

CITY OF COMMANCHE, TEXAS

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

YEAR ENDED

SEPTEMBER 30, 2020



Roberts & McGee CPA

CITY OF COMANCHE, TEXAS

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and City Council
City of Comanche, Texas:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Comanche, Texas, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Comanche, Texas, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension related and OPEB related schedules on pages 3-8 and 34-39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Comanche, Texas' basic financial statements. The other supplementary schedules on pages 40-42 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Roberts + McGee, CPA
Roberts & McGee, CPA

Abilene, Texas,
March 6, 2021

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

As management of the City of Comanche, we offer readers of the City of Comanche, Texas' financial statements this narrative overview and analysis of the financial activities of the City of Comanche, Texas for the fiscal year ended September 30, 2020.

Financial Highlights

Government-Wide Financial Statements

- The assets of the City of Comanche exceeded its liabilities at the close of the most recent fiscal year by \$7,757,916 (*net position*). Of this amount, \$2,452,967 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens. \$5,253,263 of the City's equity is invested in capital assets, net of related debt; and \$51,686 of the City's equity is restricted for debt service.
- The City's total assets increased \$234,073 during the 2020 fiscal year.
- The net position (*equity*) of the City increased by \$243,326 from operations during the 2020 fiscal year.

Fund Financial Statements

- As of the close of the current fiscal year, the City of Comanche's General Fund reported an ending unassigned fund balance of \$559,524. This fund balance reflects an increase of \$86,664 for the current year. The City Council committed fund balance of \$299,848 for expenses and projects that will occur in fiscal year 2021.
- In the Systems Fund, the net position reflects \$1,687,745 of unrestricted equity, which is an increase of \$248,669 from the prior year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Comanche's basic financial statements. The City of Comanche's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The *statement of net position* presents information on all of the City of Comanche's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Comanche is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements reflect functions of the City of Comanche that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of the City of Comanche include general administration, public safety, streets, municipal court, culture and recreation, and economic development.

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

The government-wide financial statements can be found on pages 9-10 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Comanche, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Comanche can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus on governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenue, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Comanche maintains two governmental funds. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, which is considered to be a major fund and the Time Warrant Fund, which is considered to be a non-major fund.

The governmental fund financial statements can be found on pages 11-14 of this report.

The City of Comanche adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget on page 34.

Proprietary fund. When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net position and the Statement of Activities. In fact, the City's enterprise fund (a component of proprietary funds) is the same as the business-type activities reported in the government-wide statements, but it provides more detail and additional information, such as cash flows, for the proprietary fund. The proprietary fund financial statements can be found on pages 15-17 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-33 of this report.

Other information. The other schedules referred to earlier in connection with the major governmental and proprietary funds are presented immediately following the required supplementary information. These schedules can be found on pages 40-42 of this report.

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Comanche, assets exceeded liabilities by \$7,757,916 at the close of the most recent fiscal year.

\$5,253,263 of the City of Comanche's net position (68 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of related debt. The City of Comanche uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The City of Comanche's Net Position

	Governmental Activities	
	2020	2019
Current assets	\$ 1,179,805	\$ 991,667
Capital assets	2,362,425	2,440,473
Total Assets	3,542,230	3,432,140
Deferred outflows of resources	202,992	243,927
Total assets and deferred outflows of resources	3,745,222	3,676,067
Current liabilities	145,806	162,059
Long-term liabilities	475,705	623,134
Total Liabilities	621,511	785,193
Deferred inflows of resources	222,367	125,934
Total liabilities and deferred outflows of resource	843,878	911,127
Net investment in capital assets	2,084,436	2,124,495
Restricted	51,686	50,350
Unrestricted	765,222	590,095
Total Net Position	\$ 2,901,344	\$ 2,764,940

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

	Business-type Activities	
	2020	2019
Current assets	\$ 2,172,339	\$ 1,829,609
Capital assets	5,856,827	6,075,574
Total Assets	8,029,166	7,905,183
Deferred outflows of resources - pension	78,433	94,250
Total assets and deferred outflows of resources	8,107,599	7,999,433
Current liabilities	473,303	385,946
Long-term liabilities	2,691,804	2,821,359
Total Liabilities	3,165,107	3,207,305
Deferred inflows of resources - pension	85,920	42,478
Total liabilities and deferred inflows of resources	3,251,027	3,249,783
Net investment in capital assets	3,168,827	3,310,574
Unrestricted	1,687,745	1,439,076
Total Net Position	\$ 4,856,572	\$ 4,749,650

The City of Comanche's Changes in Net Position

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Revenues:				
Program Revenues:				
Charges for services	\$ 129,063	\$ 183,429	\$ 2,658,126	\$ 2,587,984
Operating grants & contributions	285,892	162,790		
General Revenues				
Property taxes	1,299,104	1,210,920		
Sales and use taxes	618,326	597,403		
Franchise taxes	194,645	197,890	35,230	31,726
Hotel/motel taxes	67,029	89,127		
Investment earnings	4,753	8,001	7,807	8,520
Miscellaneous income	43,937	89,693	1,476	1,030
Transfers	409,125	439,730	(409,125)	(439,730)
Total Revenues	3,051,874	2,978,983	2,293,514	2,189,530
Expenses				
General administration	348,407	295,410		
Public safety	1,506,422	1,334,513		
Streets	327,628	399,491		
Municipal court	111,154	106,903		
Culture and recreation	219,852	250,674		
Economic development	147,123	165,548		
Water			1,064,406	1,112,677
Waste water			377,092	357,188
Sanitation			588,508	574,676
Interest	10,296	11,580	98,296	100,728
Other	244,588	181,951	58,290	58,571
Total expenses	2,915,470	2,746,070	2,186,592	2,203,840
Increase (decrease) in net position	136,404	232,913	106,922	(14,310)
Beginning Net Position	2,764,940	2,532,027	4,749,650	4,763,960
Ending Net Position	\$ 2,901,344	\$ 2,764,940	\$ 4,856,572	\$ 4,749,650

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

FINANCIAL ANALYSIS OF THE GOVERNMENTS FUNDS

As noted earlier, the City of Comanche uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City of Comanche's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Comanche's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Comanche's governmental General Fund reported an ending fund balance of \$859,372. \$559,524 of this fund balance is unassigned and available for spending at the City's discretion. \$299,848 has been committed by the City Council.

Fund Budgetary Highlights

The original and adjusted budgets in the general fund reflected a balanced budget. The actual expenditures were \$436,241 less than the budgeted amounts. Actual revenues were \$57,126 more than was budgeted.

The original and adjusted budgets for the Systems Fund reflected a balanced budget. Actual operating expenses were \$27,253 less than the budgeted amounts, and actual operating revenues were \$78,137 more than was budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets The City of Comanche's investment in capital assets for its governmental activities amounts to \$2,362,425 (net of accumulated depreciation), and the investment in capital assets for its business-type activities amounts to \$5,856,827 (net of accumulated depreciation) as of September 30, 2020. This investment in capital assets includes land, buildings and improvements, infrastructure, and equipment.

**The City of Comanche's Capital Assets
(net of depreciation)**

	Governmental Activities 2020	Governmental Activities 2019
Land	\$ 454,028	\$ 454,028
Buildings and improvements	696,172	760,735
Infrastructure	932,135	964,421
Equipment	280,090	261,289
Total	\$ 2,362,425	\$ 2,440,473

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2020**

	Business-type Activities 2020	Business-type Activities 2019
Land	\$ 28,600	\$ 28,600
Building improvements	939	1,475
Infrastructure	5,734,082	5,944,740
Equipment	93,206	101,026
Total	<u>\$ 5,856,827</u>	<u>\$ 6,075,841</u>

Additional information on the City of Comanche's capital assets can be found in Note 5 on pages 23 and 24 of this report.

Debt Administration

The City of Comanche has long term debt in the form of time certificates of obligation within the governmental activities of the City and certificates of obligation within the business-type activities. As of September 30, 2020, the City had long term liabilities as follows:

Governmental Activities:

Certificates of Obligation \$ 277,989

Business-type Activities:

Certificates of Obligation \$ 2,688,000

Additional information on the City of Comanche's long-term debt can be found in Note 6 on pages 24 through 26 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City of Comanche adopted a 2020 property tax rate effective for its 2021 fiscal year of .628089 per \$100 property valuation as compared to .634219 for the 2020 fiscal year.
- The 2021 fiscal year budget was approved by the City Council in September of 2020. The General Fund budget reflects a deficit budget of \$299,848 with budgeted revenue of \$3,288,685 and budgeted expenses of \$3,588,533. The Systems Fund budget for 2021 is a balanced budget of \$2,672,086 revenue and expenses, which reflects an increase over the 2020 budget of approximately \$56,868.

Requests for Information

This financial report is designed to provide a general overview of the City of Comanche's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City Secretary, City of Comanche, 200 N. Austin, Comanche, Texas 76442.

BASIC FINANCIAL STATEMENTS

CITY OF COMANCHE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Comanche TEDC
<u>ASSETS</u>				
Cash and cash equivalents	\$ 777,351	\$ 1,156,492	\$ 1,933,843	\$ 374,394
Restricted cash and cash equivalents		94,916	94,916	
Investments		591,756	591,756	364,696
Receivables:				
Taxes, net	327,326		327,326	55,574
Accounts, net	75,128	229,218	304,346	
Inventory		99,957	99,957	
Non-depreciable capital assets	454,028	28,600	482,628	354,299
Depreciable capital assets, net	1,908,397	5,828,227	7,736,624	59,804
TOTAL ASSETS	3,542,230	8,029,166	11,571,396	1,208,767
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension and OPEB	202,992	78,433	281,425	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	3,745,222	8,107,599	11,852,821	1,208,767
<u>LIABILITIES</u>				
Current liabilities:				
Accounts payable and accrued expenses	31,462	131,589	163,051	
Accrued compensated absences	39,924	7,418	47,342	
Accrued interest payable	967	5,656	6,623	
Due to other governmental entities	59,453		59,453	
Deposits		250,640	250,640	
Long term liabilities:				
Due within one year	37,989	78,000	115,989	11,374
Due after one year:				
Loan payable				11,719
Net pension liability	130,508	50,427	180,935	
OPEB liability	81,208	31,378	112,586	
Certificates of obligation	240,000	2,610,000	2,850,000	
TOTAL LIABILITIES	621,511	3,165,108	3,786,619	23,093
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue				
Deferred inflows - pension and OPEB	222,367	85,919	308,286	
TOTAL DEFERRED INFLOWS OF RESOURCES	222,367	85,919	308,286	
<u>NET POSITION</u>				
Net Position:				
Net investment in capital assets	2,084,436	3,168,827	5,253,263	391,010
Restricted for debt service	51,686		51,686	
Unrestricted	765,222	1,687,745	2,452,967	794,664
TOTAL NET POSITION	\$ 2,901,344	\$ 4,856,572	\$ 7,757,916	\$ 1,185,674

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

CITY OF COMANCHE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General administration	\$ 411,661	\$ 9,941	\$ 195,602	\$
Public safety	1,506,422	37,362	25,530	
Streets	327,628			
Municipal court	111,154	6,718		
Culture and recreation	219,852	4,680		
Economic development	147,123		64,760	
Other	181,334	70,362		
Interest	10,296			
Total governmental activities	<u>2,915,470</u>	<u>129,063</u>	<u>285,892</u>	
Business-type activities:				
Water utilities	776,659	1,399,513		
Water works	287,747	47,013		
Waste water	377,092	414,533		
Sanitation	588,508	797,067		
Garage	58,290			
Interest	98,296			
Total business-type activities	<u>2,186,592</u>	<u>2,658,126</u>		
TOTAL PRIMARY GOVERNMENT	<u>\$ 5,102,062</u>	<u>\$ 2,787,189</u>	<u>\$ 285,892</u>	<u>\$</u>
Component unit:				
Comanche TEDC:				
Economic development	\$ 228,961	\$	\$	\$
Total component units	<u>\$ 228,961</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
GENERAL REVENUES:				
Taxes:				
Property taxes				
Sales and use taxes				
Franchise taxes				
Hotel/motel taxes				
Investment income				
Miscellaneous income				
Transfers				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
PRIMARY GOVERNMENT			COMPONENT UNIT
Governmental Activities	Business-type Activities	Total	Comanche TEDC
\$ (206,118)	\$	\$ (206,118)	\$
(1,443,530)		(1,443,530)	
(327,628)		(327,628)	
(104,436)		(104,436)	
(215,172)		(215,172)	
(82,363)		(82,363)	
(110,972)		(110,972)	
(10,296)		(10,296)	
<u>(2,500,515)</u>		<u>(2,500,515)</u>	
	622,854	622,854	
	(240,734)	(240,734)	
	37,441	37,441	
	208,559	208,559	
	(58,290)	(58,290)	
	(98,296)	(98,296)	
	<u>471,534</u>	<u>471,534</u>	
<u>(2,500,515)</u>	<u>471,534</u>	<u>(2,028,981)</u>	
			(228,961)
			(228,961)
1,299,104		1,299,104	
618,326		618,326	309,163
194,645	35,230	229,875	
67,029		67,029	
4,753	7,807	12,560	4,632
43,937	1,476	45,413	300
409,125	(409,125)		
<u>2,636,919</u>	<u>(364,612)</u>	<u>2,272,307</u>	<u>314,095</u>
136,404	106,922	243,326	85,134
<u>2,764,940</u>	<u>4,749,650</u>	<u>7,514,590</u>	<u>1,100,540</u>
<u>\$ 2,901,344</u>	<u>\$ 4,856,572</u>	<u>\$ 7,757,916</u>	<u>\$ 1,185,674</u>

CITY OF COMANCHE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 724,698	\$ 52,653	\$ 777,351
Receivables:			
Accounts, net	75,128		75,128
Property tax, net	81,916	3,527	85,443
Sales tax	166,722		166,722
Hotel/motel tax	22,952		22,952
Franchise tax	52,209		52,209
TOTAL ASSETS	\$ 1,123,625	\$ 56,180	\$ 1,179,805
LIABILITIES:			
Accounts payable and accrued expenses	\$ 31,462		\$ 31,462
Accrued compensated absences	39,924		39,924
Accrued interest payable		967	967
Due to other governmental entities	59,453		59,453
Total Liabilities	130,839	967	131,806
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	133,414	3,527	136,941
Total Liabilities and deferred inflows of resources	264,253	4,494	268,747
FUND BALANCE:			
Unassigned	559,524		559,524
Committed	299,848		299,848
Restricted for debt service		51,686	51,686
Total Fund Balance	859,372	51,686	911,058
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,123,625	\$ 56,180	\$ 1,179,805

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

CITY OF COMANCHE, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2020

Total Fund Balances - Governmental Funds	\$	911,058
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$5,489,227 and the accumulated depreciation was \$3,048,754. The net effect of the beginning balances for capital assets (net of depreciation) in the governmental activities is an increase to net position.		2,440,473
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Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. There were current year capital asset purchases of \$63,254 in the General Fund.		63,254
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Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense of \$141,302 is to decrease net position.		(141,302)
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Long term debt is not due and payable in the current period and, therefore, it is not reported in governmental funds. The net effect of recognizing long term debt in the governmental activities is a decrease to net position of \$277,989.		(277,989)
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Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. Deferred revenue of \$136,941 related to property tax receivables is recognized in the government-wide financial statements. This results in an increase in net position.		136,941
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Included on the government-wide financial statements is the recognition of the City's OPEB liability related to the supplemental death benefit plan. The OPEB liability is \$81,207 a deferred outflows of resources is \$11,810, and a deferred inflow of resources of \$3,372. The net effect is to decrease net position.		(72,769)
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Included on the government-wide financial statements is the recognition of the City's proportionate share of the net pension liability of \$130,509, a deferred outflow of resources of \$191,182, and a deferred inflow of resources of \$218,995. The net effect is to decrease net position.		<u>(158,322)</u>
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Net Position of Governmental Activities	\$	<u><u>2,901,344</u></u>
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The accompanying notes are an integral part of the financial statements.

CITY OF COMANCHE, TEXAS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Total Governmental Funds
REVENUE:			
Franchise tax revenue	\$ 194,645	\$	\$ 194,645
Property tax revenue	1,251,180	49,420	1,300,600
Sales tax revenue	618,326		618,326
Hotel/motel tax revenue	67,029		67,029
Intergovernmental revenue	285,892		285,892
Fines and forfeitures	30,539		30,539
Charges for service	98,524		98,524
Investment earnings	4,552	201	4,753
Miscellaneous income	43,937		43,937
Total Revenue	2,594,624	49,621	2,644,245
EXPENDITURES:			
Current:			
City council	51,139		51,139
Administration	167,328		167,328
Police	998,380		998,380
Fire	79,557		79,557
Streets	293,329		293,329
Library	76,720		76,720
Airport	61,106		61,106
Emergency management	146,407		146,407
Animal control	88,334		88,334
Parks and pool	104,666		104,666
Cemetery	48,346		48,346
Tax assessor	167,960		167,960
Senior citizens	48,902		48,902
Community center	14,194		14,194
Legal	7,350		7,350
Municipal court	27,719		27,719
District Court Forensics	81,571		81,571
Volunteer fire department	134,898		134,898
Economic development	69,823		69,823
Community development	76,204		76,204
Debt service:			
Principal		37,989	37,989
Interest		10,296	10,296
Capital outlay	63,254		63,254
Total Expenditures	2,807,187	48,285	2,855,472
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(212,563)	1,336	(211,227)
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of assets			
Transfers in	409,125		409,125
Total other financing sources (uses)	409,125		409,125
CHANGE IN FUND BALANCE	196,562	1,336	197,898
FUND BALANCE AT BEGINNING OF YEAR	662,810	50,350	713,160
FUND BALANCE AT END OF YEAR	\$ 859,372	\$ 51,686	\$ 911,058

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

CITY OF COMANCHE, TEXAS
RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

Net Change in Fund Balances - Governmental Funds	\$ 197,898
Amounts reported for governmental activities in the statement of activities are different because:	
Current year capital outlays are expenditures in the fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements. The current year capital asset purchases in the General Fund were \$63,254.	63,254
Depreciation expense is not reflected in the governmental funds, but is recorded in the government-wide financial statements as an expense and an increase to accumulated depreciation. The net effect of the current year depreciation expense of \$141,302 is to decrease net position.	(141,302)
Proceeds of current year disposals are reflected as revenues in the fund financial statements but only the gain or loss related to the disposal are reflected in the government-wide financial statements. The governmental funds recognized revenue of \$24,650, the proceeds received from the sale, however, the government-wide financial statements only recognize in income the gain from the sale of \$1,684.	
The current year issuance of long term debt provides current financial resources to governmental funds, while repayment of the principal of long term debt consumes the current financial resources of governmental funds. There was no issuance of debt in the current year. The net effect of recognizing payments on long term debt in the government-wide financial statements is a net increase in net position.	37,989
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. The current year adjustment to revenue recognized in the government-wide financial statements is \$1,496. This results in a decrease in net position.	(1,496)
Certain expenditures for the supplemental death benefit that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's proportionate share of the OPEB expense must be recognized. These cause the change in net position to decrease in the amount of \$6,585.	(6,585)
Certain expenditures for pension that are recorded to the fund financial statements must be recorded as deferred outflows of resources. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's proportionate share of the pension expense must be recognized. These cause the change in net position to decrease in the amount of \$13,354	(13,354)
Change in Net Position of Governmental Activities	\$ <u><u>136,404</u></u>

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

CITY OF COMANCHE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUND
SEPTEMBER 30, 2020

	Systems Fund
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 1,156,492
Restricted cash and cash equivalents	94,916
Investments	591,756
Accounts receivable, net	229,218
Inventory	99,957
Total Current Assets	2,172,339
Noncurrent Assets:	
Non-depreciable capital assets	28,600
Depreciable capital assets, net	5,828,227
Total Noncurrent Assets	5,856,827
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension and OPEB	78,433
Total Assets and Deferred Outflows of Resources	8,107,599
LIABILITIES:	
Accounts payable and accrued expenses	126,838
Accrued interest payable	5,656
Compensated absences	7,418
Sales tax payable	4,751
Utility deposits	250,640
Long term liabilities:	
Due within one year	78,000
Due after one year:	
Net pension liability	50,426
OPEB liability	31,378
Certificates of obligation	2,610,000
Total Liabilities	3,165,107
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	85,920
NET POSITION:	
Net investment in capital assets	3,168,827
Unrestricted	1,687,745
Total Net Position	\$ 4,856,572

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

CITY OF COMANCHE, TEXAS
STATEMENT OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2020

	Systems Fund
OPERATING REVENUE:	
Service revenue	\$ 2,595,901
Franchise tax	35,230
Other sales and charges	62,224
Total Operating Revenue	2,693,355
OPERATING EXPENSES:	
Water utilities	776,659
Water works	287,747
Waste water	377,092
Sanitation	588,508
Garage	58,290
Total Operating Expenses	2,088,296
Operating Income	605,059
NON-OPERATING REVENUE (EXPENSES)	
Interest income	7,807
Miscellaneous income	1,477
Interest expense	(98,296)
Total Non-operating Revenue (Expenses)	(89,012)
NET INCOME BEFORE OPERATING TRANSFERS	516,047
OPERATING TRANSFERS	
Transfers out	(409,125)
CHANGE IN NET POSITION	106,922
NET POSITION BEGINNING OF YEAR	4,749,650
NET POSITION END OF YEAR	\$ 4,856,572

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

CITY OF COMANCHE, TEXAS
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
YEAR ENDED SEPTEMBER 30, 2020

	Systems Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,708,279
Payments to suppliers	(1,199,756)
Payments to employees and related taxes and benefits	(375,607)
Payments to others	(197,511)
Net cash provided by operating activities	<u>935,405</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers out	(409,125)
Miscellaneous income	1,477
Net cash used by noncapital financing activities	<u>(407,648)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on long-term debt	(77,000)
Acquisition and construction of capital assets	(18,253)
Interest payments on long-term debt	(98,446)
Net cash used by capital and related financing activities	<u>(193,699)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	7,807
Proceeds from investments	223,927
Net cash provided by investing activities	<u>231,734</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	565,792
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>685,616</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u><u>1,251,408</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 605,059
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	237,000
(Increase) Decrease in accounts receivable	(3,516)
(Increase) Decrease in inventory	2,651
Increase (Decrease) in accounts payable	69,008
Increase (Decrease) in compensated absences	(941)
Increase (Decrease) in customer deposits	18,440
Increase (Decrease) in pension liability	7,704
Net cash provided by operating activities	<u>\$ 935,405</u>
Cash and cash equivalents	\$ 1,156,492
Restricted cash and cash equivalents	94,916
	<u>\$ 1,251,408</u>

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

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The financial statements of the City of Comanche, Texas have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to city units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

REPORTING ENTITY

The City of Comanche, Texas is a general law municipality operating under an elected Mayor and City Council. The duty of this council is to pass, establish and cause to be enforced all ordinances and to do all other things necessary and proper for the carrying out and execution of the powers and duties specified in the City charter. The City's major operations include water, sewer, sanitation, streets, public safety, culture and recreation, public improvements, and general administrative services.

In conformity with U.S. generally accepted accounting principles, the City has considered all potential component units. This report includes the financial statements of the component unit for which the City is considered to be financially accountable. The basic criterion is the governing body's ability to exercise oversight responsibility which includes financial interdependency, selection of governing authority, the designation of management, and accountability for fiscal matters.

Discretely Presented Component Unit

The component unit column in the government-wide financial statements includes the financial data of the Comanche, Texas Economic Development Corporation (CTEDC). It is listed in a separate column to emphasize that it is legally separate from the City.

The Comanche, Texas Economic Development Corporation is governed by a five member board appointed by the City Council. The CTEDC's purpose is to promote and develop commercial, industrial and manufacturing enterprises, and to promote and encourage employment and the public welfare on behalf of the citizens of the City. These activities are funded by sales and use tax collected within the limits of the City of Comanche. Financial statements of the component unit may be obtained directly from the CTEDC.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from 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 function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental and proprietary funds are reported as separate columns in the fund financial statements.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2020

NOTE 1: *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued*

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements 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*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, sales taxes, franchise taxes, hotel/motel taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental fund:

General Fund - The General Fund is the government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The City reports the Time Warrant Fund as a non-major governmental fund.

The City reports the following major proprietary fund:

Systems Fund – This enterprise fund is used to account for the activities of the City's water, sewer, sanitation, and garbage services which are financed and operated in a manner similar to private business enterprises – where the intent of the government body is that the costs (expenses including depreciation) of providing services to the general public on a continuing basis will be financed or recovered primarily through user charges.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenue. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sewer, and sanitation services are charges to customers for sales and services. Operating expense for the enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

BUDGETARY CONTROL

An annual budget is submitted to the City Council in accordance with the City Charter. Public hearings are conducted to obtain taxpayer comments. Prior to October 1, the budget is legally enacted through passage of an ordinance. Budgets for the General Fund, Time Warrant Fund, and Systems Fund operations are adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end. Amended budgets were prepared during the current fiscal year. Encumbrance accounting is not utilized by the City.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During fiscal year 2020 in the general fund, expenditures exceeded the budget in several expenditure functions. During fiscal year 2020 in the systems fund, expenses exceeded the budget in several departments. Funds were available through additional revenue and fund balance to cover all unbudgeted expenditures.

USE OF ESTIMATES

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

STATEMENT OF CASH FLOWS

For purposes of the statement of cash flows, all cash and cash investments with a maturity of three months or less are considered to be cash equivalents.

INVENTORY

Inventory is valued at the lower of cost or market. Inventories of the proprietary fund consist of supplies held for consumption.

RECEIVABLES AND PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and tax receivables are shown net of an allowance for uncollectibles.

CAPITAL ASSETS

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for the proprietary fund. In the governmental fund financial statements, capital assets are recorded as expenditures. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are stated at historical cost or estimated cost if actual historical cost is not available. The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the lives is not capitalized.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Capital assets in the proprietary fund are capitalized and are depreciated on the straight-line method over the estimated useful lives of the respective assets. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against operations. Accumulated depreciation is reported on the proprietary fund balance sheet. The estimated useful lives of fixed assets are as follows:

Buildings and Improvements	10 - 40 years
Infrastructure	20 - 40 years
Equipment	5 - 20 years

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has deferred outflows of resources for the difference between projected and actual earnings for its pension plan and supplemental death benefit plan and contributions to these plans after the measurement date, but before the end of the fiscal year.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has deferred inflows of resources for the differences between expected and actual experience related to the pension plan. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

COMPENSATED ABSENCES

The City Council has adopted a policy whereby employees are paid lump sum payments of unused vacation and comp time if they leave City employment and have met prescribed conditions. As of September 30, 2019, the current liability for accrued compensated absences was \$39,924 in the General Fund and \$7,418 in the Systems Fund.

PENSIONS

For purposes of measuring the net pension liability and the OPEB 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 addition 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 employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at their fair value.

NOTE 2: DEPOSITS AND INVESTMENTS

Custodial credit risk – deposits. Deposits in financial institutions are carried at cost which approximates fair value. At September 30, 2020, the City had cash and cash investments, which represents cash on hand, demand deposits and savings accounts at federally insured local banks. At September 30, 2020, the City's deposits were fully secured by federal depository insurance and pledged securities held by the City's agent in the City's name.

Statutes authorize the City to invest in obligations of the U.S. Treasury or the State of Texas, certain repurchase agreements, common trust funds, certificates of deposit that are guaranteed or insured by the Federal Deposit Insurance Corporation, and other investments specifically authorized by Chapter 2256 Public Funds Investment Act (PFIA) and Chapter 2257 Collateral for Public Funds of the Texas Government Code. The City is in compliance with the requirements of the PFIA.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 2: DEPOSITS AND INVESTMENTS - continued

The following are the City's investments at September 30, 2020.

	Carrying Value	Market Value
Certificates of Deposit	\$ 591,756	\$ 591,756

The following are the CTEDC's investments at September 30, 2020.

	Carrying Value	Market Value
Certificates of Deposit	\$ 364,696	\$ 364,696

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable in the General Fund consists mainly of warrants receivable. The net warrants receivable balance is \$75,128, which is net of an allowance of \$69,340 at September 30, 2020.

Accounts receivable in the Systems Fund consists of customer water, sewer and sanitation services receivable. The net receivable balance at September 30, 2020 is \$229,218, which is net of an allowance of \$108,914.

NOTE 4: TAXES RECEIVABLE

Property taxes are levied on October 1 on property values assessed. Property taxes are due upon receipt and are considered delinquent if not paid by the following February 1. On January 1, of each year, a tax lien attaches to property to secure the payment of all taxes, penalties and interest ultimately imposed. Property taxes are collected and remitted to the City by the Comanche County Tax Office. The tax rate to finance general governmental services and service the debt for the City's certificates of obligation for the year ended September 30, 2020 was \$.634219 per \$100 valuation.

Property taxes are recorded as receivable and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related taxes are collected. An allowance for the uncollectible portion of the property tax receivable is also estimated.

Property taxes receivable (net) is computed as follows:

	General Fund	Time Warrant Fund
Property taxes receivable	\$ 130,427	\$ 10,316
Less: Allowance for uncollectible taxes	<u>(48,511)</u>	<u>(6,789)</u>
Property taxes receivable (net)	<u>\$ 84,916</u>	<u>\$ 3,527</u>

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5: CAPITAL ASSETS

A summary of changes in governmental capital assets is as follows:

<u>Government Activities:</u>	Balance September 30, 2019	Additions/ Completions	Retirements	Balance September 30, 2020
Capital assets, not being depreciated:				
Land	\$ 454,028	\$	\$	\$ 454,028
Total capital assets, not being depreciated	<u>454,028</u>	<u></u>	<u>-</u>	<u>454,028</u>
Capital assets being depreciated:				
Buildings and improvements	1,722,981			1,722,981
Infrastructure	2,284,740			2,284,740
Equipment	1,027,478	63,254	(190,262)	900,470
Total assets being depreciated	<u>5,035,199</u>	<u>63,254</u>	<u>(190,262)</u>	<u>4,908,191</u>
Less accumulated depreciation for:				
Buildings and improvements	(962,246)	(64,563)		(1,026,809)
Infrastructure	(1,320,319)	(32,286)		(1,352,605)
Equipment	(766,189)	(44,453)	190,262	(620,380)
Total accumulated depreciation	<u>(3,048,754)</u>	<u>(141,302)</u>	<u>190,262</u>	<u>(2,999,794)</u>
Total capital assets being depreciated, net	<u>1,986,445</u>	<u>(78,048)</u>	<u>-</u>	<u>1,908,397</u>
Governmental activities capital assets, net	<u>\$ 2,440,473</u>	<u>\$ (78,048)</u>	<u>\$ -</u>	<u>\$ 2,362,425</u>

A summary of changes in business-type capital assets is as follows:

<u>Business-type activities:</u>	Balance September 30, 2019	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2020
Capital assets, not being depreciated:				
Land	\$ 28,600	\$	\$	\$ 28,600
Total capital assets, not being depreciated	<u>28,600</u>	<u></u>	<u></u>	<u>28,600</u>
Capital assets being depreciated:				
Buildings and improvements	76,956			76,956
Infrastructure	8,641,545			8,641,545
Equipment	526,645	18,253	(21,996)	522,902
Total assets being depreciated	<u>9,245,146</u>	<u>18,253</u>	<u>(21,996)</u>	<u>9,241,403</u>
Less accumulated depreciation for:				
Buildings and improvements	(75,748)	(268)		(76,016)
Infrastructure	(2,696,805)	(210,659)		(2,907,464)
Equipment	(425,619)	(26,073)	21,996	(429,696)
Total accumulated depreciation	<u>(3,198,172)</u>	<u>(237,000)</u>	<u>21,996</u>	<u>(3,413,176)</u>
Total capital assets being depreciated, net	<u>6,046,974</u>	<u>(218,747)</u>	<u></u>	<u>5,828,227</u>
Business-type activities capital assets, net	<u>\$ 6,075,574</u>	<u>\$ (218,747)</u>	<u>\$</u>	<u>\$ 5,856,827</u>

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 5: CAPITAL ASSETS - continued

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
Public safety	\$ 42,956
Streets	32,873
Culture and recreation	23,475
Other	<u>41,998</u>
	<u>\$ 141,302</u>
Business-type activities:	
Water works	\$ 136,870
Waste water	99,862
Garage	<u>268</u>
	<u>\$ 237,000</u>

A summary of changes in Comanche, Texas Economic Development Corporation's capital assets is as follows:

<u>CTEDC</u>	Balance September 30, 2019	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2020
Capital assets, not being depreciated:				
Land	\$ 354,299	\$ _____	\$ _____	\$ 354,299
Total capital assets, not being depreciated	<u>354,299</u>	<u>_____</u>	<u>_____</u>	<u>354,299</u>
Capital assets being depreciated:				
Buildings and improvements	98,104			98,104
Equipment	5,202			5,202
Total assets being depreciated	<u>103,306</u>	<u>_____</u>	<u>_____</u>	<u>103,306</u>
Less accumulated depreciation for:				
Buildings and improvements	(34,955)	(3,345)		(38,300)
Equipment	(5,202)			(5,202)
Total accumulated depreciation	<u>(40,157)</u>	<u>(3,345)</u>	<u>_____</u>	<u>(43,502)</u>
Total capital assets being depreciated, net	<u>63,149</u>	<u>(3,345)</u>	<u>_____</u>	<u>59,804</u>
Business-type activities capital assets, net	<u>\$ 417,448</u>	<u>\$ (3,345)</u>	<u>\$ _____</u>	<u>\$ 414,103</u>

Depreciation expense was charged to functions/programs of the component unit as follows:

Economic development	<u>\$ 3,345</u>
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NOTE 6: LONG TERM DEBT

The City finances capital asset purchases through time warrants, notes payable, and certificates of obligation. The governmental activity debts are funded through appropriations of the ad valorem tax revenue each year. The certificates of obligation are governmental activity and business-type activity debt and are secured by both taxes and water and sewer revenue. A schedule of the City's transactions in the long-term debt for the year ended September 30, 2020 is as follows:

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6: LONG TERM DEBT - continued

	<u>Balance</u> <u>September 30,</u> <u>2019</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>September 30,</u> <u>2020</u>
<u>Government Activities:</u>				
Certificates of Obligation	\$ 315,978	\$	\$ (37,989)	\$ 277,989
<u>Business-type Activities:</u>				
Certificates of Obligation	<u>2,765,000</u>	<u></u>	<u>(77,000)</u>	<u>2,688,000</u>
Total Primary Government	<u>\$ 3,080,978</u>	<u>\$ -</u>	<u>\$ (114,989)</u>	<u>\$ 2,965,989</u>

Long-term debts of the governmental activities are as follows:

	<u>Interest Rate</u>	<u>Payment/Terms</u>	<u>Amount</u>
Certificates of Obligation:			
Comanche National Bank	4.40%	Annual payments thru 2021	\$ 23,989
Comanche National Bank	1.25% to 4.50%	Annual payments thru 2036	254,000
			<u>\$ 277,989</u>

The annual aggregate maturities for the governmental activities at September 30, 2020 are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 37,989	\$ 8,610	\$ 46,599
2022	14,000	8,329	22,329
2023	14,000	8,029	22,029
2024	15,000	7,706	22,706
2025	15,000	7,339	22,339
2026-2030	83,000	29,585	112,585
2031-2035	99,000	13,123	112,123
	<u>\$ 277,989</u>	<u>\$ 82,721</u>	<u>\$ 360,710</u>

Long-term debts of the business-type activities are as follows:

	<u>Interest Rate</u>	<u>Payment/Terms</u>	<u>Amount</u>
Certificates of Obligation:			
USDA Rural Development-Series 2001	4.50%	Annual payments thru 2040	\$ 461,000
USDA Rural Development-Series 2003	4.25%	Annual payments thru 2043	565,000
Texas Water Dev. Board-Series 2013	Variable	Annual payments thru 2043	565,000
Texas Water Dev. Board-Series 2013A	Variable	Annual payments thru 2044	640,000
USDA Rural Development-Series 2014	3.25%	Annual payments thru 2053	457,000
			<u>\$ 2,688,000</u>

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 6: LONG TERM DEBT - continued

The annual aggregate maturities for the business-type activities at September 30, 2020 are as follows:

Year Ended September 30	Principal	Interest	Total
2021	\$ 78,000	\$ 96,330	\$ 174,330
2022	78,000	94,022	172,022
2023	79,000	91,625	170,625
2024	81,000	89,109	170,109
2025	87,000	86,457	173,457
2026-2030	465,000	386,176	851,176
2031-2035	563,000	294,275	857,275
2036-2040	679,000	181,348	860,348
2041-2045	420,000	62,342	482,342
2046-2050	94,000	19,728	113,728
2051-2053	64,000	4,193	68,193
	<u>\$ 2,688,000</u>	<u>\$ 1,405,605</u>	<u>\$ 4,093,605</u>

The Comanche, Texas Economic Development Corporation financed the purchase of land for development purposes in May 2012 through a loan from the seller, the Comanche Industrial Foundation, Inc. The loan amount was \$102,950 to be repaid over ten years in annual installments beginning on May 4, 2014. The loan is at an interest rate of 3.0%. The loan balance at September 30, 2020 was \$23,093.

The annual aggregate maturities for the CTEDC at September 30, 2020 are as follows:

Year Ended September 30	Principal	Interest	Total
2021	\$ 11,374	\$ 695	\$ 12,069
2022	11,719	350	12,069
	<u>\$ 23,093</u>	<u>\$ 1,045</u>	<u>\$ 24,138</u>

NOTE 7: TRANSFERS

During the year ended September 30, 2020, the City transferred \$409,125 from the Systems Fund to the General Fund to supplement other funding sources.

NOTE 8: RISK FINANCING

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; and errors or omissions. The City has purchased commercial insurance to insure against these losses. There were no significant reductions in coverage in the past year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

NOTE 9: COMMITMENTS AND CONTINGENCIES

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Such audits could result in requests for reimbursement by the grantor agencies for expenses disallowed under terms and conditions specified in the grant agreement.

Note 10: PENSION PLAN

A. Plan Description

The City of Comanche participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

B. Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the City, 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 payment options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interests.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City for the plan year 2020 were as follows:

Employee deposit rate:	5.0%
Employer deposit rate (2018 and 2019)	4.72% and 4.97%
Matching ratio (City to employee):	1 to 1
Years required for vesting:	5 years
Service retirement eligibility (expressed as age/years of service)	60/5, 0/25
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>30</u>
Total	64

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 10: PENSION PLAN – continued

C. Contributions

The contribution rates for employees in the TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City 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 City of Comanche were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City of Comanche were 4.72% and 4.97% in calendar years 2019 and 2020 respectively. The City's contributions to TMRS for the year ended September 30, 2020 were \$60,368 and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation.

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are 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 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 assets 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) 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 2019 are summarized in the following table:

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 10: PENSION PLAN - continued

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.750%. 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.

Changes in the Net Pension Liability	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance as 12/31/2018	\$ 3,309,439	\$ 2,921,917	\$ 387,522
Changes for the year:			
Service cost	102,412		102,412
Interest	220,300		220,300
Change of benefit terms			
Difference between expected and actual experience	59,008		59,008
Changes of assumptions	(20,131)		(20,131)
Contributions – employer		58,379	(58,379)
Contributions – employee		61,843	(61,843)
Net Investment Income		450,583	(450,583)
Benefit Payments, including refunds of employee Contributions	(193,886)	(193,886)	
Administrative expense		(2,552)	2,552
Other changes		(77)	77
Net Changes	167,703	374,290	(206,587)
Balance 12/31/2019	\$ 3,477,142	\$ 3,296,207	\$ 180,935

Sensitivity of the Net Pension Liability to changes in the discount rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City’s Net Pension Liability	\$ 570,721	\$ 180,935	\$ (145,848)

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 10: PENSION PLAN - continued

Pension Plan Fiduciary Net Position

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

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of \$78,881.

At September 30, 2020, the City 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	\$ 41,704	\$ 7,675
Changes in actuarial assumptions		14,227
Difference between projected and actual investment earnings	180,610	281,709
Contributions subsequent to the measurement date	42,738	
Total	\$ 265,052	\$ 303,611

\$42,738 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31:	
2020	\$ (24,590)
2021	(20,242)
2022	14,205
2023	(50,670)
2024	0
Thereafter	0
Total	\$ (81,297)

Note 11: SUPPLEMENTAL DEATH BENEFITS FUND

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System known as the Supplemental Death Benefits Fund (SDB). The SDB plan includes coverage for both active and retiree members and assets are comingled for the payment of such benefits. The SDB plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement Number 75. The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDB by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for \$7,500; this coverage is an “other postemployment benefit,” or OPEB. The City offered supplemental death benefits to active employees and retirees during plan years 2017, 2018, 2019 and 2020.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 11: SUPPLEMENTAL DEATH BENEFITS FUND - continued

Employees covered by benefit terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the SDB:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to but not yet receiving benefits	3
Active employees	<u>30</u>
Total	47

OPEB Liability

The City's total OPEB liability of \$112,584 was measured as of December 31, 2019, and was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The OPEB Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 11.5% including inflation
Discount rate	2.75% per year

Administrative Expenses - All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality Rates – Service retirees – Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

Mortality Rates – Disabled Annuitant -For calculating the OPEB liability and the OPEB contribution rates, the 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% minimum mortality rate will be applied to reflect the impairment for younger members who become disables for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

Mortality Rates – Pre-Retirement – For calculating the OPEB liability and the OPEB contribution rates, the PUB(10) mortality tables, with the Public Safety table fused for males and the General Employee table used for females. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 11: SUPPLEMENTAL DEATH BENEFITS FUND - continued

Changes in the OPEB Liability	Total OPEB Liability (a)
Balance as 12/31/2018	\$ 90,981
Changes for the year:	
Service cost	4,205
Interest on total OPEB liability	3,428
Change of benefit terms	
Difference between expected and actual experience	(788)
Changes in assumptions or other inputs	16,119
Benefit Payments	(1,361)
Other changes	
Net Changes	21,603
Balance 12/31/2019	\$ 112,584

Sensitivity of the OPEB Liability to changes in the discount rate

The following presents the OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City’s OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.75%) or 1-percentage-point higher (3.75%) than the current rate:

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City’s OPEB Liability	\$ 131,157	\$ 112,584	\$ 97,741

OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended September 30, 2020, the City recognized OPEB expense (benefit) of \$10,573.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience		\$ 1,512
Changes in actuarial assumptions	2,472	3,163
Difference between projected and actual investment earnings	12,869	
Contributions subsequent to the measurement date	1,032	
Total	\$ 16,373	\$ 4,675

The deferred outflows balance includes contributions subsequent to the measurement date of \$1,032. This amount will be recognized as a reduction of the OPEB liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020

Note 11: SUPPLEMENTAL DEATH BENEFITS FUND - continued

Year Ended December 31:	
2020	\$ 2,940
2021	2,940
2022	2,202)
2023	2,584
2024	
Thereafter	0
Total	\$ 10,666

NOTE 12: LEASE COMMITMENTS

The City entered into a lease agreement with Enterprise Fleet Management in February 2020. The fleet agreement provided nine vehicles to the City during the year ended September 30, 2020. Each vehicle has a 48-month lease term which begins when the vehicle is delivered to the City. The total monthly lease cost for the nine vehicles is \$7,707 per month.

The future minimum lease payments under these leases are:

<u>Fiscal Year:</u>		<u>Total Payment</u>
2021	\$	92,490
2022		92,490
2023		92,490
2024		46,987
	\$	<u>324,457</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF COMANCHE, TEXAS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND
YEAR ENDED SEPTEMBER 30, 2020

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Amended Budget	Actual	
REVENUE:				
Franchise tax revenue	\$ 160,000	\$ 160,000	\$ 194,645	\$ 34,645
Property tax revenue	1,272,450	1,272,450	1,251,180	(21,270)
Sales tax revenue	590,000	590,000	618,326	28,326
Hotel/motel tax revenue	90,000	90,000	67,029	(22,971)
Intergovernmental revenue	211,301	254,724	285,892	31,168
Fines and forfeitures	35,000	35,000	30,539	(4,461)
Charges for services	75,977	84,096	98,524	14,428
Investment earnings	6,300	6,300	4,552	(1,748)
Miscellaneous income	27,862	44,928	43,937	(991)
Total Revenues	<u>2,468,890</u>	<u>2,537,498</u>	<u>2,594,624</u>	<u>57,126</u>
EXPENDITURES:				
Current:				
City council	66,962	138,509	51,139	87,370
Administration	162,879	197,776	167,328	30,448
Police	1,027,055	1,060,592	998,380	62,212
Fire/Code Enforcement	73,711	80,426	79,557	869
Streets	391,846	390,275	293,329	96,946
Library	82,525	82,525	76,720	5,805
Airport	11,545	11,545	61,106	(49,561)
Emergency management	145,511	145,511	146,407	(896)
Animal control	93,142	97,589	88,334	9,255
Parks and pool	190,949	277,422	104,666	172,756
Cemetery	35,676	40,676	48,346	(7,670)
Tax assessor	135,691	185,691	167,960	17,731
Senior citizens	49,904	50,554	48,902	1,652
Community center	12,027	12,112	14,194	(2,082)
Legal	11,035	11,035	7,350	3,685
Municipal court	32,233	32,925	27,719	5,206
District court forensics	79,731	82,697	81,571	1,126
Volunteer fire department	138,000	138,000	134,898	3,102
Economic development	68,038	68,038	69,823	(1,785)
Community development	84,530	84,530	76,204	8,326
Capital outlay	-	55,000	63,254	(8,254)
Total expenditures	<u>2,892,990</u>	<u>3,243,428</u>	<u>2,807,187</u>	<u>436,241</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(424,100)	(705,930)	(212,563)	493,367
OTHER FINANCING SOURCES (USES)				
Transfers in	424,100	705,930	409,125	(296,805)
Total Other Financing Sources (Uses)	<u>424,100</u>	<u>705,930</u>	<u>409,125</u>	<u>(296,805)</u>
CHANGE IN FUND BALANCE	-	-	196,562	196,562
FUND BALANCES AT BEGINNING OF YEAR	<u>662,810</u>	<u>662,810</u>	<u>662,810</u>	<u>662,810</u>
FUND BALANCES AT END OF YEAR	<u>\$ 662,810</u>	<u>\$ 662,810</u>	<u>\$ 859,372</u>	<u>\$ 196,562</u>

CITY OF COMANCHE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2014</u>	<u>2015</u>	<u>2016</u>
Total Pension Liability			
Service cost	\$ 80,806	\$ 75,706	\$ 87,070
Interest (on the Total Pension Liability)	199,695	205,531	196,865
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(31,148)	(134,179)	49,417
Change of Assumptions	-	19,381	-
Benefit payments, including refunds	<u>(160,020)</u>	<u>(166,843)</u>	<u>(216,656)</u>
Net Change in Total Pension Liability	89,333	(404)	116,696
Total Pension Liability - Beginning	<u>2,892,389</u>	<u>2,981,722</u>	<u>2,981,318</u>
Total Pension Liability - Ending (a)	<u>\$ 2,981,722</u>	<u>\$ 2,981,318</u>	<u>\$ 3,098,014</u>
 Plan Fiduciary Net Position			
Contributions - Employer	57,601	\$ 51,029	\$ 53,465
Contributions - Employee	50,706	48,081	53,680
Net Investment Income	153,359	4,103	183,177
Benefit payments, including refunds	(160,020)	(166,843)	(216,656)
Administrative Expense	(1,601)	(2,499)	(2,072)
Other	<u>(132)</u>	<u>(123)</u>	<u>(113)</u>
Net Change in Plan Fiduciary Net Position	99,913	(66,252)	71,481
Plan Fiduciary Net Position - Beginning	<u>2,680,946</u>	<u>2,780,859</u>	<u>2,714,607</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,780,859</u>	<u>\$ 2,714,607</u>	<u>\$ 2,786,088</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 200,863</u>	<u>\$ 266,711</u>	<u>\$ 311,926</u>
 Plan Fiduciary Net Position as a Percentage of of Total Pension Liability	93.26%	91.05%	89.93%
 Covered Employee Payroll	\$ 1,014,116	\$ 957,093	\$ 1,073,609
 Net Pension Liability as a Percentage of Covered Employee Payroll	19.81%	27.87%	29.05%

CITY OF COMANCHE, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Total Pension Liability			
Service cost	\$ 91,626	\$ 86,161	\$ 102,412
Interest (on the Total Pension Liability)	205,950	212,759	220,300
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(13,242)	(10,383)	59,008
Change of Assumptions	-	-	(20,131)
Benefit payments, including refunds	<u>(185,438)</u>	<u>(176,008)</u>	<u>(193,886)</u>
Net Change in Total Pension Liability	98,896	112,529	167,703
Total Pension Liability - Beginning	<u>3,098,014</u>	<u>3,196,910</u>	<u>3,309,439</u>
Total Pension Liability - Ending (a)	<u>\$ 3,196,910</u>	<u>\$ 3,309,439</u>	<u>\$ 3,477,142</u>
 Plan Fiduciary Net Position			
Contributions - Employer	\$ 50,059	\$ 49,965	\$ 58,379
Contributions - Employee	55,869	52,155	61,843
Net Investment Income	385,629	(92,417)	450,583
Benefit payments, including refunds	(185,438)	(176,008)	(193,886)
Administrative Expense	(2,001)	(1,789)	(2,552)
Other	<u>(103)</u>	<u>(93)</u>	<u>(76)</u>
Net Change in Plan Fiduciary Net Position	304,015	(168,187)	374,291
Plan Fiduciary Net Position - Beginning	<u>2,786,088</u>	<u>3,090,103</u>	<u>2,921,916</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 3,090,103</u>	<u>\$ 2,921,916</u>	<u>\$ 3,296,207</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 106,807</u>	<u>\$ 387,523</u>	<u>\$ 180,935</u>
 Plan Fiduciary Net Position as a Percentage of of Total Pension Liability	96.66%	88.29%	94.80%
 Covered Employee Payroll	\$ 1,117,385	\$ 1,043,109	\$ 1,236,862
 Net Pension Liability as a Percentage of Covered Employee Payroll	9.56%	37.15%	14.63%

CITY OF COMANCHE, TEXAS
SCHEDULE OF CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)
YEARS ENDED SEPTEMBER 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution	\$ 58,703	\$ 54,314	\$ 52,022	\$ 52,280	\$ 48,635	\$ 53,641	\$ 60,368
Contributions in relation to the actuarially determined contribution	<u>58,703</u>	<u>54,314</u>	<u>52,022</u>	<u>52,280</u>	<u>48,635</u>	<u>53,641</u>	<u>60,368</u>
Contributions deficiency	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ <u>1,023,012</u>	\$ <u>1,005,076</u>	\$ <u>1,029,665</u>	\$ <u>1,136,064</u>	\$ <u>1,032,043</u>	\$ <u>1,132,477</u>	\$ <u>1,233,439</u>
Contributions as a percentage of covered payroll	5.74%	5.40%	5.05%	4.60%	4.71%	4.74%	4.89%

SCHEDULE OF CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)
YEAR ENDED SEPTEMBER 30, 2020

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Notes 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	26 Years
Asset Valuation Method	10 Year smoothed market: 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% 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 tables used for females. The rates are projected on a fully generational basis with scale UMP>

Other Information:

Notes Adopted restricted prior service credit

CITY OF COMANCHE, TEXAS
SCHEDULE OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS
Last 10 Years (will ultimately be displayed)
YEARS ENDED DECEMBER 31

OPEB Liability	<u>2017</u>	<u>2018</u>	<u>2019</u>
Service cost	\$ 3,576	\$ 3,860	\$ 4,205
Interest on total OPEB liability	3,086	3,078	3,428
Changes of benefit terms			
Difference between expected and actual experience		(1,415)	(788)
Change of Assumptions	5,682	(5,073)	16,119
Benefit payments	<u>(1,229)</u>	<u>(1,043)</u>	<u>(1,361)</u>
Net Change in OPEB Liability	11,115	(593)	21,603
Total OPEB Liability - Beginning	80,459	91,574	90,981
Total OPEB Liability - Ending (a)	<u>\$ 91,574</u>	<u>\$ 90,981</u>	<u>\$ 112,584</u>
Covered Employee Payroll	\$ 1,117,385	\$ 1,043,109	\$ 1,236,862
OPEB Liability as a Percentage of Covered Employee Payroll	8.20%	8.72%	9.10%

OTHER SUPPLEMENTARY INFORMATION

CITY OF COMANCHE, TEXAS
COMPARATIVE SCHEDULES OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	General Fund	
	2020	2019
REVENUE:		
Franchise tax revenue	\$ 194,645	\$ 197,890
Property tax revenue	1,251,180	1,151,341
Sales tax revenue	618,326	597,403
Hotel/motel tax revenue	67,029	89,127
Intergovernmental revenue	285,892	162,790
Fines and forfeitures	30,539	38,204
Charges for services	98,524	145,226
Investment earnings	4,552	7,772
Miscellaneous income	43,937	88,010
Total Revenue	<u>2,594,624</u>	<u>2,477,763</u>
EXPENDITURES:		
Current:		
City council	51,139	59,237
Administration	167,328	81,685
Police	998,380	962,090
Fire	79,557	66,131
Streets	293,329	363,607
Library	76,720	74,575
Airport	61,106	83,062
Emergency management	146,407	29,037
Animal control	88,334	81,189
Parks	104,666	145,071
Cemetery	48,346	40,197
Tax assessor	167,960	109,839
Senior citizens	48,902	38,597
Community center	14,194	9,143
Legal	7,350	28,979
Municipal court	27,719	35,572
District court forensics	81,571	70,362
Volunteer fire department	134,898	128,788
Economic development	69,823	64,176
Community development	76,204	99,809
Capital outlay	63,254	238,263
Total Expenditures	<u>2,807,187</u>	<u>2,809,409</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(212,563)	(331,646)
OTHER FINANCING SOURCES (USES)		
Proceeds from sale of assets		24,650
Transfers in	409,125	439,730
Total other financing sources (uses)	<u>409,125</u>	<u>464,380</u>
CHANGE IN FUND BALANCE	196,562	132,734
FUND BALANCE AT BEGINNING OF YEAR	662,810	530,076
FUND BALANCE AT END OF YEAR	\$ <u>859,372</u>	\$ <u>662,810</u>

CITY OF COMANCHE, TEXAS
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION -
BUDGET (GAAP BASIS) AND ACTUAL - SYSTEMS FUND
YEAR ENDED SEPTEMBER 30, 2020

	Systems Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Amended Budget	Actual	
OPERATING REVENUE:				
Service revenue	\$ 2,505,179	\$ 2,505,179	\$ 2,595,901	\$ 90,722
Franchise tax	34,824	34,824	35,230	406
Other sales and charges	62,955	75,215	62,224	(12,991)
Total Operating Revenue	<u>2,602,958</u>	<u>2,615,218</u>	<u>2,693,355</u>	<u>78,137</u>
OPERATING EXPENSES:				
Water utilities	823,049	823,494	776,659	46,835
Water works	260,029	265,489	287,747	(22,258)
Waste water	359,898	377,273	377,092	181
Sanitation	587,548	587,548	588,508	(960)
Garage	58,060	62,015	58,290	3,725
Total Operating Expenses	<u>2,088,584</u>	<u>2,115,819</u>	<u>2,088,296</u>	<u>27,523</u>
Operating Income	<u>514,374</u>	<u>499,399</u>	<u>605,059</u>	<u>105,660</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	7,700	7,700	7,807	107
Miscellaneous income	500	500	1,477	977
Interest expense	(98,474)	(98,474)	(98,296)	178
Total Non-operating Revenues (Expenses)	<u>(90,274)</u>	<u>(90,274)</u>	<u>(89,012)</u>	<u>1,262</u>
NET INCOME BEFORE OPERATING TRANSFERS	424,100	409,125	516,047	106,922
OPERATING TRANSFERS				
Transfers out	<u>(424,100)</u>	<u>(409,125)</u>	<u>(409,125)</u>	<u></u>
CHANGE IN NET POSITION			106,922	106,922
NET POSITION BEGINNING OF YEAR	<u>4,749,650</u>	<u>4,749,650</u>	<u>4,749,650</u>	<u></u>
NET POSITION END OF YEAR	<u>\$ 4,749,650</u>	<u>\$ 4,749,650</u>	<u>\$ 4,856,572</u>	<u>\$ 106,922</u>

CITY OF COMANCHE, TEXAS
COMPARATIVE SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	Systems Fund	
	2020	2019
OPERATING REVENUE:		
Service revenue	\$ 2,595,901	\$ 2,507,755
Franchise tax	35,230	31,726
Other sales and charges	62,224	80,228
Total Operating Revenue	<u>2,693,355</u>	<u>2,619,709</u>
OPERATING EXPENSES:		
Water utilities	776,659	751,975
Water works	287,747	360,702
Waste water	377,092	357,188
Sanitation	588,508	574,676
Garage	58,290	58,571
Total Operating Expenses	<u>2,088,296</u>	<u>2,103,112</u>
Operating Income	<u>605,059</u>	<u>516,597</u>
NON-OPERATING REVENUE (EXPENSES)		
Interest income	7,807	8,520
Miscellaneous income	1,477	1,031
Interest expense	(98,296)	(100,728)
Total Non-operating Revenue (Expenses)	<u>(89,012)</u>	<u>(91,177)</u>
NET INCOME BEFORE OPERATING TRANSFERS	516,047	425,420
OPERATING TRANSFERS		
Transfers out	<u>(409,125)</u>	<u>(439,730)</u>
CHANGE IN NET POSITION	106,922	(14,310)
NET POSITION BEGINNING OF YEAR	<u>4,749,650</u>	<u>4,763,960</u>
NET POSITION END OF YEAR	<u>\$ 4,856,572</u>	<u>\$ 4,749,650</u>