

MESSAGE  
FROM THE CHAIRPERSON

DR. CECIL BRISCOE, CHAIRPERSON  
BOARD OF DIRECTORS



THIS YEAR HAS  
BEEN ANOTHER  
SUCCESSFUL YEAR  
OF GROWTH IN THE  
STRENGTH OF YOUR  
CREDIT UNION AND

GROWTH IN SERVICE TO MEMBERS.  
THE EXCITEMENT OF THE YEAR  
INCLUDED OPENING A FULL  
SERVICE BRANCH LOCATION IN  
DELANO TO SERVE MEMBERS IN  
THE NORTH KERN AREA AND THE  
OPENING OF THE FULL SERVICE  
BRANCH ON PANAMA LANE TO  
PROVIDE FOR MEMBERS IN THE  
SOUTHERN PORTION OF  
BAKERSFIELD AND THE COUNTY.  
THE ATTAINMENT OF ONE BILLION  
DOLLARS IN ASSETS ATTESTED TO  
OUR STRONG FINANCIAL BASE.

YOUR BOARD OF DIRECTORS HAS  
CAREFULLY CONSIDERED ALL THE  
ACTIVITIES OF THE CREDIT UNION  
IN ORDER TO ASSURE THAT  
STRENGTH AND SERVICE ARE  
ACCOMPANIED BY SECURITY FOR  
SHAREHOLDERS WHILE PROVIDING  
OPPORTUNITIES FOR MEMBERS TO  
RELY ON EQUITABLE LOAN RATES.

WE COMMEND THE STAFF AND  
ADMINISTRATION FOR THEIR  
DEDICATED AND DILIGENT EFFORTS  
IN MAKING KSFCU A PREMIER  
CREDIT UNION.



KERN SCHOOLS FEDERAL CREDIT UNION  
2002 ANNUAL REPORT

*K*ern Schools Federal Credit Union begins its sixty-third year in business as a financial cooperative. In the beginning the concept was to gather savings from depositors who were seeking to earn interest on their money,



Vincent Rojas, Jr.  
President/Chief  
Executive Officer

and then lend this money to members who had needs but lack money to fulfill those needs. With this cooperative philosophy, the Credit Union has become a financial services business that provides members several options in handling their money.

provided nearly \$81.5 million dollars of direct spending in Kern County in 2002. Also, last year, Kern Schools Federal Credit Union made 11,620 new loans totaling \$403.8 million dollars to residents of Kern County. These loans were made to purchase from local businesses and provide new homes, cars, and household goods for members. The two new branch offices that were opened in 2002 created seventy-five new jobs in our service area.

Yes, the Credit Union has become a very large

“TOGETHER, WE HAVE  
SOMETHING SPECIAL.”

As more members began to use the services of the Credit Union, which started with checking accounts, then credit cards, share certificates, mortgages, money market accounts, and on and on, the Credit Union was able to offer these products because of its size. While the Credit Union paid competitive dividends on shares and held loan rates as low as possible, the income earned built reserves and allowed us to develop and implement these and many more new products, services, and branches. This is what a cooperative financial institution does with the money it earns. All shareholder/members benefit from the success.

Not only do the members benefit, but also the community in which we live benefits. The Credit Union

financial institution, but it continues to focus on the needs of its members. Our vision is to be the financial institution of first choice for its members. We expect to accomplish this by providing the finest in financial services to members through capable, enthusiastic, and productive employees who are dedicated to the Credit Union and its members.

The cooperative bond of members, staff, and volunteer Board of Directors reinforces our motto: “*Together, we have something special.*” The Board of Directors and employees of Kern Schools Federal Credit Union look forward to 2003, meeting the challenges and retaining our focus on member service.





Dr. Bill Bruce  
*Treasurer*

### TREASURER'S REPORT



*K*ern Schools Federal Credit Union achieved a memorable milestone in 2002. Our total assets exceeded one billion dollars which is a lofty plateau achieved by a few and envied by many. While California and the nation continued to struggle with a declining economy, your Credit Union continued to prosper and experienced another solid financial year.

Over the past year, assets increased by 11% to reach the magic billion dollar pinnacle (\$1,026,429), membership increased by 9% to over 130,000 members, and deposits increased by 11% to reach almost \$920 million.

Consumer loan activity increased to \$814 million, nearly a 10% increase and VISA® usage and income continued strong showings. During this year of national and statewide financial uncertainty, the bottom line for your Credit Union showed significant jumps in gross and net income.

Your Credit Union would not be one of the select few in the country to reach a billion dollars in assets if things were not being done right and done well. Management, staff and your Board of Directors have worked diligently to ensure the safety and security of your deposits and accounts and should be commended for their efforts.

We are all proud of the image and credibility that Kern Schools Federal Credit Union reflects in our community. We are the envy of countless financial institutions and our commitment to promote exceptional service and quality financial products to you, the members, is our mission and our goal.

In the final analysis, it is your belief in the use of your Credit Union services that provides the unwavering strength that makes Kern Schools Federal Credit Union a jewel in the financial marketplace.



Carl Woody, Chairperson  
*Supervisory Committee*

### SUPERVISORY COMMITTEE'S REPORT



#### A 100 MILLION DOLLAR YEAR

*T*he growth of the Credit Union continues its rapid pace, growing over \$100,000,000 in assets during 2002, to become a billion dollar institution. This growth constitutes ten percent of the total assets accumulated by the Credit Union since its inception 63 years ago.

Because of this fast growth and the expansion of services, it becomes evermore important that the Supervisory Committee continues to review and examine the Credit Union's operational practices.

To accomplish this, we have added a fourth member, Jim Sheats, to our committee and a new position to the Internal Audit Department. We are pleased that Jinger Todd

assumed the position of Audit Manager on January 1, 2003.

She and her assistants will provide close scrutiny of the operations to insure that good loans and equally good collection practices are being made. This becomes increasingly important in a recessionary economy.

The auditing firm of Turner, Warren, Hwang and Conrad, under the direction of the Supervisory Committee, continues to perform the Annual Audit of your Credit Union's financial status for 2002. The audit is not complete, therefore, the report presented is not audited. The completed audit will be available for review during the second quarter of 2003.

## BOARD of DIRECTORS

Dr. Cecil Briscoe • CHAIRPERSON

DR. BILL WILLIAMS • 1ST VICE CHAIRPERSON

MIKE KILEEN • 2ND VICE CHAIRPERSON

DR. BILL BRUCE • TREASURER

JEANNINE THOMPSON • SECRETARY

DR. JAMES FILLBRANDT • DIRECTOR

DR. LARRY REIDER • DIRECTOR

MARY K. ZWARTENDYK • DIRECTOR

MARILYN JONES • DIRECTOR

BRYON SCHAEFER • DIRECTOR

JOANN MILLS • DIRECTOR

## SUPERVISORY COMMITTEE

CARL D. WOODY, JR. • CHAIRPERSON

JAMES C. DUNN • MEMBER

JIM SHEATS • MEMBER

CURTIS H. KENNEDY • MEMBER

## ADMINISTRATION

VINCENT ROJAS, JR. • PRESIDENT/CEO

PENELOPE FULTON  
SR. V.P., ADMINISTRATIVE SERVICES

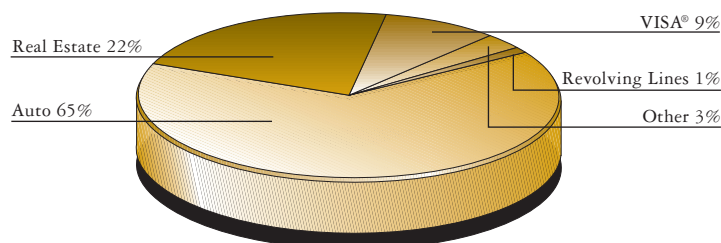
NORMAN RANALLO  
SR. V.P., CHIEF FINANCIAL OFFICER

BARBARA IRLE • SR. V.P.,  
OPERATIONS / BRANCH ADMINISTRATION

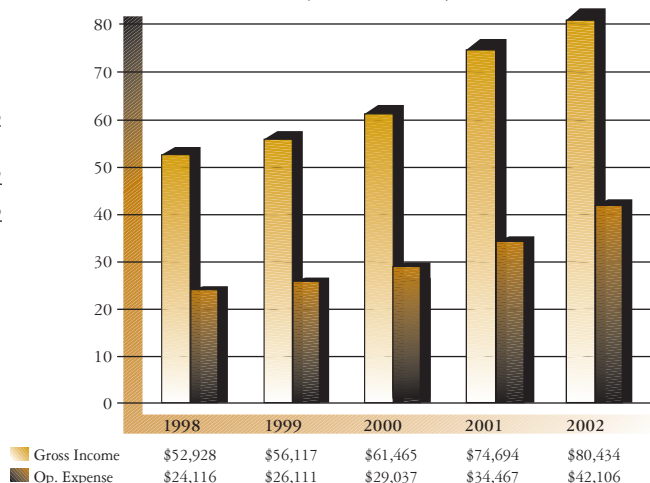


## ANNUAL STATEMENTS

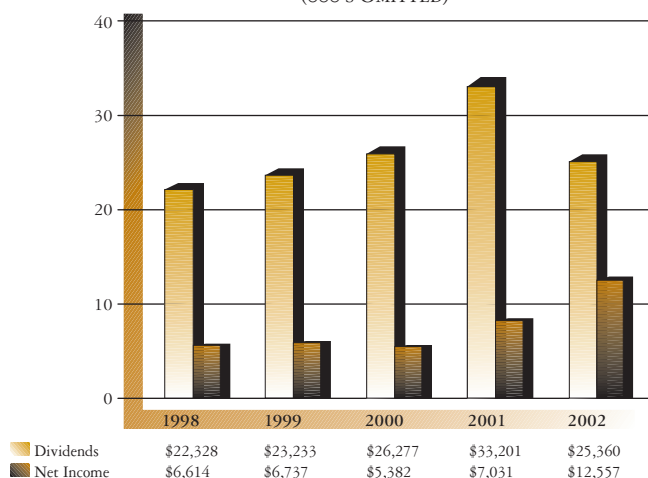
**MEMBER LOANS**  
(PERCENTAGE OF TOTAL LOANS)



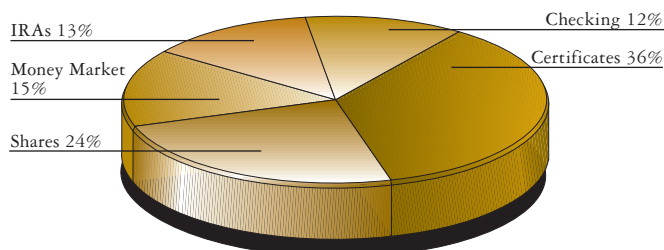
**GROSS INCOME & OPERATING EXPENSE**  
(000's OMITTED)



**MEMBER DIVIDENDS & NET INCOME**  
(000's OMITTED)



**MEMBER SHARES**  
(PERCENTAGE OF TOTAL SHARES)



## STATEMENTS

**STATEMENT OF INCOME**  
FOR THE YEAR ENDED DECEMBER 31ST - (UNAUDITED)  
(000's Omitted)

INCOME	2001	2002
Interest on Members' Loans	\$54,978	\$61,383
Investment Income	7,011	4,329
Other Income	12,705	14,722
<b>GROSS INCOME</b>	<b>\$74,694</b>	<b>\$80,434</b>
<b>OPERATING EXPENSES</b>	<b>\$34,467</b>	<b>\$42,106</b>
Income from Operations	40,227	38,328
Non-Operating Gain (Loss)	5	(411)
Income Before Dividends	40,232	37,917
Dividends Paid to Members	33,201	25,360
<b>NET INCOME</b>	<b>\$7,031</b>	<b>\$12,557</b>

**CONDENSED STATEMENT OF FINANCIAL CONDITION**  
AS OF DECEMBER 31ST - (UNAUDITED)  
(000's Omitted)

ASSETS	2001	2002
Loans to Members	\$743,033	\$813,925
Cash	17,189	28,515
Investments	117,832	146,711
Interest Receivable	4,051	4,517
Premises & Equipment	18,917	26,533
Other Assets	23,458	6,228
<b>TOTAL ASSETS</b>	<b>\$924,480</b>	<b>\$1,026,429</b>
<b>LIABILITIES/SHARES/EQUITY</b>		
Dividends Payable	\$2,028	\$2,024
Other Liabilities	17,914	14,146
Member Accounts	826,339	919,778
Restricted Reserve	34,783	34,783
Undivided Earnings	43,416	55,698
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>\$924,480</b>	<b>\$1,026,429</b>



FEDERAL CREDIT UNION  
"Together, we have something special."

4530 MING AVENUE  
BAKERSFIELD, CA 93309

Forwarding Service Requested

Presorted Standard  
US POSTAGE

PAID  
BAKERSFIELD, CA  
Permit 595

# 2002

## 2002 ANNUAL REPORT

### BRANCH LOCATIONS

#### BAKERSFIELD

- 4530 Ming Avenue
- 2424 Chester Avenue
- 3901 Mt. Vernon Avenue
- 8200 Stockdale Highway
- 4616 California Avenue
- 6101 Coffee Road
- 2671 Oswell Street
- 5001 Panama Lane

#### RIDGECREST

- 1621 North Downs Street

#### DELANO

- 1101 Cecil Avenue

### CREDIT UNION

#### TELEPHONE NUMBERS

- 661 833-7900
- 800 221-3311

[www.ksfcu.org](http://www.ksfcu.org)

