



The City Built for Family Living

Comprehensive Annual Financial Report City of Copperas Cove, Texas Fiscal Year Ended September 30, 2008

John Hull, Mayor

Cheryl L. Meredith, Council Member

Larry D. Sheppard, Council Member

Chuck Downard, Council Member

Danny Palmer, Council Member

Bill L. Stephens, Council Member

Willie C. Goode, Council Member

Frank Seffrood, Council Member

CITY OF COPPERAS COVE, TEXAS

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.

Adopted by the City Council on November 13, 2000



The City Built for Family Living

CITY OF COPPERAS COVE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
I. INTRODUCTORY SECTION		
Letter of Transmittal		i
Organizational Chart		viii
Principal City Officials		ix
Certificate of Achievement		x
II. FINANCIAL SECTION		
Independent Auditor's Report		1
A. MANAGEMENT'S DISCUSSION AND ANALYSIS		3
B. BASIC FINANCIAL STATEMENTS		
Government-Wide Financial Statements		
Statement of Net Assets	A-1	15
Statement of Activities	A-2	16
Fund Financial Statements		
Governmental Fund Financial Statements		
Balance Sheet	A-3	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	A-4	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	A-5	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-6	20
Proprietary Fund Financial Statements		
Statement of Net Assets	A-7	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets	A-8	22
Statement of Cash Flows	A-9	23
Notes to the Financial Statements		24
C. REQUIRED SUPPLEMENTARY INFORMATION		
General Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	B-1	55
D. COMBINING FINANCIAL STATEMENTS		
Nonmajor Governmental Funds		
Combining Balance Sheet	C-1	56
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-2	57
Nonmajor Debt Service Funds		
Budgetary Comparison Statements		
Debt Service Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-3	58

CITY OF COPPERAS COVE, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page</u>
II. FINANCIAL SECTION, Continued		
Nonmajor Special Revenue Funds		
Combining Balance Sheet	C-4	59
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	C-5	63
Budgetary Comparison Statements		
Recreation Activities Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-6	67
Hotel/Motel Tax Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-7	68
Drainage Utility Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-8	69
Animal Shelter Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-9	70
City Cemetery Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-10	71
Municipal Court Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-11	72
Coryell County Mutual Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-12	73
Joint Image Campaign Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-13	74
Tobacco Grant Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-14	75
Donations Fund		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-15	76
Homeland Security Grants		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-16	77
FEMA Grant		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Budgetary Basis)	C-17	78
Nonmajor Capital Project Funds		
Balance Sheet	C-18	79
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-19	81
Other Supplemental Information		
Schedule of Revenues - Budget and Actual (Budgetary Basis)	C-20	83
Schedule of Expenditures - Budget and Actual (Budgetary Basis)	C-21	85

CITY OF COPPERAS COVE, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
III. STATISTICAL SECTION	
Financial Trends Information	
Net Assets by Component	86
Changes in Net Assets	88
Governmental Activities Tax Revenues by Source	92
Fund Balances of Governmental Funds	93
Changes in Fund Balances of Governmental Funds	94
Revenue Capacity Information	
Assessed and Estimated Actual Value of Property	96
Direct and Overlapping Property Tax Rates	98
Principal Property Taxpayers	99
Property Tax Levies and Collections	100
Adopted Tax Rates	102
Property Value, Construction and Bank Deposits	103
Debt Capacity Information	
Direct and Overlapping Governmental Activities Debt	104
Computation of Legal Debt Margin	105
Ratios of Outstanding Debt by Type	107
Ratios of General Bonded Debt Outstanding	109
Revenue Bond Coverage - Water and Sewer Fund	110
Demographic & Economic Information	
Demographic Statistics	111
Principal Employers	112
Operating Information	
Full Time Equivalent City Government Employees by Function	113
Operating Indicators by Functions	115



“The City Built for Family Living”

March 17, 2009

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

The comprehensive annual financial report of the City of Copperas Cove, Texas, for the fiscal year ended September 30, 2008, is hereby submitted. This report was prepared in conformity with U.S. Generally Accepted Accounting Principles (GAAP) and audited in accordance with U.S. Generally Accepted Auditing Standards by a firm of licensed independent certified public accountants.

This report consists of management's representations concerning the finances of the City of Copperas Cove. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Copperas Cove has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Copperas Cove's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Copperas Cove's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Copperas Cove's financial statements have been audited by Lott, Vernon and Company, P.C., a firm of licensed independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Copperas Cove for the fiscal year ended September 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Copperas Cove's financial statements for the fiscal year ended September 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the City of Copperas Cove as legally defined), as well as its component unit. Component units are legally separate entities for which the primary government is financially accountable. The Copperas Cove Economic Development Corporation meets the criteria to be included in this financial report, and is included as a Component Unit since the taxpayers approved the formation of this entity. In addition, the City Council approves the budget and appoints its Board of Directors; thereby overseeing the ½ cent sales tax allocated for economic development.

Generally Accepted Accounting Principles require that management provides a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the Management's Discussion and Analysis (MD&A) and should be read in conjunction with it.

GOVERNMENT STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

The City of Copperas Cove is a central Texas city located in Coryell, Bell and Lampasas counties on U.S. Highway 190. It is located approximately twenty-five (25) miles west of Interstate Highway (I-35). Copperas Cove is fortunately located on a main east-west line of the Santa Fe Railroad. There are approximately sixteen and a half (16.5) square miles in the City's corporate boundaries.

The recorded history of Copperas Cove began in 1832, when it was still a part of the State of Coahuila, Mexico. The original central location of the City was approximately two (2) miles southwest of the present site, and in the late 1840's was used as a stop over to the Chisholm Trail. The natural basin, formed by five surrounding hills, provided a protected gathering place for cattle. The basin also had a large spring of water, which had a distinctive copperas-like taste. These two factors lent themselves to the naming of the City - Copperas Cove. The City was founded in 1879, and incorporated on July 7, 1913. Copperas Cove is a home rule municipal corporation organized in and existing under the provisions of the Constitution of the State of Texas. The City's first Charter was adopted on January 20, 1979, and the City operates under a council-manager form of government.

Policymaking and legislative authority are vested in the City Council, which consists of a Mayor and a seven-member council who are elected for three-year terms. The City Council appoints a City Manager to administer the affairs of the City. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing directors.

The government provides a full range of services including police and fire protection; the construction and maintenance of city streets and infrastructure; recreational activities and cultural events. In addition to general government activities, there exist other funds such as water and sewer, solid waste, and the golf course, which are operated under the proprietary fund concept, whereby user charges should insure adequate coverage of operating expenses and payments on outstanding debt.

Referred to as "the city built for family living," Copperas Cove is the largest city in Coryell County. It adjoins the western boundary of Fort Hood and is located 65 miles north of the state capital in Austin, 63 miles southwest of Waco, and 160 miles southwest of Dallas. Copperas Cove's population of approximately 29,998 has grown steadily since established in 1879. The City experienced significant growth in population and business activity during the early to mid 1990's, but encountered a slight leveling-off in fiscal year 1997-98. The experienced fast growth and subsequent slowing was evidenced by the fast rise in property tax base and sales tax receipts. Because of its convenient proximity to Fort Hood, many Copperas Cove citizens are affiliated with the Federal Government.

Fort Hood is home to the III Mobile Armored Corps. The City of Copperas Cove currently enjoys a favorable economic environment and local indicators point to continued stability. The City's economy is primarily service-oriented, virtually tied in every way to the operations at Fort Hood. Fort Hood is the largest armored military installation in the free world. The post's southwest boundary is bordered by the City of Copperas Cove. This 335 square mile installation (214,351 acres) is the only post in the United States capable of stationing and training two armored divisions. Fort Hood is the Army's premier installation to train and deploy heavy forces, and plays a key role in Army modernization and testing of new equipment. Fort Hood is the largest single location employer in the State of Texas. Currently, the number of authorized troops is 53,416. Fort Hood has an estimated \$2.0 billion direct economic impact on the local area in the form of payroll, contracts, local purchases, and school aid. It is estimated that the total economic impact of Fort Hood on the local area is \$3.9 billion.

The Copperas Cove Independent School District provides high quality education to its students and has attained a Recognized Rating from the Texas Education Agency (TEA). Additionally, for the 2008 academic school year, the District had ten recognized and two exemplary campuses. The District's peak enrollment rate increased by approximately 83 students during fiscal year 2007-08, primarily due to the return of military personnel to Fort Hood. The peak enrollment for fiscal year 2007-08 was 7,871 and operates the following facilities: one high school, an alternative learning center, two junior high schools, and eight elementary schools. All twelve campuses are accredited by the TEA. There are at least two private elementary schools located in the City. Central Texas College and Tarleton State University are located on a 560-acre campus at the eastern fringe of the city limits adjacent to Fort Hood and the City of Killeen. They provide secondary and graduate educational opportunities.

Although the total value of building permits issued from FY 2006-07 to FY 2007-08 decreased by \$11,224,434, the City's Sales Tax revenues increased by \$306,996, helping maintain an adequate funding for expenditures and reserves as required by the fund balance policy. The total building permits issued during fiscal year 2007-08 totaled \$35,712,399. New residential construction made up \$28,043,573 of this amount while \$4,189,739 was related to new non-residential buildings, and new construction additions totaled approximately \$3,479,087.

Development within the City includes the House Creek North Phase III development consisting of 320 lots, Summers Place development located on Summers Road adjoining the south side of House Creek North with 64 lots, Skyline Flats single family development along west Big Divide south of Grimes Crossing with 300 lots and the single family development of Walker Place Phase 7, Section 2 located off west US 190 and consisting of 115 lots. The City also created a Tax Increment Reinvestment Zone, TIRZ, which is planned to include approximately 470 single family homes, 20 acres of multi-family and commercial along US 190.

Ad Valorem Taxes. Total assessed value within the City has increased by approximately 54 percent since fiscal year 2003. The fiscal year 2008 projections, based on data provided by the Coryell County Appraisal District, indicate a 12.5 percent growth in assessed value over fiscal year 2007 levels.

Sales Tax. Sales tax collections have increased by approximately 36.5 percent since fiscal year 2003. Collections for fiscal year 2008 have increased by approximately 8.5 percent over fiscal year 2007 levels.

The City continued to monitor its service delivery and has implemented long-range plans to maintain and improve services through organization changes and personnel training. In addition, City management is committed to providing quality service through recruitment and retention of quality employees.

MAJOR INITIATIVES

At the end of the 2007-08 fiscal year, the City of Copperas Cove had a number of major projects ongoing that are worth noting.

The largest transportation project in Copperas Cove, referred to as the Reliever Route, continued to move forward. The entire project had an original estimated cost of \$56 million; however, during fiscal year 2006-07 that amount was updated to \$90 million. The current estimate is slightly over \$52 million. Contracts and payment for the right-of-way acquisition process were executed with the Texas Department of Transportation in February 2006 as required for the FM 2657 Widening Project which will serve as an access entrance to the Reliever Route from US Hwy 190 on the west side of the City. The current funding availability for construction has been moved up from year 2015 to 2010. As of this writing, the Texas Department of Transportation continues actions to acquire the final portion of right-of-way needed for the project. Plans to complete the design for the relocation of City utilities are underway. The relocations consist of numerous water and sewer lines, along or near FM 2657 and FM 3046.

Combination Tax & Revenue Certificates of Obligation were authorized by the City Council in fiscal year 2005

and includes funding for the East Pump Station and the Turkey Run Pump Station. The East Pump Station project includes a 500,000 gallon concrete tank and pumps. This pump station was placed on line in November 2008 and as of this writing it is complete. The importance of this project is to provide redundancy in the system. It provides better water service to the east and southeast portions of Copperas Cove and replaced 8" and 12" lines that were removed due to widening of Hwy 190. The Turkey Run Pump Station project includes the addition of a fourth pump at the Turkey Run station and a 30" water line from the pump station to Wolfe Road to begin a Northwest Water loop.

The 2006 Tax Notes includes funding for the land purchase, design and architecture services for the new police facility.

In fiscal year 2006-07, the City Council authorized the issuance of 2007 Certificates of Obligation in the amount of \$5.3 million to provide funding for the construction and design of a new police facility. The land was acquired and the facility design was completed in fiscal year 2007-08. As of this writing construction is underway and the project is expected to be completed in late 2009 or early 2010.

The May 2008 Tax Notes includes funding for baseball and soccer field lighting, playscapes at City Park and Kate Street Park, library renovations, land purchase of approximately 4 acres for the relocation of fire station number two, funding for a multipurpose recreation center, and drainage and street reconstruction of Summers Road.

ACCOMPLISHMENTS

During fiscal year 2008, the City invested in a number of programs and services that make Copperas Cove a better community. The following are some of the efforts and accomplishments of the City during the year:

Police

- ◆ Conducted a National Night Out Event and a National Night Out Kick Off Party.
- ◆ Provided police protection during the Downtown Halloween Party.
- ◆ Conducted a Senior Health & Safety Day – SALT Program.
- ◆ Continued the Crime Stoppers Program, Kiddo Card Program, Neighborhood Watch Program, Gunlock Program, and Copperas Cove Citizens Police Academy Program.
- ◆ Continued providing crime prevention programs and distribution of safety materials.
- ◆ Continued participation with Special Olympics and the Torch Run.
- ◆ Continued the Tobacco Grant Program, tobacco stings, and business compliance inspections.
- ◆ Continued participation in the Bulletproof Vest Grant Program and was awarded a Justice Assistance Grant (JAG).
- ◆ Participated in Coryell County Community Planning.
- ◆ Maintained quality police services to the community during times of personnel shortages.
- ◆ Maintained above average clearance rates in Part I & Part II crimes as compared to state averages.
- ◆ Participated in America's Promise Job Shadow Day.
- ◆ Obtained funding and acquired property for the new police facility.

Fire

- ◆ Provided 1,200 free immunizations through the "Shots through the Firehouse" program.
- ◆ Improved our Insurance Services Office (ISO) Public Protection Classification (PPC) grading from a Class 4 to a Class 2 community.
- ◆ Identified and corrected fire and life safety hazards during annual fire inspections.
- ◆ Rebuilt fire department website to make information readily available to public.

Community Services

- ◆ Received a \$417,563 Grant from Texas Parks and Wildlife.
- ◆ Hosted 2008 Texas Teen-age Baseball Region 9 District Machine Pitch Tournament.

- ◆ Conducted two youth soccer leagues.
- ◆ Conducted Youth Baseball / Softball program with over 700 participants.
- ◆ Coordinated and ran 2008 Rabbit Festival Adult Softball Tournament.
- ◆ Oversaw all "Select" athletic programs and usage of CCISD facilities.
- ◆ Constructed a youth soccer field in City Park.
- ◆ Constructed pipe fencing along Nick Nichols Parkway.
- ◆ Conducted youth flag football with 289 participants.
- ◆ Conducted youth tackle football program with 417 participants.
- ◆ Conducted youth basketball with 530 participants.
- ◆ Conducted Texas Senior Games Bike Race.
- ◆ Conducted British Challenger Soccer camp.
- ◆ Co-sponsored a community Thanksgiving dinner for over 300 participants.
- ◆ Hosted annual Easter Egg Hunt, Christmas Tree Lighting, and Polar Bear Swim.

Public Works

- ◆ Continued to maintain a "Superior Water System" rating recognized by the Texas Commission on Environmental Quality (TCEQ).
- ◆ Completed the repairs/rehabilitation of the Water Storage Tank on Hughes Mountain.
- ◆ Completed installation of pump station for irrigation of Golf Course using wastewater effluent, with the irrigation portion set to be completed in FY 2008-09.
- ◆ Completed repairs/rehabilitation of 1 MG Water Tank on Mican Mountain.
- ◆ Awarded bid for Turkey Run Pump Station Rehabilitation.
- ◆ Operated the City's three Wastewater Treatment facilities in accordance with Federal and State permit requirements.
- ◆ Developed a Fire Prevention and Suppression Plan to comply with a TCEQ inspection requirement at the Composting facility.

OTHER INFORMATION

Fund Accounting: The City's accounting system is organized and operated on a "fund basis." Each fund is a distinct, self-balancing entity. A description of the various major funds and fund types is contained in Note I of the financial statements. A description of each individual non-major fund is contained at the beginning of its related combining financial statements.

Basis of Accounting: The City's accounting records for all governmental funds are maintained on the modified accrual basis of accounting. This method recognizes revenue when it is measurable and available and expenditures when goods or services are received. All proprietary funds are accounted for using the accrual basis of accounting; revenue is recognized when it is earned, and expenses are recognized when they are incurred.

Internal Control: Management of the City is responsible for establishing and maintaining an internal control structure. This structure is designed to provide reasonable, but not absolute, assurance that: (1) City assets are protected from loss, theft or misuse; and (2) City financial records and data are accurate and reliable. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from it, and that the evaluation of cost and benefits requires estimates and judgments by management.

Budgetary Control: Each year, on or before September 30, the City Council adopts an annual operating budget for the ensuing fiscal year. The operating budget includes anticipated revenue and expenditures for the General Fund, Special Revenue Funds, the Debt Service Fund and Proprietary Funds. The budget is a planning device that defines the type, quality and quantity of City goods and services that will be provided to our citizens.

The budget is also a control device that serves as a system of "checks and balances" between levels of City government. The budgetary system ensures that individual departments contain their expenditures within limitations set by the City management, and that City management contains expenditures for the entire City within limitations set by the City Council.

After adoption, changes to a departmental budget may be made through the use of line item transfers, initiated by a department head and approved by the City Manager and Director of Financial Services. Any changes to the budget outside of an individual department can only be made by a City Council ordinance or resolution. Any revisions that alter the total expenditures of any fund must be adopted by the City Council after formal public budget hearings.

Cash Management: Non-obligated cash during the year can be invested in demand deposits, money market funds, federal government securities and federal agency securities. The City earned interest revenue of \$750,180 on all investments for the fiscal year 2007-08.

The City's investment policies stress minimization of credit and market risks, while maintaining a competitive yield. Accordingly, City policy requires all deposits be either insured by federal depository insurance or collateralized. All collateral on deposits was held by the financial institution's correspondent bank's trust department in the City's name. All investments held by the City during the year, and at September 30, 2008, are classified in the best category of credit risk as defined by the Governmental Accounting Standards Board. Note IV-A of the financial statements provides detail on the deposits and coverage.

Risk Management: The City participates in the Texas Municipal League (TML) insurance programs. These programs are not operated as "for profit" insurance companies. Rather, participating members (cities and other political subdivisions) join together under the State's inter-local contracting mechanism to provide self-insurance and group benefits for themselves, their officials, and their employees.

This participation allows the City to take advantage of self-insurance opportunities and large group policy purchasing power, which translates into cost savings and efficient claims handling.

The City currently obtains property, auto, liability, and workers' compensation insurance through TML. As a service to its members, TML also provides risk management and safety training consultation.

AWARDS AND ACKNOWLEDGMENTS

Awards: The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Copperas Cove for its comprehensive annual financial report for the fiscal year ended September 30, 2007. This was the eighteenth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

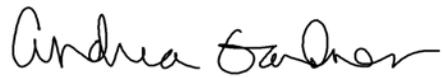
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments: The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department, and all directors and department heads. We would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Due credit also should be given to the Mayor, and the City Council for their

continued interest in planning and conducting the financial operations of the City in a responsible and progressive manner.

Furthermore, the work of the independent auditors from Lott, Vernon and Company, P.C. is greatly appreciated.

Respectfully submitted,



Andrea M. Gardner
City Manager

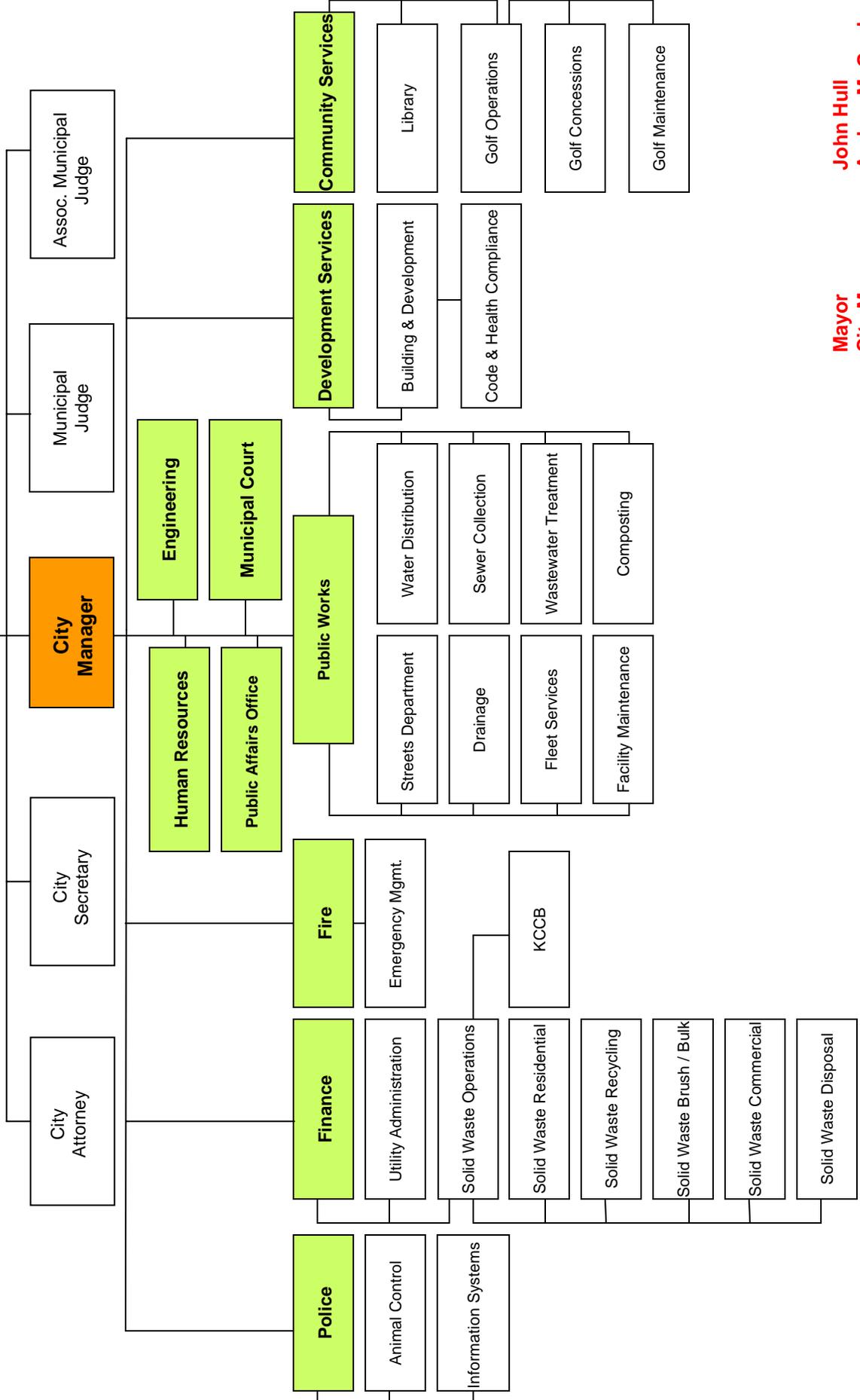


Wanda Bunting, CPA
Director of Financial Services



Citizens of Copperas Cove
29,988* Citizens

Mayor & City Council



Mayor
City Manager
John Hull
Andrea M. Gardner

*2003 Census Data

City of Copperas Cove, Texas

List of Principal Officials

City Council

John Hull - Mayor

Cheryl L. Meredith - Council Member
Larry D. Sheppard - Council Member
Chuck Downard - Council Member
Danny Palmer - Council Member

Bill L. Stephens - Council Member
Willie C. Goode - Council Member
Frank Seffrood - Council Member

City Staff

Reporting to City Council

Andrea M. Gardner, City Manager
Denton, Navarro, Rocha & Bernal, City Attorney
Jane Lees, City Secretary
F.W. "Bill" Price, City Judge
B.C. Jones, Associate Municipal Judge

Reporting to the City Manager

Tim V. Molnes, Police Chief
Wanda Bunting, CPA, Director of Financial Services
Carl Ford, Director of Development Services
James M. Baker, Fire Chief
Robert M. McKinnon, Public Works Director
Kelli T. Sames, Director of Human Resources
Wesley Wright, Project Director/City Engineer
Ken E. Wilson, Director of Community Services
James Trevino, Assistant Director of Public Works
Joseph Pace, Municipal Court Supervisor
Lisa Wilson, Executive Secretary
Donna Baker, Public Affairs / Volunteer Coordinator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Copperas Cove
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



Lott, Vernon & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

KILLEEN • COPPERAS COVE • TEMPLE

109 EAST AVENUE B
POST OFFICE BOX 935
KILLEEN, TEXAS 76540

254/526/0571
800/460/0571
FAX 254/526/7667

*Member of
American Institute & Texas Society of
Certified Public Accountants*

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Copperas Cove, Texas (the City) as of and for the year ended September 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Copperas Cove, Texas, as of September 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 14, the General Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual (Budgetary Basis) on Exhibit B-1, and the Budgetary Comparison Schedules on Exhibit C-3, Exhibit C-6 through C-17 and Exhibit C-20 through C-21 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Management's Discussion and Analysis. We did not audit the Management's Discussion and Analysis and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2009, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the City of Copperas Cove, Texas basic financial statements. The introductory section, combining schedules, individual nonmajor fund financial statements, budgetary comparison schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining schedules, individual nonmajor financial statements and budgetary comparison schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on them.

Lott, Vernon & Company P.C.

March 17, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Copperas Cove, Texas, we offer readers of the City of Copperas Cove's financial statements this narrative overview and analysis of the financial activities of the City of Copperas Cove, Texas for the fiscal year ended September 30, 2008. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-vii of this report as well as the City's financial statements beginning on page 15 and the accompanying notes to the financial statements.

Financial Highlights

- The total net assets of the City of Copperas Cove increased to \$50.6 million from the prior years \$44.3 million, an increase of 14.2 percent.
- As of September 30, 2008, the City of Copperas Cove's governmental funds reported combined ending fund balances of \$14.5 million, an increase of \$1.2 million in comparison with prior year.
- At September 30, 2008, unreserved fund balance for the General Fund was \$3.7 million, or 25 percent of total General Fund expenditures. The unreserved fund balance includes \$1 million that has been designated for contingencies. Compared to prior year, unreserved fund balance increased 10.5 percent. The unreserved and undesignated fund balance was \$3.3 million, or 27 percent of total General Fund expenditures.

Overview of the Financial Statements

The City has implemented the Governmental Accounting Standards Board (GASB) Statement 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (the new model) with the financial statements for the year ended September 30, 2003. The new model contains a number of changes to the requirements for governmental reporting. The major changes are as follows:

- Government-wide reporting – while governments have traditionally focused reporting on groupings of funds (i.e. General Fund, Special Revenue Funds, Capital Project Funds, etc.), the new model also contains financial statements on a government-wide basis.
- Fund financial statements – the new model maintains governmental and proprietary fund financial statements, but the focus is on major funds within each fund type.
- New focus for governmental activities – in the government-wide financial statements all activities, including the governmental activities, are reported using the economic resource measurement focus and accrual basis of accounting. The traditional current financial resources focus and modified accrual basis of accounting are maintained for the governmental fund financial statements in the new model.
- Infrastructure reporting – the new model requires governments to report the value of infrastructure assets of governmental activities (roads, bridges, storm drainage systems, parks, etc.). The City completed implementation of this requirement in the

FY 2006-07 year end close process. The City has recorded infrastructure for the water and sewer funds in the appropriate funds as it was built or donated over the years.

- Changes in budgetary reporting – the new model requires the display of both the original adopted budget and the amended budget in the budgetary comparison schedules. These schedules are only required for the general fund and major special revenue funds, although they may be presented for other funds as additional information. The City does not have any major special revenue funds.
- Required narrative analysis – the new model requires that the financial statements be accompanied by narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. To assess the overall health of the City, other indicators, including non-financial indicators like the City's property tax base and condition of infrastructure, should be considered.

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

The statement of activities distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, community services, fleet and facility maintenance, highways and streets, and public safety. The business-type activities of the City include water and sewer, solid waste and a golf course.

The government-wide financial statements can be found on pages 15-16 of this report.

Fund Financial Statements

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

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

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

The City maintains numerous individual governmental funds organized according to their type (special revenue, debt service and capital projects). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the 2007 Capital Improvement Certificate of Obligation Fund since they are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for its General Fund. Budgetary comparison statements have been provided for the General Fund to demonstrate compliance with this budget. (The budgetary comparison schedules can be found on pages 55, 58, 67-78, and 83-85.)

The basic governmental fund financial statements can be found on pages 17-20 of this report.

Proprietary funds – Proprietary funds are used to account for business-type activities of the City. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. The City maintains one type of proprietary fund. Proprietary funds are used for activities that primarily serve customers outside the governmental unit for which fees are charged. The City has three enterprise funds: the Water and Sewer Fund, Solid Waste Fund and the Golf Course Fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

Notes to the financial statements – The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 24-54 of this report.

Other information – The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required

supplementary information. Combining statements can be found on pages 56-57, 59-66, and 79-82 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following tables, graphs and analysis illustrate the financial position and changes to the financial position for the City as a whole as of and for the year ended September 30, 2008.

Net Assets

The following table reflects the Condensed Statement of Net Assets as of September 30, 2008.

Condensed Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 18,726,820	\$ 16,020,940	\$ 11,323,706	\$ 11,033,411	\$ 30,050,526	\$ 27,054,351
Capital assets	23,419,849	20,959,753	45,530,047	43,190,784	68,949,896	64,150,537
Total Assets	42,146,669	36,980,693	56,853,753	54,224,195	99,000,422	91,204,888
Other liabilities	2,880,280	3,028,784	3,782,776	2,813,927	6,663,056	5,842,711
Long-term liabilities	16,064,848	15,207,600	25,701,451	25,860,364	41,766,299	41,067,964
Total Liabilities	18,945,128	18,236,384	29,484,227	28,674,291	48,429,355	46,910,675
Net assets:						
Invested in capital assets net of related debt	15,403,434	12,609,887	23,052,050	20,770,346	38,455,484	33,380,233
Restricted	709,379	200,751	901,595	1,608,776	1,610,974	1,809,527
Unrestricted	7,088,728	5,933,671	3,415,881	3,170,782	10,504,609	9,104,453
Total Net Assets	\$ 23,201,541	\$ 18,744,309	\$ 27,369,526	\$ 25,549,904	\$ 50,571,067	\$ 44,294,213

The City's combined net assets were \$50.6 million as of September 30, 2008. Of the \$50.6 million, \$23.2 million was in the governmental activities and \$27.4 million was in the business-type activities. The City's total net assets increased when compared to the prior year with an increase of \$6.3 million or 14.2 percent. This increase includes an increase in governmental current assets to include receivables and cash equivalents and governmental capital assets.

Net Assets consist of three components, investment in capital assets net of related debt, restricted net assets and unrestricted net assets. The first and largest portion of net assets (\$38.5 million or 76.0 percent) reflects the City's investment in capital assets, less any related debt used to acquire or construct those assets that is still outstanding. Compared to last year, the city's investment in capital assets net of related debt increased \$5.1 million or 15.2 percent. The City uses the capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The second portion consists of restricted net assets totaled in at \$1.6 million at September 30, 2008 or 3.2 percent of overall total net assets. Restricted net assets represent resources that are subject to external restrictions on how they may be used. Restricted net assets decreased \$198,553 or 11.0 percent compared to September 30, 2007. This is due to a decrease in restricted net assets for debt service.

The third portion consists of unrestricted net assets totaled \$10.5 million or 20.8 percent of total net assets. Unrestricted net assets may be used to meet the City's ongoing obligation to citizens and creditors. Unrestricted net assets increased \$1.4 million or 15.4 percent compared to September 30, 2007.

Changes in Net Assets. The City's total revenues for the fiscal year ended September 30, 2008 were \$33.7 million. Total revenues increased when compared to the prior year by \$5.5 million or 19.7 percent. The City's total cost of all programs and services increased from the prior year's \$23.9 million to \$27.4 million, an increase of 14.8 percent. The following table presents a summary of the changes in net assets for the fiscal year ended September 30, 2008.

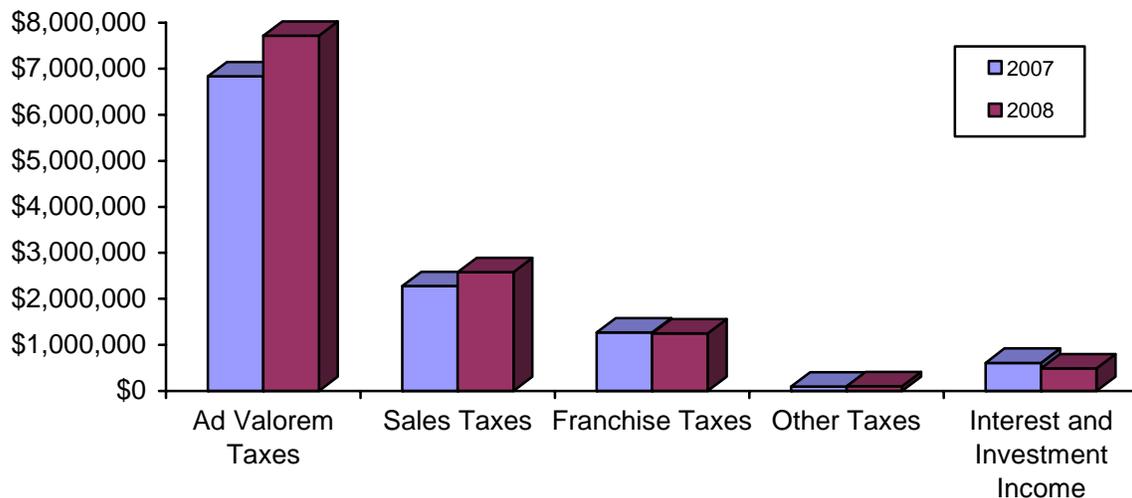
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges for services	\$ 4,730,596	\$ 3,503,217	\$ 12,599,838	\$ 11,849,952	\$ 17,330,434	\$ 15,353,169
Operating Grants and contributions	821,392	450,303	-	-	821,392	450,303
Capital Grants and contributions	1,805,607	450,824	1,345,220	370,434	3,150,827	821,258
General Revenues:						
Ad valorem taxes	7,717,778	6,831,452	-	-	7,717,778	6,831,452
Franchise taxes	1,246,655	1,270,632	-	-	1,246,655	1,270,632
Sales taxes	2,582,748	2,275,752	-	-	2,582,748	2,275,752
Other taxes	103,775	97,844	-	-	103,775	97,844
Interest and investment income	489,974	610,569	260,206	456,616	750,180	1,067,185
Gain (Loss) on sale of capital asset	-	-	-	-	-	-
Total Revenues	\$ 19,498,525	\$ 15,490,593	\$ 14,205,264	\$ 12,677,002	\$ 33,703,789	\$ 28,167,595
Expenses:						
General Government	\$ 2,175,856	\$ 1,839,306	\$ -	\$ -	\$ 2,175,856	\$ 1,839,306
Community services	2,344,074	2,258,488	-	-	2,344,074	2,258,488
Fleet and Facility Maintenance	414,669	386,747	-	-	414,669	386,747
Highways and Streets	1,598,678	897,493	-	-	1,598,678	897,493
Public Safety	8,893,527	7,888,352	-	-	8,893,527	7,888,352
Interest on Long-term debt	679,576	492,193	-	-	679,576	492,193
Water and Sewer	-	-	8,095,813	7,071,789	8,095,813	7,071,789
Solid Waste	-	-	2,435,324	2,267,473	2,435,324	2,267,473
Golf Course	-	-	789,415	786,556	789,415	786,556
Total Expenses	16,106,380	13,762,579	11,320,552	10,125,818	27,426,932	23,888,397
Increase (decrease) in net assets before transfers	3,392,145	1,728,014	2,884,712	2,551,184	6,276,857	4,279,198
Transfers	1,065,087	996,616	(1,065,087)	(996,616)	-	-
Increase in net assets after transfers	4,457,232	2,724,630	1,819,625	1,554,568	6,276,857	4,279,198
Prior Period Adjustment	-	6,401,693	-	-	-	-
Net Assets - October 1	18,744,309	9,617,986	25,549,901	23,995,336	44,294,210	33,613,322
Net Assets - September 30	\$ 23,201,541	\$ 18,744,309	\$ 27,369,526	\$ 25,549,904	\$ 50,571,067	\$ 44,294,213

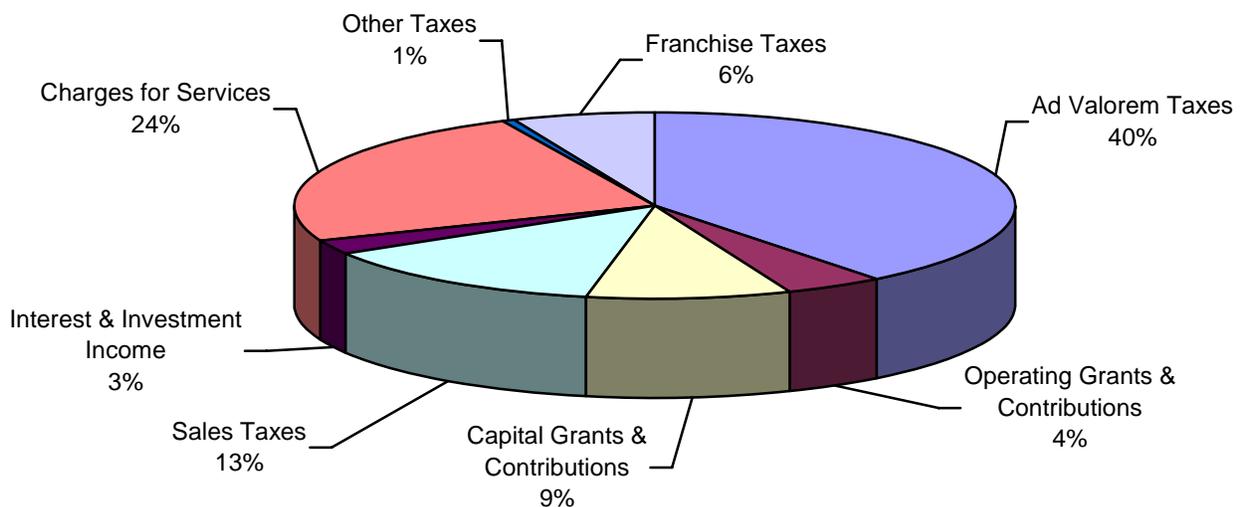
Program Revenues – Governmental Activities

Governmental Activities' revenues such as ad valorem, sales and franchise taxes are not shown by program, but are effectively used to support program activities citywide. Charges for services reflected the largest increase when compared to the prior year with an increase of \$1,227,379 or 35.0 percent. The specific increases were in public safety and community service activities. Ad valorem taxes increased \$886,326, which is an increase of 13.0 percent compared to last year. Sales tax increased by \$306,996 or 13.5 percent compared to last year. Franchise taxes and interest and investment income showed decreases compared to the prior year. Other taxes showed a slight increase compared to the prior fiscal year.

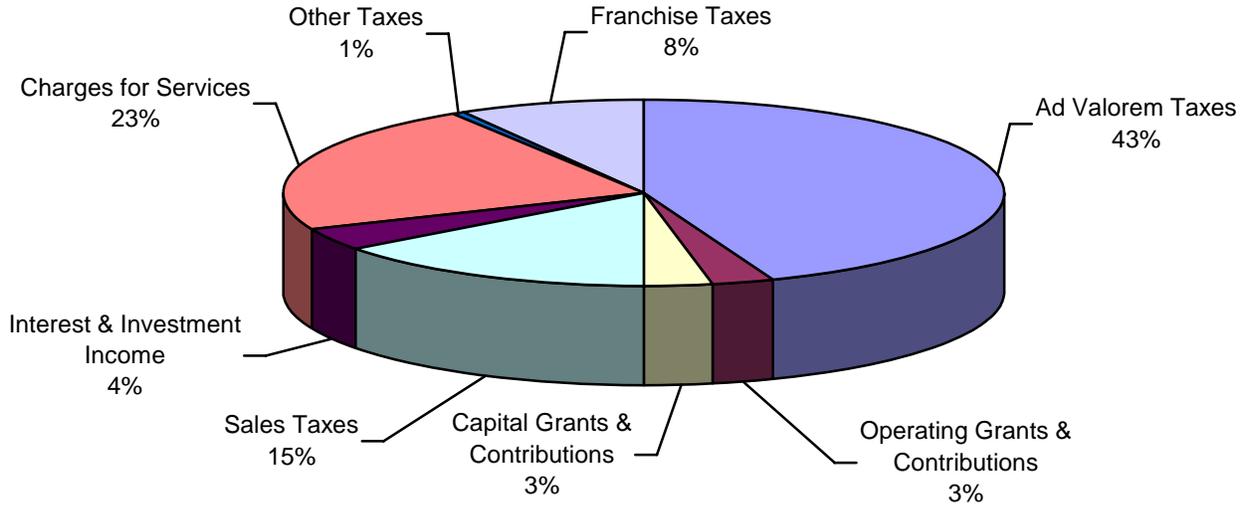
General Revenues - Governmental Activities



Revenues by Source – Governmental Activities - FY 2008



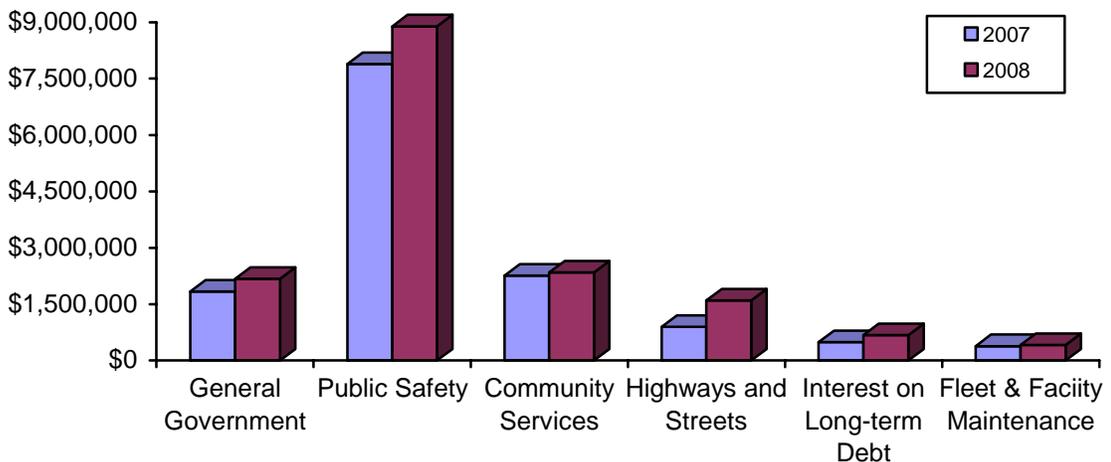
Revenues by Source – Governmental Activities - FY 2007



Program Expenditures – Governmental Activities

The Expenditures – Governmental Activities chart below illustrates the City’s governmental expenditures by function. As shown, public safety is the largest function in expenditures at \$8.9 million or 55.2 percent compared to the prior years \$7.9 million or 57.3 percent, followed by Community Services \$2.3 million or 14.6 percent compared to prior year’s \$2.3 million or 16.4 percent. General Government recorded \$2.2 million or 13.5 percent compared to prior year’s \$1.8 million or 13.4 percent. Highways and Streets recorded \$1.6 million or 9.9 percent compared to prior year’s \$0.9 million or 6.5 percent.

Expenditures - Governmental Activities

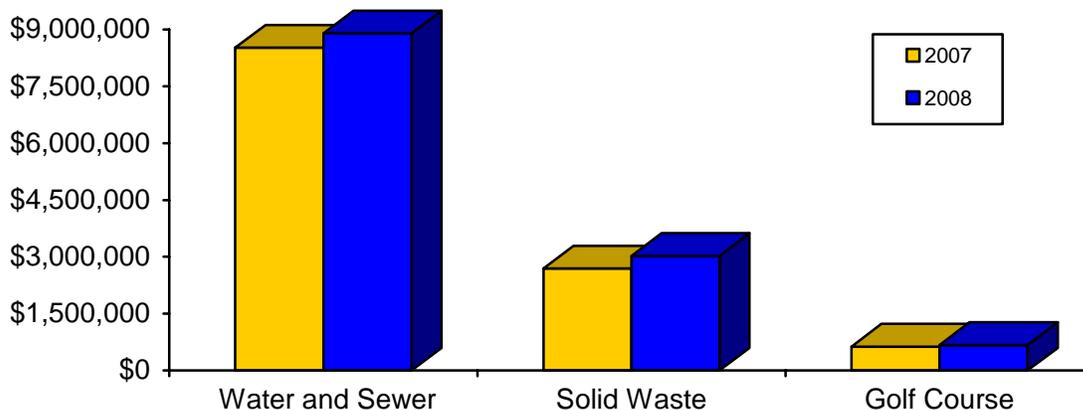


Business-type Activities - Revenues

Business-type activities increased the City's net assets by \$1.8 million accounting for 29.0 percent of the total growth in the City's net assets. Charges for services provided the largest share of revenues at 88.7 percent, followed by grants and contributions income at 9.5 percent and interest earnings at 1.8 percent for all business-type activities.

Water and sewer fees are the major revenue source for the business-type activities of the City, which recorded \$8.9 million in revenue. Compared to the prior year, water and sewer revenues increased \$375,548 or 4.4 percent. Solid Waste revenues increased \$333,372 or 12.4 percent. The Golf Course fund also increased from \$633,730 in 2007 to \$674,696 in 2008 an increase of \$40,966 or 6.5 percent.

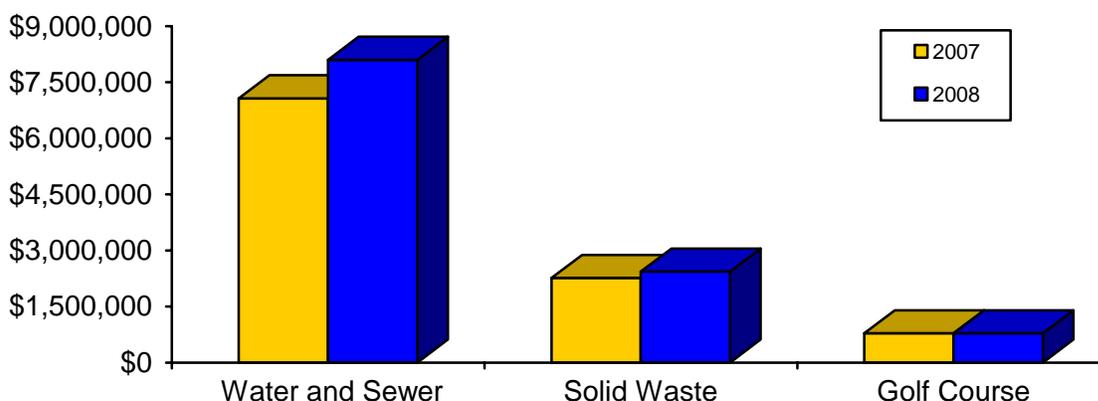
Program Revenues – Business-type Activities



Business-type Activities - Expenses

Total expenses for business-type activities were \$11.3 million, an increase of \$1,194,734 or 11.8 percent compared to the prior year. Water and Sewer, the largest proprietary fund recorded \$8.1 million in expenses, an increase of \$1,024,024 or 14.5 percent compared to the prior year. Solid Waste expenses increased \$167,851 or 7.4 percent. Golf Course expenses increased from \$786,556 in 2007 to \$789,415 in 2008, a slight increase of \$2,859.

Program Expenses – Business-type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City of Copperas Cove, Texas uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The following is a discussion of financial highlights from the fund financial statements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Project Funds.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$14.5 million, an increase of \$1,227,135 in comparison with the prior year. The primary reason for the increase is the inclusion of the new proceeds from the 2008 Tax Note issuance for \$1,640,000. Only a small portion of these tax notes were expended as of September 30, 2008.

The General Fund is the chief operating fund of the City. At September 30, 2008, unreserved fund balance of the General Fund was \$3.7 million, while total fund balance reached just under \$4.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 25.0 percent of total General Fund expenditures, while total fund balance represents 28.5 percent of that same amount.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water & Sewer Fund as of the end of the year amounted to \$2,524,007 a decrease of \$806,580 or 24.2 percent. This decrease is due to a significant increase in the investments in capital assets. The Solid Waste Fund was \$802,120, an increase of \$243,577 or 43.6 percent. This fund has significantly improved over the past few years primarily due to the debt service obligation from debt that was issued in 1994 being fully satisfied in FY 2003-04. Unrestricted net assets for the Golf Course Fund increased from prior year's \$64,902 to \$89,754 in 2008 an increase of 38.3 percent. The golf course had an increase in operating revenues and a decrease in operating expenses which contributed to the increase in unrestricted net assets.

The total increase in net assets for the three funds was \$1,628,518, \$185,934, and \$5,173, respectively. Total operating revenues in fiscal year 2007-08 were \$12.6 million, an increase of 6.3 percent over the year ending September 2007. Total operating expenses totaled \$10.1 million an increase of \$1,029,770 or 11.4 percent. Total operating income was \$2.5 million, a decrease of \$279,884 or 10.1 percent.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City's annual budget is the legally adopted expenditure control document of the City. Budgetary comparison schedules are required for the General Fund and all major Special Revenue Funds. Since the City did not have a major Special Revenue Fund in the current year, only a budgetary comparison for the General Fund is required in this report; however, numerous budget comparisons presented in this statement compare the original adopted budget, the budget as amended throughout the fiscal year, and the actual expenditures prepared on a budgetary basis.

Amendments to the adopted budget may occur throughout the year in a legally permissible manner (see pages 33-35 for more information on budget policies).

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2008, the City has \$68.9 million invested in various capital assets, net of accumulated depreciation. Of the \$68.9 million, \$23.4 million is invested in governmental activities and \$45.5 million is invested in business-type activities. Compared to last year, total capital assets increased \$4.8 million or 7.5 percent. Capital assets in Governmental Activities increased \$2,460,096 or 11.7 percent from the prior year. The largest increase can be identified within the facilities/infrastructure line item with an increase of \$1.7 million or 12.5 percent from prior year. Capital assets in Business-type Activities increased \$2,339,263 or 5.4 percent from the prior year with the facilities/infrastructure line item representing over a \$1.8 million or 4.7% increase and equipment representing a \$524,077 or 42.2 percent increase from prior year.

The following table provides a breakdown of the capital asset balances net of accumulated depreciation at September 30, 2008. Additional information on the City's capital assets may be found in Note IV-D on pages 39-42.

Capital Assets (Net of Depreciation)

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Land	\$ 1,541,055	\$ 1,343,921	\$ 850,686	\$ 850,686	\$ 2,391,741	\$ 2,194,607
Buildings / Improvements	3,345,797	3,573,246	144,894	157,362	3,490,691	3,730,608
Furniture and Fixtures	160,129	205,531	34,761	43,095	194,890	248,626
Vehicles	557,721	560,864	482,387	592,926	1,040,108	1,153,790
Equipment	1,470,678	1,868,195	1,764,625	1,240,548	3,235,303	3,108,743
Facilities / Infrastructure	15,074,628	13,398,770	40,545,152	38,738,215	55,619,780	52,136,985
Construction in Progress	1,269,841	9,226	1,707,542	1,567,952	2,977,383	1,577,178
Total	\$ 23,419,849	\$ 20,959,753	\$ 45,530,047	\$ 43,190,784	\$ 68,949,896	\$ 64,150,537

Long Term Debt

The City's total debt increased by \$530,000 during the current fiscal year. The key factor in this increase was the issuance of the 2008 tax notes for the fire station relocation land

purchase, parks and recreation projects to include playscapes, lighting on baseball and soccer fields, park renovations, library repairs, street reconstruction, golf cart storage facility water and sewer projects, and drainage projects. The following schedule shows the outstanding debt of the City (both current and long-term) for September 30, 2008. Further details can be found in Note IV-G on pages 45-50.

Outstanding Debt

General Obligation Bonds and Tax/Revenue Certificates of Obligation

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
	\$	\$	\$	\$	\$	\$
General Obligation	5,251,969	5,800,700	15,008,031	15,599,300	20,260,000	21,400,000
Tax/Revenue Certificates of Obligation	8,487,000	8,667,000	9,853,000	10,713,000	18,340,000	19,380,000
Tax Notes	2,460,000	965,000	1,215,000	-	3,675,000	965,000
Total	\$ 16,198,969	\$ 15,432,700	\$ 26,076,031	\$ 26,312,300	\$ 42,275,000	\$ 41,745,000

The most recent debt issue of the City of Copperas Cove earned ratings from Moody's and Standard & Poor's:

Bonded Debt Ratings September 30, 2008

Bond Type	Standard & Poor's	Moody's
Certificates of Obligation	A-	A3

Additional information on the City's long-term debt can be found in Section IV, Note G, of the Notes to the Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

One of the factors considered when preparing the fiscal year 2008-09 budget was the economy (local, state and federal). With the sustained troop levels and continued growth in population, the City of Copperas Cove is projecting a moderate increase in sales tax revenues. The City continues to be optimistic and expects an increase in economic development activity as well.

The unemployment rate for the City of Copperas Cove area as of September 30, 2008 was at 5.4 percent, which was up from 4.6 percent a year ago. The City's sales tax revenues have grown at a steady, yet moderate rate over the last few years. Residential home construction has also shown positive trends. Building permits issued in fiscal year 2007-08, recorded a slight decrease in permits from 1,363 in FY 2006-07 to 1,354 in FY 2007-08. The value of the permits issued in FY 2007-08 was \$35,712,399, which was a decrease from \$46,936,833 in FY 2006-07.

All of these factors were considered in preparing the City's budget for Fiscal Year 2008-09. The budget for the 2008-09 fiscal year includes:

- Conservative projections of major revenue sources. For example, sales tax revenue which has been growing at an average of 6 percent annually is projected to grow by 5 percent during fiscal year 2008-09.
- Ad valorem tax revenue is budgeted conservatively at a 99% collection rate. The City has been experiencing an increased growth in its assessed valuation from 8.6 percent in FY 2005-06, 18.1% in FY 2006-07 and 12.5% in FY 2007-08. The assessed valuation for the 2008-09 fiscal year was estimated by the appraisal district to grow by 10.0 percent which is less than the previous two fiscal years.
- Employee benefits remain intact with moderate adjustments.
- Included essential capital outlay expenditures.

The ad valorem tax rate was maintained in fiscal year 2008-09 at \$.7400 cents per \$100 of taxable assessed valuation.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Copperas Cove, Texas' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City's Finance Department at the following address:

Director of Financial Services
City of Copperas Cove
507 South Main Street
Copperas Cove, TX 76522
(254) 547-4221

Or visit our website at:

<http://www.ci.copperas-cove.tx.us>

CITY OF COPPERAS COVE, TEXAS
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

EXHIBIT A-1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 15,331,491	\$ 3,538,813	\$ 18,870,304	\$ 1,041,860
Receivables (net of allowances for uncollectibles):				
Accounts	271,179	-	271,179	-
Taxes	180,031	-	180,031	-
Ambulance fees	2,098,891	-	2,098,891	-
Assessments	23,829	-	23,829	-
Utility accounts	-	2,265,928	2,265,928	-
Grants	1,078	-	1,078	-
Miscellaneous	99,169	800	99,969	-
Internal Balances	-	-	-	-
Inventory	75,072	27,676	102,748	-
Prepays	1,111	8,800	9,911	2,581
Notes receivable	140,099	-	140,099	-
Restricted cash and cash equivalents	-	4,411,149	4,411,149	94,850
Restricted deferred bond issuance costs	175,770	632,773	808,543	-
Deferred amount on refunding	320,005	437,767	757,772	-
Unamortized bond discount	9,095	-	9,095	-
Capital assets:				
Non-depreciable	2,810,896	2,558,228	5,369,124	3,264,860
Depreciable (net)	20,608,953	42,971,819	63,580,772	703,913
Total Assets	<u>\$ 42,146,669</u>	<u>\$ 56,853,753</u>	<u>\$ 99,000,422</u>	<u>\$ 5,108,064</u>
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 535,825	\$ 558,664	\$ 1,094,489	\$ 64,544
Retainage payable	-	49,885	49,885	-
Customer meter deposits	-	296,552	296,552	-
Due to other governmental agencies	128,054	-	128,054	-
Deferred revenue	141,875	-	141,875	37,120
Other accrued liabilities	542,786	110,692	653,478	5,607
Other liabilities	210,361	184,382	394,743	-
Landfill costs payable - due within one year	-	19,500	19,500	-
Capital leases - due within one year	184,405	479,696	664,101	-
Restricted - debt payable current	1,041,814	1,679,854	2,721,668	50,000
Restricted - accounts payable	-	261,625	261,625	-
Restricted - accrued interest	95,160	141,926	237,086	-
Long-term compensated absences payable	670,813	230,760	901,573	-
Capital leases	213,848	665,286	879,134	-
Long-term debt	15,180,187	24,415,405	39,595,592	700,000
Future landfill costs	-	390,000	390,000	-
Total Liabilities	<u>18,945,128</u>	<u>29,484,227</u>	<u>48,429,355</u>	<u>857,271</u>
Net Assets:				
Investment in capital assets (net of related debt)	15,403,434	23,052,050	38,455,484	3,218,772
Restricted for:				
Debt Service	366,564	378,138	744,702	-
Capital Projects	342,815	523,457	866,272	-
Unrestricted	7,088,728	3,415,881	10,504,609	1,032,021
Total Net Assets	<u>\$ 23,201,541</u>	<u>\$ 27,369,526</u>	<u>\$ 50,571,067</u>	<u>\$ 4,250,793</u>

The accompanying notes are an integral part of this statement.

CITY OF COPPERAS COVE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT A-2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	
					Governmental Activities	Business-type Activities		
PRIMARY GOVERNMENT:								
Governmental activities:								
General Government	\$ 2,175,856	\$ 253,864	\$ -	\$ -	\$ (1,921,992)	\$ -	\$ (1,921,992)	\$ -
Community Services	2,344,074	1,315,084	108,036	-	(920,954)	-	(920,954)	-
Fleet and Facility Maintenance	414,669	-	-	-	(414,669)	-	(414,669)	-
Highways and Streets	1,598,678	861,909	-	1,805,607	1,068,838	-	1,068,838	-
Public Safety	8,893,527	2,299,739	713,356	-	(5,880,432)	-	(5,880,432)	-
Interest on Long-term Debt	679,576	-	-	-	(679,576)	-	(679,576)	-
Total governmental activities:	<u>16,106,380</u>	<u>4,730,596</u>	<u>821,392</u>	<u>1,805,607</u>	<u>(8,748,785)</u>	<u>-</u>	<u>(8,748,785)</u>	<u>-</u>
Business-type activities:								
Water and Sewer	8,095,813	8,901,647	-	1,345,220	-	2,151,054	2,151,054	-
Solid Waste	2,435,324	3,023,495	-	-	-	588,171	588,171	-
Golf Course	789,415	674,696	-	-	-	(114,719)	(114,719)	-
Total business-type activities:	<u>11,320,552</u>	<u>12,599,838</u>	<u>-</u>	<u>1,345,220</u>	<u>-</u>	<u>2,624,506</u>	<u>2,624,506</u>	<u>-</u>
Total Primary Government	<u>\$ 27,426,932</u>	<u>\$ 17,330,434</u>	<u>\$ 821,392</u>	<u>\$ 3,150,827</u>	<u>(8,748,785)</u>	<u>2,624,506</u>	<u>(6,124,279)</u>	<u>-</u>
COMPONENT UNIT								
Economic Development	\$ 910,641	\$ 80,227	\$ -	\$ -	-	-	-	(830,414)
Total Component Unit	<u>\$ 910,641</u>	<u>\$ 80,227</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(830,414)</u>
General revenues:								
Ad valorem taxes					7,646,086	-	7,646,086	-
Penalties and interest					71,692	-	71,692	-
Beverage taxes					13,702	-	13,702	-
Franchise taxes					1,246,655	-	1,246,655	-
City sales taxes					2,582,748	-	2,582,748	1,166,262
Bingo taxes					90,073	-	90,073	-
Unrestricted investment earnings					489,974	260,206	750,180	20,939
Transfers					1,065,087	(1,065,087)	-	-
Total general revenues					<u>13,206,017</u>	<u>(804,881)</u>	<u>12,401,136</u>	<u>1,187,201</u>
Change in net assets					4,457,232	1,819,625	6,276,857	356,787
Net assets - beginning					18,744,309	25,549,901	44,294,210	3,894,006
Prior period adjustment					-	-	-	-
Net assets - ending					<u>\$ 23,201,541</u>	<u>\$ 27,369,526</u>	<u>\$ 50,571,067</u>	<u>\$ 4,250,793</u>

The accompanying notes are an integral part of this statement.

**CITY OF COPPERAS COVE, TEXAS
GOVERNMENTAL FUNDS
BALANCE SHEET
SEPTEMBER 30, 2008**

EXHIBIT A-3

	General Fund	2007 Capital Imp CO Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,003,183	5,518,042	\$ 4,810,266	\$ 15,331,491
Receivables (net of allowances for uncollectibles):				
Accounts	-	-	271,179	271,179
Taxes	147,035	-	32,996	180,031
Ambulance fees	2,098,891	-	-	2,098,891
Assessments	23,829	-	-	23,829
Grants	1,078	-	-	1,078
Miscellaneous	99,169	-	-	99,169
Due from other funds	-	-	35	35
Inventory	72,597	-	2,475	75,072
Prepaid expenditures	1,111	-	-	1,111
Notes receivable	-	-	140,099	140,099
	<u>\$ 7,446,893</u>	<u>\$ 5,518,042</u>	<u>\$ 5,257,050</u>	<u>\$ 18,221,985</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 206,284	\$ 2,170	\$ 327,371	\$ 535,825
Retainage payable	-	-	-	-
Due to other funds	35	-	-	35
Due to other governmental agencies	128,054	-	-	128,054
Deferred revenue	2,386,413	-	34,034	2,420,447
Unearned revenue	-	-	-	-
Other accrued items	406,838	-	40,827	447,665
Other liabilities	127,361	-	83,000	210,361
	<u>3,254,985</u>	<u>2,170</u>	<u>485,232</u>	<u>3,742,387</u>
Fund Balances:				
Reserved for debt services	-	-	366,564	366,564
Reserved for capital projects	-	5,515,872	-	5,515,872
Reserved for encumbrances	439,561	-	729,673	1,169,234
Reserved for inventory and prepaid expenditures	73,708	-	2,510	76,218
Unreserved, designated for contingencies	1,000,000	-	-	1,000,000
Unreserved, undesignated	2,678,639	-	-	2,678,639
Unreserved, undesignated special revenue funds	-	-	1,110,626	1,110,626
Unreserved, undesignated capital projects funds	-	-	2,562,445	2,562,445
	<u>4,191,908</u>	<u>5,515,872</u>	<u>4,771,818</u>	<u>14,479,598</u>
Total Liabilities and Fund Balances	<u>\$ 7,446,893</u>	<u>\$ 5,518,042</u>	<u>\$ 5,257,050</u>	<u>\$ 18,221,985</u>

The accompanying notes are an integral part of this statement.

CITY OF COPPERAS COVE, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2008

EXHIBIT A-4

Total fund balances - governmental funds balance sheet	\$ 14,479,598
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets (net of accumulated depreciation) used in governmental funds are not financial resources and, therefore, are not reported in the funds.	23,419,849
Long-term liabilities, including bonds payable (net of unamortized costs), are not due and payable in the current period and, therefore, are not reported in the funds.	(16,976,478)
Other long-term assets/liabilities are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	<u>2,278,572</u>
Net assets of governmental activities - statement of net assets	<u>\$ 23,201,541</u>

The accompanying notes are an integral part of this statement.

**CITY OF COPPERAS COVE, TEXAS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

EXHIBIT A-5

	General Fund	2007 Capital Imp CO Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 9,978,042	\$ -	\$ 1,658,457	\$ 11,636,499
Licenses	38,848	-	-	38,848
Permits	181,354	-	-	181,354
City services provided	887,895	-	1,069,440	1,957,335
Fines	753,080	-	47,761	800,841
Interest	166,942	179,662	143,370	489,974
Sale of plots	-	-	15,235	15,235
Grant revenue	-	-	689,132	689,132
Miscellaneous	260,382	-	44,936	305,318
Intergovernmental	39,226	-	-	39,226
Contributions - developers	1,400,878	-	404,729	1,805,607
Contributions - miscellaneous	4,638	-	93,922	98,560
Total Revenues	<u>13,711,285</u>	<u>179,662</u>	<u>4,166,982</u>	<u>18,057,929</u>
EXPENDITURES				
Current:				
General government	2,049,143	2,423	2,869	2,054,435
Community services	1,460,503	-	423,837	1,884,340
Fleet and facility services	400,647	-	-	400,647
Highways and streets	596,775	-	389,650	986,425
Public safety	7,869,801	-	404,272	8,274,073
Capital outlay	2,328,563	-	2,090,314	4,418,877
Debt service:				
Principal retirement	-	-	873,731	873,731
Interest and fiscal charges	-	-	666,848	666,848
Total Expenditures	<u>14,705,432</u>	<u>2,423</u>	<u>4,851,521</u>	<u>19,559,376</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(994,147)</u>	<u>177,239</u>	<u>(684,539)</u>	<u>(1,501,447)</u>
OTHER FINANCING SOURCES (USES)				
Capital Leases	50,823	-	-	50,823
Issuance of Debt	-	-	1,640,000	1,640,000
Bond issuance costs	-	-	(27,327)	(27,327)
Transfers in	1,366,489	-	204,675	1,571,164
Transfers (out)	(217,594)	-	(288,483)	(506,077)
Total Other Financing Sources (Uses)	<u>1,199,718</u>	<u>-</u>	<u>1,528,865</u>	<u>2,728,583</u>
NET CHANGES IN FUND BALANCES	205,571	177,239	844,326	1,227,136
FUND BALANCES, BEGINNING OF YEAR	<u>3,986,337</u>	<u>5,338,633</u>	<u>3,927,493</u>	<u>13,252,463</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,191,908</u>	<u>\$ 5,515,872</u>	<u>\$ 4,771,818</u>	<u>\$ 14,479,598</u>

The accompanying notes are an integral part of this statement.

**CITY OF COPPERAS COVE, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

EXHIBIT A-6

Net change in fund balances - total governmental funds	\$ 1,227,136
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report all capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This reconciling item represents the amount by which capital outlay exceeded depreciation in the current period.</p>	2,460,096
<p>The issuance of long-term debt (e.g., bonds, notes payable) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This reconciling item represents the net effect of these differences in the treatment of long-term debt and related items.</p>	(620,614)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This reconciling item reflects the net of such expenses.</p>	(49,982)
<p>Some revenues in the statement of activities do not provide current financial resources and are not included in the governmental funds. This reconciling item represents the total of such revenues.</p>	<u>1,440,596</u>
Change in net assets of governmental activities - statement of activities	<u>\$ 4,457,232</u>

The accompanying notes are an integral part of this statement.

CITY OF COPPERAS COVE, TEXAS ENTERPRISE FUNDS

Water and Sewer Fund - To account for revenue and expenses related to the operation and maintenance of the water and sewer system of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing and related debt service, billing and collections.

Solid Waste Fund - To account for all solid waste collection and disposal activities provided by the City to both residential and commercial residents, including the operation of the City's solid waste landfill.

Golf Course Fund - To account for revenue and expenses related to the operations of the municipal golf course.

CITY OF COPPERAS COVE, TEXAS
 PROPRIETARY FUNDS
 STATEMENT OF NET ASSETS
 SEPTEMBER 30, 2008

EXHIBIT A-7

Business-type Activities Enterprise Funds

	Water and Sewer Fund	Solid Waste Fund	Nonmajor Fund		Total Funds
			Golf Course Fund		
ASSETS					
Current Assets					
Cash and cash equivalents	\$ 2,660,683	\$ 832,150	\$ 45,980		\$ 3,538,813
Accounts receivable					
Billed utility	767,429	467,670	-		1,235,099
Unbilled utility	1,145,496	320,143	-		1,465,639
Other	-	-	800		800
Allowance for uncollectible	(303,779)	(131,031)	-		(434,810)
Due from other funds	-	-	-		-
Inventory	-	-	27,676		27,676
Prepaid expenses	8,800	-	-		8,800
Restricted cash and cash equivalents	4,368,804	11,535	30,810		4,411,149
Total Current Assets	<u>8,647,433</u>	<u>1,500,467</u>	<u>105,266</u>		<u>10,253,166</u>
Noncurrent Assets					
Restricted deferred bond issuance costs	619,701	-	13,072		632,773
Deferred amount on refunding bonds	394,592	-	43,175		437,767
Property and Equipment:					
Land	345,933	204,753	300,000		850,686
Buildings	289,446	29,823	53,549		372,818
Furniture and fixtures	64,506	-	-		64,506
Vehicles	1,200,364	1,506,886	-		2,707,250
Equipment	2,004,690	1,755,945	653,188		4,413,823
Facilities	63,176,734	2,995,446	1,253,342		67,425,522
Construction in progress	1,707,542	-	-		1,707,542
Less: Accumulated depreciation	(28,526,057)	(2,966,776)	(519,267)		(32,012,100)
Net Property and Equipment	<u>40,263,158</u>	<u>3,526,077</u>	<u>1,740,812</u>		<u>45,530,047</u>
Total Noncurrent Assets	<u>41,277,451</u>	<u>3,526,077</u>	<u>1,797,059</u>		<u>46,600,587</u>
Total Assets	<u>\$ 49,924,884</u>	<u>\$ 5,026,544</u>	<u>\$ 1,902,325</u>		<u>\$ 56,853,753</u>
LIABILITIES AND NET ASSETS					
Current Liabilities					
Accounts payable	\$ 391,627	\$ 137,813	\$ 29,224		\$ 558,664
Customer meter deposits	296,552	-	-		296,552
Retainage payable	49,885	-	-		49,885
Due to other funds	-	-	-		-
Other accrued items	65,502	26,476	18,714		110,692
Capital leases	54,137	284,844	140,715		479,696
Landfill costs payable	-	19,500	-		19,500
Other liabilities	100,056	84,326	-		184,382
Restricted - accounts payable	261,625	-	-		261,625
Restricted - accrued interest	136,844	-	5,082		141,926
Restricted - long-term debt - current portion	1,614,048	-	80,806		1,694,854
Total Current Liabilities	<u>2,970,276</u>	<u>552,959</u>	<u>274,541</u>		<u>3,797,776</u>
Noncurrent Liabilities					
Compensated absences	171,789	40,232	18,739		230,760
Capital leases	127,282	445,963	92,041		665,286
Certificates of obligation (net of unamortized bond premium)	8,965,810	-	-		8,965,810
General obligation bonds (net of unamortized bond premium)	13,518,695	-	790,900		14,309,595
Limited tax notes (net of unamortized bond premium)	1,055,000	-	70,000		1,125,000
Future landfill costs	-	390,000	-		390,000
Total Noncurrent Liabilities	<u>23,838,576</u>	<u>876,195</u>	<u>971,680</u>		<u>25,686,451</u>
Total Liabilities	<u>26,808,852</u>	<u>1,429,154</u>	<u>1,246,221</u>		<u>29,484,227</u>
Net Assets:					
Investment in capital assets (net of related debt)	19,690,430	2,795,270	566,350		23,052,050
Restricted:					
Debt Service	378,138	-	-		378,138
Capital Projects	523,457	-	-		523,457
Unrestricted	2,524,007	802,120	89,754		3,415,881
Total Net Assets	<u>23,116,032</u>	<u>3,597,390</u>	<u>656,104</u>		<u>27,369,526</u>
Total Liabilities and Net Assets	<u>\$ 49,924,884</u>	<u>\$ 5,026,544</u>	<u>\$ 1,902,325</u>		<u>\$ 56,853,753</u>

The accompanying notes are an integral part of this statement.

**CITY OF COPPERAS COVE, TEXAS
 PROPRIETARY FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED SEPTEMBER 30, 2008**

EXHIBIT A-8

	Business-type Activities Enterprise Funds			Total Funds
	Water and Sewer Fund	Solid Waste Fund	Nonmajor Fund Golf Course Fund	
OPERATING REVENUES				
Charges for services	\$ 8,669,048	\$ 2,799,854	\$ 577,195	\$ 12,046,097
Miscellaneous	232,599	223,641	97,501	553,741
Total Operating Revenues	<u>8,901,647</u>	<u>3,023,495</u>	<u>674,696</u>	<u>12,599,838</u>
OPERATING EXPENSES				
Personnel services	1,734,445	699,843	380,628	2,814,916
Supplies and materials	2,246,029	210,866	66,480	2,523,375
Maintenance and repair	287,730	126,563	23,309	437,602
Services and charges	1,391,491	1,068,102	196,413	2,656,006
Depreciation	1,266,382	322,050	79,932	1,668,364
Total Operating Expenses	<u>6,926,077</u>	<u>2,427,424</u>	<u>746,762</u>	<u>10,100,263</u>
OPERATING INCOME (LOSS)	<u>1,975,570</u>	<u>596,071</u>	<u>(72,066)</u>	<u>2,499,575</u>
NONOPERATING REVENUES (EXPENSES)				
Interest earnings	233,518	25,763	925	260,206
Interest expense	(1,154,166)	(26,389)	(37,433)	(1,217,988)
Miscellaneous expense	(11,435)	-	-	(11,435)
Landfill closure and postclosure care costs estimate reduction	-	19,500	-	19,500
Bond agent fees	(4,135)	-	-	(4,135)
Loss on sale of asset	-	(1,011)	(5,220)	(6,231)
Total Nonoperating Revenues (Expenses)	<u>(936,218)</u>	<u>17,863</u>	<u>(41,728)</u>	<u>(960,083)</u>
Capital contributions	1,345,220	-	-	1,345,220
NET INCOME (LOSS) BEFORE TRANSFERS	<u>2,384,572</u>	<u>613,934</u>	<u>(113,794)</u>	<u>2,884,712</u>
TRANSFERS IN (OUT)				
Transfers in	36,446	-	145,889	182,335
Transfers (out)	(792,500)	(428,000)	(26,922)	(1,247,422)
CHANGE IN NET ASSETS	1,628,518	185,934	5,173	1,819,625
NET ASSETS, BEGINNING OF YEAR	<u>21,487,514</u>	<u>3,411,456</u>	<u>650,931</u>	<u>25,549,901</u>
NET ASSETS, END OF YEAR	<u>\$ 23,116,032</u>	<u>\$ 3,597,390</u>	<u>\$ 656,104</u>	<u>\$ 27,369,526</u>

The accompanying notes are an integral part of this statement.

CITY OF COPPERAS COVE, TEXAS
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Business-type Activities Enterprise Funds			Totals
	Water and Sewer Fund	Solid Waste Fund	Golf Course Fund	
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 8,706,514	\$ 2,834,459	\$ 674,749	\$ 12,215,722
Payments to suppliers	(3,364,432)	(1,326,168)	(260,268)	(4,950,868)
Payments to employees	(1,734,840)	(726,872)	(370,317)	(2,832,029)
Payments for interfund services used	125,966	-	-	125,966
Net Cash Provided by Operating Activities	3,733,208	781,419	44,164	4,558,791
Cash Flows from Investing Activities:				
Interest received	233,518	25,763	925	260,206
Net Cash Provided by Investing Activities	233,518	25,763	925	260,206
Cash Flows from Non-Capital Financing Activities:				
Transfers in	36,446	-	145,889	182,335
Transfers (out)	(792,500)	(428,000)	(26,922)	(1,247,422)
Net Cash Provided by (Used in) Noncapital Financing Activities	(756,054)	(428,000)	118,967	(1,065,087)
Cash Flows from Capital and Related Financing Activities:				
Proceeds from issuance of long-term debt	1,135,000	-	80,000	1,215,000
Principal paid on capital leases	(24,586)	(248,406)	(82,359)	(355,351)
Principal paid on long-term debt	(1,390,177)	-	(61,092)	(1,451,269)
Interest paid on capital leases	(2,746)	(25,664)	(8,075)	(36,485)
Interest paid on long-term debt	(1,120,450)	-	(25,725)	(1,146,175)
Acquisition of property and equipment	(1,862,209)	(17,737)	(492)	(1,880,438)
Bond issuance costs and deferred amount on refunding	36,404	-	4,193	40,597
Payment of bond agent fees	(4,135)	-	-	(4,135)
Net Cash Provided (Used) Capital & Related Financing Activities	(3,232,899)	(291,807)	(93,550)	(3,618,256)
Net Increase (Decrease) in Cash and Cash Equivalents	(22,227)	87,375	70,506	135,654
Cash and Cash Equivalents, Beginning of Year	7,051,714	756,310	6,284	7,814,308
Cash and Cash Equivalents, End of Year	\$ 7,029,487	\$ 843,685	\$ 76,790	\$ 7,949,962
Reconciliation of Operating Income to Net Cash				
Provided by Operating Activities:				
Operating income (loss)	\$ 1,975,570	\$ 596,071	\$ (72,066)	\$ 2,499,575
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,266,382	322,050	79,932	1,668,364
Decrease (increase) in assets:				
Accounts receivable	(195,133)	(189,036)	53	(384,116)
Due from other funds	125,966	-	-	125,966
Inventory	-	-	12,856	12,856
Prepaid expenditures	-	-	-	-
Increase (decrease) in liabilities:				
Accounts payable	535,412	79,363	12,226	627,001
Retainage payable	6,922	-	-	6,922
Accrued interest	5,344	-	852	6,196
Due to other funds	-	-	-	-
Other accrued liabilities	(89,391)	(18,585)	(6,324)	(114,300)
Other liabilities	37,435	(17,133)	-	20,302
Vacation and sick leave payable	51,562	8,689	16,635	76,886
Customer deposits	13,139	-	-	13,139
Total adjustments	1,757,638	185,348	116,230	2,059,216
Net Cash Provided by Operating Activities	\$ 3,733,208	\$ 781,419	\$ 44,164	\$ 4,558,791
Supplemental Disclosure				
Non-Cash Transactions				
Water/Sewer system	1,345,220	-	-	1,345,220
Developer contributions	(1,345,220)	-	-	(1,345,220)
Interest expense	(9,458)	-	(89)	(9,547)
Bond premium	9,458	-	89	9,547
Bond issuance costs	73,138	-	1,201	74,339
Amortization of bond issuance costs	(73,138)	-	(1,201)	(74,339)
Landfill closure and postclosure care costs payable	-	19,500	-	19,500
Landfill closure and postclosure care costs estimate (reduction)	-	(19,500)	-	(19,500)

The accompanying notes are an integral part of this statement.

**CITY OF COPPERAS COVE, TEXAS
NOTES TO FINANCIAL STATEMENTS**

“ The City Built for Family Living ”

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2008

I. 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 3, 1997, May 5, 2001, May 3, 2003, and May 10, 2008. 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 Unit. The component unit column in the government-wide 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 because it receives 90% of its revenue from the City's sales tax revenue. 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. Government-wide and Fund Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved "Basic Financial Statements and Management Discussion and Analysis for State and Local Governments" (Statement No. 34). This Statement provides for the most significant change in governmental financial reporting in over twenty years and is scheduled for a phased implementation (based on size of government) starting with fiscal years ending 2002 (for larger governments). The City of Copperas Cove implemented GASB Statement No. 34 for the year ending September 30, 2003. The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The previous reporting model emphasized fund types (the total of all funds of a particular type). In the new reporting model as defined by GASB Statement No. 34, the focus is either the City as a whole or major individual funds (within the fund financial statements).

Government-wide Financial Statements: The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements although, interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

B. Government-wide and Fund Financial Statements (continued)

Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment. Also included in program revenues are grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements: Separate fund based financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category for the governmental and enterprise combined) for the determination of major funds. The non-major funds are combined in a separate column in the fund financial statements. The non-major funds are detailed in the combining financial statements section of this report.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are prepared in conformity with GASB Statement No. 34 which requires the government-wide financial statements to be prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements do not provide information by fund or account group, but distinguish between the City's governmental activities and activities of its discretely presented component units on the statement of net assets and statement of activities. Significantly, the City's statement of net assets includes both noncurrent assets and noncurrent liabilities of the City, which were previously recorded in the General Fixed Assets Account Group and the General Long-term Debt Account Group. In addition, the government-wide statement of activities reflects depreciation expenses on the City's depreciable assets, including infrastructure. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. 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.

In addition to the government-wide financial statements, the City has prepared fund financial statements, which continue to use the modified accrual basis of accounting and the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Accordingly, the accounting and financial reporting of the City's General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Fund is similar to that previously presented in the City's financial statements, although the format of financial statements has been modified by Statement No. 34.

The City reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and sales tax revenues. The primary expenditures are for public safety, streets, parks and recreation, and general governmental services.

2007 Capital Improvements CO Fund – This capital project fund is used to account for various projects to include, but not limited to, construction of a new police facility.

Additionally, the City reports the following fund types:

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Capital Projects Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Debt Service Fund – The Debt Service Fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

Water and Sewer Fund – The Water and Sewer Fund is used to account for water and sewer operations. Activities of the Fund include administration, operation and maintenance of the water and sewer system and billing and collection activities.

Solid Waste Fund – The Solid Waste Fund is used to account for the provision of solid waste collection and disposal services to customers who are billed monthly at a rate sufficient to cover the cost of providing the service.

Additionally, the City reports the following proprietary fund:

Golf Course Fund – The Golf Course Fund is used to account for golf course operations. Activities of the Fund include administration, operation and maintenance of the golf course and billing and collection activities.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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.

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

Business type activities and all proprietary funds are accounted for using the accrual basis of accounting and the 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. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the City’s water and sewer, solid waste, and golf course funds are charges to customers for sales and services. Operating expenses for the proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expense.

GASB Statement No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide Statement of Net Assets.

Statement No. 34, as also requires supplementary information, Management’s Discussion and Analysis, which includes an analytical overview of the City’s financial activities. In addition a budgetary comparison statement is presented that compares the adopted and modified General Fund budget with actual results.

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

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.
- (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.

2. Interfund Transactions and Receivables and 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.

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.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

D. Assets, Liabilities, and Net Assets or Equity (continued)

3. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed in the general fund and the special revenues funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute generally accepted accounting principles (GAAP) basis expenditures or liabilities, since the commitments will be honored during the subsequent year.

4. Cash and Investments

Cash equivalents include demand deposits as well as short-term, highly liquid investments readily convertible to known amounts of cash with a maturity date within three months of the date acquired by the City.

Investments are stated at fair value based on quoted market values.

5. Inventories and Prepaid Items

Inventories are valued at cost, which approximates market, using the first-in/first-out method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements.

6. Restricted Assets

Certain resources are classified as restricted assets on the balance sheet because their use is limited by Council designation or because their use is limited by applicable bond covenants.

7. Capital Assets

Property, plant and equipment purchased or acquired is carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years.

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.

Major outlays for capital assets and improvements are capitalized as projects are completed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed. 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.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

D. Assets, Liabilities, and Net Assets or Equity (continued)

Property, plant, and equipment of the primary government, as well as the component units, is depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	25
Facilities / Infrastructure	25 - 40
Vehicles	5
Equipment	7
Furniture and fixtures	7

The useful lives used for GASB 34 depreciation purposes differ from the City's asset replacement criteria.

The City is capitalizing infrastructure assets paid for in the current year on the entity-wide financial statements. The City implemented the infrastructure related provisions of Governmental Accounting Standards Board statement no. 34 in the prior year.

8. 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 which typically is the General Fund. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Sick leave is awarded at eighty hours per year with a maximum accumulation of 960 hours. Fifty percent (50%) sick pay benefits are accrued as expenditures only when the individual employee is eligible to collect retirement from the Texas Municipal Retirement System (TMRS). The fifty percent (50%) of unused sick leave will be paid to employees who retire with 20 years or more of physical continual service with the City of Copperas Cove; and, at the time of separation, collect a TMRS monthly retirement check.

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

D. Assets, Liabilities, and Net Assets or Equity (continued)

as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as capital project expenditures.

10. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

11. Comparative Data/Reclassifications

Comparative data have not been presented in the accompanying financial statements because their inclusion would make certain statements unduly complex and difficult to understand.

Revenue, expenditures and other financial data are classified in the manner management feels is most meaningful to financial statement users.

12. Deferred Revenues

Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

CITY OF COPPERAS COVE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2008

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets

The governmental fund balance sheet includes a reconciliation between fund balance-total governmental funds and net assets - governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$16,976,478 difference are as follows:

Note Payable	\$ (23,032)
General Obligation bonds payable	(5,251,969)
Limited Tax Notes	(2,460,000)
Certificates of Obligation bonds payable	(8,487,000)
Less: Unamortized bond issuance costs	175,770
Less: Unamortized bond discount	9,095
Less: Deferred amount on refunding	320,005
Accrued interest payable	(95,160)
Capitalized leases payable	(398,253)
Compensated absences	<u>(765,934)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (16,976,478)</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.” The details of this \$2,460,096 difference are as follows:

Capital outlay	\$ 4,418,877
Less:	
Capital outlay below capitalization threshold	(142,879)
Capital lease payments in capital outlay expenditures	(131,512)
Depreciation expense	<u>(1,684,390)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 2,460,096</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

CITY OF COPPERAS COVE, TEXAS
 NOTES TO BASIC FINANCIAL STATEMENTS (continued)
 SEPTEMBER 30, 2008

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this \$(620,614) difference are as follows:

Principal commitments	\$ (1,640,000)
Capital leases	(50,823)
Unamortized bond issuance costs	30,000
Principal repayments:	
General obligation debt	548,731
Certificate of obligation debt	180,000
Limited tax notes	145,000
Notes Payable	1,628
Capital leases	<u>164,850</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (620,614)</u></u>

Another element of that reconciliation states “some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.” The details of this \$(49,982) difference are as follows:

Compensated absences	\$ 168
Accrued interest	(11,949)
Amortization of bond discount	(779)
Deferred amount on refunding	(24,225)
Amortization of bond issuance costs	<u>(13,197)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u><u>\$ (49,982)</u></u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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 for the Texas Community Development Loan Fund), Debt Service, and Proprietary Funds. Project-length financial plans are adopted for all Capital Projects Funds.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

A. Budgetary Information (continued)

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.

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

1. 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.
2. On or before September 30, the City Council holds public hearing and adopts the budget.
3. 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 classification of expenditures within an office, department or agency.
4. 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.
5. 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.
6. 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 original and final budget approved by the City Council. The amendments had no net effect on revenues or expenditures.
7. 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 had one department that exceeded budgeted appropriations for this fiscal year.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

B. Excess of Expenditures over Appropriations

For the fiscal year ended September 30, 2008, the City's actual total expenditures by function exceed budgeted amounts in the following department:

	<u>Appropriation</u>	<u>Excess of Expenditures Over Appropriations</u>	<u>Explanation Number</u>
<u>General Fund</u>			
Transfers out	\$ 154,518	\$ 63,036	1

1. Unanticipated adjustments proposed by independent auditors when posted resulted in an immaterial negative variance.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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 \$2,101,507 and the bank balance was \$2,735,774. Of the \$2,735,774 bank balance as of September 30, 2008, the entire balance was collateralized by either FDIC insurance or securities held by the pledging financial institution's trust department. However, in the months of January, February and August the City had deposits that were not fully insured or collateralized in the amounts of \$942,454, \$418,479, and \$659,751, respectively.

The carrying amount of demand deposits for the Economic Development Corporation, a discretely presented component unit, was \$1,136,710 and the bank balance was \$1,147,292. 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.

The Public Funds Investment Act (Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the City to adopt, implement, and publicize an investment policy. That policy must address the following areas: (1) safety of principal and liquidity, (2) portfolio diversification, (3) allowable investments, (4) acceptable risk levels, (5) expected rates of return, (6) maximum allowable stated maturity of portfolio investments, (7) maximum average dollar-weighted maturity allowed based on the stated maturity date for the portfolio, (8) investment staff quality and capabilities, (9) and bid solicitation preferences for certificates of deposit. Statutes authorize the City to invest in (1) obligations of the U.S. Treasury, certain U.S. agencies, and the State of Texas; (2) certificates of deposit, (3) certain municipal securities, (4) money market savings accounts, (5) repurchase agreements, (6) bankers acceptances, (7) Mutual Funds, (8) Investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

A. Deposits and Investments (continued)

In compliance with the Public Funds Investment Act, the City has adopted a deposit and investment policy. That policy addresses the following risks:

Custodial Credit Risk – Deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s policy regarding types of deposits allowed and collateral requirements are mentioned in the previous paragraphs. As noted above, the City is not currently exposed to custodial credit risk for its deposits as all are covered by FDIC insurance and pledged securities held in the name of the City.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investments that are held by an outside party are fully insured and backed by the U.S. Government and, registered in the name of the City. It is the City’s policy to ensure that potential brokers/dealers are in good standing with the National Association of Securities Dealers and registered with the Texas State Securities Board and invest in external investment pools that maintain a AAA or AAA-m rating by a nationally recognized rating service. Therefore, the City is not exposed to custodial credit risk.

Interest Rate Risk – Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. The allowed stated maturity of any individual investment owned by the City shall not exceed two years from the time of purchase. Limiting investment maturities are the City’s means for limiting its exposure to fair value losses arising from interest rate increases.

Concentration Risk – Concentration risk is defined as positions of 5 percent or more in the securities of a single issuer. All of the City’s investments are invested in an external investment pool and therefore, not exposed to concentration risk.

The City's investments at September 30, 2008, are shown below:

Name	Fair Value
State Operated Pools:	
TexPool	\$ 17,721,468
TexStar	3,460,903
	\$ 21,182,371
Total	\$ 21,182,371

The City uses the following external investment pools:

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.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

A. Deposits and Investments (continued)

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.

TexStar

The Texas Short Term Asset Reserve Program (TexStar) was organized in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, and the Public Funds Investment Act, Chapter 2256 of the Texas Government Code. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. serve as co-administrators for TexStar under an agreement with the TexSTAR Board. TexStar will invest only in instruments authorized under both the Public Funds Investment Act and the current TexStar Investment Policy. The primary objectives of TexStar are, in order of priority, preservation and protection of principal, maintenance of sufficient liquidity to meet participants' needs, diversification to avoid unreasonable or avoidable risks, and yield. In order to comply with the Public Funds Investment Act, TexStar maintains a AAAM rating from Standard & Poor's which monitors weekly the funds compliance with its rating requirements.

TexStar operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The TexSTAR Cash Reserve Fund seeks to maintain a net asset value of \$1.00 per unit and provides participants with the investment of funds that require daily liquidity availability. All investments are stated at amortized cost, which closely approximates the market value of the securities. All TexSTAR securities are marked to market on a daily basis.

B. 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.

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.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

C. Receivables

Receivables at September 30, 2008 for the City's individual major and non-major funds including the applicable allowances for uncollectible accounts, consist of the following:

	General	Water & Sewer	Solid Waste	Golf Course	Nonmajor Funds	Total
Receivables:						
Taxes	\$ 147,035	\$ -	\$ -	\$ -	\$ 32,996	\$ 180,031
Ambulance Fees	2,764,851	-	-	-	-	2,764,851
Assessments	23,829	-	-	-	-	23,829
Utility Accounts	-	1,912,925	787,813	-	-	2,700,738
Miscellaneous	99,169	-	-	800	301,921	401,890
Grants	1,078	-	-	-	-	1,078
Notes	-	-	-	-	140,099	140,099
Gross Receivables	3,035,962	1,912,925	787,813	800	475,016	6,212,516
Less: Allowance for Uncollectibles	(665,960)	(303,779)	(131,031)	-	(30,742)	(1,131,512)
Net Total Receivables	\$2,370,002	\$1,609,146	\$656,782	\$ 800	\$ 444,274	\$5,081,004

The Enterprise Fund accounts receivable include unbilled charges for services rendered at September 30, 2008.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

D. Capital Assets

Capital asset activity for the year ended September 30, 2008 was as follows:

Primary Government

	Balance 09/30/07	Additions	Deletions	Balance 9/30/2008
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,343,921	\$ 197,134	\$ -	\$ 1,541,055
Construction in progress	9,226	1,644,119	383,504	1,269,841
Total capital assets, not being depreciated	<u>1,353,147</u>	<u>1,841,253</u>	<u>383,504</u>	<u>2,810,896</u>
Capital assets, being depreciated:				
Buildings / Improvements	7,052,934	10,700	-	7,063,634
Facilities / Infrastructure *	15,538,310	2,273,725	-	17,812,035
Furniture and fixtures	568,746	-	1,870	566,876
Vehicles	2,689,254	241,691	196,163	2,734,782
Equipment	5,383,781	160,621	75,781	5,468,621
Total capital assets being depreciated	<u>31,233,025</u>	<u>2,686,737</u>	<u>273,814</u>	<u>33,645,948</u>
Less accumulated depreciation for:				
Buildings / Improvements	3,479,688	238,149	-	3,717,837
Facilities / Infrastructure *	2,139,540	597,867	-	2,737,407
Furniture and fixtures	363,215	45,402	1,870	406,747
Vehicles	2,128,390	244,834	196,163	2,177,061
Equipment	3,515,586	558,138	75,781	3,997,943
Total accumulated depreciation	<u>11,626,419</u>	<u>1,684,390</u>	<u>273,814</u>	<u>13,036,995</u>
Total capital assets, being depreciated, net	<u>19,606,606</u>	<u>1,002,347</u>	<u>-</u>	<u>20,608,953</u>
Governmental activities capital assets, net	<u>\$ 20,959,753</u>	<u>\$ 2,843,600</u>	<u>\$ 383,504</u>	<u>\$ 23,419,849</u>

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

D. Capital Assets (continued)

	Balance 9/30/2007	Additions	Deletions	Balance 9/30/2008
Water and Sewer activities:				
Capital assets, not being depreciated:				
Land	\$ 345,933	\$ -	\$ -	\$ 345,933
Construction in progress	1,567,952	1,780,376	1,640,786	1,707,542
Total capital assets, not being depreciated	1,913,885	1,780,376	1,640,786	\$ 2,053,475
Capital assets, being depreciated:				
Buildings	289,446	-	-	289,446
Furniture and fixtures	64,506	-	-	64,506
Vehicles	1,157,601	42,763	-	1,200,364
Equipment	1,827,591	177,684	585	2,004,690
Facilities	60,184,625	2,992,109	-	63,176,734
Total capital assets, being depreciated	63,523,769	3,212,556	585	66,735,740
Less accumulated depreciation for:				
Buildings	169,397	10,263	-	179,660
Furniture and fixtures	21,411	8,334	-	29,745
Vehicles	1,008,116	14,925	-	1,023,041
Equipment	1,301,839	132,664	368	1,434,135
Facilities	24,759,280	1,100,196	-	25,859,476
Total accumulated depreciation	27,260,043	1,266,382	368	28,526,057
Total capital assets, being depreciated, net	36,263,726	1,946,174	217	38,209,683
Water and Sewer activities capital assets, net	\$ 38,177,611	\$ 3,726,550	\$ 1,641,003	\$ 40,263,158
Solid Waste activities:				
Capital assets, not being depreciated:				
Land	\$ 204,753	\$ -	\$ -	\$ 204,753
Total capital assets, not being depreciated	204,753	-	-	204,753
Capital assets, being depreciated:				
Buildings	29,823	-	-	29,823
Vehicles	1,506,886	-	-	1,506,886
Equipment	1,217,308	542,973	4,336	1,755,945
Facilities	2,995,446	-	-	2,995,446
Total capital assets, being depreciated	5,749,463	542,973	4,336	6,288,100
Less accumulated depreciation for:				
Buildings	27,962	109	-	28,071
Vehicles	1,063,445	138,377	-	1,201,822
Equipment	834,941	123,655	3,325	955,271
Facilities	721,703	59,909	-	781,612
Total accumulated depreciation	2,648,051	322,050	3,325	2,966,776
Total capital assets, being depreciated, net	3,101,412	220,923	1,011	3,321,324
Solid Waste activities capital assets, net	\$ 3,306,165	\$ 220,923	\$ 1,011	\$ 3,526,077

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

D. Capital Assets (continued)

	Balance 9/30/2007	Additions	Deletions	Balance 9/30/2008
Golf Course activities:				
Capital assets, not being depreciated:				
Land	\$ 300,000	\$ -	\$ -	\$ 300,000
Total capital assets, not being depreciated	300,000	-	-	300,000
Capital assets, being depreciated:				
Buildings	53,549	-	-	53,549
Equipment	669,841	118,956	135,609	653,188
Facilities	1,253,342	-	-	1,253,342
Total capital assets, being depreciated	1,976,732	118,956	135,609	1,960,079
Less accumulated depreciation for:				
Buildings	18,097	2,096	-	20,193
Equipment	337,412	52,769	130,389	259,792
Facilities	214,215	25,067	-	239,282
Total accumulated depreciation	569,724	79,932	130,389	519,267
Total capital assets, being depreciated, net	1,407,008	39,024	5,220	1,440,812
Golf Course activities capital assets, net	\$ 1,707,008	\$ 39,024	\$ 5,220	\$ 1,740,812
Total Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 850,686	\$ -	\$ -	\$ 850,686
Construction in progress	1,567,952	1,780,376	1,640,786	1,707,542
Total capital assets, not being depreciated	2,418,638	1,780,376	1,640,786	2,558,228
Capital assets, being depreciated:				
Buildings	372,818	-	-	372,818
Furniture and fixtures	64,506	-	-	64,506
Vehicles	2,664,487	42,763	-	2,707,250
Equipment	3,714,740	839,613	140,530	4,413,823
Facilities	64,433,413	2,992,109	-	67,425,522
Total capital assets, being depreciated	71,249,964	3,874,485	140,530	74,983,919
Less accumulated depreciation for:				
Buildings	215,456	12,468	-	227,924
Furniture and fixtures	21,411	8,334	-	29,745
Vehicles	2,071,561	153,302	-	2,224,863
Equipment	2,474,192	309,088	134,082	2,649,198
Facilities	25,695,198	1,185,172	-	26,880,370
Total accumulated depreciation	30,477,818	1,668,364	134,082	32,012,100
Total capital assets, being depreciated, net	40,772,146	2,206,121	6,448	42,971,819
Business-type activities capital assets, net	\$ 43,190,784	\$ 3,986,497	\$ 1,647,234	\$ 45,530,047

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

D. Capital Assets (continued)

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

Governmental activities:			
General Government		\$	224,775
Public Safety			502,968
Community Service			440,316
Highways and Streets			504,047
Fleet Maintenance			12,284
		<u>\$</u>	<u>1,684,390</u>
Total depreciation expense-governmental activities			
Business-type activities:			
Water and Sewer		\$	1,266,382
Solid Waste			322,050
Golf Course			79,932
		<u>\$</u>	<u>1,668,364</u>

Discretely presented component unit

Activity for the Economic Development Corporation (EDC) for the year ended September 30, 2008, was as follows:

	Balance 9/30/2007	Additions	Deletions	Balance 9/30/2008
Capital assets, not being depreciated:				
Land	\$ 3,264,860	\$ -	\$ -	\$ 3,264,860
Total capital assets, not being depreciated	<u>3,264,860</u>	<u>-</u>	<u>-</u>	<u>3,264,860</u>
Capital assets, being depreciated:				
Buildings	885,609	59,686	-	945,295
Equipment	108,534	-	-	108,534
Total capital assets, being depreciated	<u>994,143</u>	<u>59,686</u>	<u>-</u>	<u>1,053,829</u>
Less accumulated depreciation for:				
Buildings	226,674	36,867	-	263,541
Equipment	78,521	7,854	-	86,375
Total accumulated depreciation	<u>305,195</u>	<u>44,721</u>	<u>-</u>	<u>349,916</u>
Total capital assets, being depreciated, net	<u>688,948</u>	<u>14,965</u>	<u>-</u>	<u>703,913</u>
EDC capital assets, net	<u>\$ 3,953,808</u>	<u>\$ 14,965</u>	<u>\$ -</u>	<u>\$ 3,968,773</u>

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

E. Interfund Receivables, Payables, and Transfers

A summary of interfund receivables and payables at September 30, 2008 is as follows:

Fund	Interfund Receivables	Interfund Payables
General Fund:		
Non-Major Governmental Funds	\$ -	\$ 35
Total General Fund	<u>-</u>	<u>35</u>
Non-Major Governmental Funds		
General Fund	35	-
Total Non-Major Governmental Funds	<u>35</u>	<u>-</u>
Total	<u>\$ 35</u>	<u>\$ 35</u>

Balances resulted from the time lag between the dates that 1) transactions are recorded in the accounting system, and payments between funds are made.

Transfers during the year ended September 30, 2008 were:

	Transfer In	Transfer Out
Governmental Activities:		
General Fund	\$ 1,366,489	\$ 217,594
Non-Major governmental activities	204,675	288,483
Business-type Activities:		
Water and Sewer	36,446	792,500
Solid Waste	-	428,000
Golf Course	145,889	26,922
Total	<u>\$ 1,753,499</u>	<u>\$ 1,753,499</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

F. 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 under capital leases as of September 30, 2008.

	Governmental Funds	Proprietary Funds
Asset:		
Machinery and Equipment	\$ 1,217,053	\$ 1,789,208
Less: Accumulated Depreciation	596,682	777,970
Total	<u>\$ 620,371</u>	<u>\$ 1,011,238</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, 2008.

Year Ending September 30,	Governmental Funds	Proprietary Funds
2009	\$ 196,565	\$ 513,423
2010	159,752	360,782
2011	60,544	236,586
2012	-	94,053
2013	-	-
2014 and thereafter	-	-
Total minimum lease payments	<u>416,861</u>	<u>1,204,844</u>
Less amount representing interest	18,608	59,862
Present value of future minimum lease payments	<u>\$ 398,253</u>	<u>\$ 1,144,982</u>

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

G. Long-Term Debt

A summary of long-term debt transactions, including current portion, for the year ended September 30, 2008 is as follows:

	Balance 09/30/07	Additions	Deletions	Balance 09/30/08	Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 5,800,700	\$ -	\$ (548,731)	\$ 5,251,969	\$ 515,145
Notes Payable	24,660	-	(1,628)	23,032	1,669
Tax/Revenue certificates of obligation	8,667,000	-	(180,000)	8,487,000	205,000
Limited Tax Notes	965,000	1,640,000	(145,000)	2,460,000	320,000
Unamortized bond issue costs	(158,967)	(30,000)	13,197	(175,770)	-
Unamortized bond (discount)	(9,874)	-	779	(9,095)	-
Deferred amount on refunding	(344,230)	-	24,225	(320,005)	-
Total bonds payable	14,944,289	1,610,000	(837,158)	15,717,131	1,041,814
Compensated absences	766,102	453,228	(453,396)	765,934	95,121
Capitalized leases	512,280	50,823	(164,850)	398,253	184,405
Governmental activity long-term debt	<u>\$ 16,222,671</u>	<u>\$ 2,114,051</u>	<u>\$ (1,455,404)</u>	<u>\$ 16,881,318</u>	<u>\$ 1,321,340</u>
Business Type Activities					
General obligation bonds	\$ 15,599,300	\$ -	\$ (591,269)	\$ 15,008,031	\$ 714,854
Tax/Revenue certificates of obligation	10,713,000	-	(860,000)	9,853,000	890,000
Limited Tax Notes	-	1,215,000	-	1,215,000	90,000
Unamortized bond issue costs	(687,113)	(20,000)	74,340	(632,773)	-
Unamortized bond premium	58,194	-	(9,547)	48,647	-
Unamortized bond (discount)	(31,939)	-	2,520	(29,419)	-
Deferred amount on refunding	(474,080)	-	36,313	(437,767)	-
Total bonds payable	25,177,362	1,195,000	(1,347,643)	25,024,719	1,694,854
Future landfill costs	429,000	-	(19,500)	409,500	19,500
Compensated absences	196,810	113,387	(18,903)	291,294	60,535
Capitalized leases	708,397	788,407	(351,821)	1,144,983	479,344
Business - type activity long-term debt	<u>\$ 26,511,569</u>	<u>\$ 2,096,794</u>	<u>\$ (1,737,867)</u>	<u>\$ 26,870,496</u>	<u>\$ 2,254,233</u>

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, is 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. 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 specific future dates.

Long-term debt at September 30, 2008, includes the following individual issues (not including the unamortized premium of \$ 48,647 and unamortized discount of \$ 29,419 of the Water & Sewer Tax and Revenue Certificates of Obligation):

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

G. Long-Term Debt (continued)

	Interest Rate (%)	Issue Date	Maturity Date	Original Issue	Net Retirement	Outstanding
Governmental Funds						
General Obligation Bonds:						
1998 Various purpose	3.70 - 4.50	09-01-98	08-15-13	\$ 1,000,000	\$ 644,633	\$ 355,367
1998 Refunding	3.70 - 4.50	09-01-98	08-15-12	2,750,000	1,735,367	1,014,633
2005 Refunding	3.68	11-29-05	08-15-17	1,892,800	383,831	1,508,969
2006 Refunding	3.78	03-09-06	08-15-21	996,000	6,000	990,000
2007 Refunding	3.94	05-31-07	09-30-23	1,408,500	25,500	1,383,000
2006 Limited Tax Notes	3.50 - 4.00	09-26-06	08-15-13	1,260,000	440,000	820,000
2008 Limited Tax Notes	2.78	05-01-08	02-15-14	1,640,000	-	1,640,000
Note payable	2.50	11-14-00	09-01-20	35,000	11,968	23,032
Tax/Revenue Certificates of Obligation:						
1999 Various purpose	3.75 - 5.40	09-07-99	08-15-09	585,000	550,000	35,000
2001 Various purpose	3.00 - 5.25	06-15-01	08-15-21	1,915,000	1,520,000	395,000
2003 Various purpose	2.00 - 5.00	08-05-03	09-30-23	4,190,000	1,433,000	2,757,000
2007 Various purpose	3.94	05-31-07	09-30-27	5,300,000	-	5,300,000
Total				<u>\$ 22,972,300</u>	<u>\$ 6,750,299</u>	<u>\$16,222,001</u>
Proprietary Funds						
General Obligation Bond:						
2001A Refunding	4.00 - 4.50	06-15-01	08-15-09	\$ 1,845,000	\$ 1,575,000	\$ 270,000
2003A Refunding	2.00 - 5.00	08-05-03	09-30-23	4,720,000	1,135,000	3,585,000
2005 Refunding	3.68	11-29-05	08-15-19	4,022,200	56,169	3,966,031
2006 Refunding	3.78	03-09-06	08-15-21	3,984,000	24,000	3,960,000
2007 Refunding	3.94	05-31-07	09-30-23	3,286,500	59,500	3,227,000
2008 Limited Tax Notes	2.78	05-01-08	02-15-14	1,215,000	-	1,215,000
Tax/Revenue Certificates of Obligation:						
1999 Various purpose	3.75 - 5.40	09-07-99	08-15-19	6,035,000	5,790,000	245,000
2001 Various purpose	4.00 - 5.25	06-15-01	08-15-21	6,485,000	5,285,000	1,200,000
2003 Improvements	2.00 - 5.00	08-05-03	09-30-23	9,820,000	4,222,000	5,598,000
2005 Various purpose	3.63	11-10-05	08-15-25	3,050,000	240,000	2,810,000
Total				<u>\$ 44,462,700</u>	<u>\$18,386,669</u>	<u>\$26,076,031</u>

General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. The original amount of general obligation bonds issued in prior years was \$25,905,000. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

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.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

G. Long-Term Debt (continued)

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. As of September 30, 2008, the outstanding maturities on the refunded debt have been redeemed.

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 the new debt) of \$69,826.

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 \$2,306,738 (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. As of September 30, 2008, the outstanding maturities on the refunded debt have been redeemed.

The City refunded the bonds to reduce its total debt service payment over the next eight years by \$345,905 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.

On August 1, 2003, the City issued \$4,720,000 in General Obligation Refunding Bonds with an average interest rate of 3.55 percent to refund \$810,000 of outstanding Waterworks and Sewer System Revenue Refunding Bonds, Series 1993 and \$4,240,000 of outstanding Waterworks and Sewer System Revenue Bonds, Series 1994. The net proceeds of \$5,241,473 (after payment of \$112,838 in underwriting fee, 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, 2008 the outstanding maturities have been redeemed on the refunded debt for the Series 1993 and Series 1994.

The City refunded the bonds to reduce its total debt service payment over the next eleven years by \$932,089 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$188,927.

On November 11, 2005, the City issued \$5,915,000 in General Obligation Refunding Bonds with an average interest rate of 3.68 percent to refund \$885,000 of outstanding General Obligation Bonds, Series 1994, \$1,395,000 of outstanding Combination Tax & Revenue Certificates of Obligations, Series 1997, and \$3,260,000 of outstanding Combination Tax & Revenue Certificates of Obligations, Series 1999. The net proceeds of \$5,829,343 (after payment of \$85,657 in underwriting fee, insurance, accrued interest and other issuance costs) were used to purchase U.S. government securities.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

G. Long-Term Debt (continued)

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, 2008 the outstanding maturities on the refunded debt were \$3,260,000 for the Series 1999. The outstanding maturities for the Series 1994 and Series 1997 refunded debt have been redeemed.

The City refunded the bonds to reduce its total debt service payment over the next sixteen years by \$311,551 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$291,031

On March 9, 2006, the City issued \$4,980,000 in General Obligation Refunding Bonds with an average interest rate of 3.78 percent to refund \$4,595,000 of outstanding Combination Tax & Revenue Certificates of Obligations, Series 2001. The net proceeds of \$4,896,932 (after payment of \$83,068 in underwriting fee, 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, 2008 the outstanding maturities on the refunded debt were \$4,595,000.

The City refunded the bonds to reduce its total debt service payment over the next sixteen years by \$189,889 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$192,957.

On May 31, 2007, the City issued \$4,695,000 in General Obligation Refunding Bonds with an average interest rate of 3.94 percent to refund \$4,350,000 of outstanding Combination Tax & Revenue Certificates of Obligations, Series 2003. The net proceeds of \$4,624,875 (after payment of \$70,125 in underwriting fee, 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. As of September 30, 2008 the outstanding maturities on the refunded debt were \$4,350,000.

The City refunded the bonds to reduce its total debt service payment over the next sixteen years by \$291,247 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$213,454.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

G. Long-Term Debt (continued)

Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending <u>September 30,</u>	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 515,145	\$ 207,510	\$ 714,854	\$ 584,677
2010	628,650	186,774	991,351	557,083
2011	673,269	161,639	1,061,731	518,545
2012	686,434	134,258	1,078,566	477,289
2013	351,627	106,349	1,513,372	433,706
2014-2018	716,844	398,447	4,758,157	1,442,720
2019-2023	1,680,000	191,580	4,890,000	506,500
Total	<u>\$ 5,251,969</u>	<u>\$ 1,386,557</u>	<u>\$ 15,008,031</u>	<u>\$ 4,520,520</u>

Note Payable

Annual debt service requirements to maturity for Notes Payable are as follows:

Year Ending <u>September 30,</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 1,669	\$ 576
2010	1,711	534
2011	1,754	491
2012	1,798	447
2013	1,843	403
2014-2018	9,927	1,298
2019-2020	4,330	159
Total	<u>\$ 23,032</u>	<u>\$ 3,908</u>

Tax and Revenue Certificates of Obligation

On August 1, 2003, the City issued \$14,010,000 in Combination Tax and Revenue Certificates of Obligation Series 2003.

On November 10, 2005, the City issued \$3,050,000 in Combination Tax and Revenue Certificates of Obligation Series 2003 with an interest rate of 3.63% to pay for construction and improvements to the City's waterworks and sewer system.

On May 31, 2007, the City issued \$5,300,000 in Combination Tax and Revenue Certificates of Obligation, Series 2007 with an interest rate of 3.94% to pay for construction and improvements to the City's police facility and land acquisition for future projects.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

G. Long-Term Debt (continued)

Annual debt service requirements to maturity for Tax and Revenue Certificates of Obligation are as follows:

Year Ending <u>September 30,</u>	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 205,000	\$ 345,152	\$ 890,000	\$ 437,445
2010	180,000	335,226	630,000	400,672
2011	195,000	326,842	660,000	375,541
2012	200,000	316,599	695,000	349,996
2013	305,000	307,440	355,000	320,594
2014-2018	2,791,000	1,255,973	3,820,000	1,184,268
2019-2023	2,851,000	646,025	2,378,000	356,492
2024-2027	1,760,000	176,709	425,000	23,413
Total	<u>\$ 8,487,000</u>	<u>\$ 3,709,966</u>	<u>\$ 9,853,000</u>	<u>\$ 3,448,421</u>

Limited Tax Notes

On September 1, 2006, the City issued \$1,260,000 in Limited Tax Notes with an interest rate of 3.50 - 4.00% to pay for acquisition of land and for construction of a new police station and purchase of equipment for the Street and Fire Departments.

On May 1, 2008, the City issued \$2,855,000 in Limited Tax Notes with an interest rate of 2.78% to pay for acquisition of land, street and utility improvements, community service facilities improvements, and acquisition of software.

Annual debt service requirements to maturity for the Limited Tax Notes are as follows:

Year Ending <u>September 30,</u>	Governmental Activities		Business-type Activities	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 320,000	\$ 88,954	\$ 90,000	\$ 42,284
2010	300,000	65,519	110,000	29,746
2011	340,000	54,789	135,000	26,340
2012	385,000	42,817	220,000	21,406
2013	510,000	28,423	265,000	14,664
2014-2017	605,000	8,409	395,000	5,491
Total	<u>\$ 2,460,000</u>	<u>\$ 288,911</u>	<u>\$ 1,215,000</u>	<u>\$ 139,931</u>

V. OTHER INFORMATION

A. 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 that will be provided coverage 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.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

A. Risk Management (continued)

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 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.

B. 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 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 has active Governmental and Water and Sewer construction projects as of September 30, 2008. At year-end the City's commitments with contractors are as follows:

	Contract Amount	Spent-to-date	Remaining Commitment
Governmental	\$ 1,004,396	\$ 661,581	\$ 342,815
Water and Sewer	1,836,793	1,313,336	523,457
Total	<u>\$ 2,841,189</u>	<u>\$ 1,974,917</u>	<u>\$ 866,272</u>

C. Employee Benefits

1. 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 827 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 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.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

C. Employee Benefits (continued)

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

2. 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 cost 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, 2006, valuation is effective for rates beginning January 2008).

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

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

C. Employee Benefits (continued)

	Schedule of Actuarial Liabilities and Funding Progress		
Actuarial Valuation Date	12/31/07	12/31/06	12/31/05
Actuarial Value of Assets	\$ 15,913,254	\$ 15,430,911	\$ 14,772,787
Actuarial Accrued Liability	\$ 24,515,869	\$ 18,806,345	\$ 17,618,764
Unfunded (Over-funded) Actuarial Accrued Liability (UAAL)	\$ 8,602,615	\$ 3,375,434	\$ 2,845,977
Funded Ratio	64.90%	82.05%	83.8%
Annual covered Payroll	\$ 9,829,734	\$ 8,932,152	\$ 8,461,828
UAAL as a Percentage of Covered Payroll	87.52%	37.79%	33.6%
Net Pension Obligation (NPO) at the Beginning of Period	\$ -	\$ -	\$ -
Annual Required Contribution (ARC)	\$ 831,512	\$ 718,866	\$ 707,410
Interest on NPO	-	-	-
Adjustments to the ARC	-	-	-
	831,512	718,866	707,410
Contributions Made	831,512	718,866	707,410
Increase in NPO	-	-	-
NPO at the End of Period	-	-	-
	\$ -	\$ -	\$ -

Actuarial Information

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % of Payroll 30 Years - Closed Period
Asset Valuation Method	Amortized Cost
Assumptions:	
Investment Rate of Return	7%
Projected Salary Increases	None
Inflation	3.0%
Cost of Living Increases	2.1% (3.0% CPI)

D. Metered Water and Sewer

The City had approximately 12,702 metered customers on their water and sewer systems at September 30, 2008. All water is metered, including City departments.

E. 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 Commission of Environmental Quality (TCEQ) 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.

CITY OF COPPERAS COVE, TEXAS
NOTES TO BASIC FINANCIAL STATEMENTS (continued)
SEPTEMBER 30, 2008

E. Municipal Solid Waste Landfill (continued)

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.

The City originally estimated the current costs of remaining closure costs and post closure costs at \$585,000 as of September 30, 1999. These landfill closure and postclosure care costs were recognized over the active life of the landfill, based on the landfill capacity used to date at the end of each fiscal year through the fiscal year ended September 30, 1999.

The City revised its estimate of current costs of remaining closure and post closure care costs as of September 30, 2008. The revised cost estimate is \$409,500. This revision resulted in the 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 TCEQ 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.

F. Change in Accounting Estimate

The City revised its estimate of landfill closure and post closure care costs required to comply with TCEQ regulations. The revised estimate of landfill closure and post closure care costs is \$409,500. 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 \$429,000. 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, 2008.

G. Subsequent Event

The City entered into a contract with Rogers-O'Brian Construction in the amount of \$8,459,858 for the construction of the new police facility on December 18, 2008.

**CITY OF COPPERAS COVE, TEXAS
REQUIRED SUPPLEMENTAL INFORMATION**

“ The City Built for Family Living ”

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT B-1

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 9,713,972	\$ 9,853,972	\$ 9,978,042	\$ 124,070
Licenses	50,700	50,700	38,848	(11,852)
Permits	193,800	219,550	181,354	(38,196)
City services provided	1,018,187	1,022,887	887,895	(134,992)
Fines	953,308	953,308	753,080	(200,228)
Interest	235,050	235,050	166,942	(68,108)
Miscellaneous	130,800	230,611	260,382	29,771
Intergovernmental	1,500	1,500	39,226	37,726
Contributions	1,000	1,000	4,638	3,638
	<u>12,298,317</u>	<u>12,568,578</u>	<u>12,310,407</u>	<u>(258,171)</u>
Total Revenues				
EXPENDITURES				
Current:				
General government	2,207,951	2,262,415	2,128,826	133,589
Community services	1,612,547	1,653,188	1,557,866	95,322
Fleet and facility services	407,812	412,215	395,382	16,833
Highways and streets	985,565	1,042,545	1,024,364	18,181
Public safety	8,301,572	8,428,772	8,047,121	381,651
	<u>13,515,447</u>	<u>13,799,135</u>	<u>13,153,559</u>	<u>645,576</u>
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(1,217,130)</u>	<u>(1,230,557)</u>	<u>(843,152)</u>	<u>387,405</u>
OTHER FINANCING SOURCES (USES)				
Capital leases	-	-	50,823	50,823
Issuance of debt	-	-	-	-
Bond issuance costs	-	-	-	-
Transfers in	1,300,500	1,366,527	1,366,489	(38)
Transfers (out)	(60,151)	(154,558)	(217,594)	(63,036)
	<u>1,240,349</u>	<u>1,211,969</u>	<u>1,199,718</u>	<u>(12,251)</u>
Total Other Financing Sources (Uses)				
NET CHANGES IN FUND BALANCES	<u>\$ 23,219</u>	<u>\$ (18,588)</u>	<u>356,566</u>	<u>\$ 375,154</u>
FUND BALANCE, BEGINNING OF YEAR			3,986,337	
CURRENT YEAR ENCUMBERANCES			439,561	
PRIOR YEAR ENCUMBERANCES			(590,556)	
ADJUSTED FUND BALANCE			<u>3,835,342</u>	
FUND BALANCE, END OF YEAR			<u>\$ 4,191,908</u>	

**CITY OF COPPERAS COVE, TEXAS
COMBINING STATEMENTS AND BUDGET
COMPARISONS AS SUPPLEMENTARY INFORMATION**

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

**CITY OF COPPERAS COVE, TEXAS
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008**

EXHIBIT C-1

ASSETS	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-3)
Cash and cash equivalents	\$ 1,601,955	\$ 366,564	\$ 2,841,747	\$ 4,810,266
Receivables (net of allowances for uncollectibles):				
Accounts	271,179	-	-	271,179
Taxes	-	32,996	-	32,996
Due from other funds	35	-	-	35
Inventory	2,475	-	-	2,475
Prepaid Expenditures	-	-	-	-
Notes receivable	140,099	-	-	140,099
	<u>140,099</u>	<u>-</u>	<u>-</u>	<u>140,099</u>
Total Assets	<u>\$ 2,015,743</u>	<u>\$ 399,560</u>	<u>\$ 2,841,747</u>	<u>\$ 5,257,050</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 131,203	\$ -	\$ 196,168	\$ 327,371
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governmental agencies	-	-	-	-
Deferred revenue	1,038	32,996	-	34,034
Unearned revenue	-	-	-	-
Other accrued items	40,693	-	134	40,827
Other liabilities	-	-	83,000	83,000
	<u>172,934</u>	<u>32,996</u>	<u>279,302</u>	<u>485,232</u>
Total Liabilities	<u>172,934</u>	<u>32,996</u>	<u>279,302</u>	<u>485,232</u>
Fund Balances:				
Reserved:				
Debt service	-	366,564	-	366,564
Encumbrances	729,673	-	-	729,673
Inventory	2,475	-	-	2,475
Prepaid expenditures	35	-	-	35
Unreserved, undesignated	1,110,626	-	2,562,445	3,673,071
	<u>1,842,809</u>	<u>366,564</u>	<u>2,562,445</u>	<u>4,771,818</u>
Total Fund Balances	<u>1,842,809</u>	<u>366,564</u>	<u>2,562,445</u>	<u>4,771,818</u>
Total Liabilities and Fund Balances	<u>\$ 2,015,743</u>	<u>\$ 399,560</u>	<u>\$ 2,841,747</u>	<u>\$ 5,257,050</u>

**CITY OF COPPERAS COVE, TEXAS
GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

EXHIBIT C-2

	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Total Nonmajor Governmental Funds (See Exhibit A-5)
REVENUES				
Taxes	\$ 178,916	\$ 1,479,541	\$ -	\$ 1,658,457
Charges for services	1,069,440	-	-	1,069,440
Fines	47,761	-	-	47,761
Interest	45,771	22,985	74,614	143,370
Sale of plots	15,235	-	-	15,235
Grant revenues	689,132	-	-	689,132
Miscellaneous	44,936	-	-	44,936
Intergovernmental	-	-	-	-
Contributions - developers	404,729	-	-	404,729
Contributions - miscellaneous	93,922	-	-	93,922
Total Revenues	<u>2,589,842</u>	<u>1,502,526</u>	<u>74,614</u>	<u>4,166,982</u>
EXPENDITURES				
Current:				
General government	2,869	-	-	2,869
Community services	423,837	-	-	423,837
Highway and streets	389,650	-	-	389,650
Public safety	404,272	-	-	404,272
Capital outlay	945,494	-	1,144,820	2,090,314
Debt service:				
Principal retirement	220,000	653,731	-	873,731
Interest and fiscal charges	51,905	614,943	-	666,848
Total Expenditures	<u>2,438,027</u>	<u>1,268,674</u>	<u>1,144,820</u>	<u>4,851,521</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>151,815</u>	<u>233,852</u>	<u>(1,070,206)</u>	<u>(684,539)</u>
OTHER FINANCING SOURCES (USES)				
Other sources	-	-	1,640,000	1,640,000
Bond issuance costs	-	-	(27,327)	(27,327)
Transfers in	142,076	62,599	-	204,675
Transfers out	(165,989)	(86,817)	(35,677)	(288,483)
Total Other Financing Sources (Uses)	<u>(23,913)</u>	<u>(24,218)</u>	<u>1,576,996</u>	<u>1,528,865</u>
NET CHANGE IN FUND BALANCES	127,902	209,634	506,790	844,326
FUND BALANCES, BEGINNING OF YEAR	<u>1,714,907</u>	<u>156,930</u>	<u>2,055,656</u>	<u>3,927,493</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,842,809</u>	<u>\$ 366,564</u>	<u>\$ 2,562,445</u>	<u>\$ 4,771,818</u>

CITY OF COPPERAS COVE, TEXAS
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2008

EXHIBIT C-3

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 1,424,223	\$ 1,424,223	\$ 1,479,541	\$ 55,318
Interest	32,000	32,000	22,985	(9,015)
Total Revenues	1,456,223	1,456,223	1,502,526	46,303
EXPENDITURES				
Debt Service:				
Principal	739,823	739,823	653,731	86,092
Interest and Fiscal Charges	730,575	730,575	614,943	115,632
Total Debt Service	1,470,398	1,470,398	1,268,674	201,724
Total Expenditures	1,470,398	1,470,398	1,268,674	201,724
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,175)	(14,175)	233,852	248,027
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	62,599	(62,599)
Transfers (out)	-	-	(86,817)	(86,817)
Total Other Financing (Uses)	-	-	(24,218)	(149,416)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	\$ (14,175)	\$ (14,175)	209,634	\$ 98,611
FUND BALANCE, BEGINNING OF YEAR			156,930	
CURRENT YEAR ENCUMBRANCES			-	
PRIOR YEAR ENCUMBRANCES			-	
ADJUSTED FUND BALANCE			156,930	
FUND BALANCE, END OF YEAR			\$ 366,564	

CITY OF COPPERAS COVE, TEXAS SPECIAL REVENUE FUNDS

Recreation Activities Fund - To account for the youth activity program sponsored by the Parks and Recreation Department.

Hotel/Motel Tax Fund - To account for taxes which are used for the promotion of tourism as well as the enhancement of culture and recreation within the City of Copperas Cove.

Drainage Utility Fund - To account for the receipts of the drainage assessment fees and grants collected and the related expenditures.

Animal Shelter Fund - To account for the donated funds which are to be used for animal control expenditures.

City Cemetery Fund - To account for plot sales revenue which is used for cemetery improvements and maintenance.

Municipal Court Fund - To account for funds to be utilized to improve security at the Municipal Court Building.

Texas Community Development Fund - To account for State development loans for business growth.

Coryell County Mutual Aid Fund - To account for funding received for fire and rescue services provided outside of the City's limits.

Joint Image Campaign Fund - To account for fiscal agent activities related to a joint project to improve community image.

Tobacco Grant Fund - To account for funds which are used for tobacco education and compliance with state laws prohibiting the sale of tobacco to minors.

Donation Fund - To account for funds which are donated to the City.

Homeland Security Grants Fund - To account for funding aiding Staffing for Adequate Fire and Emergency Response (SAFER) grant and funding the Radio Antenna Tower grant which are funded through the Department of Homeland Security.

FEMA Grant Fund – To account for activity related to Federal assistance.

CITY OF COPPERAS COVE, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008

ASSETS	Recreation Activities	Hotel/Motel Tax	Drainage Utility	Animal Shelter
Cash and cash equivalents	\$ 139,191	\$ 167,169	\$ 821,992	\$ 19,328
Receivables (net of allowances for uncollectibles):				
Accounts	100	3,182	156,522	-
Inventory	2,475	-	-	-
Due from other funds	-	-	-	-
Notes receivable	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$ 141,766</u>	<u>\$ 170,351</u>	<u>\$ 978,514</u>	<u>\$ 19,328</u>
 LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 19,121	\$ 52,541	\$ 6,416	\$ -
Deferred revenue	-	1,038	-	-
Due to other funds	-	-	-	-
Other accrued items	6,363	-	16,687	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>25,484</u>	<u>53,579</u>	<u>23,103</u>	<u>-</u>
Fund Balances:				
Reserved:				
Encumbrances	24,720	5,500	693,153	-
Inventory	2,475	-	-	-
Prepaid Expenditures	-	-	-	-
Unreserved, undesignated	89,087	111,272	262,258	19,328
	<hr/>	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>116,282</u>	<u>116,772</u>	<u>955,411</u>	<u>19,328</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balances	<u>\$ 141,766</u>	<u>\$ 170,351</u>	<u>\$ 978,514</u>	<u>\$ 19,328</u>

EXHIBIT C-4 (Cont'd)

City Cemetery	Municipal Court	Texas Community Development Loan	Coryell County Mutual Aid
\$ 2,297	\$ 180,444	\$ 59,063	\$ 10
-	-	-	-
-	-	-	-
35	-	-	-
-	-	140,099	-
<u>\$ 2,332</u>	<u>\$ 180,444</u>	<u>\$ 199,162</u>	<u>\$ 10</u>
\$ 51	\$ 125	\$ -	\$ 10
-	-	-	-
-	-	-	-
2,277	-	-	-
<u>2,328</u>	<u>125</u>	<u>-</u>	<u>10</u>
-	6,300	-	-
-	-	-	-
35	-	-	-
(31)	174,019	199,162	-
<u>4</u>	<u>180,319</u>	<u>199,162</u>	<u>-</u>
<u>\$ 2,332</u>	<u>\$ 180,444</u>	<u>\$ 199,162</u>	<u>\$ 10</u>

**CITY OF COPPERAS COVE, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008**

ASSETS	Joint Image Campaign	Tobacco Grant	Donation Fund
	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 22,431	\$ 3,000	\$ 68,426
Receivables (net of allowances for uncollectibles):			
Accounts	-	-	-
Inventory	-	-	-
Due from other funds	-	-	-
Notes receivable	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 22,431</u>	<u>\$ 3,000</u>	<u>\$ 68,426</u>
 LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 3,721	\$ -	\$ 3,979
Deferred revenue	-	-	-
Due to other funds	-	-	-
Other accrued items	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total Liabilities	<u>3,721</u>	<u>-</u>	<u>3,979</u>
Fund Balances:			
Reserved:			
Encumbrances	-	-	-
Inventory	-	-	-
Prepaid Expenditures	-	-	-
Unreserved, undesignated	<u>18,710</u>	<u>3,000</u>	<u>64,447</u>
Total Fund Balances	<u>18,710</u>	<u>3,000</u>	<u>64,447</u>
Total Liabilities and Fund Balances	<u>\$ 22,431</u>	<u>\$ 3,000</u>	<u>\$ 68,426</u>

EXHIBIT C-4 (cont'd)

Homeland Security Grants	FEMA Grant	Total Nonmajor Special Revenue Funds (See Exhibit C-1)
\$ 38,890	\$ 79,714	\$ 1,601,955
54,439	56,936	271,179
-	-	2,475
-	-	35
-	-	140,099
<u>\$ 93,329</u>	<u>\$ 136,650</u>	<u>\$ 2,015,743</u>
\$ 38,790	\$ 6,449	\$ 131,203
-	-	1,038
-	-	-
<u>15,366</u>	<u>-</u>	<u>40,693</u>
<u>54,156</u>	<u>6,449</u>	<u>172,934</u>
-	-	729,673
-	-	2,475
-	-	35
<u>39,173</u>	<u>130,201</u>	<u>1,110,626</u>
<u>39,173</u>	<u>130,201</u>	<u>1,842,809</u>
<u>\$ 93,329</u>	<u>\$ 136,650</u>	<u>\$ 2,015,743</u>

CITY OF COPPERAS COVE, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Recreation Activities	Hotel/Motel Tax	Drainage Utility	Animal Shelter
REVENUES				
Taxes	\$ -	\$ 178,916	\$ -	\$ -
Charges for services	210,285	-	859,155	-
Fines	-	-	-	-
Interest	3,297	5,124	27,862	142
Sale of plots	-	-	-	-
Grant revenues	-	-	-	-
Miscellaneous	190	-	2,754	-
Contributions - developers	-	-	404,729	-
Contributions - miscellaneous	-	-	-	496
Total Revenues	213,772	184,040	1,294,500	638
EXPENDITURES				
Current:				
General government	-	-	-	-
Community services	205,211	163,906	-	-
Highway and streets	-	-	389,650	-
Public safety	-	-	-	2,457
Capital outlay	-	37,450	493,895	3,031
Debt service:				
Principal retirement	-	-	220,000	-
Interest and fiscal charges	-	-	51,905	-
Total Expenditures	205,211	201,356	1,155,450	5,488
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,561	(17,316)	139,050	(4,850)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers (out)	-	-	(100,000)	-
Total Other Financing Sources (Uses)	-	-	(100,000)	-
NET CHANGE IN FUND BALANCES	8,561	(17,316)	39,050	(4,850)
FUND BALANCES, BEGINNING OF YEAR	107,721	134,088	916,361	24,178
FUND BALANCES, END OF YEAR	\$ 116,282	\$ 116,772	\$ 955,411	\$ 19,328

EXHIBIT C-5 (Cont'd)

City Cemetery	Municipal Court	Texas Community Development Loan	Coryell County Mutual Aid
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	47,761	-	-
30	7,100	1,642	171
15,235	-	-	-
-	-	-	-
169	-	-	41,473
-	-	-	-
-	-	-	-
<u>15,434</u>	<u>54,861</u>	<u>1,642</u>	<u>41,644</u>
-	-	-	-
34,284	-	-	-
-	-	-	-
-	72,642	-	8,416
-	8,616	-	-
-	-	-	-
-	-	-	-
<u>34,284</u>	<u>81,258</u>	<u>-</u>	<u>8,416</u>
<u>(18,850)</u>	<u>(26,397)</u>	<u>1,642</u>	<u>33,228</u>
14,114	-	-	-
-	-	-	(65,989)
<u>14,114</u>	<u>-</u>	<u>-</u>	<u>(65,989)</u>
(4,736)	(26,397)	1,642	(32,761)
<u>4,740</u>	<u>206,716</u>	<u>197,520</u>	<u>32,761</u>
<u>\$ 4</u>	<u>\$ 180,319</u>	<u>\$ 199,162</u>	<u>\$ -</u>

**CITY OF COPPERAS COVE, TEXAS
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	Joint Image Campaign	Tobacco Grant	Donation Fund
REVENUES			
Taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Fines	-	-	-
Interest	89	-	214
Sale of plots	-	-	-
Grant revenues	-	-	-
Miscellaneous	-	-	350
Contributions - developers	-	-	-
Contributions - miscellaneous	32,000	2,754	58,672
	<u>32,089</u>	<u>2,754</u>	<u>59,236</u>
EXPENDITURES			
Current:			
General government	-	2,869	-
Community services	20,436	-	-
Highway and streets	-	-	-
Public safety	-	-	31,270
Capital outlay	-	-	8,883
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
	<u>20,436</u>	<u>2,869</u>	<u>40,153</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>11,653</u>	<u>(115)</u>	<u>19,083</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers (out)	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,653	(115)	19,083
FUND BALANCES, BEGINNING OF YEAR	<u>7,057</u>	<u>3,115</u>	<u>45,364</u>
FUND BALANCES, END OF YEAR	<u>\$ 18,710</u>	<u>\$ 3,000</u>	<u>\$ 64,447</u>

EXHIBIT C-5 (cont'd)

Homeland Security Grants	FEMA Grant	Total Nonmajor Revenue Funds (See Exhibit C-2)
\$ -	\$ -	\$ 178,916
-	-	1,069,440
-	-	47,761
100	-	45,771
-	-	15,235
584,102	105,030	689,132
-	-	44,936
-	-	404,729
-	-	93,922
<u>584,202</u>	<u>105,030</u>	<u>2,589,842</u>
-	-	2,869
-	-	423,837
-	-	389,650
289,487	-	404,272
383,504	10,115	945,494
-	-	220,000
-	-	51,905
<u>672,991</u>	<u>10,115</u>	<u>2,438,027</u>
<u>(88,789)</u>	<u>94,915</u>	<u>151,815</u>
127,962	-	142,076
-	-	(165,989)
<u>127,962</u>	<u>-</u>	<u>(23,913)</u>
39,173	94,915	127,902
-	35,286	1,714,907
<u>\$ 39,173</u>	<u>\$130,201</u>	<u>\$ 1,842,809</u>

CITY OF COPPERAS COVE, TEXAS
 RECREATION ACTIVITIES
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Year Ended September 30, 2008

EXHIBIT C-6

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services	\$ 231,505	\$ 233,105	\$ 210,285	\$ (22,820)
Interest	4,000	4,000	3,297	(703)
Miscellaneous	1,700	100	190	90
Total Revenues	237,205	237,205	213,772	(23,433)
EXPENDITURES				
Current:				
Community services:				
Personnel services	69,178	69,178	67,971	1,207
Supplies and materials	149,942	149,942	124,249	25,693
Maintenance and repairs	517	517	517	-
Services and charges	14,126	14,126	8,223	5,903
Total Community services	233,763	233,763	200,960	32,803
Capital Outlay:				
General government	24,720	24,720	24,720	-
Total Expenditures	258,483	258,483	225,680	32,803
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (21,278)	\$ (21,278)	(11,908)	\$ 9,370
FUND BALANCE, BEGINNING OF YEAR			107,721	
CURRENT YEAR ENCUMBRANCES			24,720	
PRIOR YEAR ENCUMBRANCES			(4,251)	
ADJUSTED FUND BALANCE			128,190	
FUND BALANCE, END OF YEAR			\$ 116,282	

CITY OF COPPERAS COVE, TEXAS
HOTEL/MOTEL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2008

EXHIBIT C-7

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Taxes	\$ 166,600	\$ 166,600	\$ 178,916	\$ 12,316
Interest	8,000	8,000	5,124	(2,876)
Total Revenues	<u>174,600</u>	<u>174,600</u>	<u>184,040</u>	<u>9,440</u>
EXPENDITURES				
Current:				
Community services:				
Personnel services	-	-	-	-
Supplies and materials	8,230	8,229	8,229	-
Maintenance and repairs	8,000	-	-	-
Services and charges	140,000	158,501	155,677	2,824
Total Community services	<u>156,230</u>	<u>166,730</u>	<u>163,906</u>	<u>2,824</u>
Capital Outlay:				
General government	4,800	24,300	7,450	16,850
Total Expenditures	<u>161,030</u>	<u>191,030</u>	<u>171,356</u>	<u>19,674</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 13,570</u>	<u>\$ (16,430)</u>	<u>12,684</u>	<u>\$ 29,114</u>
FUND BALANCE, BEGINNING OF YEAR			134,088	
CURRENT YEAR ENCUMBRANCES			5,500	
PRIOR YEAR ENCUMBRANCES			<u>(35,500)</u>	
ADJUSTED FUND BALANCE			<u>104,088</u>	
FUND BALANCE, END OF YEAR			<u>\$ 116,772</u>	

CITY OF COPPERAS COVE, TEXAS
DRAINAGE UTILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2008

EXHIBIT C-8

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Charges for services:				
Maintenance	\$ 842,339	\$ 843,462	\$ 859,155	\$ 15,693
Total Charges for services	<u>842,339</u>	<u>843,462</u>	<u>859,155</u>	<u>15,693</u>
Interest	37,000	37,000	27,862	(9,138)
Miscellaneous	1,900	2,656	2,754	98
Total Revenues	<u>881,239</u>	<u>883,118</u>	<u>889,771</u>	<u>6,653</u>
EXPENDITURES				
Current:				
Highways and streets:				
Personnel services	261,598	256,000	212,082	43,918
Supplies and materials	19,725	23,250	19,377	3,873
Maintenance and repairs	18,389	18,389	15,818	2,571
Services and charges	114,042	59,674	52,129	7,545
Total Highways and streets	<u>413,754</u>	<u>357,313</u>	<u>299,406</u>	<u>57,907</u>
Capital Outlay:				
General government	267,494	328,314	325,542	2,772
Debt Service:				
Principal	220,000	220,000	220,000	-
Interest and fiscal charges	51,905	51,905	51,905	-
Total Debt service	<u>271,905</u>	<u>271,905</u>	<u>271,905</u>	<u>-</u>
Total Expenditures	<u>953,153</u>	<u>957,532</u>	<u>896,853</u>	<u>60,679</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(71,914)</u>	<u>(74,414)</u>	<u>(7,082)</u>	<u>67,332</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(100,000)	(100,000)	(100,000)	-
Total Other Financing Sources (Uses)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ (171,914)</u>	<u>\$ (174,414)</u>	<u>(107,082)</u>	<u>\$ 67,332</u>
FUND BALANCE, BEGINNING OF YEAR			916,361	
CURRENT YEAR ENCUMBRANCES			693,153	
PRIOR YEAR ENCUMBRANCES			<u>(547,021)</u>	
ADJUSTED FUND BALANCE			<u>1,062,493</u>	
FUND BALANCE, END OF YEAR			<u>\$ 955,411</u>	

CITY OF COPPERAS COVE, TEXAS
ANIMAL SHELTER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2008

EXHIBIT C-9

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Interest	\$ 50	\$ 50	\$ 142	\$ 92
Contributions	<u>1,000</u>	<u>1,000</u>	<u>496</u>	<u>(504)</u>
Total Revenues	<u>1,050</u>	<u>1,050</u>	<u>638</u>	<u>(412)</u>
EXPENDITURES				
Current:				
Community services:				
Personnel services	-	-	-	-
Supplies and materials	10,095	8,095	-	8,095
Maintenance and repairs	-	-	-	-
Services and charges	<u>10,000</u>	<u>12,000</u>	<u>2,457</u>	<u>9,543</u>
Total Community services	<u>20,095</u>	<u>20,095</u>	<u>2,457</u>	<u>17,638</u>
Capital Outlay:				
General government	-	-	-	-
Total Expenditures	<u>20,095</u>	<u>20,095</u>	<u>2,457</u>	<u>17,638</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (19,045)</u>	<u>\$ (19,045)</u>	<u>(1,819)</u>	<u>\$ 17,226</u>
FUND BALANCE, BEGINNING OF YEAR			24,178	
CURRENT YEAR ENCUMBRANCES				
PRIOR YEAR ENCUMBRANCES			<u>(3,031)</u>	
ADJUSTED FUND BALANCE			<u>21,147</u>	
FUND BALANCE, END OF YEAR			<u>\$ 19,328</u>	

CITY OF COPPERAS COVE, TEXAS
CITY CEMETERY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2008

EXHIBIT C-10

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
REVENUES				
Interest	\$ 2,000	\$ 2,000	\$ 30	\$ (1,970)
Sale of plots	24,500	24,500	15,235	(9,265)
Miscellaneous	250	250	169	(81)
Total Revenues	<u>26,750</u>	<u>26,750</u>	<u>15,434</u>	<u>(11,316)</u>
EXPENDITURES				
Current:				
Community services:				
Personnel service	30,633	30,633	30,454	179
Supplies and materials	2,440	1,583	147	1,436
Maintenance and repairs	1,659	2,516	1,294	1,222
Services and charges	4,345	4,345	2,389	1,956
Total Community services	<u>39,077</u>	<u>39,077</u>	<u>34,284</u>	<u>4,793</u>
Capital outlay:				
General government	-	-	-	-
Total Expenditures	<u>39,077</u>	<u>39,077</u>	<u>34,284</u>	<u>4,793</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(12,327)</u>	<u>(12,327)</u>	<u>(18,850)</u>	<u>(6,523)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	1,079	14,079	14,114	35
Total Other Financing Sources (Uses)	<u>1,079</u>	<u>14,079</u>	<u>14,114</u>	<u>35</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ 39,077</u>	<u>\$ 39,077</u>	<u>(4,736)</u>	<u>\$ 4,793</u>
FUND BALANCE, BEGINNING OF YEAR			4,740	
CURRENT YEAR ENCUMBRANCES			-	
PRIOR YEAR ENCUMBRANCES			-	
ADJUSTED FUND BALANCE			<u>4,740</u>	
FUND BALANCE, END OF YEAR			<u>\$ 4</u>	

CITY OF COPPERAS COVE, TEXAS
MUNICIPAL COURT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2008

EXHIBIT C-11

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Fines	\$ 61,400	\$ 61,400	\$ 47,761	\$ (13,639)
Interest	8,000	8,000	7,100	(900)
Total Revenues	<u>69,400</u>	<u>69,400</u>	<u>54,861</u>	<u>(14,539)</u>
EXPENDITURES				
Current:				
Public safety:				
Municipal court:				
Personnel services	43,356	44,456	36,757	7,699
Supplies and materials	3,500	4,800	1,671	3,129
Maintenance and repair	16,000	18,101	14,391	3,710
Services and charges	9,030	24,802	20,432	4,370
Total Municipal court	<u>71,886</u>	<u>92,159</u>	<u>73,251</u>	<u>18,908</u>
Capital Outlay:				
Public safety	19,238	3,726	1,204	2,522
Total Expenditures	<u>91,124</u>	<u>95,885</u>	<u>74,455</u>	<u>21,430</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ (21,724)</u>	<u>\$ (26,485)</u>	<u>(19,594)</u>	<u>\$ 6,891</u>
FUND BALANCE, BEGINNING OF YEAR			206,716	
CURRENT YEAR ENCUMBRANCES			6,300	
PRIOR YEAR ENCUMBRANCES			<u>(13,103)</u>	
ADJUSTED FUND BALANCE			<u>199,913</u>	
FUND BALANCE, END OF YEAR			<u>\$ 180,319</u>	

CITY OF COPPERAS COVE, TEXAS
 CORYELL COUNTY MUTUAL
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Year Ended September 30, 2008

EXHIBIT C-12

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Interest	\$ -	\$ 150	\$ 171	\$ 21
Miscellaneous	-	41,384	41,473	89
Total Revenues	<u>-</u>	<u>41,534</u>	<u>41,644</u>	<u>110</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel services	-	-	-	-
Supplies and materials	-	2,283	2,283	-
Maintenance and repair	-	4,850	4,850	-
Services and charges	-	1,283	1,283	-
Total Public safety	<u>-</u>	<u>8,416</u>	<u>8,416</u>	<u>-</u>
Capital Outlay:				
Public safety	-	-	-	-
Total Expenditures	<u>-</u>	<u>8,416</u>	<u>8,416</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>33,118</u>	<u>33,228</u>	<u>110</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	(65,989)	(65,989)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(65,989)</u>	<u>(65,989)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ 8,416</u>	<u>(32,761)</u>	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			32,761	
CURRENT YEAR ENCUMBRANCES			-	
PRIOR YEAR ENCUMBRANCES			-	
ADJUSTED FUND BALANCE			<u>32,761</u>	
FUND BALANCE, END OF YEAR			<u>\$ -</u>	

CITY OF COPPERAS COVE, TEXAS
 JOINT IMAGE CAMPAIGN
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Year Ended September 30, 2008

EXHIBIT C-13

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Interest	\$ 50	\$ 50	\$ 89	\$ 39
Contributions	30,000	32,000	32,000	-
Total Revenues	<u>30,050</u>	<u>32,050</u>	<u>32,089</u>	<u>39</u>
EXPENDITURES				
Current:				
Community services:				
Services and charges	26,950	32,050	20,436	11,614
Total Community services	<u>26,950</u>	<u>32,050</u>	<u>20,436</u>	<u>11,614</u>
Total Expenditures	<u>26,950</u>	<u>32,050</u>	<u>20,436</u>	<u>11,614</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ 3,100</u>	<u>\$ -</u>	11,653	<u>\$ 11,653</u>
FUND BALANCE, BEGINNING OF YEAR			7,057	
CURRENT YEAR ENCUMBRANCES			-	
PRIOR YEAR ENCUMBRANCES			-	
ADJUSTED FUND BALANCE			<u>7,057</u>	
FUND BALANCE, END OF YEAR			<u>\$ 18,710</u>	

CITY OF COPPERAS COVE, TEXAS
 TOBACCO GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Year Ended September 30, 2008

EXHIBIT C-14

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Contributions	\$ -	\$ 3,000	\$ 2,754	\$ (246)
Total Revenues	<u>-</u>	<u>3,000</u>	<u>2,754</u>	<u>(246)</u>
EXPENDITURES				
Current:				
General government:				
Personnel services	-	3,092	2,385	707
Supplies and materials	-	555	65	490
Services and charges	-	1,420	419	1,001
Total General government	<u>-</u>	<u>5,067</u>	<u>2,869</u>	<u>2,198</u>
Total Expenditures	<u>-</u>	<u>5,067</u>	<u>2,869</u>	<u>2,198</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(2,067)</u>	<u>(115)</u>	<u>1,952</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>(115)</u>	<u>\$ -</u>
FUND BALANCE, BEGINNING OF YEAR			3,115	
CURRENT YEAR ENCUMBRANCES			-	
PRIOR YEAR ENCUMBRANCES			-	
ADJUSTED FUND BALANCE			<u>3,115</u>	
FUND BALANCE, END OF YEAR			<u>\$ 3,000</u>	

CITY OF COPPERAS COVE, TEXAS
DONATIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
For the Year Ended September 30, 2008

EXHIBIT C-15

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Interest	\$ -	\$ 136	\$ 214	\$ 78
Miscellaneous	-	73,972	59,022	(14,950)
Total Revenues	-	74,108	59,236	(14,872)
EXPENDITURES				
Current:				
Public safety:				
Supplies and materials	-	32,987	10,414	22,573
Maintenance and repairs	-	500	490	10
Services and charges	-	28,704	24,935	3,769
Total Public safety	-	62,191	35,839	26,352
Capital outlay:				
Public safety	-	4,765	4,314	451
Total Expenditures	-	66,956	40,153	26,803
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ -	\$ 7,152	19,083	\$ 11,931
FUND BALANCE, BEGINNING OF YEAR			45,364	
CURRENT YEAR ENCUMBRANCES			-	
PRIOR YEAR ENCUMBRANCES			-	
ADJUSTED FUND BALANCE			45,364	
FUND BALANCE, END OF YEAR			\$ 64,447	

CITY OF COPPERAS COVE, TEXAS
 HOMELAND SECURITY GRANT
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Year Ended September 30, 2008

EXHIBIT C-16

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Interest	\$ -	\$ -	\$ 100	\$ 100
Grant revenues	-	581,626	584,102	2,476
Total revenues	<u>-</u>	<u>581,626</u>	<u>584,202</u>	<u>2,576</u>
EXPENDITURES				
Current:				
Public safety:				
Personnel services	-	279,489	289,487	(9,998)
Total Public safety	<u>-</u>	<u>279,489</u>	<u>289,487</u>	<u>(9,998)</u>
Capital Outlay:				
Public safety	-	383,504	383,504	-
Total Expenditures	<u>-</u>	<u>662,993</u>	<u>672,991</u>	<u>(9,998)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>(81,367)</u>	<u>(88,789)</u>	<u>(7,422)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	81,367	127,962	46,595
Total Other Financing Sources (Uses)	<u>-</u>	<u>81,367</u>	<u>127,962</u>	<u>46,595</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>39,173</u>	<u>\$ 39,173</u>
FUND BALANCE, BEGINNING OF YEAR			-	
CURRENT YEAR ENCUMBRANCES			-	
PRIOR YEAR ENCUMBRANCES			-	
ADJUSTED FUND BALANCE			-	
FUND BALANCE, END OF YEAR			<u>\$ 39,173</u>	

CITY OF COPPERAS COVE, TEXAS
 FEMA GRANT
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGETARY BASIS)
 For the Year Ended September 30, 2008

EXHIBIT C-17

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
REVENUES				
Grant revenues	\$ -	\$ -	\$ 105,030	\$ 105,030
Total Revenues	<u>-</u>	<u>-</u>	<u>105,030</u>	<u>105,030</u>
EXPENDITURES				
Current:				
Capital outlay:				
Public safety	-	179,038	14,192	164,846
Total Expenditures	<u>-</u>	<u>179,038</u>	<u>14,192</u>	<u>164,846</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>\$ -</u>	<u>\$ (179,038)</u>	<u>90,838</u>	<u>\$ 269,876</u>
FUND BALANCE, BEGINNING OF YEAR			35,286	
CURRENT YEAR ENCUMBRANCES			4,077	
PRIOR YEAR ENCUMBRANCES			<u>-</u>	
ADJUSTED FUND BALANCE			<u>39,363</u>	
FUND BALANCE, END OF YEAR			<u>\$ 130,201</u>	

CITY OF COPPERAS COVE, TEXAS

NON-MAJOR CAPITAL PROJECTS FUNDS

1994 G.O. Bonds Fund - To account for the bond proceeds and expenditures of funds for the construction of a new fire station. Financing was provided by the sale of \$1,500,000 of general obligation bonds.

1997 Combination Tax and Revenue Certificates of Obligation Fund - To account for the proceeds and expenditure of funds for the construction of a new library and the purchase of capital equipment. Financing was provided by the sale of \$3,010,000 of Combination Tax and Revenue Certificates of Obligation of which \$1,000,000 was to be used toward the expansion of the City's golf course.

1998 General Obligation Bonds Fund – To account for proceeds and expenditure of funds for the renovation of City parks, including City pools. This capital project fund is being funded from the issuance of General Obligation Bonds approved by the voters in the amount of \$1,000,000 in May of 1998.

1999 Combination Tax and Revenue Certificates of Obligation Fund – To account for proceeds and expenditure of funds for the purchase of capital equipment, expansion the animal control facility and the renovation of the old library into a municipal court facility. This capital project fund is being financed through the issuance of Combination Tax and Revenue Certificates of Obligation in the amount of \$575,000.

2001 Combination Tax and Revenue Certificates of Obligation Fund – To account for proceeds and expenditure of funds for the construction of a new fire station, renovation of the municipal court facility and street improvement projects. This capital project fund is being financed through the issuance of Combination Tax and Revenue Certificates of Obligation in the amount of \$1,915,000.

2006 Limited Tax Notes – To account for the purchase of land and acquisition of engineering services for a new Police Station; the acquisition of a vacuum sweeper and ambulance. Payment of the debt service related for this issuance will be derived from the Tax Interest and Sinking Fund. The issue was for \$1,260,000.

Reliever Route – To account for proceeds of funds from the sale of Right-of-Way land and the expenditures related to the future reliever route.

2003 Capital Improvement Certificates of Obligation Fund - To account for various projects to include, but not limited to, procurement of a communication system and various street projects.

2008 Limited Tax Notes - To account for the fire station relocation land purchase; park and recreation projects to include software, playscapes, lighting on baseball and soccer fields and park renovations, library repairs, street construction and a city-wide cash receipts system.

2008 Limited Tax Notes, Drainage Fund - To account for drainage infrastructure projects.

“ The City Built for Family Living ”

CITY OF COPPERAS COVE, TEXAS
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2008

EXHIBIT C-18

	1994 G.O. Bonds	1997 Combination Tax and Revenue Certificates of Obligation	1998 G.O. Bonds	1999 Combination Tax and Revenue Certificates of Obligation
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Accounts receivable	-	-	-	-
Total Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Other accrued items	-	-	-	-
Other liabilities	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:				
Unreserved fund balances	-	-	-	-
Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2001 Combination Tax and Revenue Certificates of Obligation	Tax Notes Series 2006	Reliever Route	2003 Capital Imp CO Fund	2008 Tax Notes	2008 Tax Notes Drainage	Total Nonmajor Capital Projects Funds (See Exhibit C-1)
\$ 265,028	\$ 382,530	\$ 120,797	\$ 414,552	\$ 1,506,828	\$ 152,012	\$ 2,841,747
-	-	-	-	-	-	-
<u>\$ 265,028</u>	<u>\$ 382,530</u>	<u>\$ 120,797</u>	<u>\$ 414,552</u>	<u>\$ 1,506,828</u>	<u>\$ 152,012</u>	<u>\$ 2,841,747</u>
\$ -	\$ 125,654	\$ -	\$ -	\$ 70,514	\$ -	\$ 196,168
-	-	-	-	-	-	-
-	-	-	134	-	-	134
-	-	-	-	83,000	-	83,000
-	125,654	-	134	153,514	-	279,302
265,028	256,876	120,797	414,418	1,353,314	152,012	2,562,445
265,028	256,876	120,797	414,418	1,353,314	152,012	2,562,445
<u>\$ 265,028</u>	<u>\$ 382,530</u>	<u>\$ 120,797</u>	<u>\$ 414,552</u>	<u>\$ 1,506,828</u>	<u>\$ 152,012</u>	<u>\$ 2,841,747</u>

CITY OF COPPERAS COVE, TEXAS
 NONMAJOR CAPITAL PROJECTS FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED SEPTEMBER 30, 2008

	1994 G.O. Bonds	1997 Combination Tax and Revenue Certificates of Obligation	1998 G.O. Bonds	1999 Combination Tax and Revenue Certificates of Obligation
REVENUES				
Interest	\$ -	\$ 35	\$ 12	\$ 7
Miscellaneous	-	-	-	-
Total Revenues	<u>-</u>	<u>35</u>	<u>12</u>	<u>7</u>
EXPENDITURES				
Capital outlay	3,965	-	-	246
Debt service	-	-	-	-
Total Expenditures	<u>3,965</u>	<u>-</u>	<u>-</u>	<u>246</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,965)</u>	<u>35</u>	<u>12</u>	<u>(239)</u>
OTHER FINANCING SOURCES (USES)				
Other sources	-	-	-	-
Bond issuance costs	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>(33,888)</u>	<u>(1,327)</u>	<u>(462)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(33,888)</u>	<u>(1,327)</u>	<u>(462)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	<u>(37,853)</u>	<u>(1,292)</u>	<u>(450)</u>	<u>(239)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>37,853</u>	<u>1,292</u>	<u>450</u>	<u>239</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

2001 Combination Tax and Revenue Certificates of Obligation	Tax Notes Series 2006	Reliever Route	2003 Capital Imp CO Fund	2008 Tax Notes	2008 Tax Notes Drainage	Total Nonmajor Capital Projects Funds (See Exhibit C-2)
\$ 8,998	\$ 23,428	\$ 9,215	\$ 17,557	\$ 13,917	\$ 1,445	\$ 74,614
-	-	-	-	-	-	-
8,998	23,428	9,215	17,557	13,917	1,445	74,614
29,953	787,713	197,278	2,957	122,709	-	1,144,820
-	-	-	-	-	-	-
29,953	787,713	197,278	2,957	122,709	-	1,144,820
(20,955)	(764,285)	(188,063)	14,600	(108,792)	1,445	(1,070,206)
-	-	-	-	1,485,000	155,000	1,640,000
-	-	-	-	(22,894)	(4,433)	(27,327)
-	-	-	-	-	-	-
-	-	-	-	-	-	(35,677)
-	-	-	-	1,462,106	150,567	1,576,996
(20,955)	(764,285)	(188,063)	14,600	1,353,314	152,012	506,790
285,983	1,021,161	308,860	399,818	-	-	2,055,656
<u>\$ 265,028</u>	<u>\$ 256,876</u>	<u>\$ 120,797</u>	<u>\$ 414,418</u>	<u>\$ 1,353,314</u>	<u>\$ 152,012</u>	<u>\$ 2,562,445</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
TAXES:				
Current ad valorem	\$ 5,874,431	\$ 6,009,131	\$ 6,101,604	\$ 92,473
Delinquent ad valorem	47,000	53,000	64,236	11,236
Penalty and interest	38,000	38,000	57,938	19,938
Franchise	1,381,841	1,381,841	1,282,289	(99,552)
Wrecker	700	-	-	-
Sales	2,245,000	2,245,000	2,368,200	123,200
Mixed drink	17,000	17,000	13,702	(3,298)
Bingo	110,000	110,000	90,073	(19,927)
	<u>9,713,972</u>	<u>9,853,972</u>	<u>9,978,042</u>	<u>124,070</u>
LICENSES:				
Electricians	-	-	-	-
Bicycle	100	100	8	(92)
Ambulance	-	-	-	-
Contractors	45,000	45,000	33,785	(11,215)
Animal	4,000	4,000	4,245	245
Managers' certification	-	-	-	-
Wrecker	600	600	510	(90)
Bail bondsmen	-	-	-	-
Taxi cab	1,000	1,000	300	(700)
	<u>50,700</u>	<u>50,700</u>	<u>38,848</u>	<u>(11,852)</u>
PERMITS:				
Building	90,000	90,000	66,351	(23,649)
House Moving	200	200	50	(150)
Alarms	6,200	7,350	4,641	(2,709)
Street cut	9,000	9,000	11,131	2,131
Electrical	23,000	23,000	16,740	(6,260)
Solicitors	2,500	2,500	3,111	611
Gas	2,000	2,000	1,620	(380)
Mechanical	18,000	18,000	12,595	(5,405)
Garage sale	7,000	7,000	8,090	1,090
Plumbing	30,000	30,000	27,855	(2,145)
Car wash	500	500	435	(65)
Mobile Home Parks	-	-	-	-
Beverage	600	600	510	(90)
Signs	1,500	1,500	760	(740)
Food workers	-	-	-	-
Swimming pools	900	900	425	(475)
False Alarm	400	-	-	-
Senior Center	-	-	-	-
Well and Gas Drilling	-	25,000	25,000	-
Certificates	2,000	2,000	2,040	40
	<u>193,800</u>	<u>219,550</u>	<u>181,354</u>	<u>(38,196)</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF REVENUES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-20
Page 2 of 2

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
CITY SERVICES PROVIDED:				
Swimming Pool	\$ 56,400	\$ 56,400	\$ 54,101	\$ (2,299)
Community building rental	21,000	23,000	22,150	(850)
Library miscellaneous	14,500	14,500	13,214	(1,286)
Animal shelter fees	40,000	40,000	29,318	(10,682)
Ambulance fees	776,818	776,818	676,236	(100,582)
Police overtime reimbursement	20,000	20,000	17,614	(2,386)
Police restitution	3,000	3,000	2,675	(325)
Open records	1,000	1,500	1,781	281
Festival	13,094	13,094	13,843	749
Copy Machine	5,900	6,400	6,039	(361)
Mowing	22,100	22,100	15,640	(6,460)
Service charge - nsf checks	12,000	12,000	9,575	(2,425)
Plat filing fees	6,500	6,500	4,000	(2,500)
Contract EMS	-	-	-	-
Animal identification	7,175	7,175	1,987	(5,188)
Sale of city maps	600	600	519	(81)
Special events	3,000	4,000	4,423	423
Disposal fees	-	700	451	(249)
Re-inspection fees	700	700	600	(100)
Street sign revenue	2,400	2,400	1,280	(1,120)
RV park fees	12,000	12,000	12,449	449
	<u>1,018,187</u>	<u>1,022,887</u>	<u>887,895</u>	<u>(134,992)</u>
FINES:				
Traffic violations	404,600	404,600	329,226	(75,374)
Library fines	16,500	16,500	17,942	1,442
Municipal court fines	161,500	161,500	101,960	(59,540)
Arrest warrant income	138,500	138,500	88,878	(49,622)
Arresting officer fees	33,000	33,000	25,391	(7,609)
Child safety	12,800	12,800	10,067	(2,733)
HB 70 fees	14,000	14,000	11,993	(2,007)
Rezoning request fees	3,000	3,000	1,000	(2,000)
Variance request fees	300	300	440	140
Juvenile	111,608	111,608	112,518	910
State court fees	57,500	57,500	53,665	(3,835)
	<u>953,308</u>	<u>953,308</u>	<u>753,080</u>	<u>(200,228)</u>
INTEREST:				
Interest earnings	235,050	235,050	166,942	(68,108)
	<u>235,050</u>	<u>235,050</u>	<u>166,942</u>	<u>(68,108)</u>
MISCELLANEOUS:				
Auction proceeds	5,000	7,115	14,004	6,889
Rental Income	20,000	20,000	18,000	(2,000)
Miscellaneous	105,800	203,496	228,378	24,882
	<u>130,800</u>	<u>230,611</u>	<u>260,382</u>	<u>29,771</u>
INTERGOVERNMENTAL:				
Grants	1,500	1,500	39,226	37,726
	<u>1,500</u>	<u>1,500</u>	<u>39,226</u>	<u>37,726</u>
CONTRIBUTIONS:				
Miscellaneous	-	-	4,133	4,133
Library gifts and memorials	1,000	1,000	505	(495)
	<u>1,000</u>	<u>1,000</u>	<u>4,638</u>	<u>3,638</u>
Totals	<u>\$ 12,298,317</u>	<u>\$ 12,568,578</u>	<u>\$ 12,310,407</u>	<u>\$ (258,171)</u>

CITY OF COPPERAS COVE, TEXAS
GENERAL FUND
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (BUDGETARY BASIS)
FOR THE YEAR ENDED SEPTEMBER 30, 2008

EXHIBIT C-21

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
GENERAL GOVERNMENT:				
Current:				
City Council	\$ 42,700	\$ 42,700	\$ 30,252	\$ 12,448
City Manager	210,331	210,331	197,455	12,876
Financial services and accounting	559,137	559,137	551,250	7,887
Grants administration	-	-	-	-
City secretary	147,339	145,239	133,633	11,606
City attorney	105,080	135,180	133,273	1,907
Data Processing	197,219	246,327	206,681	39,646
Personnel	176,796	182,396	178,362	4,034
Nondepartmental	379,249	371,414	363,977	7,437
Public Works	39,418	40,386	34,791	5,595
Planning	184,053	162,676	162,983	(307)
Engineering	166,629	166,629	136,169	30,460
	<u>2,207,951</u>	<u>2,262,415</u>	<u>2,128,826</u>	<u>133,589</u>
COMMUNITY SERVICES:				
Current:				
Parks and recreation	929,962	950,423	884,596	65,827
Library	527,296	541,326	517,527	23,799
Code and health	155,289	161,439	155,743	5,696
	<u>1,612,547</u>	<u>1,653,188</u>	<u>1,557,866</u>	<u>95,322</u>
FLEET & FACILITY SERVICES:				
Current:				
Fleet maintenance	235,422	237,231	228,665	8,566
Facility maintenance	172,390	174,984	166,717	8,267
	<u>407,812</u>	<u>412,215</u>	<u>395,382</u>	<u>16,833</u>
HIGHWAYS AND STREETS:				
Current:				
Streets	985,565	1,042,545	1,024,364	18,181
	<u>985,565</u>	<u>1,042,545</u>	<u>1,024,364</u>	<u>18,181</u>
PUBLIC SAFETY:				
Current:				
Building inspections	281,485	299,977	275,153	24,824
Municipal Court	361,583	361,583	333,729	27,854
Animal control	213,593	226,705	199,058	27,647
Police department	4,378,484	4,380,518	4,128,201	252,317
Fire/EMS department	3,000,931	3,128,450	3,104,431	24,019
Emergency Management	65,496	31,539	6,549	24,990
	<u>8,301,572</u>	<u>8,428,772</u>	<u>8,047,121</u>	<u>381,651</u>
 Totals	 <u>\$ 13,515,447</u>	 <u>\$ 13,799,135</u>	 <u>\$ 13,153,559</u>	 <u>\$ 645,576</u>

**CITY OF COPPERAS COVE, TEXAS
STATISTICAL SECTION**

(All Tables in the Statistical Section are Unaudited)

“ The City Built for Family Living ”



STATISTICAL SECTION

- ❖ **Financial Trends Information:** This section provides understanding and assessment of how the City of Copperas Cove financial position has changed over time.
- ❖ **Revenue Capacity Information:** This information provides understanding and assessment of the factors affecting the City of Copperas Cove ability to generate its own-source revenues.
- ❖ **Debt Capacity Information:** The Debt Capacity section provides understanding and assessment of the City of Copperas Cove debt burden and its ability to issue additional debt.
- ❖ **Demographic and Economic Information:** This information is used to provide understanding of the socioeconomic environment within which the City of Copperas Cove operates. This information will also facilitate comparisons of financial statement data over time and among other governments.
- ❖ **Operating Information:** The operating information provides contextual information about the City of Copperas Cove operations and resources to assist in understanding and assessing the economic condition of the City.

“The City Built for Family Living”



**FINANCIAL TRENDS
INFORMATION**

City of Copperas Cove, Texas
NET ASSETS BY COMPONENT
Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Governmental activities				
Invested in capital assets, net of related debt	\$15,403,434	\$12,609,887	\$ 2,464,242	\$ 2,647,484
Restricted				
Debt Service	366,564	156,930	97,478	129,781
Capital Projects	342,815	43,821	1,124,834	1,700,723
Unrestricted	<u>7,088,728</u>	<u>5,933,671</u>	<u>5,642,526</u>	<u>4,823,357</u>
Total governmental activities net assets	<u>\$23,201,541</u>	<u>\$18,744,309</u>	<u>\$ 9,329,080</u>	<u>\$ 9,301,345</u>
Business-type activities				
Invested in capital assets, net of related debt	\$23,052,050	\$20,770,346	\$21,359,736	\$19,448,721
Restricted				
Debt Service	378,138	825,526	555,900	571,000
Capital Projects	523,457	783,250	78,155	78,155
Unrestricted	<u>3,415,881</u>	<u>3,170,782</u>	<u>2,001,545</u>	<u>2,534,178</u>
Total business-type activities net assets	<u>\$27,369,526</u>	<u>25,549,904</u>	<u>23,995,336</u>	<u>\$22,632,054</u>
Primary government				
Invested in capital assets, net of related debt	\$38,455,484	\$33,380,233	\$23,823,978	\$22,096,205
Restricted				
Debt Service	744,702	982,456	653,378	700,781
Capital Projects	866,272	827,071	1,202,989	1,778,878
Unrestricted	<u>10,504,609</u>	<u>9,104,453</u>	<u>7,932,977</u>	<u>7,357,535</u>
Total primary government net assets	<u>\$50,571,067</u>	<u>\$44,294,213</u>	<u>\$33,613,322</u>	<u>\$31,933,399</u>

Note: City of Copperas Cove first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 are not available.

<u>2004</u>	<u>2003</u>
\$ 4,619,317	\$ 3,816,831
121,112	221,994
2,056,112	-
1,156,366	3,124,279
<u>\$ 7,952,907</u>	<u>\$ 7,163,104</u>
\$ 19,766,421	\$17,378,940
571,000	675,400
199,955,000	-
773,682	2,182,114
<u>\$221,066,103</u>	<u>\$20,236,454</u>
\$ 24,385,738	\$21,195,771
692,112	897,394
2,134,267	-
1,930,048	5,306,393
<u>\$ 29,142,165</u>	<u>\$27,399,558</u>

City of Copperas Cove, Texas
CHANGES IN NET ASSETS
Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Expenses				
Governmental activities:				
General government	\$ 2,175,856	\$ 1,839,306	\$ 2,091,253	\$ 1,977,274
Community Services	2,344,074	2,258,488	2,292,606	1,802,034
Fleet and Facility Maintenance	414,669	386,747	437,608	354,464
Highways and Streets	1,598,678	897,493	1,212,838	877,655
Public Safety	8,893,527	7,888,352	8,457,720	6,770,603
Interest on long-term debt	679,576	492,193	444,344	364,607
Total governmental activities expenses	<u>16,106,380</u>	<u>13,762,579</u>	<u>14,936,369</u>	<u>12,146,637</u>
Business-type activities				
Water and Sewer	8,095,813	7,071,789	7,429,996	6,416,373
Solid Waste	2,435,324	2,267,473	2,115,989	1,906,728
Golf Course	789,415	786,556	949,662	760,694
Total business-type activities expenses	<u>11,320,552</u>	<u>10,125,818</u>	<u>10,495,647</u>	<u>9,083,795</u>
Total primary government expenses	<u>\$ 27,426,932</u>	<u>\$ 23,888,397</u>	<u>\$ 25,432,016</u>	<u>\$ 21,230,432</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 253,864	\$ 470,885	\$ 355,323	\$ 324,440
Community Services	1,315,084	933,020	900,461	825,813
Highways and Streets	861,909	837,486	790,940	754,729
Public Safety	2,299,739	1,261,826	938,489	1,026,549
Operating grants and contributions	821,392	450,303	160,504	699,807
Capital grants and contributions	1,805,607	450,824	909,162	-
Total governmental activities program revenues	<u>7,357,595</u>	<u>4,404,344</u>	<u>4,054,879</u>	<u>3,631,338</u>
Business-type activities:				
Charges for services:				
Water and Sewer	8,901,647	8,526,099	8,035,814	8,084,493
Solid Waste	3,023,495	2,690,123	2,795,138	2,430,997
Golf Course	674,696	633,730	750,858	707,654
Operating grants and contributions	-	-	-	-
Capital grants and contributions	1,345,220	370,434	810,756	-
Total business-type activities program revenues	<u>13,945,058</u>	<u>12,220,386</u>	<u>12,392,566</u>	<u>11,223,144</u>
Total primary government program revenues	<u>\$ 21,302,653</u>	<u>\$ 16,624,730</u>	<u>\$ 16,447,445</u>	<u>\$ 14,854,482</u>
Net (expense)/revenue				
Governmental activities	\$ (8,748,785)	\$ (9,358,235)	\$(10,881,490)	\$ 9,301,345
Business-type activities	2,624,506	2,106,593	2,322,084	22,632,054
Total primary government net expense	<u>\$ (6,124,279)</u>	<u>\$ (7,251,642)</u>	<u>\$ (8,559,406)</u>	<u>\$ 31,933,399</u>

<u>2004</u>	<u>2003</u>
\$ 1,896,278	\$ 1,708,931
1,855,310	1,663,213
344,483	321,073
834,013	778,099
6,530,561	6,228,186
464,477	398,906
<u>11,925,122</u>	<u>11,098,408</u>
6,093,256	5,353,609
1,863,151	1,694,338
744,913	661,982
<u>8,701,320</u>	<u>7,709,929</u>
<u>\$ 20,626,442</u>	<u>\$ 18,808,337</u>
\$ 265,068	\$ 256,191
672,719	314,729
730,424	740,218
1,156,323	1,447,861
654,160	25,513
-	-
<u>3,478,694</u>	<u>2,784,512</u>
7,294,845	6,453,411
2,305,309	2,314,581
605,202	619,452
-	-
-	-
<u>10,205,356</u>	<u>9,387,444</u>
<u>\$ 13,684,050</u>	<u>\$ 12,171,956</u>
\$ 7,952,907	\$ 7,163,104
21,189,258	20,236,454
<u>\$ 29,142,165</u>	<u>\$ 27,399,558</u>

City of Copperas Cove, Texas
CHANGES IN NET ASSETS (Continued)
Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
General Revenues and Other Changes in Net Assets				
Governmental activities:				
Ad valorem taxes	\$ 7,646,086	\$ 6,784,145	\$ 5,965,899	\$ 5,484,539
Penalties and interest	71,692	47,307	48,375	42,837
Beverage taxes	13,702	13,382	13,778	14,724
Franchise taxes	1,246,655	1,270,632	1,325,208	1,111,332
City sales taxes	2,582,748	2,275,752	2,122,243	2,034,195
Bingo taxes	90,073	84,462	85,382	71,964
Contributions	-	-	-	-
Unrestricted investment earnings	489,974	610,569	372,250	206,744
Transfers	1,065,087	996,616	976,090	897,402
Total governmental activities	<u>\$ 13,206,017</u>	<u>\$ 12,082,865</u>	<u>\$ 10,909,225</u>	<u>\$ 9,863,737</u>
Business-type activities:				
Unrestricted investment earnings	260,206	456,616	442,453	200,849
Loss on sale of capital assets	-	-	-	-
Transfers	(1,065,087)	(996,616)	(976,090)	(897,402)
Total business-type activities	<u>(804,881)</u>	<u>(540,000)</u>	<u>(533,637)</u>	<u>(696,553)</u>
Total primary government	<u>\$ 12,401,136</u>	<u>\$ 11,542,865</u>	<u>\$ 10,375,588</u>	<u>\$ 9,167,184</u>
Changes in Net Assets				
Governmental activities	\$ 4,457,232	\$ 2,724,630	\$ 316,641	\$ 1,348,438
Business-type activities	1,819,625	1,554,568	1,363,282	1,442,796
Total primary government	<u>\$ 6,276,857</u>	<u>\$ 4,279,198</u>	<u>\$ 1,679,923</u>	<u>\$ 2,791,234</u>

Note: City of Copperas Cove first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years

<u>2004</u>	<u>2003</u>
\$ 5,234,334	\$ 4,981,035
37,360	34,659
16,023	16,131
1,075,859	1,064,181
1,985,647	1,924,665
62,794	61,489
-	-
87,779	138,493
708,408	970,324
<u>\$ 9,208,204</u>	<u>\$ 9,190,977</u>
157,176	140,550
-	(5,055)
<u>(708,408)</u>	<u>(970,324)</u>
<u>(551,232)</u>	<u>(834,829)</u>
<u>\$ 8,656,972</u>	<u>\$ 8,356,148</u>
\$ 761,776	\$ 877,081
952,804	842,686
<u>\$ 1,714,580</u>	<u>\$ 1,719,767</u>

prior to fiscal year 2003 are not available.

City of Copperas Cove, Texas
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Bingo Tax	Beverage Tax	Total
2008	7,717,778	2,582,748	1,246,655	90,073	13,702	11,650,956
2007	6,784,145	2,275,752	1,270,632	84,462	13,382	10,428,373
2006	5,965,899	2,122,243	1,325,208	85,382	13,778	9,512,510
2005	5,527,376	2,034,195	1,111,332	71,964	14,724	8,759,591
2004	5,271,694	1,985,647	1,075,859	62,794	16,023	8,412,017
2003	5,015,694	1,924,665	1,064,181	61,489	16,131	8,082,160
2002	3,865,981	1,655,794	1,122,864	62,079	16,911	6,723,629
2001	3,862,252	1,523,949	1,057,543	58,577	14,290	6,516,611
2000	3,476,471	1,480,179	886,465	56,133	12,345	5,911,593
1999	3,464,857	1,419,563	906,943	54,824	11,128	5,857,315

Source: City of Copperas Cove Finance Department

City of Copperas Cove, Texas
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2008	2007	2006	2005	2004	2003
General Fund						
Reserved						
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Projects	-	-	-	-	-	-
Encumbrances	439,561	590,556	131,428	60,697	77,437	83,476
Inventory and Prepaid Expenditures	73,708	67,352	108,590	131,954	125,190	60,334
Unreserved						
Designated	3,678,639	3,328,429	3,124,192	2,940,696	2,590,806	2,933,941
Total general fund	<u>\$ 4,191,908</u>	<u>\$ 3,986,337</u>	<u>\$ 3,364,210</u>	<u>\$ 3,133,347</u>	<u>\$ 2,793,433</u>	<u>\$ 3,077,751</u>
All other governmental funds						
Reserved						
Debt Service	\$ 366,564	\$ 156,930	\$ 97,478	\$ 129,781	\$ 121,112	\$ 221,994
Capital Projects	5,515,872	5,338,633	1,124,834	1,700,723	2,056,112	4,087,400
Encumbrances	729,673	638,251	562,887	226,636	265,466	44,432
Inventory and Prepaid Expenditures	2,510	323	936	452	-	-
Non-current Portion of Note Receivabl	-	-	-	-	52,000	59,200
Unreserved, reported in:						
Special revenue funds	1,110,626	1,076,333	1,030,414	1,085,112	965,858	947,594
Capital projects funds	2,562,445	2,055,656	1,839,519	377,810	458,695	382,210
Total all other governmental funds	<u>\$ 10,287,690</u>	<u>\$ 9,266,126</u>	<u>\$ 4,656,068</u>	<u>\$ 3,520,514</u>	<u>\$ 3,919,243</u>	<u>\$ 5,742,830</u>

Note: City of Copperas Cove first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 are not available.

City of Copperas Cove, Texas
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Revenues				
Taxes	\$ 11,636,499	\$ 10,435,134	\$ 9,526,380	\$ 8,747,317
Licenses	38,848	39,784	49,830	47,858
Permits	181,354	178,795	216,373	181,123
City Services Provided	1,957,335	1,790,420	1,707,578	1,486,260
Fines	800,841	815,533	706,025	733,830
Interest	489,974	610,569	372,250	206,744
Sale of Plots	15,235	10,800	11,700	13,900
Grant Revenue	689,132	-	-	-
Miscellaneous	305,318	498,590	202,610	212,373
Intergovernmental	39,226	103,226	220,980	781,026
Contributions	98,560	153,077	43,420	126,549
Total revenues	<u>16,252,322</u>	<u>14,635,928</u>	<u>13,057,146</u>	<u>12,536,980</u>
Expenditures				
General government	2,054,435	1,872,769	1,823,669	1,849,677
Community Services	1,884,340	1,780,748	1,604,037	1,429,971
Fleet and Facility maintenance	400,647	376,342	361,661	341,005
Highways and Streets	986,425	878,940	854,966	711,295
Public Safety	8,274,073	7,433,330	6,807,383	6,333,450
Capital outlay	4,418,877	2,370,118	3,088,289	1,870,826
Debt service:				
Principal Retirement	873,731	926,000	710,600	640,000
Interest and fiscal charges	666,848	464,207	411,537	508,259
Total expenditures	<u>19,559,376</u>	<u>16,102,454</u>	<u>15,662,142</u>	<u>13,684,483</u>
Excess of revenues over (under) expenditures	(3,307,054)	(1,466,526)	(2,604,996)	(1,147,503)
Other financing sources (uses)				
Capital leases	50,823	-	559,828	191,286
Proceeds from sale of bonds	1,612,673	5,251,270	1,226,147	-
Proceeds from fixed asset dispositions	-	-	300,186	-
Contributions - Developers	1,805,607	450,824	909,162	-
Transfers in	1,571,164	1,264,260	1,280,920	1,194,335
Transfers out	(506,077)	(267,643)	(304,830)	(296,933)
Total other financing sources (uses)	<u>4,534,190</u>	<u>6,698,711</u>	<u>3,971,413</u>	<u>1,088,688</u>
Net change in fund balances	<u>\$ 1,227,136</u>	<u>\$ 5,232,185</u>	<u>\$ 1,366,417</u>	<u>\$ (58,815)</u>
Debt service as a percentage of noncapital expenditures	10.2%	10.1%	8.9%	9.7%

Note: City of Copperas Cove first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 are not available.

<u>2004</u>	<u>2003</u>
\$ 8,398,186	\$ 8,028,158
52,878	55,847
117,262	112,590
1,312,024	1,346,013
938,078	862,917
87,779	138,493
41,800	36,750
-	-
205,857	205,426
760,500	191,917
46,792	1,612
11,961,156	10,979,723
1,752,068	1,556,318
1,421,453	1,352,840
331,170	306,347
632,486	602,395
6,010,275	5,783,487
3,472,547	1,538,534
635,000	751,111
550,497	381,784
14,805,496	12,272,816
(2,844,340)	(1,293,093)
-	-
-	4,087,400
-	-
-	-
1,143,412	1,084,188
(435,004)	(113,864)
708,408	5,057,724
\$ (2,135,932)	\$ 3,764,631
10.5%	10.6%



**REVENUE CAPACITY
INFORMATION**

City of Copperas Cove, Texas
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
Last Ten Fiscal Years

Fiscal Year	Tax Year	Real Property		Other Property	
		Residential Property	Commercial Property	Personal Property	Other
2008	2007	\$867,633,248	\$204,100,078	\$66,011,498	\$ 115,920
2007	2006	785,140,036	159,987,484	62,029,470	90,590
2006	2005	737,593,910	52,350,230	59,473,482	50,180
2005	2004	716,849,289	846,460	66,419,767	-
2004	2003	685,748,077	828,660	60,726,750	-
2003	2002	676,074,030	39,800	56,052,960	54,300
2002	2001	639,287,230	21,780	59,638,440	52,070
2001	2000	609,399,240	661,550	54,506,658	-
2000	1999	596,890,530	589,710	48,054,450	-
1999	1998	588,487,010	885,140	41,368,627	-

Source: Coryell County Appraisal District

Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value¹ as a Percentage of Actual Value
\$102,803,530	\$ 1,035,057,214	0.740	\$ 1,035,057,214	100.00%
87,723,750	919,523,830	0.740	919,785,031	99.97%
70,659,836	778,807,966	0.775	778,807,966	100.00%
67,161,105	716,954,411	0.775	716,954,411	100.00%
63,795,771	683,507,716	0.775	683,946,827	99.94%
61,948,770	670,272,320	0.745	670,544,556	99.96%
57,881,160	641,118,360	0.745	642,285,232	99.82%
55,251,548	609,315,900	0.745	609,313,400	100.00%
53,195,726	592,338,964	0.705	592,338,964	100.00%
52,253,925	578,486,852	0.705	578,775,314	99.95%

City of Copperas Cove, Texas
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Fiscal Year	Tax Year	City of Copperas Cove			Coryell County Rate	CCISD School Rate	Central Texas College	Total Direct & Overlapping Rates
		Basic Rate	Debt Service Rate	Total City Rate				
2008	2007	0.598	0.142	0.740	0.399	1.181	0.1420	2.462
2007	2006	0.607	0.133	0.740	0.399	1.478	0.1420	2.759
2006	2005	0.653	0.122	0.775	0.424	1.604	0.1460	2.949
2005	2004	0.640	0.135	0.775	0.424	1.604	0.1470	2.950
2004	2003	0.629	0.146	0.775	0.412	1.592	0.1475	2.927
2003	2002	0.606	0.139	0.745	0.388	1.592	0.1475	2.873
2002	2001	0.606	0.139	0.745	0.381	1.542	0.1485	2.817
2001	2000	0.640	0.105	0.745	0.381	1.542	0.1485	2.817
2000	1999	0.591	0.114	0.705	0.381	1.473	0.1490	2.708
1999	1998	0.604	0.101	0.705	0.348	1.428	0.1500	2.631

Source: Coryell County Tax Assessor - Collector

City of Copperas Cove, Texas
PRINCIPAL PROPERTY TAXPAYERS
September 30, 2008

2008			
<u>Principal Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Wal-mart Real Estate	Developer	\$ 10,901,740	1.19%
Oncor Electric Delivery Co. (FKA TXU)	Electric Utility	10,021,700	1.09%
Wal-Mart Properties Stores East	Developer	8,065,690	0.88%
Cove Terrace Associates LTD	Developer	7,149,990	0.78%
Central Telephone Company of Texas	Telephone Utility	6,897,880	0.75%
Colonial Plaza Partnership	Retailer	6,276,530	0.68%
Naman Hospitality Inc.	Hospitality	5,543,970	0.60%
Crosstowne LTD	Retailer	5,125,634	0.56%
HEB Grocery Store	Retailer	4,575,200	0.50%
Judy Lane Properties	Developer	3,797,250	0.41%
Subtotals		<u>\$ 68,355,584</u>	<u>7.43%</u>
All Other taxpayers		<u>851,429,447</u>	<u>92.57%</u>
Total		\$ 919,785,031	100.00%

1999			
<u>Principal Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total Taxable Assessed Value</u>
Wal-Mart Stores, Inc.	Discount Department Store	\$ 14,147,130	2.39%
Texas Utilities	Electric Utility	7,824,800	1.32%
Central Telephone Company of Texas	Telephone Utility	5,624,620	0.95%
HEB Grocery Store	Retailer	4,059,080	0.69%
Veteran's Administration	Government	3,673,290	0.62%
Colonial Plaza Partnership	Retailer	3,100,100	0.52%
Judy Lane Properties	Developer	2,512,500	0.42%
Copper Common, III	Apartment Complex	2,459,570	0.42%
Cove Terrace Associates LTD	Developer	2,232,330	0.38%
GC Limited Partners	Loan Processing Company	1,996,790	0.34%
Subtotals		<u>\$ 47,630,210</u>	<u>8.04%</u>
All Other taxpayers		<u>544,708,754</u>	<u>91.96%</u>
Total		\$ 592,338,964	100.00%

Source: Coryell County Tax Appraisal District, Gatesville, TX

City of Copperas Cove, Texas
PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Year	Tax Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collected
			Amount	Percentage of Levy	
2008	2007	\$ 7,659,423	\$ 7,552,143	98.6%	\$ 45,008
2007	2006	6,806,409	6,672,244	98.0%	67,364
2006	2005	6,028,012	5,917,161	98.2%	53,492
2005	2004	5,556,397	5,439,155	97.9%	51,304
2004	2003	5,300,588	5,187,537	97.9%	72,677
2003	2002	4,995,557	4,907,299	98.2%	48,118
2002	2001	4,785,025	4,703,406	98.3%	17,500
2001	2000	4,539,385	4,453,684	98.1%	40,788
2000	1999	4,175,990	4,112,348	98.5%	36,683
1999	1998	4,080,366	4,035,199	98.9%	15,785

Source: City of Copperas Cove Finance Department

Total Taxes Collected	Total Collections as a Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as a Percent of Current Levy
\$ 7,597,151	99.19%	\$ 62,272	0.81%
6,739,608	99.02%	66,801	0.98%
5,970,653	99.05%	57,359	0.95%
5,490,459	98.81%	65,938	1.19%
5,260,214	99.24%	40,374	0.76%
4,955,417	99.20%	40,140	0.80%
4,720,906	98.66%	64,119	1.34%
4,494,472	99.01%	44,913	0.99%
4,149,031	99.35%	26,959	0.65%
4,050,984	99.28%	29,382	0.72%

**City of Copperas Cove, Texas
ADOPTED TAX RATES
Last Ten Fiscal Years**

Fiscal Year	Tax Year	Total Assessed Valuation	Assessment Rate	Gross Tax Rate
2008	2007	1,035,057,214	100.00%	0.7400
2007	2006	919,785,031	100.00%	0.7400
2006	2005	778,395,652	100.00%	0.7750
2005	2004	716,601,938	100.00%	0.7750
2004	2003	679,479,318	100.00%	0.7750
2003	2002	670,339,356	100.00%	0.7450
2002	2001	641,118,281	100.00%	0.7450
2001	2000	609,313,400	100.00%	0.7450
2000	1999	592,338,964	100.00%	0.7050
1999	1998	578,775,314	100.00%	0.7050

Source: City of Copperas Cove Finance Department

City of Copperas Cove, Texas
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
Last Ten Fiscal Years

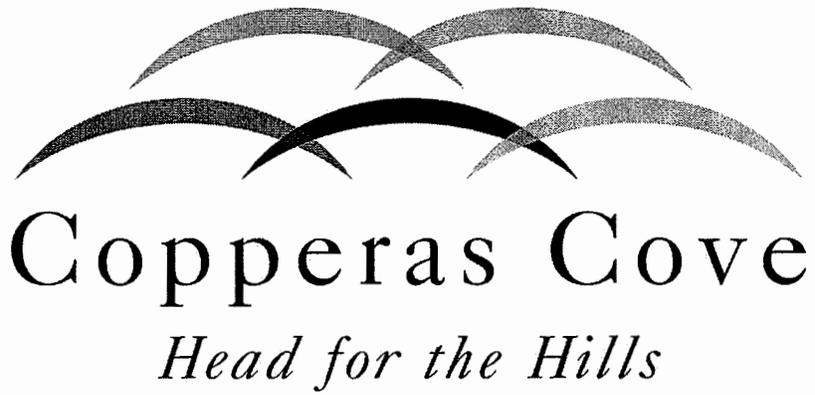
<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Estimated Actual Property Value</u>	<u>Value of Construction Permits Issued</u>	<u>Bank Deposits</u>
1999	1998	630,740,777	21,011,369	105,291,000
2000	1999	645,534,690	13,723,119	112,476,000
2001	2000	609,332,900	13,290,539	114,167,000
2002	2001	670,249,206	15,018,299	125,039,000
2003	2002	670,249,206	22,299,548	134,272,000
2004	2003	683,946,827	31,519,255	145,366,000
2005	2004	716,936,911	53,956,123	171,489,000
2006	2005	778,807,996	58,148,330	194,539,000
2007	2006	919,785,031	46,936,833	199,955,000
2008	2007	1,035,057,214	35,712,399	213,645,000

Source:
Coryell County
Appraisal
District

Source:
Building
Department, City
of Copperas
Cove, TX

Source:
Financial
Institutions,
Copperas Cove,
Texas Only

www.fdic.gov



**DEBT CAPACITY
INFORMATION**

City of Copperas Cove, Texas
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2008

<u>Taxing Entity</u>	<u>Net General Obligation Debt</u>	<u>As of</u>	<u>Percentage Applicable To the City of Copperas Cove</u>	<u>Amount Applicable to the City of Copperas Cove</u>
Copperas Cove I.S.D.	\$ 41,615,896 *	9/30/2008	19.40%	\$ 8,073,484
Coryell County	-	9/30/2008	53.57%	-
Lampasas County	8,035,000 *	9/30/2008	17.48%	1,404,518
Lampasas I.S.D.	<u>51,204,778 *</u>	9/30/2008	17.89%	<u>9,160,535</u>
Total Overlapping Debt				\$ 18,638,537
City of Copperas Cove		9/30/2007		<u>20,052,789</u>
Total Direct and Overlapping Debt:				\$ 38,691,326
Total Direct and Overlapping Debt % of A.V.:				3.77%
Total Direct and Overlapping Debt % of Capita				\$ 1,263

*Gross Debt

Source: Municipal Advisory Council.

City of Copperas Cove, Texas
COMPUTATION OF LEGAL DEBT MARGIN
Last Ten Fiscal Years

	2008	2007	2006	2005	2004
Assessed Value, Tax Roll	\$ 1,138,536,871	\$ 1,035,057,214	\$907,217,167	\$778,807,966	\$716,936,911
	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
Legal Debt Limit	<u>\$ 17,078,053</u>	<u>\$ 15,525,858</u>	<u>\$ 13,608,258</u>	<u>\$ 11,682,119</u>	<u>\$ 10,754,054</u>
Actual amount expended for General Obligation Debt Service During the Year	\$ 1,355,491	\$ 1,194,250	\$ 946,117	\$ 974,441	\$ 1,018,074

Source: City of Copperas Cove Finance Department

2003	2002	2001	2000	1999
\$683,946,827	\$670,249,206	\$642,285,232	\$609,332,900	\$592,338,964
<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>	<u>1.50%</u>
<u>\$ 10,259,202</u>	<u>\$ 10,053,738</u>	<u>\$ 9,634,278</u>	<u>\$ 9,139,994</u>	<u>\$ 8,885,084</u>
\$ 927,725	\$ 938,301	\$ 776,199	\$ 780,607	\$ 735,615

City of Copperas Cove, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years
(amounts expressed in thousands, except per capita amount)

	FISCAL YEAR				
	2008	2007	2006	2005	2004
Government Activities					
General Obligation Bonds	\$ 7,630	\$ 8,473	\$ 2,259	\$ 3,768	\$ 10,238
Certificate of Obligation	13,280	14,588	16,326	10,380	11,037
Revenue Bonds	-	-	-	-	-
Tax Notes	4,221	1,103	1,443	-	-
Capital Lease	460	546	761	350	269
Note Payable	27	29	31	31	34
Business-Type Activities					
General Obligation Bonds	\$ 18,537	\$ 19,670	\$ 5,902	\$ 6,641	\$ 1,399
Certificate of Obligation	12,219	12,820	26,711	34,558	32,068
Revenue Bonds	-	-	-	-	-
Tax Notes	2,466	-	-	-	-
Capital Leases	1,211	750	1,083	953	206
Note Payable	-	-	-	-	-
Total Government Debt	\$ 60,051	\$ 57,980	\$ 54,517	\$ 56,682	\$ 55,250
Percentage of Personal Income	293.29%	283.17%	266.26%	276.83%	269.84%
Per Capita	\$ 2,003	\$ 1,933	\$ 1,818	\$ 1,890	\$ 1,842

Source: Financial Department, City of Copperas Cove

Note: The personal income used to calculate the Percentage of Personal Income and the population used to compute the Per Capita are taken from the Demographic Statistics Report.

	2003	2002	2001	2000	1999
\$	10,910	\$ 5,386	\$ 6,042	\$ 6,707	\$ 7,371
	11,723	5,705	5,685	4,472	3,305
	-	-	-	-	-
	-	-	-	-	-
	293	369	15	35	74
	38	40	124	257	397
\$	1,682	\$ 1,960	\$ 2,238	\$ -	\$ -
	34,691	29,608	22,135	24,681	14,414
	47	7,659	8,262	11,858	12,881
	-	-	-	-	-
	116	262	408	348	440
	-	-	-	-	-
\$	59,500	\$ 50,989	\$ 44,909	\$ 48,357	\$ 38,881
	290.60%	249.03%	219.33%	236.18%	189.89%
\$	1,984	\$ 1,700	\$ 1,498	\$ 1,613	\$ 1,297

City of Copperas Cove, Texas
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less: Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property</u>	<u>Per Capita</u>
2008	\$ 26,167	\$ 210	\$ 25,957	2.51%	\$ 866
2007	28,143	59	28,084	3.05%	937
2006	8,161	(32)	8,194	1.05%	266
2005	10,409	9	10,400	1.45%	342
2004	11,637	9	11,628	1.70%	382
2003	12,592	(2)	12,594	1.88%	414

Source: Finance Department, City of Copperas Cove

Data Prior to 2003 not Available

City of Copperas Cove, Texas
REVENUE BOND COVERAGE - WATER AND SEWER FUND
Last Ten Fiscal Years

<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>OPERATING EXPENSES*</u>	<u>NET REVENUE AVAILABLE FOR DEBT SERVICE</u>	<u>DEBT SERVICE REQUIREMENTS</u>			<u>COVERAGE</u>
				<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	
2003	6,606,983	4,394,369	2,212,614	1,032,889	905,857	1,938,746	1.14
2004	6,302,720	4,507,402	1,795,318	853,159	1,367,954	2,221,113	0.81
2005	7,341,327	4,861,142	2,480,185	1,135,000	1,166,100	2,301,100	1.08
2006	8,168,287	5,241,066	2,927,221	1,410,000	1,093,275	2,503,275	1.17
2007	8,110,224	5,655,887	2,454,337	1,340,000	1,075,349	2,415,349	1.02
2008	8,885,107	6,451,516	2,433,591	1,390,177	1,051,850	2,442,027	1.00

Source: Finance Department, City of Copperas Cove

*** Total operating expense less depreciation.**

Data Prior to 2003 not Available



**DEMOGRAPHIC & ECONOMIC
INFORMATION**

**City of Copperas Cove, Texas
DEMOGRAPHIC STATISTICS**

Fiscal Year	Population*	Personal Income** (amounts expressed in thousands)	Per Capital Personal Income	Median Age**	School Enrollment***	Unemployment Rate****
2008	30,944	20,475	66.2%	27.3	7,871	5.4%
2007	30,944	20,672	66.8%	26.9	7,788	4.7%
2006	30,944	20,088	64.9%	28.1	7,315	5.4%
2005	30,944	20,389	65.9%	28.1	7,340	5.4%
2004	29,592	18,305	61.9%	27.1	7,444	5.3%
2003	29,592	17,628	59.6%	28.0	7,592	5.5%
2002	29,592	16,823	56.8%	28.0	7,414	5.1%
2001	29,592	15,046	50.8%	00.0	7,242	5.2%
2000	29,592	13,820	46.7%	00.0	7,316	4.2%
1999	31,500	13,621	43.2%	00.0	7,238	3.8%

Source:

* www.quickfacts.census.gov

** www.factfinder.census.gov

*** www.tea.state.tx.us/perfreport/aeis/2008/index.html

**** www.tracer2.com

Note: The population, personal income, and the median age are the latest data available, not necessarily from research conducted in 2008, but not earlier than 2003.

**City of Copperas Cove, Texas
PRINCIPAL EMPLOYERS**

2008

<u>Employer</u>	<u>Employees</u>	<u>Employer's Percentage of Total Employment</u>	<u>Rank</u>
Fort Hood - Military	53,416	69.6%	1
Fort Hood - Civilian	17,098	22.3%	2
Central Texas College	1,798	2.3%	3
Copperas Cove ISD	1,300	1.7%	4
GC Services	1,200	1.6%	5
Metroplex Hospital	1,000	1.3%	6
Wal-Mart	400	0.5%	7
City of Copperas Cove	307	0.4%	8
HEB Grocery	145	0.2%	9
Windcrest Nursing Home	101	0.1%	10
Totals	76,765	100.0%	

Source: Each Entity Provided Data.

1999 Data not Available.



OPERATING INFORMATION

City of Copperas Cove, Texas
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
General Fund										
City Manager	2	2	2	2	2	2	2	2	2	2
City Secretary	2	2	2	2	2	1.5	1.5	1.5	1.5	1.5
City Attorney (Contract)	1	1	1	1	1	1.5	1.5	1.5	1.5	1.5
Finance	6	5	6	6	6	6	6	6	6	5.5
Grants Administration	0	1	1	1	1	1	1	1	1	0
Human Resources	2	2	2	2	2	2	2	2	2	2
Information Systems	3	2	2	2	2	2	2	1	1	1
Downtown Redevelopment	0	0	0	0	0	0	0	0	0	1
Municipal Court	8	8	7	7	7	7	7	7	7	7
City Judge (Contract)	1	1	1	1	1	1	1	1	1	1
Associate Judge (Contract)	1	1	1	1	0	0	0	0	0	0
Police	71	71	69	69	69	69	67	67	67	67
Public Affairs Office	1	0	0	0	0	0	0	0	0	0
Animal Control	4	4	4	4	4	4	4	4	3	3
Fire/EMS	52	52	46	46	46	46	46	46	46	36
Emergency Management	1	1	0	0	0	0	0	0	0	0
Engineering	2	1	4.5	4.5	4.5	5	5	4	4	3
Building & Development	5.5	5.5	5	4.5	4.5	4	4	4	4	6
Streets	7	7	7	7	7	7	7.5	7.5	7.5	7.5
Parks & Recreation	14	14	14	14	14	15	15	15	15	14
Support Services	0	0	0	0	0	0	0	0	0	0
Fleet Services	5	5	5	5	5	4	4	4	9	9
Facility Maintenance	5	5	5	5	5	5	5	5	1.5	0
Public Works	0.5	0.5	0.5	0.5	0.5	1	1.5	1.5	1	1.5
Planning	3	3	1	0.5	0.5	0.5	1	1	0	3
Library	10	10	9.5	9.5	9.5	9.5	9.5	9.5	9.5	9.5
Code & Health	3.5	3.5	2.5	2	2	2	2	2	2	0
Total General Fund	<u>210.5</u>	<u>207.5</u>	<u>198</u>	<u>196.5</u>	<u>195.5</u>	<u>196</u>	<u>195.5</u>	<u>193.5</u>	<u>192.5</u>	<u>182</u>
Water & Sewer Fund										
Water & Sewer Admin	2	2	2	2	2	1.5	1.5	1.5	1.5	0
Utility Administration	10	10	11	8	8	8	8	7	7	7
Water Distribution	9	9	9	12	12	12	13	13	13	13
Sewer Collection	7	7	7	7	7	7	7	7	6	6
Wastewater Treatment	11	11	11	10	10	10	10	10	10	12.5
Composting	3	3	2	2	2	2	2	1	1	0
Total Water & Sewer Fund	<u>42</u>	<u>42</u>	<u>42</u>	<u>41</u>	<u>41</u>	<u>40.5</u>	<u>41.5</u>	<u>39.5</u>	<u>38.5</u>	<u>38.5</u>
Solid Waste Fund										
Administration	4	4	4	2.5	2.5	2.5	2	3	3	23
Residential	4	4	4	4	4	4	4	6	10	0
Recycling	2	2	2	3	3	3	3	3	3	0
Brush	2	2	2	2	2	2	2	2	2	0
Commercial	4	4	4	4	5	5	4	2	2	0
Collection	0	0	0	0	0	0	0	0	0	0
Disposal	4.5	4	4	4.5	4.5	4.5	5	5	5	5
Total Solid Waste Fund	<u>20.5</u>	<u>20</u>	<u>20</u>	<u>20</u>	<u>21</u>	<u>21</u>	<u>20</u>	<u>21</u>	<u>25</u>	<u>28</u>

City of Copperas Cove, Texas
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>
Recreational Activities Fund										
Recreational Activities Fund	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>
Total Recreational Activities Fund	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>	<u>0.75</u>
Cemetery Fund										
Cemetery Fund	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Total Cemetery Fund	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Drainage Fund										
Drainage Utility	<u>6.5</u>	<u>6.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
Total Drainage Fund	<u>6.5</u>	<u>6.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>	<u>4.5</u>
Golf Course Fund										
Golf Course	<u>13.5</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>11.5</u>	<u>11.5</u>	<u>11.5</u>
Total Golf Course Fund	<u>13.5</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>15</u>	<u>11.5</u>	<u>11.5</u>	<u>11.5</u>
Total All Funds	<u>296</u>	<u>294</u>	<u>281.5</u>	<u>279</u>	<u>279</u>	<u>279</u>	<u>278.25</u>	<u>271.75</u>	<u>273.75</u>	<u>266.25</u>

Source: Finance Department, City of Copperas Cove, TX

City of Copperas Cove, Texas
OPERATING INDICATORS BY FUNCTIONS
Last Ten Fiscal Years

	2008	2007	2006	2005	2004
<u>Government Facilities</u>					
<u>Fire Protection</u>					
<i>Use or Nature: Public Safety</i>					
Number of stations:	3	3	3	3	3
Number of hydrants (approx.):	1,050	1,014	1,600	1,600	885
Number of volunteer firemen:	9	8	-	-	-
Number of paid firemen:	52	52	46	46	45
Firemen per 1,000 population:	1.73	1.73	1.51	1.51	1.48
<u>Police Protection</u>					
<i>Use or Nature: Public Safety</i>					
Stations	1	1	1	1	1
Number of reserve police officers:	-	-	-	-	-
Number of sworn officers:	56	54	53	53	53
Officers per 1,000 population:	1.87	1.80	1.74	1.74	1.74
<u>Libraries</u>					
<i>Use or Nature: Community Services</i>					
Number of public libraries:	1	1	1	1	1
Number of volumes:	66,606	64,180	62,572	59,957	57,363
Circulation of items:	113,457	95,826	102,986	109,299	106,348
Circulation per capita:	3.78	3.19	3.50	3.70	3.63
<u>Parks and Recreation</u>					
<i>Use or Nature: Community Services</i>					
Park acreage developed:	380	214	214	214	214
Park acreage undeveloped:	5	163	163	163	163
Playgrounds:	7	6	5	5	5
<u>Streets</u>					
<i>Use or Nature: Public Works</i>					
Paved streets:	132 miles	129 miles	121 miles	121 miles	110 miles
Unpaved streets:	0 miles				
<u>Utilities</u>					
<u>Water System</u>					
<i>Use or Nature: Public Works</i>					
Miles of water mains:	183	255	230	230	227
Daily average consumption:	4 MGD	4 MGD	4 MGD	4 MGD	5 MGD
Maximum daily capacity:	13.5 MGD				
Number of service connections:	11,966	12,472	11,195	10,801	10,466
Source of water:	BCWCID No. 1*				
<u>Sewage System</u>					
<i>Use or Nature: Public Works</i>					
Miles of sanitary sewers:	350	350	210	210	200
Number of lift stations:	15	14	14	14	14
Daily average treatment:	3.1 MGD				
Maximum capacity of treatment plant	9.0 MGD	9.0 MGD	9.0 MGD	9.0 MGD	6.35 MGD
Number of service connections:	10,947	9,813	9,813	9,813	9,508
<u>Community Statistics</u>					
<i>Use or Nature: Employee Information</i>					
Manufacturing Employees:	-	-	-	-	-
School District Employees:	1,300	1,218	1,162	1,159	1,142
City Employees:	307	291	281	279	279
Fort Hood Servicemen:	53,416	39,262	43,995	45,777	45,777
Fort Hood Employees (Civilians):	17,098	8,909	8,909	12,134	12,134

2003	2002	2001	2000	1999
3	2	2	2	2
750	865	838	838	709
-	-	10	10	15
45	45	39	39	36
1.74	1.74	1.22	1.19	1.14
1	1	1	1	1
-	1	2	2	1
51	48	51	51	50
1.70	1.85	1.73	1.57	1.62
1	1	1	1	1
57,427	55,100	50,643	50,643	50,000
130,785	112,050	129,592	127,648	104,208
5.12	4.31	5.04	3.93	3.31
214	214	214	214	209
163	163	163	163	168
5	5	5	5	5
110 miles	140 miles	140 miles	140 miles	140 miles
0 miles	6.5 miles	6.5 miles	6.5 miles	6.5 miles
225	200	200	200	200
3.7 MGD	3.2 MGD	3.0 MGD	3.7 MGD	3.2 MGD
7.21 MGD	7.19 MGD	8.75 MGD	8.75 MGD	8.75 MGD
10,132	10,365	10,441	10,261	10,261
BCWCID No. 1*				
200	143	138	138	119
13	11	13	13	12
2.6 MGD				
6.35 MGD	6.35 MGD	6.35 MGD	6.35 MGD	5.85 MGD
9,439	9,439	9,413	9,413	9,413
-	-	96	96	96
1,253	1,263	1,265	1,265	1,265
279	272	266	266	271
40,672	40,672	42,000	42,000	42,000
13,724	13,724	6,538	6,538	6,538