

City of Copperas Cove, Texas

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Hills of Cove Golf Course

FISCAL YEAR ENDED SEPTEMBER 30, 2002

“The City Built for Family Living!”

City of Copperas Cove, Texas
List of Principal Officials
September 30, 2002

City Council

Rodney G. Nauert - Mayor
Bradi Diaz - Mayor Pro Tem

Ray Don Clayton - Council Member
John Gallen – Council Member
Fred Harris - Council Member

Charlotte Heinze - Council Member
Bud Owsley - Council Member
Annabelle Smith - Council Member

City Staff

Reporting to City Council

Steven J. Alexander, CPA, City Manager
James R. Thompson, Interim City Attorney
Pamela J. Russell, City Secretary
F.W. “Bill” Price - City Judge

Reporting to the City Manager

Paul Boyer, P.E., City Engineer
Richard Davis, Director of Solid Waste
Margaret Fleet, Director of Library Services
Robert Camareno, Assistant City Manager/Director of Finance
Robert McKinnon, Director of Water/Wastewater
Tim Molnes, Police Chief
Kelli L. Sames, Director of Human Resources
Linda Tyler, Director of Community Services
Bruce Woods, Fire Chief

CITY OF COPPERAS COVE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED SEPTEMBER 30, 2002

PREPARED BY:

FINANCE AND ACCOUNTING DEPARTMENT

ROBERT CAMARENO

ASSISTANT CITY MANAGER/DIRECTOR OF FINANCE

Member of Government Finance Officers Association of the United States and Canada

“The City Built for Family Living”

CITY OF COPPERAS COVE, TEXAS

ADOPTED BY THE CITY COUNCIL ON NOVEMBER 13, 2000

VISION STATEMENT

The vision of Copperas Cove is to foster the highest quality of life enabling all citizens to work, play and grow in a protected and productive environment.

MISSION STATEMENT

The mission of the City of Copperas Cove is to provide excellence in public service to meet the needs of our diverse community through quality customer services while exercising cost effective management and maintaining fiscal responsibility.

The City Built for Family Living

**City of Copperas Cove, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2002**

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City of Copperas Cove, Texas
List of Principal Officials
September 30, 2002

City Council

Rodney G. Nauert - Mayor
Bradi Diaz - Mayor Pro Tem

Ray Don Clayton - Council Member
John Gallen - Council Member
Fred Harris - Council Member

Charlotte Heinze - Council Member
Bud Owsley - Council Member
Annabelle Smith - Council Member

City Staff

Reporting to Council

Steven J. Alexander, CPA, City Manager
James R. Thompson, Interim City Attorney
Pamela J. Russell, City Secretary
F.W. "Bill" Price - Municipal Judge

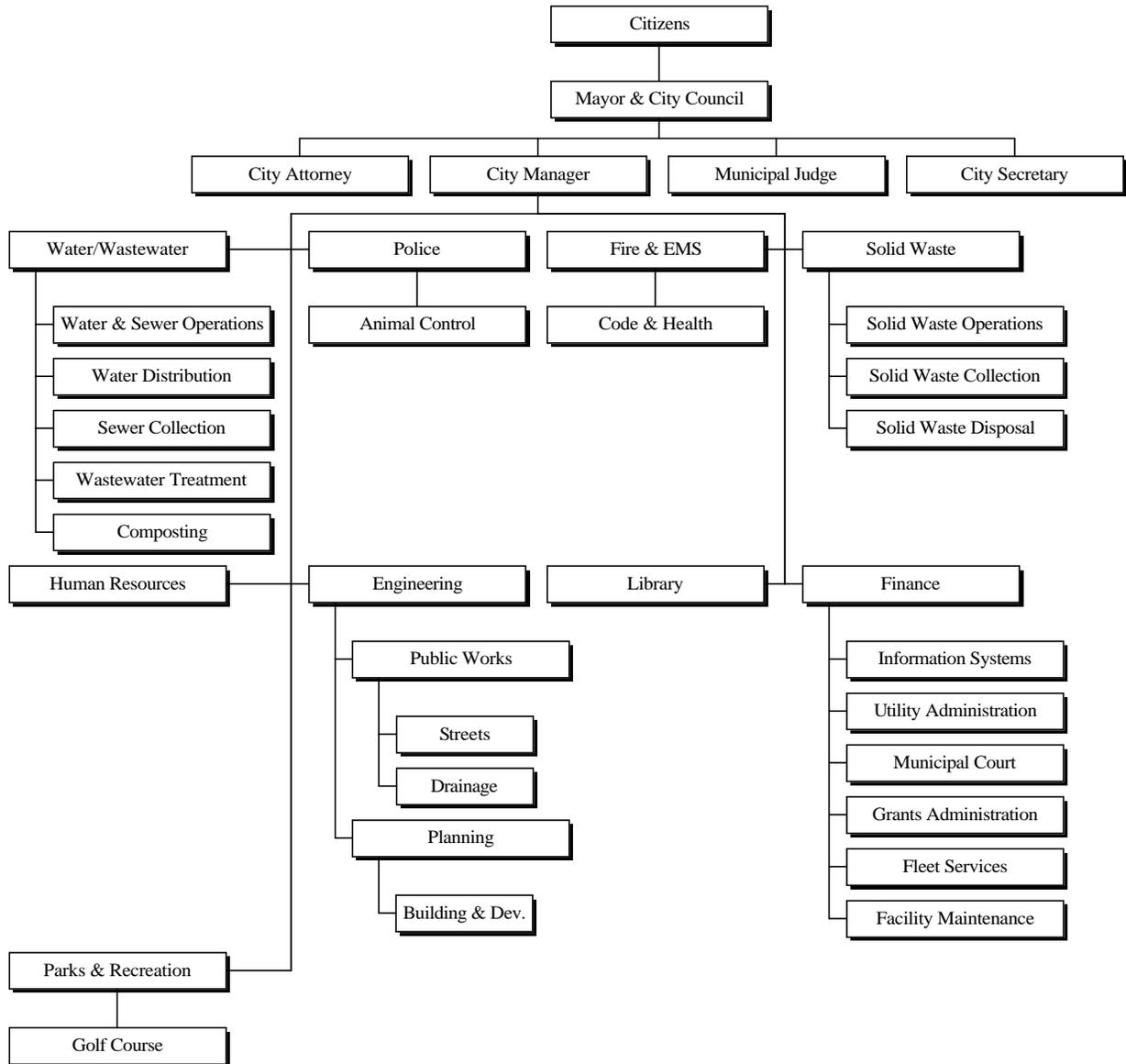
Reporting to the City Manager

Richard Davis, Director of Solid Waste
Paul Boyer, P.E., City Engineer
Margaret Fleet, Director of Library Services
Robert Camareno, Assistant City Manager, Director of Finance
Robert McKinnon, Director of Water/Wastewater
Tim Molnes, Police Chief
Bruce Woods, Fire Chief
Kelli L. Sames, Director of Human Resources
Linda Tyler, Director of Parks and Recreation

City of Copperas Cove, Texas

Organizational Structure

September 30, 2002



Honorable Mayor and
Members of the City Council
City of Copperas Cove, Texas

We have audited the accompanying general-purpose financial statements of the City of Copperas Cove, Texas, for the year ended September 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City of Copperas Cove, Texas' management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our 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 we plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Copperas Cove, Texas as of September 30, 2002, and the results of its operations and cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The following combining and individual fund financial statements, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements of the City of Copperas Cove, Texas. Such information has been subjected to the audit procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2003 on our consideration of the City of Copperas Cove, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Killeen, Texas
January 25, 2003

CITY OF COPPERAS COVE, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2002

(With Comparative Totals for September 30, 2001)

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
ASSETS AND OTHER DEBITS					
Assets:					
Cash and cash equivalents	\$ 3,455,217	\$ 1,193,334	\$ 92,462	\$ 1,010,622	\$ 2,364,923
Receivables					
Taxes	118,672	-	25,202	-	-
Ambulance fees - net of allowance for uncollectible	150,498	-	-	-	-
Assessments	25,549	-	-	-	-
Utility Accounts - net of allowance for uncollectible (\$ 331,417 and \$ 116,241)	-	-	-	-	995,553
Miscellaneous	52,554	72,547	-	-	-
Grant receivable	-	-	-	7,818	-
Due from other funds	17,450	-	22,638	26,851	-
Advance to Water and Sewer Fund	-	-	-	-	61,599
Inventory	57,803	-	-	-	28,953
Prepaid expenditures	921	-	-	-	-
Note receivable	-	65,200	-	-	-
Restricted assets					
Cash and cash equivalents	-	-	-	-	9,172,076
Deferred bond issuance costs	-	-	-	-	312,169
Fixed assets (net of accumulated depreciation)	-	-	-	-	29,600,023
Other debits:					
Amount available for retirement of general long-term debt	-	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-	-
	-	-	-	-	-
 Total Assets and Other Debits	 <u>\$ 3,878,664</u>	 <u>\$ 1,331,081</u>	 <u>\$ 140,302</u>	 <u>\$ 1,045,291</u>	 <u>\$ 42,535,296</u>

The accompanying notes are an integral part of this financial statement.

CITY OF COPPERAS COVE, TEXAS
COMBINED BALANCE SHEET - ALL FUND TYPES, ACCOUNT GROUPS,
AND DISCRETELY PRESENTED COMPONENT UNIT, Continued

September 30, 2002

(With Comparative Totals for September 30, 2001)

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	\$ 199,058	\$ 131,285	\$ -	\$ 46,481	\$ 391,964
Retainage payable	-	-	-	47,618	-
Customer meter deposits	-	-	-	-	212,476
Due to other funds	-	27,870	-	1,619	37,450
Due to other governmental agencies	126,512	-	-	-	-
Deferred revenue	405,447	121,856	25,202	-	-
Other accrued items	136,299	4,211	-	-	38,057
Landfill costs payable	-	-	-	-	19,500
Other liabilities	65,930	-	-	-	51,395
Short-term note payable	-	-	-	-	-
Payable from restricted assets					
Accounts payable	-	-	-	-	402,249
Accrued interest	-	-	-	-	149,537
Bonds payable - current portion	-	-	-	-	1,633,150
Long-term debt	-	-	-	-	19,112,194
Future landfill costs	-	-	-	-	507,000
Advance from Solid Waste Fund	-	-	-	-	61,599
Capital leases	-	-	-	-	372,772
Compensated absences payable	-	-	-	-	152,183
Total Liabilities	933,246	285,222	25,202	95,718	23,141,526
Equity and Other Credits					
Investment in general fixed assets	-	-	-	-	-
Contributed capital	-	-	-	-	10,391,721
Retained earnings:					
Reserved for revenue bond retirement	-	-	-	-	659,354
Reserved for advance to Water & Sewer Fund	-	-	-	-	61,599
Unreserved	-	-	-	-	8,281,096
Fund balances					
Reserved for debt service	-	-	115,100	-	-
Reserved for construction	-	-	-	-	-
Reserved for inventory and prepaid expenditures	58,724	-	-	-	-
Reserved for encumbrances	138,959	120,803	-	32,711	-
Reserved for non-current portion of note receivable	-	59,200	-	-	-
Unreserved, designated for contingencies	1,000,000	-	-	-	-
Unreserved, undesignated	1,747,735	865,856	-	916,862	-
Total Equity and Other Credits	2,945,418	1,045,859	115,100	949,573	19,393,770
Total Liabilities, Equity and Other Credits	\$ 3,878,664	\$ 1,331,081	\$ 140,302	\$ 1,045,291	\$ 42,535,296

The accompanying notes are an integral part of this financial statement.

Exhibit A-1

Account Groups		(Memo Only)	Component Unit Governmental	(Memo Only) Totals	
General Fixed Assets	General Long-term Debt	Totals Primary Governmental		Reporting Entity	
				2002	2001
\$ -	\$ -	\$ 8,116,558	\$ 1,527,411	\$ 9,643,969	\$ 10,577,791
-	-	143,874	-	143,874	134,181
-	-	150,498	-	150,498	117,971
-	-	25,549	-	25,549	25,549
-	-	995,553	-	995,553	920,394
-	-	125,101	-	125,101	111,554
-	-	7,818	-	7,818	27,250
-	-	66,939	-	66,939	118,423
-	-	61,599	-	61,599	61,599
-	-	86,756	-	86,756	55,875
-	-	921	-	921	410
-	-	65,200	-	65,200	68,800
-	-	9,172,076	-	9,172,076	11,390,008
-	-	312,169	-	312,169	332,170
15,056,018	-	44,656,041	1,854,464	46,510,505	43,225,927
-	115,100	115,100	16,766	131,866	151,787
-	8,219,397	8,219,397	974,085	9,193,482	10,175,633
<u>\$ 15,056,018</u>	<u>\$ 8,334,497</u>	<u>\$ 72,321,149</u>	<u>\$ 4,372,726</u>	<u>\$ 76,693,875</u>	<u>\$ 77,495,322</u>

Exhibit A-1

Account Groups		(Memo Only)	Component	(Memo Only) Totals	
General	General	Totals	Unit	Reporting Entity	
Fixed Assets	Long-term	Primary	Governmental	2002	2001
	Debt	Governmental			
\$ -	\$ -	\$ 768,788	\$ 39,052	\$ 807,840	\$ 366,577
-	-	47,618		47,618	62,975
-	-	212,476		212,476	366,296
-	-	66,939		66,939	118,423
-	-	126,512		126,512	105,506
-	-	552,505		552,505	451,246
-	-	178,567	921	179,488	133,370
-	-	19,500		19,500	19,500
-	-	117,325		117,325	94,558
-	-	-		-	120,875
-	-	402,249		402,249	60,102
-	-	149,537		149,537	176,265
-	-	1,633,150		1,633,150	1,568,150
-	8,334,497	27,446,691	990,851	28,437,542	31,078,289
-	-	507,000		507,000	526,500
-	-	61,599		61,599	61,599
-	-	372,772		372,772	376,944
-	-	152,183		152,183	174,497
-	8,334,497	32,815,411	1,030,824	33,846,235	35,861,672
15,056,018	-	15,056,018	1,854,464	16,910,482	15,415,794
-	-	10,391,721		10,391,721	10,391,721
-	-	659,354		659,354	659,354
-	-	61,599		61,599	61,599
-	-	8,281,096		8,281,096	7,340,063
-	-	115,100	16,766	131,866	151,787
-	-	-	404,983	404,983	975,720
-	-	58,724		58,724	56,285
-	-	292,473		292,473	522,133
-	-	59,200		59,200	64,000
-	-	1,000,000		1,000,000	1,000,000
-	-	3,530,453	1,065,689	4,596,142	4,995,194
15,056,018	-	39,505,738	3,341,902	42,847,640	41,633,650
\$ 15,056,018	\$ 8,334,497	\$ 72,321,149	\$ 4,372,726	\$ 76,693,875	\$ 77,495,322

CITY OF COPPERAS COVE, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES ALL GOVERNMENTAL FUND TYPES, AND DISCRETELY
PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2002

(With Comparative Totals for the Year Ended September 30, 2001)

	General	Special Revenue	Debt Service
REVENUES			
Taxes	\$ 6,726,678	\$ 88,292	\$ 890,139
Licenses	54,346	-	-
Permits	104,175	-	-
City services provided	556,778	804,185	-
Fines	749,224	6,139	-
Interest	77,220	25,766	9,929
Miscellaneous	148,638	40,825	-
Intergovernmental	141,231	5	-
Contributions	1,668	259	-
Total Revenues	<u>8,559,958</u>	<u>965,471</u>	<u>900,068</u>
EXPENDITURES			
Current:			
General government	1,598,463	198,837	-
Public safety	5,460,363	6,531	-
Community services	988,582	128,979	-
Highways and streets	440,204	-	-
Fleet and facility services	273,370	-	-
Debt service:			
Principal retirement	-	180,000	531,111
Interest and fiscal charges	-	105,165	322,660
Bond issuance costs	-	-	-
Capital lease payments	-	14,945	-
Capital outlay:	673,598	511,551	-
Total Expenditures	<u>9,434,580</u>	<u>1,146,008</u>	<u>853,771</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(874,622)</u>	<u>(180,537)</u>	<u>46,297</u>
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	-
Operating transfers in	967,500	-	13,889
Operating transfers (out)	(189,875)	(92,500)	(81,893)
Proceeds from bond issue	-	-	-
Total Other Financing Sources (Uses)	<u>777,625</u>	<u>(92,500)</u>	<u>(68,004)</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(96,997)	(273,037)	(21,706)
FUND BALANCES BEGINNING OF YEAR	3,042,415	1,318,896	136,806
RESIDUAL EQUITY TRANSFER IN (OUT)	-	-	-
FUND BALANCES END OF YEAR	<u>\$ 2,945,418</u>	<u>\$ 1,045,859</u>	<u>\$ 115,100</u>

The accompanying notes are an integral part of this financial statement.

Exhibit A-2

Capital Projects	(Memo Only)	Component Unit Governmental	(Memo Only) Totals	
	Totals Primary Governmental		Reporting Entity	
			2002	2001
\$ -	\$ 7,705,109	\$ 827,897	\$ 8,533,006	\$ 8,022,329
-	54,346	-	54,346	46,636
-	104,175	-	104,175	76,031
-	1,360,963	-	1,360,963	1,280,814
-	755,363	-	755,363	1,066,680
24,650	137,565	40,213	177,778	378,587
49,722	239,185	4,450	243,635	153,220
7,818	149,054	-	149,054	241,903
-	1,927	-	1,927	475,707
<u>82,190</u>	<u>10,507,687</u>	<u>872,560</u>	<u>11,380,247</u>	<u>11,741,907</u>
-	1,797,300	601,509	2,398,809	2,200,325
-	5,466,894	-	5,466,894	5,060,530
-	1,117,561	-	1,117,561	1,171,031
-	440,204	-	440,204	457,828
-	273,370	-	273,370	254,580
-	711,111	194,102	905,213	761,973
-	427,825	69,079	496,904	374,181
-	-	-	-	77,515
-	14,945	-	14,945	19,927
<u>444,653</u>	<u>1,629,802</u>	<u>596,273</u>	<u>2,226,075</u>	<u>3,378,685</u>
<u>444,653</u>	<u>11,879,012</u>	<u>1,460,963</u>	<u>13,339,975</u>	<u>13,756,575</u>
<u>(362,463)</u>	<u>(1,371,325)</u>	<u>(588,403)</u>	<u>(1,959,728)</u>	<u>(2,014,668)</u>
-	-	-	-	35,000
120,875	1,102,264	-	1,102,264	1,013,648
-	(364,267)	-	(364,267)	(279,000)
-	-	-	-	2,914,227
<u>120,875</u>	<u>737,997</u>	<u>-</u>	<u>737,997</u>	<u>3,683,875</u>
(241,588)	(633,328)	(588,403)	(1,221,731)	1,669,207
1,191,161	5,689,278	2,075,841	7,765,119	6,095,465
-	-	-	-	447
<u>\$ 949,573</u>	<u>\$ 5,055,950</u>	<u>\$ 1,487,438</u>	<u>\$ 6,543,388</u>	<u>\$ 7,765,119</u>

CITY OF COPPERAS COVE, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL,
SPECIAL REVENUE AND DEBT SERVICE FUNDS (BUDGETARY BASIS)
For the Year Ended September 30, 2002

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
REVENUES			
Taxes	\$ 6,450,646	\$ 6,726,678	\$ 276,032
Licenses	43,371	54,346	10,975
Permits	81,800	104,175	22,375
City services provided	481,600	556,778	75,178
Fines	921,500	749,224	(172,276)
Interest	215,130	77,220	(137,910)
Miscellaneous	106,480	148,638	42,158
Intergovernmental	93,800	141,231	47,431
Contributions	1,200	1,668	468
Total Revenues	<u>8,395,527</u>	<u>8,559,958</u>	<u>164,431</u>
EXPENDITURES			
Current:			
General government	1,611,314	1,592,503	18,811
Public safety	5,510,770	5,459,155	51,615
Community services	1,113,019	1,108,220	4,799
Highways and streets	451,052	433,502	17,550
Fleet and facility service	273,891	273,370	521
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Capital lease payments	-	-	-
Capital outlay:	546,826	551,423	(4,597)
Total Expenditures	<u>9,506,872</u>	<u>9,418,173</u>	<u>88,699</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,111,345)</u>	<u>(858,215)</u>	<u>253,130</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	967,500	967,500	-
Operating transfers (out)	(189,875)	(189,875)	-
Total Other Financing Sources (Uses)	<u>777,625</u>	<u>777,625</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(333,720)	(80,590)	253,130
FUND BALANCES BEGINNING OF YEAR	3,042,415	3,042,415	-
RESIDUAL EQUITY TRANSFER IN	-	-	-
FUND BALANCES END OF YEAR	<u>\$ 2,708,695</u>	2,961,825	<u>\$ 253,130</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Current year encumbrances included in expenditures		138,959	
Prior year encumbrances		(189,592)	
Unexpended prior year encumbrances		34,226	
Cancellation of prior year encumbrances		-	
FUND BALANCES ENDING (GAAP BASIS)		<u>\$ 2,945,418</u>	

The accompanying notes are an integral part of this financial statement.

Budgeted Special Revenue Funds			Debt Service Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 95,000	\$ 88,292	\$ (6,708)	\$ 891,029	\$ 890,139	\$ (890)
-	-	-	-	-	-
-	-	-	-	-	-
786,500	804,185	17,685	-	-	-
-	-	-	-	-	-
49,685	24,999	(24,686)	21,000	9,929	(11,071)
24,005	40,830	16,825	-	-	-
-	-	-	-	-	-
300	259	(41)	-	-	-
<u>955,490</u>	<u>958,565</u>	<u>3,075</u>	<u>912,029</u>	<u>900,068</u>	<u>(11,961)</u>
213,898	169,587	44,311	-	-	-
-	-	-	-	-	-
182,318	134,479	47,839	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
180,000	180,000	-	531,111	531,111	-
102,568	105,165	(2,597)	329,526	322,660	6,866
20,000	19,927	73	-	-	-
642,519	569,412	73,107	-	-	-
<u>1,341,303</u>	<u>1,178,570</u>	<u>162,733</u>	<u>860,637</u>	<u>853,771</u>	<u>6,866</u>
(385,813)	(220,005)	165,808	51,392	46,297	(5,095)
-	-	-	13,889	13,889	-
(92,500)	(92,500)	-	(81,892)	(81,892)	-
<u>(92,500)</u>	<u>(92,500)</u>	<u>-</u>	<u>(68,003)</u>	<u>(68,003)</u>	<u>-</u>
(478,313)	(312,505)	165,808	(16,611)	(21,706)	(5,095)
1,318,896	1,318,896	-	136,806	136,806	-
-	-	-	-	-	-
<u>\$ 840,583</u>	<u>1,006,391</u>	<u>\$ 165,808</u>	<u>\$ 120,195</u>	<u>115,100</u>	<u>\$ (5,095)</u>
	120,803	-		-	
	(85,738)	-		-	
	4,403	-		-	
	-	-		-	
	<u>\$ 1,045,859</u>			<u>\$ 115,100</u>	

CITY OF COPPERAS COVE, TEXAS
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
For the Year Ended September 30, 2002
(With Comparative Totals for the Year Ended September 30, 2001)

Exhibit A - 4

	<u>Enterprise Funds 2002</u>	<u>Enterprise Funds 2001</u>
OPERATING REVENUES		
Charges for services	\$ 8,797,203	\$ 8,459,353
Miscellaneous revenue	521,551	413,646
Total Operating Revenues	<u>9,318,754</u>	<u>8,872,999</u>
OPERATING EXPENSES		
Personnel services	2,203,587	2,107,551
Supplies and materials	1,301,578	1,411,871
Maintenance and repair	288,198	278,023
Services and charges	1,613,349	1,554,987
Depreciation	1,152,076	1,145,163
Total Operating Expenses	<u>6,558,788</u>	<u>6,497,595</u>
OPERATING INCOME	<u>2,759,966</u>	<u>2,375,404</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	76,023	236,199
Interest expense	(1,095,177)	(602,467)
Miscellaneous expense	(37,264)	(48,661)
Amortization of bond issuance costs	(4,725)	(4,899)
Landfill closure and postclosure care costs estimate reduction	19,500	6,500
Bond agent fees	(2,578)	(3,160)
Gain (loss) on sale of equipment	(36,716)	(234)
Total Nonoperating Revenues (Expenses)	<u>(1,080,937)</u>	<u>(416,722)</u>
INCOME BEFORE OPERATING TRANSFERS	<u>1,679,029</u>	<u>1,958,682</u>
OPERATING TRANSFERS IN (OUT)		
Operating transfers in	170,893	149,000
Operating transfers (out)	(908,889)	(883,648)
Total Operating Transfers	<u>(737,996)</u>	<u>(734,648)</u>
NET INCOME	941,033	1,224,034
RETAINED EARNINGS, BEGINNING OF YEAR	<u>8,061,016</u>	<u>6,836,982</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 9,002,049</u>	<u>\$ 8,061,016</u>

The accompanying notes are an integral part of this financial statement.

CITY OF COPPERAS COVE, TEXAS
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
For the Year Ended September 30, 2002
(With Comparative Totals for the Year Ended September 30, 2001)

	Enterprise Funds 2002	Enterprise Funds 2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 2,759,966	\$ 2,375,404
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	1,152,076	1,145,163
Other noncapital expenses	(37,264)	(48,661)
Decrease (increase) in assets:		
Accounts receivable	(69,533)	(44,570)
Due from other funds	61,200	136,591
Inventory	(28,953)	-
Advance to Water and Sewer Fund	-	61,200
Increase (decrease) in liabilities:		
Accounts payable	581,366	(176,828)
Accrued interest	(26,728)	10,007
Due to other funds	(43,750)	(48,110)
Other accrued liabilities	(12,640)	1,160
Other liabilities	7,709	1,454
Vacation and sick leave payable	(22,314)	21,248
Customer deposits	(153,820)	12,879
Advance from Solid Waste Fund	-	(61,200)
Landfill closure and postclosure care costs payable	-	(13,000)
Total adjustments	1,407,349	997,333
Net Cash Provided by Operating Activities	4,167,315	3,372,737
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	76,023	236,199
Net Cash Provided by Investing Activities	76,023	236,199
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers in	170,893	149,000
Operating transfers (out)	(908,889)	(883,648)
Net Cash (Used in) Noncapital Financing Activities	(737,996)	(734,648)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on capital leases	(4,172)	(114,327)
Principal paid on revenue bonds	(305,000)	(2,620,000)

The accompanying notes are an integral part of this financial statement.

CITY OF COPPERAS COVE, TEXAS
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES, Continued
For the Year Ended September 30, 2002
(With Comparative Totals for the Year Ended September 30, 2001)

	Enterprise Funds 2002	Enterprise Funds 2001
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: (Continued)		
Principal paid on general obligation bonds	\$ (185,000)	\$ -
Principal paid on certificates of obligation	(1,083,503)	(865,000)
Interest paid on capital leases	(18,806)	(18,941)
Interest paid on revenue bonds	(298,138)	(367,510)
Interest paid on general obligation bonds	(93,255)	-
Interest paid on certificates of obligation	(684,981)	(218,969)
Acquisition of property and equipment	(2,978,681)	(1,585,432)
Proceeds from bond issue	-	8,347,800
Bond issuance costs	15,105	(195,138)
Payment of bond agent fees	(2,578)	(3,160)
Proceeds from sale of equipment	-	225
	<u>(5,639,008)</u>	<u>2,359,548</u>
Net Cash Provided by (Used In) Capital and Related Financing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents	(2,133,666)	5,233,836
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>13,670,665</u>	<u>8,436,829</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 11,536,999</u>	<u>\$ 13,670,665</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	2,364,923	2,280,657
Restricted - cash and cash equivalents	<u>9,172,076</u>	<u>11,390,008</u>
Cash and Cash Equivalents*	<u>\$ 11,536,999</u>	<u>\$ 13,670,665</u>
Supplemental Disclosure		
Non-Cash Transactions		
Water/Sewer system	107,000	226,570
Developer contributions	(107,000)	(226,570)
Construction in progress	-	(1,833)
Acquisition of equipment through capital lease	-	171,906
Capital lease payable	-	(171,906)
Interest expense	(172)	(2,953)
Bond premium	4,786	4,786
Bond issuance costs	(20,004)	(20,004)
Amortization of bond issuance costs	4,899	4,899
Construction in progress	15,105	15,105
Landfill closure and postclosure care costs payable	6,500	6,500
estimate (reduction)	(6,500)	(6,500)
Billed utility	(40,686)	(40,686)
Allowance for uncollectible	40,686	40,686

* Cash and cash equivalents, End of Year is derived from Cash and Cash Equivalents and Restricted Cash and Cash Equivalents from Exhibit A-1.

The accompanying notes are an integral part of this financial statement.

CITY OF COPPERAS COVE, TEXAS
Notes to Financial Statements
September 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Copperas Cove, Texas, a Home-Rule Municipal Corporation, organized and existing under the Provisions of the Constitution of the State of Texas, adopted its Charter January 20, 1979, which was amended on April 5, 1983, May 7, 1988, May 1, 1993 and May 3, 1997. The City operates under the Council-Manager form of government and provides the following services as authorized by its Charter: Public Safety (e.g. Police, Fire and Emergency Medical Service), planning and zoning, streets, sanitation, water, sewer, community services (parks, library, and golf course), and general administration. The financial statements of the City of Copperas Cove, Texas, (the primary government) and its component unit have been prepared in conformity with generally accepted accounting principles (GAAP). The component unit discussed below is included in the City's reporting entity because of the significance of its operational and financial relationship with the City. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Discretely Presented Component Units. The component unit column in the combined financial statements includes the financial data of the City's component unit, the Copperas Cove Economic Development Corporation (CCEDC). It is reported in a separate column to emphasize that it is legally separate from the City. The Board of Directors of the component unit is appointed by the City Council. The organization is fiscally dependent on the City of Copperas Cove, Texas. Separate financial statements for the component unit can be obtained by contacting the CCEDC located at 210 South First Street, Copperas Cove, Texas, 76522.

B. Fund Accounting

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the governmental fund types because they do not directly affect net expendable available financial resources.

Funds are classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental funds are used to account for all, or most, of a government's general activities, including the collection and disbursement of earmarked monies (Special Revenue Funds), the servicing of general long-term debt (Debt Service Funds) and the acquisition or construction of general fixed assets (Capital Project Funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities, which are provided to outside parties, are recorded in the Enterprise Funds.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities, generally, are included on the balance sheet. Operating statements of these funds present increases (i.e. revenue and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g. revenue) and decreases (e.g., expenses) in net total assets.

All governmental fund types use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when susceptible to accrual (i.e., when it becomes both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenue. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes, franchise taxes, licenses, interest revenue, and charges for services. Sales and other taxes collected and held by the State at year-end on behalf of the City also are recognized as revenue. Fines, permits, miscellaneous and contributions are not susceptible to accrual because, generally, they are not measurable until received in cash. Deferred revenue arises when potential revenue (property taxes and assessments) does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenue also arises when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. Revenue is recognized in subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (continued)

Proprietary fund types utilize the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Unbilled utility receivables are estimated, based on the number of days included in the period. Tap fees approximate cost, therefore, they are recorded as revenue.

Under GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," all proprietary funds will continue to follow Financial Accounting Standards Board (FASB) standards issued on or before November 30, 1989. However, from that date forward, proprietary funds will have the option of either 1) choosing not to apply future FASB standards (including amendments of earlier pronouncements), or 2) continuing to follow new FASB pronouncements (unless they conflict with GASB guidelines). The City has chosen not to apply future FASB standards.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for budgeting current expenditures and capital outlay together by department and the use of encumbrances as discussed below. Annual appropriated budgets are adopted for the General, Special Revenue (except Municipal Court Fund), Debt Service, and Proprietary Funds. Project-length financial plans are adopted for all Capital Projects Funds.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities since the commitments will be honored during the subsequent year. However, these encumbrances are considered to be expenditures under the budgetary basis of accounting.

E. Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

The City is authorized to invest its funds in the following:

- (1) Obligations of the United States or its agencies and instrumentalities which have a stated maturity on the date of purchase of two years or less.
- (2) Direct obligations of the State of Texas or its agencies and instrumentalities.
- (3) Certificates of deposits if issued by a state or national bank domiciled in the State of

Texas or a savings and loan association domiciled in the State of Texas.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Cash and Cash Equivalents (Continued)

- (4) Other obligations, the principal and interest of which are unconditionally guaranteed or insured by, or backed with the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities.
- (5) Obligations of states, agencies, counties, cities and other political subdivisions of any state having been rated as to investment quality by a nationally recognized investment rating firm and have received a rating of not less than A or its equivalent.
- (6) Eligible fully collateralized repurchase agreements, as defined by the Public Funds Investment Act.
- (7) Eligible investment pools in accordance with the Public Funds Investment Act. Sec. 2256.016-2256.019.
- (8) Any other securities which may be added by the State of Texas as permissible investments for municipal governments which are in compliance with the Public Funds Investment Act.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as “due from other funds” or “due to other funds” on the balance sheet.

G. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond September 30, 2002, are recorded as prepaid items.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Restricted Assets

Certain proceeds of Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The “revenue bond reserve” account is used to report resources set aside to subsidize potential deficiencies from the Enterprise Fund’s operation that could adversely affect debt service payments. The “bond capital project” account is used to account for water and sewer, and solid waste capital projects. A summary of these amounts is presented below:

Revenue Bond Reserve	\$ 659,354	
Debt Service	53,601	Restricted Cash and
Bond Capital Projects	<u>8,459,121</u>	Cash Equivalents <u>\$ 9,172,076</u>
Total	<u>\$ 9,172,076</u>	<u>\$ 9,172,076</u>

J. Fixed Assets

All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

General fixed assets are not capitalized in the governmental fund types used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental fund types, and the related assets are reported in the General Fixed Assets Account Group.

Public domain (“infrastructure”) general fixed assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the City.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of building, equipment and vehicles in the proprietary fund types is computed using the straight-line method. Improvements are capitalized and for proprietary funds depreciated over the remaining useful life of the related fixed assets, as applicable.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest expense, incurred from the date of the borrowing until completion of the project, is offset by interest earned on invested proceeds over the same period.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

The City vacation policy grants employee vacation depending on longevity, from ten days after one year to twenty days after twenty years. Accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the General Long-Term Debt Account Group. No expenditure is reported for these amounts. Accumulated vacation leave of proprietary funds is recorded as expenses and liability of those funds as the benefits accrue to employees.

Sick leave is awarded at eighty hours per year with a maximum accumulation of 960 hours. Fifty percent (50%) of sick pay benefits are accrued as expenditures only when the individual employee is eligible to collect retirement from the Texas Municipal Retirement System (TMRS).

L. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Debt Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

M. Bond Premiums and Issuance Costs

Bond premiums and related issuance costs are deferred and amortized in the proprietary funds. Accordingly, bond obligations are reported net of unamortized premiums in the proprietary funds. General long-term debt is reported at face value, without related premiums. Bond issuance costs related to general long-term debt are reported as expenditures in the period in which incurred.

N. Fund Equity

Contributed capital is recorded in Enterprise Funds when capital grants or contributions from developers, customers, or other funds are received. Reserves represent either those portions of fund equity not appropriate for expenditure or portions legally segregated for a specific future use.

O. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Interfund transactions, other than reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Memorandum Only - Total Columns

Total columns on the general-purpose financial statements are captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, or results of operations in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Q. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City’s financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

R. Reclassifications

Revenue, expenditures and other financial data are classified in the manner management feels is most meaningful to financial statement users. When applicable, prior year comparative data have been reclassified to conform to the current year’s financial statements.

2. BUDGETS AND BUDGETARY ACCOUNTING

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

- A. Prior to August 15, the City Manager submits a proposed operating budget to the City Council for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- B. On or before September 15, the City Council holds public hearings and adopts the budget.
- C. Any revisions that alter the total expenditures of any fund must be adopted by the City Council after formal public budget hearings. Transfers, between departments within a fund, are permitted within the last three months of the fiscal year by a City Council resolution. The Director of Finance may at any time transfer any unencumbered appropriations between general classifications of expenditures within an office, department or agency.

2. BUDGETS AND BUDGETARY ACCOUNTING (continued)

- D. Formal budgetary integration is employed as a management control device during the year for the General Fund, some specific Special Revenue Funds, Debt Service Funds, and the three Proprietary Funds. Formal annual budgetary integration is not employed for the remainder of the Special Revenue Funds because the amount of revenues and expenditures vary depending on unpredictable availability of resources or the Capital Projects Funds because effective project budgetary control is provided by project length budgets.
- E. Budgets for the General Fund, the Special Revenue Funds, and the Debt Service Fund are adopted on the modified accrual basis of accounting. All budgetary expenditures include encumbrances outstanding at year-end. Budgets for Proprietary Funds are prepared on an accrual basis.
- F. Budget appropriations lapse at year-end and do not carry forward to future periods unless they have been legally encumbered. Budget amounts presented are from the amended budget approved by the City Council. The amendments had no net effect on General Fund revenues or General Fund expenditures.
- G. The legal level of control (the level at which expenditures may not legally exceed budget appropriation) established by the Charter is the department. The City did not have any departments that exceeded budgeted appropriations for this fiscal year.

3. DEPOSITS

The City maintains a bank account that is available for use by all funds. Each fund's share of this pool balance is reported in the financial statements as "cash and cash equivalents." Earnings from the pooled account are allocated monthly to each participating fund based on the ratio of each fund's month-end balance to the master account's total balance. At year-end, the government's carrying amount of deposits was \$ 1,114,376 and the bank balance was \$ 1,193,994. Of the bank balance, \$100,000 was covered by federal depository insurance and the remaining balance at September 30, 2002, was collateralized with securities held by the pledging financial institution's trust department in the government's name.

Investments are categorized into these three categories of credit risk:

- 1. Insured or registered, or securities held by the government or its agent in the government's name.
- 2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- 3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the government's name.

Investments of the primary government at year-end consisted only of investments with TexPool. The balance with this investment pool at year-end totaled \$ 16,174,258.

3. DEPOSITS (Continued)

TexPool

The State Comptroller of Public Accounts exercises oversight responsibility over TexPool, the Texas Local Government Investment Pool. Oversight includes the ability to significantly influence operations, designation of management and accountability for fiscal matters.

Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The Advisory Board members review the investment policy and management fee structure. Finally, TexPool is rated AAAM by Standard and Poors. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard and Poors, as well as the Office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

The carrying amount of demand deposits for the Economic Development Corporation, a discretely presented component unit, was \$ 1,527,411 and the bank balance was \$ 1,576,441. The bank balance was collateralized with securities held by the pledging financial institution's trust department in the corporation's name. At year-end the entire amount of the bank balance was covered by federal depository insurance or by U.S. Government securities held as collateral by the corporation's agent in the corporation's name.

4. PROPERTY TAXES

On January 1 of each year, a tax lien is attached to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property taxes are then levied by October 1, 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 which levied. The majority of the taxes are collected between October 1 and January 31. Delinquent property taxes receivable are not considered available since they are not expected to be collected within 60 days after the close of the City's fiscal year.

4. PROPERTY TAXES (continued)

With certain exceptions, intangible personal property and household goods are exempted from property tax assessment. The appraisal of property within the City is the responsibility of the countywide appraisal district. The appraisal district is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100% of its appraised value and is prohibited from applying an assessment ratio. The value of property within the appraisal district must be reviewed at least every five years. The City may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action. The City continues to set tax rates on City property. However, if the effective tax rate, excluding tax rates for bonds and other contractual obligations, and adjusted for new improvements, exceeds the effective tax rate for the previous year by more than 8%, qualified voters of the City may petition for an election to determine whether to limit the tax rate to no more than 8% above the tax rate of the previous year.

5. CHANGES IN FIXED ASSETS - ALL PROPRIETARY FUNDS

The changes resulting from additions and deletions of property, plant and equipment and accumulated depreciation follows:

A summary of Water and Sewer Fund changes in property, plant and equipment and accumulated depreciation follows:

	Balance 9/30/01	Additions	Deletions	Balance 9/30/02
Land	\$ 345,933	\$ -	\$ -	\$ 345,933
Buildings	258,455	10,638	-	269,093
Furniture & Fixtures	17,921	1,565	190	19,296
Vehicles	999,159	-	-	999,159
Equipment	1,334,265	35,445	4,014	1,365,696
Facilities	39,160,750	1,374,763	46,552	40,488,961
Construction in Progress	1,112,390	2,619,173	1,242,499	2,489,064
Totals	<u>\$ 43,228,873</u>	<u>\$ 4,041,584</u>	<u>\$ 1,293,255</u>	<u>\$ 45,977,202</u>

5. CHANGES IN FIXED ASSETS - ALL PROPRIETARY FUNDS (Continued)

	Accumulated Depreciation			
	Balance 9/30/01	Net Additions	Balance 9/30/02	Net Asset Value
Land	\$ -	\$ -	\$ -	\$ 345,933
Buildings	110,689	9,969	120,658	148,435
Furniture & Fixtures	8,803	1,089	9,892	9,404
Vehicles	839,872	32,166	872,038	127,121
Equipment	620,878	83,911	704,789	660,907
Facilities	19,411,924	756,457	20,168,381	20,320,580
Construction in Progress	-	-	-	2,489,064
Totals	\$ 20,992,166	\$ 883,592	\$ 21,875,758	\$ 24,101,444

A summary of Solid Waste Fund changes in property, plant and equipment and accumulated depreciation follows:

	Balance 9/30/01	Additions	Deletions	Balance 9/30/02
Land	\$ 204,753	\$ -	\$ -	\$ 204,753
Buildings	29,593	-	-	29,593
Vehicles	1,108,719	146,785	-	1,255,504
Equipment	913,393	2,700	5,926	910,167
Facilities	2,990,575	-	-	2,990,575
Totals	\$ 5,247,033	\$ 149,485	\$ 5,926	\$ 5,390,592

	Accumulated Depreciation			
	Balance 9/30/01	Net Additions (Deletions)	Balance 9/30/02	Net Asset Value
Land	\$ -	\$ -	\$ -	\$ 204,753
Buildings	25,226	1,184	26,410	3,183
Vehicles	803,434	33,431	836,865	418,639
Equipment	263,975	93,856	357,831	552,336
Facilities	363,819	58,634	422,453	2,568,122
Totals	\$ 1,456,454	\$ 187,105	\$ 1,643,559	\$ 3,747,033

5. **CHANGES IN FIXED ASSETS - ALL PROPRIETARY FUNDS (Continued)**

A summary of Golf Course fund changes in property, plant and equipment and accumulated depreciation follows:

	Balance 9/30/01	Additions	Deletions	Balance 9/30/02
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Buildings	158,257	4,968	-	163,225
Equipment	301,081	14,483	-	315,564
Facilities	1,204,565	10,660	-	1,215,225
Totals	\$ 1,963,903	\$ 30,111	\$ -	\$ 1,994,014

	Accumulated Depreciation			Net Asset Value
	Balance 9/30/01	Net Additions	Balance 9/30/02	
Land	\$ -	\$ -	\$ -	\$ 300,000
Buildings	16,124	6,579	22,703	140,522
Equipment	97,961	30,635	128,596	186,968
Facilities	66,971	24,198	91,169	1,124,056
Totals	\$ 181,056	\$ 61,412	\$ 242,468	\$ 1,751,546

In the Proprietary Funds, straight-line depreciation is computed using the following estimated useful lives:

Buildings	10-25 years
Furniture & Fixtures	7-10 years
Vehicles	3-7 years
Equipment	7-10 years
Facilities	10-50 years

6. **CHANGES IN GENERAL FIXED ASSETS**

Activity in the general fixed assets account group for the government for the year ended September 30, 2002, were as follows:

	Balance 9/30/01	Additions	Deletions	Balance 9/30/02
Land	\$ 1,355,201	\$ -	\$ -	\$ 1,355,201
Buildings	5,979,634	505,794	-	6,485,428
Furniture & Fixtures	436,821	4,282	4,499	436,604
Vehicles	1,963,824	54,707	-	2,018,531
Equipment	1,966,627	138,926	46,693	2,058,860
Facilities	2,017,302	577,166	-	2,594,468
Construction in Progress	485,498	110,194	488,766	106,926
Totals	\$ 14,204,907	\$ 1,391,069	\$ 539,958	\$ 15,056,018

6. CHANGES IN GENERAL FIXED ASSETS (Continued)

Investments in general fixed assets by source are as follows:

	9/30/02
General Fund	\$ 2,588,680
Special Revenue Funds:	
Drainage Utility	596,465
Animal Shelter	1,084
Cemetery	4,800
Capital Projects Funds:	
1992 Contractual Obligation Certificates	156,611
1994 G.O. Bonds	1,011,252
1997 Certificates of Obligation	2,228,807
1998 G.O. Bonds	978,379
1998 Certificates of Obligation	146,586
1999 Certificates of Obligation	483,078
2001 Certificates of Obligation	859,630
Acquired Prior to 10/01/97	6,000,646
Totals	<u>\$ 15,056,018</u>

A summary of changes in general fixed assets by function and activity follows:

	Balance 9/30/01	Additions	Deletions	Balance 9/30/02
General Government				
City Council	\$ 1,802	\$ 1,060	\$ 200	\$ 2,662
City Manager	31,095	2,540	510	33,125
Finance and Accounting	26,401	5,726	170	31,957
Grants Administration	2,828	-	-	2,828
Tax Collector	2,990	-	-	2,990
City Secretary	44,584	-	185	44,399
City Attorney	6,180	980	280	6,880
Data Processing	186,318	43,580	-	229,898
Purchasing	5,458	-	-	5,458
Human Resources	16,517	835	-	17,352
City Hall	1,300,848	11,015	-	1,311,863
Municipal Elections	263	-	-	263
Public Works	150,056	105,393	-	255,449
Urban Development	13,291	129	225	13,195
Engineering	33,077	884	-	33,961
Downtown Redev.	1,811	-	-	1,811
	<u>1,823,519</u>	<u>172,142</u>	<u>1,570</u>	<u>1,994,091</u>

6. CHANGES IN GENERAL FIXED ASSETS (Continued)

	Balance 9/30/01	Additions	Deletions	Balance 9/30/02
Public Safety				
Building Inspections	\$ 51,313	\$ 99	\$ 225	\$ 51,187
Municipal Court	721,021	6,536	38,068	689,489
Animal Control	282,179	209,832	149,462	342,549
Police Department	1,838,361	78,793	5,547	1,911,607
Fire Department/EMS	2,880,265	360,350	339,165	2,901,450
	<u>5,773,139</u>	<u>655,610</u>	<u>532,467</u>	<u>5,896,282</u>
Cultural and Recreational				
Parks and Recreation	2,535,351	21,263	1,816	2,554,798
Library	2,478,342	58,333	2,501	2,534,174
	<u>5,013,693</u>	<u>79,596</u>	<u>4,317</u>	<u>5,088,972</u>
Street and Drainage				
Street Department	877,867	124,784	-	1,002,651
Drainage Department	293,349	358,221	1,604	649,966
	<u>1,171,216</u>	<u>483,005</u>	<u>1,604</u>	<u>1,652,617</u>
City Shop				
Maintenance	229,926	-	-	229,926
Public Health and Welfare	193,414	716	-	194,130
Totals	<u>\$ 14,204,907</u>	<u>\$ 1,391,069</u>	<u>\$ 539,958</u>	<u>\$ 15,056,018</u>

The following schedule is a schedule of general fixed assets by function and activity and presents data by function and activity for the last three fiscal years. A breakdown of assets by function and activity for fiscal years prior to 1997-98 is not available. This schedule will be expanded upon in future years.

6. CHANGES IN GENERAL FIXED ASSETS (Continued)

	Land	Buildings	Furniture & Fixtures	Vehicles	Equipment	Facilities	Construction In Progress	Total
General Government								
City Council	\$ -	\$ -	\$ 260	\$ 30	\$ 1,409	\$ -	\$ -	\$ 1,699
City Manager	-	-	3,154	-	5,013	-	-	8,167
Finance and Accounting	-	-	3,743	-	13,888	-	-	17,631
Grants Administration	-	-	1,275	-	1,553	-	-	2,828
City Secretary	-	-	737	-	5,479	-	-	6,216
City Attorney	-	-	263	-	5,065	-	-	5,328
Data Processing	-	-	-	-	107,382	-	-	107,382
Human Resources	-	-	2,485	-	8,346	-	-	10,831
City Hall	86,043	16,300	109	-	4,816	6,000	-	113,268
Public Works	-	-	661	14,390	4,812	105,241	-	125,104
Urban Development	-	1,171	399	-	3,996	-	-	5,566
Engineering	-	-	3,564	19,019	6,643	-	-	29,226
Downtown Redev.	-	-	1,054	-	757	-	-	1,811
	86,043	17,471	17,704	33,439	169,159	111,241	-	435,057
Public Safety								
Building Inspections	-	-	193	13,626	3,682	-	-	17,501
Municipal Court	-	531,478	33,799	-	55,280	-	-	620,557
Animal Control	-	147,163	870	18,563	6,626	58,919	-	232,141
Police Department	-	881	2,816	497,118	255,471	-	-	756,286
Fire Department/EMS	15,362	1,233,003	2,806	386,185	157,009	2,045	-	1,796,410
	15,362	1,912,525	40,484	915,492	478,068	60,964	-	3,422,895
Cultural and Recreational								
Parks and Recreation	563,102	7,826	7,301	40,269	141,961	913,634	-	1,674,093
Library	21,538	1,885,989	-	-	81,203	135,053	-	2,123,783
	584,640	1,893,815	7,301	40,269	223,164	1,048,687	-	3,797,876
Street and Drainage								
Street Department	7,478	3,400	1,345	117,886	307,803	34,353	106,926	579,191
Drainage Department	-	27,300	598	40,932	108,519	447,867	-	625,216
	7,478	30,700	1,943	158,818	416,322	482,220	106,926	1,204,407
City Shop								
Maintenance	-	1,644	-	-	10,232	167,580	-	179,456
Public Health and Welfare								
	-	-	716	13,396	1,977	-	-	16,089
Sub-total	693,523	3,856,155	68,148	1,161,414	1,298,922	1,870,692	106,926	9,055,780
Assets acquired prior to October 1, 1997	661,678	2,629,273	368,456	857,117	759,938	723,776	-	6,000,238
Totals	<u>\$ 1,355,201</u>	<u>\$ 6,485,428</u>	<u>\$ 436,604</u>	<u>\$ 2,018,531</u>	<u>\$ 2,058,860</u>	<u>\$ 2,594,468</u>	<u>\$ 106,926</u>	<u>\$ 15,056,018</u>

7. CAPITAL LEASES

The City has entered into lease agreements as lessee for financing the acquisition of solid waste equipment as well as heavy equipment for the golf course and water/sewer department. These lease agreements qualify as capital leases for accounting purposes (title transfers at the end of the lease terms) and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The following is an analysis of equipment leased under capital leases as of September 30, 2002.

	<u>Proprietary Funds</u>
Machinery and equipment	<u>\$ 791,822</u>
Carrying Value	<u>\$ 791,822</u>

The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at September 30, 2002.

<u>Year Ending September 30</u>	<u>Proprietary Funds</u>
2003	\$ 178,048
2004	94,701
2005	73,804
2006	44,785
2007	13,282
Total minimum lease payments	404,620
Less amount representing interest	31,848
Present value of future minimum lease payments	<u>\$ 372,772</u>

8. GENERAL LONG-TERM DEBT

The following is a summary of long-term debt transactions for the General Long-Term Debt Account Group:

	<u>Balance</u>				<u>Balance</u>
	9/30/01	Additions	Deletions		9/30/02
General Long-Term Debt:					
General obligation bonds	\$ 4,620,000	\$ -	\$ 440,000 (1)		\$ 4,180,000
Notes payable	33,453	-	1,409		32,044
Tax/Revenue certificates of Obligation	4,002,222	-	271,111 (1)		3,731,111
Compensated absences	472,200	-	80,858 (2)		391,342
Capitalized leases	14,593	-	14,593		-
Total General Long-Term Debt	<u>\$ 9,142,468</u>	<u>\$ -</u>	<u>\$ 807,971</u>		<u>\$ 8,334,497</u>

(1) Paid through Debt Service Fund

(2) Paid through General Fund

8. GENERAL LONG-TERM DEBT (Continued)

On October 6, 1998, the City issued \$2,750,000 in General Obligation Refunding Bonds with an average interest rate of 4.16 percent to refund \$2,750,000 of outstanding 1993 Series Drainage Utility System Revenue Bonds. The net proceeds of \$2,939,087 (after payment of \$114,854 in underwriting fees, insurance, accrued interest and other issuance costs), were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from General Long-Term Debt Account Group. As of September 30, 2002 the outstanding maturities on the refunded debt were \$2,295,000.

The City refunded the bonds to reduce its total debt service payment over the next fifteen years by \$374,837 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$69,826.

General long-term debt at September 30, 2002, is comprised of the following:

General Obligation Bonds:

\$2,080,000 Series 1993 General Obligation Refunding Bonds, due in annual installments of \$150,000 to \$305,000 through September 30, 2003; interest at 2.7% to 4.3%.	\$ 155,000
\$1,500,000 Series 1994 General Obligation Bonds, due in annual installments of \$40,000 to \$125,000 through August 15, 2014; interest at 5.5% to 8.5%.	1,095,000
\$1,000,000 Series 1998 General Obligation Bonds, due in annual installments of \$50,000 to \$85,000 through August 15, 2013; interest at 3.7% to 4.5%.	785,000
\$2,750,000 Series 1998 General Obligation Refunding Bonds, due in annual installments of \$150,000 to \$235,000 through August 15, 2012; interest at 3.7% to 4.5%.	<u>2,145,000</u>
Total General Obligation Bonds	<u>\$ 4,180,000</u>

Note Payable:

\$35,000 note payable from Texas Commission on Fire Protection, due in annual installments of \$2,245 through September 1, 2020; interest at 2.5%	<u>\$ 32,044</u>
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8. GENERAL LONG-TERM DEBT (Continued)

Combination Tax and Revenue Certificates of Obligation:

\$2,010,000 Series 1997, due in annual installments of \$70,000 to \$165,000 August 15, 1998 through August 15, 2012; interest at 4.10% to 5.35%.	\$ 1,385,000
\$100,000 Series 1998, due in annual installments of \$18,889 to \$21,111 through August 15, 2003; interest at 3.75% to 4.10%.	21,111
\$585,000 Series 1999, due in annual installments of \$22,092 to \$37,115 through August 15, 2019; interest at 3.75% to 5.40%.	470,000
\$1,915,000 Series 2001, due in annual installments of \$50,155 to \$140,205 through August 15, 2021; interest at 3.00% to 5.25%.	<u>1,855,000</u>
Total Certificates of Obligation	<u>\$ 3,731,111</u>
Compensated Absences	<u>\$ 391,342</u>
Total General Long-Term Debt	<u><u>\$ 8,334,497</u></u>

9. PROPRIETARY FUND LONG-TERM DEBT

The following is a summary of Proprietary Fund transactions for the Proprietary Funds:

	Balance 9/30/01	Additions	Deletions	Balance 9/30/02
Long-Term Debt:				
Water and Sewer revenue bonds	\$ 5,640,000	\$ -	\$ 305,000	\$ 5,335,000
General obligation bonds	1,845,000	-	185,000	1,660,000
Tax/Revenue certificates of obligation	14,772,776	-	1,078,889	13,693,887
Unamortized bond premium	63,570	-	5,077	58,493
Unamortized bond discount	(2,327)	-	(291)	(2,036)
Advance from Solid Waste Fund	61,599	-	-	61,599
Future landfill costs	526,500	-	19,500	507,000
Compensated absences	174,497	-	22,314	152,183
Capitalized leases	376,944	146,785	150,957	372,772
Due to other funds	-	20,000	-	20,000
Total Long-Term Debt	<u>\$ 23,458,559</u>	<u>\$ 166,785</u>	<u>\$ 1,766,446</u>	<u>\$ 21,858,898</u>

9. PROPRIETARY FUND LONG-TERM DEBT (Continued)

On June 15, 2001, the City issued \$1,845,000 in General Obligation Refunding Bonds with an average interest rate of 4.19 percent to refund \$2,245,000 of outstanding Waterworks and Sewer System Revenue Bonds, Series 1989. The net proceeds of \$2,355,872 (after payment of \$49,134 in underwriting fees, insurance, accrued interest and other issuance costs), were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, the refunded bonds are considered to be defeased and the liability for those bonds has been removed from the Water and Sewer Fund's Balance Sheet. As of September 30, 2002 the outstanding maturities on the refunded debt were \$1,835,000.

The City refunded the bonds to reduce its total debt service payment over the next eight years by \$550,509 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$85,524.

The City issues revenue bonds where the City pledges income derived from the acquired or constructed assets to pay debt service.

Revenue Bonds:

\$2,945,000 Series 1993A Waterworks and Sewer System Revenue Refunding Bonds, due in annual installments of \$135,000 to \$295,000 through September 30, 2008; interest at 2.7% to 5.1%.	\$ 945,000
\$565,000 Series 1993B Waterworks and Sewer System Revenue Refunding Bonds, due in annual installments of \$40,000 to \$70,000 through September 30, 2004; interest at 4.65%.	115,000
\$4,450,000 Series 1994 Waterworks and Sewer System Revenue Bonds, due in annual installments of \$20,000 to \$770,000 through September 30, 2014; interest at 3.25% to 5.60%.	<u>4,275,000</u>
Total Revenue Bonds	<u>\$ 5,335,000</u>

General Obligation Bonds:

\$1,845,000 Series 2001A General Obligation Refunding Bonds, due in annual installments of \$185,000 to \$270,000 through August 15, 2009; interest at 4.0% to 4.5%.	<u>\$ 1,660,000</u>
Total General Obligation Bonds	<u>\$ 1,660,000</u>

9. PROPRIETARY FUND LONG-TERM DEBT (Continued)

Combination Tax and Revenue Certificates of Obligation:

\$3,865,000 Series 1994 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$100,000 to \$740,000 through August 15, 2004; interest at 5.0% to 7.8%.	\$ 1,285,000
\$1,000,000 Series 1997 Combination Tax and Revenue Certificates of Obligation due in annual installments of \$70,000 to \$90,000 through August 15, 2017; interest at 4.10% to 5.35%.	875,000
\$350,000 Series 1998, due in annual installments of \$66,111 to \$73,889 through August 15, 2003; interest at 3.75% to 4.10%.	73,887
\$6,035,000 Series 1999, due in annual installments of \$227,908 to \$382,885 through August 15, 2019; interest at 3.75% to 5.40%.	5,135,000
\$6,485,000 Series 2001, due in annual installments of \$160,000 to \$500,000 through August 15, 2021; interest at 4.00% to 5.25%.	<u>6,325,000</u>
Total Certificates of Obligation	<u>\$13,693,887</u>
Unamortized bond premium	<u>\$ 58,493</u>
Unamortized bond discount	<u>\$ (2,036)</u>
Long-term payable to Solid Waste Fund	<u>\$ 61,599</u>
Future landfill costs	<u>\$ 507,000</u>
Compensated Absences	<u>\$ 152,183</u>
Capital Leases	<u>\$ 372,772</u>
Due To Other Funds	<u>\$ 20,000</u>
Total Proprietary Fund Debt	<u><u>\$21,858,898</u></u>

All bonded debt requires semi-annual payments of interest. The various bond ordinances provide the City with rights of redemption at par, plus accrued interest, at specified future dates.

10. ANNUAL DEBT SERVICE REQUIREMENTS

The annual requirements to amortize long-term debt with related interest as of September 30, 2002, are listed on the following schedule:

Year Ended September 30	General Obligation Bonds	Certificates Of Obligation	Proprietary Revenue Bonds	Note Payable	Totals
2003	\$ 22,612	\$ 2,353,357	\$ 524,825	\$ 2,245	\$ 3,803,039
2004	766,998	2,423,317	514,085	2,245	3,706,645
2005	767,357	1,575,460	518,017	2,245	2,863,079
2006	762,526	1,592,185	515,643	2,245	2,872,599
2007	771,695	1,402,485	512,447	2,245	2,688,872
2008	765,271	1,405,688	513,488	2,245	2,686,692
2009	777,288	1,396,208	513,488	2,245	2,689,229
2010	497,418	1,390,450	842,017	2,245	2,732,130
2011	498,158	1,408,623	841,593	2,245	2,750,619
2012	467,475	1,373,092	843,917	2,245	2,686,729
2013	217,025	1,206,143	848,680	2,245	2,274,093
2014	131,875	1,205,177	670,560	2,245	2,009,857
2015	-	1,126,508	-	2,245	1,128,753
2016	-	1,123,868	-	2,245	1,126,113
2017	-	1,124,230	-	2,245	1,126,475
2018	-	1,032,030	-	2,245	1,034,275
2019	-	1,036,410	-	2,245	1,038,655
2020	-	648,000	-	1,965	649,965
2021	-	647,285	-	-	647,287
Totals	<u>\$ 7,345,698</u>	<u>\$ 25,470,516</u>	<u>\$ 7,658,760</u>	<u>\$ 40,130</u>	<u>\$ 40,515,106</u>

A summary of the total requirements for long-term debt principal and interest follows:

Year Ended September 30	General Obligation Bonds	Certificates Of Obligation	Proprietary Revenue Bonds	Note Payable	Totals
Principal	\$ 5,840,000	\$ 17,424,998	\$ 5,335,000	\$ 32,044	\$ 28,632,044
Interest	1,505,698	8,045,518	2,323,760	8,086	11,883,062

Totals	<u>\$ 7,345,698</u>	<u>\$ 25,470,516</u>	<u>\$ 7,658,760</u>	<u>\$ 40,130</u>	<u>\$ 40,515,106</u>
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10. ANNUAL DEBT SERVICE REQUIREMENTS (Continued)

The ordinances, authorizing the issuance of general obligation bonds, created an interest and sinking fund (Debt Service Fund). The ordinances require the City to ascertain a rate of ad valorem tax, which will be sufficient to pay the principal and interest as they become due. The ordinances, authorizing the issuance of Waterworks and Sewer System Revenue Bonds, created a sinking fund and a reserve fund. The gross revenue of the water and sewer system, after deduction of reasonable expenses for operations and maintenance, are pledged to such funds in amounts equal to the total annual principal and interest requirements of the bonds and amounts required to maintain the reserve fund.

11. INTERFUND RECEIVABLES AND PAYABLES

During the course of normal operations, the City has numerous transactions between funds, including expenditures and transfers of resources primarily to provide services. These transactions are generally handled as transfers by the funds involved.

Individual fund interfund receivable and payable balances at September 30, 2002, arising from these transactions were as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund:		
Golf Course	\$ 17,450	\$ -
Total General Fund	17,450	-
Special Revenue Funds:		
Municipal Court Fund:		
2001 Combination Tax and Certificates of Obligation	-	25,232
Drainage Utility Fund:		
Debt Service Fund	-	2,638
Total Special Revenue Funds	-	27,870
Debt Service Fund:		
Drainage Utility Fund	2,638	
Golf Course	20,000	-
Total Debt Service Fund	22,638	-

11. INTERFUND RECEIVABLES AND PAYABLES (continued)

Capital Projects Funds:

1999 Combination Tax and Certificates of Obligation:

2001 Combination Tax and Certificates of Obligation	-	1,619
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2001 Combination Tax and Certificates of Obligation:

Municipal Court	25,232	-
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1999 Combination Tax and Certificates of Obligation	1,619	-
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Total 2001 Combination Tax and Certificates of Obligation	<u>26,851</u>	<u>-</u>
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Total Capital Projects Funds	<u>26,851</u>	<u>1,619</u>
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Golf Course:

General Fund	-	17,450
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Debt Service	-	<u>20,000</u>
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Total Enterprise Funds	<u>-</u>	<u>37,450</u>
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Totals	<u>\$ 66,939</u>	<u>\$ 66,939</u>
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12. SEGMENT INFORMATION

The City maintains three Enterprise Funds, which provide water, sewer, and solid waste services, and a golf course. Segment information for the year ended September 30, 2002, is as follows:

	Water/Sewer Services	Solid Waste Services	Golf Course	Total
Operating revenue	\$ 6,564,297	\$ 2,222,752	\$ 531,705	\$ 9,318,754
Operating expenses				
Depreciation	901,506	189,157	61,413	1,152,076
Other	3,452,402	1,429,736	524,574	5,406,712
Operating income (loss)	<u>2,210,389</u>	<u>603,859</u>	<u>(54,282)</u>	<u>2,759,966</u>
Nonoperating revenue and expenses (net)	(945,735)	(70,128)	(65,074)	(1,080,937)
Net income before operating transfers	<u>\$ 1,264,654</u>	<u>\$ 533,731</u>	<u>\$ (119,356)</u>	<u>\$ 1,679,029</u>
Transfers in (out)	(610,000)	(278,889)	150,893	(737,996)
Additions to property, plant and Equipment	2,748,329	143,559	30,111	2,921,999
Net working capital	2,455,358	281,128	(16,300)	2,720,186
Total assets	36,092,122	4,642,029	1,801,145	42,535,296
Revenue bonds and other long-term Liabilities	17,374,197	1,658,930	1,192,621	20,225,748
Total equity	16,554,875	2,353,788	485,107	19,393,770

13. INTERFUND TRANSACTIONS

Operating transfers during the year ended September 30, 2002 were:

<u>Fund</u>	<u>In</u>	<u>Out</u>
General:	\$ 967,500	\$ 189,875
Special Revenue:		
Hotel/Motel Tax	-	22,500
Drainage Utility	-	70,000
Debt Service:	13,889	81,893
Capital Projects:		
2001 Combination Tax and Revenue C.O.	120,875	-
Enterprise:		
Water and Sewer	20,000	630,000
Solid Waste	-	278,889
Golf Course	150,893	-
	<u>\$ 1,273,157</u>	<u>\$ 1,273,157</u>

14. COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts already collected may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in a number of lawsuits. The City intends to vigorously contest all the cases. The City Attorney and City Management hold the opinion that the outcome of these lawsuits will not have a material effect on the City's financial statements.

As of September 30, 2002, the City of Copperas Cove, Texas had active construction projects. The projects included various wastewater and water system expansion and improvements, drainage improvements and the construction of a public works facility. At year end, the City's commitments with contractors were as follows:

<u>Project</u>	<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
Wastewater system expansion and improvements	\$1,378,482	\$ 656,159
Water system expansion and improvements	2,037,080	4,248,322
Drainage improvements	405,885	54,629
Public Works facility	<u>119,593</u>	<u>87,899</u>
Total	<u>\$3,941,040</u>	<u>\$5,047,009</u>

14. COMMITMENTS AND CONTINGENCIES (continued)

The commitments for wastewater/water expansion and improvements and the Public Works facility are being financed by certificates of obligation which were issued in prior fiscal years. The commitment for drainage improvements is being financed by drainage fees assessed to utility customers and property owners.

15. EMPLOYEE BENEFITS

A. Plan Description

The City provides benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 758 administered by TMRS, an agent multi-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

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

Deposit Rate:	6%
Matching Ratio (City to Employee):	2 to 1
A member is vested after:	5 years
Members can retire at certain ages, based on the years of services with the City. The Service Retirement Eligibilities for the City are:	5 years/age 60 or 20 years/any age

15. EMPLOYEE BENEFITS (Continued)

B. Contributions

Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the City and the employee make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2001, valuation is effective for rates beginning January 2003).

Separate copies of TMRS' financial report can be obtained by contacting TMRS at P.O. Box 149153, 1200 North Interstate 35, Austin, Texas, 78714-9153.

Schedule of Actuarial Liabilities and Funding Progress

Actuarial Valuation Date	12/31/01	12/31/00	12/31/99
Actuarial Value of Assets	\$ 10,787,385	\$ 10,190,857	\$ 9,857,163
Actuarial Accrued Liability	\$ 11,838,496	\$ 10,660,408	\$10,074,210
Unfunded (Over-funded) Actuarial			
Accrued Liability (UAAL)	\$ 1,051,111	\$ 469,551	\$ 217,047
Funded Ratio	91.1%	95.6%	97.8%
Annual Covered Payroll	\$ 7,043,383	\$ 6,681,640	\$ 5,817,812
UAAL as a Percentage of Covered			
Payroll	14.9%	7.0%	3.7%
Net Pension Obligation (NPO) at the Beginning of Period			
Annual Required Contribution (ARC)	\$ 526,930	\$ 386,208	\$ 352,613
Interest on NPO	-	-	-
Adjustments to the ARC	-	-	-
	<u>526,930</u>	<u>386,208</u>	<u>352,613</u>
Contributions Made	526,930	386,208	352,613
Increase in NPO	-	-	-
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

15. EMPLOYEE BENEFITS (continued)

Actuarial Information

Actuarial Cost Method	Unit Credit
Amortization Method	Level % of Payroll 25 Years Open
Asset Valuation Method	Amortized Cost
Assumptions:	
Investment Rate	8%
Projected Salary Increases	None
Inflation	None
Cost of Living Increases	None

16. METERED WATER AND SEWER CUSTOMERS

The City had approximately 5,544 metered customers on their water and sewer system at September 30, 2002. All water is metered, including City departments.

17. MUNICIPAL SOLID WASTE LANDFILL

On October 9, 1991, the Environmental Protection Agency (EPA) approved Subtitle “D” regulations that mandate environmental controls over the development and operations of landfills throughout the United States. The Texas Natural Resource Conservation Commission (TNRCC) oversees the implementation of these regulations and provides guidelines that parallel those of the EPA. The City of Copperas Cove falls under these controls. Subtitle “D” regulations require that all landfills abide by specific criteria. Among these criteria are regulations on the closure and postclosure of municipal solid waste landfills. The regulations require that once the landfill is closed, the owner/operator is responsible for maintaining the final cover, monitoring groundwater and methane gas, and continuing leachate management for 30 years. They must also show that they have financial mechanisms to cover the costs of closure, postclosure care, and any cleanup from releases for 30 years.

The total current cost of closure and postclosure care is the amount that would be paid if all equipment, facilities and services included in the estimates were acquired during the current period. The cost estimates used were obtained by the City’s environmental consultants who maintain the landfills. Each year the City evaluates estimated closure costs and post closure care costs for changes due to inflation or deflation, technology, or applicable laws or regulations.

17. MUNICIPAL SOLID WASTE LANDFILL (continued)

The City revised its estimate of current costs of remaining closure and post closure care costs as of September 30, 2002. The revised cost estimate was \$ 526,500. This revision resulted in recognition of a change in accounting estimate and a decrease in the landfill closure and post closure care costs liability of \$ 19,500. All estimated costs related to the landfill have been recognized. The City currently has 100 acres permitted for landfill use. Of this, 20 acres were previously filled under regulations prior to subtitle D. Currently, there are 32.45 acres in approved subtitle D landfill space of which six acres have been prepared and two acres have been used. The remaining 47.55 acres can be designated for future landfill if the City chooses to do so once permitted for subtitle D in accordance with TNRCC regulations. This would extend the useful life of the landfill. The City has approximately 26.5% of landfill capacity to date and it is estimated that the remaining landfill life approved for subtitle D is 15 years.

18. CHANGE IN ACCOUNTING ESTIMATE

The City revised its estimate of landfill closure and post closure care costs required to comply with TNRCC regulations. The revised estimate of landfill closure and post closure care costs is \$ 526,500. Prior to this estimate adjustment, the City had a total remaining landfill closure and post closure care costs liability in the Solid Waste Fund of \$ 546,000. As a result of adjusting the liability for the revised estimate, a \$ 19,500 reduction in landfill closure and post closure care costs has been recognized in the Solid Waste Fund during the fiscal year ended September 30, 2002.

19. RISK MANAGEMENT

The City is a member of the Texas Municipal League's Intergovernmental Risk Pool ("Pool"). The Pool was created for the purpose of providing coverage against risks, which are inherent in operating a political subdivision. The City pays annual premiums to the Pool for liability, property and workers' compensation coverage. The City's agreement with the Pool provides that the Pool will be self-sustaining through member premiums and will provide through commercial company's reinsurance contracts. The Pool agrees to handle all liability, property and workers' compensation claims and provides any defense as is necessary. The Pool makes available to the City loss control services to assist the City in following a plan of loss control that may result in reduced losses. The City agrees that it will cooperate in instituting any and all reasonable loss control recommendations made by the Pool. The City also carries all reasonable loss control recommendations made by the Pool. The City also carries commercial insurance on all other risks of loss, including employee health and accident insurance. The City has experienced no significant reductions in coverage through the Pool over the past year. There have been no insurance settlements exceeding Pool or insurance coverage for any of the past three years.

**CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
COMPARATIVE BALANCE SHEETS
September 30, 2002 and 2001**

ASSETS	<u>2002</u>	<u>2001</u>
Cash and cash equivalents	\$ 3,455,217	\$ 3,383,044
Receivables		
Taxes	118,672	109,866
Ambulance fees - net of allowance for uncollectible	150,498	117,971
Assessments	25,549	25,549
Miscellaneous	52,554	40,237
Grants	-	27,250
Due from other funds	17,450	-
Inventory	57,803	55,875
Prepaid expenditures	<u>921</u>	<u>410</u>
Total Assets	<u><u>\$ 3,878,664</u></u>	<u><u>\$ 3,760,202</u></u>
 LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts payable	\$ 199,058	\$ 116,917
Due to other governmental agencies	126,512	105,506
Deferred revenue	405,447	361,819
Other accrued expenditures	136,299	82,673
Other liabilities	<u>65,930</u>	<u>50,872</u>
Total Liabilities	<u>933,246</u>	<u>717,787</u>
Fund Balances:		
Reserved for inventory and prepaid expenditures	58,724	56,285
Reserved for encumbrances	138,959	189,592
Unreserved, designated for contingencies	1,000,000	1,000,000
Unreserved, undesignated	<u>1,747,735</u>	<u>1,796,538</u>
Total Fund Balances	<u>2,945,418</u>	<u>3,042,415</u>
Total Liabilities and Fund Balances	<u><u>\$ 3,878,664</u></u>	<u><u>\$ 3,760,202</u></u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
For the Years Ended September 30, 2002 and 2001

	2002	2001
REVENUES		
Taxes	\$ 6,726,678	\$ 6,519,451
Licenses	54,346	46,636
Permits	104,175	76,031
City services provided	556,778	473,208
Fines	749,224	885,177
Interest	77,220	199,515
Miscellaneous	148,638	119,644
Intergovernmental	141,231	241,903
Contributions	1,668	2,878
Total Revenues	<u>8,559,958</u>	<u>8,564,443</u>
EXPENDITURES		
Current:		
General government	1,598,463	1,550,271
Public safety	5,460,363	5,054,433
Community services	988,582	1,038,077
Highways and streets	440,204	457,828
Fleet and facility services	273,370	254,580
Total Current Expenditures	<u>8,760,982</u>	<u>8,355,189</u>
Capital Outlay:		
General government	25,911	162,283
Public safety	126,160	298,097
Community services	58,596	75,204
Highways and streets	462,931	557,122
Fleet and facility services	-	2,828
Total Capital Outlay	<u>673,598</u>	<u>1,095,534</u>
Total Expenditures	<u>9,434,580</u>	<u>9,450,723</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(874,622)</u>	<u>(886,280)</u>
OTHER FINANCING SOURCES (USES)		
Note proceeds	-	35,000
Operating transfers in	967,500	940,000
Operating transfers (out)	(189,875)	(189,000)
Total Other Financing Sources (Uses)	<u>777,625</u>	<u>786,000</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(96,997)	(100,280)
FUND BALANCES, BEGINNING OF YEAR	<u>3,042,415</u>	<u>3,142,695</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,945,418</u>	<u>\$ 3,042,415</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2002

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 6,450,646	\$ 6,726,678	\$ 276,032
Licenses	43,371	54,346	10,975
Permits	81,800	104,175	22,375
City services provided	481,600	556,778	75,178
Fines	921,500	749,224	(172,276)
Interest	215,130	77,220	(137,910)
Miscellaneous	106,480	148,638	42,158
Intergovernmental	93,800	141,231	47,431
Contributions	1,200	1,668	468
Total Revenues	<u>8,395,527</u>	<u>8,559,958</u>	<u>164,431</u>
EXPENDITURES			
Current:			
General government	1,611,314	1,592,503	18,811
Public safety	5,510,770	5,459,155	51,615
Community services	1,113,019	1,108,220	4,799
Highways and streets	451,052	433,502	17,550
Fleet and facility services	273,891	273,370	521
Total Current Expenditures	<u>8,960,046</u>	<u>8,866,750</u>	<u>93,296</u>
Capital Outlay:			
General government	26,949	24,241	2,708
Public safety	93,211	111,932	(18,721)
Community services	74,877	67,132	7,745
Highways and streets	351,790	348,118	3,672
Fleet and facility services	-	-	-
Total Capital Outlay	<u>546,826</u>	<u>551,423</u>	<u>(4,597)</u>
Total Expenditures	<u>9,506,872</u>	<u>9,418,173</u>	<u>88,699</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,111,345)</u>	<u>(858,215)</u>	<u>253,130</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in	967,500	967,500	-
Operating transfers (out)	(189,875)	(189,875)	-
Total Other Financing Sources (Uses)	<u>777,625</u>	<u>777,625</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(333,720)</u>	<u>(80,590)</u>	<u>253,130</u>
FUND BALANCE, BEGINNING OF YEAR	<u>3,042,415</u>	<u>3,042,415</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u>\$ 2,708,695</u>	<u>2,961,825</u>	<u>\$ 253,130</u>
ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES			
Current year encumbrances included in expenditures		138,959	
Prior year encumbrances		(189,592)	
Unexpended prior year encumbrances		34,226	
Cancellation of prior year encumbrances			
FUND BALANCE ENDING (GAAP BASIS)		<u>\$ 2,945,418</u>	

CITY OF COPPERAS COVE, TEXAS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
September 30, 2002
(With Comparative Totals for September 30, 2001)

ASSETS	<u>Youth Activities</u>	<u>Hotel/Motel Tax</u>	<u>Abandoned Vehicle</u>	<u>Animal Shelter</u>
Cash and cash equivalents	\$ 51,659	\$ 63,002	\$ 9,833	\$ 579
Accounts receivable - net of allowance for uncollectible	-	-	-	-
Notes receivable	-	-	-	-
Total Assets	<u>\$ 51,659</u>	<u>\$ 63,002</u>	<u>\$ 9,833</u>	<u>\$ 579</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 3,373	\$ -	\$ 3,177	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Other accrued liabilities	416	-	-	-
Total Liabilities	<u>3,789</u>	<u>-</u>	<u>3,177</u>	<u>-</u>
Fund Balances:				
Reserved:				
For encumbrances	5,500	-	-	-
For non-current portion of note receivable	-	-	-	-
Unreserved fund balances	42,370	63,002	6,656	579
Total Fund Balances	<u>47,870</u>	<u>63,002</u>	<u>6,656</u>	<u>579</u>
Total Liabilities and Fund Balances	<u>\$ 51,659</u>	<u>\$ 63,002</u>	<u>\$ 9,833</u>	<u>\$ 579</u>

Drainage Utility	City Cemetery	Municipal Court	Texas Community Development Loan	Totals	
				2002	2001
\$ 758,966	\$ 44,396	\$ 147,192	\$ 117,707	\$ 1,193,334	\$ 1,297,704
72,547	-	-	-	72,547	65,691
-	-	-	65,200	65,200	68,800
<u>\$ 831,513</u>	<u>\$ 44,396</u>	<u>\$ 147,192</u>	<u>\$ 182,907</u>	<u>\$ 1,331,081</u>	<u>\$ 1,432,195</u>
\$ 123,294	\$ 1,337	\$ 104	\$ -	\$ 131,285	\$ 22,955
2,638	-	25,232	-	27,870	25,232
-	-	121,856	-	121,856	65,112
3,795	-	-	-	4,211	-
<u>129,727</u>	<u>1,337</u>	<u>147,192</u>	<u>-</u>	<u>285,222</u>	<u>113,299</u>
115,303	-	-	-	120,803	93,888
-	-	-	59,200	59,200	64,000
<u>586,483</u>	<u>43,059</u>	<u>-</u>	<u>123,707</u>	<u>865,856</u>	<u>1,161,008</u>
<u>701,786</u>	<u>43,059</u>	<u>-</u>	<u>182,907</u>	<u>1,045,859</u>	<u>1,318,896</u>
<u>\$ 831,513</u>	<u>\$ 44,396</u>	<u>\$ 147,192</u>	<u>\$ 182,907</u>	<u>\$ 1,331,081</u>	<u>\$ 1,432,195</u>

CITY OF COPPERAS COVE, TEXAS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended September 30, 2002
(With Comparative Totals for the Year Ended September 30, 2001)

	Youth Activities	Hotel/Motel Tax	Abandoned Vehicle	Animal Shelter
REVENUES				
Taxes	\$ -	\$ 88,292	\$ -	\$ -
Charges for services	75,224	-	-	-
Fines	-	-	-	-
Interest	270	483	45	6
Sale of plots	-	-	-	-
Miscellaneous	-	-	-	-
Contributions	-	-	-	259
	<u>75,494</u>	<u>88,775</u>	<u>45</u>	<u>265</u>
Total Revenues				
EXPENDITURES				
Current:				
General government	-	-	234	-
Public safety	-	-	-	-
Community services	65,334	63,645	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and fiscal charges	-	-	-	-
Capital lease payments	-	-	-	-
Capital outlay:				
General government	-	-	-	-
Public safety	-	-	-	599
	<u>65,334</u>	<u>63,645</u>	<u>234</u>	<u>599</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>10,160</u>	<u>25,130</u>	<u>(189)</u>	<u>(334)</u>
OTHER FINANCING (USES)				
Operating transfers (out)	<u>-</u>	<u>(22,500)</u>	<u>-</u>	<u>-</u>
Total Other Financing (Uses)	<u>-</u>	<u>(22,500)</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	10,160	2,630	(189)	(334)
FUND BALANCES, BEGINNING OF YEAR	<u>37,710</u>	<u>60,372</u>	<u>6,845</u>	<u>913</u>
FUND BALANCES, END OF YEAR	<u>\$ 47,870</u>	<u>\$ 63,002</u>	<u>\$ 6,656</u>	<u>\$ 579</u>

Drainage Utility	City Cemetery	Municipal Court	Texas Community Development Loan	Totals	
				2002	2001
\$ -	\$ -	\$ -	\$ -	\$ 88,292	\$ 103,309
728,961	-	-	-	804,185	807,606
-	-	6,139	-	6,139	181,503
21,195	665	767	2,335	25,766	52,105
-	40,825	-	-	40,825	21,100
5	-	-	-	5	7,926
-	-	-	-	259	329
<u>750,161</u>	<u>41,490</u>	<u>6,906</u>	<u>2,335</u>	<u>965,471</u>	<u>1,173,878</u>
176,432	22,171	-	-	198,837	188,412
-	-	6,531	-	6,531	6,097
-	-	-	-	128,979	132,954
180,000	-	-	-	180,000	170,000
105,165	-	-	-	105,165	109,213
14,945	-	-	-	14,945	19,927
505,188	5,389	-	-	510,577	130,426
-	-	375	-	974	175,491
<u>981,730</u>	<u>27,560</u>	<u>6,906</u>	<u>-</u>	<u>1,146,008</u>	<u>932,520</u>
<u>(231,569)</u>	<u>13,930</u>	<u>-</u>	<u>2,335</u>	<u>(180,537)</u>	<u>241,358</u>
<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,500)</u>	<u>(90,000)</u>
<u>(70,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(92,500)</u>	<u>(90,000)</u>
(301,569)	13,930	-	2,335	(273,037)	151,358
<u>1,003,355</u>	<u>29,129</u>	<u>-</u>	<u>180,572</u>	<u>1,318,896</u>	<u>1,167,538</u>
<u>\$ 701,786</u>	<u>\$ 43,059</u>	<u>\$ -</u>	<u>\$ 182,907</u>	<u>\$ 1,045,859</u>	<u>\$ 1,318,896</u>

CITY OF COPPERAS COVE, TEXAS
CAPITAL PROJECTS FUND
COMBINING BALANCE SHEET
September 30, 2002

(With Comparative Totals for September 30, 2001)

ASSETS	1994 <u>G.O. Bonds</u>	1997 Combination Tax and Revenue Certificates of <u>Obligation</u>	1998 <u>G.O. Bonds</u>
Cash and cash equivalents	\$ 39,745	\$ 63,493	\$ 389
Grant Receivable	-	-	-
Due from other funds	-	-	-
 Total Assets	 <u>\$ 39,745</u>	 <u>\$ 63,493</u>	 <u>\$ 389</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ -	\$ 4,250	\$ -
Retainage payable	-	28,027	-
Due to other funds	-	-	-
Short-term note payable	-	-	-
 Total Liabilities	 <u>-</u>	 <u>32,277</u>	 <u>-</u>
Fund Balances:			
Reserved for encumbrances	-	27,790	-
Unreserved fund balances	39,745	3,426	389
 Total Fund Balances	 <u>39,745</u>	 <u>31,216</u>	 <u>389</u>
 Total Liabilities and Fund Balances	 <u>\$ 39,745</u>	 <u>\$ 63,493</u>	 <u>\$ 389</u>

1999 Combination Tax and Revenue Certificates of Obligation	2001 Combination Tax and Revenue Certificates of Obligation	2002 Economic Development Administration Grant	Totals	
			2002	2001
\$ 16,163	\$ 898,650	\$ (7,818)	\$ 1,010,622	\$ 1,412,709
-	-	7,818	7,818	
-	26,851		26,851	37,223
<u>\$ 16,163</u>	<u>\$ 925,501</u>	<u>\$ -</u>	<u>\$ 1,045,291</u>	<u>\$ 1,449,932</u>
\$ -	\$ 42,231	\$ -	\$ 46,481	\$ 62,930
11,826	7,765	-	47,618	62,975
1,619	-	-	1,619	11,991
-	-	-	-	120,875
<u>13,445</u>	<u>49,996</u>	<u>-</u>	<u>95,718</u>	<u>258,771</u>
-	4,921	-	32,711	238,653
<u>2,718</u>	<u>870,584</u>	<u>-</u>	<u>916,862</u>	<u>952,508</u>
<u>2,718</u>	<u>875,505</u>	<u>-</u>	<u>949,573</u>	<u>1,191,161</u>
<u>\$ 16,163</u>	<u>\$ 925,501</u>	<u>\$ -</u>	<u>\$ 1,045,291</u>	<u>\$ 1,449,932</u>

CITY OF COPPERAS COVE, TEXAS
CAPITAL PROJECTS FUND
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended September 30, 2002
(With Comparative Totals for the Year Ended September 30, 2001)

	1994 G.O. Bonds	1997 Combination Tax and Revenue Certificates of Obligation	1998 G.O. Bonds
REVENUES			
Interest	\$ 290	\$ 1,135	\$ 22
Grant Revenues	-	-	-
Miscellaneous	26,487	20,000	-
Total Revenues	<u>26,777</u>	<u>21,135</u>	<u>22</u>
EXPENDITURES			
Debt service:			
Bond issuance costs	-	-	-
Capital outlay:			
General government	-	-	-
Public safety	15,472	-	-
Community services	-	12,134	1,104
Highways and streets	-	-	-
Total Expenditures	<u>15,472</u>	<u>12,134</u>	<u>1,104</u>
(DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>11,305</u>	<u>9,001</u>	<u>(1,082)</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers in (out)	-	-	-
Proceeds from bond issue	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	11,305	9,001	(1,082)
FUND BALANCES, BEGINNING OF YEAR	<u>28,440</u>	<u>22,215</u>	<u>1,471</u>
FUND BALANCES, END OF YEAR	<u>\$ 39,745</u>	<u>\$ 31,216</u>	<u>\$ 389</u>

1999 Combination Tax and Revenue Certificates of Obligation	2001 Combination Tax and Revenue Certificates of Obligation	2002 Economic Development Administration Grant	Totals	
			2002	2001
\$ 1,913	\$ 21,290	\$ -	\$ 24,650	\$ 32,382
-	-	7,818	7,818	-
-	3,235	-	49,722	-
<u>1,913</u>	<u>24,525</u>	<u>7,818</u>	<u>82,190</u>	<u>32,382</u>
-	-	-	-	49,190
-	166,674	-	166,674	123,863
133,009	91,613	-	240,094	1,136,704
-	16,829	7,818	37,885	50,815
-	-	-	-	126,170
<u>133,009</u>	<u>275,116</u>	<u>7,818</u>	<u>444,653</u>	<u>1,486,742</u>
<u>(131,096)</u>	<u>(250,591)</u>	<u>-</u>	<u>(362,463)</u>	<u>(1,454,360)</u>
-	120,875	-	120,875	60,000
-	-	-	-	1,914,227
-	120,875	-	120,875	1,974,227
(131,096)	(129,716)	-	(241,588)	519,867
<u>133,814</u>	<u>1,005,221</u>	<u>-</u>	<u>1,191,161</u>	<u>671,294</u>
<u>\$ 2,718</u>	<u>\$ 875,505</u>	<u>\$ -</u>	<u>\$ 949,573</u>	<u>\$ 1,191,161</u>

CITY OF COPPERAS COVE, TEXAS
ENTERPRISE FUNDS
COMBINING BALANCE SHEET
September 30, 2002

(With Comparative Totals for September 30, 2001)

	Water and Sewer Fund	Solid Waste Fund	Golf Course Fund	Totals	
				2002	2001
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 2,302,087	\$ 62,377	\$ 459	\$ 2,364,923	\$ 2,280,657
Accounts receivable					
Billed utility	693,212	238,966	-	932,178	858,312
Unbilled utility	394,741	116,008	-	510,749	409,186
Other	-	-	284	284	5,626
Allowance for uncollectible	(331,417)	(116,241)	-	(447,658)	(347,104)
Due from other funds	-	-	-	-	61,200
Advance to Water and Sewer Fund		61,599		61,599	61,599
Inventory	-	-	28,953	28,953	-
Total Current Assets	<u>3,058,623</u>	<u>362,709</u>	<u>29,696</u>	<u>3,451,028</u>	<u>3,329,476</u>
Restricted Assets:					
Cash and cash equivalents	8,630,341	527,060	14,675	9,172,076	11,390,008
Deferred bond issuance costs	301,714	5,227	5,228	312,169	332,170
Total Restricted Assets	<u>8,932,055</u>	<u>532,287</u>	<u>19,903</u>	<u>9,484,245</u>	<u>11,722,178</u>
Property and Equipment:					
Land	345,933	204,753	300,000	850,686	850,686
Buildings	269,093	29,593	163,225	461,911	446,305
Furniture and fixtures	19,296	-	-	19,296	17,921
Vehicles	999,159	1,255,504	-	2,254,663	2,107,878
Equipment	1,365,696	910,167	315,564	2,591,427	2,548,739
Facilities	40,488,961	2,990,575	1,215,225	44,694,761	43,355,890
Construction in progress	2,489,064	-	-	2,489,064	1,112,390
Total Property and Equipment	<u>45,977,202</u>	<u>5,390,592</u>	<u>1,994,014</u>	<u>53,361,808</u>	<u>50,439,809</u>
Less: Accumulated depreciation	<u>(21,875,758)</u>	<u>(1,643,559)</u>	<u>(242,468)</u>	<u>(23,761,785)</u>	<u>(22,629,676)</u>
Net Property and Equipment	<u>24,101,444</u>	<u>3,747,033</u>	<u>1,751,546</u>	<u>29,600,023</u>	<u>27,810,133</u>
Total Assets	<u>\$ 36,092,122</u>	<u>\$ 4,642,029</u>	<u>\$ 1,801,145</u>	<u>\$ 42,535,296</u>	<u>\$ 42,861,787</u>

	Water and Sewer Fund	Solid Waste Fund	Golf Course Fund	Totals	
				2002	2001
LIABILITIES AND FUND EQUITIES					
Current Liabilities:					
Accounts payable	\$ 354,134	\$ 13,729	\$ 24,101	\$ 391,964	\$ 152,745
Customer meter deposits	212,476	-	-	212,476	366,296
Due to other funds	-	-	17,450	17,450	81,200
Other accrued expenses	23,783	9,829	4,445	38,057	50,697
Landfill costs payable	-	19,500	-	19,500	19,500
Other liabilities	12,872	38,523	-	51,395	43,686
Total Current Liabilities	603,265	81,581	45,996	730,842	714,124
Current Liabilities Payable from Restricted Assets:					
Accounts payable	396,249	-	6,000	402,249	60,102
Accrued interest	122,579	10,537	16,421	149,537	176,265
Long-term debt - current portion	1,040,957	537,193	55,000	1,633,150	1,568,150
Total Current Liabilities Payable from Restricted Assets	1,559,785	547,730	77,421	2,184,936	1,804,517
Long-term Liabilities:					
Revenue bonds payable	5,335,000	-	-	5,335,000	5,640,000
General obligation refunding bonds	1,660,000	-	-	1,660,000	1,845,000
Certificates of obligation (net of unamortized bond premium)	11,093,416	1,475,476	1,181,452	13,750,344	14,834,019
Less current portion	(1,040,957)	(537,193)	(55,000)	(1,633,150)	(1,568,150)
Future landfill costs	-	507,000	-	507,000	526,500
Advance from Solid Waste Fund	61,599	-	-	61,599	61,599
Capital leases	175,507	162,225	35,040	372,772	376,944
Compensated absences	89,632	51,422	11,129	152,183	174,497
Due to other funds	-	-	20,000	20,000	-
Total Long-Term Liabilities	17,374,197	1,658,930	1,192,621	20,225,748	21,890,409
Total Liabilities	19,537,247	2,288,241	1,316,038	23,141,526	24,409,050
Fund Equities:					
Contributed capital	9,548,177	421,460	422,084	10,391,721	10,391,721
Retained earnings reserved for revenue bond retirement	659,354	-	-	659,354	659,354
Retained earnings reserved for advance to Water and Sewer Fund	-	61,599	-	61,599	61,599
Retained earnings unreserved	6,347,344	1,870,729	63,023	8,281,096	7,340,063
Total Retained Earnings	7,006,698	1,932,328	63,023	9,002,049	8,061,016
Total Fund Equities	16,554,875	2,353,788	485,107	19,393,770	18,452,737
Total Liabilities and Fund Equities	\$ 36,092,122	\$ 4,642,029	\$ 1,801,145	\$ 42,535,296	\$ 42,861,787

CITY OF COPPERAS COVE, TEXAS
ENTERPRISE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS
For the Year Ended September 30, 2002
(With Comparative Totals for the Year Ended September 30, 2001)

Exhibit E - 2

	Water and	Solid Waste	Golf Course	Totals	
	Sewer Fund	Fund	Fund	2002	2001
OPERATING REVENUES					
Charges for services	\$ 6,231,338	\$ 2,106,477	\$ 459,388	\$ 8,797,203	\$ 8,459,353
Miscellaneous	332,959	116,275	72,317	521,551	413,646
Total Operating Revenues	6,564,297	2,222,752	531,705	9,318,754	8,872,999
OPERATING EXPENSES					
Personnel services	1,240,278	602,802	360,507	2,203,587	2,107,551
Supplies and materials	1,212,964	52,522	36,092	1,301,578	1,411,871
Maintenance and repair	184,903	79,664	23,631	288,198	278,023
Services and charges	814,257	694,748	104,344	1,613,349	1,554,987
Depreciation	901,506	189,157	61,413	1,152,076	1,145,163
Total Operating Expenses	4,353,908	1,618,893	585,987	6,558,788	6,497,595
OPERATING INCOME (LOSS)	2,210,389	603,859	(54,282)	2,759,966	2,375,404
NONOPERATING REVENUES (EXPENSES)					
Interest earnings	59,649	16,124	250	76,023	236,199
Interest expense	(928,424)	(101,653)	(65,100)	(1,095,177)	(602,467)
Miscellaneous expense	(37,264)	-	-	(37,264)	(48,661)
Amortization of bond issuance costs	(4,277)	(224)	(224)	(4,725)	(4,899)
Landfill closure and postclosure care costs estimate reduction	-	19,500	-	19,500	6,500
Bond agent fees	(2,578)	-	-	(2,578)	(3,160)
Gain (loss) on sale of equipment	(32,841)	(3,875)	-	(36,716)	(234)
Total Nonoperating Revenues (Expenses)	(945,735)	(70,128)	(65,074)	(1,080,937)	(416,722)
NET INCOME (LOSS) BEFORE OPERATING TRANSFERS	1,264,654	533,731	(119,356)	1,679,029	1,958,682
OPERATING TRANSFERS IN (OUT)					
Transfers in	20,000	-	150,893	170,893	149,000
Transfers (out)	(630,000)	(278,889)	-	(908,889)	(883,648)
Total Operating Transfers	(610,000)	(278,889)	150,893	(737,996)	(734,648)
NET INCOME (LOSS)	654,654	254,842	31,537	941,033	1,224,034
RETAINED EARNINGS, BEGINNING OF YEAR	6,352,044	1,677,486	31,486	8,061,016	6,836,982
RETAINED EARNINGS, END OF YEAR	\$ 7,006,698	\$ 1,932,328	\$ 63,023	\$ 9,002,049	\$ 8,061,016

CITY OF COPPERAS COVE, TEXAS

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2002

(With Comparative Totals for the Year Ended September 30, 2001)

	Water and	Solid Waste	Golf Course	Totals	
	Sewer Fund	Fund	Fund	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:					
Operating income (loss)	\$ 2,210,389	\$ 603,859	\$ (54,282)	\$ 2,759,966	\$ 2,375,404
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	901,506	189,157	61,413	1,152,076	1,145,163
Other noncapital expenses	(37,264)	-	-	(37,264)	(48,661)
Decrease (increase) in assets:					
Accounts receivable	(68,271)	(6,604)	5,342	(69,533)	(44,570)
Due from other funds	-	61,200	-	61,200	136,591
Inventory	-	-	(28,953)	(28,953)	-
Advance to Water and Sewer Fund	-	-	-	-	61,200
Increase (decrease) in liabilities:					
Accounts payable	567,481	(2,041)	15,926	581,366	(176,828)
Accrued interest	(22,825)	(2,732)	(1,171)	(26,728)	10,007
Due to other funds	(61,200)	-	17,450	(43,750)	(48,110)
Other accrued liabilities	4,217	(17,353)	496	(12,640)	1,160
Other liabilities	4,225	3,484	-	7,709	1,454
Vacation and sick leave payable	(14,211)	494	(8,597)	(22,314)	21,248
Customer deposits	(153,820)	-	-	(153,820)	12,879
Advance from Solid Waste Fund	-	-	-	-	(61,200)
Landfill closure and postclosure care costs payable	-	-	-	-	(13,000)
Total adjustments	<u>1,119,838</u>	<u>225,605</u>	<u>61,906</u>	<u>1,407,349</u>	<u>997,333</u>
Net Cash Provided by Operating Activities	<u>3,330,227</u>	<u>829,464</u>	<u>7,624</u>	<u>4,167,315</u>	<u>3,372,737</u>
CASH FLOWS FROM INVESTING ACTIVITIES:					
Interest received	<u>59,649</u>	<u>16,124</u>	<u>250</u>	<u>76,023</u>	<u>236,199</u>
Net Cash Provided by Investing Activities	<u>59,649</u>	<u>16,124</u>	<u>250</u>	<u>76,023</u>	<u>236,199</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Operating transfers in	20,000	-	150,893	170,893	149,000
Operating transfers (out)	<u>(630,000)</u>	<u>(278,889)</u>	<u>-</u>	<u>(908,889)</u>	<u>(883,648)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>(610,000)</u>	<u>(278,889)</u>	<u>150,893</u>	<u>(737,996)</u>	<u>(734,648)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:					
Principal paid on capital leases	(78,115)	101,155	(27,212)	(4,172)	(114,327)
Principal paid on revenue bonds	<u>(305,000)</u>	<u>-</u>	<u>-</u>	<u>(305,000)</u>	<u>(2,620,000)</u>

CITY OF COPPERAS COVE, TEXAS

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS, Continued

For the Year Ended September 30, 2002

(With Comparative Totals for the Year Ended September 30, 2001)

	Water and	Solid Waste	Golf Course	Totals	
	Sewer Fund	Fund	Fund	2002	2001
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: (Continued)					
Principal paid on general obligation bonds	\$ (185,000)	\$ -	\$ -	\$ (185,000)	\$ -
Principal paid on certificates of obligation	(526,996)	(501,507)	(55,000)	(1,083,503)	(865,000)
Interest paid on capital leases	(10,772)	(5,248)	(2,786)	(18,806)	(18,941)
Interest paid on revenue bonds	(298,138)	-	-	(298,138)	(367,510)
Interest paid on general obligation bonds	(93,255)	-	-	(93,255)	-
Interest paid on certificates of obligation	(526,259)	(96,406)	(62,316)	(684,981)	(218,969)
Acquisition of property and equipment	(2,799,085)	(149,485)	(30,111)	(2,978,681)	(1,585,432)
Proceeds from bond issues	-	-	-	-	8,347,800
Bond issuance costs	15,105	-	-	15,105	(195,138)
Payment of bond agent fees	(2,578)	-	-	(2,578)	(3,160)
Proceeds from sale of equipment	-	-	-	-	225
Net Cash Provided by (Used in) Capital and Related Financing Activities	(4,810,092)	(651,491)	(177,425)	(5,639,008)	2,359,548
Net Increase (Decrease) in Cash and Cash Equivalents	(2,030,216)	(84,792)	(18,658)	(2,133,666)	5,233,836
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,962,644	674,229	33,792	13,670,665	8,436,829
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,932,428	\$ 589,437	\$ 15,134	\$ 11,536,999	\$ 13,670,665
RECONCILIATION OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents	2,302,087	62,377	459	2,364,923	2,280,657
Restricted - cash and cash equivalents	8,630,341	527,060	14,675	9,172,076	11,390,008
Cash and Cash Equivalents	\$ 10,932,428	\$ 589,437	\$ 15,134	\$ 11,536,999	\$ 13,670,665
Supplemental Disclosure					
Non-Cash Transactions					
Water/Sewer system	107,000	-	-	107,000	226,570
Developer contributions	(107,000)	-	-	(107,000)	(226,570)
Construction in progress	-	-	-	-	(1,833)
Acquisition of equipment through capital lease	-	-	-	-	171,906
Capital lease payable	-	-	-	-	(171,906)
Interest expense	-	(86)	(86)	(172)	(2,953)
Bond premium	4,614	86	86	4,786	4,786
Bond issuance costs	(19,382)	(311)	(311)	(20,004)	(20,004)
Amortization of bond issuance costs	4,277	311	311	4,899	4,899
Construction in progress	15,105	-	-	15,105	15,105
Landfill closure and postclosure care costs payable	-	6,500	-	6,500	6,500
Landfill closure and postclosure care costs estimate (reduction)	-	(6,500)	-	(6,500)	(6,500)
Billed utility	(26,761)	(13,925)	-	(40,686)	(40,686)
Allowance for uncollectible	26,761	13,925	-	40,686	40,686

**CITY OF COPPERAS COVE, TEXAS
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2002 and 2001**

	Totals	
	2002	2001
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,302,087	\$ 2,124,896
Accounts receivable		
Billed utility	693,212	642,541
Unbilled utility	394,741	306,951
Allowance for uncollectible	(331,417)	(261,227)
Total Current Assets	<u>3,058,623</u>	<u>2,813,161</u>
Restricted Assets:		
Cash and cash equivalents	8,630,341	10,837,748
Deferred bond issuance costs	301,714	321,096
Total Restricted Assets	<u>8,932,055</u>	<u>11,158,844</u>
Property and Equipment:		
Land	345,933	345,933
Buildings	269,093	258,455
Furniture and fixtures	19,296	17,921
Vehicles	999,159	999,159
Equipment	1,365,696	1,334,265
Water/Sewer system	40,488,961	39,160,750
Construction in progress	2,489,064	1,112,390
	<u>45,977,202</u>	<u>43,228,873</u>
Less: Accumulated depreciation	<u>(21,875,758)</u>	<u>(20,992,166)</u>
Net Property and Equipment	<u>24,101,444</u>	<u>22,236,707</u>
Total Assets	<u>\$ 36,092,122</u>	<u>\$ 36,208,712</u>

	Totals	
	2002	2001
LIABILITIES AND FUND EQUITIES		
Current Liabilities:		
Accounts payable	\$ 354,134	\$ 122,800
Customer meter deposits	212,476	366,296
Due to other funds	-	61,200
Other accrued expenses	23,783	19,566
Other liabilities	12,872	8,647
Total Current Liabilities	603,265	578,509
Current Liabilities Payable from Restricted Assets:		
Accounts payable	396,249	60,102
Accrued interest	122,579	145,404
Long-term debt - current portion	1,040,957	1,011,643
Total Current Liabilities Payable from Restricted Assets	1,559,785	1,217,149
Long-term Liabilities:		
Revenue bonds payable	5,335,000	5,640,000
General obligation revenue bonds payable	1,660,000	1,845,000
Certificates of obligation payable (net of unamortized bond premium)	11,093,416	11,620,412
Less current portion - bonds payable	(1,040,957)	(1,011,643)
Advance from Solid Waste Fund	61,599	61,599
Capital leases	175,507	253,622
Compensated absences	89,632	103,843
Total Long-Term Liabilities	17,374,197	18,512,833
Total Liabilities	19,537,247	20,308,491
Fund Equities:		
Contributed capital	9,548,177	9,548,177
Retained earnings reserved for revenue bond retirement	659,354	659,354
Retained earnings unreserved	6,347,344	5,692,690
Total Retained Earnings	7,006,698	6,352,044
Total Fund Equities	16,554,875	15,900,221
Total Liabilities and Fund Equities	\$ 36,092,122	\$ 36,208,712

CITY OF COPPERAS COVE, TEXAS
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the Years Ended September 30, 2002 and 2001

Exhibit E - 5

	Totals	
	2002	2001
OPERATING REVENUES		
Water revenue	\$ 3,486,009	\$ 3,313,493
Sewer revenue	2,712,113	2,606,362
Water tap fees	26,536	23,195
Sewer tap fees	6,680	4,880
Contributions from developers	107,000	-
Miscellaneous (late charges and disconnects)	225,959	233,632
Total Operating Revenues	6,564,297	6,181,562
OPERATING EXPENSES		
Personnel services	1,240,278	1,161,822
Supplies and materials	1,212,964	1,312,561
Maintenance and repair	184,903	202,167
Services and charges	814,257	821,287
Depreciation	901,506	885,707
Total Operating Expenses	4,353,908	4,383,544
OPERATING INCOME	2,210,389	1,798,018
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	59,649	195,551
Interest expense	(928,424)	(410,252)
Miscellaneous expense	(37,264)	(48,661)
Amortization of bond issuance costs	(4,277)	(4,277)
Bond agent fees	(2,578)	(3,160)
(Loss) on sale of equipment	(32,841)	(234)
Total Nonoperating Revenues (Expenses)	(945,735)	(271,033)
NET INCOME BEFORE OPERATING TRANSFERS	1,264,654	1,526,985
OPERATING TRANSFERS IN (OUT)		
Transfers in	20,000	20,000
Transfers (out)	(630,000)	(605,000)
Total Operating Transfers	(610,000)	(585,000)
NET INCOME	654,654	941,985
RETAINED EARNINGS, BEGINNING OF YEAR	6,352,044	5,410,059
RETAINED EARNINGS, END OF YEAR	\$ 7,006,698	\$ 6,352,044

CITY OF COPPERAS COVE, TEXAS
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2002 and 2001

Exhibit E - 6
Page 1 of 2

	Totals	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 2,210,389	\$ 1,798,018
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	901,506	885,707
Other noncapital expenses	(37,264)	(48,661)
Decrease (increase) in assets:		
Accounts receivable	(68,271)	(9,246)
Due from other funds	-	36,009
Increase (decrease) in liabilities:		
Accounts payable	567,481	61,881
Accrued interest	(22,825)	13,580
Due to other funds	(61,200)	(68,110)
Other accrued liabilities	4,217	752
Other liabilities	4,225	733
Vacation and sick leave payable	(14,211)	7,160
Customer deposits	(153,820)	12,879
Advance from Solid Waste Fund	-	(61,200)
Total adjustments	1,119,838	831,484
 Net Cash Provided by Operating Activities	 3,330,227	 2,629,502
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	59,649	195,551
 Net Cash Provided by Investing Activities	 59,649	 195,551
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers in	20,000	20,000
Operating transfers (out)	(630,000)	(605,000)
 Net Cash (Used in) Noncapital Financing Activities	 (610,000)	 (585,000)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on capital leases	(78,115)	(60,381)
Principal paid on revenue bonds	(305,000)	(2,620,000)
Principal paid on general obligation bonds	(185,000)	
Principal paid on certificates of obligation	(526,996)	(347,283)
Interest paid on capital leases	(10,772)	(10,601)
Interest paid on revenue bonds	(298,138)	(367,510)
Interest paid on general obligation bonds	(93,255)	
Interest paid on certificates of obligation	(526,259)	(34,922)
Acquisition of property and equipment	(2,799,085)	(1,532,064)
Proceeds from bond issues	-	8,347,800
Bond issuance costs	15,105	(195,138)
Payment of bond agent fees	(2,578)	(3,160)
Proceeds from sale of equipment	-	225
 Net Cash Provided by Capital and Related Financing Activities	 (4,810,092)	 3,176,966
 Net Increase in Cash and Cash Equivalents	 (2,030,216)	 5,417,019

CITY OF COPPERAS COVE, TEXAS
WATER AND SEWER ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS, Continued
For the Years Ended September 30, 2002 and 2001

	Totals 2002	Totals 2001
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,962,644	7,545,625
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 10,932,428	\$ 12,962,644
 RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 2,302,087	\$ 2,124,896
Restricted - cash and cash equivalents	8,630,341	10,837,748
Cash and Cash Equivalents	\$ 10,932,428	\$ 12,962,644
 Supplemental Disclosure		
Non-Cash Transactions		
Water/Sewer system	107,000	226,570
Developer contributions	(107,000)	(226,570)
Construction in progress	-	(1,833)
Acquisition of equipment through capital lease	-	171,906
Capital lease payable	-	(171,906)
Interest expense	-	(2,781)
Bond premium (discount)	4,614	4,614
Bond issuance costs	(19,382)	(19,382)
Amortization of bond issuance costs	4,277	4,277
Construction in progress	15,105	15,105
Billed utility	(26,761)	(26,761)
Allowance for uncollectible	26,761	26,761

**CITY OF COPPERAS COVE, TEXAS
SOLID WASTE ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2002 and 2001**

	Totals	
	2002	2001
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 62,377	\$ 147,787
Accounts receivable		
Billed utility	238,966	215,771
Unbilled utility	116,008	102,235
Allowance for uncollectible	(116,241)	(85,877)
Due from other funds	-	61,200
Advance to Water and Sewer Fund	61,599	61,599
	<u>362,709</u>	<u>502,715</u>
Total Current Assets		
Restricted Assets:		
Cash and cash equivalents	527,060	526,442
Deferred bond issuance costs	5,227	5,537
	<u>532,287</u>	<u>531,979</u>
Total Restricted Assets		
Property and Equipment:		
Land	204,753	204,753
Buildings	29,593	29,593
Vehicles	1,255,504	1,108,719
Equipment	910,167	913,393
Facilities	2,990,575	2,990,575
	<u>5,390,592</u>	<u>5,247,033</u>
Less: Accumulated depreciation	<u>(1,643,559)</u>	<u>(1,456,454)</u>
	<u>3,747,033</u>	<u>3,790,579</u>
Net Property and Equipment		
Total Assets	<u>\$ 4,642,029</u>	<u>\$ 4,825,273</u>

	Totals 2002	Totals 2001
LIABILITIES AND FUND EQUITIES		
Current Liabilities:		
Accounts payable	\$ 13,729	\$ 15,770
Other accrued expenses	9,829	27,182
Landfill costs payable	19,500	19,500
Other liabilities	38,523	35,039
Total Current Liabilities	81,581	97,491
Current Liabilities Payable from Restricted Assets:		
Accrued interest	10,537	13,269
Long-term debt - current portion	537,193	501,507
Total Current Liabilities Payable from Restricted Assets	547,730	514,776
Long-term Liabilities:		
Certificates of obligation payable (net of unamortized bond premium)	1,475,476	1,977,069
Less current portion	(537,193)	(501,507)
Future landfill costs	507,000	526,500
Capital leases	162,225	61,070
Compensated absences	51,422	50,928
Total Long-Term Liabilities	1,658,930	2,114,060
Total Liabilities	2,288,241	2,726,327
Fund Equities:		
Contributed capital	421,460	421,460
Retained earnings reserved for advance to Water and Sewer Fund	61,599	61,599
Retained earnings unreserved	1,870,729	1,615,887
Total Retained Earnings	1,932,328	1,677,486
Total Fund Equities	2,353,788	2,098,946
Total Liabilities and Fund Equities	\$ 4,642,029	\$ 4,825,273

CITY OF COPPERAS COVE, TEXAS
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the Years Ended September 30, 2002 and 2001

Exhibit E - 8

	Totals	
	2002	2001
OPERATING REVENUES		
Garbage collection fees	\$ 1,821,158	\$ 1,833,679
Landfill fees	285,319	249,321
Grant proceeds	-	30,060
Miscellaneous (late charges and disconnects)	116,275	106,286
 Total Operating Revenues	 <u>2,222,752</u>	 <u>2,219,346</u>
OPERATING EXPENSES		
Personnel services	602,802	612,375
Supplies and materials	52,522	63,549
Maintenance and repairs	79,664	52,974
Services and charges	694,748	642,140
Depreciation	189,157	198,462
 Total Operating Expenses	 <u>1,618,893</u>	 <u>1,569,500</u>
OPERATING INCOME	 <u>603,859</u>	 <u>649,846</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	16,124	40,297
Interest expense	(101,653)	(123,679)
Amortization of bond issuance costs	(224)	(311)
Landfill closure and postclosure care costs estimate reduction	19,500	6,500
(Loss) on sale of equipment	(3,875)	-
 Total Nonoperating Revenues (Expenses)	 <u>(70,128)</u>	 <u>(77,193)</u>
NET INCOME BEFORE OPERATING TRANSFERS	 <u>533,731</u>	 <u>572,653</u>
OPERATING TRANSFERS (OUT)		
Transfers (out)	(278,889)	(278,648)
 Total Operating Transfers	 <u>(278,889)</u>	 <u>(278,648)</u>
NET INCOME	 254,842	 294,005
RETAINED EARNINGS, BEGINNING OF YEAR	 <u>1,677,486</u>	 <u>1,383,481</u>
RETAINED EARNINGS, END OF YEAR	 <u>\$ 1,932,328</u>	 <u>\$ 1,677,486</u>

CITY OF COPPERAS COVE, TEXAS
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2002 and 2001

	Totals	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income	\$ 603,859	\$ 649,846
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	189,157	198,462
Decrease (increase) in assets:		
Accounts receivable	(6,604)	(35,356)
Due from other funds	61,200	67,340
Advance to Water and Sewer Fund	-	61,200
Increase (decrease) in liabilities:		
Accounts payable	(2,041)	(236,679)
Accrued interest	(2,732)	(2,517)
Other accrued liabilities	(17,353)	(357)
Other liabilities	3,484	721
Vacation and sick leave payable	494	11,850
Landfill closure and postclosure care costs payable	-	(13,000)
Total adjustments	225,605	51,664
Net Cash Provided by Operating Activities	829,464	701,510
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	16,124	40,297
Net Cash Provided by Investing Activities	16,124	40,297
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers (out)	(278,889)	(278,648)
Net Cash (Used in) Noncapital Financing Activities	(278,889)	(278,648)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on capital leases	101,155	(28,168)
Principal paid on certificates of obligation	(501,507)	(472,717)
Interest paid on capital leases	(5,248)	(4,114)
Interest paid on certificates of obligation	(96,406)	(119,651)
Acquisition of property and equipment	(149,485)	(34,818)
Net Cash (Used in) Capital and Related Financing Activities	(651,491)	(659,468)
Net (Decrease) in Cash and Cash Equivalents	(84,792)	(196,309)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	674,229	870,538
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 589,437	\$ 674,229

CITY OF COPPERAS COVE, TEXAS
SOLID WASTE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS, Continued
For the Years Ended September 30, 2002 and 2001

	Totals 2002	Totals 2001
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 62,377	\$ 147,787
Restricted - cash and cash equivalents	527,060	526,442
Cash and Cash Equivalents	\$ 589,437	\$ 674,229
 Supplemental Disclosure		
Non-Cash Transactions		
Interest expense	(86)	(86)
Bond premium	86	86
Bond issuance costs	(311)	(311)
Amortization of bond issuance costs	311	311
Landfill closure and postclosure care costs payable	6,500	6,500
Landfill closure and postclosure care costs estimate (reduction)	(6,500)	(6,500)
Billed utility	(13,925)	(13,925)
Allowance for uncollectible	13,925	13,925

**CITY OF COPPERAS COVE, TEXAS
GOLF COURSE ENTERPRISE FUND
COMPARATIVE BALANCE SHEETS
September 30, 2002 and 2001**

	Totals	
	2002	2001
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 459	\$ 7,974
Accounts receivable	284	5,626
Inventory	28,953	-
Total Current Assets	<u>29,696</u>	<u>13,600</u>
Restricted Assets:		
Cash and cash equivalents	14,675	25,818
Deferred bond issuance costs	5,228	5,537
Total Restricted Assets	<u>19,903</u>	<u>31,355</u>
Property and Equipment:		
Land	300,000	300,000
Buildings	163,225	158,257
Equipment	315,564	301,081
Facilities	1,215,225	1,204,565
	<u>1,994,014</u>	<u>1,963,903</u>
Less: Accumulated depreciation	<u>(242,468)</u>	<u>(181,056)</u>
Net Property and Equipment	<u>1,751,546</u>	<u>1,782,847</u>
Total Assets	<u>\$ 1,801,145</u>	<u>\$ 1,827,802</u>

	Totals	
	2002	2001
LIABILITIES AND FUND EQUITIES		
Current Liabilities:		
Accounts payable	\$ 24,101	\$ 14,175
Due to other funds	17,450	20,000
Other accrued expenses	4,445	3,949
Total Current Liabilities	<u>45,996</u>	<u>38,124</u>
Current Liabilities Payable from Restricted Assets:		
Accounts payable	6,000	-
Accrued interest	16,421	17,592
Long-term debt - current portion	55,000	55,000
Total Current Liabilities Payable from Restricted Assets	<u>77,421</u>	<u>72,592</u>
Long-term Liabilities:		
Certificates of obligation (net of unamortized bond premium)	1,181,452	1,236,538
Less current portion	(55,000)	(55,000)
Capital leases	35,040	62,252
Compensated absences	11,129	19,726
Due to other funds	20,000	-
Total Long-Term Liabilities	<u>1,192,621</u>	<u>1,263,516</u>
Total Liabilities	<u>1,316,038</u>	<u>1,374,232</u>
Fund Equities:		
Contributed capital	422,084	422,084
Retained earnings unreserved	63,023	31,486
Total Retained Earnings	<u>63,023</u>	<u>31,486</u>
Total Fund Equities	<u>485,107</u>	<u>453,570</u>
Total Liabilities and Fund Equities	<u>\$ 1,801,145</u>	<u>\$ 1,827,802</u>

CITY OF COPPERAS COVE, TEXAS
GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
For the Years Ended September 30, 2002 and 2001

	Totals	
	2002	2001
OPERATING REVENUES		
Green fees	\$ 177,091	\$ 152,017
Membership dues	121,599	108,739
Other fees	155,659	137,607
Pro shop sales	5,039	-
Miscellaneous	72,317	73,728
Total Operating Revenues	<u>531,705</u>	<u>472,091</u>
OPERATING EXPENSES		
Personnel services	360,507	333,354
Supplies and materials	36,092	35,761
Maintenance and repair	23,631	22,882
Services and charges	104,344	91,560
Depreciation	61,413	60,994
Total Operating Expenses	<u>585,987</u>	<u>544,551</u>
OPERATING INCOME (LOSS)	<u>(54,282)</u>	<u>(72,460)</u>
NONOPERATING REVENUES (EXPENSES)		
Interest earnings	250	351
Interest expense	(65,100)	(68,536)
Amortization of bond issuance costs	(224)	(311)
Total Nonoperating Revenues (Expenses)	<u>(65,074)</u>	<u>(68,496)</u>
NET (LOSS) BEFORE OPERATING TRANSFERS	<u>(119,356)</u>	<u>(140,956)</u>
OPERATING TRANSFERS IN		
Transfers in	<u>150,893</u>	<u>129,000</u>
Total Operating Transfers	<u>150,893</u>	<u>129,000</u>
NET INCOME (LOSS)	31,537	(11,956)
RETAINED EARNINGS, BEGINNING OF YEAR	<u>31,486</u>	<u>43,442</u>
RETAINED EARNINGS, END OF YEAR	<u>\$ 63,023</u>	<u>\$ 31,486</u>

CITY OF COPPERAS COVE, TEXAS
GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS, Continued
For the Years Ended September 30, 2002 and 2001

	Totals	
	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating income (loss)	\$ (54,282)	\$ (72,460)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	61,413	60,994
Decrease (increase) in assets:		
Accounts receivable	5,342	32
Due from other funds	-	33,242
Inventory	(28,953)	-
Increase (decrease) in liabilities:		
Accounts payable	15,926	(2,030)
Accrued interest	(1,171)	(1,056)
Due to other funds	17,450	20,000
Other accrued liabilities	496	765
Vacation and sick leave payable	(8,597)	2,238
Total adjustments	61,906	114,185
Net Cash Provided by (Used in) Operating Activities	7,624	41,725
CASH FLOWS FROM INVESTING ACTIVITIES:		
Interest received	250	351
Net Cash Provided by Investing Activities	250	351
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Operating transfers in	150,893	129,000
Net Cash Provided by Noncapital Financing Activities	150,893	129,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Principal paid on capital leases	(27,212)	(25,778)
Principal paid on certificates of obligation	(55,000)	(45,000)
Interest paid on capital leases	(2,786)	(4,226)
Interest paid on certificates of obligation	(62,316)	(64,396)
Acquisition of property and equipment	(30,111)	(18,550)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(177,425)	(157,950)
Net Increase (Decrease) in Cash and Cash Equivalents	(18,658)	13,126
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,792	20,666
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 15,134	\$ 33,792

CITY OF COPPERAS COVE, TEXAS
GOLF COURSE ENTERPRISE FUND
COMPARATIVE STATEMENTS OF CASH FLOWS
For the Years Ended September 30, 2002 and 2001

	Totals	
	2002	2001
RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	\$ 459	\$ 7,974
Restricted - cash and cash equivalents	14,675	25,818
Cash and Cash Equivalents	\$ 15,134	\$ 33,792

Supplemental Disclosure
Non-Cash Transactions

Amortization expense	(86)	(86)
Bond premium	86	86
Bond issuance costs	(311)	(311)
Amortization of bond issuance costs	311	311

CITY OF COPPERAS COVE, TEXAS
ECONOMIC DEVELOPMENT CORPORATION
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
September 30, 2002
(With Comparative Totals from September 30, 2001)

	Governmental Fund Type		
	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS			
Cash and Cash Equivalents	\$ 1,065,564	\$ 16,766	\$ 445,081
Fixed assets	-	-	-
Due from other funds	40,098		
Amount available for retirement of general long-term debt	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets and Other Debits	<u>\$ 1,105,662</u>	<u>\$ 16,766</u>	<u>\$ 445,081</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS			
Current liabilities:			
Accounts payable	\$ 39,052	\$ -	\$ -
Payroll taxes payable	921	-	-
Due to other funds	-	-	40,098
Total Current Liabilities	<u>39,973</u>	<u>-</u>	<u>40,098</u>
Long-term liabilities:			
Sales tax revenue bonds	-	-	-
Note payable	-	-	-
Total Long-Term Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>39,973</u>	<u>-</u>	<u>40,098</u>
Fund Equity and Other Credits:			
Investment in general fixed assets	-	-	-
Reserved for debt service	-	16,766	-
Reserved for construction	-	-	404,983
Unreserved fund balance	1,065,689	-	-
	<u>1,065,689</u>	<u>-</u>	<u>404,983</u>
Total Fund Equity and Other Credits	<u>1,065,689</u>	<u>16,766</u>	<u>404,983</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$ 1,105,662</u>	<u>\$ 16,766</u>	<u>\$ 445,081</u>

Exhibit F -1

Account Groups		Totals	
General Fixed Assets	General Long-Term Debt	2002	2001
\$ -	\$ -	\$ 1,527,411	\$ 2,086,311
1,854,464	-	1,854,464	1,210,887
		40,098	-
-	16,766	16,766	14,981
-	974,085	974,085	1,169,971
<u>\$ 1,854,464</u>	<u>\$ 990,851</u>	<u>\$ 4,412,824</u>	<u>\$ 4,482,150</u>
\$ -	\$ -	\$ 39,052	\$ 10,470
-	-	921	-
-	-	40,098	-
-	-	80,071	10,470
-	975,000	975,000	1,000,000
-	15,851	15,851	184,952
-	990,851	990,851	1,184,952
-	990,851	1,070,922	1,195,422
1,854,464	-	1,854,464	1,210,887
-	-	16,766	14,981
-	-	404,983	975,720
-	-	1,065,689	1,085,140
<u>1,854,464</u>	<u>-</u>	<u>3,341,902</u>	<u>3,286,728</u>
<u>\$ 1,854,464</u>	<u>\$ 990,851</u>	<u>\$ 4,412,824</u>	<u>\$ 4,482,150</u>

CITY OF COPPERAS COVE, TEXAS
ECONOMIC DEVELOPMENT CORPORATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
For the Year Ended September 30, 2002
(With Comparative totals for the Year Ended September 30, 2001)

Exhibit F - 2

	Governmental Fund Type			Totals	
	Special Revenue	Debt Service	Capital Projects	2002	2001
REVENUES					
Sales tax	\$ 827,897	\$ -	\$ -	\$ 827,897	\$ 761,974
Interest	22,934	785	16,494	40,213	61,640
Miscellaneous	4,450	-	-	4,450	4,550
Contributions	-	-	-	-	472,500
	<u>855,281</u>	<u>785</u>	<u>16,494</u>	<u>872,560</u>	<u>1,300,664</u>
Total Revenues					
EXPENDITURES					
General government economic development:					
Personnel services	175,537	-	-	175,537	161,447
Supplies and materials	5,957	-	-	5,957	8,018
Maintenance and repair	9,483	-	-	9,483	7,666
Services and charges	212,091	-	-	212,091	127,537
Development	158,847	-	-	158,847	55,363
Promotional	39,594	-	-	39,594	101,611
Debt service:					
Principle payments	169,102	25,000	-	194,102	136,973
Interest and fiscal charges	5,279	63,800	-	69,079	22,027
Bond issuance costs	-	-	-	-	28,325
Capital outlay:	9,042	-	587,231	596,273	539,682
	<u>784,932</u>	<u>88,800</u>	<u>587,231</u>	<u>1,460,963</u>	<u>1,188,649</u>
Total Expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	70,349	(88,015)	(570,737)	(588,403)	112,015
OTHER FINANCING SOURCES (USES)					
Bond proceeds	-	-	-	-	1,000,000
Operating transfers in (out)	(89,800)	89,800	-	-	-
	<u>(89,800)</u>	<u>89,800</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>
Total Other Financing Sources (Uses)					
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(19,451)	1,785	(570,737)	(588,403)	1,112,015
FUND BALANCES, BEGINNING OF YEAR	1,085,140	14,981	975,720	2,075,841	963,826
FUND BALANCES, END OF YEAR	<u>\$ 1,065,689</u>	<u>\$ 16,766</u>	<u>\$ 404,983</u>	<u>\$ 1,487,438</u>	<u>\$ 2,075,841</u>

CITY OF COPPERAS COVE, TEXAS
ECONOMIC DEVELOPMENT CORPORATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
SPECIAL REVENUE FUND
For the Year Ended September 30, 2002

Exhibit F - 3

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES			
Sales tax	\$ 730,000	\$ 827,897	\$ 97,897
Interest	50,000	22,934	(27,066)
Miscellaneous	4,200	4,450	250
 Total Revenues	 <u>784,200</u>	 <u>855,281</u>	 <u>71,081</u>
EXPENDITURES			
General government economic development:			
Personnel services	177,000	175,537	1,463
Supplies and materials	6,000	5,957	43
Maintenance and repair	9,550	9,483	67
Services and charges	217,238	212,091	5,147
Development	172,150	158,847	13,303
Promotional	40,650	39,594	1,056
Debt service:			
Note principal	169,102	169,102	-
Interest and fiscal charges	5,398	5,279	119
Capital outlay:	9,600	9,042	558
 Total Expenditures	 <u>806,688</u>	 <u>784,932</u>	 <u>21,756</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	 (22,488)	 70,349	 92,837
OTHER FINANCING SOURCES (USES)			
Note proceeds	-	-	-
Operating transfers (out)	(89,800)	(89,800)	-
 Total Other Financing Sources (Uses)	 <u>(89,800)</u>	 <u>(89,800)</u>	 <u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	 (112,288)	 (19,451)	 92,837
FUND BALANCES, BEGINNING OF YEAR	 <u>1,085,140</u>	 <u>1,085,140</u>	 <u>-</u>
FUND BALANCES, END OF YEAR	 <u>\$ 972,852</u>	 <u>\$ 1,065,689</u>	 <u>\$ 92,837</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND EXPENDITURES BY FUNCTION*
LAST TEN FISCAL YEARS

Fiscal Year	General Government	Public Safety	Community Services	Highways and Streets	Fleet Services
1993	\$ 998,006	\$ 3,384,716	\$ 662,912	\$ 502,980	\$ 171,436
1994	1,458,704	4,118,159	890,152	688,741	172,576
1995	1,219,608	3,964,523	805,428	617,318	169,160
1996	1,042,987	3,449,095	735,835	498,472	154,786
1997	1,575,522	3,908,025	717,618	743,710	208,482
1998	** 1,987,682	4,280,030	798,649	727,746	219,780
1999	1,640,642	4,476,555	924,422	783,563	234,485
2000	1,753,133	4,669,564	1,044,748	917,830	244,535
2001	1,712,554	5,352,530	1,113,281	1,014,950	257,408
2002	1,624,374	5,586,523	1,047,178	903,135	273,370

Source: Finance Department, City of Copperas Cove, Texas

* Includes General Fund expenditures and operating transfers only.

** Includes purchase of property.

Table I

<u>Debt Service</u>	<u>Total Expenditures</u>	<u>Transfers Out</u>	<u>Totals</u>
\$ -	\$ 5,720,050	\$ -	\$ 5,720,050
-	7,328,332	66,931	7,395,263
101,010	6,877,047	3,439	6,880,486
-	5,881,175	32,000	5,913,175
-	7,153,357	112,895	7,266,252
-	8,013,887	71,986	8,085,873
-	8,059,667	152,547	8,212,214
-	8,629,810	-	8,629,810
-	9,450,723	189,000	9,639,723
-	9,434,580	189,875	9,624,455

**CITY OF COPPERAS COVE, TEXAS
GENERAL FUND REVENUE BY SOURCE*
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes	Licenses	Permits	City Services Provided	Fines
1993	\$ 3,673,701	\$ 28,022	\$ 122,351	\$ 342,419	\$ 250,736
1994	4,250,261	40,339	131,180	482,395	287,169
1995	4,473,675	32,039	153,314	438,415	386,737
1996	5,103,510	32,424	127,627	468,172	499,442
1997	5,408,923	39,538	86,068	325,740	558,787
1998	5,780,507	40,371	101,980	393,788	676,111
1999	5,859,150	41,179	87,406	400,092	821,095
2000	5,913,478	45,055	69,878	478,143	718,850
2001	6,519,451	46,636	76,031	473,208	885,177
2002	6,726,678	54,346	104,175	556,778	749,224

Source: Finance Department, City of Copperas Cove, Texas

* Includes General Fund revenue and other financing sources only.

Table II

<u>Interest</u>	<u>Miscellaneous and Contributions</u>	<u>Inter- Governmental</u>	<u>Other Financing Sources</u>	<u>Totals</u>
\$ 34,278	\$ 64,797	\$ 9,286	\$ 1,104,880	\$ 5,630,470
11,285	174,982	98,685	1,750,271	7,226,567
11,968	31,790	131,682	1,355,000	7,014,620
33,729	76,473	118,821	1,055,000	7,515,198
43,696	111,218	60,932	955,000	7,589,902
93,736	129,207	68,981	1,384,852	8,669,533
150,065	114,198	156,903	919,970	8,550,058
216,176	145,043	302,084	885,000	8,773,707
199,515	122,522	241,903	975,000	9,539,443
77,220	148,638	141,231	1,668	8,559,958

CITY OF COPPERAS COVE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS*
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value	Taxes Levied	Taxes Collected	Outstanding Delinquent Taxes	Percentage of Tax Levies Collected
1993	\$ 367,262,172	\$ 2,776,682	\$ 2,842,019	\$ 133,395	102.35%
1994	396,852,652	2,996,238	2,990,256	125,002	99.80%
1995	423,799,207	3,199,684	3,202,449	95,739	100.09%
1996	472,928,469	3,570,610	3,574,350	86,078	100.10%
1997	546,778,207	3,823,939	3,820,448	89,569	99.91%
1998	565,526,582	3,987,067	3,944,767	82,913	98.94%
1999	578,775,314	4,080,366	4,050,984	104,027	99.28%
2000	592,338,964	4,175,990	4,149,031	112,180	99.35%
2001	609,313,400	4,532,455	4,494,472	134,181	99.16%
2002	641,118,281	4,776,331	4,763,292	143,874	99.73%

Source: Coryell County Appraisal District and Finance Department, City of Copperas Cove, Texas

* Includes General Fund and Debt Service Fund tax revenue.

CITY OF COPPERAS COVE, TEXAS
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Assessed Value	Estimated Actual Value	Ratio of Assessed to Estimated Actual Value
1993	\$ 367,262,172	\$ 394,879,076	0.9301
1994	396,852,652	430,511,487	0.9218
1995	423,799,207	473,131,628	0.8957
1996	472,928,469	546,778,207	0.8649
1997	546,778,207	593,016,747	0.9220
1998	565,526,582	614,876,645	0.9197
1999	578,775,314	630,740,777	0.9176
2000	592,338,964	645,567,448	0.9175
2001	609,313,400	664,567,448	0.9169
2002	641,118,281	670,249,064	0.9565

Source: Coryell County Appraisal District, Gatesville, Texas

The differences between assessed value and estimated actual value are various authorized exemptions.

CITY OF COPPERAS COVE, TEXAS
PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Copperas Cove	Copperas Cove Independent School District	Coryell County Education District	Coryell County	Central Texas College	Total
1993	0.76600	0.27960	0.88040	0.32740	0.18000	2.43340
1994	0.75500	1.26000	-	0.32740	0.17000	2.51240
1995	0.75500	1.30500	-	0.32566	0.17000	2.55566
1996	0.75500	1.30500	-	0.32566	0.15330	2.53896
1997	0.70500	1.31750	-	0.31407	0.15150	2.48807
1998	0.70500	1.38750	-	0.31407	0.15150	2.55807
1999	0.70500	1.42750	-	0.32907	0.15000	2.61157
2000	0.70500	1.48298	-	0.34807	0.14900	2.68505
2001	0.74500	1.54220	-	0.38050	0.14850	2.81620
2002	0.74500	1.59200	-	0.38807	0.14750	2.87257

Source: The office of the respective entities.

Note: Tax rates are set as an amount per \$100 assessed value.

**CITY OF COPPERAS COVE, TEXAS
TOP TEN TAXPAYERS
PER 2002 TAX ROLL**

	<u>Nature of Property</u>	Percentage of Total Taxable Value	<u>Taxable Value</u>
Central Telephone Co.	Utilities - Telephone	1.27%	\$ 8,130,090
Oncor Electric Delivery Co	Utilities - Electric	1.26%	8,054,490
Walmart Real Estate	Discount Department Store	1.16%	7,437,220
Walmart Stores, Inc.	Discount Department Store	1.10%	7,066,850
Cove Terrace Associates	Retail Shopping Center	0.69%	4,434,810
TWE Advance Newhse Partnership	Cable Television	0.60%	3,851,120
Colonial Plaza Part.	Apartment Complex	0.49%	3,172,540
Veterans' Administration	Government	0.46%	2,960,080
Judy Lane Properties	Apartment Complex	0.44%	2,833,210
Royal Town Plaza INV	Apartment Complex	0.43%	2,787,130
Subtotal		7.90%	50,727,540
All Other Taxpayers		92.10%	590,390,741
Total 2002 - Tax Roll		<u>100.00%</u>	<u>\$ 641,118,281</u>
Total 2001 - Tax Roll*		<u>100.00%</u>	<u>\$ 642,285,220</u>

Source: Coryell County Tax Appraisal District, Gatesville, Texas

* For comparative purposes only.

**CITY OF COPPERAS COVE, TEXAS
COMPUTATION OF LEGAL DEBT LIMIT
SEPTEMBER 30, 2002**

All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of a principal and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for general obligation debt service.

Assessed value 2002 tax roll	\$ 641,118,281
Limit on amount designated for debt service	<u>2.5%</u>
Legal Debt Limit	<u><u>\$ 16,027,957</u></u>
Actual amount expended for General Obligation Debt Service (excluding lease payments) during the year ended September 30, 2002	<u><u>\$ 853,771</u></u>

CITY OF COPPERAS COVE, TEXAS
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	Population	Assessed Value	Net General Bonded Debt	Ratio of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1993	26,239	\$ 367,262,172	\$ 2,048,091	0.0056	\$ 78.06
1994	28,828	396,852,652	3,393,848	0.0086	117.73
1995	29,337	423,799,207	2,990,967	0.0071	101.95
1996	30,311	472,928,469	2,690,181	0.0057	88.75
1997	30,311	546,778,207	4,115,816	0.0075	135.79
1998	30,311	565,526,582	3,844,735	0.0068	126.84
1999	31,500	578,775,314	7,185,262	0.0124	228.10
2000	29,592	592,338,964	7,182,110	0.0121	242.70
2001	29,592	608,383,174	8,485,416	0.0139	286.75
2002	29,592	641,118,281	7,796,011	0.0122	263.45

Source: Population Estimates Program, Population Division, U.S. Bureau of Census.

Coryell County Tax Appraisal District.

CITY OF COPPERAS COVE, TEXAS
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL OBLIGATION DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Annual Debt Service Expenditures	** Total General Fund Expenditures	Ratio
1993	\$ 564,699 *	\$ 5,720,050	0.0987
1994	503,422 *	7,328,332	0.0687
1995	400,000	6,877,047	0.0582
1996	694,464	5,881,175	0.1181
1997	714,253	7,153,357	0.0998
1998	684,914	8,013,887	0.0855
1999	652,232	8,059,667	0.0809
2000	698,003	8,629,810	0.0809
2001	697,941	9,450,723	0.0739
2002	853,771	9,434,580	0.0905

Source: Finance Department, City of Copperas Cove, Texas

* Does not include lease payments and fiscal charges.

** Excludes transfers out.

CITY OF COPPERAS COVE, TEXAS
COMPUTATION OF DIRECT AND ESTIMATED OVERLAPPING DEBT
BONDED DEBT GENERAL OBLIGATION BONDS
SEPTEMBER 30, 2002

Taxing Entity	Net General Debt Obligation	As of	Estimated Percentage Applicable To the City of Copperas Cove	Amount Applicable to the City of Copperas Cove
Coryell County	\$ -	9/30/2002	0.00%	\$ -
Copperas Cove I.S.D.	30,872,819	8/31/2002	89.20%	27,538,555
Lampasas County	3,845,000 **	9/30/2002	0.14%	5,383
Lampasas I.S.D.	<u>5,157,543</u>	8/31/2002	0.27%	<u>13,925</u>
Subtotal	<u>39,875,362</u>			<u>27,557,863</u>
City of Copperas Cove	<u>7,796,011</u>	9/30/2002	100.00%	<u>7,796,011</u>
Total Overlapping Debt	<u>\$ 47,671,373</u>			<u>\$ 35,353,874</u>

Source: Municipal Advisory Council.

** Gross debt.

CITY OF COPPERAS COVE, TEXAS
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Actual Property Value	Value of Construction Permits Issued	Bank Deposits
1993	\$ 394,879,076	\$ 38,330,233	\$ 74,571,876
1994	430,511,487	24,053,253	* 192,647,463
1995	473,131,628	46,192,077	265,692,443
1996	546,778,207	25,947,625	217,503,090
1997	593,016,747	15,849,792	236,465,697
1998	614,876,645	21,328,663	** 469,281,100
1999	630,740,777	21,011,369	* 219,370,674
2000	645,534,690	13,723,119	*** 892,153,862
2001	664,567,448	13,290,539	*** 840,773,180
2002	670,249,064	15,018,299	**** 948,819,000
Source:	Coryell County Appraisal Dist.	Building Inspection Department, City of Copperas Cove, TX.	Financial Institutions Copperas Cove, Texas
			*National Bank includes all branches
			** National Bank & First Texas Bank include all branches
			*** First National Bank includes all branches
			**** Extraco Bank includes all branches

CITY OF COPPERAS COVE, TEXAS
SPECIAL ASSESSMENTS BILLINGS AND RECEIVABLES
LAST TEN FISCAL YEARS

Fiscal Year	Beginning Receivable Balance	Billings	Collections	Ending Receivables Balance
1993	\$ 38,467	\$ -	\$ 1,522	\$ 36,945
1994	36,945	-	825	36,120
1995	36,120	-	3,093	33,027
1996	33,024	-	6,255	26,769
1997	26,772	-	1,294	25,478
1998	25,478	71	-	25,549
1999	25,549	-	-	25,549
2000	25,549	-	-	25,549
2001	25,549	-	-	25,549
2002	25,549	-	-	25,549

**CITY OF COPPERAS COVE, TEXAS
WATER AND SEWER ENTERPRISE FUND
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue	Operating Expenses	Net Available for Debt Service
1993	\$ 3,969,402	\$ 2,503,606	\$ 1,465,796
1994	4,234,989	2,737,680	1,497,309
1995	4,559,856	3,104,635	1,455,221
1996	5,537,735	2,539,171	2,998,564
1997	5,102,595	2,608,795	2,493,800
1998	5,137,777	2,801,361	2,336,416
1999	5,136,881	2,931,037	2,205,844
2000	6,169,773	3,302,683	2,867,090
2001	6,377,113	3,497,837	2,879,276
2002	6,623,946	3,452,402	3,171,544

Source: Finance Department, City of Copperas Cove, Texas

Gross revenue includes all revenue. Operating expenses exclude depreciation, bond interest expense, and administrative cost reimbursements to the General Fund.

The portion of interest expense relating to the interim construction period of various water and sewer improvement bond issues has been capitalized in accordance with generally accepted accounting principles.

Table XIII

Debt Service Requirements			Coverage
Principal	Interest	Totals	
\$ 370,000	\$ 440,951	\$ 810,951	1.81
450,000	330,174	780,174	1.92
540,000	760,525	1,300,525	1.12
610,000	598,773	1,208,773	2.48
485,000	534,406	1,019,406	2.45
510,000	511,308	1,021,308	2.29
535,000	486,595	1,021,595	2.16
560,000	468,695	1,028,695	2.79
575,000	367,510	942,510	3.05
515,000	412,613	927,613	3.42

**CITY OF COPPERAS COVE, TEXAS
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

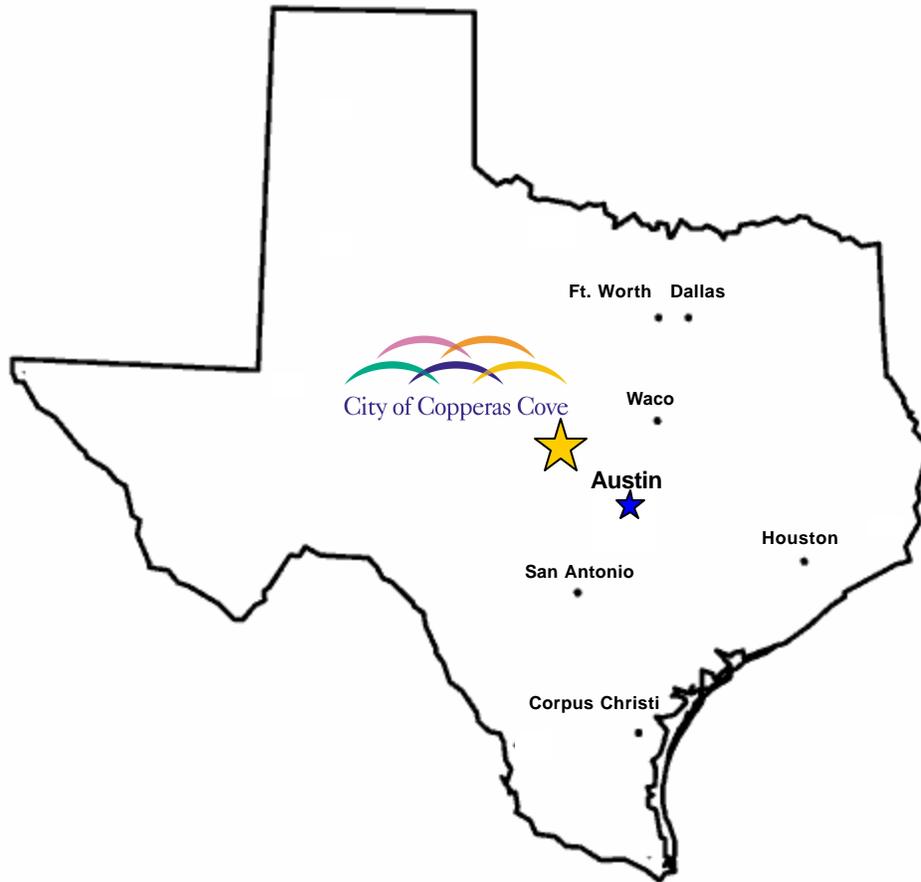
<u>Fiscal Year</u>	<u>Population</u>	<u>Income Per Capita</u>	<u>Unemployment Rate</u>
1993	26,239	\$ 11,976	7.2%
1994	28,828	12,166	6.9%
1995	29,337	10,935	5.0%
1996	30,311	10,689	5.6%
1997	30,311 *	10,759	5.6%
1998	30,311 *	10,759	4.8%
1999	31,500	13,621	3.8%
2000	29,592	13,820	4.2%
2001	29,592 **	15,046	5.2%
2002	29,592 **	16,823	5.1%

Source: Estimates of the Texas Workforce Commission.

* The population and Income Per Capita for the fiscal year have been carried forward from the prior year as information for this year was not available.

** Population has been carried forward from the 2000 Census, information for this year was not available.

CITY OF COPPERAS COVE, TEXAS LOCATION MAP



CITY AND AREA DEMOGRAPHICS

LOCATION

Copperas Cove is located 25 miles west of IH-35 on U.S. Hwy 190, 65 miles north of Austin. This Central Texas city lies between Dallas and San Antonio. Within a 35-mile radius, Copperas Cove has a market of approximately 268,822 people and is adjacent to the largest military installation in the free world - Fort Hood.

CITY OF COPPERAS COVE, TEXAS
MISCELLANEOUS STATISTICAL DATA

Government

Form of Government:	Council - Manager
Area in square miles:	13
Incorporation of City:	July 7, 1913
Original charter, special:	January 20, 1979*
Charter amended:	April 5, 1983, May 7, 1988, May 3, 1997 and May 5, 2001

* City of Copperas Cove was a General Law City prior to this date.

Governmental FacilitiesFire Protection

Number of stations:	3
Number of hydrants:	865
Number of volunteer firemen:	-
Number of paid firemen:	45
Firemen per 1,000 population:	1.74

Police Protection

Number of stations:	1
Number of reserve police officers:	1
Number of sworn officers:	48
Officers per 1,000 population:	1.85

Libraries

Number of public libraries:	1
Number of volumes:	55,100
Circulation of volume:	112,050
Circulation per capita:	4.31

Parks and Recreation

Park acreage developed:	214
Park acreage undeveloped:	163
Playgrounds:	5

Streets (all figures approximate)

Paved streets:	140 miles
Unpaved streets:	6.5 miles

UtilitiesWater System

Miles of water mains:	225
Daily average consumption:	3.2 MGD
Maximum daily capacity:	7.19 MGD
Number of service connections:	10,365
Source of water:	Bell County Water Control and Improvement District No. 1

**CITY OF COPPERAS COVE, TEXAS
MISCELLANEOUS STATISTICAL DATA**

Utilities (Continued)Sewage System

Miles of sanitary sewers:	143
Number of lift stations:	11
Daily average treatment:	2.6 MGD
Maximum capacity of treatment plants:	6.35 MGD
Number of service connections:	9,439

Community Statistics

School District Employees:	1,263
City Employees:	272
Fort Hood Servicemen:	40,672
Fort Hood Non-Servicemen Employees:	13,724