

positioned our investments to be ready for it. When rates were raised way beyond the predicted 1% to *above 4%*, thanks to Roy's steady leadership, our *conservative strategy* protected our investments from the unrealized losses that are currently troubling so many banks and credit unions.

Here are a few important highlights Roy recently shared with me. First, since our investment yields have quickly risen, we have been able to raise the dividends paid to our account holders four times already, to rates above our peer credit unions. Additionally, we have not raised our loan rates as much as other institutions, which has made our loans more competitive. Consequently, our members have been able to take advantage of our great rates, especially on car loans and second mortgages. Finally, we negotiated a favorable extension on our main data processing contract that includes a new, more secure home and mobile banking program that we recently rolled out in March. Looking to the future, we will be able to implement both online loan applications and member account applications.

In conclusion, once again it feels great to report the health and prosperity of our credit union that is built on a strong sense of history, a well-grounded present, and a forward-thinking perspective that is always anticipating what might be on the next horizon. I am so grateful that we can all be here today united as members of such an extraordinary credit union family. I am sure you all share my gratitude as well. Thank you.

Sincerely,

Steve Shelton

Board of Directors Chair

### **3. Nominations and Elections of the Board of Directors**

Peter Georgakis, Pat Brickey and Rosa Cavaletto comprised the nomination committee. Peter Georgakis announced the nominees and asked for any "nominations from the floor." Hearing none, he asked for a motion to "accept a white ballot as listed." Pat Brickey introduced the motion, Layne Wheeler seconded, and the motion passed. Peter Rojas, Steve Shelton and Roy McLaughlin were re-elected, and Jeff Pawley and Maggie Mason were elected to the Board of Directors for three-year terms.

### **4. Board Treasurer Roy McLaughlin's report**

Thank you all for coming tonight! And more importantly, thank you for supporting the Santa Barbara Teachers Federal Credit Union!

I know you are looking forward to the door prizes, so I'll keep my remarks brief!

As the Treasurer of the credit union, I am very pleased to report that our institution is in excellent financial shape. We have strong capital reserves, strong earnings, a solid loan portfolio and a conservative investment portfolio that is performing well.

I feel so fortunate to be part of a winning team of volunteer Board and Supervisory members and a dedicated long-term staff that delivers excellent service to our membership.

I would like to welcome the newest member of our Santa Barbara staff Dakota Jackson.

We also have our two new Board members here tonight. Recently retired from Lakeview Junior High School we have Jeff Pawley. And recently retired from Dos Pueblos High we have Maggie Mason.

Before jumping into the report there are two main points, I'd like to make about the credit union's financial strengths:

We have always been fortunate to have a Board of Directors that sets forth sensible loan policies, and we have a dedicated staff that carefully underwrite the loans. And last but not least we have loyal members that virtually always pay back their loans. This is what makes credit unions great. Volunteers, staff, and the membership are all working together to make a better institution.

On the investment side, fortunately last year we positioned our portfolio to be ready for interest rates to rise. With inflation taking hold, interest rates have increased at a very fast pace, to levels higher than anyone predicted. Most of our investments have increased in yield and we have been able to pay more in dividends to our savings and checking deposits. In fact, we just voted to increase dividends for the 4<sup>th</sup> time effective on May 1.

Those are my main points about the credit union's financial position, but now I'll quickly review the reports in your booklet. Then we'll be one step closer to door prizes!

#### **5. Board Chairman's Final Comments**

The President asked if there were any new business items or corrections to the Minutes from last year's Annual Meeting and there were none. He then asked for a motion to accept the Minutes. The motion was properly introduced, seconded, and the motion passed. The president thanked everyone for attending and the meeting was officially adjourned at 6:30 pm.

**Respectfully Submitted,**

**Chris Rhodes, Board Secretary**

**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2023**

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Assets:

Cash	\$ 1,270,960
Federal Reserve Overnight Investments	91,511,579
Investment in Government Agency Securities	117,248,333
Loans to members	64,245,331
Less: Allowance for Loan Loss	(149,341)
Accrued Interest Receivable	444,780
NCUA Share Insurance Fund Deposit	2,498,063
Federal Home Loan Bank Capital	1,474,900
NCUA Central Liquidity Fund Investment	731,304
Other Assets	<u>1,128,830</u>
 Total Assets	 <u><u>\$ 280,404,739</u></u>

Liabilities and Capital:

Other Accrued Expenses	\$ 1,692,271
Share Savings Accounts	204,099,262
Share Draft Checking Accounts	34,651,207
IRA Certificates	8,052,055
Undivided Earnings	34,402,324
Net Unrealized Gain (Loss) on Securities Available-for-Sale	 <u>(2,492,380)</u>
 Total Liabilities and Capital	 <u><u>\$ 280,404,739</u></u>



**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

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Interest Income:

Income from loans	\$	2,268,177
Income from investments		<u>10,512,790</u>
Total interest income		12,780,967

Interest Expense:

Dividends		<u>(4,716,777)</u>
Net interest income		8,064,190
 Provision for loan loss		 <u>(4,464)</u>
Net interest income after provision for loan loss		8,059,726

Non-interest income:

Fee income		<u>231,939</u>
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Non-interest expense:

Salaries & benefits	2,246,248
Travel & conference	47,069
Office occupancy	213,825
Office operations	376,363
Education & promotion	56,861
Loan servicing	249,887
Professional & outside services	553,116
Federal operation fee	48,207
Miscellaneous operating expense	<u>31,309</u>
 Total non-interest expense	 <u>3,822,885</u>

Net Income	\$	<u><u>4,468,780</u></u>
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**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**COMPARISON TO PRIOR YEAR**  
**DECEMBER 31, 2023 AND 2022**

	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>Increase (Decrease)</b></u>
Total Assets	\$ 280,404,739	\$ 288,756,647	\$ (8,351,908)
Total Loans	64,245,331	62,969,222	1,276,109
Share Savings	204,099,262	216,925,098	(12,825,836)
Share Drafts	34,651,207	35,303,452	(652,245)
IRA Certificates	8,052,055	8,185,420	(133,365)
Total Interest Income	12,780,967	6,143,474	6,637,493
Dividends	4,716,777	681,969	4,304,808
Provision for Loan Loss	4,464	(11,058)	15,522
Non-Interest Income	231,939	227,533	4,406
Non-Interest Expense	3,822,885	3,604,859	218,026
Net Income	4,468,780	2,095,237	2,373,543

**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**SHARE DOLLAR ANALYSIS**  
**DECEMBER 31, 2023**

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<b><u>Balance Range</u></b>	<b><u>Count</u></b>	<b><u>Percent</u></b>	<b><u>Balance</u></b>	<b><u>Percent</u></b>
up to \$2,500	8,342	59%	\$ 3,911,574	2%
\$2,501 to \$15,000	3,301	23%	21,874,702	8%
\$15,001 to \$40,000	1,087	8%	26,754,912	11%
\$40,001 to \$70,000	499	4%	26,144,320	11%
\$70,001 to \$100,000	234	2%	19,397,926	8%
\$100,001 and over	<u>636</u>	<u>4%</u>	<u>148,719,090</u>	<u>60%</u>
Total	<u>14,099</u>	<u>100%</u>	<u>\$ 246,802,524</u>	<u>100%</u>

**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**LOAN PORTFOLIO**  
**DECEMBER 31, 2023**

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<b><u>Collateral</u></b>	<b><u>Count</u></b>	<b><u>Percent</u></b>	<b><u>Amount</u></b>	<b><u>Percent</u></b>
Signature	93	5%	\$ 460,248	1%
Visa Card	951	51%	1,994,231	3%
New Vehicle	128	7%	2,903,337	5%
Used Vehicle	320	17%	4,843,451	7%
Real Estate	320	17%	53,167,194	82%
Share Secured	<u>44</u>	<u>3%</u>	<u>876,870</u>	<u>2%</u>
Total	<u>1,856</u>	<u>100%</u>	<u>\$ 64,245,331</u>	<u>100%</u>

**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**REPORT OF THE CREDIT COMMITTEE**  
**DECEMBER 31, 2023**

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The following is a summary of the tasks performed by the Credit Committee during the year 2023:

Loans Approved	152
Pre-approved Auto Loans	138
Visa Cards Approved	38
Loans and Visas Denied	38
Number of Extensions Granted	4
Loans and Visas Charged Off	1

As of December 31, 2023, the following were noted:

Delinquent Loans	\$	37,547
Delinquent Loans to Total Loans		0.06%
Average Share Balance	\$	25,974
Average Loan Balance	\$	34,615
Net Capital to Assets (Retained Earnings)		12.28%

**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**REPORT OF THE SUPERVISORY COMMITTEE**  
**DECEMBER 31, 2023**

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The Santa Barbara Teachers Federal Credit Union (SBTFCU) is founded upon the good faith, cooperation, and financial trust of our members. This foundation of our institution is based upon the investment of a community of educators and family, and the trust of our members is valued and protected.

Our mandate as a Federal Credit Union requires oversight. As part of this oversight, the SBTFCU maintains an independent Supervisory Committee that schedules not only local audits of operations at all three local branches, but audits from independent contractors for fundamentals of practice, technological security, and compliance with rules dictated by the NCUA, the National Credit Union Association.

Your Supervisory Committee has worked diligently with management and staff this year to provide comprehensive oversight to credit union operations. The cooperation and transparency provided by SBTFCU CEO, Roy McLaughlin, has been a critical factor in our ability to monitor day to day operations and reporting requirements of the NCUA.

We are happy to share that your credit union continues to maintain practices that promote strong fundamentals and safe growth to our credit union. Prudent investment and a balance of growth to depositor reward, all contribute to member deposit safety. The Supervisory Committee is satisfied that our Credit Union is moving positively in this dynamic, financial environment.

We are confident that our oversight has continued to be authentic, pragmatic, and responsible to member needs.

Specifically, we have:

- Monitored regular audits of cash counts and balance sheets at all branches throughout the year
- Verified general ledger balances and payroll activity monthly
- Reviewed activity in accounts associated with employees and Board members
- Engaged outside, expert, resources to verify accounts, to investigate network security, to evaluate investment practices, risk and strategies, to fulfill bank security requirements as required by legislation, and to ensure that our credit union continues to provide service and security to the investments of all of our members
- Communicated regularly with Credit Union management, employees, and contracted advisors who review Credit Union activity

The Supervisory Committee is available for member concerns and oversight.

Sincerely,

Santa Barbara Teachers Federal Credit Union's  
Supervisory Committee

**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**OFFICERS, DIRECTORS & VOLUNTEERS**  
**2023**

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**Officers:**

Chair, Peter Rojas	Santa Barbara City College
Vice Chair, Pat Brickey	Retired, Lakeview Junior High School
Secretary, Chris Rhodes	Santa Barbara County Education Office
Treasurer, Roy McLaughlin	Santa Barbara Teachers FCU

**Directors:**

Peter Cotte	Carpinteria High School
Peter Georgakis	Santa Barbara City College
Noe Gomez	Carpinteria High School
Maggie Mason	Retired, Dos Pueblos High School
Mallory Meyer	Goleta Union School District
Jeff Pawley	Retired, Lakeview Junior High
Steve Shelton	Retired, Santa Barbara Junior High
Layne Wheeler	Adams Elementary School
Kristin Wright	Brandon Elementary School

**Supervisory Committee:**

Chair, Bob Ayer	Retired, La Colina Junior High School
Rosa Buse	Retired, Santa Barbara Sch. Dist. Payroll
John Emery	Retired, Delta High School
Jack Meyer	Retired, Carpinteria Middle School
DJ Perry	Retired, El Camino Elementary School

**Loan Review Committee:**

Daniela Cisneros	Santa Barbara Teachers FCU
Paul Spadoro	Santa Barbara Teachers FCU

**SANTA BARBARA TEACHERS FEDERAL CREDIT UNION**  
**STAFF LISTING**  
**2023**

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CEO – Roy McLaughlin

Accounting Manager – Paul Spadaro

Operations Supervisor – Irene Mata

Systems Compliance Supervisor & Bank Secrecy Act Officer - Daniela Cisneros

Electronic Services Supervisor - Francisco Romero

Teller Supervisor – Holli Abraham

Lead Teller – Cynthia Maldonado

Teller – Dakota Jackson

Teller – Alyssia Reginato

Teller – Ronnie Carrisales

Loan Supervisor – Heather Miller

Loan Representative – Ted Grindle

Loan Representative - Lynetta Plant

Loan Representative - Amy Hernandez

Loan/Collections Representative – Carolina Cortes

Santa Maria Marketing Supervisor, Loan Representative – Sandy Patel

Santa Maria Lead Teller – Nina Uvias

Santa Maria Teller – Viane Barahona

Lompoc

Teller – Emily Jones

Teller – Megan Hernandez



## **ENTERTAINMENT**

Ernest Righetti High School  
Marimba Band & Ballet Folklórico

Ricardo A. Gabaldón, Director

Skylites, with Lisa Cooper as lead vocalist