

2008 Annual Report LA DOTD Federal Credit Union



70th Annual Report

The Board of Directors and the Staff of your Credit Union wish to thank you for the confidence you place in us and the support you provide for LA DOTD Federal Credit Union. As you all know 2008 was a trying year for financial markets. When we started the year the Federal Reserve's Target Rate was 4.25% and when the year ended that rate was at an all time low of 0.25%. Yet, with the rate falling so sharply, we were able to maintain a return on our Investment Portfolio of 3.34%, only 1.23% lower than the 4.57% we ended 2007. This enabled your Credit Union to still provide members with above market dividends. Plus, we were able to maintain a good return, while still following the SLY Rule of Investing (Safety, Liquidity and then Yield). Unlike some institutions, your Credit Union's investments ended the year with a Market Value \$376,878 above Book Value. Even though in a recession, more than ever, the Board and Management made the decision to maintain dividend rates even if it meant that we would earn less for the year. During a recession we felt that as your Credit Union it was important to provide members the best return possible. In addition to maintaining higher dividend rates, we also continued to keep loan rates as low as possible.

During 2008 there was a lot of news about problems with mortgages. LA DOTD Federal Credit Union did not and will not make sub-prime mortgages. Going forward your Credit Union is continuing to make mortgages for purchases and refinancing purposes. We ended the year with a mortgage portfolio, including 1st mortgages and home equities, in the amount of \$25,768,505, and we are proud to say that not one mortgage ever went over 30 days delinquent.

Another high point for 2008 was the roll-out of e-Power Checking. Our free checking account was enhanced to add the reward of a high dividend rate of 5.25% and ATM fees refund. To earn this all the member has to do is have at least one ACH, deposit or withdrawal per month, sign up for e-Statements and do ten purchases with their debit card monthly. By the end of the year, over 1,100 members were earning these rewards. The other big improvement was the change in the Visa program from a flat-rate program to a variable rate with your rate based on your credit. Over 60% of cardholders received a lower card rate and/or a credit limit increase. The response from members on both of these has been very positive.

Again, we want to thank you for your support and want to assure you that the Board and Staff of your Credit Union will be working very hard to maintain the safety and soundness of LA DOTD Federal Credit Union as the nation works it way out of the current recession.



Judy Wascom
Board Chair



Cary J. Anderson
President/CEO

2008 Annual Financial Statement

Statement of Financial Condition

	12/31/2007	12/31/2008
Assets		
Loans	\$60,056,092	\$58,131,969
Allowance for Loan Losses	(234,556)	(258,937)
Cash	2,632,395	2,554,920
Investments	14,725,063	25,260,080
Leasehold	466,568	451,100
Furniture and Fixtures	531,563	557,526
Land and Building	7,053,809	7,274,135
Other Assets	1,641,554	1,861,870
Total Assets	\$86,872,488	\$95,832,662

Liabilities

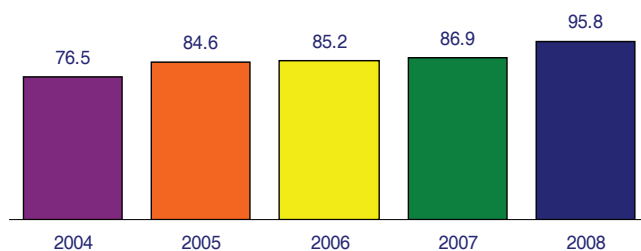
Accounts Payable	\$51,820	\$69,504
Accrued Dividends	-----	-----
Shares	35,599,554	37,592,348
Share Certificates	24,659,343	25,574,402
Share Drafts	10,233,436	15,716,223
Individual Retirement Accts.	4,313,210	4,427,229
Total Liabilities	\$74,857,362	\$83,379,706

Reserves

Regular Reserves	\$3,750,000	\$3,750,000
Undivided Earnings	8,154,684	8,326,078
Investment Devaluation	110,442	376,878
Total Reserves	\$12,015,127	12,452,956

Total Liabilities & Reserves \$86,872,488 \$95,832,662

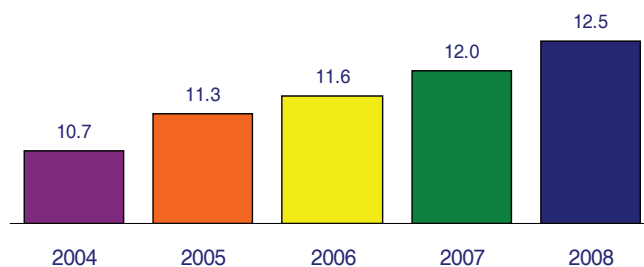
Total Assets in Millions



Total Loans in Millions



Total Reserves in Millions



Statement of Income

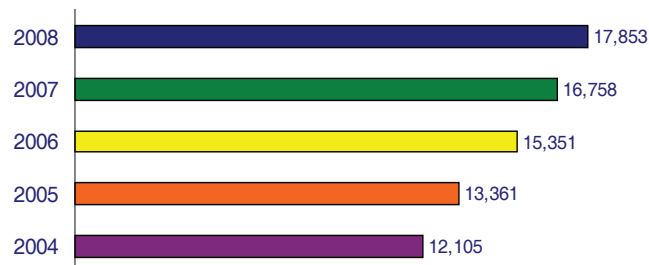
	12/31/2007	12/31/2008
Income		
Interest on Loans	\$4,551,671	\$4,424,480
Income from Investments	809,019	498,700
Other Income	2,536,891	2,691,411
Total Income	\$7,897,581	\$7,614,591

Expenses

Compensation & Benefits	\$2,417,610	\$2,398,798
Travel and Conference	126,199	118,241
Association Dues	32,307	33,161
Office Occupancy	244,219	312,895
Office Operations	1,023,779	969,875
Advertising & Promotion	167,894	356,855
Loan Servicing	419,179	307,881
Professional Services	787,028	783,327
Provision for Loan Losses	372,300	283,271
Miscellaneous	19,590	20,008
Total Expenses	\$5,610,106	\$5,584,313

Income Before Dividends	\$2,287,474	\$2,030,278
Dividends	2,017,193	1,858,884
Net Income	\$270,281	\$171,394

Total Number of Members



2008 Special Letter To Members

As you all know a credit union is a cooperative institution and the credit union movement operates as a mutual industry. All federally insured credit unions deposit 1% of their insured deposits into the National Credit Union Share Insurance Fund (NCUSIF). By Regulation the NCUSIF must maintain an insured ratio of 1.30%, the first 1% is from credit union deposits and the remaining .30% is raised by premiums charged to the credit unions.

As noted in our annual letter to members, LA DOTD Federal Credit Union has not suffered investment losses. However, in January, due to financial difficulties suffered by some credit unions across the country stemming from the current economy, it became necessary for the National Credit Union Administration to levy a special assessment on the NCUSIF, reducing the ratio to .31%. Your Credit Union's portion of this assessment is approximately \$800,000. **(When the insurance fund incurs losses, a special assessment is levied on all of the insured credit unions to restore the fund to its typical level of 1.30%.)**

Even though the fund is currently below 1.30% it is important to note that the NCUSIF is also backed by the full faith and credit of the U.S. Government. As a result, your deposits, up to at least \$250,000, are federally insured.

LA DOTD Federal Credit Union's portion of that special assessment was posted in March 2009. Notwithstanding this special assessment, **for which LA DOTD Federal Credit Union was not in any way responsible**, your credit union remains safe and sound and financially strong with a Capital Reserve Ratio of almost 12%, almost twice the regulatory requirement.

Our credit union's strength is due to you – our members. The strong capital reserves built by you since we were chartered in 1939, while impacted by this special assessment, remain strong. As of December 31, 2008, LA DOTD Federal Credit Union had \$95,832,662 in assets and 12.99% in capital.

Rest assured that the Board and management of LA DOTD Federal Credit Union holds sacred its duty to manage your funds in a prudent manner. **This has not, and will not change.**



Judy Wascom
Board Chair



Cary J. Anderson
President/CEO

