

CITY OF CONROE, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CONTRIBUTIONS
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
 LAST TEN FISCAL YEARS*

Year Ending September 30	Actuarially Determined Contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a % of covered employee payroll
2015	\$ 4,057,674	\$ 4,057,674	\$ -	\$ 24,365,506	16.7%
2016	4,393,653	4,393,653	-	27,183,590	16.2%
2017	4,333,658	4,333,658	-	26,618,956	16.3%

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 CONROE FIRE FIGHTERS' RELIEF AND RETIREMENT FUND
 LAST TEN FISCAL YEARS*

	Year Ended September 30,		
	2015	2016	2017
Total Pension Liability			
Service cost	\$ 1,310,699	\$ 1,591,635	\$ 1,714,987
Interest	2,703,863	2,803,599	3,080,627
Difference between expected and actual experience	-	1,819,271	-
Changes in assumptions	-	(966,892)	-
Benefit payments, including refunds of member contributions	(1,333,500)	(1,500,407)	(1,880,802)
Net Change in Total Pension Liability	2,681,062	3,747,206	2,914,812
Total Pension Liability - Beginning	34,244,607	36,925,669	40,672,875
Total Pension Liability - Ending (a)	\$ 36,925,669	\$ 40,672,875	\$ 43,587,687
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,102,093	\$ 1,194,547	\$ 1,386,732
Contributions - member	972,779	1,054,387	1,049,846
Net Investment Income	(626,136)	2,052,206	1,891,994
Benefit payments, including refunds of member contributions	(1,333,500)	(1,500,407)	(1,880,802)
Administrative expense	(99,850)	(96,019)	(85,583)
Net Change in Plan Fiduciary Net Position	15,386	2,704,714	2,362,187
Plan Fiduciary Net Position - Beginning	19,188,448	19,203,834	21,908,548
Plan Fiduciary Net Position - Ending (b)	\$ 19,203,834	\$ 21,908,548	\$ 24,270,735
Net Pension Liability - Ending (a) - (b)	\$ 17,721,835	\$ 18,764,327	\$ 19,316,952
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	52.01%	53.87%	55.68%
Covered-Employee Payroll	\$ 7,347,278	\$ 8,401,284	\$ 8,326,520
Net Pension Liability as a Percentage of Covered Employee Payroll	241.20%	223.35%	231.99%

CITY OF CONROE, TEXAS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS
 OTHER POST EMPLOYMENT BENEFITS (OPEB)
 YEAR ENDED SEPTEMBER 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/11	\$ 1,535,927	\$ 14,851,911	\$ 13,315,984	10.3%	\$ 21,528,653	61.85%
12/31/13	1,944,901	19,268,678	17,323,777	10.1%	24,668,464	70.23%
12/31/14	2,438,972	20,298,277	17,859,305	12.0%	27,555,055	64.81%

REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
 TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
 LAST TEN FISCAL YEARS**

	Year Ended December 31,		
	2014	2015	2016
Total Pension Liability			
Service cost	\$ 3,488,323	\$ 4,033,744	\$ 4,454,682
Interest	7,342,819	7,807,423	8,039,127
Differences between expected and actual experience	(577,351)	302,517	1,168,367
Change of assumptions	-	(307,855)	-
Benefit payments, including refunds of employee contributions	(3,718,726)	(4,059,893)	(4,905,554)
Net Change in Total Pension Liability	6,535,065	7,775,936	8,756,622
Total Pension Liability - Beginning	105,012,620	111,547,685	119,323,621
Total Pension Liability - Ending (a)	\$111,547,685	\$119,323,621	\$128,080,243
Plan Fiduciary Net Position			
Contributions - Employer	\$ 3,975,261	\$ 4,102,398	\$ 4,247,873
Contributions - Employee	1,625,218	1,742,976	1,848,416
Net Investment Income	4,842,663	134,753	6,297,154
Benefit payments, including refunds of employee contributions	(3,718,726)	(4,059,893)	(4,905,554)
Administrative expense	(50,554)	(82,069)	(71,095)
Other	(4,156)	(4,054)	(3,830)
Net Change in Plan Fiduciary Net Position	6,669,706	1,834,111	7,412,964
Plan Fiduciary Net Position - Beginning	84,643,780	91,313,486	93,147,597
Plan Fiduciary Net Position - Ending (b)	\$ 91,313,486	\$ 93,147,597	\$100,560,561
Net Pension Liability - Ending (a) - (b)	20,234,199	26,176,024	27,519,682
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	81.86%	78.06%	78.51%
Covered Employee Payroll	\$ 23,217,402	\$ 24,899,652	\$ 26,405,939
Net Pension Liability as a Percentage of Covered Employee Payroll	87.15%	105.13%	104.22%

CITY OF CONROE, TEXAS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

OPEB AND PENSIONS

SEPTEMBER 30, 2017

A. OPEB

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years - Closed Payroll
Asset Valuation Method	Market Value
Inflation	3.00%
Salary Increases	1.50%
Investment Rate of Return	6.50%, net of expenses
Retirement Age	Years of service and age at retirement must equal 80 (Rule of 80). Exceptions can be found in the summary of benefits.
Mortality	Healthy Retirees: RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Disabled Retirees: RP2000 Disabled Retiree Mortality Table for males and females; multiplied by 80%. Mortality rates were adjusted as described above to include margin for future mortality improvement. No provision is currently made for future improvements in disabled mortality after the measurement date. Active Members: RP2000 Combined Healthy Mortality Table for males and females projected to year 2003 by Scale AA, with a 5 year setback for both males and females. Mortality rates were adjusted as described above to include margin for future mortality improvements.

B. Pensions

TMRS:

Valuation date:

Notes Actuarially determined contribution rates are calculated as of December 31 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	30 years
Asset Valuation Method	10-year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.00% per year
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 2016 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other information:

Notes: There were no benefit changes during the year.

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 CONROE FIRE FIGHTERS' RELIEF AND RETIREMENT FUND
 LAST TEN FISCAL YEARS*

Year Ending September 30	Actuarially Determined Contribution	Contributions in relation to the actuarially determined contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a % of covered employee payroll
2015	\$ 1,102,093	\$ 1,102,093	\$ -	\$ 7,347,278	15.0%
2016	1,260,195	1,260,195	-	8,401,284	15.0%
2017	1,248,980	1,248,980	-	8,326,520	15.0%

*This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the City will present information for those years for which information is available.

CITY OF CONROE, TEXAS
 NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 OPEB AND PENSIONS
 SEPTEMBER 30, 2017

Conroe Fire Fighters' Relief and Retirement Fund:

Valuation date: December 31, 2015, the total pension liability was rolled forward to the fiscal year end.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Open period, level percentage of pay
Asset Valuation Method	The fair value of assets plus 20% of the unrecognized gains and losses from each of the past four years. The resulting value is further limited to be no less than 90% and no greater than 110% of the fair value of assets.
Investment Rate of Return	7.75% per annum (net of expenses)
Salary Scale	5.50% per annum plus a merit/promotion component
General Inflation Rate	4.00% per annum
Interest on Employee Contributions	2.5% per annum
Contribution Rates	Rates in effect are assumed to remain constant for future years
Mortality Rates	RP-2014 combined healthy tables for blue collar males and females with adjustment backwards to 2006 using Scale MP-2014 and projected with scale MP-2015.
Termination Rates	0% to 6%