

**CITY OF CONVERSE ECONOMIC
DEVELOPMENT CORPORATION**

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2021**



CITY OF

CONVERSE
CONNECTING COMMUNITY + COMMERCE™

ECONOMIC DEVELOPMENT CORPORATION

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2021

BOARD OF DIRECTORS

President..... DANIEL CASTELLANOS
Vice-PresidentKENTREAL ALEXANDER
DirectorETHEL WILLARD-CREWS
DirectorLARS NIELSEN
Director VERONIKA ROSIN
DirectorJUAN RODRIGUEZ
Director ROSA GARY
Executive Director.....JIMSI KUBORN



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ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2021

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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the President
and Members of the Board of Directors
City of Converse Economic Development Corporation

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund of the City of Converse Economic Development Corporation (a component unit of the City of Converse, Texas), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Converse Economic Development Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

City of Converse Economic Development Corporation's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

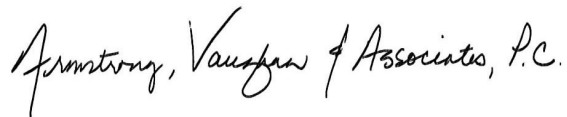
Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the City of Converse Economic Development Corporation, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, and pension and other post employment benefit schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Armstrong, Vaughan & Associates, P.C.

January 31, 2022

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
MANAGEMENT’S DISCUSSION AND ANALYSIS

Our discussion and analysis of the City of Converse Economic Development Corporation’s, a component unit of the City of Converse, Texas, financial performance provides an overview of the Corporation’s financial activity for the fiscal year ended September 30, 2021. It should be read in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The Corporation’s net position was \$6.6million at September 30, 2021.
- The Corporation’s total revenues for fiscal 2021 were \$832 thousand while total expenses were \$551 thousand.
- The Corporation sold real property during the fiscal year at a loss of \$12 thousand.
- The Corporation did not issue any new debt during the fiscal year under audit and paid the entire amount of outstanding debt of \$1.1 million.

CORPORATION HIGHLIGHTS

The City of Converse Economic Development Corporation was formed on March 21, 2000, under the Development Corporation Act of 1979, Texas Revised Civil Statutes Annotated, Article 5190.6, Section 4B. It receives all its proceeds from the 1/2 cent sales tax adopted for economic development in the City of Converse. This rate has since been amended to 1/4 cent.

USING THIS ANNUAL REPORT

This annual report consists of three parts: Management’s Discussion and Analysis, Financial Statements and Required Supplementary Information. The Statement of Net Position and Activities provides information on the Corporation as a whole. The Corporation’s net position—the difference between assets and liabilities—provides one way to measure financial health or financial position.

STATEMENT OF NET POSITION

Table 1 shows all of the assets and liabilities of the Corporation and is presented on the accrual basis. The total net position is \$6.6 million.

Table A-1
City of Converse Economic Development Corporation
Net Position

	2021	2020
Current Assets	\$ 3,551,245	\$ 3,217,482
Other Assets	3,164,134	4,388,325
Total Assets	6,715,379	7,605,807
Deferred Outflows - Pensions	17,381	28,766
Deferred Inflows - OPEB	1,284	1,081
	<u>18,665</u>	<u>29,847</u>
Current Liabilities	32,109	92,012
Non-Current Liabilities	109,447	1,230,078
Total Liabilities	141,556	1,322,090
Deferred Inflows - Pensions	17,129	19,180
	<u>17,129</u>	<u>19,180</u>
Net Investment in Capital Assets	3,164,134	3,147,902
Unrestricted Assets	3,411,225	3,146,482
Total Net Position	\$ 6,575,359	\$ 6,294,384

STATEMENT OF ACTIVITIES

Table A-2 shows all of the expenses and revenues of the Corporation for fiscal 2021 and is also presented on the accrual basis. General Revenues consist of the 1/4 cent sales tax, the gain on sale of real property, and interest earned.

Table A-2
City of Converse Economic Development Corporation
Changes in Net Position

	2021	2020
Sales Taxes	\$ 833,484	\$ 733,625
Other Revenues	(1,232)	578,994
Total Revenues	<u>832,252</u>	<u>1,312,619</u>
Total Expenses	<u>551,277</u>	<u>892,369</u>
Change in Net Position	<u>\$ 280,975</u>	<u>\$ 420,250</u>

BALANCE SHEET

The Balance Sheet shows the assets, liabilities and fund balance of the Corporation.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

This Statement shows the revenues and expenditures of the Corporation. As stated earlier, the 1/4 cent sales tax provides most of the Corporation's revenue. The interest amount was derived from Corporation funds invested and from funds on deposit. The net of the revenues and expenditures is the change in fund balance.

DESCRIPTION OF CURRENT AND EXPECTED CONDITIONS

The Converse Economic Development Corporation mission is to create and retain jobs and to promote capital investment in Converse, TX. Despite the continued factors related to the international pandemic, the Corporation is forging ahead on their strategic plan and goals. Those include working with a number of prospective projects to recruit commercial development within Converse for increased investment and tax revenue. The city continues to see its sales tax revenue increase. The Corporation is also working with three existing businesses in Converse on expansions of their facilities and workforce, one under construction after rezoning and re-plating. Major accomplishments of the organization during the fiscal year were selling three properties they owned for new developments on FM 78, Center Street and S. Seguin, one of those being slated for Converse's first office park. The Corporation was able to utilize the funds from selling these real estate assets to pay off their outstanding 2017 Bond. Continued efforts are prioritized in monitoring the impact of the pandemic on local businesses and the organization will continue to make adjustments as needs to its operating activities, assistance and financial budget.

CONTACTING THE CORPORATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Corporation's finances and to show the Corporation's accountability to its taxpayers. If you have any questions about this report or need additional financial information, contact the City's Finance Department at the City of Converse, 406 S. Seguin, Converse, Texas 78109.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 3,396,243
Accounts Receivable	155,002
<i>Total Current Assets</i>	<u>3,551,245</u>

Other Assets:

Capital Assets (net of accumulated depreciation)	<u>3,164,134</u>
<i>Total Other Assets</i>	<u>3,164,134</u>
TOTAL ASSETS	<u><u>6,715,379</u></u>

DEFERRED OUTFLOW OF RESOURCES

Deferred Outflows - Pensions	17,381
Deferred Outflows - OPEB	1,284
TOTAL DEFERRED OUTFLOW OF RESOURCES	<u><u>18,665</u></u>

LIABILITIES

Current Liabilities:

Accounts Payable	30,056
Compensated Absences	2,053
<i>Total Current Liabilities</i>	<u><u>32,109</u></u>

Long-Term Liabilities:

Compensated Absences	6,159
Net Other Postemployment Benefit Obligation	14,809
Net Pension Benefit Obligation	88,479
<i>Total Long-Term Liabilities</i>	<u><u>109,447</u></u>
TOTAL LIABILITIES	<u><u>141,556</u></u>

DEFERRED INFLOW OF RESOURCES

Deferred Inflows - Pensions	<u>17,129</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u><u>17,129</u></u>

NET POSITION

Net Investment in Capital Assets	3,164,134
Unrestricted	<u>3,411,225</u>
TOTAL NET POSITION	<u><u>\$ 6,575,359</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXPENSES	
Economic Development	\$ 551,277
TOTAL EXPENSES	<u>551,277</u>
 REVENUES	
<i>General Revenues:</i>	
Sales Tax	833,484
Interest Income	3,565
Miscellaneous Income	<u>(4,797)</u>
<i>Total General Revenues</i>	<u>832,252</u>
TOTAL REVENUES	<u>832,252</u>
 <i>Change in Net Position</i>	 280,975
 BEGINNING NET POSITION	 <u>6,294,384</u>
 ENDING NET POSITION	 <u><u>\$ 6,575,359</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
BALANCE SHEET
SEPTEMBER 30, 2021

ASSETS

Cash and Cash Equivalents	\$ 3,396,243
Accounts Receivable	<u>155,002</u>
TOTAL ASSETS	<u><u>\$ 3,551,245</u></u>

LIABILITIES & FUND BALANCE

Liabilities:

Accounts Payable	\$ 10,533
Accrued Expenditures	<u>19,523</u>
<i>Total Liabilities</i>	<u>30,056</u>

Fund Balance:

Unassigned	<u>3,521,189</u>
<i>Total Fund Balance</i>	<u>3,521,189</u>

TOTAL LIABILITIES & FUND BALANCE	<u><u>\$ 3,551,245</u></u>
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The accompanying notes are an integral part of these financial statements.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

TOTAL FUND BALANCE		\$ 3,521,189
Capital Assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental fund.		3,164,134
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the fund.		
Compensated Absences	(8,212)	(8,212)
The governmental fund reports pension and other postemployment benefit contributions as expenditures when paid. However, in the statement of activities, differences between pension plan and other post employment benefit contributions and costs for for the year are reported as an asset or an obligation.		
Deferred Pension Outflows	17,381	
Deferred Other Post Employment Benefit Outflows	1,284	
Net Other Postemployment Benefit Obligation	(14,809)	
Net Pension Benefit Obligation	(88,479)	
Deferred Pension Inflows	(17,129)	(101,752)
TOTAL NET POSITION		\$ 6,575,359

The accompanying notes are an integral part of these financial statements.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

REVENUES

Sales Tax	\$ 833,484
Interest Income	3,765
Miscellaneous Income	7,746
TOTAL REVENUES	<u>844,995</u>

EXPENDITURES

Current:

Board of Directors	4,174
Administration	392,334
Marketing	25,006
Contributions to Primary Government	85,794
Facility Maintenance	24,280

Debt Service:

Principal	1,101,000
Interest	20,305
TOTAL EXPENDITURES	<u>1,652,893</u>

Excess of Revenues over Expenditures (807,898)

OTHER FINANCING SOURCES

Sale of Fixed Assets	<u>1,062,412</u>
TOTAL OTHER FINANCING SOURCES	1,062,412

Change in Net Position 254,514

FUND BALANCE AT BEGINNING OF YEAR 3,266,675

FUND BALANCE AT END OF YEAR \$ 3,521,189

The accompanying notes are an integral part of these financial statements.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
SEPTEMBER 30, 2021

NET CHANGE IN FUND BALANCE		\$ 254,514
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life. This is the amount by which depreciation exceeded capital outlay.		(9,816)
In the Statement of Activities, only the gain or loss on the disposal of a capital asset is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of disposed assets.		(1,074,952)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any affect on net position. This amount reflects the net effect of these differences.		
Principal Repayments	1,101,000	1,101,000
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the funds:		
Compensated Absences	(1,084)	
Net Pension Benefit Obligation	14,701	
Net Other Postemployment Benefit Obligation	(3,388)	10,229
CHANGE IN NET POSITION		\$ 280,975

The accompanying notes are an integral part of these financial statements.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Financial Reporting Entity

The City of Converse Economic Development Corporation (the Corporation), a component unit of the City of Converse, Texas, is a nonprofit corporation and is organized exclusively for the purposes of benefiting and accomplishing public purposes of, and to act on behalf of, the Corporation. Specifically, the Corporation may issue bonds, notes, and other forms of debt instruments on behalf of the City of Converse, Texas. It may also acquire, maintain, lease, and sell property and interests therein, on behalf of the Corporation as authorized by Section 4B, currently referred to as Title B of the Development Corporation Act of 1979 to promote economic development with the Corporation and the State of Texas in order to eliminate unemployment and underemployment and to promote and encourage employment and the public welfare of, for, and on behalf of the Corporation.

The affairs of the Corporation are managed by the seven (7) members of the Board of Directors which is appointed by the City Council of the City of Converse, Texas.

The financial statements of the Corporation have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements present the financial position and results of operations of the Corporation only.

2. Basis of Presentation

GASB Statement No. 34 mandates government-wide financial statements of net position and activities, which are presented on the measurement and accrual basis of accounting. It also requires that capital assets be recorded at cost less accumulated depreciation.

The Corporation also presents fund financial statements relevant to the operations of the Corporation.

Governmental funds use the modified accrual basis of accounting. Under this method, revenues are recognized in the accounting period in which they become both available and measurable (flow of current financial resources measurement focus). Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except expenditures for debt service which are recognized when paid.

3. Budgets

The Corporation adopts an annual operating budget which is approved by the Board of Directors and City Council. Formal budgetary accounting is employed as a management control. The budget can be amended by the Board of Directors. Actual expenditures cannot legally exceed budgeted appropriations at the fund level. All budgeted appropriations lapse at the end of each fiscal year. The budget is presented on the modified accrual basis of accounting.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Cash and Cash Equivalents

Cash and cash equivalents include cash deposits and investments with a maturity date within three (3) months of the date acquired by the Corporation.

5. Investments

Investments consist of investments in Texas Class (a public funds investment pool). Investments are recorded at fair value, except for short-term (one year or less to maturity at time of purchase) participating interest-earning investment contracts which are reported at amortized cost. In addition, non-participating contracts (such as nonnegotiable certificates of deposit) are reported at amortized cost.

Public funds investment pools in Texas ("Pools") are established under the authority of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (the "Act"), Chapter 2256 of the Texas Government Code. In addition to other provisions of the Act designed to promote liquidity and safety of principal, the Act requires Pools to: 1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; 2) maintain a continuous rating of no lower than AAA or AAAM (or equivalent) rating by at least one nationally recognized rating service; and 3) maintain the market value of its underlying investment portfolio within one-half of one percent of the value of its shares.

6. Related Party Transactions

During the course of operations, numerous transactions occur between the Corporation and the Corporation. These receivables and payables (if any) are classified as "due from primary government" or "due to primary government" on the balance sheet and statement of net position.

7. Capital Assets

Capital assets, which include property and buildings, are capitalized at total acquisition cost. Depreciation (where applicable) is recorded on all depreciable capital assets on a straight-line basis over the estimated useful lives.

8. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the statement of net position. Long-term liabilities, and related accrued interest payable, are recognized as a liability on the governmental fund financial statement (balance sheet) when due and payable.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Compensated Absences

It is the Corporation's policy to permit employees to accumulate earned but unused vacation and compensatory time benefits. There is no liability for unpaid accumulated sick leave since the Corporation does not have a policy to pay any amounts when employees separate from the service with the Corporation. All vacation and compensatory time pay is accrued when incurred in the government-wide statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

10. Fund Equity

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – pre-paid items or notes receivable; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications; restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or ending legislation.

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the Board of Directors – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the board removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the Corporation's "intent" to be used for specific purposes, but are neither restricted nor committed. The Board has not designated the authority to assign amounts to be used for specific purposes.

Unassigned fund balance. This fund balance is the residual classification for fund equity.

When both restricted and unrestricted resources are available for use, it is the corporation's policy to use externally restricted resources first, then unrestricted resources – committed, assigned, and unassigned – in order as needed.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

11. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any loans used to purchase, construct, or improve those assets.

12. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B -- DEPOSITS AND INVESTMENTS

1. Deposits

As of September 30, 2021, the Corporation's deposits were included in the depository agreement of the Corporation. The combined deposits of the Corporation and Corporation were fully collateralized through a combination of FDIC coverage and pledged collateral.

2. Investments

The Corporation is required by Government Code Chapter 2256, The Public Funds Investment Act, to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, and (9) bid solicitation preferences for certificates of deposit.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE B -- DEPOSITS AND INVESTMENTS (CONTINUED)

2. Investments (Continued)

The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. Audit procedures in this area conducted as a part of the audit of the basic financial statements disclosed that in the areas of investment practices, management reports and establishment of appropriate policies, the Corporation adhered to the requirements of the Act. Additionally, investment practices of the Corporation were in accordance with local policies.

The Act determines the types of investments which are allowable for the Corporation. These include, with certain restrictions, 1) obligations of the U.S. Treasury, U.S. agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) securities lending program, 5) repurchase agreements, 6) bankers acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) commercial paper.

As of September 30, 2021, the Corporation had invested \$3,364,719 in Texas CLASS, a AAAM rated local government investment pool. The investment is carried at a share price of \$1 which approximates fair value and is included in cash and cash equivalents.

Interest Rate Risk. As a means of limiting exposure to fair value losses arising from rising interest rates, the Corporation’s investment policy limits the Corporation’s investment portfolio to highly liquid investments to meet unanticipated cash requirements, and/or to redeploy cash into other investments expected to outperform current holdings.

Credit Risk. The investment policy limits investments to obligations of the United States or its agencies and instrumentalities; direct obligations of the State of Texas; obligations of states, agencies, contracts, cities, and other political subdivisions rated as to investment quality of not less than AAA by a nationally recognized investment firm. The Corporation is not exposed to credit risk.

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Corporation is not exposed to custodial credit risk.

Custodial Credit Risk – Investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the governmental securities were held by its agent in the Corporation’s name.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE C -- CAPITAL ASSETS

Activity for assets capitalized by the Corporation is summarized below:

	Balance 10/1/2020	Additions	Transfers/ Disposals	Balance 9/30/2021
Land	\$ 4,128,553	\$ -	\$ (1,074,952)	\$ 3,053,601
Buildings and Improvements	155,554	-	-	155,554
Equipment and Fixtures	26,650	-	-	26,650
Less Accumulated Depreciation	(61,855)	(9,816)	-	(71,671)
	<u>\$ 4,248,902</u>	<u>\$ (9,816)</u>	<u>\$ (1,074,952)</u>	<u>\$ 3,164,134</u>

Land is not depreciated.

NOTE D -- LONG-TERM LIABILITIES

The following is a summary of changes in the Corporation's total governmental long-term liabilities as of September 30, 2021.

	Balance 10/1/2020	Additions	Retirements	Balance 9/30/2021	Due in One Year
Sales Tax Bonds	\$ 1,101,000	\$ -	\$(1,101,000)	\$ -	\$ -
Compensated Absences	7,128	2,866	(1,782)	8,212	2,053
Total OPEB Liability	10,137	4,672	-	14,809	-
Net Pension Liability	112,514	-	(24,035)	88,479	-
	<u>\$ 1,197,691</u>	<u>\$ 7,538</u>	<u>\$(1,126,817)</u>	<u>\$ 111,500</u>	<u>\$ 2,053</u>

Sales Tax Revenue Bonds

In 2017, the Corporation issued \$1,479,000 to acquire, renovate and improve four parcels of land located at FM 78 and Center Street in Converse, Texas. The stated interest rate is 3.5% and mature serially through February 1, 2027. These bonds were privately placed with a bank and contain no subjective acceleration clauses, events of default with finance-related consequences, or termination events with finance-related consequences. During the year ended September 31, 2021, the debt was completely paid.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE E -- EMPLOYEE RETIREMENT SYSTEM

Texas Municipal Retirement System

Plan Description

The Corporation participates as one of over 890 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the Corporation are required to participate in TMRS retirement system

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City of Converse, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the Corporation-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the Corporation, within the options available in the state statutes governing TMRS. Members are eligible to retire at age sixty (60) and above with five (5) or more years of service or with twenty (20) years of service regardless of age. A member is vested after five (5) years. The contribution rate for the employees is 7%, and the Corporation matching percent is currently 2 to 1.

At the December 31 valuations and measurement dates, the following employees were covered by the benefit terms:

	2020	2021
Active employees	3	3
	3	3

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE E -- EMPLOYEE RETIREMENT SYSTEM (Continued)

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the Corporation matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the Corporation. Under the state law governing TMRS, the contribution rate for each Corporation is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the Corporation were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the Corporation were 13.85% and 14.16% in calendar years 2020 and 2021, respectively. The Corporation's contributions to TMRS for the year ended September 30, 2021 were \$29,558, which equaled the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability (TOL) in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 Years
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% including Inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with Public Safety table used for males and General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE E -- EMPLOYEE RETIREMENT SYSTEM (Continued)

Actuarial Assumptions (Cont.)

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	<u>100.00%</u>	

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE E -- EMPLOYEE RETIREMENT SYSTEM (Continued)

Actuarial Assumptions (Cont.)

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in the statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

The below schedule represents the changes in the Net Pension Liability as of December 31, 2020:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at December 31, 2019	\$ 890,740	\$ 778,226	\$ 112,514
Changes for the year:			
Service Cost	31,842	-	31,842
Interest	48,166	-	48,166
Change of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	(12,935)	-	(12,935)
Changes of Assumptions	-	-	-
Contributions - Employer	-	26,113	(26,113)
Contributions - Employee	-	13,338	(13,338)
Net Investment Income	-	51,968	(51,968)
Benefit Payments, Including Refunds of Employee Contributions	(36,621)	(36,621)	-
Administrative Expense	-	(299)	299
Other Changes	-	(12)	12
Net Changes	30,452	54,487	(24,035)
Balance at December 31, 2020	\$ 921,192	\$ 832,713	\$ 88,479

The following represents the net pension liability of the Corporation, calculated using the discount rate of 6.75%, as well as what the Corporation's net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability (Asset)	\$ 226,362	\$ 88,479	\$ 10,977

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2021

NOTE E -- EMPLOYEE RETIREMENT SYSTEM (Continued)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended September 30, 2021, the Corporation recognized pension expense of \$31,890. Also as of September 30, 2021, the Corporation reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ -	\$ 14,513
Changes in Actuarial Assumptions	3,165	-
Differences Between Projected and Actual Investment Earnings	-	2,616
Contributions Subsequent to the Measurement Date	14,216	-
	\$ 17,381	\$ 17,129

Deferred outflows of resources in the amount of \$14,216 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ended December 31, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,	
2021	\$ (3,891)
2022	2,872
2023	(11,608)
2024	(1,337)
	\$ (13,964)

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE F -- OTHER POST EMPLOYMENT BENEFIT

The City allows any employee retiring from the City with at least 15 years of service to participate in the group health insurance coverage provided by the City. Retirees would be responsible for 100% of the plan premiums; however, the City would contribute up to \$3,500 per year (\$7,000 per family per year) towards the retiree's deductible through a health savings account. All coverage ends when the retiree reaches age 65. The Corporation is included in this plan.

In order to be eligible for the Plan, the retiree must separate from service with at least 15 years of service with the City and be a current recipient of retirement benefits from TMRS if employed before April 1, 2016 or 20 years of service with the City and be a current recipient of retirement benefits from TMRS if employed on or after April 1, 2016. The health care benefit of the Plan is available to the spouse and any dependent(s) if they were on the Plan at the beginning of the Plan year in which the employee retires. Furthermore, a dependent is eligible for coverage if they have not reached age 25. Eligibility for coverage for spouse ends when Medicare coverage begins.

Funding Policy

The City has elected to subsidize premiums for the Plan and funding is provided on a pay-as-you-go basis.

Total OPEB Liability

The Corporation's Total OPEB liability of \$14,809 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability at the December 31, 2020 actuarial valuation date was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	2.00% (Based on Fidelity's 20-Year Municipal GO AA Index)
Actuarial Cost Method	Entry Age Normal
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-based RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
Participation Rates	30% of all eligible retirees.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE F -- OTHER POST EMPLOYMENT BENEFIT (CONT.)

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at Beginning of Year	<u>\$ 11,218</u>
Changes for the year:	
Service Cost	806
Interest	374
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	1,759
Changes in Assumptions or Other Inputs	1,070
Benefit Payments	<u>(418)</u>
Net Changes	<u>3,591</u>
Balance at End of Year	<u><u>\$ 14,809</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Corporation, as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	Discount Rate 1.00%	Discount Rate 2.00%	Discount Rate 3.00%
Total OPEB Liability	\$ 16,906	\$ 14,809	\$ 12,177

The following presents the total OPEB liability of the Corporation, as well as what the Corporation's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the healthcare cost trend rate:

	Discount Rate 1.75%	Discount Rate 2.75%	Discount Rate 3.75%
Total OPEB Liability to Healthcare	\$ 12,878	\$ 14,809	\$ 17,183

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE F -- OTHER POST EMPLOYMENT BENEFIT (CONT.)

OPEB Expense and deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the Corporation reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Expected and Actual Economic Experience	\$ -	\$ -
Changes in Actuarial Assumptions	971	-
Contributions Subsequent to the Measurement Date	313	-
	<u>\$ 1,284</u>	<u>\$ -</u>

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year ended December 31,	
2021	\$ 200
2022	200
2023	200
2024	200
2025	135
Thereafter	34
	<u>\$ 971</u>

Underlying Retiree Claims Cost Development

Following are the monthly per capita costs/premiums for the plan year beginning January 1, 2021:

<u>For Those Not Eligible for Medicare</u>		
<u>Age</u>	<u>Male</u>	<u>Female</u>
40	\$ 316	\$ 514
50	513	632
60	872	858
64	1,060	1,000

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
 NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2021

NOTE G -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with Travelers to provide coverage for property and casualty insurance, and with Texas Mutual to provide workers compensation coverage. Premiums are set annually by the providers.

NOTE H -- PLEDGED REVENUE

The Corporation has committed to funding a portion of the City's certificates of obligation, series 2014. The original issue was \$4 million with interest rates ranging from 2% to 4% and fully-maturing on February 1, 2034. The Corporation has committed to funding \$1.2 million over the life of the certificates. Annual requirements to satisfy the commitment are as follows:

Year Ended <u>Sep. 30</u>	<u>Pledged Revenue</u>
2022	\$ 84,281
2023	82,631
2024	80,981
2025	84,256
2026	82,381
2027-2031	413,822
2032-2034	249,300
Total Pledged	<u>\$ 1,077,652</u>

NOTE I -- CONTINGENCIES

Management is not aware of any pending or threatened litigation that may have a material effect on the financial position of the Corporation.

NOTE J -- SUBSEQUENT EVENT

The Corporation deeded by way of Quit Claim two parcels of property to the City of Converse. The properties were transferred in consideration for a nominal sum of \$1 per property. The first parcel was deeded November 9th, 2021 and the second was deeded November 12th, 2021. The Deeds were certified as filed by the Bexar County Clerk.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance from Final Favorable (Unfavorable)
	Original	Final		
REVENUES				
Sales Tax	\$ 725,000	\$ 725,000	\$ 833,484	\$ 108,484
Interest Income	40,000	40,000	3,765	(36,235)
Miscellaneous Revenue	-	-	7,746	7,746
TOTAL REVENUES	765,000	765,000	844,995	79,995
EXPENDITURES				
<i>Current:</i>				
Board of Directors	4,750	4,750	4,174	576
Administration	415,198	425,698	392,334	33,364
Marketing	25,000	25,000	25,006	(6)
Contributions to Primary Government	85,794	85,794	85,794	-
Facility Maintenance	26,250	29,750	24,280	5,470
Capital Outlay	155,000	151,000	-	151,000
<i>Debt Service:</i>				
Principal	141,000	1,101,000	1,101,000	-
Interest	30,268	42,775	20,305	22,470
TOTAL EXPENDITURES	883,260	1,865,767	1,652,893	212,874
OTHER FINANCING SOURCES				
Sale of Fixed Assets	118,260	1,100,767	1,062,412	\$ (38,355)
TOTAL OTHER FINANCING SOURCES	118,260	1,100,767	1,062,412	(38,355)
Net Change in Fund Balance	-	-	254,514	254,514
Fund Balance at Beginning of Year	3,266,675	3,266,675	3,266,675	-
Fund Balance at End of Year	\$ 3,266,675	\$ 3,266,675	\$ 3,521,189	\$ 254,514

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
SEPTEMBER 30, 2021

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The Corporation maintains strict budgetary controls. The objective of these controls is to ensure compliance with legal provision embodied in the annual appropriated budget approved by the Board of Directors and is a good management control device.

Budgetary preparation and control is exercised at the department level. Actual expenditures may not legally exceed appropriations at the fund level.

The Corporation did not exceed the budgeted expenditures during 2021.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE LAST SIX CALENDAR YEARS

	Total Pension Liability				
	2016	2017	2018	2019	2020
Service Cost	\$ 28,230	\$ 35,485	\$ 34,459	\$ 31,978	\$ 31,842
Interest (on the Total Pension Liability)	43,122	51,590	50,275	47,002	48,166
Changes of Benefit Terms	-	-	-	-	
Difference between Expected and Actual Experience	(6,413)	2,644	6,134	2,360	(12,935)
Change of Assumptions	-	-	-	4,231	-
Benefit Payments, Including Refunds of Employee Contributions	(32,281)	(28,521)	(30,117)	(23,447)	(36,621)
Net Change in Total Pension Liability	32,658	61,198	60,751	62,124	30,452
Total Pension Liability - Beginning	674,009	706,667	767,865	828,616	890,740
Total Pension Liability - Ending	<u>\$706,667</u>	<u>\$767,865</u>	<u>\$828,616</u>	<u>\$890,740</u>	<u>\$921,192</u>
	Plan Fiduciary Net Position				
	2016	2017	2018	2019	2020
Contributions - Employer	\$ 23,243	\$ 30,592	\$ 29,423	\$ 26,568	\$ 26,113
Contributions - Employee	11,757	14,830	14,504	13,525	13,338
Net Investment Income	33,619	83,506	(19,017)	110,317	51,968
Benefit Payments, Including Refunds of Employee Contributions	(32,281)	(28,521)	(30,117)	(23,447)	(36,622)
Administrative Expense	(380)	(433)	(367)	(473)	(299)
Other	(20)	(22)	(19)	(14)	(12)
Net Change in Plan Fiduciary Net Position	35,938	99,952	(5,593)	126,476	54,486
Plan Fiduciary Net Position - Beginning	521,454	557,392	657,344	651,751	778,227
Net Pension Liability - Ending	<u>\$557,392</u>	<u>\$657,344</u>	<u>\$651,751</u>	<u>\$778,227</u>	<u>\$832,713</u>
Net Pension Liability (Asset) - Ending	\$149,275	\$110,521	\$176,865	\$112,513	\$88,479
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	78.88%	85.61%	78.66%	87.37%	90.40%
Covered Payroll	\$178,362	\$211,853	\$215,973	\$193,222	\$190,330
Net Pension Liability as a Percentage of Covered Payroll	83.69%	52.17%	81.89%	58.23%	46.49%

Note: Only five years of information is currently available. The Corporation will build this schedule prospectively until ten years are presented.

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
FOR THE LAST SIX FISCAL YEARS

Fiscal Year Ending December 31	Actuarially Determined Contribution (ADC)	Contributions In Relation To the ADC	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percent of Covered Payroll
2016	\$ 26,194	\$ 26,194	\$ -	\$ 188,045	13.93%
2017	26,138	26,138	-	182,739	14.30%
2018	32,083	32,083	-	255,072	14.25%
2019	30,461	30,461	-	219,897	13.85%
2020	27,743	27,743	-	201,473	13.88%
2021	29,558	29,558	-	211,132	14.09%

CITY OF CONVERSE ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
RETIREE HEALTH CARE PLAN
FOR THE LAST THREE CALENDAR YEARS

	Total OPEB Liability		
	2018	2019	2020
Service Cost	\$ 771	\$ 836	\$ 806
Interest	541	380	374
Changes of Benefit Terms	-	-	
Difference between Expected and Actual Experience	(69)	(7,842)	1,759
Changes in Assumptions or Other Inputs	(616)	517	1,070
Benefit Payments	(766)	(655)	(418)
Net Change in Total Pension Liability	(139)	(6,764)	3,591
Total OPEB Liability - Beginning	18,121	17,982	11,218
Total OPEB Liability - Ending	<u>\$ 17,982</u>	<u>\$ 11,218</u>	<u>\$ 14,809</u>
 Covered Payroll	 \$ 189,375	 \$ 193,222	 \$ 210,247
 Total OPEB Liability as a Percentage of Covered Payroll	 9.50%	 5.81%	 7.04%

Notes to Schedule

Changes in Benefit Terms: None

Changes in Assumptions: None

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become

Methods and Assumptions Used to Determine Contribution Rates:

Inflation	2.50%
Salary Increases	3.50% to 10.50% Including Inflation
Discount Rate	2.00%
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.
Participation Rates	30% of eligible retirees.

Only three years of information is currently available. The Corporation will build this schedule prospectively until ten years are presented.



CITY OF

CONVERSE

CONNECTING COMMUNITY + COMMERCE™

ECONOMIC DEVELOPMENT CORPORATION