



NOTICE OF MEETING OF COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

Notice is hereby given that a Regular Meeting of the Copperas Cove Economic Development Corporation will be held on March 27th, 2024, at 12:00 p.m. in the Technology Center at 508 S. 2nd Street, Copperas Cove, Texas 76522 at which time the following agenda will be discussed.

A. CALL TO ORDER

B. INVOCATION AND PLEDGE OF ALLEGIANCE

C. ROLL CALL

D. ANNOUNCEMENTS

- Spring Pop-up Market- Friday, March 30, 2024, from 10:00 am-4:00 pm, in Downtown Copperas Cove
- Military Affairs Dinner- Thursday, April 11, 2024, from 6:00 pm- 7:30 pm, Copperas Cove Civic Center
- Boots and Buckle Annual Gala- Saturday, April 13, 2024, 6:00 pm, at the Copperas Cove Civic Center.
- Homecoming for Heroes- Saturday, April 20, 2024, from 5:30 pm- 9:00 pm, in Oakalla, TX

E. CITIZENS FORUM

At this time, citizens will be allowed to speak on any matter other than personnel matters, matters under litigation, or matters on the regular agenda, for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.

F. CONSENT AGENDA

All matters listed under this item are considered to be routine by the EDC Board of Directors and will be enacted by one motion. There will not be a separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and considered separately.

1. Consideration and action on approval of minutes for the Regular Meeting held on March 6, 2024. **Brittany Sanders, Workforce Development Specialist, Copperas Cove EDC.**

G. PUBLIC HEARINGS

H. ACTION ITEMS

1. Consideration and action on approving the Profit and Loss Report for January 2024 **Fred Welch, Executive Director, Copperas Cove EDC.**

2. Consideration and action on approving the Fiscal Year 2022-2023 Annual Financial Report (Audit). **Fred Welch, Executive Director, Copperas Cove EDC.**
3. Consideration and action on amending Resolution #EDC 2023-02, to show that the Copperas Cove EDC is a co-applicant with the City of Copperas Cove on the Economic Adjustment Assistance (EAA) application for the Mashburn Drive Project. **Fred Welch, Executive Director, Copperas Cove EDC.**

I. REPORTS FROM STAFF, OUTSIDE ENTITIES, ADVISORY COMMITTEES, AND BOARDS

1. Executive Director's Report. **Fred Welch, Executive Director, Copperas Cove EDC.**
2. Marketing Director's Report. **Sheena Tanner, Marketing Director, Copperas Cove EDC.**
3. Workforce Development Specialist's Report. **Brittany Sanders, Workforce Development Specialist, Copperas Cove EDC.**
4. Senior Director, BRE Report. **Sean Stevens, Senior Director BRE, Copperas Cove EDC.**
5. Special Projects Coordinator Report, **Anne Seneca, Copperas Cove EDC.**

J. ITEMS FOR FUTURE AGENDAS

K. EXECUTIVE SESSION

L. RECONVENE INTO AN OPEN SESSION FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN THE EXECUTIVE SESSION.

M. ADJOURN

The Board of Directors reserves the right to adjourn into Executive Session at any time regarding any issue on this agenda for which it is legally permissible.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the Governing Body of the Copperas Cove Economic Development Corporation was posted at **5:00 p.m. on March 22, 2024.**

Brittany Sanders, Workforce Development Specialist
Copperas Cove EDC

Economic Development Corporation

F.1.

Meeting Date: March 27, 2024

Contact: Brittany Sanders, Workforce Development Specialist, Copperas Cove EDC

Subject:

Consideration and action on approval of minutes for the Regular Meeting held on March 6, 2024.

Brittany Sanders, Workforce Development Specialist, Copperas Cove EDC

Attachments:

Regular Meeting Minutes – March 6, 2024.



COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION
Meeting Minutes for March 6, 2024

A. CALL TO ORDER

Chairman JC Stubbs called the Regular meeting of the Copperas Cove Economic Development Corporation to order at 12:09 p.m.

B. INVOCATION AND PLEDGE OF ALLEGIANCE

Fred Welch led the Invocation and the Pledge of Allegiance.

C. ROLL CALL

Roll call led by Brittany Sanders, Workforce Development Specialist.

| | |
|---------------------------------------|---|
| <i>Present: JC Stubbs, Chairman</i> | <i>Sean Stevens, Senior Director, BRE</i> |
| <i>Bradi Diaz, Vice Chairman</i> | <i>Sheena Tanner, Marketing Director</i> |
| <i>David McPhail, Treasurer</i> | <i>Brittany Sanders, Workforce Development Specialist</i> |
| <i>Anthony Martinez, Director</i> | <i>Anne Seneca, Special Projects Coordinator</i> |
| <i>Fred Welch, Executive Director</i> | <i>Barbara Boulware-Wells, Legal Counsel</i> |

Absent: Ted Gonzalez, Secretary
Fred Chavez, Council Liaison

D. ANNOUNCEMENTS

- State of the City- Thursday, March 7, 2024, from 5:30 pm to 7:00 pm at the Copperas Cove Civic Center*
- Quarterly Summit Meeting- Wednesday, March 20, 2024, at 3:00 pm at the Copperas Cove Technology Building*
- Chamber Banquet- Saturday, March 23, 2024, from 6:00 pm-11:00 pm, at the Holy Family Social Hall*
- Spring Pop-up Market- Friday, March 30, 2024, from 10:00 am-4:00 pm, in Downtown Copperas Cove*

E. CITIZENS FORUM

At this time, citizens will be allowed matters other than personnel matters, matters under litigation, or matters on the regular agenda, for a length of time not to exceed five minutes per person. Thirty minutes total has been allotted for this section.

F. CONSENT AGENDA - All matters listed under this item are considered to be routine by the EDC Board of Directors and will be enacted by one motion. There will not be a separate discussion of this item. If discussion is desired, that item will be removed from the consent agenda and considered separately.

1. Consideration and action on approval of minutes for the Regular Meeting held on January 24th, 2024. **Anne Seneca, Special Projects Coordinator, Copperas Cove EDC.**

Treasurer David McPhail made a motion to approve Agenda Item F1. Director Anthony Martinez seconded the motion and with a unanimous vote, the motion carried.

G. PUBLIC HEARINGS

None

H. ACTION ITEM

1. Consideration and action on approving the Profit and Loss report for the month of December 2023. **Fred Welch, Executive Director, Copperas Cove EDC.**

Treasurer David McPhail made a motion to approve Agenda Item H1. Vice Chairman Bradi Diaz seconded the motion and with a unanimous vote, the motion carried.

2. Consideration and action on approving Resolution # EDC 2024-01 accepting the Quarterly Investment Report as presented for the quarter ending December 31, 2023, per the Investment Policy. **Fred Welch, Executive Director, Copperas Cove EDC.**

Vice Chairman Bradi Diaz made a motion to approve Agenda Item H2. Treasurer David McPhail seconded the motion and with a unanimous vote, the motion carried.

3. Consideration and action on crafting and publishing an RFP to assist and develop a Strategic Planning for the Copperas Cove Economic Development Corporation. **Fred Welch, Executive Director, CCEDC**

Chairman JC Stubbs made a motion to authorize the EDC Director to craft and publish an RFP to assist with the development of a Strategic Plan Treasurer David McPhail seconded the motion and with a unanimous vote, the motion carried.

I. EDC REPORTS FROM STAFF, OUTSIDE ENTITIES, ADVISORY COMMITTEES, AND BOARDS

- *Executive Director Fred Welch gave an update on the following topics listed below:*
 - *Select USA Conference on January 17th.*
 - *Update on the ICSC Conference on January 23rd.*
 - *IEDC Leadership Summit held on February 5th.*
 - *Recap of Board Retreat held on February 14th.*
 - *Update on open projects.*
 - *Fort Cavazos Rail Study update.*

- *Marketing Director Sheena Tanner gave an update on the following topics listed below:*
 - *Economic Excellence Award*
 - *Website Update*
 - *Size up launch date and update*
 - *Update on the design for the State of the City Banner.*
 - *Update on the Chamber of Commerce Community map.*
 - *Recap of Sales Tax workshop.*
- *Workforce Specialist Brittany Sanders gave an update on the following topics listed below:*
 - *Recap of the meeting with the Texas Veterans Commission on February 15th.*
 - *Recap of meeting with Fort Cavazos Transition Assistance Program on February 21st.*
 - *Update on the Copperas Cove Regional Career Fair on July 17th.*
 - *Upcoming NAWDP Conference in San Antonio.*
- *Senior Director of BRE, Sean Stevens gave an update on the following topics listed below:*
 - *Update on the ICSC Conference on January 23rd.*
 - *IEDC Leadership Summit held on February 5th.*
 - *Business Round Table*
 - *Business Climate Survey*
 - *Relaunching the BRE campaign.*
- *Special Projects Coordinator, Anne Seneca gave an update on the following topics listed below:*
 - *#ShopCove Quarterly Pop-up Market held on March 30th.*

J. ITEM FOR FUTURE AGENDAS

K. EXECUTIVE SESSION CONVENED AT 12:53 P.M.

1. Pursuant to Section 551.074 of the Texas Government Code to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; regarding contracts of a public officer or employee. **(Fred Welch, Executive Director)**
2. Pursuant to §551.072 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session to discuss or deliberate the purchase, exchange, lease, or value of real property. **Narrows Business & Technology Park Phase II – (Mashburn Drive expansion)**
3. Pursuant to §551.072 of the Texas Government Code, the Economic Development Corporation Board will meet in Executive Session to discuss or deliberate the purchase, exchange, lease, or value of real property. **(Entrepreneur Center)**

L. RECONVENE INTO OPEN SESSION at 1:23 P.M. FOR POSSIBLE ACTION RESULTING FROM ANY ITEM POSTED AND LEGALLY DISCUSSED IN THE EXECUTIVE SESSION

1. *Director Anthony Martinez made a motion to extend Executive Director Fred Welch's contract and approve the following pay discussed in Executive Session. Vice Charman Bradi Diaz seconded the motion and with a unanimous vote, the motion carried.*
2. *No action was taken on item K2.*
3. *No action was taken on Item K3.*

M. ADJOURN

Chairman JC Stubbs adjourned the meeting at 1:24 p.m.

ATTEST:

Brittany Sanders, Workforce Development Specialist

Ted Gonzalez, Secretary

Economic Development Corporation

H.1.

Meeting Date: March 27, 2024

Contact: Fred Welch, Executive Director, Copperas Cove EDC

Subject:

Consideration and action on approving the Profit and Loss report for the month of January. **Fred Welch, Executive Director, Copperas Cove EDC**

Description/Information:

The Profit and Loss report for January 2024, has been prepared by Donkbuilt Service Exchange "Donkbuilt" as per the agreement between the CCEDC and Donkbuilt. The report is attached for review by the Board.

Financial Impact:

See attached.

Action/Recommendation:

EDC staff recommends the Board of Directors approve the Profit and Loss report for January 2024, as presented by Fred Welch.

Attachments:

January 2024, Financials:

Profit and Loss
Profit and Loss Budget Performance
Cadence Bank Reconciliation
Tex Pool Reconciliation

Sales Tax for January:

City: \$1,516.46
State: \$94,837.93

Copperas Cove Economic Development Corporation
Profit & Loss Budget Performance
October 2023 through January 2024

| | <u>Oct '23 - Jan 24</u> | <u>YTD Budget</u> | <u>Annual Budget</u> |
|---------------------------------------|-------------------------|-------------------|----------------------|
| Ordinary Income/Expense | | | |
| Income | | | |
| Revenues | | | |
| Sales Tax Income | 404,049.41 | 366,666.64 | 1,100,000.00 |
| Interest Income | 147,151.98 | 33,333.36 | 100,000.00 |
| Total Revenues | <u>551,201.39</u> | <u>400,000.00</u> | <u>1,200,000.00</u> |
| Investment Interest Income | 2,750.59 | | |
| Other Income | 385.01 | 0.00 | 0.00 |
| Total Income | <u>554,336.99</u> | <u>400,000.00</u> | <u>1,200,000.00</u> |
| Expense | | | |
| EXPENDITURES | | | |
| EDC ADMINISTRATION | | | |
| PERSONNEL | | | |
| 00-1150 · Phone Reimbursement | 1,200.00 | 1,280.00 | 3,840.00 |
| 00-1100 · Car Allowance | 2,000.00 | 2,500.00 | 6,000.00 |
| 00-1000 · Staff Salary | 93,229.48 | 109,523.36 | 328,570.00 |
| 00-1200 · Longevity | 73.84 | 304.00 | 912.00 |
| 00-1500 · FICA Tax | 7,595.43 | 8,833.36 | 26,500.00 |
| 00-1600 · Employee Insurance | 4,441.62 | 8,111.36 | 24,334.00 |
| 00-1700 · Worker's Comp Insurance | 705.00 | 333.36 | 1,000.00 |
| 00-1800 · Retirement | 12,844.53 | 15,607.00 | 46,821.00 |
| 00-1901 · Other Personnel Expenses | 1,923.68 | 466.64 | 1,400.00 |
| PERSONNEL - Other | 0.00 | 0.00 | 0.00 |
| Total PERSONNEL | <u>124,013.58</u> | <u>146,959.08</u> | <u>439,377.00</u> |
| SUPPLIES AND MATERIALS | | | |
| 00-2030 · Office Supplies | 1,150.09 | 1,333.36 | 4,000.00 |
| 00-2040 Printing Costs | 0.00 | 100.00 | 300.00 |
| 00-2200 · Postage/Shipping | 283.63 | 100.00 | 300.00 |
| 00-2820 · Furniture and Fixtures | 11.89 | 0.00 | 0.00 |
| 00-2842 · Minor Equipment/Electronics | 1,153.94 | 1,666.64 | 5,000.00 |
| 00-2844 · Minor Equipment - Software | 0.00 | 0.00 | 0.00 |
| Total SUPPLIES AND MATERIALS | <u>2,599.55</u> | <u>3,200.00</u> | <u>9,600.00</u> |

Copperas Cove Economic Development Corporation
Profit & Loss Budget Performance
October 2023 through January 2024

| | <u>Oct '23 - Jan 24</u> | <u>YTD Budget</u> | <u>Annual Budget</u> |
|--|-------------------------|-------------------|----------------------|
| REPAIRS AND MAINTENANCE | | | |
| 00-4100 · Repairs & Maint. - Bldg | 8,613.17 | 1,166.64 | 3,500.00 |
| 00-4200 · Repairs & Maint. - Facility | 366.47 | 833.36 | 2,500.00 |
| 00-4400 · Repairs & Maint. - Equipment | 1,094.05 | 1,333.36 | 4,000.00 |
| Total REPAIRS AND MAINTENANCE | 10,073.69 | 3,333.36 | 10,000.00 |
| CONTRACTUAL SERVICES | | | |
| 00-6012 · Consulting Fees (Legal) | 262.50 | 1,666.64 | 5,000.00 |
| 00-6000 · Bank Analysis Fees | 10.00 | 266.64 | 800.00 |
| 00-6100 · Advertising | 121.50 | 400.00 | 1,200.00 |
| 00-6200 · Communication | 1,722.49 | 2,083.36 | 6,250.00 |
| 00-6300 · Rental of Equip / Copier Lease | 1,159.96 | 1,166.64 | 3,500.00 |
| 00-6350 · Rental of Property | 10,409.96 | 10,400.00 | 31,200.00 |
| 00-6400 · Dues and Subscriptions | 16,350.28 | 5,400.00 | 16,200.00 |
| 00-6550 · Contract Labor | 0.00 | 1,166.64 | 3,500.00 |
| 00-6600 · Professional Development | 9,205.51 | 7,000.00 | 21,000.00 |
| 00-6800 · Professional Services | 6,781.21 | 2,900.00 | 8,700.00 |
| 00-6801 · Recruiting/Executive Search | 1,659.81 | | |
| 00-6810 · Provided City Services | 0.00 | 116.64 | 350.00 |
| 00-6900 · Utilities | 2,150.09 | 3,066.64 | 9,200.00 |
| Total CONTRACTUAL SERVICES | 49,833.31 | 35,633.20 | 106,900.00 |
| DESIGNATED EXPENSES | | | |
| 00-7000 · Insurance Expense | 2,701.60 | 1,666.64 | 5,000.00 |
| 00-1998 · Board Related Expenses | 1,106.46 | 1,000.00 | 3,000.00 |
| 00-1999 · Public Relations | 2,723.55 | 2,000.00 | 6,000.00 |
| Total DESIGNATED EXPENSES | 6,531.61 | 4,666.64 | 14,000.00 |
| Total EDC ADMINISTRATION | 193,051.74 | 193,792.28 | 579,877.00 |
| DEBT SERVICES | | | |
| 10-9226 · 2012 Sales Tax Bond Principal | 0.00 | 43,735.64 | 131,207.00 |
| 10-9326 · 2012 Sales Tax Bond Note Int | 10,894.60 | 5,402.36 | 16,207.00 |
| Total DEBT SERVICES | 10,894.60 | 49,138.00 | 147,414.00 |
| EDC NON-DEPARTMENTAL | | | |
| SUPPLIES AND MATERIAL | | | |

Copperas Cove Economic Development Corporation
Profit & Loss Budget Performance
October 2023 through January 2024

| | <u>Oct '23 - Jan 24</u> | <u>YTD Budget</u> | <u>Annual Budget</u> |
|--|-------------------------|---------------------|----------------------|
| 90-2060 · Program / Project Supplies | 0.00 | 0.00 | 0.00 |
| Total SUPPLIES AND MATERIAL | 0.00 | 0.00 | 0.00 |
| CONTRACTUAL SERVICES | | | |
| 90-6400 · Dues and Subscriptions | 600.00 | 7,000.00 | 21,000.00 |
| 90-6100 · Advertising | 848.00 | 713.36 | 2,140.00 |
| 90-6550 · Contract Labor | 3,975.00 | 8,332.00 | 25,000.00 |
| 90-6610 · Business Attraction | 13,443.04 | 25,166.64 | 75,500.00 |
| 90-6800 · Professional Services | 99.54 | 6,000.00 | 56,081.79 |
| Total CONTRACTUAL SERVICES | 18,965.58 | 47,212.00 | 179,721.79 |
| 90-9000 · ENTREPRENEUR CENTER | | | |
| 90-9001 · Start Up | 0.00 | 4,146.64 | 12,440.00 |
| 90-9002 · Operations | 12,488.00 | 11,666.64 | 35,000.00 |
| Total 90-9000 · ENTREPRENEUR CENTER | 12,488.00 | 15,813.28 | 47,440.00 |
| 90-9100 · BUSINESS RETENTION | | | |
| 90-9101 · Flyers / Design | 558.00 | 0.00 | 0.00 |
| 90-9102 · Workshops | 0.00 | 166.64 | 500.00 |
| 90-9103 · Retention | -241.23 | 4,000.00 | 12,000.00 |
| 90-9104 · Travel | 0.00 | 0.00 | 0.00 |
| 90-9105 · Visits | 0.00 | 0.00 | 0.00 |
| 90-9106 · Workforce Development Training | 0.00 | 400.00 | 1,200.00 |
| 90-9107 · Workforce Development Events | 0.00 | 1,000.00 | 3,000.00 |
| 90-9100 · BUSINESS RETENTION - Other | 0.00 | 0.00 | 0.00 |
| Total 90-9100 · BUSINESS RETENTION | 316.77 | 5,566.64 | 16,700.00 |
| Total EDC NON-DEPARTMENTAL | 31,770.35 | 68,591.92 | 243,861.79 |
| OTHER EXPENDITURES | | | |
| 90-8600 · CAPITAL OUTLAY | | | |
| 90-8607 · New Business Park Study | 2,605.00 | 666,666.64 | 2,000,000.00 |
| 90-8601 · Constitution | 0.00 | 0.00 | 0.00 |
| 90-8602 · Land Exchange | 1,172.79 | 500,000.00 | 1,500,000.00 |
| 90-8605 · Infrastructure | 26,650.50 | 0.00 | 0.00 |
| Total 90-8600 · CAPITAL OUTLAY | 30,428.29 | 1,166,666.64 | 3,500,000.00 |
| Total OTHER EXPENDITURES | 30,428.29 | 1,166,666.64 | 3,500,000.00 |

Copperas Cove Economic Development Corporation
Profit & Loss Budget Performance
October 2023 through January 2024

| | <u>Oct '23 - Jan 24</u> | <u>YTD Budget</u> | <u>Annual Budget</u> |
|---------------------|-------------------------|----------------------|----------------------|
| Total EXPENDITURES | 266,144.98 | 1,478,188.84 | 4,471,152.79 |
| Total Expense | 266,144.98 | 1,478,188.84 | 4,471,152.79 |
| Net Ordinary Income | 288,192.01 | -1,078,188.84 | -3,271,152.79 |
| Net Income | <u>288,192.01</u> | <u>-1,078,188.84</u> | <u>-3,271,152.79</u> |

Copperas Cove Economic Development Corporation
Profit & Loss

January 2024

Jan 24

Ordinary Income/Expense

Income

Revenues

Sales Tax Income 96,354.39

Interest Income 36,485.69

Total Revenues 132,840.08

Total Income 132,840.08

Expense

EXPENDITURES

EDC ADMINISTRATION

PERSONNEL

00-1150 · Phone Reimbursement 320.00

00-1100 · Car Allowance 500.00

00-1000 · Staff Salary 13,516.82

00-1200 · Longevity 18.46

00-1500 · FICA Tax 2,044.40

00-1600 · Employee Insurance 1,717.50

00-1800 · Retirement 3,597.05

00-1901 · Other Personnel Expenses 21.19

Total PERSONNEL 21,735.42

SUPPLIES AND MATERIALS

00-2030 · Office Supplies 528.58

00-2200 · Postage/Shipping 97.00

Total SUPPLIES AND MATERIALS 625.58

REPAIRS AND MAINTENANCE

00-4100 · Repairs & Maint. - Bldg 1,696.79

00-4200 · Repairs & Maint. - Facility 86.47

00-4400 · Repairs & Maint. - Equipment 300.00

Total REPAIRS AND MAINTENANCE 2,083.26

CONTRACTUAL SERVICES

00-6100 · Advertising 121.50

00-6200 · Communication 495.19

00-6300 · Rental of Equip / Copier Lease 289.99

00-6350 · Rental of Property 2,602.49

00-6400 · Dues and Subscriptions 1,782.38

00-6600 · Professional Development 2,811.13

00-6800 · Professional Services 4,831.21

00-6900 · Utilities 149.52

Total CONTRACTUAL SERVICES 13,083.41

DESIGNATED EXPENSES

00-7000 · Insurance Expense 1,161.40

00-1998 · Board Related Expenses 599.28

00-1999 · Public Relations 248.80

Total DESIGNATED EXPENSES 2,009.48

Total EDC ADMINISTRATION 39,537.15

Copperas Cove Economic Development Corporation Profit & Loss

January 2024

Jan 24

| | |
|--|-------------------------|
| DEBT SERVICES | |
| 10-9326 · 2012 Sales Tax Bond Note Int | 2,791.18 |
| Total DEBT SERVICES | <u>2,791.18</u> |
| EDC NON-DEPARTMENTAL | |
| CONTRACTUAL SERVICES | |
| 90-6400 · Dues and Subscriptions | 150.00 |
| 90-6550 · Contract Labor | 125.00 |
| 90-6610 · Business Attraction | 1,688.94 |
| Total CONTRACTUAL SERVICES | <u>1,963.94</u> |
| Total EDC NON-DEPARTMENTAL | 1,963.94 |
| OTHER EXPENDITURES | |
| 90-8600 · CAPITAL OUTLAY | |
| 90-8605 · Infrastructure | 17,578.00 |
| Total 90-8600 · CAPITAL OUTLAY | <u>17,578.00</u> |
| Total OTHER EXPENDITURES | <u>17,578.00</u> |
| Total EXPENDITURES | <u>61,870.27</u> |
| Total Expense | <u>61,870.27</u> |
| Net Ordinary Income | <u>70,969.81</u> |
| Net Income | <u><u>70,969.81</u></u> |

Copperas Cove Economic Development Corporation Reconciliation Detail

Cash- Cadence Bank, Period Ending 01/31/2024

| Type | Date | Num | Name | Clr | Amount | Balance |
|---------------------------------------|------------|---------|--------------------------|-----|------------|--------------|
| Beginning Balance | | | | | | 1,890,438.37 |
| Cleared Transactions | | | | | | |
| Checks and Payments - 47 items | | | | | | |
| Check | 12/20/2023 | 3291 | SizeUp, Inc | X | -12,488.00 | -12,488.00 |
| Check | 12/20/2023 | 3296 | Site Selectors Guild | X | -3,500.00 | -15,988.00 |
| Check | 12/20/2023 | 3290 | Perry Office Plus | X | -3,400.08 | -19,388.08 |
| Check | 12/20/2023 | 3294 | Clark Associates, P... | X | -2,387.50 | -21,775.58 |
| Check | 12/20/2023 | 3293 | Top Notch Lawn Care | X | -2,250.00 | -24,025.58 |
| Check | 12/20/2023 | 3286 | Texas Economic De... | X | -550.00 | -25,575.58 |
| Check | 12/20/2023 | 3292 | Oncor | X | -500.00 | -25,075.58 |
| Check | 12/20/2023 | 3295 | Texas Economic De... | X | -200.00 | -25,275.58 |
| Check | 12/20/2023 | 3287 | Centex Technologies | X | -160.00 | -25,435.58 |
| Check | 12/20/2023 | 3288 | Copperas Cove Ban... | X | -112.00 | -25,547.58 |
| General Journal | 01/02/2024 | 98 | McMullin Properties | X | -2,602.49 | -28,150.07 |
| Liability Check | 01/02/2024 | 3299 | City of Copperas Co... | X | -1,725.10 | -29,875.17 |
| Check | 01/02/2024 | 3302 | Pristine Building Mai... | X | -625.00 | -30,500.17 |
| Check | 01/02/2024 | 3305 | Philadelphia Insuran... | X | -580.70 | -31,080.87 |
| Check | 01/02/2024 | 3303 | Land Exchange | X | -328.00 | -31,408.87 |
| General Journal | 01/02/2024 | 103 | Brightspeed | X | -258.57 | -31,667.44 |
| Check | 01/02/2024 | 3301 | Cove Leader Press | X | -121.50 | -31,788.94 |
| Check | 01/02/2024 | 3304 | Killeen Pest Control | X | -75.00 | -31,863.94 |
| Check | 01/02/2024 | 3306 | INHOUSE SYSTEM... | X | -39.99 | -31,903.93 |
| Liability Check | 01/02/2024 | 3300 | United Way | X | -2.00 | -31,905.93 |
| Liability Check | 01/05/2024 | 3312 | City of Copperas Co... | X | -4,879.15 | -36,785.08 |
| Paycheck | 01/05/2024 | ACH | Frederick H Welch | X | -4,055.49 | -40,840.57 |
| Paycheck | 01/05/2024 | ACH | Sean Renzo Stevens | X | -2,134.22 | -42,974.79 |
| Paycheck | 01/05/2024 | ACH | Brittany P Sanders | X | -1,586.59 | -44,561.38 |
| Paycheck | 01/05/2024 | ACH | Sheena M Tanner | X | -1,444.23 | -46,005.61 |
| Paycheck | 01/05/2024 | ACH | Anne R Seneca | X | -520.10 | -46,525.71 |
| Liability Check | 01/08/2024 | EFTPS | US Treasury | X | -2,775.18 | -49,300.89 |
| General Journal | 01/15/2024 | 96 | Spectrum Business | X | -236.62 | -49,537.51 |
| General Journal | 01/17/2024 | 101 | TXU Energy | X | -532.98 | -50,070.49 |
| Check | 01/19/2024 | 3322 | Clark Associates, P... | X | -17,250.00 | -67,320.49 |
| Paycheck | 01/19/2024 | ACH | Frederick H Welch | X | -4,055.49 | -71,375.98 |
| Paycheck | 01/19/2024 | ACH | Sean Renzo Stevens | X | -2,134.22 | -73,510.20 |
| Paycheck | 01/19/2024 | ACH | Brittany P Sanders | X | -1,646.96 | -75,157.16 |
| Paycheck | 01/19/2024 | ACH | Sheena M Tanner | X | -1,423.02 | -76,580.18 |
| Paycheck | 01/19/2024 | ACH | Anne R Seneca | X | -1,229.34 | -77,809.52 |
| Check | 01/19/2024 | 3323 | City of Copperas Co... | X | -120.06 | -77,929.58 |
| Liability Check | 01/22/2024 | EFTPS | US Treasury | X | -3,081.88 | -81,011.46 |
| General Journal | 01/22/2024 | 97 | Iron Mountain | X | -265.60 | -81,277.06 |
| General Journal | 01/24/2024 | 102 | Konica Minolta | X | -289.99 | -81,567.05 |
| General Journal | 01/30/2024 | 105 | TIB The Independen... | X | -3,236.10 | -84,803.15 |
| General Journal | 01/30/2024 | 96 | Wal-Mart | X | -41.25 | -84,844.40 |
| Liability Check | 01/31/2024 | TWC ... | TWC | X | -28.41 | -84,872.81 |
| Paycheck | 02/02/2024 | ACH | Frederick H Welch | X | -4,055.50 | -88,928.31 |
| Paycheck | 02/02/2024 | ACH | Sean Renzo Stevens | X | -2,134.23 | -91,062.54 |
| Paycheck | 02/02/2024 | Ach | Brittany P Sanders | X | -1,646.98 | -92,709.52 |
| Paycheck | 02/02/2024 | ACH | Sheena M Tanner | X | -1,423.05 | -94,132.57 |
| Paycheck | 02/02/2024 | Ach | Anne R Seneca | X | -1,141.90 | -95,274.47 |
| Total Checks and Payments | | | | | -95,274.47 | -95,274.47 |
| Deposits and Credits - 2 items | | | | | | |
| Deposit | 01/30/2024 | | | X | 96,354.39 | 96,354.39 |
| Deposit | 01/31/2024 | | | X | 4,715.37 | 101,069.76 |
| Total Deposits and Credits | | | | | 101,069.76 | 101,069.76 |
| Total Cleared Transactions | | | | | 5,795.29 | 5,795.29 |
| Cleared Balance | | | | | 5,795.29 | 1,896,233.66 |
| Uncleared Transactions | | | | | | |
| Checks and Payments - 16 items | | | | | | |
| Check | 01/19/2024 | 3327 | Regions Bank | | -16,206.84 | -16,206.84 |
| Check | 01/19/2024 | 3325 | DonkBuilt Service E... | | -650.00 | -16,856.84 |
| Check | 01/19/2024 | 3324 | DonkBuilt Service E... | | -650.00 | -17,506.84 |
| Check | 01/19/2024 | 3319 | Centex Technologies | | -160.00 | -17,666.84 |

Copperas Cove Economic Development Corporation Reconciliation Detail

02/16/24

Cash- Cadence Bank, Period Ending 01/31/2024

| Type | Date | Num | Name | Clr | Amount | Balance |
|---------------------------------------|------------|-------|--------------------------|-----|-------------------|---------------------|
| Check | 01/19/2024 | 3326 | Centex Technologies | | -140.00 | -17,806.84 |
| Check | 01/19/2024 | 3320 | Crazy Cactus Lawn ... | | -125.00 | -17,931.84 |
| Check | 01/19/2024 | 3321 | Rotary Club of Copp... | | -100.00 | -18,031.84 |
| Check | 01/19/2024 | 3318 | Jeremy Gonzales | | -80.00 | -18,111.84 |
| Check | 01/23/2024 | 3328 | Neon Cloud Producti... | | -234.42 | -18,346.26 |
| Check | 01/30/2024 | 3320 | Mike Barnes Group, ... | | -4,000.00 | -22,346.26 |
| Check | 01/30/2024 | 3322 | Texas Economic De... | | -725.00 | -23,071.26 |
| Check | 01/30/2024 | 3324 | Pristine Building Mai... | | -625.00 | -23,696.26 |
| Check | 01/30/2024 | 3323 | Philadelphia Insuran... | | -580.70 | -24,276.96 |
| Check | 01/30/2024 | 3321 | Camera Artistry Pho... | | -445.00 | -24,721.96 |
| Check | 01/30/2024 | 3325 | Killeen Daily Herald | | -166.00 | -24,887.96 |
| Check | 01/30/2024 | 3319 | Killeen Pest Control | | -75.00 | -24,962.96 |
| Total Checks and Payments | | | | | -24,962.96 | -24,962.96 |
| Total Uncleared Transactions | | | | | -24,962.96 | -24,962.96 |
| Register Balance as of 01/31/2024 | | | | | -19,167.67 | 1,871,270.70 |
| New Transactions | | | | | | |
| Checks and Payments - 17 items | | | | | | |
| Liability Check | 02/06/2024 | 3326 | City of Copperas Co... | | -5,111.60 | -5,111.60 |
| Check | 02/06/2024 | 3327 | Pristine Building Mai... | | -625.00 | -5,736.60 |
| Check | 02/12/2024 | 3335 | ProTrack Plus | | -5,000.00 | -10,736.60 |
| Liability Check | 02/12/2024 | EFTPS | US Treasury | | -3,034.64 | -13,771.24 |
| Check | 02/12/2024 | 3331 | DonkBuilt Service E... | | -831.21 | -14,602.45 |
| Check | 02/12/2024 | 3329 | Copperas Cove Edu... | | -500.00 | -15,102.45 |
| Check | 02/12/2024 | 3332 | Clark Associates, P... | | -370.00 | -15,472.45 |
| Check | 02/12/2024 | 3330 | Centex Technologies | | -160.00 | -15,632.45 |
| Check | 02/12/2024 | 3334 | City of Copperas Co... | | -149.52 | -15,781.97 |
| Check | 02/12/2024 | 3333 | Texas Economic De... | | -100.00 | -15,881.97 |
| Liability Check | 02/14/2024 | 3338 | City of Copperas Co... | | -3,474.72 | -19,356.69 |
| Liability Check | 02/14/2024 | 3339 | United Way | | -2.00 | -19,358.69 |
| Paycheck | 02/16/2024 | ACH | Frederick H Welch | | -4,055.49 | -23,414.18 |
| Paycheck | 02/16/2024 | ACH | Sean Renzo Stevens | | -2,126.62 | -25,540.80 |
| Paycheck | 02/16/2024 | ACH | Brittany P Sanders | | -1,649.17 | -27,189.97 |
| Paycheck | 02/16/2024 | ACH | Sheena M Tanner | | -1,423.02 | -28,612.99 |
| Paycheck | 02/16/2024 | ACH | Anne R Seneca | | -1,317.77 | -29,930.76 |
| Total Checks and Payments | | | | | -29,930.76 | -29,930.76 |
| Total New Transactions | | | | | -29,930.76 | -29,930.76 |
| Ending Balance | | | | | -49,098.43 | 1,841,339.94 |

Copperas Cove Economic Development Corporation

Reconciliation Summary

Cash- Cadence Bank, Period Ending 01/31/2024

| | <u>Jan 31, 24</u> |
|--|----------------------------|
| Beginning Balance | 1,890,438.37 |
| Cleared Transactions | |
| Checks and Payments - 47 items | -95,274.47 |
| Deposits and Credits - 2 items | 101,069.76 |
| Total Cleared Transactions | <u>5,795.29</u> |
| Cleared Balance | <u>1,896,233.66</u> |
| Uncleared Transactions | |
| Checks and Payments - 16 items | -24,962.96 |
| Total Uncleared Transactions | <u>-24,962.96</u> |
| Register Balance as of 01/31/2024 | <u>1,871,270.70</u> |
| New Transactions | |
| Checks and Payments - 17 items | -29,930.76 |
| Total New Transactions | <u>-29,930.76</u> |
| Ending Balance | <u>1,841,339.94</u> |

Copperas Cove Economic Development Corporation
Reconciliation Detail
TEXPOOL ACCOUNT, Period Ending 01/31/2024

| Type | Date | Num | Name | Clr | Amount | Balance |
|--------------------------------------|------------|-----|------|-----|------------------|---------------------|
| Beginning Balance | | | | | | 6,062,770.48 |
| Cleared Transactions | | | | | | |
| Deposits and Credits - 1 item | | | | | | |
| General Journal | 01/31/2024 | 97 | | X | 27,524.89 | 27,524.89 |
| Total Deposits and Credits | | | | | 27,524.89 | 27,524.89 |
| Total Cleared Transactions | | | | | 27,524.89 | 27,524.89 |
| Cleared Balance | | | | | 27,524.89 | 6,090,295.37 |
| Register Balance as of 01/31/2024 | | | | | 27,524.89 | 6,090,295.37 |
| Ending Balance | | | | | 27,524.89 | 6,090,295.37 |

10:22 AM

03/07/24

Copperas Cove Economic Development Corporation

Reconciliation Summary

TEXPOOL ACCOUNT, Period Ending 01/31/2024

| | <u>Jan 31, 24</u> |
|--|----------------------------|
| Beginning Balance | 6,062,770.48 |
| Cleared Transactions | |
| Deposits and Credits - 1 item | <u>27,524.89</u> |
| Total Cleared Transactions | <u>27,524.89</u> |
| Cleared Balance | <u>6,090,295.37</u> |
| Register Balance as of 01/31/2024 | 6,090,295.37 |
| Ending Balance | 6,090,295.37 |

Economic Development Corporation

H.2

Meeting Date: March 27, 2024

Contact: Fred Welch, Executive Director, Copperas Cove EDC

Subject:

Consideration and action on approving the Fiscal Year 2022-2023 Annual Financial Report (Audit).

Fred Welch, Executive Director, Copperas Cove EDC.

Description/Information:

Per Texas Local Government Code §103.001, a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit.

The accounting firm Pattillo, Brown, and Hill was selected on August 2, 2022, by the City Council to perform the annual audit in compliance with U.S. Generally Accepted Accounting Principles and in accordance with Government Auditing Standards for the City and Economic Development Corporation (EDC). This is the second year that Pattillo has performed the financial audit for the Corporation.

Financial Impact:

TBD

Action/Recommendation:

The CCEDC Staff recommends the Board of Directors approve the Fiscal Year 2022-2023 Annual Financial Report.

Attachments:

Annual Financial Report for Fiscal Year 2022-2023

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

(a component unit of the City of Copperas Cove, Texas)

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

YEAR ENDED SEPTEMBER 30, 2023

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

SEPTEMBER 30, 2023

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COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting
and On Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Copperas Cove Economic Development Corporation
Copperas Cove, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the Copperas Cove Economic Development Corporation, Texas (the "EDC"), a component unit of the City of Copperas Cove, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the EDC's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the EDC, as of September 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the EDC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The EDC's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the EDC's ability to continue as a going concern for one year after the date that the financial statements are issued.

OFFICE LOCATIONS

TEXAS | Dallas | Fort Worth | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 EDC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the EDC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information 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 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2024, on our consideration of the EDC’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the EDC’s internal control over financial reporting and compliance.

Waco, Texas
February 21, 2024

DRAFT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

This section of the Copperas Cove Economic Development Corporation (the EDC) annual financial report presents our discussion and analysis of the EDC's financial performance during the fiscal year ended September 30, 2023. Please read it in conjunction with the EDC's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of the EDC exceeded its liabilities and deferred inflows at September 30, 2023 by \$9,063,728 (net position), \$368,884 of which reflects its net investment in capital assets, and \$8,694,844 of which is restricted for economic development.
- The EDC's net position increased by \$780 due to a decrease in expenses that coincided with a decrease in sales tax revenue.
- The EDC had a favorable budget variance of \$1,800,135. Actual expenditures were \$1,635,695 less than budgeted, revenues were \$164,440 more than budgeted.

Overview of Financial Statements

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These provide information about the activities of the EDC as a whole and present a longer-term view of the EDC's property and debt obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements report the EDC's operations in more detail than the government-wide statements by providing information about the EDC's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources and supply the basis for the appropriations budget.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

Government-wide financial statements – The government-wide financial statements report information about the EDC as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, deferred outflows, liabilities and deferred inflows. The Statement of Activities accounts for all of the current period's revenues and expenses.

The two government-wide financial statements report the EDC's net position and how they have changed. Net position, the difference between the EDC's assets, deferred outflows, liabilities and deferred inflows, is one way to measure the EDC's financial health or position.

- Over time, increases or decreases in the EDC's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the EDC, consider additional non-financial factors such as changes in the EDC's revenue base.

**COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION'S
NET POSITION**

| | Governmental-Type Activities | |
|-------------------------------------|------------------------------|---------------------|
| | 2023 | 2022 |
| Current and other assets | \$ 10,652,047 | \$ 10,127,575 |
| Capital assets | <u>368,884</u> | <u>372,681</u> |
| Total assets | <u>11,020,931</u> | <u>10,500,256</u> |
| Deferred outflows of resources | <u>164,882</u> | <u>41,154</u> |
| Current liabilities | 730,154 | 166,236 |
| Noncurrent liabilities | <u>1,374,496</u> | <u>1,245,071</u> |
| Total liabilities | <u>2,104,650</u> | <u>1,411,307</u> |
| Deferred inflows of resources | <u>17,435</u> | <u>67,155</u> |
| Net position: | | |
| Net investment in capital assets | 368,884 | 372,681 |
| Restricted for economic development | <u>8,694,844</u> | <u>8,690,267</u> |
| Total net position | <u>\$ 9,063,728</u> | <u>\$ 9,062,948</u> |

**COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION'S
CHANGES IN NET POSITION**

| | Governmental Activities | |
|----------------------------|-------------------------|---------------------|
| | 2023 | 2022 |
| Revenues: | | |
| General revenues: | | |
| Sales tax | \$ 1,426,739 | \$ 1,751,450 |
| Investment earnings | 340,235 | 46,521 |
| Gain on disposal of assets | <u>1,113</u> | <u>543,742</u> |
| Total revenues | <u>1,768,087</u> | <u>2,341,713</u> |
| Expenses: | | |
| Economic development | 1,731,858 | 837,611 |
| Interest on long-term debt | <u>35,449</u> | <u>42,215</u> |
| Total expenses | <u>1,767,307</u> | <u>879,826</u> |
| Change in net position | 780 | 1,461,887 |
| Net position, beginning | <u>9,062,948</u> | <u>7,601,061</u> |
| Net position, ending | <u>\$ 9,063,728</u> | <u>\$ 9,062,948</u> |

Fund financial statements – The fund financial statements provide more detailed information about the EDC’s most significant funds, not the EDC as a whole. Funds are accounting devices that the EDC uses to keep track of specific sources of funding and spending for particular purposes.

Governmental fund – All of the EDC’s basic services are reported in one general governmental fund. This fund uses modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and reports balances at the end of the fiscal period. The governmental fund statements provide a detailed, short-term view of the EDC’s general operations and the basic services it provides. The difference between the governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliation narratives following each of the fund financial statements.

Budgetary Highlights

A budgetary comparison is required for the general fund. This schedule (page 30) compares the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures. Amendments to the adopted budget may occur throughout the year in a legally permissible manner. There were some budget amendments made during fiscal year 2023, which were presented to both the City Council and the Board of Directors.

During the year, actual revenues exceeded budgeted revenues by \$164,440, and budgeted expenditures exceeded total amounts by \$1,635,695.

Capital Assets and Debt Administration

Capital Assets - As of September 30, 2023, the Corporation has \$368,884 invested in various capital assets, net of accumulated depreciation.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2023 and 2022. Additional information on the Corporation's capital assets may be found in the notes to the financial statements.

There were no major capital asset events during the current fiscal year.

| | Governmental Activities | |
|-------------------------------------|----------------------------|------------|
| | 2023 | 2022 |
| Government-wide capital assets: | | |
| Land | \$ 349,902 | \$ 349,902 |
| Equipment | 89,542 | 89,542 |
| Total capital assets | 439,444 | 439,444 |
| Less: accumulated depreciation | (70,560) | (66,763) |
| Government-wide capital assets, net | \$ 368,884 | \$ 372,681 |

Long-Term Debt. At September 30, 2023, the Corporation has total bonds in Sales Tax Revenue Bonds. The outstanding amount of \$1,040,000 is a decrease of \$115,000 from last year due to the EDC making regular payments on the only existing bond. Further details can be found in the notes to the financial statements.

Economic Factors

The vision of the Copperas Cove Economic Development Corporation (CCEDC) is to remain aggressive and intentional in its efforts to retain and attract quality business and sustainable economic growth the the community. Creating an attractive quality of place for residents and prospects is a focus of the CCEDC. By partnering with the community's stakeholders, which include the City Staff, Council, CCEDC Board of Directors and voluntary organizations, the CCEDC has established a strategy by which the vision may be achieved.

Copperas Cove is a city located in central Texas, at the southern corner of Coryell County, with small portions in both Lampasas and Bell counties. Founded in 1879 as a small ranching and farming community, it is the largest city in Coryell County, with 36,670 residents as of the 2020 census and an estimated 39,627 in 2024. The 2024 population estimate shows a growth of 4.28% since the 2010 census. The city's economy is closely linked to nearby Fort Cavazos (formerly Fort Hood), making it a part of the Killeen-Temple-Fort Cavazos Metropolitan Statistical Area (MSA). Locals usually refer to the town as "Cove".

The city has maintained steady tax base growth. Certified property valuations increased 16.90% for FY 2022-2023, from \$1,712,400,504 to \$2,001,837,175. Most of the city's current values come from residential housing but Copperas Cove is experiencing new commercial and industrial growth expected to come online in the next three years.

The city is carefully evolving from a bedroom community of 39,627 residents to a full-service community offering restaurants, retail, office and health care services. In the 2022-2023 FY, the city issued 65 Certificate of Occupancy permits for businesses, and during that same time frame, 366 new residential permits were issued. A steady increase in sales tax revenue will help diversify the City's tax base and provide additional revenue sources. The revenue will lessen the City's dependence on property taxes and provide dollars to address the opportunities of a growing community.

Request for Information

The financial report is designed to provide a general overview of the Corporation’s finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director at fwelch@coveedc.com or in writing at 113 West Avenue D, Copperas Cove, Texas 76522.

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BASIC FINANCIAL STATEMENTS

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COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

| | Governmental Activities |
|---------------------------------------|----------------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 10,439,784 |
| Accrued interest | 3,647 |
| Taxes receivable | 208,616 |
| Capital assets: | |
| Land | 349,902 |
| Equipment, net | <u>18,982</u> |
| Total assets | <u>11,020,931</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Related to - pensions | 158,915 |
| Related to - OPEB - RHP | 2,593 |
| Related to - OPEB - SDBF | <u>3,374</u> |
| Total deferred outflows of resources | <u>164,882</u> |
| LIABILITIES | |
| Accounts payable | \$ 7,751 |
| Accrued liabilities | 8,940 |
| Due to primary government | 709,412 |
| Accrued interest payable | 4,051 |
| Noncurrent liabilities: | |
| Due within one year | 119,475 |
| Due in more than one year | <u>1,255,021</u> |
| Total liabilities | <u>2,104,650</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Related to - OPEB - RHP | 8,442 |
| Related to - OPEB - SDBF | <u>8,993</u> |
| Total deferred inflows of resources | <u>17,435</u> |
| NET POSITION | |
| Net investment in capital assets | 368,884 |
| Restricted for: | |
| Economic development | <u>8,694,844</u> |
| Total net position | \$ <u>9,063,728</u> |

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Functions/Programs: | Expenses | Net (Expense) Revenue and Changes in Net Position Governmental Activities |
|-------------------------------|---------------------|---|
| Governmental activities: | | |
| Economic development | \$ 1,731,858 | \$ (1,731,858) |
| Interest on long-term debt | 35,449 | (35,449) |
| Total governmental activities | <u>\$ 1,767,307</u> | <u>\$ (1,767,307)</u> |
| General revenues: | | |
| Sales and use taxes | | 1,426,739 |
| Investment earnings | | 340,235 |
| Miscellaneous | | 1,113 |
| Total general revenues | | <u>1,768,087</u> |
| Change in net position | | <u>780</u> |
| Net position - beginning | | <u>9,062,948</u> |
| Net position - ending | | <u>\$ 9,063,728</u> |

DRAFT

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

BALANCE SHEET
GOVERNMENTAL FUND

SEPTEMBER 30, 2023

| | <u>General Fund</u> |
|-------------------------------------|----------------------|
| ASSETS | |
| Cash and cash equivalents | \$ 10,439,784 |
| Taxes receivable | <u>208,616</u> |
| Total assets | <u>10,648,400</u> |
| LIABILITIES | |
| Accounts payable | 7,751 |
| Accrued liabilities | 8,940 |
| Due to primary government | <u>709,412</u> |
| Total liabilities | <u>726,103</u> |
| FUND BALANCE | |
| Restricted for economic development | <u>9,922,298</u> |
| Total fund balance | <u>9,922,298</u> |
| Total liabilities and fund balances | <u>\$ 10,648,401</u> |

DRAFT

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

Total fund balance - governmental fund \$ 9,922,298

Amounts reported for governmental activities in the statement of net position are different because:

Interest receivable is not available soon enough to pay for the current period's expenditures and is therefore deferred in the fund financial statements. 3,647

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.

Capital assets 439,444
Accumulated depreciation (70,560)

Long-term debt is not due and payable in the current period, and therefore is not reported in the funds. These amounts include:

Long-term debt (1,040,000)
Accrued interest (4,051)

Long-term employee benefit related liabilities are not due and payable in the current period, and therefore are not reported in the funds. These amounts include:

Net pension liability (290,931)
Deferred outflows related to pensions 158,915
Other postemployment benefits (30,737)
Deferred outflows related to OPEB 5,967
Deferred inflows related to OPEB (17,435)
Compensated absences (12,829)

Net position of governmental activities \$ 9,063,728

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | <u>General</u> |
|---|---------------------|
| REVENUES | |
| Sales and use taxes | \$ 1,426,739 |
| Investment earnings | 336,588 |
| Miscellaneous | <u>1,113</u> |
| Total revenues | <u>1,764,440</u> |
| EXPENDITURES | |
| Current: | |
| Economic Development | 1,654,172 |
| Debt service: | |
| Principal | 115,000 |
| Interest and fiscal charges | <u>33,150</u> |
| Total expenditures | <u>1,802,322</u> |
| Excess (deficiency) of revenues over (under) expenditures | (37,882) |
| NET CHANGE IN FUND BALANCES | (37,882) |
| FUND BALANCE, BEGINNING OF YEAR | <u>9,960,180</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 9,922,298</u> |

DRAFT

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | |
|---|-----------------|
| Net change in fund balance - governmental fund | \$ (37,882) |
| <p>Interest receivable is not available soon enough to pay for the current period's expenditures and is therefore deferred in the fund financial statements.</p> | |
| | 3,647 |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) to net position.</p> | |
| Depreciation expense | (3,797) |
| <p>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 the governmental funds. Neither transaction, however, has an effect on net position. The impact of recording these items, and related activity includes:</p> | |
| Payments on debt | 115,000 |
| Change in accrued interest | (2,299) |
| <p>Compensated absences, pension liability, and other postemployment benefits are not recognized in the governmental fund financial statements as they will not be settled with current financial resources; however these obligations are recognized in the governmental activities statement of net position. The change in these items includes:</p> | |
| Compensated absences | (1,590) |
| Net pension liability | (246,668) |
| Deferred outflow - pension | 123,904 |
| Deferred inflow - pension | 63,701 |
| Other postemployment benefits | 921 |
| Deferred outflows - OPEB | (176) |
| Deferred inflow - OPEB | <u>(13,981)</u> |
| Change in net position of governmental activities | \$ <u>780</u> |

**COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION
A COMPONENT UNIT OF THE CITY OF COPPERAS COVE, TEXAS**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Copperas Cove Economic Development Corporation (the EDC) was organized by the City of Copperas Cove, Texas (the City) to account for a half-cent sales tax devoted to diversifying and strengthening the City's economy. The results of the City of Copperas Cove November 8, 2016, election to reduce the city sales and use tax for economic and industrial development 1/8% as permitted under the provisions of chapter 504, Type A Corporations of the Texas Local government Code and to adopt 1/8% city sales and use tax for Municipal Street Maintenance as permitted under chapter 327 of the Texas Tax Code. This reduction of sales taxes took effect on June 30, 2017.

The Corporation operates under the legislative authority of the State of Texas and is governed by the Development Corporation Act of 1979. The Corporation is a nonprofit corporation organized exclusively for the purpose of promoting, assisting and enhancing economic development activities of the City of Copperas Cove. The City Council appoints and can remove the Corporation's directors and approves its budget.

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

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the EDC.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses of a given function or segment are offset by program revenues. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from the goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program instead of general revenue.

Separate financial statements are provided for governmental funds.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities, and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e., revenues and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liabilities are incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to certain compensated absences, claims, and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The EDC considers all revenues available if they are collectible within 60 days after year end.

Sales tax and interest associated with the current fiscal period are recognized under the susceptible to accrual concept, that is, when they are both measurable and available. The EDC considers them "available" if they will be collected within 60 days of the end of the fiscal year. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned, since they are both measurable and available.

D. Fund Accounting

The EDC reports the following major governmental fund:

The **General Fund** is the EDC's only operating fund. It accounts for all financial resources of the general government.

E. Budgets

Budgets are adopted for the general fund on a basis consistent with accounting principles generally accepted in the United States of America (US GAAP). All annual appropriations lapse at fiscal year-end. No supplemental appropriations were made during the year.

F. Deposits and Investments

The EDC's cash and cash equivalents are considered to be cash on hand and demand deposits. The EDC's investment balances consist of money market accounts in the form of demand deposits. Investments are made in accordance with the Investment Policy as amended by the EDC to comply with the Public Funds Investment Act. This policy, which is applicable to all EDC funds, permits investments in collateralized certificates of deposit, obligations of the U.S. Government or its agencies, obligations of the State of Texas or its agencies, other obligation unconditionally insured or guaranteed by the State or investments, negotiable orders of withdrawal, banker's acceptances, mutual funds, and obligations of other states, agencies, counties, cities or other political subdivisions with a rating of A or better from a nationally recognized investment rating firm.

G. Sales Tax Receivable

Sales taxes collected by the State Comptroller are remitted to the City of Copperas Cove two months after the sales tax returns are filed with the Comptroller. The City of Copperas Cove then remits one-half cent of the sales tax to the EDC. Tax collections are accrued in the year remitted to the State Comptroller.

H. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

| <u>Asset Type</u> | <u>Number of Years</u> |
|---------------------------|------------------------|
| Buildings | 25 |
| Facilities/Infrastructure | 25 - 40 |
| Vehicles | 7 |
| Equipment | 7 |
| Furniture and fixtures | 7 |

I. Compensated Absences

The EDC’s vacation policy grants employees vacation depending on longevity. Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it, which typically is the General Fund. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The EDC has the following items that qualify for reporting in this category:

- Pension contributions after measurement date – recognized in the subsequent year.
- Difference in projected and actual earnings on pension assets – amortized on a closed basis over a 5-year period.
- Changes in actual assumptions used to determine pension liability and expected and actual experiences amortized over the weighted average remaining service life of all participants in the respective qualified pension plan.
- Changes in actuarial assumptions and expected and actual experiences used to determine OPEB liability – amortized over the weighted average remaining service life of all participants in the respective OPEB plan.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources until that time. The EDC has the following items that qualify for reporting in this category:

- Difference in expected and actual economic experience for the EDC’s pension – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions – These changes are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

K. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employees, which is when the contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit's terms. Investments are reported at fair value.

L. OPEB

The EDC's OPEB plan has been determined using the flow of economic resources measurement focus and the full accrual basis of accounting. This includes for purposes of measuring the OPEB liability, deferred outflows, OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no assets as this is a pay-as-you-go plan.

M. Fund Balance

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The EDC uses restricted amounts first when both restricted and unrestricted fund balances are available. Additionally, the EDC would use committed, then assigned and lastly unassigned amounts of fund balance when expenditures are made.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of 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. Significant estimates included in the financial statements relate to net pension liability, which is based on various actuarial assumptions.

II. DEPOSITS AND INVESTMENTS

A. Deposits

At September 30, 2023, the EDC's deposits were fully covered by federal depository insurance or collateral held by the pledging financial institution's trust department or agent in the EDC's name and/or irrevocable standby letters of credit.

Under the Texas Local Government Investment Pool ("TexPool") Participations Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool's shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at First Public, 12008 Research Blvd., Austin, Texas 78759. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office. Due to its short-term, highly liquid nature, TexPool investments have been reported as cash equivalents. TexPool is rated AAAM by Standard and Poor's and carries a weighted average maturity of 25 days.

Custodial Credit Risk – Deposits – In the case of deposits, this is the risk that, in the event of a bank failure, the EDC’s deposits may not be returned to it. The EDC’s policy regarding types of deposits allowed and collateral requirements: the depository may be a state bank authorized and regulated by federal law; or a savings and loan association or savings bank organized under Texas law; but shall not be any bank the deposits of which are insured by the Federal Deposit Insurance EDC (FDIC). The EDC is not exposed to custodial credit risk for its deposits, as all are covered by general depository insurance and pledged securities.

TexPool has a redemption notice period of one day and may redeem daily. The investment pool’s authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium or national state of emergency.

B. Investments

The EDC is authorized to invest in the following: U.S. Government obligations and its agencies or instrumentalities; direct obligations of the State of Texas or its agencies and instrumentalities; other obligations, the principle and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of the State of Texas or United States or their respective agencies and instrumentalities; obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent rating; insurance or collateralized certificates of deposit, no-load SEC registered money market funds consisting of any of these securities listed with a dollar-weighted average stated maturity of 60 days or less and with an investment objective of a stable net asset value of \$1 for each share; eligible investment pools organized and operating in compliance with PFIA; fully collateralized repurchase agreements and reserve repurchase agreements; prime domestic commercial paper; prime domestic bankers’ acceptances; guaranteed investment contracts. For additional information see the City of Copperas Cove’s Investment Policy, for which the EDC also abides by, at www.copperascovetx.gov.

The EDC categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant observable inputs other than quoted market prices for similar assets; Level 3 inputs are significant unobservable inputs. The investments below are level 2 investments and were valued using the present value of future cash flow model.

The EDC’s investment carried at fair value as of September 30, 2023, were:

| Investment type: | Fair Value | Weighted Average Maturity (days) |
|-------------------------------------|---------------------|----------------------------------|
| TexPool | \$ 6,976,815 | 28 |
| CD's | <u>2,015,601</u> | 215 |
| | <u>\$ 8,992,416</u> | |
| Portfolio weighted average maturity | | 70 |

In compliance with the Public Funds Investment Act, the EDC has adopted a deposit and investment policy. That policy addressed the following risks:

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the EDC will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The EDC’s investments are in certificates of deposit.

Credit Risk: This is the risk that an issuer of an investment will be unable to fulfill its obligations. The rating of securities by nationally recognized rating agencies is designed to give an indication of credit risk. It is the EDC’s policy to limit its investments to those investments rated at least AAAM. The EDC is not exposed to any credit risk.

Interest Rate Risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the EDC manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than four years from the time of purchase; structuring the investment portfolio so that securities matured to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the second market prior to maturity; monitoring credit ratings of portfolio positions to assure compliance with rating requirements imposed by the Public Funds Investment Act; and investing operating funds primarily in short-term securities, money market mutual funds, or similar government investment pools.

Foreign Currency Risk: This is the risk that exchange rates will adversely affect the fair value of an investment. The EDC is not exposed to foreign currency risk.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of the EDC's investment in a single issuer (i.e., lack of diversification). Concentration risk is defined as positions of 5 percent (5%) or more in the securities of a single issuer. Investments that individually represent 5% or more include the certificates of deposits, which comprise 100% of the EDC's total portfolio.

III. RECEIVABLES

At September 30, 2023 the EDC had sales taxes receivable of \$208,616, and accrued interest receivable of \$3,647. Management considers all balances to be 100% collectible based on prior experience; therefore, no allowance for uncollectible accounts has been made.

IV. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2023 was as follows:

| | Beginning Balance | Additions | Retirements/ Transfers | Ending Balance |
|---|----------------------|-------------------|---------------------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 349,902 | \$ - | \$ - | \$ 349,902 |
| Total capital assets, not being depreciated | <u>349,902</u> | <u>-</u> | <u>-</u> | <u>349,902</u> |
| Capital assets being depreciated: | | | | |
| Equipment | 89,542 | - | - | 89,542 |
| Total assets being depreciated | <u>89,542</u> | <u>-</u> | <u>-</u> | <u>89,542</u> |
| Less accumulated depreciation for: | | | | |
| Equipment | (66,763) | (3,797) | - | (70,560) |
| Total accumulated depreciation | <u>(66,763)</u> | <u>(3,797)</u> | <u>-</u> | <u>(70,560)</u> |
| Total capital assets being depreciated, net | <u>22,779</u> | <u>(3,797)</u> | <u>-</u> | <u>18,982</u> |
| Governmental activities capital assets, net | <u>\$ 372,681</u> | <u>\$ (3,797)</u> | <u>\$ -</u> | <u>\$ 368,884</u> |

V. LONG-TERM LIABILITIES

The following is a summary of long-term liabilities for the year ended September 30, 2023:

| | Beginning Balance | Increases | Decreases | Ending Balance | Due Within One Year |
|-------------------------------|---------------------|-------------------|---------------------|---------------------|---------------------|
| Governmental activities: | | | | | |
| Compensated absences | \$ 12,843 | \$ 3,197 | \$ (3,212) | \$ 12,828 | \$ 3,207 |
| Bonds | 1,155,000 | - | (115,000) | 1,040,000 | 115,000 |
| Net pension liability | 44,263 | 304,061 | (57,393) | 290,931 | - |
| Total OPEB liability - RHP | 10,379 | 5,594 | (6,710) | 9,263 | 640 |
| Total OPEB liability - SDBF | <u>22,586</u> | <u>7,252</u> | <u>(8,364)</u> | <u>21,474</u> | <u>628</u> |
| Total governmental activities | <u>\$ 1,245,071</u> | <u>\$ 320,104</u> | <u>\$ (190,679)</u> | <u>\$ 1,374,496</u> | <u>\$ 119,475</u> |

The EDC’s outstanding bonded debt is as follows:

| | Interest Rate % | Issue Date | Maturity Date | Original Issue | Outstanding |
|-------------------------------------|-----------------|------------|---------------|---------------------|---------------------|
| Governmental activities: | | | | | |
| 2012 sales tax revenue bonds | 3.12 | 11/10/12 | 08/15/31 | <u>\$ 1,500,000</u> | <u>\$ 1,040,000</u> |
| Total governmental activities bonds | | | | <u>\$ 1,500,000</u> | <u>\$ 1,040,000</u> |

The annual requirements for the EDC’s outstanding bonds are as follows:

| Year Ended September 30, | Sales Tax Revenue Bonds Component Unit | |
|--------------------------|--|-------------------|
| | Principal | Interest |
| 2024 | \$ 115,000 | \$ 32,414 |
| 2025 | 120,000 | 28,829 |
| 2026 | 125,000 | 25,089 |
| 2027 | 130,000 | 21,194 |
| 2028 | 130,000 | 17,142 |
| 2029-2031 | <u>420,000</u> | <u>26,492</u> |
| Total | <u>\$ 1,040,000</u> | <u>\$ 151,160</u> |

VI. DEFINED BENEFIT PENSION PLAN

Plan Description. The City participates as one of 901 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 annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.org.

All eligible employees of the EDC are required to participate in TMRS.

Benefits Provided. TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City and the EDC, 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 city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments 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 City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

A summary of plan provisions are as follows:

| | |
|-----------------------------------|---|
| Employee deposit rate | 6% |
| Matching ratio (City to employee) | 2 to 1 |
| Years required for vesting | 5 |
| Service retirement eligibility | 20 years to any age, 5 years at age 60 and above |
| Updated service credit | 100% repeating transfers |
| Annual increase to retirees | 70% of CIP, repeating |

Contributions. The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the government matching percentages are with 100%, 150%, or 200%, both as adopted by the governing body of the City and the EDC. Under the state law governing TMRS, the contributions rate for each municipality 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 government were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the government were 12.62% and 13.07% in calendar years 2022 and 2023, respectively. The EDC's contributions to TMRS for the year ended September 30, 2023, were \$42,808 and were equal to the required contributions.

Actuarial assumptions. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|---|
| Inflation | 2.50% per year |
| Overall payroll growth | 2.35% per year |
| Investment Rate of Return | 6.75% net of pension plan investment expense, expense, including inflation |

Salary increases are 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, 2019 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 in fiscal year 2023 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|----------------------------------|-------------------|---|
| Global Equity | 35.00% | 7.70% |
| Core fixed income | 6.00% | 4.90% |
| Non-core fixed income | 20.00% | 8.70% |
| Other Public and Private Markets | 12.00% | 8.10% |
| Real estate | 12.00% | 5.80% |
| Hedge Funds | 5.00% | 6.90% |
| Private Equity | 10.00% | 11.80% |
| Total | <u>100.00%</u> | |

Discount Rate. 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 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.

At September 30, 2023, the EDC reported the following changes in Net Pension Liability:

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|-------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a)-(b) |
| Balance at 12/31/2020 | \$ 1,529,709 | \$ 1,469,046 | \$ 60,663 |
| Changes for the year: | | | |
| Service cost | 43,048 | - | 43,048 |
| Interest | 102,451 | - | 102,451 |
| Difference between expected and actual experience | 34,071 | - | 34,071 |
| Contributions - employer | - | 38,349 | (38,349) |
| Contributions - employee | - | 17,936 | (17,936) |
| Net investment income | - | (107,162) | 107,162 |
| Benefit payments, including refunds of employee contributions | (66,867) | (66,867) | - |
| Administrative expense | - | (928) | 928 |
| Other changes | - | 1,107 | (1,107) |
| Net changes | <u>112,703</u> | <u>(117,565)</u> | <u>230,268</u> |
| Balance at 12/31/2021 | <u>\$ 1,642,412</u> | <u>\$ 1,351,481</u> | <u>\$ 290,931</u> |

The following presents the EDC's proportionate share of the net pension liability, calculated using the discount rate of 6.75%, as well as what the EDC's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) and 1-percentage-point higher (7.75%) than the current rate:

| | 1% Decrease in Discount Rate (5.75%) | Current Single Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|-----------------------|--|--|--|
| Net pension liability | \$ <u>511,398</u> | \$ <u>290,931</u> | \$ <u>90,773</u> |
| Total | \$ <u>511,398</u> | \$ <u>290,931</u> | \$ <u>90,773</u> |

Pension Plan Fiduciary Net Position. Detailed information on about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained electronically at www.TMRS.org.

Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. For the year ended September 30, 2023, the EDC recognized pension expense of \$10,957. At September 30, 2023, the EDC 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 | \$ 33,188 | \$ - |
| Difference between projected and actual investment earnings | 93,109 | - |
| Contributions subsequent to the measurement date | <u>32,618</u> | <u>-</u> |
| Total | <u>\$ 158,915</u> | <u>\$ -</u> |

The \$32,618 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

| For the Year Ended September 30, | |
|-------------------------------------|-----------|
| 2024 | \$ 24,096 |
| 2025 | 36,053 |
| 2026 | 24,883 |
| 2027 | 41,265 |

VII. OTHER POST-EMPLOYMENT BENEFITS

The City provides for two other post-employment benefit (OPEB) plans: the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), and its own single-employer Retiree Benefits Plan. Both are described in detail below. Neither OPEB plan has fiduciary net position and thus all future benefit payments will be paid with City funds. As such, management has estimated the amount due within one year that is reported as a current liability in the statement of net position.

For the fiscal year 2023, the EDC had OPEB expense of \$761 for TMRS SDBF, and OPEB expense of \$864 for Retiree Benefit Plan for an aggregate OPEB expense of \$1,625. Aggregate amounts for the two plans are as follows:

| | Deferred outflows of resources | Deferred inflows of resources | Total OPEB Liability | Due within one year |
|----------------------|-----------------------------------|----------------------------------|----------------------|---------------------|
| TMRS SDBF | \$ 3,374 | \$ 8,993 | \$ 21,474 | \$ 628 |
| Retiree Benefit Plan | 2,593 | 8,442 | 9,263 | 640 |
| Total | <u>\$ 5,967</u> | <u>\$ 17,435</u> | <u>\$ 30,737</u> | <u>\$ 1,268</u> |

TMRS Supplemental Death Benefits Fund

Plan Description. The City voluntarily participates in a single-employer other post-employment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

Benefits Provided. The SDBF provides group-term life insurance to EDC employees who are active members in TMRS, including or not including retirees. The EDC opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other employment benefit and is a fixed amount of \$7,500.

Contributions. The EDC contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.41% for 2023 and 0.30% for 2022, of which 0.22% and 0.21%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate

is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The EDC's contributions to the SDBF for the year ended September 30, 2023 were \$699, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

Actuarial Assumptions. The EDC's total OPEB liability of \$21,474, was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

| | |
|------------------------|-------------------------|
| Inflation | 2.50% per year |
| Discount rate | 4.05% per year |
| Actuarial cost method | Entry Age Normal Method |
| Overall payroll growth | 3.5% to 11.50% per year |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females.

In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Changes in assumptions reflect the annual change in the municipal bond rate.

Discount Rate. A single discount rate of 4.05% was used to measure the total OPEB liability. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate. The projection of cash flows used to determine the discount rate assumed that contributions from the City is made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index’s “20-year Municipal GO AA Index” as of December 31, 2022.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the total OPEB Liability.

| | 1% Decrease in Discount Rate (3.05%) | Current Single Discount Rate (4.05%) | 1% Increase in Discount Rate (5.05%) |
|----------------------|--|--|--|
| Total OPEB liability | \$ 25,723 | \$ 21,474 | \$ 18,174 |
| Total | <u>\$ 25,723</u> | <u>\$ 21,474</u> | <u>\$ 18,174</u> |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2023, the EDC reported a total OPEB liability of \$21,474. The total OPEB Liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the EDC recognized OPEB expense of \$761. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

| | Increase (Decrease) Total OPEB Liability |
|--|--|
| Balance at 12/31/2021 | \$ 30,954 |
| Changes for the year: | |
| Service cost | 1,405 |
| Interest | 577 |
| Difference between expected and actual experience | 350 |
| Change in assumptions | (11,185) |
| Benefit payments, including refunds of employee contributions | (627) |
| Net changes | <u>(9,480)</u> |
| Balance at 12/31/2022 | <u>\$ 21,474</u> |

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%.

At September 30, 2023, the EDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---|--|
| Differences between expected and actual economic experience | \$ 456 | \$ 293 |
| Changes in actuarial assumptions | 2,373 | 8,700 |
| Contributions subsequent to the measurement date | <u>545</u> | <u>-</u> |
| Total | <u>\$ 3,374</u> | <u>\$ 8,993</u> |

The EDC reported \$545, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>For the Year Ended September 30,</u> | <u>Component Unit</u> |
|---|---------------------------|
| 2024 | \$ (1,052) |
| 2025 | (1,641) |
| 2026 | (2,267) |
| 2027 | (1,204) |

Post-employment Benefits Other Than Pensions (OPEB) – Retiree Health Plan

Plan Description. The City provides healthcare benefits through a single employer defined benefit healthcare plan for all full-time employees and retirees that meet the minimum retirement age of 60 and are vested in the retirement plan prior to retirement or have twenty years or more of service at any age. Currently, the retiree contributes 100% of the blended healthcare premium for coverage and is also responsible for payment of premiums for any dependent coverage. Retiree contribution rates for fiscal year 2022-2023 ranged from \$490 to \$1,755 per month depending on the coverage level selected. This plan is administered by the City and it has the authority to establish and amend the benefit terms and financing arrangements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits and Contributions. Survivors of employees who die while actively employed are not eligible for retiree healthcare benefits. Employees who become disabled are not eligible for retiree healthcare benefits unless they meet the City's retirement requirements, and they elect to retire from the City. The dependent of a current employee can receive coverage when the employee retires if the retiree elects dependent coverage at the time of retirement, the only exception would be in the event of a family status change which will allow dependents to be added at a later date. The retiring employee must continue to elect (and pay for) coverage for the dependents at all future open enrollments or the dependent coverage will cease. The dependents of all future retirees can continue to receive coverage under these circumstances, assuming the current policy remains unchanged. Retirees who decide to opt-out of the healthcare plan are not eligible to opt back in at a later date.

Retirees are responsible for payment of premiums for any dependent coverage, and the EDC pays the retirees premiums. The EDC's contributions to the OPEB for the year ended September 30, 2023, were \$640, which equal benefit payments for retirees.

Actuarial Methods and Assumptions. Significant methods and assumptions were as follows:

| | |
|------------------------------|--|
| Actuarial Valuation Date | December 31, 2022 |
| Actuarial Cost Method | Individual Entry-Age, Normal |
| Inflation Rate | 2.50% |
| Salary Increases | 3.50% to 11.50%, including inflation |
| 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 published through 2019 to account for future mortality improvements. |
| Health care cost trend rates | Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years. |
| Participation rates | It was assumed that 15% of retirees would choose to receive retiree health care benefits through the City. No employees retiring through normal retirement (not disability related) prior to the age of 50 were assumed to maintain their health coverage. |
| Discount rate | The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. |

Projections of health benefits are based on the plan as understood by the EDC and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the EDC and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

A Single Discount Rate of 4.05% was used to measure the total OPEB liability. This Single Discount Rate was based on the municipal bond rates as of the measurement date. The source of the municipal bond rate was Fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022.

Discount Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (4.05%) in measuring the total OPEB liability.

| | 1% Decrease in Discount Rate (3.05%) | Current Single Discount Rate (4.05%) | 1% Increase in Discount Rate (5.05%) |
|----------------------|--|--|--|
| Total OPEB liability | \$ 10,206 | \$ 9,263 | \$ 8,413 |
| Total | <u>\$ 10,206</u> | <u>\$ 9,263</u> | <u>\$ 8,413</u> |

Healthcare Cost Trend Rate Sensitivity Analysis. The following schedule shows the impact of the total OPEB liability if the Healthcare Cost Trend Rate used was 1% less than and 1% greater than what was used in measuring the total OPEB liability.

| | 1% Decrease | Current Healthcare Cost Trend Rate Assumption | 1% Increase |
|----------------------|-----------------|--|------------------|
| Total OPEB liability | \$ 8,118 | \$ 9,263 | \$ 10,626 |
| Total | <u>\$ 8,118</u> | <u>\$ 9,263</u> | <u>\$ 10,626</u> |

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2023, the EDC reported a total OPEB liability of \$9,263. The total OPEB Liability was determined by an actuarial valuation as of December 31, 2022. For the year ended September 30, 2023, the EDC recognized OPEB expense of \$864. There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

| | <u>Increase (Decrease)</u> Total OPEB Liability (a) |
|--|--|
| Balance at 12/31/2021 | \$ 14,224 |
| Changes for the year: | |
| Service cost | 1,479 |
| Interest | 269 |
| Difference between expected and actual experience | (4,553) |
| Change in assumptions | (1,516) |
| Benefit payments, including refunds of employee contributions | (640) |
| Net changes | (4,961) |
| Balance at 12/31/2022 | <u>\$ 9,263</u> |

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%.

At September 30, 2023, the EDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Differences between expected and actual economic experience | \$ 1,384 | \$ 4,991 |
| Changes in actuarial assumptions | 907 | 3,451 |
| Contributions subsequent to the measurement date | <u>302</u> | <u>-</u> |
| Total | <u>\$ 2,593</u> | <u>\$ 8,442</u> |

The EDC reported \$302, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>For the Year Ended September 30,</u> | <u>Component Unit</u> |
|---|---------------------------|
| 2024 | \$ (883) |
| 2025 | (883) |
| 2026 | (883) |
| 2027 | (840) |
| 2028 | (751) |
| Thereafter | (1,911) |

VIII. NEW ACCOUNTING PRONOUNCEMENTS

Significant new accounting standards issued by the GASB but not yet implemented by the EDC include the following:

GASB Statement No. 99, *Omnibus 2022*—The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* – The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| | Budgeted Amounts | | Actual Amounts | Variance Positive (Negative) |
|---|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Sales and use taxes | \$ 1,559,000 | \$ 1,400,000 | \$ 1,426,739 | \$ 26,739 |
| Investment income | 8,500 | 200,000 | 336,588 | 136,588 |
| Miscellaneous | - | - | 1,113 | 1,113 |
| Total revenues | <u>1,567,500</u> | <u>1,600,000</u> | <u>1,764,440</u> | <u>164,440</u> |
| EXPENDITURES | | | | |
| Current: | | | | |
| Economic Development | 3,287,019 | 3,287,019 | 1,654,172 | 1,632,847 |
| Debt service: | | | | |
| Principal | 115,000 | 115,000 | 115,000 | - |
| Interest and fiscal charges | <u>35,998</u> | <u>35,998</u> | <u>33,150</u> | <u>2,848</u> |
| Total expenditures | <u>3,438,017</u> | <u>3,438,017</u> | <u>1,802,322</u> | <u>1,635,695</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,870,517)</u> | <u>(1,838,017)</u> | <u>(37,882)</u> | <u>1,800,135</u> |
| NET CHANGE IN FUND BALANCES | <u>(1,870,517)</u> | <u>(1,838,017)</u> | <u>(37,882)</u> | <u>1,800,135</u> |
| FUND BALANCE, BEGINNING OF YEAR | <u>9,960,180</u> | <u>9,960,180</u> | <u>9,960,180</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u>\$ 8,089,663</u> | <u>\$ 8,122,163</u> | <u>\$ 9,922,298</u> | <u>\$ 1,800,135</u> |

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| <u>Measurement year December 31,</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|-------------|-------------|
| Corporation's proportion of the net pension liability | 2.02% | 1.48% | 1.48% | 2.94% |
| Corporation's proportionate share of the net pension liability | \$ 290,931 | \$ 44,263 | \$ 87,260 | \$ 187,067 |
| Corporation's covered payroll | 298,935 | 221,509 | 196,681 | 362,984 |
| Corporation's proportionate share of the net pension liability as a percentage of covered payroll | 97.32% | 19.98% | 44.37% | 51.54% |
| Plan fiduciary net position as a percentage of the total pension liability | 82.29% | 96.03% | 91.60% | 90.48% |

Note: 10 years of information is required to be provided in this schedule, but information prior to 2014 is not available.

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| 2018 | 2017 | 2016 | 2015 | 2014 |
|-------------|-------------|-------------|-------------|-------------|
| 1.83% | 3.17% | 3.17% | 3.17% | 2.46% |
| \$ 187,067 | \$ 187,067 | \$ 187,067 | \$ 187,067 | \$ 145,268 |
| 211,192 | 362,388 | 362,005 | 339,361 | 262,452 |
| 88.58% | 51.62% | 51.68% | 55.12% | 55.35% |
| 83.85% | 91.30% | 84.29% | 85.98% | 61.86% |

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COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Fiscal Year ended September 30, | 2023 | 2022 | 2021 | 2020 |
|--|-----------------|-----------------|-----------------|-----------------|
| Actuarially determined contribution | \$ 42,808 | \$ 27,705 | \$ 23,720 | \$ 45,881 |
| Contributions in relation to the actuarially determined contribution | <u>(42,808)</u> | <u>(27,705)</u> | <u>(23,720)</u> | <u>(45,881)</u> |
| Contribution deficiency (excess) | - | - | - | - |
| Covered payroll | 321,131 | 220,320 | 205,816 | 409,437 |
| Contributions as a percentage of covered payroll | 13.33% | 12.58% | 11.52% | 11.21% |

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of year-end, all years are not available. Additional years will be added in the future as the information becomes available.

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective in January, 13 months later.

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry Age Normal |
| Amortization method | Level Percentage of Payroll, Closed |
| Remaining amortization period | 23 years |
| Asset valuation method | 10 year smoothed fair value; 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 the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP. |

Other Information:

Notes There were no benefit changes during the year.

| 2019 | 2018 | 2017 | 2016 | 2015 |
|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 26,841 | \$ 45,638 | \$ 44,763 | \$ 43,067 | \$ 32,121 |
| <u>(26,841)</u> | <u>(45,638)</u> | <u>(44,763)</u> | <u>(43,067)</u> | <u>(32,121)</u> |
| - | - | - | - | - |
| 255,047 | 441,226 | 441,226 | 441,226 | 342,636 |
| 10.52% | 10.34% | 10.15% | 9.76% | 9.37% |

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COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE
OF THE TOTAL OPEB LIABILITY
RETIREE HEALTH PLAN

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Measurement year December 31, | 2022 | 2021 | 2020 | 2019 |
|--|-------------|-------------|-------------|-------------|
| Corporation's proportion of the total OPEB liability | 2.02% | 1.48% | 1.48% | 0.12% |
| Corporation's proportionate share of the OPEB liability | \$ 9,263 | \$ 10,379 | \$ 9,844 | \$ 859 |
| Corporation's covered payroll | 298,935 | 221,509 | 196,681 | 362,984 |
| Corporation's proportionate share of the total OPEB liability as a percentage of covered payroll | 3.10% | 4.69% | 5.01% | 22.06% |

Notes to Schedule:

No assets are accumulated in a trust for the Retiree Health Plan to pay related benefits that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

DRAFT

| <u>2018</u> | <u>2017</u> |
|-------------|-------------|
| 0.13% | 0.11% |
| \$ 859 | \$ 859 |
| 211,192 | 362,388 |
| 0.41% | 0.24% |

DRAFT

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

SCHEDULE OF THE CORPORATION'S PROPORTIONATE SHARE
OF THE TOTAL OPEB LIABILITY
SUPPLEMENTARY DEATH BENEFIT FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

| Measurement year December 31, | 2022 | 2021 | 2020 | 2019 |
|--|-------------|-------------|-------------|-------------|
| Corporation's proportion of the total OPEB liability | 2.02% | 1.48% | 1.48% | 0.17% |
| Corporation's proportionate share of the OPEB liability | \$ 21,474 | \$ 22,586 | \$ 21,029 | \$ 1,869 |
| Corporation's covered payroll | 298,935 | 221,509 | 196,681 | 362,984 |
| Corporation's proportionate share of the total OPEB liability as a percentage of covered payroll | 7.18% | 10.20% | 10.69% | 22.06% |

Notes to Schedule:

No assets are accumulated in a trust for the Supplementary Death Benefit Fund to pay related benefits that meets the criteria of paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

DRAFT

| <u>2018</u> | <u>2017</u> |
|-------------|-------------|
| 0.19% | 0.18% |
| \$ 1,869 | \$ 1,869 |
| 211,192 | 362,388 |
| 0.88% | 0.52% |

DRAFT

COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2023

Budgetary Information – The budget is prepared in accordance with accounting principles generally accepted in the United States of America. The EDC 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.

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

DRAFT

COMPLIANCE SECTION

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Copperas Cove Economic Development Corporation
Copperas Cove, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Copperas Cove Economic Development Corporation, a component unit of the City of Copperas Cove, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the Copperas Cove Economic Development Corporation's basic financial statements, and have issued our report thereon dated [REDACTED], 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Copperas Cove Economic Development Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Copperas Cove Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Copperas Cove Economic Development Corporation's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Copperas Cove Economic Development Corporation’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waco, Texas
 , 2024

DRAFT

Economic Development Corporation

H.3

Meeting Date: March 27, 2024

Contact: Fred Welch, Executive Director, Copperas Cove EDC

Subject:

Consideration and action on amending Resolution #EDC 2023-02, to show that the Copperas Cove EDC is a co-applicant with the City of Copperas Cove on the Economic Adjustment Assistance (EAA) application for the Mashburn Drive Project. **Fred Welch, Executive Director, Copperas Cove EDC.**

Description/Information:

On March 30, 2023, the Copperas Cove Economic Development Corporation passed and approved Resolution 2023-02, appointing the firm of Grant Works to provide project-related application and project delivery services for the EAA program(s).

An amendment to the current application for Economic Adjustment Assistance requires Copperas Cove EDC to be a co-applicant with the City of Copperas Cove, Texas for consideration of a grant for the Mashburn Drive Project

The application for Federal Assistance with the Economic Development Administration for infrastructure assistance supporting the Mashburn Drive Road and Utility Expansion Project should be amended to show the City of Copperas Cove, Texas, and the Copperas Cove Economic Development Corporation as Co-applicants on the project.

Financial Impact:

TBD

Action/Recommendation:

The CCEDC Staff recommends the Board of Directors approve the amended Resolution #EDC 2024-02 listing the Copperas Cove EDC as co-applicant with the City of Copperas Cove.

Attachments:

Resolution #EDC 2024-02

RESOLUTION #EDC 2023-02

A RESOLUTION OF COPPERAS COVE TEXAS ECONOMIC DEVELOPMENT CORPORATION, AUTHORIZING PROFESSIONAL SERVICE PROVIDER(S) SELECTION FOR ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) THROUGH THE U.S. DEPARTMENT OF COMMERCE FEDERAL FUNDING OPPORTUNITY FOR THE ECONOMIC ADJUSTMENT ASSISTANCE (EAA) PROGRAM(S).

WHEREAS, participation in Economic Adjustment Assistance (EAA) program(s) requires implementation by professionals experienced in the administration of federally-funded projects;

WHEREAS, in order to identify qualified and responsive providers for these services a Request for Proposals (RFP) process for project delivery services has been completed in accordance with the federal requirements;

WHEREAS, the proposals received by the due date have been reviewed to determine the most qualified and responsive providers for each professional service giving consideration to the ability to perform successfully under the terms and conditions of the proposed procurement, integrity, compliance with public policy, record of past performance, and financial and technical resources

NOW, THEREFORE, BE IT RESOLVED:

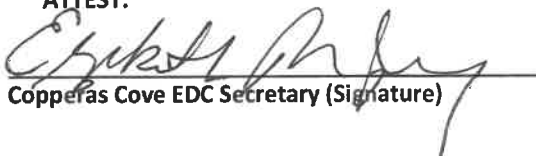
| | |
|------------|--|
| Section 1. | That _____ is selected to provide project-related application and project delivery services for EAA program(s). |
| Section 2. | That any and all project-related services contracts or commitments made with the above-named service provider(s) are dependent on the successful negotiation of a contract with the service provider(s). |

PASSED AND APPROVED ON March 30, 2023

APPROVED:


Copperas Cove EDC Chair

ATTEST:


Copperas Cove EDC Secretary (Signature)

RESOLUTION NO. EDC 2024-02

A RESOLUTION OF THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION, AMENDING RESOLUTION #EDC 2023-02 FOR THE PURPOSE OF SHOWING THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION AS A CO-APPLICANT WITH THE CITY OF COPPERAS COVE, AND AUTHORIZING PROFESSIONAL SERVICE PROVIDER(S) SELECTION FOR ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) THROUGH THE U.S. DEPARTMENT OF COMMERCE FEDERAL FUNDING OPPORTUNITY FOR THE ECONOMIC ADJUSTMENT ASSISTANCE (EAA) PROGRAMS.

WHEREAS, On March 30, 2023, the Copperas Cove Economic Development Corporation passed and approved Resolution 2023-02, appointing the firm of Grant Works to provide project-related application and project delivery services for EAA program(s); and

WHEREAS, An amendment to the current application for Economic Adjustment Assistance (EAA) requires Copperas Cove EDC to be a co-applicant with the City of Copperas Cove, Texas for consideration of a grant for the Mashburn Drive Project.

WHEREAS, All other terms and conditions of Resolution 2023-02 (as attached) have been met by Grant Works and no conditions have changed regarding completion of the project and matching funds being provided by Copperas Cove Economic Development Corporation.

NOW, THEREFORE, BE IT RESOLVED BY THE COPPERAS COVE ECONOMIC DEVELOPMENT CORPORATION:

SECTION I.

The application for Federal Assistance with the Economic Development Administration for infrastructure assistance supporting the Mashburn Drive Road and Utility Expansion Project be amended to show the City of Copperas Cove, Texas, and the Copperas Cove Economic Development Corporation as Co-applicants on the project.

SECTION II.

The Copperas Cove Economic Development Corporation is the owner of the property being annexed into the City of Copperas Cove and the Copperas Cove Economic Development Corporation will be responsible for all matching expenses related to this project and EDA grant without any encumbrance to the City of Copperas Cove, Texas.

SECTION III.

PASSED, APPROVED, AND ADOPTED this 27TH day of March 2024, at a meeting of the Copperas Cove Economic Development Corporation, which meeting was held in compliance with the Open Meetings Act, *Tex. Gov't Code* 551.001, et.seq., at which meeting a quorum was present and voting.

ATTEST:

JC Stubbs, Chairman

Ted Gonzalez, Secretary

Economic Development Corporation

I.1.

Meeting Date: March 27, 2024

Contact: Fred Welch, Executive Director, Copperas Cove EDC.

UPDATE

1. Executive Director Report. **Fred Welch, Executive Director, Copperas Cove EDC.**
-

Economic Development Corporation

I.2.

Meeting Date: March 27, 2024

Contact: Sheena Tanner, Marketing Director, Copperas Cove EDC.

UPDATE

1. Marketing Director's Report. **Sheena Tanner, Copperas Cove EDC**
-

Economic Development Corporation

I.3.

Meeting Date: March 27, 2024

Contact: Brittany Sanders, Workforce Specialist, Copperas Cove EDC.

UPDATE

1. Workforce Specialist's Report. **Brittany Sanders, Copperas Cove EDC.**
-

Economic Development Corporation

I.4.

Meeting Date: March 27, 2024

Contact: Sean Stevens, Senior Director, BRE, Copperas Cove EDC.

UPDATE

1. Senior Director, BRE Report. **Sean Stevens, Copperas Cove EDC.**
-

Economic Development Corporation

I.5.

Meeting Date: March 27, 2024

Contact: Anne Seneca, Special Projects Coordinator, Copperas Cove EDC.

UPDATE

1. Special Projects Coordinator Report. Anne Seneca, Copperas Cove EDC.
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