



# YOUR TRUSTED PARTNER

2019 ANNUAL REPORT



SERVING SENTRY ASSOCIATES AND THEIR FAMILY MEMBERS SINCE 1935

## 85TH ANNUAL MEMBERSHIP MEETING AGENDA

1. Determination of a Quorum - Secretary Harry Rice
2. Introduction of the Board and Officers - Chair James Nickerson
3. Minutes of the 84th Annual Membership Meeting - Secretary Harry Rice
4. Report of Board Chair James Nickerson
5. Report of Treasurer Mike Bilbrey
6. Report of President Rex Fair
7. Report of Examining Committee Chair Lindsay Bernhagen
8. Elections - Nominating Committee Chair Brian Cychosz
9. Communications
10. Old Business
11. New Business
12. Door Prize Drawing
13. Adjournment



**scu**  
Sentry Credit Union

## Banking Made Easy

New Online and Mobile Banking  
from **Sentry Credit Union**



Bank here, there and everywhere with Sentry Credit Union's NEW online and mobile banking. With a striking new design, a seamless and consistent user experience across devices and intuitive site navigation, you'll be able to manage your accounts from your desktop, laptop, tablet or mobile phone.

**Manage your accounts from any device. Plus, we've added several NEW services:**

- ➔ Picture Pay
- ➔ Secure Messaging
- ➔ Account-to-Account Transfers
- ➔ Person-to-Person Payments
- ➔ Loan Payments
- ➔ Block a Lost or Stolen Debit Card
- ➔ *And More!*

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# Joint Address to the Members of Sentry Credit Union

## Sentry Credit Union Members:

The biggest news of the year for the Credit Union may not be the item that benefited the members most. The new online banking system was rolled out to members on Wednesday, October 23, 2019. SCU associates rigorously tested all the new features over a period of months to provide members with an outstanding user experience. The expanded online banking system gives members more access to their funds and more transactional capabilities. Members can now pay anyone through the Person-to-Person (P2P) feature. They can also transfer funds between their Credit Union account and their other financial institutions (A2A). In addition to Bill Pay, a new bill pay service is available. With Picture Pay, members can simply take a picture of a statement bill and make that payment without having to input the payee's information (company name, address, city, state, ZIP, account number, etc.). Debit Card On/Off allows members to instantly turn their debit card off if it is lost or stolen. Members can also use this feature if they are not using the card and then simply turn it back on when they want to use it. With Debit Card On/Off, members can protect themselves from fraud and unauthorized transactions. More importantly, all online banking features are available through a variety of devices, including a desktop/laptop computer, smartphones and other internet-enabled devices (iPad®, Kindle®, etc.). Just visit SCU's new website or download the mobile app, whichever is appropriate for your device.

The item that may have benefited members the most in 2019 was the result of the Credit Union having a record year financially. By midyear 2019, SCU management had reported to the SCU Board that the projected financial results of the Credit Union would exceed our goals. The Board had a discussion on this matter and directed management to put a proposal together for the Board to review at their October 2019 Board meeting. At that meeting, management updated the projection of our financial results, which still indicated we would exceed our goals by year-end. The proposal presented by management was to pay the members a bonus dividend/loan interest rebate of \$500,000 – which would be higher than the payout of \$400,000 made in 2017. The Board approved the payout, which was distributed to members on Wednesday, November 27, 2019. This payout is a statement (from the SCU Board and staff) that your member-owned, not-for-profit financial cooperative works for the benefit of its members.

As we move forward in 2020, we will continue to focus on enhancing our online capabilities to complement our vast shared branching network. Back in 2012, we joined the CO-OP® shared branch network to provide members with Credit Union branches where they can do their SCU business. The CO-OP network now exceeds the branch networks of Wells Fargo, Chase and Bank of America. Members can make withdrawals, deposits and transfers at these shared branches with no fees – as that is what you would expect from your member-owned, member-operated Credit Union.



The Credit Union was established in 1935, so we are celebrating 85 years of working for our members – focused solely on providing financial services for Sentry associates and their family members. As we look forward beyond 2020, we will continue to address the needs of our members and their families.

Sincerely,

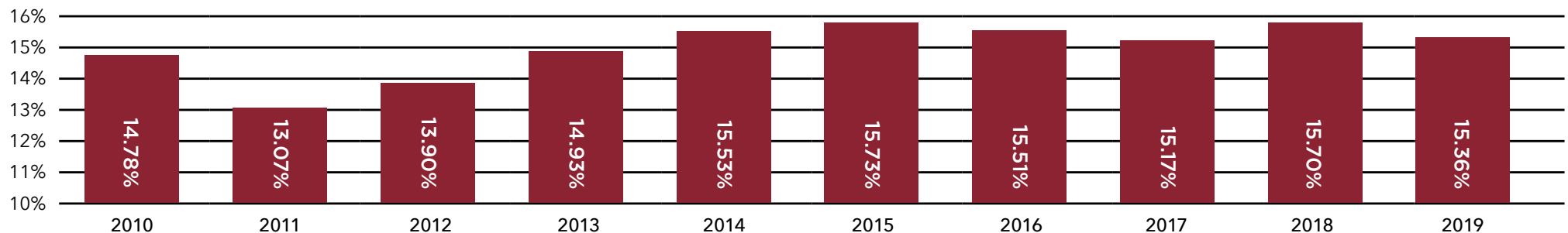
**James G. Nickerson** Board Chair  
**Rex L. Fair** President

# SENTRY CREDIT UNION 2019 FINANCIALS

## BALANCE SHEET

Assets	As of Dec. 31, 2019	As of Dec. 31, 2018	% Change
Cash Accounts	\$ 583,066	\$ 864,547	-32.56%
Investments	23,298,398	24,208,886	-3.76%
Total Loans	78,699,724	70,997,112	10.85%
Allowance - Loan Loss	(137,636)	(169,189)	-18.65%
Equipment	232,639	228,379	1.87%
Accrued Interest Income	125,377	105,561	18.77%
NCUA Ins. Deposit Fund	825,257	803,247	2.74%
Other Assets	615,000	577,507	6.49%
<b>Total Assets</b>	<b>\$ 104,241,825</b>	<b>\$ 97,616,050</b>	<b>6.79%</b>
Liabilities			
Accounts Payable	\$ 1,121,725	\$ 1,316,140	-14.77%
Share/Deposit Accounts	25,885,617	26,601,442	-2.69%
Checking Accounts	14,548,273	13,191,594	10.28%
Security Money Market	38,914,088	34,361,766	13.25%
Term Share Certificates	4,675,612	3,425,662	36.49%
Retirement Accounts	3,271,723	3,389,621	-3.48%
Reserves	15,824,787	15,329,825	3.23%
<b>Total Liabilities</b>	<b>\$ 104,241,825</b>	<b>\$ 97,616,050</b>	<b>6.79%</b>

## NET WORTH - 2010 TO PRESENT





## OPERATING STATEMENT

Income	Year Ended Dec. 31, 2019	Year Ended Dec. 31, 2018	% Change
Loan Income	\$ 2,681,819	\$ 2,344,805	14.37%
Investment Income	630,806	578,861	8.97%
Fee Income	501,163	475,415	5.42%
<b>Total Income</b>	<b>\$ 3,813,788</b>	<b>\$ 3,399,081</b>	<b>12.20%</b>
<b>Expenses</b>			
Personnel	\$ 1,315,999	\$ 1,287,977	2.18%
Training and Seminars	25,857	26,620	-2.87%
Association Dues	33,276	32,577	2.15%
Office Operations	915,023	893,024	2.46%
Promotions	57,661	55,834	3.27%
Loan Servicing	34,677	35,389	-2.01%
Professional Services	28,585	39,501	-27.63%
Provision for Loan Loss	11,423	30,000	-61.92%
Other Expenses	18,548	25,267	-26.59%
<b>Total Operating Expenses</b>	<b>\$ 2,441,050</b>	<b>\$ 2,426,189</b>	<b>0.61%</b>
Cost of Funds	877,778	183,212	379.11%
<b>Total Expenses</b>	<b>\$ 3,318,828</b>	<b>\$ 2,609,401</b>	<b>27.19%</b>
Net Gain from Operations	494,961	789,680	-37.32%
Non-Operating Loss	-	(499)	-100.00%
<b>Net Gain to Reserves</b>	<b>\$ 494,961</b>	<b>\$ 789,181</b>	<b>-37.28%</b>

## DISTRIBUTION OF INCOME FOR YEAR ENDED 2018

	Amount	Sentry CU % of Total	WI Peer Group
Total Income	\$ 3,813,788	100.00%	100.00%
Dividends to Members	869,826	22.81%	13.16%
Operating Expenses	2,449,002	64.21%	71.86%
Net Gain from Operations	494,961	12.98%	14.98%
Non-Operating Loss	-	0.00%	0.25%
<b>Net Gain to Reserves</b>	<b>\$ 494,961</b>	<b>12.98%</b>	<b>15.23%</b>

# EXAMINING COMMITTEE REPORT

This is a summary of the reviews completed by the SCU Examining Committee, as well as external entities, since the prior annual meeting.

## INTERNAL REVIEWS

- **Surprise Cash Count:** Two surprise cash counts were performed. The balance sheet account balance was verified to the general ledger ending account balance. Additionally, a current cash balance was computed and matched to the actual cash counts for the test day. No exceptions noted.
- **Testing of Restricted Account Access:** On one occasion during a Surprise Cash Count, Committee Members observed that controls were in place to prevent tellers from performing transactions on their own accounts. No exceptions noted.
- **Cash Recycler Review:** One comparison of the contents of the cash recycling machine was compared with ledger records. No exceptions noted.
- **Verification of SCU Investments:** Internal investment records were verified directly with the issuers of the investments. In cases where that was not possible or questions arose, investments were verified against bank and brokerage account records. No exceptions noted.
- **Credit Disability Claims Transactions:** A listing of credit disability claims paid during 2019 from CUNA Mutual Insurance Group was compared with SCU's log of such transactions. No exceptions noted.

## EXTERNAL REVIEWS

- From November 11 through November 12, 2019, Wipfli LLP performed the external review of SCU as of the close of business on September 30, 2019. Some examples of records they reviewed were Teller Controls, Dormant Accounts, Wire Transfers, Investments, Loans, Loan File Maintenance, Delinquencies, Loan Losses, Share Accounts, Overdrafts, Payables, Other Assets and Liabilities, and Regular Reserve and Undivided Earnings.
- From December 16 through December 19, 2019, the State of Wisconsin's Office of Credit Unions, Wisconsin Department of Financial Institutions (the state regulator for credit unions) conducted its regulatory examination of Sentry Credit Union (SCU) as of September 30, 2019. This extensive examination reviewed financial records, policies, procedures, conformance to banking laws, and compliance with applicable regulations.

Both of these external examinations verified to the SCU Board that SCU has a strong financial position and that appropriate safeguards are in place to protect the assets of the membership. Both of these examining groups also gave recommendations to SCU for improvements to better the organization.

## EXAMINING COMMITTEE

Lindsay Bernhagen	James Nickerson
Sue Kedrowski	Jeff Troestler
Dale Lange	Julie Troestler
Charlotte McIntyre	Jim Zwicker



# BOARD OF DIRECTORS AND STAFF

## BOARD OF DIRECTORS

James Nickerson Chair	Lindsay Bernhagen Brian Cychosz
Bruce Georgenson Vice Chair	Dennis Gruetzmacher
Mike Bilbrey Treasurer	Sue Kedrowski
Harry Rice Secretary	Andrew Kruit
Jack Edgerton Emeritus Director	Kevin Lang Associate Board Member
	Andy Schultz Associate Board Member

## STAFF

Rex Fair President	Peggy Polum Accounting Clerk	Katrina Omernik Mortgage Loan Officer	Jenny Phillips Head Teller
Karen Apfelbeck Operations Manager	Tami Kawlewski Foundation/Collection	Amy Netzel Mortgage Loan Officer	Melissa Jackson Teller
Diane Kwiatkowski Loan Department Manager	Chris Weronke Loan Officer	Leah Bula Member Services Representative	Jody Cisewski Teller
Lynn Schaufenbuel Marketing/Member Services Manager	Tracy Suski Loan Support Technician	Laura Wachowiak Member Services Representative	
	Paula Schuessler Receptionist		

## Members on the ballot for election to the SCU Board:



**Lindsay Bernhagen, Ph.D. (Incumbent)** Lindsay is the Director of the Center for Inclusive Teaching and Learning at the University of Wisconsin, Stevens Point. She has been a member of SCU since 1985. As a longtime, younger member of SCU, she has used the Credit Union's services while pursuing her education at college and graduate schools outside Wisconsin. This experience has provided her with the perspective of using the Credit Union as a family member outside of the Stevens Point area. Lindsay feels the role of the Credit Union is to provide ethical, member-directed stewardship of personal finances. She believes the Credit Union should be an advocate for its members and provide exemplary, personalized customer service.

**James Nickerson, CFA (Incumbent)** James joined Sentry in 2011 and became a member of SCU in 2012. Since his appointment to the Board in July 2013, he has volunteered on SCU's Examining Committee and served as its Chair from 2016-2019. James has also served on the Asset Liability Management Committee since 2015. A Sentry Associate himself, James is Senior Portfolio Manager in the Investment Department and manages Sentry's \$2.7 billion municipal bond portfolio. He has over 20 years of experience in investment management and finance positions with insurance companies. James has earned the Chartered Financial Analyst (CFA) designation, as well as an MBA in Finance from New York University and a BA in Economics from the University of California, Santa Cruz. James believes SCU must not only continue to exceed its members' expectations for service and financial stability, but also offer new products and services that make SCU the best choice for its members' financial service needs.

**Harry Rice (Incumbent)** Harry has been on the SCU Board for over 34 years. He has served as Board Chairman, Vice Chair and Treasurer, and he currently serves as Secretary. He has been a member of the Credit Union for 43 years. Harry is retired from Sentry and is interested in being re-elected in order to serve the needs of both active associate and retiree members. He feels that his experience and background will help him make sound decisions for the Credit Union and focus on new trends in the Credit Union movement. He wants the Credit Union to provide sound financial services to employees, retirees and their family members by offering the most current services available at costs to members that are comparable to or better than the competition.

# Sentry Credit Union just paid **\$500,000** to our members!

Wednesday, November 27, 2019: As a not-for-profit financial cooperative, Sentry Credit Union is owned by our members. Members benefit with better rates, lower fees and exceptional service.

To thank our member-owners for their business, we paid them \$500,000 – \$250,000 for a special bonus dividend to our saving members and \$250,000 for a loan interest rebate to our borrowing members. The bonus dividend and loan interest rebate paid to members was based on dividends paid and loan interest paid from January 1, 2019, through October 31, 2019. (IRAs excluded due to their tax-exempt status.)

Your member-owned Sentry Credit Union had another exceptional year, and being a strong, well-capitalized Credit Union gave us the ability to make this extraordinary bonus dividend and loan interest rebate available. This money was deposited into members' accounts on Wednesday, November 27, 2019!

**Thank you for your business...and remember to keep us in mind for all of your financial needs!**

The members of your family can become SCU members. Encourage them to join and take advantage of our benefits.



## Mission Statement

Our mission is to deliver safe, competitive and convenient personal banking products, with exceptional service, while actively encouraging Membership from the Sentry Insurance community. As a trusted partner, our solid financial strength ensures Members can rely on us to assist them toward attaining their financial goals while creating a highly valued benefit.

## Value Statements

  
**member owned**  
 **WORKING**  
**WITH YOU**

**YOUR *trusted***  
**PARTNER** 

  
**focused**  
**ON YOU AND**  
**your needs**  
**AS WE REMAIN THE**  
**VALUED BENEFIT**  
**ENVISIONED BY**  
**OUR FOUNDERS**

**dedicated**  
**TO CULTIVATING**  
**TRUST** *and building*  
**LOYALTY** *THROUGH* **EXCEPTIONAL SERVICE**

**MINDFUL**  
**OF THE EVOLVING**  
**FINANCIAL**  
**INDUSTRY**



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