

**CITY OF COMANCHE,
TEXAS**

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S
REPORT

SEPTEMBER 30, 2017

Roberts & McGee, CPA
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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, 2017, 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, 2017, 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, and pension related schedules on pages 3-8 and 32-34 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 35-37 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,
February 9, 2018

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

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, 2017.

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 \$7,384,207 (*net position*). Of this amount, \$1,621,925 (*unrestricted*) may be used to meet the government's ongoing obligations to citizens. \$5,713,928 of the City's equity is invested in capital assets, net of related debt; and \$48,354 of the City's equity is restricted for debt service.
- The City's total assets decreased by \$341,124 during the 2017 fiscal year.
- The net position (*equity*) of the City decreased by \$245,932 during the 2017 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 \$248,877. This fund balance reflects an increase of \$38,719 for the current year.
- In the Systems Fund, the net position reflects \$1,341,751 of unrestricted equity, which is a decrease of \$56,935 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 government-wide financial statements can be found on pages 9-10 of this report.

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

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 32.

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 18-31 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 35-37 of this report.

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

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 \$7,384,207 at the close of the most recent fiscal year.

\$5,713,928 of the City of Comanche's net position (77 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

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current assets	\$ 577,350	\$ 551,688
Capital assets	<u>2,493,627</u>	<u>2,581,502</u>
Total Assets	3,070,977	3,133,190
Deferred outflows of resources - pensions	<u>127,923</u>	<u>164,296</u>
Total assets and deferred outflows of resources	3,198,900	3,297,486
Current liabilities	154,139	164,497
Long-term liabilities	<u>577,960</u>	<u>582,335</u>
Total Liabilities	732,099	746,832
Deferred inflows of resources - pensions	<u>34,602</u>	<u>87,751</u>
Total liabilities and deferred outflows of resource	766,701	834,583
Net investment in capital assets	2,103,671	2,154,557
Restricted	48,354	47,535
Unrestricted	<u>280,174</u>	<u>260,811</u>
Total Net Position	<u>\$ 2,432,199</u>	<u>\$ 2,462,903</u>

	<u>Business-type Activities</u>	
	<u>2017</u>	<u>2016</u>
Current assets	\$ 2,000,981	\$ 2,181,840
Capital assets	<u>6,330,579</u>	<u>6,428,631</u>
Total Assets	8,331,560	8,610,471
Deferred outflows of resources - pension	<u>49,428</u>	<u>63,482</u>
Total assets and deferred outflows of resources	8,380,988	8,673,953
Current liabilities	475,644	458,920
Long-term liabilities	<u>2,939,965</u>	<u>3,013,891</u>
Total Liabilities	3,415,609	3,472,811
Deferred inflows of resources - pension	<u>13,371</u>	<u>33,906</u>
Total liabilities and deferred inflows of resources	3,428,980	3,506,717
Net investment in capital assets	3,610,257	3,768,550
Unrestricted	<u>1,341,751</u>	<u>1,398,686</u>
Total Net Position	<u>\$ 4,952,008</u>	<u>\$ 5,167,236</u>

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

The City of Comanche's Changes in Net Position

	Governmental Activities		Business-type Activities	
	2017	2016	2017	2016
Revenues:				
Program Revenues:				
Charges for services	\$ 112,397	\$ 122,439	\$ 2,349,464	\$ 2,296,687
Capital grants & contributions				264,500
Operating grants & contributions	81,834	84,803		
General Revenues				
Property taxes	1,063,421	1,028,722		
Sales and use taxes	533,373	525,884		
Franchise taxes	207,507	193,511	30,678	30,244
Hotel/motel taxes	79,051	72,171		
Investment earnings	5,037	4,916	7,995	8,110
Miscellaneous income	26,731	20,358	1,551	108
Transfers	375,919	255,103	(375,919)	(255,103)
Total Revenues	<u>2,485,270</u>	<u>2,307,907</u>	<u>2,013,769</u>	<u>2,344,546</u>
Expenses				
General administration	362,437	347,218		
Public safety	1,277,184	1,078,101		
Streets	313,683	311,880		
Municipal court	62,396	64,194		
Culture and recreation	240,709	231,628		
Economic development	119,481	131,750		
Water			1,112,083	1,083,395
Waste water			445,737	395,861
Sanitation			511,304	504,065
Interest	14,413	12,457	105,055	105,028
Other	125,671	101,701	54,818	42,507
Total expenses	<u>2,515,974</u>	<u>2,278,929</u>	<u>2,228,997</u>	<u>2,130,856</u>
Increase (decrease) in net position	(30,704)	28,978	(215,228)	213,690
Beginning Net Position	<u>2,462,903</u>	<u>2,433,925</u>	<u>5,167,236</u>	<u>4,953,546</u>
Ending Net Position	<u>\$ 2,432,199</u>	<u>\$ 2,462,903</u>	<u>\$ 4,952,008</u>	<u>\$ 5,167,236</u>

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 \$248,877, which is unassigned and available for spending at the City's discretion.

Fund Budgetary Highlights

The original budget reflected a balanced budget. There were budget amendments made during the year ended September 30, 2017. The actual expenditures were \$49,094 less than the adjusted budgeted amounts. Actual revenues were \$10,375 less than was budgeted.

The original budget for the Systems Fund reflected a balanced budget. There were budget amendments made during the year ended September 30, 2017, Actual operating expenses were \$111,249 more than the budgeted amounts, and actual revenues were \$106,128 less than was budgeted.

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets The City of Comanche's investment in capital assets for its governmental activities amounts to \$2,493,627 (net of accumulated depreciation), and the investment in capital assets for its business-type activities amounts to \$6,330,579 (net of accumulated depreciation) as of September 30, 2017. 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 2017		Governmental Activities 2016
Land	\$	465,528	\$	465,528
Buildings and improvements		727,718		784,912
Infrastructure		970,167		1,001,034
Equipment		330,214		330,028
Total	\$	2,493,627	\$	2,581,502

		Business-type Activities 2017		Business-type Activities 2016
Land	\$	28,600	\$	28,600
Building improvements		1,743		2,012
Infrastructure		6,142,743		6,225,339
Equipment		157,493		172,680
Total	\$	6,330,579	\$	6,428,631

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 warrants and certificates of obligation within the governmental activities of the City and certificates of obligation and a note payable within the business-type activities. As of September 30, 2017, the City had long term liabilities as follows:

Governmental Activities:	
Certificates of Obligation	\$ 389,956
Business-type Activities:	
Certificates of Obligation	\$ 2,916,000
Note Payable	\$ 23,560

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.

**THE CITY OF COMANCHE, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
SEPTEMBER 30, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The City of Comanche adopted a 2017 property tax rate effective for its 2018 fiscal year of .709905 per \$100 property valuation which is the same rate as the 2016 year tax rate.
- The 2018 fiscal year budget was approved by the City Council in September of 2017. The General Fund budget reflects a balanced budget at \$2,586,116, which is approximately \$69,000 more than the 2017 budget. The Systems Fund budget for 2018 is \$2,513,104, which reflects an increase over the 2017 budget of approximately \$27,000.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Comanche TEDC
ASSETS				
Cash and cash equivalents	\$ 183,965	\$ 649,439	\$ 833,404	\$ 150,997
Restricted cash and cash equivalents		245,049	245,049	
Investments		808,894	808,894	354,753
Receivables:				
Taxes, net	289,141		289,141	48,636
Accounts, net	104,244	204,861	309,105	
Inventory		92,738	92,738	
Non-depreciable capital assets	465,528	28,600	494,128	354,299
Depreciable capital assets, net	2,028,099	6,301,979	8,330,078	70,271
TOTAL ASSETS	3,070,977	8,331,560	11,402,537	978,956
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	127,923	49,428	177,351	
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	3,198,900	8,380,988	11,579,888	978,956
LIABILITIES				
Current liabilities:				
Accounts payable and accrued expenses	39,703	162,381	202,084	3,257
Accrued compensated absences	18,221	13,322	31,543	
Accrued interest payable	2,994	6,223	9,217	
Due to other governmental entities	56,232		56,232	
Deposits		207,190	207,190	
Long term liabilities:				
Due within one year	36,989	86,528	123,517	10,409
Due after one year:				
Loan payable				44,916
Net pension liability	224,993	86,933	311,926	
Certificates of obligation	352,967	2,853,032	3,205,999	
TOTAL LIABILITIES	732,099	3,415,609	4,147,708	58,582
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	34,602	13,371	47,973	
NET POSITION				
Net Position:				
Net investment in capital assets	2,103,671	3,610,257	5,713,928	369,245
Restricted for debt service	48,354		48,354	
Unrestricted	280,174	1,341,751	1,621,925	551,129
TOTAL NET POSITION	\$ 2,432,199	\$ 4,952,008	\$ 7,384,207	\$ 920,374

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

CITY OF COMANCHE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2017

FUNCTIONS/PROGRAMS	Expenses	PROGRAM REVENUES		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General administration	\$ 362,437	\$ 10,754	\$	\$
Public safety	1,277,184	56,674	20,954	
Streets	313,683			
Municipal court	62,396	10,818		
Culture and recreation	240,709	30,151		
Economic development	119,481		60,880	
Other	125,671	4,000		
Interest	14,413			
Total governmental activities	<u>2,515,974</u>	<u>112,397</u>	<u>81,834</u>	
Business-type activities:				
Water utilities	728,692	867,157		
Water works	383,391	404,987		
Waste water	445,737	357,104		
Sanitation	511,304	720,216		
Garage	54,818			
Interest	105,055			
Total business-type activities	<u>2,228,997</u>	<u>2,349,464</u>		
TOTAL PRIMARY GOVERNMENT	<u>\$ 4,744,971</u>	<u>\$ 2,461,861</u>	<u>\$ 81,834</u>	<u>\$</u>
Component unit:				
Comanche TEDC:				
Economic development	\$ 159,828	\$	\$	\$
Total component units	<u>\$ 159,828</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
\$ (351,683)	\$	\$ (351,683)	\$
(1,199,556)		(1,199,556)	
(313,683)		(313,683)	
(51,578)		(51,578)	
(210,558)		(210,558)	
(58,601)		(58,601)	
(121,671)		(121,671)	
(14,413)		(14,413)	
<u>(2,321,743)</u>		<u>(2,321,743)</u>	
	138,465	138,465	
	21,596	21,596	
	(88,633)	(88,633)	
	208,912	208,912	
	(54,818)	(54,818)	
	<u>(105,055)</u>	<u>(105,055)</u>	
	120,467	120,467	
<u>(2,321,743)</u>	<u>120,467</u>	<u>(2,201,276)</u>	
			(159,828)
			(159,828)
1,063,421		1,063,421	
533,373		533,373	266,687
207,507	30,678	238,185	
79,051		79,051	
5,037	7,995	13,032	2,197
26,731	1,551	28,282	967
375,919	(375,919)		
<u>2,291,039</u>	<u>(335,695)</u>	<u>1,955,344</u>	<u>269,851</u>
(30,704)	(215,228)	(245,932)	110,023
<u>2,462,903</u>	<u>5,167,236</u>	<u>7,630,139</u>	<u>810,351</u>
<u>\$ 2,432,199</u>	<u>\$ 4,952,008</u>	<u>\$ 7,384,207</u>	<u>\$ 920,374</u>

CITY OF COMANCHE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2017

	General Fund	Time Warrant Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 132,617	\$ 51,348	\$ 183,965
Receivables:			
Accounts, net	104,244		104,244
Property tax, net	63,366	4,984	68,350
Sales tax	145,909		145,909
Hotel/motel tax	21,911		21,911
Franchise tax	52,971		52,971
TOTAL ASSETS	\$ 521,018	\$ 56,332	\$ 577,350
LIABILITIES:			
Accounts payable and accrued expenses	\$ 39,703		\$ 39,703
Accrued compensated absences	18,221		18,221
Accrued interest payable		2,994	2,994
Due to other governmental entities	56,232		56,232
Deferred revenue	157,985	4,984	162,969
Total Liabilities	272,141	7,978	280,119
FUND BALANCE:			
Unassigned	248,877		248,877
Restricted for debt service		48,354	48,354
Total Fund Balance	248,877	48,354	297,231
TOTAL LIABILITIES AND FUND BALANCE	\$ 521,018	\$ 56,332	\$ 577,350

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, 2017

Total Fund Balances - Governmental Funds	\$	297,231
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>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 \$5,572,358 and the accumulated depreciation was \$2,990,856. The net effect of the beginning balances for capital assets (net of depreciation) in the governmental activities is an increase to net position.</p>		2,581,502
<p>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 \$53,218 in the General Fund.</p>		53,218
<p>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 \$141,093 is to decrease net position.</p>		(141,093)
<p>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 \$389,956.</p>		(389,956)
<p>Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the governmental funds. Deferred revenue of \$162,969 is recognized in the government-wide financial statements. This results in an increase in net position.</p>		162,969
<p>Included on the government-wide financial statements is the recognition of the City's proportionate share of the net pension liability of \$224,992, a deferred outflow of resources of \$127,923, and a deferred inflow of resources of \$34,603. The net effect is to decrease net position.</p>		<u>(131,672)</u>
Net Position of Governmental Activities	\$	<u><u>2,432,199</u></u>

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, 2017

	General Fund	Time Warrant Fund	Total Governmental Funds
REVENUE:			
Franchise tax revenue	\$ 207,507	\$	\$ 207,507
Property tax revenue	1,014,445	52,494	1,066,939
Sales tax revenue	533,373		533,373
Hotel/motel tax revenue	79,051		79,051
Intergovernmental revenue	81,833		81,833
Fines and forfeitures	31,538		31,538
Charges for service	80,860		80,860
Investment earnings	4,810	227	5,037
Miscellaneous income	26,731		26,731
Total Revenue	2,060,148	52,721	2,112,869
EXPENDITURES:			
Current:			
City council	33,182		33,182
Administration	214,726		214,726
Police	914,313		914,313
Fire	58,400		58,400
Streets	278,069		278,069
Library	78,164		78,164
Airport	4,880		4,880
Emergency management	18,649		18,649
Animal control	95,487		95,487
Parks and pool	130,652		130,652
Cemetery	60,442		60,442
Tax assessor	101,575		101,575
Senior citizens	41,872		41,872
Community center	7,614		7,614
Legal	5,285		5,285
Municipal court	61,370		61,370
Volunteer fire department	121,331		121,331
Economic development	60,053		60,053
Community development	58,566		58,566
Debt service:			
Principal retired		36,989	36,989
Interest		14,413	14,413
Capital outlay	53,218		53,218
Total Expenditures	2,397,848	51,402	2,449,250
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(337,700)	1,319	(336,381)
OTHER FINANCING SOURCES (USES)			
Transfers in	376,419	(500)	375,919
Total other financing sources (uses)	376,419	(500)	375,919
CHANGE IN FUND BALANCE	38,719	819	39,538
FUND BALANCE AT BEGINNING OF YEAR	210,158	47,535	257,693
FUND BALANCE AT END OF YEAR	\$ 248,877	\$ 48,354	\$ 297,231

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, 2017

Net Change in Fund Balances - Governmental Funds	\$	39,538
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
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 \$53,218.		53,218
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 \$141,093 is to decrease net position.		(141,093)
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.		36,989
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 \$3,518. This results in an decrease in net position.		(3,518)
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 decreased in the amount of \$15,838.		<u>(15,838)</u>
Change in Net Position of Governmental Activities	\$	<u><u>(30,704)</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, 2017

	Systems Fund
ASSETS:	
Current Assets:	
Cash and cash equivalents	\$ 649,439
Restricted cash and cash equivalents	245,049
Investments	808,894
Accounts receivable, net	204,861
Inventory	92,738
Total Current Assets	2,000,981
Noncurrent Assets:	
Non-depreciable capital assets	28,600
Depreciable capital assets, net	6,301,979
Total Noncurrent Assets	6,330,579
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pension	49,428
Total Assets and Deferred Outflows of Resources	8,380,988
LIABILITIES:	
Accounts payable and accrued expenses	158,181
Accrued interest payable	6,223
Compensated absences	13,322
Sales tax payable	4,200
Utility deposits	207,190
Long term liabilities:	
Due within one year	86,528
Due after one year:	
Net pension liability	86,933
Certificates of obligation	2,853,032
Total Liabilities	3,415,609
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pension	13,371
NET POSITION:	
Net investment in capital assets	3,610,257
Unrestricted	1,341,751
Total Net Position	\$ 4,952,008

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, 2017

	Systems Fund
OPERATING REVENUE:	
Service revenue	\$ 2,296,525
Franchise tax	30,678
Other sales and charges	52,939
Total Operating Revenue	<u>2,380,142</u>
OPERATING EXPENSES:	
Water utilities	728,692
Water works	383,391
Waste water	445,737
Sanitation	511,304
Garage	54,818
Total Operating Expenses	<u>2,123,942</u>
Operating Income	<u>256,200</u>
NON-OPERATING REVENUE (EXPENSES)	
Interest income	7,995
Miscellaneous income	1,551
Interest expense	(105,055)
Total Non-operating Revenue (Expenses)	<u>(95,509)</u>
NET INCOME BEFORE OPERATING TRANSFERS	160,691
OPERATING TRANSFERS	
Transfers out	<u>(375,919)</u>
CHANGE IN NET POSITION	(215,228)
NET POSITION BEGINNING OF YEAR	<u>5,167,236</u>
NET POSITION END OF YEAR	<u>\$ 4,952,008</u>

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, 2017

	Systems Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 2,372,859
Payments to suppliers	(1,295,326)
Payments to employees and related taxes and benefits	(361,965)
Payments to others	(194,944)
Net cash provided by operating activities	<u>520,624</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
Operating transfers out	(375,919)
Miscellaneous income	1,551
Net cash used by noncapital financing activities	<u>(374,368)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Principal payments on long-term debt	(80,059)
Interest payments on long-term debt	(105,236)
Acquisition and construction of capital assets	(164,270)
Net cash used by capital and related financing activities	<u>(349,565)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	7,995
Purchases from investments	(99,082)
Net cash used by investing activities	<u>(91,087)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(294,396)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,188,884</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 894,488</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 256,200
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	262,322
(Increase) Decrease in accounts receivable	(14,042)
(Increase) Decrease in inventory	(413)
Increase (Decrease) in accounts payable	2,269
Increase (Decrease) in compensated absences	1,409
Increase (Decrease) in customer deposits	6,759
Increase (Decrease) in pension liability	6,120
Net cash provided by operating activities	<u>\$ 520,624</u>

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

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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.

Related Entities

The financial statements of the City of Comanche, Texas do not include the assets, liabilities or the results of operations of an airport, which is jointly owned with Comanche County. Each entity owns 50%, and the airport is governed by a six member board to which each entity appoints three members. The airport leases hanger space and sells fuel. Operations are supplemented by contributions of \$3,000 per year from each entity, along with payment of various other airport expenses.

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*.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS SEPTEMBER 30, 2017

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 garage 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.

CITY OF COMANCHE, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 2017 in the general fund, expenditures exceeded the budget in several expenditure functions but not in total. During fiscal year 2017 in the systems fund, expenses exceeded the budget in several departments and in total. Funds were available 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.

CITY OF COMANCHE, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

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 contributions to the pension plan 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, 2017, the current liability for accrued compensated absences was \$18,221 in the General Fund and \$13,322 in the Systems Fund.

PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and 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, 2017, 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, 2017, 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.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 2: DEPOSITS AND INVESTMENTS - continued

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.

The following are the City's investments at September 30, 2017.

	Carrying Value	Market Value
Certificates of Deposit	\$ 808,894	\$ 808,894

The following are the CTEDC's investments at September 30, 2017.

	Carrying Value	Market Value
Certificates of Deposit	\$ 354,753	\$ 354,753

NOTE 3: ACCOUNTS RECEIVABLE

Accounts receivable in the General Fund consists mainly of warrants receivable. The net warrants receivable balance is \$104,244, which is net of an allowance of \$81,780 at September 30, 2017.

Accounts receivable in the Systems Fund consists of customer water, sewer and sanitation services receivable. The net receivable balance at September 30, 2017 is \$204,861, which is net of an allowance of \$86,926.

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 time warrants for the year ended September 30, 2017 was \$.709905 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	\$ 100,062	\$ 9,171
Less: Allowance for uncollectible taxes	<u>(36,696)</u>	<u>(4,187)</u>
Property taxes receivable (net)	<u>\$ 63,366</u>	<u>\$ 4,984</u>

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5: CAPITAL ASSETS

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

<u>Government Activities:</u>	Balance September 30, 2016	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2017
Capital assets, not being depreciated:				
Land	\$ 465,528	\$	\$	\$ 465,528
Total capital assets, not being depreciated	<u>465,528</u>	<u></u>	<u></u>	<u>465,528</u>
Capital assets being depreciated:				
Buildings and improvements	1,681,134		(13,746)	1,667,388
Infrastructure	2,228,040			2,228,040
Equipment	1,197,656	53,218		1,250,874
Total assets being depreciated	<u>5,106,830</u>	<u>53,218</u>	<u>(13,746)</u>	<u>5,146,302</u>
Less accumulated depreciation for:				
Buildings and improvements	(896,222)	(57,194)	13,746	(939,670)
Infrastructure	(1,227,006)	(30,868)		(1,257,874)
Equipment	(867,628)	(53,031)		(920,659)
Total accumulated depreciation	<u>(2,990,856)</u>	<u>(141,093)</u>	<u>13,746</u>	<u>(3,118,203)</u>
Total capital assets being depreciated, net	<u>2,115,974</u>	<u>(87,875)</u>		<u>2,028,099</u>
Governmental activities capital assets, net	<u>\$ 2,581,502</u>	<u>\$ (87,875)</u>	<u>\$</u>	<u>\$ 2,493,627</u>

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

<u>Business-type activities:</u>	Balance September 30, 2016	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2017
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	8,262,052	137,331		8,399,383
Equipment	488,290	26,939		515,229
Total assets being depreciated	<u>8,827,298</u>	<u>164,270</u>	<u></u>	<u>8,991,568</u>
Less accumulated depreciation for:				
Buildings and improvements	(74,944)	(268)		(75,212)
Infrastructure	(2,036,713)	(219,928)		(2,256,641)
Equipment	(315,610)	(42,126)		(357,736)
Total accumulated depreciation	<u>(2,427,267)</u>	<u>(262,322)</u>	<u></u>	<u>(2,689,589)</u>
Total capital assets being depreciated, net	<u>6,400,031</u>	<u>(98,052)</u>		<u>6,301,979</u>
Business-type activities capital assets, net	<u>\$ 6,428,631</u>	<u>\$ (98,052)</u>	<u>\$</u>	<u>\$ 6,330,579</u>

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 5: CAPITAL ASSETS - continued

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

Governmental activities:	
Public safety	\$ 58,176
Streets	34,643
Culture and recreation	21,905
Other	<u>26,369</u>
	<u>\$ 141,093</u>
Business-type activities:	
Water works	\$ 162,068
Waste water	99,986
Garage	<u>268</u>
	<u>\$ 262,322</u>

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

<u>CTEDC</u>	Balance September 30, 2016	Additions/ Completions	Retirements/ Adjustments	Balance September 30, 2017
Capital assets, not being depreciated:				
Land	\$ 354,299	\$	\$	\$ 354,299
Total capital assets, not being depreciated	<u>354,299</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>103,306</u>
Less accumulated depreciation for:				
Buildings and improvements	(24,920)	(3,345)		(28,265)
Equipment	(4,483)	(287)		(4,770)
Total accumulated depreciation	<u>(29,403)</u>	<u>(3,632)</u>		<u>(33,035)</u>
Total capital assets being depreciated, net	<u>73,903</u>	<u>(3,632)</u>		<u>70,271</u>
Business-type activities capital assets, net	<u>\$ 428,202</u>	<u>\$ (3,632)</u>	<u>\$</u>	<u>\$ 424,570</u>

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

Economic development	\$ <u>3,632</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 time warrants are governmental activity debts and 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, 2017 is as follows:

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6: LONG TERM DEBT - continued

	<u>Balance</u> <u>September 30,</u> <u>2016</u>	<u>Issues or</u> <u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>September 30,</u> <u>2017</u>
<u>Government Activities:</u>				
Certificates of Obligation	\$ 426,945	\$	\$ (36,989)	\$ 389,956
 <u>Business-type Activities:</u>				
Note Payable	34,619		(11,059)	23,560
Certificates of Obligation	<u>2,985,000</u>		<u>(69,000)</u>	<u>2,916,000</u>
 Total Primary Government	 <u>\$ 3,446,564</u>	 <u>\$ -</u>	 <u>\$ (117,048)</u>	 <u>\$ 3,329,516</u>

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

	<u>Interest Rate</u>	<u>Payment/Terms</u>	<u>Amount</u>
<u>Certificates of Obligation:</u>			
Comanche National Bank	4.40%	Annual payments thru 2021	\$ 95,956
Comanche National Bank	1.25% to 4.50%	Annual payments thru 2036	294,000
			<u>\$ 389,956</u>

The annual aggregate maturities for the governmental activities at September 30, 2017 are as follows:

<u>Year Ended</u> <u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 36,989	\$ 50,488	\$ 87,477
2019	36,989	49,245	86,234
2020	37,989	48,962	86,951
2021	37,989	47,654	85,643
2022	14,000	22,329	36,329
2023-2027	76,000	112,477	188,477
2028-2032	88,000	111,793	199,793
2032-2036	62,000	67,512	129,512
	<u>\$ 389,956</u>	<u>\$ 510,460</u>	<u>\$ 900,416</u>

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

	<u>Interest Rate</u>	<u>Payment/Terms</u>	<u>Amount</u>
<u>Certificates of Obligation:</u>			
USDA Rural Development-Series 2001	4.50%	Annual payments thru 2040	\$ 502,000
USDA Rural Development-Series 2003	4.25%	Annual payments thru 2043	610,000
Texas Water Dev. Board-Series 2013	Variable	Annual payments thru 2043	625,000
Texas Water Dev. Board-Series 2013A	Variable	Annual payments thru 2044	700,000
USDA Rural Development-Series 2014	3.25%	Annual payments thru 2053	479,000
 <u>Note Payable:</u>			
Comanche National Bank	4.25%	Annual payments thru 2019	23,560
			<u>\$ 2,939,560</u>

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

NOTE 6: LONG TERM DEBT - continued

The annual aggregate maturities for the business-type activities at September 30, 2017 are as follows:

Year Ended September 30	Principal	Interest	Total
2018	\$ 86,528	\$ 103,327	\$ 189,855
2019	88,032	100,958	188,990
2020	77,000	98,476	175,476
2021	78,000	96,330	174,330
2022	78,000	94,021	172,021
2023-2027	423,000	431,177	854,177
2028-2032	508,000	352,176	860,176
2033-2037	598,000	251,699	849,699
2038-2042	650,000	130,711	780,711
2043-2047	231,000	35,256	266,256
2048-2052	100,000	13,520	113,520
2053	22,000	715	22,715
	<u>\$ 2,939,560</u>	<u>\$ 1,708,366</u>	<u>\$ 4,647,926</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, 2017 was \$55,325.

The annual aggregate maturities for the CTEDC at September 30, 2017 are as follows:

Year Ended September 30	Principal	Interest	Total
2018	\$ 10,409	\$ 1,660	\$ 12,069
2019	10,722	1,347	12,069
2020	11,043	1,026	12,069
2021	11,374	695	12,069
2022	11,777	292	12,069
	<u>\$ 55,325</u>	<u>\$ 5,020</u>	<u>\$ 60,345</u>

NOTE 7: TRANSFERS

During the year ended September 30, 2017, the City transferred \$375,919 from the Systems Fund to the General Fund to supplement other funding sources.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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.

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 872 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 2016 were as follows:

Employee deposit rate:	5.0%
Employer deposit rate (2016)	4.98%
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

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 10: PENSION PLAN - continued

Employees covered by benefit terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	21
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>29</u>
Total	62

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 4.98% and 4.48% in calendar years 2016 and 2017 respectively. The City’s contributions to TMRS for the year ended September 30, 2017 were \$52,280, and were equal to the required contributions.

D. Net Pension Liability

The city’s Net Pension Liability (NPL) was measured as of December 31, 2016, 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, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% 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, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Health Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 10: PENSION PLAN - continued

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 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	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 12/31/2015	\$ 2,981,318	\$ 2,714,606	\$ 266,712
Changes for the year:			
Service cost	87,070		87,070
Interest	196,865		196,865
Change of benefit terms			
Difference between expected and actual experience	49,417		49,417
Changes of assumptions			
Contributions – employer		53,465	(53,465)
Contributions – employee		53,680	(53,680)
Net Investment Income		183,177	(183,177)
Benefit Payments, including refunds of employee contributions	(216,656)	(216,656)	
Administrative expense		(2,072)	2,072
Other changes		(112)	112
Net Changes	116,696	71,482	45,214
Balance 12/31/2016	\$ 3,098,014	\$ 2,786,088	\$ 311,926

CITY OF COMANCHE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

Note 10: PENSION PLAN - continued

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	\$ 664,920	\$ 311,926	\$ 16,274

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, 2017, the City recognized pension expense of \$74,237.

At September 30, 2017, 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		\$ 47,973
Changes in actuarial assumptions	10,749	
Difference between projected and actual investment earnings	128,106	
Contributions subsequent to the measurement date	38,496	
Total	\$ 177,351	\$ 47,973

\$38,496 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, 2018. 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:	
2017	\$ 25,034
2018	28,353
2019	37,483
2020	12
2021	0
Thereafter	0
Total	\$ 90,882

CITY OF COMANCHE, TEXAS

**NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017**

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 (SDBF). 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 SDBF 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 2016 and 2017.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended 2017, 2016, and 2015 were \$3,150, \$3,089 and \$3,015, respectively which equaled the required contributions each year.

Schedule of Contribution Rates:
(Retiree-only portion of the rate)

<u>Plan\ Calendar Year</u>	<u>Annual Required Contribution (Rate)</u>	<u>Actual Contribution Made (Rate)</u>	<u>Percent of ARC Contributed</u>
2014	0.11%	0.11%	100%
2015	0.12%	0.12%	100%
2016	0.12%	0.12%	100%
2017	0.11%	0.11%	100%

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, 2017

	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Amended Budget	Actual	
REVENUE:				
Franchise tax revenue	\$ 200,000	\$ 200,000	\$ 207,507	\$ 7,507
Property tax revenue	1,044,331	1,044,331	1,014,445	(29,886)
Sales tax revenue	535,000	535,000	533,373	(1,627)
Hotel/motel tax revenue	80,000	80,000	79,051	(949)
Intergovernmental revenue	79,376	79,376	81,833	2,457
Fines and forfeitures	30,000	30,000	31,538	1,538
Charges for services	75,515	75,515	80,860	5,345
Investment earnings	4,900	4,900	4,810	(90)
Miscellaneous income	21,401	21,401	26,731	5,330
Total Revenues	<u>2,070,523</u>	<u>2,070,523</u>	<u>2,060,148</u>	<u>(10,375)</u>
EXPENDITURES:				
Current:				
City council	65,156	85,156	33,182	51,974
Administration	204,784	204,784	214,726	(9,942)
Police	830,606	830,606	914,313	(83,707)
Fire	78,325	78,325	58,400	19,925
Streets	424,345	354,345	278,069	76,276
Library	67,500	77,500	78,164	(664)
Airport	4,401	4,401	4,880	(479)
Emergency management	20,558	20,558	18,649	1,909
Animal control	109,081	109,081	95,487	13,594
Parks and pool	163,648	133,648	130,652	2,996
Cemetery	35,600	35,600	60,442	(24,842)
Tax assessor	104,663	104,663	101,575	3,088
Senior citizens	39,600	39,600	41,872	(2,272)
Community center	7,500	7,500	7,614	(114)
Legal	3,780	3,780	5,285	(1,505)
Municipal court	59,061	59,061	61,370	(2,309)
Volunteer fire department	121,600	121,600	121,331	269
Economic development	60,876	60,876	60,053	823
Community development	84,358	84,358	58,566	25,792
Capital outlay	31,500	31,500	53,218	(21,718)
Total expenditures	<u>2,516,942</u>	<u>2,446,942</u>	<u>2,397,848</u>	<u>49,094</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(446,419)	(376,419)	(337,700)	38,719
OTHER FINANCING SOURCES (USES)				
Transfers in	446,419	376,419	376,419	-
Total Other Financing Sources (Uses)	<u>446,419</u>	<u>376,419</u>	<u>376,419</u>	<u>-</u>
CHANGE IN FUND BALANCE			38,719	38,719
FUND BALANCES AT BEGINNING OF YEAR	<u>210,158</u>	<u>210,158</u>	<u>210,158</u>	
FUND BALANCES AT END OF YEAR	<u>\$ 210,158</u>	<u>\$ 210,158</u>	<u>\$ 248,877</u>	<u>\$ 38,719</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

	2014	2015	2016
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 of employee contributions	(160,020)	(166,843)	(216,656)
Net Change in Total Pension Liability	89,333	(404)	116,696
Total Pension Liability - Beginning	2,892,389	2,981,722	2,981,318
Total Pension Liability - Ending (a)	\$ 2,981,722	\$ 2,981,318	\$ 3,098,014
 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 of employee contributions	(160,020)	(166,843)	(216,656)
Administrative Expense	(1,601)	(2,499)	(2,072)
Other	(132)	(123)	(113)
Net Change in Plan Fiduciary Net Position	99,913	(66,252)	71,481
Plan Fiduciary Net Position - Beginning	2,680,946	2,780,859	2,714,607
Plan Fiduciary Net Position - Ending (b)	\$ 2,780,859	\$ 2,714,607	\$ 2,786,088
Net Pension Liability - Ending (a)-(b)	\$ 200,863	\$ 266,711	\$ 311,926
 Plan Fiduciary Net Position as a Percentage 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 CONTRIBUTIONS
Last 10 Years (will ultimately be displayed)
YEARS ENDED SEPTEMBER 30

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially Determined Contribution	\$ 58,703	\$ 54,314	\$ 52,022	\$ 52,280
Contributions in relation to the actuarially determined Contributions deficiency (excess)	\$ <u>58,703</u> \$ -	\$ <u>54,314</u> \$ -	\$ <u>52,022</u> \$ -	\$ <u>52,280</u> \$ -
Covered employee payroll	\$ <u>1,023,012</u>	\$ <u>1,005,076</u>	\$ <u>1,029,665</u>	\$ <u>1,136,064</u>
Contributions as a percentage of covered payroll	5.74%	5.40%	5.05%	4.60%

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	29 Years
Asset Valuation Method	10 Year smoothed market: 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.5% 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 2015 valuation pursuant to an experience study of the period 2010-2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB

Other Information:

Notes There were no benefit changes during the year.

OTHER SUPPLEMENTARY INFORMATION

CITY OF COMANCHE, TEXAS
COMPARATIVE SCHEDULES OF REVENUE, EXPENDITURES, AND CHANGES IN
FUND BALANCE - GENERAL FUND
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	General Fund	
	2017	2016
REVENUE:		
Franchise tax revenue	\$ 207,507	\$ 193,511
Property tax revenue	1,014,445	996,995
Sales tax revenue	533,373	525,884
Hotel/motel tax revenue	79,051	72,171
Intergovernmental revenue	81,833	84,803
Fines and forfeitures	31,538	35,885
Charges for services	80,860	75,479
Investment earnings	4,810	4,683
Miscellaneous income	26,731	20,358
Total Revenue	2,060,148	2,009,769
EXPENDITURES:		
Current:		
City council	33,182	38,886
Administration	214,726	205,568
Police	914,313	728,993
Fire	58,400	60,991
Streets	278,069	275,670
Library	78,164	75,562
Airport	4,880	7,761
Emergency management	18,649	19,555
Animal control	95,487	98,989
Parks	130,652	123,064
Cemetery	60,442	37,400
Tax assessor	101,575	93,839
Senior citizens	41,872	38,063
Community center	7,614	7,528
Legal	5,285	3,285
Municipal court	61,370	63,547
Volunteer fire department	121,331	105,742
Economic development	60,053	55,076
Community development	58,566	76,607
Capital outlay	53,218	398,285
Total Expenditures	2,397,848	2,514,411
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	(337,700)	(504,642)
OTHER FINANCING SOURCES (USES)		
Proceeds from debt issuance		317,000
Transfers in	376,419	254,603
Total other financing sources (uses)	376,419	571,603
CHANGE IN FUND BALANCE	38,719	66,961
FUND BALANCE AT BEGINNING OF YEAR	210,158	143,197
FUND BALANCE AT END OF YEAR	\$ 248,877	\$ 210,158

CITY OF COMANCHE, TEXAS
SCHEDULE OF REVENUE, EXPENSES AND CHANGES IN NET POSITION -
BUDGET (GAAP BASIS) AND ACTUAL - SYSTEMS FUND
YEAR ENDED SEPTEMBER 30, 2017

	Systems Fund		Actual	Variance Favorable (Unfavorable)
	Original Budget	Final Amended Budget		
OPERATING REVENUE:				
Service revenue	\$ 2,402,370	\$ 2,402,370	\$ 2,296,525	\$ (105,845)
Franchise tax	30,100	30,100	30,678	578
Other sales and charges	53,800	53,800	52,939	(861)
Total Operating Revenue	<u>2,486,270</u>	<u>2,486,270</u>	<u>2,380,142</u>	<u>(106,128)</u>
OPERATING EXPENSES:				
Water utilities	805,930	805,930	728,692	77,238
Water works	243,009	243,009	383,391	(140,382)
Waste water	329,322	399,322	445,737	(46,415)
Sanitation	519,000	519,000	511,304	7,696
Garage	45,432	45,432	54,818	(9,386)
Total Operating Expenses	<u>1,942,693</u>	<u>2,012,693</u>	<u>2,123,942</u>	<u>(111,249)</u>
Operating Income	<u>543,577</u>	<u>473,577</u>	<u>256,200</u>	<u>(217,377)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest income	7,500	7,500	7,995	495
Miscellaneous income	1,610	1,610	1,551	(59)
Interest expense	(106,268)	(106,268)	(105,055)	1,213
Total Non-operating Revenues (Expenses)	<u>(97,158)</u>	<u>(97,158)</u>	<u>(95,509)</u>	<u>1,649</u>
NET INCOME BEFORE OPERATING TRANSFERS	446,419	376,419	160,691	(215,728)
OPERATING TRANSFERS				
Transfers out	(446,419)	(376,419)	(375,919)	500
CHANGE IN NET POSITION			(215,228)	(215,228)
NET POSITION BEGINNING OF YEAR	<u>5,167,236</u>	<u>5,167,236</u>	<u>5,167,236</u>	
NET POSITION END OF YEAR	<u>\$ 5,167,236</u>	<u>\$ 5,167,236</u>	<u>\$ 4,952,008</u>	<u>\$ (215,228)</u>

CITY OF COMANCHE, TEXAS
COMPARATIVE SCHEDULES OF REVENUE, EXPENSES AND CHANGES IN
NET POSITION - PROPRIETARY FUND
YEARS ENDED SEPTEMBER 30, 2017 AND 2016

	Systems Fund	
	2017	2016
OPERATING REVENUE:		
Service revenue	\$ 2,296,525	\$ 2,238,516
Franchise tax	30,678	30,244
Other sales and charges	52,939	58,171
Total Operating Revenue	<u>2,380,142</u>	<u>2,326,931</u>
OPERATING EXPENSES:		
Water utilities	728,692	739,656
Water works	383,391	343,739
Waste water	445,737	395,861
Sanitation	511,304	504,065
Garage	54,818	42,507
Total Operating Expenses	<u>2,123,942</u>	<u>2,025,828</u>
Operating Income	<u>256,200</u>	<u>301,103</u>
NON-OPERATING REVENUE (EXPENSES)		
Interest income	7,995	8,110
Grant income		264,500
Miscellaneous income	1,551	108
Interest expense	(105,055)	(105,028)
Total Non-operating Revenue (Expenses)	<u>(95,509)</u>	<u>167,690</u>
NET INCOME BEFORE OPERATING TRANSFERS	160,691	468,793
OPERATING TRANSFERS		
Transfers out	(375,919)	(255,103)
CHANGE IN NET POSITION	(215,228)	213,690
NET POSITION BEGINNING OF YEAR	<u>5,167,236</u>	<u>4,953,546</u>
NET POSITION END OF YEAR	<u>\$ 4,952,008</u>	<u>\$ 5,167,236</u>