

COMANCHE INDEPENDENT SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED AUGUST 31, 2017

Introductory Section

Comanche Independent School District
Annual Financial Report
For The Year Ended August 31, 2017

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CERTIFICATE OF BOARD

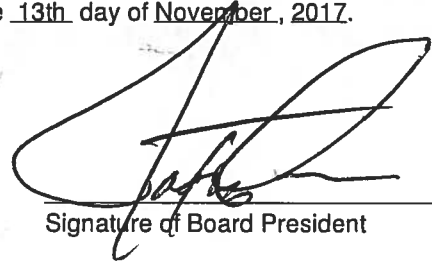
Comanche Independent School District
Name of School District

Comanche
County

047-901
Co.-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above named school district were reviewed and (check one) approved disapproved for the year ended August 31, 2017, at a meeting of the board of trustees of such school district on the 13th day of November, 2017.


Signature of Board Secretary


Signature of Board President

If the board of trustees disapproved of the auditor's report, the reason(s) for disapproving it is (are):
(attach list as necessary)

Financial Section

Burl D. Lowery
Certified Public Accountant
311 Center Avenue
Brownwood, Texas 76801

Independent Auditor's Report

To the Board of Trustees
Comanche Independent School District
200 East Highland
Comanche, Texas 76442

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Comanche Independent School District ("the District") as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise the District'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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 District'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 District's internal control. Accordingly, I 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.

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District as of August 31, 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, schedule of the District's proportionate share of the net pension liability and schedule of District pension contributions identified as Required Supplementary Information in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Comanche Independent School District's basic financial statements. The introductory section and combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The accompanying other supplementary information is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

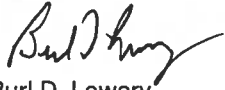
The combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic 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 my opinion, the combining and individual nonmajor fund financial statements and other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated November 6, 2017 on my consideration of Comanche Independent School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Comanche Independent School District's internal control over financial reporting and compliance.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, TX
November 6, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Comanche Independent School District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year ended August 31, 2017. Please read it in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's total combined net position was \$24,146,305 at August 31, 2017.
- During the year, the District's expenses were \$3,056,768, less than the 18,430,151 generated in taxes and other revenues for governmental activities.
- The total cost of the District's programs increased by \$549,620 and its revenues increased by \$2,104,177 during the current year.
- The general fund reported a fund balance this year of \$10,949,726.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts-*management's discussion and analysis* (this section), the *basic financial statements*, and *required supplementary information*. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual* parts of the government, reporting the District's operations in more detail than the government-wide statements.
- The *governmental funds* statements tell how *general government* services were financed in the *short-term* as well as what remains for future spending.
- *Proprietary fund* statements offer *short-* and *long-term* financial information about the activities the government operates *like businesses*, such as food service.
- *Fiduciary fund* statements provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others, to whom the resources in question belong.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report information about the District's net assets and how they have changed. Net assets-the difference between the District's assets and liabilities- is one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial health improving or deteriorating, respectively.
- To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in the District's tax base.

The government-wide financial statements of the District include the *Governmental activities*. Most of the District's basic services are included here, such as instruction, extracurricular activities, curriculum and staff development, health services and general administration. Property taxes and grants finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The Board of Trustees establishes other funds to control and manage money for particular purposes or to show that it is properly using certain taxes and grants.

The District has the following kinds of funds:

- *Governmental funds*-Most of the District's basic services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.
- *Proprietary funds*-Services for which the District charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The District has no Proprietary Fund Types.
- We use *internal service funds* to report activities that provide workers compensation insurance for the District's other programs and activities.
- *Fiduciary funds*-The District is the trustee, or *fiduciary*, for certain funds. It is also responsible for other assets that-because of a trust arrangement-can be used only for the trust beneficiaries. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We excluded these activities from the District's government-wide financial statements because the District cannot use these assets to finance its operations. These funds consist of student activity funds and a scholarship fund and belong to the individual clubs and organizations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets. The District's combined net positions were \$ 24,146,305 at August 31, 2017 and \$21,091,711 at August 31, 2016.

The District has restricted net assets of \$48,848, which are restricted to future debt payments and state and federal programs, which leaves \$9,979,325 of unrestricted net assets at August 31, 2017. The \$9,799,325 of unrestricted net assets represents resources available to fund the programs of the District next year.

Changes in net assets. The District's total revenues were \$18,430,151. A significant portion, 21.5%, of the District's revenue comes from taxes. 48% comes from state available and foundation grants, while only 1.8% relates to charges for services.

The total cost of all programs and services was \$15,373,383; 59% of these costs are for instruction and instructional related services. (Expenditure Functions 11 and 12).

Governmental Activities

- Property tax rates did not change in the current year for debt service. Property values increased generating tax revenues of \$3,962,117.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Revenues from governmental fund types in the individual funds totaled \$15,373,383, an increase of 15% over the preceding year. State foundation revenue fluctuates with student enrollment. The District's average daily attendance in 2016-2017 was approximately the same as 2015-2016.

General Fund Budgetary Highlights

Over the course of the year, the District revised its budget several times. Even with these adjustments, actual expenditures were \$668,222 below final budget amounts of the General Fund.

On the other hand, resources available were \$554,866 less than the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the District had invested \$43,616,825 in a broad range of capital assets, including land, equipment buildings, and vehicles. This amount represents a net increase (including additions and deductions) of \$2,411,832 or 5.8% over last year.

More detailed information about the District's capital assets is presented in the notes to the financial statements.

Long Term Debt

At year-end the District had \$2,715,000 in notes outstanding and \$9,015,000 of bonds outstanding. The District issued capital leases of \$328,320 in 2016-2017 to fund the purchase of technology equipment. More detailed information about the District's debt is presented in the notes to the financial statements.

The District has adopted GASB 68 and is reflecting a net pension liability of \$2,054,394 at August 31, 2016 at a net pension liability of \$2,732,747 at August 31, 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- Appraised value used for the 2017-2018 budget preparation is approximately the same as the prior year.
- General operating fund spending increases in the 2017-2018 budget from \$15,078,692 to \$18,706,542. This is an 18% increase.
- The District's 2017-2018 refined average daily attendance is expected to be approximately the same as 2016-2017 refined average daily attendance.

These indicators were taken into account when adopting the general fund budget for 2017-2018. Amounts available for appropriation in the general fund budget are \$19,120,004, an increase of 17 percent over the final 2016-2017 budget of \$116,383,975. State revenue will increase or decrease as the student population changes in size.

General fund expenditures are budgeted to increase nearly 24% to \$18,706,542 in the 2017-2018 budget. The District has added no major new programs or initiatives to the 2017-2018 general fund budget, but as budgeted \$6,000,000 for construction of an events center.

If these estimates are realized, the District's budgetary general fund balance is not expected to change in the 2017-2018 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Business Services Department.

**COMANCHE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS - TABLES
FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

TABLE 1

	Governmental Activities	
	2017	2016
Current Assets:		
Cash and cash equivalents	\$10,694,663	\$9,183,813
Due from other governments	\$1,099,137	\$978,586
Property taxes receivable net of uncollectible	\$134,249	\$132,632
Other receivables	\$3,000	\$3,000
Total Current Assets	\$11,931,049	\$10,298,031
Noncurrent Assets:		
Land	\$355,614	\$355,614
Buildings	\$39,995,445	\$37,754,561
Equipment and vehicles	\$3,265,766	\$3,094,818
Construction in progress	\$0	\$0
	<u>\$43,616,825</u>	<u>\$41,204,993</u>
Less accumulated depreciation	\$17,074,204	\$16,034,018
Total Noncurrent Assets	\$26,542,621	\$25,170,975
Deferred Outflows of Resources	\$1,757,232	\$1,359,863
Total Assets	\$40,230,902	\$36,828,869
Current Liabilities:		
Accounts payable and accrued expenses	\$618,496	\$525,973
Due to other funds		
Total Current Liabilities	\$618,496	\$525,973
Long-term Liabilities:		
Bonds payable	\$9,015,000	\$9,440,000
Notes payable	\$2,715,000	\$3,010,000
Capital leases payable	\$328,320	\$0
Unamortized premium on bonds	\$514,539	\$553,905
Net pension liability	\$2,732,747	\$2,054,394
Total Long-term Liabilities	\$15,305,606	\$15,058,299
Total Liabilities	\$15,924,102	\$15,584,272
Deferred Inflows of Resources	\$157,495	\$152,886
Net Assets:		
Invested in capital assets	\$14,298,082	\$12,167,070
Restricted for state and federal programs	\$16,957	\$0
Restricted for debt service	\$31,891	\$33,466
Restricted for construction	\$0	\$0
Unrestricted	\$9,799,375	\$8,891,175
Total Net Position	\$24,146,305	\$21,091,711

**COMANCHE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES
TABLE 2**

CHANGES IN NET ASSETS

	Governmental Activities	
	2017	2016
Program Revenues:		
Charges for services	\$283,389	\$294,731
Operating grants and contributions	\$2,565,760	\$2,161,903
Capital grants and contributions		
General Revenues:		
Property taxes	\$3,962,117	\$3,511,707
State aid	\$8,842,799	\$10,075,472
Investment earnings	\$100,138	\$71,114
Other revenues	\$2,675,948	\$211,047
Special item in	\$0	\$0
Total Revenues	\$18,430,151	\$16,325,974
Expenditures:		
Instruction	\$9,006,810	\$8,503,961
Instructional resources and media services	\$91,506	\$72,979
Curriculum and staff development	\$42,537	\$48,924
Instructional leadership	\$0	\$0
School leadership	\$498,633	\$544,154
Guidance and counseling services	\$361,651	\$267,425
Social work services	\$0	\$0
Health services	\$118,382	\$92,012
Student transportation	\$559,249	\$441,142
Food services	\$950,620	\$969,288
Cocurricular/Extracurricular activities	\$610,430	\$571,475
General administration	\$478,991	\$628,149
Plant maintenance & operation	\$1,725,199	\$1,849,365
Security and monitoring services	\$19,601	\$13,253
Data processing services	\$145,764	\$162,828
Community services	\$0	\$0
Debt services	\$375,042	\$384,102
Payments to fiscal agent/member districts SSA	\$237,454	\$132,413
Other intergovernmental charges	\$151,514	\$142,293
Total Expenditures	\$15,373,383	\$14,823,763
Excess (Deficiency) Before Other Resources, Uses, and Transfers	\$3,056,768	\$1,502,211
Other Resources (Uses)		
Transfers In (Out)	\$0	\$0
Increase (Decrease) in Net Assets	\$3,056,768	\$1,502,211
Net Position - Beginning	\$21,091,711	\$19,589,500
Prior period adjustments	(\$2,174)	\$0
Net Position - Ending	\$24,146,305	\$21,091,711

**COMANCHE INDEPENDENT SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - TABLES
TABLE 3**

CAPITAL ASSETS

	Governmental Activities	
	2017	2016
Land	\$355,614	\$355,614
Construction in progress	\$0	\$0
Buildings and improvements	\$39,995,445	\$37,754,561
Equipment and vehicles	\$3,265,766	\$3,094,818
Total Capital Assets	\$43,616,825	\$41,204,993
Total Accumulated Depreciation	\$17,074,204	\$16,034,018
Net Capital Assets	\$26,542,621	\$25,170,975

TABLE 4

LONG-TERM DEBT

	Governmental Activities	
	2017	2016
Bonds payable	\$9,015,000	\$9,440,000
Accumulated accretion on capital appreciation bonds	\$0	\$0
Unamortized bond premiums	\$514,539	\$553,905
Notes payable	\$2,715,000	\$3,010,000
Capital lease payable	\$328,320	\$0
Net pension liability	\$2,732,747	\$2,054,394
Total Long-term Debt	\$15,305,606	\$15,058,299

Basic Financial Statements

COMANCHE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
AUGUST 31, 2017

Data Control Codes	1	Governmental Activities
ASSETS:		
1110	<i>Cash and Cash Equivalents</i>	\$ 150,421
1120	<i>Current Investments</i>	10,544,242
1225	<i>Property Taxes Receivable (Net)</i>	134,249
1240	<i>Due from Other Governments</i>	1,099,137
Capital Assets:		
1510	<i>Land</i>	355,615
1520	<i>Buildings and Improvements, Net</i>	25,471,633
1530	<i>Furniture and Equipment, Net</i>	715,373
1000	Total Assets	<u>38,470,670</u>
DEFERRED OUTFLOWS OF RESOURCES:		
	<i>Deferred Outflow of Resources</i>	180,377
1705	<i>Deferred Outflow Related to Pensions</i>	1,576,855
1700	Total Deferred Outflows of Resources	<u>1,757,232</u>
LIABILITIES:		
2110	<i>Accounts Payable</i>	28,081
2165	<i>Accrued Liabilities</i>	590,415
Noncurrent Liabilities:		
2501	<i>Due Within One Year</i>	734,440
2502	<i>Due in More Than One Year</i>	11,838,419
2540	<i>Net Pension Liability</i>	2,732,747
2000	Total Liabilities	<u>15,924,102</u>
DEFERRED INFLOWS OF RESOURCES:		
2605	<i>Deferred Inflow Related to Pensions</i>	157,495
2600	Total Deferred Inflows of Resources	<u>157,495</u>
NET POSITION:		
3200	Net Investment in Capital Assets	14,298,082
Restricted For:		
3820	State and Federal Programs	16,957
3850	Debt Service	31,891
3900	Unrestricted	9,799,375
3000	Total Net Position	<u>\$ 24,146,305</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Functions/Programs	1 Expenses	3 Program Revenues		4 Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Governmental Activities		
	Governmental Activities:					
11	Instruction	\$ 9,006,810	\$ --		\$ 1,506,832	\$ (7,499,978)
12	Instructional Resources and Media Services	91,506	--		3,790	(87,716)
13	Curriculum and Staff Development	42,537	--		32,423	(10,114)
23	School Leadership	498,633	--		22,969	(475,664)
31	Guidance, Counseling, & Evaluation Services	361,651	--		20,723	(340,928)
33	Health Services	118,382	--		7,823	(110,559)
34	Student Transportation	559,249	--		16,112	(543,137)
35	Food Service	950,620	236,090		689,995	(24,535)
36	Cocurricular/Extracurricular Activities	610,430	47,299		17,510	(545,621)
41	General Administration	478,991	--		15,312	(463,679)
51	Facilities Maintenance and Operations	1,725,199	--		51,468	(1,673,731)
52	Security and Monitoring Services	19,601	--		16,446	(3,155)
53	Data Processing Services	145,764	--		5,444	(140,320)
72	Interest on Long-term Debt	373,030	--		158,913	(214,117)
73	Bond Issuance Costs and Fees	2,012	--		--	(2,012)
93	Payments Related to Shared Services Arrangements	237,454	--		--	(237,454)
99	Other Intergovernmental Charges	151,514	--		--	(151,514)
TG	Total Governmental Activities	<u>15,373,383</u>	<u>283,389</u>		<u>2,565,760</u>	<u>(12,524,234)</u>
TP	Total Primary Government	<u>\$ 15,373,383</u>	<u>\$ 283,389</u>		<u>\$ 2,565,760</u>	<u>(12,524,234)</u>
	General Revenues:					
MT	Property Taxes, Levied for General Purposes					3,594,942
DT	Property Taxes, Levied for Debt Service					367,175
IE	Investment Earnings					100,138
GC	Grants and Contributions Not Restricted to Specific Programs					8,842,799
MI	Miscellaneous					2,675,948
TR	Total General Revenues					<u>15,581,002</u>
CN	Change in Net Position					<u>3,056,768</u>
NB	Net Position - Beginning					21,091,711
PA	Prior Period Adjustment					(2,174)
	Net Position - Beginning, as Restated					<u>21,089,537</u>
NE	Net Position - Ending					<u>\$ 24,146,305</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds	
ASSETS:				
1110	Cash and Cash Equivalents	\$ 250,154	\$ (115,866)	\$ 134,288
1120	Current Investments	10,363,420	1,011	10,364,431
1225	Taxes Receivable, Net	122,026	12,223	134,249
1240	Due from Other Governments	866,093	233,044	1,099,137
1260	Due from Other Funds	--	30,000	30,000
1000	Total Assets	<u>11,601,693</u>	<u>160,412</u>	<u>11,762,105</u>
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ 490,002	\$ 83,553	\$ 573,555
2170	Due to Other Funds	30,000	--	30,000
2200	Accrued Expenditures	9,940	6,920	16,860
2000	Total Liabilities	<u>529,942</u>	<u>90,473</u>	<u>620,415</u>
DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue	122,025	12,223	134,248
2600	Total Deferred Inflows of Resources	<u>122,025</u>	<u>12,223</u>	<u>134,248</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	--	16,957	16,957
3480	Retirement of Long-Term Debt	--	31,891	31,891
3490	Other Restrictions of Fund Balance	--	8,868	8,868
Committed Fund Balances:				
3510	Construction	6,000,000	--	6,000,000
3530	Capital Expenditures for Equipment	500,000	--	500,000
3600	Unassigned	4,449,726	--	4,449,726
3000	Total Fund Balances	<u>10,949,726</u>	<u>57,716</u>	<u>11,007,442</u>
4000	Total Liabilities, Deferred Inflow of Resources and Fund Balances	<u>\$ 11,601,693</u>	<u>\$ 160,412</u>	<u>\$ 11,762,105</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
AUGUST 31, 2017

Total fund balances - governmental funds balance sheet	\$ 11,007,442
Amounts reported for governmental activities in the Statement of Net Position ("SNP") are different because:	
Capital assets used in governmental activities are not reported in the funds.	26,542,621
Property taxes receivable unavailable to pay for current period expenditures are deferred in the funds.	134,248
The assets and liabilities of internal service funds are included in governmental activities in the SNP.	167,862
Payables for bond principal which are not due in the current period are not reported in the funds.	(9,015,000)
Payables for capital leases which are not due in the current period are not reported in the funds.	(328,320)
Payables for notes which are not due in the current period are not reported in the funds.	(2,715,000)
Recognition of the District's proportionate share of the net pension liability is not reported in the funds.	(2,732,747)
Deferred Resource Inflows related to the pension plan are not reported in the funds.	(157,495)
Deferred Resource Outflows related to the pension plan are not reported in the funds.	1,576,855
Bond premiums are amortized in the SNA but not in the funds.	(334,162)
Rounding difference	<u>1</u>
Net position of governmental activities - Statement of Net Position	<u>\$ 24,146,305</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	10 General Fund	Other Governmental Funds	98 Total Governmental Funds
REVENUES:			
5700 Local and Intermediate Sources	\$ 6,416,391	\$ 611,080	\$ 7,027,471
5800 State Program Revenues	9,283,862	275,460	9,559,322
5900 Federal Program Revenues	128,856	1,720,707	1,849,563
5020 Total Revenues	<u>15,829,109</u>	<u>2,607,247</u>	<u>18,436,356</u>
EXPENDITURES:			
Current:			
0011 Instruction	7,097,081	1,102,401	8,199,482
0012 Instructional Resources and Media Services	83,978	--	83,978
0013 Curriculum and Staff Development	7,167	32,324	39,491
0023 School Leadership	450,926	--	450,926
0031 Guidance, Counseling, & Evaluation Services	330,672	--	330,672
0033 Health Services	106,130	1,787	107,917
0034 Student Transportation	616,619	--	616,619
0035 Food Service	19,046	890,420	909,466
0036 Cocurricular/Extracurricular Activities	567,063	--	567,063
0041 General Administration	434,449	--	434,449
0051 Facilities Maintenance and Operations	1,575,289	16,323	1,591,612
0052 Security and Monitoring Services	1,751	16,446	18,197
0053 Data Processing Services	133,995	--	133,995
0071 Principal on Long-term Debt	295,000	425,000	720,000
0072 Interest on Long-term Debt	60,645	333,713	394,358
0073 Bond Issuance Costs and Fees	806	1,206	2,012
0081 Capital Outlay	2,240,885	--	2,240,885
0093 Payments to Shared Service Arrangements	237,454	--	237,454
0099 Other Intergovernmental Charges	151,514	--	151,514
6030 Total Expenditures	<u>14,410,470</u>	<u>2,819,620</u>	<u>17,230,090</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>1,418,639</u>	<u>(212,373)</u>	<u>1,206,266</u>
Other Financing Sources and (Uses):			
7913 Issuance of Capital Leases	328,320	--	328,320
7915 Transfers In	--	232,000	232,000
8911 Transfers Out	(232,000)	--	(232,000)
7080 Total Other Financing Sources and (Uses)	<u>96,320</u>	<u>232,000</u>	<u>328,320</u>
1200 Net Change in Fund Balances	<u>1,514,959</u>	<u>19,627</u>	<u>1,534,586</u>
0100 Fund Balances - Beginning	9,436,941	38,089	9,475,030
1300 Prior Period Adjustment	(2,174)	--	(2,174)
Fund Balances - Beginning, as Restated	9,434,767	38,089	9,472,856
3000 Fund Balances - Ending	<u>\$ 10,949,726</u>	<u>\$ 57,716</u>	<u>\$ 11,007,442</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2017

Net change in fund balances - total governmental funds	\$ 1,534,586
Amounts reported for governmental activities in the Statement of Activities ("SOA") are different because:	
Capital outlays are not reported as expenses in the SOA.	2,411,832
The depreciation of capital assets used in governmental activities is not reported in the funds.	(1,040,186)
Certain property tax revenues are deferred in the funds. This is the change in these amounts this year.	1,620
Repayment of bond principal is an expenditure in the funds but is not an expense in the SOA.	425,000
Repayment of loan principal is an expenditure in the funds but is not an expense in the SOA.	295,000
The net revenue (expense) of internal service funds is reported with governmental activities.	3,463
Bond premiums are reported in the funds but not in the SOA.	21,327
Proceeds of leases do not provide revenue in the SOA, but are reported as current resources in the funds.	(328,320)
Pension expense relating to GASB 68 is recorded in the SOA but not in the funds.	(267,555)
Rounding difference	<u>1</u>
Change in net position of governmental activities - Statement of Activities	<u>\$ 3,056,768</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
AUGUST 31, 2017

Data Control Codes		Nonmajor Internal Service Fund	Insurance Fund
	ASSETS:		
	Current Assets:		
1110	<i>Cash and Cash Equivalents</i>	\$ 16,132	
1120	<i>Investments</i>		179,811
	Total Current Assets		<u>195,943</u>
1000	Total Assets		<u>195,943</u>
	LIABILITIES:		
	Current Liabilities:		
2110	<i>Accounts Payable</i>	\$ 28,081	
	Total Current Liabilities		<u>28,081</u>
2000	Total Liabilities		<u>28,081</u>
	NET POSITION:		
3900	<i>Unrestricted</i>		167,862
3000	Total Net Position	\$	<u>167,862</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES
 IN FUND NET POSITION - INTERNAL SERVICE FUND
 FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes		Nonmajor Internal Service Fund
		Insurance Fund
	OPERATING REVENUES:	
5700	<i>Local and Intermediate Sources</i>	\$ 3,463
5020	Total Revenues	<u>3,463</u>
1300	Change in Net Position	3,463
0100	Total Net Position - Beginning	164,399
0300	Total Net Position - Ending	<u>\$ 167,862</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Internal Service Funds
Cash Flows from Operating Activities:	
<i>Cash Received from Customers</i>	\$ --
<i>Cash Received from Grants</i>	--
<i>Cash Receipts (Payments) for Quasi-external Operating Transactions with Other Funds</i>	1,658
<i>Cash Payments to Employees for Services</i>	--
<i>Cash Payments to Other Suppliers for Goods and Services</i>	(1,658)
<i>Cash Payments for Grants to Other Organizations</i>	--
<i>Other Operating Cash Receipts (Payments)</i>	--
Net Cash Provided (Used) by Operating Activities	<u> --</u>
Cash Flows from Non-capital Financing Activities:	
<i>Proceeds (Payments) from (for) Borrowings</i>	--
<i>Operating Grants Received</i>	--
<i>Transfers From (To) Primary Government</i>	--
<i>Transfers From (To) Other Funds</i>	--
Net Cash Provided (Used) by Non-capital Financing Activities	<u> --</u>
Cash Flows from Capital and Related Financing Activities:	
<i>Proceeds from Issuance of Long-term Debt</i>	--
<i>Principal and Interest Paid</i>	--
<i>Acquisition or Construction of Capital Assets</i>	--
<i>Proceeds from Sale of Capital Assets</i>	--
<i>Contributed Capital</i>	--
Net Cash Provided (Used) for Capital & Related Financing Activities	<u> --</u>
Cash Flows from Investing Activities:	
<i>Purchase of Investment Securities</i>	--
<i>Proceeds from Sale and Maturities of Securities</i>	--
<i>Interest and Dividends on Investments</i>	1,805
Net Cash Provided (Used) for Investing Activities	<u> 1,805</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,805
Cash and Cash Equivalents at Beginning of Year	194,138
Cash and Cash Equivalents at End of Year	<u>\$ 195,943</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	\$ 3,463
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
<i>Depreciation</i>	--
<i>Provision for Uncollectible Accounts</i>	--
Change in Assets and Liabilities:	
<i>Decrease (Increase) in Receivables</i>	--
<i>Decrease (Increase) in Inventories</i>	--
<i>Earnings on Investments</i>	(1,805)
<i>Increase (Decrease) in Accounts Payable</i>	(1,658)
<i>Increase (Decrease) in Unearned Revenue</i>	--
Total Adjustments	<u> (3,463)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
AUGUST 31, 2017

Data Control Codes	Private-purpose Trust Fund	Agency Fund
ASSETS:	Private-Purpose Trust Fund	Student Activity
1110 <i>Cash and Cash Equivalents</i>	\$ --	\$ 51,410
1120 <i>Current Investments</i>	1,165,200	--
1000 Total Assets	<u>1,165,200</u>	<u>51,410</u>
LIABILITIES:		
Current Liabilities:		
2190 <i>Due to Student Groups</i>	\$ --	\$ 51,410
2000 Total Liabilities	<u>--</u>	<u>51,410</u>
NET POSITION:		
3800 <i>Held in Trust</i>	1,165,200	--
3000 Total Net Position	<u>\$ 1,165,200</u>	<u>\$ --</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

	Private- Purpose Trusts
Additions:	
Investment Income	\$ 11,618
Net (Decrease) in Fair Value of Investments	--
Employer Contributions	--
Plan Member Contributions	--
Total Additions	<u>11,618</u>
Deductions:	
Scholarship Awards	8,000
Benefits	--
Refunds of Contributions	--
Administrative Expenses	--
Total Deductions	<u>8,000</u>
Change in Net Position	3,618
Net Position-Beginning of the Year	1,162,582
Net Position-End of the Year	<u>\$ 1,166,200</u>

The accompanying notes are an integral part of this statement.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Significant Accounting Policies

The basic financial statements of Comanche Independent School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units in conjunction with the Texas Education Agency's Financial Accountability System Resource Guide ("Resource Guide"). The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

1. Reporting Entity

The Board of School Trustees ("Board"), a seven-member group, has governance responsibilities over all activities related to public elementary and secondary education within the jurisdiction of the District. The Board is elected by the public and has the exclusive power and duty to govern and oversee the management of the public schools of the District. All powers and duties not specifically delegated by statute to the Texas Education Agency ("TEA") or to the State Board of Education are reserved for the Board, and the TEA may not substitute its judgment for the lawful exercise of those powers and duties by the Board. The District receives funding from local, state and federal government sources and must comply with the requirements of those funding entities. However, the District is not included in any other governmental reporting entity and there are no component units included within the District's reporting entity.

2. Basis of Presentation, Basis of Accounting

a. Basis of Presentation

Government-wide Financial Statements: The statement of net position and the statement of activities include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. The District does not allocate indirect expenses in the statement of activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, with separate statements presented for each fund category. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial resources of the District except those required to be accounted for in another fund.

In addition, the District reports the following fund types:

Internal Service Funds: These funds are used to account for revenues and expenses related to services provided

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

to parties inside the District. These funds facilitate distribution of support costs to the users of support services on a cost-reimbursement basis. Because the principal users of the internal services are the District's governmental activities, this fund type is included in the "Governmental Activities" column of the government-wide financial statements.

Private-Purpose Trust Funds: These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments not reported in other fiduciary fund types.

Agency Funds: These funds are used to report student activity funds and other resources held in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

Fiduciary funds are reported in the fiduciary fund financial statements. However, because their assets are held in a trustee or agent capacity and are therefore not available to support District programs, these funds are not included in the government-wide statements.

b. Measurement Focus, Basis of Accounting

Government-wide, Proprietary, and Fiduciary Fund Financial Statements: These financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District does not consider revenues collected after its year-end to be available in the current period. Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When the District incurs an expenditure or expense for which both restricted and unrestricted resources may be used, it is the District's policy to use restricted resources first, then unrestricted resources.

3. Financial Statement Amounts

a. Cash and Cash Equivalents

For purposes of the statement of cash flows, highly liquid investments are considered to be cash equivalents if they have a maturity of three months or less when purchased.

b. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

which imposed. 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 tax revenues are considered available when they become due or past due and receivable within the current period.

Allowances for uncollectible tax receivables within the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

c. Inventories and Prepaid Items

The District records purchases of supplies as expenditures, utilizing the purchase method of accounting for inventory in accordance with the Resource Guide.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

d. Capital Assets

Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated fixed assets are recorded at their estimated fair value at the date of the donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. A capitalization threshold of \$5,000 is used.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Building Improvements	20
Vehicles	2-15
Office Equipment	3-15
Computer Equipment	3-15

e. Deferred Outflows and Inflows of Resources

In addition to assets, the statements of financial position (the government-wide Statement of Net Position and governmental funds balance sheet) will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and/or fund balance that applies to one or more future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of financial position will sometimes 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 one or more future periods and so will not be recognized as an inflow of resources (revenue) until that time.

f. Receivable and Payable Balances

The District believes that sufficient detail of receivable and payable balances is provided in the financial statements to avoid the obscuring of significant components by aggregation. Therefore, no disclosure is provided which disaggregates those balances.

There are no significant receivables which are not scheduled for collection within one year of year end.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

g. Interfund Activity

Interfund activity results from loans, services provided, reimbursements or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers In and Transfers Out are netted and presented as a single "Transfers" line on the government-wide statement of activities. Similarly, interfund receivables and payables are netted and presented as a single "Internal Balances" line of the government-wide statement of net position.

h. Use of Estimates

The preparation of financial statements in conformity with GAAP requires the use of management's estimates.

i. Data Control Codes

Data Control Codes appear in the rows and above the columns of certain financial statements. The TEA requires the display of these codes in the financial statements filed with TEA in order to ensure accuracy in building a statewide database for policy development and funding plans.

j. Fund Balances - Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable Fund Balance - represents amounts that cannot be spent because they are either not spendable form (such as inventory or prepaid insurance) or legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted Fund Balance - represents amounts that are constrained by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance - represents amounts that can only be used for a specific purpose because of a formal action by the District's Board of Trustees. Committed amounts cannot be used for any other purpose unless the Board of Trustees removes those constraints by taking the same type of formal action. Committed fund balance amounts may be used for other purposes with appropriate due process by the Board of Trustees. Commitments are typically done through adoption and amendment of the budget. Committed fund balance amounts differ from restricted balances in that the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.

Assigned Fund Balance - represents amounts which the District intends to use for a specific purpose, but that do not meet the criteria to be classified as restricted or committed. Intent may be stipulated by the Board of Trustees or by an official or body to which the Board of Trustees delegates the authority. Specific amounts that are not restricted or committed in a special revenue, capital projects, debt service or permanent fund are assigned for purposes in accordance with the nature of their fund type or the fund's primary purpose. Assignments within the general fund convey that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the District itself.

Unassigned Fund Balance - represents amounts which are unconstrained in that they may be spent for any purpose. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed or assigned.

k. Net Position Flow Assumption

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

I. Fund Balance Flow Assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

4. Pensions

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

5. New Accounting Standards Adopted

In fiscal year 2017, the District adopted three new statements of financial accounting standards issued by the Governmental Accounting Standards Board (GASB):

-- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*

-- Statement No. 80, *Blending Requirements for Certain Component Units*

-- Statement No. 82, *Pension Issues - An Amendment of GASB No. 67, No. 68 and No. 73*

- a. Statement No. 74 improves the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, as amended, Statement No. 43, and Statement No. 50, *Pension Disclosures*.

The scope of this Statement includes OPEB plans, defined benefit and defined contribution that are administered through trusts that meet the following criteria:

- 1) Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.
- 2) OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.
- 3) OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

This Statement also includes requirements to address financial reporting for assets accumulated for purposes of providing defined benefit OPEB through OPEB plans that are not administered through trusts that meet the specified criteria.

The District does not administer their OPEB plan through a trust that meets the criteria noted above. As a result, the adoption of GASB Statement No. 74 did not result in a change to the financial statements or note disclosures.

- b. GASB Statement No. 80 clarifies the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, The Financial Reporting Entity, as amended.

This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, Determining Whether Certain Organizations Are Component Units.

The District did not have any component units which met the definition noted above. As a result, the adoption of GASB Statement No. 80 did not result in a change to the financial statements or note disclosures.

- c. GASB Statement No. 82 addresses certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements.

Prior to the issuance of this Statement, Statements 67 and 68 required presentation of covered employee payroll, which is the payroll of employees that are provided with pensions through the pension plan, and ratios that use that measure, in schedules of required supplementary information. This Statement amends Statements 67 and 68 to instead require the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, and ratios that use that measure.

This Statement clarifies that a deviation, as the term is used in Actuarial Standards of Practice issued by the Actuarial Standards Board, from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement 67, Statement 68, or Statement 73 for the selection of assumptions used in determining the total pension liability and related measures.

This Statement clarifies that payments that are made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for purposes of Statement 67 and as employee contributions for purposes of Statement 68. It also requires that an employer's expense and expenditures for those amounts be recognized in the period for which the contribution is assessed and classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages or as fringe benefits).

The financial statements and note disclosures have been updated for the affects of the adoption of GASB Statement No. 82.

COMANCHE INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017*

B. Compliance and Accountability

1. Finance-Related Legal and Contractual Provisions

In accordance with GASB Statement No. 38, "Certain Financial Statement Note Disclosures," violations of finance-related legal and contractual provisions, if any, are reported below, along with actions taken to address such violations:

<u>Violation</u>	<u>Action Taken</u>
None reported	Not applicable

2. Deficit Fund Balance or Fund Net Position of Individual Funds

Following are funds having deficit fund balances or fund net position at year end, if any, along with remarks which address such deficits:

<u>Fund Name</u>	<u>Deficit Amount</u>	<u>Remarks</u>
None reported	Not applicable	Not applicable

C. Deposits and Investments

The District's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the District's agent bank approved pledged securities in an amount sufficient to protect District funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance.

1. Cash Deposits:

At August 31, 2017, the carrying amount of the District's deposits (cash, certificates of deposit, and interest-bearing savings accounts included in temporary investments) was \$11,909,406 and the bank balance was \$12,365,856. The District's cash deposits at August 31, 2017 and during the year ended August 31, 2017, were entirely covered by FDIC insurance or by pledged collateral held by the District's agent bank in the District's name.

2. Investments:

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

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

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

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The District's investment at August 31, 2017 is shown below.

<u>Investment or Investment Type</u>	<u>Maturity</u>	<u>Fair Value</u>
Certificates of Deposit	Less Than One Year	\$ 11,709,441
Total Investments		<u>\$ 11,709,441</u>

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the District was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures:

a. Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The ratings of securities by nationally recognized rating agencies are designed to give an indication of credit risk. At year end, the District was not significantly exposed to credit risk.

At August 31, 2017, the District's investments, other than those which are obligations of or guaranteed by the U. S. Government, are rated as to credit quality as follows:

Certificates of Deposit	\$11,709,441
Secured by FDIC & Pledged Securities	

b. Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent but not in the District's name.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government, and are held by either the counterparty or the counterparty's trust department or agent but not in the District's name.

At year end, the District was not exposed to custodial credit risk.

c. Concentration of Credit Risk

This risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. At year end, the District was not exposed to concentration of credit risk.

d. Interest Rate Risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. At year end, the District was not exposed to interest rate risk.

e. Foreign Currency Risk

This is the risk that exchange rates will adversely affect the fair value of an investment. At year end, the District was not exposed to foreign currency risk.

Investment Accounting Policy

The District's general policy is to report money market investments and short-term participating interest-earning investment contracts at amortized cost and to report nonparticipating interest-earning investment contracts using a

COMANCHE INDEPENDENT SCHOOL DISTRICT
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cost-based measure. However, if the fair value of an investment is significantly affected by the impairment of the credit standing of the issuer or by other factors, it is reported at fair value. All other investments are reported at fair value unless a legal contract exists which guarantees a higher value. The term "short-term" refers to investments which have a remaining term of one year or less at time of purchase. The term "nonparticipating" means that the investment's value does not vary with market interest rate changes. Nonnegotiable certificates of deposit are examples of nonparticipating interest-earning investment contracts.

D. Capital Assets

Capital asset activity for the year ended August 31, 2017, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 355,614	\$ --	\$ --	\$ 355,614
Construction in progress	--	--	--	--
Total capital assets not being depreciated	<u>355,614</u>	<u>--</u>	<u>--</u>	<u>355,614</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	39,995,445	--	--	39,995,445
Equipment	3,265,766	--	--	3,265,766
Vehicles	--	--	--	--
Total capital assets being depreciated	<u>43,261,211</u>	<u>--</u>	<u>--</u>	<u>43,261,211</u>
Less accumulated depreciation for:				
Buildings and improvements	(14,523,812)	--	--	(14,523,812)
Equipment	(2,550,393)	--	--	(2,550,393)
Vehicles	--	--	--	--
Total accumulated depreciation	<u>(17,074,204)</u>	<u>--</u>	<u>--</u>	<u>(17,074,204)</u>
Total capital assets being depreciated, net	<u>26,187,007</u>	<u>--</u>	<u>--</u>	<u>26,187,007</u>
Governmental activities capital assets, net	<u>\$ 26,542,621</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 26,542,621</u>

Depreciation was charged to functions as follows:

Instruction	\$ 632,533
Instructional Resources and Media Services	6,478
Curriculum and Staff Development	3,046
School Leadership	34,786
Guidance, Counseling, & Evaluation Services	25,509
Health Services	8,325
Student Transportation	47,568
Food Services	70,159
Extracurricular Activities	43,745
General Administration	33,515
Plant Maintenance and Operations	122,782
Security and Monitoring Services	1,404
Data Processing Services	10,337
	<u>\$ 1,040,187</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT
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E. Interfund Balances and Activities

1. Due To and From Other Funds

Balances due to and due from other funds at August 31, 2017, consisted of the following:

<u>Due To Fund</u>	<u>Due From Fund</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Governmental Funds	\$ --	Short-term loans
General Fund	Major fund (specify fund name)	--	For transfer of federal receipts
Major fund (specify fund name)	General Fund	--	Capital projects expenditures
Debt Service Fund	General Fund	30,000	Debt Service Assistance
	Other Balances	--	
	Total	<u>\$ 30,000</u>	

All amounts due are scheduled to be repaid within one year.

2. Transfers To and From Other Funds

Transfers to and from other funds at August 31, 2017, consisted of the following:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General fund	Debt service fund	\$ 232,000	Provide resources for repayment of bonds
General fund	Other Governmental Funds	--	Pay debt service on health insurance financing bonds
General fund	Other Governmental Funds	--	Supplement other funds sources
Major fund (specify fund name)	General Fund	--	Reimburse expenditures
Other Governmental Funds	Other Governmental Funds	--	Supplement other funds sources
	Total	<u>\$ 232,000</u>	

F. Short-Term Debt Activity

The District accounts for short-term debts for maintenance purposes through the General Fund. The proceeds from loans are shown in the financial statements as Other Resources. The District has no short-term loans.

G. Long-Term Obligations

The District has entered into a continuing disclosure undertaking to provide Annual Reports and Material Event Notices to the State Information Depository of Texas, which is the Municipal Advisory Council. This information is required under SEC Rule 15c2-12 to enable investors to analyze the financial condition and operations of the District.

1. Long-Term Obligation Activity

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Long-term obligations include debt and other long-term liabilities. Changes in long-term obligations for the year ended August 31, 2017, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Governmental activities:					
General obligation bonds	\$ 9,440,000	\$ --	\$ 425,000	\$ 9,015,000	\$ 430,000
Capital leases	--	328,320	--	328,320	81,440
Notes	3,010,000	--	295,000	2,715,000	221,000
Premiums on Bonds	553,905	--	39,366	514,539	--
Compensated absences *	--	--	--	--	--
Claims and judgments *	--	--	--	--	--
Net Pension Liability *	2,054,394	678,353	--	2,732,747	--
Total governmental activities	\$ 15,058,299	\$ 1,006,673	\$ 759,366	\$ 15,305,606	\$ 732,440

Interest rates on bonds range from 2.0% to 4.25%.

Interest rates on notes range from 1.23% to 4.35%.

The District has deferred resources outflows of \$180,377 related to a prior years refunding bond issue.

* Other long-term liabilities

The funds typically used to liquidate other long-term liabilities in the past are as follows:

Liability	Activity Type	Fund
Compensated absences	Governmental	N/A
Claims and judgments	Governmental	General
Net Pension Liability *	Governmental	General
Compensated absences	Business-type	N/A
Claims and judgments	Business-type	N/A

2. Debt Service Requirements

Debt service requirements on long-term debt at August 31, 2017, are as follows:

Year Ending August 31,	Governmental Activities		
	Principal	Interest	Total
2018	\$ 734,440	\$ 380,710	\$ 1,115,150
2019	751,865	365,668	1,117,533
2020	769,292	348,261	1,117,553
2021	791,722	328,123	1,119,845
2022	731,000	307,650	1,038,650
2023-2027	3,525,000	1,195,296	4,720,296
2028-2032	4,000,000	538,808	4,538,808
2033-2037	755,000	160,414	915,414
2038-2042	--	--	--
2043-2047	--	--	--
Totals	\$ 12,058,320	\$ 3,624,928	\$ 15,683,248

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3. Capital Leases

Commitments under capitalized lease agreements for facilities and equipment provide for minimum future lease payments as of August 31, 2017, as follows:

<u>Year Ending August 31:</u>	
2018	\$ 83,154
2019	83,154
2020	83,154
2021	83,154
2022	--
2023-2027	--
2028-2032	--
2033-2037	--
Total Minimum Rentals	<u>\$ 332,614</u>
Rental Expenditures in 2017	<u>\$ --</u>

These payments are also included on long-term debt requirements above.

The effective interest rate on capital leases is 0.522%.

H. Commitments Under Noncapitalized Leases

The District has no noncapitalized leases.

I. Risk Management

The District is exposed to various risks of loss related to torts, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2017, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

J. Pension Plan

1. Plan Description

The District participates in a cost-sharing multiple-employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under section 401(a) of the Internal Revenue Code. The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

2. Pension Plan Fiduciary Net Position

Detail information about the Teacher Retirement System's fiduciary net position is available in a separately-issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at https://www.trs.texas.gov/TRS%20Documents/cafr_2016.pdf; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

COMANCHE INDEPENDENT SCHOOL DISTRICT
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3. Benefits Provided

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs, can be granted by the Texas Legislature as noted in the Plan description in (1.) above.

4. Contributions

Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 through 2017. The 83rd Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2014 and 2015. The 84th Texas Legislature, General Appropriations Act (GAA) established the employer contribution rates for fiscal years 2016 and 2017.

	Contribution Rates	
	2016	2017
Member	7.2%	7.7%
Non-Employer Contributing Entity (NECE - State)	6.8%	6.8%
Employers	6.8%	6.8%
District's 2017 Employer Contributions	\$ 214,511	
District's 2017 Member Contributions	\$ 613,513	
NECE 2016 On-Behalf Contributions to District	\$ 426,342	

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

--- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the

COMANCHE INDEPENDENT SCHOOL DISTRICT

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statutory minimum under Section 21.402 of the Texas Education Code.

- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

5. Actuarial Assumptions

The total pension liability in the August 31, 2016 actuarial evaluation was determined using the following actuarial assumptions:

Valuation Date	August 31, 2016
Actuarial Cost Method	Individual Entry Age Normal
Asset Valuation Method	Market Value
Single Discount Rate	8%
Long-term expected Investment Rate of Return	8%
Inflation	2.5%
Salary Increases including inflation	3.5% to 9.5%
Payroll Growth Rate	2.5%
Benefit Changes during the year	None
Ad hoc post-employment benefit changes	None

The actuarial methods and assumptions are based primarily on a study of actual experience for the four year period ending August 31, 2014 and adopted on September 24, 2015.

6. Discount Rate

The discount rate used to measure the total pension liability was 8%. There was no change in the discount rate since the previous year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. 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.

The long-term rate of return on pension plan investments is 8%. The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by

COMANCHE INDEPENDENT SCHOOL DISTRICT

*NOTES TO THE FINANCIAL STATEMENTS
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adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2016 are summarized below:

Teacher Retirement System of Texas			
Asset Allocation and Long-Term Expected Real Rate of Return			
As of August 31, 2016			
Asset Class	Target Allocation	Long-term Expected Geometric Real Rate of Return	Expected Contribution to Long-term Portfolio Returns *
Global Equity			
U.S.	18%	4.6%	1.0%
Non-U.S. Developed	13%	5.1%	0.8%
Emerging Markets	9%	5.9%	0.7%
Directional Hedge Funds	4%	3.2%	0.1%
Private Equity	13%	7.0%	1.1%
Stable Value			
U.S. Treasuries	11%	0.7%	0.1%
Absolute Return	0%	1.8%	0.0%
Stable Value Hedge Funds	4%	3.0%	0.1%
Cash	1%	-0.2%	0.0%
Real Return			
Global Inflation Linked Bonds	3%	0.9%	0.0%
Real Assets	16%	5.1%	1.1%
Energy & Natural Resources	3%	6.6%	0.2%
Commodities	0%	1.2%	0.0%
Risk Parity			
Risk Parity	5%	6.7%	0.3%
Inflation Expectation			2.2%
Alpha			1.0%
Total	100%		8.7%

* The expected contribution to returns incorporates the volatility drag resulting from the conversion between arithmetic and geometric mean returns.

7. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the net pension liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (8%) in measuring the Net Pension Liability.

	1% Decrease in Discount Rate 7%	Discount Rate 8%	1% Increase in Discount Rate 9%
District's proportionate share of the net pension liability	\$ 4,229,372	\$ 2,732,747	\$ 1,463,307

8. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At August 31, 2017, the District reported a liability of \$2,732,747 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

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District's proportionate share of the collective net pension liability	\$ 2,732,747
State's proportionate share that is associated with District	<u>5,060,613</u>
Total	<u>\$ 7,793,360</u>

The net pension liability was measured as of August 31, 2016 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2015 through August 31, 2016.

At August 31, 2016 the employer's proportion of the collective net pension liability was 0.0072317%. which was an increase (decrease) of 0.0000000% from its proportion measured as of August 31, 2015.

Changes Since the Prior Actuarial Valuation - There were no changes to the actuarial assumptions of other inputs that affected measurement of the total pension liability since the prior measurement period:

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

For the year ended August 31, 2017, the District recognized pension expense of \$525171 and revenue of \$525171 for support provided by the State.

At August 31, 2017, the District reported its proportionate share of the TRS' deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 42,849	\$ 81,598
Changes in actuarial assumptions	83,289	75,748
Difference between projected and actual investment earnings	526,604	295,201
Changes in proportion and difference between the District's contributions and the proportionate share of contributions	1,004,773	149
Contributions paid to TRS subsequent to the measurement date [to be calculated by employer]	<u>214,511</u>	<u> </u>
Total	<u>\$ 1,872,026</u>	<u>\$ 452,696</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended August 31</u>	<u>Pension Expense Amount</u>
2018	\$ 425,342
2019	\$ 210,831
2020	\$ 358,431
2021	\$ 199,487
2022	\$ 154,534
Thereafter	\$ 70,706

COMANCHE INDEPENDENT SCHOOL DISTRICT
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K. Retiree Health Care Plans

1. TRS-Care

a. Plan Description

The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the Teacher Retirement System of Texas (TRS). TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the Teacher Retirement System of Texas. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS web site at www.trs.state.tx.us under the TRS Publications heading, by writing to the Communications Department of the Teacher Retirement System of Texas at 1000 Red River Street, Austin, Texas 78701, or by calling the TRS Communications Department at 1-800-223-8778.

b. Funding Policy

Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for free basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than 0.25% or greater than 0.75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. The State of Texas contribution rate was 1% for fiscal years 2015 and 2014, and 0.5% for fiscal year 2013. The active public school employee contributions rates were 0.65% of public school payroll, with school districts contributing a percentage of payroll set at 0.55% for fiscal years 2017, 2016 and 2015. For the years ended August 31, 2017, 2016, and 2015, the State's contributions to TRS-Care were \$79,630, \$77,231, and \$69,400, respectively, the active member contributions were \$51,758, \$50,201, and \$45,111, respectively, and the District's contributions were \$43,797, \$42,478, and \$38,170, respectively, which equaled the required contributions each year.

2. Medicare Part D Subsidies

The Medicare Prescription Drug, Improvement, and Modernization Act of 2003, which was effective January 1, 2006, established prescription drug coverage for Medicare beneficiaries known as Medicare Part D. One of the provisions of Medicare Part D allows for the Texas Public School Retired Employee Group Insurance Program (TRS-Care) to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. For the fiscal years ended August 31, 2017, 2016, and 2015, the subsidy payments received by TRS-Care on behalf of the District were \$36,923, \$25,267, and \$20,603, respectively.

L. Employee Health Care Coverage

During the year ended August 31, 2017, employees of the District were covered the TRS Health Care Plan. The District paid total premiums of approximately \$387,364 to this plan during the 2016-2017 fiscal year.

M. Commitments and Contingencies

1. Contingencies

The District participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor

COMANCHE INDEPENDENT SCHOOL DISTRICT

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED AUGUST 31, 2017

agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectibility of any related receivable may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

2. Litigation

No reportable litigation was pending against the District at August 31, 2017.

N. Shared Services Arrangements

Shared Services Arrangement - Membership

The District participates in a shared services arrangement ("SSA") for a special education cooperative with the following districts:

Member Districts
Comanche ISD
De Leon ISD - Fiscal Agent
Cros PLains ISD
Sidney ISD
Gustine ISD
May ISD

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, De Leon ISD, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

The District does not account for revenues or expenditures in this program and does not disclose them in these financial statements. The District neither has a joint ownership interest in fixed assets purchased by the fiscal agent, school name, nor does the District have a net equity interest in the fiscal agent. The fiscal agent is neither accumulating significant financial resources nor fiscal exigencies that would give rise to a future additional benefit or burden to the District. The fiscal agent manager is responsible for all financial activities of the SSA.

O. Subsequent Events

Management reviewed all transactions and events from August 31, 2017 to November 6, 2017. There were no items noted that are required to be disclosed as subsequent events.

P. Workers Compensation Insurance

The District is a participant in the North Texas Educational Insurance Workers' Compensation Self-Insurance Fund. The purpose of the Fund is to provide statutory benefits for the fund members' employees through self-insurance of workers' compensation prescribed by Article 8309h, revised Civil Statutes of Texas as amended.

The interlocal agreement between the Comanche Independent School District and the North Texas Educational Insurance Association Workers Compensation Self-Insurance Fund is for a term beginning September 1, 2016 and terminating on September 1, 2017. Either party may terminate the agreement upon 60 days notice with the termination becoming effective at the end of the plan currently in force.

The required contribution for each fund member is based on the State Board of Insurance workers' compensation rates for the various payroll classification included in the fund member's annual payroll. The interlocal agreement states that the Comanche Independent School District's fixed cost for the 2016-2017 year is \$22,567, which is recorded in the District's records as insurance expense.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

The District has recorded a liability for estimated claims of \$28,081 as a liability in its self-insurance fund.

The "pooled risk" self-insurance fund is managed by a six member board. Any excess to the cumulative contributions and the investment earnings of all fund sponsors are available for reduction of the annual contributions. The Fund retains \$225,000 for any one accident or occurrence and purchases stop loss protection for all other claims.

The Board reserved the right in the interlocal agreement to adjust this stop loss provision in the event that the fiscal soundness of the fund would justify such an adjustment and/or result in savings to fund members. All Claims are processed and paid by the pool through a servicing contractor employed by the Fund. The District had estimated unpaid claims of \$28,081 at August 31, 2016.

Q. Property/Casualty Insurance

During the year ended August 31, 2017, the Comanche Independent School District participated in the TASB Risk Management Fund's (the Fund's) Property Casualty Program with coverage in:

Property
Auto Liability
Auto Physical Damage
Equipment Breakdown
General Liability

The Fund was created and is operated under the provision of the INTERlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop loss coverage for protection against catastrophic and larger than anticipated claims for the Property Casualty Program. The terms and limits of the stop-loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended August 31, 2017, the Fund anticipates the District has no additional liability beyond the contractual obligations for payment of contributions.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2016, are available at the TASB website and have been filed with the Texas Department of Insurance in Austin.

R. Unemployment Compensation

During the year ended August 31, 2017, the District provided unemployment compensation coverage to its employees through participation in the TASB Risk Management (the Fund). The Fund was created and is operated under the provision of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued each month until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific aggregate stop loss coverage for Unemployment Compensation. For the year ended August 31, 2017, the Fund anticipates that the Comanche ISD has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

in February of the following year. The fund's audited financial statements as of August 31, 2016, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

S. Due from Other Governments

The following is a summary of amounts due from other governmental entities as of August 31, 2017:

	State Revenue Sources	Federal Revenue Sources	Total
General Fund	\$866,093		\$866,093
Special Revenue Funds	\$50,192	\$182,851	\$233,043
Total Due from Other Governmental Entities	<u>\$916,285</u>	<u>\$182,851</u>	<u>\$1,099,136</u>

T. Unearned Revenue in Individual Funds

The District has unearned revenue in the individual funds at August 31, 2017 as follows:

Property tax revenue:	
General Fund	\$122,025
Debt Service Fund	\$12,223

U. Committed Fund Balances

The Board of Trustees at the August, 2011 regular board meeting committed available fund balances as follows:

Committed for future construction and rehabilitation	\$6,000,000
Committed for equipment Replacement	\$500,000

V. Property Tax Abatement

On December 16, 2013, the Comanche ISD Board of Trustees approved an agreement with Logan's Gap Wind I for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes pursuant to Chapter 313 of the Texas Tax Code, i.e., the Texas economic Development Act, as set forth in Chapter 313 of the Texas Tax Code, as amended. Logan's wind Gap I qualified for a tax limitation agreement under Texas Tax Code 313.024(b)(5), as a renewable energy electric generation project.

Value limitation agreements are a part of a state program, originally created in 2001 which allows school districts to limit the taxable value of an approved project for Maintenance and Operations for a period of years specified in statute. The project(s) under the Chapter 313 agreement must be consistent with the state's goal to "encourage large scale capital investments in this state." Chapter 31 of the Tax Code grants eligibility to companies engaged in manufacturing, research and development, renewable electric energy production, clean coal projects, nuclear power generation and data centers.

In order to qualify for a value limitation agreement, each applicant, including Logan's Gap Wind I has been required to meet a series of capital investment, job creation, and wage requirements specified by state law. At the time of the application's approval, the agreement was found to have done so by both the District's Board of Trustees and the Texas Comptroller's Office, which recommended approval of the project. The application, the agreements and state reporting requirement documentation can be reviewed at the Texas Comptroller's website: <https://www.comptroller.texas.gov/economy/local/ch313/agreement-docs.php>. The agreement and all supporting documentation was assigned Texas Comptroller Application No. 335.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED AUGUST 31, 2017

After approval, the applicant company must maintain a viable presence in the district for the entire period of the value limitation plus a period of years thereafter. In addition, there are specific reporting requirements, which are monitored on an annual and biennial basis in order to ensure relevant job, wage, and operational requirements are being met.

In the event that Logan's Gap Wind I terminates this Agreement without consent of the District, or in the event that the company or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, on that recaptured ad valorem tax revenue. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code 33.01(c), or its successor statute. The agreement provides an administrative procedure to determine any company liability. Ultimately, enforcement of any payment obligation is through the local district court.

As of December 1, 2016, the applicant company was in full compliance with all of its obligations under law and the agreement itself.

Below is the GASB 77 information for maintenance and operations purposes. It includes the net benefit to the District but does not include any Interest & Sinking impact.

Project: Logan's Gap Wind I (Application #335)
 First Year Value Limitation: 2016

Project Value 2016	\$158,942,280
Project's Value Limitation Amount 2016	\$10,000,000
Amount of Applicant's M & O Taxes 2016	\$117,000
Company Revenue Loss Payment to District 2016	\$2,419,916
Company Supplemental Payment to District 2016	--
Net Benefit (Loss) to District 2016	\$2,536,916

W. Prior Period Adjustments

The prior period adjustment of \$2,174 consists of adjustments to prior period revenue.

Required Supplementary Information

Required supplementary information includes financial information and disclosures required by the Governmental Accounting Standards Board but not considered a part of the basic financial statements.

COMANCHE INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-1
Page 1 of 2

Data Control Codes	1		2	3	Variance with Final Budget Positive (Negative)
	Budgeted Amounts			Actual	
	Original	Final			
REVENUES:					
5700	Local and Intermediate Sources	\$ 3,996,218	\$ 6,496,218	\$ 6,416,391	\$ (79,827)
5800	State Program Revenues	8,687,757	9,742,757	9,283,862	(458,895)
5900	Federal Program Revenues	--	145,000	128,856	(16,144)
5020	Total Revenues	12,683,975	16,383,975	15,829,109	(554,866)
EXPENDITURES:					
Current:					
Instruction & Instructional Related Services:					
0011	Instruction	6,788,545	7,188,545	7,097,061	91,464
0012	Instructional Resources and Media Services	88,696	88,696	83,978	4,718
0013	Curriculum and Staff Development	20,350	20,350	7,167	13,183
	Total Instruction & Instr. Related Services	6,897,591	7,297,591	7,188,226	109,365
Instructional and School Leadership:					
0023	School Leadership	473,964	473,964	450,926	23,038
	Total Instructional & School Leadership	473,964	473,964	450,926	23,038
Support Services - Student (Pupil):					
0031	Guidance, Counseling and Evaluation Services	339,110	339,110	330,672	8,438
0033	Health Services	105,505	107,505	106,130	1,375
0034	Student (Pupil) Transportation	585,445	635,445	616,619	18,826
0035	Food Services	19,546	19,546	19,046	500
0036	Cocurricular/Extracurricular Activities	628,077	628,077	567,063	61,014
	Total Support Services - Student (Pupil)	1,677,683	1,729,683	1,639,530	90,153
Administrative Support Services:					
0041	General Administration	482,994	482,994	434,449	48,545
	Total Administrative Support Services	482,994	482,994	434,449	48,545
Support Services - Nonstudent Based:					
0051	Plant Maintenance and Operations	1,949,230	1,894,230	1,575,289	318,941
0052	Security and Monitoring Services	32,000	32,000	1,751	30,249
0053	Data Processing Services	167,241	167,241	133,985	33,246
	Total Support Services - Nonstudent Based	2,148,471	2,093,471	1,711,035	382,436
Debt Service:					
0071	Principal on Long-Term Debt	295,000	295,000	295,000	--
0072	Interest on Long-Term Debt	66,649	66,649	60,645	6,004
0073	Bond Issuance Costs and Fees	8,000	8,000	806	7,194
	Total Debt Service	369,649	369,649	356,451	13,198
Capital Outlay:					
0081	Capital Outlay	2,240,885	2,240,885	2,240,885	--
	Total Capital Outlay	2,240,885	2,240,885	2,240,885	--
Intergovernmental Charges:					
0093	Payments to Fiscal Agent/Member Dist.-SSA	237,455	237,455	237,454	1
0099	Other Intergovernmental Charges	150,000	153,000	151,514	1,486
	Total Intergovernmental Charges	387,455	390,455	388,968	1,487
6030	Total Expenditures	14,678,692	15,078,692	14,410,470	668,222

COMANCHE INDEPENDENT SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT G-1
Page 2 of 2

Data Control Codes		1	2	3	Variance with Final Budget Positive (Negative)
		Budgeted Amounts		Actual	
		Original	Final		
1100	Excess (Deficiency) of Revenues Over (Under)				
1100	Expenditures	(1,994,717)	1,305,283	1,418,639	113,356
	Other Financing Sources (Uses):				
7913	Issuance of Capital Leases	--	328,320	328,320	--
7914	Issuance of Non-Current Debt	2,240,885	2,240,885	--	(2,240,885)
8911	Transfers Out	(246,168)	(246,168)	(232,000)	14,168
7080	Total Other Financing Sources and (Uses)	1,994,717	2,323,037	96,320	(2,226,717)
1200	Net Change in Fund Balance	--	3,628,320	1,514,959	(2,113,361)
0100	Fund Balance - Beginning	9,436,941	9,436,941	9,436,941	--
1300	Prior Period Adjustment	--	--	(2,174)	(2,174)
0100	Fund Balance - Beginning, as Restated	9,436,941	9,436,941	9,434,767	(2,174)
3000	Fund Balance - Ending	\$ 9,436,941	\$ 13,065,261	\$ 10,949,726	\$ (2,115,535)

COMANCHE INDEPENDENT SCHOOL DISTRICT

EXHIBIT G-2

SCHEDULE OF THE DISTRICT'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 ENTER NAME OF PENSION PLAN HERE <-----
 LAST TEN FISCAL YEARS *

	Fiscal Year		
	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0072316869%	0.0581180000%	0.0031791000%
District's proportionate share of the net pension liability (asset)	\$ 2,732,747	\$ 2,054,394	\$ 849,182
State's proportionate share of the net pension liability (asset) associated with the District	5,060,613	4,664,560	4,216,673
Total	\$ 7,793,360	\$ 6,718,954	\$ 5,065,855
District's covered-employee payroll	\$ 7,723,141	\$ 6,940,018	\$ 6,804,258
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	35.38%	29.60%	12.48%
Plan fiduciary net position as a percentage of the total pension liability	76.23%	78.43%	83.25%

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

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
TEXAS TEACHER RETIREMENT SYSTEM
*LAST TEN FISCAL YEARS **

EXHIBIT G-3

	Fiscal Year		
	2017	2016	2015
Contractually required contribution	\$ 214,541	\$ 191,688	\$ 168,607
Contributions in relation to the contractually required contribution	(214,541)	(191,688)	(168,607)
Contribution deficiency (excess)	\$ --	\$ --	\$ --
District's covered-employee payroll	\$ 7,963,021	\$ 7,723,141	\$ 6,940,018
Contributions as a percentage of covered-employee payroll	2.69%	2.48%	2.43%

* This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, this schedule provides the information for these years for which information is available.

COMANCHE INDEPENDENT SCHOOL DISTRICT

*NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED AUGUST 31, 2017*

Budget

The official budget was prepared for adoption for all Governmental Fund Types. The budget was prepared in accordance with accounting practices generally accepted in the United States of America. The following procedures are followed in establishing the budgetary data.:

- a. Prior to August 21 of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- b. A meeting of the Board is then called for the purpose of adopting the proposed budget after ten days' public notice of the meeting has been given.
- c. Prior to the beginning of the fiscal year, the budget is legally enacted through passage of a resolution by the Board.

Once a budget is approved, it can be amended at function and fund level only by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings.

Each amendment must have Board approval. Such amendments are made before the fact, are reflected in the official minutes of the Board and are not made after fiscal year end as required by law.

Each amendment is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year end.

Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at August 31, and encumbrances outstanding at that time are to be either cancelled or appropriately provided for in the subsequent year's budget. There were no end-of-year outstanding encumbrances that were provided for in the subsequent year's budget.

Defined Benefit Pension Plan

Changes of benefit terms

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Changes of assumptions

There were no changes of assumptions or other inputs that affected measurement of the total pension liability during the measurement period.

*Combining Statements and Budget Comparisons
as Supplementary Information*

This supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

COMANCHE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AUGUST 31, 2017

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-1)	
ASSETS:				
1110	Cash and Cash Equivalents	\$ (116,746)	\$ 880	\$ (115,866)
1120	Current Investments	--	1,011	1,011
1225	Taxes Receivable, Net	--	12,223	12,223
1240	Due from Other Governments	233,044	--	233,044
1260	Due from Other Funds	--	30,000	30,000
1000	Total Assets	<u>116,298</u>	<u>44,114</u>	<u>160,412</u>
LIABILITIES:				
Current Liabilities:				
2160	Accrued Wages Payable	\$ 83,553	\$ --	\$ 83,553
2200	Accrued Expenditures	6,920	--	6,920
2000	Total Liabilities	<u>90,473</u>	<u>--</u>	<u>90,473</u>
DEFERRED INFLOWS OF RESOURCES:				
	Deferred Revenue	--	12,223	12,223
2600	Total Deferred Inflows of Resources	<u>--</u>	<u>12,223</u>	<u>12,223</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450	Federal/State Funds Grant Restrictions	16,957	--	16,957
3480	Retirement of Long-Term Debt	--	31,891	31,891
3490	Other Restrictions of Fund Balance	8,868	--	8,868
3000	Total Fund Balances	<u>25,825</u>	<u>31,891</u>	<u>57,716</u>
Total Liabilities, Deferred Inflow				
4000	of Resources and Fund Balances	<u>\$ 116,298</u>	<u>\$ 44,114</u>	<u>\$ 160,412</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	Special Revenue Funds	Debt Service Fund	Total Nonmajor Governmental Funds (See Exhibit C-2)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 243,649	\$ 367,431	\$ 611,080
5800 <i>State Program Revenues</i>	116,547	158,913	275,460
5900 <i>Federal Program Revenues</i>	1,720,707	--	1,720,707
5020 Total Revenues	<u>2,080,903</u>	<u>526,344</u>	<u>2,607,247</u>
EXPENDITURES:			
Current:			
0011 <i>Instruction</i>	1,102,401	--	1,102,401
0013 <i>Curriculum and Staff Development</i>	32,324	--	32,324
0033 <i>Health Services</i>	1,787	--	1,787
0035 <i>Food Service</i>	890,420	--	890,420
0051 <i>Facilities Maintenance and Operations</i>	16,323	--	16,323
0052 <i>Security and Monitoring Services</i>	16,446	--	16,446
0071 <i>Principal on Long-term Debt</i>	--	425,000	425,000
0072 <i>Interest on Long-term Debt</i>	--	333,713	333,713
0073 <i>Bond Issuance Costs and Fees</i>	--	1,206	1,206
6030 Total Expenditures	<u>2,059,701</u>	<u>759,919</u>	<u>2,819,620</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>21,202</u>	<u>(233,575)</u>	<u>(212,373)</u>
Other Financing Sources and (Uses):			
7915 <i>Transfers In</i>	--	232,000	232,000
7080 Total Other Financing Sources and (Uses)	<u>--</u>	<u>232,000</u>	<u>232,000</u>
1200 Net Change in Fund Balances	<u>21,202</u>	<u>(1,575)</u>	<u>19,627</u>
0100 Fund Balances - Beginning	<u>4,623</u>	<u>33,466</u>	<u>38,089</u>
3000 Fund Balances - Ending	<u>\$ 25,825</u>	<u>\$ 31,891</u>	<u>\$ 57,716</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2017

Data Control Codes	205 Head Start	207 Early Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children
ASSETS:				
1110 <i>Cash and Cash Equivalents</i>	\$ (28,752)	\$ (7,653)	\$ --	\$ (15,621)
1240 <i>Due from Other Governments</i>	37,665	29,635	36,334	18,398
1000 Total Assets	<u>8,913</u>	<u>21,982</u>	<u>36,334</u>	<u>2,777</u>
LIABILITIES:				
Current Liabilities:				
2160 <i>Accrued Wages Payable</i>	\$ 7,992	\$ 19,951	\$ 33,008	\$ 2,524
2200 <i>Accrued Expenditures</i>	921	2,031	3,326	253
2000 Total Liabilities	<u>8,913</u>	<u>21,982</u>	<u>36,334</u>	<u>2,777</u>
FUND BALANCES:				
Restricted Fund Balances:				
3450 <i>Federal/State Funds Grant Restrictions</i>	--	--	--	--
3490 <i>Other Restrictions of Fund Balance</i>	--	--	--	--
3000 Total Fund Balances	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
4000 Total Liabilities and Fund Balances	<u>\$ 8,913</u>	<u>\$ 21,982</u>	<u>\$ 36,334</u>	<u>\$ 2,777</u>

240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	288 NSLP Equipment Assistance
\$ (3,244)	\$ --	\$ (20,152)	\$ --	\$ --
40,668	--	20,152	--	--
<u>37,424</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
\$ 20,078	\$ --	\$ --	\$ --	\$ --
389	--	--	--	--
<u>20,467</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
16,957	--	--	--	--
--	--	--	--	--
<u>16,957</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>\$ 37,424</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
AUGUST 31, 2017

Data Control Codes		289 LEP Summer School	410 State Textbook Fund
ASSETS:			
1110	<i>Cash and Cash Equivalents</i>	\$ --	\$ (50,192)
1240	<i>Due from Other Governments</i>	--	50,192
1000	Total Assets	<u>--</u>	<u>--</u>
LIABILITIES:			
Current Liabilities:			
2160	<i>Accrued Wages Payable</i>	\$ --	\$ --
2200	<i>Accrued Expenditures</i>	--	--
2000	Total Liabilities	<u>--</u>	<u>--</u>
FUND BALANCES:			
Restricted Fund Balances:			
3450	<i>Federal/State Funds Grant Restrictions</i>	--	--
3490	<i>Other Restrictions of Fund Balance</i>	--	--
3000	Total Fund Balances	<u>--</u>	<u>--</u>
4000	Total Liabilities and Fund Balances	<u>\$ --</u>	<u>\$ --</u>

428 High School Allotment	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-1)
\$ 2,397	\$ 4,986	\$ 1,485	\$ (116,746)
--	--	--	233,044
<u>2,397</u>	<u>4,986</u>	<u>1,485</u>	<u>116,298</u>
\$ --	\$ --	\$ --	\$ 83,553
--	--	--	6,920
<u>--</u>	<u>--</u>	<u>--</u>	<u>90,473</u>
--	--	--	16,957
<u>2,397</u>	<u>4,986</u>	<u>1,485</u>	<u>8,868</u>
<u>2,397</u>	<u>4,986</u>	<u>1,485</u>	<u>25,825</u>
<u>\$ 2,397</u>	<u>\$ 4,986</u>	<u>\$ 1,485</u>	<u>\$ 116,298</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	205 Head Start	207 Early Head Start	211 ESEA Title I Improving Basic Programs	212 ESEA Title I, Part C Migrant Children
REVENUES:				
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	--	--	--
5900 <i>Federal Program Revenues</i>	210,481	310,353	384,557	61,909
5020 <i>Total Revenues</i>	<u>210,481</u>	<u>310,353</u>	<u>384,557</u>	<u>61,909</u>
EXPENDITURES:				
Current:				
0011 <i>Instruction</i>	209,180	294,931	384,557	61,909
0013 <i>Curriculum and Staff Development</i>	100	300	--	--
0033 <i>Health Services</i>	--	--	--	--
0035 <i>Food Service</i>	--	--	--	--
0051 <i>Facilities Maintenance and Operations</i>	1,201	15,122	--	--
0052 <i>Security and Monitoring Services</i>	--	--	--	--
6030 <i>Total Expenditures</i>	<u>210,481</u>	<u>310,353</u>	<u>384,557</u>	<u>61,909</u>
1100 <i>Excess (Deficiency) of Revenues Over (Under)</i>				
1100 <i>Expenditures</i>	--	--	--	--
1200 <i>Net Change in Fund Balances</i>	--	--	--	--
0100 <i>Fund Balances - Beginning</i>	--	--	--	--
3000 <i>Fund Balances - Ending</i>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

240 National School Breakfast/Lunch Program	244 Career and Tech Basic Grant	255 ESEA Title II Training & Recruiting	270 ESEA, Title VI Part B, Subpart 2 Rural School	288 NSLP Equipment Assistance
\$ 236,149	\$ --	\$ --	\$ --	\$ --
4,527	--	--	--	--
643,534	11,330	47,259	26,952	23,167
<u>884,210</u>	<u>11,330</u>	<u>47,259</u>	<u>26,952</u>	<u>23,167</u>
--	11,330	16,996	10,506	--
--	--	30,263	--	--
--	--	--	--	--
867,253	--	--	--	23,167
--	--	--	--	--
--	--	--	16,446	--
<u>867,253</u>	<u>11,330</u>	<u>47,259</u>	<u>26,952</u>	<u>23,167</u>
16,957	--	--	--	--
<u>16,957</u>	--	--	--	--
--	--	--	--	--
<u>\$ 16,957</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED AUGUST 31, 2017

Data Control Codes	289 LEP Summer School	410 State Textbook Fund
REVENUES:		
5700 <i>Local and Intermediate Sources</i>	\$ --	\$ --
5800 <i>State Program Revenues</i>	--	62,379
5900 <i>Federal Program Revenues</i>	1,165	--
5020 Total Revenues	<u>1,165</u>	<u>62,379</u>
EXPENDITURES:		
Current:		
0011 <i>Instruction</i>	1,165	62,379
0013 <i>Curriculum and Staff Development</i>	--	--
0033 <i>Health Services</i>	--	--
0035 <i>Food Service</i>	--	--
0051 <i>Facilities Maintenance and Operations</i>	--	--
0052 <i>Security and Monitoring Services</i>	--	--
6030 Total Expenditures	<u>1,165</u>	<u>62,379</u>
1100 Excess (Deficiency) of Revenues Over (Under)		
1100 Expenditures	--	--
1200 Net Change in Fund Balances	--	--
0100 Fund Balances - Beginning	--	--
3000 Fund Balances - Ending	<u>\$ --</u>	<u>\$ --</u>

428 High School Allotment	429 State Funded Special Revenue Fund	499 J.R. Beadel Foundation	Total Nonmajor Special Revenue Funds (See Exhibit H-2)
\$ --	\$ --	\$ 7,500	\$ 243,649
4,929	44,712	--	116,547
--	--	--	1,720,707
<u>4,929</u>	<u>44,712</u>	<u>7,500</u>	<u>2,080,903</u>
2,532	40,916	6,000	1,102,401
--	1,661	--	32,324
--	--	1,787	1,787
--	--	--	890,420
--	--	--	16,323
--	--	--	16,446
<u>2,532</u>	<u>42,577</u>	<u>7,787</u>	<u>2,059,701</u>
2,397	2,135	(287)	21,202
<u>2,397</u>	<u>2,135</u>	<u>(287)</u>	<u>21,202</u>
--	2,851	1,772	4,623
<u>2,397</u>	<u>4,986</u>	<u>1,485</u>	<u>25,825</u>

Other Supplementary Information

This section includes financial information and disclosures not required by the Governmental Accounting Standards Board and not considered a part of the basic financial statements. It may, however, include information which is required by other entities.

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FOR THE YEAR ENDED AUGUST 31, 2017

Year Ended August 31	1		2		3	
	Tax Rates				Assessed/Appraised Value For School Tax Purposes	
	Maintenance		Debt Service			
	\$	Various	\$	Various	\$	Various
2008 and Prior Years						
2009		86.01		.13		280,341,343
2010		.93		.10		286,807,067
2011		.9883		.10		283,279,307
2012		1.04		.10		261,223,363
2013		1.04		.10		258,015,454
2014		1.04		.2097		258,319,868
2015		1.04		.2097		264,778,875
2016		1.17		.0797		274,718,619
2017 (School Year Under Audit)		1.17		.0797		291,412,054
1000 Totals						

9000 - Portion of Row 1000 for Taxes Paid into Tax Increment Zone Under Chapter 311, Tax Code

EXHIBIT J-1

10 Beginning Balance 9/1/16	20 Current Year's Total Levy	31 Maintenance Collections	32 Debt Service Collections	40 Entire Year's Adjustments	50 Ending Balance 8/31/17
\$ 39,954	\$ --	\$ 303	\$ 46	\$ (3,288)	\$ 36,317
9,439	--	87	0	--	9,352
11,694	--	236	25	--	11,433
13,151	--	441	45	--	12,665
14,847	--	1,091	105	--	13,651
18,185	--	2,719	261	254	15,460
28,090	--	6,124	1,235	495	21,225
40,909	--	8,485	1,711	696	31,409
86,994	--	40,148	2,736	(6,988)	39,122
--	3,641,864	3,377,728	230,176	43,892	77,852
<u>\$ 265,262</u>	<u>\$ 3,641,864</u>	<u>\$ 3,437,361</u>	<u>\$ 236,341</u>	<u>\$ 35,062</u>	<u>\$ 268,486</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

COMANCHE INDEPENDENT SCHOOL DISTRICT
NATIONAL SCHOOL BREAKFAST AND LUNCH PROGRAM
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT J-2

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 245,005	\$ 236,149	\$ (8,856)
5800 <i>State Program Revenues</i>	5,000	4,527	(473)
5900 <i>Federal Program Revenues</i>	647,500	643,534	(3,966)
5020 Total Revenues	<u>897,505</u>	<u>864,210</u>	<u>(13,295)</u>
EXPENDITURES:			
Current:			
Support Services - Student (Pupil):			
0035 <i>Food Services</i>	902,667	867,253	35,414
Total Support Services - Student (Pupil)	<u>902,667</u>	<u>867,253</u>	<u>35,414</u>
6030 Total Expenditures	<u>902,667</u>	<u>867,253</u>	<u>35,414</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(5,162)</u>	<u>16,957</u>	<u>22,119</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	5,162	--	(5,162)
7080 Total Other Financing Sources and (Uses)	<u>5,162</u>	<u>--</u>	<u>(5,162)</u>
1200 Net Change in Fund Balance	<u>--</u>	<u>16,957</u>	<u>16,957</u>
0100 Fund Balance - Beginning	<u>--</u>	<u>--</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ --</u>	<u>\$ 16,957</u>	<u>\$ 16,957</u>

COMANCHE INDEPENDENT SCHOOL DISTRICT
DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT J-3

Data Control Codes	1	2	3
	Budget	Actual	Variance Positive (Negative)
REVENUES:			
5700 <i>Local and Intermediate Sources</i>	\$ 347,121	\$ 367,431	\$ 20,310
5800 <i>State Program Revenues</i>	177,286	158,913	(18,373)
5020 Total Revenues	<u>524,407</u>	<u>526,344</u>	<u>1,937</u>
EXPENDITURES:			
Debt Service:			
0071 <i>Principal on Long-Term Debt</i>	425,000	425,000	--
0072 <i>Interest on Long-Term Debt</i>	336,413	333,713	2,700
0073 <i>Bond Issuance Costs and Fees</i>	4,000	1,206	2,794
Total Debt Service	<u>765,413</u>	<u>759,919</u>	<u>5,494</u>
6030 Total Expenditures	<u>765,413</u>	<u>759,919</u>	<u>5,494</u>
1100 Excess (Deficiency) of Revenues Over (Under)			
1100 Expenditures	<u>(241,006)</u>	<u>(233,575)</u>	<u>7,431</u>
Other Financing Sources (Uses):			
7915 <i>Transfers In</i>	241,006	232,000	(9,006)
7080 Total Other Financing Sources and (Uses)	<u>241,006</u>	<u>232,000</u>	<u>(9,006)</u>
1200 Net Change in Fund Balance	<u>--</u>	<u>(1,575)</u>	<u>(1,575)</u>
0100 Fund Balance - Beginning	<u>33,466</u>	<u>33,466</u>	<u>--</u>
3000 Fund Balance - Ending	<u>\$ 33,466</u>	<u>\$ 31,891</u>	<u>\$ (1,575)</u>

Burl D. Lowery
Certified Public Accountant
311 Center Avenue
Brownwood, Texas 76801

Independent Auditor's Report on Internal Control over Financial Reporting and
On Compliance and Other Matters Based on an Audit of Financial Statements
Performed In Accordance With Government Auditing Standards

Board of Trustees
Comanche Independent School District
200 East Highland
Comanche, Texas 76442

Members of the Board of Trustees:

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Comanche Independent School District, as of and for the year ended August 31, 2017, and the related notes to the financial statements, which collectively comprise Comanche Independent School District's basic financial statements, and have issued my report thereon dated November 6, 2017.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Comanche Independent School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Comanche Independent School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Comanche Independent School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Comanche Independent School District's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are

required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, TX
November 6, 2017

Burl D. Lowery
Certified Public Accountant
311 Center Avenue
Brownwood, Texas 76801

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Trustees
Comanche Independent School District
200 East Highland
Comanche, Texas 76442

Members of the Board of Trustees:

Report on Compliance for Each Major Federal Program

I have audited the Comanche Independent School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Comanche Independent School District's major federal programs for the year ended August 31, 2017. Comanche Independent School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Comanche Independent School District's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Comanche Independent School District's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Comanche Independent School District's compliance.

Opinion on Each Major Federal Program

In my opinion, the Comanche Independent School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2017.

Report on Internal Control Over Compliance

Management of the Comanche Independent School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Comanche Independent School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Comanche Independent School District's internal control over compliance.

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

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I considered to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,



Burl D. Lowery
Certified Public Accountant

Brownwood, TX
November 6, 2017

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED AUGUST 31, 2017

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

2. Federal Awards

Internal control over major programs:

One or more material weaknesses identified? Yes X No

One or more significant deficiencies identified that are not considered to be material weaknesses? Yes X None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200? Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster Breakfast
10.555	Child Nutrition Cluster NSLP

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes No

B. Financial Statement Findings

NONE

C. Federal Award Findings and Questioned Costs

NONE

COMANCHE INDEPENDENT SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED AUGUST 31, 2017

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>Management's Explanation If Not Implemented</u>
The prior audit had no findings or questioned costs.		

COMANCHE INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED AUGUST 31, 2017

No corrective action plan is required as the audit has no findings or questioned costs.

COMANCHE INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

EXHIBIT K-1

(1)	(2)	(2A)	(3)
Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Entity Identifying Number	Passed Through to Subrecipients Federal Expenditures
CHILD NUTRITION CLUSTER:			
<u>U. S. Department of Education</u>			
Passed Through State Department of Agriculture: <i>NSLP Equipmant Assistance</i>	10.555	047901	\$ -- \$ 23,167
Total U. S. Department of Education			<u>23,167</u>
<u>U. S. Department of Agriculture</u>			
Passed Through State Department of Education: School Breakfast Program	10.553	71401701	142,742
National School Lunch Program	10.555	71301701	442,673
National School Lunch Program (Non-cash)	10.555	71301701	58,119
Total CFDA Number 10.555			<u>500,792</u>
Total Passed Through State Department of Education			<u>643,534</u>
Total U. S. Department of Agriculture			<u>643,534</u>
Total Child Nutrition Cluster			<u>666,701</u>
OTHER PROGRAMS:			
<u>U. S. Department of Health and Human Services</u>			
Passed Through Education Service Center Region 14: <i>Early Head Start</i>	93.600	07CH715201	-- 310,353
<i>Head Start</i>	93.600	07CH715201	-- 172,816
<i>Head Start</i>	93.600	08CH715201	-- 37,665
Total CFDA Number 93.600			<u>520,834</u>
Total Passed Through Education Service Center Region 14			<u>520,834</u>
Total U. S. Department of Health and Human Services			<u>520,834</u>
<u>U. S. Department of Education</u>			
Passed Through Education Service Center Region 14: <i>ESEA Title II Part A - Teacher & Principal Training & Recruiting</i>	84.367a	1769450122195	-- 47,259
Passed Through Education Service Center Region 14: <i>Career and Technical - Basic Grant</i>	84.048	1742000622195	-- 11,330
Passed Through State Department of Education: <i>ESEA Title I Part A - Improving Basic Programs</i>	84.010a	1761010104790	-- 348,223
<i>ESEA Title I Part A - Improving Basic Programs</i>	84.010a	186101047901	-- 36,334
Total CFDA Number 84.010a			<u>384,557</u>
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	1761500104790	-- 2,777
<i>ESEA Title I Part C - Education of Migratory Children</i>	84.011	1761500104790	-- 59,132
Total CFDA Number 84.011			<u>61,909</u>
<i>ESEA, Title VI, Part B, Subpart 2 - Rural and Low Income School</i>	84.358	1761500104790	-- 26,952
<i>LEP Summer School</i>	84.369A	69551602	-- 1,165
Total Passed Through State Department of Education			<u>474,583</u>
Total U. S. Department of Education			<u>533,172</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,720,707</u>

The accompanying notes are an integral part of this schedule.

COMANCHE INDEPENDENT SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED AUGUST 31, 2017

Basis of Presentation

The accompanying schedule of expenditures of federal awards ("the Schedule") includes the federal grant activity of Comanche Independent School District. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore, some amounts may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. These expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule, if any, represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Comanche Independent School District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

COMANCHE INDEPENDENT SCHOOL DISTRICT

SCHEDULE OF REQUIRED RESPONSES TO SELECTED SCHOOL FIRST INDICATORS
AS OF AUGUST 31, 2017

Data Control Codes		Responses
SF2	Were there any disclosures in the Annual Financial Report and/or other sources of information concerning nonpayment of any terms of any debt agreement at fiscal year end?	No
SF4	Was there an unmodified opinion in the Annual Financial Report?	Yes
SF5	Did the Annual Financial Report disclose any instances of material weaknesses in internal controls over financial reporting and compliance for local, state or federal funds?	No
SF6	Was there any disclosure in the Annual Financial Report of material noncompliance for grants, contracts and laws related to local, state or federal funds?	No
SF7	Did the school district make timely payments to the Teachers Retirement System (TRS), Texas Workforce Commission (TWC), Internal Revenue Service (IRS), and other governmental agencies?	Yes
SF8	Did the school district <u>not</u> receive an adjusted repayment schedule for more than one fiscal year for an over allocation of Foundation School Program (FSP) funds as a result of a financial hardship?	Yes
SF10	What was the total accumulated accretion on capital appreciation bonds (CABs) included in government-wide financial statements at fiscal year-end?	\$ --
SF11	Net Pension Assets (object 1920) at fiscal year-end.	\$ --
SF12	Net Pension Liabilities (object 2540) at fiscal year-end.	\$ 2,732,747
SF13	Pension Expense (object 6147) at fiscal year-end.	\$ --